

Macquarie Bank Limited

ABN 46 008 583 542

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26 May 2006



Dear Shareholder

MACQUARIE BANK LIMITED SHARE PURCHASE PLAN

We are pleased to be able to offer Macquarie Bank Limited ("Macquarie" or "Bank") ordinary share holders the opportunity to participate in a Macquarie Bank Share Purchase Plan ("SPP").

The SPP is the second part of the capital raising initiatives announced by the Bank last week. The first part was the placement of A\$700 million of ordinary shares to institutional and professional investors, which was completed on 22 May 2006 ("Placement").

The SPP provides the opportunity for all eligible Australian and New Zealand registered ordinary share holders to acquire up to 75 fully paid ordinary Bank shares, without brokerage or other transaction costs, at the Placement price of \$66.00 per share. This price is lower than the daily volume weighted average price of Macquarie's shares over the five ASX trading days up to and including 15 May 2006 (being the last day of trading for Bank shares before the Placement was announced). However, the SPP shares will not be eligible for the final dividend to be paid on 5 July 2006.

You should be aware that the market price of Bank shares may rise or fall before the shares are allotted to you under the SPP. Therefore, the issue price of the shares under the SPP may exceed or be less than the market price of shares at the time of allotment to share holders. The share price (on an ex-final dividend basis) closed below the SPP issue price, immediately prior to finalisation of the enclosed documents on 22 May 2006. You should monitor the share price, which is quoted in the financial pages of major Australian newspapers and on Macquarie's website at www.macquarie.com, before the SPP offer closes. Before you apply for shares under SPP, we suggest you seek independent advice from your broker or financial or other professional adviser.

You may apply under one of the alternatives below:

- 75 shares at an aggregate purchase price of \$4,950; or
- 38 shares at an aggregate purchase price of \$2,508.

The offer is limited to no more than A\$5,000 of shares for regulatory reasons.

The SPP offer is non-renounceable and shares issued under the SPP will be allotted on or around 23 June 2006.

The additional capital raised will be used to facilitate the growth of the Bank's international expansion opportunities. The capital raised will enable us to keep rolling our model out and invest for the future. Please refer to the release lodged with ASX on 17 May 2006, should you desire further information on this.

If you would like to participate in the SPP, please read the enclosed booklet which sets out the terms and conditions of this offer. You should then complete the enclosed Application Form and forward it with a cheque to our Registry so that it is received no later than 5.00 pm (Sydney time) on 16 June 2006 at:

Computershare Investor Services Pty Limited
GPO Box 253
Sydney NSW 2001
Australia

or Computershare Investor Services Pty Limited
Level 3, 60 Carrington Street
Sydney NSW 2000
Australia

If you have any questions regarding the SPP, please contact the Registry on 1300 554 096 (toll free within Australia) or +61 3 9415 4137 (outside Australia). You should consider obtaining your own independent advice from a broker or financial adviser before making a decision to acquire shares under the SPP.

Yours faithfully

A handwritten signature in black ink, appearing to read 'David Clarke', with a horizontal line underneath the name.

David S Clarke
Chairman



MACQUARIE BANK

Macquarie Bank Limited ABN 46 008 583 542

Computershare

Please return completed form to:
Computershare Investor Services Pty Limited
GPO Box 253 Sydney
New South Wales 2001 Australia
Enquiries (within Australia) 1300 554 096
(outside Australia) 61 3 9415 4137
Facsimile 61 3 9473 2500
web.queries@computershare.com.au
www.computershare.com

Entitlement Number:
Entitlement Date: 19 May 2006
Offer Closes: 5:00pm (Sydney time) 16 Jun 06
Price per Share: A\$66.00

SHARE PURCHASE PLAN APPLICATION FORM

IMPORTANT:

This is an important document which requires your immediate attention. If you are in any doubt as to how to deal with this form please consult a professional adviser. Pursuant to the terms and conditions of the Macquarie Bank Limited ("Macquarie") Share Purchase Plan ("SPP") contained in the letter to Macquarie shareholders dated 26 May 2006, Macquarie is offering eligible shareholders the opportunity to purchase 75 or 38 Macquarie ordinary shares ("Shares") per eligible shareholder. If you do not wish to purchase additional shares under this offer there is no need to take action.

