

Macquarie Share Warrants

Supplementary Product Disclosure Statement

MACQUARIE BANK LIMITED
MACQUARIE WARRANTS



MACQUARIE

15 March 2012
Macquarie Bank Limited
ABN 46 008 583 542 and AFSL 237502

FORWARD thinking

IMPORTANT INFORMATION

This document is a Supplementary Product Disclosure Statement and is dated 15 March 2012 ("SPDS"). This SPDS supplements the Product Disclosure Statement and Additional Information Booklet dated 1 September 2010 (together, the "PDS") and together, they establish the terms of issue of the Macquarie Share Warrants referred to below. The terms of the PDS continue in full force and effect except to the extent that those terms are modified by this SPDS. You should read this SPDS together with the PDS. Words defined in the PDS have the same meaning when used in this SPDS. This SPDS supersedes and replaces the previous SPDS dated 10 January 2012.

EXPERIENCED INVESTORS

You should not invest in Warrants unless you:

- are familiar with shares, securities, warrants, leveraged investments, options and investment in shares and securities generally; and
- understand and are comfortable with the risks associated with an investment in Warrants.

An investment in Warrants does not suit investors seeking a traditional investment product (such as a direct investment in shares). **You should be aware that:**

- **Warrants are a speculative investment and there is a material risk that you could lose all of the money that you invest in Warrants; and**
- **the value of a Warrant can vary materially in a relatively short period of time.**

FURTHER ADVICE RECOMMENDED

Investing in Warrants involves financial and other risks and is only suitable for you if:

- an investment in Warrants does not represent a significant part of your investment portfolio or program; and
- you fully understand the risks associated with an investment in Warrants.

Before you invest in Warrants, you should:

- carefully read all of the PDS, the Additional Information Booklet and this SPDS;
- seek professional legal, taxation and financial advice to determine whether an investment in Warrants is right for you; and
- carefully consider the potential benefits of, and the risks associated with, an investment in Warrants, in light of your particular investment needs, objectives and financial and taxation circumstances. In particular, you should be aware that the value of your Warrant will be significantly affected by:
 - the value of the Reference Share relative to the Strike Price of your Warrant;
 - changes in the volatility or liquidity of the Reference Share over the term of the Warrant; and
 - the time remaining to the Expiry Date.

More detailed information about the effect that these factors may have on the value of a Warrant is set out in Section 6.1 of the PDS. Further details about the risks associated with Warrants are set out in Section 5 of the PDS.

DIVERSIFICATION AND RISK

As well as considering the risks associated with an investment in Warrants, you should also consider how an investment in Warrants fits into your overall investment portfolio. By diversifying your investment portfolio, you can reduce your exposure to failure or underperformance of any one investment, investment manager or asset class.

SUPERANNUATION CONSIDERATIONS

Trustees of superannuation funds must formulate and implement an appropriate investment strategy that has regard to the whole of the circumstances of their superannuation fund and must act in the best interests of the members of their fund. This includes ensuring that they are familiar with the risks involved in, and have in place adequate risk management procedures to manage the risks associated with, an investment in Warrants prior to making such an investment.

In this context, trustees should give careful consideration to whether leveraged investments generally, and in particular highly leveraged investments, are an appropriate investment for the superannuation fund. Relevant to this consideration will be the risks of a leveraged investment as described in Section 5.1.2 of the PDS and other relevant factors such as the diversification of the assets of the superannuation fund, and the overall leverage of the superannuation fund.

Macquarie recommends trustees obtain independent legal, financial and taxation advice before making any investment decision. In particular, given that you could lose all of the money you invest in Warrants, trustees should carefully consider how much they want to invest in Warrants having regard to the size of the superannuation fund, the diversification of the superannuation fund's investments, and the overall level of leverage (or gearing) within the superannuation fund.

Section 1

Key Information

Issuer:	Macquarie Bank Limited ABN 46 008 583 542 and AFSL 237502
Registrar:	Computershare Investor Services Pty Limited Level 3, 60 Carrington Street Sydney NSW 2000, Australia Phone: 1300 85 05 05 Website: www-au.computershare.com

An application has been made to the ASX for the taking of such action as is necessary to enable the relevant Macquarie Warrants to be traded on the ASX.

Section 2

Details of the most recent Warrant Series

Please note that the details of each Series of Macquarie Share Warrants referred to in this SPDS are only valid as at the close of business on 14 March 2012 and may change throughout their term in accordance with the Terms of Issue. Current details for any Series can be obtained by contacting your stockbroker or adviser or contacting Macquarie (see the Directory for details).

ASX Code	Reference Share	Style (Call, Put)	Type (American, European)	Expiry Date	Strike Price (per Specified Number)	Specified Number
ANZVMC	Australia and New Zealand Banking Group Ltd	Call	European	24/05/2012	21.00	4
ANZVMD	Australia and New Zealand Banking Group Ltd	Call	European	24/05/2012	23.00	4
ANZVME	Australia and New Zealand Banking Group Ltd	Call	European	28/06/2012	21.00	4
ANZVMF	Australia and New Zealand Banking Group Ltd	Call	European	28/06/2012	23.00	4
ANZVMG	Australia and New Zealand Banking Group Ltd	Call	European	26/07/2012	22.00	4
ANZVMH	Australia and New Zealand Banking Group Ltd	Call	European	26/07/2012	24.00	4
ANZVMR	Australia and New Zealand Banking Group Ltd	Put	European	24/05/2012	22.00	4
ANZVMS	Australia and New Zealand Banking Group Ltd	Put	European	24/05/2012	20.00	4
ANZVMT	Australia and New Zealand Banking Group Ltd	Put	European	28/06/2012	22.00	4
ANZVMU	Australia and New Zealand Banking Group Ltd	Put	European	28/06/2012	20.00	4
ANZVMV	Australia and New Zealand Banking Group Ltd	Put	European	26/07/2012	22.00	4
ANZVMW	Australia and New Zealand Banking Group Ltd	Put	European	26/07/2012	20.00	4
BHPVMC	BHP Billiton Ltd	Call	European	24/05/2012	34.00	4
BHPVMD	BHP Billiton Ltd	Call	European	24/05/2012	36.00	4

ASX Code	Reference Share	Style (Call, Put)	Type (American, European)	Expiry Date	Strike Price (per Specified Number)	Specified Number
BHPVME	BHP Billiton Ltd	Call	European	28/06/2012	34.00	4
BHPVMF	BHP Billiton Ltd	Call	European	28/06/2012	36.00	4
BHPVMG	BHP Billiton Ltd	Call	European	26/07/2012	35.00	4
BHPVMH	BHP Billiton Ltd	Call	European	26/07/2012	37.00	4
BHPVMR	BHP Billiton Ltd	Put	European	24/05/2012	35.00	4
BHPVMS	BHP Billiton Ltd	Put	European	24/05/2012	33.00	4
BHPVMT	BHP Billiton Ltd	Put	European	28/06/2012	35.00	4
BHPVMU	BHP Billiton Ltd	Put	European	28/06/2012	33.00	4
BHPVMV	BHP Billiton Ltd	Put	European	26/07/2012	35.00	4
BHPVMW	BHP Billiton Ltd	Put	European	26/07/2012	33.00	4
CBAVMC	Commonwealth Bank of Australia	Call	European	24/05/2012	47.00	4
CBAVMD	Commonwealth Bank of Australia	Call	European	24/05/2012	49.00	4
CBAVME	Commonwealth Bank of Australia	Call	European	28/06/2012	47.00	4
CBAVMF	Commonwealth Bank of Australia	Call	European	28/06/2012	49.00	4
CBAVMG	Commonwealth Bank of Australia	Call	European	26/07/2012	48.00	4
CBAVMH	Commonwealth Bank of Australia	Call	European	26/07/2012	50.00	4
CBAVMR	Commonwealth Bank of Australia	Put	European	24/05/2012	48.00	4
CBAVMS	Commonwealth Bank of Australia	Put	European	24/05/2012	46.00	4
CBAVMT	Commonwealth Bank of Australia	Put	European	28/06/2012	48.00	4
CBAVMU	Commonwealth Bank of Australia	Put	European	28/06/2012	46.00	4
CBAVMV	Commonwealth Bank of Australia	Put	European	26/07/2012	48.00	4
CBAVMW	Commonwealth Bank of Australia	Put	European	26/07/2012	46.00	4
FMGVMA	Fortescue Metals Group Limited	Call	European	24/05/2012	6.00	2
FMGVMB	Fortescue Metals Group Limited	Call	European	28/06/2012	6.00	2
FMGVMC	Fortescue Metals Group Limited	Call	European	26/07/2012	6.00	2
FMGVMP	Fortescue Metals Group Limited	Put	European	24/05/2012	5.75	2
FMGVMQ	Fortescue Metals Group Limited	Put	European	28/06/2012	5.75	2
FMGVMR	Fortescue Metals Group Limited	Put	European	26/07/2012	5.50	2
NABVMC	National Australia Bank Ltd	Call	European	24/05/2012	23.00	4
NABVMD	National Australia Bank Ltd	Call	European	24/05/2012	25.00	4
NABVME	National Australia Bank Ltd	Call	European	28/06/2012	23.00	4
NABVMF	National Australia Bank Ltd	Call	European	28/06/2012	25.00	4
NABVMG	National Australia Bank Ltd	Call	European	26/07/2012	24.00	4
NABVMH	National Australia Bank Ltd	Call	European	26/07/2012	26.00	4
NABVMR	National Australia Bank Ltd	Put	European	24/05/2012	24.00	4
NABVMS	National Australia Bank Ltd	Put	European	24/05/2012	22.00	4
NABVMT	National Australia Bank Ltd	Put	European	28/06/2012	24.00	4
NABVMU	National Australia Bank Ltd	Put	European	28/06/2012	22.00	4
NABVMV	National Australia Bank Ltd	Put	European	26/07/2012	24.00	4
NABVMW	National Australia Bank Ltd	Put	European	26/07/2012	22.00	4
NCMVMB	Newcrest Mining Ltd	Call	European	28/06/2012	34.00	4
NCMVMC	Newcrest Mining Ltd	Call	European	24/05/2012	34.00	4
NCMVMD	Newcrest Mining Ltd	Call	European	26/07/2012	34.00	4
NCMVMQ	Newcrest Mining Ltd	Put	European	28/06/2012	33.00	4
NCMVMR	Newcrest Mining Ltd	Put	European	24/05/2012	33.00	4
NCMVMS	Newcrest Mining Ltd	Put	European	26/07/2012	33.00	4
RIOVMC	Rio Tinto Ltd	Call	European	24/05/2012	63.00	4
RIOVMD	Rio Tinto Ltd	Call	European	24/05/2012	66.00	4
RIOVME	Rio Tinto Ltd	Call	European	28/06/2012	63.00	4
RIOVMF	Rio Tinto Ltd	Call	European	28/06/2012	66.00	4
RIOVMG	Rio Tinto Ltd	Call	European	26/07/2012	64.00	4
RIOVMH	Rio Tinto Ltd	Call	European	26/07/2012	67.00	4
RIOVMR	Rio Tinto Ltd	Put	European	24/05/2012	64.00	4

ASX Code	Reference Share	Style (Call, Put)	Type (American, European)	Expiry Date	Strike Price (per Specified Number)	Specified Number
RIOVMS	Rio Tinto Ltd	Put	European	24/05/2012	61.00	4
RIOVMT	Rio Tinto Ltd	Put	European	28/06/2012	64.00	4
RIOVMU	Rio Tinto Ltd	Put	European	28/06/2012	61.00	4
RIOVMV	Rio Tinto Ltd	Put	European	26/07/2012	64.00	4
RIOVMW	Rio Tinto Ltd	Put	European	26/07/2012	61.00	4
WBCVMC	Westpac Banking Corporation	Call	European	24/05/2012	20.00	4
WBCVMD	Westpac Banking Corporation	Call	European	24/05/2012	22.00	4
WBCVME	Westpac Banking Corporation	Call	European	28/06/2012	20.00	4
WBCVMF	Westpac Banking Corporation	Call	European	28/06/2012	22.00	4
WBCVMG	Westpac Banking Corporation	Call	European	26/07/2012	21.00	4
WBCVMH	Westpac Banking Corporation	Call	European	26/07/2012	23.00	4
WBCVMR	Westpac Banking Corporation	Put	European	24/05/2012	21.00	4
WBCVMS	Westpac Banking Corporation	Put	European	24/05/2012	19.00	4
WBCVMT	Westpac Banking Corporation	Put	European	28/06/2012	21.00	4
WBCVMU	Westpac Banking Corporation	Put	European	28/06/2012	19.00	4
WBCVMV	Westpac Banking Corporation	Put	European	26/07/2012	21.00	4
WBCVMW	Westpac Banking Corporation	Put	European	26/07/2012	19.00	4

Section 3

Details of existing Warrant Series

Please note that the details of each Series of Macquarie Share Warrants referred to in this SPDS are only valid as at the close of business on 14 March 2012 and may change throughout their term in accordance with the Terms of Issue. Current details for any Series can be obtained by contacting your stockbroker or adviser or contacting Macquarie (see the Directory for details).

ASX Code	Reference Share	Style (Call, Put)	Type (American, European)	Expiry Date	Strike Price (per Specified Number)	Specified Number
ANZVMA	Australia and New Zealand Banking Group Ltd	Call	European	29/03/2012	23.00	4
ANZVMB	Australia and New Zealand Banking Group Ltd	Call	European	29/03/2012	26.00	4
ANZVMP	Australia and New Zealand Banking Group Ltd	Put	European	29/03/2012	20.00	4
ANZVMQ	Australia and New Zealand Banking Group Ltd	Put	European	29/03/2012	17.00	4
BHPVMA	BHP Billiton Ltd	Call	European	26/04/2012	38.00	4
BHPVMB	BHP Billiton Ltd	Call	European	26/04/2012	42.00	4
BHPVMP	BHP Billiton Ltd	Put	European	26/04/2012	34.00	4
BHPVMQ	BHP Billiton Ltd	Put	European	26/04/2012	30.00	4
CBAVMA	Commonwealth Bank of Australia	Call	European	29/03/2012	52.00	4
CBAVMB	Commonwealth Bank of Australia	Call	European	29/03/2012	55.00	4
CBAVMP	Commonwealth Bank of Australia	Put	European	29/03/2012	48.00	4
CBAVMQ	Commonwealth Bank of Australia	Put	European	29/03/2012	45.00	4
NABVMA	National Australia Bank Ltd	Call	European	29/03/2012	26.00	4
NBVMB	National Australia Bank Ltd	Call	European	29/03/2012	29.00	4
NBVMP	National Australia Bank Ltd	Put	European	29/03/2012	22.00	4
NBVMQ	National Australia Bank Ltd	Put	European	29/03/2012	19.00	4
RIOVMA	Rio Tinto Ltd	Call	European	26/04/2012	65.00	4

ASX Code	Reference Share	Style (Call, Put)	Type (American, European)	Expiry Date	Strike Price (per Specified Number)	Specified Number
RIOVMB	Rio Tinto Ltd	Call	European	26/04/2012	70.00	4
RIOVMP	Rio Tinto Ltd	Put	European	26/04/2012	60.00	4
RIOVMQ	Rio Tinto Ltd	Put	European	26/04/2012	55.00	4
WBCVMA	Westpac Banking Corporation	Call	European	29/03/2012	22.00	4
WBCVMB	Westpac Banking Corporation	Call	European	29/03/2012	25.00	4
WBCVMP	Westpac Banking Corporation	Put	European	29/03/2012	18.00	4
WBCVMQ	Westpac Banking Corporation	Put	European	29/03/2012	15.00	4

Section 4

Additional Information

- The Offer Period for each Series of Macquarie Share Warrants referred to in this SPDS will close on the date which is two weeks prior to the Expiry Date of that Series, unless otherwise specified by Macquarie. Macquarie retains the right not to issue or sell any more Warrants at any time;
- The initial issue size for each Series referred to in this SPDS is 10,000,000 Warrants; and
- Information about the Macquarie Group's potential conflicts of interest in relation to the Reference Shares referred to in this SPDS can be obtained by visiting www.macquarie.com/disclosures.

Directory

ISSUER

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



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Sydney NSW 2000
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REGISTRAR

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Macquarie Warrants

Product Disclosure Statement

Macquarie Bank Limited
Macquarie Warrants



MACQUARIE

1 September 2010
Macquarie Bank Limited
ABN 46 008 583 542 and AFSL 237502

FORWARD thinking

IMPORTANT NOTICE

This document is a Product Disclosure Statement. The date of this Product Disclosure Statement is 1 September 2010.

ADDITIONAL INFORMATION BOOKLET

This Product Disclosure Statement and any updates to this Product Disclosure Statement (updated as set out below) describe some of the general terms and conditions that govern the issue by Macquarie of Macquarie Warrants (**Warrants**). Other general terms and conditions relating to the Warrants are also described in the Additional Information Booklet dated 1 September 2010, which should be read together with this Product Disclosure Statement. A copy of the Additional Information Booklet can be obtained, free of charge, by contacting Macquarie (see the Directory for details). The Additional Information Booklet forms part of this PDS.

All references to "PDS" shall mean this Product Disclosure Statement, as supplemented by the Additional Information Booklet.

TERMS OF ISSUE

The contractual terms of the Warrants are set out in the Terms of Issue (Section A5 of the Additional Information Booklet) and the Glossary (Section 8 of this 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.

SUPPLEMENTARY PRODUCT DISCLOSURE STATEMENTS

Additional terms specifically relating to a Series of Warrants will be set out in a Supplementary Product Disclosure Statement (**SPDS**) which will be supplemental to, and should be read together with, this PDS.

If the SPDS for the Series of Warrants you want to invest in does not accompany this PDS, please contact Macquarie (see the Directory for details).

CORPORATIONS ACT CLASSIFICATION

Macquarie Warrants are "derivatives" for the purposes of s761D of the *Corporations Act 2001* (Cth) and "warrants" for the purposes of regulation 1.0.02 of the *Corporations Regulations 2001*.

FOREIGN JURISDICTIONS

No action has been taken to register or qualify the Warrants, or to permit a public offering of the Warrants, in any jurisdiction outside of Australia.

This PDS and any related SPDS are not an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. The distribution of this PDS and any SPDS outside Australia may be restricted by law. Persons who come into possession of this PDS and any SPDS who are not in Australia should seek advice on and observe such restrictions. Any failure to comply with such restrictions may be a violation of applicable securities laws.

The Warrants have not, and will not, be registered under the United States Securities Act of 1933, as amended (**US Securities Act**), or the laws of any State of the United States, and may not be offered or sold within the United States or to, or for the account or benefit of, a US Person (as defined under Regulation S under the US Securities Act).

CHANGES TO INFORMATION IN THIS PDS

The information in this PDS is current as at the date of this PDS, 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 PDS has been prepared and issued by Macquarie as issuer. Any other parties distributing this product are not Macquarie's agent. You should only rely on information in this 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 PDS or any SPDS. Any information or representation not contained in this 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 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 PDS or any SPDS 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 PDS or any SPDS, 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 PDS or any SPDS, or given any information specifically to Macquarie for the purpose of their preparation. Nothing in this PDS or any SPDS 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 PDS or the relevant SPDS (as the case may be), or as a representation as to the future in relation to any Listed Entity, any Reference Asset or Macquarie.

