

MACQUARIE
BANK

Product Disclosure Statement
Master Note Document

25 August 2003

Equity Performance Notes

MACQUARIE BANK LIMITED ABN 46 008 583 542
TAILORED EQUITY SOLUTIONS

This Master Note Document is part of a Product Disclosure Statement for Equity Performance Notes. This Master Note Document and the relevant Series Term Sheet make up the current Product Disclosure Statement for Equity Performance Notes.

Investors should contact Macquarie Bank Limited on (02) 9223 2882 or speak to their financial adviser to obtain a copy of the current Series Term Sheet. Investors should ensure they read and understand this Master Note Document and the current Series Term Sheet before deciding whether to invest in Equity Performance Notes.

Representations

Neither Macquarie Bank Limited nor any member of the Macquarie Bank group of companies guarantees the performance of the Equity Performance Notes, or any particular rate of return. Investment products are always subject to investment risk.

Investments in Equity Performance Notes are not deposits with Macquarie Bank Limited or any Member of the Macquarie Bank Limited group of companies ("MBL Group"), and are subject to investment risk, including possible delays in payment and loss of income or capital invested. Other than as provided as a result of any Protection Rate applicable to any particular Equity Performance Note, none of Macquarie Bank Limited or any member of the MBL Group guarantees any particular rate of return from, or the performance of, the Equity Performance Notes.

This Master Note Document and the Series Term Sheet do not constitute giving general or personal investment advice. In preparing this Master Note Document and the Series Term Sheet, Macquarie Bank has not taken into account the investment objectives, financial situation or particular needs of any particular Investor. Before making an investment decision, Investors should obtain their own investment advice, taking into account their own investment needs and financial circumstances.

Foreign Jurisdictions

The distribution of this Master Note Document and the Series Term Sheet in jurisdictions outside Australia may be restricted by law and therefore persons into whose possession those documents come should seek advice on and observe any such restrictions. Failure to comply with relevant legislation may violate those laws. This Master Note Document and the Series Term Sheet do not constitute an offer or invitation in relation to the Equity Performance Notes in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. The Equity Performance Notes offered under this Master Note Document and the Series Term Sheet have not been and will not be lodged or registered under the United States Securities Act of 1933, as amended and may not be offered or sold directly in the United States.

Reference Securities and Settlement Securities

References in this Master Note Document and the Series Term Sheet to the Reference Securities and Settlement Securities are included solely for the purposes of identification of the securities, indices or other underlying to which the Equity Performance Note relates. Such references are not to be construed as any express or implied endorsement by the Prescribed Entities, nor does any Prescribed Entity of a Reference Security or Settlement Security accept any responsibility for any statement in this Master Note Document or undertake any liability in respect of the Equity Performance Notes.

Applications

If you wish to apply for Equity Performance Notes you must complete and return the Application Form which accompanies the current Series Term Sheet.

If you view an electronic copy of this Master Note Document and the Series Term Sheet, please ensure that you have received all sections of the documents including the Application Form. If you have not, please call Macquarie Bank on (02) 9223 2882 or email equityolutions@macquarie.com.

The offer or invitation is only available to persons receiving this Master Note Document and the Series Term Sheet (whether in paper or electronic form) within Australia who are Australian residents and provide an Australian address for service when making their Application. Application Forms which do not specify an Australian address for service (or which are accompanied by payment drawn from a foreign bank account) will be rejected and returned.

Defined Terms

Terms appearing in capital letters in this Master Note Document and the Series Term Sheet have the meaning attributed to them in the Glossary in Section 10 of this Master Note Document unless the context otherwise requires.

Adviser Commissions

Your adviser may receive an upfront and trail commission during the term of your investment. This commission is payable by Macquarie Bank. Your adviser must disclose all benefits and commission it receives from Macquarie Bank to you.

Privacy Act

Please read the Privacy Act Collection Statement on the inside back cover of this Master Note Document. By signing the Application Form accompanying the Series Term Sheet you consent to the matters outlined in that statement.

Currency Information

Information in the Product Disclosure Statement may change from time to time. A paper copy of the updated information is also available upon request and free of charge by contacting Macquarie Bank. Macquarie Bank may also be required to issue a supplementary Product Disclosure Statement as a result of certain changes, in particular where the changes are materially adverse from the point of view of a reasonable person deciding as a retail client whether to invest in Equity Performance Notes.

Equity Performance Notes – at a Glance

This section of the Master Note Document contains the highlights and key features of the Equity Performance Notes as well as references to sections where you can find more information.

Topic	Summary	More Information
Who is the issuer of the Master Note Document and the Equity Performance Notes?	<p>This Master Note Document and the Series Term Sheet (together, the “Product Disclosure Statement” or “PDS”) are issued by Macquarie Bank.</p> <p>The issuer of the Equity Performance Notes is Macquarie Bank Limited.</p>	Section 8: Description of Macquarie Bank
What is offered?	<p>You are invited to apply for Equity Performance Notes (“EPNs”) issued by Macquarie Bank based on the terms outlined in this document and the relevant Series Term Sheet.</p> <p>EPNs are unsecured payment and forward delivery obligations of Macquarie Bank which enable you to obtain exposure (via the Equity-Linked Return) to the performance of an underlying Reference Security which may be a listed share, index, managed fund or other instrument or asset as outlined in the current Series Term Sheet.</p> <p>EPNs also have a certain level of capital protection (the Protection Level) and participation (the Participation Rate) as outlined in the current Series Term Sheet.</p>	<p>Series Term Sheet</p> <p>Section 2.1: Equity-Linked Return</p> <p>Section 2.2: Protection Level</p> <p>Section 2.3: Participation Rate</p>
Is an investment in EPNs capital protected?	<p>An investment in EPNs will be capital protected at Maturity to the extent outlined in the relevant Series Term Sheet. A 100% Protection Level means that you will receive at least the value of your initial investment back at Maturity of the EPN. A lower Protection Level means that you may not receive the full value of your initial investment back at Maturity of the EPN.</p>	Section 2.2: Protection Level
What is the Equity-Linked Return?	<p>You will receive any benefits from exposure to the relevant securities or instruments underlying the EPN by way of the Equity-Linked Return.</p> <p>The Equity-Linked Return is the value over and above the Protected Note Value that you receive at Maturity.</p>	<p>Section 2.1: Equity-Linked Return</p> <p>Section 2.3: Participation Rate</p>
Do the EPNs pay any investment income?	<p>The EPNs may pay a coupon periodically if the Series Term Sheet specifies an Interest Rate above 0%. The coupon is based on the Note Face Value.</p>	Section 2.5: Interest Amounts Series Term Sheet
What are the investment risks?	<p>The Protection Level on the EPN is designed to ensure that an amount of your initial investment is capital protected at Maturity. If the Protection Level is less than 100%, Investors may not receive the full value of their investment in the EPNs at Maturity.</p> <p>The Equity-Linked Return will fluctuate during the Term of the EPN and it may be zero at or before Maturity of the EPN. If the Equity-Linked Return is zero, you will receive the Protected Note Value back at Maturity.</p> <p>Fluctuations in the Equity-Linked Return may occur during the Term of the EPN due to market factors affecting the Reference Security such as changes in price, volatility, interest rates, dividends or distributions (forecast and actual) and remaining term to Maturity.</p>	Section 3: Risk Factors