By making your payment, you agree to be bound by Macquarie's Constitution and agree that the submission of this payment constitutes an irrevocable offer by you to Macquarie to subscribe for Shares on the terms of the SPP. In addition, by submitting this Application Form you certify that the aggregate of the application price paid by you for:

- the Shares the subject of this Application Form; and
any other shares and interests in the class applied for by you under the SPP or any similar arrangement in the 12 months prior to the date of submission of this Application Form,

does not exceed \$5,000.00.

METHOD OF ACCEPTANCE

Your cheque or Bank Draft should be in Australian dollars and drawn on an Australian bank made payable to 'Macquarie Bank Limited (Share Purchase Plan Trust Account)' for the relevant amount and crossed 'Not Negotiable'. Please ensure you submit the correct amount. Incorrect payments may result in your application being rejected.

Your acceptance slip and cheque or Bank Draft must be received by the share registry before the close of the offer at 5:00pm (Sydney time) on 16 June 2006. You should allow sufficient time for this to occur. A reply paid envelope is enclosed for shareholders in Australia. New Zealand holders will need to affix the appropriate postage. Your Application Form should be returned in the envelope provided or delivered to our registry at the address shown on the reverse of this form. Refer overleaf for instructions.

Macquarie may make determinations in any manner it thinks fit, in relation to any difficulties, anomalies or disputes which may arise in connection with or by reason of the operation of the SPP whether generally or in relation to any participant or application. Any determinations by Macquarie will be conclusive and binding on all eligible shareholders and other persons to whom the determination relates. Macquarie reserves the right to waive strict compliance with any provision of the terms and conditions of the SPP, to amend or vary those terms and conditions and to suspend or terminate the SPP at any time. Any such amendment, variation, suspension or termination will be binding on all eligible shareholders even where Macquarie does not notify you of that event.

This offer is non-renounceable - No Signature is required
Return Acceptance Slip and Cheque or Bank Draft in the envelope provided

MBL

SPRM

013357 - V7



Please see overleaf for Payment Options



Pin cheque(s) here. Do not staple.

I/We wish to purchase shares:

75 shares for A\$4,950.00 OR 38 shares for A\$2,508.00

Payment Details

Drawer Cheque Number BSB Number Account Number Amount of cheque A\$

Make your cheque or bank draft payable to "Macquarie Bank Limited (Share Purchase Plan Trust Account)"

Enter your contact details

Contact Name

Contact Name input field

Telephone Number - Business Hours / After Hours

Telephone Number input field

Instructions

Payment Details

Make your cheque or bank draft payable to 'Macquarie Bank Limited (Share Purchase Plan Trust Account)' in Australian currency and cross it 'Not Negotiable'. Your cheque or bank draft must be drawn on an Australian Bank. Please ensure you submit the correct amount.

Incorrect payments may result in your application being rejected. Complete cheque details in the boxes provided.

Cheques will be processed on the day of receipt and as such, sufficient cleared funds must be held in your account as cheques returned unpaid may not be re-presented and may result in your Application being rejected. Pin (do not staple) your cheque(s) to the SPP Application Form where indicated. Cash will not be accepted. A receipt for payment will not be forwarded.

Contact Details

Enter your contact details. These are not compulsory but will assist us if we need to contact you.

Lodgement of Application

Application Forms must be received at the Sydney office of Computershare Investor Services Pty Limited by no later than 5:00pm (Sydney time) on 16 June 2006. You should allow sufficient time for this to occur. The postal acceptance rule does not apply to the Share Purchase Plan. A reply paid envelope is enclosed for shareholders in Australia. New Zealand holders will need to affix the appropriate postage.

Return the Application Form with cheque(s) attached:



By Mail
Macquarie Bank Limited
Computershare Investor Services Pty Limited
GPO Box 253
SYDNEY NSW 2001
Australia



In Person
Computershare Investor Services Pty Limited
Level 3
60 Carrington Street
SYDNEY NSW 2000
Australia

Privacy Statement

Personal information is collected on this form by Computershare Investor Services Pty Limited ("CIS"), as registrar for securities issuers ("the issuer"), for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. Your personal information may be disclosed to our related bodies corporate, to external service companies such as print or mail service providers, or as otherwise required or permitted by law. If you would like details of your personal information held by CIS, or you would like to correct information that is inaccurate, incorrect or out of date, please contact CIS. In accordance with the Corporations Act 2001, you may be sent material (including marketing material) approved by the issuer in addition to general corporate communications. You may elect not to receive marketing material by contacting CIS. You can contact CIS using the details provided on the front of this form or E-mail privacy@computershare.com.au

If you have any enquiries concerning this form or your entitlement, please contact CIS on 1300 554 096 (toll free within australia) or +61 3 9415 4137 (outside Australia).

