

Macquarie Warrants

Additional Information Booklet

Macquarie Bank Limited
Macquarie Warrants



MACQUARIE

IMPORTANT NOTICE

This document is the Additional Information Booklet referred to in the Macquarie Warrants Product Disclosure Statement dated 1 September 2010. The date of this Additional Information Booklet is 1 September 2010.

ADDITIONAL INFORMATION BOOKLET

This Additional Information Booklet describes some of the general terms and conditions that govern the issue by Macquarie of Macquarie Warrants (**Warrants**). More information about the terms and conditions relating to the Warrants is set out in the PDS which should be read together with this Additional Information Booklet. A copy of the PDS can be obtained, free of charge, by contacting Macquarie (see the Directory for details). This Additional Information Booklet forms part of the PDS.

TERMS OF ISSUE

The contractual terms of the Warrants are set out in the Terms of Issue (Section A5 of this Additional Information Booklet) and the Glossary (Section 8 of the PDS). If you acquire a Warrant, you agree to be bound by the Terms of Issue. You should therefore read and understand the Terms of Issue before acquiring any Warrants.

CHANGES TO INFORMATION IN THIS ADDITIONAL INFORMATION BOOKLET

The information in this Additional Information Booklet is current as at the date of this Additional Information Booklet, but may change from time to time. Where such information changes and such change is not materially adverse to you, we may update the information by posting a notice on our website (see the Directory for details). If you would like a free paper copy of any updated information, please contact us (see the Directory for details).

REPRESENTATIONS

This Additional information Booklet has been prepared and issued by Macquarie as issuer. Any other parties distributing Warrants are not Macquarie's agent. You should only rely on information in this Additional Information Booklet, the PDS and any SPDS. Macquarie has not authorised any person to give any information, or to make any representation, about the Warrants that is not contained in this Additional Information Booklet, the PDS or any SPDS. Any information or representation not contained in this Additional Information Booklet, the PDS or any SPDS may not be relied on as having been authorised by Macquarie (unless otherwise agreed in writing by Macquarie).

Nothing in this Additional Information Booklet, the PDS or any SPDS is an express or implied endorsement by Macquarie of an investment in any Warrant or any particular Reference Asset.

UNDERLYING REFERENCE ASSET

References in this Additional Information Booklet to any Listed Entity (other than Macquarie), any Index or any Index Sponsor are only included for the purposes of identifying the Reference Asset to which a Warrant may relate and the issuer of that Reference Asset. Such references are not an express or implied endorsement by any Listed Entity or Index Sponsor of the Warrants. No Listed Entity (other than Macquarie) or Index Sponsor accepts any responsibility for any statement in this Additional Information Booklet, or assumes any liability in respect of the Warrants.

No Listed Entity (other than Macquarie) or Index Sponsor has been involved in the preparation of this Additional Information Booklet, or given any information specifically to Macquarie for the purpose of its preparation. Nothing in this Additional Information Booklet can be relied on as implying that there has been no change in the affairs of any Listed Entity, any Index Sponsor or Macquarie since the date of this Additional Information Booklet (as the case may be), or as a representation as to the future in relation to any Reference Asset or Macquarie.

GLOSSARY

In Section 8 of the PDS is a Glossary in which various words and phrases used in this Additional Information Booklet are defined. If you do not understand a word or phrase, you should refer to the Glossary. Capitalised words that are used in this Additional Information Booklet have the meaning set out in the Glossary, unless the context requires otherwise. Unless stated otherwise (a) all dollar amounts and performance data in this Additional Information Booklet are quoted in Australian dollars (**AUD**); and (b) all references to a time are to that time in Sydney, Australia.

Macquarie Warrants

Contents

2

Section A1

Potential Adjustment Events

5

Section A2

Extraordinary Events

8

Section A3

Details of the Issue

11

Section A4

Additional Information

15

Section A5

Terms of Issue

Potential Adjustment Events

This Section is a summary of some of the important features of Macquarie Warrants. The contractual terms of Macquarie Warrants are set out in the Terms of Issue. If you acquire a Macquarie Warrant, you agree to be bound by the Terms of Issue. You should therefore read and understand the Terms of Issue before acquiring any Warrants. You should also obtain professional advice which takes into account what you currently have, and what you want and need for your financial future before making any investment decision.

2

Section A1.1

How might a Potential Adjustment Event affect a Macquarie Warrant?

2

Section A1.2

What is a Potential Adjustment Event?

2

Section A1.3

What kind of adjustments can Macquarie make to my Warrant if a Potential Adjustment Event occurs?

3

Section A1.4

Examples of adjustments to a Warrant

A1.1

How might a Potential Adjustment Event affect a Macquarie Warrant?

If a Potential Adjustment Event occurs, or is expected to occur, in relation to the Reference Asset for your Warrants, we may either:

- (a) adjust your Warrants in the manner described in Section A1.3 of this Additional Information Booklet; or
- (2) where we determine that
 - (i) it is not reasonably practicable to adjust the Warrant in relation to the Potential Adjustment Event in the manner described in Section A1.3; or
 - (ii) if the Warrant were to be adjusted in the manner described in Section A1.3:
 - (1) we would not be able to continue to effectively manage our risk, on an on-going basis, of maintaining the Warrant on issue; or
 - (2) we would incur a material increase in costs in managing our risk, on an on-going basis, of maintaining the Warrant on issue (for example, in respect of establishing, holding and/or unwinding any of our Hedge Positions in respect of a Warrant),

we may treat such Potential Adjustment Event as an Extraordinary Event and terminate your Warrants prior to their original Expiry Date (see Section A2 for more information).

A1.2

What is a Potential Adjustment Event?

The term 'Potential Adjustment Event' is defined in the Glossary and includes for example:

- (a) a subdivision, consolidation or reclassification of a Reference Share;
- (b) a Special Dividend;
- (c) a redemption, cancellation or re-purchase of a Reference Share;
- (d) a tender offer, exchange offer or a takeover bid for a Reference Share or any similar offer;
- (e) a consolidation, amalgamation, de-merger, merger or scheme of arrangement of the issuer of a Reference Share with, or into, any other person;
- (f) any announcement that a Reference Share will be de-listed from the exchange on which such Reference Share is listed and re-listed on another exchange which is acceptable to us;
- (g) any amendment or change to the terms, or cancellation, of a Potential Adjustment Event previously announced in relation to a Reference Asset;
- (h) in respect of an Index Warrant, a Reference Index not being announced or calculated;
- (i) in respect of an Index Warrant, the replacement of a Reference Index with a successor Index;
- (j) in respect of an Index Warrant, a material change in the method of calculation of a Reference Index; and
- (k) any other event which we reasonably determine, with the consent of the ASX, may have a dilutive or concentrative effect on the theoretical value of a Warrant or a Reference Asset.

You should refer to the definition of Potential Adjustment Event in the Glossary for further information about what other events may be considered by us to be a Potential Adjustment Event as the above examples are not a complete list of events which may be Potential Adjustment Events

A1.3

What kind of adjustments can Macquarie make to my Warrant if a Potential Adjustment Event occurs?

It is important to note that under the Terms of Issue, we may, with the consent of the ASX, adjust the terms of your Warrants:

- * for any event for which we reasonably determine an adjustment would be appropriate; and
- * in any way we determine (acting in a commercially reasonable manner) to be appropriate.

As a general rule, the objective of an adjustment will be to ensure that (to the extent reasonably practicable) the value of a Warrant to a Holder will be relatively unchanged (apart from small differences which may arise due to rounding errors) immediately after the adjustment is made.

A1.4

Examples of adjustments to a Warrant

These are illustrative examples only. Actual performance may differ materially. The rounding used in these examples has been used for the purposes of simplifying these examples only, and may be different to the rounding that is actually used by Macquarie in relation to any Warrants that you hold. The actual rounding which will apply to your Warrants is set out clause 10.6 of the Terms of Issue.

Please note that rounding differences may sometimes arise and these examples may not account for rounding differences.

Nothing in this Section A1.4 limits the way in which we may adjust your Warrants under the Terms of Issue

Examples relating to Macquarie Share Warrants

Special Dividend Example

Note the following example is only one way in which Macquarie might determine the adjustments with respect to a Special Dividend. Actual adjustments may differ considerably.

In March 2010 an investor holds 150,000 XYZWMA Share Put Warrants over XYZ Limited (XYZ). The Warrant has a Strike Price of \$27.50, a Specified Number of 1 and an Expiry Date 20 September 2010. On 30 May 2010, XYZ goes ex-entitlement a Special Dividend of \$0.40.

Assume the volume weighted average price (VWAP) of XYZ on the previous trading day was \$16.40. We determine that, in accordance with the ASX adjustments for exchange traded options relating to XYZ, an adjustment factor of 1.025 should apply to the Warrants.

