Macquarie Currency Warrants

MACQUARIE

DATED: 3 SEPTEMBER 2004

COMBINED PRODUCT DISCLOSURE STATEMENT AND FINANCIAL SERVICES GUIDE

The Issuer:

MACQUARIE BANK LIMITED
ABN 46 008 583 542
AFSL 237502

Relating to the offer of:

2 Series of European AUD/USD Call Warrants

and

2 Series of European AUD/USD Put Warrants

MACQUARIE BANK LIMITED
No. 1 Martin Place
Sydney, New South Wales
Australia
Telephone: (612) 8232 3333

IMPORTANT NOTICE & DISCLAIMER

This document is a Product Disclosure Statement.

The date of this Product Disclosure Statement is 3 September 2004 ("PDS").

Purpose

Under this PDS, Macquarie is inviting Applications for the Macquarie Currency Warrants offered under this PDS.

Application Form

Applications under this PDS may only be made by companies which are related bodies corporate of Macquarie. Applications will only be accepted on the Application Form attached to this PDS. To the extent permitted by law, Macquarie may withdraw invitations and offers made under this PDS in respect of a particular Series at any time at its absolute discretion upon giving notice to the ASX.

Cooling-off Rights

No cooling-off rights apply to the issue of Macquarie Currency Warrants. This means that, in most circumstances, you cannot withdraw an Application once it has been made.

Foreign Jurisdictions

The distribution of this PDS in jurisdictions outside Australia may be restricted by law and therefore persons into whose possession this PDS comes should seek advice on and observe any such restrictions. Failure to comply with relevant restrictions may violate those laws. This PDS is not an offer or invitation in relation to Macquarie Currency Warrants in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. Macquarie Currency Warrants have not and will not be registered under the United States Securities Act of 1933 and may not be offered or sold directly or indirectly in the United States of America.

Changes to Information in PDS

This PDS is current as at 3 September 2004. Information in this PDS is subject to change from time to time. Where information that is not materially adverse to Holders changes, Macquarie will update the information by posting a notice on its website at www.macquarie.com.au/warrants. Macquarie will provide a paper copy of updated information upon request to Holders who contact Macquarie on 1800 803 010.

Representations

This PDS has been prepared and issued by Macquarie Bank Limited as Issuer. Any other parties distributing this product are only doing so as a distributor for Macquarie Bank Limited. Potential investors should only rely on information in this PDS. No person is authorised to give any information or to make any representation in connection with the offer of Macquarie Currency Warrants that is not contained in this PDS. Any information or representation not so contained may not be relied upon as having been authorised by Macquarie in connection with the offer.

Own Advice

The information provided in this PDS is not financial product advice, and has been prepared without taking into account your individual investment objectives or personal circumstances. You should read the whole of this PDS and consider all of the risks and other information relating to Macquarie Currency Warrants before deciding to invest. If you have any questions, you should contact your stockbroker, accountant or other professional adviser before deciding to invest in Macquarie Currency Warrants.

Commissions

Macquarie may give to brokers to the Issue, whether in the primary or secondary market, a discount, commission or fee in respect of each Macquarie Currency Warrant placed or purchased by the broker.

Defined Terms

Section 8 of this PDS contains definitions of certain terms used in this document.

Role of the Registrar

The Registrar has had no involvement in the preparation of any part of this PDS and its name appears for information purposes only.

Admission to Trading Status on the ASX

Application will be made for each Series of Macquarie Currency Warrants offered under this PDS to be admitted to Trading Status by the ASX. The fact that the ASX may admit the Warrants to Trading Status is not to be taken in any way as an indication of the merits of Macquarie or the Warrants offered for subscription. Admission to Trading Status of the Warrants offered pursuant to this PDS will commence as soon as practicable after Macquarie notifies subscribers of the issue of the Warrants. The ASX does not warrant the accuracy or truth of the contents of this PDS.

In not objecting to the Terms or by admitting the Warrants to Trading Status, the ASX has not authorised or caused the issue of this PDS and is not in any way a party to or concerned in authorising or causing the issue of this PDS or the making of offers or invitations with respect to the Warrants. The ASX takes no responsibility for the contents of this PDS. In particular, the ASX has not formed a view as to whether this PDS complies with the "reasonable investor" standard of disclosure contained in the ASX Market Rules, this being the responsibility of Macquarie. The ASX makes no representation as to whether this PDS and the Terms comply with the Corporations Act or the ASX Market Rules. To the extent permitted by the Trade Practices Act 1974 (Cth) or any other relevant law, the ASX will be under no liability for any claim whatsoever, including for any financial or consequential loss or damage suffered by Holders or any other person, where that claim arises wholly or substantially out of reliance on any information contained in this PDS or any error in, or omission from, this PDS.

Consents

Allens Arthur Robinson has given and not withdrawn its consent to be named in this PDS. Allens Arthur Robinson has been involved in the preparation of this PDS, and accepts responsibility for Section 4, but accepts no responsibility for any other part of this PDS, and has not authorised or caused its issue.

Computershare Investor Services Pty Limited has given and, as at the date hereof, has not withdrawn its written consent to be named as Warrant Registrar in the form and context in which it is named. Computershare Investor Services Pty Limited has had no involvement in the preparation of any part of this PDS other than being named as Warrant Registrar. Computershare Investors Services Pty Limited has not authorised or caused the issue of, and expressly disclaims and takes no responsibility for, any part of this PDS.

Privacy Act 1988 (Commonwealth) – Collection Statement

If you complete an application for Warrants offered under this PDS you will be supplying personal information to Macquarie. Macquarie will be bound by the Privacy Act 1988 (Commonwealth), as amended by the Privacy Amendment (Private Sector) Act 2000 ("the Privacy Act"), in relation to Macquarie's collection, holding, use, disclosure, management, access, correction and disposal of that information.

You should be aware that:

- You can contact us by phone, fax or email and request access to your information. In normal circumstances, we will give you full access to your information, however there may be some legal or administrative reason to deny you access, in which case we will provide reasons for denying access. Further, we may charge a fee to give you full access where your request requires the compiling of information that has been archived or is significant in volume.
- Macquarie will use your personal information for the following purposes:
  - assessing your application for Warrants;
  - assessing the credit and other exposure that the Macquarie Group has to you;
  - to keep and maintain a register of Holders;
  - marketing of products and services which are of the same type as Warrants;
  - to determine future product and business strategies and to develop its services;
  - to comply with all applicable regulatory or legal requirements (including the requirements of ASIC, the ASX, ATO and AUSTRAC); and
  - to communicate with you in relation to your Warrants and all transactions relating to your Warrants.
- Your personal information may be disclosed to other entities in the Macquarie Group in making use of your personal information in the manner described above. It may also be disclosed to any financial institution nominated by you in an Application Form and may be disclosed to your stockbroker or licensed financial adviser.
- While the information we ask you to supply in the Application Form is not required by law, Macquarie may not be able to assess your application if the information is not supplied.

You can also obtain a copy of Macquarie's privacy statement on *www.macquarie.com.au* or by requesting it from us.

Contents

Section 1: Investment Overview

This Section contains a brief summary only of certain material features relating to Macquarie Currency Warrants. Detailed information relating to the offer to subscribe for Macquarie Currency Warrants can be found in the following sections of this PDS. Potential investors should read this PDS in its entirety before making any investment decision. If there is any conflict between this section and any other section of this PDS (including the Terms) the latter will prevail. Macquarie strongly recommends that potential investors seek their own financial and taxation advice before making any investment decisions.

At a Glance

Issuer	Macquarie Bank Limited (ABN 46 008 583 542) No. 1 Martin Place SYDNEY NSW 2000 **Phone:** 1800 803 010 **Email:** warrants@macquarie.com.au **Website:** macquarie.com.au/warrants
Exchange Rate	AUD/USD
Issue Size	10 million for each Series.
Offer Opening Date	3 September 2004
Offer Closing Date	03 March 2005
Expected Commencement of Trading on the ASX	6 September 2004
Calculation of Intrinsic Value at maturity in AUD	**Call Warrant =** ((Settlement Rate per AUD1.00 – Exercise Price per AUD1.00) x Amount of Currency) / Settlement Rate per AUD1.00 **Put Warrant =** ((Exercise Price per AUD1.00 – Settlement Rate per AUD1.00) x Amount of Currency) / Settlement Rate per AUD1.00
Registrar	Computershare Investor Services Pty Limited Phone: 1300 364 060

SUMMARY TABLE OF MACQUARIE CURRENCY WARRANTS

ASX Code	American or European	Call or Put	Expiry Date	Exercise Price per AUD1.00	Exercise Price Per Warrant (AUD10.00)
AXUWME	European	Call	23/03/2005	USD0.71	USD7.00
AXUWMF	European	Call	23/03/2005	USD0.73	USD7.30
AXUWMW	European	Put	23/03/2005	USD0.68	USD6.80
AXUWMX	European	Put	23/03/2005	USD0.70	USD7.00

What are Macquarie Currency Warrants and how do they work?

Macquarie Currency Warrants are market traded warrants to buy and sell 10 Australian Dollars for US Dollars. Macquarie Currency Warrants therefore provide exposure to movements in the level of the AUD/USD Exchange Rate.

What is a Macquarie Currency Call Warrant?

A Macquarie Currency Call Warrant, at maturity, gives a Holder the right to receive either:

(a) the Intrinsic Value of the Call Warrant in Australian Dollars as calculated in the 'At a Glance' table above; or

(b) the Amount of Currency (being AUD10) by paying to Macquarie the Exercise Price per Warrant in USD.

The value of Call Warrants tends to rise if the Australian Dollar appreciates against the US Dollar and tends to fall if the Australian Dollar depreciates against the US Dollar.

What is a Put Warrant?

A Macquarie Currency Put Warrant, at maturity, gives a Holder the right to either:

(a) receive the Intrinsic Value of the Put Warrant in Australian Dollars as calculated in the 'At a Glance' table on page 1; or

(b) pay the Amount of Currency (being AUD10) to Macquarie and to receive the Exercise Price per Warrant in USD.

The value of Put Warrants tends to rise if the Australian Dollar depreciates against the US Dollar and tends to fall if the Australian Dollar appreciates against the US Dollar.

What is a European Warrant?

A European Warrant is a Warrant that can only be exercised on the Expiry Date at or before the Closing Time. All of the Currency Warrants to which this PDS relates are European Warrants.

A Leveraged Investment

Warrants are a leveraged investment. Both increases and decreases in the Exchange Rate are likely to be magnified, in percentage terms, in the Warrant value.

What are the Key Features and Benefits of Investing in Macquarie Currency Warrants?

An investment in Macquarie Currency Warrants gives you:

- a convenient way to enhance your exposure to movements in the Exchange Rate;
- the potential to earn greater returns than an equivalent investment in the underling Currency because of the leverage provided by Warrants; and
- a flexible investment that may be sold on the ASX at any time up to and including the Expiry Date, if required.

What are the Risks of Investing in Macquarie Currency Warrants?

As with any investment decision, you need to consider an investment in Macquarie Currency Warrants carefully and in light of your individual circumstances.

