

AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED'S (ANZ) CONVERTIBLE PREFERENCE SHARES (CPS2)

Issuer¹	<ul style="list-style-type: none"> ■ Australia and New Zealand Banking Group Limited (ABN 11 005 357 522) (ANZ). ■ ANZ is one of the four major banking groups headquartered in Australia. ANZ began its Australian operations in 1835 and its New Zealand operations in 1840. ■ ANZ provides a broad range of banking and financial products and services to retail, small business, corporate and institutional clients. ■ ANZ conducts its operations primarily in Australia and New Zealand, with the remainder of ANZ's operations conducted across the Asia Pacific region and in a number of other countries including the United Kingdom and the United States.
CPS2²	<ul style="list-style-type: none"> ■ CPS2 are fully paid preference shares issued by ANZ, which will Mandatorily Convert into Ordinary Shares on 15 December 2016 (subject to certain conditions being satisfied). However, ANZ may elect for a third party to purchase the CPS2 rather than delivering the Ordinary Shares issued on Conversion to the investor. ■ Subject to APRA's prior written approval where required, ANZ may elect to Exchange CPS2 prior to 15 December 2016 in certain circumstances and must do so where a Change of Control Event occurs.
Issue price³	<ul style="list-style-type: none"> ■ \$100 per CPS2
Offer size⁴	<ul style="list-style-type: none"> ■ The Offer is for the issue of CPS2 to raise A\$750 million with the ability to raise more or less. ■ Applications must be for a minimum of 50 CPS2 (A\$5,000). If your Application is for more than 50 CPS2, then you must apply in incremental multiples of 10 CPS2 – that is, for incremental multiples of at least A\$1,000.
Purpose of Offer	<ul style="list-style-type: none"> ■ The Offer is being made as part of ANZ's ongoing capital management strategy, with the CPS2 proceeds being used for ANZ's general corporate purposes.
Term of CPS2⁵	<ul style="list-style-type: none"> ■ CPS2 do not have a fixed maturity date. However, CPS2 holders will receive Ordinary Shares on Conversion of the CPS2 on 15 December 2016 unless the Mandatory Conversion Conditions are not satisfied or Resale occurs. ■ Subject to APRA's prior written approval where required, ANZ may also elect to Exchange CPS2 prior to 15 December 2016 in certain circumstances and must do so where a Change of Control Event occurs.
Ranking⁶	<ul style="list-style-type: none"> ■ CPS2 rank ahead of Ordinary Shares and equally with the 2008 CPS and all other preference shares on issue but behind all senior ranking securities or instruments, and all depositors and other creditors.

ASX quotation⁷	<ul style="list-style-type: none"> ANZ will apply for CPS2 to be quoted on ASX and are expected to trade under ASX code “ANZPA”.
Credit rating^{8,9}	<ul style="list-style-type: none"> CPS2 have been assigned an indicative investment grade Issue Credit Rating of “A+” by Standard & Poor’s.
Dividends¹⁰	<ul style="list-style-type: none"> Dividends on CPS2 are preferred, non-cumulative, based on a floating rate and are expected to be fully or substantially franked. Dividends are scheduled to be paid quarterly in arrears, subject to the Directors at their absolute discretion resolving to pay Dividends and the other Payment Tests. Dividend Rate = (Bank Bill Rate + Margin) x (1 – Tax Rate)
Margin	<ul style="list-style-type: none"> The margin will be determined under a Bookbuild on 17 November 2009 The margin is expected to be in the range of 3.10% and 3.30% per annum.
Dividend frequency	<ul style="list-style-type: none"> Dividends are scheduled to be paid at the end of each quarterly Dividend Period (on 15 March, 15 June, 15 September and 15 December each year) subject to the Payment Tests. If any of these dates are not Business Days, then the Dividend Payment Date will occur on the next Business Day.

Notes:

Please refer to the Prospectus dated 10 November 2009 for further information

- Please refer to Section 3 of the Prospectus for more information
- Please refer to Clauses 1.1, 4, 5 and 6 of the CPS2 Terms in the Prospectus
- Please refer to Clause 1.2 of the CPS Terms in the Prospectus
- Please refer to Section 2 of the Prospectus for more information
- Please refer to Clauses 4, 5 and 6 of the CPS Terms in the Prospectus
- Please refer to Clauses 10.1 and 10.2 of the CPS Terms in the Prospectus
- Please refer to Section 2.6.1 of the Prospectus for more information
- Please refer to Sections 3.5 and 4.1.15 of the Prospectus for more information
- Standard & Poor’s has indicated that it will rate CPS 2 “A+” upon issue. Any Issue Credit Rating of “BBB-” or higher from Standard & Poor’s is currently considered in capital markets to be investment grade – see Section 3.5 for further information about the credit ratings associated with CPS2 and Section 4.1.15 for risks associated with credit ratings. The above Issue Credit Rating is current as at the date of this Prospectus, but may be revised, withdrawn or suspended by Standard & Poor’s at any time. The Issue Credit Rating is not a recommendation by Standard & Poor’s to apply for CPS2. No consent has been obtained from Standard & Poor’s for the disclosure of the credit ratings in this Prospectus and it is not liable for any statements in this Prospectus under section 729(1) of the Corporations Act. As at the date of this Prospectus, ANZ has not approached any other rating agency for a rating of CPS2.
- The Bank Bill Rate is a benchmark interest rate for the Australian money market, commonly used by major Australian financial institutions to lend short-term cash to each other over a 90 day period. This rate changes to reflect the supply and demand within the cash market.

