

Macquarie International Warrants

Supplementary Product Disclosure Statement

MACQUARIE BANK LIMITED
MACQUARIE WARRANTS



12 September 2017
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 12 September 2017 ("SPDS"). This SPDS supersedes and replaces the previous Supplementary Product Disclosure Statements dated 4 August 2009, 23 October 2009, 30 December 2009 and 17 October 2014. This SPDS supplements the Product Disclosure Statement dated 31 July 2009 (the "PDS") and together, they establish the terms of issue of the Macquarie International Warrants referred to below. The terms of the PDS continue in full force and effect except to the extent that those terms are expressly 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.

EXPERIENCED INVESTORS

You should not invest in Warrants unless you:

- are familiar with shares, securities, foreign exchange transactions, 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). There is a material risk that you could lose all of the money that you invested in Warrants.

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, 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; and
 - adverse movements in the exchange rate between the currency of the Reference Share (eg Great British Pound) and the AUD and the currency of any dividend paid in relation to the Reference Share (eg United States Dollar) and AUD.

More detailed information about the effect that these factors may have on the value of a Warrant is set out in Section 2 of the PDS. Further details about the risks associated with Warrants are set out in Section 3 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 3 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 4, 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 International Warrants to be traded on the ASX.

Section 2

Details of the most recent Macquarie International Warrant Series

Please note that the details of each Series of Macquarie International Warrants referred to in this SPDS are only valid as at the close of business on 12 September 2017 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 (listed on the London Stock Exchange)	Maturity Date	Exercise Amount (in AUD)	Issue Size	Deliverable Share (listed on the ASX)
ZBHWMD	BHP Billiton Plc	29 June 2018	AUD0.01	22 million	BHP Billiton Limited
ZRIWMD	Rio Tinto Plc	29 June 2018	AUD0.01	16 million	Rio Tinto Limited

Offer Open Date: 13 September 2017
Offer Close Date: 1 June 2018

Section 3

Details of existing Macquarie International Warrant Series

Please note that the details of each Series of Macquarie International Warrants referred to in this SPDS are only valid as at the close of business on 12 September 2017 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 (listed on the London Stock Exchange)	Maturity Date	Exercise Amount	Issue Size	Deliverable Share (listed on the ASX)
ZBHWMC	BHP Billiton Plc	15 September 2017	AUD 0.01	22 million	BHP Billiton Limited
ZRIWMC	Rio Tinto Plc	15 September 2017	AUD 0.01	16 million	Rio Tinto Limited

Section 4

Information about the Reference Shares

Information (including historical data and trading information) about each Reference Share and each Deliverable Share can be obtained from a variety of sources including:

1. the ASX (asx.com.au) and London Stock Exchange (www.londonstockexchange.com);
2. the website of the issuer of Reference Share and Deliverable Share (www.bhpbilliton.com and www.riotinto.com);
3. filings lodged with the Australian Securities and Investments Commission (www.asic.gov.au) and the UK Financial Conduct Authority (www.fca.org.uk), which may be available through information service providers; and
4. your broker or financial adviser.

Macquarie takes no responsibility and accepts no liability for, and makes no representation or warranty (whether express or implied) as to the accuracy or completeness of any information obtained from such sources. You need to make your own enquiries and, where appropriate, obtain your own independent legal, taxation and financial advice before making any investment decision.

MACQUARIE GROUP – DISCLOSURE OF INTEREST AS AT 12 September 2017

Macquarie Bank Limited makes a market in the securities in respect of Rio Tinto Plc.

Macquarie Bank Limited makes a market in securities in respect of BHP Billiton Plc.

Section 5

Updates to the PDS

Section 3.3 of the PDS is deleted in its entirety and replaced with the following new section 3.3:

“3.3 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;
- are not guaranteed by any other party;
- 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); and
- are not protected accounts for the purposes of the Financial Claims Scheme. A “protected account” is either (a) an account where the ADI is required to pay the account-holder, on demand or at an agreed time, the net credit balance of the account, or (b) another account or financial product prescribed by regulation.

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 in relation to those accounts, and other types of deposits in priority to all of Macquarie’s other obligations, including the obligations of Macquarie in relation to a Warrant.

The ability of Macquarie to fulfil its obligations under the Terms of Issue is primarily dependent on the financial condition and prospects of Macquarie. The financial prospects of any entity are sensitive to the underlying characteristics of its business and the nature and extent of the commercial risks to which the entity is exposed. There are a number of risks faced by Macquarie and its controlled entities, including those that encompass a broad range of economic and commercial risks, many of which are not within their control. 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 7.1 to assist you in making this assessment.”

Section 4.3 of the PDS is deleted in its entirety and replaced with the following new section 4.3:

“4.3 Adviser remuneration

4.3.1 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 placement fee	Not Applicable.	Not Applicable.
Adviser trailing payment	Not Applicable.	Not Applicable.

4.3.2 Adviser remuneration

Your Adviser may receive additional fees paid by you. Your Adviser must disclose these to you in a Financial Services Guide and/or a Statement of Advice.
Macquarie does not pay any commissions to financial advisers in connection with the Warrants.”

Section 5 of the PDS is deleted in its entirety and replaced with the following new section 5:

“Section 5

Taxation Considerations

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This summary has been provided by Clayton Utz and outlines the main Australian income tax, goods and services tax (GST) and stamp duty implications for investors who apply for Macquarie International Warrants pursuant to this PDS or who acquire Macquarie International Warrants on the ASX or otherwise. The information in this summary is of a general nature only and does not purport to constitute legal or tax advice.

Taxation issues are complex and taxation laws, their interpretation and associated administrative practices may change over the term of an investment in Macquarie International Warrants.

Macquarie does not provide financial or tax advice and this PDS cannot address all of the taxation issues which may be relevant to a particular investor. Each investor must take full and sole responsibility for their own investment and any changes in those taxation implications during the course of that investment.

As the taxation implications for each potential investor may be different, Macquarie recommends that each prospective investor obtain their own independent professional taxation advice on the full range of taxation implications applicable to their own individual facts and circumstances.

5.1 Assumptions

This summary of taxation implications assumes:

- you are an Australian resident for tax purposes;
- you will acquire the Macquarie International Warrants as an applicant or on the ASX or otherwise on or after the date of this PDS;
- you will hold the Macquarie International Warrants and the Deliverable Shares on capital account and will not be a person who is carrying on a business of either trading in securities, or investing in securities, in the course of which you regularly acquire and dispose of securities;
- there is nothing in the circumstances of an investment in Macquarie International Warrants that would indicate at the commencement of an investment that you are acquiring the Macquarie International Warrant for the purpose of disposing of that Macquarie International Warrant for a profit, and there is nothing in your conduct prior to or during the holding of the Macquarie International Warrants that would indicate such an intention;
- the Deliverable Shares will be listed shares in an Australian tax resident company or listed units of an Australian resident unit trust;
- the Deliverable Shares will not be an equity interest in Macquarie or an entity that is a connected entity of Macquarie;
- the Macquarie International Warrants will be denominated in Australian dollars;
- it is expected that Distributions will be made in respect of the Reference Shares, entitling the holders of the Macquarie International Warrants to receive Distribution Amounts;
- you do not acquire a Macquarie International Warrant in substitution for an economically equivalent investment that you would otherwise be expected to enter into; and

- you are one of the following
 - an individual;
 - a superannuation entity or managed investment scheme whose total assets are less than \$100 million; or
 - a corporate or other entity whose annual turnover is less than \$100 million, whose financial assets are less than \$100 million and whose total assets are less than \$300 million, who has not elected for the rules governing the Taxation of Financial Arrangements (TOFA) to apply.

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 taxation treatment of Macquarie International 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**).

5.2 Purchase, Holding and Disposal of the Macquarie International Warrants

5.2.1 Purchase of Macquarie International Warrants

There should be no taxation consequences arising from the purchase of the Macquarie International Warrants. The acquisition cost, including any incidental costs of acquisition, should be included in the cost base or reduced cost base in the Warrants for capital gains tax (CGT) purposes.

The Macquarie International Warrant should not be considered to be a "security" for the purposes of the "qualifying security" provisions in Division 16E or the "traditional security" provisions in Sections 26BB and 70B. This view has been confirmed by the Australian Taxation Office (ATO) in its Taxation Determination TD 2008/21.

5.2.2 Holding of Macquarie International Warrants

During the period that you hold your Warrants, you may receive a Distribution Amount or Corporate Action Amount if a Record Date occurs in relation to either a Distribution or a Corporate Action affecting the Reference Share relating to your Warrant.

The Distribution Amount or Corporate Action Amount should be included in your assessable income at the time that it is received. No franking credits should be attached to the Distribution Amount/Corporate Action Amount and you will not be entitled to claim a foreign income tax offset to the extent that there is any withholding tax or other tax applicable in determining the quantum of the Distribution Amount or Corporate Action Amount.

5.2.3 Ceasing to hold Macquarie International Warrants

5.2.3.1 Disposal of Macquarie International Warrants

Where you dispose of your Warrants through a disposal on the secondary market (including a disposal back to Macquarie as designated market maker), this disposal should crystallise a CGT event in respect of the Warrant (CGT Event A1). Accordingly, you should make a capital gain to the extent that the disposal proceeds exceed your cost base in the Warrants. Conversely, where the disposal proceeds are less than your reduced cost base in the Warrants, you should make a capital loss.

5.2.3.2 Maturity of Macquarie International Warrants

Pursuant to the ATO's Taxation Determination TD 2008/22, your receipt of the Deliverable Shares should constitute a CGT event for you, being the discharging of your right to receive the Deliverable Shares (CGT Event C2). To the extent that the market value of the Deliverable Shares at the time of delivery exceeds your cost base in the Warrants, you should make a capital gain. However where the market value of the Deliverable Shares at

the time of delivery is less than your reduced cost base in the Warrants, you should make a capital loss. For these purposes, the cost base and reduced cost base in your Warrants should be reduced by the amount of cash included in the Deliverable Parcel.

5.2.3.3 Sale of Deliverable Shares

Where you subsequently dispose of the Deliverable Shares, you will realise a capital gain from the occurrence of CGT Event A1 to the extent that the capital proceeds received on disposal exceed your cost base in the Deliverable Shares. Conversely, you will make a capital loss to the extent that the capital proceeds received on disposal are less than your reduced cost base in the Deliverable Shares. Your cost base or reduced cost base in the Deliverable Shares should include the market value of the Deliverable Shares at the time of delivery.

5.2.3.4 Availability of CGT Discount

Any capital gain referred to in Section 5.2.3.1 and Section 5.2.3.2 should generally be referred to as a discount capital gain where 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 the date of maturity.

Any capital gain on disposal of the Deliverable Shares referred to in Section 5.2.3.3 will be a discount capital gain where you are an individual, a complying superannuation entity or a trust and more than twelve months has passed from the time of delivery of the Deliverable Shares to the time of disposal of the Deliverable Shares.

For individuals and trusts, the discount rate is currently 50%. For complying superannuation entities, the discount rate is currently 33⅓%.

5.2.3.5 Revenue account and profit making purpose

You should be aware that if you acquire a Macquarie International Warrant in the course of carrying on a business or as part of a business operation or commercial transaction with a purpose of profit-making, any gain made in respect of your Macquarie International Warrant may be on revenue account. Acquiring a Macquarie International Warrant with the intention of disposing of the Warrant or the Deliverable Shares immediately upon maturity may be viewed as evidence of a profit making purpose. Any such gain will be assessable as income under section 6-5 of the Tax Act, rather than as a capital gain (such that discount CGT treatment (as discussed above) will not apply).

5.3 TOFA

The TOFA regime in Division 230 of the Tax Act applies to tax gains from some financial arrangements on a revenue basis and, where a gain from the arrangement is sufficiently certain at commencement to arise, or becomes sufficiently certain during the term to arise, on an accruals basis over the term of an arrangement. Where a gain from such a financial arrangement is not, and does not become, sufficiently certain to arise prior to the time that it is to be realised, the gain will be taxed on a realisation basis. Alternatively, the TOFA rules provide for certain taxpayers to elect to apply one of a number of alternative methods for the purpose of calculating gains and losses from financial arrangements.

For the purposes of the TOFA provisions, a Warrant may constitute a "financial arrangement". However, we do not consider that the ATO should seek to apply the TOFA provisions to an investor meeting the assumptions outlined in section 5.1 above.

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 as to the implications of the TOFA rules in respect of the Macquarie International Warrants.

5.4 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". For present purposes, 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 allowable 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 International Warrant, being the only relevant "scheme", should be seen to include:

- a) benefiting from any growth in the value of the Macquarie International Warrant and the Deliverable Shares; and
- b) the receipt of Corporate Action Amounts and Distribution Amount due to the holding of the Macquarie International Warrants and distributions on the Deliverable Shares following maturity.

On this basis, Part IVA should not apply to the acquisition, holding and disposal of the Macquarie International Warrants by a typical investor in the Warrants. This conclusion relies upon the correctness of the assumptions outlined above in relation to a typical investor. Investors should however obtain their own independent advice on the application of Part IVA in their own particular circumstances.

5.5 GST

The *A New Tax System (Goods and Services Tax) Act 1999* and related legislation impose a 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.

However, if GST becomes payable by Macquarie in connection with any supply made to you under or in connection with this PDS, then Macquarie can require you to pay an additional amount on account of GST.

5.6 Stamp Duty

The acquisition, holding and disposal of the Warrants should not give rise to any stamp duty in any jurisdiction in Australia. No stamp duty will also be payable in any jurisdiction in Australia upon maturity of the Warrants, whereupon you will receive the Deliverable Shares."

Section 7.1 of the PDS is deleted in its entirety and replaced with the following new section 7.1:

“7.1 About Macquarie

Macquarie Bank Limited (“MBL”) was incorporated on 26 April 1983 with limited liability for an unlimited duration. It is incorporated in Australia, registered in the Australian Capital Territory, Australia and regulated by the Corporations Act 2001 of Australia. The registered office of MBL is at Level 6, 50 Martin Place, Sydney, NSW, 2000. MBL’s principal administrative office is 50 Martin Place, Sydney, NSW, 2000, Australia.

MBL is an ADI regulated by APRA that, directly and through its subsidiaries, acts primarily as an investment intermediary for institutional, corporate, government and retail clients and counterparties around the world, generating income by providing a diversified range of products and services to clients. MBL comprises four operating groups: Corporate & Asset Finance; Banking & Financial Services; Macquarie Asset Management (excluding the Macquarie Infrastructure and Real Assets division and the Macquarie Investment Management division); and Commodities & Global Markets (excluding certain assets of the Credit Markets business; certain activities of the Cash Equities business; and some other less financially significant activities).

MBL began in 1969 as the merchant bank Hill Samuel Australia Limited, a wholly owned subsidiary of Hill Samuel & Co Limited, London. Authority for MBL to conduct banking business in Australia was received from Australian Federal Treasurer on 28 February 1985.