Equity Performance Notes – at a Glance continued

Topic	Summary	More Information
What are the investment risks? (continued)	<p>If your EPN is redeemed before Maturity the benefit of any Protection Rate is reduced and you may receive less than the Protected Note Value.</p> <p>Fees will apply if EPNs are redeemed early. This includes the situation where Early Redemption occurs at Macquarie Bank's election because an Issuer Call Event occurs.</p>	
Can I redeem my EPNs before Maturity?	<p>You are able to redeem your EPNs before they mature however an Early Redemption Fee will be payable and the amount received on Early Redemption will be adjusted by the Early Redemption Adjustment Amount. The Early Redemption Adjustment Amount may be a positive or negative number. If the EPNs are redeemed early you may receive back an amount which is less than your Protected Note Value.</p> <p>Any early redemption by an Investor of an EPN will be subject to the discretion of Macquarie Bank. You will be able to redeem your EPN based on the value of the EPN on the date that Macquarie processes your early redemption.</p>	Section 2.7: Early Redemptions
What are the benefits of an EPN investment?	<p>EPNs allow you to gain exposure to the performance of an underlying Reference Security which may be a listed share, a managed fund, an index, currency, a commodity or another instrument or asset.</p> <p>An EPN investment is a "set and forget" investment providing the opportunity for capital growth over a fixed Term. The EPN has low administration and ongoing maintenance and involves no bank fees or management fees.</p>	Section 1.2: Key Benefits
Will I receive any dividends or distributions on the underlying Reference Security?	<p>Generally, no. The EPN will usually only give you an exposure to the performance of the underlying Reference Security. You will usually not have a legal or beneficial interest in the Reference Security.</p> <p>If required, the value of forecast dividends or distributions is priced into the EPN on the date the EPNs are issued. This gives you exposure to the forecast dividends or distributions via your Participation Rate in the performance of the underlying Reference Security. Changes to actual and forecast dividends or distributions may affect the value of you EPN during the Term of the EPN.</p>	Section 2.8: Dividends and Distributions
What are the taxation consequences of an EPN investment on capital account?	<p>If you hold your investment in the EPNs until their Maturity and you make a Cash Payment Election, you should pay capital-gains tax on any gains made on the EPNs during their Term. Concessional capital gains treatment may apply if you are an individual or trust.</p> <p>If you decide to take delivery of the Settlement Security via the Equity Entitlement at Maturity, you should not be required to pay capital gains tax at Maturity. Capital gains tax should only be payable when you ultimately dispose of those securities.</p>	Section 4: How are Equity Performance Notes Taxed?

Topic	Summary	More Information
What happens at Maturity?	If the EPN is In-the-Money then at Maturity the Investor will receive any Equity-Linked Return by way of a transfer of Settlement Securities unless the Investor has made a Cash Payment Election.	Section 2.4: Equity Entitlement
What commissions are payable?	Your financial adviser will be paid an up-front commission and a trail commission on your investment in EPNs.	
What if I have a complaint?	Macquarie Bank has established a complaints handling and dispute resolution process.	Section 7.1: Enquiries and complaints
Are labour standards, or environmental, social or ethical considerations taken into account when selecting the Reference Security or Settlement Security?	Macquarie Bank does not take into account these issues when selecting the Reference Security or the Settlement Security. Potential investors should make their own enquiries as to whether such issues are taken into account by the issuer of the Reference Securities or the Settlement Securities.	
How can I obtain further information?	The relevant Series Term Sheet is the first place where you should look for further information about the EPNs being offered. You may also speak to your financial adviser. Otherwise, you can contact Macquarie on (02) 9223 2882.	Series Term Sheet
Contact details	Please refer to the Directory on the back cover for a complete list of contact details.	
How do I apply for EPNs?	Please ensure that you have read and fully understood this Master Note Document and the Series Term Sheet before deciding to invest in EPNs. To apply, you must complete and return the Application Form attached to the relevant Series Term Sheet.	

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Section 1

Overview

Investors should read the entire Equity Performance Note Master Note Document dated 25 August 2003 and current Series Term Sheet before applying for Equity Performance Notes ("EPN") as there are some important terms and conditions. In particular, you should note the risks outlined in Section 3 of this Master Note Document. The following is only a brief outline of Equity Performance Notes.

The EPN is a capital-protected fixed term note which combines the benefit of capital protection with the potential for long term capital growth based on the performance of an underlying Reference Security. The level of capital protection is governed by the Protection Level as outlined in the current Series Term Sheet.

Capital growth will be generated by an Equity-Linked Return which is based on the performance of the Reference Security over the Term of the investment. EPNs may also pay regular fixed coupon payments which are paid in arrears on the dates specified in the Series Term Sheet. An Interest Rate (if any) will be specified in the Series Term Sheet.