Risks:

There are risks associated with investing in CPS2 and in ANZ. The key risks are summarised in Section 1.8 of the Prospectus and risks generally are explained in detail in Section 4 of the Prospectus.

Important Information:

Capitalised terms in this e-mail have equal meaning to the capitalised terms in the Prospectus lodged with ASIC on, and dated, 10 November 2009 (the Prospectus).

This e-mail is provided to you by Commonwealth Securities Limited, ABN 60 067 254 399 (CommSec), a wholly owned but non-guaranteed subsidiary of Commonwealth Bank of Australia ABN 48 123 123 124 (Commonwealth Bank or the Bank) and a Participant of the ASX Group. CommSec is a Joint Lead Manager to the Offer. ANZ and its subsidiaries do not guarantee the performance of CPS2.

Australia and New Zealand Banking Group Limited ABN 11 005 357 522 (ANZ) is the Issuer of CPS2.

Investments in CPS2 are not savings accounts or deposits liabilities of ANZ. CPS2 are not subject to the depositor protection provisions of Australian banking legislation. CPS2 do not represent a deposit liability of ANZ for the purposes of the Banking

Act of 1959 nor are they insured by any government agency or compensation scheme of Australia, New Zealand or any other jurisdiction. CPS2 are a primary obligation of ANZ. CPS2 are not secured. Investment type products are subject to investment risk, including possible delays in repayment and loss of income and principal invested. ANZ and its subsidiaries do not guarantee the performance of CPS2.

Neither CommSec nor any other associate or subsidiary of Commonwealth Bank in any way guarantee the capital value and/or the performance of CPS2 or any particular rate of return.

The information contained in this e-mail should not be taken as a recommendation to invest in CPS2. This email is not an offer document. The Offer will be made in or accompanied by the Prospectus. We recommend that you read and consider the Prospectus before deciding whether to invest. Applications to invest can only be made on an application form attached to or accompanying the Prospectus. A decision to acquire CPS2 should be made on the basis of the information in the Prospectus.

The Prospectus includes important information about the risks associated with an investment in CPS2 (see Section 4).

The information contained in this e-mail and in the Prospectus was prepared without having regard to a particular person's investment needs, objectives and financial situation. CommSec recommends that before you decide whether to invest in CPS2 you contact your financial adviser or other professional adviser.

We believe that the information herein is correct and any opinions, conclusions or recommendations contained in this document are reasonably held or made as at the time of its compilation, but we make no warranty as to the accuracy, reliability or completeness of that information. CommSec has not independently verified the information given in this document.

In receiving this e-mail you represent and warrant that you will not distribute this letter to any person outside of Australia.

In particular, the CPS2 have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act") or the securities laws of any state of the United States and may not be offered or sold in the United States or to, or for the account or benefit of, any "U.S. Person" as defined in Regulation S under the US Securities Act. Each of the Joint Lead Managers must not offer, sell or deliver CPS2 within the United States or to, or for the account or benefit of, US Persons, and is required to send each dealer to which it sells CPS2 during the restricted period a confirmation or other notice setting forth the restrictions on offers and sales of CPS2 within the United States or to, or for the account or benefit of, US Persons. Terms used in this paragraph have the meanings given to them by Regulation S under the US Securities Act. In addition, until 40 days after the commencement of the Offer, an offer or sale of CPS2 within the United States by any dealer that is not participating in the Offer may violate the registration requirement of the Securities Act.

Disclosure of Fees

CommSec is a Joint Lead Manager to the Offer and may receive a fee of up to 1.60% in respect of Applications received from retail investors attributable to the selling efforts of CommSec; CommSec may also receive additional fees as set out in section 6.8 of the Prospectus. CommSec or one or more of its associates may perform, or may seek to perform, other financial or advisory services for the entities mentioned in this document, or its associates and may have other interests in or relationships with the Company or its associates, and receive fees, commissions or other compensation in such capacities. CommSec or one or more of its associates has received fees, commissions or other compensation from entities of the Company or its associates in the past 12 months, and expects to be entitled to receive such fees, commissions or other compensation in the future, including the fees referred to above.