Adjustment factor:

$$= 1 + \left(\frac{\text{Special Dividend}}{\text{VWAP of XYZ on last cum-dividend date} - \text{special dividend}} \right)$$

$$= 1 + \left(\frac{0.40}{(16.40 - 0.40)} \right)$$

$$= 1.025$$

As a result:

1. the Strike Price of each Warrant is adjusted to be \$26.8293 (being \$27.50 / 1.025, rounded to four decimal places); and
2. the Specified Number is adjusted to be 0.9756 (being 1 / 1.025, rounded to four decimal places).

We also determine that the Warrants should commence trading on an adjusted basis on the ex-entitlement date for such Special Dividend.

Rights Issue Example

Note the following example is only one way in which Macquarie might determine the adjustments with respect to a rights issue. Actual adjustments may differ considerably.

In March 2010, an investor purchases 40,000 XYZWMC Share Call Warrants over XYZ Limited (XYZ). The Warrants have a Strike Price of \$12.50, a Specified Number of 1 and an Expiry Date of 20 September 2010. In April 2010, XYZ announced a 1 for 4 non-renounceable rights issue at a price of \$12.40 per new security.

Assume that the volume weighted average price (VWAP) of XYZ ex-entitlement was \$14.30. We determine that, in accordance with the ASX adjustments for exchange traded options relating to XYZ, an adjustment factor of 1.0332 should apply to the Warrants.

The adjustment factor is calculated as follows:

Adjustment factor:

$$= 1 + \left(\frac{\text{Number of rights per XYZ Shares} \times (\text{VWAP of XYZ Share ex-entitlement} - \text{consideration paid to exercise rights})}{\text{VWAP of XYZ Share ex-entitlement}} \right)$$

$$= 1 + \left(\frac{0.25 \times (14.30 - 12.40)}{14.30} \right)$$

$$= 1.0332 \text{ (rounded to four decimal places)}$$

As a result:

1. the Strike Price of each Warrant is adjusted to be \$12.0983 (being \$12.50 / 1.0332, rounded to four decimal places); and
2. the Specified Number is adjusted to be 0.9679 (being 1 / 1.0332, rounded to four decimal places).

We also determine that the Warrants should commence trading on an adjusted basis on the ex-entitlement date for such rights issue.

Bonus Issue Example

Note the following example is only one way in which Macquarie might determine the adjustments with respect to a bonus issue. Actual adjustments may differ considerably.

In June 2010, an investor purchases 80,000 XYZTMC Share Call Warrants over XYZ Limited (XYZ). The Warrants have a Strike Price of \$15.50, a Specified Number of 1 and an Expiry Date of 20 February 2011.

In August 2010, XYZ announces a 1 for 1 bonus issue. We determine that the following adjustments are to be made to the investor's Warrants:

1. the Strike Price of each Warrant is reduced from \$15.50 to \$7.75; and

2. the number of Warrants the investor holds is increased from 80,000 to 160,000.

We also determine that the Warrants should commence trading on an adjusted basis on the date that holders of the XYZ shares (not XYZTMC Warrants) receive the bonus issue shares.

Extraordinary Events

This Section is a summary of some of the important features of Macquarie Warrants. The contractual terms of Macquarie Warrants are set out in the Terms of Issue. If you acquire a Macquarie Warrant, you agree to be bound by the Terms of Issue. You should therefore read and understand the Terms of Issue before acquiring any Warrants. You should also obtain professional advice which takes into account what you currently have, and what you want and need for your financial future before making any investment decision.

5

Section A2.1

What happens if an Extraordinary Event occurs?

5

Section A2.2

What is an Extraordinary Event?

6

Section A2.3

What is the Early Lapse Amount?

7

Section A2.4

What is the Early Lapse Payment Date?

A2.1

What happens if an Extraordinary Event occurs?

If an Extraordinary Event occurs we may, with the consent of the ASX, nominate a date on which a Warrant will lapse as a result of the Extraordinary Event (the "**Early Lapse Date**").

If we do not otherwise withdraw our nomination of an Extraordinary Event, where your Warrant lapses as a result of an Extraordinary Event, you will only be entitled to receive the Early Lapse Amount (which may be zero) from Macquarie on the Early Lapse Payment Date.

A2.2

What is an Extraordinary Event?

An 'Extraordinary Event' in relation to a Warrant includes:

- (a) for a Share Warrant, it is announced that the Reference Share will be:
 - (i) de-listed or withdrawn from admission to trading status;
 - (ii) cease to be an Approved Financial Product (as defined in the ASX Settlement Rules);
 - (iii) subject to an Insolvency Event (as defined in the Glossary); or
 - (iv) subject to a Nationalisation (as defined in the Glossary);
- (b) for a Currency Warrant:
 - (i) the occurrence of any event that generally makes it impossible to convert the Reference Currency into Australian dollars, or Australian dollars into the Reference Currency through customary legal channels;

- (ii) the occurrence of any event that generally makes it impossible to deliver either:
 - (1) Australian dollars from accounts inside the jurisdiction of the Reference Currency to accounts outside of the jurisdiction of the Reference Currency; or
 - (2) the Reference Currency between accounts inside the jurisdiction of the Reference Currency or to a party that is a non-resident of the jurisdiction of the Reference Currency; and

- (c) for all Warrants:

- (i) the occurrence or expected occurrence of a Potential Adjustment Event in relation to a Reference Asset for the Warrant where we determine that:
 - (1) it would not be reasonably practicable to adjust the Warrant in the manner described in Section A1.3 (that is, in a manner which preserves (to the extent reasonably practicable) the economic equivalent of the parties' positions immediately prior to the adjustments being made (apart from small differences which may arise due to rounding)); or
 - (2) if the Warrant were to be adjusted in the manner described above in Section A1.3 in relation to the Potential Adjustment Event:
 - we would not be able to continue to effectively manage our risk, on an on-going basis, of maintaining the Warrant on issue; or
 - we would incur a material increase in costs in managing our risk, on an on-going basis, of maintaining the Warrant on issue (for example, in respect of establishing, holding and/or unwinding any of our Hedge Positions in respect of a Warrant);

- (ii) any announcement that the Warrants of a Series will:
 - (1) be de-listed, withdrawn or suspended from admission to trading status; or
 - (2) cease to be Approved Financial Products (as defined in the ASX Settlement Rules), otherwise than as a result of the acts of Macquarie;

- (iii) a Hedging Disruption occurs (see below); or
- (iv) it has or will become illegal for Macquarie to give effect to any material provision of the Terms of Issue.

You should be aware that the events which constitute an Extraordinary Event are decided by us and may include events which are beyond your control.

What is a Hedging Disruption?

When we issue you with a Warrant:

- this exposes us to market risk until that Warrant is exercised or expires (which ever occurs first). We try to hedge this risk in various ways;
- we do so on the basis that we expect that we will be able to effectively:
 1. manage that risk until the Warrant is exercised or expires (which ever occurs first); and
 2. service any Warrant that you hold (for example, continuing to have the Warrants quoted on the ASX) up until when the Warrant is exercised or expires (which ever occurs first).

However some matters are beyond the control of Macquarie, and any change from the circumstances existing on the date the Warrant was originally sold by Macquarie to you could have a significant effect on:

1. Macquarie's ability to effectively manage its risk of providing you with that Warrant;
2. Macquarie's ability to continue to effectively service any Warrant that you hold; and
3. the cost to Macquarie effectively managing its risk of providing you with that and/or the cost of continuing to effectively service any Warrant that you hold.

As a result, it is necessary for Macquarie to have the right to terminate your Warrants prior to their original Expiry Date where a Hedging Disruption occurs. A Hedging Disruption includes where:

- (a) Macquarie is unable, whether due to:
 - (i) Internal Trading Restrictions (as defined in the Glossary);
 - (ii) legal or regulatory issues;
 - (iii) the unavailability of stock borrow in relation to the relevant Reference Asset (other than as a result of Macquarie's own actions);
 - (iv) any change announced to any applicable short selling laws in Australia or any governmental or regulatory interpretation thereof;
 - (v) the occurrence of a Conversion Event (as defined in the Glossary); or
 - (vi) other circumstances beyond the reasonable control of Macquarie,to acquire, substitute, maintain or dispose of any Hedge Positions (as defined in the Glossary), or realise, recover or remit the proceeds of any such Hedge Positions; or
- (b) due to the:
 - (i) adoption of, or any change in, any applicable law or regulation, including any tax law; or

- (ii) any change in the interpretation by any court, tribunal or regulatory authority of any applicable law or regulation (including any action taken by a taxing authority),

Macquarie has incurred, or will incur, a materially increased cost in performing its obligations in respect of a Warrant when compared with circumstances existing on the date on which the Warrant was first listed on the ASX (including due to any increase in tax liability, decrease in tax benefit or other adverse effect on Macquarie's tax position); or

- (c) due to:
 - (i) the adoption of, or any change in, any applicable law or regulation, including any tax law; or
 - (ii) any change in the interpretation by any court, tribunal or regulatory authority of any applicable law or regulation (including any action taken by a taxing authority);
 - (iii) any reduction in either:
 - (1) the liquidity of; or
 - (2) the availability of stock-borrow for, a Reference Asset; or
 - (iv) any other circumstance(s) beyond the reasonable control of Macquarie,

Macquarie has, or will incur a materially increased cost in acquiring, substituting, maintaining or disposing of any Hedge Positions, or realising, recovering or remitting the proceeds of any such Hedge Positions in respect of a Warrant when compared with circumstances existing on the date on which the Warrant was first listed on the ASX, **provided however** that where Macquarie determines that, notwithstanding the occurrence of such event:

- (1) it would be able to continue to effectively manage its risk, on an on-going basis, if the Warrant were to remain on issue; and
- (2) it would not incur a material increase in costs in managing its risk, on an on-going basis, if the Warrant were to remain on issue,

Macquarie may elect to not treat such event as a Hedging Disruption.