If the price of the Reference Security has increased during the Term, the Investor will receive the Equity-Linked Return, by acquiring the parcel of Settlement Securities for the Protected Note Value. Alternatively, the Investor may receive the value of the Equity-Linked Return in cash by making a Cash Payment Election. If the value of the Reference Security has fallen during the Term, the Protected Note Value is returned to the Investor at Maturity.

1.1 Key Features

The key features of an investment in EPNs are as follows:

- Fixed term to Maturity.
- Capital protected (at the Protection Level) if held until Maturity.
- Exposure to a Reference Security based on the Equity-Linked Return formula noted in the Series Term Sheet.
- Equity-Linked Return received as either a parcel of Settlement Securities or a payment in cash of equivalent value at Maturity.
- No bank fees or management fees.

1.2 Key Benefits

The key benefits of an EPN investment are:

- Secure long-term investment.
- Potential for long-term capital growth.
- Potential for concessional capital gains tax treatment.
- No administration cost, a "set and forget" investment.
- Investor has no future payment obligations.
- Potential for high participation in the performance of the Reference Security.

1.3 Investor suitability

The EPN may be appropriate for:

- Long-term Investors requiring the security of a pre-determined level of capital protection;
- Investors who want the benefits of exposure to a particular asset, index or other security or basket of such assets or securities; and
- Investors who want a low maintenance, set and forget type of investment.

1.4 Sample Terms (example only)

Set out below is an example of an EPN investment and the Commercial Terms that could apply to it. Investors should refer to the Series Term Sheet which applies to a particular Series to see the Commercial Terms of the EPN on offer.

Issue Date	25 August 2003
Term:	6 Years
Maturity Date:	25 August 2009
Protection Level:	100%
Participation Rate:	110%
Interest Rate:	1.0% p.a. fixed
Reference Security:	XYZ shares
Equity-Linked Return:	Based on the average of the quarterly returns since the Issue Date.
Settlement Security:	XYZ shares (Note: this may be the same as the Reference Security or a different specified security)

Section 1

Overview continued

1.5 How to Apply

Applications for EPNs may **ONLY** be made on the Application Form attached to the current Series Term Sheet. It is essential that Investors fully understand the terms and conditions of their investment. Investors should read this Master Note Document and the current Series Term Sheet fully and seek the advice of their financial adviser.

Applications may be made by individual, trustee and corporate Investors who are Australian residents. Individual Investors must be at least 18 years of age.

You should send your Application to:

Macquarie Bank Limited – EPNs
Equity Markets Support
GPO Box 3423
Sydney NSW 2001

Cheques should be made payable to “Macquarie Bank Limited – Equity Structured Products”. Alternatively, Investors may pay via direct debit by completing the relevant part of the Application Form.

Further Information

If you have any questions concerning the information contained in this Master Note Document or the Series Term Sheet, please contact us on (02) 9223 2882 or email equitysolutions@macquarie.com

Alternatively, speak to your financial adviser.

Section 2

What are Equity Performance Notes?

This Section is a summary of the important features of EPNs. Investors must read the entire Product Disclosure Statement (including the relevant Series Term Sheet) and the Terms and Conditions set out in Section 9 of this Master Note Document before applying for EPNs. Further, by inviting applications for EPNs, Macquarie Bank is not providing investment advice to Investors and it is recommended that Investors obtain professional advice which takes into account their particular investment needs, objectives and financial circumstances, prior to applying for EPNs.

The EPNs are unsecured payment and forward delivery obligations of Macquarie Bank. They combine the benefit of a pre-determined level of capital protection with the potential for long term exposure to a Reference Security. The investment is for a fixed Term (specified in the Series Term Sheet for the Series).

If the Reference Security has performed such that there is a positive Equity-Linked Return at Maturity, the Investor will receive this Equity-Linked Return by either:

1. Exercising and completing the Equity Entitlement – in which case the Investor will receive a transfer of the Settlement Securities; or
2. making the Cash Payment Election – in which case the Investor will receive a payment of the Protected Note Value as well as the Equity-Linked Return in cash (called an “Assessed Value Payment”).

In this section, we summarise:

1. The Equity-Linked Return;
2. The Protection Level;
3. The Participation Rate;
4. The Equity Entitlement;
5. The Interest Amounts;
6. The Cash Payment Election and the Assessed Value Payment; and
7. Early Redemption of the EPN.

2.1 Equity-Linked Return

The exposure to the Reference Security is achieved through the Equity-Linked Return. The Equity-Linked Return is the value over and above the Protected Note Value to which the Investor is entitled at Maturity of the EPN.

The Protected Note Value is not dependent on the performance of the Reference Security. However the value of the Equity-Linked Return both during the Term and at Maturity is dependent on the performance of the Reference Security. If the performance of the Reference Security generates a positive Equity-Linked Return, this value is added to the Protected Note Value to work out the value of the Investor's EPN at Maturity. The Equity-Linked Return may be either zero or positive, it cannot be negative.

2.2 Protection Level

The Protection Level is the percentage of the Note Face Value which the Investor is entitled to receive back at Maturity of the Note. For example, if the Note Face Value was \$1,000 and the Protection Level was 100%, the Investor is entitled to receive \$1,000 back at Maturity of the EPN, regardless of the value of the Equity-Linked Return. Similarly, if the Protection Level was 90% and the Note Face Value was \$1,000, the Investor is entitled to receive \$900 back at Maturity regardless of the value of the Equity-Linked Return.

The purpose of the Protection Level is to provide security for the Investor so they know the minimum amount they can receive back on Maturity of the Note. **The Protected Note Value only applies at Maturity. An Early Redemption of an EPN may mean that the Investor receives an amount which is less than their Protected Note Value.**

2.3 Participation Rate

The Participation Rate is the rate of percentage participation the Investor has in any increase in the value of the underlying Reference Security. It is used to calculate the Equity-Linked Return. If the Participation Rate is 100%, the returns are calculated as if the full Note Face Value was invested in the Reference Security for the purposes of calculating the Equity-Linked Return. This is a notional holding only and Reference Securities may not actually be held by Macquarie Bank. If the Participation Rate is say 75%, only 75% is notionally invested in the Reference Security.

