



ORB

International Enhanced
Income

Product Disclosure Statement

Capital guaranteed international equity investment

Guaranteed by Citigroup
Global Markets Holdings Inc.



Principal distributor



CAPITAL GUARANTEED
INVESTMENTS LIMITED



Important Information

Yield Income Enhanced Listed Deferred Securities ("YIELDS") are issued by Citigroup Global Markets Australia Pty Limited (ABN 64 003 114 83, AFSL number 240992) ("Issuer", "we" or "us"), a Participant of the ASX Group and the Sydney Futures Exchange Ltd. YIELDS are an agreement between the Investor and the Issuer governed by the terms set out in the terms and conditions ("Terms") under the heading Terms of Issue on page 48 of this Product Disclosure Statement ("PDS"). It is important that Investors and potential Investors read the Terms in full as these set out an Investor's rights and obligations in relation to YIELDS. Capitalised words that are used in this PDS have the meaning given to those words in the section "Definitions and Interpretation" on pages 69 and the Schedules on pages 60 and 65 of this PDS, unless the context requires otherwise.

YIELDS and any securities recommended, offered, or sold by the Issuer: (i) are not insured by the Federal Deposit Insurance Corporation; (ii) are not deposits or other obligations or liabilities of any insured depository or authorised deposit-taking institution (including Citibank Pty Limited and Citibank, N.A.); and (iii) are subject to investment risks, including the possible loss of capital invested in the event of an Early Maturity. YIELDS do not represent a deposit or other liability of Citibank Pty Limited or Citibank, N.A. and these entities do not stand in any way behind the capital value and/or performance of YIELDS. The Issuer is not subject to regulatory supervision by APRA.

The Issuer reserves the right to vary the dates and times of the offer. This means that the Issuer has a discretion to extend or reduce the length of the offer period by changing any of the relevant dates in the Issuer's absolute discretion. The Issuer may exercise its rights where, for example, the demand for YIELDS has been very high and a significant number of Investors have requested that the period be extended. However, in exercising its discretion the Issuer would act reasonably and would not leave the offer period open for too

long and would have regard to standard market practice. The Issuer may also vary the Maturity Date if an Early Maturity Event occurs. The term "Early Maturity Event" is defined in clause 4.1 of the Terms of this PDS. The risks associated with an Early Maturity Event are more fully discussed on page 34 of this PDS under the heading Risk factors.

Product Disclosure Statement: This PDS is dated 5 May 2004 and has been prepared by the Issuer. This PDS has not been lodged with the Australian Securities & Investments Commission and is not required by the Corporations Act to be lodged with the Australian Securities & Investments Commission ("ASIC"). ASIC takes no responsibility for the contents of this PDS.

Investment Decisions: It is impossible in a document of this type to take into account the investment objectives, financial situation and particular needs of each reader. Accordingly, nothing in this PDS should be construed as a recommendation by the Issuer, or any associate of the Issuer or any other person concerning an investment in YIELDS, the Delivery Assets or any other financial product. Readers should not rely on this PDS as the sole or principal basis of a decision to invest in YIELDS, the Delivery Assets or any other financial product and should seek independent financial, legal and taxation advice before making a decision to invest. No person is authorised by the Issuer to give any information or to make any representation not contained in this PDS. Any information or representation not contained in this PDS must not be relied upon as having been authorised by or on behalf of the Issuer. Nothing in this PDS is, or may be relied upon as, a representation as to the future performance of YIELDS or the Delivery Assets.

Jurisdiction and Selling Restrictions: This PDS is not an offer or invitation in relation to YIELDS in any place in which, or to any person to whom, it would not be lawful to make that offer or invitation. The distribution of this PDS outside Australia may be restricted by the laws of places where it is distributed and therefore persons into

whose possession this document comes should seek advice on and observe those restrictions. YIELDS are not available to US Investors. Failure to comply with relevant restrictions may violate those laws.

Updates relating to this PDS: The Issuer may make available updated information relating to this PDS. Investors may access this information at www.citiwarrants.com.au, or alternatively may request a paper copy of this information free of charge from their financial adviser or by contacting the Issuer on 1300 30 70 70. The information that the Issuer will make available by way of these updates is subject to change from time to time and will not be information that is materially adverse to Investors.

Electronic copies: This PDS is available from the Issuer on the internet at www.citiwarrants.com.au or from Capital Guaranteed Investments Limited (the "Principal Distributor") at www.cgil.com.au. Any person receiving this PDS electronically should note that applications can only be accepted if the Issuer receives a completed, current Application Form which accompanied the electronic or paper copy of this PDS. Paper copies of this PDS (with attached Application Form) will be sent by the Issuer or the Principal Distributor to any person who requests free of charge. To obtain a paper copy free of charge, please call the Issuer on 1300 30 70 70 or the Principal Distributor toll free on 1800 667 672 or +612 9236 5777. Alternatively, the operator of your master trust or wrap account service will be able to provide you with paper copies free of charge.

Cooling off: Please note that no cooling off rights apply in respect of a purchase of Units in YIELDS.

Warrants: YIELDS are warrants in accordance with Section 10 of the ASX Market Rules, and a security under section 761A of the Corporations Act.

Social or ethical considerations: YIELDS do not take into account labour standards or environmental, social or ethical considerations.

Key dates

Offer opens
25 May 2004

Offer closes
23 July 2004

Issue Date
30 July 2004

Maturity Date
22 July 2010

Expected Listing Date
2 August 2004

The key dates are indicative only. All times are Australian Eastern Standard Time, unless otherwise stated.

Terms appearing in capital letters in this PDS have the meaning given to them in the section "Definitions and Interpretation" contained on pages 69 and the Schedules on pages 60 and 65 of this PDS, unless the context requires otherwise.

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Offer and summary

Offer and summary

This PDS is an invitation to purchase a six year financial product issued by Citigroup that offers investors the potential for high quarterly income payments, medium term capital growth and the safety of a 100% capital guarantee¹ from the world's largest financial group.

Issuer	Citigroup Global Markets Australia Pty Limited ("Issuer" or "Citigroup")
Guarantor	Citigroup Global Markets Holdings Inc.
Rating of the Guarantor	Aa1 / AA- (Moody's / S&P)
Principal Distributor	Capital Guaranteed Investments Limited
Security	YIELDS - Yield Income Enhanced Listed Deferred Securities
Investment	Units in YIELDS (Units are not units in a managed investment scheme)
Issue Price	AUD 10.00 per Unit
Minimum investment amount	AUD 5,000 and in multiples of AUD 1,000 above that amount
Issue Date	30 July 2004
Maturity Date	22 July 2010
Term of Investment	6 Years
Denomination	AUD
Deferral Payment Amount²	Targeted at 12% per annum (adjusted for the discount amount)
Deferral Payment Frequency	Quarterly in arrears
Reference Index	Dow Jones Global Titans 50 Index ("DJGT")
Income Plus Trading Strategy	This is a proprietary trading model developed by the Strategy Sponsor, that seeks to generate a potentially high level of income and capital growth by notionally investing in 30 shares that comprise the Reference Index
Delivery Assets	One or more of the shares that comprise the Reference Index
Final Value per Unit	The Final Value of the Delivery Parcel on the Maturity Date will be the greater of the: (a) Capital Protection Value; or (b) Dynamic Portfolio Value
Capital Protection Value	Investors are guaranteed by the Issuer that the value of each YIELDS Unit will be at least equal to the Issue Price on the Maturity Date (subject to certain restrictions as described on page 8 under the heading "Capital Guarantee")
Dynamic Portfolio Value	The value calculated by reference to the Dynamic Portfolio as at the Maturity Date
Dynamic Portfolio	This is designed to replicate an investment strategy that allocates investment exposure between two notional assets according to set criteria (see page 10)
Distributor Fees	(a) an Upfront Distributor fee of 3.5% based on the Issue Price multiplied by the number of YIELDS on issue, payable by the Issuer; and (b) a Trailing Distributor fee of 1.25% per annum based on the Issue Price multiplied by the number of YIELDS on issue, payable by the Issuer and conditional on the allocation to the Income Plus Trading Strategy
Financial Adviser Fees	Financial Advisers appointed by the Distributor may receive a placement fee based on the Issue Price multiplied by the number of YIELDS subscribed for. Financial Advisers may also receive a trailing commission based on the Issue Price multiplied by the number of YIELDS subscribed for, conditional on the allocation to the Income Plus Trading Strategy. These fees are not directly payable by Investors - they are paid by the Distributor
Strategy Sponsor	Citigroup Global Markets Limited
Listing	The Issuer has applied for the official quotation of YIELDS to enable trading on the ASX

This is a summary only of the key terms of YIELDS. The actual Terms are under the heading "Terms of Issue" on page 49 of this PDS. Investors should read and understand those Terms before making a decision to invest.

¹ The capital guarantee only applies to YIELDS held until the Maturity Date and provided that no Early Maturity Events occur. The capital guarantee is also subject to the credit worthiness of the Guarantor. See "Risk factors" on page 34.

² The target income is only indicative and is not guaranteed. The figure of 12% per annum (net of the discount amount) is a target income figure and not a target total return figure.



Overview

ORB International Enhanced Income is an offer to invest in YIELDS, a new hybrid security issued by Citigroup. Target annual income of 12% paid quarterly, growth potential from exposure to 30 of the largest companies in the world and capital guaranteed.

Product description

Summary of YIELDS

YIELDS offer exposure to a well diversified portfolio of large capitalisation global stocks. An investor in YIELDS is seeking the potential for both high quarterly income and capital growth over the next 6 years. By investing in YIELDS, an Investor:

- (a) agrees to purchase a number of Delivery Assets (i.e. the Delivery Parcel) from the Issuer that will be delivered to Investors as soon as practicable after the Maturity Date; and
- (b) may receive a Deferral Payment Amount (i.e. a coupon payment) in consideration for agreeing to the deferred delivery of the Delivery Parcel.

The dollar value of the Delivery Parcel received by Investors on the Maturity Date will be calculated by reference to the Dynamic Portfolio. The Dynamic Portfolio is

designed to replicate an investment strategy that re-allocates investment exposure between two notional assets, namely the Income Plus Trading Strategy and the Bond Portfolio.

Summary of Dynamic Portfolio

The dynamic allocation mechanism is the methodology through which the principal amount of the YIELDS Units is protected at Maturity. On a daily basis, the net asset value ("NAV") of the Dynamic Portfolio is compared to the Protection Floor (which is equal to the present value of 100% of the Investment Amount plus the Fixed Discount Rate).

- If the Dynamic Portfolio is performing well relative to the Protection Floor then the allocation in the Dynamic Portfolio to the Income Plus Trading Strategy will be increased and the allocation to the Bond Portfolio

correspondingly decreased to take advantage of further rises in the Income Plus Trading Strategy.

- If the Dynamic Portfolio is not performing well relative to the Protection Floor then the allocation in the Dynamic Portfolio to the Bond Portfolio will be increased and the allocation to Income Plus Trading Strategy correspondingly decreased to protect against further falls.

For more detailed information on the Dynamic Portfolio, please refer to page 10 of this PDS.

Investment objectives

YIELDS are likely to be suitable for income-seeking Investors who have a view that global equity markets will show moderate growth or will remain flat over the next 6 years. In addition, YIELDS seek to expose the Investor to less risk than a direct investment in global equity markets by offering the safety of a 100% capital guarantee on the Maturity Date³. YIELDS may be a suitable investment for:

³ Provided that no Early Maturity Events occur and subject to the creditworthiness of the Guarantor.

- Investors who want exposure to international equity markets;
- Investors who are seeking regular income, the potential for capital growth and capital protection at Maturity;
- Investors seeking to add an equity-linked investment to further diversify existing fixed income and equity assets;
- Fixed income Investors seeking potentially higher yields; and
- Investors who can accept a holding period of 6 years.

Investment classification

Minimum time horizon (years)	1 or Less	2	3	4	5+
Risk	Very low	Low	Moderate	High	Very high
Investment objective	Capital protection	Income	Income/Growth	Growth	Enhanced growth

Investment strategy

The two core objectives of the Income Plus Trading Strategy are to generate a target annual income of 12% per annum (adjusted for the discount amount)⁴ and a proportion of equity growth. The Income Plus Trading Strategy uses a dual approach in order to meet these objectives:

1. Investing in high dividend yielding stocks in some of the world's largest companies by market capitalisation; and
2. Generating additional income by writing

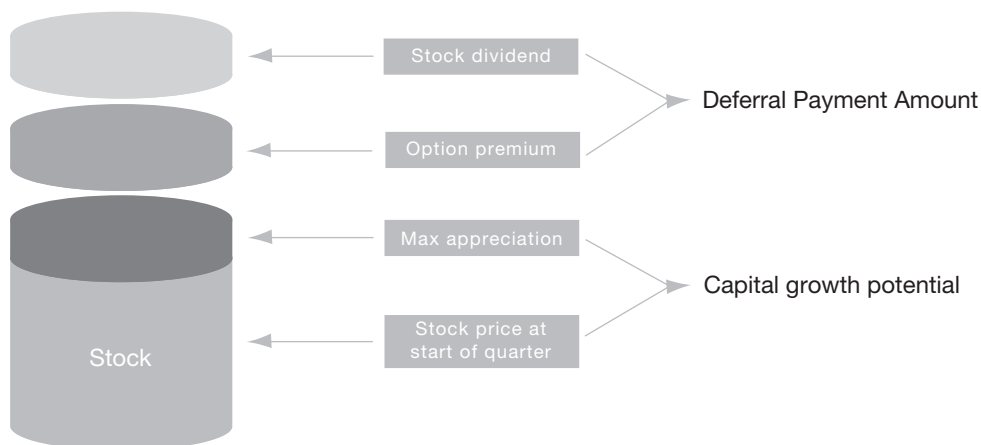
covered call options over these stocks.

The Income Plus Trading Strategy is a non-discretionary, rules-based model that has been developed by Citigroup Global Markets Limited. The Strategy is designed to give the same return as a "buy-write" strategy over selected stocks within the Reference Index. A buy-write strategy is a yield enhancement technique whereby stocks are purchased and "covered call" options are written over each of these stocks on a quarterly basis. Under a "buy-write"

strategy an investor would be entitled to an amount equal to the dividends that would be paid on the stocks and the premium income that would be generated by the call options. As the Income Plus Trading Strategy is designed to track the performance of a "buy-write" over selected stocks within the Reference Index the dividends and option premium amounts determine the Deferral Payment Amount on YIELDS. The Deferral Payment Amount will be paid to Investors quarterly in arrears.

⁴ The target income is only indicative and is not guaranteed. The figure of 12% per annum (net of the discount amount) is a target income figure and not a target total return figure. This figure relates to the Strategy and not to the returns achievable by any product linked to the Strategy.

Composition of returns



The following table shows how the Income Plus Trading Strategy is generally expected to perform in various market conditions. Actual performance will however, depend on a variety of factors, including stock performance and yield, implied volatilities of the underlying stocks and the prevailing interest rate.

Global equity market performance	The Strategy performance is likely to be...	Relative to a direct equity investment, the Strategy is likely to...	Relative to a cash deposit, the Strategy is likely to...
Very positive / strong bull market	Very positive	Underperform	Outperform strongly
Moderately positive / rising market	Positive	Outperform	Outperform
Flat	Positive	Outperform	Outperform
Moderately negative / falling market	Slightly positive to slightly negative	Outperform	Underperform slightly
Very negative / bear market	Negative	Outperform	Underperform

For more detailed information on the Income Plus Trading Strategy please refer to page 14 of this PDS.



Capital Guarantee

The Capital Guarantee should ensure that the Issue Price of AUD 10.00 per YIELDS is preserved at the Maturity Date regardless of the performance of the Income Plus Trading Strategy.

On Maturity of YIELDS, the Issuer is obligated to deliver to the Investor the Delivery Parcel. The value of the Delivery Parcel received by Investors on the Maturity Date will be the greater of the Issue Price or the Dynamic Portfolio Value of YIELDS. This obligation ensures that Investors receive at least their Investment Amount back following the Maturity Date provided no Early Maturity Events occur. The ability of the Issuer to perform its obligations in respect of YIELDS will depend on its overall credit worthiness following the maturity of YIELDS. This risk has been disclosed under the heading "Risk factors" on page 34 of this PDS and explains that as an Investor in YIELDS, you

will not be a secured creditor of the Issuer. Information about the Issuer is provided on page 38 of this PDS under the heading "Issuer and Guarantor information" and it is recommended that you have regard to that information before making an investment decision.

Citigroup Global Markets Holdings Inc. (the "Guarantor") will guarantee the obligations of the Issuer. This is a guarantee to pay all monies that become payable to an Investor in connection with YIELDS. Each Investor is entitled to enforce this guarantee against the Guarantor. The Guarantor must pay interest on any amount payable by it under the

terms of the guarantee during any period when the guarantee remains unpaid. All payments made under the guarantee will be made without any deduction for present or future taxes.

Further information about the Guarantor can be found on page 38 of this PDS under the heading "Issuer and Guarantor information" and is also available at www.citigroup.com

The image features a vertical grey bar on the right side. Overlaid on this bar and extending into the white background are several sets of thin, curved white lines that create a sense of motion and depth. The lines are arranged in a way that suggests a dynamic, flowing path.

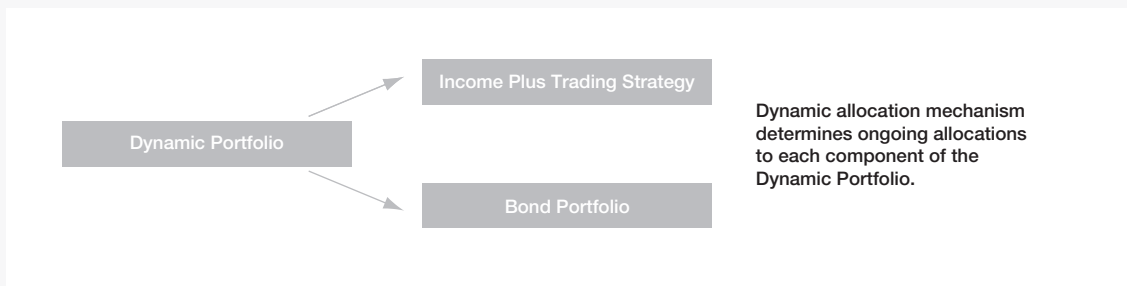
Dynamic Portfolio

The Dynamic Portfolio is designed to replicate an investment strategy that allocates investment exposure between two notional assets according to set criteria. This is the mechanism through which the Investment Amount is protected at Maturity.

The Dynamic Portfolio is designed to replicate an asset allocation mechanism that re-allocates investment exposure between two notional assets, namely the Income Plus Trading Strategy and the Bond Portfolio. On the Portfolio Commencement Date, it is expected that the

Dynamic Portfolio will be 100% allocated to the Income Plus Trading Strategy and 0% allocated to the Bond Portfolio. The general principle of the dynamic allocation mechanism is that at any point in time during the Investment Period it is possible to calculate the value of the Bond Portfolio

that would be required to grow to an amount equal to 100% of the Issue Price on the Maturity Date. At any point in time, the amount of bonds required to generate the Issue Price is known as the "Protection Floor". During the Investment Period, the allocations within the Dynamic Portfolio will change based on the dynamic allocation mechanism. The dynamic allocation mechanism is designed to protect an Investor's initial capital, whilst providing exposure to the Income Plus Trading Strategy.

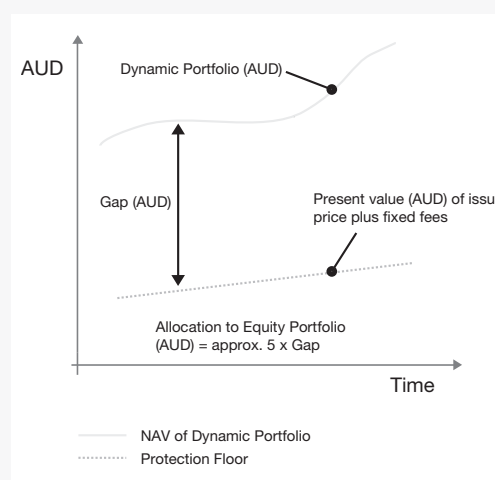


In order to calculate the actual allocations within the Dynamic Portfolio, the Strategy Sponsor compares the net asset value ("NAV") of the Dynamic Portfolio with the Protection Floor. The allocation to the Income Plus Trading Strategy is then set equal to approximately 5 times the difference between the NAV of the Dynamic Portfolio and the Protection Floor.

Example on dynamic allocation mechanism.

This example is hypothetical only, it is included for the purposes of explaining the dynamic allocation concept and does not represent actual trading scenarios.

1. The NAV of the Dynamic Portfolio is AUD 13.00 and the Protection Floor is AUD 9.10. The gap between the NAV and the Protection Floor is AUD 3.90. The allocation to the Income Plus Trading Strategy is therefore equal to approximately AUD 19.50 (5 times AUD 3.90).
2. The NAV of the Dynamic Portfolio is AUD 11.00 and the Protection Floor is AUD 9.50. The gap between the NAV and the Protection Floor is AUD 1.50. The allocation to the Income Plus Trading Strategy is therefore equal to approximately AUD 7.50 (5 times AUD 1.50).



If on any given day the value of the Income Plus Trading Strategy is less than 4 times or greater than 6.67 times the difference (or gap) between the NAV of the Dynamic Portfolio and the Protection Floor, the allocations within the Dynamic Portfolio will change. If the gap is greater than 6.67, the allocation to the Income Plus Trading Strategy will be increased and the allocation to the Bond Portfolio will be decreased to reset the gap to 5. Alternatively, if the gap is less than 4, the allocation to the Income Plus Trading Strategy will be decreased and the allocation to the Bond Portfolio increased to reset the gap to 5. In order to effect these re-allocations, the Strategy Sponsor will notionally purchase or sell the stocks and/or bonds that

comprise the Income Plus Trading Strategy and/or the Bond Portfolio.

The dynamic allocation mechanism therefore means that if the NAV of the Dynamic Portfolio is performing well relative to the Protection Floor (i.e. the gap widens), then the allocation to the Income Plus Trading Strategy will be increased and the allocation to the Bond Portfolio decreased. Alternatively, if the NAV of the Dynamic Portfolio is not performing well relative to the Protection Floor (i.e. the gap narrows) then the allocation to the Bond Portfolio will be increased and the allocation to the Income Plus Trading Strategy decreased. In extreme falling equity markets the allocation to the Bond Portfolio may be 100%. If this occurs, the Dynamic

Portfolio would remain 100% allocated to the Bond Portfolio until the Maturity Date and, provided no Early Maturity Events occur, Investors will only receive their Investment Amount back.

