

# Macquarie ALPS Series 4

MACQUARIE BANK LIMITED  
AFSL 237502 ABN 46 008 583 542



## ALTERNATIVE LISTED PROTECTED SECURITIES

INITIAL YIELD OF 12.0% PA  
CAPITAL PROTECTION ON MATURITY

Product Disclosure Statement  
6 October 2005

## This Product Disclosure Statement

This is a Product Disclosure Statement (PDS). This PDS is dated 6 October 2005 and has been prepared by Macquarie. The PDS has not been, and is not required to be, lodged with the Australian Securities & Investments Commission ("ASIC"). ASIC takes no responsibility for the contents of this PDS.

### Purpose

Macquarie Alternative Listed Protected Securities Series 4 ("Macquarie ALPS") are issued by Macquarie Bank Limited (ABN 46 008 583 542, AFSL number 237502) ("Macquarie", "Issuer", "we" or "us"). Macquarie ALPS are an agreement between the Investor and Macquarie governed by the terms set out in the section 5 of this PDS ("Terms") and the Nominee Deed.

Under this PDS Macquarie is inviting applications for Macquarie ALPS.

### Independent Advice recommended

The information in this PDS is general information only and does not take into account your individual objectives, financial situation or needs. Consequently, you should consider whether the information in this PDS is appropriate for you in light of your objectives, financial situation and needs before making any decision about whether to acquire Macquarie ALPS. To obtain advice or more information about the products offered in this PDS you should speak to an Australian financial services licensee or an authorised representative.

### Disclaimer

**Macquarie ALPS are not deposits with Macquarie, and are subject to investment risk, including possible delays in repayment and loss of capital invested. Macquarie does not guarantee any particular rate of return on Macquarie ALPS, or the future performance of the Deliverable Parcel except as set out otherwise in this PDS.**

### No reliance

Investors should not rely on any statement made or any information provided by any person about this offering that is not contained in this PDS or the Update Information.

### Terminology

Capitalised words that are used in this PDS have the meaning given to those words in the Glossary in section 9 of this PDS, unless the context requires otherwise.

### Changes to Information in PDS

This PDS is current as at 6 October 2005. Where information that is not materially adverse to investors changes, Macquarie may update the information by posting a notice on its website - [www.macquarie.com.au/alps](http://www.macquarie.com.au/alps). Macquarie will provide upon request, and without charge, a paper copy of updated information ("Update Information") to investors.

### Variation of Offer Times

Macquarie reserves the right to vary the dates and times of the offer, including the discretion to extend or reduce the length of the offer period. Macquarie may exercise its rights where, for example, the demand for Macquarie ALPS has been very high and a significant number of Investors have requested that the period be extended. However, in exercising its discretion Macquarie will act reasonably and will not leave the offer period open for an unreasonable length of time.

### Jurisdiction and Selling Restrictions

The offer or invitation in relation to Macquarie ALPS to which this PDS relates is available to persons receiving the PDS (electronically or otherwise) in Australia. 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. Failure to comply with relevant restrictions may violate those laws. Macquarie ALPS are not available to US persons (as defined in Regulation S under the United States Securities Act 1933 as amended).

### Representations

This PDS has been prepared and issued by Macquarie Bank Limited as Issuer. Any other parties distributing this product are only doing so as a distributor for Macquarie Bank Limited. Potential investors should only rely on information in the PDS. No person is authorised to give any information or to make any representation in connection with the offer of Macquarie ALPS that is not contained in this PDS. Any information or representation not so contained may not be relied upon as having been authorised by Macquarie in connection with the offer.

### Listed Entities

References in this PDS to Listed Entities are included solely for the purposes of identification of the Deliverable Securities and the Securities to which Macquarie ALPS relate and to the issuers of the Deliverable Securities and the Securities. Such references are not to be construed as any express or implied endorsement by any Listed Entity of this issue of Macquarie ALPS, nor does any Listed Entity accept any responsibility for any statement in this PDS nor undertake any liability in respect of Macquarie ALPS.

Information on Listed Entities, Deliverable Securities and Securities in this PDS has been prepared by Macquarie only from publicly available information. The Listed Entities have not been party to its preparation nor furnished any information specifically to Macquarie for the purpose of the preparation of this PDS. Nothing in this PDS can be relied upon as implying that there has been no change in the affairs of any Listed Entity or Macquarie since the date as at which information is given in this PDS, or as a representation as to the future in relation to any Listed Entity or Macquarie.

Similarly, information in this PDS concerning those Listed Entities has not been independently verified. Macquarie does not, therefore, accept any liability or responsibility for, and makes no representation or warranty, express or implied, as to the accuracy or completeness of such information. Investors should make their own enquiries.

### Electronic copies

This PDS is available from Macquarie on the internet at [www.macquarie.com.au/alps](http://www.macquarie.com.au/alps). Any person receiving this PDS electronically should note that applications can only be accepted if Macquarie receives a completed Application Form which accompanied the electronic or paper copy of this PDS.

### No cooling off period

Please note that no cooling off rights apply in respect of a purchase of Macquarie ALPS.

### Admission to trading status on ASX

Application has been made and permission given for Macquarie ALPS offered under this PDS to be admitted to trading status by the ASX. The fact that the ASX has admitted Macquarie ALPS to trading status is not to be taken in any way as an indication of the merits of Macquarie or of Macquarie ALPS.

Commencement of trading of Macquarie ALPS pursuant to this PDS will occur as soon as practicable after the issue of Macquarie ALPS to subscribers.

The ASX does not warrant the accuracy or truth of the contents of this PDS. In admitting Macquarie ALPS to trading status and not objecting to the Terms, the ASX has not authorised or caused the issue of this PDS and is not in any way a party to or concerned in authorising or causing the issue of this PDS or the making of offers or invitations with respect to Macquarie ALPS. The ASX takes no responsibility for the contents of this PDS.

The ASX makes no representation as to whether this PDS and the Terms of Macquarie ALPS comply with the Corporations Act or the ASX Market Rules.

To the extent permitted by the Trade Practices Act 1974 (Cth) or any other relevant law, the ASX will be under no liability for any claim whatsoever, including for any financial or consequential loss or damage suffered by Investors or any other person, where that claim arises wholly or substantially out of reliance on any information contained in this PDS or any error in, or omission from, this PDS.

This PDS complies in all respects with the information requirements of Section 10 of the ASX Market Rules as varied by the ASX with respect to this PDS. The ASX has waived compliance with the ASX Market Rules 7.1.2 and 10.3.6

In the event that Macquarie ALPS are not admitted to trading on ASX Macquarie may terminate all Macquarie ALPS and return the Application Amount to Investors.

### Warrants

Macquarie ALPS are warrants in accordance with Section 10 of the ASX Market Rules, and securities under sections 761A of the Corporations Act.

### Social or ethical considerations

Macquarie ALPS do not take into account labour standards or environmental, social or ethical considerations in the selection, retention or realisation of investments in connection with Macquarie ALPS.

### Privacy Act

Please read the privacy statement below. By signing and delivering the Application Form accompanying this PDS, you consent to the matters outlined in that statement.

### Privacy Collection Statement

If you complete the Application Form attached to this PDS, you will be supplying us with personal information over which we will be bound by the Privacy Act 1988 Cth (the "Privacy Act").

You should be aware that:

- You can contact us by phone, fax or email including to request access to your information. In normal circumstances, we will give you full access to your information. However there may be some legal or administrative reason to deny you access, in which case we will tell you of our reason. Further, there may be some charge to give you full access where your request requires the compilation of information that has been archived or is significant in volume.
- We may collect and use your information for the following purposes:
  - assessing your application.
  - assessing the credit and other exposures that the Macquarie group has to you.
  - marketing of products and services of a similar type.
  - determining future product and business strategies and to develop Macquarie's services.
  - communicating with you in relation to your holding and all transactions relating to the holding.
- Your personal information may be disclosed to other entities in the Macquarie group for these purposes. It may also be disclosed to any financial institution nominated by you and may be disclosed to your adviser.
- While the information we ask you to supply is not required by law, we may not be able to assess your application if the information is not supplied.

You can also obtain a copy of our privacy statement at [www.macquarie.com.au](http://www.macquarie.com.au) or by requesting it from us.

### Further Information

If you have any questions concerning the information contained in this PDS please contact us on 1800 811 586 or email us at [alps@macquarie.com.au](mailto:alps@macquarie.com.au)

# Contents

At a Glance .....	2
Investment Overview .....	4
Section 1 Details of the Investment .....	6
Section 2 Investment Return Scenarios .....	16
Section 3 Risks You Should Consider .....	19
Section 4 Taxation Considerations .....	22
Section 5 Terms of the Issue .....	26
Section 6 Other Information for Investors .....	34
Section 7 About Macquarie .....	38
Section 8 Nominee Deed .....	39
Section 9 Glossary of Terms .....	43
Section 10 Instructions for Completing the Application Form .....	50
Application Form .....	53

# At a Glance



<b>Issuer</b>	Macquarie Bank Limited ABN 46 008 583 542 AFSL 237 502 No. 1 Martin Place Sydney NSW 2000 Phone: 1800 811 586 Email: alps@macquarie.com.au
<b>Security</b>	Macquarie ALPS (Macquarie Alternative Listed Protected Security)
<b>Expected ASX Code</b>	APSSM4
<b>Offer Opens</b>	10 October 2005
<b>Offer Close Date</b>	2 December 2005
<b>Applications</b>	<p>Applications for Macquarie ALPS can be made by completing the Application Form (as set out in section 10 “How to Apply”) and sending your application together with a cheque for the Application Amount to:</p> <p>ALPS Service Centre Macquarie Bank Limited GPO Box 3423 Sydney NSW 2001</p> <p>Cheques should be made payable to “Macquarie Bank Limited - Equity Structured Products”.</p>
<b>Issue Date</b>	<p>If an Application is accepted, Macquarie ALPS will be issued to an Investor by no later than (a) one month from the date the Application Amount was received, or (b) the Start Date (whichever is earlier).</p> <p>Investors should note that even if Macquarie ALPS are issued before the Start Date (i) the Initial Price of the Securities will be determined as at the Start Date and (ii) the Investor will not be entitled to any interest or Coupon in respect of the period between the Issue Date and the Start Date.</p>
<b>Start Date</b>	16 December 2005
<b>Maturity Date</b>	20 June 2013
<b>Expected Listing Date</b>	19 December 2005
<b>At Maturity</b>	The Investor can elect to take Cash Settlement on Maturity, or alternatively, elect to take delivery of the Deliverable Parcel.
<b>Application Price and Issue Price</b>	\$10.00 per Macquarie ALPS
<b>Minimum Investment Amount</b>	\$10,000 (i.e. 1,000 Macquarie ALPS)
<b>Maximum issue Size of Macquarie ALPS</b>	10 million Macquarie ALPS



<b>Coupon Payment</b>	Coupon payments will be calculated based on the Coupon Rate for each Coupon Period during the term of the investment, and (where payable) will be paid 10 Business Days after the end of the Coupon Period.
<b>Coupon Rate</b>	Approximately 12.0% p.a. for the first year. The Coupon Rate will increase to 13% p.a. for the second year and will be increased by 2.0% per annum for each subsequent year. The Coupon Rate will be reduced by one-seventh of the Headline Coupon Rate applicable to the relevant Coupon Period for each Knockout Event which occurs in relation to any Security in the Reference Basket at any time during the Term. This means that after 7 Knockout Events, no further Coupon will be payable for the remainder of the Term. See Sections 1.7 and 1.11 for more detail on the Adjustment Events and Knockout Events.
<b>Knockout Event</b>	A Knockout Event occurs if any Security in the Reference Basket has a Closing Price on three consecutive Trading Days below the Knockout Price (being 55% of the Initial Price of the relevant Security on the Start Date). This means that the price of a Security must fall by more than 45% from its Initial Price for a Knockout Event to occur. Note, however, that a Knockout Event can only occur if the third consecutive Trading Day occurs after 30 November 2006. This means that the Coupon for the first two Coupon Periods to 30 November 2006 is fixed at 12.0% (ie. \$0.60 for each coupon period). See section 1.7 of this PDS for more information on a Knockout Event.
<b>Reference Basket</b>	The Reference Basket comprises 80 Securities selected by Macquarie from the top 200 companies by market capitalisation on the ASX as set out in section 1.9 of this PDS. Macquarie may adjust the Reference Basket after the occurrence of an Adjustment Event. See section 1.11 of this PDS for details of an Adjustment Event.
<b>Capital Protection</b>	<p>Macquarie must settle each Macquarie ALPS on the Maturity Date by effecting Cash Settlement or transferring the Deliverable Parcel to the Investor (except where Macquarie ALPS have been redeemed early due to an Extraordinary Event).</p> <p>Subject to adjustment for rounding, the amount received under Cash Settlement or the value of the Deliverable Parcel (determined by reference to the Closing Price for the Deliverable Securities) (as applicable) on the Maturity Date will be equal to the Issue Price per Macquarie ALPS (i.e. \$10).</p> <p>An Investor may sell their Macquarie ALPS prior to the Maturity Date. In those circumstances capital protection does not apply and there is no guarantee that the price for which an investor could sell their Macquarie ALPS on the ASX will be equal to the Issue Price. See section 1.12 for more details.</p>
<b>Fees</b>	<p>All fees are outlined below and are payable by Macquarie. They do not represent an additional cost to Investors and are not deducted from any Application Amount.</p> <p>Macquarie may pay, out of its own funds, an upfront placement fee of up to 2.5% (including GST) of the Investment Amount to your financial adviser. On and from the first anniversary of the Start Date, Macquarie may also pay, out of its own funds, a trail commission of up to 0.25% (including GST) per annum of the Investment Amount payable annually in advance on each anniversary of the Start Date provided you continue to hold the investment on those payment dates.</p> <p>Macquarie may also pay, out of its own funds, an additional volume based upfront incentive fee to advisers of up to 0.75% (including GST) of the Investment Amount.</p> <p>Investors should note that if you do not have a financial adviser or your financial adviser is Macquarie, the 2.5% placement fees will be retained by Macquarie.</p>

# Investment Overview

*Macquarie ALPS are an exciting investment product. They offer the potential for high income returns with the comfort of knowing your capital will be returned at Maturity<sup>1</sup>. The actual return received over the term of the investment will be dependent upon the performance of the shares in a Reference Basket comprising initially 80 companies from the top 200 companies by market capitalisation on the ASX.*

## How do Macquarie ALPS Work?

- Macquarie ALPS pay a Coupon approximately semi-annually.
- The base rate used to determine the Coupon (referred to as the "Headline Coupon Rate") begins at 6% per Coupon Period which equates to approximately 12.0% p.a for the first year. In the second year the rate increases to 13% p.a. and thereafter increases by 2% p.a. each year.
- However, in determining the actual Coupon Rate payable to Investors, the Headline Coupon Rate is reduced by one-seventh for each Knockout Event that has occurred up to the end of the relevant Coupon Period.
- A Knockout Event occurs when any of the 80 Securities in the Reference Basket has a Closing Price on three consecutive Trading Days below 55% of its Initial Price (ie. a fall of more than 45%) at any time after the end of the second Coupon Period.

### No Knockout Events in first two Coupon Periods

- No Knockout Events can occur in the first two Coupon Periods of the investment (ie before 1 December 2006).
- The Coupon Rate for the first period (5½ months ending 31 May 2006) is fixed at 6.0% (approximately 13% p.a).
- The Coupon Rate for the second period (6 months ending 30 November 2006) is fixed at 6.0% (12% p.a.)
- If the Closing Price of a Security is below 55% of its Initial Price (ie a fall of more than 45%) on 3 consecutive Trading Days on or before 30 November 2006, no Knockout Event will have occurred.
- However, if the third consecutive Trading Day on which the Closing Price of a Security is below 55% of its Initial Price occurs after 30 November 2006, a Knockout Event will occur.

Refer to Section 3.1 of this PDS for more details in relation to the risks associated with Knockout Events.

<sup>1</sup> Subject to the occurrence of an Extraordinary Event.

### Example

At the end of the second Coupon Period (30 November 2006) no Knockout Events have occurred and investors have received two Coupons totalling \$1.20 per Macquarie ALPS (12.5% p.a.).

For the second year the Headline Coupon Rate increases to 13% per annum (ie 6.5% per Coupon Period). If in the first half of the second year (ie Coupon Period 3) there still have been no Knockout Events, Investors will receive a Coupon of \$0.65 per Macquarie ALPS (ie 6.5% x \$10) for that period. If, however in the second half of year 2 (ie Coupon Period 4) a Knockout Event occurs, the Coupon Rate for that Coupon Period will be reduced by one seventh of the Headline Coupon Rate for that period - ie it will fall from 6.5% to 5.57% (approx: 11.14% p.a.). Therefore, the Coupon for that 6 month period would be \$0.557.

At the start of year 3 (ie Coupon Period 5), the Headline Coupon Rate increases by 2% to 15% p.a. (ie 7.5% per Coupon Period) but because one Knockout Event has already occurred the maximum Coupon Rate that can be paid for that Coupon Period (assuming no further Knockout Events) is 7.5% less one seventh, ie 6.43%. If another Knockout Event occurs during year 3 (either in Coupon Period 5 or 6) the Coupon Rate would be reduced by a further one seventh of the Headline Coupon Rate to 5.36% for the Coupon Period (ie approximately 10.7% p.a.).

## Which Stocks are in the Reference Basket?

The Reference Basket is a basket of 80 Securities (as adjusted), all of which are listed on the ASX. As at the date of preparation of this PDS, each Security is contained in the top 200 companies by market capitalisation on the ASX. The Reference Basket has been constructed by Macquarie to be diversified across a number of sectors and to include liquid and actively traded stocks as set out in section 1.9 of this PDS.



The table below sets out the Headline Coupon Rate for each year, and the reductions in the Coupon Rate that will occur in respect of each Knockout Event.

Year	Headline Coupon Rate (p.a.)**	Coupon Rate after number of Knockout Events (p.a.)**						
		1 Event	2 Events	3 Events	4 Events	5 Events	6 Events	7 Events
1*	12.5%	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2	13.0%	11.14%	9.29%	7.43%	5.57%	3.71%	1.86%	0.00%
3	15.0%	12.86%	10.71%	8.57%	6.43%	4.29%	2.14%	0.00%
4	17.0%	14.57%	12.14%	9.71%	7.29%	4.86%	2.43%	0.00%
5	19.0%	16.29%	13.57%	10.86%	8.14%	5.43%	2.71%	0.00%
6	21.0%	18.00%	15.00%	12.00%	9.00%	6.00%	3.00%	0.00%
7	23.0%	19.71%	16.43%	13.14%	9.86%	6.57%	3.29%	0.00%
8	23.6%	20.23%	16.86%	13.49%	10.11%	6.74%	3.37%	0.00%

\* Note that the Coupon Rate is fixed at 12% (i.e. approx 12.5% p.a.) for the first two Coupon Periods to 30 November 2006.

\*\* The Headline Coupon Rates in this table are expressed as “per annum” rates, whereas the Headline Coupon Rates used to calculate Coupons are expressed as “per period” rates. Each period is 6 months in duration, except for the first Coupon Period (16 December 2005 to 31 May 2006) and the Final Coupon Period (1 December 2012 to 20 June 2013).

## Can Macquarie ALPS be Sold During the Term?

Yes. Macquarie expects that Macquarie ALPS will be listed on the Australian Stock Exchange under the ASX Code “APSSM4” and can be bought and sold just like ordinary shares. However Investors should note that it is quite possible that Macquarie ALPS will trade above or below their \$10 Issue Price during the term as capital protection only applies at Maturity. Refer to section 1.12 of this PDS for more details.