GLOSSARY

In Section 8 of this PDS is a Glossary in which various words and phrases used in this PDS are defined. If you do not understand a word or phrase, you should refer to the Glossary. Capitalised words that are used in this PDS 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 PDS are quoted in Australian dollars (**AUD**); and (b) all references to a time are to that time in Sydney, Australia.

ADMISSION TO TRADING STATUS ON ASX

Unless stated otherwise in an SPDS, an application will be made to the ASX to enable the Warrants referred to in the relevant SPDS to be admitted to trading status on the ASX within 7 days of the date of the relevant SPDS. The fact that the ASX may admit Warrants to trading status from time to time is not to be taken in any way as an indication of the merits of Macquarie or the Warrants.

The ASX does not warrant the accuracy or truth of the contents of this PDS or any SPDS. In admitting the Warrants to trading status and not objecting to the Terms of Issue, the ASX has not authorised or caused the issue of this PDS or any SPDS and is not in any way a party to, or concerned in, authorising or causing the issue of this PDS or any SPDS, or the making of offers or invitations with respect to any Warrants. The ASX takes no responsibility for the contents of this PDS or any SPDS. The ASX makes no representation as to whether this PDS, any SPDS or the Terms of Issue comply with the *Corporations Act 2001* (Cth) or the ASX Operating Rules.

To the extent permitted by law, the ASX will be under no liability for any claim whatsoever, including for any financial or consequential loss or damage suffered by you or any other person, where that claim arises wholly or substantially out of reliance on any information contained in this PDS or any SPDS, or any error in, or omission from, this PDS or any SPDS.

NO COOLING-OFF PERIOD

There is no 'cooling-off' period when you buy or sell a Warrant.

ENQUIRIES AND COMPLAINTS

We have procedures for dispute resolution, and they are available to you free of charge. You may make a complaint relating to Warrants directly to us in writing. We will always acknowledge any complaint promptly and provide a substantive response within no more than 45 days. If the outcome is unsatisfactory, you may refer your complaint to the Financial Ombudsman Service at:

Mail to: GPO Box 3, Melbourne VIC 3001
Telephone: 1300 78 08 08* or (03) 9613 7366 (9am - 5pm AEST)
Fax: (03) 9613 6399
Website: fos.org.au

*Calls charged at local rate from landlines; at the applicable rate of your carrier if calling from a mobile.

Macquarie Warrants

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Investment Overview

To find information on the topics listed below, see the Section number listed. These “highlights” indicate the kind of information you can find in this PDS, but are not intended to be a complete summary. You should read all of this PDS (including the Additional Information Booklet) and any relevant SPDS carefully and seek professional legal, taxation and financial advice to determine whether Macquarie Warrants are appropriate for you.

You should not invest in Macquarie Warrants unless you are an experienced investor and:

- are familiar with shares, securities, warrants, leveraged investments, options and investment in shares and securities generally; and
- understand and are comfortable with the risks associated with an investment in Macquarie Warrants.

An investment in Macquarie Warrants does not suit investors seeking a traditional investment product (such as a direct investment in shares). You should be aware that:

Macquarie Warrants are a speculative investment and there is a material risk that you could lose all of the money that you invest in Macquarie Warrants;

- the value of a Macquarie Warrant can vary materially in a relatively short period of time; and
- the higher the leverage of a Macquarie Warrant, the riskier an investment in that warrant will be.

Please read this PDS, the Additional Information Booklet and the relevant SPDS carefully before investing and seek professional legal, taxation and financial advice to determine whether Macquarie Warrants are appropriate for you. Section 6 of the PDS contains more detailed information about factors that can affect the value of an investment in Macquarie Warrants and Section 5 of this PDS provides further information on some of the risks associated with investing in Macquarie Warrants.

Topic	Highlight	More Info
Issuer	<p>Macquarie Bank Limited (ABN 46 008 583 542 and AFSL 237502) Macquarie Securities Group Level 3, No. 1 Martin Place Sydney NSW 2000 Australia</p> <p>Phone: 1800 087 110 Email: warrants@macquarie.com.au Website: macquarie.com.au/warrants</p>	Section A4.1 of the Additional Information Booklet
Product	<p>The following diagram summarises the different types of Warrants available under this PDS:</p> <div style="text-align: center;"> <pre> graph TD Macquarie[Macquarie] --> ShareWarrants[Macquarie Share Warrants] Macquarie --> IndexWarrants[Macquarie Index Warrants] Macquarie --> CurrencyWarrants[Macquarie Currency Warrants] ShareWarrants --- ShareCall[Share Call Warrants] IndexWarrants --- IndexCall[Index Call Warrants] CurrencyWarrants --- CurrencyCall[Currency Call] </pre> </div>	Section 2, 3 and 4 of this PDS
Macquarie Share Warrants	<p>Macquarie Share Warrants are short-dated ASX-traded warrants which, in general terms, give you the opportunity to benefit from:</p> <ol style="list-style-type: none"> 1. any increase in the value of a particular ASX-listed reference share above a nominated strike price (a Share Call Warrant); or 2. any decrease in the value of a particular ASX-listed reference share below a nominated strike price (a Share Put Warrant). <p>Share Call Warrants</p> <p>If you hold the specified number of Share Call Warrants (as set out in the SPDS for those Warrants), you will have the right, on giving us a valid exercise notice, to receive an amount in Australian dollars (AUD) equal to:</p>	Section 2 of this PDS

the value of the reference share at the time of exercise less the Strike Price

The pay-off from exercising the specified number of Share Call Warrants compared to the value of the reference share at the time of exercise is shown in diagram 1 below:

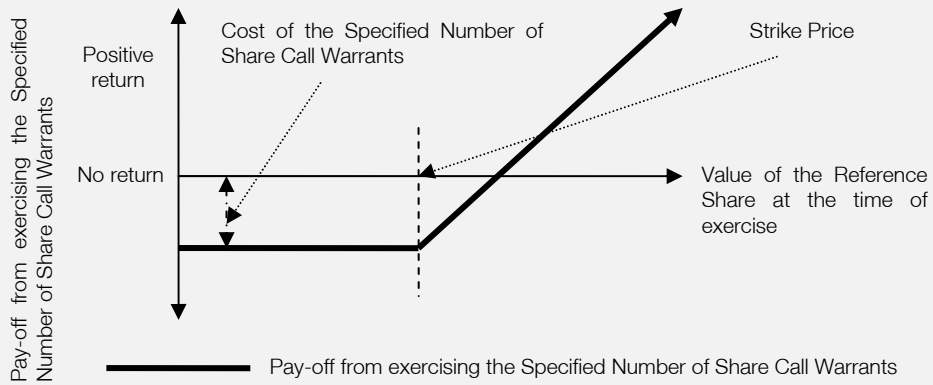


Diagram 1: Pay-off from exercising the Specified Number of Share Call Warrants.

Share Put Warrants

If you hold the specified number of Share Put Warrants (as set out in the SPDS for those Warrants), you will have the right, on giving us a valid exercise notice, to receive an amount in Australian dollars (AUD) equal to:

the Strike Price less the value of the reference share at the time of exercise

The pay-off from exercising the specified number of Share Put Warrants compared to the value of the reference share at the time of exercise is shown in diagram 2 below:

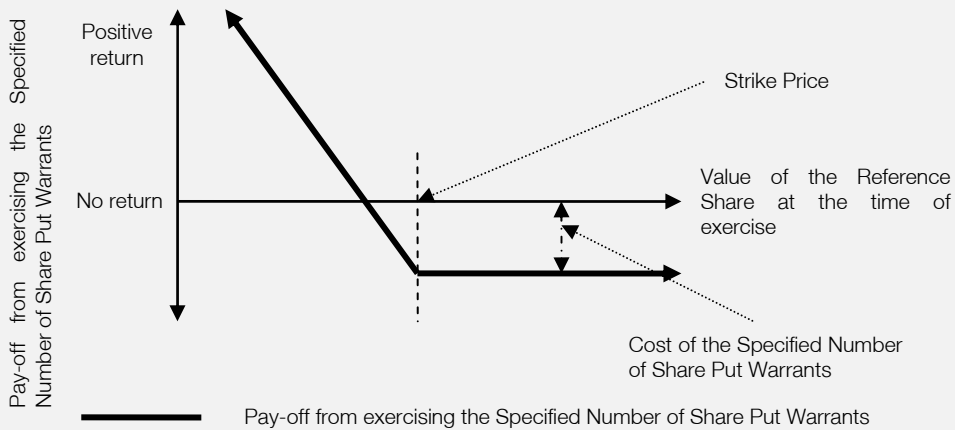


Diagram 2: Pay-off from exercising the Specified Number of Share Put Warrants.

When is the 'exercise' of a Macquarie Share Warrant?

When 'exercise' of a Macquarie Share Warrant occurs depends on a number of things, including whether the Share Warrant has a "European" or "American" exercise style. In the case of Share Warrants with:

- (a) a "European" exercise style, the Warrants may not be exercised prior to their expiry date; and
- (b) an "American" exercise style, the Warrants may be exercised on any business day up to (and including) their expiry date.

It is important to note that:

- (i) Share Call Warrants may have either a "European" or "American" exercise style; and
- (ii) Share Put Warrants will only have a "European" exercise style.

See Section 2.5 of this PDS for more information about exercising a Macquarie Share Warrant.

Strike Price and Specified Number for Share Warrants

The initial Strike Price and Specified Number for Macquarie Share Warrants will be specified in the SPDS for those Warrants. It is important to note that the Strike Price, relative to the value of the Reference Share, will have an important influence on the price or value of a Warrant "e.g., if the value of the Reference Share is below the Strike Price in the case of a Share Call Warrant, or above the Strike Price in the case of a Share Put Warrant".

The relevant SPDS

Investment Overview

Macquarie Index Warrants

Macquarie Index Warrants are short-dated ASX-traded warrants which, in general terms, give you the opportunity to benefit from:

1. any increase in the value of a particular reference index above a nominated strike price (an **Index Call Warrant**); or
2. any decrease in the value of a particular reference index below a nominated strike price (an **Index Put Warrant**).

Index Call Warrants

An **Index Call Warrant** gives you the right to receive an amount in AUD following the expiry of the Warrant equal to:

(the value of the reference index at the expiry of the Warrant less the Strike Price) X the index multiplier (as set out in the SPDS).

The pay-off of an Index Call Warrant at its expiry compared to the value of the reference index is shown in diagram 3 below:

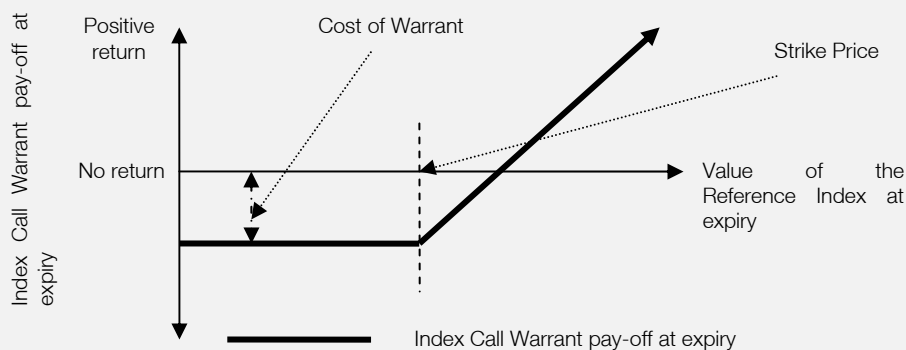


Diagram 3: Index Call Warrant pay-off at expiry.

Index Put Warrants

An **Index Put Warrant** gives you the right to receive an amount in AUD following the expiry of the Warrant equal to:

(the Strike Price less the value of the reference index at the expiry of the Warrant) X the index multiplier (as set out in the SPDS).

The pay-off of an Index Put Warrant at its expiry compared to the value of the reference index is shown in diagram 4 below:

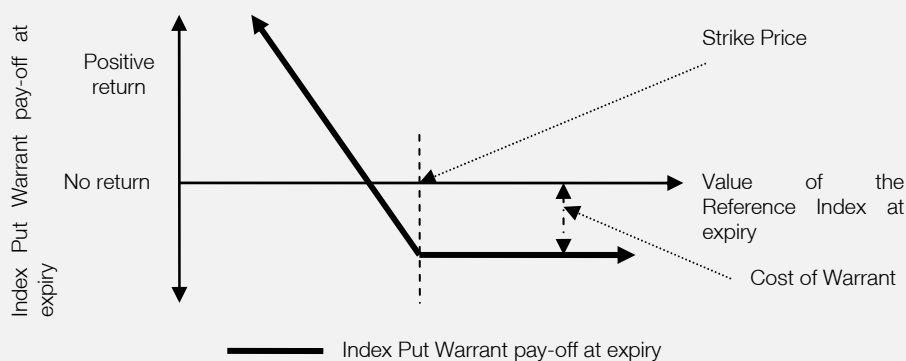


Diagram 4: Index Put Warrant pay-off at expiry.

Strike Price and Index Multiplier for Index Warrants

The Strike Price and Index Multiplier for a Macquarie Index Warrant will be specified in the SPDS for that Warrant. The Index Multiplier is used to convert the level of the Index into a dollar value. It is important to note that the Strike Price, relative to the value of the Reference Index will have an important influence on the price or value of a Warrant.

Section 3 of this PDS

The relevant SPDS

Macquarie Currency Warrants are short-dated ASX-traded warrants which, in general terms, give you the opportunity to benefit from movements in the value of a particular reference currency against the Australian dollar.

Currency Call Warrants

A **Currency Call Warrant** gives you, in general terms, the right to buy AUD1.00 for a specified strike price which is denominated in the reference currency (eg, USD0.80), multiplied by the amount of AUD in the Currency Multiplier (eg, AUD10.00). At the expiry of the Warrant, this right is “cash-settled” which means that you may be entitled to receive an amount in AUD calculated as:

$$\frac{\text{(the value of the reference currency (per AUD1.00) on the valuation date less the Strike Price)}}{\text{the value of the reference currency (per AUD1.00) on the valuation date}} \times \text{the Currency Multiplier (as set out in the SPDS)}$$

A Currency Call Warrant may therefore enable you to benefit from any decrease in the value of the reference currency against the AUD on the valuation date of the Warrant. For example, if the value of the USD has decreased against the AUD on the valuation date of the Warrant such that it costs USD0.90 not USD0.80 to buy AUD1.00, then the right to buy each AUD1.00 for USD0.80 (multiplied by the Currency Multiplier, eg AUD10.00) will allow you to benefit from the decrease in the value of the USD against the AUD.

The pay-off of a Currency Call Warrant on expiry compared to the value of the reference currency (per AUD1.00) on the valuation date is shown in diagram 5 below:

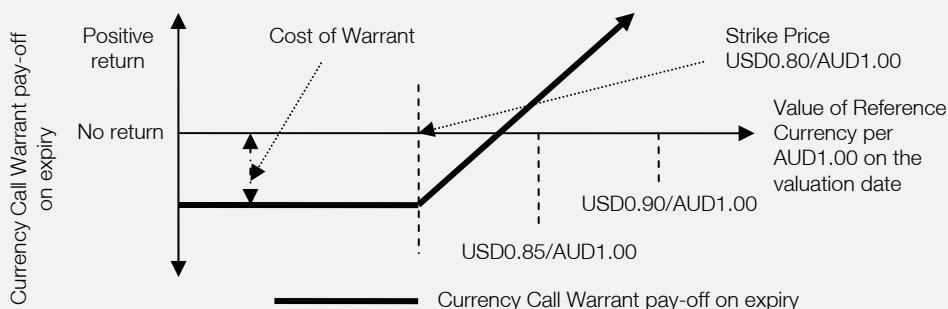


Diagram 5: Currency Call Warrant pay-off on expiry.

As diagram 5 illustrates, as the USD depreciates against the AUD (eg, moves from USD0.85/AUD1.00 to USD0.90/AUD1.00), the pay-off of the Currency Call Warrant with a Strike Price of USD0.80/AUD1.00 increases on expiry.

Please note the example above is indicative only. Actual performance may differ materially from that set out in the indicative example provided above.

Currency Put Warrants

A **Currency Put Warrant** gives you, in general terms, the right to sell AUD1.00 for a specified strike price which is denominated in the reference currency (eg, USD0.80), multiplied by the amount of AUD in the Currency Multiplier (eg, AUD10.00). At the expiry of the Warrant, this right is “cash-settled” which means that you may be entitled to receive an amount in AUD calculated as:

$$\frac{\text{(the Strike Price less the value of the reference currency (per AUD1.00) on the valuation date)}}{\text{the value of the reference currency (per AUD1.00) on the valuation date}} \times \text{the Currency Multiplier (as set out in the SPDS)}$$

A Currency Put Warrant may therefore enable you to benefit from any increase in the value of the reference currency against the AUD on the valuation date of the Warrant. For example, if the value of the USD has increased against the AUD on the valuation date of the Warrant such that AUD1.00 only buys USD0.70 not USD0.80, then the right to sell each AUD1.00 for USD0.80 (multiplied by the Currency Multiplier, eg AUD10.00) will allow you to benefit from the increase in the value of the USD against the AUD.

The pay-off of a Currency Put Warrant on expiry compared to the value of the reference currency (per AUD1.00) on the valuation date is shown in diagram 6 below

Investment Overview

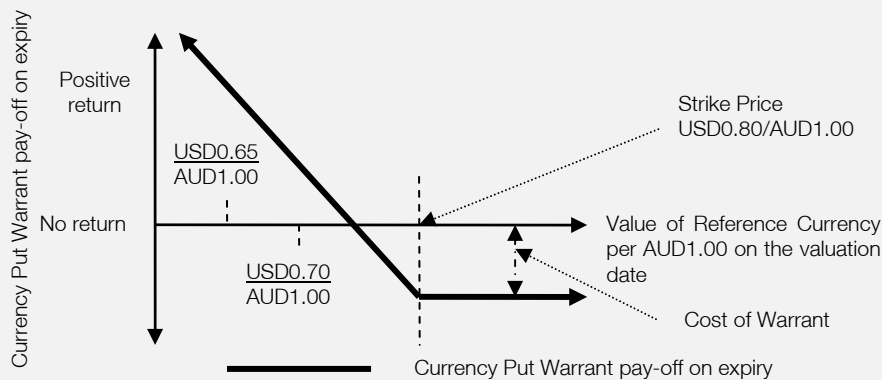


Diagram 6: Currency Put Warrant pay-off on expiry.

As diagram 6 illustrates, as the USD increases in value against the AUD (eg, moves from USD0.70/AUD1.00 to USD0.65/AUD1.00), the pay-off of a Currency Put Warrant with a Strike Price of USD0.80/AUD1.00 increases on expiry.

Please note the example above is indicative only. Actual performance may differ materially from that set out in the indicative example provided above.