Potential risks of investing in Macquarie Currency Warrants include:

- adverse movements in the Exchange Rate decreasing the value of your investment;
- the value of the Warrant decreasing over time even if the Exchange Rate remains the same, for example, due to time decay;
- the fixing of the Exchange Rate by the Australian Government or the Reserve Bank of Australia;
- the Warrants ceasing to have Trading Status on the ASX, or being suspended from trading;
- Macquarie failing to perform its obligations; and
- all the general risks of investing in options and currencies.

You should refer to Section 3 'Risks You Should Consider' for more detailed information about the risks of investing in Macquarie Currency Warrants. Potential investors should ensure that they fully understand the risks involved and consult with relevant advisers before making any investment decision.

Who Do They Suit?

Macquarie Currency Warrants may suit you if you:

- are looking to spend less up front and get greater exposure to any movements in the Exchange Rate;
- are a portfolio investor or business operator looking to hedge your currency exposure;
- are looking for an alternative to other forms of gearing into currencies; and
- have had previous experience with options.

Who Can Purchase Macquarie Currency Warrants?

Macquarie Currency Warrants can be purchased on the ASX through an accredited broker (i.e. in the secondary market). Applications under this PDS (i.e. in the primary market) may only be made by related bodies corporate of Macquarie.

How Do I Buy and Sell Macquarie Currency Warrants?

Macquarie has a range of Warrants to suit a variety of different investors. Before you invest in Macquarie Currency Warrants it is important that you have read and understood the terms set out in this PDS. You should also read the ASX booklet 'Understanding Trading and Investment Warrants' which is available free of charge from the ASX or from Macquarie. If you have any questions you should contact your stockbroker, accountant or other professional adviser.

Macquarie Currency Warrants can be purchased either by making an Application under this PDS (ie in the primary market by related bodies corporate of Macquarie) or on the ASX (ie in the secondary market).

Primary Market Applications

Primary market Applications through this PDS may only be made by related bodies corporate of Macquarie. Other investors can purchase Macquarie Currency Warrants in the secondary market on the ASX. Applications by related bodies corporate of Macquarie under this PDS must be made using the Application Form. Application Forms and Instructions may be found at the back of this PDS.

Purchasing Macquarie Currency Warrants on the Secondary Market (ASX) – Just Like Ordinary Shares

To gain immediate access to movements in the level of the Exchange Rate, Macquarie Currency Warrants can be purchased on the ASX through any ASX Accredited Derivatives full service or discount adviser or stockbroker using the relevant ASX Code set out in the Summary Table.

To trade Macquarie Currency Warrants on the secondary market, you will need to have completed a Warrant Client Agreement Form available from your stockbroker.

How Much Do Macquarie Currency Warrants Cost (the Premium)?

The Premium

The price (or Premium) of a Macquarie Warrant is not fixed and will vary depending on a number of factors including:

- the prevailing Exchange Rate;
- the volatility of the Exchange Rate;
- prevailing and anticipated economic conditions;
- the time remaining to the Expiry Date; and
- prevailing and anticipated interest rates.

Commission, Fees and Expenses

When you purchase Macquarie Currency Warrants on the ASX your adviser may also charge you commission.

What are the Tax Implications of Investing in Macquarie Currency Warrants?

Purchasing, holding and exercising Macquarie Currency Warrants may have income tax or capital gains tax implications for investors. The tax consequences will depend on the particular circumstances of each Holder. Investors should seek independent advice referable to their own circumstances prior to making any investment decision. You should refer to Section 4 'Taxation Considerations' of this PDS for detailed information in relation to the tax implications of investing in Macquarie Currency Warrants. In brief:

- no tax implications should arise from investing in Macquarie Currency Warrants until they are sold, are exercised or expire; and
- upon the sale, exercise or expiry of a Macquarie Currency Warrant, capital gains tax consequences and/or foreign currency tax consequences are likely to arise to the investor.

Is there a Cooling Off Period?

There is no cooling off period when you buy or sell Macquarie Currency Warrants.

Are there any labour standards or social, environmental or ethical considerations I should be aware of?

Macquarie will not take into account labour standards or social, environmental or ethical considerations for the purposes of selecting retaining or realising the investment. An investment in Macquarie Currency Warrants by investors enables an investor to obtain exposure to the Exchange Rate. Investors should make their own enquiries as to whether labour standards or social, environmental or ethical considerations would affect their decision to invest in Macquarie Currency Warrants.

Enquiries and Complaints

Macquarie has procedures in place to properly consider and deal with any enquiries or complaints from investors in Macquarie Currency Warrants. Macquarie will acknowledge receipt of a written complaint within 5 days and provide a substantive response within 21 days. Where a complaint remains unresolved (eg where a remedy is not offered or not instigated or where a remedy is offered is not accepted by the complainant), the complaint may fall within the terms of reference of the external complaints scheme, Financial Industry Complaints Scheme ("FICS").

To contact FICS, Holders should telephone 1300 780 808 or write to PO Box 579 Collins Street West, Melbourne, Victoria 8007.

Section 2: Details of the Warrants

This Section is a summary of the important features of Macquarie Currency Warrants. The Terms are contained in Section 6. Investors should read and understand the Terms before investing in Macquarie Currency Warrants. Investors should obtain professional advice which takes into account their particular investment needs, objectives and financial circumstances. If there is any conflict between this summary and the Terms, the Terms prevail.

2.1 Offer of Macquarie Currency Warrants

Issuer

The Issuer is Macquarie Bank Limited. Please refer to Section 7 which contains more information on Macquarie.

Maximum Issue Size

The initial issue size for each Series is set out in the 'At a Glance' table on page 1. Macquarie reserves the right, without the consent of, or the giving of prior notice to, Holders, to increase the maximum issue size by seeking the consent of the ASX to such increase at any time during the relevant Offer Period.

Minimum Subscription and Underwriting

There is no minimum number of Warrants which must be issued for the offer to proceed. The offer is not underwritten.

Offer Period

The offer of Warrants under this PDS in respect of each Series is open from 9:00am (Sydney time) on the date specified as the Offer Opening Date in the 'At a Glance' table on page 1 and will close with respect to a particular Series of Warrants at the earlier of:

(a) the date specified as the Offer Closing Date in the 'At a Glance' table on page 1; and

(b) the date on which the Warrants lapse pursuant to Clause 4.2 of the Terms,

subject to the rights of Macquarie to withhold offering any or all Series of Warrants at any time and for any period of time and to close the offer with respect to any or all Series of Warrants on an earlier date without prior notice.

Macquarie reserves the right and currently intends to continue to issue Warrants in each Series after the commencement of trading of the Warrants on the ASX.

Issue Price ("Premium")

This PDS does not specify the price at which Warrants of a particular Series will be issued. The issue price (or "Premium") will depend on the level of the Exchange Rate and other parameters at the time the offeree agrees to subscribe for Warrants and will therefore vary from time to time during the Offer Period.

Application Procedure

No Warrants are offered under this PDS to any person other than related bodies corporate of Macquarie. Applications from any other person will not be accepted.

Members of the Macquarie Group may apply to subscribe for Warrants. Applications may only be made on the Application Form attached to this PDS or attached to the complete and unaltered electronic PDS dated 3 September 2004. Acceptance of any Application will occur when Macquarie causes the ASX to release, through its Company Announcements Platform, an announcement of Macquarie's acceptance for the number of the relevant Warrants.

The members of the Macquarie Group which subscribe for Warrants will act in accordance with the directions of Macquarie. Accordingly, the Warrants subscribed for by the members of the Macquarie Group may be offered from time to time on the ASX in the discretion and at the direction of Macquarie. Potential purchasers of the Warrants can obtain a copy of this PDS from Macquarie.

All telephone conversations may be tape recorded.

Macquarie reserves the right to accept or reject any commitment or subsequent application in its absolute discretion and to vary the application procedure.

Macquarie will not accept Application Forms prior to the date of this PDS.

Trading

Application will be made to the ASX for permission to admit the Warrants offered under this PDS to Trading Status within 7 days of the date of this PDS. Each Series of Warrants are expected to commence trading on the date set out in the 'At a Glance' table on page 1.

Holder's rights

Holders of Macquarie Currency Warrants issued under this PDS will receive the opportunity to benefit from movements in the Exchange Rate.

If, at expiry, the Exchange Rate is higher than the Imputed Exchange Rate for a Series of Macquarie Currency Call Warrants, Holders of Currency Call Warrants in that Series will be entitled to receive a payment.

If, at expiry, the Exchange Rate is lower than the Imputed Exchange Rate for a Series of Macquarie Currency Put Warrants, Holders of that Series will be entitled to receive a payment.

Set out below is a more detailed explanation of the rights of Holders.

2.2 Exercising Macquarie Currency Warrants

Exercise Procedure

Holders wishing to exercise Warrants of a Series must lodge with Macquarie a completed Exercise Notice for a number of Warrants of that Series no later than 4:15pm (Sydney time) on the Expiry Date.

If a Holder fails to give an Exercise Notice in accordance with the Terms, the Holder will be deemed to have given an Exercise Notice on the Expiry Date and will be entitled to receive the Intrinsic Value in AUD (if any).

Procedure following effective exercise

On the giving of an effective Exercise Notice, Macquarie will either:

(a) make a payment in Australian dollars to the Holder equal to the Intrinsic Value of the Warrant (if any); or

(b) if the Warrant is a Call Warrant and the Holder elects to receive the Amount of Currency, pay to the Holder the Amount of Currency against payment by the Holder of the Exercise Price to Macquarie in clear funds; or

(c) if the Warrant is a Put Warrant and the Holder elects to deliver the Amount of Currency, pay to the Holder the Exercise Price upon payment of the Amount of Currency by the Holder to Macquarie in clear funds.

Calculation of Intrinsic Value

The Intrinsic Value for a Macquarie Currency Call Warrant is calculated as follows:

((Settlement Rate per AUD1.00 – Exercise Price per AUD1.00) x Amount of Currency) / Settlement Rate per AUD1.00

and for a Macquarie Currency Put Warrant is calculated as follows:

((Exercise Price per AUD1.00 – Settlement Rate per AUD1.00) x Amount of Currency) / Settlement Rate per AUD1.00

Where the Intrinsic Value would be determined to be a negative number, the Intrinsic Value will equal zero.

Example Calculation for a Currency Call Warrant

The figures used in this example are provided for illustrative purposes only and should not be taken as an indication of the level of figures that will actually apply in the future.

Macquarie has issued a Macquarie Currency Call Warrant with an Exercise Price of USD0.71. On the Expiry Date the Settlement Rate was USD0.76. The Intrinsic Value per Currency Call Warrant is calculated as follows:

$$IV = \frac{((0.76-0.71) * 10)}{0.76}$$

$$= \text{AUD}0.6579$$

2.3 Expiry Date

Each Series of Macquarie Currency Warrants will expire on the Expiry Date specified for that Series in the Summary Table on page 1. Potential investors should note however, that the Expiry Date for a Series of Macquarie Currency Warrants may be brought forward upon the occurrence of an Extraordinary Termination Event or postponed upon the occurrence of an Extraordinary Postponing Event.