A2.3

What is the Early Lapse Amount?

The Early Lapse Amount is the amount determined by us as the value of a Warrant on the Early Lapse Date (which may be zero), taking into account the impact that the Extraordinary Event has had, or is likely to have on the price or value of the Reference Asset and the Warrant, the Strike Price of the Warrant, the volatility of the price or value of the Reference Asset, the level of interest rates, the time remaining until the Expiry Date, the future expected dividends of the relevant Reference Asset (if any) and the value of, and any losses or costs or gains incurred by Macquarie in connection with, any Hedge Positions held by Macquarie or any other Macquarie Entity in relation to the

Warrant.

The effect that those factors may have on the amount of the Early Lapse Amount for a Call Warrant is demonstrated in the following table:

Variable	Change in Variable	Effect on Early Lapse Amount for a Call Warrant
Price or value of the Reference Asset	▲	▲
Price or value of the Reference Currency (per AUD1.00) (eg, a decrease in the value of the USD from USD0.60 per AUD1.00 to USD0.80 per AUD1.00) (Currency Warrants)	▼	▲
Strike Price of the Call Warrant	▼	▲
Volatility of the price or value of the Reference Asset	▲	▲
Market Interest Rates	▲	▲
Time remaining until the Expiry Date	▼	▼
Expected future dividends of the Reference Asset (if any)	▲	▼
The amount of any losses or costs incurred by Macquarie in connection with any Hedge Positions held by Macquarie	▲	▼
The amount of any gains incurred by Macquarie in connection with any Hedge Positions held by Macquarie	▲	▲

The effect that these factors may have on the Early Lapse Amount for a Put Warrant is demonstrated in the following table:

Variable	Change in Variable	Effect on Early Lapse Amount for a Put Warrant
Price or value of the Reference Asset	▲	▼
Price or value of the Reference Currency (per AUD1.00) (eg, an increase in the value of the USD from USD0.60 per AUD1.00 to USD0.50 per AUD1.00) (Currency Warrants)	▲	▲
Strike Price of the Put Warrant	▼	▼
Volatility of the price or value of the Reference Asset	▲	▲
Market Interest Rates	▲	▼
Time remaining until the Expiry Date	▼	▼
Expected future dividends of the Reference Asset (if any)	▲	▲
The amount of any losses or costs incurred by Macquarie in connection with any Hedge Positions held by Macquarie	▲	▼
The amount of any gains incurred by Macquarie in connection with any Hedge Positions held by Macquarie	▲	▲

You should also be aware that:

1. other factors, including current and forecasted economic conditions (eg, inflation and interest rates), may affect the Early Lapse Amount of a Warrant; and
2. there may be simultaneous moves in two or more of the factors listed above.

A2.4

What is the Early Lapse Payment Date?

The Early Lapse Payment Date is the day which is no later than seven (7) Business Days (see the Glossary) after the Early Lapse Date.

Details of the Issue

This Section is a summary of some of the important features of Macquarie Warrants. The contractual terms of Macquarie Warrants are set out in the Terms of Issue. If you acquire a Macquarie Warrant, you agree to be bound by the Terms of Issue. You should therefore read and understand the Terms of Issue before acquiring any Warrants. You should also obtain professional advice which takes into account what you currently have, and what you want and need for your financial future before making any investment decision.

8

Section A3.1

Offer of Macquarie Warrants

8

Section A3.2

Variations of the Terms of Issue

9

Section A3.3

What are Market Disruption Events and how might they affect a Macquarie Warrant?

9

Section A3.4

The Register

10

Section A3.5

Holding Statements

10

Section A3.6

Default by Macquarie

10

Section A3.7

Consent to recording

10

Section A3.8

Distribution of this PDS (and any SPDS)

A3.1

Offer of Macquarie Warrants

A3.1.1 Offer Period

The offer of a Series of Macquarie Warrants under the PDS (including the Additional Information Booklet and any relevant SPDS) will open at the time and date specified for that Series in the relevant SPDS and will close with respect to that Series on the earlier of:

- (a) the date nominated by Macquarie; and
- (b) the date on which the Warrants lapse pursuant to the Terms of Issue,

subject to the rights of Macquarie to stop offering any or all Series of Warrants at any time and to close the offer with respect to any or all Series of Warrants without prior notice.

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

A3.1.2 Application Procedure

Applications under the PDS for any Series of Warrants may only be made by a Macquarie Entity.

Any Warrants subscribed for by a Macquarie Entity may be offered from time to time on the ASX at the discretion and direction of Macquarie. Potential purchasers of the Warrants can obtain a copy of the PDS, this Additional Information Booklet and any relevant SPDS from Macquarie.

Macquarie reserves the right to accept (in whole or in part) or reject any application in its absolute discretion and to vary the application procedure from time to time.

A3.1.3 Trading on the ASX

Subject to any delisting or suspension of trading on the ASX, each Series of Warrants are expected to commence trading on the ASX on the date set out in the SPDS for that Warrant.

A3.1.4 Issue Size

The initial issue size for each Series will be set out in the SPDS for that Series. Macquarie reserves the right, without the consent of, or the giving of prior notice to Holders, to increase or decrease the issue size at any time by seeking the consent of the ASX to such increase or decrease.

A3.1.5 Acquisition Cost

The PDS does not specify the price at which a Warrant may be issued. The price may vary from time to time during the Offer Period (see Sections 5.1 and 6.1 of the PDS for more information).

A3.2

Variations of the Terms of Issue

A3.2.1 How can the Terms of Issue be varied?

The Terms of Issue can be varied in a number of circumstances including:

- (a) where a Potential Adjustment Event occurs, or is expected to occur (see Section A1 of this Additional Information Booklet);
- (b) where the Change is:
 - (i) necessary in the reasonable opinion of Macquarie to comply with any statutory or other legal requirements, or any requirement of ASX;
 - (ii) to rectify any defect, manifest error or ambiguity in the Terms of Issue, provided that such Change does not materially prejudice the interests of Holders;
 - (iii) to permit the transfer of Warrants by any other method not set out in the Terms of Issue;

(iv) in the case of an adjustment (including any Potential Adjustment Event) or an Extraordinary Event; or

(v) where, in the reasonable opinion of Macquarie, the Change does not materially prejudice the interests of Holders,

and ASX has consented to such Change; or

(c) where the Change is approved by Holders in accordance with the Terms of Issue (see Section A3.2.2 of this Additional Information Booklet).

You should also be aware that the Terms of Issue are to be interpreted so as to conform with the ASX Operating Rules and the ASX Settlement Rules. As a result, any change to the ASX Operating Rules and/or the ASX Settlement Rules may also affect the way the Terms of Issue are interpreted.

A3.2.2 Approval by Holders

To obtain the approval of Holders of a Series to a Change, Macquarie must:

- notify every Holder of the proposed Change;
- give each Holder a document setting out the reasons for, and any advantages and disadvantages of, the proposed Change; and
- give each Holder a ballot paper allowing the Holder to vote for or against the proposed Change.

Each Holder will have one vote for each Warrant in that Series held and the voting period may not be less than 15 Business Days from the day on which the last notice of the proposed Change is sent to a Holder. Approval of Holders of the relevant Series is only obtained where such Change is approved by not less than 75% of Holders who cast valid votes.

A3.2.3 Can Holders seek approval to Change the Terms of Issue?

No. Holders of a Series are not permitted to propose and seek the approval of other Holders to any proposed Change to the Terms of Issue.

A3.2.4 Votes by Macquarie Group as Holder

Where Macquarie and its associates hold Warrants, they may not vote in relation to any proposed Change unless such Warrants are held by it as trustee or nominee for another person that is not so associated with Macquarie, in which case they shall only be permitted to vote in the manner directed by such Holder.