## Who Might They Suit?

Macquarie ALPS may be a suitable investment for:

- Investors looking for potentially high income with a corresponding risk profile.
- Investors who want an investment with the safety of capital protection at Maturity.
- Investors who are prepared to accept some downside exposure to the stocks in the Reference Basket in exchange for potentially higher income.
- Investors who believe the stocks in the Reference Basket will suffer few, if any, major share price declines during the term.
- Fixed income investors looking for the potential to enhance the yield on their portfolio.
- Self Managed Super Fund investors looking for the potential to enhance the returns on a portion of their portfolio.
- Investors who want the flexibility afforded by an ASX listing.
- Investors who can accept a holding period of seven and a half years.

# Details of the Investment

*This PDS is an invitation to purchase a listed financial product known as Macquarie ALPS, which offers investors the potential for high semi-annual income payments and the safety of 100% capital protection from Macquarie Bank Limited on the Maturity Date (subject to Early Maturity in which case capital protection will not apply).*

## 1.1 Who is the issuer of Macquarie ALPS?

The issuer is Macquarie Bank Limited. Please refer to section 7 “About Macquarie” for more information on Macquarie.

## 1.2 What are Macquarie ALPS?

Macquarie ALPS (Macquarie Alternative Listed Protected Securities) are securities which offer investors the potential for high semi-annual income payments and 100% capital protection on the Maturity Date (subject to Early Maturity). Macquarie ALPS are classified as “securities” under Chapter 7 of the Corporations Act because they give Investors an equitable interest in the Beneficially-Owned Parcel for the duration of the investment.

An application has been made for Macquarie ALPS to be listed as warrants under Section 10 of the ASX Market Rules.

## 1.3 How are Macquarie ALPS structured?

By investing in Macquarie ALPS, an Investor agrees to either:

- (a) receive Cash Settlement; or
- (b) elect to purchase the Deliverable Parcel of Deliverable Securities,

for consideration equal to the Issue Price for each Macquarie ALPS held by that Investor.

In consideration for agreeing to the deferred delivery of the Deliverable Parcel or deferred Cash Settlement, the Investor may receive semi-annual Coupons. The first two Coupons will be paid for the Coupon Periods ending 31 May 2006 and 30 November 2006. The first two Coupons are fixed at \$0.60 per Macquarie ALPS which equates to a rate of approximately 12.0% for the first year, but subsequent Coupons are not fixed. For each subsequent Coupon Period the Coupon may be reduced depending on the price movements of the Securities comprising the Reference Basket.

The Coupon payable for each Coupon Period is paid at the Coupon Rate. After the second Coupon Period, this rate reflects the Headline Coupon Rate for the relevant Coupon Period as adjusted for Knockout Events - refer section 1.5. These rates differ from the “per annum” return you may achieve which is an annualised figure. Because Coupon Periods vary in length (refer section 1.6), the effective “per annum” rate you receive may differ between two Coupon Periods even though those Coupon Periods share the same Headline Coupon Rate.

The Headline Coupon Rate increases to 13.0% in the second year, and then by 2.0% per annum each year thereafter. However, for each Knockout Event (if any) that occurs during the Term, the actual Coupon Rate will be reduced below the Headline Coupon Rate. See sections 1.5 and 1.6 below for more information on the calculation of the Coupon Rate.

## 1.4 What is the Deliverable Parcel?

If an Investor elects for Physical Settlement to apply on the Maturity Date, the investor will receive the Deliverable Parcel. The consideration for the purchase of the Deliverable Parcel is the Investment Amount. The value of the Deliverable Parcel (determined by reference to the Closing Price) to which Investors will be entitled on the Maturity Date is the Investment Amount (subject to rounding in accordance with the Terms).

If Macquarie cannot readily obtain the Deliverable Securities, Macquarie may substitute shares in any other ASX-listed stocks which are in the top 50 by market capitalisation, as determined by Macquarie in its sole and absolute discretion.

If an Investor elects for Physical Settlement to apply on the Maturity Date, Macquarie will only deliver a whole number of shares. If any fractional entitlement to a share arises, Macquarie 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 \$5. If the amount does not exceed \$5, Macquarie is under no obligation to the Investor to make any payment for the fraction and the rounding amount will be paid to a charity of Macquarie’s choosing.

If an Investor elects for Cash Settlement to apply on the Maturity Date, Macquarie must pay to the Investor the Investment Amount on or before the Settlement Date.



## 1.5 What income will be generated from an investment in Macquarie ALPS?

Macquarie will pay a Coupon on Macquarie ALPS to Investors semi-annually in arrears on each Coupon Payment Date, unless the Coupon amount is zero. The Coupon is a variable payment calculated on the Investment Amount (\$10 per ALPS) in accordance with the following formula:

For the first and second Coupon Periods:

Coupon Rate = 6.00%

and for subsequent periods:

Coupon Rate =  $HCR \times (7-K)/7$

Where:

HCR = Headline Coupon Rate for the Coupon Period

K = aggregate number of Knockout Events that have occurred from and including the Start Date, to and including the Coupon Determination Date, or 7, whichever is less.

The Coupon Rate is fixed for the first two Coupon Periods and thereafter is a variable amount which is affected by the number of Knockout Events which have occurred in respect of the Reference Basket since the Start Date, and by the Headline Coupon Rate for the Coupon Period. If 7 or more Knockout Events occur, no Coupon will be payable for the remainder of the Term.

Each Knockout Event reduces the Coupon for a Coupon Period by one seventh of the Headline Coupon Rate for the relevant Coupon Period. As the Headline Coupon Rate rises during the Term, a Knockout Event can have differing effects on the Coupon Rate depending on the time during the Term that a Knockout Event occurs.

For example, for Coupon Period 5 (which is in year 3) the Headline Coupon Rate will be 7.5% (or 15% p.a.). A Knockout Event will reduce that rate by 1.07% to 6.43%. For Coupon Period 15, the Headline Coupon Rate is 12.5% (or approx. 23.6% p.a.). A Knockout Event will reduce that rate by 1.79% to 10.71% p.a. (approx 10.11% p.a.).

Investors should note that they will not be entitled to receive any interest or Coupon on the Application Amount between the date they lodge their application and the Start Date. During the period prior to the Issue Date, the application moneys will be held in a trust account. Any interest earned on application monies during this period will be paid to Macquarie.

The Coupon (if any) will be paid 10 Business Days after each Coupon Determination Date.

If an Adjustment Event occurs on or before a Coupon Determination Date but Macquarie has not determined what adjustment (if any) to make in accordance with clause 6 of the Terms then, provided the ASX consents, Macquarie may retain a portion of the Coupon equal to the amount which would have been deducted if a Knockout Event had occurred as a result of that Adjustment Event (the "**Retained Coupon**").

If Macquarie subsequently determines that the Adjustment Event is not a Knockout Event then (except in the case where the Retained Coupon relates to the Final Coupon Period) Macquarie will pay the Retained Coupon to Investors on the next Coupon Payment Date together with the Retained Coupon Interest. If Macquarie subsequently determines that the Adjustment Event is a Knockout Event then neither the Retained Coupon nor the Retained Coupon Interest will be payable to the Investor.

In the event there is an Adjustment Event which results in there being a Retained Coupon in relation to the Final Coupon Period, and Macquarie subsequently determines that the Adjustment Event is not a Knockout Event, Macquarie will pay Investors the Retained Coupon and the Retained Coupon Interest within 30 days of the Maturity Date.

# Details of the Investment

continued

## 1.6 What are the Coupon Periods?

The seven and a half year term of Macquarie ALPS 4 is broken up into fifteen Coupon Periods. Each Coupon Period is approximately, but not exactly, six months in duration as set out in the following table:

Period 1	16 December 2005 - 31 May 2006
Period 2	1 June 2006 – 30 November 2006
Period 3	1 December 2006 – 31 May 2007
Period 4	1 June 2007 – 30 November 2007
Period 5	1 December 2007 – 31 May 2008
Period 6	1 June 2008 – 30 November 2008
Period 7	1 December 2008 – 31 May 2009
Period 8	1 June 2009 – 30 November 2009
Period 9	1 December 2009 – 31 May 2010
Period 10	1 June 2010 – 30 November 2010
Period 11	1 December 2010 – 31 May 2011
Period 12	1 June 2011 – 30 November 2011
Period 13	1 December 2011 – 31 May 2012
Period 14	1 June 2012 – 30 November 2012
Period 15	1 December 2012 – 20 June 2013

## 1.7 What is a Knockout Event?

If a Security in the Reference Basket has a Closing Price of less than the Knockout Price (as determined below) for three consecutive Trading Days, a Knockout Event occurs. Note, however, that a Knockout Event can only occur if the third consecutive Trading Day occurs on a Business Day after 30 November 2006, up until the Maturity Date. Only one Knockout Event can occur with respect to any one Security.

If during the period up until 30 November 2006 a Security closes below the Knockout Price for three consecutive Trading Days, no Knockout Event will have occurred. The earliest at which a Knockout Event can occur in relation to a Security is 1 December 2006.

The Knockout Price in respect of a Security will be determined according to the following formula:

$$\text{Knockout Price} = (55/100) \times \text{IP where:}$$

IP = the Initial Price of the Security

This means that the price of a Security must fall by more than 45% from its Initial Price for a Knockout Event to occur.

The Initial Price for each Security in the Reference Basket will be determined as the arithmetic average of the Volume Weighted Average Prices for the Security for each of the 5 Trading Days up to and including the Start Date (16 December 2005).

The Closing Price of a Security will be determined as follows:

$$\text{Closing Price} = (\text{MP} \times \text{RF}) + \text{OC}$$

MP = the closing price of the Security on the relevant Business Day as published by the ASX

RF = the Relevant Fraction for the Security

OC = the value of any other consideration as determined by Macquarie in accordance with clause 6 of the Terms

On the Start Date the value of RF will be 1 and OC will be zero for each Security. However, over the Term the occurrence of Adjustment Events (such as share splits, special dividends, capital returns, consolidation and merger events) may result in Macquarie taking into account additional variables in order to preserve the economic equivalent of the initial Issue Price and Knockout Prices. Macquarie may only determine the Relevant Fraction to be an amount other than 1 or take into account an amount of other consideration with the consent of the ASX. See section 1.11 and clause 6 of the Terms in section 5 for further information on Adjustment Events.

For example if Company X has an Initial Price of \$20 per security the Knockout Price will be \$11 (\$20 x 55/100). Assuming no Adjustment Events have occurred, if the Closing Price of the Security for three consecutive Trading Days is below \$11 (and the third day is after 30 November 2006) then a Knockout Event will occur and the Coupon will be reduced for the remainder of the Term. See section 1.11 for examples of how Adjustment Events would affect the calculations.

## 1.8 Effect of Knockout Events on Coupon

At each Coupon Determination Date, the number of Knockout Events that have occurred since the Start Date will be determined. If no Knockout Events have occurred as at the applicable Coupon Determination Date, the Coupon Rate will be the Headline Coupon Rate for the Coupon Period. If one Knockout Event has occurred as at the Coupon Determination Date, the Coupon Rate is reduced by one-seventh. If two Knockout Events have occurred, the reduction is two-sevenths. See the table below for a full breakdown.

Investors should note that the time at which a Knockout Event occurs within a Coupon Period will not affect the amount of Coupon paid for a Coupon Period. For example, if a Knockout Event occurs just before the end of a Coupon Period the Coupon Rate will be adjusted downwards for that entire Coupon Period.

The following table shows the rate at which a Coupon will be paid for each Coupon Period, depending on the number of Knockout Events that have occurred up to the end of that Coupon Period:

Period**	Headline Coupon Rate (per Coupon Period)	Coupon Rate after number of Knockout Events (per Coupon Period)						
		1 Event	2 Events	3 Events	4 Events	5 Events	6 Events	7 Events
1	6.00%	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*
2	6.00%	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*
3	6.50%	5.57%	4.64%	3.71%	2.79%	1.86%	0.93%	0.00%
4	6.50%	5.57%	4.64%	3.71%	2.79%	1.86%	0.93%	0.00%
5	7.50%	6.43%	5.36%	4.29%	3.21%	2.14%	1.07%	0.00%
6	7.50%	6.43%	5.36%	4.29%	3.21%	2.14%	1.07%	0.00%
7	8.50%	7.29%	6.07%	4.86%	3.64%	2.43%	1.21%	0.00%
8	8.50%	7.29%	6.07%	4.86%	3.64%	2.43%	1.21%	0.00%
9	9.50%	8.14%	6.79%	5.43%	4.07%	2.71%	1.36%	0.00%
10	9.50%	8.14%	6.79%	5.43%	4.07%	2.71%	1.36%	0.00%
11	10.50%	9.00%	7.50%	6.00%	4.50%	3.00%	1.50%	0.00%
12	10.50%	9.00%	7.50%	6.00%	4.50%	3.00%	1.50%	0.00%
13	11.50%	9.86%	8.21%	6.57%	4.93%	3.29%	1.64%	0.00%
14	11.50%	9.86%	8.21%	6.57%	4.93%	3.29%	1.64%	0.00%
15	12.50%	10.71%	8.93%	7.14%	5.36%	3.57%	1.79%	0.00%

\* A Knockout Event cannot occur in Coupon Periods 1 or 2.

\*\*Period means each six month period during the Term ending 31 May and 30 November and commencing on the preceding 1 June and 1 December as relevant, with two exceptions: the first Period, which commences on 16 December 2005 and ends on 31 May 2006, and the final period, which commences on 1 December 2012 and ends on 20 June 2013.

**Once a Knockout Event has occurred in relation to a Security the Coupon Rate will be affected for the rest of the Term of the Macquarie ALPS, even if the price of the Security subsequently exceeds the Knockout Price.**

## 1.9 What is the Reference Basket?

The Reference Basket is a basket of 80 Securities (as adjusted), all of which are quoted on the ASX. As at the date of preparation of this PDS, each Security is contained in the top 200 companies by market capitalisation on the ASX. The Reference Basket has been constructed by Macquarie to give investors diversified exposure across a number of sectors to liquid and actively traded stocks. Macquarie makes no representation as to the future performance of any Securities in the Reference Basket. If a Security is Suspended or becomes the subject of an

announcement of an intention to either make a takeover offer or enter into a scheme of arrangement between the date of preparation of this PDS and the Start Date Macquarie may remove that Security from the Reference Basket and replace it with another Security in a Listed Entity in the top 200 companies by market capitalisation on the ASX.

Macquarie does not hold the Securities comprising the Reference Basket, or any other property, on trust for, or for the benefit of ALPS 4 Investors.

The stocks in the Reference Basket were selected by Macquarie using quantitative measures of volatility, correlation and diversification. The stocks were not chosen on qualitative grounds, nor on the basis that the stocks would outperform over the Term. The Reference Basket is not a managed fund and stocks within the Reference Basket have not been chosen by investment managers

# Details of the Investment

continued

The composition of the Reference Basket as at the date of preparation of this PDS is set out in the following table:

<b>ABS</b>	A.B.C. Learning Centres Limited	<b>MAP</b>	Macquarie Airports
<b>ALL</b>	Aristocrat Leisure Limited	<b>MAY</b>	Mayne Group Limited
<b>AMC</b>	Amcor Limited	<b>MCW</b>	Macquarie CountryWide Trust
<b>AMP</b>	AMP Limited	<b>MGW</b>	McGuigan Simeon Wines Limited
<b>ANN</b>	Ansell Limited	<b>MIG</b>	Macquarie Infrastructure Group
<b>ANZ</b>	Australia & New Zealand Banking Corporation	<b>MTS</b>	Metcash Limited
<b>ASX</b>	Australian Stock Exchange Limited	<b>MXG</b>	Multiplex Group
<b>AWC</b>	Alumina Limited	<b>NAB</b>	National Australia Bank Limited
<b>AXA</b>	AXA Asia Pacific Holdings Limited	<b>NCM</b>	Newcrest Mining Limited
<b>BBG</b>	Billabong International Limited	<b>NWSLV</b>	News Corporation non-voting
<b>BBI</b>	Babcock & Brown Infrastructure Group	<b>ORG</b>	Origin Energy Limited
<b>BHP</b>	BHP Billiton Limited	<b>ORI</b>	Orica Limited
<b>BIL</b>	Brambles Industries Limited	<b>OSH</b>	Oil Search Limited
<b>BLD</b>	Boral Limited	<b>OST</b>	OneSteel Limited
<b>BNB</b>	Babcock & Brown Limited	<b>OXR</b>	Oxiana Limited
<b>BSL</b>	BlueScope Steel Limited	<b>PBG</b>	Pacific Brands Limited
<b>CBA</b>	Commonwealth Bank of Australia	<b>PBL</b>	Publishing and Broadcasting Limited
<b>CCL</b>	Coca-Cola Amatil Limited	<b>PMN</b>	Promina Group Limited
<b>CEUCA</b>	ConnectEast Group	<b>PPX</b>	PaperlinX Limited
<b>CEY</b>	Centennial Coal Company Limited	<b>OAN</b>	Qantas Airways Limited
<b>CGF</b>	Challenger Financial Services Group Limited	<b>QBE</b>	QBE Insurance Group Limited
<b>CML</b>	Coles Myer Limited	<b>RIN</b>	Rinker Group Limited
<b>COH</b>	Cochlear Limited	<b>RIO</b>	Rio Tinto Limited
<b>CPU</b>	Computershare Limited	<b>SFE</b>	SFE Corporation Limited
<b>CSL</b>	CSL Limited	<b>SGB</b>	St George Bank Limited
<b>CSR</b>	CSR Limited	<b>SHL</b>	Sonic Healthcare Limited
<b>CTX</b>	Caltex Australia Limited	<b>STO</b>	Santos Limited
<b>DOW</b>	Downer EDI Limited	<b>SUN</b>	Suncorp-Metway Limited
<b>DVC</b>	DCA Group Limited	<b>TAH</b>	Tabcorp Holdings Limited
<b>FCL</b>	Futuris Corporation Limited	<b>TCL</b>	Transurban Group
<b>FGL</b>	Foster's Group Limited	<b>TEL</b>	Telecom Corporation of New Zealand Limited
<b>FXJ</b>	Fairfax (John) Holdings Limited	<b>TEN</b>	Ten Network Holdings Limited
<b>GNS</b>	Gunns Limited	<b>TLS</b>	Telstra Corporation Limited
<b>HGI</b>	Henderson Group Plc.	<b>TOL</b>	Toll Holdings Limited
<b>HVN</b>	Harvey Norman Holdings Limited	<b>WBC</b>	Westpac Banking Corporation
<b>IAG</b>	Insurance Australia Group Limited	<b>WDC</b>	Westfield Group
<b>ILU</b>	Iluka Resources Limited	<b>WES</b>	Wesfarmers Limited
<b>JHX</b>	James Hardie Industries N.V.	<b>WOW</b>	Woolworths Limited
<b>LLC</b>	Lend Lease Corporation Limited	<b>WPL</b>	Woodside Petroleum Limited
<b>LNN</b>	Lion Nathan Limited	<b>ZFX</b>	Zinifex Limited



### 1.10 Breakdown of the Reference Basket by Sector

The following chart shows the sector breakdown of the stocks in the Reference Basket according to the Global Industry Classification Standard (GICS):

Consumer Discretionary	10	12.50%
Consumer Staples	8	10.00%
Energy	6	7.50%
Financials	20	25.00%
Healthcare	6	7.50%
Industrials	10	12.50%
Information Technology	1	1.25%
Materials	17	21.25%
Telecommunications	2	2.50%
<b>Total</b>	<b>80</b>	<b>100%</b>

### 1.11 When will the stocks in the Reference Basket be adjusted?

After the Start Date, a Security will only be added to or removed from the Reference Basket, and the variables in the formula used to determine the Closing Price will only be adjusted, if there is an Adjustment Event in relation to a Security.