Macquarie may at any time, at its discretion and with the consent of the ASX, nominate as an Extraordinary Termination Event or Extraordinary Postponing Event for a particular Series of Warrants events including the actual or proposed delisting, withdrawal of admission to trading status of the Warrants (except where that delisting, withdrawal or suspension is caused by Macquarie), a material limitation of the ability of Macquarie to hedge the Warrants or maintain secondary market prices in the Warrants, or the fixing of the Exchange Rate by the Australian Government or the Reserve Bank of Australia.

The exercise or non-exercise of these discretions could adversely affect the value of the Warrants. Holders do not have the power to direct the Issuer concerning the exercise of any discretion, although the Issuer may only exercise certain discretions with the consent of the ASX. The discretions are set out in the Terms.

If the Issuer, with the consent of the ASX, nominates an Extraordinary Termination Event, the Warrant will lapse and the Issuer will pay to the Holder the fair market value of the Warrant (determined as of the day when Macquarie first nominated that an Extraordinary Termination Event had occurred), calculated in accordance with Clause 4.2(b) of the Terms.

If the Issuer, with the consent of the ASX, nominates an Extraordinary Postponing Event, the Expiry Date of the Warrant will be postponed to the next Business Day in respect of which there is no Extraordinary Postponing Event continuing. If an Extraordinary Postponing Event is continuing on the 10 Business Days following the original Expiry Date, that day shall be the Exercise Date.

2.4 Variation of the Terms

Other variations are possible in two circumstances:

1) With the consent of the ASX where the change is necessary or desirable in the reasonable opinion of Macquarie:

   - to comply with any statutory or other legal requirements or any requirement of the ASX; or

- to rectify any technical defects, manifest error or ambiguity.

2) Where the terms of the change are authorised by a resolution of Holders.

   Such a resolution is passed only where Macquarie:

   - notifies every Holder of the proposed change;
   - supplies the Holder with a document setting out the reasons for, and any advantages and disadvantages of, the changes proposed; and
   - supplies the Holder with a ballot paper allowing the Holder to vote for or against the change.

A resolution varying the Terms in respect of a Series is only passed if it is approved by the Holders of 75% of the relevant Series who cast votes (being Holders that are not Macquarie or its associates).

The votes will be validated and checked by Macquarie's auditors. Each Holder will have one vote for each Macquarie Warrant held. The voting period may not be less than 20 Business Days from dispatch of the last notice of proposed changes to a Holder. No ballot can be requisitioned by Holders.

Where Macquarie Currency Warrants are held by Macquarie or its associate as trustee or nominee for a Holder, Macquarie or its associate will only cast a vote in respect of each Macquarie Warrant so held in the manner directed by the Holder.

2.5 Register

Macquarie will arrange (at its cost) for a register of Holders of each Series of Macquarie Currency Warrants to be established and maintained at the offices of Computershare Investor Services Pty Limited (see Directory on the last page) in Sydney. The Register will be open during normal business hours for inspection by any Holder.

As the Macquarie Currency Warrants will be CHESS Approved Securities, a CHESS sub-register and an Issuer Sponsored Subregister of Holdings will be established in respect of each Series of Macquarie Currency Warrants.

2.6 Form of Holding

The Macquarie Currency Warrants will be held in uncertificated form and no certificates will be issued. The Macquarie Currency Warrants will be noted in the Register of Macquarie Currency Warrants for each Series maintained by Computershare Investor Services Pty Limited.

2.7 Activities of Macquarie

The Macquarie Currency Warrants will constitute direct unconditional obligations of Macquarie.

Macquarie reserves the right to buy back Macquarie Currency Warrants that have been issued. Macquarie Currency Warrants bought back will not be cancelled automatically, but may be cancelled or resold by Macquarie. Macquarie Currency Warrants may be issued after commencement of trading on the ASX.

Members of the Macquarie Group may apply for Macquarie Currency Warrants to facilitate market making activities that may be undertaken in relation to the Warrants. Macquarie will provide, as and when practicable, buy and sell quotations for Macquarie Currency Warrants on the ASX.

From time to time, companies in the Macquarie Group may buy and sell Macquarie Currency Warrants, other securities including futures contracts relating to the Currency and trade in over the counter foreign exchange contracts relating to the Currency, either as principal or agent. This trading may impact positively or negatively on the price at which the Warrants trade on ASX.

2.8 The Clearing House Electronic Sub-register System (CHESS)

CHESS (Clearing House Electronic Subregister System) is a computer system which electronically transfers title between the buyers and sellers of securities on the ASX. It is a paperless system where security ownership is recorded on an account in CHESS, rather than through the use of physical share certificates. CHESS also enables the electronic settlement of transactions between CHESS participants (i.e. stockbrokers and institutional investors).

CHESS is operated by ASX Settlement and Transfer Corporation Pty Limited, a wholly owned subsidiary of the ASX. All CHESS participants must abide by the published rules known as the ASX Settlement Transfer Corporation Pty Limited (**ASTC**) Settlement Rules (**ASTC Settlement Rules**).

Macquarie will apply to have the Warrants offered under this PDS admitted to CHESS. When the Warrants become "CHESS Approved Securities", holdings will be registered on one of two subregisters: an electronic CHESS subregister or an Issuer Sponsored Subregister. Warrants held by a Holder who is a participant in CHESS or a person sponsored by a participant in CHESS will be registered on the CHESS subregister. All other holdings will be registered on the Issuer Sponsored Subregister.

Under the CHESS system, Holders will be provided with a holding statement on a monthly basis whenever there is a change in holding, rather than with a certificate. The holding statement will record the number of Warrants held and the particulars of the Holder, including the Holder's Holder Identification Number in the case of a CHESS Holder or a Shareholder Reference Number in the case of an Issuer Sponsored Holder.

Holders who hold Warrants with more than one sponsoring participant will receive separate holding statements from the ASX.

2.9 Distributions of this PDS

As the Macquarie Currency Warrants are to have Trading Status on the ASX, they may be transferred to secondary holders. This PDS may be passed on to such secondary holders in that capacity or to potential transferees who approach existing Holders, their Broker or Macquarie. Macquarie will provide a copy of this PDS on request.

Section 3: Risks You Should Consider

An investment in Macquarie Currency Warrants is speculative with returns received depending on a number of variable factors. All investments involve varying degrees of risk. In evaluating the merits and suitability of an investment in Macquarie Currency Warrants, careful consideration should be given to the risks inherent in Macquarie Currency Warrants.

This Section does not purport to be a comprehensive summary of all the risks associated with an investment in Macquarie Currency Warrants but highlights particular risks that Macquarie wishes to encourage prospective investors to consider in detail and discuss with their professional advisers.

3.1 National Guarantee Fund - not a guarantor in all cases

Claims against the National Guarantee Fund may only be made in respect of secondary trading in Warrants between brokers on the ASX and cannot be made in relation to the primary issue of Warrants by Macquarie or the settlement obligations of Macquarie arising from the giving of Exercise Notices or the expiry or termination of the Warrants.

The capacity of Macquarie to settle all outstanding Warrants is not guaranteed by the ASX, the National Guarantee Fund or the ASTC.

3.2 Obligations of Macquarie

The value of the Warrants depends upon, among other things, the ability of Macquarie to perform its obligations under the Terms.

The obligations of Macquarie under the Warrants are not deposit liabilities of Macquarie, and they are not guaranteed by any other party. They are unsecured contractual obligations of Macquarie which will rank equally with Macquarie's other unsecured contractual obligations and with its unsecured debt, other than liabilities mandatorily preferred by law. In this regard, Section 13A(3) of the Banking Act 1959 provides that in the event of Macquarie becoming unable to meet its obligations, the assets of Macquarie in Australia shall be available to meet its deposit liabilities in Australia in priority to all other liabilities of Macquarie (which includes the obligations of Macquarie under the Warrants).

Investors must make their own assessment of the ability of Macquarie to meet its obligations. A description of Macquarie is set out in Section 7 to assist potential investors in making this assessment.

3.3 Other Factors Affecting Warrant Value

The market price of a Warrant is expected to be dependent upon such factors as the Exchange Rate, the volatility of the Exchange Rate, the liquidity of the secondary market for the Warrants, the Exercise Price of the Warrants, the time remaining until the Expiry Date, the level of interest rates in Australia, the US and elsewhere, and other interrelated and complex factors and general risks applicable to the Australian, US and global economies and the markets on which the Currency and the Warrants are traded.

The market price of a Call Warrant is likely to fall if the USD appreciates against the AUD. The market price of a Put Warrant is likely to fall if the USD depreciates against the AUD. The performance of the Exchange Rate will affect the market value of the Warrant. Macquarie makes no representation or warranty as to the performance of the Exchange Rate.

Investment in the Macquarie Currency Warrants is speculative. The Macquarie Currency Warrants may be significantly less valuable on the Expiry Date or expire worthless. This means that Holders may either lose money or sustain a total loss on their investment.

The value of a Warrant is also reduced by time decay, meaning that even if the level of the Exchange Rate moves in the desired direction, the value of the Warrant may fall.

3.4 Possible Illiquidity of Trading Market

Investors should be aware that there is no accurate indication as to the extent to which the Warrants will trade in the secondary market, nor is there sufficient evidence as to whether that market will be liquid or illiquid.

3.5 Potential Conflicts of Interest

Companies in the Macquarie Group may buy and sell Macquarie Currency Warrants, other securities including futures contracts relating to the Currency and trade in over the counter foreign exchange contracts relating to the Currency, either as principal or agent. This trading may impact positively or negatively on the price at which the Warrants trade on the ASX.

The rights of Holders against Macquarie are set out in the Terms. Macquarie is not a fiduciary to Holders. Any profits earned and any losses incurred by Macquarie and its related bodies corporate in their trading activities (whether in relation to Warrants or otherwise) will accrue entirely to those parties independently of Macquarie's obligations to Holders.

3.6 Exercise of Discretion by Macquarie

Investors should note that a number of provisions of the Terms confer discretions on Macquarie or on the Calculation Agent which could affect the value of the Macquarie Currency Warrants. These include the powers to nominate Extraordinary Postponing Events and Extraordinary Termination Events (see Clause 4 of the Terms).

Holders do not have the power to direct Macquarie or the Calculation Agent concerning the exercise of any discretion. However, Macquarie may only exercise certain discretions with the consent of the ASX, unless that consent is unreasonably withheld or delayed. The discretions are set out in the Terms.

3.7 Suspension of Warrant Trading

Trading of Warrants on the ASX may be halted or suspended by the ASX. This may occur whenever the ASX deems such action appropriate in the interests of maintaining a fair and orderly market in Warrants or otherwise deems such action advisable in the public interest or to protect investors.

Matters that may also be considered include circumstances where any unusual conditions or circumstances are present or Macquarie becomes unable or unwilling or fails to comply with the ASX Market Rules or if the ASX in its absolute discretion thinks fit.

The withdrawal of admission to Trading Status or suspension of the Warrants may, in Macquarie's discretion, cause the Warrants to lapse if such suspension or withdrawal is deemed to be an Extraordinary Event.

3.8 Investment Decisions

It is impossible in a document of this type to take into account the investment objectives, financial situation and particular needs of each investor. Accordingly, nothing in this PDS should be construed as a recommendation by Macquarie or any other person concerning an investment in Macquarie Currency Warrants or any other security. Readers should not rely on this PDS as the sole basis for any investment decision in relation to Macquarie Currency Warrants or any other security, but should obtain relevant independent information concerning the Warrants and the Exchange Rate and where necessary obtain independent financial advice.