MBL’s ordinary shares were listed on the Australian Securities Exchange operated by ASX Limited (“ASX”) on 29 July 1996 until the corporate restructuring of the Macquarie Group in November 2007. As part of the restructure MBL became an indirect subsidiary of Macquarie Group Limited (ABN 94 122 169 279) (“MGL”), a new ASX listed company comprising a “Banking Group” and a “Non-Banking Group”. MBL comprises the “Banking Group” activities of MGL. Although MBL’s ordinary shares are no longer listed on ASX, MBL’s Macquarie Income Securities continue to be quoted on ASX and accordingly, MBL remains subject to the disclosure and other requirements of ASX as they apply to ASX Debt Listings.

For further information on Macquarie, please visit its website at *www.macquarie.com..*”

Section 7.13 is inserted at the end of Section 7 Additional Information as follows:

“7.13 Client Money

Where a Macquarie Entity receives a payment from you, from someone acting on your behalf, or where that Macquarie Entity is acting on your behalf, that Macquarie Entity may be required to hold that money on trust for you under applicable law. Where this occurs, such amount will be held in a non-interest bearing trust account until such time as such amount is otherwise applied in accordance with your rights and obligations under the Warrant, returned to you, or we otherwise become required to pay these amounts to any regulatory body, or other person or account.”

Section 6

Discretion to amend - removal of ASX consent requirement

In order to reflect changes to the ASX Operating Rules and ASX processes, all references to the requirement for ASX consent in relation to the exercise of Macquarie's discretion to determine whether an event is a "Corporate Action" or "Extraordinary Event", change the issue size of a Series, or vary the Terms of Issue are deleted.

Specifically, the references to the requirement for ASX consent are deleted from the following Sections of the PDS:

1. Section 2.2.2 - What is a Corporate Action?, paragraph (h);
2. Section 2.6.2 - What happens if an Extraordinary Event occurs?;
3. Section 6.1.4 - Issue Size;
4. Section 6.2.1 - How can the Terms of Issue be varied?, paragraph (b);
5. Section 8, Terms of Issue, 3.2 Nomination of an Extraordinary Event;
6. Section 8 Terms of Issue, 3.3 Withdrawal of Nomination;
7. Section 8 Terms of Issue, 9.2 Changes of the Terms of Issue, paragraph (b); and
8. Section 9, Glossary, definition of a "Corporate Action", paragraph (j).

Section 7

Additional Information

- Macquarie retains the right not to issue or sell any more Macquarie International Warrants at any time;
- Information about the Macquarie Group's potential conflicts of interest in relation to the Reference Assets referred to in this SPDS can be obtained by visiting www.macquarie.com/disclosures.

Directory

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Macquarie International Warrants

Product Disclosure Statement

MACQUARIE BANK LIMITED
MACQUARIE WARRANTS



31 July 2009
Macquarie Bank Limited
ABN 46 008 583 542 and AFSL 237502

FORWARD thinking

IMPORTANT NOTICE

This document is a Product Disclosure Statement ("PDS"). The date of this PDS is 31 July 2009.

SUPPLEMENTARY PRODUCT DISCLOSURE STATEMENTS

This PDS and any updated information (updated as set out below), constitute the general terms and conditions that govern the issue by Macquarie of Macquarie International Warrants ("Warrants"). This PDS is not a stand alone document and is not of itself an offer capable of acceptance. The additional terms relating to a Warrant will be set out in a Supplementary Product Disclosure Statement ("SPDS") which will be supplemental to, and should be read together with, this PDS.

The SPDS for a Series of Warrants will accompany this PDS. If it does not, please contact Macquarie.

CORPORATIONS ACT CLASSIFICATION

Macquarie International 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 otherwise 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 AND UPDATES 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 only doing so as a distributor for Macquarie. You should only rely on information in this PDS and any SPDS. No person is authorised 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.

Nothing in this PDS or any SPDS is an express or implied endorsement by Macquarie of an investment in a Warrant or any particular Reference Share.

UNDERLYING LISTED ENTITIES

References in this PDS or any SPDS to any Listed Entity (other than Macquarie) are only included for the purposes of identifying the Reference Share and Deliverable Share to which a Warrant may relate and the issuer of that Reference Share or Deliverable Share (as the case may be). Such references are not an express or implied endorsement by any Listed Entity of the Warrants. No Listed Entity (other than Macquarie) 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) 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 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 or Macquarie.

GLOSSARY

In Section 9 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.

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You should not invest in Warrants unless you:

- are familiar with shares, securities, foreign exchange transactions, options and with investment in shares and securities generally; and
- understand and are comfortable with the risks associated with an investment in Warrants.

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- 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.

Further details about the risks associated with Warrants are set out in Section 3.

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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, manager or asset class.

ADMISSION TO TRADING STATUS ON THE 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 Market 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.

Macquarie International Warrants

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Glossary

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 carefully and seek professional legal, taxation and financial advice to determine whether Macquarie International Warrants are appropriate for you.

		More Info
Issuer	<p>Macquarie Bank Limited (ABN 46 008 583 542 and AFSL 237502) No. 1 Martin Place Sydney NSW 2000 Australia</p> <p>Phone: 1800 803 010 Email: warrants@macquarie.com Website: macquarie.com.au/internationalwarrants</p>	Section 7.1
Product	<p>Macquarie International Warrants are an ASX-traded warrant where:</p> <ol style="list-style-type: none"> (1) the value of your Warrant is linked to, among other things, the performance of the price of an international share (the “Reference Share”); (2) during the term of the Warrant, you will be entitled to receive an amount in Australian dollars (“AUD”) equal to the value of any dividends which occur in relation to the Reference Share, less any applicable costs or taxes (converted to AUD at the exchange rate determined by us); (3) you agree to purchase a number of ASX securities (“Deliverable Shares”) from us, to be delivered following the maturity of the Warrant. The number of Deliverable Shares that you will receive following the maturity of the Warrant will be calculated as follows: <p>Number of Deliverable Shares (per Warrant) = $\frac{\text{Final Value of the Warrant}}{\text{Deliverable Share Price}}$</p> <p>where:</p> <ol style="list-style-type: none"> (a) the Final Value of the Warrant is calculated as the greater of: <ol style="list-style-type: none"> (i) the average of the Macquarie determined daily volume weighted average price of the Reference Share on each of the five averaging days following the maturity of that Warrant (less any applicable costs or taxes), converted to AUD at the exchange rate determined by us less the exercise amount of the Warrant; and (ii) zero. (b) the Deliverable Share Price is the price of the Deliverable Share (as determined by us) over such number of ASX trading days following the determination of the Final Value of a Warrant (as determined by us, but never more than 20 ASX trading days). <p>A Macquarie International Warrant gives you:</p> <ol style="list-style-type: none"> (1) the opportunity to benefit (subject to potentially adverse movements in the relevant exchange rate) from: <ol style="list-style-type: none"> (a) any dividends which occur in relation to the Reference Share during the term of the Warrant; and (b) any gains (if any) in the value of the Reference Share over the term of the Warrant; (2) many (but not all) of the financial benefits of a direct investment in the Reference Share; and (3) an investment which may be able to be sold on the ASX on or prior to its maturity date. 	Section 2

		More Info
Reference Shares	<p>The Reference Share for a Warrant will be specified in the SPDS for that Warrant. You can find out whether Warrants are available for a particular Reference Share by contacting us.</p> <p>You are responsible for selecting any Warrant that you enter into and as such, the Reference Share that you will have exposure to. As such, the performance of any Warrant will depend mainly on investment decisions made by you.</p>	The relevant SPDS
Deliverable Shares	The Deliverable Share for a Warrant will be specified in the SPDS for that Warrant. You should be aware that the Deliverable Share for a Warrant may be changed by us in certain circumstances.	Section 3.10
Taxation considerations	The taxation outcomes of investing in a Warrant will depend on your individual circumstances.	Section 5
Fees and other costs	<p>On acquisition of a Warrant</p> <p>If you purchase Warrants 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.</p> <p>During the term of a Warrant and following maturity</p> <p>Where you are entitled to receive any amount from us during the term of a Warrant (eg, amounts in respect of dividends) and where we calculate the Final Value of your Warrant following maturity, we may deduct from such amount or value any applicable costs or taxes (which may include withholding tax and any other costs and taxes we incur in connection with making a payment to you or in relation to our hedge positions).</p> <p>If you sell your Warrants on the ASX, your broker or adviser may also charge you a fee or commission in relation to that sale.</p> <p>Other fees and costs</p> <p>Other fees and costs may also be payable by you.</p>	Section 4

Significant risks

This section is not intended to be a comprehensive summary of all the risks of investing in a 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 a Warrant is set out in Section 3.

Section 3

Some of the significant risks of investing in a Warrant include:

- the adverse performance of a Reference Share, which may include that Reference Share paying lower dividends than you expected and/or the value of that Reference Share declining over the term of the Warrant.

Recently, equity markets have generally fallen and have become more volatile; indeed volatility in some markets is at very high levels. Investing in such highly volatile conditions implies a greater level of risk for investors than an investment in a more stable market. You should carefully consider this additional volatility risk before making any investment decision;

- as the Final Value of a Warrant is determined by reference to the average of the Macquarie determined daily volume weighted average price of the Reference Share on each of the five averaging days following the maturity of that Warrant, such averaging may mean that you are not entitled to the full benefit of any increase in the value of that Reference Share during those five averaging days;
- adverse movements in the exchange rate between either:
 - the currency of the Reference Share (eg, the **“Great British Pound”** or **“GBP”**) and the AUD; and
 - the currency of any dividends paid in relation to the Reference Share (eg, **“United States Dollars”** or **“USD”**) and the AUD,

could have a significant effect (in AUD terms) on the value of your Warrant, the AUD equivalent of the price of the Reference Share and any amounts you are entitled to receive in relation to your Warrant (eg, even if the price of a UK Reference Share increases, if the GBP decreases in value against the AUD, then the value of your Warrant and the Reference Share may decrease in AUD terms);

- if we fail to perform our obligations in relation to the Warrants;
- in certain circumstances (which includes events nominated by us and which may be beyond your control), 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);
- 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 the Warrants (eg, adjustments to your Warrants for corporate actions that occur in relation to a Reference Share or Deliverable Share).

Warrants are a speculative investment and involve a degree of risk, including the risk of becoming worthless. 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 4.3

Registrar

Computershare Investor Services Pty Limited

Section 6.3

Phone: 1300 85 05 05 (within Australia)

Website: www-au.computershare.com

How to invest in Warrants

If you want to invest in Warrants on the ASX, you should:

- (1) carefully read all of this PDS 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.

Macquarie International Warrants

This Section is a summary of the important features of Macquarie International Warrants. The contractual terms of the Warrants are set out in the Terms of Issue. 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. 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.

Section	Topic	Page
2.1	How do I invest in Macquarie International Warrants?	05
2.2	What happens during the term of a Macquarie International Warrant?	05
2.3	What happens at the maturity of a Macquarie International Warrant?	08
2.4	What are Market Disruption Events and how might they affect a Macquarie International Warrant?	10
2.5	What are Corporate Actions and how might they affect a Macquarie International Warrant?	11
2.6	What are Extraordinary Events and how might they affect a Macquarie International Warrant?	12

2.1 How do I invest in Macquarie International Warrants?

2.1.1 How do I acquire a Macquarie International Warrant?

If you want to invest in Macquarie International Warrants on the ASX, you should:

- (1) carefully read all of this PDS 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.

2.1.2 How much does a Warrant cost to acquire?

If you purchase Warrants 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.

See Section 4.1 for more information about the factors which may affect the amount you have to pay to acquire a Warrant.

2.2 What happens during the term of a Macquarie International Warrant?

During the term of a Warrant:

- (a) you will be exposed to:
 - (i) the performance of the relevant Reference Share;
 - (ii) the performance of the exchange rate between the currency of the Reference Share and the AUD; and
 - (iii) in the case of a Reference Share which is a part of a dual listed entity structure, any other securities related to that dual listed entity structure ("**Related DLC Securities**").

Adverse movements in these variables may adversely affect the value of your Warrant, and/or the price at which you may be able to buy or sell Warrants on the ASX (see Section 4.1 for more information about the factors which may affect the value of a Warrant and Section 3.2 for more information about how changes in the exchange rate between the currency of the Reference Share and the AUD may affect your Warrant); and
- (b) you may be entitled to receive certain payments in connection with any Distributions or Corporate Actions which occur with respect to a Reference Share (see Section 2.2.1 and 2.2.2 below).

2.2.1 Distribution Amounts

If a Record Date for a Reference Share occurs on or before the Maturity Date of a Warrant in respect of a cash dividend (ordinary or special) or other cash return of capital for the Reference Share (a **Distribution**), and you are registered as the Holder of the relevant Warrant on the corresponding Record Date for that Warrant, you may be entitled to receive from us an amount in AUD (the **Distribution Amount**) equal to:

Distribution Amount (per Warrant) = the amount of that Distribution less any applicable Costs and Taxes, converted to AUD at the exchange rate determined by us.

Any Distribution Amount you are entitled to receive will be paid by us to you on the day (the **"Distribution Amount Payment Date"**) which is no later than ten (10) Business Days (see the Glossary for more information) after the day on which the relevant dividend or cash return is paid by the entity that issued the relevant Reference Share.

You should be aware that you will not be entitled to any franking credits, or other foreign income tax offsets, in relation to any Distribution Amount you receive.

See Section 3.2 for more information about how changes in the exchange rate between the currency of a Distribution and the AUD may affect the calculation of a Distribution Amount.

What are the applicable Costs and Taxes?

See Section 4.2 for more information.

Example: Distribution: Ordinary Dividend (in the form of cash)

This is an illustrative example only. Actual performance may differ materially.

In August 2009, an investor purchases 40,000 ZBHWMA Warrants with the following details:

- (1) the Reference Share is BHP Billiton Plc (BLT.L) (which is listed on the London Stock Exchange);
- (2) the Maturity Date is 30 August 2014; and
- (3) the Deliverable Share is BHP Billiton Limited (BHP.ASX) (which is listed on the ASX).

The investor purchases the Warrants on the ASX for AUD25.00 each (excluding brokerage), paying a total cost of AUD1,000,000. At the time of acquisition, BLT.L's last traded price was GBP12.50 and the exchange rate was GBP0.50/AUD1.00 (that is, GBP0.50 buys AUD1.00).

On 29 August 2009, a Record Date for BLT.L occurs in respect of an ordinary dividend of GBP0.30 pence and the ordinary dividend is subsequently paid by BLT.L on 30 September 2009. Macquarie determines that the relevant exchange rate on 30 September 2009 is GBP0.48/AUD1.00 and, as the investor held the Warrant on the corresponding Record Date for the Warrant, the investor receives AUD0.625 for every Warrant held (assuming no applicable Costs and Taxes are payable in relation to this Distribution Amount). The investor therefore receives from Macquarie a total Distribution Amount of AUD25,000 for their ZBHWMA holding and this amount is paid to the investor no later than 10 Business Days after 30 September 2009.