Upon the occurrence of an Adjustment Event, Macquarie has the right (without limitation) to determine (with the consent of the ASX) that:

- the Relevant Fraction is a number other than 1;
- the value of “other consideration” used in determining the Closing Price is other than zero; or
- a Knockout Event is deemed to have occurred.

See the examples below.

Investors should also note that the occurrence of an Adjustment Event may also result in a portion of the Coupon being withheld until it is determined whether or not that Adjustment Event would have triggered a Knockout Event. See section 1.5.

**Any adjustment to the Closing Price or the Reference Basket made by Macquarie pursuant to an Adjustment Event will be subject to Macquarie obtaining the consent of the ASX.**

The following are examples of potential adjustments which Macquarie might make as a result of an Adjustment Event. They are by no means exhaustive and any adjustment would be subject to the consent of the ASX.

Adjustment Event	Adjustment
<p>A Security in Company X has an Initial Price of \$40. The Knockout Price is therefore \$22 (55/100 x 40).</p> <p>Company X announces a 2 for 1 share split.</p>	<p>When calculating whether or not a Knockout Event has occurred, the value of “RF” in the formula used to determine the Closing Price will be 2.</p> <p>For example if the closing price on the ASX following the split is \$12 then the Closing Price for the purposes of determining if a Knockout Event has occurred on that date is \$24 (\$12 x 2). In spite of the Adjustment Event, the Knockout Price remains at \$22, and therefore no Knockout Event will have occurred in respect of that Security on that date.</p> <p>This adjustment will take into account that a holder of the Security would now be holding 2 Securities rather than one.</p>

# Details of the Investment

continued

Adjustment Event	Adjustment
<p>A Security in Company X has an Initial Price of \$30. The Knockout Price is therefore \$16.50 (<math>55/100 \times 30</math>).</p> <p>Company X is the subject of a successful share for share takeover by Company Y under which a holder of a Security in Company X will receive 2 Securities in Company Y.</p>	<p>When calculating whether or not a Knockout Event has occurred, the value of "RF" in the formula used to determine the Closing Price will be 2 and "MP" will be the price of the Securities in Company Y.</p> <p>For example if the closing price of Company Y Securities on the ASX following the takeover is \$10, the Closing Price will be \$20 (<math>10 \times 2</math>) therefore no Knockout Event will have occurred.</p>
<p>A Security in Company X has an Initial Price of \$30. The Knockout Price is therefore \$16.50 (<math>55/100 \times 30</math>).</p> <p>Company X is the subject of a successful cash and share takeover by Company Y under which a holder of a Security in Company X will receive 1 Security in Company Y and \$5 cash.</p>	<p>When calculating whether or not a Knockout Event has occurred, the value of "RF" in the formula used to determine the Closing Price will be 1 and "OC" will be 5 and "MP" will be the price of the Securities in Company Y.</p> <p>For example if the closing price of Company Y Securities on the ASX following the takeover is \$6 for three consecutive Trading Days, the Closing Price will be \$11 (<math>(6 \times 1) + 5</math>) therefore a Knockout Event will have occurred in respect of that Security on that date. The Coupon would therefore be reduced for the remainder of the Term.</p>
<p>Securities in Company X are delisted or suspended by reason of an insolvency of the Company.</p>	<p>Within 30 days of the suspension or delisting, Macquarie will determine whether or not the suspension results in a Knockout Event. If so (with the consent of the ASX), a Knockout Event will be deemed to have occurred on the date the Security was suspended.</p>
<p>Securities in Company X are subject to a successful cash takeover and the Securities are delisted.</p>	<p>Assuming that no Knockout Event has occurred prior to the delisting then the Security will be removed from the Reference Basket and no Knockout Event will have occurred.</p>



### 1.12 What are the risks of investing in Macquarie ALPS?

The chief risk is that a large number of Knockout Events occur early in the investment term, with the result that the amount of the Coupon falls – potentially to zero – and investors will have to wait until Maturity to get their Investment Amount back. Macquarie will not redeem Macquarie ALPS at the request of an Investor.

**Investors should note that Macquarie is able to offer a relatively high initial yield in respect of Macquarie ALPS because of the number and volatility of the Securities in the Reference Basket. Investors should be aware that there is a high likelihood that one or more Knockout Events will occur during the Term and consequently there is a high likelihood that the Coupon will be reduced over the Term. It is possible that the Coupon will be reduced to zero.**

An Investor may be able to liquidate their investment prior to the Maturity Date by selling their Macquarie ALPS through the ASX. However, in this case capital protection does not apply and Macquarie makes no representations as to the potential sale price on the ASX during the term of the investment, which could be less than the Investment Amount.

Investors should be aware that Macquarie ALPS may trade below their Issue Price on the ASX during the term of their investment. This could happen because of one or more of the following (note that this list is not exhaustive):

- market interest rates have increased since the Issue Date;
- share price volatilities have increased; and
- one or more Knockout Events have occurred or it has become more likely that one or more Knockout Events will occur due to declines in the price of one or more of the Securities.

Investors should also note that upon the occurrence of an Extraordinary Event, Macquarie may, with the consent of the ASX, redeem all Macquarie ALPS. In this case the capital protection provided by Macquarie will not apply and Macquarie will redeem each Macquarie ALPS at a fair value determined by Macquarie (taking into account any costs of Macquarie in respect of the early redemption).

Refer to section 3 of this PDS - Risks You Should Consider - for more details.

### 1.13 Is the Investor's capital amount protected prior to the Maturity Date?

No. Investors should be aware that their capital is only protected at the Maturity Date. If Early Maturity applies or an Investor sells Macquarie ALPS on the ASX prior to the Maturity Date, as outlined above capital protection does not apply and the value of Macquarie ALPS could be substantially less than the capital protected amount.

### 1.14 Will there be a secondary market in Macquarie ALPS?

Macquarie will attempt to procure quotation of Macquarie ALPS on the ASX. The expected ASX listing code is APSSM4 and quotation is expected to commence on 19 December 2005. Investors should be aware that there is no firm indication as to how Macquarie ALPS will trade in the secondary market, nor as to whether that market will be liquid or illiquid. However, Macquarie will provide, as and when practicable, buy and sell quotations for Macquarie ALPS on the ASX.

# Details of the Investment

continued

## 1.15 Is there a tax consequence in relation to Macquarie ALPS?

Investors should read “Taxation Considerations” in section 4 of this PDS. In general Coupons will be assessable income in the hands of an Investor.

## 1.16 What happens on the Maturity Date?

Between 20 and 30 Business Days before the Maturity Date, Macquarie 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:

The Investor will receive Cash Settlement; or

### Option 2:

The Investor will take Physical Delivery of the Deliverable Parcel.

### *Option 1 - Cash Settlement*

If an Investor elects (or is deemed to have elected in accordance with the Terms) to receive Cash Settlement, within 10 Business Days of the Maturity Date Macquarie must pay to the Investor an amount equal to the Issue Price for each Macquarie ALPS held by the Investor at the Maturity Date. The Cash Settlement amount paid will be the proceeds of the sale of the Beneficially-Owned Parcel (or amount paid in satisfaction of the disposal of the Investor’s interest in the Beneficially-Owned Parcel) in relation to each Macquarie ALPS held by the Investor at the Maturity Date with the balance paid by Macquarie so that the amount paid by Macquarie to an Investor will be equal to the Issue Price.

### *Option 2 - Taking Physical Settlement of the Deliverable Parcel*

If an Investor wishes to take physical delivery of the Deliverable Parcel, they must fill in and send to Macquarie a Completion Notice by 4pm on the Maturity Date. If the Investor does not send Macquarie a completed Completion Notice Macquarie deems the Investor to have elected to receive Cash Settlement. If Physical Settlement applies, Macquarie will transfer, or procure the transfer of, the Deliverable Parcel which includes the Beneficially-Owned Parcel within 20 Business Days of the Maturity Date to a CHESS holding in the

Investor’s name. If the Investor does not nominate a HIN, the Deliverable Parcel will be delivered to an issuer-sponsored holding in the Investor’s name.

## 1.17 What happens if an Investor does not make an election or fails to return a valid Completion Notice?

Cash Settlement will automatically apply and Macquarie will pay the Investor an amount equal to the Issue Price for each Macquarie ALPS.

## 1.18 Can Macquarie terminate Macquarie ALPS early without Investor approval?

Macquarie may redeem Macquarie ALPS if an Extraordinary Event occurs. An event nominated by Macquarie will be an Extraordinary Event if the event results in:

- (a) Macquarie ALPS being de-listed from the ASX, withdrawn from admission to trading status on the ASX or suspended from trading on the ASX otherwise than as a result of the fault of Macquarie; or
- (b) it becoming illegal for Macquarie to perform its obligations in respect of Macquarie ALPS.

Macquarie may, with the consent of the ASX, determine that as a consequence of an Extraordinary Event there will be Early Maturity in which case Macquarie may specify a date as the Early Maturity Date.

Investors should also read clause 5.3 of the Terms to fully understand their rights and obligations if an Extraordinary Event occurs. If an Extraordinary Event occurs Macquarie is not obliged to repay the whole of the Investment Amount and with the consent of the ASX Macquarie will redeem Macquarie ALPS at a fair value as determined by Macquarie (taking into account any costs of Macquarie in respect of the early redemption).

The amount received by an Investor on redemption due to an Extraordinary Event may be less than the Investment Amount. **Capital protection will not apply on the early redemption due to an Extraordinary Event.**





### **1.19 Beneficially-Owned Parcel**

Each Macquarie ALPS entitles the Investor to a beneficial interest in the Beneficial Fraction of a Deliverable Security. The Nominee will hold each Beneficial Fraction for each Investor on trust in accordance with the Nominee Deed.

Under the Nominee Deed, at Maturity the Investor is entitled to either be transferred the Beneficially-Owned Parcel (as a component of the Deliverable Parcel) (or an equivalent number of Deliverable Securities) if the Investor elects to receive Physical Delivery, or to be paid the proceeds of sale of the Beneficially-Owned Parcel (or amount paid in satisfaction of the disposal of the Investor's interest in the Beneficially-Owned Parcel) if the Investor elects, or is deemed to have elected, to receive Cash Settlement.

Under the Nominee Deed an Investor will not have any right to any dividends and other distributions the Nominee receives in relation to a Beneficially-Owned Parcel. An Investor (in that capacity) is not entitled to receive any annual reports or notices of meetings or attend or speak or vote at any meeting of holders of Deliverable Securities.

The Nominee will not cast any vote in respect of any Beneficial Fraction at any shareholders' meeting either in its own right or on behalf of an Investor.

Under the Nominee Deed Macquarie will have the right to any dividends and other distributions the Nominee receives in relation to the Beneficially-Owned Parcel.

### **1.20 When will Macquarie ALPS be issued?**

If an Investor's Application is successful, Macquarie ALPS will be issued to an Investor by no later than (a) one month from the date the Application Amount is received by Macquarie, or (b) the Start Date (whichever is earlier).

Notwithstanding the Issue Date, the Initial Price of the Securities will not be set until the Start Date (16 December 2005).

Even if Macquarie ALPS are issued before the Start Date, the Investor will not be entitled to any interest or Coupon in respect of the period between the Issue Date and 16 December 2005.

Investors should also note the expected listing date of 19 December 2005 and that Macquarie ALPS will not be able to be traded on the ASX until such time as they are listed.

### **1.21 What happens if there is a dispute concerning Macquarie ALPS?**

The Corporations Act requires Macquarie to have procedures in place for dispute resolution. Macquarie's process for dispute resolution is available to Investors free of charge. Investors may make a complaint relating to Macquarie ALPS directly to Macquarie in writing. Macquarie will acknowledge any complaint in writing and respond within 5 days and provide a substantive response within 21 days. If the outcome is unsatisfactory, Investors may refer their complaint to the Banking and Financial Services Ombudsman at:

Banking and Financial Services Ombudsman  
GPO Box 3  
Melbourne, Victoria, 3001  
Toll Free: 1300 78 08 08  
Fax: (03) 9613 7345  
[www.bfso.org.au](http://www.bfso.org.au)

# Investment Return Scenarios

*The Listed Entities whose Securities are included in the Reference Basket are listed on the ASX and so are required to disclose market sensitive information to the ASX on a continuous disclosure basis. Historical information relating to the Listed Entities, including information about prices and trading volumes of each Security, are available from various sources including the ASX, brokers and newspapers. Investors should not take the historical prices of any Security as an indication of future performance and should understand that there can be no assurance that the price of the Security will not fall below the Knockout Price.*

*Macquarie does not accept any liability or responsibility for and makes no representation or warranty, whether express or implied, as to the affairs of or future prospects of any Listed Entity included in this PDS. Potential investors should make their own enquiries.*

*Potential investors should obtain advice from a stockbroker or qualified financial adviser on the nature, activities and prospects of the Listed Entities and the merits of an investment which performs by reference to the Listed Entities.*

## 2.1 Predicting Coupon Rates

The Coupon for Macquarie ALPS is fixed at \$0.60 per Macquarie ALPS for the first two Coupon Periods and varies thereafter. As discussed in section 1 of this PDS, the Headline Coupon Rate will increase to 13% per annum for the second year and will then increase by 2.0% per annum each year thereafter, but the actual Coupon Rate will be reduced for each Knockout Event that occurs during the Term.

**There can be no certainty as to the number of Knockout Events that might occur over the term of Macquarie ALPS.**

Historical backtesting of the Reference Basket is the only available guide to the risk of Knockout Events occurring during the Term. However historical backtesting is of limited relevance, for the following reasons:

1. the market conditions that have given rise to Knockout Events in the past are by their nature unique;
2. the Reference Basket has been constructed to include several stocks which are in the recovery category – that is, they have recently had a share price decline of more than 45%, but have since exhibited a steady recovery in share price – and a historical analysis of a portfolio containing such stocks may tend to show more Knockout Events than an analysis of a portfolio that does not include such stocks;
3. a significant proportion of the stocks in the Reference Basket have not been in existence for seven and a half years, making a seven and a half year backtest for the whole portfolio impossible. The trading history of each Security in the Reference Basket is available from ASX. In addition, an analysis of the performance of stocks in the Reference Basket is set out in Section 6.

The following section contains an analysis of possible returns based on a range of “what if?” scenarios to assist investors to assess the potential impact of Knockout Events in terms of their effect on Coupons and consequently on potential investment returns.

## 2.2 What If? Scenarios

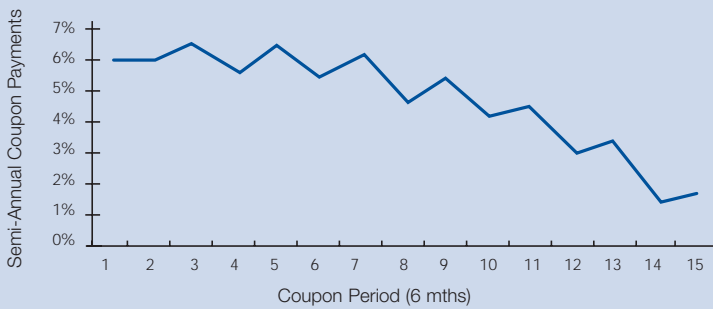
Macquarie has calculated Coupons on Macquarie ALPS assuming the following alternative scenarios:

1. A Knockout Event occurs every year at the end of each year, from year 2.
2. A Knockout Event occurs every 6 months at the end of each half-year, from year 2.
3. 7 or more Knockout Events in the third half-year period.
4. No Knockout Events occur.



**Scenario 1: A Knockout Event occurs every year (at the end of each year) from year 2**

Coupon Periods	Cumulative Knockout Events	Half Yearly Coupon Rate	Coupon Periods cont'd	Cumulative Knockout Events	Half Yearly Coupon Rate
1	0	6.00%	8	3	4.86%
2	0	6.00%	9	3	5.43%
3	0	6.50%	10	4	4.07%
4	1	5.57%	11	4	4.50%
5	1	6.43%	12	5	3.00%
6	2	5.36%	13	5	3.29%
7	2	6.07%	14	6	1.64%
			15	6	1.79%

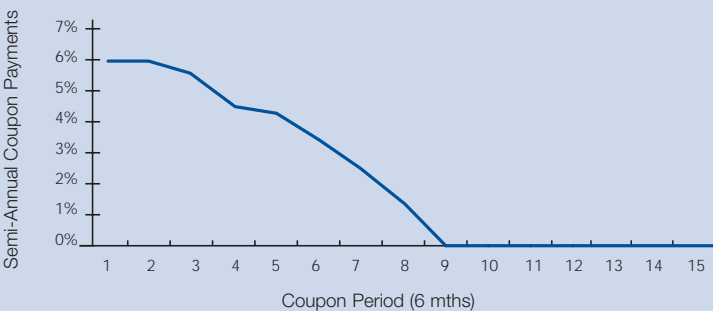


Total coupons paid: 70.50%  
 Average Annual Return: 9.40% p.a.  
 Present Value of Total Return: 10.10% p.a.

Information is illustrative only. No figures represent a prediction or forecast of actual performance.

**Scenario 2: A Knockout Event occurs at the end of every half-year from year 2**

Coupon Periods	Cumulative Knockout Events	Half Yearly Coupon Rate	Coupon Periods cont'd	Cumulative Knockout Events	Half Yearly Coupon Rate
1	0	6.00%	8	6	1.21%
2	0	6.00%	9	7	0.00%
3	1	5.57%	10	8	0.00%
4	2	4.64%	11	9	0.00%
5	3	4.29%	12	10	0.00%
6	4	3.21%	13	11	0.00%
7	5	2.43%	14	12	0.00%
			15	13	0.00%



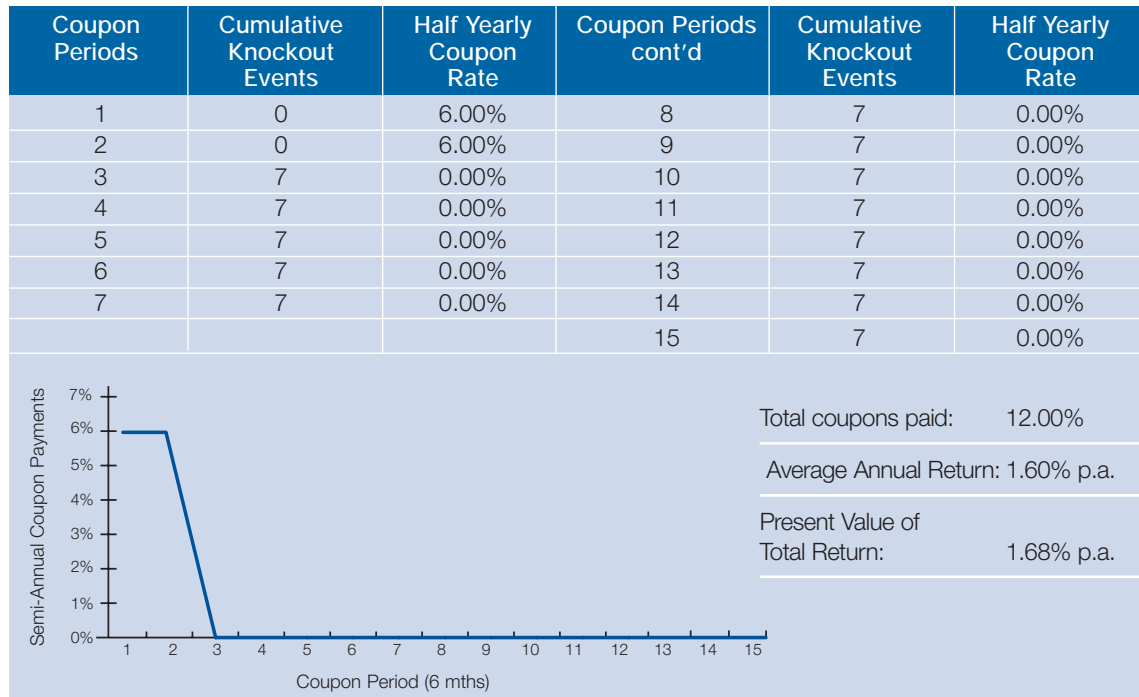
Total coupons paid: 33.36%  
 Average Annual Return: 4.45% p.a.  
 Present Value of Total Return: 4.93% p.a.