The dynamic allocation mechanism also allows for the allocation to the Income Plus Trading Strategy to exceed 100% of the NAV of the Dynamic Portfolio. This is achieved by the utilisation of a Leverage Facility to increase exposure to the Income Plus Trading Strategy and thereby enabling the allocation to the Income Plus Trading Strategy to exceed 100%. The maximum allocation allowed to the Income Plus Trading Strategy under the Leverage Facility is 150% of the NAV of the Dynamic Portfolio.

The initial value of the Dynamic Portfolio is expected to be AUD 9.64 and the value of the Dynamic Portfolio on any day will be determined as follows:

$$\left(\begin{array}{c} \text{AUD value of} \\ \text{the amount} \\ \text{allocated to} \\ \text{the Income} \\ \text{Plus Trading} \\ \text{Strategy} \end{array} + \begin{array}{c} \text{AUD value of} \\ \text{the amount} \\ \text{allocated to} \\ \text{the Bond} \\ \text{Portfolio} \end{array} \right) - \left(\begin{array}{c} \text{AUD amount} \\ \text{of the} \\ \text{Leverage} \\ \text{Facility} \end{array} + \begin{array}{c} \text{a pro rata} \\ \text{allocation of} \\ \text{the Daily} \\ \text{Discount} \\ \text{Amount} \end{array} \right)$$





Income Plus Trading Strategy

The Income Plus Trading Strategy is a proprietary trading model developed by Citigroup Global Markets Limited that seeks to generate a high level of income and capital growth through investment exposure to 30 of the world's largest companies by market capitalisation.

Objectives of the Income Plus Trading Strategy

The two core objectives of the Income Plus Trading Strategy are to generate a target annual income of 12% per annum (adjusted for the discount amount)⁵ and a proportion of equity growth. The Income Plus Trading Strategy uses a dual approach in order to meet these objectives:

1. Investing in high dividend yielding stocks in some of the world's largest companies by market capitalisation; and

2. Generating additional income by writing covered call options over these stocks.

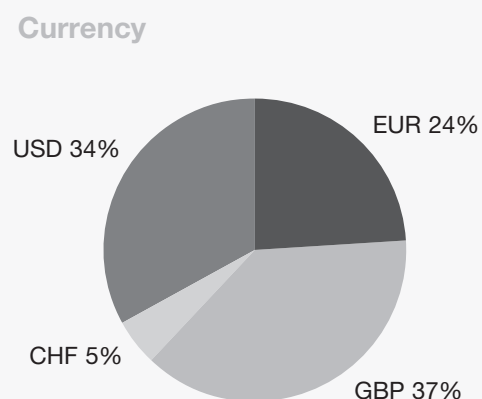
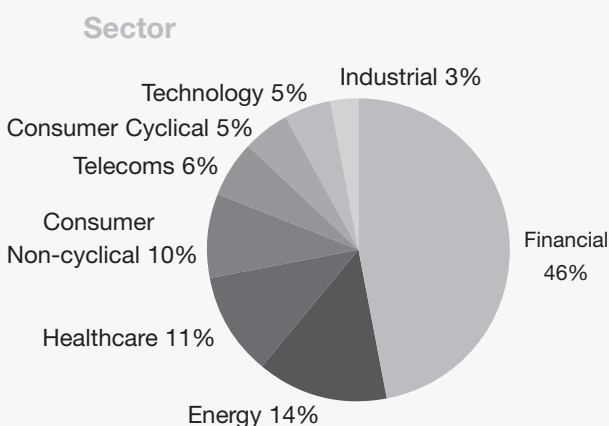
High Dividend Yielding Stock Selection

Each year on the Annual Rebalancing Date, the Income Plus Trading Strategy selects a portfolio of thirty (30) of the highest dividend yielding stocks that comprise the Reference Index. The Reference Index comprises fifty (50) of the largest multinational companies by market capitalisation in the world.

The selected portfolio is well diversified across sectors and contains extremely liquid and actively traded global names. In addition, the Income Plus Trading Strategy is subject to a diversification rule that seeks to prevent the selected portfolio from including more than 10 stocks from any single sector (to the extent that there are enough stocks within the group to satisfy this rule). In addition, for regulatory reasons, Citigroup Inc. stock will never be selected for inclusion within the selected portfolio. Citigroup Global Markets Limited has determined that 30 stocks is an optimal number in order to reduce concentration risk and overall volatility without compromising income potential or incurring excessive trading costs.

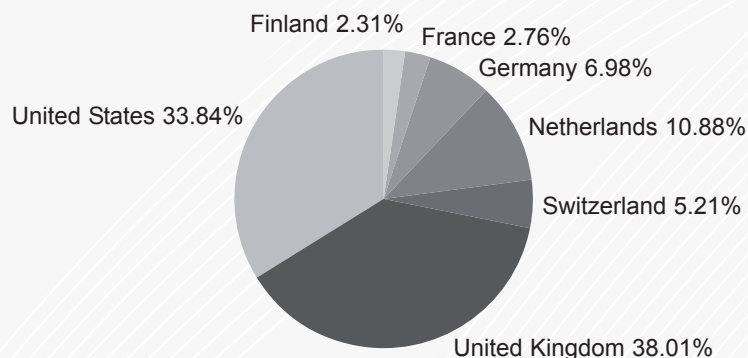
Breakdown of the Income Plus Trading Strategy

The following three charts show the stock composition within the Income Plus Trading Strategy, in terms of sector, currency and geographic distribution weightings as of March 2004.



⁵ The target income is only indicative and is not guaranteed. The figure of 12% per annum (net of the discount amount) is a target income figure and not a target total return figure. This figure relates to the Strategy and not to the returns achievable by any product linked to the Strategy.

Geographic



Stock weightings within the Income Plus Trading Strategy

The Income Plus Trading Strategy assigns optimal weights ranging from 2% to 10% to each stock selected, with the higher dividend yielding stocks being assigned higher weights. The stock portfolio is rebalanced annually so that at each rebalancing point the current highest dividend yielding stocks are included within the Income Plus Trading Strategy and are weighted to take advantage of the higher yields.

For example, the top ten stocks that were selected within the Income Plus Trading Strategy as at March 2004 included the following:

Company	Sector	Currency	Country
Altria Group Inc.	Cons non-cyclical	USD	US
Bank of America	Financial	USD	US
Barclays	Financial	GBP	UK
BP plc	Energy	GPB	UK
Daimler Chrysler AG	Cons cyclincal	EUR	Germany
HBOS	Financial	GBP	UK
HSBC Holdings plc	Financial	GBP	UK
ING Groep NV	Financial	EUR	Netherlands
Lloyds TSB Group plc	Financial	GBP	UK
UBS AG	Financial	CHF	Switzerland

This does not mean that these stocks will remain part of the Income Plus Trading Strategy. However, the Issuer will release an announcement as soon as possible after the Issue Date and after each Annual Rebalancing Date disclosing the stocks comprising the Income Plus Trading Strategy in order, from the highest weighting to the lowest.

Call option writing

Further enhancement of income is achieved within the Income Plus Trading Strategy by writing "covered call" options on a quarterly basis over each of the stocks selected for inclusion in the Income Plus Trading Strategy.

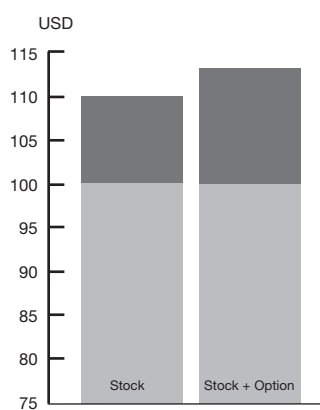
The Income Plus Trading Strategy model generates the strike prices for these options, with the minimum strike price in each quarter being 105% of the current stock price. By setting the strike price above the stock price, the Income Plus Trading Strategy

maintains the potential for capital appreciation of at least 20% per year. Premium income generated on the call options is combined with the dividends earned on the stocks to produce an enhanced yield. The call option writing is intended to help the Income Plus Trading Strategy outperform a direct investment in the underlying portfolio of stocks in all but strong bull market scenarios i.e. a market in which prices are rapidly rising. The examples below illustrate hypothetically the effect of covered call option writing over the

stocks that comprise the Income Plus Trading Strategy as compared with a direct investment in a stock that has a current price of USD 100. In each of the examples:

- the first column shows the expected return on a direct investment in the stock; and
- the second column shows the expected return on holding the stock and writing a "covered call" option with a strike price of USD 108 in return for a premium of USD 4.

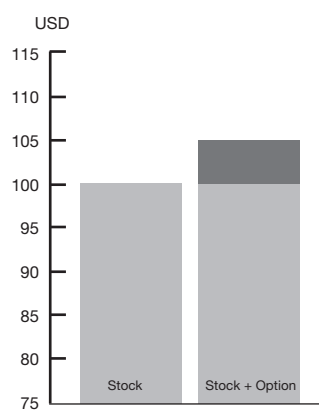
The following examples are hypothetical and do not represent actual trading scenarios. The returns shown could be more or less based on the performance of the underlying securities. This example does not take into account the effect of fees or the discount amount.



Example 1

Stock price rises

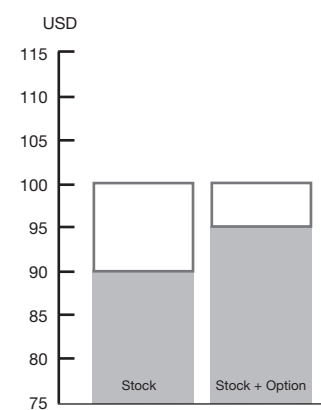
The total return on the stock + option is as good as the return on holding the stock as long as the stock price has not risen by 12% or more over the 3-month period.



Example 2

Stock price remains flat

The stock + option outperforms holding the stock by itself. The objective of enhancing the total return has been achieved through the premium generated on selling the option.



Example 3

Stock price falls

Although both positions suffer a loss, the loss on the stock + option is smaller due to the premium generated on selling the option.



Historical simulated performance

The Strategy Sponsor has simulated the historical performance of YIELDS over the 6 year period ending on 31 October 2003.

Investors should be aware that the simulated historical performance of YIELDS is no indication of what the return on YIELDS will actually be in the future.

The simulated returns were generated by applying the following assumptions:

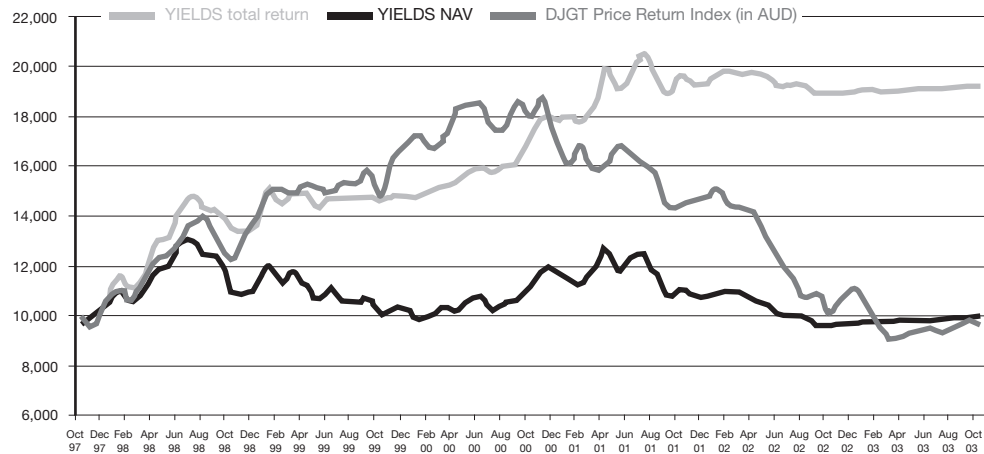
- the stock selection group consisted of the 50 stocks that constituted the Reference Index on 31 October 2003. However, the 30 stocks chosen from this selection group is varied in the simulation on the same basis as they would be varied for YIELDS;

- dividend yields, USD/AUD foreign exchange rates and the implied volatilities of the stocks were estimated, based on available market data sourced from the information service Bloomberg;
- the fees and costs (including GST where GST is applicable) as outlined in the summary Term Sheet were applied during the simulation period and returns are expressed net of fees and adjusted for the discount amount;
- interest rates were assumed to equal the average six year rate over the simulation period;

- the starting NAV of YIELDS has been rebased to AUD 10,000 for comparative purposes;
- no Early Maturity Events occurred;
- no income was reinvested; and
- calculations are in AUD.

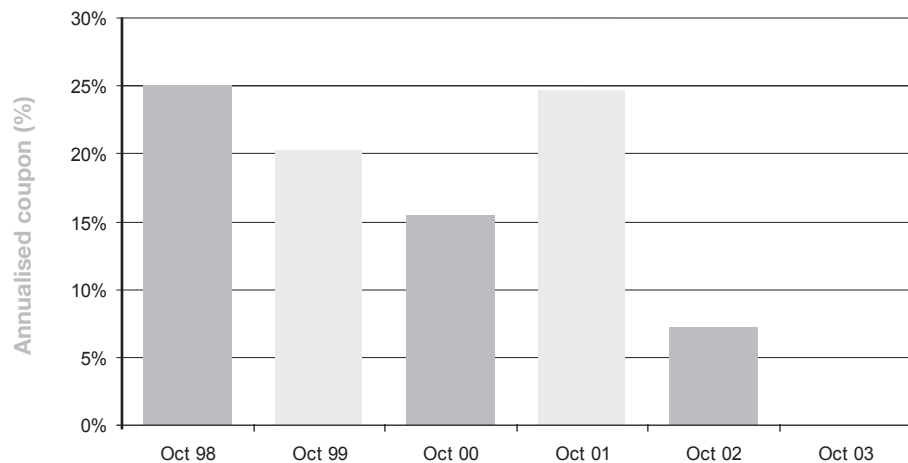
This simulation does not take into consideration any tax implications for Investors.

Simulated historical performance of YIELDS (Oct 97 to Oct 03)



Source: Citigroup Global Markets Limited
 Past performance is not necessarily a guide to future performance

For an initial investment of AUD 10,000, YIELDS would have returned a total of AUD 19,227.10, which is equivalent to a total percentage return of 92.27% (inclusive of both the capital guaranteed amount and the Deferral Payment Amounts) or a simple interest return of 15.33% per annum, assuming no reinvestment of income was payable to Investors during the life of YIELDS.* The chart below shows the historical simulated quarterly coupons on YIELDS over the 6 years up to 31 October 2003.

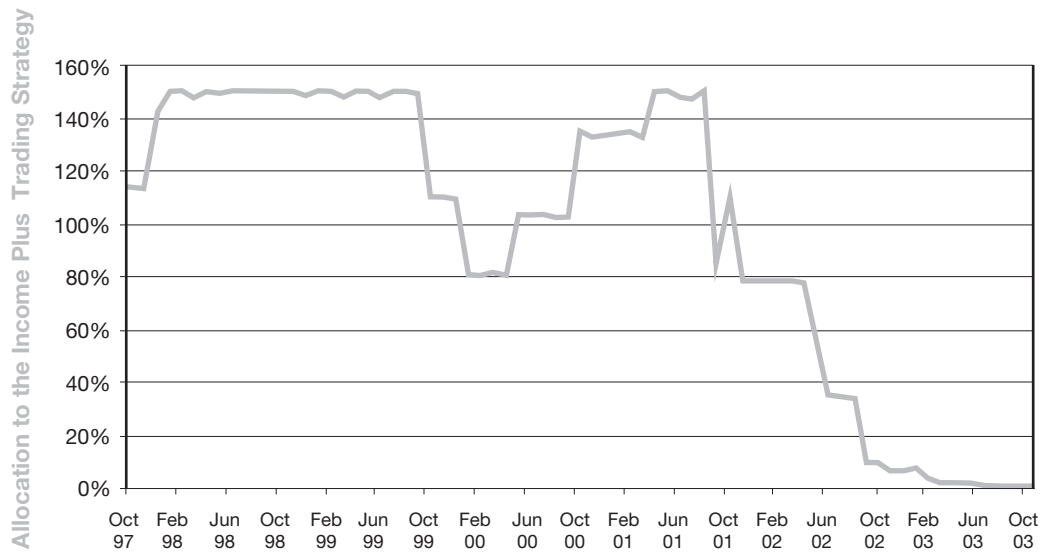


Source: Citigroup Global Markets Limited
 Past performance is not necessarily a guide to future performance

As shown in the chart above, Investors would have received an average income payment of approximately 15.50% per annum during the life of the simulated investment with a maximum coupon of approximately 25.00% per annum and a minimum coupon of 0% per annum.* During this particular simulation period no coupons were paid in the last 5 quarters. The investment returned the full principal amount on the Maturity Date.

The graph below shows the historical simulated allocation to the Income Plus Trading Strategy over the 6 year period ending on 31 October 2003.

Simulated historical allocation of YIELDS (Oct 97 to Oct 03)



Source: Citigroup Global Markets Limited
 Past performance is not necessarily a guide to future performance

As shown in the graph above, the average allocation to the Income Plus Trading Strategy would have been 97% during the life of the simulated investment with a maximum allocation of 150% and a minimum allocation of 0% occurring in the last two quarters of the simulation.



Frequently asked questions

ORB International Enhanced Income is an offer to invest in YIELDS, a capital guaranteed international equity investment issued by Citigroup.

What are YIELDS?

YIELDS are a six-year financial product issued by Citigroup that offers Investors the potential for high quarterly income payments, medium term capital growth and the safety of a 100% capital guarantee from the world's largest financial group.

YIELDS are classified as Securities under the Corporations Act because they give Investors a equitable interest (a "Beneficial Interest") in a Portion of the Delivery Assets for the duration of the investment. The size of an Investor's Beneficial Interest in a Portion of the Delivery Assets will be notified to you on confirmation of your investment.

Why invest in YIELDS?

YIELDS offer the following attractive terms for Investors:

- Variable income payments initially targeted at approximately 12% per annum⁶ ;

- 100% capital guaranteed on the Maturity Date; and
- Potential for capital appreciation in some of the world's largest companies by market capitalisation.

What type of investor would invest in YIELDS?

YIELDS are suited for a medium-term, defensive investor looking for the assurance of complete capital protection at Maturity, along with the potential to earn current income and gain exposure to some of the largest companies in the world by market capitalisation.

What are the risks of investing in YIELDS?

In summary, the risks are:

- the allocation to the Income Plus Trading Strategy falls to zero, and therefore, no further Deferral Payment Amounts will be made and the Investor will have no further exposure to the Income Plus Trading Strategy.

Investors will have to wait until Maturity to get their Investment Amount back;

- the value of the Income Plus Trading Strategy will be affected by interest rates, volatility and performance of the stocks that comprise the Income Plus Trading Strategy;
- the creditworthiness of the Guarantor;
- if you elect the Agency Sale Arrangement, the Closing Price may not be achievable and therefore you may receive less than the Final Value of the Delivery Parcel; and
- the exchange rate exposure may affect the value of YIELDS and the AUD value of any Deferral Payment Amounts. This is because returns on the stocks that comprise the Income Plus Trading Strategy are denominated in a variety of currencies, the Income Plus Trading Strategy is denominated in USD, and YIELDS are denominated in AUD.

Refer to the "Risk factors" section on page 34 of this PDS for more detail.

⁶ The target income is only indicative and is not guaranteed. The figure of 12% per annum (net of the discount rate) is a target income figure not a target total return figure.

What is the structure of YIELDS?

YIELDS will be listed as a warrant under Section 10 of the ASX Market Rules and are structured as a deferred purchase agreement. Under a deferred purchase agreement Investors agree to purchase a number of Delivery Assets (i.e. the Delivery Parcel) on the Maturity Date. The purchase price of the Delivery Parcel is equal to AUD 10.00 per YIELDS Unit and is payable by Investors on the Issue Date. The value of the Delivery Parcel received by Investors on the Maturity Date is variable and will be equal to the greater of AUD 10.00 per YIELDS Unit or the Dynamic Portfolio Value. Please refer to the Terms for more detail. This means that the economic performance of YIELDS is linked to the performance of the Dynamic Portfolio.

What are the Delivery Assets?

The Issuer will deliver to Investors one or more of the stocks that comprise

the Reference Index. If the Issuer cannot readily obtain one or more of these stocks, the Issuer may substitute other stocks, as determined by the Issuer in its sole and absolute discretion.

The Issuer will only deliver a whole number of Delivery Assets. If any fractional stock would be transferable by the Issuer to the Investor, the Issuer will pay an amount equal to the value of the fraction of the stock foregone, based on the Closing Price, provided that the amount exceeds AUD 20.00. If the amount does not exceed AUD 20.00, the Issuer is under no obligation to the Investor to make any payment for the fraction.

The Issuer will only deliver the Delivery Assets to the Investor if the Investor notifies the Issuer of the details of its Settlement Account before the Maturity Date. If the Investor does not notify the Issuer before the Maturity Date, the Issuer will substitute the Delivery Assets in its sole and absolute discretion with shares listed on the ASX.

What is the Dynamic Portfolio performance based upon?

The performance of YIELDS is based upon a Dynamic Portfolio that is made up of a notional investment in the Income Plus Trading Strategy and a notional investment in the Bond Portfolio. The proportions allocated to each are determined according to a non-discretionary formula which makes up the dynamic allocation mechanism. This mechanism seeks to maximise the allocation to the Income Plus Trading Strategy whilst protecting capital at Maturity.

What is a "notional" investment or transaction?

A "notional" investment or transaction is a hypothetical investment or transaction which is designed to replicate an actual investment or transaction. The values of the Dynamic Portfolio, the Income Plus Trading Strategy and the Bond Portfolio, will be calculated based on notional investments during the term of YIELDS. The Strategy Sponsor will not be required to engage in actual transactions in order to calculate such values. In addition, Investors will have no

rights, including voting rights or the right to receive dividends or option premiums, against any issuer of any stock underlying the Income Plus Trading Strategy.

How does the dynamic allocation mechanism work?