A3.3

What are Market Disruption Events and how might they affect a Macquarie Warrant?

A3.3.1 What is a Market Disruption Event?

A 'Market Disruption Event' in relation to a Warrant includes any event beyond the reasonable control of Macquarie that disrupts or impairs the ability of Macquarie to effect transactions in, or obtain values for:

(a) in the case of a:

(i) a Share Warrant:

(1) the Reference Share; or

(2) futures or options contracts relating to the Reference Share (as applicable);

(ii) in the case of an Index Warrant:

(1) the Reference Index (including where the Index Sponsor fails to calculate and announce a relevant Index);

(2) securities comprising 20% or more of the Reference Index; or

(3) futures or option contracts relating to the Reference Index or one or more securities comprising 20% or more of the Reference Index,

on the ASX or any Relevant Exchange including because of, without limitation:

(X) any suspension of, or limitation imposed on, trading by the ASX or the Relevant Exchange;

(Y) the closure of the ASX or the Relevant Exchange prior to its Scheduled Closing Time; or

(Z) the failure of the ASX or the Relevant Exchange to open on a day on which it or they are scheduled to be open for trading for its or their respective regular trading sessions; and

(b) in the case of a Currency Warrant, the Reference Currency or the Australian Dollar.

A3.3.2 What happens if a Market Disruption Event occurs?

The Reference Value of the relevant Reference Asset will be determined on the Valuation Date of the Warrant (see Section 2.4.2 of the PDS for Share Warrants, Section 3.4.2 of the PDS for Index Warrants and Section 4.4.2 of the PDS for Currency Warrants for more information). However, where a Market Disruption Event occurs on the Valuation Date, the Valuation Date may be postponed to the immediately following Potential Valuation Date on which no Market Disruption Event occurs. Where a Market Disruption Event occurs on each of the immediately following ten Potential Valuation Dates, we may elect to specify that tenth Potential Valuation Date to be the Valuation Date (even though a Market Disruption Event has occurred) and determine (in good faith) the relevant value of the Reference Asset.

A3.3.3 What are Potential Valuation Dates?

Potential Valuation Date is defined in the Glossary, and you should refer to the Glossary in Section 8 of the PDS for more information.

A3.4

The Register

A3.4.1 The Register

Macquarie will arrange for a Register of Holders of each Series of Warrants to be established and maintained by the Registrar in Sydney (see the Directory for contact details). The Register will be open at all reasonable times during business hours for inspection by any Holder. The Register will comprise the Issuer Sponsored Sub-register and, as the Warrants are expected to be Approved Financial Products, the CHESS Sub-register established in respect of each Series of Warrants.

In order to hold Warrants on the CHESS Sub-register, you will have to be either a participant in CHESS or sponsored by a participant in CHESS. If you are not a participant in CHESS or not sponsored by a CHESS participant, any Warrants held by you will be entered on to the Issuer Sponsored Sub-register.

A3.4.2 No Notice of Trust

Unless required by law, no notice of any trust will be entered in the Register. Macquarie will recognise the Holder as the absolute owner of the Warrant, and all persons may act accordingly.

A3.4.3 Joint Holders

If there are joint Holders of a Warrant, and one of those joint Holders dies, the surviving joint Holder(s) will be the only person(s) recognised by Macquarie as having any interest in that Warrant.

A3.4.4 Property in Warrants

Property in Warrants is situated at the place where the Register is situated.

A3.5

Holding Statements

A3.5.1 No Certificates issued for Warrants

Macquarie will not issue you with a certificate evidencing your title to a Warrant, but will comply with the Corporations Act, ASX Settlement Rules and the ASX Operating Rules in relation to the issue of notices relating to Warrants.

A3.5.2 Holding Statements

CHESS may generate a holding statement for each Warrant issued (or subsequently transferred) to you (as required by the Corporations Act, the ASX Operating Rules and the ASX Settlement Rules). Any holding statement will state your Holder Identification Number (**HIN**), in the case of a CHESS holding, or your Shareholder Reference Number (**SRN**) in the case of an Issuer Sponsored Holding. A holding statement may be issued to you after the end of any month during which there has been a change in the balance of your holding.

A holding statement is not an item of separate property and is not conclusive evidence of a holding of Warrants.

A3.6

Default by Macquarie

If Macquarie fails to pay any amount when due to a Holder, interest accrues on that amount at the Default Rate, calculated on a daily basis from (but excluding) the day on which such payment was due to (and excluding) the date of payment

A3.7

Consent to recording

Each party agrees:

- to the recording of all telephone conversations about

Warrants or any potential investment in a Warrant, and the retention and use of such tape recordings as evidence of the content of any such conversations in any proceedings; and

- that no party is obliged to maintain such recordings for the benefit of the other party and may periodically destroy recordings in accordance with its usual practices and record retention policy.

A3.8

Distribution of the PDS (and any SPDS)

As the Warrants are expected to have trading status on the ASX, they may be able to be transferred to secondary holders. The PDS (including the Additional Information Booklet and any relevant SPDS) may be passed on to such secondary holders in that capacity, or to potential transferees who approach existing Holders or Macquarie.

Additional Information

This Section is a summary of some of the important features of Macquarie Warrants. The contractual terms of the Warrants are set out in the Terms of Issue. When you acquire a Warrant, you agree to be bound by the Terms of Issue. You should therefore read and understand the Terms of Issue before acquiring a Warrant. You should also obtain professional advice which takes into account what you currently have, and what you want and need for your financial future before making any investment decision.

11

Section A4.1

About Macquarie

11

Section A4.2

Potential conflicts of interest

12

Section A4.3

Substantial shareholdings, takeovers, associations and short selling

12

Section A4.4

Foreign holders

12

Section A4.5

Shareholding limits or restrictions

12

Section A4.6

Anti-money laundering regulations

13

Section A4.7

National Guarantee Fund

13

Section A4.8

Privacy statement

13

Section A4.9

Ethical considerations

14

Section A4.10

Notices

A4.1

About Macquarie

Macquarie Bank Limited (“**Macquarie Bank**”) is an authorised deposit-taking institution under s9 of the *Banking Act 1959* (Cth). Macquarie Bank is a wholly-owned subsidiary of Macquarie Group Limited (“**MQG**”). MQG, which is the ultimate listed parent of the Macquarie Group, is listed on the ASX and is regulated by APRA as

a non-operating holding company of an authorised deposit-taking institution.

Further information about the Macquarie Group structure and Macquarie Bank is available from www.macquarie.com.au. Information disclosed to ASX by MQG can be viewed on the ASX website: asx.com.au (listing code MQG).

Disclosure obligations

Macquarie Bank is a disclosing entity under the Corporations Act and has a continuous disclosure obligation under that Act and the ASX Listing Rules. This means that, subject to certain exceptions, Macquarie Bank must disclose to ASX any information concerning it that a reasonable person would expect to have a material effect on the price or value of Macquarie Bank’s quoted securities (Macquarie Income Securities). Copies of the information disclosed to ASX can be viewed on the ASX website: asx.com.au (ASX code: MBLHB).

Documents available

Macquarie Bank will provide a copy, free of charge, of its most recent publicly available financial reports and interim reports to any person who requests such copies by contacting Macquarie Bank (see the Directory for details).

These documents may also be available online at: www.macquarie.com.au/shareholdercentre.

Updated information

You can obtain up-to-date information about Macquarie Bank, including financial information, by referring to www.macquarie.com.au/shareholdercentre.

A4.2

Potential conflicts of interest

Potential conflicts of interest arise in relation to the Warrants because some members of the Macquarie Group may:

- hold positions in Warrants;
- receive remuneration based on the issue or performance of the Warrants, in whole or in part;
- buy and sell (whether as principal or agent), and have interests opposite to your interests as the Holder of a Warrant in, financial products related or equivalent to the Warrants, a Reference Asset or other financial products relating to the issuer of a Reference Asset;
- hold directorships in the issuer of a Reference Asset;
- have business relationships or alliances (including joint ventures) with any issuer of a Reference Asset;
- be a substantial shareholder of any issuer of a Reference Asset; and
- have a commercial relationship with senior executives of the issuer of a Reference Asset and may sell financial products to, or advise, such senior executives in relation to the Warrants or matters unconnected with the Warrants.

In addition, members of the Macquarie Group may from time to time advise the issuer of a Reference Asset (or its

officers, directors or employees) in relation to activities unconnected with the Warrants and which may or may not affect the value of the issuer of a Reference Asset and consequently the value of your Warrants. Such relationships and advisory roles may include:

- acting as manager or joint lead manager in relation to the offering or placement of rights, options or other securities;
- underwriting the offering or placement of rights, options or other securities;
- advising in relation to mergers, acquisitions or takeover offers; and
- acting as general financial adviser in respect of, without limitation, corporate advice, financing, funds management, property and other services.