The Participation Rate cannot be less than zero but may be in excess of 100%. A high Participation Rate means the Investor has more of the investment value working for them in attempting to generate an Equity-Linked Return. The Participation Rate does not affect the Protected Note Value, it is only used for calculating the Equity-Linked Return.

Section 2

What are Equity Performance Notes? continued

2.4 Equity Entitlement

The Equity Entitlement is the right an Investor has to purchase a parcel of Settlement Securities for a total consideration equal to the Protected Note Value. The quantity of Settlement Securities, called the "Settlement Parcel", is derived by reference to a formula set out below. Where there is a positive Equity-Linked Return, the number of Settlement Securities in the Settlement Parcel will be larger than the number of Settlement Securities that the Investor could ordinarily buy with the Protected Note Value at Maturity.

$$\text{Settlement Parcel} = \frac{(\text{Protected Note Value} + \text{Equity-Linked Return})}{\text{Market Value}}$$

If the Settlement Parcel derived under this formula does not result in a whole number of Settlement Securities, the number of Settlement Securities in the Settlement Parcel shall be rounded down to the nearest whole number and a Rounding Amount paid in cash to the Investor.

Where the Settlement Security is a basket of securities (i.e. it has more than one component), the Settlement Security will not be rounded down. However, each component of the basket of assets in the Settlement Security will be rounded down to the nearest whole number and a Rounding Amount paid in cash to the Investor.

Example

This Section provides a hypothetical example of how EPNs may operate. The Initial Price and Market Value are provided for illustrative purposes only and should not be taken as an indication or commitment by Macquarie Bank as to the level of prices that will actually apply under the EPN.

Assume that the Initial Price of a Reference Security on the Issue Date was \$100.00, the Protection Level was 100%, Participation Rate was 110%, the invested amount was \$25,000 and the returns from the EPN are the average of the quarterly returns since the Issue Date.

The Equity Entitlement means the Investor receives the Settlement Parcel upon payment of consideration equal to the Protected Note Value.

Assume the average return is 17.875% (calculated based on the Participation Rate of 110%) and the Market Value of the Settlement Security is \$122.00. The Settlement Security and the Reference Security are the same.

The Note Face Value is \$25,000. Therefore the Protected Note Value is \$25,000 based on the Protection Level of 100%.

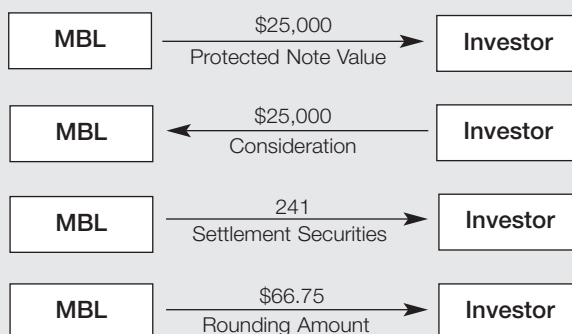
$$\begin{aligned} \text{Equity-Linked Return} &= 17.875\% \times \$25,000 \\ &= \$4,468.75 \end{aligned}$$

$$\begin{aligned} \text{Settlement Parcel} &= \frac{(\text{Protected Note Value} + \text{Equity-Linked Return})}{\text{Market Value}} \\ &= \frac{\$25,000.00 + \$4,468.75}{\$122.00} \\ &= 241.5471 \text{ Settlement Securities } \mathbf{\text{rounded down to 241}} \text{ (there is only one component in the Settlement Security for this example)} \end{aligned}$$

$$\begin{aligned} \text{Rounding Amount} &= (\text{Protected Note Value} + \text{Equity Linked Return}) - (\text{Settlement Parcel} \times \text{Market Value}) \\ &= (\$25,000 + \$4,468.75) - (241 \times \$122) \\ &= \$29,468.75 - \$29,402.00 \\ &= \$66.75 \end{aligned}$$

On exercise of the Equity Entitlement, the Protected Note Value that the Investor is entitled to receive at Maturity is set-off against the total consideration payable to Macquarie Bank by the Investor under the Equity Entitlement so that the Investor receives 241 Settlement Securities and the Rounding Amount on the Settlement Date.

Diagrammatically, this process looks as follows:



To complete the Equity Entitlement, two requirements must be fulfilled under the Terms and Conditions – the Equity Entitlement must be “exercised” by the Investor at Maturity and the Protected Note Value must be paid. However, in practice, these requirements will occur automatically unless the Investor elects otherwise. That is:

1. the Equity Entitlement is deemed to be automatically exercised if the Equity-Linked Return is greater than zero.
2. the Investor’s obligation to pay the Protected Note Value as consideration for the Equity Entitlement will be satisfied under the Terms and Conditions by the specific set-off of this obligation against the entitlement to receive the Protected Note Value from Macquarie Bank at Maturity of the EPN.

If the Equity-Linked Return is zero the Equity Entitlement will not be automatically exercised and, in the absence of the Investor otherwise exercising the Equity Entitlement, the Investor will simply receive the Protected Note Value in cash.

An Investor will be liable for any Taxes or other charges payable in connection with the transfer of the Settlement Securities.

2.5 Interest Amounts

If the Term Sheet specifies that the EPN pays a coupon based on the Interest Rate, it will be paid on the 15th of each January, April, July and October during the Term, as well as shortly after the Maturity Date. Interest Amounts shall accrue daily based on a simple-interest formula and will be calculated on the basis of the pre-determined Interest Rate and the Note Face Value.

2.6 Cash Payment Election and the Assessed Value Payment

An Investor may not wish to receive the Settlement Parcel of Settlement Securities at Maturity as outlined above. Instead, the Investor may wish to receive the Equity-Linked Return in cash. By giving an effective Cash Payment Election, the Equity Entitlement will be satisfied by payment of the Assessed Value Payment and the EPN will be redeemed by payment of the Protected Note Value.

Assessed Value Payment	=	Value of the Equity-Linked Return
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The Cash Payment Election must be provided (verbally or in writing) to Macquarie Bank at any time up until the Closing Time on the Business Day that is 20 Business Days before the Maturity Date.