In broad terms, if the Income Plus Trading Strategy is performing well, the allocation to it within the Dynamic Portfolio is increased up to a maximum of 150% of the NAV. Alternatively, if the Income Plus Trading Strategy is performing poorly, the allocation to it is reduced in order to

protect the Investor's Investment Amount from any future falls in the Income Plus Trading Strategy, subject to a minimum allocation of 0%.

The dynamic allocation mechanism is operated by the Strategy Sponsor who compares the NAV of the Dynamic Portfolio with the value of the Protection Floor and calculates the allocation to the Income Plus Trading Strategy equal to approximately 5 times the difference between the NAV of the Dynamic Portfolio and the value of the Protection Floor.

The following table illustrates the effect on the allocation to the Income Plus Trading Strategy given changes in various factors (assuming other factors are held constant):

Change in factor	Effect on allocation to the Income Plus Trading Strategy within the Dynamic Portfolio
Interest rates increase	Allocation tends to increase as the Protection Floor decreases
Interest rates decrease	Allocation tends to decrease as the Protection Floor increases
AUD strengthens against USD	Allocation tends to decrease as the NAV of the Dynamic Portfolio decreases
AUD weakens against USD	Allocation tends to increase as the NAV of the Dynamic Portfolio increases
Income Plus Trading Strategy increases	Allocation tends to increase as the difference between the NAV of the Dynamic Portfolio and the Protection Floor Increases
Income Plus Trading Strategy decreases	Allocation tends to decrease as the difference between the NAV of the Dynamic Portfolio and the Protection Floor decreases

Will YIELDS pay an income payment and if so, how frequently?

YIELDS intend to pay a Deferral Payment Amount to Investors quarterly in arrears. The Deferral Payment Amount is a variable payment based largely on the performance of the Income Plus Trading Strategy. The amount of the Deferral Payment Amount is initially expected to be approximately 12% per annum based on 100% exposure to the Income Plus Trading Strategy, but may vary from quarter to quarter and may be zero. The factors that will cause the Deferral Payment Amount to vary from time to time include:

- the Deferral Payment Amount will increase as the stocks that comprise the Income Plus Trading Strategy generate higher dividends and vice versa;
- a higher allocation to the Income Plus Trading Strategy will result in a higher Deferral Payment Amount and vice versa. If the allocation to the Income Plus Trading

Strategy falls to zero, no further Deferral Payment Amounts will be paid on YIELDS; and

- the re-investment feature provides that, during the Distribution Period, the Deferral Payment Amount may be re-invested to maintain an allocation to the Income Plus Trading Strategy. If the Deferral Payment Amount is re-invested in any given Distribution Period then no Deferral Payment Amounts will be paid.

What is the risk of the Deferral Payment Amount generated by the Income Plus Trading Strategy not meeting its target?

The 12% per annum Deferral Payment Amount is targeted but not guaranteed. It will however be payable under most normal conditions based on:

- companies continuing to pay comparable levels of dividends; and
- level of stock implied volatilities remaining stable or rising.

Investors should note that the Deferral Payment Amount will vary depending on the allocation to the Income Plus Trading Strategy. Where the allocation to the Income Plus Trading Strategy is 0%, no Deferral Payment Amount is payable to the Investor. In addition, any Deferral Payment Amount payable may, if the NAV of the Dynamic Portfolio is not performing well relative to the Protection Floor, at the discretion of the Strategy Sponsor, be reinvested in the Income Plus Trading Strategy if necessary to maintain an allocation to the Income Plus Trading Strategy during any given quarter (for more detail, please refer to page 10 "Dynamic Portfolio", and clause 1.6 of Schedule 1 on page 64 of this PDS). If the Deferral Payment Amount is reinvested, then no Deferral Payment Amount will be paid to Investors for that quarter.

What is a covered call option?

A call option gives the holder the right but not the obligation to buy a stock at a specific price (the strike price) at a future point in time. A covered call option is an option that is sold on a stock that is held by the seller. If the call option is exercised the seller of the option is covered because they hold the stock (i.e. the liability on the call option is limited to delivery of the stock and the seller is not exposed to an increased cost base resulting from the increase in the stock price above the strike price). The Income Plus Trading Strategy will notionally sell 3-month (approximately) covered call options on each of the 30 stocks held. The Income Plus Trading Strategy will never notionally sell an uncovered call option.

Why sell covered calls?

The effect of covered call writing is that premium income is earned in exchange for limiting the

potential for capital appreciation. Investors still benefit from any capital growth in the underlying stock up to the strike price. For example, if a stock is trading at AUD 100 and the call strike is AUD 105, then the covered call option writer will benefit from capital appreciation during the life of the option of up to AUD 5, in addition to the upfront premium received for the option.

When will the selected stocks and/or their weightings be adjusted?

The stock portfolio is rebalanced annually to include the highest dividend yielding stocks from the selection group as at each annual rebalancing point. The stock portfolio will also adjust where necessary to take account of certain events relating to the selected stocks, such as mergers, disposals and stock dividends, so as to preserve the make-up of the Income Plus Trading Strategy.

Is the Investor's capital amount guaranteed prior to the Maturity Date?

No. Investors should be aware that their capital is only protected at the Maturity Date. Prior to the Maturity Date, the value of YIELDS could be substantially more or less than the capital protected amount.

Given that YIELDS are guaranteed, what will Investors receive at the Maturity Date?

On the Maturity Date, Investors will be entitled to receive a number of Delivery Assets (which will be delivered on the Settlement Date) with a value equal to at least their Investment Amount, and otherwise calculated in accordance with the following formula:

$$\frac{\text{(Final Value x Number of YIELDS held by Investor)} - \text{any Cost and Taxes}}{\text{Closing Price}}$$

Where:

Final Value is the greater of

- (a) the Issue Price of AUD 10.00; or
- (b) the value of the Dynamic Portfolio.

Costs and Taxes are any costs, expenses or taxes incurred by the Issuer transferring the Delivery Asset to the Investor.

Closing Price is the price paid by the Issuer to purchase the Delivery Assets on the Trading Day that is three (3) Trading Days following the Maturity Date.

Who issues YIELDS and who is protecting my capital?

YIELDS are issued by Citigroup Global Markets Australia Pty Limited.

YIELDS will be subject to a guarantee from Citigroup Global Markets Holdings Inc. (which is rated Aa1 by Moody's and AA- by S&P).

Is this product already available in the market?

No. This product is linked to the proprietary trading

model developed by Citigroup Global Markets Limited.

How will YIELDS participate in the performance of the Income Plus Trading Strategy?

The allocation to the Income Plus Trading Strategy within the Dynamic Portfolio will vary throughout the life of the investment. On the Portfolio Commencement Date the allocation to the Income Plus Trading

Strategy is expected to be 100%. The allocation to the Income Plus Trading Strategy will fluctuate on a daily basis and can be as high as 150% and as low as 0%.

Will there be a secondary market in YIELDS?

Yes. The Issuer has applied for the official quotation of YIELDS to enable trading on the ASX.

What are the main factors that will affect the value of YIELDS?

The two main factors that will affect the value of YIELDS are interest rates and the performance of the Income Plus Trading Strategy. The following table outlines these effects (assuming other factors are held constant).

Change in factor	Affect on value of YIELDS
Interest rates increase	The value of YIELDS will be affected to a lesser extent if the Dynamic Portfolio is fully allocated to the Income Plus Trading Strategy. If not, the value of YIELDS will decrease
Interest rates decrease	The value of YIELDS will be affected to a lesser extent if the Dynamic Portfolio is fully allocated to the Income Plus Trading Strategy. If not, the value of YIELDS will increase
Income Plus Trading Strategy increases	The value of YIELDS will increase, as long as the allocation to the Income Plus Trading Strategy is not zero
Income Plus Trading Strategy decreases	The value of YIELDS will decrease, as long as the allocation to the Income Plus Trading Strategy is not zero

Generally, how are YIELDS likely to perform relative to a direct investment in global equities?

YIELDS have been designed to provide Investors with a potentially attractive risk-return profile. The table below indicates how YIELDS are generally likely to perform relative to a direct investment in global equities. Actual performance of YIELDS will depend on a variety of factors, including stock performance, dividend yields, interest rates, exchange rates and implied volatility levels, as well as the allocation to the Income Plus Trading Strategy over the life of the investment.

Global equity market performance	The Strategy performance is likely to be...	Relative to a direct equity investment, the Strategy is likely to...	Relative to a cash deposit, the Strategy is likely to...
Very positive / strong bull market	Very positive	Underperform	Outperform strongly
Moderately positive / rising market	Positive	Outperform	Outperform
Flat	Positive	Outperform	Outperform
Moderately negative / falling market	Slightly positive to slightly negative	Outperform	Underperform slightly
Very negative / bear market	Negative	Outperform	Underperform

Will there be any fees and costs associated with YIELDS?

The table below shows the fees and costs associated with YIELDS, however, these are paid out of the Investment Amount and are not in addition to the Investment Amount. These fees and costs have taken into account GST on fees payable to third parties (refer to page 55 of this PDS for more information on taxes). Investors should read all of the information about fees and costs, as it is important to understand their impact on an investment in YIELDS.

Fees and costs	Amount	How & when paid	Is the fee/costs payable if the allocation to the Income Plus Trading Strategy falls to zero?	Charged by	Ultimately payable to
Upfront Distribution fee: This is the upfront amount payable in connection with the distribution of YIELDS	3.5875% *	This upfront fee is based on the Issue Price multiplied by the number of YIELDS subscribed for. The fee is deducted from an Investor's initial Investment amount	Yes	Issuer	Distributors
Trailing Distribution fee: This is the ongoing amount payable in connection with the distribution of YIELDS	1.2813% per annum *	This fee is based on the Issue Price multiplied by the number of YIELDS on issue. The fee will accrue daily and is deducted from the notional value of the Dynamic Portfolio	No	Issuer	Distributors
Termination fee: This is the fee charged when an Investor terminates their investment in YIELDS early	Nil (Subject to clause 4 of the Terms)	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Fixed Discount Rate: This is an element of the formula used to determine the value of YIELDS. It is not a fee charged by the Issuer but is an embedded cost of the Dynamic Portfolio	0.75% per annum **	This is based on the Issue Price multiplied by the number of YIELDS on issue and accrues daily and is deducted from the notional value of the Dynamic Portfolio	Yes	This is not separately charged, rather it is an element of the formula used to determine the value of YIELDS	This is not separately charged, rather it is an element of the formula used to determine the value of YIELDS
Income Plus Trading Strategy discount rate: This is an element of the formula used to determine the value of YIELDS. It is not a fee charged by the Issuer but is an embedded cost of the Income Plus Trading Strategy	1.75% per annum **	This is based on the amount notionally allocated to the Equity Portfolio and is calculated by the Strategy Sponsor at the beginning of each quarter and accrued daily	No	This is not separately charged, rather it is an element of the formula used to determine the value of YIELDS	This is not separately charged, rather it is an element of the formula used to determine the value of YIELDS

* This fee is net of GST payable to third party distributors and takes into account input tax credits where available

** There is no GST payable in connection with this amount

What happens on the Maturity Date?

Approximately 20 Business Days before the Maturity Date, the Issuer will notify Investors of the upcoming Maturity by sending them a Maturity Notice.

At Maturity there are two options available to Investors. These options are:

Option 1:

Elect to accept physical delivery of the Delivery Parcel; or

Option 2:

Elect to take advantage of the Agency Sale Arrangement to sell the Delivery Assets and receive the Sale Proceeds.

If Investors do not choose either option, YIELDS will automatically default to Option 1. However, please note that Costs and Taxes, including brokerage, will be deducted from the Final Value before delivery of the Delivery Parcel. The option that is likely to be best for an Investor will depend on the Investor's own personal and financial circumstances. Therefore, we suggest you consult your financial adviser in this regard.

Option 1 - Taking physical delivery of the Delivery Parcel

If an Investor wishes to take physical delivery of the Delivery Parcel, they must return the Maturity Notice to the Issuer by Market Close no later than 10 Business Days before the Maturity Date, specifying details of their Settlement Account.

If the Investor does not provide details of their Settlement Account or fails to return the Maturity Notice, then the Issuer will substitute the Delivery Assets for shares listed on the ASX and physically deliver these shares to an Australian nominee to hold on behalf of the Investor.

If physical delivery applies, the Issuer or its nominee will purchase the relevant Delivery Assets (less any Costs and Taxes) and transfer the Delivery Parcel on the Settlement Date either to their Settlement Account or to an Australian nominee.

Option 2 - The Agency Sale Arrangement

If an Investor wishes to take advantage of the Agency Sale Arrangement to dispose of the Delivery Assets and receive the Sale Proceeds, an Investor must:

- elect the Agency Sale Arrangement option on the Maturity Notice; and
- return the Maturity Notice to the Issuer by Market Close no later than 10 Business Days prior to the Maturity Date.

Under the Agency Sale Arrangement the Issuer will accept physical delivery, on the Investor's behalf, of the Delivery Parcel on the Maturity Date and will then sell the Investor's Delivery Parcel as the Investor's agent. The Issuer will pay the Investor the Sale Proceeds (equal to the number of Delivery Assets sold multiplied by the Closing Price or the best price achieved by the Issuer's best endeavours) by cheque or directly into the Investor's Nominated Account. Payment will be made within 10 Business Days of the Settlement Date or as soon as reasonably practicable thereafter.

What happens if an investor does not make an election or fails to return the Maturity Notice?

Physical delivery of the Delivery Parcel will automatically apply, and the Delivery Assets will be substituted for shares listed on the ASX and delivered to an Australian nominee to hold on the Investor's behalf.

Can the Issuer terminate YIELDS early without Investor approval?

YIELDS may be terminated early if an Early Maturity Event occurs. Investors should also read clause 4 of the Terms to fully understand their rights and obligations if an Early Maturity Event occurs and what events constitute an Early Maturity Event.

If an Early Maturity Event occurs, the capital protection feature of YIELDS will not apply. As a result, the Delivery Parcel or Sales Proceeds from the Agency Sale Arrangement will be determined by reference to the Termination Amount on the Early Maturity Date. The Issuer may also deduct Break Costs in relation to the Early Maturity.

Can the Issuer change the Terms of YIELDS?

The Terms may be amended or varied if an Adjustment Event or Early Maturity Event occurs or in other limited situations such as compliance with the law, or correction of an error or inconsistency in the Terms. Investors will be notified of any such changes. Investors should refer to page 34 of this PDS under the heading "Risk factors" that discusses the risks associated with Early Maturity Events or Adjustment Events. Investors should also read clause 5 of the Terms to fully understand their rights and obligations if an Adjustment Event occurs.

What happens if there is a dispute concerning YIELDS?

The Corporations Act requires the Issuer to have procedures in place for dispute resolution. The Issuer's process for dispute resolution is available to Investors free of charge.

Investors may make a complaint relating to YIELDS directly to the Issuer in writing. The Issuer will always acknowledge any complaint in writing

and respond within 45 days. The Issuer will take all steps necessary to investigate any complaint and seek a resolution.

If the outcome is unsatisfactory, Investors may refer their complaint to the Financial Industry Complaints Service Limited ("FICS") at:

Financial Industry
Complaints Service
Limited
PO Box 579
Collins Street West
Melbourne, Victoria, 3001
Toll Free: 1300 335 405

FICS is an independent dispute resolution scheme. In order for a complaint to be considered by FICS, the claim involved must be under AUD 100,000 (unless the Issuer and the Investor agree otherwise in writing).





Risk factors

Dynamic Portfolio risk

Exposure to the Dynamic Portfolio carries with it a degree of risk including, but not limited to, the risks referred to below. There can be no assurance that the Dynamic Portfolio will achieve its investment objectives. The value of the Dynamic Portfolio may go down as well as up. Prospective investors may receive an amount less than their initial Investment Amount if (i) Investors sell YIELDS prior to the Maturity Date; or (ii) an Early Maturity Event occurs; or (iii) the Guarantor defaults in respect of its performance obligations to make payments pursuant to the Capital Guarantee.

In addition, if the Income Plus Trading Strategy value falls to zero, no further distributions will be made for the remainder of the term and no further exposure to the Income Plus Trading Strategy will be allowed. The Investor will have to wait until the Maturity Date to get their initial Investment Amount back.

Early Sale risk

Prior to the Maturity Date, the value of YIELDS will be affected by various market factors, such

as interest rates, exchange rates, volatility and performance of the Income Plus Trading Strategy, the creditworthiness of the Guarantor and the time remaining to the Maturity Date. For example, a fall in the value of the Income Plus Trading Strategy during the Investment Period may result in a reduced value of YIELDS and vice versa. As a result, there can be no assurance that a selling investor will receive a price equal to or in excess of 100% of the Issue Price of YIELDS. No capital protection is provided to the Investor if they sell their YIELDS Units prior to the Maturity Date.

Early Maturity risk

In certain circumstances YIELDS may be terminated early where an Early Maturity Event occurs. Investors will always be given 30 days notice of any proposed Early Maturity unless it is otherwise impracticable to do so. The Guarantor only guarantees to provide capital protection for investments held for the full term of YIELDS. Prior to the Maturity Date Investors will receive the Termination Amount. This amount may be less than an Investor's initial

Investment Amount.

In determining the Termination Amount the Issuer may deduct Break Costs or Taxes associated with an Early Maturity Event.

Exchange Rate risk

There is exchange rate exposure in the Income Plus Trading Strategy as the returns on the Income Plus Trading Strategy are denominated in USD and stocks held within the Income Plus Trading Strategy may be denominated in currencies other than USD. Notwithstanding the exchange rate risk within the Income Plus Trading Strategy itself, Investors may be exposed to additional exchange rate risk, since the AUD-denominated YIELDS are linked to the performance of the Income Plus Trading Strategy which is denominated in USD. All other factors being equal, a strengthening of the AUD relative to the USD will tend to lead to a decrease in the value of YIELDS, and vice versa. In particular, this means that even if the USD denominated Income Plus Trading Strategy performs well, a strengthening of the AUD relative to the USD could lead to a decrease in the

value of the AUD-denominated YIELDS. A comparable currency risk applies to the dividends expected to be paid out quarterly under YIELDS. There is a risk that, even if the USD-denominated Income Plus Trading Strategy generates a given percentage level of USD income, a strengthening of the AUD relative to the USD could lead to the AUD-denominated income paid in respect of YIELDS being lower, as a percentage of the AUD denominated value of YIELDS.

Event risk

There may be adjustments to the terms of YIELDS due to events such as mergers and disposals, trading suspension, material change in formula and in content as set out in the "Terms of issue" on page 48 of this PDS.

Factors affecting the Income Plus Trading Strategy

An Investor in YIELDS should be familiar with stocks and options and with investments in the equity securities markets generally. The stocks included in the Income Plus Trading Strategy are the world's largest companies by market capitalisation. Investors should understand that global economic, financial and political developments might have a material effect on the performance of the Income Plus Trading Strategy.

Tax

We recommend Investors seek independent tax advice before making an investment in YIELDS. The Issuer is not in the business of providing tax advice and therefore cannot be relied upon to advise, nor takes any responsibility for, the taxation implications in respect of an investment in YIELDS.

Potential conflicts of interest

The Issuer and other Citigroup companies may conduct transactions as principal and as agent in various securities, including the Delivery Assets or the financial products which comprise the Dynamic Portfolio. These trading activities may affect (positively or negatively) the price at which the Delivery Assets trade or the level of the Dynamic Portfolio at any point in time.





Issuer and Guarantor information

YIELDS issued under this PDS will be issued by Citigroup Global Markets Australia Pty Limited. Citigroup is a wholly owned subsidiary of the Guarantor, and a member of Citigroup Inc.

Citigroup is part of a group of companies that comprises one of the largest financial services groups in the world, with around 120 million customers in more than 100 countries. The group's customers range from individuals to corporations, governments and institutions and its services include consumer banking and credit, corporate and investment banking, insurance, securities brokerage and asset management.

The group has been in the Asia Pacific region for more than 100 years and today provides more services in more markets for more clients than any other financial institution.

Citigroup in Australia and New Zealand

The group established a presence in Australia in 1971 and in New Zealand in 1982. In 1984, the group's securities and investment banking business commenced operations and in 1985 Citibank Pty Limited became the first foreign bank to be granted an

Australian banking licence. Today, the group provides financial services to more than 1 million consumers and over 900 corporate clients in Australia and New Zealand.

General Information about the Guarantor

The obligations of Citigroup under this PDS in respect of YIELDS are guaranteed by Citigroup Global Markets Holdings Inc.. Citigroup Global Markets Holdings Inc. is rated Aa1 / AA- (Moody's / S&P).

Citigroup Global Markets Holdings Inc. is a global, full-service investment banking and securities brokerage firm providing a full range of financial advisory, research and capital raising services to corporations, governments and individuals.

Globally, it operates through its subsidiaries in two business segments: investment services and asset management. The global investment banking services encompass a full range of capital market activities, including the underwriting and distribution of debt and equity securities. It also provides financial advice to investment banking clients on a wide variety of transactions including mergers and acquisitions,

divestitures, leveraged buyouts, financial restructurings and a variety of cross-border transactions.

The asset management segment is comprised of two primary asset management business platforms: Citigroup Asset Management and Smith Barney Asset Management. These platforms offer a broad range of asset management products and services from global investment centres, including mutual funds, closed-end funds and managed accounts.

The principal offices of the Guarantor are located at 388 Greenwich Street, New York, New York 10013.

Financial Information about Citigroup and the Guarantor

Audited financial information about Citigroup and the Guarantor and the Guarantor's annual report, as well as information about the directors of Citigroup and the Guarantor can be found online at www.citiwarrants.com.au. Other information about Citigroup Inc. can be found on the Citigroup website at www.citigroup.com



Tax considerations

MALLESONS STEPHEN JAQUES

The Directors
Citigroup Global Markets
Australia Pty Limited
Citigroup Centre
2 Park Street
SYDNEY NSW 2000

5 May 2004

Dear Sirs

Income Tax - YIELDS

1 Introduction

This Opinion has been prepared for inclusion in a Product Disclosure Statement (**PDS**) dated 5 May 2004 in respect of YIELDS. The purpose of this opinion is to explain, in general terms, the main Australian income tax implications for an Australian resident Investor who acquires YIELDS. It is not being provided as a basis on which a potential investor should make an investment decision. That decision requires a review of all of the materials presented in this PDS.