2.2.2 Corporate Action Amounts

If a Record Date for a Reference Share occurs, or Macquarie expects will occur, on or before the Maturity Date of a Warrant in respect of a Corporate Action for the Reference Share, we may either:

- (1) make any adjustment we consider appropriate (in our discretion) to the terms of your Warrants (see Section 2.5);
- (2) where you are registered as the Holder of the relevant Warrant on the corresponding Record Date for that Warrant, pay the value of that Corporate Action (as determined by us) to you; or
- (3) where we determine not to adjust the terms of your Warrant or pay the value of that Corporate Action to you, elect to treat such Corporate Action as an Extraordinary Event and terminate your Warrants early (see Section 2.6).

Where we elect to pay you an amount in respect of the Corporate Action, you may be entitled to receive from us an amount in AUD (the **"Corporate Action Amount"**) equal to:

Corporate Action Amount (per Warrant) = the value of that Corporate Action (as determined by us) less any applicable Costs and Taxes, converted to AUD at the exchange rate determined by us.

Any Corporate Action Amount you are entitled to receive will be paid by us to you on the day (the “**Corporate Action Amount Payment Date**”) which is no later than ten (10) Business Days (see the Glossary for more information) after the date on which the relevant property (eg, rights, options or other securities) relating to such Corporate Action are issued or distributed.

See Section 3.2 for more information about how changes in the exchange rate between the currency of the Reference Share and the AUD may affect the calculation of a Corporate Action Amount.

What are the applicable Costs and Taxes?

See Section 4.2 for more information.

What is a Corporate Action?

The term “Corporate Action” is defined in the Glossary and includes:

- (a) a subdivision, consolidation or reclassification of a Reference Share or Deliverable Share;
- (b) a distribution or dividend to holders of a Reference Share or Deliverable Share of securities, rights or warrants or other assets (whether by way of bonus, capitalisation or similar issue or as a result of a spin-off or otherwise);
- (c) a redemption, cancellation or re-purchase of a Reference Share or Deliverable Share;
- (d) a tender offer, exchange offer or a takeover bid for a Reference Share or Deliverable Share or any similar offer;
- (e) a consolidation, amalgamation, de-merger, merger or scheme of arrangement of the issuer of a Reference Share or a Deliverable Share with or into any other person;
- (f) it is announced that a Reference Share or a Deliverable Share will be de-listed from the exchange on which such Reference Share or Deliverable 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 Corporate Action previously announced in relation to a Reference Share or a Deliverable Share; and
- (h) any other event which we determine, with the consent of the ASX, may have a dilutive or concentrative effect on the theoretical value of a Reference Share or a Deliverable Share.

You should refer to the definition of Corporate Action in the Glossary for further information about what other events may be considered by us to be a Corporate Action.

Example : Corporate Action - Rights issue in the form of non-renounceable rights

This is an illustrative example only. Please note that this example is only one way in which Macquarie might determine the Corporate Action Amount for a rights issue. Actual performance may differ materially.

Continuing with the example from Section 2.2.1, a Record Date for BLT.L occurs in September 2009 in relation to a 1 for 4 non-renounceable rights issue by BLT.L, at an issue price of GBP10.00 (per new security). At this time, BLT.L was trading at GBP12.50.

Macquarie determines that an investor holding 40,000 ZBHWMA Warrants on the corresponding Record Date for the Warrant would notionally be entitled, were it a holder of BLT.L securities, to acquire 10,000 new BLT.L securities at an issue price of GBP10.00 (per new security). BLT.L trades on an average ex-entitlement basis at GBP11.50. Macquarie determines the value of the Corporate Action to be GBP1.50 per right. Therefore the value of the Corporate Action is GBP0.375 per Warrant, being $\text{GBP1.50} / 4$ (assuming no Costs and Taxes).

As Macquarie determines the relevant exchange rate to be GBP0.50/AUD1.00, an investor holding 40,000 Warrants on the corresponding Record Date for the Warrants is entitled to receive AUD30,000 in respect of its holding of 40,000 Warrants in relation to the Corporate Action (being $\text{GBP0.375} \times \text{AUD1.00} / \text{GBP0.50} \times 40,000$) (assuming no Costs and Taxes). This amount is paid to the investor no later than 10 Business Days after the date on which the rights are issued by BLT.L.

2.2.3 What is a “Record Date”?

A Record Date is the day (and time) on which a person would need to be:

- (a) in the case of a Reference Share, registered as a holder of that Reference Share in order to be entitled to participate in any Distribution or Corporate Action for that Reference Share; and
- (b) in the case of a Warrant, recorded in the Register as the Holder of a Warrant in order to be entitled to any Distribution Amount or Corporate Action Amount for that Warrant.

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

2.2.4 Voting rights and other entitlements attaching to a Reference Share

Without limiting the entitlements described in Sections 2.2.1 and 2.2.2 above, if you hold a Warrant, you are not, in your capacity as a Holder of a Warrant, entitled to:

- (1) participate in any dividends, franking credits, dividend reinvestment plans or other benefits in lieu of dividends in respect of a 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.

2.2.5 How to end your investment in a Warrant prior to maturity of that Warrant

You may be able to sell your Warrants on the ASX prior to the close of trading on the ASX on the Maturity Date of those Warrants. Macquarie has certain obligations under the ASX Market 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.

2.3 What happens at the maturity of a Macquarie International Warrant?

2.3.1 What am I entitled to receive following the Maturity Date?

If you are registered as the Holder of a Warrant on the day on which the Final Value of your Warrant is determined (see Section 2.3.2), you will be entitled to receive (without further payment from you) a parcel of shares determined by us by reference to the Final Value of your Warrant.

2.3.2 How is the Final Value of a Warrant calculated?

The Final Value (FV) of a Warrant is calculated as follows:

$$\text{FV (per Warrant)} = \begin{array}{l} \text{the greater of:} \\ (1) \quad \text{the Average Price of the Reference Share (less any applicable Costs and} \\ \quad \text{Taxes), converted to Australian dollars at the exchange rate determined by} \\ \quad \text{us less the Exercise Amount of the Warrant; and} \\ (2) \quad \text{zero.} \end{array}$$

where:

Average Price of each Reference Share means the greater of:

- (1) the average of the Macquarie determined daily volume weighted average price of the relevant Reference Share on each of the five (5) Averaging Days following the Maturity Date of the Warrant (excluding any trades which, in our opinion, are not in the normal course of trading, eg, special crossings); and
- (2) 90% of the average of the official daily volume weighted average price of the relevant Reference Share on the relevant exchange on each of the five (5) Averaging Days following the Maturity Date of the Warrant.

Costs and Taxes is an amount equal to any applicable costs and taxes (see Section 4.2 for more information).

Exercise Amount means the exercise amount of the relevant Warrant, as specified in the SPDS (and as may be adjusted from time to time in accordance with the Terms of Issue).

See Section 3.2 for more information about how changes in the exchange rate between the currency of the Reference Share and the AUD may affect the calculation of the Final Value and consequently the value of your investment in a Warrant.

2.3.3 What are the Averaging Days?

There are five (5) Averaging Days for each Warrant that are used in calculating the Average Price of the Warrant. A Scheduled Averaging Day is a day on which:

- (1) banks are open for business in Sydney (other than a Saturday or Sunday); and
- (2) the ASX and the exchange on which a Reference Share is traded (as determined by us) are scheduled to be open for their regular trading sessions.

An **Averaging Day** is each of the first five (5) Scheduled Averaging Days following (and excluding) the Maturity Date of the relevant Warrant, provided however that if a Market Disruption Event occurs on such a Scheduled Averaging Day, such Averaging Day may (at our discretion) be postponed. See Section 2.4 for information on how a Market Disruption Event might affect the Averaging Days for your Warrant.

2.3.4 What are the Deliverable Shares, and how many Deliverable Shares will I receive?

What are the Deliverable Shares for a Warrant?

The Deliverable Shares are the shares that are deliverable following the maturity of a Warrant to Holders of that Warrant on the day on which the Final Value of that Warrant is determined.

The Deliverable Share for a Warrant will be specified in the SPDS for that Warrant. You should also be aware that the Deliverable Shares may be substituted by us in certain circumstances (see Section 3.10 for more information).

How is the number of Deliverable Shares determined?

In determining the Number of Deliverable Shares you are entitled to receive for all of the Warrants you hold in a particular Series, we will aggregate the Number of Deliverable Shares you are entitled to receive for each Warrant as follows:

$$\text{Aggregate Number of Deliverable Shares} = \frac{\text{the Final Value of your Warrant} \times \text{Number of Warrants held by you}}{\text{the Deliverable Share Price}}$$

If the aggregate Number of Deliverable Shares includes a fraction of a Deliverable Share, the Number of Deliverable Shares you are entitled to receive will be rounded down to the nearest whole number and you may be entitled to receive an amount in AUD equal to the cash amount of the residual fraction of that Deliverable Share calculated as follows:

$$\text{Aggregate Cash ("AUD")} = \text{Aggregate of the Final Value for your Warrants} - (\text{Aggregate Number of Deliverable Shares (rounded down to the nearest whole number)} \times \text{the Deliverable Share Price})$$

In these circumstances, the **Deliverable Share Price** means the lesser of:

- (1) the price of the Deliverable Share as calculated by us (at our discretion); and
- (2) 110% of the average of the official daily volume weighted average price of the Deliverable Share on the ASX over such number of Trading Days (see Section 2.3.5) following the determination of the Final Value of your Warrants as determined by us (provided that such number of Trading Days shall not exceed 20 Trading Days).

See Section 2.3.6 for an example calculation of the number of Deliverable Shares.

Voting rights and other entitlements attaching to a Deliverable Share

You should be aware that, in your capacity as a Holder of a Warrant, you are not entitled to:

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

On the day on which the Deliverable Shares are delivered to you by us (the **"Delivery Date"**), which will be no later than 10 Business Days following the day on which we have determined the Deliverable Share Price, you will be entitled to all rights attaching to the Deliverable Securities accruing to a person who becomes a holder of the Deliverable Shares at that time.

2.3.5 What are the Trading Days?

Trading Days for each Warrant are used in calculating the Deliverable Share Price for that Warrant. A Scheduled Trading Day is a day on which:

- (1) banks are open for business in Sydney (other than a Saturday or Sunday); and
- (2) the ASX is open for its regular trading session,

A **Trading Day** is a Scheduled Trading Day, provided no Market Disruption Event occurs on such Scheduled Trading Day. See Section 2.4 for information on how a Market Disruption Event might affect the Trading Days for your Warrant.

2.3.6 Example - aggregate Number of Deliverable Shares

This is an illustrative example only. Actual performance may differ materially.

Continuing with the example from Sections 2.2.1 and 2.2.2, assume the Exercise Amount of the Warrant is AUD0.01. Following the Maturity Date of the Warrants (30 August 2014), Macquarie determines the Average Price of the Reference

Share to be GBP13.30. As Macquarie determines the applicable exchange rate to be GBP0.474/AUD1.00 and assuming no Costs and Taxes, Macquarie determines the Final Value of a Warrant to be:

$$\begin{aligned}
 \text{FV} &= \text{the greater of:} \\
 &\quad (a) \quad \text{the Average Price of the Reference Share (less any applicable Costs and Taxes), converted to Australian dollars at the exchange rate determined by us less the Exercise Amount; and} \\
 &\quad (b) \quad \text{zero.} \\
 &= \text{the greater of:} \\
 &\quad (a) \quad \text{GBP13.30 x AUD1.00/GBP0.474 - 0 - AUD0.01; and} \\
 &\quad (b) \quad \text{zero.} \\
 &= \text{AUD28.05 per Warrant (rounded to the nearest whole cent)}
 \end{aligned}$$

As the Deliverable Share for the Warrant is BHP Billiton Limited (an ASX listed company) and Macquarie determines the Deliverable Share Price to be AUD33.10, the aggregate Number of Deliverable Shares the investor is entitled to receive for the Warrants is determined as follows:

$$\begin{aligned}
 \text{Aggregate Number of Deliverable Shares} &= \frac{\text{the Final Value of the Warrant} \times \text{Number of Warrants held by you}}{\text{the Deliverable Share Price}} \\
 &= \frac{\text{AUD28.05} \times 40,000}{\text{AUD33.10}} \\
 &= 33,897.28, \text{ rounded down to } 33,897
 \end{aligned}$$

The investor is therefore entitled to receive 33,897 Deliverable Shares (being securities in BHP Billiton Limited).

In these circumstances, the investor would also be entitled to receive an amount in cash (in AUD) calculated as follows:

$$\begin{aligned}
 \text{Cash (AUD)} &= \text{Final Value} - (\text{Number of Deliverable Shares (rounded down to the nearest whole number)} \times \text{the Deliverable Share Price}) \\
 &= \text{AUD1,122,000} - (33,897 \times \text{AUD33.10}) \\
 &= \text{AUD9.30}
 \end{aligned}$$

The investor would therefore receive 33,897 Deliverable Shares and AUD9.30 within 10 Business Days following the date on which the Deliverable Share Price is determined by us. You should be aware that if the amount of cash the investor is entitled to receive is less than AUD5.00, we may, instead of paying such amount to the investor, donate such monies to a charity of our choice.

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

2.4.1 What is a Market Disruption Event?

A Market Disruption Event may occur when:

- there is, on any relevant exchange, any suspension of, or limitation imposed on, trading in securities equivalent to the Reference Share, any Related DLC Security or any Deliverable Share, or any futures or options relating to securities equivalent to the Reference Share, any Related DLC Security or any Deliverable Share;
- any event occurs on any relevant exchange which impairs the ability of market participants to effect transactions in, or obtain market values for, securities equivalent to the Reference Share, any Related DLC Security or any Deliverable Share or futures or options relating to the Reference Share, any Related DLC Security or any Deliverable Share; or
- the ASX or on any exchange on which the Reference Share, any Related DLC Security or any Deliverable Share is listed fails to open for a scheduled regular trading session,

and we determine such event to be material.

2.4.2 What happens to an Averaging Day or a Trading Day if a Market Disruption Event occurs?

Averaging Days (to calculate the Average Price of a Reference Share and the Final Value of a Warrant)

If a Market Disruption Event occurs on a day which was one of the five (5) Scheduled Averaging Days, that Scheduled Averaging Day may be postponed to the immediately following Scheduled Averaging Day on which no Market Disruption Event occurs. Where a Market Disruption Event occurs on each of the immediately following 10 Scheduled Averaging Days, we may (at our discretion) elect to specify that 10th Scheduled Averaging Day to be the Averaging Day (even though

a Market Disruption Event has occurred) and determine (at our discretion and in good faith) the price to be used in determining the Average Price of a Reference Share for such day.