Information is illustrative only. No figures represent a prediction or forecast of actual performance.

# Investment Return Scenarios

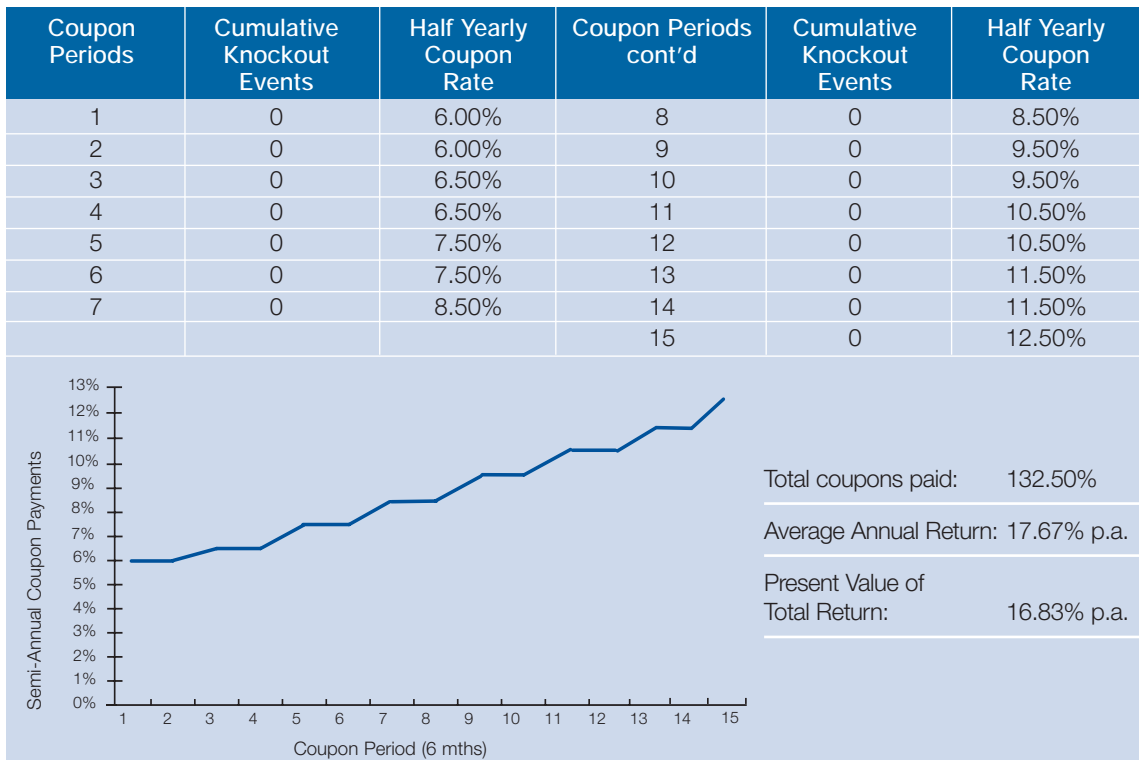
continued

## Scenario 3: Absolute worst case scenario-7 or more Knockout Events in 3rd Coupon Period.



Information is illustrative only. No figures represent a prediction or forecast of actual performance.

## Scenario 4: Absolute best case Scenario-no Knockout Events occur



Information is illustrative only. No figures represent a prediction or forecast of actual performance.

While the outcome shown in this Scenario 4 is possible, given the high likelihood of one or more Knockout Events occurring during the Term (as discussed in section 3.1 of this PDS) the probability of such an outcome occurring is extremely low.

# Risks You Should Consider

*An investment in Macquarie ALPS entails a number of risks, and is suitable only for investors who understand and are able to assess those risks. Significant risks include the following:*

## 3.1 Likelihood of Knockout Events

As outlined above, the Coupon Rate will be determined for each Coupon Period by reference to the number of Knockout Events that have occurred since the Start Date. No Knockout Events can occur in the first two Coupon Periods. If 7 or more Knockout Events occur then no Coupon will be payable for the remainder of the Term. Once a Knockout Event has occurred, even if the price of the relevant Security subsequently trades at a price above the Knockout Price, the Knockout Event will still apply.

Macquarie gives no assurance as to the performance or volatility of the price of the Securities which comprise the Reference Basket. Investors should form their own view as to the likelihood of a Knockout Event occurring in relation to any Security. The example scenarios set out in section 2 are based on the stated assumptions, and are not a guide to the probability that Knockout Events will occur.

**Investors should note that Macquarie is able to offer a relatively high initial yield in respect of Macquarie ALPS because of the number and volatility of the Securities in the Reference Basket. Investors should be aware that there is a high likelihood that one or more Knockout Events will occur during the Term and consequently there is a high likelihood that the Coupon will be reduced over the Term. It is possible that the Coupon will be reduced to zero.**

## 3.2 Factors affecting the price of Securities

An Investor in Macquarie ALPS should be familiar with stocks and options and with investments in the equity securities markets generally. Investors should understand that global and domestic economic, financial and political developments might have a material effect on the prices of the Securities in the Reference Basket which may in turn affect the amount of the Coupon received by an Investor.

## 3.3 Factors affecting the value of Macquarie ALPS

The value at which Macquarie ALPS may be bought or sold on ASX is expected to be dependent on such factors as the number of Knockout Events which have occurred, the current Coupon Rate, the time remaining to the next Coupon Payment Date or the Maturity Date, interest rates and other factors and general risks applicable to stock markets. Macquarie ALPS may become significantly less valuable during the Term.

Macquarie makes no representations as to the potential sale price on the ASX during the Term. Investors should be aware that Macquarie ALPS may trade below their Issue Price on the ASX during the Term.

This could happen because of one or more of the following, amongst other things:

- market interest rates have increased since the Issue Date;
- share price volatilities have increased; or
- one or more Knockout Events have occurred or it has become more likely that one or more Knockout Events will occur due to declines in the price of one or more of the Securities.

On the Maturity Date the price of Macquarie ALPS on the ASX should be approximately equal to the Issue Price plus any accrued and unpaid Coupon, but this may depend on the market's view of Macquarie's ability to fulfil its obligations under the Terms. Refer to section 3.5 for more details.

Investors who consider acquiring Macquarie ALPS whether from Macquarie or on the secondary market should have experience in options transactions and should reach an investment decision only after carefully considering, with their adviser, the suitability of Macquarie ALPS in the Investor's particular circumstances.

# Risks You Should Consider

continued

## 3.4 Early Maturity Date in respect of Macquarie ALPS

An event may be nominated by Macquarie as an Extraordinary Event. Upon the occurrence of an Extraordinary Event, with the consent of ASX, Macquarie will redeem each Macquarie ALPS at fair value as determined by Macquarie (taking into account any costs of Macquarie in respect of the early redemption).

The amount received by an Investor on redemption due to an Extraordinary Event may be less than the Investment Amount, because capital protection does not apply on the early redemption due to an Extraordinary Event.

## 3.5 Obligations of Macquarie

The value of Macquarie ALPS depends upon, amongst other things, the ability of Macquarie to fulfill its obligations under the Terms.

The obligations of Macquarie under Macquarie ALPS are not deposit liabilities of Macquarie, and they are not guaranteed by any other party. They are unsecured contractual obligations of Macquarie which will rank equally with Macquarie's other unsecured contractual obligations and with its unsecured debt other than liabilities mandatorily preferred by law. In this regard section 13A(3) of the Banking Act 1959 provides that in the event of Macquarie becoming unable to meet its obligations the assets of Macquarie in Australia shall be available to meet its deposit liabilities in Australia in priority to all other liabilities of Macquarie (which include the obligations of Macquarie under Macquarie ALPS).

Investors must make their own assessment of the ability of Macquarie to meet its obligations. A description of Macquarie is set out in section 7 to assist potential Applicants in making this assessment.

## 3.6 Corporate Actions

Under the Terms, Macquarie is vested with broad discretions to deal with Adjustment Events in relation to Securities. Upon the occurrence of an Adjustment Event Macquarie (with the consent of the ASX) may, without limitation, deem a Knockout Event to have occurred in respect of the relevant Securities, adjust the factors taken into account in determining the Closing Price or remove the relevant Security from the Reference Basket and substitute a new Security. Investors should familiarise themselves with the terms of clause 6 of the Terms.

Adjustment Events do not give an Investor a right to redeem a Macquarie ALPS.

## 3.7 National Guarantee Fund – not a Guarantor in all cases

Claims against the National Guarantee Fund may only be made in respect of secondary trading in Macquarie ALPS between brokers on the ASX and cannot be made in relation to the primary issue of Macquarie ALPS by Macquarie or the settlement obligations of Macquarie arising from the giving of Completion Notices or the expiry of Macquarie ALPS.

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

## 3.8 Exercise of discretion by Macquarie

Investors should note that a number of provisions of the Terms confer discretions on Macquarie which could affect the value of the Macquarie ALPS. These include the powers to:

- nominate Extraordinary Events - an Extraordinary Event will only result in Early Maturity if the ASX consents (refer section 1.18); or
- with the consent of the ASX, adjust the determination of the Closing Price or deem a Knockout Event to have occurred as a result of an Adjustment Event (refer section 1.11); or
- vary or make any adjustments to the terms of Macquarie ALPS contemplated in the Terms.



Investors do not have the power to direct Macquarie concerning the exercise of any discretion. However, in relation to many of these discretions, Macquarie may only exercise those discretions with the consent of ASX.

### **3.9 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 Macquarie, a broker, or any associate of them or any other person concerning investment in Macquarie ALPS, a Deliverable Security or any other security. Readers should not rely on this PDS as the sole basis for any investment decision in relation to Macquarie ALPS, and where necessary, should seek independent financial advice.

### **3.10 Possible illiquidity of trading market**

Investors should be aware that there is no firm indication as to how Macquarie ALPS will trade in the secondary market, nor as to whether that market will be liquid or illiquid. However while not guaranteeing liquidity, Macquarie will provide, as and when practicable, buy and sell quotations for Macquarie ALPS on ASX.

### **3.11 Suspension of trading in Macquarie ALPS**

Trading of Macquarie ALPS on the ASX may be halted or Suspended by ASX. This may occur whenever ASX deems such action appropriate in the interests of maintaining a fair and orderly market in Macquarie ALPS or in Securities or otherwise deems such action advisable in the public interest or to protect investors. Matters that may also be considered include circumstances where ASX has been advised that a market participant is about to make an important announcement affecting its securities, or any unusual conditions or circumstances are present or Macquarie becomes unable or unwilling or fails to comply with ASX Market Rules or if the ASX in its absolute discretion thinks fit.

### **3.12 Potential conflicts of interest**

Companies in the Macquarie Group may buy and sell Macquarie ALPS, Securities, Deliverable Securities and other financial products relating to any of them, either as principal or agent. In addition, companies in the Macquarie Group may from time to time advise any of the companies which are the issuer of the Securities in relation to activities unconnected with the issue of Macquarie ALPS, including (but not limited to) general corporate advice, financing, funds management and property and other services.

### **3.13 Non-provision of TFN/ABN**

Where an Investor does not provide a TFN or ABN and a Coupon is paid Macquarie will be required to withhold an amount and forward it to the ATO. Quotation of a TFN, however, is not compulsory – refer to page 51.

# Taxation Considerations

*We recommend Investors seek independent tax advice before making an investment in Macquarie ALPS.*

*Macquarie 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 Macquarie ALPS.*

*The following opinion on some of the taxation implications that may arise for investors in Macquarie ALPS has been obtained from Clayton Utz.*

## Tax Opinion

### CLAYTON UTZ

Sydney Melbourne Brisbane Perth Canberra Darwin Adelaide

6 October 2005

The Directors  
Macquarie Bank Limited  
1 Martin Place  
SYDNEY NSW 2000

Our reference: 14858/15005/80033094

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Dear Sirs

#### Macquarie ALPS Series 4

This letter has been prepared for the purposes of inclusion in the product disclosure statement dated on or about 6 October 2005 (**PDS**) inviting participation in Macquarie Alternative Listed Protected Securities Series 4 (**Macquarie ALPS**). Our views set out in this letter are based on the terms of the Macquarie ALPS, as set out in the PDS, which will be issued by Macquarie Bank Limited (**Macquarie**) to an investor.

This advice is provided solely for the benefit of Macquarie and may not be relied on by any other person. It is based on the Australian income tax, goods and services tax and stamp duty laws and practice applicable as at 9:00 am (Sydney time) on the date of this opinion.

This letter summarises our conclusions in relation to the main Australian income tax, goods and services tax and stamp duty implications for an individual taxpayer who acquires Macquarie ALPS under this PDS (**Investor**) and is based on the assumptions listed below. The taxation consequences for other investors are not addressed in this letter.

This letter is of a general nature only and does not take into account the specific circumstances of any particular Investor, or any elections that might be available to an Investor under the Act (defined below). Each Investor must take full and sole responsibility for their own investment in Macquarie ALPS, the associated taxation implications arising from that investment and any changes in those taxation implications during the course of that investment. Each prospective investor should obtain their own independent professional taxation advice on the full range of taxation implications applicable to their own individual facts and circumstances and their investment in Macquarie ALPS.

All references to legislative provisions are to provisions of the *Income Tax Assessment Act 1936* or *Income Tax Assessment Act 1997* (together the **Act**) unless otherwise specified. Capitalised terms not defined in this letter have the meaning given to them in the PDS.

#### ASSUMPTIONS

This summary of the taxation implications for an Investor in Macquarie ALPS assumes that:

- the Investor will hold the Macquarie ALPS, the Beneficially-Owned Parcel and the Deliverable Parcel on capital account and will not be a person who is carrying on a business of either trading in securities or investing in securities in the course of which they regularly acquire and dispose of securities;
- the Investor is an Australian resident for tax purposes;





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6 October 2005  
Macquarie Bank Limited

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- the Deliverable Parcel and the Trust Assets will be listed shares in a company, but neither the Deliverable Parcel nor the Beneficially-Owned Parcel will be shares in a foreign company, an interest in shares in a foreign company or units in a foreign trust;
- the Macquarie ALPS will be denominated in Australian dollars;
- neither the Deliverable Parcel nor the Beneficially Owned Parcel will be equity interests in Macquarie or a company that is a connected entity of Macquarie;
- the Investor does not enter into a Macquarie ALPS in substitution for an economically equivalent investment that they would otherwise be expected to enter into.

### SUMMARY OF MAIN CONCLUSIONS

In our opinion, the following treatments should apply:

- 1. Receipt of Coupons**
  - 1.1 The amount of any Coupon paid in respect of an Investor's Macquarie ALPS should be included in the Investor's assessable income at the time it is received.
  - 1.2 Although it is possible the ATO may take the view that the amount to be included in the Investor's assessable income should be calculated under Division 16E, we believe the better view is that the Coupons are periodic interest on the Issue Price of each Macquarie ALPS and should be included in the Investor's assessable income when received.
- 2. Gain or loss on disposal or Cash Settlement at Maturity**
  - 2.1 Disposal of an Investor's Macquarie ALPS on the ASX may give rise to a gain or loss for the Investor where the disposal price exceeds or is less than (respectively) the amount paid by the Investor to acquire the Macquarie ALPS disposed of. Any such gain should be included in the Investor's assessable income, or any loss allowable as a deduction, at the time of disposal.
  - 2.2 Similarly, an Investor may derive a gain or incur a loss at Maturity of the Macquarie ALPS if the Cash Settlement Amount exceeds or is less than (respectively) the amount paid by the Investor to acquire the Macquarie ALPS. Any such gain should be included in the Investor's assessable income, or any loss allowable as a deduction, at the time of disposal.
  - 2.3 Disposal or Cash Settlement at Maturity will also result in the occurrence of a capital gains tax (CGT) event for the Investor; however, any resultant capital gain or capital loss will be reduced by the amount included in the Investor's assessable income or allowable as a deduction as discussed above.
- 3. Physical Settlement at Maturity**
  - 3.1 If an Investor elects Physical Settlement, the Deliverable Securities received will become CGT assets of the Investor. Any gain or loss arising in respect of physical settlement at Maturity should be disregarded.

# Taxation Considerations

continued

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6 October 2005  
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- 3.2 The date of acquisition of the Deliverable Securities should be the Maturity Date and the Investor's cost base in the Deliverable Securities should be the amount paid by the Investor to acquire the Macquarie ALPS. A capital gain or loss will arise where the Investor disposes of the Deliverable Securities for more or less than this cost base.
4. **Consequences of Early Maturity**
- 4.1 If Macquarie declares an Extraordinary Event, the Macquarie ALPS contract will terminate. This will give rise to the same consequences as those set out in paragraphs 2 and 3 above for an ordinary Maturity.
5. **Beneficially-Owned Parcel**
- 5.1 The Investor's beneficial interest in the Beneficial Fraction will also be a CGT asset of the Investor acquired at the time the Investor acquires Macquarie ALPS. This asset will be disposed of at the time of disposal of the Investor's Macquarie ALPS, or will otherwise expire at Maturity. However, assuming that the value of the beneficial interest at the time of its disposal, or the portion of the Cash Settlement Amount or Deliverable Parcel attributable to the Beneficially-Owned Parcel (where relevant), does not exceed the value of the Investor's beneficial interest at the time of its acquisition, no capital gain or loss should arise for the Investor as a result of the disposal or expiration of this asset.
6. **Anti Avoidance provisions (Part IVA)**
- 6.1 The question of the applicability of the anti-avoidance provisions in Part IVA is something which can only be conclusively determined on a case-by-case basis in light of the relevant facts and circumstances arising for a particular taxpayer.
- 6.2 Whilst we are unable to form a definitive view, based on the general description of the Macquarie ALPS set out in the PDS we believe that the Macquarie ALPS should not be considered to involve a scheme in which any person has a dominant purpose of enabling the Investor to obtain a tax benefit within the meaning of the general anti-avoidance provisions of Part IVA.
7. **Stamp Duty**
- 7.1 Under current laws, no stamp duty will be payable on the acquisition or disposal of Macquarie ALPS or in respect of the physical delivery of the Deliverable Parcel, if an Investor elects for this to occur, provided both the Macquarie ALPS and the Deliverable Parcel satisfy the requirements for exemption from transfer duty for quoted or listed securities under applicable stamp duty laws at the relevant time.
- 7.2 Based on current law, the transfer of a Deliverable Parcel comprising BHP shares would not attract stamp duty.
- 7.3 If stamp duty becomes payable by Macquarie in connection with the Macquarie ALPS or any transaction contemplated by the Terms, then Macquarie can, under the Terms, require an Investor to pay such stamp duty.