The tax considerations outlined in this opinion are of a general nature only, and do not take into account all the specific taxation issues that might arise for any particular Investor. The taxation consequences of an investment in YIELDS may vary depending upon the particular circumstances of each individual Investor. This opinion is only relevant for Investors who enter into YIELDS with a view to acquiring the Delivery Assets on capital account. This opinion is not relevant for Investors who enter into YIELDS with a view to acquiring the Delivery Assets on revenue account or as trading stock. Investors therefore should seek independent taxation advice before completing the Application Form.

This opinion is based on the law in force today. The taxation law, its interpretation by the Courts and the way the Australian Taxation Office ("**ATO**") administers the law, may change from time to time.

In this opinion, the *Income Tax Assessment Act 1936* and the *Income Tax Assessment Act 1997* are referred to as the "1936 Tax Act" and the "1997 Tax Act".

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2 Characterisation of the YIELDS for Income Tax Purposes

On acceptance of an Application by Citigroup Global Markets Australia Pty Limited ("CGMA"), a contract will come into existence between CGMA and the Investor for the sale of the Delivery Assets by CGMA and the purchase of the Delivery Assets by the Investor.

As YIELDS will result in the acquisition of Delivery Assets, they will be regarded as interests in a Foreign Investment Fund ("FIF"). The consequences of this characterisation is considered further, below.

3 Taxation of Deferral Payment Amounts

The Deferral Payment Amounts will be assessable income of the holder of YIELDS. These amounts should be included in the assessable income of the holder when they are received.

4 Capital Gains Tax ("CGT") Implications of Delivery of Delivery Assets

Both the Delivery Assets and an Investor's interests in the YIELDS contract will be "CGT assets" for CGT purposes.

The acts constituting delivery of the Delivery Assets by CGMA to an Investor should not be regarded as a disposal of an asset by an Investor for CGT purposes. Accordingly, no CGT liability should arise on delivery of the Delivery Assets.

5 CGT Implications of Sale of Delivery Assets

A sale of the Delivery Assets by an Investor will constitute a CGT event that may give rise to a capital gain or capital loss for the Investor. Such a sale may arise if an Investor takes delivery of the Delivery Assets and sells them at any time thereafter. Such a sale may also arise if an Investor elects not to take physical delivery of the Delivery Assets, but instead elects for the Agency Sale Arrangement to apply. CGMA will sell the Delivery Assets as agent for the Investor, and account to the Investor for the net sale proceeds.

A capital gain will arise in either of these circumstances if the capital proceeds from the disposal exceed the Investor's cost base of the Delivery Assets. Conversely, a capital loss will arise if the capital proceeds from the disposal are less than the Investor's reduced cost base of the Delivery Assets.

An Investor's cost base in the Delivery Assets will include:

- (a) the consideration paid to acquire the Delivery Assets (namely, the Investment Amount);

- (b) any incidental costs incurred in respect of the acquisition and disposal of the Delivery Assets, including any transfer costs or relevant professional fees for legal or accounting advice; and
- (c) any non capital costs of ownership of the Delivery Assets which are not otherwise allowable as a deduction (including, in certain cases, non-deductible interest incurred on money borrowed to acquire the Delivery Assets).

An Investor's reduced cost base in the Delivery Assets will include items (a) and (b) above but generally not (c). The reduced cost base is relevant only for determining the amount of a capital loss.

An Investor's capital proceeds from the disposal of the Delivery Assets will include:

- (a) the money the Investor receives or is entitled to receive in respect of the disposal; and
- (b) the market value of any other property the Investor receives or is entitled to receive in respect of the disposal.

A capital loss can only be offset against capital gains and not against other assessable income. A capital loss may be carried forward to be offset against future capital gains if there are insufficient capital gains against which to offset the capital loss in a year of income. Capital losses must, however, be applied first before the application of the CGT discount concession (if available).

6 CGT Consequences of Early Repurchase Facility/Early Termination Event

If CGMA declares an Early Maturity Event, the YIELDS contract will terminate. This will constitute a disposal of a CGT asset (in this case, being the Investor's interests in the YIELDS). The relevant capital gain or capital loss will be calculated in essentially the same manner as that outlined above in relation to the sale of Delivery Assets.

7 CGT Discount Concession

An investor who is an individual, a trust or a complying superannuation entity may be entitled to claim the CGT discount concession in relation to a discount capital gain.

The CGT discount concession does not apply to companies.

For individuals and trusts the discount percentage is 50%. For complying superannuation entities the discount percentage is 33 $\frac{1}{3}$ %. A discount capital gain remaining after the application of capital losses from previous income years is reduced by the discount percentage when calculating a taxpayer's net capital gain.

In order to be eligible to claim the discount, the Delivery Assets (or the YIELDS in circumstances where the YIELDS is disposed of) must have been held by the Investor for at least 12 months prior to the disposal.

The time of acquisition of the Delivery Assets by an Investor for CGT purposes will be the date on which the Investor enters into the YIELDS contract under which it will acquire the Delivery Assets. The date of entry into the YIELDS will be the date CGMA accepts the Application.

As a consequence, eligible Investors will be entitled to utilise the CGT discount concession upon disposal of the Delivery Assets provided their interest in the Delivery Assets is not disposed of prior to the expiration of 12 months from the date of entry into the YIELDS and the other conditions for claiming the discount are satisfied.

8 Taxation of Accruing Gain on YIELDS before Maturity

Division 16E of Part III of the 1936 Tax Act contains special income recognition rules in relation to "qualifying securities". A taxpayer holding a qualifying security is taxed annually on an amount broadly equivalent to the accruing gain attributable to the particular income year.

The YIELDS should not be regarded as "securities" because they are contracts for the sale of property, rather than "securities" as that term is defined in Division 16E. As YIELDS should not be regarded as "securities", they should not be regarded as "qualifying securities" to which Division 16E could apply. Hence, the YIELDS should not be subject to accruals recognition under Division 16E.

A taxpayer can also be subject to accruals taxation if it holds an interest in a FIF. The FIF provisions could apply as the Investor is entitled to delivery of the Delivery Assets, being shares in companies listed on Approved Stock Exchanges as set out in Part XI of the 1936 Tax Act. However, the FIF provisions do not apply to investments in certain listed securities of foreign companies provided the foreign companies engage in "eligible activities" or specified activities (such as banking, life insurance, general insurance and real property). As each of the Delivery Assets should fall within one of these categories, the FIF provisions should not apply to the YIELDS.

9 Taxation of Traditional Securities

Securities other than "qualifying securities" are generally traditional securities for the purposes of sections 26BB and 70B of the 1936 Tax Act. Under section 26BB(2), the amount of any gain on the disposal or redemption of traditional securities is included in the assessable income of the taxpayer in the income year in which the disposal or redemption takes place. Section 70B(2) provides a corresponding deduction for a loss on disposal or redemption of a traditional security in the year in which it takes place. Where these provisions apply, they take precedence over the capital gains tax provisions.

The YIELDS should not be regarded as "traditional securities" and hence should not be subject to the operation of either section 26BB or section 70B.

10 **Deductibility of interest**

As a general rule, interest incurred on a loan used to acquire income producing assets is deductible under section 8-1 of the 1997 Tax Act if it is reasonably expected that assessable income in an amount greater than the interest deductions will be derived from the investment. Therefore, if an Investor enters into a YIELDS with the intention of receiving Deferral Payment Amounts and/or of taking physical delivery of the Delivery Assets and holding them for the purpose of generating assessable income, the Investor should be allowed a deduction for its interest expense.

However, interest on a loan will not be deductible where the loan is used to acquire assets solely for the purpose of deriving a Capital Gain on their resale. Therefore, where the YIELDS is entered into by an Investor with the intention of neither receiving Deferral Payment Amounts nor of taking physical delivery of the Delivery Assets, a deduction for interest on a loan may not be available (although the disallowed interest expense may form part of the cost base of an asset for CGT purposes).

On 16 April 2003, the Minister for Revenue announced that legislation would be introduced (with effect from that date) to disallow deductions for interest on loans used to fund investment in certain capital protected products. This legislation has not yet been introduced to Parliament, but it is considered that these proposed amendments should not apply to full recourse loans that Investors may raise to fund the acquisition of YIELDS. The proposed legislation may apply to loan facilities which are limited in recourse to the YIELDS.

11 **Anti Avoidance provisions (Part IV A)**

The general anti avoidance provisions in Part IV A of the 1936 Tax Act allow the ATO to cancel a "tax benefit" obtained by a taxpayer under certain schemes.

Part IV A can apply in relation to a tax benefit obtained under a scheme where any party to the scheme (not restricted to the taxpayer who obtained the tax benefit) has entered into it or carried out the scheme for the objectively ascertained dominant purpose of enabling a taxpayer to obtain a tax benefit in connection with the scheme.

The application of Part IV A will depend upon the facts and circumstances of each Investor. Whilst no assurance can be provided that Part IV A will not apply to a particular Investor, it could reasonably be argued that, in many cases, the objectively ascertained dominant purpose of an Investor will be to invest in the Delivery Assets, and not to obtain a tax advantage. The ascertainment of the relevant dominant purpose will, however, depend on the particular circumstances of each Investor.

MALLESONS STEPHEN JAQUES

Citigroup Global Markets Australia Pty Limited

5 May 2004

12 Stamp Duty

No stamp duty will be payable either on the YIELDS or in respect of the physical delivery of the Delivery Assets.

13 GST

The purchase of shares is treated as a financial supply for GST purposes. Financial supplies are input taxed for GST purposes. An input taxed supply is not subject to GST. Accordingly, an Investor will not be required to pay any GST in addition to the Investment Amount. The disposal of Delivery Assets by an Investor is also a financial supply and therefore there will be no GST payable on the disposal.

Yours faithfully

Mallesons Stephen Jaques

The page features a vertical grey bar on the right side. Overlaid on this bar and extending into the white space on the left are several sets of thin, curved white lines that create a sense of motion and depth. The text 'Terms of issue' is centered in the upper portion of the grey bar.

Terms of issue

Terms of Issue

Yield Income Enhanced Listed Deferred Securities "YIELDS"

These Terms (including those set out in the Term Sheet) form the terms and conditions on which the person named in the Application Form (the "Investor" or "Applicant") agrees to acquire in the future the Delivery Parcel from the Issuer. Capitalised words are defined in the section "Definitions and Interpretation" on pages 69 and the Schedules on pages 60 and 65 of this PDS, unless the context requires otherwise.

1. Applications and Acceptance

1.1 Offer by the Applicant

An Applicant may make an offer to the Issuer to acquire the Delivery Parcel from the Issuer on a deferred basis in accordance with these Terms:

- (a) by completing and returning to the Issuer a valid Application Form before the Offer Close time; and
- (b) by ensuring that an amount equal to at least the Minimum Investment Amount is received by the Issuer in cleared funds by the Offer Close time.

1.2 Investor bound by Terms

- (a) By completing the Application Form and lodging it with the Issuer, the Investor agrees to be bound by these Terms.
- (b) YIELDS are transferable in accordance with the ASX Market Rules and ASTC Settlement Rules and ACH Clearing Rules (as applicable).
- (c) YIELDS are ASTC Approved Products. Certificates will not be issued to Investors. The Issuer will comply with the ASX Listing Rules in relation to the issue and despatch of Holding Statements as if YIELDS were shares in a company.

1.3 Acceptance of the offer by the Issuer

- (a) The Issuer may decide in its absolute discretion whether or not it will accept the Applicant's offer to acquire the Delivery Parcel from the Issuer.
- (b) If the Issuer decides that it will accept an Application and provided that the Issuer has received at least the Minimum Investment Amount in cleared funds by the Offer Close time (or such other time if otherwise accepted by the Issuer in its discretion), acceptance of the Applicant's offer will take place on, and the parties' rights and obligations under these Terms will commence on the Issue Date and for each AUD 10.00 of Issue Price paid the Applicant will be entitled to one YIELDS Unit.
- (c) Within 10 Business Days of the Issue Date, the Issuer will send to the Investor a notice acknowledging either the acceptance or rejection of the Applicant's offer.

2. Deferred purchase of Delivery Assets

2.1 Purchase of Delivery Assets

The Investor agrees to purchase from the Issuer on the Maturity Date the Delivery Parcel for the initial Investment Amount (which will be paid by the Investor in accordance with clause 2.2). Following Maturity, the Issuer will deliver the Delivery Parcel to the Investor in accordance with clause 3.

2.2 Payment of the Investment Amount

- (a) The Investor must pay the Investment Amount to the Issuer in cleared funds by the Offer Close time.
- (b) The minimum Investment Amount that will be accepted by the Issuer under these Terms is the Minimum Investment Amount.

2.3 Deferral Payment Amount

- (a) In consideration for the Investor agreeing to the deferred delivery of the Delivery Asset, the Issuer may pay to the Investor a Deferral Payment Amount. The Investor acknowledges that the Deferral Payment Amount may, in certain circumstances as set out in Schedule 1, be zero. In these circumstances, the Investor acknowledges that the Issuer will not, and has no obligation to, pay any Deferral Payment Amount.
- (b) The Deferral Payment Amount (if any) becomes due on the Distribution Ex-Date and payable on each Distribution Payment Date (commencing on the Distribution Payment Date falling in November 2004).

3. Maturity and Settlement of Deferred Purchase

3.1 Notice of Maturity

- (a) The Issuer will give a Maturity Notice to the Investor approximately twenty (20) Business Days before the Maturity Date.
- (b) On the Maturity Date, the Issuer will delist YIELDS from the ASX.

3.2 Effecting Maturity

- (a) The Investor must complete the deferred purchase of the Delivery Parcel by returning the Maturity Notice to the Issuer on or before the Market Close on the Trading

Day that is 10 Business Days prior to the Maturity Date, specifying in the Maturity Notice that the Investor will accept physical delivery of the Delivery Parcel or that the Investor will use the Agency Sale Arrangement.

- (b) If the Investor:
 - (i) does not lodge a Maturity Notice with the Issuer by this Market Close; or
 - (ii) returns the Maturity Notice to the Issuer by the Market Close and the Investor has not elected in the Maturity Notice to accept either physical delivery of the Delivery Parcel or to use the Agency Sale Arrangement,

the Investor will be deemed to have elected physical delivery of the Delivery Parcel and the purchase of the Delivery Parcel will complete.

3.3 Physical delivery of the Delivery Assets to the Investor

Subject to clause 4.4, if the Investor has elected on the Maturity Notice to accept physical delivery of the Delivery Parcel or the Investor is deemed to have so elected under clause 3.2(b):

- (a) the Issuer (either itself or through a nominee) will procure the performance of all acts required of a transferor of marketable securities under the settlement rules applicable in the relevant jurisdiction of the Delivery Parcel to enable the Delivery Parcel to be transferred to the Investor on the Settlement Date or as soon as possible thereafter, free from any security interest or third party interest or restriction on transfer (other than one that has already been vested in the Investor pursuant to clause 8 or that has been accepted by the ASX for the purposes of quotation of the property comprising the Delivery Assets); and

- (b) the Investor irrevocably authorises the Issuer and any of its nominees, at the option of the Issuer, to act as the Investor's agent to do all things required to be done, including but not limited to supplying the Investor's HIN, to effect the delivery of the Delivery Parcel to the Investor.

3.4 Delivery through the Agency Sale Arrangement

If the Investor has elected to use the Agency Sale Arrangement, the Issuer (either itself or through a nominee) will procure the delivery of the Delivery Parcel as follows:

- (a) the Issuer or its nominees are irrevocably authorised to accept physical delivery of the Delivery Parcel for and on behalf of the Investor;
- (b) the Investor irrevocably authorises the Issuer or its nominees to sell, and irrevocably directs and authorises the Issuer or any of its nominees to take all actions necessary or desirable to effect the sale by the Issuer or its nominees of, the Delivery Parcel;
- (c) the Issuer or its nominees on behalf of the Issuer will deliver to the Investor's Nominated Account (or pay by cheque to the Investor if no Nominated Account is nominated) the Sale Proceeds, within 10 Business Days of the Settlement Date or as soon as reasonably practicable thereafter; and
- (d) the Investor acknowledges and agrees that:
 - (i) the Issuer or its nominees agree to sell the Delivery Parcel on behalf of the Investor for an amount per Delivery Asset equal to the Closing Price;

- (ii) to the maximum extent permitted by law, the Issuer and its nominees are not responsible for any loss, costs or expense incurred by the Investor as a result of using the Agency Sale Arrangement, except to the extent that such loss, cost or expense arises as a result of the Issuer's or the nominee's negligence, default, fraud or dishonesty; and
- (iii) the Issuer or its nominees will use its best endeavours to sell the relevant Delivery Parcel in accordance with clause 3.4(d)(i). If, for any reason whatsoever, the Issuer is unable to sell the relevant Delivery Parcel at the Closing Price, the Investor irrevocably authorises the Issuer to use its best endeavours to sell the relevant Delivery Parcel as soon as practicable at the best price the Issuer can obtain.

3.5 Satisfaction of obligations

- (a) Upon delivery of the Delivery Parcel to the Investor in accordance with this clause 3 or payment by the Issuer or its nominee (on behalf of the Issuer) to the Investor of the relevant amount in respect of the Delivery Parcel under clause 3.4 (c), the Issuer's obligations to the Investor under these Terms are satisfied and discharged.
- (b) If the Issuer fails to perform its obligations under clause 3.3 and 3.4 then the Investor may give a notice to the Issuer requesting the Issuer pay the Liquidated Damages Amount. The Issuer must within 10 Business Days of receipt of the request pay the Liquidated Damages Amount to the Investor.

3.6 Delivery of a whole number of Delivery Assets only

The Issuer or its nominee will not transfer a fractional Delivery Asset or parts of a Delivery Asset. If any fractional share would be transferable by the Issuer on the Settlement Date, the Issuer will cause to be paid to the Investor (within 10 Business Days of the Settlement Date or as soon as reasonably practicable thereafter) an amount equal to the value of the fraction of the share forgone based on the Closing Price provided that such amount exceeds AUD 20.00. If the amount does not exceed AUD 20.00, the Issuer is under no obligation to the Investor to make any payment for the fractional share. Upon payment of the amount under this clause, the Issuer is discharged of its obligation to deliver the fraction of the share forgone.

4. Early Maturity

4.1 Early Maturity by the Issuer

The Issuer may at any time (in its absolute discretion) nominate any of the following events as an Early Maturity Event:

- (a) if a force majeure event occurs, or any other event occurs which the Issuer determines in good faith in the performance of its obligations, in whole or in part, having or becoming, in circumstances beyond its reasonable control, impossible, unlawful, illegal or otherwise prohibited or compliance with any applicable present or future law, rule, regulation, judgement, order or directive of any government, administrative, legislative or judicial authority or power; or
- (b) any actual or proposed event that may reasonably (in the Issuer's opinion) be expected to lead to any of the events referred to in paragraph (a) above occurring.

If any event occurs which constitutes both an Adjustment Event as defined in clause 5 and an Early Maturity Event as defined in this clause, the Issuer may in its discretion treat that event as either an Adjustment Event, or an Early Maturity Event.

4.2 Determination that there will be an Early Maturity

Where the Issuer has nominated an event as an Early Maturity Event, the Issuer may in its absolute discretion determine that there will be an Early Maturity and may specify a date as the Early Maturity Date.

4.3 Early Maturity Mechanism

- (a) If the Issuer determines that there will be an Early Maturity, the Early Maturity will take place as follows:
- (i) the Issuer will, before the Early Maturity Date, notify the Investor that Early Maturity will occur on the Early Maturity Date in accordance with clause 3.1 of these Terms. The notice issued by the Issuer under this clause shall serve as the Maturity Notice.
 - (ii) Early Maturity will occur subject to clause 4.3(b), in accordance with the procedures set out in clauses 3.2 to 3.6 of these Terms (namely, physical delivery of the Delivery Assets to the Investor or delivery through the Agency Sale Agreement).
 - (iii) After the Delivery Parcel is delivered to the Investor under clause 3.3 or the obligations of the Issuer under clause 3.4 are completed, all obligations of the Issuer to the Investor under these Terms are deemed to be satisfied in full and the Issuer is discharged from its obligations under these Terms.
- (b) If there is an Early Maturity, the Delivery Parcel will be calculated by the Issuer with reference to the Termination Amount in substitution of the Final Value.

4.4 Substitution of Delivery Assets

Except for the Beneficial Interest in a Portion of the Delivery Assets held by the Investor, the Issuer may in its reasonable opinion determine that it is not possible to transfer the Delivery Assets comprising the Delivery Parcel to the Investor. In this case, Maturity will continue to take place in accordance with clause 3 (or, in the case of an Early Maturity, in accordance with clause 4.3(a)) except that the Issuer may substitute the Delivery Asset for any other security or securities quoted and trading on ASX and deliver that substituted security or securities in accordance with these Terms as if the definition of "Delivery Asset" was amended to refer to the substituted security.

4.5 No Capital Protection on Early Maturity

If there is an Early Maturity, or an Investor trades its holding of YIELDS on ASX, the Issuer does not guarantee to deliver to the Investor a Delivery Parcel equal to the Capital Protection Value. For the avoidance of doubt, where there is an Early Maturity the Delivery Parcel will only be determined in accordance with clause 4.3(b).

4.6 Adjustments to this clause

Where the Issuer determines that any of the provisions of this clause 4 are not appropriate in any particular circumstances, or that any event which is not dealt with in clause 4 should have been dealt with, it may make any alterations to the effect of this provision or any other Term that it considers to be appropriate.

5. Adjustment Events

If an Adjustment Event occurs or is proposed to occur on or before the Maturity Date, the Issuer or the Strategy Sponsor may in its discretion elect to do any or all of the following:

- (a) determine to suspend any of the necessary calculations referred to in these Terms as appropriate, until reliable values can be obtained;
- (b) make any necessary calculations having regard to the then prevailing market conditions, the last available prices or values and such other conditions that the Issuer or the Strategy Sponsor determines to be relevant;
- (c) substitute part or all of the Reference Assets (as defined in "Adjustment Event") with another asset;
- (d) suspend, delay or end payment of the Deferral Payment Amount;
- (e) adjust or amend any variable, formula, amount or calculation as set out or used in these Terms;
- (f) adjust, amend or substitute the definition of Delivery Asset, Reference Index, Reference Asset and/or vary any of these Terms; and/or
- (g) take any other action that reflects an adjustment made by the Strategy Sponsor,

provided that in the reasonable opinion of the Issuer the adjustment in accordance with the above paragraphs is appropriate to put both the Issuer and the Investor in substantially the same economic position as the Investor and the Issuer would have been in had the Adjustment Event not occurred. If in the reasonable opinion of the Issuer it is not possible or desirable to deal with the occurrence of an Adjustment Event in accordance with this clause 5, the Issuer may nominate the event as an Early Maturity

Event and may deal with that event in accordance with clause 4. The Issuer will notify Investors of any adjustment that it proposes to make under this clause before the adjustment occurs or as soon as reasonably practicable after the adjustment occurs.