Trading Days (to calculate the Deliverable Share Price and the Number of Deliverable Shares)

If a Market Disruption Event occurs on a day which was a Scheduled Trading Day, that Scheduled Trading Day may be postponed to the next Scheduled Trading Day on which no Market Disruption Event occurs.

See Sections 2.3.3 and 2.3.5 for a description of Trading Day and Scheduled Trading Day.

2.5 What are Corporate Actions and how might they affect a Macquarie International Warrant?

2.5.1 What is a Corporate Action?

See the Glossary and Section 2.2.2 for a description of what we might consider to be a Corporate Action.

2.5.2 What happens if a Corporate Action occurs in relation to a Reference Share for my Warrant?

Where a Corporate Action occurs in relation to the Reference Share for your Warrants, we may either:

- (1) pay the value of that Corporate Action (as determined by us) to you (see Section 2.2.2 above);
- (2) make any adjustment we consider appropriate (in our discretion) to the terms of your Warrants (see Section 2.5.3); or
- (3) where we determine not to adjust the terms of your Warrants or pay the value of that Corporate Action to you, elect to treat such Corporate Action as an Extraordinary Event and terminate your Warrants early (see Section 2.6).

2.5.3 What kind of adjustments can Macquarie make to my Warrant if a Corporate Action occurs in relation to a Reference Share?

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

- for any event for which we determine (in our discretion) an adjustment would be appropriate; and
- in any way we determine (in our discretion) to be appropriate.

General approaches to adjustments

As a general rule, the objective of an adjustment will be to (to the extent practicable) ensure that the value of a Warrant to a Holder (together with any payments received by a Holder in respect of their Warrant) will be unchanged (apart from small differences which may arise due to rounding errors) immediately after the adjustment is made.

2.5.4 Example of adjustments to a Warrant

This is an illustrative example only. Actual performance may differ materially.

You should also be aware that under the Terms of Issue, we may adjust your Warrants in any way we consider appropriate. Nothing in this Section 2.5.4 limits the way in which we may adjust your Warrants.

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

Continuing with the example from Section 2.2.1, in June 2011, a Record Date occurs with respect to BLT.L in relation to a 1 for 1 bonus issue, meaning that holders of securities equivalent to the Reference Share are entitled to 1 new BLT.L security for every 1 existing BLT.L security held on the relevant Record Date. Instead of paying the value of the bonus issue as a Corporate Action Amount (if any) to Holders of the Warrants as at the corresponding Record Date for the Warrant, Macquarie elects to adjust the Warrants as follows:

- the Reference Share for each Warrant remains at one BLT.L security;
- the number of Warrants held by the investor is increased from 40,000 to 80,000 units; and
- the Exercise Amount per Warrant is decreased from AUD0.01 to AUD0.005.

The investor's position before and after the adjustment can be summarised as follows:

Variable	Before adjustment	After adjustment
Reference Share per Warrant	1	1
Exercise Amount per Warrant	AUD0.01	AUD0.005
Number of Warrants	40,000	80,000
Indicative value of the Reference Share	GBP12.00	GBP6.00

2.5.5 What happens if a Corporate Action occurs in relation to the Deliverable Shares for my Warrants?

You should be aware that if a Corporate Action occurs, or Macquarie expects a Corporate Action will occur, in relation to the Deliverable Share for a Warrant, Macquarie may change the Deliverable Share for a Warrant (see Section 3.10 for more information).

2.6 What are Extraordinary Events and how might they affect a Macquarie International Warrant?

Your Warrants may be terminated prior to their Maturity Date where an Extraordinary Event occurs.

2.6.1 What is an Extraordinary Event?

An "Extraordinary Event" in relation to a Warrant is defined in the Glossary and may include:

- (a) the actual or proposed cessation of public quotation (from any relevant exchange) of any Reference Share or, in the case of a Reference Share which is a part of a dual listed entity structure, any Related DLC Security, whether by reason of delisting, removal from quotation, suspension or otherwise;
- (b) the Insolvency of the entity that issued a Reference Share or, in the case of a Reference Share which is a part of a dual listed entity structure, any Related DLC Security;
- (c) the actual or proposed delisting, withdrawal of admission to trading status or suspension of the Warrants (except in the case where that withdrawal or suspension is caused by us);
- (d) the occurrence of any event which Macquarie reasonably expects may lead to a Hedging Disruption (as defined in the Glossary) which includes:
 - (i) any event (whether due to internal trading restrictions, legal or regulatory issues or otherwise) by which we:
 - (1) would incur a materially increased amount of tax, duty, expense or fee to hedge our risk of performing our obligations under a Warrant; or
 - (2) are unable to:
 - (A) acquire, establish, or dispose of any transaction(s) or asset(s) we consider necessary to hedge the risk of performing our obligations with respect to a Warrant; or
 - (B) realise the proceeds of any such transaction(s) or asset(s);
 - (ii) where we are unable, after using commercially reasonable efforts, to borrow (or maintain a borrowing) of the number and type of securities we consider necessary to hedge our risk of providing you with a Warrant at a Stock Loan Rate (as defined in the Glossary) acceptable to us; and
- (e) the occurrence of a Corporate Action which we determine to be an Extraordinary Event (see Section 2.5)

You should refer to the Glossary for more information about what events may be considered by us to be an Extraordinary Event.

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

2.6.2 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 be entitled to receive the Early Lapse Amount from Macquarie on the Early Lapse Payment Date.

2.6.3 What is the Early Lapse Amount?

The Early Lapse Amount means 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 value of the Reference Share, the Warrant, the exchange rate between the currency of the Reference Share and the AUD, and the value of, and any losses or costs 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 is demonstrated in the following table:

Variable	Change in Variable	Effect on Early Lapse Amount
The price of the Reference Share.	▲	▲
The currency of the Reference Share depreciates against the AUD (eg, it costs more of the currency of the Reference Share to buy one Australian dollar).	▼	▼
The currency of the Reference Share appreciates against the AUD (eg, it costs less of the currency of the Reference Share to buy one Australian dollar).	▲	▲
The amount of any losses or costs incurred by Macquarie in connection with any hedge positions held by Macquarie.	▲	▼

2.6.4 What is the Early Lapse Payment Date?

The Early Lapse Payment Date is the day which is no later than ten (10) Business Days (see the Glossary) after the Early Lapse Date.

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 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 risks including the following risks which we have divided into categories:

- (1) risks specific to the Warrants (Sections 3.1 to 3.11); and
- (2) general risks (Sections 3.12 to 3.14).

You should only:

- consider investing in Warrants if you have experience in securities, options, foreign exchange 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.

Risks specific to the Warrants

3.1 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 of the Reference Share, the level of the relevant exchange rate, the Exercise Amount of the Warrant and other factors and general risks applicable to trading on the ASX and on international securities exchanges. Warrants may become significantly less valuable and, in certain circumstances, you may lose some or all of the money you invested.

You should also be aware that where the Reference Share is part of a dual-listed entity structure, movements in the value of any Related DLC Security may also affect the value of a Warrant in the secondary market. For example, in the case of a Warrant relating to BHP Billiton Plc (which is listed on the London Stock Exchange), changes in the value of the securities of BHP Billiton Ltd (which is listed on the ASX) may also affect the value of that Warrant in the secondary market. Such movements may have either a positive or negative effect on the value of a Warrant.

You should also be aware that:

- (1) as the Final Value of a Warrant is determined by reference to the average of the Macquarie determined daily volume weighted average price of the Reference Share on each of the five Averaging Days following the maturity of that Warrant (see Section 2.3.2), such averaging may mean that you are not entitled to the full benefit of any increase in the value of the Reference Share during those five Averaging Days; and
- (2) the Macquarie determined daily volume weighted average price of the Reference Share on an Averaging Day may be different to (and less than) the official daily volume weighted average price of the relevant Reference Share on the relevant exchange on such day.

Recently, equity markets have generally fallen and have become more volatile; indeed volatility in some markets is at very high levels. Investing in such highly volatile conditions implies a greater level of risk for investors than an investment in a more stable market. You should carefully consider this additional volatility risk and the other significant risks that may affect the value of your investment in a Warrant before making any investment decision.

See Section 4.1 for more information about the factors which may affect the value of a Warrant.

3.2 Foreign exchange risk

As the Reference Share for a Warrant will be a security which is traded on an international securities exchange, it will usually trade on that exchange in the local currency of that exchange (for example, a Reference Share traded on the London Stock Exchange will normally have its price denominated in Great British Pounds).

As the Final Value of your Warrant and any payments you receive in relation to your Warrant will be denominated in Australian dollars (eg, any Distribution Amount or any Corporate Action Amount), you will be exposed to movements in

- (1) the currency of the Reference Share (eg, the **Great British Pound** or **GBP**) and the AUD; and
- (2) if paid in a currency different to the currency of the Reference Share, the currency of any dividends paid in relation to the Reference Share (eg, **United States Dollars** or **USD**) and the AUD.

You should be aware that:

- (1) **we will determine (at our discretion) the exchange rate which will be used to calculate the Final Value of a Warrant and any Distribution Amount or Corporate Action Amount which may be payable to you; and**
- (2) **changes in the applicable exchange rate could have a significant effect on the determination of the amounts (if any) you are entitled to receive in relation to a Warrant and the Final Value of your Warrant, and consequently, the outcome of your investment in a Warrant.**

For example:

- (a) gains in the value of a Reference Share in its local currency may be lost when that value is converted to AUD at a less favorable exchange rate, thereby reducing the Final Value of your Warrant. Alternatively, a low value of the Reference Share converted to AUD at a favorable exchange rate may result in a higher Final Value for your Warrant; and
- (b) a Distribution paid by the issuer of the Reference Share may be denominated in either the local currency of the Reference Share (eg, GBP) or another currency (eg, USD). When such amount is converted to AUD for the purposes of Macquarie determining a Distribution Amount payable to you, changes in the relevant exchange rate (eg, GBP/AUD or USD/AUD) could have a significant effect on the amount of the Distribution in AUD terms. Where the exchange rate is less favourable (eg, it costs more of the foreign currency to buy AUD1.00), such exchange rate may have the effect of reducing the Distribution Amount payable to you. Where the exchange rate is more favourable (eg, it costs less of the foreign currency to buy AUD1.00), such exchange rate may have the effect of increasing the Distribution Amount payable to you.

The table below illustrates the effect of different GBP/AUD exchange rates on different Average Prices for a Reference Share which is listed on the London Stock Exchange:

		GBP/AUD Exchange Rate (i.e. X GBP buys AUD1.00)						
Average Price of the Reference Share (in GBP)		GBP0.3000	GBP0.3500	GBP0.4000	GBP0.4500	GBP0.5000	GBP0.5500	GBP0.6000
	GBP10.00	AUD33.3333	AUD28.5714	AUD25.0000	AUD22.2222	AUD20.0000	AUD18.1818	AUD16.6667
	GBP15.00	AUD50.0000	AUD42.8571	AUD37.5000	AUD33.3333	AUD30.0000	AUD27.2727	AUD25.0000
	GBP20.00	AUD66.6667	AUD 57.1429	AUD 50.0000	AUD 44.4444	AUD 40.0000	AUD 36.3636	AUD 33.3333
	GBP25.00	AUD83.3333	AUD 71.4286	AUD 62.5000	AUD 55.5556	AUD 50.0000	AUD 45.4545	AUD 41.6667
	GBP30.00	AUD100.0000	AUD 85.7143	AUD 75.0000	AUD 66.6667	AUD 60.0000	AUD 54.5455	AUD 50.0000
	GBP35.00	AUD116.6667	AUD 100.0000	AUD 87.5000	AUD 77.7778	AUD 70.0000	AUD 63.6364	AUD 58.3333
	GBP40.00	AUD133.3333	AUD 114.2857	AUD 100.0000	AUD 88.8889	AUD 80.0000	AUD 72.7273	AUD 66.6667
Value of the Reference Share in AUD								

These figures are illustrative only. Actual performance may differ materially.

This table illustrates that the performance of the relevant exchange rate can have a significant effect, in AUD terms, on the Average Price of a UK Reference Share. That is, if the relevant exchange rate performs negatively (eg, at maturity it costs a greater amount of GBP to buy AUD1.00), a positive performance in the Average Price of the UK Reference Share can be adversely affected in AUD terms. On the other hand, if the relevant exchange rate performs positively (eg, at maturity it costs a lesser amount of GBP to buy AUD1.00), a negative performance in the Average Price of the UK Reference Share can be positively affected in AUD terms.

Changes in the exchange rate are expected to have a corresponding effect on the value of your Warrant as follows:

Variable	Effect on value of a Warrant
The currency of the Reference Share or a dividend depreciates against the AUD (i.e. it costs more of the currency of the Reference Share or the dividend to buy AUD1.00)	▼
The currency of the Reference Share or a dividend appreciates against the AUD (i.e. it costs less of the currency of the Reference Share or the dividend to buy AUD1.00)	▲

3.3 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;
- 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 in relation to those accounts, 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 7.1 to assist you in making this assessment.

3.4 Extraordinary Events

Where an Extraordinary Event occurs with respect to your Warrants (see Section 2.6), your Warrants may be terminated by us prior to their original Maturity Date. In this case, you will only be entitled to receive the Early Lapse Amount (which may be zero) on the Early Lapse Payment Date (see Section 2.6 for more information).

You should be aware that Early Lapse Amount is an amount determined by us (at our discretion) as the value of the Warrant on the date on which your Warrants terminate. In determining the Early Lapse Amount, we may take into account the impact that the Extraordinary Event has had, or is likely to have, on the value of the Reference Share, the Warrant, and the value of, or any losses or costs incurred by Macquarie in connection with, any hedge positions held by Macquarie in relation to the Warrant.

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

You should refer to Section 2.6 for more information about Extraordinary Events.

3.5 Corporate Actions

Where a Corporate Action, such as a bonus or rights issue, consolidation, sub-division, buy-back, takeover or merger, occurs in relation to the Reference Share for a Warrant you hold, we may either:

- (1) pay the value of that Corporate Action (as determined by us) to you (see Section 2.2.2);
- (2) make any adjustment we consider appropriate (in our discretion) to the terms of your Warrants (see Section 2.5.3); or
- (3) where we determine not to adjust the terms of your Warrant, or pay the value of that Corporate Action to you, elect to treat such Corporate Action as an Extraordinary Event and terminate your Warrants early (see Section 2.6).

You should be aware that we have broad discretions to deal with and adjust your Warrants in relation to Corporate Actions, including the discretion to determine:

- (1) what adjustments are appropriate to account for such Corporate Action (eg, adjusting the Reference Share or the number of Warrants you hold); and
- (2) the effective date of such adjustments.

We may in certain circumstances (eg, where we determine, in our discretion, that we cannot satisfactorily adjust for a Corporate Action) elect to treat such Corporate Action as an Extraordinary Event (see Section 2.6 for more details about the effect of an Extraordinary Event).