This form may not be used to notify your change of address. For information, please contact CIS on 1300 850 505 or visit www.computershare.com (certificated/issuer sponsored holders only).

CHES holders must contact their Controlling Participant to notify a change of address.



MACQUARIE BANK LIMITED
2006 SHARE PURCHASE PLAN



MACQUARIE BANK SHARE PURCHASE PLAN

1. What is the Macquarie Bank Share Purchase Plan (SPP)?

This SPP provides eligible Macquarie Bank Limited (“Macquarie” or “Bank”) ordinary share holders with the opportunity to acquire up to 75 additional Macquarie ordinary shares (“Shares”) without brokerage and other transaction costs.

2. Why is Macquarie raising capital?

The additional capital raised will be used to facilitate the growth of the Bank’s international expansion opportunities. The capital raised will enable us to keep rolling our model out and invest for the future. Please refer to the release lodged with the Australian Stock Exchange (“ASX”) on 17 May 2006 for further details.

3. How much capital is Macquarie raising?

The maximum amount that can be raised under the SPP is A\$4,950 per eligible Macquarie shareholder. Based on an estimated 61,117 eligible Macquarie shareholders, the maximum amount that can be raised under the SPP totals approximately A\$302.5 million. The actual amount that will be raised cannot be accurately determined at this time as it will depend on the individual decisions of each of the Bank’s eligible shareholders, which will be influenced by, among other things, the trading price of Shares during the period the offer is open.

The SPP is the second stage of the capital raising initiatives announced by Macquarie on 17 May 2006. The first stage of these initiatives was the placement of A\$700 million of Shares to institutional and professional investors, which was completed on 22 May 2006 (“Placement”).

4. How much can I invest under the SPP?

You may apply under one of the alternatives below:

- 75 Shares at an aggregate purchase price of \$4,950; or
- 38 Shares at an aggregate purchase price of \$2,508.

5. At what price will Shares be issued?

The price per Share issued under the SPP will be A\$66.00. This price is the same price at which Shares were issued under the Placement and is lower than the daily volume weighted average price of Shares over the five ASX trading days up to and including 15 May 2006 (being the last day of trading before the Placement was announced). **However, the Shares to be issued under the SPP will not participate in the Bank’s 2006 final dividend to be paid on 5 July 2006.**

You should be aware that **the market price of Shares may rise or fall before the Shares are allotted to you under the SPP**. Therefore, the issue price of Shares under the SPP may exceed or be less than the market price of Shares at the time of allotment to shareholders. The Share price (on an ex-final dividend basis) closed below the SPP issue price, immediately prior to finalisation of this document on 22 May 2006. You should monitor the Share price, which is quoted in the financial pages of major Australian newspapers and on Macquarie's website at www.macquarie.com, before the SPP offer closes. Before you apply for Shares under the SPP, we suggest you seek independent advice from your broker or financial or other professional adviser.

6. Do I have to participate in the SPP?

No. Participation is voluntary.

7. Who is eligible to participate in the SPP?

Registered holders of fully paid Shares at 7:00 pm (Sydney time) on 19 May 2006 and having a registered address in either Australia or New Zealand are eligible to participate in the SPP.

Important: if a trustee or nominee holds Shares on your behalf, you may not apply for Shares under the SPP unless the trustee or nominee is expressly noted on the Bank's share register as holding Shares on your account. This is due to regulatory restrictions.

Further, *Macquarie has determined that this offer may only be accepted by residents of Australia and New Zealand*. This is due to regulations restricting the SPP offer to persons in places in which it is lawful and practical for Macquarie to offer and issue Shares under the SPP, in the reasonable opinion of Macquarie. This restriction applies at the beneficial holder level. This means that beneficial holders who are not residents of Australia or New Zealand may not accept the SPP offer through a nominee or trustee who is resident in Australia or New Zealand.