These activities may have an affect on the value of your Warrants and/or any Reference Assets.

A4.3

Substantial shareholdings, takeovers, associations and short selling

A4.3.1

Substantial shareholdings, takeovers and associations

The acquisition of a Warrant may have implications for you (particularly substantial shareholders) under Chapters 6, 6A and 6C of the Corporations Act. Such implications may include takeover obligations, acquisition restrictions, reporting obligations, and other disclosure requirements.

Whether your holding of a Warrant will have any implications for you will depend on your personal circumstances and you should obtain your own legal advice in this regard.

A4.3.2

ASIC Class Orders

ASIC has issued the following Class Orders that will apply to the Warrants issued under this PDS:

- Class Order 02/924 which modifies the Corporations Act so that the Holder of a Call Warrant does not have a relevant interest merely because of a right to acquire securities underlying the Warrant or a right to have the securities held in trust. This relief covers the takeover prohibition but not does not apply to the substantial shareholding provisions of the Corporations Act;
- Class Order 02/925 which modifies the Corporations Act so that:
 - (i) a Call Warrant issuer does not have a relevant interest in securities underlying the Warrant where the issuer has no power to control voting or disposal except if the Warrant expires or the Holder defaults; and
 - (j) no association arises between the Holder of a Call Warrant and the issuer of a Call Warrant merely because of the Call Warrant; and

- Class Order 02/926 which modifies the Corporations Act so that:

- (i) a Put Warrant issuer does not have a relevant interest in securities in trust under the Warrant merely because the issuer has power to control voting or disposal where the Warrant expires or the Holder defaults; and
- (ii) no association arises between the warrant issuer and the Holder merely because of the Warrant.

A4.3.4

Short selling

Whether your holding of a Warrant will have any implications for you in relation to applicable short selling laws will depend on your personal circumstances and you should obtain your own legal advice in this regard.

A4.4

Foreign holders

The acquisition of a Warrant may also have implications for you under the *Foreign Acquisitions and Takeovers Act 1975* (Cth) (**FATA**). Foreign ownership of securities in Australian companies may also be restricted under other Commonwealth or State legislation, or under Government policy. You should inform yourself of the restrictions that may apply to any investment you make in Macquarie Warrants.

A4.5

Shareholding limits or restrictions

Some issuers of a Reference Asset may be subject to legislation which prescribes maximum shareholding limits for shareholders or restrictions which may prohibit or limit the interests in that entity that you may acquire. You should inform yourself of the restrictions that may apply to any investment you make in Macquarie Warrants.

A4.6

Anti-money laundering regulations

If you acquire a Warrant:

- (a) you undertake that you will not knowingly do anything to put us or any other member of the Macquarie Group in breach of AML/CTF Laws. You undertake to notify us if you become aware of anything that would put us or any other member of the Macquarie Group in breach of AML/CTF Laws;
- (b) If requested by us, you undertake to provide additional information and assistance, and comply with all reasonable requests, to facilitate our compliance with AML/CTF Laws in Australia or any equivalent laws in any overseas jurisdiction;
- (c) You represent that you are not aware, and have no reason to suspect, that:
 - the money used to fund your investment in a Warrant is derived from or related to Illegal Activities; and
 - the proceeds of any investment made in connection with a Warrant will fund Illegal Activities;

- (d) you consent to us and other members of the Macquarie Group disclosing, in connection with, or as required by, AML/CTF Laws, any of your Personal Information that we have (as defined in the Privacy Act 1988 (Cth)).
- (e) you acknowledge and agree that:
- (i) we, and other members of the Macquarie Group, are subject to AML/CTF Laws;
 - (ii) we, or another member of the Macquarie Group, may, in connection with its obligations under AML/CTF Laws, be obliged to freeze or block, or take other action in relation to, an account or Warrant where it is used in connection with Illegal Activities or suspected Illegal Activities;
 - (iii) freezing or blocking or the taking of such other action can arise as a result of the monitoring that is required by AML/CTF Laws;
 - (iv) you will be required to indemnify us, and each other member of the Macquarie Group, if we, or any other member of the Macquarie Group, are found liable to a third party in connection with the freezing or blocking of, or the taking of any other action in relation to, any Warrant or any associated account, in connection with its obligations under AML/CTF Laws;
 - (v) we, and each other member of the Macquarie Group, retain the right not to provide any financial service or financial product (including Warrants) to any person that we, or any other member of the Macquarie Group, decides, in its sole discretion, that it does not wish to supply.

A4.7

National Guarantee Fund

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 on the expiry or early termination of the Warrants (eg, the obligation to pay you either the Cash Settlement Amount (if any) or the Early Lapse Amount (if any)).

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

A4.8

Privacy Statement

By acquiring a Warrant, you agree to us collecting and using personal information about you to administer and manage the products and services we provide to you. This includes monitoring, auditing and evaluating those products and services, modelling data, data testing, communicating with you and dealing with any complaints or enquiries.

You need not give us any personal information we request. However, if you do not provide us with complete information, we may not be able to issue you with a

Warrant or provide you with an appropriate level of service.

You agree to allow us to provide access to your personal information to other members of the Macquarie Group as well as external service providers (including those located offshore) which provide services in connection with our products and services, for example, mail houses and professional advisers.

If you notify us that you are using the services of an adviser, we may supply that adviser with information about your investments.

We may also disclose your personal information:

- if, acting in good faith, we believe that the law requires or permits us to do so or it is requested by any governmental or judicial body;
 - if we believe the disclosure of such information is reasonably necessary or desirable in connection with either:
 - the issuing, lapsing, expiry or administration of the Warrants;
 - effecting transactions in accordance with the Terms of Issue;
 - Macquarie's internal risk management requirements, procedures and policies,
 and the recipient of such information has agreed to maintain the confidentiality of such information on terms acceptable to Macquarie (acting in a commercially reasonable manner);
 - if you consent; or
- to any person proposing to acquire an interest in our business.

We and other members of the Macquarie Group may use your personal information to offer products or services that may be of interest to you, unless you request us not to.

Under the Privacy Act 1988, you may request access to your personal information that we hold.

You can contact us to make such a request, or for any other reason relating to the privacy of your personal information, by telephoning us on the telephone number, or by writing to us at the address, listed in the Directory.

Our privacy statement and details on how you may access or update your personal information can be accessed at www.macquarie.com.au/au/privacy_policy.htm.

A4.9

Ethical considerations

We do not take labour standards or social, environmental or ethical considerations into account when selecting, retaining or realising the Warrants or any related Reference Assets.

A4.10

Notices

Clause 6 of the Terms of Issue covers the giving of notices by Macquarie and the Holder in relation to the Warrants. It is important that you are familiar with the Terms of Issue (including clause 6) before investing as you agree to be bound by the Terms of Issue when you acquire a Warrant.

In relation to the giving of notices or other communications in respect of a Warrant, it is important to note that:

- in relation to notices given by Macquarie, it is not reasonably practicable for Macquarie to confirm with each individual Holder of a Warrant that they have received all communications in relation to their Warrants. This is reflected in the Terms of Issue which provide that notices given by Macquarie to a Holder will be deemed to received by the Holder after a certain period of time (depending on the method of giving the notice) or on the occurrence of a specified event; and
- in relation to notices given by you, you will need to contact Macquarie to ensure that any notice you have attempted to give us has actually been received by us as we will only be deemed to have received a notice from you when it is actually received by us.

It is therefore very important that you:

- **continue to monitor your investment in Warrants, and in particular, regularly check the ASX website or our website for updates and communications which may affect your Warrants;**
- **always call us to confirm whether we have received a notice or other communication you have attempted to give to us; and**
- **ensure that your details with the Registry are up-to-date at all times as we will rely on the information in the Registry for the purposes of sending any notices to you.**

Terms of Issue

15

Clause 1

The Warrants

16

Clause 2

Record Dates, Potential Adjustment Events and other Adjustments

17

Clause 3

Extraordinary Events

17

Clause 4

Currency Conversion and Conversion Events

17

Clause 5

Register of Holders, Certificates and Transfers

18

Clause 6

Notices

19

Clause 7

Anti-Money Laundering – Counter-Terrorist Financing

19

Clause 8

Privacy

20

Clause 9

Miscellaneous

21

Clause 10

Interpretation

In the event of any inconsistency between these Terms of Issue and any part of the PDS or the Additional Information Booklet, these Terms of Issue will prevail.

1.

The Warrants

1.1

Grant of a Warrant

In return for a person submitting a validly completed Application Form to Macquarie and paying the Premium for a Warrant to Macquarie (receipt of which is acknowledged by Macquarie), Macquarie will grant the Warrant, on and subject to these Terms of Issue and any other terms set forth in the PDS or SPDS for that Warrant, to that person, whose name will be entered in the Register as the Holder of that Warrant.