What is the 'valuation date'

See the definition of "Valuation Date" in the Glossary for more information on when the valuation date for a Currency Warrant might occur. It is important to note that Currency Warrants are "European" in nature, and therefore the valuation date cannot occur prior to the Warrant's expiry date (although a Warrant may terminate early where an Extraordinary Event occurs).

Strike Price and Currency Multiplier for Currency Warrants	The initial Strike Price and Currency Multiplier for a Macquarie Currency Warrant will be specified in the SPDS for that Warrant. It is important to note that the Strike Price, relative to the value of the Reference Currency, will have an important influence on the price or value of a Warrant.	The relevant SPDS
Reference Shares, Reference Indices and Reference Currencies	The Reference Share, Reference Index or Reference Currency for a Warrant (as the case may be) will be specified in the SPDS for that Warrant. You can find out whether Macquarie Warrants are available for a particular Reference Share, Reference Index or Reference Currency by contacting us (see the Directory for details). You are responsible for selecting any Macquarie Warrant that you enter into and therefore, the Reference Share, Reference Index or Reference Currency that you will have exposure to. As such, the performance of any Macquarie Warrant will depend mainly on investment decisions made by you.	The relevant SPDS
Taxation considerations	The taxation outcomes of investing in a Macquarie Warrant will depend on your individual circumstances.	Section 7 of this PDS
Fees and other costs	<p>On acquisition of a Warrant</p> If you acquire a Warrant on the ASX, in addition to any amount you may have to pay to acquire that Warrant, your broker or adviser may also charge you a fee or commission in relation to that purchase. <p>Disposing of your Warrants</p> If you sell your Warrants on the ASX prior to the close of trading on the ASX on the expiry date of the Warrants, your broker or adviser may charge you a fee or commission in relation to that sale. <p>Other fees and costs</p> Other fees and costs may also be payable by you.	Section 6 of this PDS
Significant risks	This section is not intended to be a comprehensive summary of all the risks of investing in a Macquarie Warrant, but highlights certain risks that we encourage you to consider in detail and discuss with your financial adviser. More detailed information about the risks of investing in Macquarie Warrants is set out in Section 5 of this PDS.	Section 5 of this PDS

You should not invest in Warrants unless you:

- are familiar with shares, securities, warrants, foreign exchange transactions, leveraged investments, options and investment in shares and securities generally; and
- understand and are comfortable with the risks of an investment in Warrants.
- An investment in Warrants does not suit investors seeking a traditional investment product (such as a direct investment in shares) .
- Some of the significant risks of investing in Macquarie Warrants include the following:
 - the adverse performance of the reference asset relative to the Strike Price of your Warrant decreasing the value of your investment in a Warrant. For example:
 - in the case of a Share Call Warrant or an Index Call Warrant, the value of the reference asset declining over the term of the Warrant;
 - in the case of a Share Put Warrant or an Index Put Warrant, the value of the reference asset increasing over the term of the Warrant;
 - in the case of a Currency Call Warrant, the value of the foreign currency increasing against the value of the AUD (eg, at the time you buy a Currency Call Warrant, it costs USD0.85 to buy AUD1.00, but then during the term of the Warrant, the USD increases in value against the AUD so that it only costs USD0.82 to buy AUD1.00); and
 - in the case of a Currency Put Warrant, the value of the foreign currency falling against the value of the AUD (eg, at the time you buy a Currency Put Warrant, you could sell AUD1.00 for USD0.85, but then during the term of the Warrant, the USD falls in value against the AUD such that you could sell AUD1.00 for USD0.87).

In recent times, markets have experienced more volatile conditions and volatility in some markets increased to very high levels. Investing in highly volatile conditions implies a greater level of risk for investors than an investment in a more stable market. You should carefully consider the risk of additional volatility before making any investment decision;

- the value at which you can buy or sell Warrants is also likely to be affected by factors such as 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 other factors and general risks applicable to trading on the ASX and on financial markets generally (see Section 6.1 of this PDS for more information about how these factors may affect the value of a Warrant);
- the volatility of the value of a Reference Asset will be determined, in part, by the liquidity of the relevant Reference Asset. The more illiquid the market for the relevant Reference Asset, the more volatile the value of the Reference Asset (and hence the Warrant) might be. This may have the effect of:
 - widening the gap between any bids and offers maintained by Macquarie in relation to the relevant Warrants (if any); and
 - increasing the likelihood that we may be unable to continue to manage our risk of maintaining those Warrants. This may mean there is a greater likelihood that a Hedging Disruption may occur in respect of those Warrants (which may result in the termination of your Warrants prior to their original Expiry Date).
- It is important to note that the liquidity of the underlying Reference Asset for a Warrant may change significantly over the term of the Warrant;
- **Warrants incorporate a high level of leverage (compared to a direct investment in the relevant reference asset) and should therefore be considered a high risk investment.**

This high level of leverage means that there is a material risk that you could lose all of the money you have invested in Warrants. This will happen, in general terms, if:

- in the case of a Share Call Warrant or Index Call Warrant, the value of the reference asset for your Warrant is equal to or less than the Strike Price on expiry of the Warrant;
- in the case of a Share Put Warrant or Index Put Warrant, the value of the reference asset for your Warrant is equal to or greater than the Strike Price on

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expiry of the Warrant;

- in the case of a Currency Call Warrant, the value of the reference currency (per AUD1.00) is equal to or greater than the Strike Price (eg, if the Strike Price of your Currency Call Warrant is USD0.75/AUD1.00, and the value of the reference currency (per AUD1.00) on the valuation date is USD0.60/AUD1.00); and
- in the case of a Currency Put Warrant, the value of the reference currency (per AUD1.00) is equal to or less than the Strike Price (eg, if the Strike Price of your Currency Put Warrant is USD0.75/AUD1.00, and the value of the reference currency (per AUD1.00) on the valuation date is USD0.80/AUD1.00);

In general terms, to break-even in relation to an investment in a Warrant:

- in the case of a Share Call Warrant and an Index Call Warrant, the value of the relevant reference asset for your Warrant will need to increase above the Strike Price of the Warrant;
- in the case of a Share Put Warrant and an Index Put Warrant, the value of the relevant reference asset for your Warrant will need to decrease below the Strike Price of the Warrant;
- in the case of a Currency Call Warrant, the value of the Reference Currency relative to the AUD must fall below the Strike Price (eg, a fall in the value of the USD against the AUD from USD0.70/AUD1.00 to USD0.85/AUD1.00); and
- in the case of a Currency Put Warrant, the value of the Reference Currency relative to the AUD must increase above the Strike Price (eg, an increase in the value of the USD against the AUD from USD0.70/AUD1.00 to USD0.60/AUD1.00);
- by enough to ensure that any Cash Settlement Amount you are entitled to receive following the expiry of the Warrant (if any) is enough to cover any amounts you have paid to acquire that Warrant (and any other costs). In addition, you should take into account relevant taxation considerations and the time value of money;
- time decay, which means that the value of a Warrant may decrease over the term of the Warrant as the time remaining to its expiry date decreases (even if the value of the reference asset stays the same or moves in a favourable direction);
- if we fail to perform our obligations in relation to the Warrants (eg, paying you any money we owe you). More information about us is set out in Section A4.1 of the Additional Information Booklet and at www.macquarie.com.au/shareholdercentre. It is important to note that our obligations under the Warrants are unsecured contractual obligations which will rank equally with our other unsecured contractual obligations and unsecured debt in the event of our insolvency (other than liabilities mandatorily preferred by law);
- where an Extraordinary Event occurs, a Warrant may be terminated early. In this case, you will only be entitled to receive the value of that Warrant at the time the early termination occurs, as determined by us (which may be zero). See Section A2 of the Additional Information Booklet for more information about the early termination of a Warrant and the Glossary for a full description of those events which may be treated by us as an Extraordinary Event. It is also important to note that events which could be treated by us as an Extraordinary Event may be beyond your control;
- trading in the Warrants on the ASX may be illiquid and/or may be suspended from time to time, including at the request of Macquarie; and
- the exercise by us of any of the discretions we have in relation to your Warrants (eg, adjustments to your Warrants for certain corporate actions or other events).

Warrants are a speculative investment and involve a degree of risk, including the risk that **you may lose all of the money you invest**. You should carefully consider the significant risks that may affect the value of your investment in a Warrant before making any investment decision.

Adviser fees	A member of the Macquarie Group may make discretionary payments to your financial adviser.	Section 6.2 of this PDS
Superannuation considerations	<p>Trustees of superannuation funds must formulate and implement an appropriate investment strategy that has regard to the whole of the circumstances of their superannuation fund and must act in the best interests of the members of their fund. This includes ensuring that they are familiar with the risks involved in, and have in place adequate risk management procedures to manage the risks associated with, an investment in Warrants prior to making such an investment.</p> <p>In this context, trustees should give careful consideration to whether leveraged investments generally, and in particular highly leveraged investments, are an appropriate investment for the superannuation fund. Relevant to this consideration will be the risks of a leveraged investment as described in Section 5 of this PDS and other relevant factors such as the diversification of the superannuation fund's investments and the overall level of leverage (or gearing) within the superannuation fund. Macquarie recommends trustees obtain independent legal, financial and taxation advice before making any investment decision.</p>	Section 5 of this PDS
Registrar	<p>Computershare Investor Services Pty Limited Phone: 1300 85 05 05 (within Australia) Website: www-au.computershare.com</p>	Section A3.4 of the Additional Information Booklet
Additional Information Booklet	<p>This PDS summarises some of the significant features of Macquarie Warrants. Before making any decision to invest in Macquarie Warrants, you should also make sure you have read and understood the Additional Information Booklet which contains further information about the significant features of Macquarie Warrants.</p> <p>You can obtain a free copy of the Additional Information Booklet by either:</p> <ul style="list-style-type: none"> ▪ visiting our website (see the Directory for details) and downloading a document called the "Macquarie Warrants Additional Information Booklet"; or ▪ calling us (see the Directory for details) and asking us for a copy of the Macquarie Warrants Additional Information Booklet. <p>It is important that you read and understand the Additional Information Booklet before making any investment decision.</p>	The Additional Information Booklet
How to invest in Warrants	<p>If you want to invest in Macquarie Warrants, you should:</p> <ul style="list-style-type: none"> ▪ carefully read all of this PDS (including the Additional Information Booklet) and any SPDS relevant to the Warrants you want to invest in; ▪ consult your professional legal, taxation and financial adviser; and ▪ contact your broker or financial adviser and organise for them to place an order to acquire the relevant Warrants on the ASX on your behalf. 	

Macquarie Share Warrants

This Section is a summary of some of the important features of Macquarie Share Warrants. The contractual terms of Macquarie Share Warrants are set out in the Terms of Issue. If you acquire a Macquarie Share 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.

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Other important information

2.1

What are Macquarie Share Warrants?

2.1.1 What are Macquarie Share Warrants?

Macquarie Share Warrants are short-dated ASX-traded warrants which, on the giving of a valid Exercise Notice, give you the opportunity to benefit from:

- any increase in the value of a particular Reference Share on the Exercise Date above a nominated Strike Price (**Share Call Warrants**); or
- any decrease in the value of a particular Reference Share on the Exercise Date below a nominated Strike Price (**Share Put Warrants**),

by receiving a Cash Settlement Amount (in AUD) from Macquarie (if any) (see Section 2.4).

2.1.2 When is the “Exercise Date” of a Macquarie Share Warrant?

Share Call Warrants may have either a:

- “European”; or

- “American”,
exercise style.

Share Put Warrants **will only have** a “European” exercise style.

If a Share Warrant has:

- a “**European**” exercise style, this means that:

- the Exercise Date will be **the Expiry Date** of the Warrant;
- the value of the Reference Share used to determine the Cash Settlement Amount will be the value of the Reference Share on the Expiry Date of the Warrant,

subject to the occurrence of a Market Disruption Event; or

- an “**American**” exercise style, this means that:

- the Exercise Date will be the date on which you give a valid Exercise Notice to Macquarie in respect of that Share Call Warrant. This may be any Business Day up to (and including) the Expiry Date of the Share Call Warrant;
- the value of the Reference Share used to determine the Cash Settlement Amount for a Warrant will be the value of the Reference Share on the day on which you give a valid Exercise Notice to Macquarie in relation to that Warrant,

subject to the occurrence of a Market Disruption Event.

See:

- Section 2.5 of this PDS for more information about how to give an Exercise Notice; and
- Section A3.3 of the Additional Information Booklet for more information about Market Disruption Events.

2.1.3 What is the Reference Share for a Macquarie Share Warrant?

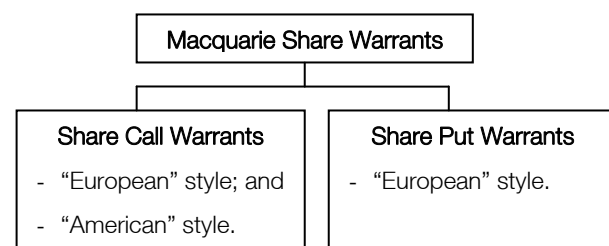
The Reference Share for a Macquarie Share Warrant will be specified in the SPDS for the relevant Warrants (as may be adjusted from time to time).

2.1.4 How is the value of a Reference Share determined for a Macquarie Share Warrant on the Exercise Date?

See Section 2.4.2 of this PDS for more information.

2.1.5 Summary of the types of Macquarie Share Warrants available under this PDS

There are therefore three different types of Macquarie Share Warrants available under this PDS:



2.2

How do I invest in Macquarie Share Warrants?

2.2.1 How do I invest in Macquarie Share Warrants?

If you want to invest in Macquarie Share Warrants, you should:

1. carefully read all of this PDS, the Additional Information Booklet and any SPDS relevant to the Warrants you want to invest in;
2. consult your professional legal, taxation and financial adviser; and
3. contact your broker or financial adviser and organise for them to place an order to acquire the relevant Warrants on the ASX on your behalf.

2.2.2 How much do Macquarie Share Warrants cost?

See Section 6.1 of this PDS for more information about the factors which may affect the amount you have to pay to acquire a Warrant.

If you acquire a Warrant on the ASX, in addition to any amount you may have to pay to acquire the Warrants on the ASX, your broker or adviser may also charge you a fee or commission in relation to that purchase.

2.3

What happens during the term of a Macquarie Share Warrant?

2.3.1 The value of a Warrant during its term

During the term of a Share Warrant you will be exposed to, among other things, the performance of the relevant Reference Share. Adverse movements in the value of the Reference Share, among other things, may adversely affect the value of your Warrant, and/or the price at which you may be able to buy or sell Share Warrants on the ASX (see Sections 5.1 and 6.1 of this PDS for more information about the factors which may affect the value of a Warrant).

2.3.2 Exercising a Share Call Warrant with an “American” exercise style prior to its Expiry Date

If your Share Call Warrants have an “American” exercise style, you can give us an Exercise Notice in relation to those Share Call Warrants on any Business Day up to (and including) their Expiry Date (see Section 2.5 for more information on how to give an Exercise Notice).

If you give us an Exercise Notice, then the day on which the Exercise Notice is valid will be (subject to the occurrence of a Market Disruption Event) the Exercise Date for those Warrants. On that date, your Warrants will terminate and you may be entitled to receive a Cash Settlement Amount. See Section 2.4 for more information about how the Cash Settlement Amount is determined on the Exercise Date for Share Call Warrants with an “American” exercise style.

It is important to remember that the Exercise Date for a:

1. **Share Call Warrant with a “European” exercise style; and**
2. **Share Put Warrant, cannot occur prior to the Warrant’s Expiry Date.**

2.3.3 Voting rights and other entitlements attaching to a Reference Share

If you hold a Share Warrant, you are not, in your capacity as a Holder of that Warrant, entitled to:

1. participate in any dividends, franking credits, dividend reinvestment plans or other benefits in lieu of dividends in respect of the Reference Share, including among other things, discount cards;
2. exercise any voting rights in relation to the Reference Share;
3. receive any annual reports or notices of meetings in relation to the issuer of the Reference Share; or
4. attend, or speak at, any meeting of members of the issuer of the Reference Share.

2.3.4 How to end your investment in a Warrant prior to the expiry of that Warrant

You may be able to end your investment in a Share Warrant prior to the expiry of that Warrant:

1. by selling your Share Warrants on the ASX. Macquarie has certain obligations under the ASX Operating Rules to make a market in the Warrants, however this does not oblige Macquarie to buy a Warrant from you at a price specified by you (nor does it oblige Macquarie to sell you a Warrant). Your broker or adviser may charge you a fee or commission in relation to any sale of a Warrant; or
2. in the case of a Share Call Warrant with an “American” exercise style, you may be able to exercise your Share Call Warrant during its term (and before its Expiry Date). See Section 2.3.2 of this PDS for more information.

2.4

What happens on the Exercise Date of a Macquarie Share Warrant?

2.4.1 What happens on the Exercise Date of a Macquarie Share Warrant?

What happens on the Exercise Date of a Macquarie Share Warrant will depend on:

- (1) what the Reference Value of the Reference Share is (see Section 2.4.2); and
- (2) whether the Share Warrant is a Call Warrant (see Section 2.4.3) or a Put Warrant (see Section 2.4.4).

2.4.2 What is the Reference Value of the Reference Share?

The Reference Value of the Reference Share on an Exercise Date is the average price at which we would be able to acquire or dispose of Securities equivalent to the Reference Share in relation to the exercise of the relevant Warrant, provided however that in certain circumstances (eg, where a Market Disruption Event occurs), the Reference Value will be determined or calculated by us (see Section A3.3 of the Additional Information Booklet for more information about how the Reference Value of a Reference Share is determined where a Market Disruption Event occurs on the Exercise Date.

2.4.3 What happens if the Warrant is a Share Call Warrant?

If the Warrant is a Share Call Warrant and the Reference Value of the Reference Share is:

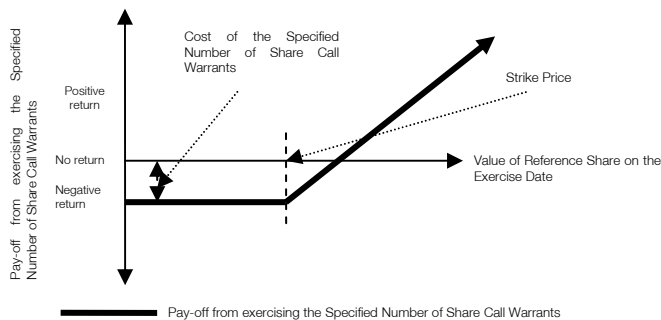
- (1) greater than the Strike Price on the Exercise Date, you will be entitled to receive a Cash Settlement Amount (CSA) on the Payment Date calculated as (per Warrant):

$$= \frac{\text{(the Reference Value less the Strike Price)}}{\text{the Specified Number}}$$

for each Share Call Warrant for which a valid Exercise Notice has been given to Macquarie; or

- (2) less than or equal to the Strike Price on the Exercise Date, you will not receive any payment from us.

The pay-off from exercising the Specified Number of Share Calls Warrants compared to the value of the Reference Share on the Exercise Date is shown in the diagram below:



You should be aware that if the amount of cash you are entitled to receive in relation to your Warrants is less than \$5.00, we may, instead of paying such amount to you, donate such monies to a charity of our choice.