Section 2

What are Equity Performance Notes? continued

Example (continued)

This Section provides a hypothetical example of how the EPN may operate. The Initial Price and Market Value are provided for illustrative purposes only and should not be taken as an indication or commitment by Macquarie Bank as to the level of prices that will actually apply under the EPN.

Continuing with our previous example, we now illustrate the choices the Investor has at Maturity.

1. Completion of the Equity Entitlement:

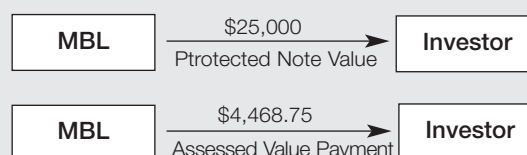
On completion of the Equity Entitlement, the Investor receives the Settlement Parcel and any Rounding Amount. Based on the Market Value of \$122.00, the Settlement Parcel of 241 Settlement Securities is worth approximately \$29,402.00 on the Maturity Date together with a Rounding Amount of \$66.75 (that is, the Investor's return has a total value at Maturity of \$29,468.75).

2. If an effective Cash Payment Election is made:

The Investor is entitled to receive the Assessed Value Payment:

$$\begin{aligned} \text{Assessed Value Payment} &= \text{Equity-Linked Return} \\ &= \$4,468.75 \end{aligned}$$

At Maturity, the Investor receives back in cash the Protected Note Value as well as the Assessed Value Payment, a total of \$29,468.75.



2.7 Early Redemptions

The EPN is a fixed term investment commencing on the Issue Date. Under the Terms and Conditions, the EPN may only be redeemed before the scheduled Maturity Date in the following circumstances:

1. *Voluntarily* – the Investor makes an effective Early Redemption Request which is Accepted by the Bank; or
2. *Compulsorily* – Macquarie Bank declares an Early Redemption upon the occurrence of an Issuer Call Event.

The amount received on an Early Redemption will be the aggregate of the Protected Note Value plus the final Interest Amount (if any) plus the early Redemption Adjustment Amount less the Early Redemption Fee:

$$\begin{aligned} \text{Amount received on Early Redemption} &= \\ &= \text{Protected Note Value} + \text{final Interest Amount} \\ &+ \text{Early Redemption Adjustment Amount}^* - \text{Early Redemption Fee}^{**} \end{aligned}$$

* The Early Redemption Adjustment Amount may be a negative number resulting in a reduced amount being received by the Investor

** No Early Redemption Fee is payable in relation to a compulsory Early Redemption

The Early Redemption Adjustment Amount will be calculated by Macquarie Bank on the basis of costs incurred or the benefit received by Macquarie Bank in closing out the hedging arrangements it enters into to provide the EPN to the Investor. If the Early Redemption Adjustment Amount is a negative number (that is, an overall cost to Macquarie Bank), the Investor is required to pay an amount to Macquarie Bank. This, together with the Early Redemption Fee, will be netted against the Protected Note Value and final Interest Amount (if any) payable by Macquarie Bank to the Investor. If the Early Redemption Adjustment Amount is a positive number (that is, an overall benefit to Macquarie Bank) after netting against the Early Redemption Fee, the Investor shall receive an amount in addition to the Protected Note Value payable by Macquarie Bank to the Investor. The ultimate amount returned to the Investor in the case of a voluntary redemption will be net of the Early Redemption Fee.

Investors should note that if they redeem their EPNs before Maturity, they may receive less than their Protected Note Value.

Investors should refer to Section 3.3 of the Risk Factors for an explanation of how the Early Redemption Adjustment Amount is calculated.

The Early Redemption Fee is calculated as a percentage of the Note Face Value based on the unexpired Term and is payable in the case of a voluntary Early Redemption. Specifically, the Early Redemption Fee Shall be 1% of the Note Face Value for each year and part of a year between the Early Redemption Date and the Maturity Date.

<p>Example (continued)</p> <p><i>This Section provides a hypothetical example of how the EPN may operate. The calculations are provided for illustrative purposes only and should not be taken as an indication or commitment by Macquarie as to the calculations that will apply during the term of the EPN.</i></p> <p>Assume that the EPN referred to in the previous example did not reach Maturity but rather was redeemed by the Investor with 2¹/₂ years remaining to Maturity.</p> <p>If we also assume that the Early Redemption Adjustment Amount was \$1,250.00, the remaining calculation we need to make to determine the amount received on Early Redemption is the Early Redemption Fee:</p>	Final Interest Amount	=	\$0.00
	Early Redemption Fee	=	1% of the Note Face Value for each year and part year to Maturity
		=	1% x 3 years x \$25,000
		=	\$750
	Amount received on Early Redemption	=	Protected Note Value + final Interest Amount + Early Redemption Adjustment Amount – Early Redemption Fee
		=	\$25,000 +\$0 + \$1,250 - \$750
	=	\$25,500	

The following terms and conditions apply to an Early Redemption Request made by an Investor:

1. Macquarie Bank may, in its complete discretion, allow or disallow an Early Redemption Request;
2. Early Redemption Requests will usually only be Accepted in exceptional circumstances; and
3. If an Early Redemption Request is Accepted by Macquarie Bank, the Investor shall be liable for the Early Redemption Adjustment Amount (if a cost or negative number).

If Investors are concerned about the Early Redemption Adjustment Amount that might apply for an Early Redemption Request, they may contact Macquarie Bank for an estimate of the likely amount that will be payable. That estimate will only be a non-binding indication under the then prevailing market conditions and may be different from any actual Early Redemption Adjustment Amount that subsequently becomes payable. The giving of an estimate does not affect, vary or waive Macquarie Bank's powers and discretions in relation to an Early Redemption Request as set out in the Terms and Conditions.