6. Accretions

These Terms do not confer on the Investor any right or interest in respect of Accretions to the Delivery Assets (including the Portion of the Delivery Assets).

7. The Issuer's obligations are unsecured

The Issuer's obligations under these Terms or in relation to the deferred purchase of the Delivery Assets are direct, unconditional and unsecured obligations of the Issuer and these obligations rank equally with the Issuer's existing unsecured debt.

8. Beneficial Interest in the Delivery Assets

- (a) The Investor agrees and acknowledges that by entering into the agreement to purchase the Delivery Assets as set out in these Terms, by paying at least the Minimum Investment Amount to the Issuer and by the Issuer accepting the Application:
 - (i) for each YIELDS Unit the Investor holds, the Investor receives a Beneficial Interest in a Portion of the Delivery Assets on the Issue Date; and
 - (ii) the Investor holds the Beneficial Interest in that Portion of the Delivery Assets until the earlier of:
 - (A) Maturity (or Early Maturity); or
 - (B) transfer of the YIELDS Unit on the ASX in accordance with clauses 8(d) to 8(f).

- (b) An Investor may only Deal with the Beneficial Interest in a Portion of the Delivery Assets in accordance with these Terms.
- (c) The Investor acknowledges and agrees that it does not receive a Beneficial Interest in the Delivery Parcel, rather, it receives a Beneficial Interest in a Portion of the Delivery Assets only. The parties agree and acknowledge that, subject to clause 3.6, the legal and beneficial interest in the whole of the Delivery Assets will transfer to the Investor only on the Settlement Date.
- (d) The Beneficial Interest in a Portion of the Delivery Assets attaches to each YIELDS Unit. When an Investor Deals with a YIELDS Unit in any way, then as a result of this provision and without the need for any additional writing or action, an equivalent Dealing between the same parties shall occur in respect of the corresponding Beneficial Interest of the Investor. When an Investor Deals with a Beneficial Interest in any way, then as a result of this provision and without the need for any additional writing or action, an equivalent Dealing between the same parties shall occur in respect of the corresponding YIELDS Unit of the Investor. For example, when an Investor (the "**old holder**") transfers a YIELDS Unit to another person (the "**new holder**"):
 - (i) all the rights and obligations that attach to that YIELDS Unit, as well as the Beneficial Interest are transferred from the old holder to the new holder;
 - (ii) the old holder's interest in the YIELDS Unit will be removed from the Register and the new holder will be added to the Register; and
 - (iii) the old holder ceases to have any rights in relation to the YIELDS Unit or the Beneficial Interest.

If any Investor purports to Deal with a YIELDS Unit without an equivalent Dealing in the corresponding Beneficial Interest or if any Investor purports to Deal with a Beneficial Interest without an equivalent Dealing in the corresponding YIELDS Unit or if any Investor purports to contract out of this clause in any way, any such Dealing will be void and the YIELDS Unit and the Beneficial will remain with the Investor recorded on the Register.

- (e) When an existing Investor deals with a YIELDS Unit in a manner that does not involve the transfer of legal ownership of the YIELDS Unit, the Registrar has no duty to record the dealing on the Register.
- (f) Each Beneficial Interest corresponding to a particular YIELDS Unit will pass to a new Investor upon registration of a transfer of the YIELDS Unit in the Register.

9. Taxes

- (a) The Issuer is not liable for any Taxes or other charge:
 - (i) payable by the Investor in relation to or in connection with these Terms; or
 - (ii) payable by any person on, as a consequence of, or in connection with, the purchase, sale or transfer of, or the maturity of the purchase and sale of a Delivery Asset.
- (b) The Investor must pay all Taxes and other charges including goods and services tax, if any payable:
 - (i) by the Investor in relation to or in connection with these Terms; or
 - (ii) by any person on, as a consequence of, or in connection with, the purchase, sale or transfer of, or the maturity of the purchase and sale of a Delivery Asset.

10. Investor's representations and warranties

By completing the Application Form and submitting it to the Issuer, the Investor represents and warrants to the Issuer (as a continuing representation and warranty) that:

- (a) the Investor has full legal capacity to make the Application and be bound by these Terms and has taken all actions that are necessary to authorise the Application and be bound by these Terms;
- (b) the Investor has reviewed these Terms and has made its own independent investigations and appraisals of the taxation, legal, commercial and credit aspects associated with the purchase of the Delivery Assets;
- (c) the Investor has not relied in any way, on any statements made by the Issuer or its related entities or their servants, agents, employees or representatives in relation to these Terms or the deferred purchase of the Delivery Assets and the Investor acknowledges that the Issuer has not made any representations to the Investor regarding the suitability or appropriateness of the deferred purchase of Delivery Assets pursuant to these Terms;
- (d) the Investor understands that nothing in these Terms or any marketing material associated with these Terms can be considered investment or financial product advice or a recommendation to buy the Delivery Assets;
- (e) the Investor has obtained all consents which may be required by law to enable the Investor to acquire the Delivery Assets and to become registered as the holder of the Delivery Assets and that the registration of the Investor as the holder of the Delivery Assets will not contravene any law, regulation or ruling or the constitution of the issuer of the Delivery Assets;
- (f) the YIELDS being applied for will not breach or result in a breach of any exchange controls, fiscal, securities or other laws or regulations for the time being applicable to the YIELDS or the Investor and the Investor is not a resident or national of any jurisdiction where the Application for or the Maturity of the YIELDS is prohibited by any law or regulation or where compliance with the relevant laws or regulations would require filing or other action by the Issuer or any of its related bodies corporate; and
- (g) the Investor acknowledges that the section in this PDS ("Tax considerations") is provided only for the benefit of the Issuer and is necessarily general in nature and does not take into account the specific taxation circumstances of each individual Investor. The Investor acknowledges that it has sought its own independent advice on the taxation implications relevant to their own circumstances before making an investment decision.

11. Set off Rights

- (a) All monetary obligations imposed on the Investor under these Terms are absolute, free of any right to counterclaim or set off and may only be satisfied once the payment has cleared.
- (b) The Issuer may set off any amount payable to it by the Investor against any amount payable by the Issuer to the Investor. The Issuer may withhold any amount payable by it to the Investor in satisfaction of any amount payable to it by the Investor.

12. Notices

- (a) Any notice or statement to be given or demand to be made on the Investor under these Terms:
 - (i) will be effectively signed on behalf of the Issuer if it is executed by the Issuer, any of its officers, its solicitor or its attorney;
 - (ii) may be served by being delivered personally to, by being left at, by being e-mailed to, or by being posted in a prepaid envelope or wrapper to the Investor's address (or e-mail address) notified to the Issuer or the Investor's registered office, place of business, or residence last known to the Issuer, or by being sent to the Investor by facsimile transmission.
- (b) A demand or notice if:
 - (i) posted will be deemed served two Business Days after posting;
 - (ii) sent by facsimile or electronic transmission will be deemed served on conclusion of transmission.

- (c) Service by any of these methods will be valid and effectual even if the Investor does not receive the document or if the document is returned to the Issuer unclaimed.

13. Amendment of Terms

The Issuer may, with the consent of ASX, from time to time by notice sent to the Investor make any modification, variation, alteration or deletion of, or addition to, these Terms ("Change") where:

- (a) the Change is one determined by the Issuer as being required under either of clauses 4 or 5 of these Terms;
- (b) the Change is necessary or desirable in the reasonable opinion of the Issuer to comply with any statutory or other requirement of law or any requirement of ASX;
- (c) the Change is desirable to correct any defect, manifest error or ambiguity in these Terms (but only if such Change does not, in the opinion of the Issuer, materially prejudice the interests of the Investor);
- (d) the Change is necessary or desirable as a result of the changes in the Dynamic Portfolio; or
- (e) 75% of Investor who actually vote, vote in favour of the proposed change.

The Issuer will give the Investor notice of any Change to these Terms and the Investor will be bound by any such Change at the time the Investor is served with such notice.

14. General provisions

14.1 Currency

All amounts payable by either party under these Terms will be paid in the Denomination specified in the Term Sheet. All calculations will be performed in the Denomination specified in the relevant sections of this PDS.

14.2 No merger

The Issuer's rights under these Terms are additional to and do not merge with or affect and are not affected by any mortgage, charge or other encumbrance held by the Issuer or any other obligation of the Investor to the Issuer, despite any rule of law or equity or any other statutory provision to the contrary.

14.3 Rounding

Any price, number, currency amount or percentage calculated by the Issuer will be rounded to such number of decimal places and in such a manner as the Issuer determines is appropriate acting in its sole and absolute discretion.

14.4 Certificates

Any document or thing required to be certified by the Investor or the Issuer must be certified by the Investor (if an individual) or a director, secretary or authorised officer of the Investor (if a company) or the Issuer, as the case requires, or in any other manner that the Issuer may approve.

14.5 Execution by attorneys

Each attorney executing the Application Form which binds the Investor to these Terms states that he, she or it has no notice of revocation or suspension of the power of attorney under which the attorney executes the Application Form.

14.6 Power of attorney

The Investor irrevocably appoints the Issuer and its nominees and any of their directors, secretaries and managers from time to time jointly and severally as attorney of the Investor to do (either in the name of the Investor or the attorney) all acts and things that the Investor is obliged to do under these Terms or which, in the opinion of the Issuer, are necessary or desirable in connection with the Delivery Assets or the protection of the Issuer's interests or the exercise of the rights, powers and remedies of the Issuer, including without limitation the authority to sell the Delivery Assets on behalf of the Investor in accordance with clause 3.4(b).

14.7 Invalid or unenforceable provisions

If a provision of these Terms is invalid or unenforceable in a jurisdiction, it is to be read down or severed in that jurisdiction to the extent of the invalidity or unenforceability, and that fact does not affect the validity or enforceability of that provision in another jurisdiction or the remaining provisions.

14.8 Waiver and exercise of rights

A single or partial exercise of a right by the Issuer does not preclude another exercise or attempted exercise of that right or the exercise of another right. Failure by the Issuer to exercise or delay in exercising a right does not prevent its exercise or operate as a waiver.

14.9 Assignment and transfer of interests

The Issuer may transfer its rights and obligations under these Terms at any time by giving notice to the Investor.

14.10 Discretions

Any determination made by the Issuer or the Strategy Sponsor will be in its sole and absolute discretion, acting in good faith and in a commercially reasonable manner, and will be conclusive and binding on all parties, except in the case of manifest error.

14.11 Recording conversations

The Investor acknowledges that conversations between the Investor and the Issuer (or any officer of the Issuer) may be tape-recorded. The Investor consents to the tape-recording and its use (or any transcript of the recording) in any proceedings that may be commenced in connection with these Terms.

14.12 Calculations and references to dates and times

Calculations or determinations which are to be made on or by reference to a particular day, are to be made on or by reference to that day in the place and time zone of the Relevant Exchange to which that calculation or determination relates.

14.13 Payments by the Issuer

All amounts payable by the Issuer under these Terms will be paid to the Investor's Nominated Account. If the Investor has not provided the Issuer with details of their Nominated Account, payment will be made by the Issuer drawing a cheque made payable to the Investor which will be sent to the address provided by the Investor on its Application Form, and on doing so the Issuer is discharged of its obligations under these Terms.

14.14 Governing law and jurisdiction

These Terms are governed by the laws of New South Wales. The Investor irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of New South Wales and waives, without limitation, any claim or objection based on absence of jurisdiction or inconvenient forum.

14.15 Time is of the essence

Time is of the essence in respect of the obligations of the Investor under these Terms.

14.16 Notice of changes to methodology of the Income Plus Trading Strategy

If in the Strategy Sponsor's discretion, it is necessary to modify or change the Income Plus Trading Strategy methodology, then the Issuer will make such changes as it considers appropriate and the Issuer will notify Investors as soon as is reasonably practicable of the change if it is material to the methodology used in respect of the Income Plus Trading Strategy

14.17 Registry

The Issuer will arrange for the establishment and maintenance of a Register of Investors which complies with the Corporations Act as if YIELDS were shares in a company.

Schedule 1

The Dynamic Portfolio

1. General Description

YIELDS provide investors with investment exposure to the Dynamic Portfolio. The following is a description of the current methodology for determining the value of the Dynamic Portfolio and the value of YIELDS.

1.1 The Dynamic Portfolio

- (a) On the Portfolio Commencement Date, the Dynamic Portfolio will be made up of Portfolio Units. Each Portfolio Unit is designed to replicate an asset allocation strategy that reallocates investment exposure between two types of notional asset:
 - (ii) the Equity Portfolio; and
 - (iii) the Bond Portfolio.

The reallocation of capital between the Equity Portfolio and the Bond Portfolio changes during the Investment Period in a way designed to provide protection from the effects of a decline in the value of the Equity Portfolio, whilst increasing the exposure to the Equity Portfolio to benefit from any rises in its value, as described below. The allocations within the Dynamic Portfolio will be adjusted on a daily basis. The Equity Portfolio is more fully described in Schedule 2.

- (b) The return on each Portfolio Unit reflects the return that would be generated by an investment in a portfolio comprising that proportion of exposure to each of the Equity Portfolio and the Bond Portfolio.

1.2 Initial Dynamic Portfolio Calculations

At the Valuation Time on each Valuation Date, prior to any adjustments as a result of any Leverage Events on that day, the Strategy Sponsor will calculate the following:

- (a) Australian Equity Price;
- (b) Initial Equity Value;
- (c) Bond Price¹;
- (d) Initial Bond Value;
- (e) Initial Leverage Facility Amount;
- (f) Gross Portfolio Unit NAV; and
- (g) Daily Discount Amount.

¹ The Bond Price is not intended to represent an actual dealing price for any specific bond, nor is it intended to represent or indicate that any such instrument is actually in existence.

1.3 Ongoing Dynamic Portfolio Calculations

The Strategy Sponsor will make the following ongoing calculations in respect of the Dynamic Portfolio:

- (a) at the Valuation Time on each Valuation Date as set out in the column headed "Method of determination at Valuation Time"; and
- (b) may be made at the sole and absolute discretion of the Strategy Sponsor from time to time after the Valuation Time on each Valuation Date as set out in the column headed "Method of determination after the Valuation Time".

Value	Method of determination at Valuation Time	Method of determination after the Valuation Time
"Net Portfolio Unit NAV"	The Gross Portfolio Unit NAV minus the Daily Discount Amount, expressed in AUD.	(A) the Equity Value at that time; plus (B) the Bond Value at that time; minus (C) the Leverage Facility Amount at that time.
"Equity Value"	The Initial Equity Value minus a <i>pro rata</i> allocation of the Daily Discount Amount.	The product of: (A) the Number of Equity Units at that time; and (B) the Australian Equity Price at that time.
"Bond Value"	The Initial Bond Value minus a <i>pro rata</i> allocation of the Daily Discount Amount.	The product of: (A) the Number of Bond Units at that time; and (B) the Bond Price at that time.
"Number of Equity Units"	The Equity Value at the Valuation Time on that Valuation Date divided by the Australian Equity Price at the Valuation Time on that Valuation Date.	The Number of Equity Units at the Valuation Time on that Valuation Date as adjusted pursuant to Clause 1.5.2 below.
"Number of Bond Units"	The Bond Value at the Valuation Time on that Valuation Date divided by the Bond Price at the Valuation Time on that Valuation Date.	The Number of Bond Units at the Valuation Time on that Valuation Date as adjusted pursuant to Clause 1.5.2 below.
"Leverage Facility Amount"	The Initial Leverage Facility Amount on that Valuation Date.	The Initial Leverage Facility Amount on that Valuation Date as adjusted pursuant to Clause 1.5.2 below.
"Equity Exposure"	The quotient (expressed as a percentage) of: (A) the Equity Value at that time, as numerator; and (B) the Net Portfolio Unit NAV at that time, as denominator.	
"Gap Risk Percentage"	The quotient (expressed as a percentage) of: (A) the Net Portfolio Unit NAV at that time minus the Protection Floor at that time, as numerator; and (B) the Equity Value at that time, as denominator.	

1.4 The Notional Sale or Purchase of Equity Units

Any notional sale or purchase of Equity Units will be based on prices determined by the Strategy Sponsor in its sole and absolute discretion. In determining such prices, the Strategy Sponsor will have regard to such factors as it deems relevant including, without limitation, actual execution prices that can be obtained by the Strategy Sponsor when executing any corresponding hedge. Where the Strategy Sponsor determines such execution prices to be relevant, the execution prices will be based on the actual prices at which the securities and options notionally comprising the Equity Units can be traded after payment of any associated trading costs. Any actual execution price determined by the Strategy Sponsor will be in respect of a notional sale or purchase of Equity Units that are denominated in USD. Accordingly, each such execution price may be adjusted according to the FX Rates actually obtained by the Strategy Sponsor at the time of executing such conversion of, as the case may be, (i) USD into AUD (where Equity Unit is sold) or (ii) AUD into USD (where an Equity Unit is purchased).

1.5 Leverage Events

1.5.1 Occurrence of a Leverage Event

- (a) On the occurrence of a Leverage Event, the Strategy Sponsor will reallocate exposure between the Equity Portfolio and the Bond Portfolio. To effect this reallocation, the Strategy Sponsor will determine the following as soon as reasonably practicable following the occurrence of a Leverage Event:
- (A) Reallocation Exposure; and
 - (B) Reallocation Equity Value.

(b) Subject to paragraph (c) below, if the absolute difference between the Equity Exposure (at the time of the Leverage Event) and the Reallocation Exposure (determined as soon as reasonably practicable following the Leverage Event) is less than or equal to 5 percentage points, then the Strategy Sponsor may determine that no Leverage Event has occurred and no reallocation of exposure is required. In such circumstances, the remaining sub-clauses of this Clause will not apply.

(c) If the Net Portfolio Unit NAV at the time of the occurrence of the Leverage Event is less than or equal to the product of:

- (A) 1.01; and
- (B) Protection Floor at that time,

then the Strategy Sponsor may, in its sole and absolute discretion and notwithstanding any of the other provisions of this Clause, effect a notional sale of all of the Equity Units and apply any cash realised by such sale first to pay back the Leverage Facility Amount and, once the Leverage Facility Amount has been reduced to zero, to purchase Bond Units. In such circumstances, the remaining sub-clauses of this Clause will not apply.

1.5.2 Reallocation following a Leverage Event

(d) Following a Leverage Event, the Strategy Sponsor will either notionally sell or notionally buy Equity Units so that the value of Equity Units notionally held in the Equity Portfolio following the Leverage Event is as close as reasonably practicable to the Reallocation Equity Value, subject to the maximum amount (specified in paragraph (e) below), in the case of a purchase of Equity Units, that such purchase may be financed using the Leverage Facility up to this maximum amount.

(e) Any cash required notionally to purchase Equity Units that cannot be financed using the full proceeds of the Bond Portfolio must be financed using the Leverage Facility in accordance with subparagraph (g)(C) below. Any cash realised by sales of Equity Units shall be first used to pay back any outstanding borrowings under the Leverage Facility and, once the Leverage Facility is reduced to zero, to purchase Bond Units. The Leverage Facility Amount is subject to a maximum amount of AUD 7.50 per Portfolio Unit. Any such notional purchase of Equity Units may be financed using the Leverage Facility up to this maximum amount.

(f) The Number of Equity Units is then adjusted to take account of the number of Equity Units that are notionally sold or purchased in accordance within this clause as a result of the Leverage Event.

(g) The Strategy Sponsor will then determine the following:

(A) the Reallocation Bond Value;

(B) the Number of Bond Units following the Leverage Event, being the quotient of:

(i) the Reallocation Bond Value, as numerator; and

(ii) the Bond Price determined by the Strategy Sponsor as soon as reasonably practicable following the occurrence of the Leverage Event, as denominator; and

(C) the Leverage Facility Amount following the Leverage Event, being the greater of:

(i) the Equity Value minus the Net Portfolio Unit NAV, in each case determined by the Strategy Sponsor as soon as reasonably practicable following the occurrence of the Leverage Event; and

(ii) zero.

1.5.3 Portfolio following a Leverage Event

(h) Following a Leverage Event, the Dynamic Portfolio will continue to be determined and valued as set out in clause 1.3 above except that the Number of Equity Units, the Number of Bond Units and the Leverage Facility Amount will be as determined in accordance with clause 1.5.2 (and clause 1.6). For the avoidance of doubt:

(A) it is possible that more than one Leverage Event may occur on each Valuation Date, in which case the procedures for each occurrence of a Leverage Event will be as set out in this Clause; and

(B) on any Valuation Date, the only time(s) at which the Leverage Facility Amount, the Number of Equity Units (save as provided in Clause 1.6) and the Number of Bond Units may change during the course of the Trading Period is at any time immediately following the occurrence of a Leverage Event.

1.6 Distribution Amounts

- (a) The Strategy Sponsor will notify the Issuer of the Income Amount on each Distribution Ex-Date commencing on the Distribution Ex-Date falling in October 2004, and ending on the Distribution Ex-Date falling in July 2010. The Income Amount will be converted by the Strategy Sponsor to an AUD amount per YIELDS Unit at the FX Rate determined by the Strategy Sponsor as soon as possible after the receipt of such Income Amount in USD from the Income Plus Trading Strategy (the "**Distribution Amount**").
- (b) If on any Distribution Ex-Date the Strategy Sponsor determines that, at that time, the Net Portfolio Unit NAV (which at that time, for the avoidance of any doubt, will be an amount calculated following deduction of the Income Amount to which that Distribution Amount relates) is greater than 105 per cent of the Protection Floor, then the Distribution Amount shall be used to calculate the Deferral Payment Amount payable by the Issuer on the next succeeding Distribution Payment Date.
- (c) If on any Distribution Ex-Date, the Strategy Sponsor determines that, at that time, the Net Portfolio Unit NAV (which at that time, for the avoidance of any doubt, will be an amount calculated following deduction of the Income Amount to which that Distribution Amount relates) is less than or equal to 105 per cent of the Protection Floor, then the Distribution Amount for the purpose of calculating the Deferral Payment Amount payable on the next succeeding Distribution Payment Date shall be zero and the Strategy Sponsor shall reinvest such Distribution Amount by effecting a notional purchase of Equity Units. The Initial Number of Equity Units is then adjusted to take account of the number of Equity Units that are notionally purchased in this manner as a result of such Distribution Amount being so applied.