2.4.4 What happens if the Warrant is a Share Put Warrant?

If the Warrant is a Share Put Warrant and the Reference Value of the Reference Share is:

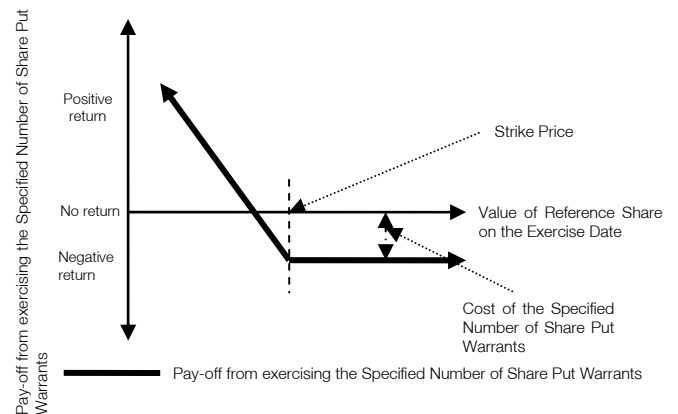
- (1) greater than or equal to the Strike Price on the Exercise Date, you will not receive any payment from us; or
- (2) less than the Strike Price on the Exercise Date, you will be entitled to receive a Cash Settlement Amount (CSA) on the Payment Date calculated as (per Warrant):

$$= \frac{\text{(the Strike Price less the Reference Value)}}{\text{the Specified Number}}$$

for each Share Put Warrant for which a valid Exercise Notice has been given to Macquarie.

It is important to remember that the Exercise Date for a Share Put Warrant cannot occur prior to the Warrant's Expiry Date.

The pay-off from exercising the Specified Number of Share Put Warrants compared to the value of the Reference Share on the Exercise Date is shown in the diagram below:



You should be aware that if the amount of cash you are entitled to receive in relation to your Warrants is less than \$5.00, we may, instead of paying such amount to you, donate such monies to a charity of our choice.

2.4.5 Examples

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

Example 1: the Exercise of a Share Call Warrant with a "European" exercise style

In March 2010, an investor acquired 20,000 XYZWMA Share Call Warrants having:

- a "European" exercise style;
- a Strike Price of \$38.00;
- an Expiry Date of 30 September 2010; and
- a Specified Number of 1.

Assume that on the Exercise Date (being the Expiry Date), Macquarie determined that the Reference Value of XYZ was \$54.40. In these circumstances, the investor would have been entitled to receive a Cash Settlement Amount (CSA) for each Share Call Warrant calculated as:

CSA = the greater of:

- (i) $\frac{\text{(the Reference Value less the Strike Price)}}{\text{the Specified Number}}$

and

- (ii) zero.

= the greater of:

- (i) $\frac{(\$54.40 - \$38.00)}{1}$

and

- (ii) zero

= \$16.40

As the investor held 20,000 Share Call Warrants, the investor would have been entitled to receive a total amount of \$328,000 (being \$16.40 x 20,000 Warrants) within seven (7) Business Days of the Exercise Date of the Warrants.

It is important to note that if the Reference Value of the Reference Share had been equal to or less than the Strike Price of the Call Warrant, the investor would not have received any Cash Settlement Amount.

Example 2: the Exercise of a Share Put Warrant with a "European" exercise style

In March 2010, an investor acquired 20,000 XYZWMP Share Put Warrants having:

- a "European" exercise style;
- a Strike Price of \$38.00;
- an Expiry Date of 30 September 2010; and
- a Specified Number of 1.

Assume that on the Exercise Date (being the Expiry Date), Macquarie determined that the Reference Value of XYZ was \$30.40. In these circumstances, the investor would have been entitled to receive a Cash Settlement Amount (CSA) for each Share Put Warrant calculated as:

CSA = the greater of:

(i) $\frac{(\text{the Strike Price less the Reference Value})}{\text{the Specified Number}}$

and

(ii) zero.

= the greater of:

(i) $\frac{(\$38.00 - \$30.40)}{1}$

and

(ii) zero

= \$7.60

As the investor held 20,000 Share Put Warrants, the investor would have been entitled to receive a total amount of \$152,000 (being \$7.60 x 20,000 Warrants) within seven (7) Business Days of the Exercise Date of the Warrants.

It is important to note that if the Reference Value of the Reference Share had been equal to or greater than the Strike Price of the Put Warrant, the investor would not have received any Cash Settlement Amount.

Example 3: the early Exercise of a Share Call Warrant with an "American" exercise style

In March 2010, an investor acquired 20,000 XYZWMB Share Call Warrants having:

- an "American" exercise style;
- a Strike Price of \$38.00;
- an Expiry Date of 30 September 2010; and
- a Specified Number of 1.

Assume that:

- the investor gave a valid Exercise Notice on 10 June 2010 in relation to their 20,000 XYZWMB Share Call Warrants;
- the Exercise Date of the Warrants was 10 June 2010; and
- on 10 June 2010, Macquarie determined that the Reference Value of XYZ was \$44.60.

In these circumstances, the investor would have been entitled to receive a Cash Settlement Amount (CSA) for each Share Call Warrant specified in that Exercise Notice calculated as:

CSA = the greater of:

(i) $\frac{(\text{the Reference Value less the Strike Price})}{\text{the Specified Number}}$

and

(ii) zero.

= the greater of:

(i) $\frac{(\$44.60 - \$38.00)}{1}$

and

(ii) zero

= \$6.60

As the investor gave a valid Exercise Notice in relation to 20,000 Share Call Warrants, the investor would have been entitled to receive a total amount of \$132,000 (being \$6.60 x 20,000 Warrants) within seven (7) Business Days of the Exercise Date of the Warrants.

Note, if the investor did not give an Exercise Notice prior to the Expiry Date of the Warrants, then the investor would have been deemed to have given an Exercise Notice to us on the Expiry Date of the Warrant. In these circumstances, the Cash Settlement Amounts for those Warrants (if any) would be calculated in the same way as the Cash Settlement Amount (if any) for a Warrant with a "European" exercise style. See Example 1 in this Section 2.4.5 for an example calculation of the Cash Settlement Amount in these circumstances.

It is also important to note that if the Reference Value of the Reference Share had been equal to or less than the Strike Price of the Call Warrant, the investor would not have received any Cash Settlement Amount.

2.5

How do I give an Exercise Notice for a Macquarie Share Warrant?

2.5.1 How do I give an Exercise Notice?

You can give us an Exercise Notice for any Share Warrants you hold by giving us a written notice that:

- (a) specifies the number and type of Share Warrants you want to exercise; and
- (b) is received by us prior to the relevant time. In the case of a Share Warrant with:

- (i) an “American” exercise style, the relevant time is:
 - (1) where the Exercise Notice is given on a Business Day prior to the Expiry Date of those Warrants, 12:00pm (Sydney time); and
 - (2) where the Exercise Notice is given on the Expiry Date of those Warrants, 4:15pm (Sydney time); and
- (ii) a “European” exercise style, the relevant time is 4.15pm (Sydney time) on the Expiry Date of those Warrants.

It is important to remember that:

- (1) all Exercises Notices must be faxed to Macquarie on the fax number specified in the Directory and validly signed by the Holder(s);
- (2) any Holder who faxes an Exercise Notice to Macquarie in relation to a Share Warrant with an American exercise style on a day other than the Expiry Date must telephone Macquarie (on the telephone number specified in the Directory) and advise Macquarie that such Holder has faxed an Exercise Notice to Macquarie;
- (3) for Share Warrants with a “European” exercise style, any Exercise Notice received by us prior to the Expiry Date will only be deemed to be received by us on the Expiry Date of the relevant Warrants; and
- (4) for Share Call Warrants with an “American” exercise style, any Exercise Notice (and the associated telephone call referred to in (2) above) received by us either:
 - (a) on a non-Business Day; or
 - (b) after 12:00pm (Sydney time) on a Business Day (other than the Expiry Date),

will be deemed to be received by Macquarie on the next succeeding Business Day.

2.5.2 Can I cancel an Exercise Notice I have given to Macquarie?

Any Exercise Notice you give to Macquarie is irrevocable, and therefore cannot be cancelled by you (unless otherwise agreed by Macquarie, such consent not to be unreasonably withheld).

2.5.3 What happens if I have not given a valid Exercise Notice for a Share Warrant by its Expiry Date?

If you **do not** give us a valid Exercise Notice by the Expiry Date in respect of Share Warrants that you hold (whether having a European or American exercise style), Macquarie will deem you to have given a valid Exercise Notice to Macquarie on the Expiry Date. In these circumstances, you may then be entitled to receive a Cash Settlement Amount (see Section 2.4 for more information).

2.6

Other important information

2.6.1 Can the terms of my Share Warrants be amended?

Yes, the terms of your Share Warrants may be amended from time to time, including where a Potential Adjustment Event occurs. See Sections A1 and A3.2 of the Additional Information Booklet for more information about when the terms of your Share Warrants may be amended.

2.6.2 Can my Share Warrants be terminated prior to their Expiry Date?

Yes, Macquarie can terminate your Share Warrants prior to their Expiry Date where an Extraordinary Event occurs. See Sections A2 and A5 of the Additional Information Booklet for more information about Extraordinary Events and how they might affect Share Warrants that you hold.

Macquarie Index Warrants

This Section is a summary of some of the important features of Macquarie Index Warrants. The contractual terms of Macquarie Index Warrants are set out in the Terms of Issue. If you acquire a Macquarie Index 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.

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Section 3.5

Other important information

3.1

What are Macquarie Index Warrants?

Macquarie Index Warrants are short-dated ASX-traded warrants which give you the opportunity to benefit from:

1. any increase in the value of a particular Reference Index at the Expiry of the Warrant above a nominated Strike Price (**Index Call Warrants**); or
2. any decrease in the value of a particular Reference Index at the Expiry of the Warrant below a nominated Strike Price (**Index Put Warrants**),

by receiving a Cash Settlement Amount (if any) from Macquarie (see Section 3.4).

3.1.2 What is the Reference Index for a Macquarie Index Warrant?

The Reference Index for a Macquarie Index Warrant will be specified in the SPDS for the relevant Warrants.

3.1.3 How is the Reference Value of a Reference Index determined on Expiry of a Macquarie Index Warrant?

See Section 3.4.2 of this PDS for more information.

3.2

How do I invest in Macquarie Index Warrants?

3.2.1 How do I invest in Macquarie Index Warrants?

If you want to invest in Macquarie Index Warrants, you should:

1. carefully read all of this PDS, the Additional Information Booklet and any SPDS relevant to the Warrants you want to invest in;
2. consult your professional legal, taxation and financial adviser; and
3. contact your broker or financial adviser and organise for them to place an order to acquire the relevant Warrants on the ASX on your behalf.

3.2.2 How much do Macquarie Index Warrants cost?

See Section 6.1 of this PDS for more information about the factors which may affect the amount you have to pay to acquire a Warrant.

If you acquire a Warrant on the ASX, in addition to any amount you may have to pay to acquire the Warrants on the ASX, your broker or adviser may also charge you a fee or commission in relation to that purchase.

3.3

What happens during the term of a Macquarie Index Warrant?

3.3.1 The value of a Warrant during its term

During the term of an Index Warrant you will be exposed to, among other things, the performance of the relevant Reference Index. Adverse movements in the value of the Reference Index, among other things, may adversely affect the value of your Warrant, and/or the price at which you may be able to buy or sell Index Warrants on the ASX (see Sections 5.1 and 6.1 of this PDS for more information about the factors which may affect the value of a Warrant).

3.3.2 How to end your investment in a Warrant prior to the expiry date of that Warrant

You may be able to end your investment in Macquarie Index Warrants prior to their Expiry Date by selling your Warrants on the ASX. Macquarie has certain obligations under the ASX Operating Rules to make a market in the Warrants, however this does not oblige Macquarie to buy a Warrant from you at a price specified by you (nor does it oblige Macquarie to sell you a Warrant). Your broker or adviser may charge you a fee or commission in relation to any sale of a Warrant.

3.4

What happens at the Expiry of a Macquarie Index Warrant?

3.4.1 What happens at the Expiry of a Macquarie Index Warrant?

What happens at the Expiry of a Macquarie Index Warrant will depend on:

- (1) what the Reference Value of the Reference Index is (see Section 3.4.2); and
- (2) whether the Index Warrant is an Index Call Warrant (see Section 3.4.3) or an Index Put Warrant (see 3.4.4).

3.4.2 What is the Reference Value of the Reference Index?

The Reference Value of the Reference Index is either the closing level of the Index on the Expiry Date as reported to, or published by, the Index Sponsor, or, in certain circumstances, the level determined or calculated by us (see Section A3.3 of the Additional Information Booklet for more information about how the Reference Value of a Reference Index is determined where a Market Disruption Event occurs on the Expiry Date).

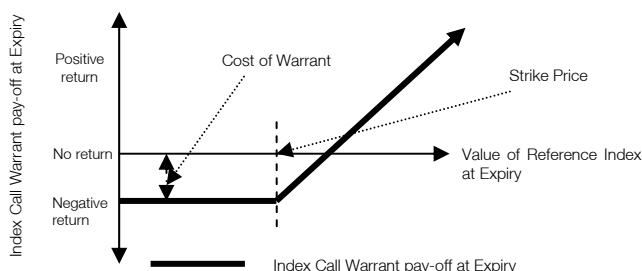
3.4.3 What happens if the Warrant is an Index Call Warrant?

If the Warrant is an Index Call Warrant and the Reference Value of the Reference Index is:

- (1) **greater than the Strike Price of the Index Call Warrant at Expiry**, you will be entitled to receive the Cash Settlement Amount (CSA) calculated as (per Index Call Warrant):

(the Reference Value less the Strike Price) x the Index Multiplier.
- (2) **less than or equal to the Strike Price of the Index Call Warrant at Expiry**, your Index Call Warrants will lapse and you will not receive any payment from us.

The pay-off of an Index Call Warrant at its Expiry compared to the value of the Reference Index is shown in the diagram below:



You should be aware that if the amount of cash you are entitled to receive in relation to your Index Warrants is less than \$5.00, we may, instead of paying such amount to you, donate such monies to a charity of our choice.

3.4.4 What happens if the Warrant is an Index Put Warrant?

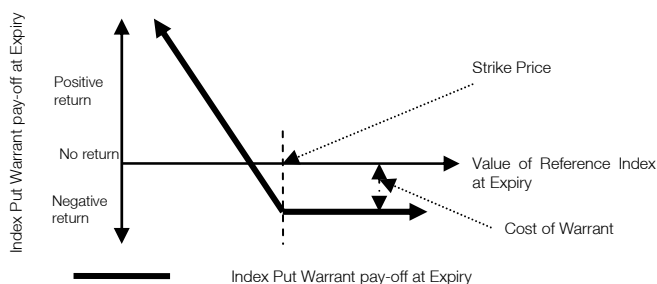
If the Warrant is an Index Put Warrant and the Reference Value of the Reference Index is:

- (1) **greater than or equal to the Strike Price of the Index Put Warrant at Expiry**, your Index Put Warrants will lapse and you will not receive any payment from us; or

- (2) **less than the Strike Price of the Index Put Warrant at Expiry**, you will be entitled to receive the Cash Settlement Amount (CSA) calculated as (per Index Put Warrant) the greater of:

(the Strike Price less the Reference Value) x the Index Multiplier.

The pay-off of an Index Put Warrant at its Expiry compared to the value of the Reference Index is shown in the diagram below:



You should be aware that if the amount of cash you are entitled to receive in relation to your Index Warrants is less than \$5.00, we may, instead of paying such amount to you, donate such monies to a charity of our choice.

3.4.5 Examples

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

Example 1: the Expiry of an Index Call Warrant

In April 2010, an investor acquires 44,444 Index Call Warrants having the following details:

- the ASX Code is XJOWMA;
- the Reference Index is the S&P/ASX 200 Index;
- the Strike Price is 4,500 and the Index Multiplier is 0.005; and
- the Expiry Date is 19 September 2010.

Assume that on Expiry of the Warrants, Macquarie has determined that the Reference Value of the Reference Index is 6,000.

In this case the investor would be entitled to receive a Cash Settlement Amount (CSA) for each Index Call Warrant calculated as:

$$\begin{aligned} \text{CSA} &= \text{the greater of:} \\ & \text{(i) (the Reference Value less the Strike Price) x the Index Multiplier; and} \\ & \text{(ii) zero.} \\ &= \text{the greater of:} \\ & \text{(i) (6,000 - 4,500) x 0.005; and} \\ & \text{(ii) 0.} \\ &= \$7.50 \end{aligned}$$

As the investor holds 44,444 Index Call Warrants, the investor is entitled to receive a total amount of \$333,330 (being \$7.50 x 44,444 Warrants) within seven (7) Business Days following the Expiry of the Warrants.

It is important to note that if the Reference Value of the Reference Index had been equal to or less than the Strike Price of the Call Warrant, the investor would not have received any Cash Settlement Amount.

Example 2: the Expiry of an Index Put Warrant

In April 2010, an investor acquires 26,666 Index Put Warrants having the following details:

- the ASX Code is XJOWMP;
- the Reference Index is the S&P/ASX 200 Index;
- the Strike Price is 4,500 and the Index Multiplier is 0.005; and
- the Expiry Date is 19 September 2010.

Assume that on the Expiry of the Warrants, Macquarie has determined that the Reference Value of the Reference Index is 3,250.

In these circumstances, the investor would be entitled to receive a Cash Settlement Amount (**CSA**) for each Index Put Warrant calculated as:

$$\begin{aligned} \text{CSA} &= \text{the greater of:} \\ &\quad \text{(i) (the Strike Price less the Reference Value) x the Index Multiplier; and} \\ &\quad \text{(ii) zero.} \\ &= \text{the greater of:} \\ &\quad \text{(i) (4,500 – 3,250) x 0.005; and} \\ &\quad \text{(ii) 0} \\ &= \$6.25 \end{aligned}$$

As the investor holds 26,666 Index Put Warrants, the investor is entitled to receive a total amount of \$166,662.50 (being \$6.25 x 26,666 Warrants) within seven (7) Business Days following the Expiry of the Warrants.

It is important to note that if the Reference Value of the Reference Index had been equal to or greater than the Strike Price of the Put Warrant, the investor would not have received any Cash Settlement Amount.

3.5

Other important information

3.5.1 Can the terms of my Index Warrants be amended?

Yes, the terms of your Index Warrants can change from time to time, including where a Potential Adjustment Event occurs. See Sections A1 and A3.2 of the Additional Information Booklet for more information about when the terms of your Index Warrants may be changed.

3.5.2 Can my Index Warrants be terminated prior to their Expiry Date?

Yes, Macquarie can terminate your Index Warrants prior to their Expiry Date where an Extraordinary Event occurs. See Sections A2 and A5 of the Additional Information Booklet for more information about Extraordinary Events and how they might affect Index Warrants that you hold.

Macquarie Currency Warrants

This Section is a summary of some of the important features of Macquarie Currency Warrants. The contractual terms of Macquarie Currency Warrants are set out in the Terms of Issue. If you acquire a Macquarie Currency 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.

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4.1

What are Macquarie Currency Warrants?

