

No.1 Martin Place  
Sydney NSW 2000  
GPO Box 4294  
Sydney NSW 1164

Telephone (61 2) 8232 3333  
Facsimile (61 2) 8232 7780  
Telex 122246  
Internet <http://www.macquarie.com.au>  
DX 10287 SSE  
SWIFT MACQAU2S

Treasury 8232 3600 Facsimile 8232 4227  
Foreign Exchange 8232 3666 Facsimile 8232 3019  
Metals and Mining 8232 3444 Facsimile 8232 3590  
Futures 9231 1028 Telex 72263  
Debt Markets 8232 8569 Facsimile 8232 8341

7 August 2003

## **ASX Release**

### **Macquarie Bank Limited**

#### **Early Conversion of Converting Preference Shares and Buy-Back of Ordinary Shares**

Macquarie Bank Limited (“MBL”) today advises that it intends to exercise its right to convert early all of the 1.5 million Converting Preference Shares (“CPS”) on issue to fully paid ordinary MBL shares (“Ordinary Shares”) in accordance with the Terms of Issue of the CPS.

In August 1999, MBL issued 1.5 million CPS at \$100 each to raise \$150 million. The CPS are quoted on ASX (ASX Code MBLPA) and pay a fixed dividend of 7.38% p.a. semi-annually.

Under the Terms of Issue, MBL is entitled to convert the CPS into Ordinary Shares at any time after 15 June 2003.

In accordance with the ASX Listing Rules, the quotation of the CPS will end on 18 September 2003. The Conversion Date will be 25 September 2003 (“Conversion Date”). The Conversion Date in the absence of early exercise would have been 15 June 2004.

A final dividend will be payable on the Conversion Date in accordance with the Terms of Issue of the CPS. This dividend is expected to be 100% franked.

MBL also advises that it intends to undertake, after the conversion of the CPS, an on-market buy-back of the number of Ordinary Shares resulting from conversion. The buy-back is to commence no earlier than the day after the Conversion Date and be completed within 12 months.

The conversion methodology is described below. Correspondence in relation to the conversion, including Conversion Notices, will shortly be sent to CPS holders.

***Conversion methodology***

On the Conversion Date, CPS holders will receive one Ordinary Share for each CPS held and such additional Ordinary Shares determined in accordance with the following formula (provided that where the total number of additional Ordinary Shares to be allotted to a holder includes a fraction, that fraction will be disregarded):

$$\text{Additional Shares} = \text{CR} - 1$$

Where:

CR means the Conversion Ratio which is an amount calculated by dividing \$100 by RP, subject to the Conversion Ratio being no less than one; and

RP means 95% of the Weighted Average Sale Price (rounded to the nearest full cent) of all Ordinary Shares sold on the ASX, during the period of 20 Business Days immediately preceding but not including the Conversion Date.

**For further information, please contact:**

Greg Ward, Chief Financial Officer, Macquarie Bank Limited	(02) 8232 3087
Dennis Leong, Company Secretary, Macquarie Bank Limited	(02) 8232 3273
Erica Sibree, Investor Relations, Macquarie Bank Limited	(02) 8232 5008