Section 2

What are Equity Performance Notes? continued

The following events each constitute an Issuer Call Event that may also give rise to an Early Redemption:

- (a) *Tax Events* – where a change to the tax environment adversely affects Macquarie Bank's taxation position in continuing to provide the EPN to Investors;
- (b) *Legislative Events* – where a change to the regulatory environment impacts Macquarie Bank's ability to continue to provide the EPN to Investors;
- (c) *Corporate Events* – where the Reference Securities are the subject of an Adjustment Event and it is not possible or feasible, in Macquarie Bank's opinion, to deal with the occurrence of that event under the provisions concerning adjustments in clause 7 of the Terms and Conditions; or
- (d) *Investor Insolvency* – where the Investor becomes insolvent.

Investors are referred to the definitions of these events in the Glossary (refer Section 10) for the full definition of these terms.

2.8 Dividends and Distributions

Generally, the Investor has no right or entitlement to any dividends or distributions which may be paid or which may accrue on the Reference Security. This occurs because the Investor does not have a legal or beneficial interest in the Reference Security, they simply have exposure to its performance.

However, the Participation Rate is set taking into account the forecast dividends and distributions until Maturity of the EPN.

Section 3

Risk Factors

In evaluating the merits and suitability of an investment in Equity Performance Notes, careful consideration should be given to the risks inherent in the offering. This section does not purport to be a comprehensive summary of all of the risks associated with an investment in Equity Performance Notes but highlights particular risks that Macquarie Bank wishes to encourage prospective Investors to consider in detail and discuss with their professional advisers.

3.1 Obligations of Macquarie Bank

The EPN is an unsecured liability and forward delivery obligation of Macquarie Bank. Its value depends on, among other things, the ability of Macquarie Bank to perform its obligations under the Terms and Conditions outlined in section 8 of this Master Note Document. Failure to comply with such obligations may result in the investment being worth less than it otherwise would be.

Investors must make their own assessment of the ability of Macquarie Bank to meet its various obligations under the Terms and Conditions. A description of Macquarie Bank is set out in Section 8 to assist Investors in making this assessment.

3.2 Issuer Call Event

The occurrence of an Issuer Call Event during the Term gives Macquarie Bank the right to declare an Early Redemption. If such a declaration is made, EPNs will terminate before the scheduled Maturity Date and the amount the Investor receives will be effectively adjusted by the Early Redemption Adjustment Amount (calculated in the same manner as if the Investor had made an effective Early Redemption Request which was accepted by Macquarie Bank – see Risk Factor 3.3).

Macquarie Bank's discretion to declare an Early Redemption following an Issuer Call Event is unfettered and absolute.

An Issuer Call Event may be a "Tax Event", "Legislative Event", "Corporate Event" or "Investor Insolvency" as defined in the Glossary (refer Section 10), and Investors should make their own assessment as to the inherent risk of any of these events occurring during the Term.

There will be no Early Redemption Fee charged if there is an Early Redemption of EPNs as a result of an Issuer Call Event.

3.3 Early Redemption Adjustment Amount

The amount received on an Early Redemption will be the aggregate of the Protected Note Value plus any final Interest Amount (if any) plus the Early Redemption Adjustment Amount (which may be a negative number) less the Early Redemption Fee.

The Early Redemption Adjustment Amount is determined by aggregating 2 factors – the Interest Rate Factor and the Equity Factor. We explain each of these factors in turn:

- (a) *Interest Rate Factor* – this reflects the economic consequence of unwinding the hedging arrangement Macquarie Bank has put in place to provide the Protection Level and any Interest Amounts. Generally, if the interbank AUD interest swap rate (the "interbank rate") for the period from the Early Redemption Date until the scheduled Maturity Date **is less than** the interbank rate that prevailed at the Issue Date for the Term, the Interest Rate Factor will, other things being equal, lead to the Early Redemption Adjustment Amount being a positive number and therefore **an addition to** the amount the Investor will otherwise receive on an Early Redemption. Conversely, if the interbank rate for the period from the Early Redemption Date until the scheduled Maturity Date **is greater than** the interbank rate that prevailed at the Issue Date for the Term, the Interest Rate Factor will, other things being equal, lead to the Early Redemption Adjustment Amount being a negative number and therefore **a deduction from** the amount the Investor will otherwise receive on an Early Redemption.
- (b) *Equity Factor* - this reflects the economic consequence of unwinding the hedging arrangements Macquarie Bank has put in place to provide the Equity-Linked Return, either as the Equity Entitlement or the Assessed Value Payment. This Equity-Linked Return exposes Macquarie Bank to market risk (that is, if the price of the Reference Securities increases Macquarie Bank may have to provide a return to the Investor at Maturity). Macquarie Bank hedges this market risk through various methods and on an Early Redemption, the hedge needs to be unwound. This process usually involves the sale of options on the Early Redemption Date.

Section 3

Risk Factors continued

The initial cost of the option will be offset against the subsequent sale proceeds. If the initial cost **is less than** the subsequent sale proceeds the Equity Factor will, other things being equal, lead to the Early Redemption Adjustment Amount being a positive number and therefore **an addition to** the amount the Investor will otherwise receive on an Early Redemption. Conversely if the initial cost exceeds the sale proceeds the Equity Factor will, other things being equal, lead to the Early Redemption Adjustment Amount being a negative number and therefore **a deduction from** the amount the Investor will otherwise receive on an Early Redemption.

The initial cost and proceeds referred to in this analysis are a function of multi-variable option valuation models. A change in one of these variables (other variables being equal) would be expected to affect the Equity Factor in the following manner (other things being equal):

Increase In	Equity Factor
Unexpired Term	Increases
Price of the Reference Security	Increases
Volatility of the Reference Security	Increases
Interest Rates	Increases
Distribution/distribution estimates on the Reference Security	Decreases

It is not possible to determine the Interest Rate Factor or the Equity Factor in advance of an Early Redemption and so it is not possible to predict what will be the Early Redemption Adjustment Amount for any EPN. As a consequence, Investors should not consider entering into an EPN with an intention of requesting an Early Redemption. If Investors have any concerns or queries about this aspect, they should seek advice from a professional financial adviser.

Investors should note that if they redeem their EPNs before Maturity, they may receive less than their Protected Note Value.