The following table sets out the eligibility criteria (assuming in each case that the relevant registered holder is a registered holder of fully paid Shares at 7:00 pm (Sydney time) on 19 May 2006):

Type of holder	Resident in Australia or New Zealand?	Eligible?	Participation level
Individual	Yes	Yes	Up to 75 Shares
	No	No	None
Joint holders	Yes	Yes	Up to 75 Shares for the joint holding
	No	No	None
Company <i>(including trustee/nominee holders who hold Shares as principal)</i>	Yes	Yes	Up to 75 Shares
	No	No	None
Nominee/trustee company that does not hold Shares as principal	Yes	Yes	Up to 75 Shares, unless there is a beneficial holder who is expressly noted on the share register
	No	No	None
Beneficial holder who is <i>expressly noted on the Bank's share register</i> (by name or account number)*	Yes	Yes	Up to 75 Shares
	No	No	None
Beneficial holder who is <i>not expressly noted on the Bank's share register</i> (by name or account number)**	Yes	No	The registered holder who is the nominee or trustee may, if eligible, apply for 75 Shares
	No	No	None

* For example, the registered holder is "ABC Pty Limited as trustee for John Smith" or "ABC Pty Limited Trust Account 1". If a trustee or nominee is expressly registered as holding shares on account for joint beneficiaries (for example, "ABC Pty Limited for John Smith and Jane Smith"), the level of participation for the joint beneficiaries will be capped at the level of participation for registered joint holders.

** For example, the registered holder is "ABC Nominees Pty Limited" and the share register does not expressly note that the Shares are held on account for that person.

Trustees and nominees must attach a spreadsheet providing the following details for each eligible beneficiary when sending in their applications:

- 1) the HIN/SRN for each holding;
- 2) full name of beneficiary;
- 3) trust A/C details (if applicable);
- 4) beneficiary's address;
- 5) number of Shares applied for by the beneficiary (either 75 or 38);
- 6) aggregate amount payable by the beneficiary (either \$4,950 or \$2,508); and
- 7) aggregate number of Shares applied for by all beneficiaries and the aggregate dollar amount payable by all beneficiaries.

The trustee or nominee must send one cheque for the aggregate amount of all applications made by that trustee or nominee for underlying holders.

8. Can my offer under the SPP be transferred to a third party?

No. The offer is non-renounceable and cannot be transferred.

9. What do I do if I receive more than one Application Form?

If you receive more than one Application Form, or if you hold Shares in more than one capacity, for example if you are both sole and joint holder of Shares, the maximum number of Shares you may apply for under the SPP is 75. This is because the maximum amount that may be raised by law under a share purchase plan from each eligible holder in any 12 month period is A\$5,000. By applying for Shares under the SPP, you certify that you have not exceeded this limit.

10. When will I receive my Shares under the SPP?

Shares acquired under the SPP will be allotted on or around 23 June 2006. Shares issued under the SPP are expected to be quoted on the Australian Stock Exchange on or around 28 June 2006.

11. Will I receive notification of my allotment?

Yes. You will be given a holding statement or confirmation of allotment on or around 26 June 2006.

12. What are the rights attached to Shares acquired under the SPP?

New Shares will rank equally with existing Shares on issue at the date of allotment. ***The new Shares issued under the SPP will not participate in the Bank's 2006 final dividend to be paid on 5 July 2006.***

13. When does the offer period end?

The offer period ends at the close of trading on 16 June 2006 at 5:00pm (Sydney time) and applications must be received by that time. You should allow adequate time for applications forwarded by post to be received by the Registry.

14. How do I apply for Shares under the SPP?

If you wish to participate in the SPP you must:

- complete the enclosed Application Form;
- make your cheque or money order payable to “Macquarie Bank Limited (Share Purchase Plan Trust Account)”; and
- send the Application Form, together with payment, so that it is received no later than 5:00 pm (Sydney time) on 16 June 2006, to “Computershare Investor Services Pty Limited” at:

GPO Box 253
Sydney NSW 2001
Australia

or

Level 3, 60 Carrington Street
Sydney NSW 2000
Australia

A reply paid envelope is enclosed for shareholders in Australia. New Zealand shareholders will need to affix the appropriate postage.

The postal acceptance rule does not apply to acceptance of this offer. If the full amount is not tendered with the Application Form by the closing time for the offer, Macquarie reserves the right to return the cheque and Application Form and not allot any Shares to the shareholder.

15. Questions

If you have any questions, please contact the Registry, Computershare Investor Services Pty Limited:

Telephone: 1300 554 096 (Toll Free within Australia)
+61 3 9415 4137 (Outside Australia)

16. Other terms and conditions

Shareholders will be bound by the constitution of Macquarie and these terms and conditions by accepting the offer to acquire Shares under the SPP. No brokerage or other transaction costs will apply to the acquisition of Shares under the SPP. The new Shares will rank equally in all respects with Macquarie's existing Shares from the date of allotment.