3.9 Historic Performance of the Exchange Rate

Past performance of the Exchange Rate is not necessarily a guide to future performance which can be volatile. The value of the Macquarie Currency Warrants between the Issue Date and the Expiry Date may fall as well as rise.

3.10 Early or Postponed Termination: Extraordinary Events

Macquarie may, with the consent of the ASX, terminate the Macquarie Currency Warrants before their due Expiry Date on the occurrence of an Extraordinary Event.

Extraordinary Events are set out in Clause 4 of the Terms. If the Warrants terminate early, Holders will be entitled to receive the Termination Value, being an estimate of the fair market value, if any, of the Warrants as determined by the Calculation Agent, or if no Calculation Agent is appointed within ten (10) Business Days of the Termination Date, by Macquarie with the consent of the ASX.

The Expiry Date may also be postponed for up to ten (10) Business Days if an Extraordinary Event has occurred and is continuing on the Expiry Date.

Section 4: Taxation Considerations

This Section contains a general summary only of some of the taxation consequences of investing in Macquarie Currency Warrants by an Australian resident individual taxpayer.

The summary is necessarily general in nature and does not take into account the specific circumstances of an investor. Potential investors should not rely on the contents of this Section and should obtain specific taxation advice referrable to their own circumstances prior to making an investment decision.

Also, potential investors should be aware that the ultimate interpretation of the taxation law rests with the Courts and that the law, and the way that the Commissioner of Taxation administers the law, may change at any time.

4.1 Relevant Taxpayers

This Section is confined to the position of an Australian resident individual taxpayer who does not carry on the business of trading or dealing in foreign currency or warrants.

4.2 General Comments

Under new rules governing the taxation of foreign currency gains and losses, gains and losses are generally treated as being on revenue account, and are recognised at the time of 'realisation' rather than conversion.

As foreign currency is an asset for CGT purposes, transactions involving foreign currency can also give rise to CGT consequences. However, any capital gain would be reduced to the extent to which a *forex realisation gain* is included in assessable income, and any capital loss would be reduced by way of an adjustment to the cost base of the foreign currency for expenditure deducted as a *forex realisation loss.*

For these reasons, and except for the instance where the CGT provisions will operate to the exclusion of the foreign currency provisions, the commentary below only considers the application of the foreign currency provisions.

4.3 Application or Purchase

No immediate tax consequences will arise to an investor who acquires a Macquarie Currency Warrant, whether by primary market application or through purchase on the ASX. The cost of acquiring the Warrant will not be deductible to the investor but will be relevant for the purpose of calculating the amount of any assessable *forex realisation gain* or deductible *forex realisation loss.*

4.4 Sale of a Macquarie Currency Warrant

If the investor does not exercise the Macquarie Currency Warrant, and sells it on the ASX before the Expiry Date, the tax consequences will depend on whether the Warrant is a Call Warrant or a Put Warrant.

Call Warrant

The investor will be treated as having disposed of a CGT asset. A capital gain or a capital loss might then arise to the investor, calculated as the difference between the capital proceeds from the disposal and the cost base of the Warrant.

If the investor held the Warrant for at least 12 months prior to the sale, then the 50% CGT discount may be applied to the amount of any capital gain remaining after the application of available capital losses, for the purposes of calculating the net capital gain for inclusion in the investor's assessable income.

Put Warrant

A *forex realisation event* will occur, and an assessable *forex realisation gain* or a deductible *forex realisation loss* might arise to the investor. The *forex realisation gain* or *forex realisation loss* is calculated as the difference between the capital proceeds from the disposal and the cost base of the Warrant.

4.5 Exercise of a Macquarie Currency Warrant

The exercise of a Macquarie Currency Warrant will give rise to a *forex realisation event*, and an assessable *forex realisation gain* or a deductible *forex realisation loss* might arise to the investor.

Call Warrant

The *forex realisation gain* or *forex realisation loss* is calculated as the Amount of Currency less the Exercise Price (translated to Australian currency at the exchange rate applicable at the time of exercise) less the cost of acquiring the Warrant.

Put Warrant

The *forex realisation gain* or *forex realisation loss* is calculated as the Exercise Price (translated to Australian currency at the exchange rate applicable at the time of the exercise) less the Amount of Currency less the cost of acquiring the Warrant.

4.6 Expiry of a Macquarie Currency Warrant

The expiry of a Macquarie Currency Warrant will give rise to a *forex realisation event*, and an assessable *forex realisation gain* or a deductible *forex realisation loss* might arise to the investor. The *forex realisation gain* or *forex realisation loss* for both a Call Warrant and a Put Warrant is calculated as the difference between the Intrinsic Value and the cost of acquiring the Warrant.

Section 5: Description of the Currency

The information in this Section is intended only as a general summary of the nature of the Currency, and not as a complete description. The information has been extracted and summarised from publicly available sources. The Issuer has made no attempt to summarise all of the information from the sources identified nor to verify the correctness of or to update this information. Potential investors should obtain advice from a stockbroker or licensed financial adviser on the merits of an investment in any Series of Macquarie Currency Warrants.

Introduction

The Australian Dollar is a freely traded currency that is often priced in terms of the amount of US Dollars that each Australian Dollar can buy. Currently, the Australian Dollar is trading at around USD 0.69 – i.e. one Australian Dollar can purchase 69 US cents.

History

The Australian Dollar floated in December 1983, prior to which it had been roughly pegged to major overseas currencies, initially Sterling and then later the USD. Subsequent to being floated, the Australian Dollar traded above 90 US cents and more recently (since February 2004) has traded between 68.5 and 79 US cents.

There are substantial volumes of Australian Dollars transacted on international currency exchanges. At one stage the Currency was the fourth most traded currency in global markets, and currently is regarded as the sixth or seventh most traded currency. The Australian Dollar market is perceived as one in which substantial liquidity exists, enabling market participants to enter and exit positions as necessary.

The Exchange Rate

The Exchange Rate refers to the amount of US Dollars required to purchase one Australian Dollar. It is the price of an Australian dollar measured in terms of US Dollars, and will be affected by the relative values of the Australian Dollar and the US Dollar. This depends on many interrelated and complex factors including (but not limited to): the current and expected future economic conditions in Australia, the US and elsewhere; the current and expected future interest rates in Australia, the US and elsewhere; perceived country risks associated with holding assets denominated in Australian Dollars, US dollars and other currencies; and current and expected future government (including central bank) policy.

Investors are encouraged to read section 3 of this PDS, which describes some of the risks associated with holding Macquarie Currency Warrants over Australian Dollars, including some of the risks associated with holding an investment whose value is affected by the Exchange Rate.

Where can I get information on the Exchange Rate?

Foreign exchange rates can be obtained from daily newspapers and specialist news services such as Reuters.

Which Exchange Rate is used in this PDS?

The AFMA US Dollar Hedge Settlement Rate ("HSRA") used under this PDS is calculated at approximately 9.45am Sydney Time from spot rates contributed between 9.43am and 9.45am by member organisations of IBSA and the ABA, selected according to Reserve Bank of Australia turnover volumes of Australian Dollars.

HSRA is calculated by averaging the contributed mid rates, after disregarding the highest and lowest (or the two highest and two lowest if there are more than 5 rates contributed). If there are no eligible rates, HSRA is the rate quoted at approximately 9.45am on the Reuters screen RIC AUD.

1. INTERPRETATION

1.1 Definitions

Capitalised terms used in this Section 6 shall have the meaning set forth in the Glossary contained in Section 8 of this PDS.

1.2 General

In these Terms unless the context otherwise requires:

(a) a reference to any legislation or legislative provision includes any statutory modification or re-enactment of, or legislative provision substituted for, and any subordinate legislation issued under, that legislation or legislative provision;

(b) the singular includes the plural and vice versa;

(c) a reference to an individual or person includes a corporation, partnership, joint venture, association, authority, trust, government and governmental authority and vice versa;

(d) a reference to a gender includes all genders;

(e) a reference to a Clause, Schedule or Annexure is to a clause, schedule or annexure of or to these Terms;

(f) a reference to any agreement or document (including, without limitation, these Terms, the ASX Market Rules and the ASTC Settlement Rules) is to that agreement or document (and, where applicable, any of its provisions) as amended, novated, supplemented or replaced from time to time;

(g) a reference to "dollars" and "$" is a reference to Australian Dollars, unless the context otherwise requires;

(h) a reference to a matter being "with the consent of the ASX" is a reference to that matter being with the consent of the ASX, unless that consent is unreasonably withheld or delayed;

(i) where an expression is defined, another part of speech or grammatical form of that expression has a corresponding meaning;

(i) a reference to a date or time is to that date or time in Sydney;

(j) unless otherwise specified, where the day on or by which any thing is to be done is not a Business Day, that thing must be done on or by the following Business Day;

(k) a reference to the Warrants "ceasing to be officially quoted" is to those Warrants ceasing to be officially quoted on the ASX whether that occurs by reason of delisting, suspension or otherwise; and

(k) expressions not otherwise defined in these Terms which are defined in the Corporations Act 2001 (Cth) have the meaning given to them in that Act.

1.3 Headings

In these Terms, headings are for convenience only and do not affect interpretation.

1.4 Rules

All provisions of these Terms are subject, to the extent that they apply to the Warrants, to any contrary requirement from time to time of the ASX Market Rules or the ASTC Settlement Rules unless the ASX or the ASTC (as applicable) gives or has given a waiver or consent in respect of the Warrants of any or all of those rules.

1.5 Series of Warrants

These Terms apply separately to each Series and the definition of Exercise Price, Expiry Date, Extraordinary Event, Holder, Register and Series are to be construed accordingly.

2. THE WARRANT

2.1 Grant of the Warrant

In consideration for the payment of the Premium to Macquarie (receipt of which is acknowledged by the Macquarie) and following acceptance of the offer by a release of an announcement through the Company Announcements Platform, Macquarie agrees to issue a Warrant in the relevant Series to the Applicant.

2.2 Nature of Warrant

Subject to Clauses 4.2(a) and 4.2(b), each Warrant:

(a) gives the Holder the right, but not the obligation, to give Macquarie an Exercise Notice which:

  (i) once given is irrevocable;

  (ii) will not be effective if the Warrant has no Intrinsic Value on the Expiry Date; and

  (iii) may only be given before the Closing Time on the Expiry Date, with any Exercise Notice which is given prior to the Expiry Date being deemed to have been given immediately before the Closing Time on the Expiry Date; and

(b) on due exercise of the right conferred by this Clause 2.2:

  (i) requires Macquarie to pay to the Holder, within ten (10) Business Days of the Expiry Date, the Intrinsic Value (being an amount in AUD) of all Warrants held by that Holder and the subject of the Exercise Notice; or

(ii) if the Holder of a Call Warrant has made an election to purchase the Amount of Currency and has paid the Exercise Price, requires Macquarie to pay to the Holder, within ten (10) Business Days, the Amount of Currency for each Call Warrant the subject of the Exercise Notice; or

(iii) if the Holder of a Put Warrant has made an election to sell the Amount of Currency and has paid the Amount of Currency, requires Macquarie to pay to the Holder within ten (10) Business Days the Exercise Price for each Put Warrant the subject of the Exercise Notice.