3.4 Market Disruption Events

The occurrence of a Market Disruption Event (which may include a suspension of applications or redemptions if the Reference Security is a managed fund, a trading suspension if the Reference Security is a Listed Entity or non-publication if the Reference Security is an index) on any day on which the Initial Price or Market Value of the Reference Security or Settlement Security must be determined, may have the effect of delaying the valuation or settlement or both of the Equity Entitlement or the Assessed Value Payment (whichever is applicable).

In particular, where a Market Disruption Event occurs on the Maturity Date, the Terms and Conditions provide that the determination of the Period Closing Price or Market Value may be delayed for up to five Business Days with Macquarie Bank determining the Period Closing Price or Market Value itself on the fifth Business Day if the Market Disruption Event is still occurring. Under the Terms and Conditions, the Settlement Date will be deferred accordingly.

3.5 Physical Settlement Risks

Where physical settlement of the Equity Entitlement is applicable, Investors have the following additional considerations to bear in mind:

- execution and market risks associated with receiving the Settlement Parcel of Settlement Securities will be borne by the Investor;
- there may be restrictions on Macquarie's ability to deliver the Settlement Security to Investors, for example where the Settlement Parcel for an Investor is not a marketable parcel of securities or where the Settlement Security no longer exists or is unable to be acquired at Maturity of the Equity Performance Note;
- under the Terms and Conditions, the delivery costs and Taxes associated with the transfer of the Settlement Securities to the Investor (if any) must be paid by the Investor and deducted from the Rounding Amount; and
- once the Settlement Parcel of Settlement Securities has been transferred to the Investor, the Investor will hold a relevant interest in the Settlement Securities and therefore may be subject to the Corporations Act and other requirements and limitations concerning the ownership of such securities.

These considerations may result in the value of the Equity Entitlement decreasing before it may be realised by the Investor. If Investors do not want to bear this risk, they should make the Cash Payment Election in accordance with the Terms and Conditions.

3.6 Adjustments to the Variables of the Equity Entitlement or Assessed Value Payment

Under the Terms and Conditions if an Adjustment Event occurs during the Term, Macquarie Bank may make an adjustment to any of the variables which are included in determining the Equity Entitlement and the Assessed Value Payment to take into account the effect of the Adjustment Event. An Adjustment Event includes any corporate action in relation to the Reference Securities and also includes a material decrease in the correlation of the price of the Reference Security to the Correlated Benchmark. Investors should have regard to Clause 7 of the Terms and Conditions (refer Section 9).

3.7 Adjustments to the Reference Security or Settlement Security

Under the Terms and Conditions Macquarie Bank has the ability to adjust the components of the Reference Security or Settlement Security in certain circumstances. Such circumstances include (but are not limited to):

- (a) if the Reference Security is a listed share:
 - (i) delisting of the share from the ASX; or
 - (ii) suspension of the share for an extended period of time;
- (b) where the Reference Security is a managed fund:
 - (i) change in investment mandate of the fund;
 - (ii) suspension by the responsible entity from quoting unit prices for an extended period of time;
 - (iii) suspension of applications and redemptions for an extended period of time;
 - (iv) termination of the fund;
 - (v) the fund no longer accepting applications, for example because capacity in the fund has been reached; or
 - (vi) the fund manager or responsible entity of the fund being under investigation by a regulatory body such as ASIC, APRA or the ATO for breaches of the law.
- (c) where the Reference Security is an index:
 - (i) the index stops being quoted; or
 - (ii) there is a material change in the composition of the index.

The Series Term Sheet will provide more details on how these types of events will be adjusted for the particular Series of EPNs being offered.

Section 4

How are Equity Performance Notes to be Taxed?

This section of the Master Note Document does not purport to contain advice in relation to your specific taxation treatment. Macquarie recommends that you seek your own independent taxation advice to determine the tax treatment applicable to your particular circumstances.

4.1 Assumptions

In generating this summary of the taxation implications of an Investor in EPNs, we have assumed that the Investor will hold the EPNs on capital account and will not be a person who is carrying on a business of either:

- trading in debt or equity securities; or
- investing in debt or equity securities, in the course of which they regularly acquire and dispose of debt or equity securities.

We have also assumed that:

- the Investor is an Australian resident for tax purposes;
- the Settlement Securities will be shares in a company or units in a trust, but neither the Reference Securities nor Settlement Securities are shares in a foreign company or units in a foreign trust;
- the EPN will be denominated in Australian dollars;
- neither the Reference Securities nor Settlement Securities will be equity interests in Macquarie Bank or a company that is a connected entity of Macquarie Bank;
- the Protection Rate will not be more than 100%; and
- there is nothing in the circumstances of the transaction, or the way it is implemented, that would indicate at commencement of an EPN that a Cash Payment Election would be given by an Investor.

4.2 How are the Interest Amounts taxed?

If the Series Term Sheet specifies that there is an Interest Rate applicable to the EPN, Macquarie will pay the Interest Amount on the dates specified in the Series Term Sheet.

You will be required to include these Interest Amounts in your tax return as assessable income.

The EPN should not be a “qualifying security” for the purposes of Division 16E and consequently that Division should not apply to assess the Investor on an accruals basis.

4.3 Taxation on Redemption

The Investor’s right to receive the Protected Note Value should be a “traditional security” for the purposes of sections 26BB and 70B of the Income Tax Assessment Act 1936. However, as this right is a right to receive an amount that will be less than or equal to the Note Face Value, no profit should arise on Maturity which would be required to be included in the assessable income of the Investor under those provisions. Any gain or loss arising on an Early Redemption (either voluntary or compulsory) should be assessable or deductible to the Investor respectively.

4.4 How is the Equity Entitlement treated?

Exercise and completion of the Equity Entitlement on the Maturity Date should not constitute a realisation event for income tax purposes (that is, a disposal, “conversion” or “exchange” of the EPN or the Equity Entitlement for the Settlement Securities) as:

- completion of the Equity Entitlement simply involves an application of the Protected Note Value as consideration for the acquisition of the Settlement Securities; and
- any capital gain arising from the exercise and completion of the Equity Entitlement will be ignored.