You should familiarise yourself with clause 2 and 3 of the Terms of Issue in this regard. You should also refer to Section 2.5 for more information about Corporate Actions.

You should also be aware that where a Corporate Action occurs, or we expect will occur, in respect of the Deliverable Share for a Warrant, we may select a different Deliverable Share from any of the securities which are included in the top 25 companies on the ASX (by market capitalisation) or any exchange traded fund traded on the ASX. See Section 3.10 below for further information regarding Deliverable Shares.

3.6 Market Disruption Events

If a Market Disruption Event occurs:

- (a) in relation to your Warrant on a Scheduled Averaging Day or Scheduled Trading Day, this could delay the determination of:
 - (i) the Average Price of the Reference Share and the Final Value of your Warrant; and/or
 - (ii) the Deliverable Share Price,and consequently, the calculation of the number of Deliverable Shares you are entitled to receive in respect of your Warrants, and the day on which such Deliverable Shares will be delivered to you (see Section 2.4); and
- (b) during the term of your Warrant, this may affect your ability to obtain a value for your Warrant and/or the price at which you are able to sell such Warrant.

You should be aware that Market Disruption Events can occur at any time.

3.7 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 Average Price of the Reference Share used to calculate the Final Value of your Warrant and the Deliverable Share Price (see Section 2.3);
- (2) determine the exchange rate used to calculate any amounts payable to you in relation to your Warrant or the Final Value of your Warrant (see Section 3.2);
- (3) terminate your Warrants prior to their stated Maturity Date and determine the amount payable to you as a result of that early termination (see Sections 2.6 and 3.5);
- (4) nominate Market Disruption Events (see Sections 2.4 and 3.6); and
- (5) adjust your Warrants for Corporate Actions (see Sections 2.5 and 3.5).

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. You should refer to the Terms of Issue for more information about the discretions we have.

3.8 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 Maturity Date of your Warrants approaches, or on the early termination of your Warrants. These hedging activities may affect the value of the Reference Share and your Warrants and consequently any amount you receive in relation to your Warrants. Our hedging activities may be conducted in:

- (1) securities equivalent or similar to the Reference Share;
- (2) where the Reference Share is part of a dual-listed entity structure, any Related DLC Security; and/or
- (3) options, futures or other derivatives related to such securities.

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

Other conflicts of interest may also arise. Please see Section 7.2 for more information about potential conflicts of interests and other activities of members of the Macquarie Group.

3.9 Trading Risks

3.9.1 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.

3.9.2 Suspension of Trading in Warrants

Trading in Warrants on the ASX may be halted or suspended by the ASX in accordance with the ASX Market 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 Market 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 the issuer of the Reference Share in relation to a proposed Corporate Action);
- (2) legal or other regulatory reasons; and
- (3) where the Reference Share for a Warrant is part of a dual-listed entity structure, any Related DLC Security being suspended from trading (irrespective of which exchange such securities trade on). For example, if the Reference Share for a Warrant was BHP Billiton Plc (a company listed on the London Stock Exchange), the Warrants may be suspended from trading on the ASX where securities in BHP Billiton Ltd (an ASX listed company) are suspended on the ASX.

3.10 The Deliverable Shares

Initially, the Deliverable Share for a Warrant will be as set out in the SPDS for that Warrant. You should, however, be aware that where either:

- (1) we determine that it is not practicable for us to deliver the nominated Deliverable Share for a Warrant;
 - (2) we are prevented from acquiring or disposing of the Deliverable Share due to internal trading restrictions or requirements (eg, where the Macquarie Group is advising the issuer of the Deliverable Share in relation to a proposed Corporate Action); or
 - (3) a Corporate Action occurs, or we expect will occur, in respect of the Deliverable Share,
- we may select a different Deliverable Share from any of the securities which are included in the top 25 companies on the ASX (by market capitalisation) or any exchange traded fund traded on the ASX.

You should also be aware that:

- (a) the Number of Deliverable Shares you are entitled to receive following maturity will be determined in the manner set out in Section 2.3.4;
- (b) the Number of Deliverable Shares you may be entitled to receive may be less than the number of Warrants that you held on the Maturity Date of that Warrant; and
- (c) by the time the Deliverable Shares are delivered to you under the Terms of Issue, the value of the Deliverable Shares may be higher or lower than the Final Value of your Warrant.

You should also be aware that you do not have a right to cash settle your Warrant and as such you are not entitled to receive a cash amount in lieu of the parcel of shares deliverable by Macquarie to you following the Maturity Date of your Warrant.

3.11 Taxation considerations

The taxation considerations summarised in Section 5 of this PDS are based on a number of assumptions which are set out in Section 5.1. 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

3.12 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 (or any SPDS) is a recommendation by us or any other member of the Macquarie Group about an investment in a Warrant, any particular Reference Share or any other financial product. You should not rely on this PDS (or any SPDS) as the sole basis for any investment decision in relation to a Warrant, any particular Reference Share or any other financial product, but should obtain additional information and, where necessary, obtain independent financial advice.

3.13 Past performance

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

3.14 Change of law

Changes to laws, their interpretation or government administrative practices in Australia or in the jurisdiction of the relevant Reference Share, 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.

Fees and Other Costs

Section	Topic	Page
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4.2	Costs and Taxes	21
4.3	Adviser remuneration	21
4.4	Goods and Services Tax (GST)	22
4.5	Other fees	22

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 5 of this PDS.

4.1 Amounts payable to acquire a Warrant

When 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; or
- by submitting an application to us under this PDS (only available to Macquarie Entities), you may need to pay the Purchase Price for each Warrant to us.

This PDS does not specify the amount of the Purchase Price payable for a Warrant, or 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 of the Reference Share; and
- movements in the exchange rate for the currency of the Reference Share with the Australian dollar.

The effect that these factors may have on the price of a 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 Warrant
The price of the Reference Share	▲	▲
The currency of the Reference Share depreciates against the AUD (i.e. it costs more of the currency of the Reference Share to buy one Australian dollar)	▼	▼
The currency of the Reference Share appreciates against the AUD (i.e. it costs less of the currency of the Reference Share to buy one Australian dollar)	▲	▲

Where the Reference Share is part of a dual listed entity structure, movements in the value of any Related DLC Securities may also affect the value of a Warrant in the secondary market. For example, in the case of a Warrant relating to BHP Billiton Plc, which is listed on the London Stock Exchange, changes in the value of the securities of BHP Billiton Ltd, which is listed on the ASX, may also affect the value of a Macquarie International Warrant in the secondary market. **Such movements may have either a positive or negative effect on the value of a Warrant.**

You should also be aware that:

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

4.2 Costs and Taxes

We may deduct certain Costs and Taxes from any amount payable to you in relation to your Warrant, including:

- (a) any Distribution Amount; and
- (b) any Corporate Action Amount.

Such Costs and Taxes may also be deducted when we determine the Final Value of your Warrant, thereby reducing the Number of Deliverable Shares you may be entitled to receive following the maturity of your Warrant.

As the amount of such Costs and Taxes will depend on a number of various factors at the time such Costs and Taxes are incurred, it is impossible to determine the amount of Costs and Taxes that could apply to your investment in advance. The amount of such Costs and Taxes will be determined by us (acting in good faith and in a commercially reasonable manner), taking into account and without limitation, any costs, taxes (including withholding taxes), duty (including stamp duty), brokerage, commission or other transaction costs and expenses:

- (1) incurred by us in respect of, establishing, holding and/or unwinding any of our hedge positions;
- (2) incurred by us in making any payment to you in connection with a Warrant;
- (3) we would have incurred if we had acquired, held and/or unwound securities equivalent to the Reference Share for the purposes of hedging our exposure of providing a Warrant to you and/or making any payment to you (for example, the difference between the amount of a Distribution declared by the issuer of a Reference Share, and the amount which would have been received by us in relation to our hedge positions as a result of such tax, duty or other cost or expense).

You should also be aware that the higher the Costs and Taxes incurred by us are, the lower:

- (1) the Final Value of your Warrant;**
 - (2) the amounts payable by us to you,**
- will be.**

If you have any concerns or queries about this aspect of a Warrant, you should seek advice from your financial adviser.

4.3 Adviser remuneration

4.3.1 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 placement fee	Not Applicable.	Not Applicable.
Adviser trailing payment	Not Applicable.	Not Applicable.

4.3.2 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.

4.3.3 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.

4.4 Goods and Services Tax (GST)

Unless otherwise stated, fees and charges quoted in this PDS are inclusive of GST. To the extent that any supply made in connection with a Warrant is a taxable supply, you will need to pay, in addition to the consideration provided under the Terms of Issue for that supply (unless it expressly includes GST), an additional amount equal to the amount of the consideration (or its GST exclusive market value) multiplied by the rate at which GST is imposed in respect of the supply (and any GST payable on such increased amount).

4.5 Other fees

If you elect to make any payment by direct debit or cheque, a processing fee may be payable if there are insufficient funds in your nominated account.

Taxation Considerations

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This summary has been prepared by Clayton Utz and outlines the main Australian income tax implications for investors who apply for Macquarie International Warrants pursuant to this PDS or who acquire Macquarie International Warrants on the ASX or otherwise. The information in this summary is of a general nature only and does not purport to constitute legal or tax advice.

Taxation issues are complex and taxation laws, their interpretation and associated administrative practices may change over the term of an investment in Macquarie International Warrants.

Macquarie does not provide financial or tax advice and this PDS cannot address all of the taxation issues which may be relevant to a particular investor. Each investor must take full and sole responsibility for their own investment in Macquarie International Warrants, the associated taxation implications arising from that investment and any changes in those taxation implications during the course of that investment.

As the taxation implications for each potential investor may be different, Macquarie recommends that each prospective investor obtain their own independent professional taxation advice on the full range of taxation implications applicable to their own individual facts and circumstances.

5.1 Assumptions

This summary of taxation implications assumes:

- you are an Australian resident for tax purposes;
- you will acquire the Macquarie International Warrants as an applicant or on the ASX or otherwise on or after the date of this PDS;
- you will hold the Macquarie International Warrants and the Deliverable Shares on capital account and will not be a person who is carrying on a business of either trading in securities, or investing in securities, in the course of which you regularly acquire and dispose of securities;
- there is nothing in the circumstances of an investment in Macquarie International Warrants that would indicate at the commencement of an investment that you are acquiring the Macquarie International Warrant for the purpose of disposing of that Macquarie International Warrant for a profit, and there is nothing in your conduct prior to or during the holding of the Macquarie International Warrants that would indicate such an intention;
- the Deliverable Shares will be listed shares in an Australian tax resident company or listed units of an Australian resident unit trust;
- the Deliverable Shares will not be an equity interest in Macquarie or an entity that is a connected entity of Macquarie;
- the Macquarie International Warrants will be denominated in Australian dollars;
- the Reference Share will be a share in a company that is quoted on an Approved Stock Exchange (within the meaning of the *Income Tax Regulations* 1936) outside Australia which is principally engaged in eligible activities as determined in accordance with Division 3 of Part XI of the Tax Act;
- it is expected that Distributions will be made in respect of the Reference Shares, entitling the holders of the Macquarie International Warrants to receive Distribution Amounts;
- you do not acquire a Macquarie International Warrant in substitution for an economically equivalent investment that you would otherwise be expected to enter into; and
- you do not have assets in excess of AUD \$100,000,000 and are not an Approved Deposit-Taking Institution, securitisation vehicle or a corporation registered or other financial sector entity.

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 taxation treatment of Macquarie International 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**”).

5.2 Purchase, Holding and Disposal of the Macquarie International Warrants

5.2.1 Purchase of Macquarie International Warrants

There should be no taxation consequences arising from the purchase of the Macquarie International Warrants. The acquisition cost, including any incidental costs of acquisition, should be included in the cost base/reduced cost base in the Warrants for capital gains tax purposes.

The Macquarie International Warrant should not be considered to be a “security” for the purposes of the “qualifying security” provisions in Division 16E or the “traditional security” provisions in Sections 26BB and 70B. This view has been confirmed by the Australian Taxation Office (“ATO”) in its Taxation Determination TD 2008/21.

5.2.2 Holding of Macquarie International Warrants

During the period that you hold your Warrants, you may receive a Distribution Amount or Corporate Action Amount if a Record Date occurs in relation to either a Distribution or a Corporate Action affecting the Reference Share relating to your Warrant.

The Distribution Amount/Corporate Action Amount should be included in your assessable income at the time that it is received. No franking credits should be attached to the Distribution Amount/Corporate Action Amount and you will not be entitled to claim a foreign income tax offset to the extent that there is any withholding tax or other tax applicable in determining the quantum of the Distribution Amount/Corporate Action Amount.

5.2.3 Ceasing to hold Macquarie International Warrants

5.2.3.1 Disposal of Macquarie International Warrants

Where you dispose of your Warrants through disposal on the secondary market (including a disposal back to Macquarie as designated market maker), this disposal should crystallise a Capital Gains Tax (CGT) event in respect of the Warrant. Accordingly, you should make a capital gain to the extent that the disposal proceeds exceed your cost base in the Warrants. Conversely, where the disposal proceeds are less than your reduced cost base in the Warrant, you should make a capital loss.

5.2.3.2 Maturity of Macquarie International Warrants

Pursuant to the ATO’s Taxation Determination TD 2008/22, your receipt of the Deliverable Shares should constitute a CGT event for you, being the discharging of your right to receive the Deliverable Shares. To the extent that the market value of the Deliverable Shares at the time of delivery exceeds your cost base in the Macquarie International Warrant, you should make a capital gain. However where the market value of the Deliverable Shares at the time of delivery is less than your reduced cost base in the Macquarie International Warrant, you should make a capital loss. For these purposes, the cost base and reduced cost base in your Macquarie International Warrant should be reduced by the amount of cash included in the Deliverable Parcel.

5.2.3.3 Sale of Deliverable Shares

Where you subsequently dispose of the Deliverable Shares, you will realise a capital gain to the extent that the capital proceeds received on disposal exceed your cost base in the Deliverable Shares. Conversely, you will make a capital loss to the extent that the capital proceeds received on disposal are less than your reduced cost base in the Deliverable Shares. Your cost base/reduced cost base in the Deliverable Shares should include the market value of the Deliverable Shares at the time of delivery.

5.2.3.4 Availability of CGT Discount

Any capital gain referred to in Section 5.2.3.1 and Section 5.2.3.2 should generally be referred to as a discount capital gain where 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 the date of maturity.

Any capital gain on disposal of the Deliverable Shares referred to in Section 5.2.3.3 will be a discount capital gain where you are an individual, a complying superannuation entity or a trust and more than twelve months has passed from the time of delivery of the Deliverable Shares to the time of disposal of the Deliverable Shares.