1.7 Unwinding the Dynamic Portfolio

- (a) At the Valuation Time on the Portfolio Expiration Date, the Strategy Sponsor will determine the Gross Portfolio Unit NAV and the Net Portfolio Unit NAV.
- (b) At the Portfolio Expiration Time on the Portfolio Expiration Date, the Strategy Sponsor will determine the Expiration Amount. The notional sale of the Equity Portfolio will commence on the Portfolio Expiration Date at such time after the Valuation Time as selected by the Strategy Sponsor and will be completed at or before the Portfolio Expiration Time. The amount in AUD realised by notional sales of the Equity Units will be based on the prices of the Equity Units determined by the Strategy Sponsor.
- (c) The Strategy Sponsor will then determine the Dynamic Portfolio Value at the Portfolio Expiration Time on the Portfolio Expiration Date.

1.8 Market Disruption Event

On the occurrence of a Market Disruption Event, the Strategy Sponsor may, in its sole and absolute discretion, (i) determine to suspend the calculation of the Equity Price, the Gross Portfolio Unit NAV, the Net Portfolio Unit NAV, the Gap Risk Percentage and/or the Dynamic Portfolio Value, as appropriate, until reliable values can be obtained, or (ii) determine the Equity Price, the Gross Portfolio Unit NAV, the Net Portfolio Unit NAV, the Gap Risk Percentage and/or the Dynamic Portfolio Value having regard to then prevailing market conditions, the last available Equity Price and such other conditions that the Strategy Sponsor determines to be relevant. On the occurrence of a Market Disruption Event the Strategy Sponsor may also determine whether any Leverage Event has occurred and, in the event that a Leverage Event has occurred, the Strategy Sponsor may effect a reallocation of exposure, as described above in clause 1.5.2.

Schedule 2

The Income Plus Trading Strategy

General

The following is a description of the current methodology for determining the Income Plus Trading Strategy. The primary objectives of the Income Plus Trading Strategy are to generate a high income whilst maintaining potential for capital appreciation.

Exposure to the Income Plus Trading Strategy is gained by investing in USD denominated notional units of the Income Plus Trading Strategy (i.e. the Equity Units). These units had a notional value of USD 100 on 7 July 2003 (the "**Start Date**"). On any day after the Start Date, the value of each unit will be determined by reference to the performance of the Income Plus Trading Strategy.

Overview of the Income Plus Trading Strategy

1. Stock Selection Process

On the Strategy Business Day preceding the Start Date and on each Strategy Business Day preceding an Annual Rebalancing Date, the Income Plus Trading Strategy selects a portfolio of thirty (30) stocks (each a "**Selected Stock**") from the Dow Jones Global Titans 50 Index (Bloomberg Code: DJGT / Reuters Code: .DJGT) (the "**Index**" or "**Reference Index**") which references the stocks of fifty (50) of the largest multinational companies by free-float market capitalisation, such selection of thirty stocks being subject to the more detailed rules and provisions of the Income Plus Trading Strategy. If the Index or its sector classifications cease to be published by Dow Jones & Co Inc., the Strategy Sponsor will substitute another large global index as the Index. Such stock selection is effective in respect of the Income Plus Trading Strategy on the Start Date, or as the case may be, the relevant Annual Rebalancing Date.

The Income Plus Trading Strategy ranks the pool of fifty (50) stocks comprised in the Index on the Strategy Business Day preceding the relevant Annual Rebalancing Date or, as the case may be, the Strategy Business Day preceding the Start Date according to 12-month historic dividend yield (excluding special dividends and stock dividends) expressed as a percentage of the stock price (the "**Dividend Yield**") in descending order (highest Dividend Yield ranked first). Where two or more stocks have the same Dividend Yield, those stocks are ranked by free-float market capitalisation in descending order (largest market capitalisation ranked first).

The Income Plus Trading Strategy selects the top thirty (30) stocks from the list as ranked above, subject as provided below. Each Selected Stock is classified within a particular industry sector by the Index (a "**Sector**"). Subject to the following, the Income Plus Trading Strategy will only select ten (10) stocks from any single Sector. Once the Income Plus Trading Strategy has selected 10 Selected Stocks from the same Sector, the Income Plus Trading Strategy will seek to avoid stocks from the same Sector by ignoring these stocks and instead selecting stocks with a lower Dividend Yield from the Index. However, the Income Plus Trading Strategy will always select 30 Selected Stocks from the Index, which may mean including more than 10 stocks from the same Sector if the Index does not contain an adequate Sector spread. For regulatory reasons, the Income Plus Trading Strategy will never hold Citigroup Inc. stock. If the requirements of an applicable external regulator in respect of the Strategy Sponsor results in the Income Plus Trading Strategy or the Strategy Sponsor being unable to hold, write options over, or otherwise deal in, certain stock contained in the Index, the Income Plus Trading Strategy may not include such stock or, as the case may be, the Strategy Sponsor may rebalance the portfolio of Selected Stocks at such time.

On the Start Date and on each Annual Rebalancing Date, each Selected Stock will be given a weight in accordance with its ranking in the Income Plus Trading Strategy (such weighting given in accordance with the rules of the Income Plus Trading Strategy), as of such Start Date or, as the case may be, Annual Rebalancing Date. The Selected Stock ranking first in the Income Plus Trading Strategy will be given a ten (10) per cent. weight and the Selected Stock ranking thirtieth in the Income Plus Trading Strategy will have a two (2) per cent. weight. The other Selected Stocks will be allocated a weighting by the Income Plus Trading Strategy between 2-10 per cent. Due to fluctuations in the price of the shares in the Income Plus Trading Strategy, at any given time between the Annual Rebalancing Dates, the actual percentage of the Income Plus Trading Strategy represented by a Selected Stock may be more or less than its weight on rebalancing. A Selected Stock may be the subject of a corporate action (see further details below) and, in such circumstances, the Income Plus Trading Strategy will adjust the weighting of the affected stock. If, for whatever reason, the weighting of any Selected Stock exceeds 15% for a period of 5 consecutive Strategy Business Days, the weight of the overweight Selected Stock will be reduced and the non-affected stocks will be re-weighted in accordance with the rules of the Income Plus Trading Strategy.

2. Options Overwriting

In addition, on a quarterly basis (commencing within one week of the Start Date or, as the case may be, a day selected by the Strategy Sponsor in its sole and absolute discretion that falls between five and ten Strategy Business Days after the date that the last Call Option expires in respect of the preceding quarter (such date being the end of that preceding quarter)) (each a "**Quarter**"), the Income Plus Trading Strategy will notionally write a three-month (approximately) call option on each Selected Stock (each option on one share of the Selected Stock, a "**Call Option**" and all the options in respect of that Selected Stock, the "**Total Call Options**").

The target quarterly premium of each Call Option (the "**Target Premium**") will be

determined by the Income Plus Trading Strategy on or around the relevant Annual Rebalancing Date, or as the case may be, Start Date by deducting the estimated one-year historic dividend yield (such yield determined by the Strategy Sponsor with regard to FX Rates and stock prices and any available market data regarding dividends paid) of the Selected Stocks per unit (the "**Unit Dividend Yield**") from the annual target income (12 per cent. adjusted for the discount amount) of the Income Plus Trading Strategy and dividing the result by four. The Income Plus Trading Strategy will then use the Target Premium to calculate the strike price for each Call Option. The strike price of each Call Option will be subject to a minimum strike price of 105 per cent. of the current market price of the relevant stock to allow for capital appreciation and a maximum of 130 per cent. of the current market price of the relevant stock so as to reduce the risk of market illiquidity. The actual premium for each Call Option (the "**Option Premium**") will be equal to the best bid price received from two independent market counterparties and Citigroup Global Markets Limited (or an affiliate of Citigroup Global Markets Limited) (each a "**Counterparty**", together the "**Counterparties**") in respect of such Call Option. To the extent that the Total Call Options to be notionally written by the Strategy Sponsor are in excess of the total number of Call Options that the Counterparty with the best bid price is willing to purchase (such Call Options in excess, the "**Excess Call Options**"), the Excess Call Options will be offered to the Counterparty with the next best bid price and to the extent that there are any remaining Excess Call Options, to the Counterparty with the lowest bid price. The Total Call Options will be reduced to the extent that the Counterparties do not bid for all of the Excess Call Options.

Option Premium will be converted into USD, as soon as reasonably practicable after it is received, at the then current FX Rate determined by the Strategy Sponsor.

If the Strategy Sponsor determines that the options market in respect of a particular Selected Stock is illiquid, the Income Plus Trading Strategy will not write an option for such Selected Stock.

Where the Income Plus Trading Strategy selects a new stock from the Index (in circumstances described below) or the notional investment in an existing stock is increased, a corresponding number of Call Options will notionally be written in respect of such stock except where such notional investment in stock occurs within one month of the end of the relevant Quarter, in which case, the corresponding number of Call Options will notionally be written at the beginning of the next Quarter.

3. Income Amount

The Income Amount of the Income Plus Trading Strategy comprises of (i) Net Dividends received on the Selected Stocks and (ii) the aggregate Option Premium.

In respect of each unit in the Income Plus Trading Strategy, income is accumulated in respect of the relevant Distribution Period and distributed on each Distribution Ex-Date (after the payment of any applicable taxes, duties and adjusted for any daily discount amounts) (such amount of income being the "**Income Amount**") and until such distribution, the accumulated income will be reflected in the value of each unit of the Income Plus Trading Strategy (for the avoidance of doubt, the value of each unit on the Distribution Ex-Date shall be deemed to be the value after the accumulated income is distributed). No interest is payable on accrued, but unpaid, income.

The Income Plus Trading Strategy is denominated in USD. All income generated by the Income Plus Trading Strategy in any currency other than USD will be converted into USD at, or reasonably soon after, the time it is received at the FX Rate.

4. Discount Rate

An amount of 1.75 per cent. per annum (exclusive of GST) of the capital value of one unit of the Income Plus Trading Strategy is deducted from the Income Plus Trading Strategy in respect of each such unit.

This amount is calculated by the Strategy Sponsor at the beginning of each quarter (commencing on the Start Date) in respect of each unit of the Income Plus Trading Strategy as follows:

$$\frac{n}{365} \times 1.75\% \times CV$$

where:

CV = the capital value of one unit of the Income Plus Trading Strategy at the beginning of each quarter, in USD, which is equal to the Net Asset Value per Equity Unit (as defined below) less accrued income per unit; and

n = the number of days from and excluding the last day on which the discount amount was calculated to and including the current day.

The total discount amount in respect of each quarter is broken down into daily amounts and these daily amounts are accrued daily from accrued income and paid to the Strategy Sponsor on a daily basis.

5. Net Asset Value

On the Start Date, the net asset value, in USD (the "**Net Asset Value per Equity Unit**"), of each unit of the Income Plus Trading Strategy is USD 100.

On any date after the Start Date, the Net Asset Value per Equity Unit will be an amount calculated by the Strategy Sponsor, at least once on each Strategy Business Day, as follows:

- (a) the market value of the Selected Stocks, based on current market prices per unit of the Income Plus Trading Strategy;

LESS

- (b) the mark-to-market values of the options per unit of the Income Plus Trading Strategy;

PLUS

- (c) accrued income (adjusted for the discount amount) per unit of the Income Plus Trading Strategy;

PLUS

- (d) any cash held in the Income Plus Trading Strategy per unit of the Income Plus Trading Strategy as a result of a corporate action;

6. Corporate Actions

The Income Plus Trading Strategy expressly provides for certain adjustments on the occurrence of corporate actions, such as the merger of two or more issuers of Selected Stocks or the payment of special dividends, stock dividends and rights issues.

These include:

- (i) *Mergers and Acquisitions*

Where the issuers of two Selected Stocks merge, the surviving merged Selected Stock will have its aggregate

weight reduced to the higher weight of the two original Selected Stocks immediately prior to the merger. The Income Plus Trading Strategy will select a new stock from the Index (according to the selection process described above), which will then be allocated a weighting of 2 per cent. The Income Plus Trading Strategy may adjust the weighting of the non-affected stocks accordingly to re-allocate any remaining weighting.

- (ii) *Special dividends, stock dividends and rights issues*

Any cash dividends that are not ordinary dividends will be reinvested in the Income Plus Trading Strategy.

The Income Plus Trading Strategy will adjust to reflect any stock dividends, stock splits and stock consolidations with respect to the Selected Stocks and the options positions will be adjusted according to market convention.

On a rights issue, the rights will be sold and the proceeds will be reinvested in the Income Plus Trading Strategy.

If the Income Plus Trading Strategy does not specifically provide for a corporate action, the Strategy Sponsor will, acting reasonably, determine what changes to make to the Selected Stocks and/or options in the Income Plus Trading Strategy, as it deems appropriate.

7. Rounding

Any price, number, currency amount or percentage calculated by the Strategy Sponsor will be rounded to such number of decimal places and in such a manner as the Strategy Sponsor determines is appropriate acting in its sole and absolute discretion.

Definitions and Interpretation

Definitions

In this PDS, unless the context requires otherwise:

"Accretions" means all rights, accretions and entitlements attaching to the Delivery Assets after the Issue Date including without limitation, all voting rights, all dividends and all rights to receive dividends and other distributions or shares, notes, options, units or other financial products exercisable, declared, paid or issued in respect of the Delivery Asset;

"Accrual Period" means, in relation to the Daily Discount Amount on any Strategy Business Day, the period from and excluding the immediately preceding Strategy Business Day (or the Portfolio Commencement Date, as the case may be) to and including the Strategy current Business Day;

"ACH Clearing Rules" means the clearing rules of Australian Clearing House Pty Limited as amended or substituted from time to time;

"Adjustment Event" means in respect of any shares that comprise the Reference Index and to which an exposure is notionally held in the Equity Portfolio or the Delivery Asset (together, the "Reference Assets") any of the following events:

- (a) where the Reference Asset is a security:
- (i) the actual or proposed adoption of any procedure, event or action which is or which is likely to result in any cash return of capital, pro-rata cash distribution, capital reduction, liquidator's distributions, share buy-back, bonus issue, rights issue, arrangement, scheme of arrangement, compromise, merger, demerger, reconstruction, compulsory acquisition, redemption, cancellation, replacement, modification, subdivision or consolidation, takeover bid, special dividend, non cash dividend, share split or any other similar or like event (but excludes the payment by the issuer of the Delivery Assets of cash dividends or distributions);
- (ii) any event which is or which results in the actual or proposed administration, liquidation, winding up or termination of the issuer of the Reference Assets or other similar or like event (however described);
- (iii) any event which is or which results in the actual or proposed de-listing of the Reference Assets or the actual or proposed removal from quotation of the Reference Assets or the actual or proposed Suspension from trading of the Reference Assets;
- (b) any actual or proposed event that may reasonably (in the Issuer's opinion) be expected to lead to any of the events referred to in paragraph (a) above occurring;
- (c) where any force majeure event occurs, or any other event occurs which the Issuer determines in good faith in the performance of its obligations having or becoming, in circumstances beyond its reasonable control, impossible, unlawful, illegal or otherwise prohibited;
- (d) a Market Disruption Event occurs or seems likely to occur; or
- (e) any other event which the Issuer reasonably declares to be an Adjustment Event, including the termination or adjustment or change of the Issuer's hedging arrangements (if any);

"Agency Sale

Arrangement" means the agreement by the Issuer to sell the Delivery Parcel for and on behalf of, at the direction of and as agent for the Investor on the Settlement Date in accordance with clause 3.4 of these Terms;

"Annual Rebalancing Date"

means a day selected by the Strategy Sponsor, in its sole and absolute discretion, that falls between five and ten Strategy Business Days after the relevant Start Date Anniversary;

"Applicant" means a person who completes an Application Form and lodges it with the Issuer;

"Application" means an offer by the Investor to the Issuer to acquire the Delivery Parcel on a deferred basis on the terms and conditions set out in these Terms;

"Application Form" means the application form attached to or accompanying this PDS;

"APRA" means the Australian Prudential Regulation Authority;

"ASTC Settlement Rules"

means the settlement rules of the ASX Settlement and Transfer Corporations Pty Limited as amended or substituted from time to time;

"ASTC Approved Products "

means financial products approved by ASX Settlement and Transfer Corporation Pty Limited to participate in CHES in accordance with the ASTC Settlement Rules and the ACH Clearing Rules (as applicable);

"ASX" means Australian Stock Exchange Limited (ABN 98 008 624 691);

"ASX Listing Rules"

means the listing rules of ASX as amended or substituted from time to time;

"ASX Market Rules"

means the market rules of ASX as amended or substituted from time to time;

"AUD" means Australian Dollar.

"Australian Equity Price"

means the price per Equity Unit in AUD determined by the Strategy Sponsor, in its sole and absolute discretion, by conversion of the Equity Price into AUD at the FX Rate determined, by the Strategy Sponsor at, or reasonably soon after, such time as the Equity Price is determined on any Valuation Date;

"Beneficial Interest"

means the beneficial interest which an Investor acquires in the Portion of Delivery Assets upon entering into the agreement to purchase the Delivery Assets, paying at least the Minimum Investment Amount and the Issuer accepting the Application;

"Bond Portfolio" means the bond portfolio comprising a notional investment in a number of Bond Units;

"Bond Price" means, in relation to a Bond Unit at any time during the Trading Period on any Valuation Date, an amount in AUD determined by the Strategy Sponsor (or any of its affiliates) in its sole and absolute discretion, as equal to the value of a cash instrument with a redemption amount of AUD 1.00 and a maturity date on the Portfolio Expiration Date.

"Bond Unit" means a synthetic cash instrument the price of which is, at any time, equal to the Bond Price.

"Bond Value" has the meaning given to it in Schedule 1, clause 1.3;

"Break Costs" means all costs, expenses and losses incurred by the Issuer and notified by the Issuer as payable by the Investor as a result of an Early Maturity of YIELDS, including but not limited to the termination or reversal of any arrangements or hedge position entered into by the Issuer in connection with any Units which are terminated early;

"Business Day" means a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in Sydney, London and New York;

"Capital Guarantee" means the guarantee provided by the Guarantor as described in the section "Capital Guarantee" on page 10;

"Capital Protection Value" means AUD 10.00 per YIELDS Unit;

"Change" has the meaning attributed to it in clause 13;

"CHF" means the Swiss Franc;

"Closing Price" means the price paid by the Issuer to purchase the Delivery Assets that comprise the Delivery Parcel on the Trading Day that is three (3) Trading Days following the Maturity Date (or in the case of an Early Maturity, the Early Maturity Date);

"Closing Time" means 5:00 p.m. London time or such other time as the Issuer determines;

"Corporations Act" means the *Corporations Act 2001* (Cth) as amended from time to time;

"Costs and Taxes" means any incidental costs or expenses incurred by the Issuer in relation to the transfer of any Delivery Assets to or for the benefit of the Investor following Maturity (whether by way of physical delivery of the Delivery Assets to the Investor or delivery to a nominee of the Issuer under the Agency Sale Arrangement) plus any Taxes and any costs or expenses including brokerage incurred by the Issuer under the Agency Sale Agreement, if applicable;

"Daily Discount Amount" means, in relation to each Portfolio Unit on any Strategy Business Day, an amount in AUD determined by the Strategy Sponsor, in its sole and absolute discretion, as equal to the product of (a) the quotient of (i) the sum of the Distribution Discount Rate (if any) and the Fixed Discount Rate as numerator and (ii) 365 as denominator, and (b) the number of days in the relevant Accrual Period, as determined by the Strategy Sponsor;

"Deal" means to:

- (a) acquire or dispose of any legal or beneficial interest; or
- (b) mortgage, charge or in any way encumber or alienate;

"Deferral Payment Amount" means the amount calculated in accordance with the following formula:

$$DPA = DA \times N$$

Where:

$$DPA = \text{Deferral Payment Amount}$$

$$DA = \text{Distribution Amount}$$

$$N = \text{number of YIELDS Units held by each Investor;}$$

"Delivery Asset" means one or more shares in a company or companies which comprise the Reference Index, or any other Delivery Asset determined by the Issuer in accordance with these Terms;

"Delivery Parcel" means the number of Delivery Assets to be delivered by the Issuer to the Investor on the Settlement Date as determined by the following formula:

$$\frac{(FV \times NY) - CT}{CP}$$

where:

$$FV = \text{Final Value}$$

$$NY = \text{Number of YIELDS Units held by each Investor}$$

$$CT = \text{any applicable Cost and Taxes}$$

$$CP = \text{Closing Price;}$$

"Denomination" means Australian Dollars;

"Distribution Amount" has the meaning given in clause 1.6 of Schedule 1;

"Distribution Ex-Date" means 12 October, 12 January, 12 April, 12 July in each year (the first such date after the issue of YIELDS being 12 October, 2004) or, if that date is not a Strategy Business Day, the next following Strategy Business Day until the Maturity Date;

"Distribution End Period" means, in respect of a Distribution Ex-Date, the period from but excluding the date that is five calendar days prior to that Distribution Ex-Date to and including that Distribution Ex-Date;

"Distribution Discount Rate" means, in relation to each Portfolio Unit, AUD 0.12813 per annum. If the Reallocation Exposure on any Strategy Business Day is zero, then from and including the next day the Distribution Discount Rate will be zero;

"Distribution Payment Date" means 16 November, 16 February, 16 May, 16 August in each year (the first such date after the issue of YIELDS being 16 November, 2004) or, if that date is not a Business Day, the next following Business Day until the Maturity Date;

"Distribution Period" means (i) in respect of the first Distribution Ex-Date after the issue of YIELDS, the period beginning on (and including) 12 July 2004 (and if such date falls on a day that is not a Strategy Business Day, the next following Strategy Business Day) and ending on (but excluding) such date (the **"Distribution End Date"**) as determined by the Strategy Sponsor in its sole and absolute discretion that falls within the relevant Distribution End Period and (ii) in respect of any other Distribution Ex-Date, the period beginning on (and including) the Distribution End Date determined in the last succeeding Distribution Period and ending on (but excluding) that Distribution End Date;

"Distributor" means the Issuer and Principal Distributor;

"Dynamic Portfolio" means a notional investment portfolio comprising of the Equity Portfolio, the Bond Portfolio and the Leverage Facility;

"Dynamic Portfolio Value" means, in relation to each Portfolio Unit at the Portfolio Expiration Time on the Portfolio Expiration Date an amount in AUD, in the Strategy Sponsor's absolute discretion in accordance with the following formula:

$$DPV = EA + BV - LFA$$

Where:

DPV = Dynamic Portfolio Value

EA = Expiration Amount at the Portfolio Expiration Time on the Portfolio Expiration Date

BV = Bond Value at the Portfolio Expiration Time on the Portfolio Expiration Date

LFA = Leverage Facility Amount at the Portfolio Expiration Time on the Portfolio Expiration Date;

"Early Maturity" means the early Maturity of the deferred purchase of the Delivery Assets as determined and completed in accordance with clause 4;

"Early Maturity Date" means the date notified to the Investor as such in the Early Maturity Notice;

"Early Maturity Event" has the meaning given in clause 4.1 of these Terms;

"Early Maturity Notice" means the notice provided by the Issuer to the Investor notifying the Investor of the occurrence of an Early Maturity Event (if relevant) and that an Early Maturity will take place on the specified Early Maturity Date;

"Equity Portfolio" means the notional investment in the Income Plus Trading Strategy;

"Equity Price" means, in relation to an Equity Unit at any time during the Trading Period on any Valuation Date, the Net Asset Value per Equity Unit in USD as determined by the Strategy Sponsor;

"Equity Unit" means in relation to the Equity Portfolio, a synthetic security representing a notional investment in the Equity Portfolio whose price at any time is equal to the Equity Price;

"EUR" means the Euro;

"Expiration Amount"

means, in relation to the Equity Portfolio at the Portfolio Expiration Time on the Portfolio Expiration Date, an amount per Portfolio Unit, in AUD determined by the Strategy Sponsor or any of its affiliates that reflects the notional amount realised on the notional sale of the Equity Portfolio, after deduction of an amount equal to the Daily Discount Amount (as if such date were a Valuation Date), on the Portfolio Expiration Date;

"Final Value" shall be determined by the Issuer in its sole and absolute discretion as an amount per YIELDS Unit in AUD equal to the greater of:

- (a) the Capital Protection Value; and
- (b) the Dynamic Portfolio Value;

"Fixed Discount Rate"

means, in relation to each Portfolio Unit, the amount of AUD 0.075 per annum payable to the Strategy Sponsor.