For the purposes of the Corporations Act, a Macquarie Currency Call Warrant confers a right to sell US Dollars, and a Macquarie Currency Put Warrant confers a right to buy US Dollars.

2.3 Deemed Exercise Notice

If the Warrant has not been exercised before the Closing Time on the Expiry Date the Holder, or the person determined to be entitled to be the Holder in accordance with Clause 5.3, will be deemed to have given Macquarie an Exercise Notice and the provisions of Clause 2.2(b)(i) will apply.

2.4 Buy-Backs

Macquarie may buy back a Warrant and become the Holder of the Warrant, which shall not lapse when bought back. The Warrant may be resold by Macquarie.

2.5 Cancellation

Where Macquarie is the Holder of the Warrant, Macquarie may cancel the Warrant by recording the cancellation in the Register.

2.6 Reconstruction of Warrants

Macquarie may, with the approval by resolution of the Holders of the relevant Series and by notice given in accordance with Clauses 7.1 and 7.2, reconstruct a Series of Warrants (“**Existing Warrants**”) by:

(a) consolidating and dividing the Existing Warrants into Warrants having a greater Exercise Price and a proportionately greater Amount of Currency; or

(b) by subdividing the Existing Warrants into Warrants having a lesser Exercise Price and a proportionately lesser Amount of Currency,

such that, following reconstruction:

$$\frac{A}{B} = \frac{C}{D}$$

where:

A = the Exercise Price after the reconstruction

B = the Exercise Price before the reconstruction

C = the Amount of Currency after the reconstruction

D = the Amount of Currency before the reconstruction

3. REGISTER OF HOLDERS, CERTIFICATES AND TRANSFERS

3.1 Register

Macquarie must keep and maintain (at its cost) a register of the Holders in accordance with Schedule 1 and the requirements of the ASX Market Rules and the ASTC Settlement Rules.

3.2 No Certificates for Warrants

Macquarie need not issue a certificate evidencing the title of a Holder to a Warrant but must comply with the ASX Market Rules concerning the issue of notices relating to Warrants and the ASTC Settlement Rules.

3.3 Transfer

A Warrant may be transferred if and only if the transfer is in the manner prescribed by or under the ASX Market Rules and the ASTC Settlement Rules or, if permitted, in accordance with the provisions of Schedule 2.

3.4 Registration of Transfer of Warrants

Macquarie:

(a) must deal with, certify and register a transfer of a Warrant which complies with Clause 3.3 in accordance with the ASX Market Rules and the ASTC Settlement Rules; and

(b) may refuse to register such a transfer where to do so is permitted by, and in accordance with any procedures prescribed by, the ASX Market Rules and the ASTC Settlement Rules.

3.5 Holder Entitled to Copy of Terms

Where a Holder gives notice to Macquarie requesting a copy of these Terms accompanied by a fee of $10, Macquarie must, within ten (10) Business Days of receipt of that notice and payment, supply a copy of these Terms (incorporating any Changes) to that Holder.

3.6 Copy of Terms Available

Macquarie must keep available for inspection at the Office a copy of these Terms (incorporating any Changes) and Holders and members of the public have the same right to inspect these Terms as they have to inspect the Register.

4. EXTRAORDINARY EVENTS

4.1 Calculation Agent

Upon the occurrence of an Extraordinary Event, or as otherwise provided for by these Terms, Macquarie shall use its reasonable endeavours to appoint a calculation agent ("***Calculation Agent***"), which may be an associate of Macquarie and which has been approved by the ASX, to make such calculations and do such other things as may be required by these Terms. The Calculation Agent shall act as an independent expert and not as agent for Macquarie and its calculations and determinations shall (except in the event of manifest error) be final and binding on the Holders and Macquarie.

4.2 Extraordinary Events

(a) Subject to Clause 4.2(b), if an Extraordinary Event has occurred and is continuing on the Expiry Date of a Warrant ("***Extraordinary Postponing Event***"), that Expiry Date may, at Macquarie's discretion and with the consent of the ASX, be postponed to the next Business Day in respect of which there is, in the reasonable opinion of Macquarie, no Extraordinary Event continuing. However, in no event shall the Expiry Date be later than the tenth Business Day after the original Expiry Date and if, in the reasonable opinion of Macquarie, an Extraordinary Event is continuing on that day, the Expiry Date shall be that day.

(b) (i) If, at any time, an Extraordinary Event has occurred and, in the reasonable opinion of Macquarie, is continuing and is likely to continue ("***Extraordinary Termination Event***"), Macquarie may, with the consent of the ASX, terminate a Series of Warrants, with that termination taking effect as and from the date on which that determination is made ("***Termination Date***").

(ii) As soon as reasonably possible after an Extraordinary Termination Event, Macquarie shall use reasonable endeavours to appoint a Calculation Agent to determine the fair market value, if any, of such Warrants, with such determination to include a consideration of any unexpired time premium of such Warrants on the Termination Date ("***Termination Value***").

(iii) If, within 10 Business Days of the Termination Date, no Calculation Agent has been appointed, Macquarie shall, within a further 5 Business Days and with the consent of the ASX, determine the Termination Value.

(iv) Within 5 Business Days of the Termination Value being determined in accordance with sub-paragraph (ii) or (iii) above and, if applicable, notified to Macquarie, Macquarie must:

(A) if the Termination Value is greater than zero, notify and pay to each Holder of such Warrants the Termination Value for all such Warrants held by such Holder; and

(B) if the Termination Value is zero, give written notice of the Termination value to each Holder of such Warrants.

(c) ***Extraordinary Event***, in relation to a Series, shall mean any event:

(i) which is beyond the reasonable control of Macquarie, and which in the reasonable opinion of Macquarie (formed with the consent of the ASX) has or will have a material adverse effect on the ability of Macquarie to perform its obligations. hedge its position or maintain a secondary market with respect to a Series of Warrants; or

(ii) involving the fixing of the Exchange Rate by the Australian Government or the Reserve Bank of Australia; or

(iii) involves the actual or proposed delisting, withdrawal of admission to trading status or suspension of the Warrants (except in the case of where that withdrawal or suspension is caused by Macquarie); or

(iv) which causes the Warrants to cease to be CHESS Approved Securities.

4.3 Notice of Termination or Postponement

Macquarie must give notice to each Holder:

(a) of an Extraordinary Postponing Event, which causes the Expiry Date to be postponed in accordance with Clause 4.2(a), as soon as reasonably possible after the Extraordinary Postponing Event has occurred and the postponed Expiry Date is known; and

(b) of an Extraordinary Termination Event, which causes the Warrants to terminate in accordance with Clause 4.2(b), as soon as reasonably possible after the Extraordinary Termination Event has occurred and the Termination Date is known.

5. COMPLETION OF WARRANT

5.1 Exercise Notice

Subject to Clauses 2.2, 4.2, 4.3, 5.2, 5.3, 5.4 and 5.5, the Holder of a Warrant may require Completion of the

Warrant by giving to Macquarie an Exercise Notice. The Exercise Notice may be effectively given by the Holder:

(a) delivering (which may be done by fax if the transmission is previously tested by the Holder and confirmed in writing) to Macquarie a duly completed Exercise Notice in respect of that Warrant on any Business Day prior to the Closing Time on the Expiry Date and, subject to the above noted Clauses, and paragraphs (b) and (c) below, the notice becomes effective immediately on being so given; or

(b) in addition to (a) above, if the Warrant is a Call Warrant and the Holder elects to receive the Amount of Currency, paying the Exercise Price to Macquarie in clear funds and complying with the other requirements described in the Exercise Notice; or

(c) in addition to (a) above, if the Warrant is a Put Warrant and the Holder elects to deliver the Amount of Currency, by paying the Amount of Currency to Macquarie in clear funds, delivering details of a USD bank account to Macquarie, and complying with the other requirements described in the Exercise Notice.

5.2 Exercise by Unregistered Person

Subject to Clauses 2, 5.3, 5.4 and 5.5, where a person claims to be entitled to be registered as the Holder of a Warrant, that person may exercise the Warrant by giving to Macquarie an Exercise Notice in respect of the Warrants to be exercised and complying with any other applicable requirements of Clause 5.1, specifying that the person claims to be so entitled. In those circumstances, if the person giving the Exercise Notice becomes registered or is entitled to be registered as the Holder within five (5) Business Days after the Expiry Date then the Exercise Notice is to be treated as having been properly given and, subject to the above noted Clauses, becomes effective immediately on that person becoming so registered.

5.3 Multiple Exercise Notices

If more than one Exercise Notice which is otherwise effective is given under either or both Clause 5.1 and Clause 5.2 in respect of a Warrant, the only Exercise Notice in respect of that Warrant which is to be treated as being effective is that given by the person who, to the knowledge, or in the reasonable opinion, of Macquarie, was the last of those persons who, before the Closing Time on the Expiry Date, became entitled to be registered as the Holder of that Warrant (which may, if that is the case, include the person entitled to be registered as the Holder at the Closing Time on the Expiry Date) and every other Exercise Notice given in respect of that Warrant, notwithstanding Clauses 5.1 and 5.2, is of no force or effect.

5.4 Effectiveness of Exercise Notices

An Exercise Notice given under Clause 5.1 or 5.2 becomes effective if and only if it is duly completed and in proper form, the relevant Warrant has an Intrinsic Value greater than zero, any payment made by the Holder is cleared within 5 Business Days after the Expiry Date, and the Warrant does not terminate under Clause 4.2 before the Expiry Date. The Exercise Notice becomes effective on satisfaction of these conditions. If these conditions are not satisfied, the Exercise Notice is null and void and Macquarie must give a notice accompanied by the purported Exercise Notice and all documents which accompanied it to the person who gave that Exercise Notice not later than the Business Day which is ten (10) Business Days after the Expiry Date. Any determination as to whether an Exercise Notice is duly completed and in proper form and otherwise effective shall be made by the Registrar, in consultation with Macquarie, and shall be conclusive and binding on Macquarie and the Holder.

5.5 Obligation to Complete

Upon and by virtue of an Exercise Notice in relation to a Warrant becoming effective or being deemed to be given in accordance with Clause 2.5:

(a) the obligations of Macquarie to Complete the Warrant become unconditional; and

(b) Macquarie will:

   (i) pay the Intrinsic Value to the Holder in accordance with Clause 2.2(b)(i); or

   (ii) pay the Amount of Currency to the Holder in accordance with Clause 2.2(b)(ii); or

   (iii) pay the Exercise Price to the Holder in accordance with Clause 2.2(b)(iii); and

(c) the exercised Warrants will cease to exist and all obligations of Macquarie in respect of those Warrants will terminate except for the obligations of Macquarie under this Clause 5.5 and Clause 5.6.

5.6 Interest

If Macquarie does not pay the amount calculated in accordance with Clause 5.5, interest accrues on that amount at the Default Rate calculated on a daily basis from the last day on which it was required to pay the Holder under Clause 5.5 until payment is made.