5.2.3.5 Revenue account and profit making purpose

You should be aware that if you acquire a Macquarie International Warrant in the course of carrying on a business or as part of a business operation or commercial transaction with a purpose of profit-making, any gain made in respect of your Macquarie International Warrant may be on revenue account. Acquiring a Macquarie International Warrant with the intention of disposing of the Warrant or the Deliverable Shares immediately upon maturity may be viewed as evidence of a profit-making purpose. Any such gain will be assessable as income under either section 6-5 or 15-15 of the Tax Act, rather than as a capital gain (such that discount CGT treatment (as discussed above) will not apply).

5.3 Taxation of Financial Arrangements

On 26 March 2009, the "Taxation of Financial Arrangements" (TOFA) legislation was enacted. Broadly, this legislation may alter the taxation of financial arrangements from the current law in terms of the timing of derivation of assessable income, the quantum of a gain or a loss for taxation purposes and also the character of a particular receipt.

The TOFA provisions only apply to income years commencing on or after 1 July 2010 unless an election to adopt the TOFA provisions early has been made. Further, 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 \$100,000,000; and (c) other entities with aggregated turnover of less than AUD \$100,000,000, financial assets of less than AUD \$100,000,000 and assets of less than AUD \$300,000,000, **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 Act. A Macquarie International 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 as to the implications of the TOFA rules in respect of the Macquarie International Warrants.

5.4 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". For present purposes, 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 allowable 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 International Warrant, being the only relevant "scheme," should be seen to include:

- a) benefiting from any growth in the value of the Macquarie International Warrant and the Deliverable Shares; and
- b) the receipt of Corporate Action Amounts and Distribution Amount due to the holding of the Macquarie International Warrants and distributions on the Deliverable Shares following maturity.

On this basis, Part IVA should not apply to the acquisition, holding and disposal of the Macquarie International Warrants by a typical investor in the Warrants. This conclusion relies upon the correctness of the assumptions outlined above in relation to a typical investor. Investors should however obtain their own independent advice on the application of Part IVA in their own particular circumstances

5.5 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.

However, if GST becomes payable by Macquarie in connection with any supply made to you under or in connection with this PDS, then Macquarie can require you to pay an additional amount on account of GST.

5.6 Stamp Duty

The acquisition, holding and disposal of the Warrants should not give rise to any stamp duty in any jurisdiction of Australia or in any overseas jurisdiction where the Reference Shares are listed.

Details of the Issue

This Section is a summary of some of the important features of Macquarie International 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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6.1 Offer of Macquarie International Warrants

6.1.1 Offer Period

The offer of a Series of Macquarie International Warrants under this PDS (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.

6.1.2 Application Procedure

No Warrants are offered under this PDS to any person other than a Macquarie Entity. Applications by any other person will not be accepted.

Any Macquarie Entity which subscribes for Warrants will act in accordance with the directions of Macquarie. Accordingly, the 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 this PDS and any relevant SPDS from Macquarie.

Macquarie reserves the right to accept or reject any application in its absolute discretion and to vary the application procedure.

6.1.3 Trading on ASX

Subject to any delisting or suspension of trading on the ASX, each Series of Warrants offered under this PDS (and any relevant SPDS) are expected to commence trading on the ASX on the date set out in the relevant SPDS.

6.1.4 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.

6.1.5 Purchase Price

This PDS does not specify the Purchase Price at which a Warrant will be issued. The Purchase Price will depend on the level of a number of variables at the time the offeree agrees to subscribe for a Warrant and will therefore vary from time to time during the Offer Period (see Section 4.1 for more information).

6.1.6 Application Monies

Any application monies held by Macquarie prior to the acceptance of an application for a Warrant will be held in a non-interest bearing trust account or as otherwise specified in the SPDS for the Series.

6.2 Variations of the Terms of Issue

6.2.1 How can the Terms of Issue be varied?

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

- (a) in the event of a Corporate Action (see Section 2.5);
- (b) where the Change is:
 - (i) necessary in the 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 Corporate Action) 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 6.2.2).

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

6.2.2 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.

6.2.3 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.

6.2.4 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.

6.3 The Register

6.3.1 The Register

Macquarie will arrange (at its own cost) for a Register of Holders of each Series of Warrants to be established and maintained at the offices of the Registrar (see Directory on the back cover) in Sydney. 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 need to either be 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.

6.3.2 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.

6.3.3 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.

6.3.4 Property in Warrants

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

6.4 Holding Statements

6.4.1 No Certificates issued for Warrants

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

6.4.2 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 Market Rules and the ASTC 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 also 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.

6.5 Default by Macquarie

If Macquarie fails to:

- (a) deliver the Deliverable Shares on the Delivery Date to a person registered as the Holder on the day on which the Final Value in respect of the Warrants is determined by Macquarie:
 - (i) the Holder may give a default notice to Macquarie requesting Macquarie pay to it the Liquidated Damages Amount for each of those Warrants;
 - (ii) if the Holder gives a valid default notice, Macquarie must, within 10 Business Days of receipt of the default notice, pay to the Holder the Liquidated Damages Amount (**LDA**) for each of those Warrants calculated as follows:
LDA (per Warrant) = 1.1 x Final Value of a Warrant
 - (iii) on payment of the Liquidated Damages Amount for each of those Warrant, Macquarie will have no further obligations or liability to the Holder in respect of those Warrants and the Warrants are thereby terminated; and
- (c) pay any amount when due to a Holder, subject to paragraph (a)(iii) above, interest accrues on that amount at the Default Rate.

6.6 Consent to recording

You agree to Macquarie recording 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.

6.7 Distribution of this PDS (and the SPDS)

As the Warrants are expected to have trading status on the ASX, they may be able to be transferred to secondary holders. This PDS (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. During an Offer Period for a Series of Warrants, Macquarie will provide a copy of this PDS (and any relevant SPDS) on request.

Additional Information

This Section is a summary of some of the important features of Macquarie International 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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7.1 About Macquarie

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

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

Rating agencies

Macquarie Bank is rated by Standard & Poor's, Fitch Ratings and Moody's Investors Service. Current ratings are available from various sources including from macquarie.com.au/shareholdercentre.

The rating agencies do not independently verify information provided to them by Macquarie Bank, and therefore, the rating agencies make no representation or warranty with respect to the accuracy of their ratings. The rating agencies have not been involved in the preparation of, or authorised the issue of, this PDS.

You should note that credit ratings assigned by the rating agencies address only credit risk, which is only one element of any investment decision and should not be construed as relating to the Warrants the subject of this PDS. Ratings are not recommendations to invest in Warrants. By publishing a rating, the rating agencies are not inducing or advising you to take any action with respect to a Warrant or any other security. Ratings and rating reports should not be construed as investment advice, personalised or other. Accordingly, you should conduct your own evaluation of the Warrants and consult with your investment adviser.

Ratings are subject to change or withdrawal (at any time) at each rating agency's sole discretion.

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: macquarie.com.au/shareholdercentre.

Updated information

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

7.2 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 to the Warrants, securities equivalent to a Reference Share, Related DLC Security or Deliverable Share or other financial products relating to the issuer of a Reference Share, Related DLC Security or Deliverable Share;
- hold directorships in the issuer of a Reference Share, Related DLC Security or Deliverable Share;
- have business relationships or alliances (including joint ventures) with any issuer of a Reference Share, Related DLC Security or Deliverable Share;
- be a substantial shareholder of any issuer of a Reference Share, Related DLC Security or Deliverable Share; and
- have a commercial relationship with senior executives of the issuer of a Reference Share, Related DLC Security or Deliverable Share 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 Share, Related DLC Security or Deliverable Share (or its officers) in relation to activities unconnected with the Warrants and which may or may not affect the value of the issuer of a Reference Share, Related DLC Security or a Deliverable Share 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, any Reference Shares, any Related DLC Securities and/or any Deliverable Shares.

7.3 Substantial shareholdings, takeovers and associations

The acquisition of a Warrant and the right to receive the Deliverable Shares may have implications for you (particularly substantial shareholders) under Chapters 6, 6A and 6C of the Corporations Act and any equivalent laws in the jurisdiction of the issuer of the Reference Share. 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.

7.4 Foreign holders

The acquisition of a Warrant and the right to receive the Deliverable Shares may also have implications for you under the *Foreign Acquisitions and Takeovers Act 1975* (Cth) ("**FATA**"). The following very general summary of FATA is not exhaustive and is not legal advice. You should not rely solely on this Section, and should seek your own legal advice in relation to all aspects of your proposed investment including, but not limited to, those referred to below.

Under FATA, the Treasurer of Australia may prohibit a proposed acquisition of securities in an Australian corporation or interests in the assets of an Australian business where the result of the acquisition would be that a foreign person, together with their associates, would have an interest of at least 15% of the issued securities in the corporation, or two or more foreign persons (together with their associates) would in aggregate have an interest of at least 40% of the issued securities in the corporation. Furthermore, if such an acquisition has already occurred, the Treasurer may order the person who acquired the securities or interests in the assets to dispose of them to an approved person. The concepts of acquisition, interest, associate and foreign person are very widely defined in FATA. FATA also requires certain persons to give the Treasurer prior notice of their intention to make certain acquisitions.

Foreign ownership of securities in Australian companies may also be restricted under other Commonwealth or State legislation, or under Government policy. You should make your own enquiries. You should also make your own enquiries about whether any equivalent laws in the jurisdiction of the Reference Share may apply to any investment you make in a Warrant.

7.5 Shareholding limits or restrictions

Some issuers of a Reference Share or Deliverable Share 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 International Warrants.

7.6 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 or any other member of the Macquarie Group, you undertake to provide additional information and assistance, and comply with all reasonable requests, to facilitate our, or any other member of the Macquarie Group's, compliance with AML/CTF Laws in Australia or any equivalent laws in an overseas jurisdiction;
- (c) you undertake 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 investment made in connection with a Warrant will fund Illegal Activities.
- (d) you acknowledge that we, and other members of the Macquarie Group, are subject to AML/CTF Laws. In acquiring a Warrant, you consent to us and other members of the Macquarie Group disclosing in connection with AML/CTF Laws any of your Personal Information that we have (as defined in the Privacy Act 1988 (Cth)).
- (e) in certain circumstances we, or another member of the Macquarie Group, may be obliged to freeze or block an account or Warrant where it is used in connection with Illegal Activities or suspected Illegal Activities. Freezing or blocking can arise as a result of the monitoring that is required by AML/CTF Laws. If this occurs, neither us, nor any other member of the Macquarie Group, are liable to you for any consequences or losses whatsoever and you agree 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 your account or any Warrant.
- (f) you acknowledge that 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.

7.7 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:

Financial Ombudsman Service Limited
GPO Box 3
Melbourne VIC 3001
Telephone: 1300 78 08 08
Fax: (03) 9613 6399
fos.org.au

7.8 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.

The capacity of Macquarie to settle all outstanding Warrants is not guaranteed by the ASX, the National Guarantee Fund or the Australian Clearing House Pty Ltd.

7.9 No cooling-off period

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

7.10 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 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;
- 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.

7.11 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 Shares or Deliverable Shares.

7.12 Consents

Clayton Utz has given and not withdrawn its consent to be named in this PDS in the form and context in which it is named. Clayton Utz has not authorised or caused the issue of this PDS, does not make, or purport to make, any statement in this PDS (or any statement on which a statement in this PDS is based), and takes no responsibility for any part of this PDS other than Section 5.

Terms of Issue

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In the event of any inconsistency between these Terms of Issue and any other part of the PDS, these Terms of Issue will prevail.

1. THE WARRANTS

1.1 Grant of Warrant

In return for a person paying the Purchase Price 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, to that person, whose name will be entered in the Register as the Holder of that Warrant.

1.2 Nature of Warrant

Subject to these Terms of Issue, a Warrant constitutes:

- (a) an agreement by:
 - (i) the Holder to purchase from Macquarie; and
 - (ii) Macquarie to sell to the Holder,
 the Number of Deliverable Shares in the manner set out in clause 1.3 for the Purchase Price; and
- (b) an agreement by Macquarie to pay to the Holder for no additional consideration:
 - (i) any Distribution Amounts payable (if any) in accordance with clause 2.2; and
 - (ii) any Corporate Action Amounts payable (if any) in accordance with clause 2.3(a).

For the avoidance of doubt, and without limiting clause 2, a Warrant does not confer on a Holder any right or interest in respect of Accretions to any Reference Share for that Warrant (if any).

1.3 Delivery of the Deliverable Parcel

Macquarie must, on the Delivery Date:

- (a) transfer or procure the transfer to a Holder on the day on which the Final Value in respect of the Warrants is determined by Macquarie, the title to each Deliverable Share comprising the Deliverable Parcel for the Warrants held by that Holder. The Deliverable Shares which that Holder is entitled to receive must be free from any mortgage, charge, lien, pledge or other encumbrance on transfer (other than one that has been accepted by the ASX for the purposes of quotation of the Deliverable Shares) and must include all rights, including dividend rights and other Accretions, attached or accruing to them at the time of their transfer (or as may be notified by Macquarie from time to time); and
- (b) pay the Holder the cash value of the fraction of any Deliverable Share rounded down pursuant to clause 10.6.

For the purposes of delivery of the Deliverable Parcel, the Holder irrevocably appoints Macquarie as its agent to do all things necessary, or desirable to be done, to effect the delivery required pursuant to these Terms of Issue.

1.4 Satisfaction of obligations

On delivery of the Deliverable Parcel by Macquarie or its nominee (on behalf of Macquarie) to the Holder in accordance with clause 1.3, Macquarie's obligations to the Holder in respect of such Warrants are satisfied and discharged and those Warrants are thereby terminated.

1.5 Liquidated damages

If Macquarie fails to perform its obligations under clause 1.3 with respect to a Warrant:

- (a) the Holder may give a default notice to Macquarie in respect the relevant Warrants requesting Macquarie pay to it the Liquidated Damages Amount for each of those Warrants;
- (b) if the Holder gives a valid default notice, Macquarie must, within 10 Business Days of receipt of the default notice, pay to the Holder the Liquidated Damages Amount for each of those Warrants. Macquarie and the Holder acknowledge and agree that the Liquidated Damages Amount for each of those Warrants is a genuine estimate of the losses that would be suffered by the Holder in the event of a failure by Macquarie to perform its obligations under clause 1.3; and
- (c) on payment of the Liquidated Damages Amount for each of those Warrants, Macquarie will have no further obligations or liability to the Holder in respect of those Warrants and the Warrants are thereby terminated.

1.6 No transfer of legal or beneficial interest in the Deliverable Parcel

The Holder acknowledges and agrees that the agreement to purchase the Number of Deliverable Shares, as set out in these Terms of Issue, and the payment of the Purchase Price (each as may be adjusted from time to time) does not transfer the legal or beneficial interest in the Number of Deliverable Shares to the Holder. The parties acknowledge and agree that the legal and beneficial interest in the Number of Deliverable Shares will only transfer pursuant to these Terms of Issue on it becoming the registered holder of the Deliverable Shares comprised in the Deliverable Parcel (unless an earlier time is expressly nominated by Macquarie).

