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7 May 2018

ASX/Media Release



Dear Sir or Madam

Letter to holders of Macquarie Group Capital Notes (MCN)

Macquarie Group Limited (ASX: MQG; ADR: MQBKY) ("MGL") today released a letter and email to holders of MCN (ASX: MQGPA), who are eligible to participate in the MCN3 Reinvestment Offer as defined in the MCN3 prospectus dated 7 May 2018. This letter includes a description of the Reinvestment Offer announced by MGL today.

Attached for the purpose of ASX Listing Rule 3.17.1 are copies of the letter and the email communication being sent to holders of the MCN.

Yours faithfully



Dennis Leong
Company Secretary

7 May 2018



Dear Macquarie Group Capital Notes Holder,

REINVESTMENT OFFER TO ELIGIBLE MCN HOLDERS

I am writing to inform you that Macquarie Group Limited ("**MGL**") has announced the offer of Macquarie Group Capital Notes 3 ("**MCN3**") (the "**Offer**"). As an eligible holder of Macquarie Group Capital Notes ("**MCN**") you have an opportunity to reinvest the redemption proceeds of all or some of your MCN in a corresponding number of MCN3 ("**Reinvestment Offer**"). Participation in the Reinvestment Offer is optional.

MGL intends to redeem the MCN on Thursday, 7 June 2018 and replace them with MCN3. This means that any MCN not reinvested under the Reinvestment Offer may be redeemed on this date and MCN Holders will receive \$100 per MCN.

A distribution is scheduled to be paid on MCN on Thursday, 7 June 2018, subject to the distribution payment conditions in the MCN Terms. If those conditions are satisfied, MCN Holders (including Eligible MCN Holders who participate in the Reinvestment Offer) will receive a distribution of \$2.4747 per MCN in cash on Thursday, 7 June 2018.

Participation in the Reinvestment Offer

The Reinvestment Offer is expected to open on Tuesday, 15 May 2018 and close at 5.00pm on 1 June 2018 (these dates are indicative and may change without notice) ("**Offer Period**").

You are eligible to participate in the Reinvestment Offer if you:

- were registered as a holder of MCN at 7.00pm (Sydney Time) on Friday, 4 May 2018;
- are shown on the MCN register as having an address in Australia; and
- are not in the United States or acting as a nominee for, or for the account or benefit of, a person in the United States or otherwise prevented from receiving the Reinvestment Offer or MCN3 under the laws of any jurisdiction.

The Reinvestment Offer is an invitation to Eligible MCN Holders to:

- apply to reinvest the redemption proceeds of all or some of their MCN in a corresponding number of MCN3; and
- direct MGL to pay \$100 per Reinvested MCN as the Application Payment for the number of MCN3 applied for.

There is no minimum number of MCN that you must hold to be able to participate in the Reinvestment Offer. However, if you hold 50 MCN or fewer, you must apply to reinvest all your MCN in MCN3 if you wish to participate in the Reinvestment Offer. The minimum number of additional MCN3 you can apply for if you elect to reinvest your MCN as part of the Reinvestment Offer is 10 MCN3 (\$1,000) and thereafter your Application must be in increments of 10 MCN3 (\$1,000).

Although there are similarities between MCN and MCN3, the Reinvestment Offer is not a simple rollover into an identical investment. MCN3 and MCN have different benefits and risks, which must be evaluated separately. The Reinvestment Offer will be made under the replacement Prospectus, which is expected to be lodged with ASIC on Tuesday 15, May 2018, and which you should read in full before deciding to invest in MCN3. The Prospectus is available at the MCN3 offer website at www.MCN3Offer.com.au.

How to apply to participate in the Reinvestment Offer

Applications can be made by completing the Reinvestment Offer Application Form. Your completed Reinvestment Offer Application Form must be received by 5.00pm on Friday, 1 June 2018. Applications will only be accepted during the Offer Period, which is expected to open on Tuesday, 15 May 2018.

If you make an Application under the Reinvestment Offer, you will not be required to pay the Application Payment in respect of that Application, unless you choose to apply for more MCN3 than the number of MCN registered in your name at 7.00pm (Sydney Time) on Friday, 4 May 2018.

Alternatively, if you are an Eligible MCN Holder and you are an Australian resident client of a Syndicate Broker or a New Zealand resident client of a Syndicate Broker, you may apply to participate in the Reinvestment Offer through your Syndicate Broker. You should contact your Syndicate Broker for instructions on how to submit an Application Form and, if applicable, the Application Payment.

Non participation in the Reinvestment Offer

Eligible MCN Holders are not required to participate in the Reinvestment Offer and as such are not required to take any action.

MGL intends to redeem the MCN on Thursday, 7 June 2018 and replace them with the MCN3. This means that any MCN not reinvested under the Reinvestment Offer may be redeemed on this date and MCN holders will receive \$100 per MCN.

A distribution is scheduled to be paid on MCN on 7 June 2018, subject to the distribution payment conditions in the MCN Terms. If those conditions are satisfied, MCN holders (including, Eligible MCN Holders who participate in the Reinvestment Offer) will receive a distribution of \$2.4747 per MCN in cash on 7 June 2018. You will receive no further distributions on the Reinvested MCN. Eligible MCN Holders who do not wish to participate in the Reinvestment Offer may subscribe for MCN3 as part of the Securityholder Offer if you wish.

If you have any questions regarding your MCN holding please call the MCN3 Information Line on 1300 420 406 (within Australia) or on +61 1300 420 406 (International) (Monday to Friday 8.30am – 5.30pm, Sydney time).

Yours faithfully



Dennis Leong
Company Secretary

Important information

This letter is not an offer of, or an invitation to apply for, Macquarie Group Capital Notes 3. The Offer is contained in the Prospectus which Macquarie Group lodged with the Australian Securities and Investments Commission ("ASIC") on 7 May 2018. Applications may only be made on the Application Form attached to or accompanying the Prospectus (including the electronic copy of the Prospectus). The information provided in this letter and the Prospectus is not personal investment advice and has been prepared without taking into account your investment objectives, financial

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situation or particular needs (including financial and taxation issues). It is important that you read the Prospectus in full before deciding to invest in MCN3 and consider the risks that could affect the performance of MCN3.

MCN3 are issued by Macquarie Group Limited ("MGL"). MCN3 are not deposit liabilities and are not protected accounts of Macquarie Bank Limited ABN 46 008 583 542 ("MBL") under the Banking Act 1959 (Cth) ("Banking Act") and are not guaranteed or insured by any government, government agency or compensation scheme of Australia or any other jurisdiction. MGL is not an authorised deposit-taking institution for the purposes of the Banking Act and its obligations do not represent deposits or other liabilities of MBL. The investment performance of MCN3 is not guaranteed by MGL, MBL or any other member of the Macquarie Group.

Capitalised terms used in this letter have the meaning given in the Prospectus.