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8 May 2002

Dear Shareholder

I am pleased to advise you that the Macquarie Bank Limited Board has resolved to activate the Dividend Reinvestment Plan (DRP) that was approved by shareholders at the 2001 Macquarie Bank Annual General Meeting. Shareholders resident in Australia and New Zealand will be able to participate in the DRP in respect of the next ordinary dividend.

The purpose of the DRP is to provide shareholders with the ability to apply their Macquarie Bank ordinary dividends towards acquiring further Macquarie Bank shares rather than receiving the dividends in the form of cash. The DRP provides the opportunity to acquire fully paid ordinary Macquarie Bank shares:

- at a 2.5% discount to the prevailing market value; and
- without any transaction costs.

The offer to participate in the DRP is only made to residents of Australia or New Zealand. The offer is not made to any person who is a citizen or resident of a place outside Australia and New Zealand, or a shareholder acting on their behalf, to whom the Bank may not lawfully make the offer or who may not lawfully accept the offer. Shareholders resident in a country outside Australia and New Zealand may in future be able to participate in the DRP if legal advice, satisfactory to the Bank, is provided to the Bank by a shareholder and at the shareholder's expense, that it is lawful for the Bank to make the offer to participate in the DRP to all resident shareholders of that country without complying with conditions or assuming potential liability which the Bank considers unduly onerous.

Participation in the DRP is optional. If you choose not to participate at this time, you may elect to participate anytime in the future whenever the DRP is operational. You may also terminate your participation at any time.

A leaflet summarising the DRP and a copy of the rules of the DRP are attached. Please read these carefully before deciding whether to participate in the DRP. You may also wish to seek independent advice from your financial adviser or stockbroker.

If you wish to participate, complete the attached Notice of Dividend Election and return it in the enclosed Reply Paid Envelope.

The amount and timing of the 2002 final dividend will be announced to ASX on 16 May 2002, together with the Macquarie Bank full year results announcement. To be eligible to participate in the DRP for the upcoming dividend, your Notice of Dividend Election must be received by Computershare Investor Services by the close of business on Thursday, 6 June 2002.

If you have any queries in relation to the operation of the DRP please call Computershare Investor Services on 1300 855 080.

Yours faithfully

Dennis Leong
Company Secretary