5.7 Acknowledgement

The Holder and Macquarie acknowledge to each other that the amount of interest calculated under Clause 5.6 is a genuine pre-estimate of the damage that the Holder would suffer from the failure of Macquarie to perform its obligations under Clause 5.5.

6. NOTICES

6.1 Method of giving Notices by Macquarie

Except where otherwise provided by these Terms, all notices required or permitted to be given by Macquarie to the Holder pursuant to these Terms or the ASX Market Rules must be in writing and are treated as being duly given if:

(a) left at the party's address; or

(b) sent by pre-paid mail to that party's address (which must be air mail if that address is not within Australia).

6.2 Time of Receipt

A notice given by Macquarie in accordance with Clause 6.1 is treated as having been duly given and received:

(a) when delivered (in the case of it being left at that party's address); and

(b) on the third Business Day after posting (in the case of it being sent by pre-paid mail).

6.3 Address of Parties

For the purposes of this Clause 6:

(a) the address of the Holder is the address of the Holder recorded in the Register; and

(b) if more than one person is entered in the Register as the Holder of any Warrant, a notice given to any of those persons is effective as notice to all of those persons.

6.4 Notices by Holder

All notices required or permitted to be given by the Holder to Macquarie pursuant to these Terms or otherwise in respect of the Warrant must be in writing and are treated as being duly given if and only if they are actually received by Macquarie at the Office or at such other address as Macquarie may by notice specify to the Holder.

7.1 GENERAL

7.1 Amendments

Macquarie may from time to time by notice sent to the Holder make any Change to these Terms where:

(a) the terms of that Change are authorised by a resolution of the Holders passed in accordance with the provisions of Schedule 3; or

(b) with the consent of the ASX, the Change is necessary or desirable in the reasonable opinion of Macquarie to comply with any statutory or other requirement of law or any requirement of the ASX;

(c) with the consent of the ASX, the Change is to be made for the purpose of curing an ambiguity, correcting a manifest error, or curing, correcting or supplementing any defective provision of the Terms or effecting a modification of a formal, minor or technical nature, and does not materially prejudice the interests of Holders; or

(d) with the consent of the ASX, the Change relates to Schedule 2 and permits the transfer of a Warrant by a method other than the method in Schedule 2.

7.2 Notification of Change to the ASX

Macquarie must notify the ASX of any Change to these Terms made under Clause 7.1.

7.3 No Requisition by Holders

Nothing in these Terms authorises a Holder (alone or together with other Holders) to requisition the consideration of any resolution.

7.4 Waiver

The failure, delay, relaxation or indulgence on the part of Macquarie in exercising any power or right conferred upon Macquarie by these Terms does not operate as a waiver of that power or right nor does any single exercise of any power or right preclude any other or further exercise of it or the exercise of any other power or right under these Terms.

7.5 Discretions

The Holder may not give any direction to Macquarie, even where the Warrant is Completed, concerning the exercise by Macquarie of any discretion conferred on Macquarie by these Terms.

7.6 Governing Law and Jurisdiction

The Warrant is governed by and construed in accordance with the law of New South Wales and the parties submit to the non-exclusive jurisdiction of the Courts of New South Wales and any court hearing appeals from those courts.

7.7 Telephone Recording

The Holder agrees to:

(a) the tape recording by Macquarie of any telephone conversations concerning the Warrant;

(b) the retention of any tape recording so made; and

(c) the use of any tape recording so made as evidence of the content of the conversation.

7.8 Goods and Services Tax

A Holder or investor must pay to Macquarie an amount equal to any goods and services tax that Macquarie or its related bodies corporate must pay in respect of any supply by Macquarie or its related body corporate to a Holder or investor under or in connection with these Terms or the PDS.

SCHEDULE 1

THE REGISTER

1. Macquarie must establish and maintain or cause to be established and maintained a Register of Holders at the Office (or any other place considered appropriate by Macquarie) ("the principal part of the Register") and may also establish and, if it so establishes, must maintain any number of other registers of Holders at such other places as Macquarie may determine (which will form part of the Register).

2. Macquarie must enter, or cause to be entered, in the Register the full name and address of each Holder, the number of Warrants held by that Holder, the date of purchase and the Expiry Day of each of those Warrants and any other particulars which it deems necessary or desirable.

3. Where there is more than one part of the Register, the Holder of a Warrant may elect by notice to Macquarie the part of the Register on which the Warrant must, for the time being, be registered.

4. If no election under paragraph 3 of this Schedule is made on the grant of the Warrant, the Warrant will be registered on the principal part of the Register.

5. If there are any further issues or transfers of Warrants and no election is made as to the part of the Register on which those Warrants are to be registered, a Warrant will be registered on the principal part of the Register or such other part of the Register as Macquarie may decide.

6. The Register must be open at all reasonable times during business hours on each Business Day to the inspection of any Holder, or any person authorised in writing by the Holder or any officer or member of the ASTC.

7. Where there is more than one part of the Register, a Warrant will be transferred by Macquarie from one part of the Register to another part of the Register without fee on the written request of the Holder, subject to any payment by the Holder of any stamp duty involved.

8. Subject to the ASTC Settlement Rules, Macquarie may from time to time close the Register for any period or periods not exceeding twenty (20) Business Days in any year or any longer period that ASX may allow.

9. Except as required by law, no notice of any trust (express, implied, resulting or constructive) will be entered in the Register.

10. Where required by the ASX Market Rules, the Register will be examined by the auditor appointed by Macquarie at regular intervals of not more than three (3) months and ASX will be notified of the results.

11. The property in the Warrant is, for all purposes, situated at the place where the part of the Register on which the Warrant is for the time being registered is situated and not elsewhere.

12. Except as otherwise provided in these Terms, Macquarie must recognise the Holder as the absolute owner of the Warrant and all persons may act accordingly.

13. Except as otherwise provided in these Terms or as ordered by a court of competent jurisdiction or as required by law, Macquarie is not bound to take notice of any trust or equity affecting the ownership of a Warrant or the rights incidental to the Warrant and the receipt of the Holder of any monies payable in respect of the Warrant is a good discharge to Macquarie.

14. There must not be more than three (3) joint holders of the Warrant except in the case of the legal personal representatives of a deceased Holder.

15. If there are joint Holders of any Warrant and one of those joint Holders dies, the survivor(s) will be the only person(s) recognised by Macquarie as having any title or interest in the Warrant.

16. The legal personal representative of a deceased Holder (not being one of several joint Holders) is the only person recognised by Macquarie as having any title to the Holder's Warrant.

17. Any person becoming entitled to the Warrant in consequence of the death, unsoundness of mind or bankruptcy of any Holder, upon producing such evidence as Macquarie may reasonably require that he holds the office in respect of which he proposes to act or his title as successor to the Holder, may transfer the Warrant.

18. When the Warrants become "CHESS Approved Securities", holdings will be registered on an electronic CHESS subregister or Issuer Sponsored Subregister. Warrants held by a Holder that is a participant in CHESS, or a Holder sponsored by a participant in CHESS, will be registered on the CHESS subregister. All other Warrant holdings will be registered on Macquarie Sponsored Subregister.

SCHEDULE 2

(Clause 3.3)

TRANSFER OF WARRANTS

1. No fee will be charged for the registration of a transfer.
2. A transfer must be in accordance with the ASX Market Rules and the ASTC Settlement Rules.
3. The transferor of a Warrant is regarded as remaining the owner of the Warrant the subject of the instrument of transfer until the name of the transferee is entered in the Register in respect of that Warrant.
4. On registration of the transfer of a Warrant, the transferee will be recognised as entitled to that Warrant free from any equity, set off or cross-claim of Macquarie against the transferor.

SCHEDULE 3

(Clause 7.1)

RESOLUTION OF HOLDERS

A resolution of the Holders is duly passed if and only if:

1. Macquarie dispatches by notice to every Holder in the Series affected by the proposed change a document setting out the terms of the proposed Change together with a ballot paper enabling the Holder to vote either in favour of or against the Change either by way of a postal ballot or at a meeting of Holders (at the discretion of Macquarie), a document setting out the reasons for and any advantages or disadvantages of the Change and a document summarising the provisions of this Schedule 4;
2. Macquarie retains all ballot papers which are returned to it on the voting date or within the voting period (which must, in any event, be not less than twenty (20) Business Days after the date of dispatch of the last of the notices referred to in paragraph 1 of this Schedule 4);
3. Macquarie's auditor (after consultation with Macquarie's solicitors, if desired by either the auditor or Macquarie) determines the validity of all ballot papers returned on the voting date or during the voting period;
4. Macquarie's auditor adds together all of the votes cast on valid ballot papers during the voting period (calculated on the basis of one vote for each Warrant held by the person casting that vote) in favour of the Change and all of the votes cast on valid ballot papers during the voting period (calculated on the same basis) against the Change;
5. the number of votes validly cast in favour of the Change (as determined by the previous paragraph) is not less than three (3) times greater than the number of votes validly cast against the Change (as so determined); and
6. if Macquarie or a person associated with Macquarie (within the meaning of Part 1.2 Division 2 of the Corporations Act 2001 (Cth) (other than section 13 and 14)) returns a ballot paper, it is to be treated as not being valid unless the person holds the relevant Warrant as trustee or nominee for another person that is not so associated with Macquarie.

Section 7: About the Issuer

The Issuer

Macquarie Bank Limited is an authorised deposit taking institution under s9 of the Banking Act 1959 (Commonwealth). As at 31 March 2004 Macquarie had total assets of approximately AUD43.8 billion and equity attributable to ordinary equity holders of Macquarie of approximately AUD2.4 billion on a consolidated basis. For the financial year ended 31 March 2004 Macquarie reported profit from ordinary activities after income tax attributable to ordinary equity holders of approximately AUD494 million on a consolidated basis.

Rating Agencies

Macquarie is rated by Standard & Poor's, Fitch Ratings and Moody's Investors Service. Current ratings are available from various sources including the ASX, brokers and Macquarie.

The ratings agencies do not independently verify information provided to them by Macquarie, and therefore, the rating agencies make no representation or warranty with respect to the accuracy of their ratings. The rating agencies have not been involved in the preparation, or authorised the issue of, this PDS.

Investors should note that credit ratings assigned by the rating agencies address only credit risk, which is only one element of any investment decision and should not be construed as relating to the Warrants the subject of this PDS. Ratings are not recommendations to buy, hold or sell Warrants. By publishing a rating, the rating agencies are not inducing or advising investors to take any action with respect to the Warrants or any other security. Ratings and rating reports should not be construed as investment advice, personalised or other. Accordingly, each investor should conduct their own evaluation of the Warrants or consult with their investment adviser.

Ratings are subject to change or withdrawal at anytime, which change or withdrawal is within each rating agency's sole discretion.

Macquarie's Disclosure Obligations

Macquarie, as a company whose shares are quoted on the ASX, is a disclosing entity under the Corporations Act and the ASX Listing Rules and has a continuous disclosure obligation. This means that, subject to certain exceptions, Macquarie must disclose to the ASX any information concerning it that a reasonable person would expect to have a material effect on the price or value of Macquarie's ordinary shares. Copies of the information disclosed to the ASX can be viewed on the public file of Macquarie at the ASX.