"FX Rate" means the relevant foreign exchange rate calculated by the Strategy Sponsor in its sole and absolute discretion;

"GBP" means Great British Pounds;

"Gross Portfolio Unit NAV"

means, in relation to each Portfolio Unit at the Valuation Time on any Valuation Date, an amount in AUD calculated by the Strategy Sponsor or any of its affiliates in accordance with the following formula:

$$NAV^{(G)} = EV^{(0)} + BV^{(0)} - LFA^{(0)}$$

Where:

"NAV^(G)" means the Gross Portfolio Unit NAV at the Valuation Time on that Valuation Date;

"EV⁽⁰⁾" means the Initial Equity Value on that Valuation Date;

"BV⁽⁰⁾" means the Initial Bond Value on that Valuation Date;

"LFA⁽⁰⁾" means the Initial Leverage Facility Amount on that Valuation Date;

The Gross Portfolio Unit NAV at the Valuation Time on the Portfolio Commencement Date will be AUD 9.64;

"GST" means goods and services tax;

"Guarantor" means Citigroup Global Markets Holdings Inc.;

"HIN" means Holder Identification Number;

"Holding Statement" has the meaning given in the ASTC Settlement Rules;

"Income Amount" has the meaning given in clause 3 of Schedule 2;

"Income Plus Trading Strategy"

is the notional trading strategy described in Schedule 2;

"Initial Bond Value"

means, in relation to each Portfolio Unit at the Valuation Time on the Valuation Date, an amount in AUD determined by the Strategy Sponsor, in its sole and absolute discretion, and equal to the product of:

- (a) the Initial Number of Bond Units on that Valuation Date; and
- (b) the Bond Price at the Valuation Time on that Valuation Date;

"Initial Equity Value" means, in relation to each Portfolio Unit at the Valuation Time on the Valuation Date, an amount in AUD determined by the Strategy Sponsor, in its sole and absolute discretion, equal to the product of:

- (a) the Initial Number of Equity Units on that Valuation Date (as adjusted in accordance with clause 1.6 of Schedule 1); and
- (b) the Australian Equity Price at the Valuation Time on that Valuation Date as determined by the Strategy Sponsor;

"Initial Leverage Facility Amount" means, in relation to each Portfolio Unit and the Leverage Facility at the Valuation Time on any Valuation Date, an amount in AUD determined by the Strategy Sponsor, in its sole and absolute discretion, equal to the sum of:

- (a) the Leverage Facility Amount (as defined in the table in clause 1.3 of Schedule 1) at the Closing Time on the immediately preceding Valuation Date; and
- (b) an amount representing interest on paragraph (a) above, accrued on the actual number of days from and including the immediately preceding Valuation Date to and excluding that Valuation Date, at a rate determined by reference to RBA plus 1.25 per cent per annum;

"Initial Number of Bond Units" means, in relation to each Portfolio Unit and the Bond Portfolio at the Valuation Time on any Valuation Date, the Number of Bond Units at the Closing Time on the immediately preceding Valuation Date. The Initial Number of Bond Units at the Valuation Time on the Portfolio Commencement Date will be determined by the Strategy Sponsor;

"Initial Number of Equity Units" means, in relation to each Portfolio Unit and the Equity Portfolio at the Valuation Time on any Valuation Date, the Number of Equity Units at the Closing Time on the immediately preceding Valuation Date. The Initial Number of Equity Units at the Valuation Time on the Portfolio Commencement Date will be determined by the Strategy Sponsor;

"Investment Amount" means the actual amount paid by the Investor to the Issuer by the Offer Close time;

"Investment Period" means, in relation to the Dynamic Portfolio, the period from and including the Portfolio Commencement Date to but excluding the Portfolio Expiration Date;

"Investor" means the person whose name is entered into the Register from time to time as the holder of the YIELDS Unit;

"Issue Date" means 30 July 2004;

"Issue Price" means AUD 10.00 per Unit;

"Issuer" or "Citigroup" means Citigroup Global Markets Australia Pty Limited (ABN 64 003 114 832);

"Leverage Event" means if on any Valuation Date the Gap Risk Percentage (as defined in the table set out in clause 1.3 of Schedule 1) is less than 15 per cent or greater than 25 per cent;

"Leverage Facility" means, in relation to the Dynamic Portfolio, a notional loan facility under which the Strategy Sponsor makes available sufficient funds in order to enable the Equity Exposure (as defined in the table in clause 1.3 of Schedule 1) to exceed 100% up to a maximum of 150%. The maximum notional loan for each Unit is AUD 7.50;

"Liquidated Damages Amount" means 1.1 x the arithmetic average of the daily volume weighted average price of the Delivery Asset(s) (in AUD) on the 5 Trading Days following the Maturity Date, excluding special, late and overseas sales;

"Listed" means admitted to the official list of ASX whether or not quotation of the YIELDS is deferred, suspended or subjected to a trading halt;

"Market Close" means 4:05 pm AEST or such other time as the Issuer may determine;

"Market Disruption Event" means, in relation to the Equity Portfolio and on any Valuation Date, the determination by the Strategy Sponsor, in its sole and absolute discretion, that no reliable Equity Price is available for whatever reason including (without limitation):

- (a) that the published values for any Selected Stocks that have been notionally invested into pursuant to the Income Plus Trading Strategy do not represent their true values;
- (b) the occurrence or existence of any suspension of or limitation imposed on trading (by reason of movements in price exceeding limits permitted by the relevant stock exchange to the Selected Stock or otherwise), (i) on the relevant stock exchange(s) in securities that comprise the Selected Stock, or (ii) in option contracts or futures contracts on any Selected Stock or on any related stock exchange if, in any such case, such suspension or limitation is notified to the Issuer by the Strategy Sponsor as being material; and/or

- (c) that a cancellation or repudiation of any options contracts or futures contracts on any related exchange to the Selected Stock is material;

"Maturity" means the completion by the Investor of the deferred purchase of the Delivery Parcel in accordance with clause 3 of these Terms, and "complete" has a corresponding meaning;

"Maturity Date" means 22 July 2010, unless there is an Early Maturity under clause 4, in which case references in these Terms to the Maturity Date are to be read as the date specified by the Issuer in the Early Maturity Notice;

"Maturity Notice" means a notice, complying with the requirements of the ASX Market Rules, issued by the Issuer in accordance with clause 3.1 or 4.3(a) as the case may be;

"Minimum Investment Amount" means AUD 5,000 or 500 YIELDS Units;

"Net Asset Value per Equity Unit" has the meaning given to it in clause 5 of Schedule 2;

"Net Dividends" means the net ordinary, cash dividends that would be received by a UK corporate taxpayer on a portfolio of stocks

corresponding to the number of units of each Selected Stock within a unit of the Income Plus Trading Strategy. Net Dividends does not include special dividends and stock dividends.

"Nominated Account" means the account held by the Investor and notified to the Issuer in the Maturity Notice;

"Offer Close" or "Offer Closes" means 23 July 2004 at 5:00 pm Sydney time or such other time as determined by the Issuer and notified to Investors;

"Portfolio Commencement Date" means 30 July 2004. In the event that such date would fall on a day that is not a Strategy Business Day, the Portfolio the Portfolio Commencement Date will be the first following Strategy Business Day;

"Portfolio Expiration Date" means the Maturity Date. In the event that such date would fall on a day that is not a Strategy Business Day, the Portfolio Expiration Date will be the first following Strategy Business Day;

"Portfolio Expiration Time" means 4.00 p.m. (London time) or such other time as the Strategy Sponsor may determine;

"Portfolio Unit" means, a synthetic security representing one notional unit in the Dynamic Portfolio;

"Portion of Delivery Assets" means the number of Delivery Assets as notified by the Issuer to the Investor in the notice sent in accordance with clause 1.3(c), in which an Investor acquires a Beneficial Interest on the Issue Date;

"Principal Distributor" means Capital Guaranteed Investments Limited;

"Product Disclosure Statement" or "PDS" means the product disclosure statement issued by the Issuer in relation to the invitation to invest in YIELDS dated on or about 5 May 2004 or such new or supplementary PDS issued by the Issuer from time to time;

"Protection Floor" means in relation to each Portfolio Unit at any time during the Trading Period on any Valuation Date an amount in AUD equal to the sum of:

- (a) the discounted value at that time on such Valuation Date of the Capital Protection Value; and
- (b) the discounted value of the Fixed Discount Rate accrued daily on an actual / 365 day basis from and excluding such Valuation Date to and including the Portfolio Expiration Date,

as determined by the Strategy Sponsor. The Strategy Sponsor may, in its absolute discretion, apply an increase of between zero basis points up to a maximum of 50 basis points to such discounting rates;

"Quarter" has the meaning given in clause 2, Schedule 2;

"RBA" means, in relation to the Leverage Facility Amount on any Valuation Date, the Reserve Bank official overnight cash rate as determined by the Issuer or any of its affiliates on the immediately preceding Valuation Date, or if such rate is not available, such other equivalent rate as determined by the Issuer or any of its affiliates in its sole or absolute discretion;

"Reallocation Bond Value" means, in relation to each Portfolio Unit, following the occurrence of a Leverage Event, an amount in AUD determined by the Strategy Sponsor as soon as reasonably practicable following the occurrence of the Leverage Event, as equal to the sum of:

- (a) the Bond Value (as defined in clause 1.3 of Schedule 1) at the time of the occurrence of the Leverage Event; and
- (b) a positive or negative amount, in AUD, representing the amount per Portfolio Unit that is

notionally credited to (such amount being positive) or notionally debited from (such amount being negative) the Bond Portfolio following the notional sale or purchase of Equity Units in accordance with clause 1.5.2 of Schedule 1,

subject to a minimum of zero;

"Reallocation Equity Value" means, in relation to each Portfolio Unit, following the occurrence of a Leverage Event, an amount in AUD determined by the Strategy Sponsor as soon as reasonably practicable following the occurrence of the Leverage Event, equal to the product of:

- (a) the Net Portfolio Unit NAV determined by the Strategy Sponsor as soon as reasonably practicable following the occurrence of the Leverage Event; and
- (b) the Reallocation Exposure determined by the Strategy Sponsor as soon as reasonably practicable following the occurrence of a Leverage Event;

"Reallocation Exposure" means, in relation to each Portfolio Unit, following the occurrence of a Leverage Event, a percentage determined by the Strategy Sponsor as soon as reasonably practicable following the occurrence of the Leverage Event in accordance with the following formula:

$$RE = 5 \times [NAV - PF / NAV]$$

Where:

"RE" means Reallocation Exposure;

"NAV" means the Net Portfolio Unit NAV determined by the Strategy Sponsor (in accordance with clause 1.3 of Schedule 1) as soon as reasonably practicable following the occurrence of the Leverage Event;

"PF" means the Protection Floor calculated by the Strategy Sponsor as soon as reasonably practicable following the occurrence of the Leverage Event;

"Reference Index" means the Dow Jones Global Titans 50 Index (Bloomberg code: DJGT / Reuters Code: .DJGT);

"Register" means the registers and/or subregisters of Investors to be kept pursuant to the Corporations Act and the ASX Listing Rules;

"Relevant Exchange" means in the case of:

- (a) any exchange traded financial product, the primary exchange upon which that financial product is traded; and
- (b) an index, the primary exchange upon which the financial products which primarily constitute that index are traded,

as determined in the absolute discretion of the Issuer;

"Sale Proceeds" means the proceeds of the sale of the Delivery Parcel obtained by the Issuer (or its nominee) on behalf of the Investor under the Agency Sale Arrangement, in accordance with clause 3.4, less any Costs and Taxes applicable to the sale of the Delivery Parcel;

"Selected Stock" means the stock selected in the Income Plus Trading Strategy;

"Settlement Account" means a custody account for delivery of the Delivery Parcel in the jurisdiction of the Relevant Exchange of the Delivery Asset(s) comprising the Delivery Parcel;

"Settlement Date" means the 10th Trading Day after the Maturity Date or such later date as determined by the Issuer in its discretion as is reasonably necessary for the Issuer to fulfill its obligations under these Terms;

"Start Date" means 7th July 2003;

"Start Date Anniversary" means (i) in respect of the first Start Date Anniversary, the end of the fourth Quarter from the Start Date and (ii) in respect of each subsequent Start Date Anniversary, the end of the fourth Quarter from the last preceding Start Date Anniversary;

"Strategy" means the Income Plus Trading Strategy;

"Strategy Business Day" means a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London and New York City and such other day(s) as the Strategy Sponsor determines in its sole and absolute discretion;

"Strategy Sponsor" means Citigroup Global Markets Limited;

"Suspension" means any temporary cessation of the trading or quotation of the Delivery Asset, including a trading halt on the ASX or the Relevant Exchange (as the context requires);

"Tax" or **"Taxes"** means any income tax, capital gains tax, goods and services tax, withholding tax, stamp, financial institutions, registration and other duties, bank accounts debits tax and other related taxes, levies, imposts, deductions, interest, penalties and charges payable by any person on, as a consequence of, or in connection with, the purchase, sale or transfer of, or the completion of the purchase and sale of a Delivery Asset;

"Term of Investment" means 6 years;

"Terms" means these terms of issue (including the Term Sheet) on which the Investor agrees to acquire the Delivery Parcel from the Issuer;

"Term Sheet" means the term sheet set out in the PDS and headed "Offer and Summary";

"Termination Amount" shall be an amount in AUD as determined by the Strategy Sponsor, in its sole and absolute discretion, in accordance with the following:

The Strategy Sponsor will determine the Australian Equity Price at the Valuation Time on the Unwind Date. The Strategy Sponsor will determine the Termination Amount on the Unwind Date in accordance with the following formula:

$$TA = EV + BV - LFA$$

Where:

"TA" means the Termination Amount;

"EV" means the Equity Value at the Valuation Time on the Unwind Date;

"BV" means the Bond Value at the Valuation Time on the Unwind Date; and

"LFA" means the Leverage Facility Amount at the Valuation Time on the Unwind Date;

"Trading Day" has the meaning given in the market rules of the relevant jurisdiction of the Delivery Asset;

"Trading Period" means, in relation to the Dynamic Portfolio on any Valuation Date other than the Portfolio Commencement Date, the period from the Valuation Time on that Valuation Date to the Closing Time on that Valuation Date;

"Unit(s)" means a deferred purchase agreement entered into by the Issuer and the Investor. The total number of Units held by the Investor will be notified by the Issuer to the Investor in the notice provided by the Issuer in accordance with clause 1.3(c);

"Unwind Date" means the day that is 3 Strategy Business Days before the Early Maturity Date;

"USD" means United States Dollars;

"Valuation Date" means each Strategy Business Day during the Investment Period and such other day(s) as the Strategy Sponsor determines in its sole and absolute discretion;

"Valuation Time" means such time as the Equity Price is first determined by the Strategy Sponsor on that Valuation Date or as soon as reasonable thereafter;

"YIELDS" or **"Units"** means the agreement under which the Investor agrees to purchase the Delivery Parcel from the Issuer on a deferred basis on the terms and conditions set out in these Terms and the PDS;

"you" or **"your"** means Applicant or Investor as the context requires.

Interpretation

- (a) In this PDS, unless the context requires another meaning, a reference:
- (i) to the singular includes the plural and vice versa;
 - (ii) to a document (including the Terms) is a reference to that document (including any Schedules and Annexures) as amended, consolidated, supplemented, novated or replaced;
 - (iii) to a party means a party to the Terms and in the case of the Issuer includes any affiliate of the Issuer;
 - (iv) to a person (including a party) includes an individual, company, other body corporate, association, partnership, firm, joint venture, trust or Government Agency, and it also includes the person's successors, permitted assigns, substitutes, executors and administrators;
- (v) to a law is a reference to that law as amended, consolidated, supplemented or replaced and it includes a reference to any regulation, rule, statutory instrument, by-law or other subordinate legislation made under that law, or any legislation, treaty, judgment, rule of common law or equity or rule of any applicable stock exchange;
- (b) Where a word or phrase is defined, its other grammatical forms have a corresponding meaning.
- (c) Headings are for convenience only and do not affect interpretation.
- (d) If a payment or other act must (but for this clause) be made or done on a day that is not a Business Day, then it must be made or done on the next Business Day.
- (e) If a period occurs from, after or before a day or the day of an act or event, it excludes that day.
- (f) The Terms may not be construed adversely to a party only because that party was responsible for preparing them.
- (g) Any term not defined in the section "Definitions and Interpretation" on page 69 of this PDS and which is defined elsewhere in the PDS has the same meaning as in the PDS unless the context otherwise requires.
- (h) All references to time are to time in Sydney, Australia (unless otherwise stated).



Additional information

Consents and Disclosures

Consents

Baker & McKenzie, solicitors, has given, and not withdrawn its written consent to being named as having acted as solicitors to the Issuer in connection with the issue of YIELDS pursuant to this PDS. It has, in that capacity, advised and assisted with the drafting of this PDS, particularly the Terms of Issue, but excepting the Tax Considerations. Baker & McKenzie otherwise takes no responsibility for this PDS. Baker & McKenzie does not make any statement in this PDS nor does any statement herein purport to be based on a statement made by Baker & McKenzie except for the Terms of Issue.

Mallesons Stephen Jaques, solicitors, has given, and not withdrawn its written consent to being named as having acted as tax advisers to the Issuer in connection with the issue of YIELDS pursuant to this PDS. It has, in that capacity, provided the tax opinion in the Tax Considerations section. Mallesons Stephen Jaques otherwise takes no responsibility for this PDS. Mallesons Stephen Jaques does not make any statement in this PDS nor does any

statement herein purport to be based on a statement made by Mallesons Stephen Jaques except for the Tax Considerations section.

Disclosures - Experts and advisers' interests

Except as set out in this paragraph, no expert and no firm in which an expert is a partner, has at the date of this PDS any material interest in connection with the formation or promotion of either the Issuer or YIELDS.

Baker & McKenzie will receive legal fees for their professional services in connection with this PDS as solicitors to the Issuer. Mallesons Stephen Jaques will receive legal fees as tax advisers. Some partners may from time to time have an interest in YIELDS, the Delivery Assets or shares in a related entity of the Issuer.

Disclosures - Directors' and related entity interests

Except as set out in this paragraph, the Issuer and its related bodies corporate are not associated with and have no access to information concerning the Delivery Assets or the Reference Index other than that which is in the

public domain. Neither the Issuer nor its related bodies corporate, nor any director or proposed director of the Issuer, nor any firm in which a director or proposed director of the Issuer is a partner, has, at the date of this PDS, any material interest in connection with the formation or promotion of either the Issuer, YIELDS, the Reference Index or the Delivery Assets except that:

- the Issuer earns brokerage at normal commercial rates on transactions in relation to YIELDS which it undertakes. This is at no additional costs to the Investor;
- Citigroup companies, as part of their employee remuneration arrangements, conducts an incentive system based on the success of its activities. The director and senior executive officers of the Issuer, being also employees of a Citigroup company, participate in these incentive remuneration arrangements;

- the Issuer and its related bodies corporate, as part of its investment banking and stockbroking business, may from time to time advise or act for the issuer of the Delivery Asset, or advise or act for other clients in relation to the issuer of the Delivery Asset, or publish research reports on the issuer of the Delivery Asset. Investors will not be notified of these activities, or the content of such reports; and
- the Issuer or an associate or related body corporate may from time to time hold Delivery Assets for trading purposes, including market making, or to hedge the YIELDS. Related bodies corporate of the Issuer may deal in Delivery Assets, options and other derivative contracts in respect of them.

The Reference Index

Dow Jones Global Titans 50 IndexSM is a capitalisation-weighted index of the 50 largest internationally based, globally orientated companies.