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6 October 2005  
Macquarie Bank Limited

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8. **GST**

8.1 No GST should be payable in respect of the acquisition and disposal of Macquarie ALPS, the delivery of a Deliverable Parcel, the receipt of a Cash Settlement or any Coupons paid in respect of Macquarie ALPS.

8.2 If Macquarie or the Nominee becomes liable to pay GST in connection with the Nominee Dced, they can recover an additional amount on account of that GST.

Yours faithfully

**Andrew Stals, Partner**  
+61 2 9353 4181  
astals@claytonutz.com

# Terms of the Issue

## Macquarie Alternative Listed Protected Securities (Macquarie ALPS)

These Terms 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 Deliverable Parcel from Macquarie or to receive Cash Settlement. Capitalised words are defined in the Glossary (section 9) of this PDS, unless the context requires otherwise. References to clauses in this section 5 are to clauses in the Terms.

### 1. Applications and Acceptance

#### 1.1 Application

In consideration of the payment of the Application Amount and upon acceptance by Macquarie of an Investor's Application, Macquarie agrees to issue the Allotted Macquarie ALPS to an Investor.

#### 1.2 Application Amount

An Application Amount must be:

- (a) at least the Minimum Investment Amount; and
- (b) received by Macquarie in cleared funds by the end of the Offer Close Date.

#### 1.3 Nature of Macquarie ALPS

Subject to these Terms, pursuant to each Macquarie ALPS the Investor can elect to either:

- (a) be transferred the Deliverable Parcel from Macquarie; or
- (b) receive Cash Settlement from Macquarie,

on or before the relevant Settlement Date. Macquarie must deliver, or procure the delivery of, the Deliverable Parcel or effect Cash Settlement on or before the relevant Settlement Date in accordance with the Investor's election or deemed election.

## 1.4 Beneficial Interest in Beneficially-Owned Parcel

- (a) Each Macquarie ALPS entitles the Investor to a beneficial interest in the Beneficial Fraction of a Deliverable Security the legal title to which will be held on trust for the Investor by the Nominee in accordance with the terms of the Nominee Deed.
- (b) The Investor acknowledges that pursuant to the terms of the Nominee Deed Macquarie has the right to retain any dividends or other distributions in respect of the Beneficially-Owned Parcel.
- (c) Under the Nominee Deed, at Maturity the Investor is entitled to either be transferred the Beneficially-Owned Parcel (or an equivalent number of Deliverable Securities) in relation to the Investor's Macquarie ALPS if the Investor elects for Physical Settlement, or to be paid the proceeds of sale of the Beneficially-Owned Parcel (or an amount paid in satisfaction of the disposal of the Investor's interest in the Beneficially-Owned Parcel) if the Investor elects, or is deemed to have elected, to receive Cash Settlement.
- (d) In consideration for:
  - (i) the Investor's rights in relation to the Beneficially-Owned Parcel;
  - (ii) the Investor's rights to receive Physical Settlement or to receive Cash Settlement; and
  - (iii) the Investor's right to receive the Coupon,
 the Investor pays Macquarie the Application Amount.

#### 1.5 Investor bound by Terms

By completing the Application Form and lodging it with Macquarie, the Investor agrees to be bound by these Terms.

## 2. Register of Holders, Certificates and Transfers

### 2.1 Register

Macquarie must keep and maintain (at its cost) a register of the Investors in accordance with the provisions of the Corporations Act and in accordance with the requirements of the ASX Market Rules and the ASTC Settlement Rules.

### 2.2 No Certificates for Macquarie ALPS

Macquarie need not issue a certificate evidencing the title of the Investor to Macquarie ALPS but must comply with the ASX Market Rules concerning the issue of notices relating to Macquarie ALPS and the ASTC Settlement Rules.

### 2.3 Transfer

A Macquarie ALPS may be transferred if and only if the transfer is in the form prescribed by or under the ASX Market Rules and the ASTC Settlement Rules.

### 2.4 Registration of Transfer of Macquarie ALPS

Macquarie:

- (a) must deal with, certify and register a transfer of a Macquarie ALPS which complies with clause 2.3 in accordance with the ASX Market Rules and the ASTC Settlement Rules; and
- (b) may refuse to register such a transfer where such refusal is permitted by, and is in accordance with any procedures prescribed by, the ASX Market Rules and the ASTC Settlement Rules.

### 2.5 Investor Entitled to Copy of Terms

Where the Investor gives notice to Macquarie requesting an up-to-date copy of these Terms (incorporating any Changes) accompanied by a fee of \$10, Macquarie must, within ten (10) Business Days of receipt of that notice and payment, supply a copy of these Terms (incorporating any Changes) to the Investor.

### 2.6 Copy of Terms Available

Macquarie must keep available for inspection at its offices a copy of these Terms (incorporating any Changes) and the Investor and any member of the public has the same right to inspect these Terms as it has to inspect the Register.

## 3. Coupons

- (a) Macquarie must, subject to paragraph (b), pay to the Investor the Coupon for each Coupon Period on the corresponding Coupon Payment Date.
- (b) If an Adjustment Event has occurred and is subsisting at a Coupon Determination Date but Macquarie has not by that date made a determination in accordance with clause 6 of the Terms (a "**Coupon Adjustment Event**"), then Macquarie may (with the consent of the ASX) withhold from the Coupon for that Coupon Period ("**Adjustment Coupon Period**") a Retained Coupon in respect of the Coupon Adjustment Event.
- (c) If Macquarie subsequently determines the Coupon Adjustment Event is not a Knockout Event for the Adjustment Coupon Period then Macquarie must pay to each Investor who was entitled to a Coupon in relation to the Adjustment Coupon Period, the Retained Coupon together with the Retained Coupon Interest either:
  - (i) in the case of any Adjustment Coupon Period other than the Final Coupon Period, on the next Coupon Payment Date; or
  - (ii) in the case of an Adjustment Coupon Period which is the Final Coupon Period, on or before the date which is 30 days following the Maturity Date.
- (d) If Macquarie subsequently determines that the Coupon Adjustment Event is a Knockout Event for the Adjustment Coupon Period then neither the Retained Coupon nor the Retained Coupon Interest is payable by Macquarie and an Investor has no further claim in respect of that Coupon.

The Investor acknowledges that the Coupon may, in certain circumstances, be zero. In these circumstances, the Investor acknowledges that Macquarie will not, and has no obligation to, pay any Coupon.

# Terms of the Issue

continued

## 4. Maturity and Settlement of Deferred Purchase

### 4.1 Notice of Maturity

Macquarie must give a Maturity Notice to each Investor between 20 and 30 Business Days before the Maturity Date containing the matters required by the ASX Market Rules including:

- (a) the number of Macquarie ALPS held by the Investor on a date shortly prior to the date of the Maturity Notice;
- (b) the Maturity Date; and
- (c) the consequences of a failure to give a valid Completion Notice on the Maturity Date.

Macquarie must provide each Investor with a blank Completion Notice for completion with each Maturity Notice.

### 4.2 Effecting Maturity

An Investor may deliver to Macquarie a duly completed Completion Notice in respect of all or some of their Macquarie ALPS at any time prior to the Closing Time on the Maturity Date. The Completion Notice must specify that either:

- (a) Physical Settlement; or
- (b) Cash Settlement,

will apply in relation to their Macquarie ALPS (or some of them).

### 4.3 Validity of Completion Notice

Macquarie will be entitled to treat a Completion Notice as invalid unless:

- (a) it has been duly completed; and
- (b) it has been delivered to Macquarie by the Closing Time on the Maturity Date; and

- (c) the person who gives the Completion Notice is either:

- (i) the Investor; or
- (ii) a person who claims to be entitled to be registered as the holder of the Macquarie ALPS and in those circumstances, if the person giving the Completion Notice becomes the registered holder of the Macquarie ALPS before five (5) Business Day after the Maturity Date, the Completion Notice is to be treated as having been properly given and becomes effective immediately on that person becoming so registered.

### 4.4 Deemed election

If an Investor either:

- (a) fails to deliver a Completion Notice prior to the Closing Time on the Maturity Date; or
- (b) delivers an invalid Completion Notice,

the Investor will be deemed to have elected that Cash Settlement will apply in relation to the Investor's Macquarie ALPS.

### 4.5 Physical Settlement

- (a) If an Investor elects that Physical Settlement will apply on Maturity, then Macquarie must on or prior to the Physical Settlement Date:
  - (i) transfer or procure the transfer of unencumbered title of the Deliverable Parcel (rounded down to the nearest whole number of a Deliverable Security) to the Investor. The Deliverable Securities comprising the Deliverable Parcel must be free from any mortgage, charge, lien, pledge or other encumbrance and must include all rights, including dividend rights, attached or accruing to them on and from the Maturity Date; and
  - (ii) pay the Investor the rounding amount (if any) pursuant to clause 4.9.

- (b) For the purposes of delivery of the Deliverable Parcel the Investor irrevocably appoints Macquarie as their agent to effect delivery of the Deliverable Parcel in accordance with the ASX Market Rules.

#### **4.6 Cash Settlement**

If an Investor elects for Cash Settlement to apply (or is deemed to have so elected because the Investor has not given Macquarie a valid Completion Notice by the Closing Time on the Maturity Date) Macquarie must on or prior to the Cash Settlement Date pay to the Investor the Investor's Cash Settlement Amount, which amount will include the proceeds of the sale of the Beneficially-Owned Parcel (or amount paid in satisfaction of the disposal of the Investor's interest in the Beneficially-Owned Parcel) in relation to each Macquarie ALPS held by the Investor at the Maturity Date.

#### **4.7 Satisfaction of obligations**

Upon delivery of the Deliverable Parcel to the Investor in accordance with clause 4.5 or payment by Macquarie or its nominee (on behalf of Macquarie) to the Investor of the Cash Settlement Amount under clause 4.6, Macquarie's obligations to the Investor in respect of the Macquarie ALPS are satisfied and discharged and the Investor's beneficial interest in the Nominee Trust will be extinguished.

#### **4.8 Liquidated Damages**

- (a) If Macquarie fails to perform its obligations under clause 4.5 or 4.6 an Investor may give a default notice to Macquarie in respect of the Deliverable Parcel.
- (b) If the Investor gives a default notice, Macquarie must within 10 Business Days of receipt of the default notice pay to the Investor the Liquidated Damages Amount.
- (c) Upon payment of the Liquidated Damages Amount:
  - (i) the Investor's beneficial interest in the Nominee Trust will be extinguished; and
  - (ii) Macquarie will have no further obligations to the Investor in respect of the Investor's Macquarie ALPS.

#### **4.9 Delivery of a whole number of shares or securities**

Macquarie or its nominee will not transfer a fraction of a share or security as part of the transfer of the Deliverable Parcel. If any fraction of a share or security would otherwise be transferable by Macquarie on the Settlement Date, Macquarie 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 or security forgone based on the Closing Price provided that such amount exceeds \$5. If the amount does not exceed \$5, Macquarie is under no obligation to the Investor to make any payment for the fractional share.

Macquarie will pay the equivalent of any amount referable to a fraction of a share that is less than \$5 to a charity of Macquarie's choosing.

# Terms of the Issue

continued

## 5. Early Maturity

### 5.1 Early Maturity by Macquarie

Macquarie may at any time (in its absolute discretion) determine that an Extraordinary Event has occurred.

### 5.2 Determination that there will be an Early Maturity

Where Macquarie has determined that an event is an Extraordinary Event, Macquarie may, with the consent of the ASX determine that there will be Early Maturity in which case it may specify a date as the Early Maturity Date.

### 5.3 Early Maturity Mechanism

- (a) If Macquarie determines (with the consent of the ASX) that there will be an Early Maturity, the Early Maturity will take place as follows:
  - (i) Macquarie will, before the Early Maturity Date, give each Investor an Early Maturity Notice notifying the Investor that Early Maturity will occur on the Early Maturity Date in accordance with clause 5.2 of these Terms; and
  - (ii) all (and not less than all) Macquarie ALPS will be redeemed by Macquarie on the Early Maturity Date by payment by Macquarie to each Investor of the Early Redemption Amount in relation to the Macquarie ALPS held by the Investor at close of business on the Early Maturity Date.
- (b) A redemption of Macquarie ALPS pursuant to this clause 5.3 will terminate all agreements between Macquarie and the Investor in relation to the Macquarie ALPS. In addition, the Investor's beneficial interest in the Nominee Trust will terminate upon redemption of the Investor's Macquarie ALPS.

### 5.4 Substitution of component of Deliverable Parcel

Macquarie may in its reasonable opinion determine that it is not possible to transfer the Deliverable Parcel to the Investor. In this case, Maturity will continue to take place in accordance with clause 4 except that Macquarie may replace any of the Deliverable Securities with any other security or securities quoted and trading on ASX the Listed Entity of which is in the top 50 by market capitalisation and deliver that substituted security or securities in accordance with these Terms as if the definition of the "Deliverable Security" was amended to refer to the substituted security.

### 5.5 Redemption if Macquarie ALPS not listed

In the event that Macquarie ALPS are not admitted to trading status on the ASX within a reasonable period (as determined by Macquarie) from the Issue Date, Macquarie has the right to redeem all Macquarie ALPS by payment to each Investor of their Application Amount. Upon payment of this amount the corresponding Macquarie ALPS will be terminated.

## 6. Adjustment Events

If an Adjustment Event occurs or will occur during the Term in respect of a Security, Macquarie may with the consent of the ASX do any one or more of the following:

- (a) adjust or amend the calculation of the Closing Price by determining that the Relevant Fraction for the Security is a number other than 1;
- (b) adjust or amend the Closing Price of the Security by taking into account an amount of other consideration;
- (c) suspend or delay payment of a portion of the Coupon in accordance with clause 3(b);
- (d) adjust or amend a Security in the Reference Basket;
- (e) deem a Knockout Event to have occurred; and/or





- (f) take any other action or make any other adjustment that in the reasonable opinion of Macquarie is appropriate to put both Macquarie and the Investor in substantially the same economic position as Macquarie and the Investor would have been in had the Adjustment Event not occurred.

Macquarie will notify Investors by announcement made through the ASX Company Announcement Platform and by a notice posted on the Macquarie ALPS website ([www.macquarie.com.au/alps](http://www.macquarie.com.au/alps)) 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. If a Security is Suspended between the date this PDS was prepared and the Start Date, Macquarie may remove that Security from the Reference Basket and replace it with another ASX listed security the Listed Entity of which is in the top 200 companies by market capitalisation on the ASX. That new security will then be a Security.

## 7. Macquarie's obligations are unsecured

Macquarie's obligations under these Terms or in relation to the deferred purchase of the Deliverable Parcel are direct, unconditional and unsecured obligations of Macquarie and these obligations rank equally with Macquarie's existing unsecured debt.

## 8. Taxes

The Investor must pay and account for any transfer or similar duties or taxes, and any stamp duties, (if any) chargeable in connection with any transaction effected pursuant to or contemplated by the Terms, and shall indemnify and keep indemnified Macquarie against any liability arising as a result of the Investor's failure to do so.

## 9. Investor's representations and warranties

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

- (a) (if a corporation) it is duly incorporated and validly existing under the laws of its jurisdiction of incorporation;
- (b) it has the power to execute and deliver the Application Form and to be bound by the Terms;
- (c) the Application, holding of any Macquarie ALPS or interest in the Beneficially-Owned Parcel and the delivery of the Delivery Parcel to the Investor in accordance with these Terms does not violate any existing law or regulation which is applicable to the Investor;
- (d) all authorisations required in order for it to make an Application, hold any Macquarie ALPS and to take delivery of the Delivery Parcel have been obtained or effected and are in full force and effect.

## 10. Set off Rights

Macquarie may (in addition to any general or banker's lien, right of set-off, right to combine accounts or any other right to which it may be entitled), without notice to the Investor or any other person, set-off any obligation of the Investor to make payment to Macquarie under the Terms against Macquarie's liability to the Investor in respect of a Macquarie ALPS.

# Terms of the Issue

continued

## 11. Notices

The parties agree that every notice or other communication of any nature whatsoever that is required to be given, served or made under or arising from the Terms:

- (a) must be in writing in order to be valid;
- (b) (where the party is a corporation) must be executed on behalf of the party giving, serving or making the same by any attorney, director, secretary or solicitor of that party;
- (c) will be deemed to have been duly given, served or made in relation to a party if it is delivered to the address of that party set out in the PDS (in the case of Macquarie) or the Application Form or Register (in the case of the Investor) or sent by facsimile to the number notified in writing by that party to the other party from time to time; and
- (d) will be deemed to be given, served or made:
  - (i) (in the case of facsimile) on receipt of a transmission report confirming successful transmission at the conclusion of the transmission; and
  - (ii) (in the case of delivery by hand) on delivery, provided that if any notice is given, served or made outside of normal business hours it will not be deemed to be given, served or made until the commencement of business on the next Business Day.

## 12. Amendment of Terms

Macquarie may from time to time by notice sent to the Investors make Changes to these Terms provided that:

- (a) the terms of the Change are authorised by the resolution of Investors passed in accordance with the terms of the Nominee Deed; or
- (b) with the consent of the ASX, the Change is necessary or desirable in the reasonable opinion of Macquarie to comply with any statutory or other legal requirement or any requirement of the ASX; or

- (c) with the consent of the ASX, the Change is to be made for the purpose of curing an ambiguity, correcting a manifest error, or curing, correcting or supplementing any defective provision of the Terms or effecting a modification of a formal, minor or technical nature, and does not materially prejudice the interests of Investors.

Macquarie must notify the ASX of any Change to these Terms made under this clause 12.

## 13. General provisions

### 13.1 Currency

All amounts payable under these Terms will be paid in Australian dollars.

### 13.2 No merger

Macquarie'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 Macquarie or any other obligation of the Investor to Macquarie, despite any rule of law or equity or any other statutory provision to the contrary.

### 13.3 Rounding

The calculation of Coupon Rate, Initial Price and Knockout Price will be rounded to 4 decimal places (eg 7.714285% is rounded to 7.7143%).

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

### 13.4 Certificates

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

### 13.5 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.



### **13.6 Power of attorney**

The Investor irrevocably appoints Macquarie 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 Macquarie, are necessary or desirable in connection with the Deliverable Parcel or the protection of Macquarie's interests or the exercise of the rights, powers and remedies of Macquarie, including without limitation the authority to sell the Deliverable Parcel on behalf of the Investor in accordance with clause 4.6.

### **13.7 Invalid or unenforceable provisions**

If any provision of the Terms (or any portion thereof) is invalid, illegal or unenforceable, the validity, legality or enforceability of the remainder of the Terms will not be affected or impaired.

### **13.8 Waiver and exercise of rights**

A failure to exercise or enforce, or a delay in exercising or enforcing, or the partial exercise or enforcement of, any right, remedy, power or privilege under the Terms by Macquarie shall not in any way preclude or operate as a waiver of any further exercise or enforcement thereof or the exercise or enforcement of any other right, remedy, power or privilege under the Terms or provided by law.

### **13.9 Assignment and transfer of interests**

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

### **13.10 Discretions**

Any determination made by Macquarie 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.

### **13.11 Recording conversations**

The Investor consents to the recording of any of its conversations with Macquarie in relation to the Terms.