1.7 Waiver of right to specific performance

If Macquarie fails to deliver the Deliverable Parcel to the Holder in accordance with these Terms of Issue, the Holder agrees that it will not be entitled to an injunction, specific performance or any other equitable rights or remedies and will only be entitled to damages in the amount of the Liquidated Damages Amount referred to in clause 1.5.

1.8 Exercise and Delivery Notice

- (a) A Holder may, at any time prior to 4:30pm (Sydney time) on the Maturity Date, give an exercise notice (**Exercise and Delivery Notice**) to Macquarie requiring the exercise of all (but not some) of the Holder's Warrants in a Series and the delivery of the Deliverable Parcel in respect of those Warrants in accordance with clause 1.3;
- (b) Any Exercise and Delivery Notice received by Macquarie prior to the Maturity Date of the Warrants to which that notice relates shall only be deemed to be received by Macquarie on the Maturity Date of such Warrants; and
- (c) Where a Holder fails to give a valid Exercise and Delivery Notice to Macquarie prior to 4:30pm (Sydney time) on the Maturity Date of a Warrant, the Holder will be deemed to have given a valid Exercise and Delivery Notice in accordance with clause 1.8(a) above and Macquarie will deliver the Deliverable Parcel in respect of those Warrants to the relevant Holder in accordance with clause 1.3.

2. RECORD DATES, DISTRIBUTION AMOUNTS, CORPORATE ACTIONS AND OTHER ADJUSTMENTS

2.1 Record Dates

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

2.2 Distributions

If a Record Date in respect of a Distribution occurs in relation to a Reference Share on or before the Maturity Date of a Warrant, Macquarie shall pay to the Holder as at the corresponding Record Date for the Warrant, any Distribution Amounts (if any) on the relevant Distribution Amount Payment Date.

2.3 Corporate Actions

If a Record Date occurs, or Macquarie expects will occur, in respect of a Corporate Action in relation to a Reference Share on or before the Maturity Date of a Warrant, Macquarie may (in its absolute discretion) either:

- (a) pay the Corporate Action Amount, to the Holder as at the corresponding Record Date for the Warrant, on the Corporate Action Amount Payment Date;
- (b) deem such event to be an Extraordinary Event; or
- (c) adjust the Warrant either:
 - (i) having regard to the principles generally applied by the ASX for the purposes of Rule 11.3 of the ASX Market Rules; or
 - (ii) as Macquarie reasonably determines having regard to the relevant Corporate Action and its effect on the Warrant, and determine the effective date of such adjustments.

If Macquarie makes an adjustment to a Warrant pursuant to this clause 2, Macquarie shall give the Holder of such Warrant and ASX written notice of that adjustment as soon as reasonably practicable following the determination by Macquarie of the adjustments to be made to the Warrant. Failure to give a notice referred to in this clause 2.3 to a Holder does not affect the validity or enforceability of any adjustment made by Macquarie pursuant to clause 2.3.

2.4 Eligibility

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

2.4 Substitutions of the Deliverable Share

If either:

- (a) a Corporate Action occurs, or Macquarie expects will occur, in respect of a Deliverable Share;
- (b) we are prevented from acquiring or disposing of the Deliverable Share due to internal trading restrictions or requirements; or
- (c) Macquarie determines, in its reasonable opinion, that it is not practicable to transfer a Deliverable Share in accordance with these Terms of Issue,

Macquarie may replace any of the Deliverable Shares with either:

- (i) an ETF Security in an ETF (as each of those expressions are defined in the ASX Market Rules); or
- (ii) any other security or securities quoted and trading on the ASX, the issuer of which is in the top 25 listed entities on ASX by market capitalisation.

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 under clause 3.2 (the “**Early Lapse Date**”) 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 3.3.
- (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 Nomination of an Extraordinary Event

Macquarie may, at any time and with the consent of ASX, nominate as an Extraordinary Event with respect to a Warrant any of the following events:

- (a) the actual or proposed cessation of quotation (from any Relevant Exchange) of any Reference Share or, in the case of a Reference Share which is a part of a dual listed entity structure, any Related DLC Security, whether by reason of delisting, removal from quotation, suspension or otherwise;
- (b) the Insolvency of the entity that issued a Reference Share or, in the case of a Reference Share which is a part of a dual listed entity structure, any Related DLC Security;
- (c) the actual or proposed delisting, withdrawal of admission to trading status of the Warrants (except in the case where that withdrawal or suspension is caused by Macquarie);
- (d) the occurrence of any event which may reasonably be expected by Macquarie to lead to a Hedging Disruption;
- (e) a material limitation of the ability of Macquarie to maintain a secondary market in the Warrants;
- (f) a Corporate Action occurs in relation to which Macquarie exercises its rights under clause 2.3(b); or
- (g) a Warrant ceasing to be an Approved Financial Product.

3.3 Withdrawal of Nomination

Macquarie may, at its discretion and with the consent of the ASX, withdraw any event nominated as an Extraordinary Event under clause 3.2 at any time prior to Macquarie paying the Early Lapse Amount under clause 3.1(b).

3.4 Notice of Nominations or Withdrawals

Where a nomination or withdrawal of a nomination of an Extraordinary Event is made under this clause 3, Macquarie must, 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 all Holders of the affected Warrants, and
- (b) giving a copy of the text of that notice to ASX.

Failure to give a notice required by this clause 3.4 does not invalidate the nomination or withdrawal of a nomination.

3.5 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).

4. CURRENCY CONVERSION AND CONVERSION EVENTS

4.1 Currency Conversion

Where an amount is to be converted from one currency to another currency under these Terms of Issue, Macquarie will act as calculation agent for the conversion of the currency and/or the determination of the Exchange Rate at which such conversion has or will occur. All determinations and calculations made by Macquarie in respect of the Exchange Rate at which a conversion of currency will occur, or has occurred, will be binding on the Holder in the absence of manifest error.

4.2 Effect of Conversion Events

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

- (a) defer the calculation, determination or payment (as the case may be) to the next day on which no Conversion Event exists;
- (b) determine the rate at which such currency shall be converted to the other currency; or
- (c) direct that payment to be made in AUD in an amount determined by Macquarie.

Where a Conversion Event occurs, Macquarie may (i) delay the payment of any amounts to payable to a Holder and/or (ii) the delivery of the Deliverable Parcel 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 (at Macquarie's cost), a register of Holders in accordance with the requirements of the ASX Market Rules and the ASTC 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 ASX Market Rules and the ASTC 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 the obligations of Macquarie under clause 5.2(a). Holding statements will contain any information required by the ASX Market Rules and the ASTC 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 Warrant may be transferred if and only if the transfer is in the manner prescribed by, or under, the Corporations Act, the ASX Market Rules the ASTC Settlement Rules (as applicable), or if permitted, in accordance with the provisions in Schedule 1.

5.4 Registration of Transfer of Warrants

Macquarie:

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

5.5 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.

5.6 Situs

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

5.7 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.

5.8 CHESS

When Warrants become "Approved Financial Products", as that term is defined in the ASTC Settlement Rules, holdings 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.

5.9 Correctness of Register

- (a) Macquarie is entitled to assume that the Register is correct and need not enquire into its correctness unless it has reasonable grounds to believe that the Register is not correct.
- (b) Macquarie is entitled to rely conclusively on any advice given to it by the Registrar as to the contents of, or matters relating to, the Register.
- (c) 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 gross negligence or fraud.

6. NOTICES

6.1 Sending notices

Subject to clause 6.2, all notices and other 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.

All notices and other communications are to be sent to the addresses of the respective parties as set out in the Register or as a party may notify to the other party in writing.

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 by Macquarie

A notice or other communication given by Macquarie is deemed to be duly received by a Holder as follows:

- (a) if sent by hand, when left at the address of the recipient;
- (b) if sent by prepaid post, 5 days after the date of posting; or
- (c) if sent by Electronic Communication, either:
 - (i) 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
 - (ii) 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.

6.3 Effectiveness of notices by a Holder

A notice or other communication given by a Holder is deemed to be duly received by Macquarie when it is actually received by Macquarie.

6.4 Posting notices on Macquarie's website

Macquarie may also give a communication to a Holder by making it available at Macquarie's website for the Holder's retrieval by Electronic Communication, on condition that Macquarie notify the Holder by Electronic Communication that the communication is available for the Holder's retrieval. A communication Macquarie makes available for a Holder's retrieval is deemed to be duly received when the Electronic 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.

6.5 Address of Parties

For the purposes of this clause 6 the address of the Holder is the address of the Holder recorded in the Register.

6.6 Joint Holders

If more than one person is entered in the Register as the Holder of any Warrant, a notice given to any of those persons 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 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 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 in certain circumstances, a Macquarie Entity may be obliged to freeze or block 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;
 - (ii) freezing or blocking can arise as a result of the monitoring that is required by AML/CTF Laws; and
 - (iii) to indemnify each Macquarie Entity if such party is found liable to a third party in connection with the freezing or blocking of any Warrants or any associated account; and
 - (iv) 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

Without limiting any consents given under the PDS, each Holder consents to Macquarie giving, from time to time, to:

- (a) any other Macquarie Entity;
- (b) 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 they may request from time to time. Macquarie may also give such information to fund managers, clearing houses and other parties to the extent Macquarie deems necessary or desirable for effecting transactions in connection with these Terms of Issue. This 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 (except to the extent, and only to the extent, arising from Macquarie's gross negligence or fraud).

9. MISCELLANEOUS

9.1 Failure of Macquarie to pay

Subject to clause 1.5(c), 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.

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 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 2.3(b) 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 ASX

Macquarie must, if required by the ASX Market 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 Waiver

The failure, delay, relaxation or indulgence on the part of Macquarie in exercising any power or right conferred on Macquarie 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.

9.6 Telephone Recording

The Holder agrees to:

- (a) Macquarie recording any telephone conversations concerning 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.

The Holder further acknowledges and agrees that Macquarie is not obliged to maintain a copy of such recordings or transcripts thereof for the benefit of the Holder.

9.7 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.

9.8 Goods and Services Tax

A Holder must pay to Macquarie an amount equal to any GST that Macquarie must pay in respect of any supply by Macquarie to a Holder under or in connection with these Terms of Issue or the PDS.

9.9 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.

9.10 Holder Entitled to Copy of Terms of Issue

Where a Holder gives notice to Macquarie requesting a copy of these Terms of Issue, Macquarie must, within ten (10) Business Days of receipt of that notice, supply a copy of these Terms of Issue (incorporating any Changes) to that Holder.

9.11 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.

9.12 No Merger

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

9.13 Certificate

A certificate signed by Macquarie stating any amount or rate for the purpose of these Terms of Issue will be, in the absence of manifest error, prima facie binding on the Holder.

9.14 Entire Agreement

These Terms of Issue contain all the terms on which the Warrants are or will be provided and supersedes all prior communications.

9.15 Severability

Any part of these Terms of Issue which is illegal, void or unenforceable will be ineffective to the extent only of that illegality, voidness or unenforceability, without invalidating the remaining parts of these Terms of Issue.

9.16 Joint Holders

There must not be more than three (3) 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.

9.17 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 \$5.00, Macquarie may, instead of paying such amount to the Holder, donate such monies to a charity of Macquarie's choice.

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 exclusive jurisdiction of the courts of New South Wales and any court hearing appeals from those courts.

9.19 Extent of Macquarie's discretion

- (a) Macquarie need not act except when required to do so by these Terms of Issue and then at the discretion of Macquarie as to the manner and time of acting.
- (b) Macquarie need not consult with the Holders before acting or giving any consent, approval or agreement or making any determination under these Terms of Issue except where these Terms of Issue expressly provides otherwise.

9.20 Reliance on documents and experts

Macquarie may rely on:

- (a) any document (including any facsimile transmission, telegram or telex) unless it has reasonable grounds to believe that the document is not genuine and correct; and
- (b) advice, information and statements of the Registrar or other persons employed or retained by it, and shall not be liable for any act or omission undertaken in reliance on that document, advice, information or statement, unless Macquarie had reasonable grounds to believe that it was not accurate. Without limitation, Macquarie may rely on such documents, advice, information and statements for the purpose of exercising and performing its powers and obligations in accordance with these Terms of Issue. Where Macquarie considers that it requires any advice, information or statement from any of the persons referred to in paragraph (b) of this clause 9.20, 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 delay in the exercise or performance of the relevant powers or duties pending receipt of the relevant advice, information or statements.

9.21 Liability of Macquarie

To the extent permitted by law, Macquarie will not be liable in respect of any conduct, delay, negligence or breach of duty in the exercise or non-exercise of any power, nor for any loss (including consequential loss) which results, except where it arises from fraud or wilful misconduct by or on behalf of Macquarie.

9.22 Unclaimed monies

Any payments made to Holders but remaining unclaimed for more than 12 months after the date of payment may, at the discretion of Macquarie but subject to applicable laws, be paid to Macquarie, for the sole benefit of Macquarie and the relevant Holder shall have no claim to any amount paid to Macquarie pursuant to this clause.

9.23 Information

A Holder shall provide information reasonably requested by Macquarie.

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 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 Market Rules and the ASTC 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 or the Corporations Act 2001 which are defined in the ASX Market Rules or the ASTC Settlement Rules have the meaning given to them in the ASX Market Rules or ASTC Settlement Rules as the case may be; and
- (k) 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.

10.3 Headings

In the PDS and these Terms of Issue, headings are for convenience only and do not affect interpretation.

10.4 ASX Market Rules and ASTC 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 ASX Market Rules or the ASTC Settlement Rules, unless the ASX or the ASTC (as applicable) gives or has given a waiver of any or all of those rules.

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;
- (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 and
- (c) in determining the Deliverable Parcel for a Holder, Macquarie may (at Macquarie’s discretion):
 - (i) aggregate the Number of Deliverable Shares for each Warrant in a Series held by that Holder; and
 - (ii) round any resulting fraction of a Deliverable Share included in the Deliverable Parcel down to the nearest whole Deliverable Share. Where Macquarie elects to act under this clause, Macquarie may determine the cash value of any residual fraction of a Deliverable Share and pay that cash value to the Holder in accordance with clause 1.3(b).

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 ASX Market Rules and the ASTC 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 is duly passed if and only if:

1. Macquarie dispatches by notice to every Holder in the Series affected by the proposed Change a document setting out the terms of the proposed Change together with 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), a document setting out the reasons for and any advantages or disadvantages of the Change and 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 (3) 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.

Glossary

In this PDS and the Terms of Issue, the following definitions shall apply unless the context otherwise requires:

Accretion means all rights, accretions, entitlements and other property attaching to a Reference Share or Deliverable Share (as the context requires) (including, without limitation, all voting rights, all dividends, 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 Share or Deliverable Share (as the context requires)).