1.2

Nature of a Warrant

Subject to these Terms of Issue, a Warrant is an agreement by Macquarie to pay to the Holder, on exercise of that Warrant, the Cash Settlement Amount (if any) in accordance with clause 1.3.

1.3

Exercise of a Warrant

- (a) A Holder may, at any time prior to:
- (i) in the case of a Share Warrant which is also an American Warrant, the Daily Cut-off Time on any Business Day during the Term of the Warrant (other than its Expiry Date);
 - (i) in the case of any other Warrant, and on the Expiry Date of a Share Warrant which is also an American Warrant, prior to the Closing Time on the Expiry Date,
- give an Exercise Notice to Macquarie in relation to some or all of the Holder's Warrants.
- (b) If an Eligible Holder has delivered to Macquarie a valid Exercise Notice in respect of a Warrant in accordance with clause 1.3(a) and 1.4, the Warrant will terminate and Macquarie must pay to that Holder the Cash Settlement Amount on the Payment Date.

1.4

Exercise Notices

- (a) An Exercise Notice does not become valid and effective unless:
- (i) it has been duly completed;
 - (ii) the Exercise Notice is received by Macquarie by way of facsimile transmission to the fax number specified in the Directory by:
 - (1) in the case of an American Warrant by either:
 - (X) the Daily Cut-off Time on a Business Day (other than the Expiry Date); or
 - (XI) The Closing Time on the Expiry Date; or
 - (2) in the case of a European Warrant, the Closing Time on the Expiry Date;
 - (iii) in the case of an American Warrant and an Exercise Notice given on a day other than the Expiry Date of the Warrant, the Holder has, by the Daily Cut-off Time on a Business Day, notified Macquarie by way of telephone call to the number specified in the Directory that it has sent the facsimile referred to in (ii) above; and
 - (iv) the person who gives the Exercise Notice becomes the Eligible Holder of the relevant Warrant.
- (b) Any Exercise Notice given by a Holder in respect of an American Warrant may not be revoked by a

Holder unless otherwise agreed by Macquarie (such consent not to be unreasonably withheld, for example, where Macquarie would not incur any loss, cost or expense by agreeing to the revocation).

- (c) Any Exercise Notice received by Macquarie:
- (i) in the case of an American Warrant after the Daily Cut-off Time on a Business Day (other than the Expiry Date) shall be deemed to be received before the Daily Cut-off Time on the next succeeding Business Day; and
 - (ii) in the case of a European Warrant, prior to the Expiry Date, shall only be deemed to be received by Macquarie on the Expiry Date.
- (d) Notwithstanding any other provision of these Terms of Issue, if a Holder fails to give an Exercise Notice to Macquarie by the Closing Time on the Expiry Date, Macquarie will deem the Holder to have given a valid Exercise Notice in respect of those Warrants in accordance with clause 1.4(a).

1.5

Satisfaction of obligations

On Macquarie or its nominee (on behalf of Macquarie) performing its obligations under clause 1.2 in respect of a Warrant (as the case may be), Macquarie's obligations to the Holder in respect of such Warrant is satisfied and discharged and that Warrant is thereby terminated.

1.6

No interest in Reference Asset or Accretions

For the avoidance of doubt, the Holder acknowledges and agrees that a Warrant does not confer on a Holder any right or interest in respect of the Reference Asset or any Accretions to any Reference Asset for that.

2.

Record Dates, Potential Adjustment Events and other Adjustments

2.1

Record Dates

For each Warrant, Macquarie will fix Record Dates at the same times, or as near as practicable (after taking into account differences in the respective settlement systems used to settle trades in the Warrants and any relevant Reference Assets), as any relevant Record Dates for any relevant Reference Asset.

2.2

Potential Adjustment Events

- (a) If a Potential Adjustment Event occurs, or is expected to occur, in relation to a Reference Asset on or before the Expiry Date of a Warrant, Macquarie may, unless clause 2.2(b) applies:
- (i) adjust the Warrant in accordance with clause 2.2(c); and
 - (ii) determine the effective date of such adjustments.
- (b) Where Macquarie determines (acting in a

commercially reasonable manner) that:

- (i) if the Warrant were to be adjusted in accordance with clause 2.2(c) in relation to the Potential Adjustment Event:
 - (1) Macquarie **would not** be able to continue to effectively manage its risk, on an on-going basis, of maintaining the Warrant on issue; or
 - (2) Macquarie would incur a material increase in costs in managing its risk, on an on-going basis, of maintaining the Warrant on issue (for example, in relation to establishing, holding and/or unwinding any of Macquarie's Hedge Positions in respect of a Warrant); or
- (ii) it is not reasonably practicable to adjust the Warrant in relation to the Potential Adjustment Event in accordance with clause 2.2(c),

Macquarie may treat such Potential Adjustment Event as an Extraordinary Event and fix an Early Lapse Date in respect of that Warrant pursuant to clause 3.

- (c) If clause 2.2(b) does not apply, adjustments that may be made by Macquarie to the Warrant include, with the consent of the ASX, any one or more of the following:
- (i) any adjustments consistent with the methodology employed by the ASX for adjustments to exchange-traded options in respect of events similar to the applicable Potential Adjustment Event; or
 - (ii) as Macquarie determines (acting in a commercially reasonable manner) having regard to the relevant Potential Adjustment Event and its effect on the Warrant, **provided however** that any such adjustments are made for the purposes of preserving (to the extent reasonably practicable) the economic equivalence of the parties' positions immediately prior to the adjustments being made in relation to the Potential Adjustment Event (apart from small differences which may arise due to rounding).
- (d) If Macquarie makes an adjustment to a Warrant pursuant to this clause 2, Macquarie shall give the Holder of such Warrant and the ASX written notice of that adjustment by way of an ASX market announcement as soon as reasonably practicable following the determination by Macquarie of the adjustments to be made to the Warrant.

2.3

Eligibility

A person who becomes registered as the Holder of a Warrant after the Record Date for a Potential Adjustment Event in respect of a Warrant has no entitlement whatsoever to any amount or benefit in respect of that Potential Adjustment Event.

3. Extraordinary Events

3.1 Lapse of Warrant on Extraordinary Event

- (a) A Warrant will lapse on the day on which an Extraordinary Event is nominated by Macquarie (the “**Early Lapse Date**”) (with the consent of the ASX) unless either:
- (i) Macquarie, when nominating the Extraordinary Event, specifies a later date on which the Warrant will lapse as a result of the Extraordinary Event, in which case such later date shall be the Early Lapse Date; or
 - (ii) the nomination of the Extraordinary Event is subsequently withdrawn in accordance with clause 3.2.
- (b) Where a Warrant lapses on an Early Lapse Date pursuant to this clause 3.1, the Holder shall be entitled to receive the Early Lapse Amount from Macquarie on the Early Lapse Payment Date.

3.2 Withdrawal of Nomination

Macquarie may, with the consent of the ASX, withdraw any event nominated as an Extraordinary Event at any time prior to the Warrant lapsing under clause 3..

3.3 Notice of Nominations or Withdrawals

Where a nomination or withdrawal of a nomination of an Extraordinary Event is made under this clause 3, Macquarie will, as soon as reasonably practicable, notify Holders of that nomination or withdrawal (as the case may be) by:

- (a) either:
- (i) placing a notice in a major financial daily newspaper (if any) and a major daily newspaper in each State and Territory of Australia giving details of the nomination or withdrawal (as the case may be); or
 - (ii) giving notice in writing of the details of the nomination or withdrawal (as the case may be) to Holders of the affected Warrants, and
- (b) giving a copy of the text of that notice to ASX.

3.4 Termination on payment of Early Lapse Amount

A Warrant will terminate and the parties will have no further obligations to each other with respect to that Warrant on payment by Macquarie of the Early Lapse Amount (if any) in respect of that Warrant under clause 3.1(b) (other than the obligations arising pursuant to clause 9.1).

4. Currency Conversion and Conversion Events

4.1 Currency Conversion

Where an amount or value is to be converted from one currency to another currency under these Terms of Issue, Macquarie will determine the exchange rate at which such conversion will occur having regard to:

- (a) such exchange rates as Macquarie is able to, or would be able to, transact at, or effect, the relevant currency conversion required under these Terms of Issue; and
- (b) market exchange rates prevailing at the relevant time.

4.2 Effect of Conversion Events

Where a Conversion Event occurs on a date on which an amount or value is to be converted from one currency to another under these Terms of Issue, Macquarie may:

- (a) defer the calculation, determination or payment (as the case may be) to the next day on which no Conversion Event exists; and
- (b) delay the payment of any amounts payable to a Holder by a period equivalent to the period for which the Conversion Event occurred.