### **13.12 Calculations and references to dates and times**

Calculations or determinations which are to be made on or by reference to a particular day or time are to be made on or by reference to the day or time in Sydney.

### **13.13 Payments by Macquarie**

All amounts payable by Macquarie under these Terms will be paid to the Investor's Nominated Account. If the Investor has not provided Macquarie with details of their Nominated Account, payment will be made by Macquarie 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 Macquarie is discharged of its obligations under these Terms.

### **13.14 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.

### **13.15 Time is of the essence**

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

# Other Information for Investors

## Reference Basket Trading History

Set out below is some information about the prices of Securities in the Reference Basket over the past 7.5 years. For each Security we have included:

- the closing price on ASX on 26 September 2005 ("**26 September Price**");
- the closing price on ASX on 26 March 1998, or, if the Security was first quoted on the ASX after 26 March 1998, the closing price on the first day the Security was quoted on the ASX ("**Starting Price**");
- the highest price ("**High Price**") at which the Security traded on ASX between 26 March 1998 (or, if the Security first became quoted on the ASX after 26 March 1998, the date on which the Security was first quoted) and 26 September 2005;
- the percentage determined by dividing the High Price by the Starting Price and multiplying the resulting fraction by 100 (ie if the High Price of a Security is \$2.00 and the Starting Price is \$1.00, the percentage will be 200%);
- the lowest price ("**Low Price**") at which the Security traded between 26 March 1998 (or, if the Security first became quoted on the ASX after 26 March 1998, the date on which the Security was first quoted) and 26 September 2005; and
- the percentage determined by dividing the Low Price by the Starting Price and multiplying the resulting fraction by 100 (ie if the Low Price of a Security is \$0.50 and the Starting Price is \$1.00, the percentage will be 50%).

The period to which the data relates is the same as the Term ie the data relates to the last 7.5 years leading up to the date of preparation of this PDS. However, some of the Securities that comprise the Reference Basket have not been quoted on the ASX for 7.5 years in which case the data relates only to the period of time the Security has been quoted.

Macquarie has included this information in this PDS in an attempt to assist Investors to have a better understanding of the risks for Investors in relation to Macquarie ALPS and the Securities that comprise the Reference Basket (ie their historical trading performance and trading range). However, for each Security, the extracted data is only a very brief summary. Investors can obtain the full trading history for each Security from the ASX.

**Historical trading performance and trading ranges for a Security are not accurate indicators of future trading performance. Macquarie makes no representation and expresses no opinion as to the likely future trading performance of any Security.**

Code	Company	First Listed	Starting Price	26 September Price	% of Starting Price	High Price	% of Starting Price	Low Price	% of Starting Price
ABS	A.B.C. Learning Centres Limited	21-Mar-01	\$0.38	\$6.41	1686.84%	\$6.68	1757.89%	\$0.36	95.76%
ALL	Aristocrat Leisure Limited	09-Jul-96	\$0.93	\$11.90	1276.76%	\$13.85	1485.98%	\$0.75	80.00%
AMC	Amcor Limited	28-Aug-69	\$5.42	\$6.68	123.14%	\$9.20	169.60%	\$4.31	79.41%
AMP	AMP Limited	15-Jun-98	\$15.96	\$7.36	46.12%	\$31.23	195.66%	\$2.96	18.52%
ANN	Ansell Limited	20-Nov-85	\$14.05	\$11.35	80.78%	\$16.25	115.66%	\$3.35	23.84%
ANZ	Australia & New Zealand Banking Corporation	30-Sep-69	\$9.99	\$23.74	237.61%	\$23.74	237.61%	\$7.95	79.62%
ASX	Australian Stock Exchange Limited	14-Oct-98	\$4.19	\$27.86	664.92%	\$27.88	665.39%	\$3.96	94.43%
AWC	Alumina Limited	31-Oct-61	\$2.79	\$6.10	218.80%	\$6.80	243.91%	\$2.28	81.89%
AXA	AXA Asia Pacific Holdings Limited	08-Oct-96	\$3.58	\$4.78	133.52%	\$5.02	140.22%	\$1.87	52.23%
BBG	Billabong International Limited	11-Aug-00	\$3.13	\$13.30	424.92%	\$14.61	466.77%	\$3.01	96.17%
BBI	Babcock & Brown Infrastructure Group	24-Jun-02	\$0.92	\$1.90	205.98%	\$1.93	209.78%	\$0.82	89.64%
BHP	BHP Billiton Limited	07-Jul-61	\$7.08	\$21.86	308.96%	\$21.86	308.96%	\$4.70	66.38%
BIL	Brambles Industries Limited	30-Jun-62	\$7.58	\$8.93	117.76%	\$13.01	171.51%	\$3.77	49.71%
BLD	Boral Limited.	21-Feb-00	\$2.43	\$8.00	329.22%	\$8.14	334.98%	\$1.80	74.07%
BNB	Babcock & Brown Limited	06-Oct-04	\$7.98	\$19.60	245.61%	\$20.00	250.63%	\$7.60	95.24%
BSL	Bluescope Steel Limited	15-Jul-02	\$3.00	\$10.05	335.00%	\$10.29	343.00%	\$2.47	82.33%
CBA	Commonwealth Bank Of Australia.	12-Sep-91	\$18.32	\$38.45	209.88%	\$39.64	216.38%	\$16.86	92.03%
CCL	Coca-Cola Amatil Limited	01-Jan-70	\$6.80	\$8.00	117.66%	\$9.11	133.99%	\$2.82	41.53%
CEUCA	ConnectEast Group	23-Nov-04	\$0.68	\$0.84	122.79%	\$0.85	125.00%	\$0.62	91.18%
CEY	Centennial Coal Company Limited	04-Aug-94	\$0.50	\$5.09	1009.97%	\$5.52	1095.29%	\$0.34	67.27%
CGF	Challenger Financial Services Group Limited	09-Oct-87	\$1.20	\$4.17	347.50%	\$12.75	1062.50%	\$0.90	75.00%
CML	Coles Myer Ltd	01-Jan-74	\$7.80	\$10.31	132.18%	\$10.41	133.46%	\$5.27	67.56%
COH	Cochlear Limited	04-Dec-95	\$5.85	\$40.10	685.47%	\$52.40	895.73%	\$5.84	99.83%
CPU	Computershare Limited	27-May-94	\$1.14	\$6.74	592.53%	\$9.90	870.33%	\$1.11	97.80%
CSL	CSL Limited	08-Jun-94	\$11.25	\$39.75	353.33%	\$52.00	462.22%	\$9.55	84.89%
CSR	CSR Limited	31-Mar-62	\$1.28	\$3.06	238.23%	\$3.06	238.23%	\$0.77	60.00%
CTX	Caltex Australia Limited	31-Dec-80	\$4.40	\$19.60	445.45%	\$19.80	450.00%	\$0.90	20.45%
DOW	Downer EDI Limited	20-Dec-90	\$1.62	\$6.33	390.74%	\$6.36	392.59%	\$1.20	74.07%
DVC	DCA Group Limited	17-Dec-87	\$0.74	\$3.97	535.84%	\$4.15	560.14%	\$0.67	89.87%
FCL	Futuris Corporation Limited	30-Jun-81	\$1.61	\$2.17	134.59%	\$2.64	163.50%	\$1.00	62.02%
FGL	Foster's Group Limited	04-Feb-82	\$3.38	\$5.72	169.23%	\$5.90	174.56%	\$3.19	94.38%
FXJ	Fairfax (John) Holdings Limited	08-May-92	\$2.98	\$4.62	155.03%	\$6.24	209.40%	\$2.52	84.56%
GNS	Gunns Limited	10-Feb-83	\$0.40	\$3.38	850.85%	\$4.80	1208.31%	\$0.28	69.41%
HHG	Henderson Group PLC	23-Dec-03	\$0.96	\$1.60	166.67%	\$1.86	194.26%	\$0.95	98.82%
HVN	Harvey Norman Holdings Limited	03-Sep-87	\$1.44	\$2.83	196.55%	\$4.59	318.87%	\$1.40	97.11%
IAG	Insurance Australia Group Limited	08-Aug-00	\$3.01	\$5.36	178.07%	\$6.97	231.56%	\$2.30	76.41%
ILU	Iluka Resources Limited	30-Jun-62	\$3.87	\$8.85	228.68%	\$9.05	233.85%	\$2.90	74.94%
JHX	James Hardie Industries N.V.	20-Dec-84	\$4.42	\$9.23	208.74%	\$9.40	212.59%	\$2.64	59.80%
LLC	Lend Lease Corporation Limited	30-Jun-62	\$18.48	\$13.62	73.72%	\$24.00	129.91%	\$7.90	42.76%
LNN	Lion Nathan Limited	03-Oct-91	\$3.85	\$8.58	222.86%	\$8.70	225.97%	\$2.73	70.91%

Source: IRESS

Past performance is not a reliable indicator of future performance. This is a summary only. Full trading histories can be obtained from ASX.

# Other Information for Investors

continued

Code	Company	First Listed	Starting Price	26 September Price	% of Starting Price	High Price	% of Starting Price	Low Price	% of Starting Price
MAP	Macquarie Airports	02-Apr-02	\$1.98	\$3.37	170.20%	\$3.70	186.87%	\$0.80	40.40%
MAY	Mayne Group Limited	30-Jun-62	\$6.40	\$5.43	84.89%	\$8.21	128.39%	\$2.58	40.33%
MCW	Macquarie CountryWide Trust	15-Nov-96	\$1.40	\$2.01	143.18%	\$2.09	148.98%	\$1.27	90.48%
MGW	McGuigan Simeon Wines Limited	26-Mar-92	\$1.96	\$4.00	204.08%	\$6.23	317.86%	\$1.60	81.63%
MIG	Macquarie Infrastructure Group	16-Dec-96	\$1.08	\$3.98	368.75%	\$4.31	399.32%	\$0.82	76.12%
MTT	Metcash Limited	17-Jun-94	\$0.96	\$4.20	438.43%	\$4.32	450.95%	\$0.26	27.10%
MXG	Multiplex Group	02-Dec-03	\$3.79	\$3.19	84.17%	\$36.78	970.45%	\$2.27	59.89%
NAB	National Australia Bank Limited	01-Jan-74	\$21.98	\$32.95	149.91%	\$36.78	167.33%	\$18.99	86.40%
NCM	Newcrest Mining Limited	04-Jun-87	\$2.26	\$20.10	889.38%	\$20.61	911.95%	\$1.32	58.41%
NWSLV	News Corporation non-voting	03-Nov-94	\$17.52	\$20.53	117.18%	\$50.00	285.39%	\$14.20	81.05%
ORG	Origin Energy Limited	13-Jul-61	\$2.28	\$7.30	320.82%	\$7.85	344.99%	\$1.01	44.44%
ORI	Orica Limited	28-Nov-61	\$10.63	\$20.41	192.00%	\$21.55	202.73%	\$3.95	37.16%
OSH	Oil Search Limited	01-Jan-74	\$2.63	\$3.75	142.59%	\$3.75	142.59%	\$0.57	21.67%
OST	OneSteel Limited	23-Oct-00	\$0.99	\$3.62	365.66%	\$3.64	367.68%	\$0.75	75.76%
OXR	Oxiana Limited	01-Jan-70	\$0.13	\$1.27	999.00%	\$1.30	1018.67%	\$0.04	28.15%
PBG	Pacific Brands Limited	02-Apr-04	\$2.59	\$2.86	110.42%	\$3.45	133.20%	\$2.05	79.15%
PBL	Publishing and Broadcasting Limited	04-Jun-87	\$8.00	\$16.38	204.75%	\$17.58	219.75%	\$5.68	71.00%
PMN	Promina Group Limited	12-May-03	\$1.89	\$4.89	258.73%	\$5.46	289.15%	\$1.81	95.54%
PPX	PaperlinX Limited	17-Apr-00	\$3.17	\$3.16	99.68%	\$5.85	184.54%	\$2.32	73.19%
QAN	Qantas Airways Limited	31-Jul-95	\$2.49	\$3.44	137.93%	\$5.34	214.29%	\$2.16	86.51%
QBE	QBE Insurance Group Limited	30-Jun-74	\$6.66	\$17.92	269.01%	\$17.99	270.06%	\$3.24	48.59%
RIN	Rinker Group Limited	31-Mar-03	\$4.93	\$16.00	324.54%	\$16.00	324.54%	\$4.50	91.28%
RIO	Rio Tinto Limited	01-Jan-70	\$19.60	\$57.55	293.62%	\$57.55	293.62%	\$16.29	83.11%
SFE	SFE Corporation Limited	16-Apr-02	\$3.86	\$12.25	317.36%	\$12.49	323.58%	\$1.95	50.52%
SGB	St George Bank Limited	02-Jul-92	\$8.89	\$28.15	316.69%	\$28.15	316.69%	\$8.77	98.72%
SHL	Sonic Healthcare Limited	30-Apr-87	\$2.16	\$16.00	740.98%	\$16.00	740.98%	\$1.82	84.09%
STO	Santos Limited	30-Jun-70	\$5.89	\$11.57	196.43%	\$11.88	201.70%	\$3.66	62.14%
SUN	Suncorp-Metway Limited	07-Jul-88	\$7.23	\$19.73	272.82%	\$21.87	302.42%	\$6.32	87.44%
TAH	Tabcorp Holdings Limited	26-Aug-94	\$7.80	\$17.24	221.06%	\$17.98	230.55%	\$7.46	95.65%
TCL	Transurban Group	15-Mar-96	\$2.58	\$7.35	285.35%	\$8.26	320.68%	\$1.91	74.08%
TEL	Telecom Corporation Of New Zealand Limited	22-Aug-91	\$7.60	\$5.49	72.24%	\$8.50	111.84%	\$3.41	44.87%
TEN	Ten Network Holdings Limited	31-Mar-98	\$2.79	\$3.61	129.39%	\$4.50	161.29%	\$1.60	57.35%
TLS	Telstra Corporation Limited	17-Nov-97	\$5.02	\$4.11	81.93%	\$9.20	183.41%	\$3.92	78.15%
TOL	Toll Holdings Limited	12-Oct-93	\$0.57	\$14.10	2484.58%	\$14.95	2634.36%	\$0.46	80.18%
WBC	Westpac Banking Corporation	18-Jul-70	\$10.37	\$20.91	201.64%	\$21.14	203.86%	\$8.36	80.62%
WDC	Westfield Group	03-Jul-96	\$8.25	\$16.92	205.22%	\$19.36	234.75%	\$6.91	83.75%
WES	Westfarmers Limited	15-Nov-84	\$11.69	\$39.70	339.59%	\$42.45	363.11%	\$9.65	82.57%
WOW	Woolworths Limited	23-Jul-93	\$5.80	\$16.41	282.93%	\$16.89	291.21%	\$4.63	79.83%
WPL	Woodside Petroleum Limited	18-Nov-71	\$9.95	\$34.36	345.33%	\$34.57	347.44%	\$6.75	67.84%
ZFX	Zinifex Limited	05-Apr-04	\$1.83	\$4.37	238.80%	\$4.42	241.53%	\$1.47	80.33%

Source: IRESS

Past performance is not a reliable indicator of future performance. This is a summary only. Full trading histories can be obtained from ASX.



## Consents

Mallesons Stephen Jaques, solicitors, has given, and not withdrawn, its written consent to being named as legal advisers in connection with the issue of Macquarie ALPS pursuant to this PDS. It has, in that capacity, advised and assisted with the drafting of this PDS, particularly the Terms of Issue and Nominee Deed sections, but excepting the Taxation 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 Nominee Deed section.

Clayton Utz, solicitors, has given, and not withdrawn, its written consent to being named as having acted as tax advisers to Macquarie in connection with the issue of Macquarie ALPS pursuant to this PDS. It has, in that capacity, provided the tax opinion in the Taxation Considerations section. Clayton Utz otherwise takes no responsibility for this PDS. Clayton Utz does not make any statement in this PDS nor does any statement herein purport to be based on a statement made by Clayton Utz except for the Taxation Considerations section.

Belike Nominees Pty Limited has given and not withdrawn its consent to be named in this PDS, but has not been involved in the preparation of this PDS, has not authorised or caused its issue, makes no representation as to its accuracy or completeness, and accepts no responsibility for its form or contents.

Computershare Investor Services Pty Limited has given and, as at the date hereof, not withdrawn, its written consent to be named as Warrant Registrar in the form and context in which it is named. Computershare Investor Services Pty Limited has had no involvement in the preparation of any part of the PDS, other than being named as Warrant Registrar to Macquarie. Computershare Investor Services Pty Limited has not authorised or caused the issue of, and expressly disclaims and takes no responsibility for, any part of this PDS.

# About Macquarie

## Macquarie Bank Limited

Macquarie Bank Limited ("Macquarie") is an authorised deposit taking institution under s9 of the Banking Act 1959 (Commonwealth). As at 31 March 2005 Macquarie had total assets of approximately A\$49.3 billion and equity attributable to ordinary equity holders of Macquarie of approximately A\$3.2 billion on a consolidated basis. For the year ended 31 March 2005 Macquarie reported profit from ordinary activities after income tax attributable to ordinary equity holders of approximately A\$823 million on a consolidated basis.

Macquarie's Australian Financial Services License Number is 237 502.

## Rating Agencies

Macquarie is rated by Standard & Poor's, Fitch Ratings and Moody's Investors Service. Current ratings are available from various sources including the ASX, brokers and Macquarie.

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

Investors should note that credit ratings assigned by the rating agencies address only credit risk, which is only one element of any investment decision and should not be construed as relating to Macquarie ALPS, the subject of this PDS. Ratings are not recommendations to buy, hold or sell any Macquarie ALPS. By publishing a rating, the rating agencies are not inducing or advising investors to take any action with respect to Macquarie ALPS or any other security. Ratings and rating reports should not be construed as investment advice, personalised or other. Accordingly, each investor should conduct their own evaluation of Macquarie ALPS and consult with their investment adviser.

Ratings are subject to change or withdrawal at anytime, and such change or withdrawal is within each rating agency's sole discretion.

## Disclosure Obligations

Macquarie, as a company whose shares are quoted on the stock market of the ASX, is a disclosing entity under the Corporations Act and the ASX Listing Rules and has a continuous disclosure obligation. This means that, subject to certain exceptions, Macquarie must disclose to the ASX any information concerning it that a reasonable person would expect to have a material effect on the price or value of Macquarie's Securities which are quoted by ASX. Copies of the information disclosed to the ASX can be viewed on the public file of Macquarie at the ASX.

## Documents Available

Macquarie will provide a copy, free of charge, of any of the following documents to any person who requests such copies in relation to this PDS, by contacting the Equity Markets Group, Macquarie Bank Limited,

No. 1 Martin Place, Sydney, NSW Australia, telephone number: 1800 811 586.

- the latest available financial report and annual review of Macquarie; and
- the latest available interim results of Macquarie.

Macquarie's latest available Annual Review, Interim Report and Financial Reports are also able to be reviewed online via Macquarie's website at: [www.macquarie.com.au/shareholdercentre](http://www.macquarie.com.au/shareholdercentre).

No circumstance has arisen or information has become available except as disclosed in this PDS or to ASX that would materially affect an investor's decision for the purpose of making an informed assessment of the capacity of Macquarie to fulfill its obligations under this PDS since the end of the year ended 31 March 2005.