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

Approved Financial Products has the meaning set out in the ASTC Settlement Rules.

ASTC means ASX Settlement and Transfer Corporation Pty Limited (ABN 49 008 504 532).

ASTC Settlement Rules means the settlement rules of the ASTC from time to time.

ASX means ASX Limited (ABN 98 008 624 691) or the securities market conducted by ASX Limited, as the context requires.

ASX Market Rules means the market rules of the ASX, as amended from time to time.

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

Average Price means in respect of a Reference Share the greater of:

- (1) the average of the Macquarie determined daily volume weighted average price of the Reference Share on the Relevant Exchange on each of the (five) 5 Averaging Days following the Maturity Date of the Warrant (excluding any trades which, in Macquarie's opinion, are not in the normal course of trading, eg, special crossings); and
- (2) 90% of the average of the official daily volume weighted average price of the Reference Share on the Relevant Exchange on each of the (five) 5 Averaging Days following the Maturity Date of the Warrant,

provided however that where sub-paragraph (b) of the definition of Averaging Day applies in respect of any of the five (5) Scheduled Averaging Days, the daily volume weighted average price of the Reference Share on the Relevant Exchange for that Averaging Day for the purposes of paragraphs (1) and (2) above shall be the price determined by Macquarie as its good faith estimate of the daily volume weighted average price that would have prevailed if the Market Disruption Events had not occurred.

Averaging Day means, in relation to a Warrant and the determination of the Average Price of a Reference Share, each of the first five (5) Scheduled Averaging Days following (and excluding) the Maturity Date of that Warrant, provided however that if a Market Disruption Event occurs with respect to, or affects, a Reference Share for that Warrant on a Scheduled Averaging Day, Macquarie may (at its discretion) determine that:

- (a) subject to paragraph (b), the Averaging Day will be the next succeeding Scheduled Averaging Day which is not already an Averaging Day on which there is no Market Disruption Event; or
- (b) where there is a Market Disruption Event on each of the ten (10) Scheduled Averaging Days immediately following that Scheduled Averaging Day, Macquarie may deem the tenth (10th) Scheduled Averaging Day to be the Averaging Day notwithstanding the occurrence of a Market Disruption Event on such Scheduled Averaging Day.

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.

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 ASTC Settlement Rules.

CHESS Sub-register has the meaning set out in the ASTC Settlement Rules.

Conversion Event means in relation to a calculation or payment of a currency, any event which, in Macquarie's opinion, makes it impractical for that currency to be calculated, converted, delivered or paid in accordance with the Terms of Issue.

Corporate Action means, in respect of a Reference Share for a Warrant or a Deliverable Share, the occurrence of any one or more of the following:

- (a) a subdivision, consolidation or reclassification of the Reference Share or Deliverable Share;
- (b) a distribution, issue or dividend (whether by way of bonus, capitalisation or similar issue) to holders of the Reference Share or the Deliverable Share (as the case may be) of (i) Securities; or (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); or (iii) share capital or other Securities of another issuer as a result of a spin-off or other similar transaction, or (iv) any other type of Securities, rights or warrants or other assets;
- (c) a call by the Listed Entity in relation to any Reference Share or Deliverable Share that is not fully paid;
- (d) in respect of the relevant Listed Entity, an 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;
- (e) a redemption, cancellation or re-purchase by the relevant Listed Entity or any of its subsidiaries of Securities, whether out of profits or capital and whether the consideration for such redemption, cancellation or repurchase is cash, Securities or otherwise;
- (f) a tender offer, exchange offer or a takeover bid for the Reference Share or the Deliverable Share or any analogous offer;
- (g) a consolidation, amalgamation, de-merger, merger or binding share exchange of the relevant Listed Entity with or into another entity or person;
- (h) it is announced that the Reference Share will be de-listed from the Relevant Exchange on which such Reference Share was listed and is re-listed on another exchange acceptable to Macquarie;
- (i) any amendment or change to the terms, or cancellation, of a Corporate Action previously announced by a Listed Entity; and
- (j) any other event which Macquarie determines, with the consent of ASX, should be a Corporate Action for the purposes of the Terms of Issue.

For the avoidance of doubt, any event which constitutes a Distribution in respect of a Reference Share shall not constitute a Corporate Action.

Corporate Action Amount means, in relation to a Warrant, an amount equal to the Corporate Action Value less any Costs and Taxes, converted into AUD at the Exchange Rate.

Corporate Action Amount Payment Date means the day which is no later than ten (10) Business Days after the date on which the Listed Entity that issued the relevant Reference Share pays, issues or distributes the relevant property in connection with that Corporate Action.

Corporate Action Value means, in relation to a Reference Share for a Warrant, the value of any Corporate Action which occurs in respect of that Reference Share, as determined by Macquarie in its absolute discretion.

Costs and Taxes means the amount of any costs, taxes (including withholding taxes), duty (including stamp duty), impost, brokerage, commission or other transaction costs, as determined by Macquarie (acting in good faith and in a commercially reasonable manner), taking into account and without limitation, any costs, taxes (including withholding taxes), duty (including stamp duty), impost, brokerage, commission or other transaction costs or expense:

- (1) incurred by Macquarie in respect of, establishing, holding and/or unwinding any of Macquarie's Hedge Positions in respect of a Warrant;
- (2) incurred by Macquarie in making any payment to a Holder in connection with a Warrant;
- (3) Macquarie would have incurred if Macquarie acquired, held and/or unwound securities equivalent to the Reference Share for the purposes of hedging Macquarie's exposure of providing a Warrant to a Holder and making any payment to such Holder (for example, the difference between the amount of a Distribution declared by the issuer of a Reference Share, and the amount which would have been received by Macquarie in relation to its Hedge Positions as a result of such tax, duty or other cost or expense).

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.

Deliverable Parcel means, in respect of a Holder:

- (a) the aggregate of the Number of Deliverable Shares for each Warrant in a Series held by that Holder (rounded down to the nearest whole Deliverable Share); and
- (b) the cash value of any fraction of a Deliverable Share which was rounded down pursuant to paragraph (a) above, as determined by Macquarie.

Deliverable Share means, in relation to a Warrant in a Series, the Deliverable Share specified for that Series in the relevant SPDS, as changed from time to time in accordance with the Terms of Issue.

Deliverable Share Price means the lesser of:

- (a) the price of the Deliverable Share as calculated by Macquarie (at its discretion); and
- (b) 110% of the average of the official daily volume weighted average price of the Deliverable Share on the ASX over such number of Trading Days following the determination of the Final Value of your Warrants as determined by Macquarie (provided that such number of Trading Days shall not exceed twenty (20) Trading Days).

Delivery Date means no later than 10 (ten) Business Days following the determination by Macquarie of the Deliverable Parcel.

Directory means the contact details of Macquarie and the Registrar set out on the last page of this PDS.

Distribution means a cash dividend or cash return of capital.

Distribution Amount means, in respect of a Warrant, an amount equal to the amount of any Distribution for a Reference Share, less any applicable Costs and Taxes, converted into AUD at the Exchange Rate.

Distribution Amount Payment Date means the day which is no later than ten (10) Business Days after the date on which the relevant Listed Entity that issued the relevant Reference Share actually pays the relevant Distribution.

Early Lapse Amount means the amount determined by Macquarie as the value of a Warrant on the Early Lapse Date, taking into account the impact that the Extraordinary Event has had or is likely to have on the value of a Reference Share, the Warrant, the exchange rate between the currency of the Reference Share and the AUD, and the value of, or any losses or costs incurred by Macquarie in connection with, any Hedge Positions held by Macquarie or any other Macquarie Entity in relation to the Warrant.

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

Early Lapse Payment Date means the day which is no later than ten (10) 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.

Exchange Rate means the relevant exchange rate determined by Macquarie at the relevant time.

Exercise Amount means, in respect of a Warrant, the amount specified in the SPDS for that Warrant as adjusted in accordance with the Terms of Issue.

Exercise and Delivery Notice has the meaning set out in clause 1.8 of the Terms of Issue.

Extraordinary Event means an event the subject of a nomination under clause 3.2 of the Terms of Issue which has not been withdrawn under clause 3.3 of the Terms of Issue.

Final Value means, in respect of a Warrant, an amount equal to the greater of:

- (a) the Average Price of each Reference Share to which a Warrant relates less any applicable Costs and Taxes, converted to AUD at the Exchange Rate, less the Exercise Amount; and
- (b) zero.

Glossary means this Section 9 of this PDS.

Great British Pound or **GBP** means the lawful currency of the United Kingdom of Great Britain and Northern Ireland.

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 any transaction(s) or asset(s) Macquarie considers necessary to hedge the risk (whether market risk, foreign exchange risk or any other form of risk) of entering into and performing its obligations with respect to the Warrant, including for the avoidance of doubt, any Related DLC Security.

Hedging Disruption occurs in respect of a Warrant where (whether due to internal trading restrictions, legal or regulatory issues or otherwise):

- (a) Macquarie would incur a materially increased amount of tax, duty, expense or fee (as compared with circumstances existing on the Listing Date of a Warrant) to, or is unable to:
 - (i) acquire, establish, substitute, maintain or dispose of any Hedge Positions; or
 - (ii) 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 determines in good faith that:
 - (iii) it has or will become illegal for Macquarie to hold, acquire or dispose of any Hedge Positions or to give effect to any provision of the Terms of Issue; or
 - (iv) Macquarie has or will incur a materially increased cost in performing its obligations in respect of a Warrant (including due to any increase in tax liability, decrease in tax benefit or other adverse effect on Macquarie's tax position); or
- (c) it is announced that any of the Reference Shares for that Warrant or 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;

- (d) it is announced, or Macquarie expects, that any of the Reference Shares for that Warrant will be de-listed or cease quotation and will not be immediately re-listed or commence quotation on another exchange acceptable to Macquarie;
- (e) there is any change announced to any applicable laws or government interpretation of applicable short selling laws in either Australia or the jurisdiction of the Relevant Exchange in respect of a Reference Share; or
- (f) Macquarie is unable, after using commercially reasonable efforts, to borrow (or maintain a borrowing of) the number of Reference Shares or Hedge Positions Macquarie determines necessary in order for Macquarie to hedge its positions with respect to a Warrant at a Stock Loan Rate commercially acceptable to Macquarie. In determining whether a Stock Loan Rate is commercially acceptable to Macquarie, Macquarie may consider any changes to the Stock Loan Rate which have occurred since the Listing Date of the relevant Series.

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.

Insolvency means in relation to a Listed Entity:

- (a) except to reconstruct or amalgamate while solvent, an application is made for an order, a meeting is convened to consider a resolution, a resolution is passed or an order is made that the party be wound up or otherwise dissolved or that an administrator, liquidator or provisional liquidator of the party be appointed; or
- (b) a receiver, receiver and manager, administrator, controller, trustee or similar officer is appointed in respect of all or any part of the business, assets or revenues of that party;
- (c) the party becomes insolvent (or is presumed to be insolvent under any applicable law) or is subject to any arrangement, assignment or composition (except to reconstruct or amalgamate while solvent), or is protected from any creditors or otherwise unable to pay their debts when they fall due; or
- (d) anything analogous to, or of a similar effect to, anything described above occurring in relation to that party.

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

Issuer Sponsored Sub-register has the meaning set out in the ASTC Settlement Rules.

Liquidated Damages Amount means, in respect of a Warrant, 1.1 x the Final Value of a Warrant.

Listed Entity means the legal entity that issued a Reference Share or Deliverable Share (as the context requires) or any part thereof.

Listing Date means, in relation to a Warrant in a Series, 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, as determined by Macquarie, any event that disrupts or impairs the ability of market participants in general to effect transactions in, or obtain market values for, a Reference Share, any Related DLC Security or Deliverable Share (as applicable) or futures or options contracts relating to a Reference Share, Related DLC Security or Deliverable Share (as applicable) on the ASX or the Relevant Exchange including, without limitation:

- (a) any suspension of, or limitation imposed on, trading by the ASX or the Relevant Exchange;
 - (b) the closure of the ASX or the Relevant Exchange prior to its Scheduled Closing Time; or
 - (c) the failure of the ASX or the Relevant Exchange to open on a day on which they are scheduled to be open for trading for their respective regular trading sessions,
- which, in any case, Macquarie determines to be material.

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

Number of Deliverable Shares means, in respect of a Warrant, such number of Deliverable Shares determined by dividing the Final Value by the Deliverable Share Price.

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 determined in accordance with Section 6.1.1 of the PDS.

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

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

Product Disclosure Statement or **PDS** means this Product Disclosure Statement issued by Macquarie and dated 31 July 2009, as may be amended or supplemented from time to time, including by way of any SPDS.

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 Share, holders of securities equivalent to the Reference Share registered at that time.

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

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).

Related DLC Security means a Security which is part of a dual listed company structure with the relevant Reference Share.

Relevant Exchange means, in respect of a Reference Share, Related DLC Security or a Deliverable Share, the principal exchange on which the Reference Share, Related DLC Security or Deliverable Share (as the case may be and as the context may require) is listed or traded, as determined by Macquarie.

Schedule means a schedule to the Terms of Issue.

Scheduled Averaging Day means a day which is:

- (a) a Business Day; and
- (b) a day on which the ASX and the Relevant Exchange(s) for each Reference Share are scheduled to be open for trading for their respective regular trading sessions.

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.

Scheduled Trading Day means a day which is:

- (a) a Business Day; and
- (b) a day on which the ASX is scheduled to be open for trading for its respective regular trading session(s).

Section means a section of this PDS.

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 Share, Maturity Date and Listing Date) under this PDS and any relevant SPDS.

Stock Loan Rate means the rate which Macquarie is, or would be obliged to pay to a party to enter into an arrangement whereby Macquarie can borrow the number of Reference Shares or Hedge Positions it deems necessary to hedge its position with respect to a Warrant or a Series of Warrants.

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

Terms of Issue means the terms of issue of the Warrants, as set out in Section 8 of this PDS, as may be amended or supplemented from time to time.

Trading Day means a Scheduled Trading Day on which no Market Disruption Event occurs.

UK means the United Kingdom of Great Britain and Northern Ireland.

United States Dollars or **USD** means the lawful currency of the United States of America.

Warrant and **Macquarie International Warrant** mean a warrant issued by Macquarie pursuant to the terms and conditions specified in this PDS and any relevant SPDS.

we, us, and our means Macquarie.

Directory

ISSUER

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



No. 1 Martin Place
Sydney NSW 2000
Australia



1800 803 010



warrants@macquarie.com.au



macquarie.com.au/internationalwarrants

REGISTRAR

Computershare Investor Services Pty Limited



Level 3, Carrington Street
Sydney NSW 2000
Australia



1800 850 505



www-au.computershare.com

MACQUARIE WARRANTS INFORMATION LINE



1800 803 010