Macquarie Currency Warrants are short-dated ASX-traded warrants which, in general terms, give you the opportunity to benefit from movements in the value of a particular reference currency against the Australian dollar.

A **Currency Call Warrant** gives you, in general terms, the right to buy AUD1.00 for a specified strike price which is denominated in the reference currency (eg, USD0.80), multiplied by the amount of AUD in the Currency Multiplier (eg, AUD10.00). At the expiry of the Warrant, this right is “cash-settled” which means that you may be entitled to receive a Cash Settlement Amount (see Section 4.4.3).

A Currency Call Warrant may therefore enable you to benefit from any decrease in the value of the reference currency against the AUD on the Valuation Date of the Warrant. For example, if the value of the USD has decreased against the AUD on the Valuation Date of the Warrant such that it costs USD0.90 not USD0.80 to buy AUD1.00, then the right to buy each AUD1.00 for USD0.80 (multiplied by the Currency Multiplier, eg AUD10.00) will allow you to benefit from the decrease in the value of the USD against the Australian dollar.

A **Currency Put Warrant** gives you, in general terms, the right to sell AUD1.00 for a specified strike price which is denominated in the reference currency (eg, USD0.80), multiplied by the amount of AUD in the Currency Multiplier (eg, AUD10.00). At the expiry of the Warrant, this right is “cash-settled” which means that you may be entitled to receive a Cash Settlement Amount (see Section 4.4.4 for more information).

A Currency Put Warrant may therefore enable you to benefit from any increase in the value of the reference currency against the AUD on the valuation date of the Warrant. For example, if the value of the USD has increased against the AUD on the valuation date of the Warrant such that AUD1.00 only buys USD0.70 not USD0.80, then the right to sell each AUD1.00 for USD0.80 (multiplier by the Currency Multiplier, eg AUD10.00) will allow you to benefit from the increase in the value of the USD against the Australian dollar.

4.1.2 What is meant by an “increase” or “decrease” in the value of a particular Reference Currency against the Australian dollar?

A decrease in a Reference Currency against the Australian dollar means both that:

- (1) it costs more of the Reference Currency to buy AUD1.00. For example, assume that at the time you buy a Warrant, it costs USD0.83 to buy AUD1.00, but then during the term of the Warrant, the USD decreases in value against the AUD so that it costs USD0.87 to buy AUD1.00;

and likewise:

- (2) you can sell the AUD for more of the Reference Currency. For example, assume that at the time you buy a Warrant, you can sell AUD1.00 for USD0.83, but then during the term of the Warrant, the USD decreases in value against the AUD so that you can sell AUD1.00 for USD0.87.

An increase in a Reference Currency against the Australian dollar means both that:

- (1) it costs less of the Reference Currency to buy AUD1.00. For example, assume that at the time you buy a Warrant, it costs USD0.83 to buy AUD1.00, but then during the term of the Warrant, the USD increases in value against the AUD so that it only costs USD0.82 to buy AUD1.00;

and likewise:

- (2) you can sell the AUD for less of the Reference Currency. For example, assume that at the time you buy a Warrant, you can sell AUD1.00 for USD0.83, but then during the term of the Warrant, the USD increases in value against the AUD so that you can sell AUD1.00 for USD0.82.

4.1.3 What is the Reference Currency for a Macquarie Currency Warrant?

The Reference Currency for a Macquarie Currency Warrant will be specified in the SPDS for that Warrant.

4.1.4 How is the Reference Value of a Reference Currency determined on expiry of a Macquarie Currency Warrant?

See Section 4.4.2 of this PDS for more information.

4.2

How do I invest in Macquarie Currency Warrants?

4.2.1 How do I invest in Macquarie Currency Warrants?

If you want to invest in Macquarie Currency Warrants, you should:

1. carefully read all of this PDS, the Additional Information Booklet and any SPDS relevant to the Warrants you want to invest in;
2. consult your professional legal, taxation and financial adviser; and
3. contact your broker or financial adviser and organise for them to place an order to acquire the relevant Warrants on the ASX on your behalf.

4.2.2 How much do Macquarie Currency Warrants cost?

See Section 6.1 of this PDS for more information about the factors which may affect the amount you have to pay to acquire a Warrant.

If you acquire a Warrant on the ASX, in addition to any amount you may have to pay to acquire the Warrants on the ASX, your broker or adviser may also charge you a fee or commission in relation to that purchase.

4.3

What happens during the term of a Macquarie Currency Warrant?

4.3.1 The value of a Warrant during its term

During the term of a Currency Warrant you will be exposed to, among other things, the performance of the relevant Reference Currency against the Australian dollar. Any variation in the value of the Reference Currency relative to the Australian dollar, among other things, may adversely affect the value of your Warrant, and/or the price at which you may be able to buy or sell Currency Warrants on the ASX (see Sections 5.1 and 6.1 of this PDS for more information about the factors which may affect the value of a Warrant).

4.3.2 How to end your investment in a Warrant prior to the expiry of that Warrant

You may be able to end your investment in Macquarie Currency Warrants prior to their Expiry Date by selling your Warrants on the ASX. Macquarie has certain obligations under the ASX Operating Rules to make a market in the Warrants, however this does not oblige Macquarie to buy a Warrant from you at a price specified by you (nor does it oblige Macquarie to sell you a Warrant). Your broker or adviser may charge you a fee or commission in relation to any sale of a Warrant.

4.4

What happens on expiry of a Macquarie Currency Warrant?

4.4.1 What happens on expiry of a Macquarie Currency Warrant?

What happens on expiry of a Macquarie Currency Warrant will depend on:

- (1) what the Reference Value of the Reference Currency (per AUD1.00) is on the Valuation Date (see Section 4.4.2); and
- (2) whether the Currency Warrant is a Currency Call Warrant (see Section 4.4.3) or a Currency Put Warrant (see Section 4.4.4).

4.4.2 What is the Reference Value of the Reference Currency (per AUD1.00) on the Valuation Date?

The Reference Value of the Reference Currency per AUD1.00 is:

- (a) where the Reference Currency is United States dollars, the amount of United States dollars required to purchase AUD1.00, determined by reference to the AFMA US Hedge Settlement Rate at 9:45am (Sydney time) **on the Business Day** (see the Glossary) **following the Expiry Date** of the relevant Warrant; or
- (b) where the Reference Currency is not United States dollars, the amount of that Reference Currency required to purchase AUD1.00, as determined by us at 4.15pm (Sydney time) **on the Expiry Date** for that Warrant by reference to:
 - (i) the prevailing market exchange rates over the course of that day; and
 - (ii) the exchange rate at which Macquarie would be able to acquire, or dispose of, any Hedge Positions in relation to that Currency Warrant,

unless a Market Disruption Event occurs on such date. See Section A3.3 of the Additional Information Booklet for more information about how the Reference Value of a Reference Currency is determined where a Market Disruption Event occurs on the Valuation Date.

4.4.3 What happens if the Warrant is a Currency Call Warrant?

If the Warrant is a Currency Call Warrant and the Reference Value of the Reference Currency (per AUD1.00) is:

- (1) **has decreased to less than the Strike Price on the Valuation Date** (e.g. the Reference Value is USD0.82 per AUD1.00 and the Strike Price is USD0.80 per AUD1.00), you will be entitled to receive a Cash Settlement Amount calculated as (per Currency Call Warrant):

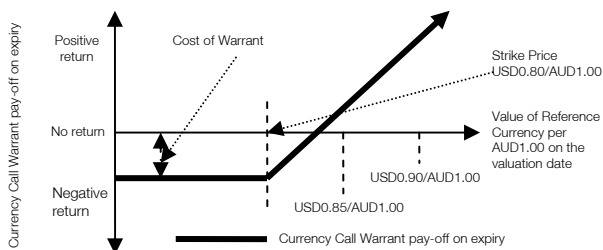
$$\frac{\text{(Reference Value of the Reference Currency (per AUD1.00) less the Strike Price)}}{\text{Reference Value of the Reference Currency (per AUD1.00)}} \times \text{Currency Multiplier (eg AUD10.00)}$$

For example, this may occur where the Reference Currency has decreased in value against the AUD.

- (2) **greater than or equal to the Strike Price on the Valuation Date** (e.g. the Reference Value is USD0.78 per AUD1.00 and the Strike Price is USD0.80 per AUD1.00), your Currency Call Warrants will lapse and you will not receive any payment from us.

For example, this may occur where the Reference Currency has increased in value against the AUD.

The pay-off of a Currency Call Warrant on expiry compared to the value of the Reference Currency (per AUD1.00) is shown in the diagram below:



Please note the example above is indicative only. Actual performance may be materially different than that set out in the indicative example provided above. Before you make any investment decision, it is recommended that you or your financial adviser consider the amount you have to pay to acquire a Warrant so that you understand what performance is required over the term in order for you to break even in relation to your investment.

You should be aware that if the amount of cash you are entitled to receive in respect of your Warrants is less than \$5.00, we may, instead of paying such amount to you, donate such monies to a charity of our choice.

4.4.4 What happens if the Warrant is a Currency Put Warrant?

If the Warrant is a Currency Put Warrant and the Reference Value of the Reference Currency (per AUD1.00) is:

- (1) **less than or equal to the Strike Price on the Valuation Date** (e.g. the Reference Value is USD0.85 per AUD1.00 and the Strike Price is USD0.80 per AUD1.00), your Currency Put Warrants will lapse and you will not receive any payment from us; or

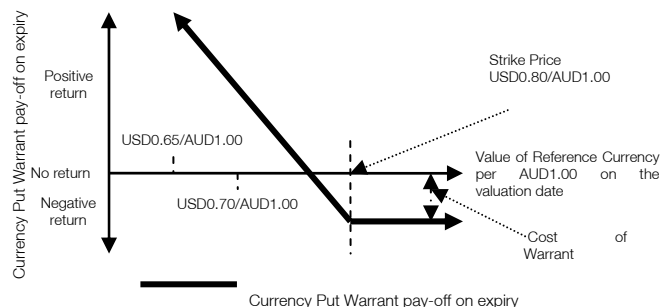
For example, this may occur where the Reference Currency has decreased in value against the AUD.

- (2) **has increased to greater than the Strike Price on the Valuation Date** (e.g. the Reference Value is USD0.70 per AUD1.00 and the Strike Price is USD0.80 per AUD1.00), you will be entitled to receive a Cash Settlement Amount calculated as (per Currency Put Warrant) the greater of:

$$\frac{\text{(the Strike Price less the Reference Value of the Reference Currency (per AUD1.00))}}{\text{Reference Value of the Reference Currency (per AUD1.00)}} \times \text{Currency Multiplier (AUD10.00)}$$

For example, this may occur where the Reference Currency has increased in value against the AUD.

The pay-off of a Currency Put Warrant on expiry compared to the value of the Reference Currency (per AUD1.00) is shown in the diagram below:



Please note the example above is indicative only. Actual performance may be materially different than that set out in the indicative example provided above. Before you make any investment decision, it is recommended that you or your financial adviser consider the amount you have to pay to acquire a Warrant so that you understand what performance is required over the term in order for you to break even in relation to your investment.

You should be aware that if the amount of cash you are entitled to receive in respect of your Warrants is less than \$5.00, we may, instead of paying such amount to you, donate such monies to a charity of our choice.

4.4.5 Examples

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

Example 1: the expiry of a Currency Call Warrant

In April 2010, an investor acquires the 20,000 Currency Call Warrants having the following details:

- the ASX Code is AXUWMA;
- the Reference Currency is United States Dollars (USD);
- the Strike Price is USD0.80 (per AUD1.00) and the Currency Multiplier is AUD10.00; and
- the Expiry Date is 19 September 2010.

Assume that on the Valuation Date for the Warrants, Macquarie has determined that the Reference Value of the Reference Currency is USD0.82 (per AUD1.00).

In this case the investor would be entitled to receive a Cash Settlement Amount (CSA) for each Currency Call Warrant calculated as:

CSA = the greater of:

$$\begin{aligned}
 & \text{(i)} \\
 & \frac{\text{(Reference Value of the Reference Currency (per AUD1.00) less the Strike Price)}}{\text{Reference Value of the Reference Currency (per AUD1.00)}} \times \text{Currency Multiplier (AUD10.00)} \\
 & \text{(ii) zero.} \\
 & = \text{the greater of:} \\
 & \text{(i)} \\
 & \frac{(\text{USD0.82 (per AUD1.00)} - \text{USD0.80})}{(\text{USD0.82 (per AUD1.00)})} \times \text{AUD10.00} \\
 & \text{; and} \\
 & \text{(ii) 0.} \\
 & = \text{the greater of:} \\
 & \text{(i) } \$0.2439 \text{ (rounded to four decimal places)} \\
 & \text{; and} \\
 & \text{(ii) 0.} \\
 & = \$0.2439 \text{ (rounded to four decimal places)}
 \end{aligned}$$

As the investor holds 20,000 Currency Call Warrants, the investor is entitled to receive a total amount of \$4,878 (being \$0.2439 x 20,000 Warrants) within seven (7) Business Days following the Valuation Date of the Warrants.

You should also be aware that if the Reference Value of the Reference Currency was greater than or equal to the Strike Price on the Valuation Date, the investor would not have received any Cash Settlement Amount.

Example 2: the expiry of a Currency Put Warrant

In April 2010, an investor acquires the 10,000 Currency Put Warrants having the following details:

- the ASX Code is AXUWMP;
- the Reference Currency is United States Dollars (USD);
- the Strike Price is USD0.90 (per AUD1.00) and the Currency Multiplier is AUD10.00; and
- the Expiry Date is 19 September 2010.

Assume that on the Valuation Date for the Warrants, Macquarie has determined that the Reference Value of the Reference Currency is USD0.85 (per AUD1.00).

In these circumstances, investor would be entitled to receive a Cash Settlement Amount (**CSA**) for each Currency Put Warrant calculated as:

CSA = the greater of:

$$\begin{aligned}
 & \text{(i)} \\
 & \frac{\text{(the Strike Price less the Reference Value of the Reference Currency (per AUD1.00))}}{\text{Reference Value of the Reference Currency (per AUD1.00)}} \times \text{Currency Multiplier (AUD10.00)} \\
 & \text{and} \\
 & \text{(ii) zero.} \\
 & = \text{the greater of:} \\
 & \text{(i)} \\
 & \frac{(\text{USD0.90 (per AUD1.00)} - \text{USD0.85 (per AUD1.00)})}{\text{USD0.85 (per AUD1.00)}} \times \text{AUD10.00} \\
 & \text{and} \\
 & \text{(ii) 0} \\
 & = \text{the greater of:} \\
 & \text{(i) } \$0.5882 \text{ (rounded to four decimal places).} \\
 & \text{; and} \\
 & \text{(ii) 0} \\
 & = \$0.5882 \text{ (rounded to four decimal places).}
 \end{aligned}$$

As the investor holds 10,000 Currency Put Warrants, the investor is entitled to receive a total amount of \$5,882 (being \$0.5882 x 10,000 Warrants) within seven (7) Business Days following the Valuation Date of the Warrants.

You should also be aware that if the Reference Value of the Reference Currency was less than or equal to the Strike Price on the Valuation Date, the investor would not have received any Cash Settlement Amount.

4.5

Other important information

4.5.1 Can the terms of my Currency Warrants change?

Yes, the terms of your Currency Warrants can change from time to time, including where a Potential Adjustment Event occurs. See Sections A1 and A3.2 of the Additional Information Booklet for more information about when the terms of your Currency Warrants may be changed.

4.5.2 Can my Currency Warrants be terminated prior to their Expiry Date?

Yes, Macquarie can terminate your Currency Warrants prior to their Expiry Date where an Extraordinary Event occurs. See Sections A2 and A5 of the Additional Information Booklet for more information about Extraordinary Events and how they might affect Currency Warrants that you hold.

Risks You Should Consider

Any investment you make in a Warrant is speculative and may decrease as well as increase in value. In particular, Warrants are a high risk investment and should not be seen as predictable low risk investments. Before investing, you should carefully consider the significant risks that may affect the value of your investment in a Warrant. You should also be aware that you may lose some or all of the money you invest in a Warrant.

This Section is not intended to be a comprehensive summary of all the risks associated with an investment in a Warrant but highlights particular risks that we encourage you to consider in detail and discuss with your financial adviser.

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Your investment may be exposed to a number of risks including the following risks which we have divided into categories:

- (1) risks specific to the Warrants (Sections 5.1 to 5.8); and
- (2) general risks (Sections 5.9 to 5.11).

You should only:

- consider investing in Warrants if you have experience in securities, options, warrants, exchange rates, indices, leveraged transactions and investments in securities generally; and
- reach an investment decision after carefully considering, with your adviser, the suitability of investing in Warrants in your particular circumstances.

An investment in Warrants does not suit investors seeking a traditional investment product (such as a direct investment in shares). There is a material risk that you could lose all of the money that you have invested in Warrants.

Risks specific to the Warrants

5.1

Factors affecting the value of a Warrant

5.1.1

Factors affecting the value of a Warrant

The value at which you can buy or sell Warrants is likely to be affected by factors such as the price or value of the Reference Asset, 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 other factors and general risks applicable to trading on the ASX and on financial markets generally. Warrants may become significantly less valuable and, in certain circumstances, you may lose some or all of the money you invest.

In recent times, markets have experienced more volatile conditions and volatility in some markets increased to very high levels. Investing in highly volatile conditions implies a greater level of risk for investors than an investment in a more stable market. You should carefully consider the risk of additional volatility before making any investment decision.

See Section 6.1 of this PDS for more information about the factors which may affect the value of a Warrant.

YOU SHOULD BE AWARE THAT THE VALUE OF MACQUARIE WARRANTS COULD VARY MATERIALLY IN A RELATIVELY SHORT PERIOD OF TIME.

5.1.2

Leverage risk

Compared to a direct investment in the relevant Reference Asset, losses and gains on Warrants can be magnified because of the leverage incorporated within the Warrants. For example, if:

- in the case of a Share Call Warrant or an Index Call Warrant, the value of the Reference Asset declines over the term of the Warrant or stays the same;
- in the case of a Share Put Warrant or an Index Put Warrant, the value of the Reference Asset increases over the term of the Warrant or stays the same;
- in the case of a Currency Call Warrant, the value of the Reference Currency increases against the value of the AUD or stays the same; or
- in the case of a Currency Put Warrant, the value of the Reference Currency falls against the value of the AUD or stays the same,

the value of an investment in a Warrant will decrease at a greater rate than a direct investment in the relevant Reference Asset.

As an example, assume you have \$10,000 to invest, XYZ Shares are trading at \$10.00 and XYZ Share Call Warrants issued by Macquarie with a Strike Price of \$7.50 and a Specified Number of 1 are trading at \$5.00. This means that you can either invest your \$10,000 directly in 1,000 XYZ Shares or you can invest in 2,000 Warrants and get exposure to the performance of 2,000 XYZ Shares. As the Warrants in this case have provided exposure to double the number of XYZ Shares, if the XYZ Share price falls to \$9.00, the value of your investment in the Share Call Warrants may fall by up to double the amount that a direct investment in the XYZ Shares would have fallen.