The index universe is the stocks in the Dow Jones World Index, subject to the following two eligibility

screens. Firstly, if a company has more than one class of shares in the index universe, then only the most liquid class is eligible. Secondly, if a company does not generate revenue from foreign markets, it is ineligible. From this a selection list is generated of 100 eligible stocks.

The selection list is defined as the 50 current component stocks plus the 50 largest non-component stocks ranked by free-float market capitalisation. All companies on the selection list are then ranked by their free-float market capitalisation, sales/revenue and net profit. For each company, a final position is calculated by weighting the free-float market capitalisation rank at 60%, the sales/revenue rank at 20% and the net profit rank at 20%.

Finally, the top 50 stocks by final position are selected as index components. The component list is finalised based on the following two buffer rules. Firstly, if a non-component is ranked among the top 30 stocks in the final ranking, then it replaces the lowest-ranked index component. Secondly, if a component is not ranked among the top 70 stocks in the final ranking, then it

is replaced by the highest-ranked non-component. The index is weighted by free-float market capitalisation. Each component's weight is capped at 10% of the index's total free-float market capitalisation. Weights are reviewed quarterly and the index's composition is reviewed annually in June.

The role of the Reference Index provider

YIELDS are not sponsored, endorsed, sold or promoted by Dow Jones & Co Inc. ("Dow Jones"). Dow Jones makes no representation or warranty, express or implied, to the owners of YIELDS or any member of the public regarding the advisability of investing in securities generally or in YIELDS particularly. Dow Jones' only relationship to the Issuer is the licensing of certain trademarks, trade names and service marks of Dow Jones and of the Dow Jones Global Titans 50 IndexSM, which is determined, composed and calculated by Dow Jones without regard to the Issuer or YIELDS. Dow Jones has no obligation to take the needs of the Issuer or the owners of YIELDS into consideration in determining, composing or calculating the Dow Jones Global Titans 50 IndexSM. Dow Jones is not responsible for and has

not participated in the determination of the timing of, prices at, or quantities of YIELDS to be issued or in the determination or calculation of the Final Value of the Delivery Parcel. Dow Jones has no obligation or liability in connection with the administration, marketing or trading of YIELDS.

DOW JONES DOES NOT GUARANTEE THE ACCURACY AND/OR THE COMPLETENESS OF THE DOW JONES GLOBAL TITANS 50 INDEXSM OR ANY DATA INCLUDED THEREIN AND DOW JONES SHALL HAVE NO LIABILITY FOR ANY ERRORS, OMISSIONS, OR INTERRUPTIONS THEREIN. DOW JONES MAKES NO WARRANTY, EXPRESS OR IMPLIED, AS TO RESULTS TO BE OBTAINED BY THE ISSUER, OWNERS OF YIELDS, OR ANY OTHER PERSON OR ENTITY FROM THE USE OF THE DOW JONES GLOBAL TITANS 50 INDEXSM OR ANY DATA INCLUDED THEREIN. DOW JONES MAKES NO EXPRESS OR IMPLIED WARRANTIES, AND EXPRESSLY DISCLAIMS ALL WARRANTIES, OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE WITH RESPECT TO THE DOW JONES GLOBAL TITANS 50 INDEXSM OR ANY DATA INCLUDED THEREIN. WITHOUT LIMITING ANY OF THE FOREGOING, IN NO EVENT SHALL DOW JONES HAVE ANY LIABILITY FOR ANY LOST PROFITS OR INDIRECT, PUNITIVE, SPECIAL OR CONSEQUENTIAL DAMAGES OR LOSSES, EVEN IF NOTIFIED OF THE POSSIBILITY THEREOF. THERE ARE NO THIRD PARTY BENEFICIARIES OF ANY AGREEMENTS OR ARRANGEMENTS BETWEEN DOW JONES AND THE ISSUER.

Privacy Statement

We will only collect personal information necessary for the products or services you request. The information we collect from you on the Application Form and which we acquire from you or other people during the course of managing YIELDS is required to process each YIELDS Application Form, manage your investment and comply with relevant laws.

We may use this information to send you information about other investment products. If at any time you receive information from us about our products and do not wish to receive further correspondence, please

let us know. You can also tell us if you do not wish to receive this information from the outset on the Application Form. We may also disclose information about you to third party service providers who assist us in our business operations and the provision of services.

We store information about you in databases which may be maintained outside Australia by other Citigroup companies. On request, we will provide you with a copy of any personal information which we hold about you. We will inform you beforehand if there is any charge associated with providing this information to you. If you do not provide us with the

personal information which we request, we may not be able to provide a service, or may be required by law to take particular actions such as deducting taxation at the top marginal rate, plus the Medicare Levy.

Further information about our privacy practices can be found by requesting a copy of our privacy policy.

If you have any queries please contact the Citigroup Privacy Officer:

Citigroup Privacy Officer
GPO Box 204
Sydney NSW 2001
Telephone: 13 24 84
E-mail:
privacy.officer@citigroup.com.au



How to invest in YIELDS

How to apply

Application Forms

Application Forms for YIELDS are included on page 88 of this PDS. If you wish to make an investment in YIELDS you will need to complete an Application Form in accordance with the instructions on the following page and attach a cheque (in AUD only) made payable to the "YIELDS ISSUE A/C" and crossed "not negotiable".

The Minimum Investment Amount for YIELDS is AUD 5,000, with additional investments in multiples of AUD 1,000 thereafter. Applications, including cleared funds, must be received by the Issuer no later than the **Offer Closes** time of **5:00 pm AEST on 23 July 2004**.

Acceptance of Applications

The Issuer may, in its absolute discretion, refuse or reject any Application (wholly or in part) without giving a reason. If your Application is rejected, the Issuer will return your Investment Amount (without interest) to you. The Issuer also reserves the right at any time to close the offer early. If the Issuer decides that it will accept an Application, acceptance of your offer will take place on the Issue Date. Within 10 Business Days of accepting your offer, you will be sent an acknowledgement of acceptance which will set out the number of YIELDS acquired and other information confirming your investment in YIELDS.

Applicants are bound by the Terms when they make an Application

YIELDS are issued by Citigroup on the Terms set out in this PDS. Applicants should ensure that you read and understand the Terms. Applicants should note that the submission of an Application Form and payment constitutes an offer by the Investor to acquire the Delivery Assets on a deferred basis in accordance with the Terms contained in this PDS and acceptance of the Applicant's declaration set out in the Application Form.

Investing through a master trust or wrap account

Applicants investing through master trusts and wrap accounts should not complete the Application Form attached to this PDS. Instead, Applicants should complete the forms the master trust or wrap account operator requires. Any enquiries should be directed to the operator of the master trust or wrap account.

If investing through a master trust or wrap account then it is important to remember that it is generally the operator of that service which becomes the Investor in YIELDS (not you directly). It follows that the operator has the rights of an Investor and can exercise them in accordance with the master trust or wrap account agreement. The Issuer is not responsible for the operation of any master trust or wrap account service through which you may invest. You may however still rely on the information in this PDS. Enquiries and complaints should be directed to the operator of that service, not to the Issuer. Reports on your investment will come from the operator of that service, not directly from the Issuer.

In addition to reading this PDS, you should read the document that explains your master trust or wrap account.

Who may apply for YIELDS?

Application for YIELDS is open to:

- Australian residents;
- Non-residents of Australia;
- Companies registered in Australia;
- Trust entities,

other than US persons who may not apply for YIELDS.

A US person is defined as:

- Any natural person resident in USA;
- Any partnership or corporate organisation under the laws of the US;
- Any estate of which the administrator is a US person;
- Any trust of which the trustee is a US person;
- Any agency or branch of a foreign entity located in the US or operated under the laws of the US; or
- Any US citizen or Green card holders residing outside the US.

How to complete the Application Form

Before completing the Application Form the Applicant(s) should read the PDS to which this Application relates. By lodging the Application Form, the Applicant agrees that this Application for YIELDS is upon and subject to the terms of the PDS, agrees to take any number of YIELDS that may be allotted to the Applicant(s) pursuant to the PDS and declares that all details and statements made are complete and accurate. It is not necessary to sign the Application Form.

Please complete the Application Form in BLOCK LETTERS, read the Applicant's Declaration and attach your payment. You should return your completed Application Form by using the enclosed Reply Paid envelope or directly to your Stockbroker or Financial Adviser.

A YIELDS applied for

Enter the number YIELDS you wish to apply for. The application must be for a minimum of 500 Units. Applications for greater than 500 Units must be in multiples of 100 Units.

B Investment Amount

Enter the Investment Amount. To calculate the amount, multiply the number of YIELDS by the Issue Price per Unit.

C Application Name(s)

Enter the full name you wish to appear on the statement of share holding. This must be either your own name or the name of a company. Up to 3 joint Applicants may register. You should refer to the table below for the correct forms of registrable title. Applications using the wrong form of names may be rejected. Clearing House Electronic Subregister System (CHES) participants should complete their name identically to that presently registered in the CHES system.

D Tax File Number(s)

Write the Tax File Number (TFN) of each Applicant or reason for exemption. Alternatively, Applicants may enter their Australian Business Number if applicable. While it is not compulsory to provide your Tax File Number, failure to do so may result in withholding tax being deducted from any distribution payments. Non residents or an exempt entity for Australian taxation purposes must declare their status and provide an exemption number, if applicable.

E Contact details

Enter your contact details. These are not compulsory but will assist us if we need to contact you.

F Postal address

Enter your postal address for all correspondence. All communications to you from the Registry will be mailed to the person(s) and address as shown. For joint Applications, only one address can be entered.

G CHES

Citigroup (the Issuer) will apply to the ASX for YIELDS to participate in CHES, operated by ASX Settlement and Transfer Corporation Pty Ltd, a wholly owned subsidiary of Australian Stock Exchange Limited. In CHES, the Issuer will operate an electronic CHES Subregister of security holdings and an electronic Issuer Sponsored Subregister of security holdings. Together the two Subregisters will make up the Issuer's principal register of securities. The Issuer will not be issuing certificates to Applicants in respect of YIELDS allotted. If you are a CHES participant (or are sponsored by a CHES participant) and you wish to hold YIELDS allotted to you under this Application on the CHES Subregister, enter your CHES HIN. Otherwise, leave this section blank and on allotment, you will be sponsored by the Issuer and allocated a Security holder Reference Number (SRN).

H Payment

Make your cheque or bank draft payable to "**YIELDS ISSUE A/C**" in Australian currency and cross it "Not Negotiable". Your cheque or bank draft must be drawn on an Australian bank.

Complete the cheque details in the boxes provided, the total amount must agree with the amount shown in box B.

Cheques will be processed on the day of receipt and as such, sufficient cleared funds must be held in your account as cheques returned unpaid may not be re-presented and may result in your Application being rejected. Pin (do not staple) your cheque(s) to the Application Form where indicated. Cash will not be accepted. Receipt for payment will not be forwarded.

Lodgement of Application

Application Forms must be received at the Sydney office of Computershare Investor Services Pty Limited by no later than 5:00 pm AEST on 23 July 2004. Return the Application Form with cheque(s) attached to:

Computershare Investor Services Pty Limited **OR**
GPO Box 7115
SYDNEY NSW 2001

Computershare Investor Services Pty Limited
Level 3
60 Carrington St
SYDNEY NSW 2000

If you have any enquiries concerning your Application, please contact Computershare Investor Services Pty Limited on 1300 850 505.

Privacy Statement

Personal information is collected on this form by Computershare Investor Services Pty Limited ("CIS"), as registrar for securities Issuers, for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. Your personal information may be disclosed to our related bodies corporate, to external service companies such as print or mail service providers, or as otherwise required or permitted by law. If you would like details of your personal information held by CIS, or you would like to correct information that is inaccurate, incorrect or out of date, please contact CIS. In accordance with the Corporations Act 2001, you may be sent material (including marketing material) approved by the Issuer in addition to general corporate communications. You may elect not to receive marketing material by contacting CIS. You can contact CIS using the details provided on the front of this form or E-mail privacy@computershare.com.au

Correct forms of registrable title(s)

Note that ONLY legal entities are allowed to hold YIELDS. Applications must be made in the name(s) of natural persons, companies or other legal entities in accordance with the Corporations Act. At least one full given name and the surname is required for each natural person. The name of the beneficial owner or any other registrable name may be included by way of an account designation if completed exactly as described in the examples of correct forms of registrable title(s) below.

Type of Investor	Correct form of registration	Incorrect form of registration
Individual - Use given name(s) in full, not initials	Mr John Alfred Smith	J.A. Smith
Joint - Use given name(s) in full, not initials	Mr John Alfred Smith & Mrs Janet Marie Smith	John Alfred & Janet Marie Smith
Company - Use company title, not abbreviations	ABC Pty Ltd	ABC P/L ABC Co
Trusts - Use trustee(s) personal name(s) - Do not use the name of the trust	Ms Penny Smith <Penny Smith Family A/C>	Penny Smith Family Trust
Deceased Estates - Use executor(s) personal name(s) - Do not use the name of the deceased	Mr Michael Smith <Est John Smith A/C>	Estate of Late John Smith
Minor (a person under the age of 18) - Use the name of a responsible adult with an appropriate designation	Mr John Alfred Smith <Peter Smith A/C>	Peter Smith
Partnerships - Use partners personal name(s) - Do not use the name of the partnership	Mr John Smith & Mr Michael Smith <John Smith & Son A/C>	John Smith & Son
Clubs/Unincorporated Bodies/Business Names - Use office bearer(s) personal name(s) - Do not use the name of the club etc	Mrs Janet Smith <ABC Tennis Association A/C>	ABC Tennis Association
Superannuation Funds - Use the name of the trustee(s) of the fund - Do not use the name of the fund	John Smith Pty Ltd <Super Fund A/C>	John Smith Pty Ltd Superannuation Fund



Application form



ORB
International Enhanced
Income

Pin cheque(s) here
(Do not staple)

Adviser Name

Adviser Code

Adviser Phone Number

Broker Code

Broker Stamp

Application Form

This Application Form is to be used for investing in YIELDS. Please note that if you receive this PDS electronically, your application can only be accepted if we receive a completed, current Application Form which accompanied the electronic or paper copy of the PDS dated 5 May 2004. Paper copies of this PDS (with attached Application Form) are available from the Issuer and the Principal Distributor free on request.

A I/we apply for

Minimum 500 Units, in multiples of 100 Units above that amount.

Issue Price per Unit

AUD 10.00

B I/we lodge full Investment Amount

C Individual/Joint applications - refer to naming standards for correct forms of registrable title(s)

Title or Company Name	Given Name(s)	Surname
<input type="text"/>	<input type="text"/>	<input type="text"/>

Joint Applicant 2 or Account Designation

<input type="text"/>

Joint Applicant 3 or Account Designation

<input type="text"/>

D Enter your Tax File Number(s) (or ACN/ABN/ARBN if applicable) or Exemption Code

First Applicant
<input type="text"/>

Joint Applicant Number 2
<input type="text"/>

Joint Applicant Number 3
<input type="text"/>

E Enter your postal address - Include State and Postcode

Unit	Street Number	Street Name or PO Box /Other Information
<input type="text"/>	<input type="text"/>	<input type="text"/>

<input type="text"/>

City / Suburb / Town

State

Postcode

F Enter your contact details

Contact Name
<input type="text"/>

Telephone Number - Business Hours / After Hours

<input type="text"/>

G CHESS Participant

Holder Identification Number (HIN)
<input type="text"/>

Please note that if you supply a CHESS HIN but the name and address details on your form do not correspond exactly with the registration details held at CHESS, your application will be deemed to be made without the CHESS HIN, and any securities issued as a result of the offer will be held on the Issuer Sponsored Subregister.

Cheque details - Make your cheque or bank draft payable to "YIELDS ISSUE A/C"

Drawer	Cheque Number	BSB Number	Account Number	Amount of cheque
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	AUD <input type="text"/>
Drawer	Cheque Number	BSB Number	Account Number	Amount of cheque
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	AUD <input type="text"/>

By submitting this Application Form, I/we declare that this application is completed and lodged according to the PDS and the declarations/statements on the reverse of this Application form and I/we declare that all details and statements made by me/us (including the declaration on the reverse of this Application Form) are complete and accurate. **See back of form for declaration.**

By returning this Application Form and attaching your payment you agree to the following:

Representations, warranties and indemnity:

I/we represent and warrant that:

- I am/we are not bankrupt or insolvent (as the case may be) and am/are able to pay my/our debts as and when they become due and that no step has been taken to make me/us bankrupt or commence winding up proceedings, appoint a controller or administrator, seize or take possession of any of my/our assets or make an arrangement, compromise or composition with any of my/our creditors;
- I/we have read and understood the Terms and make all the representations and warranties contained in clause 10 of the Terms;
- If I am/we are acting as trustee in relation to the holding of the YIELDS, I/we represent and warrant that I/we have all the power, authority and discretion vested as trustee to apply for and hold the YIELDS;
- I/we will not offer, sell, re-sell or deliver, directly or indirectly, any Units so purchased in any overseas jurisdiction or to any foreign persons, or for the account or benefit of any such foreign person, or to others for the offering, sale or re-sale or delivery in any overseas jurisdiction or to any such foreign persons.

Privacy Declaration

I/we have read and understood the Privacy Statement in the PDS and agree that information about me/us written on this form will not be collected, used or disclosed for any purpose other than for the purposes stated in the PDS. Where I/we have provided information about any other individual, I/we will make that individual aware of the provisions of the privacy statement.

The Issuer would like to keep in touch with you about future investment opportunities that may be of interest. Please tick this box if you do NOT wish to be contacted for this purpose.

- No thanks, I/we prefer NOT to be contacted by the Issuer about investment opportunities in the future.

General Declaration

I/we whose full name(s) and address(es) appear above, hereby apply for the YIELDS as set out on this Application Form, to be issued in accordance with the Terms issued by the Issuer. I/we have read and understood the Terms and agree to accept the YIELDS on and be bound by the Terms.

I/we acknowledge that the YIELDS:

- (i) is not a deposit or other liability of any insured depository institution (including Citibank, N.A.);
- (ii) is subject to investment risks, including the possible loss of the principal amount invested, in the event of Early Maturity;
- (iii) is not issued or guaranteed by Citibank, N.A. and Citibank, N.A. does not stand behind the capital value and/or performance of the YIELDS.

I/we acknowledge that I/we have read and understood the declarations set out above in this Application Form, and by returning the Application Form together with my/our payment for the Investment Amount, I/we agree to be bound by them and make the declarations contained therein. I/we agree to indemnify the Issuer and any of its related bodies corporate against any loss, liability, damage, claim, cost or expense incurred as a result, directly or indirectly, of any such declaration set out in this Application Form proving to be untrue or incorrect.



ORB
International Enhanced
Income

Pin cheque(s) here
(Do not staple)

Adviser Name

Adviser Code

Adviser Phone Number

Broker Code

Broker Stamp

Application Form

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A I/we apply for

Minimum 500 Units, in multiples of 100 Units above that amount.

Issue Price per Unit

AUD 10.00

B I/we lodge full Investment Amount

C Individual/Joint applications - refer to naming standards for correct forms of registrable title(s)

Title or Company Name	Given Name(s)	Surname
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Joint Applicant 2 or Account Designation

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D Enter your Tax File Number(s) (or ACN/ABN/ARBN if applicable) or Exemption Code

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<input type="text"/>

Joint Applicant Number 2
<input type="text"/>

Joint Applicant Number 3
<input type="text"/>

E Enter your postal address - Include State and Postcode

Unit	Street Number	Street Name or PO Box /Other Information
<input type="text"/>	<input type="text"/>	<input type="text"/>

<input type="text"/>

City / Suburb / Town

State

Postcode

F Enter your contact details

Contact Name
<input type="text"/>

Telephone Number - Business Hours / After Hours

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G CHESS Participant

Holder Identification Number (HIN)
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Representations, warranties and indemnity:

I/we represent and warrant that:

- I am/we are not bankrupt or insolvent (as the case may be) and am/are able to pay my/our debts as and when they become due and that no step has been taken to make me/us bankrupt or commence winding up proceedings, appoint a controller or administrator, seize or take possession of any of my/our assets or make an arrangement, compromise or composition with any of my/our creditors;
- I/we have read and understood the Terms and make all the representations and warranties contained in clause 10 of the Terms;
- If I am/we are acting as trustee in relation to the holding of the YIELDS, I/we represent and warrant that I/we have all the power, authority and discretion vested as trustee to apply for and hold the YIELDS;
- I/we will not offer, sell, re-sell or deliver, directly or indirectly, any Units so purchased in any overseas jurisdiction or to any foreign persons, or for the account or benefit of any such foreign person, or to others for the offering, sale or re-sale or delivery in any overseas jurisdiction or to any such foreign persons.

Privacy Declaration

I/we have read and understood the Privacy Statement in the PDS and agree that information about me/us written on this form will not be collected, used or disclosed for any purpose other than for the purposes stated in the PDS. Where I/we have provided information about any other individual, I/we will make that individual aware of the provisions of the privacy statement.

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- (iii) is not issued or guaranteed by Citibank, N.A. and Citibank, N.A. does not stand behind the capital value and/or performance of the YIELDS.

I/we acknowledge that I/we have read and understood the declarations set out above in this Application Form, and by returning the Application Form together with my/our payment for the Investment Amount, I/we agree to be bound by them and make the declarations contained therein. I/we agree to indemnify the Issuer and any of its related bodies corporate against any loss, liability, damage, claim, cost or expense incurred as a result, directly or indirectly, of any such declaration set out in this Application Form proving to be untrue or incorrect.

Directory

Issuer

Citigroup Global Markets
Australia Pty Limited
Level 40
Citigroup Centre
2 Park Street
Sydney NSW 2000
Australia

Principal Distributor

Capital Guaranteed
Investments Limited
Level 10
4 O'Connell Street
Sydney NSW 2000
Australia

Registrar

Computershare Investor
Services Pty Limited
Level 3
60 Carrington Street
Sydney NSW 2000
Australia

Legal adviser

Baker & McKenzie
Level 26
AMP Centre
50 Bridge Street
Sydney NSW 2000
Australia

Taxation adviser

Mallesons Stephen Jaques
Level 60
Governor Philip Tower
1 Farrer Place
Sydney NSW 2000
Australia