5. Register of Holders, Certificates and Transfers

5.1 Register

Macquarie must keep and maintain, or cause the Registrar to keep and maintain, a register of Holders in accordance with the requirements of the ASX Operating Rules and the ASX Settlement Rules. The Register must, except when duly closed, be open at all reasonable times during business hours on each Business Day for inspection by any Holder or any person authorised in writing by a Holder.

5.2 No Certificates for Warrants

- (a) Macquarie need not issue a certificate evidencing the title of a Holder to a Warrant but must comply with the Corporations Act, the ASX Operating Rules and the ASX Settlement Rules concerning the issue of notices relating to Warrants.
- (b) Each Holder may receive a holding statement concerning Warrants held by the Holder from time to time in accordance with clause 5.2(a). Holding statements will contain any information required by the Corporations Act, the ASX Operating Rules and the ASX Settlement Rules. A holding statement is not an item of separate property and is not conclusive evidence of a holding of Warrants.

5.3 Transfer

- (a) A Warrant may be transferred if the transfer is in the manner prescribed by, or under, the Corporations Act, the ASX Operating Rules and the ASX Settlement Rules (as applicable), or if permitted, in accordance with the provisions in Schedule 1.

- (b) Macquarie:
- (i) must deal with, certify and register a transfer of a Warrant which complies with clause 5.3(a) and AML/CTF Laws in accordance with the ASX Operating Rules and the ASX Settlement Rules; and
 - (ii) may refuse to register such a transfer where to do so is permitted by, and in accordance with any procedures prescribed by, the Corporations Act, the ASX Operating Rules and the ASX Settlement Rules or AML/CTF Laws.

5.4

Notice of Trusts

Except as required by law, no notice of any trust (express, implied, resulting or constructive) will be entered in the Register. Except as otherwise provided in these Terms of Issue, 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 a Warrant.

5.5

Situs

Property in Warrants is, for all purposes, situated at the place where the Register is situated and not elsewhere.

5.6

Evidence

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

5.7

CHESS

When (and if) Warrants become "Approved Financial Products", as that term is defined in the ASX Settlement Rules, holdings of Warrants will be registered on CHESS or the Issuer Sponsored Sub-register. Warrants held by a Holder that is either sponsored by, or is, a participant in CHESS may be registered on the CHESS Sub-register. All other holdings of Warrants will be registered on the Issuer Sponsored Sub-register.

5.8

Correctness of Register

- (a) Unless Macquarie has reasonable grounds to believe that the Register or such advice is not correct:
 - (i) Macquarie is entitled to assume that the Register is correct and need not enquire into its correctness; and
 - (ii) any advice given to Macquarie by the Registrar as to the contents of, or matters relating to, the Register shall be prima facie evidence of the contents of, or other matters relating to, the Register.
- (b) Macquarie is not liable for any mistake in, or omission from, the Register except to the extent that the mistake or omission is attributable to its

own negligence or fraud.

6.

Notices

6.1

Sending notices

- (a) Subject to clause 6.2:
 - (i) all Exercise Notices must be given to Macquarie in accordance with clause 1.4; and
 - (ii) all other notices and communications required under these Terms of Issue to be in writing must be sent to the recipient by hand, prepaid post (airmail if outside Australia) or Electronic Communication.
- (b) All notices and other communications are to be sent to the addresses of the respective parties as set out in:
 - i) in the case of a Holder, the Register; or
 - (ii) in the case of Macquarie, the Directory,
 or as otherwise notified by one party to the other in writing from time to time.
- (c) A communication sent by Electronic Communication must state the first and last name of the sender and the Electronic Communication is taken to be signed by the named sender.

6.2

Effectiveness of Notices

A notice or other communication given by

- (a) Macquarie to a Holder is deemed to be duly received by the Holder as follows:
 - (i) if sent by hand, when left at the address of the recipient;
 - (ii) if sent by prepaid post, five days after the date of posting; or
 - (iii) if sent by Electronic Communication, either:
 - (1) on receipt by the sender of an acknowledgement or transmission report generated by the device from which the Electronic Communication was sent indicating that the Electronic Communication was sent in its entirety to the recipient; or
 - (2) four hours after the time sent (as recorded on the device from which the sender sent the Electronic Communication) unless the sender receives an automated message that the Electronic Communication has not been delivered,
 whichever happens first; and
- (b) the Holder to Macquarie is deemed to be duly received by Macquarie when it is actually received by Macquarie.

6.3

Posting notices on Macquarie's website

Macquarie may also give a communication to a Holder by making it available at Macquarie's website (as specified in the Directory) for the Holder's retrieval by Electronic Communication, on the condition that Macquarie notify the Holder that the communication is available for the Holder's retrieval. A communication Macquarie makes available for a Holder's retrieval shall be deemed to be duly received by the Holder when communication Macquarie sends the Holder to notify the Holder of the availability of the communication for retrieval is deemed to be received under clause 6.2(c) of these Terms of Issue.

6.4

Joint Holders

If more than one person is entered in the Register as the Holder of any Warrant, a notice given by Macquarie to the first-named joint Holder in the Register is effective as notice to all of those persons.

7.

Anti-Money Laundering – Counter-Terrorist Financing

Each Holder:

- (a) undertakes:
 - (i) that it will not knowingly do anything to put Macquarie or any other Macquarie Entity in breach of any AML/CTF Laws;
 - (ii) to notify Macquarie if it is, or becomes aware of anything that would put either Macquarie, any other Macquarie Entity or the Holder in breach of AML/CTF Laws; and
 - (iii) to, if requested by Macquarie, provide additional information and assistance and comply with all reasonable requests to facilitate Macquarie's compliance with AML/CTF Laws in Australia or equivalent laws in any overseas jurisdiction.
- (b) represents that it is not aware, and has no reason to suspect that:
 - (i) the money used to fund an investment in any Warrant is derived from, or related to, Illegal Activities; and
 - (ii) proceeds of an investment made in any Warrant will fund Illegal Activities;
- (c) consents to each Macquarie Entity disclosing, in connection with, or as required by, AML/CTF Laws, any of the Holder's Personal Information (as defined in the Privacy Act 1099 (Cth)) that that Macquarie Entity holds; and
- (d) acknowledges and agrees:
 - (i) that Macquarie, and other members of the Macquarie Group, are subject to AML/CTF Laws;
 - (ii) that a Macquarie Entity may, in connection with its obligations under AML/CTF Laws,

freeze, block or take any other action in relation to, one or more Warrants or any associated account where they are used in connection with Illegal Activities or suspected Illegal Activities and that if this occurs no Macquarie Entity will be liable to the Holder for any consequences or losses whatsoever arising as a result thereof;

- (iii) freezing or blocking or the taking of any other action can arise as a result of the monitoring that is required by AML/CTF Laws; and
- (iv) to indemnify each Macquarie Entity if such party is found liable to a third party in connection with the freezing or blocking of, or the taking of any other action in relation to, any Warrants or any associated account in connection with its obligations under AML/CTF Laws; and
- (v) each Macquarie Entity retains the right not to provide services and/or issue Warrants to any person that that Macquarie Entity decides, in that party's discretion, that it does not wish to supply.

8.

Privacy

Each Holder consents to Macquarie giving, from time to time, to:

- (a) any other Macquarie Entity;
- (b) any other third parties; or
- (c) a person notified to Macquarie in writing by the Holder as its representative for the purposes of any Warrant,

any information in Macquarie's possession about the Holder, these Terms of Issue or any matter contemplated by these Terms of Issue that such parties may request from time to time provided that, in the case of the persons referred to in paragraphs (a) and (b) above, the giving of such information to such parties must only occur to the extent that:

- (1) it is required or permitted by law, or requested by any governmental or judicial body;
- (2) the giving of such information is considered by Macquarie to be reasonably necessary or desirable in connection with either:
 - (i) the issuing, lapsing, expiry or administration of the Warrants;
 - (ii) effecting transactions in connection with the Terms of Issue; or
 - (iii) Macquarie's internal risk management requirements, procedures and policies,and the recipient of such information has agreed to maintain the confidentiality of such information on terms acceptable to Macquarie (acting in a commercially reasonable manner); and
- (3) it relates to a proposal by any person to acquire an interest in Macquarie's business.

Information may be given in electronic, paper or spoken form. Macquarie is not in any way liable to a Holder, and each Holder releases Macquarie, Macquarie's directors and employees from any liability, for the unauthorised accessing or release of any such information by such parties (except to the extent, and only to the extent, such unauthorised accessing or release arises from Macquarie's negligence or fraud).

9. Miscellaneous

9.1 Failure of Macquarie to pay

If Macquarie fails to pay any amount when due to a Holder, interest accrues on that amount at the Default Rate calculated on a daily basis from (and including) the day on which such payment was due to (and excluding) the date of payment.

