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Notice date: 11/05/2015

What's this about?

Effective date: 12/05/2015

<input checked="" type="radio"/> ASX Trade	<input type="radio"/> ASX 24					
<input type="radio"/> Trading	<input checked="" type="radio"/> Clearing	<input checked="" type="radio"/> Settlement				
<input checked="" type="radio"/> Operations	<input type="radio"/> Technology	<input checked="" type="radio"/> Market Data	<input checked="" type="radio"/> Rules	<input checked="" type="radio"/> Compliance	<input checked="" type="radio"/> Risk	<input type="radio"/> Other

National Australia Bank Limited ("**NAB**") - ASX Settlement Operating Rule 5.18.2 inclusion of rights of National Australia Bank Limited ("**Rights**") as "FOR" Financial Products.

This Notice contains important information about the eligibility to participate in the NAB Pro-rata Accelerated Renounceable Entitlement Offer ("**Offer**") of new NAB ordinary shares ("**New Shares**") and should be read carefully by Participants.

The following class of Financial Products has been included in Schedule 1 of the ASX Settlement Operating Rules as an FOR Financial Product effective Tuesday, 12 May 2015.

Issuer	Financial Product	ASX Code
National Australia Bank Limited	Entitlements - Excluded Investor	NABR

What do I need to do and by when?

Only "Eligible Persons" (as defined in the attachment to this bulletin) are entitled to acquire and exercise Rights, which are scheduled to commence trading under ASX code NABR on a deferred settlement basis on Tuesday, 12 May 2015 ("**NAB's Financial Products**"). Eligible Persons that purchase NAB's Financial Products will need to complete a specific Appendix E – Entitlement and Acceptance Form that can be obtained from their broker or by calling the NAB Offer Information Line on 1300 667 647 (within Australia) or +61 3 9415 4299 (outside Australia) from 8:00am to 7:30pm (Melbourne Time) Monday to Friday.

NAB reserves the right to reject any Appendix E – Entitlement and Acceptance Form that it believes comes from a person who is not an Eligible Person.

NAB's Financial Products will trade generally on ASX, however, if NAB's Financial Products are purchased in a transaction on ASX by a person that is not an Eligible Person (each, an "**Excluded Investor**"), such Excluded Investors will not be entitled to exercise NAB's Financial Products to subscribe for New Shares. Further, any "**Excluded U.S. Investor**", as that term is defined in the attachment to this Bulletin, will not be entitled to acquire or hold any of NAB's Financial Products.

NAB's Financial Products which are not or are not able to be exercised will be sold through a retail shortfall bookbuild. Any premium over the offer price of A\$28.50 per New Share received in respect of the New Shares sold under the retail shortfall bookbuild (less expenses and net of any applicable withholding taxes) will be remitted proportionally to holders of those NAB's Financial Products at the close of the Offer. The retail premium, if any, is expected to be paid on or about 16 June 2015.

In order to ensure that foreign ownership restrictions can be monitored and that Excluded U.S. Investors do not acquire or hold NAB's Financial Products and Excluded Investors do not exercise any right to subscribe for New Shares, ASX Settlement has agreed:

- (a) To classify NAB's Financial Products as FOR Financial Products under the ASX Settlement Operating Rules and to include NAB's Financial Products in Schedule 1 of the ASX Settlement Operating Rules Procedures; and
- (b) To implement certain additional procedures as contemplated in guidance Note 4 of the ASTC Settlement Rules (Financial Products subject to Foreign Ownership Restrictions) in relation to NAB's Financial Products.

The following conditions apply to NAB's Financial Products:

Foreign Person

A "Foreign Person" is an "Excluded Investor" as that term is defined in the attachment to this Notice.

Level of Foreign Ownership

The relevant Foreign Person ownership level is zero.

This means that no Excluded Investor, as that term is defined, may exercise any right to subscribe for New Shares for any of NAB's Financial Products they purchase or hold. Further, no Excluded U.S. Investor, as that term is defined, may acquire or hold NAB's Financial Products.

NAB, as issuer of the Financial Products, has agreed to be bound by the additional obligations of an issuer of FOR Financial Products under Rule 5.18 of the ASX Settlement Operating Rules.

NAB's Financial Products are being offered and will be traded on the ASX market in reliance on the safe harbour provisions of Regulation S under the US Securities Act of 1933, as amended and in accordance with the procedures established pursuant to the provisions of the no-action letter dated 7 January 2000 given to ASX by the staff of the United States Securities and Exchange Commission ("**SEC**") in respect of offerings on the ASX market. That relief was given subject to compliance with certain procedures described in the no-action letter. These procedures include application of the status of FOR Financial Products to NAB's Financial Products under the ASX Settlement Operating Rules.

Where a holder is currently designated as "F" or "M", that person cannot exercise any right to subscribe for New Shares for any of NAB's Financial Products they purchase or hold.

Where the holder is currently designated as "F", and wishes to hold NAB's Financial Products, but is not an Excluded U.S. Investor, a new holder record should be established for that holder designated as "D" for the purposes of holding NAB's Financial Products.

Where a holder is currently designated as "F" or "M", and is an Excluded U.S. Investor, that person cannot acquire and hold any of NAB's Financial Products.

Participants should liaise with clients intending to purchase or hold NAB's Financial Products and make all necessary enquiries to ensure that those clients who are Excluded Investors are made aware that they cannot exercise any right to subscribe for New Shares and that those clients who are Excluded U.S. Investors are made aware that they cannot acquire or hold any of NAB's Financial Products. Failure to do so may result in client loss. Similarly, Participants may be liable for any failure to establish a new Holder Record designated as "D" or effect a change of residency indicator where it is necessary.

NAB's Financial Products cannot be acquired or held by an Excluded U.S. Investor in holdings designated as "F" or "M" under any circumstances, as they may be subject to divestment action by NAB as set out under the ASX Settlement Operating Rules. **Click here for more information and definitions**

Need more information?

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