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21 October 2003

Caitlin Chau
Derivatives Department
Australian Stock Exchange
Level 6, 20 Bridge Street
Sydney NSW 2000

MACQUARIE BANK

Dear Caitlin

For Announcement to the Market
Endowment Warrants - AMP adjustment

Macquarie Bank Limited has issued Endowment Warrants over shares in AMP Limited ("AMP") under an Offering Circular dated 29 May 1998 (ASX code AMPEMG). Macquarie has also issued three series of Portfolio Endowment Warrants over portfolios of shares which include shares in AMP with ASX codes PEWEMG, PEWEMH, and PEWEMI.

These warrants may be adjusted due to a proposed corporate restructure of AMP under which they propose to demerge into two separately ASX listed companies, subject to shareholder and court approval.

The Restructure

On 16 October 2003 AMP announced the details of its proposed corporate restructure, including a pro-rata 1:1 non-renounceable rights issue. The record date for the rights issue is 28 October 2003. The rights issue is conditional on, amongst other things, AMP shareholders approving the demerger of the company at an extraordinary general meeting ("EGM") on 9 December 2003.

AMP has announced that all AMP shareholders who do not take up their rights will receive a cash payment of $0.082 per right not taken up. This cash amount is expected to be distributed to shareholders sometime after 18 December 2003, conditional on the demerger being approved.

Endowment Warrant Adjustments

Clause 4.1 of the Terms of Issue of the AMPEMG Endowment Warrants and the Portfolio Endowment Warrants states that the value of the rights issue is to be treated as a Reduction Amount.

Clause 4.2(b) states that in the case where the rights aren't traded on ASX their value is to be determined by Macquarie, with the consent of the ASX.

Macquarie has received ASX consent to value the rights as the $0.082 that AMP will pay to those AMP shareholders who do not take up their rights.

The Reduction Amount that will be applied to the Outstanding Amounts of the Endowment Warrants and the Portfolio Endowment Warrants will be the $0.082 that AMP intends to pay to AMP shareholders who do not take up their rights.

The Outstanding Amount of the Portfolio Endowment Warrants will be reduced by the number of AMP shares in the underlying portfolio multiplied by the value of the rights, $0.082.

If the demerger is not approved by AMP shareholders at the EGM then the rights issue will not proceed and the Outstanding Amount of the Endowment Warrants and the Portfolio Endowment Warrants will not be reduced.

Macquarie has received ASX consent to change the Reckoning Day for the application of this Reduction Amount to the payment date of the $0.082 by AMP for the Endowment Warrants, and to the last Business Day of the month in which payment occurs for the Portfolio Endowment Warrants.

If you have any queries in relation to this matter please call me on 8232 4042.

Yours sincerely

Richard Dixon
Associate Director
Equity Markets Group
Macquarie Bank Limited