The higher the leverage of your Warrants, the riskier your investment will be. You should consider the risks of leverage and seek independent financial advice prior to investing in Warrants.

5.1.3

Time value of a Warrant

The value of a Warrant may, in part, be determined by the length of time remaining to the Expiry Date of that Warrant. This is because the more time a Warrant has until its Expiry Date, the more time there is for:

- (a) in the case of a Share Call Warrant and Index Call Warrant, the value of the Reference Asset to move above the Strike Price of the Warrant;
- (b) in the case of a Share Put Warrant and an Index Put Warrant, the value of the Reference Asset to move below the Strike Price of the Warrant;
- (c) in the case of a Currency Call Warrant, the value of the foreign currency to decrease against the value of the AUD; and
- (d) in the case of a Currency Put Warrant, the value of the foreign currency to increase against the value of the AUD.

As the time to the Expiry Date of a Warrant decreases, the value of a Warrant may also decrease given that there is less time for the value of the Reference Asset to move in a beneficial direction. This is known as **time decay**. You should also be aware that:

1. the value of a Warrant may decrease due to time decay even if the value of the Reference Asset remains the same; and
2. time decay may occur at a greater rate (and consequently the value of your Warrant may decrease at a greater rate) as the Expiry Date of the Warrant gets closer.

5.1.4

Breakeven Considerations

Please note the examples below are indicative only and although they are expressed as relating to Index Warrants, the same considerations apply in respect of any investment you make in a Share or Currency Warrant. Actual breakeven amounts/levels may be materially higher than that set out in the indicative examples provided below. Before you make any investment decision, it is recommended that you or your financial adviser consider the amount you have to pay to acquire a Warrant so that you understand what performance is required over the term in order for you to break even in relation to your investment.

To break even in relation to an investment in a Warrant:

- in the case of a Share Call Warrant and an Index Call Warrant, the Reference Value of the relevant Reference Asset for your Warrant will need to increase above the Strike Price of the Warrant;
- in the case of a Share Put Warrant and an Index Put Warrant, the Reference Value of the relevant Reference Asset for your Warrant will need to decrease below the Strike Price of the Warrant;
- in the case of a Currency Call Warrant, the Reference Value of the Reference Currency relative to the AUD must fall below the Strike Price (eg, a fall in the value of the USD against the AUD from USD0.70/AUD1.00 to USD0.85/AUD1.00); and
- in the case of a Currency Put Warrant, the Reference Value of the Reference Currency relative to the AUD must increase above the Strike Price (eg, an increase in the value of the USD against the AUD from USD0.70/AUD1.00 to USD0.60/AUD1.00);

by enough to ensure that any Cash Settlement Amount you are entitled to receive following the expiry of the Warrant (if any) is enough to cover any amounts you have paid to acquire that Warrant (after taking into account any relevant taxation considerations and the time value of money). The following information is illustrative only, and shows the break-even analysis (excluding taxation and time value of money considerations) for a hypothetical Index Warrant investment.

Call Warrants

Note the below analysis does not take into account taxation considerations or the time value of money and assumes that there are no other applicable fees and costs other than the amount paid to acquire the Warrant on the ASX (eg, brokerage is not taken into account). The rounding used in this example has been used for the purposes of simplifying this example only, and may be different to the rounding that will actually be used by Macquarie in relation to any Warrants that you hold. The actual rounding which will apply to your Warrants is set out in clause 10.6 of the Terms of Issue.

Macquarie issues an Index Call Warrant over the S&P/ASX 200 Index (the "Index") in September 2010 (ASX Code: XJOWMA) with a Strike Price of 4,350, an Index Multiplier of 0.005 and an Expiry Date of 31 March 2011. Assume that the cost per Warrant is 20% of the Strike Price (multiplied by the Index Multiplier), or \$4.35 per Warrant (4,350 x 0.005 x 20%). Also assume that the investor would like to invest approximately \$200,000 in the Warrants. The investor will therefore acquire 45,977 Warrants at a cost of \$4.35 per Warrant (\$200,000 / \$4.35 = 45,977 (rounded down to the nearest whole Warrant)). The total acquisition cost paid by the investor will therefore be \$199,999.95 (\$4.35 x 45,977).

At the Expiry of the Index Call Warrants, there are a number of outcomes that could occur:

1. if the Reference Value is **at or below** the Strike Price of 4,350 (eg, 4,340), the investor will lose their initial investment amount of \$199,999.95, as the Cash Settlement Amount of the Index Call Warrants would be zero (see Section 3 of this PDS). In this case, the Warrants would expire worthless.
2. in order to breakeven on their investment, the value of the Reference Index will have to increase above the Strike Price in percentage terms by an amount equal to the amount paid to acquire those Warrants. As the amount paid was 20% of the Strike Price (multiplied by the Index Multiplier), the Reference Value of the Index at the Expiry of the Index Call Warrant would have to equal 5,220 (being 4,350 x 120%). In these circumstances, the Cash Settlement Amount for the Warrants would be calculated as follows (per Warrant):

= the greater of:

- (i) (the Reference Value less the Strike Price) x the Index Multiplier; and
- (ii) zero.

= the greater of:

- (i) (5,220 – 4,350) x 0.005; and
- (ii) zero

= \$4.35.

Based on the investor's holding of 45,977 Index Call Warrants, the investor would receive a total payment equal to \$199,999.95 (rounded to the nearest dollar) (being \$4.35 x 45,977) which is just enough to recover the \$199,999.95 paid by the investor to acquire those Warrants.

3. in order to profit on their investment, the Index has to rise by an amount greater than the amount paid to acquire those Index Call Warrants (which, as seen in the example above, means the Index has to finish at a value higher than 5,220). Assume the Reference Value of the Reference Index at the Expiry of the Warrant is 6,100. In these circumstances, the Cash Settlement Amount for the Warrants would be calculated as follows (per Warrant):

= the greater of:

- (i) (the Reference Value less the Strike Price) x the Index Multiplier; and
- (ii) zero.

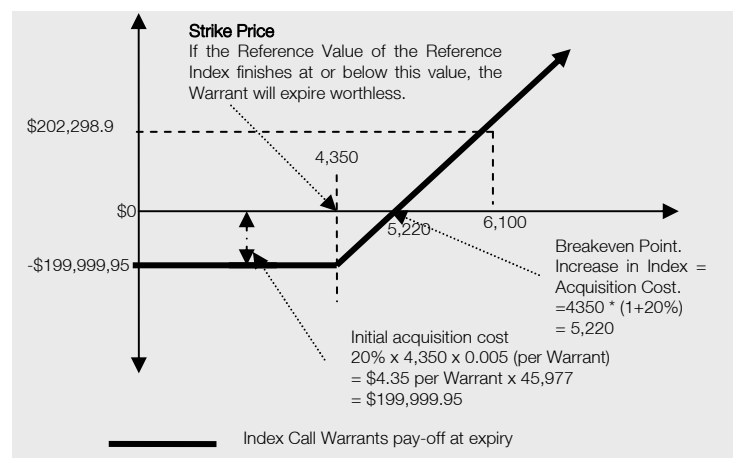
= the greater of:

- (i) (6,100 – 4,350) x 0.005; and
- (ii) zero

= \$8.75.

Based on the investor's holding of 45,977 Index Call Warrants, the investor would receive a total payment equal to \$402,298.75 (being \$8.75 x 45,977, rounded to two decimal places). This amount exceeds the amount the investor paid to acquire those Warrants by \$202,298.80 (being \$402,298.75 - \$199,999.95).

These break even considerations are represented in the following diagram:



Put Warrants

Note the below analysis does not take into account taxation considerations or the time value of money and assumes that there are no other applicable fees and costs other than the amount paid to acquire the Warrant on the ASX (eg, brokerage is not taken into account). The rounding used in this example has been used for the purposes of simplifying this example only, and may be different to the rounding that will actually be used by Macquarie in relation to any Warrants that you hold. The actual rounding which will apply to your Warrants is set out in clause 10.6 of the Terms of Issue.

Macquarie issues an Index Put Warrant over the S&P/ASX 200 Index in September 2010 (ASX Code: XJOWMP) with a Strike Price of 4,600, an Index Multiplier of 0.005 and an Expiry Date of 31 March 2011. Assume that the cost per Warrant is 15% of the Strike Price (multiplied by the Index Multiplier), or \$3.45 per Warrant (4,600 x 0.005 x 15%). Also assume that the investor would like to invest approximately \$100,000 in the Warrants. The investor will therefore acquire 28,985 Warrants at a cost of \$3.45 per Warrant (\$100,000 / \$3.45 = 28,985 (rounded down to the nearest whole Warrant)). The total acquisition cost paid by the investor will therefore be \$99,998.25 (\$3.45 x 28,985).

At the Expiry of the Index Put Warrants, there are a number of outcomes that could occur:

1. if the Reference Value of the Reference Index is **at or above** the Strike Price of 4,600 (eg, 4,700), the investor will lose their initial investment amount of \$99,998.25, as the Cash Settlement Amount of the Index Put Warrants would be zero (see Section 3). In this case, the Warrants would expire worthless.
2. in order to breakeven on their investment, the value of the Reference Index will have to decrease below the Strike Price in percentage terms by an amount equal to the amount paid to acquire those Warrants. As the amount paid was 15% of the Strike Price (multiplied by the Index Multiplier), the Reference Value of the Reference Index at the Expiry of the Index Put Warrant would have to equal 3,910 (being 4,600 x (1-15%)). In these circumstances, the Cash Settlement Amount for the Warrants would be calculated as follows (per Warrant):

= the greater of:

- (i) (the Strike Price less the Reference Value) x the Index Multiplier; and
- (ii) zero.

= the greater of:

- (i) (4,600 – 3,910) x 0.005; and
- (ii) zero

= \$3.45.

Based on the investor's holding of 28,985 Index Put Warrants, the investor would receive a total payment equal to \$99,998.25 (being \$3.45 x 28,985) which is just enough to recover the \$99,998.25 paid by the investor to acquire those Warrants.

3. in order to profit on their investment, the Index has to decrease by an amount greater than the amount paid to acquire those Index Put Warrants (which, as seen in the example above, means the Index has to finish at a value lower than 3,910). Assume the Reference Value of the Reference Index at the Expiry of the Warrant is 3,500. In these circumstances, the Cash Settlement Amount for the Warrants would be calculated as follows (per Warrant):

= the greater of:

- (i) (the Strike Price less the Reference Value) x the Index Multiplier; and
- (ii) zero.

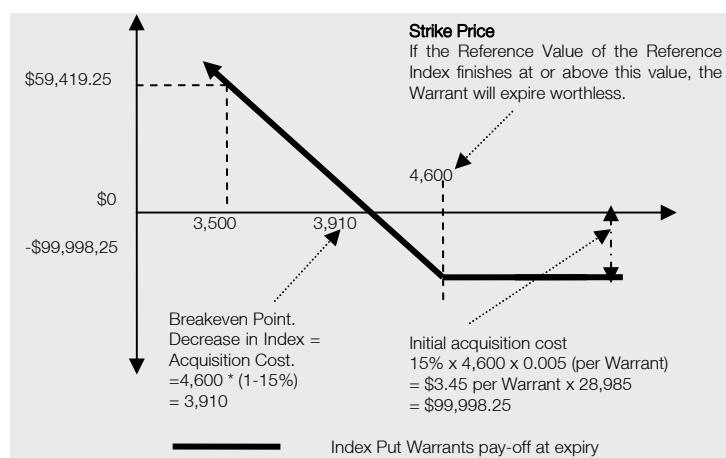
= the greater of:

- (i) (4,600 – 3,500) x 0.005; and
- (ii) zero

= \$5.50.

Based on the investor's holding of 28,985 Index Put Warrants, the investor would receive a total payment equal to \$159,417.50 (being \$5.50 x 28,985). This amount exceeds the amount the investor paid to acquire those Warrants by \$59,419.25 (being \$159,417.50 - \$99,998.25).

These break even considerations are represented in the following diagram:



5.2

Counterparty risk

The value of your investment in a Warrant depends on, among other things, whether Macquarie can, and does, perform its obligations in respect of that Warrant. Macquarie's obligations in respect of a Warrant:

- are not deposit liabilities of Macquarie;
- are not guaranteed by any other party; and
- are unsecured contractual obligations which will rank equally with Macquarie's other unsecured contractual obligations and unsecured debt in the event of Macquarie's insolvency (other than liabilities mandatorily preferred by law).

In this regard, the Banking Act 1959 (Cth) provides that if Macquarie becomes unable to meet its obligations, Macquarie's assets in Australia shall be available to meet its liabilities in relation to protected accounts, certain costs owed to the Australian Prudential Regulatory Authority, and other types of deposits in priority to all of Macquarie's other obligations, including the obligations of Macquarie in relation to a Warrant.

You must make your own assessment of Macquarie's ability to meet its obligations in relation to a Warrant. A description of Macquarie is set out in Section A4.1 of the Additional Information Booklet to assist you in making this assessment.

5.3

Extraordinary Events

It is important to know that Macquarie has the right to terminate your Warrants prior to their stated Expiry Date in certain circumstances. The events that may lead to an early termination of your Warrants are called "Extraordinary Events".

Where an Extraordinary Event occurs with respect to your Warrant:

- your Warrants may be terminated by us (with the consent of the ASX) prior to their original Expiry Date; and
- you will only be entitled to receive the Early Lapse Amount (if any) determined as of the Early Lapse Date (that is, either the date on which Macquarie nominates an Extraordinary Event or a specified later date).

You should refer to Section A2 of the Additional Information Booklet for more information about Extraordinary Events.

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

5.4

Potential Adjustment Events

If a Potential Adjustment Event occurs, or we expect will occur, we may either:

- (1) make any adjustment we consider appropriate (with the consent of the ASX) to the terms of your Warrants, provided that such adjustments are made for the purposes of preserving (to the extent reasonably practicable and subject to small differences that may arise due to rounding) the economic equivalence of the parties' positions immediately prior to the adjustments being made in relation to the Potential Adjustment Event (see Section A1 of the Additional Information Booklet for more information); or
- (2) where we determine that (acting in a commercially reasonable manner):
 - (i) it is not reasonably practicable to adjust the Warrant in relation to the Potential Adjustment Event in the manner described in paragraph (1) above; or
 - (ii) if the Warrant were to be adjusted in the manner described in paragraph (1) above in relation to the Potential Adjustment Event:
 - (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 event as an Extraordinary Event and terminate your Warrants prior to their original Expiry Date (see Section 5.3 of this PDS).

You should refer to Section A1 of the Additional Information Booklet for more information on how your Warrants may be treated in relation to a Potential Adjustment Event and more information about what events might be considered by us to be a Potential Adjustment Event. Some events which may constitute a Potential Adjustment Event include:

- (a) a bonus or rights issue, consolidation, sub-division, buy-back, takeover or merger occurring in relation to the Reference Share for a Share Warrant you hold; or
- (b) a material change occurs in the method of calculating the Reference Index for an Index Warrant you hold,

5.5

Exercise of discretion by Macquarie

You should note that a number of provisions in the Terms of Issue confer discretions on us which could affect the value of your investment in a Warrant. These include the discretions to:

1. determine the Reference Value of the Reference Asset;
2. terminate your Warrants prior to their stated Expiry Date and determine the amount payable to you as a result of that early termination (see Section A2 of the Additional Information Booklet for more information);
3. nominate Market Disruption Events (see Section A3.3 of the Additional Information Booklet for more information); and
4. adjust your Warrants for Potential Adjustment Events (see Section A1 of the Additional Information Booklet for more information).

The exercise or non-exercise of these discretions could adversely affect the value of your Warrants. You do not have the power to direct us concerning the exercise of any discretion however Macquarie must exercise all discretions in a commercially reasonable manner. You should refer to the Terms of Issue for more information about the discretions we have.

5.6

Potential conflicts of interest

We will generally hedge our exposure under a Warrant, but are not obliged to. We may effect or unwind a substantial part of our hedging activities as the Expiry Date of your Warrants approaches, or on the early termination or exercise of your Warrants. These hedging activities may affect the value of the Reference Asset and consequently the value of your Warrants. Our hedging activities may be conducted in assets equivalent to the Reference Asset or options, futures or other derivatives related the Reference Asset (but may not be).

We may also:

1. trade in (whether as principal or agent); and
2. have opposing interests to your interests as the Holder of a Warrant in,

such assets, financial products and derivatives and may profit from such activities.

Other conflicts of interest may also arise. Please see Section A4.2 of the Additional Information Booklet for more information about potential conflicts of interests and other activities of members of the Macquarie Group.

5.7

Trading Risks

5.7.1

Possible illiquidity of ASX trading

You should be aware that there is no indication as to how the Warrants will trade in the secondary market (eg, the ASX) or whether that market will be liquid or illiquid. As a consequence, you may not be able to sell your Warrants at a price acceptable to you. Macquarie has no obligation to sell a Warrant to any person.

5.7.2

Suspension of Trading in Warrants

Trading in Warrants on the ASX may be halted or suspended by the ASX in accordance with the ASX Operating Rules. This may occur, for example, whenever the ASX deems such action appropriate to protect investors or if Macquarie fails to comply with the ASX Operating Rules or the Terms of Issue. Macquarie may also request the ASX to suspend trading of the Warrants on the ASX at any time, including due to:

1. our internal trading restrictions or requirements (eg, where the Macquarie Group is advising in relation to a proposed takeover); or
2. legal or other regulatory reasons.

5.8

Taxation considerations

The taxation considerations summarised in Section 7 of this PDS are based on a number of assumptions which are set out in Section 7.1. In considering the potential taxation outcomes of investing in a Warrant, it is important that you consider:

1. the applicability of those assumptions in relation to your investment in a Warrant; and
2. the impact that certain events (such as the occurrence of an Extraordinary Event) may have on your taxation outcomes.

The taxation outcomes of investing in a Warrant depend on your individual circumstances and we recommend you seek independent taxation advice which takes into account what you currently have, and what you want and need for your financial future before making any investment decision.

General risks

5.9

Investment decisions

It is impossible in a document of this type to take into account what you currently have, and what you want and need for your financial future. Accordingly, nothing in this PDS is a recommendation by us or any other member of the Macquarie Group about either:

- (a) an investment in a Warrant, any particular Reference Asset or any other financial product; or
- (b) the suitability of a Warrant for any investor or any particular investor's trading or investment strategy.

You should not rely on this PDS as the sole basis for any investment decision in relation to a Warrant, any particular Reference Asset or any other financial product, but should obtain additional information and, where necessary, obtain independent financial advice. Macquarie has not engaged or authorised anyone to act as your adviser or fiduciary in respect of any investment you make in a Warrant. Any party selling or advising you in relation to this product is not an agent or representative of Macquarie (as the issuer of the Warrants).

5.10

Past performance

The past performance of a Reference Asset is not a guide to future performance which may differ materially.

5.11

Change of Law

Changes to laws, their interpretation or government administrative practices in Australia, including taxation and corporate regulatory laws and practices, could have a negative impact on your investment returns. As the application of such laws, rules and practices may depend on your individual circumstances, you should seek your own advice as to how such factors may affect your investment in a Warrant.