The ASX has waived certain of the ASX Market Rules to the extent that Macquarie is not required to include information in this PDS which has previously been disclosed to ASX pursuant to Macquarie's continuous disclosure obligation.

Documents Available

Macquarie will provide a copy, free of charge, of any of the following documents to any person who requests such copies during the offer period in relation to the PDS, by contacting Macquarie Bank Limited, No. 1 Martin Place, Sydney, NSW Australia, telephone number: +61 2 8232 5006.

- the latest available financial results announcement and annual review of Macquarie; and
- the latest available interim report, including the interim financial results of Macquarie.

Macquarie's latest available Annual Review, Interim Results and Financial Reports are also able to be reviewed online via Macquarie's website at:
www.macquarie.com.au/shareholdercentre.

No circumstance has arisen or information has become available except as disclosed in this PDS or to the ASX that would materially affect an investor's decision for the purpose of making an informed assessment of the capacity of Macquarie to fulfil its obligations under the Terms since the end of the financial year ended 31 March 2004.

Section 8: Glossary

In this Product Disclosure Statement, the following definitions shall apply, unless the context otherwise requires:

"**Amount of Currency**" means AUD10 in respect of each Warrant;

"**Applicant**" means an applicant under this PDS;

"**Application Form**" means the application form attached to this PDS;

"**ASIC**" means the Australian Securities and Investments Commission;

"**ASTC**" means ASX Settlement and Transfer Corporation Pty Limited (ACN 008 504 532), a prescribed CS facility as that term is defined in Chapter 7 of the Corporations Act by virtue of Corporations Regulation 7.1.03;

"**ASTC Settlement Rules**" means the operating rules, procedures, directions, decisions, requirements, customs, usages and practices of ASTC, as amended from time to time;

"**ASX**" means Australian Stock Exchange Limited (ABN 98 008 624 691) or the stock market conducted by Australian Stock Exchange Limited, as the context requires;

"**ASX Market Rules**" means the operating rules, procedures, directions, decisions, requirements, customs, usages and practices of the ASX, as amended from time to time;

"**AUD**" and "**Australian Dollars**" means the lawful currency of Australia;

"**Business Day**" means a day on which the stock market conducted by the ASX is open for trading and banks are open for general business in both Sydney and Melbourne;

"**Calculation Agent**" means the agent appointed under Clause 4.1 of the Terms;

"**Call Warrant**" or "**Macquarie Currency Call Warrant**" means a Warrant specified in the Summary Table as a Call Warrant;

"**Change**" means, in respect of these Terms, any modification, variation, alteration or deletion of, or addition to, these Terms;

"**CHESS**" means the Clearing House Electronic Sub-register System established and operated be the ASTC;

"**CHESS Approved Securities**" means securities which are approved under section 3 of the ASTC Settlement Rules;

"**CHESS Subregister**" has the meaning given in the ASTC Settlement Rules;

"**Closing Time**" means 4.15 pm (Sydney time);

"**Company Announcements Platform**" means the electronic system operated by the ASX for the receipt, storage, retrieval and dissemination of market information;

"**Complete**" means, in relation to a Warrant, the performance by Macquarie and the Holder of all the obligations specified in these Terms following the giving of an effective Exercise Notice by the Holder and Completion has a corresponding meaning;

"**Converted Exercise Price**" means the Exercise Price per Warrant converted to AUD at the Settlement Rate;

"**Currency**" means AUD;

"**Default Rate**" means the overdraft rate from time to time of Macquarie's principal banker for amounts in excess of $100,000;

"**European Warrant**" means a Warrant specified in the Summary Table as being European in type being exercisable only on the Expiry Date up to the Closing Time;

"**Exchange Rate**" means the amount of USD required to purchase one AUD, determined by the AFMA Hedge Settlement Rate at approximately 9.45am Sydney time on the first Business Day immediately following the relevant day;

"**Exercise Notice**" means a notice in the form attached to this Product Disclosure Statement given by the Holder or other person entitled to give such a notice to Macquarie in respect of a Warrant in accordance with Clause 5 of the Terms;

"**Exercise Price**" means, in relation to each Series, the USD amount of exercise price as set out in the Summary Table;

"**Expiry Date**" means, in relation to each Series, the earlier of:

(a) the date on which the Warrants in a Series terminate pursuant to Clause 4 of the Terms; or

(b) the date specified as the Expiry Date with respect to that Series in the Summary Table, or

if such date is not a Business Day, the preceding Business Day;

"**Extraordinary Event**" means any event listed in Clause 4.2(c) of the Terms which causes the Expiry Date for the Warrants in a Series to be postponed (an Extraordinary Postponing Event, as defined in Clause 4.2(a) of the Terms) or which causes the Warrants to terminate automatically (an Extraordinary Termination Event, as defined in Clause 4.2(b) of the Terms);

"**Holder**" means the person whose name is for the time being entered in the Register as the holder of a Warrant;

Section 8: Glossary

"**Holder Identification Number**" or "**HIN**" has the meaning given in the ASTC Settlement Rules;

"**Imputed Exchange Rate**" means the exchange rate imputed by the ratio of the Exercise Price per Warrant to the Amount of Currency;

"**Intrinsic Value**" means:

(a) in relation to a Series of Call Warrants, the AUD amount per Warrant, if any, by which the Amount of Currency exceeds the Converted Exercise Price; and

(b) in relation to a Series of Put Warrants, the AUD amount per Warrant, if any, by which the Converted Exercise Price exceeds the Amount of Currency.

"**Issue Date**" means the day on which the Warrants are issued;

"**Issuer**" or "**Macquarie**" means Macquarie Bank Limited (ABN 46 008 583 542) which in the ASX Market Rules is described as the "Warrant-Issuer";

"**Issuer Sponsored Holder**" has the meaning given in the ASTC Settlement Rules;

"**Issuer Sponsored Subregister**" has the meaning given in the ASTC Settlement Rules.

"**Macquarie Group**" means Macquarie and its related bodies corporate, or any one of them as the case may require;

"**Offer Closing Date**" means in relation to each Series, the date specified as such in the At a Glance table on page 1;

"**Offer Opening Date**" means in relation to each Series, the date specified as such in the At a Glance table on page 1;

"**Offer Period**" means, in relation to a Series of Warrants, the period from that Series' Offer Opening Date to that Series' Offer Closing Date (unless closed early or extended by Macquarie);

"**Office**" means the principal office of Macquarie in Sydney or another office of Macquarie of which Macquarie has given notice to the Holder;

"**Original Holder**" means, in relation to a Warrant, the first person whose name is entered in the Register as the Holder of that Warrant;

"**Premium**" means, in relation to each Warrant, the amount paid for subscription of that Warrant;

"**Product Disclosure Statement**" or "**PDS**" means this product disclosure statement;

"**Put Warrant**" or "**Macquarie Currency Put Warrant**" means a Warrant specified in the Summary Table as a Put Warrant;

"**Register**" means the register of Holders kept and maintained by Macquarie in accordance with Clause 3.1;

"**Registrar**" means Computershare Investor Services Limited;

"**Series**" means each of the Warrants issued with identical rights as the result of an offer made in the period from the Opening Date for that Series to the Closing Date for that Series;

"**Settlement Rate**" means the Exchange Rate on the Expiry Date;

"**Summary Table**" means the table set out on Page 1 of this PDS;

Termination Date means, in relation to a Series, the date specified in Clause 4.2(b)(i) of the Terms;

"**Termination Value**" means, in relation to a Series, the value determined in accordance with Clause 4.2(b)(ii) of the Terms;

"**Terms**" means these terms of issue of the Warrants as set out in Section 6 of this PDS;

"**USD**" and "**US Dollar**" means the lawful currency of the United States of America;

"**Warrant**", "**Macquarie Warrant**" or "**Macquarie Currency Warrant**" means a warrant issued under the Terms.

Section 9: Exercise Notice

EXERCISE NOTICE

To: Equity Market Support
Macquarie Bank Limited
No. 1 Martin Place
Sydney NSW 2000

Dear Sir

This is to notify you that I/We *, being the Holder/entitled to be registered as Holder* of the number of Macquarie Currency Warrants specified below and issued in accordance with the terms specified in the Product Disclosure Statement issued by Macquarie Bank Limited and dated 3 September 2004, (***Terms***), hereby exercise under Clause 5.1 of the Terms the right granted under Clause 2.2 of the Terms.

This notice is irrevocable.

Name of Holder:

Address:

Number of Warrants:

Series of Warrant:

CHESS Details:** PID: HIN:

SRN:**

I elect to pay†

(i) (Call Warrants) an amount in US Dollars equal to the Exercise Price: ☐

(ii) (Put Warrants) an amount in Australian Dollars equal to the Amount of Currency: ☐

Please mark box if necessary

†THIS ELECTION IS NOT COMPULSORY. DO <u>NOT</u> MAKE THIS ELECTION UNLESS YOU COMPLY WITH ALL OF THE REQUIREMENTS DESCRIBED [BELOW/OVERLEAF]. IF YOU ELECT "NO", OR MAKE NO ELECTION, YOU WILL RECEIVE A CASH SETTLEMENT IN AUD FOR THE INTRINSIC VALUE (IF ANY).

* Delete whichever is inapplicable

** Insert your PID and HIN if the Warrants are held on the CHESS Sub-register.
Insert your SRN if the Warrants are held on the Issuer Sponsored Sub-register.

DATED:

SIGNED BY THE HOLDER

Section 9: Exercise Notice

If the Holder is an individual

Usual Signature(s):

If the Holder is a company

Executed by
in accordance with the Corporations Act

Director/Secretary Director

Requirements for Holders electing to receive or pay US Dollars.

1. For an AUD Call, if you elect to pay US Dollars to exercise the Call (rather than have the warrant cash settled in AUD), then in addition to delivering this Exercise Notice you must pay to the following USD bank account, the Exercise Price per Warrant. This payment must be made prior to 4.15pm (Sydney time) on the Expiry Date. If payment is not received by that time then the warrant will be cash settled in AUD. If such payment is received then the Amount of Currency will be paid by cheque to the Holder with ten (10) Business Days of the Expiry Date.

   USD Account Details for Payment of Exercise Price:

Name of Bank:	Bank of New York, New York
SWIFT Code:	IRVTUS3N
Account Number:	890 0055 375
CHIPS UID:	236 386
Reference:*	***Warrant Exercise*** and Holder's Name - as per Warrant Register

   * *It is essential that payments are given a reference which should contain the words **Warrant Exercise** plus the registered name of the Holder.*

2. For an AUD Put, if you elect to receive US Dollars (rather than have the warrant cash settled in AUD), then in addition to delivering this Exercise Notice you must deliver with your Exercise Notice a cheque made out to Macquarie Bank Limited for the Amount of Currency per Warrant. You must also provide the following USD bank account details:

   USD Account Details for Receipt of Exercise Price:

   Name of Bank:

   SWIFT Code:

   Account Number:

   ABA Code:

   CHIPS UID:

   In this case the USD will be paid to the Holder within ten (10) Business Days of the Expiry Date.