Macquarie has a broad discretion to accept or reject your application to purchase Shares under the SPP, including (without limitation) if:

- your Application Form is incorrectly completed or incomplete or otherwise determined by Macquarie to be invalid;
- your cheque is dishonoured or has not been completed correctly;

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- the cheque or money order that you enclose with the Application Form is not made out for the exact amount of the parcel of Shares that you have selected on the Application Form;
 - it appears that you are applying to buy more than A\$5,000 (in aggregate) of Shares; or
 - Macquarie believes that you are not an eligible shareholder (subject to compliance with any applicable Australian Securities and Investments Commission (“ASIC”) or ASX requirements).

No interest will be paid on any application money returned to you.

If you apply to participate in the SPP by completing and returning the Application Form:

- your application, on these terms and conditions, will be irrevocable and unconditional (it cannot be withdrawn);
- you acknowledge that you are an eligible Bank shareholder;
- you certify that you have not applied for Shares with an aggregate application price in excess of A\$5,000 under the SPP and any similar arrangement in the 12 months prior to your application, even though you may have received more than one offer under the SPP or received offers in more than one capacity under the SPP;
- you acknowledge that you are lawfully permitted to accept the offer to acquire Shares under the SPP and participate in the SPP in accordance with the laws applicable in Australia and any other applicable laws in the jurisdiction in which you and/or the beneficial owner of your Shares are situated;
- you accept the risk associated with any refund that may be despatched to you by cheque to your address shown on Macquarie’s share register;
- you acknowledge that neither Macquarie nor Computershare Investor Services Pty Limited has provided you with investment advice or financial product advice, and that neither has any obligation to provide this advice, concerning your decision to apply for and purchase Shares under the SPP; and
- you irrevocably and unconditionally agree to the terms and conditions and agree not to do any act or thing which would be contrary to the spirit, intention or purpose of the SPP.

The offer of Shares under the SPP is in accordance with ASIC Class Order [CO 06/831] which grants relief from the requirement to prepare a disclosure document for this offer. In New Zealand, the offer of Shares under the SPP is in accordance with the Shares Act (Overseas Companies) Exemption Notice 2002, which grants relief from the requirement to prepare an investment statement or prospectus for this offer.

This document does not constitute an offer of securities for sale in the United States or to “U.S. persons” (as defined in Regulation S under the U.S. Securities Act) and may not be sent or disseminated in, directly or indirectly, the United States or to any “U.S. person” in any place. Macquarie’s Shares have not been and will not be registered under the U.S. Securities Act or the securities laws of any state of the United States and may not be offered, sold or otherwise transferred in the United States or to any “U.S. Person” except in compliance with the registration requirements of the U.S. Securities Act and any other applicable state securities laws or pursuant to an exemption from the registration requirements of the U.S Securities Act and applicable state securities laws.

It is important to note that participation in the SPP is optional. The offer is also non-renounceable. This means shareholders cannot transfer their right to purchase Shares under the SPP to a third party.

Macquarie reserves the right to reject any application for Shares under the SPP that it believes does not comply with the terms and conditions in this booklet.

Macquarie may make determinations in any manner it thinks fit, in relation to any difficulties, anomalies or disputes which may arise in connection with or by reason of the operation of the SPP whether generally or in relation to any participant or application. Any determination by Macquarie will be conclusive and binding on all eligible Bank shareholders and other persons to whom the determination relates. Macquarie reserves the right to waive strict compliance with any provision of the terms and conditions of the SPP, to amend or vary those terms and conditions and to suspend or terminate the SPP at any time. Any such amendment, variation, suspension or termination will be binding on all eligible shareholders even where Macquarie does not notify one or more eligible shareholders of that event.

These terms and conditions are governed by the laws in force in New South Wales and are to be interpreted in accordance with their spirit, intention and purpose.

This document has been prepared by Macquarie Bank Limited (ACN 008 583 542) (“Macquarie”). The details in this document provide general information only. It is not intended as investment or financial advice and must not be relied upon as such. You should obtain independent professional advice prior to making any decision. All personal information supplied with your Application Form will be dealt with in accordance with the Computershare Investor Services Pty Limited Privacy Policy, a copy of which is available from Computershare. All values are expressed in Australian currency unless otherwise stated. Investments in Macquarie are not deposits with or other liabilities of Macquarie, or of any other entity in the Macquarie Bank Group and are subject to investment risk, including possible delays in repayment and loss of income and capital invested. No member of the Macquarie Bank Group guarantees any particular rate of return or the performance of Macquarie, nor do they guarantee the repayment of capital from Macquarie.