# Nominee Deed

*This summary of the major terms of the Nominee Deed has been prepared by Mallesons Stephen Jaques. It does not purport to be a comprehensive summary of all the relevant terms of the Nominee Deed but highlights particular provisions that Macquarie wishes to encourage prospective investors to consider in detail and discuss with their professional advisers. Prospective investors should contact their financial adviser or Macquarie in order to obtain a copy of the complete Nominee Deed.*

*Clause references are to clauses in the Nominee Deed.*

## 8.1 Structure

Macquarie (as Issuer) and Belike Nominees Pty Limited (as Nominee) are parties to the Nominee Deed. The Nominee Deed establishes and sets out the terms of the trust pursuant to which Investors hold a beneficial interest in the Beneficially-Owned Parcel.

Only the securities referred to in the definition of "Trust Assets" (or substitute securities) are held under this trust. The securities in the Reference Basket are not held under this trust (or any other trust) for the benefit of Investors.

The Nominee is a wholly owned subsidiary of Macquarie, and has a limited range of discretions, choices and responsibilities beyond those required by the ASX Market Rules, the ASX Listing Rules and the ASTC Settlement Rules.

## 8.2 Copies of the Nominee Deed

The Nominee Deed is available for inspection at the office of Macquarie. A copy of the Nominee Deed is available free of charge to prospective Applicants and Investors of Macquarie ALPS, or for a fee of \$10 each to other persons.

The following is a summary of the material terms of the Nominee Deed.

## 8.3 Beneficiaries (clause 2)

The beneficial interest in the Trust Assets is held solely by the Investors and Macquarie. These interests are held as follows:

- Investors hold the beneficial interest in the entirety of the Trust Assets (including the right to distributions of capital) except for the beneficial interest held by Macquarie; and
- Macquarie holds the beneficial interest in all distributions of income (in whatever form).

Each Investor holds a Beneficial Fraction in the Trust Assets for each Macquarie ALPS held by that Investor.

## 8.4 Income Distributions (clause 3)

The Nominee will pay to Macquarie the cash amount of any income distributions (in whatever form). The Nominee will not participate in any plan conducted by the Trust Asset Company for the reinvestment of such income distributions.

## 8.5 Entitlements (clause 4)

Investors are not entitled to receive notices of meetings of the Trust Asset Company, attend, speak or vote at any meetings of members of the Trust Asset Company, or require the Nominee to do any of the foregoing.

The Nominee must not cast any vote in respect of the shares comprised in the Trust Assets.

# Nominee Deed

continued

## 8.6 The Trust (clause 5)

The Nominee may administer the Trust such that Beneficial Fractions for a particular Investor from time to time may be aggregated.

No Encumbrance may be created or permitted to subsist in respect of the Trust Assets.

Each Accretion forms part of the Trust Assets.

The Nominee and Macquarie are not liable in respect of any conduct, delay, negligence or breach of duty in the exercise or non-exercise of any power nor for any loss (including consequential loss) which results, except where it arises from fraud or wilful misconduct by or on behalf of the Nominee or Macquarie as the case may be.

No person may control the transfer or disposal of Trust Assets (other than the Investor and the Nominee in accordance with the Nominee Deed) except in circumstances which include for the purposes of complying with Macquarie's obligations in relation to Macquarie ALPS.

The provisions of the Nominee Deed must not be amended for any purpose referred to in the paragraph above, nor amended in a manner which adversely affects the rights of Investors to receive Physical Settlement or Cash Settlement.

## 8.7 Transfer on Maturity (clause 6)

Where an Investor elects (or is deemed to have elected) to receive Cash Settlement on Maturity under this PDS, the Nominee will dispose of the Investor's Beneficial Fractions of the Trust Assets and pay the disposal proceeds to the Investor (less all fees, costs, charges, liabilities, Tax and expenses incurred). The Nominee's obligations are satisfied if Macquarie pays more than the disposal proceeds to that Investor.

Where an Investor elects to receive Physical Settlement on Maturity under this PDS, the Nominee must transfer the unencumbered legal title to the Beneficial Fractions of the Trust Assets held by that Investor on or before the Physical Settlement Date. The Nominee's obligations are satisfied if Macquarie transfers a number of securities in the Trust Asset Company which is greater than the number of securities determined by aggregating the Beneficial Fractions of the Trust Assets held by that Investor.

Where Macquarie specifies an Early Maturity Date under this PDS, the Nominee will dispose of the Investor's Beneficial Fractions of the Trust Assets and pay the disposal proceeds to the Investor (less all fees, costs, charges, liabilities, Tax and expenses incurred). The Nominee's obligations are satisfied if Macquarie pays more than the disposal proceeds to that Investor.

## 8.8 Consequences of Disposal Events (clause 7)

If a Disposal Event occurs and the Nominee is obliged to sell some or all of the Trust Assets, the Nominee must sell the relevant Trust Assets in accordance with that obligation. The proceeds of any sale in these circumstances must be applied by the Nominee to acquire Substitute Trust Assets.

The Investors have no right to challenge the validity of such a disposal. A certificate given by the Nominee that a Disposal Event has occurred will be sufficient evidence of the Nominee's right to sell the Trust Assets.



### **8.9 Corporate event (clauses 8-15)**

If a Trust Asset Company or any third party takes any action in respect of the Trust Assets, Macquarie or the Nominee may take (and will not be liable) for any Reasonable Action.

### **8.10 Substitution of Trust Assets (clause 16)**

Where the Nominee is required under the Nominee Deed to acquire Substitute Trust Assets, the Substitute Trust Assets will form part of the Trust Assets.

### **8.11 Nominee powers and duties (clause 17)**

The Nominee has limited powers, duties, rights and discretions.

The Nominee has specific powers of sale in the circumstances described in this summary, and has general powers to administer the Trust, including powers to maintain bank accounts, and to give acknowledgments and undertakings to the ASX and ASTC.

The Nominee also has the power to borrow, grant security, give indemnities and make payments.

### **8.12 Nominee liability and indemnity (clause 18)**

The Nominee's liability to the Investors and any other person under the Nominee Deed is limited to the extent to which the liability can be satisfied out of the Trust Assets except for liability arising in certain circumstances (for example as a result of the Nominee's dishonesty, willful breach of trust or gross negligence). The Nominee is indemnified by Macquarie for liabilities properly incurred. The Nominee is not liable for the neglect, dishonesty or default of Macquarie, the Investors or any other person, and is not liable for any losses or liabilities caused because the Nominee acted or failed to act on advice, or a direction by Macquarie or an Investor.

If the Nominee fails to perform its obligations on Maturity in respect of Physical Settlement or Cash Settlement (see section 8.7), the Investor may give a default notice to Macquarie, whereupon Macquarie must pay the Liquidated Damages Amount to the Investor within 10 Business Days after receiving the default notice.

The Liquidated Damages Amount is 1.1 times the Market Value of the Investor's Trust Assets on the Maturity Date. The Market Value is calculated as the arithmetic average of the daily volume weighted average sale price of the Trust Assets on the ASX on the 5 Trading Days following the Maturity Date excluding special crossings, overseas sales and option exercises. Payment of the liquidated damages amount to the Investor extinguishes the Beneficial Fraction of the Investor in the Trust Assets and causes the Investor's Macquarie ALPS to cease to exist.

When Macquarie pays the liquidated damages amount, Macquarie and the Nominee have no further obligations to the Investor.

# Nominee Deed

continued

## **8.13 Nominee obligations, holdings by Nominee and Macquarie, and replacement of Nominee (clause 19)**

The Nominee may rely on advice from advisers engaged by the Nominee. The Nominee is not liable for anything done or suffered by it in reliance upon such advice unless the Nominee had reasonable grounds to believe it was not accurate.

The Nominee is not required to monitor the Trust Asset Company, Macquarie or the Registrar.

The Nominee, Macquarie and any of their related bodies corporate and officers may hold Macquarie ALPS and may enter into financial transactions with Investors.

The Nominee may resign and Macquarie may appoint a replacement approved by the ASX. Macquarie may remove the Nominee and appoint an ASX approved replacement if the Nominee breaches the Nominee Deed and the breach is not remedied for 30 days.

The Nominee is not required to prepare accounts or tax returns in respect of the Trust.

# Glossary of Terms

## Definitions and Interpretation

### Definitions

In this PDS, unless the context requires otherwise:

**“Accretions”** means all rights, accretions and entitlements attaching to the Trust Assets including without limitation, all distributions payable in respect of the Deliverable Parcel (but excluding dividends or other income during the Term) or shares, notes, options, units or other securities exercisable, declared, paid or issued in respect of the Deliverable Parcel.

**“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 a Security or a Deliverable Security any of the following events:

- (a) a special or abnormal dividend and includes those dividends which are described by the Listed Entity as (i) special, abnormal, extraordinary or extra; (ii) part of a scheme of arrangement or takeover consideration; or (iii) part of a special distribution involving a return of capital, or are otherwise characterised by the ASX as a special dividend;
- (b) any subdivision, consolidation, re-classification or other reconstruction of the capital of the relevant Listed Entity;
- (c) a cancellation or re-purchase of any of the Securities;
- (d) a pro rata issue or distribution of securities to holders of shares of the same class as the Security, at no cost to those holders by way of bonus issue;
- (e) a rights issue (renounceable or non renounceable) given to holders of shares of the same class as the Securities;
- (f) a takeover offer or on-market or off-market buy-back in respect of the Security;
- (g) a Suspension or delisting in respect of the Security; or
- (h) any other event that may have a dilutive or concentrative effect on the theoretical value of the shares.

**“Allotted Macquarie ALPS”** means the number of Macquarie ALPS calculated by dividing the Application Amount by the Issue Price.

**“Applicant”** means a person who completes an Application Form and lodges it with Macquarie.

**“Application”** means an offer by the Investor to Macquarie to acquire the Deliverable Parcel on a deferred basis on the terms and conditions set out in these Terms.

**“Application Amount”** means the amount specified by an Investor in an Application and received in immediately available funds by Macquarie.

**“Application Form”** means the application form attached to or accompanying this PDS.

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

**“ASTC Settlement Rules”** means the settlement rules of the ASTC as amended or substituted from time to time.

**“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” and “\$A” and “\$”** means Australian Dollars.

**“BBSW”** means the bank bill swap rate (expressed as a percentage) for the applicable period quoted on the page designated as “BBSW” on the Reuters Monitor System or another page that replaces the BBSW page on that system to display bank bill swap rate.

**“Beneficial Fraction”** means the proportion of the Trust Assets to which a holder of a Macquarie ALPS is beneficially entitled under the Nominee Deed for each Macquarie ALPS held, and is the fraction the numerator of which is one and the denominator of which is the total number of Macquarie ALPS on issue.

# Glossary of Terms

continued

**“Beneficially-Owned Parcel”** means, for each Investor, the Investor’s interest in the Trust Assets determined by aggregating the Beneficial Fraction for each Macquarie ALPS held by the Investor pursuant to the terms of the Nominee Deed.

**“BHP”** means BHP Billiton Limited (ABN 49 004 028 077).

**“Business Day”** means a Trading Day on which commercial banks are open for general business in Sydney or Melbourne.

**“Cash Settlement”** means a payment on the Cash Settlement Date in accordance with clause 4.6 of the Terms.

**“Cash Settlement Amount”** in relation to an Investor means a repayment of the Issue Price of each Macquarie ALPS, and is an amount equal to the Issue Price multiplied by the number of Macquarie ALPS held by the Investor at close of business on the Maturity Date.

**“Cash Settlement Date”** means the date which is 10 Business Days after the Maturity Date.

**“Change”** means, in respect of the Terms, any modification, variation, alteration or deletion of, or addition to, the Terms.

**“Closing Price”** means:

(a) In determining if a Knockout Event has occurred in relation to a Security, the amount calculated according to the formula:

Closing Price =  $(MP \times RF) + OC$ , where:

MP = the closing price of the Security on the relevant Business Day as published by the ASX.  
 RF = the Relevant Fraction for the Security  
 OC = the value of any other consideration as determined by Macquarie in accordance with clause 6 of the Terms.

(b) In calculating the number of Deliverable Securities in the Deliverable Parcel:

(i) the arithmetic average of the Volume Weighted Average Prices of the Deliverable Security for the 5 Trading Days following the Maturity Date; or

(ii) if Macquarie determines, in its absolute discretion, that the price under paragraph (a) cannot be determined, the Closing Price shall be the arithmetic average of the Volume Weighted Average Prices over such number of days as determined by Macquarie from the Maturity Date but not more than 10 Trading Days; or

(iii) if Macquarie determines, in its absolute discretion, that neither paragraphs (i) or (ii) shall apply, then the Closing Price shall be the price determined by Macquarie as the good faith estimate of the price that would have prevailed under paragraph (i).

**“Closing Time”** means 5:00 p.m. Sydney time or such other time as Macquarie determines.

**“Completion Notice”** means the form of completion notice as notified by an Issuer to an Investor.

**“Corporations Act”** means the *Corporations Act 2001* (Cth) as amended from time to time.

**“Coupon”** means, in relation to each Investor, in relation to each Coupon Period, interest on the Investment Amount and, for each Coupon Payment Date, equals the amount calculated in accordance with the following formula:

Coupon =  $IA \times CR$

Where:

IA = Investment Amount on the Coupon Determination Date

CR = Coupon Rate for the Coupon Period

**“Coupon Determination Date”** means, in relation to a Coupon Period, the last Business Day of the Coupon Period.

**“Coupon Payment Date”** means the date which is 10 Business Days after the Coupon Determination Date.



**“Coupon Period”** means each of the following periods:

Period 1	16 December 2005 - 31 May 2006
Period 2	1 June 2006 – 30 November 2006
Period 3	1 December 2006 – 31 May 2007
Period 4	1 June 2007 – 30 November 2007
Period 5	1 December 2007 – 31 May 2008
Period 6	1 June 2008 – 30 November 2008
Period 7	1 December 2008 – 31 May 2009
Period 8	1 June 2009 – 30 November 2009
Period 9	1 December 2009 – 31 May 2010
Period 10	1 June 2010 – 30 November 2010
Period 11	1 December 2010 – 31 May 2011
Period 12	1 June 2011 – 30 November 2011
Period 13	1 December 2011 – 31 May 2012
Period 14	1 June 2012 – 30 November 2012
Period 15	1 December 2012 – 20 June 2013

**“Coupon Rate”** means:

- in respect of Coupon Periods 1 and 2, 6.00%,
- in respect of subsequent Coupon Periods,

the rate calculated in accordance with the following formula:

$$\text{HCR} \times (7-K)/7$$

Where:

HCR = Headline Coupon Rate applying to the relevant Coupon Period

K = aggregate number of Knockout Events that have occurred from and including the Start Date until the Coupon Determination Date, or 7, whichever is less.

**“Deliverable Parcel”** means the number of Deliverable Securities (including the Beneficially-Owned Parcel) to be delivered by Macquarie to the Investor on the Settlement Date as determined by the following formula:

$$\text{Deliverable Parcel} = \text{IA}/\text{CP}$$

where:

IA = the Investment Amount

CP = the Closing Price of the Deliverable Securities.

**“Deliverable Security”** means one ordinary fully paid share in BHP, unless Macquarie substitutes shares or units in any other ASX-listed stock in accordance with clause 5.4 of the Terms, in which case the “Deliverable Securities” will mean those units or shares.

**“Disposal Event”** means an event the occurrence of which gives rise to a legal obligation upon the Nominee to dispose of the Trust Assets, other than compulsory acquisition pursuant to a takeover scheme or takeover announcement, a disposal or cancellation under a scheme of arrangement, quasi-scheme of arrangement or merger in the nature of a scheme of arrangement, or a disposal or cancellation pursuant to a reduction of capital, capital distribution or redemption in respect of the Trust Assets.

**“Early Maturity”** means the redemption of Macquarie ALPS prior to the Maturity Date as a consequence of an Extraordinary Event in accordance with clause 5 of the Terms which may only occur if the ASX consents.

**“Early Maturity Date”** means the date notified to the Investor as the early maturity date in the Early Maturity Notice.

**“Early Maturity Notice”** means the notice provided by Macquarie to the Investor pursuant to clause 5.3 of the Terms.

**“Early Redemption Amount”** means in respect of an Early Maturity, the fair value of a Macquarie ALPS as at the Early Maturity Date determined by Macquarie (taking into account any costs of Macquarie in respect of the early redemption).

# Glossary of Terms

continued

**“Encumbrance”** means an interest or power:

- (a) reserved in or over any interest in any asset including, without limitation, any retention of title; or
- (b) created or otherwise arising in or over any interest in any asset under a bill of sale, mortgage, charge, lien, pledge, trust or power,

by way of security for the payment of debt or any other monetary obligation or the performance of any other obligation and whether existing or agreed to be granted or created.

**“Extraordinary Event”** means the occurrence of any of the following events:

- (a) Macquarie ALPS are de-listed from the ASX, withdrawn from admission to trading status on the ASX or suspended from trading on the ASX otherwise than as a result of the fault of Macquarie; or
- (b) due to the adoption of, or change in, any applicable law after the Issue Date, or due to the promulgation of, or any change in, the interpretation by any court, tribunal or regulatory authority with a competent jurisdiction of any applicable law after the Issue Date, it becomes unlawful (other than as a result of actions of Macquarie) for Macquarie to perform any of its absolute or contingent obligations to make a payment or delivery or to receive a payment or delivery in respect of a Macquarie ALPS.

**“Face Value”** means the Issue Price.

**“Final Coupon Period”** means the Coupon Period ending on the Maturity Date.

**“GST”** means goods and services tax.

**“Headline Coupon Rate”** means the rate that relates to a particular Coupon Period, as determined from the following table:

Coupon Period:	Headline Coupon Rate:
1	6.00%
2	6.00%
3	6.50%
4	6.50%
5	7.50%
6	7.50%
7	8.50%
8	8.50%
9	9.50%
10	9.50%
11	10.50%
12	10.50%
13	11.50%
14	11.50%
15	12.50%


**“HIN”** means an Investor’s Holder Identification Number.

**“Holding Statement”** has the meaning given in the ASTC Settlement Rules.

**“Initial Price”** means in relation to a Security:

- (a) the arithmetic average of the Volume Weighted Average Prices of the Security for the 5 Trading Days up to and including the Start Date; or
- (b) if Macquarie determines, in its absolute discretion, that the price under paragraph (a) cannot be determined, the Initial Price shall be the arithmetic average of the Volume Weighted Average Prices over such number of Trading Days as determined by Macquarie, up to and including the Start Date; or
- (c) if Macquarie determines, in its absolute discretion, that neither paragraphs (a) or (b) shall apply, then the Initial Price shall be the price determined by Macquarie as the good faith estimate of the price that would have prevailed under paragraph (a), as adjusted in accordance with these Terms.





**“Investment Amount”** means, on any date, the aggregate Face Value of Macquarie ALPS held by an Investor.

**“Investor”** means the person whose name is entered into the Register from time to time as the holder of a Macquarie ALPS.

**“Issue Date”** means the date on which a Macquarie ALPS is issued to an Investor by entry into the Register in accordance with clause 2.1 of the Terms.

**“Issue Price”** means \$10.00 per Macquarie ALPS.

**“Issuer”** means Macquarie Bank Limited (ABN 46 008 583 542, AFSL 237 502);

**“Knockout Event”** occurs in relation to a Security if the Security has a Closing Price on three consecutive Trading Days which is less than the Knockout Price with the proviso that only one Knockout Event can occur with respect to a particular Security, and any subsequent instance of the Security having a Closing Price which is less than the Knockout Price is disregarded, and with the further proviso that the third consecutive Trading Day must occur after 30 November 2006.