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This Section shows fees and other costs that you may be charged in relation to a Warrant. These fees and costs may be payable by you, deducted from any moneys we owe you (including any return on your investment), or may be recovered by us exercising our rights under the Terms of Issue. You should read all of the information about fees and costs because it is important to understand their impact on your investment.

For information about the significant tax implications of investing in a Warrant, see Section 7 of this PDS.

6.1**Amounts payable to acquire a Warrant**

This PDS does not specify the amount you may have to pay to acquire a Warrant on the ASX. This is because those amounts are not fixed and will vary depending on a number of factors including:

- the price or value of the Reference Asset;
- 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; and
- the expected future dividends of the Reference Asset (if any).

The effect that these factors may have on the price or value of a Call Warrant (both when you acquire the Warrant and throughout its term) is demonstrated in the following table:

Variable	Change in Variable	Effect on value or price of a Call Warrant
Price or value of the Reference Asset (Share Warrants and Index Warrants)	▲	▲
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)	▼	▲
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 effect that these factors may have on the price or value of a Put Warrant (both when you acquire the Warrant and throughout its term) is demonstrated in the following table:

Variable	Change in Variable	Effect on value or price of a Put Warrant
Price or value of the Reference Asset (Share Warrants and Index Warrants)	▲	▼
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)	▲	▲
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)	▲	▲

You should also be aware that:

1. other factors, including current and forecasted economic conditions (eg, inflation and interest rates), may affect the amount that you have to pay to acquire a Warrant on the ASX and the value of that Warrant during its term; and
2. there may be simultaneous moves in two or more of the factors listed above.

If you purchase a Warrant on the ASX, in addition to any amount you may have to pay to acquire the Warrants on the ASX, your broker may also charge you a fee or commission in relation to that purchase.

6.2

Adviser Commissions

6.2.1 Adviser fees

When you acquire a Warrant, your adviser may receive certain payments from Macquarie as set out below:

Type of Fee	Amount	How and when paid
Adviser upfront commission	Not Applicable.	Not Applicable.
Adviser trailing payment	Not Applicable.	Not Applicable.

6.2.2 Discretionary commissions

We or another member of the Macquarie Group may make discretionary payments to your financial adviser. These payments (if any) are based on a number of factors including the volume of Macquarie Group products sold to your financial adviser's clients and the relationship between your financial adviser and the Macquarie Group. As the factors on which these payments are based may be unrelated to your Warrants and are not recovered from the return you receive in relation to your Warrants, it is not possible to express these payments as a percentage of your investment in a Warrant. These payments are made using the Macquarie Group's own resources. You should ask your financial adviser for further details of any such arrangements.

6.2.3 Soft dollar commissions

We or another member of the Macquarie Group may from time to time provide or receive non-monetary benefits, sometimes known as "**soft dollar commissions**". These may be provided to (or received from), for example, financial advisers or brokers. These benefits may include, but are not restricted to, research and market information, free or subsidised services, accommodation, broking arrangements, software and sponsorship of seminars and conferences. These benefits, when provided, will be paid by us or the relevant member of the Macquarie Group out of our own, or their own, resources.

6.3

Goods and Services Tax (GST)

Unless otherwise stated, fees and charges quoted in this PDS are inclusive of GST.

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7.1

Assumptions

This summary of taxation implications assumes:

- you are an Australian resident for tax purposes;
- you will acquire the Macquarie Warrants as an applicant or otherwise on or after the date of this PDS;
- you will hold the Macquarie Warrants on revenue account, either being a person who is carrying on a business of either trading or investing in securities, in the course of which you regularly acquire and dispose of securities or a person who acquires Macquarie Warrants for the purpose of deriving a profit on disposing of the Warrants;
- at the commencement of the investment in the Macquarie Warrants you have the intention of acquiring the Warrants to derive a profit on disposal of the Warrants;
- you do not hold Macquarie Warrants as items of trading stock;
- the Macquarie Warrants will be denominated in Australian dollars;
- all transactions you enter into with Macquarie in relation to the Warrants will be at prevailing market prices and otherwise on arm's length terms; and

- you do not enter into any Warrant in substitution for an economically equivalent transaction you otherwise would have entered into.

This summary is based on Australian taxation laws in force and administrative practices generally accepted as at the date of this PDS. Any of these may change in the future without notice and legislation introduced to give effect to announcements may contain provisions that are currently not contemplated. Future changes in taxation laws, their interpretation or associated administrative practices could affect the tax treatment of Macquarie Warrants.

All references in this summary to legislative provisions are to provisions of the *Income Tax Assessment Act 1936* or the *Income Tax Assessment Act 1997* (together, the **Tax Act**).

7.2

Purchase and Disposal of the Macquarie Warrants

7.2.1

Purchase of Macquarie Warrants

There should be no taxation consequences arising from the purchase of the Macquarie Warrants. The acquisition cost (which may include the Premium or the on-market cost of the Warrants), including any incidental costs of acquisition (such as brokerage costs), will not be deductible at the time of acquisition, but will be relevant in determining the assessable gain or deductible loss on the sale, exercise or expiry of your Warrants.

7.2.2

Disposal of Macquarie Warrants

Where you dispose of your Macquarie Warrants on the secondary market (including disposal back to Macquarie as the designated market maker), this disposal should give rise to assessable income to the extent that the disposal proceeds exceed the acquisition cost of your Warrants. Conversely, you should make a deductible loss to the extent that the cost of the Warrants exceeds the disposal proceeds of the Warrants.

7.2.3

Exercise of Macquarie Warrants – Cash Settlement

When you provide an Exercise Notice in respect of the exercise of your Macquarie Warrants, such settlement should produce assessable income to the extent that the Cash Settlement Amount exceeds the cost of the Warrants. Conversely, you should make a deductible loss to the extent that the cost of the Warrants exceeds the Cash Settlement Amount (if any).

7.2.4

Expiry of Macquarie Warrants – Warrants unexercised

If your Macquarie Warrants lapse unexercised, you are treated as having disposed of the Warrants.

If you receive a Cash Settlement Amount for your Warrants, you will make an assessable gain to the extent that the Cash Settlement Amount exceeds the cost of acquisition. Conversely, you should make a deductible loss to the extent that the Cash Settlement Amount is less than the acquisition cost of the Warrants.

If you do not receive any amounts in respect of the lapse of your Warrants, you should make a deductible loss equal to the acquisition cost of your Warrants.

7.2.5

Capital Account and Hedgers and Investors

You should be aware that if you acquire Macquarie Warrants with the intention of mitigating a loss on the underlying equities or indices, rather than with the intention of making a profit on disposal of the Warrants, you may be considered to hold the Warrants on capital account and the relevant capital gains tax (CGT) provisions of the *Tax Act* would apply.

For example, if you use your Macquarie Warrants to hedge an underlying transaction on capital account, your Warrants may be considered as also being held on capital account.

In these circumstances, the acquisition cost of your Macquarie Warrants should be included in the cost base/reduced cost base for CGT purposes.

Disposal, settlement and expiry of unexercised warrants all trigger CGT events which may give rise to a capital gain or capital loss rather than an assessable gain or deductible loss (as discussed above).

You will make a capital gain to the extent that your disposal proceeds (in the case of disposal of your Warrants) or Cash Settlement Amount (in the case of exercise or expiry of your Warrants) exceeds your cost base. Conversely, you will make a capital loss to the extent that your disposal proceeds or Cash Settlement Amount are less than your reduced cost base of the Warrants.

A discount capital gain should be available to you if you are an individual, a complying superannuation entity or a trust and you have held your Warrants for at least twelve months prior to the date of disposal or expiry (not including the dates of acquisition and disposal/expiry).

You should take independent taxation advice as to the application of the CGT provisions to your circumstances.

7.3

Holding Macquarie Warrants

You will not receive any dividends or distributions as a result of holding Macquarie Warrants. Consequently, you will not derive assessable income, and no franking credits will be available to you by virtue of holding the Warrants.

You should note that a Warrant may be considered a "position" in relation to other securities that you may hold outside of your investment in Macquarie Warrants. Further, an adjustment to a Warrant may be considered a "related payment". Each of these conclusions will be relevant in the determination of your eligibility for franking tax offsets for franking credits attaching to dividends or distributions in relation to those securities.

You should take independent taxation advice as to the impact of acquiring Warrants on your eligibility for franking tax offsets.

7.4

Taxation of Financial Arrangements

From 1 July 2010 (or 1 July 2009 if early election is adopted), the Taxation of Financial Arrangements (TOFA) legislation may apply to certain taxpayers. Broadly, this legislation impacts the taxation of financial arrangements in terms of the timing of derivation of assessable income, the quantum of a gain or loss for taxation purposes and also the character of a particular receipt.

The TOFA provisions do not apply to certain investors, including (a) individuals, (b) superannuation entities and managed investment schemes with assets of less than AUD \$100 million, (c) authorised deposit-taking institutions, securitisation vehicles or other financial sector entities with an aggregate turnover of less than AUD \$20 million, and (d) other entities with aggregated turnover of less than AUD \$100 million, financial assets of less than AUD \$100 million and assets of less than AUD \$300 million, unless the investor makes a specific election for the provisions to apply or the arrangement is considered to be a "qualifying security" for the purposes of the **Tax Act**. A Macquarie Warrant should not be considered to be a qualifying security.

The TOFA provisions are complex and, to the extent that they apply, their application is dependent on the particular investor's facts and circumstances. Accordingly, Macquarie strongly recommends that investors take independent taxation advice in respect of the Macquarie Warrants.

7.5

Part IVA

Part IVA is the general anti-avoidance provision of the Tax Act. It applies where the dominant purpose of the taxpayer (or any other person) in entering into a "scheme" is to obtain a "tax benefit". A "tax benefit" is relevantly defined as:

- (a) an amount not being included in assessable income where, but for the scheme, that amount would reasonably be expected to have been included; or
- (b) an amount being allowed as a deduction where, but for the scheme, that amount would not reasonably be expected to have been allowable.

The application of Part IVA to a particular taxpayer can only be conclusively determined on an examination of that taxpayer's individual circumstances. Nevertheless, the following comments are able to be made for a typical investor.

For the purposes of Part IVA, the dominant purpose of an investor subscribing for a Macquarie Warrant, being the only relevant "scheme," should be seen to include obtaining exposure (either positive or negative) to a particular Reference Share, Reference Index or Reference Currency, for example, for the purpose of deriving a profit on the disposal of the Warrants, or for hedging other exposures the investor may have. On this basis, Part IVA

should not apply to the acquisition, holding and disposal of the Macquarie Warrants by a typical investor in the Warrants.

7.6

Goods and Services Tax

The *A New Tax System (Goods and Services Tax) Act 1999* and related legislation impose a goods and services tax (GST) on certain “supplies”. The *A New Tax System (Goods and Services Tax) Regulations 1999* identify a range of supplies that are financial supplies on which GST is not payable.

The acquisition, holding and disposal of your Warrants will not give rise to a liability for GST.

7.7

Stamp Duty

The acquisition, holding and disposal of the Warrants should not give rise to any stamp duty in any jurisdiction in Australia.

Glossary

In this PDS, the Additional Information Booklet, any SPDS and the Terms of Issue, the following definitions shall apply unless the context otherwise requires:

Additional Information Booklet means the Additional Information Booklet issued by Macquarie in relation to the Warrants and dated 1 September 2010 (as may be amended or supplemented from time to time).

Accretion means all rights, accretions, entitlements and other property attaching to a Reference Asset (including, without limitation, all voting rights, franking credits and rights to receive dividends and other distributions or shares, notes, options or other securities exercisable, declared, paid or issued in respect of a Reference Asset).

American Warrant means a Warrant specified in the relevant SPDS as having an exercise style which is "American" in nature.

AML/CTF Laws means the Anti-Money Laundering and Counter-Terrorism Financing Act 2006, rules and other subordinate instruments.

Application Form means the form of application prescribed by Macquarie from time to time.

Approved Financial Product has the meaning set out in the ASX Settlement Rules.

ASX means ASX Limited (ABN 98 008 624 691) or the Australian Securities Exchange, as the context requires.

ASX Operating Rules means the operating rules of the ASX, as amended from time to time. A copy of these rules can be obtained from asx.com.au, or alternatively, by contacting Macquarie.

ASX Settlement means ASX Settlement Pty Limited (ABN 49 008 504 532).

ASX Settlement Rules means the settlement operating rules of ASX Settlement from time to time. A copy of these rules can be obtained from asx.com.au, or alternatively, by contacting Macquarie.

Australian Dollars or **AUD** means the lawful currency of Australia.

Business Day means a day on which banks are open for business in Sydney, other than a Saturday, Sunday, New Year's Day, Good Friday, Easter Monday, Christmas Day or Boxing Day.

Call Warrant means a Warrant specified in the SPDS for that Warrant as a Call Warrant.

Cash Settlement Amount means an amount in AUD calculated as the greater of:

- (a) in respect of a Share Warrant which is also a Call Warrant:
 - (i) (the Reference Value less the Strike Price) divided by the Specified Number; and
 - (ii) zero;
- (b) in respect of a Share Warrant which is also a Put Warrant:
 - (i) (the Strike Price less the Reference Value) divided by the Specified Number; and
 - (ii) zero;

- (c) in respect of an Index Warrant which is also a Call Warrant:
 - (i) (the Reference Value less the Strike Price) multiplied by the Index Multiplier; and
 - (ii) zero;
- (d) in respect of an Index Warrant which is also a Put Warrant:
 - (i) (the Strike Price less the Reference Value) multiplied by the Index Multiplier; and
 - (ii) zero;
- (e) in respect of a Currency Warrant which is also a Call Warrant:
 - (i) (Reference Value minus the Strike Price) divided by the Reference Value multiplied by the Currency Multiplier; and
 - (ii) zero; and
- (f) in respect of a Currency Warrant which is also a Put Warrant:
 - (i) (the Strike Price minus the Reference Value) divided by the Reference Value multiplied by the Currency Multiplier; and
 - (ii) zero.

Change means, in respect of these Terms of Issue, any modification, variation, alteration or deletion of, or addition to, these Terms of Issue.

CHESS has the meaning set out in the ASX Settlement Rules.

CHESS Subregister has the meaning set out in the ASX Settlement Rules.

Closing Time means 4.15pm (Sydney time).

Conversion Event means, in relation to a calculation, conversion or payment from one currency into another currency, any event which, in Macquarie's opinion (acting in a commercially reasonable manner), makes it impractical for that currency to be calculated, converted, delivered or paid.

Currency Business Day means a day which is:

- (a) a Business Day; and
- (b) a day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in the principal financial centre of the Reference Currency, as reasonably determined by Macquarie (eg, New York for United States dollars and London for the Great British pound).

Currency Call Warrant means a Currency Warrant that is also a Call Warrant.

Currency Multiplier means, in respect of a Currency Warrant, the amount specified as such in the SPDS for that Warrant, as may be adjusted from time to time in accordance with the Terms of Issue.

Currency Put Warrant means a Currency Warrant that is also a Put Warrant.

Currency Warrant means a Warrant in respect of a Reference Currency, including a Currency Call Warrant and a Currency Put Warrant.

Daily Cut-off Time means 12:00pm (Sydney time).

Default Rate means, on any day, 2% plus the 90-day bank bill swap bid rate (expressed as a percentage) for that day quoted on the page designated as “BBSW” on the Reuters Monitor or another page that replaces that system to display the bank bill swap rate, calculated daily.

Directory means the contact details of Macquarie and the Registrar set out on the back cover of this PDS.

Early Lapse Amount means, in respect of a Warrant, the amount determined by Macquarie (acting in a commercially reasonable manner) as the value of a Warrant on the Early Lapse Date (which may be zero), taking into account:

- (a) the factors referred to in the PDS or SPDS for that Warrant (as the case may be) as being relevant to the determination of the value of that Warrant when it was first acquired;
- (b) circumstances existing on the Early Lapse Date (eg, the value and volatility of the Reference Asset and the time remaining until the original Expiry Date);
- (c) other factors, including current and forecasted economic conditions;
- (d) the impact that the Extraordinary Event has had, or is likely to have, on the value of the Reference Asset and the Warrant; and
- (e) any:
 - (i) losses or costs (which shall have the effect of decreasing the Early Lapse Amount); or
 - (ii) gains (which shall have the effect of increasing the Early Lapse Amount),incurred by Macquarie in connection with unwinding or terminating any Hedge Positions held by Macquarie in relation to the Warrant.

Early Lapse Date has the meaning set out in clause 3.1(a) of the Terms of Issue.

Early Lapse Payment Date means the day that is no later than seven (7) Business Days after the Early Lapse Date.

Electronic Communication means a communication of information in the form of data, text or images by means of guided or unguided electromagnetic energy, or both. Electronic Communications include email.

Eligible Holder means the Holder of the Warrant on the day that is three (3) Settlement System Business Days after the earlier to occur of:

- (a) in relation to a Share Warrant which is also an American Warrant, the date on which a valid Exercise Notice is given in relation to that Warrant in accordance with clause 1.4 of the Terms of Issue; or
- (b) the Expiry Date of that Warrant.

Email Communication means an email sent by the Holder

to the email address specified in the Directory.

European Warrant means a Warrant specified in the relevant SPDS as having an exercise style which is “European” in nature.

Exercise Date means, in relation to a Warrant, the date on which a valid Exercise Notice is given in accordance with clause 1.3(a) of the Terms of Issue, or deemed to be given in accordance with clause 1.4(d) of the Terms of Issue.

Exercise Notice means a notice given under clause 1.4 of the Terms of Issue.

Expiry means, in relation to Index Warrants, the Valuation Date of such Warrant.

Expiry Date means, in relation to a Warrant in a Series, the date specified for that Series in the relevant SPDS, as may be amended from time to time in accordance with the Terms of Issue.

Extraordinary Event means any of the following events:

- (a) for a Share Warrant, it is announced that the Reference Share will be:
 - (i) delisted or withdrawn from admission to trading status on the Relevant Exchange;
 - (ii) cease to be an Approved Financial Product (as defined in the ASX Settlement Rules);
 - (iii) subject to an Insolvency Event; or
 - (iv) subject to a Nationalisation;
- (b) for a Currency Warrant:
 - (i) the occurrence of any event that generally makes it impracticable 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 impracticable 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 any Warrant:
 - (i) 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 and clause 2.2(b) of the Terms of Issue applies to such Warrant;
 - (ii) it is announced that the Warrants of a Series are, or will:
 - (1) be de-listed, withdrawn or suspended from admission to trading status; or
 - (2) cease to be Approved Financial Products,

otherwise than as a result of the acts of Macquarie;

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

Glossary means this Section 8 of this PDS.

GST means any goods and services tax levied under the GST Act.

GST Act means A New Tax System (Goods and Services Tax) Act 1999.

Hedge Positions means:

- (a) in the case of a Share Warrant, Securities equivalent to the Reference Share for that Warrant; and
- (b) in the case of any Warrant:
 - (i) options, futures or other derivatives relating to the Reference Asset for that Warrant; and
 - (ii) any other transaction(s) or asset(s) Macquarie reasonably considers necessary to manage its risk (whether market risk, foreign exchange risk or any other form of risk) of entering into and performing its obligations with respect to a Warrant.