Broker's Stamp Only

APPLICATION FORM

(Only to be completed by related bodies corporate of Macquarie)

This Application Form must not be given to any person unless attached to the complete and unaltered electronic Product Disclosure Statement. The Product Disclosure Statement contains information about investing in Warrants. It is advisable to carefully read the Product Disclosure Statement before applying for Warrants. The Product Disclosure Statement is dated 3 September 2004. Macquarie will provide, free of charge, paper copies of the Product Disclosure Statement and the Application Form by contacting the address below.

I/We declare that before completing this Application Form, I/We have received and read the Product Disclosure Statement and this Application Form.

APPLICATIONS: Macquarie Bank Limited
Level 2
No. 1 Martin Place
SYDNEY NSW 2000
Attention: Equity Markets Support

Family or Listed Entity Name First Names or ABN

Date of Birth (if applicable):

Address

No. Street City/Town

State Postcode

NUMBER AND PRICE OF WARRANTS APPLIED FOR:

Series	Put/Call	Number	Price	Total
AXUWME	Call			
AXUWMF	Call			
AXUWMW	Put			
AXUWMX	Put			

TOTAL PREMIUM ENCLOSED: A$...

CHESS DETAILS: PID: HIN:

I/We, whose full name(s) and address(es) appear above, hereby apply for the number of Warrants on this Application Form to be issued in accordance with the terms of the Product Disclosure Statement issued by Macquarie Bank Limited to which this form was attached. I/We agree to accept the Warrants on the conditions set out in the Product Disclosure Statement to which this form was attached. If this Application Form is signed by an attorney, a certificate on non-revocation in the form set out in the instructions on the back of this Application Form must be submitted with this Application Form.

If the applicant is an individual

Usual Signatures ______________________

____

Date: ______________________

If the applicant is a Corporation

Executed by

in accordance with the Corporations Act

____

Date:

APPLICATION FORMS MUST BE COMPLETED IN ACCORDANCE WITH THE INSTRUCTIONS ON THE BACK OF THIS FORM

INSTRUCTIONS TO APPLICANTS

- Application Forms must not be given to any person unless attached to the complete and unaltered Product Disclosure Statement.
- The Application Form must be signed by the applicant personally, or by his or her attorney(s). If signed by an attorney, the relevant power of attorney and a certificate of non-revocation in the form set out below must be submitted with this Application Form.
- Joint Applications must be signed by all applicants.
- An application by a Listed Entity must be under seal or signed by its authorised attorney(s).
- Applications must be made on the Application Form and lodged, together with the Total Premium, at No.1 Martin Place, Sydney, Australia.
- Cheques should be made payable to Macquarie Bank Limited and crossed "Not Negotiable".
- Applications will not be effective until the proceeds of all cheques have been cleared.
- An applicant who is already a participant, or sponsored by a participant, in CHESS may give the PID of their sponsoring broker and the applicant's HIN. If no CHESS details are completed on the application form, Macquarie Bank Limited will arrange for your Warrant holding to be registered on the Issuer Sponsored Subregister.
- Macquarie Bank Limited reserves the right to refuse any Application.

If signed under power of attorney, a certificate of non-revocation in the form below must be forwarded to the Macquarie Bank Limited with the Application Form.

CERTIFICATE OF NON-REVOCATION OF POWER OF ATTORNEY

I, ____

Full name of attorney

of ____

Address of attorney

hereby certify:

1. I am the attorney of ....[name of grantor of power of attorney] under and by virtue of a power of attorney dated [date of power of attorney] given to me by the abovenamed.
2. I have executed the Application Form as attorney pursuant to the powers thereby conferred to me.
3. At the date hereof I have not received any notice or information of the revocation of the power of attorney by death or otherwise.

SIGNED at .... this .... day of .... 200......

Signature of attorney ______________________________

FINANCIAL SERVICES GUIDE

This Financial Services Guide (FSG) is an important document which we are required to give you as an Australian Financial Services Licensee. This FSG is intended to inform you of certain basic matters relating to our relationship, prior to providing you with a financial service.

The matters covered by the FSG include:

- who we are and how we can be contacted
- what services and types of products we are authorised to provide you
- how we (and any other relevant parties) are remunerated
- details of any potential conflicts of interest
- details of our internal and external dispute resolution procedures and how you can access them.

It is intended that this FSG should assist you in determining whether to use any of our services. If you choose to use any of our products and services you may also receive other documents relating to the services or products which you should read carefully. These documents may include either or both of the following:

- **Statement of Advice (SOA)**

  This will usually be given whenever we provide you with any advice which takes into account your objectives, financial situation and needs (personal advice). The SOA will contain the advice, the basis on which it is given and other information, including information about fees, commissions and associations which may have influenced the provision of this advice.

  No SOA will be provided in respect of advice given by telephone, fax or email in relation to securities, derivatives or managed investment products able to be traded on a licensed market. However, details of such advice will be recorded in a Record of Advice which you will have the right to request for up to 90 days after the advice has been given.

- **Product Disclosure Statement (PDS)**

  This will be provided when we make a recommendation to acquire a particular financial product (other than securities) or offer to issue or arrange the issue of a financial product. This document contains significant information necessary for you to make an informed decision about that product.

Information about Macquarie Bank Limited

Any financial services offered will be provided by representatives of Macquarie Bank Ltd.

Macquarie Bank Ltd is part of the "Macquarie" group of companies and as such is associated with other Macquarie entities.

Macquarie Bank Ltd is a participant member of the SFE Corporation Limited, the ASX Futures Exchange Pty Limited and their associated licensed clearing and settlement facilities.

You can contact us by:

- speaking to your nominated representative
- if you do not have a nominated representative, call (02) 8232 3333
- visiting our website at www.macquarie.com.au
- writing to us at:

  GPO Box 4294
  SYDNEY NSW 1164

  Fax: (02) 8232 7780
- email us using the Contact Directory on our website www.macquarie.com.au.

Our financial services and financial products

Macquarie Bank Ltd is authorised to offer the following financial services and financial products:

- giving advice (both general and personal) and dealing in:
  - basic deposit products
  - non-basic deposit products
  - non-cash payment products
  - derivatives
  - foreign exchange contracts
  - general insurance products
  - government debentures, stocks or bonds

  - managed investment schemes
  - managed investment warrants
  - securities
  - superannuation
- making a market for:
  - derivatives
  - foreign exchange contracts
  - bonds and debentures
  - other financial products
- holding a financial product or interests in a financial product for you directly or indirectly.

  We can also assist you in relation to products offered by other financial institutions, including other members of the Macquarie Group.

Personal financial advice

In order for Macquarie to give you personal financial advice you will need to provide us with details of your personal objectives, current financial situation, needs and any other relevant information, so that we can offer you the most appropriate advice. You have the right not to provide us with this information. However, if you do not the advice you receive will be general in nature and may not be appropriate to your objectives, financial situation and needs. You should read the warnings contained in the SOA carefully before making any decision relating to a financial product.

We only give personal advice to you if you secure the services of one of our Strategic Financial Planners. We will not give you personal advice in our regular updates or marketing material.

We will not give you personal advice when you visit our website or contact our Client Services Centre.

We maintain a record of your personal profile including details of your objectives, financial situation and needs. We also maintain records of any recommendations made to you. For information on how to access these records, please refer to the section "Personal information" below.

Providing instructions to Macquarie

You can give us instructions be telephone, mail, email, fax or via our website. There may be special instruction arrangements for some products and services – details of which are explained in the relevant PDS.

Payments to Macquarie for the services provided

If you invest in a product we provide, Macquarie will receive remuneration in relation to your investment in that product, based on the value of your holdings. This remuneration may include upfront fees and management fees (which includes transaction, ongoing and if applicable any borrowing costs) or brokerage. In some situations, exit fees, account fees and transaction fees may apply. The remuneration we will receive for the products we offer are set out in the PDS for that particular product.

When we advise you about products offered by another member of the Macquarie Group and you acquire that product, then that member will receive remuneration.

The table below is a summary of the range of commissions we may receive from product issuers for referring clients who purchase their investment products:

Upfront fee	1% to 3% of the amount you invest
Trailing Commission	0.07% to 0.5% (usually 0.25%) of the going value of your investment

Remuneration or other benefits received by Macquarie staff

Our employees and directors receive salaries, bonuses and other benefits from us.

The PDS for the particular product will disclose further details of remuneration received by Macquarie employees or paid to financial advisers. Your adviser is also required to set out the remuneration and commissions they receive in the SOA which they must give to you when providing personal advice.

Remuneration or benefits paid to those who refer clients to us

If we pay a fee or commission in relation to a referral, we will make a separate disclosure to you.

Remuneration received by those who offer Macquarie Bank Ltd products

You may receive advice in relation to the products we offer from financial advisers who do not work for Macquarie. These advisers may receive commission from us in the range of 0.25 per cent to 0.65 per cent based on the value of your holdings. The adviser's remuneration is included in the fees you pay when investing in our products.

Personal Information

At Macquarie the privacy of your personal information is important to us. Any personal information collected will be handled in accordance with our Privacy Policy. Our Privacy Policy details how we comply with the requirements of the Privacy Act in the handling of your personal information. A copy of that policy can be obtained by visiting the Macquarie website at www.macquarie.com.au.

Complaints handling

Macquarie is committed to providing a high standard of client service and to maintaining our reputation for honesty and integrity. If our level of service or quality of products has failed to meet your expectations we would like you to tell us about your concerns. Macquarie's complaint handling process is designed to ensure that your concerns are treated seriously and that your complaint is addressed promptly and fairly. Your complaint may be lodged either verbally or in writing and will be dealt with in strict confidence.

If you have a complaint about the service provided to you, you should take the following steps:

- contact your nominated representative or
- contact our Client Service Centre
- if your complaint is not satisfactorily resolved, contact

  Risk Management Division Compliance
  Macquarie Bank Limited
  Level 4
  No. 1 Martin Place
  SYDNEY NSW 2000

  Fax: (02) 8232 4437

- If you are not satisfied with our handling of your complaint you may lodge a written compliant with the Banking and Financial Services Ombudsman

  Banking and Financial Services Ombudsman
  GPO Box 3A
  MELBOURNE VICTORIA 3001

  www.bfso.org.au
  Phone: 1300 78 08 08
  Fax: (03) 9613 7345

- for superannuation investments, financial advice, securities, managed investments and other financial products you can lodge a complaint with:

  Financial Industry Complaints Service (FICS)
  PO Box 579
  Collins St West
  MELBOURNE VICTORIA 8007

  www.fics.asn.au
  Phone: 1300 78 08 08
  Fax: (03) 9621 2291

Dated this 3rd day of September 2004.

This Product Disclosure Statement was executed by Macquarie Bank Limited under Power of Attorney dated 9 June 2004, by each of Mark Small and Neil Smyth.

DIRECTORY

Issuer

Macquarie Bank Limited
No.1 Martin Place
Sydney NSW 2000
Australia
Phone 1800 80 30 10
Email warrants@macquarie.com.au

Registrar

Computershare Investor Services Pty Limited
Level 3
60 Carrington Street
Sydney NSW 1115
Australia
Phone 1300 364 060

Issuer's Lawyers

Allens Arthur Robinson
Level 17, The Chifley Tower
2 Chifley Square
Sydney NSW 2000
Australia

Macquarie Currency Warrants Information Line

1800 80 30 10