**“Knockout Price”** means the price of a Security calculated by the following formula:

Knockout Price =  $(55/100) \times IP$ , where:

IP = the Initial Price of that Security.

**“Liquidated Damages Amount”** means 1.1 x :

(a) in the case of Physical Settlement the arithmetic average of the daily volume weighted average price of the Deliverable Parcel(s) (in AUD) on the 5 Trading Days following the Maturity Date, excluding special, late, overseas sales and option exercises; and

(b) in the case of Cash Settlement, the Cash Settlement Amount.

**“Listed Entity”** means an entity listed on the ASX, the securities of which are either Securities or Deliverable Securities.

**“Macquarie”** means Macquarie Bank Limited (ABN 46 008 583 542).

**“Macquarie ALPS”** means the agreement under which the Investor acquires an interest in the Beneficially Owned Parcel and agrees to receive Cash Settlement or to purchase the Deliverable Parcel from Macquarie on a deferred basis on the terms and conditions set out in the Terms and the PDS.

**“Maturity”** means either:

(a) Cash Settlement; or

(b) the completion by the Investor and Macquarie of the deferred purchase of the Deliverable Parcel in accordance with clause 4 of the Terms.

**“Maturity Date”** means 20 June 2013.

**“Maturity Notice”** means a notice complying with the requirements of the ASX Market Rules, issued by Macquarie in accordance with clause 4.1 of the Terms.

**“Minimum Investment Amount”** means \$10,000.

**“Nominated Account”** means the account held by the Investor and notified to Macquarie in the Application Form or otherwise.

**“Nominee”** means Belike Nominees Pty Limited (ABN 31 008 604 966) (AFSL 238 164).

**“Nominee Deed”** means the deed poll executed by Macquarie and the Nominee on 28 February 2005.

**“Nominee Trust”** means the separate trusts under which the Nominee holds each Investor's Beneficial Fraction governed by the Nominee Deed.

**“Offer Close Date”** or **“Offer Closes”** means 2 December 2005 at 5:00 pm Sydney time or such other time as determined by Macquarie and notified to Investors.

**“Period Number”** means the number adjacent to the relevant period in the table that forms part of the definition of “Coupon Period”

**“Physical Settlement”** means the transfer to the Investor or the Investor's nominee of the Deliverable Parcel in accordance with clause 4.5 of the Terms.

**“Physical Settlement Date”** means the date which is 20 Business Days following the Maturity Date.

# Glossary of Terms

continued

**“Product Disclosure Statement”** or **“PDS”** means this product disclosure statement issued by Macquarie in relation to the invitation to invest in Macquarie ALPS dated on or about 6 October 2005, or such new or supplementary PDS issued by Macquarie from time to time.

**“Reasonable Action”** means action taken by Macquarie or by the Nominee which is taken after consultation with Macquarie and which is lawful, practicable, does not create a risk of liability for Macquarie or the Nominee unacceptable to it and is otherwise reasonable.

**“Reference Basket”** means all of the Securities listed and so specified in section 1.9 of this PDS as varied by Macquarie from time to time in accordance with clause 6 of the Terms.

**“Register”** means the registers and/or subregisters of Investors to be kept pursuant to the Corporations Act and the ASX Rules.

**“Registrar”** means Computershare Investor Services Pty Ltd (ACN 078 279 277) or any other competent registrar appointed by Macquarie with the consent of the Nominee.

**“Relevant Fraction”** means, in relation to a Security:

- (a) where no Adjustment Event has occurred in relation to the Security, 1; or
- (b) where an Adjustment Event has occurred in relation to the Security, the fraction reasonably determined by Macquarie and approved by the ASX, in accordance with clause 6 of the Terms.

**“Retained Coupon”** means, in respect of an Adjustment Coupon Period, an amount calculated as follows: the amount by which the Coupon would be reduced if a Coupon Adjustment Event was a Knockout Event in relation to the Adjustment Coupon Period.

**“Retained Coupon Interest”** means the amount calculated as either:

- (a) in the case of Retained Coupon other than in relation to the Final Coupon Period:
 
$$\text{Retained Coupon Interest} = \text{Retained Coupon} \times (\text{BBSW} - 1\%) \times 183/365; \text{ or}$$
- (b) in the case of Retained Coupon in relation to the Final Coupon Period:
 
$$\text{Retained Coupon Interest} = \text{Retained Coupon} \times (\text{BBSW} - 1\%) \times 30/365.$$

**“Security”** means any of the shares, units and other securities listed in section 1.9 which comprise the Reference Basket (as adjusted or replaced in accordance with the Terms) and “Securities” has a corresponding meaning.

**“Settlement Date”** means:

- (a) in the case of Cash Settlement, the Cash Settlement Date; or
- (b) in the case of Physical Settlement, the Physical Settlement Date.

**“Start Date”** means 16 December 2005.

**“Substitute Trust Assets”** means a fixed number of shares in a company, as determined by Macquarie, which is listed on the ASX and which is in the top 50 companies ranked by market capitalisation.

**“Suspension”** means any temporary cessation of the trading or quotation of any Security including a trading halt on the ASX.

**“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 the Deliverable Parcel.

**“Term”** means from (but excluding) the Start Date to (and including) the Maturity Date.

**“Terms”** means the terms of issue pursuant to which the Investor agrees to acquire the Deliverable Parcel from Macquarie contained in section 5 of this PDS.

**“Trading Day”** means a day when the ASX is open for business in Sydney or Melbourne.

**“Trust”** means the trust established pursuant to the Nominee Deed.



**“Trust Assets”** means 100 shares in the Trust Asset Company, and all Accretions in relation those shares, or the Substitute Trust Assets from time to time if substituted in accordance with the Nominee Deed.

**“Trust Asset Company”** means, as at the Issue Date, BHP, or the company for the time being, shares of which make up the Substitute Trust Assets.

**“Volume Weighted Average Price”** means for a Trading Day and a Deliverable Security or a Security, the volume weighted average price of all trades during normal trading hours on the ASX for the securities of the same class as that Deliverable Security or Security over that Trading Day excluding special, late or overseas sales and option exercises.

#### **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 Macquarie includes any affiliate of Macquarie;
  - (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 “Glossary” section 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.

# Instructions for Completing the Application Form

To apply for Macquarie ALPS you must complete the Application Form in this PDS and send it via your licensed financial adviser, stockbroker or directly to Macquarie at the following address:

ALPS Service Centre  
Macquarie Bank Limited  
GPO Box 3423  
Sydney NSW 2001

Remember, before you invest in Macquarie ALPS it is important that you have read and understood the terms set out in this PDS. You should also read the ASX booklet 'Understanding Trading and Investment Warrants' which is available from the ASX or Macquarie.

You may want to consult your stockbroker or financial adviser for advice as to the suitability of investing in Macquarie ALPS based on your personal circumstances. A paper copy of this PDS will be provided to applicants free of charge during the offer period on request by contacting Macquarie Bank.

Applications can only be made by an individual, trustee, superannuation fund or company that are Australian domiciled. Individuals must be at least 18 years of age to apply for Macquarie ALPS.

If you are investing as ...	... your application must be in the name of	for example like this ...	... and your account description (if required) could be ...
An individual	The full given name of the individual	Mrs Yvette Catherine Brown	None required
Joint applicants	The full given names of the individuals	Mrs Yvette Catherine Brown + Mr Jack Michael Brown	None required
A company	The company	Jack Brown Pty Ltd	None required
A trust	The trustees, rather than the name of the trust	Mrs Yvette Catherine Brown + Mr Jack Michael Brown	Brown Family Trust
A superannuation fund	The trustee(s) of the superannuation fund <sup>1</sup>	Mrs Yvette Catherine Brown + Mr Jack Michael Brown	Brown Super Fund A/C
A partnership	The full given names of the partners	Mr Jack Michael Brown + Mr James David Smith	Brown + Smith Partnership A/C

<sup>1</sup>Applications in the name of a trust rather than the trustee will not be accepted



Please complete all the relevant sections of the Application Form in accordance with the following instructions. These instructions are cross referenced to each section of the Application Form.

## 1 APPLICANT DETAILS

- Complete all the personal and contact details where indicated. Make sure you write the full name that you wish to appear on your Holding Statement including any title(s). Where there is more than one Applicant, write the full details of each Applicant in the space provided.
- If you are applying as a company officer, write the company name and the Australian Company Number (ACN), Australian Business Number (ABN) or Australian Registered Business Number (ARBN) if applicable.
- Indicate whether or not you want to receive an email confirming Macquarie's receipt of your Application. If you tick this box, and you do not receive an email within one week of sending your Application, please call Macquarie on 1800 811 586 to check on the status of your Application
- Write the Tax File Number (TFN) of each Applicant or reason for exemption in the space provided. Alternatively, each Applicant can quote their ABN, where applicable.
- You must specify a residential address and a mailing address if different from the residential address. The mailing address details will be used for all correspondence (you should particularly take note of this if you are opening a joint account).

**IMPORTANT NOTICE:** Collection of TFNs or ABNs is authorised and their use and disclosure are strictly regulated by taxation laws and the Privacy Act. Quotation of TFNs or ABNs is not compulsory however failure to provide a TFN or ABN may result in withholding tax being deducted from your Coupon Payments or may result in Macquarie not accepting your Application unless an exemption is notified. If applying as a company officer, only write the company's TFN or ABN, not your personal TFN or ABN.

## 2 APPLICATION AMOUNT

- Enter the number of Macquarie ALPS you wish to apply for. Multiply this number by \$10 to determine your Application Amount.

## 3 PAYMENT METHOD

- Indicate here whether you wish to pay by cheque or Direct Debit.

## 4 DIRECT DEBIT/CREDIT AUTHORITY AND BANK ACCOUNT DETAILS

- Enter your bank account details here if you wish to have payments debited from and/or distributions directly credited to your bank account in connection with Macquarie ALPS. The bank account should be in the same name as the Applicant and NOT a third party. This instruction is only applicable for accounts held with banks, building societies and credit unions within Australia.

## 5 CHESS DETAILS

- If you are already a CHESS participant, or sponsored by a CHESS participant, write your HIN. If not, leave this blank and any Macquarie ALPS issued to you will be Issuer Sponsored and allocated an SRN (Shareholder Reference Number).

## 6 INVESTOR DECLARATION

- The Application Form must be signed by each Applicant. Individual Applicants must sign personally. All joint Applicants must sign (and will be bound jointly and severally). The Power of Attorney granted by a company should be signed either by two directors of the company or a director and company secretary of the company. For a proprietary company that has a sole director who is also the sole company secretary, the form should be signed by that director. Alternatively, a company may sign under the company's common seal provided the fixing of the seal is witnessed by two company officers (or in the case of a sole director – by that director). The Power of Attorney granted by superannuation funds, trusts, partnerships and deceased estates is to be signed by the individual trustees, executors or principals. The name of the witnesses to the seal or the attorney must be printed. If the Power of Attorney is granted under power of attorney, a certified copy of the power of attorney should be provided to Macquarie.

## 7 ADVISER DETAILS

- Your Financial Adviser should provide their details here. A placement fee and trail commission (as disclosed on page 3 of the PDS) may be paid to the Adviser specified here.

## 8 PRIVACY

- If you complete the Application Form, you will be supplying us with personal information over which we will be bound by the Privacy Act 1988 cth (the "Privacy Act").

## 9 FUTURE OPERATING INSTRUCTIONS

- Please indicate how you wish to issue future written instructions to us in relation to your investment. Please note that this Application Form must be signed by each applicant.

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PDS dated 6 October 2005



1800 811 586

## Macquarie ALPS 4 Application Form

Complete this form to apply for Macquarie ALPS. Complete this form using BLACK INK and print well within the boxes in CAPITAL LETTERS. Please do not use correction fluid and make sure you initial any changes. Mark answer boxes with a cross (X). Start at the left of each answer space and leave a one box gap between words. This Application Form must not be distributed unless accompanied by the complete and unaltered PDS dated 6 October 2005. Applications may be lodged via your stockbroker, financial adviser or directly with Macquarie.

APPLICATION FORMS MUST BE COMPLETED IN ACCORDANCE WITH THE INSTRUCTIONS ON PAGES 50 AND 51 OF THIS PDS.

### OFFICE USE ONLY

Application number

IRN

#### 1 APPLICANT DETAILS

##### 1.1 COMPANY/CORPORATE TRUSTEE

Name of company, corporate trustee, incorporated association, or incorporated body

ABN / ACN / ARBN if applicable

Tax File Number (if ABN not provided, OR reason for exemption)

*If applying in the name of the company Go to 1.5 "Contact Details"*  
*If applying as a corporate trustee Go to 1.4 "Account Description".*

##### 1.2 INDIVIDUAL/NON CORPORATE TRUSTEE

Mr  Mrs  Miss  Ms  Other

Given name(s)

Surname

Tax File Number OR reason for exemption Macquarie staff member

 Yes  No 

Date of birth

*If applying as an individual Go to 1.5 "Contact Details"*  
*If applying as a non-corporate trustee Go to 1.4 "Account Description".*

##### 1.3 JOINT APPLICANT/TRUSTEE 2

Mr  Mrs  Miss  Ms  Other

Given Name(s)

Surname

Tax File Number OR reason for exemption Macquarie staff member

 Yes  No 

Date of birth

*If applying in joint names make sure both 1.2 "Individual/Non-corporate trustee" and 1.3 "Joint Applicants/Trustee 2" sections are completed.*

#### 1.4 ACCOUNT DESCRIPTION

Name of trust, superannuation fund, partnership, deceased estate, unincorporated association or business. If trust or partnership specify account description (max 30 characters).

Tax File Number / ARBN if applicable Is this a trust account?

 No  Yes 

#### Tax File Numbers

Collection of tax file numbers is authorised, and their use and disclosure are strictly regulated, by the tax laws and Privacy Act. Quotation is not compulsory, and declining to quote a tax file number is not an offence, but tax may be withheld at the maximum rate of 48.5% if you do not quote your tax file number or claim an exemption. Contact your nearest tax office for more information.

#### 1.5 CONTACT DETAILS

Name of applicant to be contacted regarding application

If company, position in company

Home phone number Mobile phone number

Work phone number Fax number

E-mail address

Please tick box if you wish to receive confirmation of receipt of application via email

#### 1.6 ADDRESS DETAILS

Residential Address (you must specify a residential address). Company, trust, partnership or other non-individual applicants must specify their registered address.

Street No. & Name														
Suburb														
State													Postcode	

Mailing Address (if different to above. All correspondence will be sent to this address)

Street No. & Name OR PO Box														
Suburb														
State													Postcode	

**2 APPLICATION AMOUNT**

Number of Macquarie ALPS (minimum 1,000) <b>A</b>	Issue Price <b>B</b>	Application Amount <b>A X B</b>
	\$10	\$

**3 PAYMENT METHOD**

Please indicate via which method you will be paying your investment amount;

- Cheque made out to “Macquarie Bank Limited - Equity Structured Products”.

**Third party cheques will not be accepted.  
Cheque must be in the same name as the investment.**

- Direct debit from an account held with an Australian financial institution.

NOTE: Direct debiting is not available on the full range of accounts. If in doubt, please refer to your financial institution.

**Third party bank accounts will not be accepted.  
Bank account must be in the same name as the investment.**

**4 BANK ACCOUNT DETAILS FOR DIRECT DEBIT OF APPLICATION AMOUNT AND FOR CREDIT OF DISTRIBUTIONS**

Name of financial institution


Branch Address


BSB Number

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Account Number

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Account name (if joint account, all names required)


I/We understand and acknowledge that in providing the direct debit and credit instructions to Macquarie Bank that:

- I/We authorise Macquarie Bank to make a debit from or credit to my/our nominated account for transactions in relation to warrants and structured products issued by Macquarie Bank. I/We understand that it is my/our responsibility to ensure that there are sufficient cleared funds in my/our nominated account to honour any direct debit instruction.
- I/We understand that the instruction will be automatically cancelled if the payment is dishonoured because of insufficient funds. Macquarie Bank will charge the cost of dishonoured direct debits against my/our account.
- I/We acknowledge and agree that until the instructions are modified or deferred by me/us in accordance with these terms, Macquarie Bank may act on the instructions to discharge its obligations under the Terms.
- My/our nominated financial institution may in its absolute discretion decide the order of priority of payment by it of any moneys pursuant to the request made pursuant to the direct debit instruction or any other authority or mandate.
- I/We can modify or defer our direct debit instructions at any time by giving Macquarie Bank 14 days notice in writing.

- If at any time I/we feel that a direct debit against my/our nominated account is inappropriate or wrong it is my/our responsibility to notify Macquarie Bank as soon as possible.
- Direct debiting through the Bulk Electronic System ("BECS") is not available on all accounts. I/We can check my/our account details against regular statement or check with the financial institution as to whether I/we can request a direct debit from my/our account.
- Macquarie Bank will give me/us 14 days notice in writing if they intend to cancel my instructions.
- Macquarie Bank may need to pass on details of my/our direct instructions to their sponsor bank in BECS to assist with the checking of any incorrect or wrongful debits to my/our nominated accounts.

**5 CHESS DETAILS**

CHESS details for delivery of Macquarie ALPS. *(These details can be found on any CHESS Holding Statement)*

Sponsoring Broker

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PID

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HIN *(must be in the exact same name as applicant)*

X																			
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**6 INVESTOR DECLARATION**

By lodging the Application Form and payment I/We whose full name(s) and address appear above hereby acknowledge and confirm my/our Application for the number of Macquarie ALPS on this Application Form to be issued in accordance with the terms of the PDS dated 6 October 2005 issued by Macquarie Bank Limited. I/we acknowledge that in making our application:

- I/We have read and understood the PDS to which this Application Form is attached including the Terms of Issue, and have agreed to accept the Macquarie ALPS on the conditions set out in the PDS; and
- I/We declare that my/our Application is not being made in my/our capacity as the trustees of any estate (other than a complying superannuation fund or other excluded trust as defined in Section 102UC of the income Tax Assessment Act 1936).
- I/We acknowledge that Macquarie will hold any application monies on trust prior to the issue of the Macquarie ALPS to me/us and any interest earned on such monies will be for the benefit of Macquarie.
- I/We acknowledge that Macquarie will not pay any interest on any application monies received.
- I/we have irrevocably appointed Belike Nominees Pty Limited or its nominee as my/our nominee on the terms of the Nominee Deed in respect of any Beneficially-Owned Parcel to which my/our Application relates.
- I/We agree to receive financial services guides (FSG's) including supplementary FSG's from Macquarie or its related entities by having them made available via Internet website notified to me/us.
- Macquarie ALPS are not deposits with Macquarie and are subject to investment risk, including possible delays in repayment and loss of capital invested.
- Macquarie does not guarantee any particular rate of return on Macquarie ALPS, or the future performance of the Deliverable Parcel except as set out otherwise in this PDS.





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# Directory

## Issuer

Macquarie Bank Limited  
No. 1 Martin Place  
Sydney NSW 2000  
Australia

Phone: 1800 811 586  
Email: [alps@macquarie.com.au](mailto:alps@macquarie.com.au)  
Website: [macquarie.com.au/alps](http://macquarie.com.au/alps)

## Registrar

Computershare Investor  
Services Pty Limited  
Level 3  
60 Carrington Street  
Sydney NSW 2000  
Australia  
Phone: 1300 855 080

## Legal adviser

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

## Taxation adviser

Clayton Utz  
1 O'Connell Street  
Sydney NSW 2000  
Australia