Hedging Disruption occurs in respect of a Warrant where:

- (a) Macquarie is unable, whether due to:
 - (i) Internal Trading Restrictions;
 - (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; or
 - (vi) other circumstances beyond the reasonable control of Macquarie,

to acquire, substitute, maintain or dispose of any Hedge Positions, 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.

Holder means, in relation to a Warrant, the person whose name is from time to time recorded in the Register as the holder of that Warrant.

Illegal Activities means money laundering, terrorism financing or similar or related activities.

Index means, in respect of a Warrant, the index specified for that Warrant in the SPDS for that Warrant.

Index Call Warrant means an Index Warrant that is also a Call Warrant.

Index Multiplier means, in respect of a Warrant, the amount specified as such in the SPDS for that Warrant, as may be adjusted from time to time in accordance with the Terms of Issue.

Index Put Warrant means an Index Warrant that is also a Put Warrant.

Index Sponsor means the entity that:

- (a) is responsible for setting and reviewing the rules and procedures and the methods of calculation and adjustments, if any, related to an Index; and
- (b) announces (directly or through an agent) the level of the Index on a regular basis.

Index Warrant means a Warrant in respect of an Index, including an Index Call Warrant and an Index Put Warrant.

Insolvency Event means, in relation to a Reference Share and the relevant Listed Entity, an announcement is made that the Listed Entity that issued that Reference Share:

- (a) will be subject to a voluntary or involuntary liquidation, or other winding-up;
- (b) will be subject to either (i) an arrangement or other compromise with its creditors or (ii) an external administration; or
- (c) **is bankrupt or insolvent (or any other analogous term).**

Internal Trading Restrictions means any internal restriction imposed on Macquarie that has the effect of limiting the ability of Macquarie to acquire, substitute, maintain or dispose of any Hedge Positions in relation to a Warrant, including where:

- (a) the Macquarie Group is advising a Listed Entity in relation to a proposed Potential Adjustment Event; or
- (b) any further acquisitions or substitutions of any Hedge Positions or the Reference Asset for a Warrant may require Macquarie, or another member of the Macquarie Group, to make a take-over offer in relation to the issuer of the Reference Asset for that Warrant under the Corporations Act (or any analogous legislation in any overseas jurisdiction).

Issuer Sponsored Holding has the meaning set out in the ASX Settlement Rules.

Issuer Sponsored Subregister has the meaning set out in the ASX Settlement Rules.

Listed Entity means the legal entity that issued a Reference Asset or any part thereof.

Listing Date means, in relation to a Series of Warrants, the date on which such Series commences quotation on the ASX.

Macquarie means Macquarie Bank Limited (ABN 46 008 583 542 and AFSL 237502).

Macquarie Entity means Macquarie and its related bodies corporate, or any one or more of them as the case may require.

Macquarie Group means Macquarie, each Macquarie Entity and their officers, directors, employees, agents or any one of them as the case may require.

Market Disruption Event means any event beyond the reasonable control of Macquarie that disrupts or impairs the ability of Macquarie to effect transactions in, or obtain market values for:

- (a) in the case of a:
 - (i) 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 options 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, without limitation:

- (1) any suspension of, or limitation imposed on, trading by the ASX or the Relevant Exchange;
- (2) the closure of the ASX or the Relevant Exchange prior to its Scheduled Closing Time; or
- (3) 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, which, in any case, Macquarie determines to be material; and

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

Nationalisation occurs where it is announced that any Reference Asset for a Warrant, or if applicable, all or substantially all of the assets of the relevant Listed Entity are, or will be, nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority, entity or instrumentality thereof.

Offer Open Date means, with respect to a Warrant in a Series, the date specified as such in the SPDS for that Series.

Offer Period means, in respect of a Series, the period commencing on the Offer Open Date for that Series, and ending on the day specified in the SPDS for the relevant Warrants.

Office means the principal office of Macquarie in Sydney, as specified in the Directory.

Payment Date means, in respect of a Warrant, a day which is no later than 7 (seven) Business Days following the Valuation Date of the Warrant.

Potential Adjustment Event means, in respect of a Reference Asset for a Warrant, the occurrence of any one or more of the following:

- (a) a Special Dividend;
- (b) a subdivision, consolidation or reclassification of a Reference Share;
- (c) a distribution, issue or dividend (whether by way of bonus, capitalisation or similar issue) to holders of the Reference Share of (i) Securities; (ii) other share capital granting the right to payment of dividends and/or the proceeds of liquidation of the relevant Listed Entity (or any other entity); (iii) share capital or other Securities of another issuer as a result of a spin-off, demerger or other similar transaction, or (iv) any other type of Securities, rights or warrants or other assets or property;
- (d) a call by the Listed Entity in relation to any Reference Share that is not fully paid;
- (e) in respect of the relevant Listed Entity, any event that results in any shareholder rights being distributed or becoming separated from shares of common stock or other shares of the capital stock of the Listed Entity pursuant to a shareholder rights plan or arrangement directed against hostile takeovers that provides for a distribution of preferred stock, warrants, debt instruments or stock rights or other Securities;
- (f) a redemption, cancellation or re-purchase by the relevant Listed Entity or any other party of Securities, whether out of profits or capital and whether the consideration for such redemption, cancellation or re-purchase is cash, Securities or otherwise;
- (g) a tender offer, exchange offer or a takeover bid for the Reference Share or any analogous offer;
- (h) a consolidation, amalgamation, de-merger, merger, scheme of arrangement or binding share exchange of the relevant Listed Entity with or into another entity or person;
- (i) it is announced that the Reference Share will be de-listed from the Relevant Exchange on which such Reference Share (as the case may be) was listed and is re-listed on another exchange acceptable to Macquarie;
- (j) any amendment or change to the terms, or cancellation, of a Potential Adjustment Event previously announced in relation to a Reference Asset;
- (k) if, in respect of an Index Warrant:

- (i) the Index is not, or will not be, calculated and announced by the Index Sponsor;
- (ii) the Index is, or will be, replaced by a successor index;
- (iii) the Index Sponsor announces that it will make a material change in the formula for, or the method of calculating, that, Index or in any way materially modifies that Index (other than a modification prescribed in that formula or method to maintain that Index in the event of changes in constituent stock and capitalisation and other routine events); and

- (l) any other event which Macquarie reasonably determines, with the consent of the ASX, may have a dilutive or concentrative effect on the theoretical value of a Reference Asset or a Warrant.

Potential Valuation Date means:

- (a) in relation to a Share Warrant or an Index Warrant, a Scheduled Exchange Business Day; and
- (b) in relation to a Currency Warrant, a Currency Business Day.

Premium means, in relation to a Warrant, the amount paid to Macquarie to subscribe for that Warrant.

Product Disclosure Statement or **PDS** means the Product Disclosure Statement issued by Macquarie and dated 1 September 2010, as may be amended or supplemented from time to time, including by way of the Additional Information Booklet and any SPDS.

Put Warrant means a Warrant specified in the SPDS for that Warrant as a Put Warrant.

Record Date means, the date and time at which entitlements are determined for:

- (a) in respect of a Warrant, Holders registered at that time; and
- (b) in respect of a Reference Asset, holders of securities or other assets or property equivalent to the Reference Asset registered at that time.

Reference Asset means:

- (a) in respect of a Share Warrant, the Reference Share;
- (b) in respect of an Index Warrant, the Reference Index; and
- (c) in respect of a Currency Warrant, the Reference Currency.

Reference Currency means, in respect of a Currency Warrant, the foreign currency to which that Warrant may relate from time to time.

Reference Index means, in respect of an Index Warrant, the Index to which that Warrant may relate from time to time.

Reference Share means, in respect of a Share Warrant, each Security to which that Warrant may relate from time to time.

Reference Value means:

- (a) in respect of a Reference Share, the average price at which Macquarie would, on the Valuation Date, be able to acquire or dispose of Securities equivalent to the Reference Share in relation to the exercise of the relevant Warrants;
- (b) in respect of a Reference Index for an Index Warrant, the closing level of the Reference Index on the Valuation Date for that Warrant;
- (c) in respect of a Reference Currency for a Currency Warrant:
 - (i) where the Reference Currency is United States dollars, the amount of United States dollars required to purchase one AUD, determined by reference to the AFMA US Hedge Settlement Rate at 9:45am (Sydney time) on the Valuation Date for that Warrant; or
 - (ii) where the Reference Currency is not United States dollars, the amount of that Reference Currency required to purchase one AUD as determined by Macquarie at 4.15pm (Sydney time) on the Valuation Date for that Warrant by reference to (1) prevailing market exchange rates over the course of the Valuation Date, and (2) the exchange rate at which Macquarie would be able to acquire or dispose of any of its Hedge Positions in relation to that Currency Warrant,

provided however that where sub-paragraph (2) of the definition of Valuation Date applies, the Reference Value of the relevant Reference Asset shall be the price, value or level (as the context requires) reasonably determined by Macquarie as its good faith estimate of the price, value or level (as the context requires) that would have prevailed under paragraph (a), (b) or (c) above (as the context may require) if the Market Disruption Event had not occurred on that tenth Potential Valuation Date.

Register means the register of Holders kept and maintained by Macquarie in respect of the Warrants in accordance with the Terms of Issue.

Registrar means, in respect of a Series, the party named in the SPDS for that Series (or as otherwise notified by Macquarie from time to time).

Relevant Exchange means, in respect of a Reference Asset, the principal exchange on which:

- (a) the Reference Asset, or, in the case of a Reference Asset which is an Index, securities comprising 20% or more of the Index; or
- (b) futures contracts relating to any of the foregoing,

(as the case may be and as the context may require) is or are primarily traded, as reasonably determined by Macquarie.

Schedule means a schedule of the Terms of Issue.

Scheduled Exchange Business Day means a day which is:

- (a) a Business Day; and

- (b) a day on which the Relevant Exchange is scheduled to be open for trading for its respective regular trading session(s).

Scheduled Closing Time means the usual or customary closing time of the ASX or the Relevant Exchange (as the context may require) on a day on which such exchange is scheduled to be open for trading for its regular trading sessions.

Section means a section of the PDS, the Additional Information Booklet or any SPDS (as the context may require).

Security means (whether or not fully or partially paid):

- (a) shares, units or debentures; and
- (b) any other financial product, unit or security or combination thereof acceptable to Macquarie,

including, for the avoidance of doubt, any fraction thereof.

Series means each of the Warrants issued with identical terms and conditions (eg, Reference Asset, Expiry Date, Strike Price and Listing Date) under this PDS and any relevant SPDS.

Settlement System Business Day means any day which is a Business Day and a day on which the ASX Settlement is able to execute settlement instructions (as reasonably determined by Macquarie).

Share Call Warrant means a Share Warrant that is also a Call Warrant.

Share Put Warrant means a Share Warrant that is also a Put Warrant.

Share Warrant means a Warrant in respect of a Security traded on the ASX, and includes a Share Call Warrant and a Share Put Warrant.

Special Dividend means any dividend, interest or other distribution of any kind whatsoever (whether in cash or property) that Macquarie reasonably determines to be in the nature of, or characterised as, a special dividend (or any other analogous term).

Specified Number means, in respect of a Share Warrant, the number specified as such in the SPDS for that Warrant, as may be adjusted from time to time in accordance with the Terms of Issue.

Strike Price means, in respect of a Warrant, either:

- (a) the amount or value specified as such in the SPDS for that Warrant; or
- (b) the amount or value determined in accordance with the formula or method for determining the Strike Price described in the SPDS for those Warrants,

as may be amended in accordance with the Terms of Issue from time to time.

Supplementary Product Disclosure Statement or **SPDS** means any supplementary product disclosure statement issued by Macquarie which amends or supplements the PDS.

Tax Act means:

- (a) the Income Tax Assessment Act 1936 (Cth);
- (b) the Income Tax Assessment Act 1997 (Cth); and
- (c) Schedule 1 to the Taxation Administration Act 1953.

Term means, in respect of a Warrant, the period commencing on (and including) the Listing Date to the earlier of (a) the Early Lapse Date or (b) the Expiry Date of that Warrant.

Terms of Issue means the terms of issue of the Warrants, as set out in Section A5 of the Additional Information Booklet, as may be amended or supplemented from time to time.

Valuation Date means, in respect of a:

- (a) a Share Warrant and an Index Warrant, the Exercise Date of such Warrant; and
- (b) a Currency Warrant for which the Reference Currency is:
 - (i) United States dollars, the Business Day following the Expiry Date; or
 - (ii) not United States dollars, the Exercise Date of that Warrant,

provided however that where a Market Disruption Event occurs on such date, Macquarie may:

- (1) subject to paragraph (2), delay the Valuation Date to the next Potential Valuation Date on which there is no Market Disruption Event; or
- (2) where there is a Market Disruption Event on each of the ten Potential Valuation Dates immediately following the first date which would have been the Valuation Date for such Warrant (but for the first occurrence of a Market Disruption Event), Macquarie may deem the tenth Potential Valuation Date to be the Valuation Date notwithstanding the occurrence of a Market Disruption Event on such date.

Warrant or **Macquarie Warrant** means a warrant issued by Macquarie pursuant to the terms and conditions specified in the Terms of Issue, as described in this PDS, the Additional Information Booklet and any relevant SPDS, including, for the avoidance of doubt, Share Warrants, Currency Warrants and Index Warrants.

we, us, and our means Macquarie.

Directory

ISSUER

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-  (02) 8232 6882
-  warrants@macquarie.com.au
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REGISTRAR

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60 Carrington Street
Sydney NSW 2000
Australia
-  1300 850 505

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

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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.

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Section A1.1

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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.

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Section A2.1

What happens if an Extraordinary Event occurs?

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Section A2.2

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Section A2.3

What is the Early Lapse Amount?

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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.

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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.

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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.**

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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
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REGISTRAR

Computershare Investor Services Pty Limited



Level 3
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Australia



1300 850 505

Financial Services Guide

Macquarie Bank Ltd
 ABN 46 008 583 542
 AFS Licence 237502
 Date: 2 July 2008
 Effective date: 3 July 2008

This Financial Services Guide ("FSG") is an important document in which we (Macquarie Bank Limited – referred to throughout this FSG as "Macquarie Bank", "we" or "us") outline:

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

This FSG should assist you in deciding whether to use any of our products or services. If you choose to use any of our products or services, you may also receive other documents about those products or services, which you should read carefully.

Other documents you might receive

Statement of Advice ("SoA") and Statement of Additional Advice ("SoAA")

If we give you advice that takes into account your circumstances and goals, you should usually receive an SoA outlining:

- the advice;
- the basis on which it is given; and
- information about fees, commissions and associations, related to the provision of the advice.

Where you receive additional advice that adds to an existing SoA, you should usually receive an SoAA.

Record of Advice ("RoA")

In some cases it is not practical to provide an SoA (eg. where we give you advice about a basic deposit product). In these cases, we will keep a record of the advice we have given you (a RoA), which we will keep for seven years after we give you the advice. You can ask for a copy of a RoA at any time until we destroy it.

Product Disclosure Statement ("PDS")

A PDS is a document (or group of documents) that describes a financial product. A PDS contains important information to assist you to make a decision about the product it describes. You should receive and review the PDS produced by us before you make an investment decision about our products, or a product we recommend.

About Macquarie Bank

Any financial services offered are provided by representatives of Macquarie Bank.

Macquarie Bank is part of the Macquarie group of companies and is associated with other Macquarie entities.

Macquarie Bank is a participant in the following licensed markets or clearing and settlement facilities, or markets or facilities operated by:

- ASX Ltd
- Sydney Futures Exchange Ltd
- SFE Clearing Corporation Ltd
- Australian Clearing House Pty Ltd
- London Metal Exchange Ltd
- Eurex Frankfurt AG
- Yieldbroker Pty Ltd

You can contact us by speaking to your nominated representative. If you do not have a nominated representative, you may:

- call (02) 8232 3333;
- visit our website: macquarie.com.au;
- write to us:
 PO Box 4294
 SYDNEY NSW 1164;
- fax (02) 8232 3350; or
- email us using the Contact Directory on our website: macquarie.com.au.

Our financial services and financial products

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

- giving advice (both general and personal) on, and dealing in:
 - Basic deposit products;
 - Non-basic deposit products;
 - basic deposit products
 - non-basic deposit products
 - non-cash payment facilities
 - derivatives
 - foreign exchange contracts
 - general insurance products
 - government debentures, stocks or bonds
 - interests in managed investment schemes
 - interests in managed investment warrants
 - securities
 - superannuation

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

We can also assist you in relation to products offered by other financial institutions as well as other members of the Macquarie group of companies.

Personal advice

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

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

Before we can give you appropriate personal advice, you will need to give us details of your personal objectives, current financial situation, needs and any other relevant information. You can choose not to provide us with this information, but any advice we give you will be general in nature and may not be appropriate to your objectives, financial situation and needs. You should read the warnings contained in the SoA or SoAA carefully before making any decision relating to a financial product.

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

How you can give us instructions

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

How we are paid

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

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

The table below is a summary of the range of commissions we may receive from product issuers (including other members of the Macquarie group of companies) for referring clients who purchase their products:

Upfront Fee	Up to 3% of the amount you invest
Trailing Commission	Up to 0.80% of the ongoing value of your investment

How our staff are paid

Our employees and directors receive salaries, bonuses and other benefits from us, which may include commissions.

The PDS for the particular product will disclose further details of remuneration received by Macquarie Bank employees and directors or paid to financial advisers.

Your adviser is also required to tell you about remuneration and commissions they receive in the SoA (or SoAA) they must give to you when providing personal advice.

How we pay people who refer business to us

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

How we pay people who offer our products and services

You may receive advice in relation to the products and services we offer from financial advisers who do not work for Macquarie Bank. These advisers may receive commission from us in the range of 0.25% to 0.65% based on the value of your holdings.

The adviser's remuneration is included in the fees you pay when investing in our products.

Your privacy

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

Compensation arrangements

Macquarie Bank holds a Professional Indemnity Insurance Policy, which satisfies the requirements for compensation arrangements under section 912B of the *Corporations Act*.

Subject to its Terms and Conditions, the Policy provides cover for civil liability resulting from third party claims concerning the professional services provided by Macquarie Bank and its employees and representatives.

This policy covers professional services provided by employees and representatives of Macquarie Bank while they are in our employ, even where that employee or representative has subsequently left our employ.

How we handle complaints

Everyone at Macquarie is committed to providing our clients with the highest standard of products and services available. If you're unhappy with our products or our service, we would like you to tell us about it and let us know how you think we can fix it.

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

- contact your nominated representative; or
- contact our Client Service Centre.

If your complaint is not satisfactorily resolved, contact:

Risk Management Group – Compliance
Macquarie Bank Limited
Level 16

1 Martin Place
SYDNEY NSW 2000
Fax: (02) 8232 4437

If you are not satisfied with our handling of your complaint, you can lodge a complaint with:

Financial Ombudsman Service
GPO Box 3
MELBOURNE VIC 3001

Email: info@fos.org.au
Tel: 1300 780 808
Fax: (03) 9613 6399
Website: fos.org.au