9.2 Changes to the Terms of Issue

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

- (a) where the terms of that Change are approved by a resolution of the Holders passed in accordance with the provisions of Schedule 2; or
- (b) with the consent of the ASX, where:
 - (i) the Change is necessary in the reasonable opinion of Macquarie to comply with any statutory or other requirements of law or any requirement of ASX;
 - (ii) the Change is to rectify any defect, manifest error or ambiguity in these Terms of Issue and the Change does not materially prejudice the interests of Holders;
 - (iii) the Change permits the transfer of a Warrant by a method other than as set out in these Terms of Issue;
 - (iv) the Change is made in connection with an adjustment (eg, under clause 2 of these Terms of Issue) or an Extraordinary Event; or
 - (v) in the reasonable opinion of Macquarie, the Change does not materially prejudice the interests of Holders.

9.3 Notifications to the ASX

Macquarie must, if required by the ASX Operating Rules, notify ASX of any Change to these Terms of Issue made under clause 9.2.

9.4 No requisition

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

9.5 Telephone recording

Each party agrees to:

- (a) the other party recording any telephone conversations concerning a Warrant or any proposed investment in a Warrant;
- (b) the retention of any recording so made;
- (c) the use of any recording so made as evidence of the content of the conversation.

Each party further acknowledges and agrees that the other party is not obliged to maintain a copy of such recordings or transcripts and may from time to time destroy copies of any recordings so made in accordance with its internal policies and guidelines.

9.6 Directions

A Holder is not entitled to give any direction to Macquarie concerning the exercise by Macquarie of any discretion relating to the Warrants or any other discretion conferred on Macquarie by these Terms of Issue; **provided however** that any discretion conferred on Macquarie pursuant to the Terms of Issue must be exercised in a commercially reasonable manner.

Each Holder hereby acknowledges that the requirement to act in a commercially reasonable manner does not however require Macquarie to always act in the best interests of Holders.

9.7 Buy Back and Cancellation

Macquarie (or its nominee) may buy back one or more Warrants that have been issued and cancel or resell those Warrants. Where Macquarie cancels a Warrant, it will do so by recording such cancellation in the Register.

9.8 Copy of Terms of Issue Available

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

9.9 Joint Holders and Joint Tenancy

There must not be more than three Holders of a Warrant except in the case of the legal representatives of a deceased Holder. Where there are joint holders of a Warrant:

- (a) all notices, payments and other correspondence to joint Holders may be directed, given or made to the first-named joint Holder in the Register; and
- (b) if a joint Holders dies, the survivor joint Holders will be the only persons recognised by Macquarie as having any title or interest in the Warrant.

9.10 Amounts donated to charity

Where at any time a Holder is entitled to receive a payment under these Terms of Issue in respect of a particular Series and the aggregate amount of that payment is less than AUD5.00, Macquarie may, instead of paying such amount to the Holder, donate such

monies to a charity of Macquarie's choice.

9.11

Unclaimed monies

Any payments made to Holders but remaining unclaimed may be dealt with by Macquarie in accordance with laws applicable to unclaimed monies.

9.12

Information

A Holder shall provide information reasonably requested by Macquarie for the purposes of:

- (a) the issuing, lapsing, expiry or administration of the Warrants;
- (b) effecting transactions in connection with the Terms of Issue; or
- (c) where such information is required in connection with Macquarie's compliance with any applicable law.

9.13

No Merger

Unless expressly provided in these Terms of Issue, no right of a party merges in, adversely affects or is adversely affected by any other right, judgment or remedy which a party (or anyone claiming through it) may have or obtain.

9.14

Waiver

Any delay, relaxation or indulgence on the part of a party in exercising any power or right conferred on such party by these Terms of Issue 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 of Issue.

9.15

Reliance on documents and experts

- (a) Macquarie may rely on:
 - (i) any document or Email (including any facsimile transmission, telegram or telex); and
 - (ii) advice, information and statements of the Registrar or other persons employed or retained by it,

each a "Communication" unless it has reasonable grounds to believe that such Communication is not genuine or correct and will not be liable for any act or omission undertaken in reliance on that Communication.

- (b) Where Macquarie considers that it requires any advice, information or statement from any of the persons referred to in paragraph (a) of this clause 9.15, for the purpose of exercising or performing its powers and obligations under these Terms of Issue, Macquarie will have no liability in connection with any reasonable delay in the exercise or performance of the relevant powers or duties pending receipt of the relevant advice, information or statements.

9.16

Entire Agreement

Each party acknowledges and agrees that, unless otherwise agreed in writing, these Terms of Issue contain all the terms on which the Warrants are or will be provided.

9.17

Severability

- (a) Any part of these Terms of Issue which is illegal, void or unenforceable will be:
 - (i) to the extent applicable, read down to the extent to which such provision is reasonably necessary to protect Macquarie's legitimate interests; or
 - (ii) where such provision cannot be read down in such manner, ineffective to the extent only of that illegality, voidness or unenforceability, without invalidating any other term, provision of part of these Terms of Issue.
- (b) If any condition, clause, provision or term ("**Condition**") of these Terms of Issue or the Glossary contains within it any sub-conditions, sub-clauses, sub-provisions or sub-terms ("**Sub-Conditions**"), each of those Sub-Conditions and any combination of any Sub-Conditions is a separate Condition and is to be read as if it was a separately expressed Condition.

9.18

Governing law and jurisdiction

These Terms of Issue are governed by and are to be construed in accordance with the laws 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.

10.

Interpretation

10.1

Definitions

Capitalised terms used in these Terms of Issue shall have the meaning set out in the Glossary.

10.2

General

In the PDS, the Additional information Booklet, any SPDS and these Terms of Issue, unless the context otherwise requires:

- (a) a reference to any legislation or legislative provision includes any statutory modification or re-enactment thereof, or legislative provision substituted therefore, 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 or Schedule is to a clause or schedule of, or to, these Terms of Issue;
- (f) a reference to any agreement or document (including, without limitation, these Terms of Issue, the ASX Operating Rules and the ASX 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”, “cents” and “\$” is a reference to Australian currency unless expressly stated otherwise;
- (h) 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, Australia, unless expressly stated otherwise;
- (j) expressions not otherwise defined in these Terms of Issue which are defined in the Corporations Act have the meaning given to them in the Corporations Act; and
- (k) expressions not otherwise defined in these Terms of Issue or the Corporations Act 2001 which are defined in the ASX Operating Rules or the ASX Settlement Rules have the meaning given to them in the ASX Operating Rules or ASX Settlement Rules as the case may be.

10.3

General

In the PDS, the Additional Information Booklet, any SPDS and these Terms of Issue, headings are for convenience only and do not affect interpretation.

10.4

ASX Operating Rules and ASX Settlement Rules

These Terms of Issue are subject, to the extent that they apply to the Warrants, to any contrary requirement from time to time of the Corporations Act, the ASX Operating Rules or the ASX Settlement Rules, unless ASIC, the ASX or ASX Settlement (as applicable) gives or has given a waiver of any or all of those rules. Where a provision of the Corporations Act, the ASX Operating Rules or ASX Settlement Rules as they apply (with waivers, notices, approvals and consents from ASX, ASX Settlement or ASIC) to the Warrants is inconsistent with a provision of these Terms of Issue, then the provision of these Terms of Issue shall be interpreted, or shall be amended, so as to be consistent and to permit compliance with the relevant provision of the Corporations Act, the ASX Operating Rules or ASX Settlement Rules, so far as is lawful and so far as does not materially prejudice the interests of Holders.

10.5

Series of Warrants

These Terms apply separately to each Series and are to be construed accordingly.

10.6

Calculations and rounding

In these Terms of Issue:

- (a) all calculations will be done to not less than two decimal places; and
- (b) all amounts payable to a Holder in relation to a Series held by that Holder will be aggregated and that aggregate will be rounded to the nearest whole cent.

Schedule 1

Transfer of Warrants

1. No fee will be charged for the registration of a transfer.
2. A transfer must be in accordance with the Corporations Act, the ASX Operating Rules and the ASX 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 2

Resolution of Holders

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

1. Macquarie dispatches by notice to every Holder in the Series affected by the proposed Change:
 - (i) a document setting out the terms of the proposed Change;
 - (ii) 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);
 - (iii) a document setting out the reasons for and any advantages or disadvantages of the Change; and
 - (iv) a document summarising the provisions of this Schedule 2;
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 fifteen (15) Business Days after the date of dispatch of the last of the notices referred to in paragraph 1 of this Schedule 2);
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 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.

Directory

ISSUER

Macquarie Bank Limited
ABN 46 008 583 542 and AFSL 237 502



Macquarie Securities Group
Level 3, No. 1 Martin Place
Sydney NSW 2000
Australia



1800 087 110



(02) 8232 6882



warrants@macquarie.com.au



macquarie.com.au/warrants

REGISTRAR

Computershare Investor Services Pty Limited



Level 3
60 Carrington Street
Sydney NSW 2000
Australia



1300 850 505