The Settlement Securities acquired on exercise and completion will have a cost base equal to the Protected Note Value. The date of acquisition of the Settlement Securities should be the date that the EPNs are acquired by the Investor. A capital gain or loss may arise on the subsequent disposal of the Settlement Securities.

As the Equity Entitlement will be a CGT asset for capital gains tax purposes, if the Investor exercises the Equity Entitlement and elects for Cash Settlement of the Equity Entitlement at Maturity of the EPN, a capital gain will arise for the Investor at that time equal to the Assessed Value Payment received from Macquarie Bank being the value of the Equity Entitlement on Maturity.

4.5 Is there any concessional capital gains tax treatment

Investors who are individuals or trusts will be entitled to a discount of 50% (or one-third for complying superannuation funds) on any capital gain arising from a disposal of the Equity Entitlement or the Settlement Securities (after the application of any capital losses of the Investor) where the date of disposal is at least 12 months after the date of the issue of the EPNs.

4.6 Tax File Numbers and Australian Business Numbers

The collection of TFNs and ABNs is authorised by law. It is not an offence if you choose not to quote your TFN or ABN.

If you do not supply your TFN or a valid exemption (or in certain circumstances an ABN), tax will be deducted from any Interest Amounts paid to you at the highest marginal tax rate (plus Medicare Levy) and forwarded to the Australian Tax Office.

4.7 GST

Issue or redemption of EPNs should not be taxable supplies for GST purposes.

Section 5 Taxation Report

BLAKE DAWSON WALDRON L A W Y E R S

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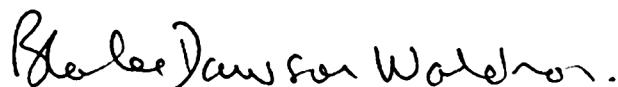
Your reference

25 August 2003

Equity Performance Notes

We believe that Section 4 headed "How are Equity Performance Notes to be Taxed?" in the Product Disclosure Statement for Macquarie Bank Equity Performance Notes dated on or about the date of this letter correctly summarises the income tax implications for Investors in the Notes who do not make their investment in the course of carrying on a business of trading or investing in securities.

Yours faithfully



BLAKE DAWSON WALDRON

SYDNEY
MELBOURNE
BRISBANE
PERTH
CANBERRA
LONDON
PORT MORESBY
JAKARTA
SHANGHAI

112258903

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Section 6

The Reference Security and the Settlement Security

The Equity-Linked Return of the EPN – being either the Equity Entitlement or Assessed Value Payment – is linked to the performance of the nominated Reference Security. At Maturity unless the Investor has elected to receive a cash payment, any Equity-Linked Return to which the Investor is entitled will be received as a parcel of Settlement Securities.

6.1 General

This Master Note Document and each Series Term Sheet have been prepared by Macquarie Bank from publicly available information. None of the Prescribed Entities have been a party to the preparation or has furnished any information to Macquarie Bank for the purpose of the preparation of this Master Note Document and each Series Term Sheet. Similarly, any disclosure in this Master Note Document and each Series Term Sheet concerning the Prescribed Entities, Reference Security or Settlement Security 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.

Investors may obtain historical information relating to the Prescribed Entities, Reference Security and Settlement Security from numerous sources including the ASX, any manager, transferee or responsible entity of any fund, newspapers, research houses, stockbrokers and investment advisers.

INVESTORS SHOULD NOT TAKE THE HISTORICAL PRICES OF ANY REFERENCE SECURITY AS AN INDICATION OF FUTURE PERFORMANCE AND SHOULD UNDERSTAND THAT THERE CAN BE NO ASSURANCE THAT THE PRICE OF ANY REFERENCE SECURITY OR SETTLEMENT SECURITY WILL PERFORM IN ACCORDANCE WITH THE INVESTMENT POSITION ADOPTED.

Nothing in this Master Note Document or any Series Term Sheet may be relied upon as implying that the affairs of any Prescribed Entity have remained as they were at the date of this Product Disclosure Statement or the date of the relevant Series Term Sheet. No representation as to the future performance, assets, distributions, dividends or value of the Reference Security or Settlement Security is made.

Investors should also be aware that companies in the Macquarie Bank Group may issue other instruments whose value is linked to the Reference Security or Settlement Security. Such activities could present real or apparent conflicts of interest for Macquarie Bank and entities within the Macquarie Bank Group with respect to its obligations under the EPN. In addition, companies in the Macquarie Bank Group may buy and sell the securities which may affect the value of the Reference Security and Settlement Security.

Section 7

Additional Information

Aside from the various features of Equity Performance Notes, there is other information concerning your investment that you should be aware of. This information is provided below.

7.1 Enquiries and Complaints

Macquarie Bank has procedures in place to properly consider and deal with any enquires or complaints from Investors in Equity Performance Notes. Macquarie Bank will acknowledge receipt of a written complaint within 2 Business Days and provide a substantive response within 21 days. Where a complaint remains unresolved (eg where a remedy is not offered or not instigated or where a remedy offered is not accepted by the complainant), the complaint may fall within the terms of reference of the external complaints scheme, Financial Industry Complaints Scheme ("FICS").

To contact FICS, Holders should telephone (03) 9629 7050 or write to PO Box 579 Collins Street West, Melbourne VIC 8007.

7.2 What information will I receive?

Initial confirmation

If your Application for Equity Performance Notes is Accepted by Macquarie Bank, you will receive a confirmation outlining the key investment terms.

Annual reporting

You will receive an annual report showing how your Equity Performance Notes have performed during the previous year. This statement will also provide you with an estimate of the value of your Equity Performance Notes at the end of the reporting period.

7.3 Consents

Blake Dawson Waldron has given its consent to the inclusion of the Taxation Report in Section 5 of this Master Note Document in the form and context in which it is included and confirms that the statements in that report are not false or materially misleading or deceptive.

Section 8

Description of Macquarie Bank

Macquarie Bank Limited

Macquarie Bank Limited is an Australian deposit taking institution under s9 to the Banking Act 1959 (Commonwealth). As at 31 March 2003 Macquarie Bank had total assets of approximately A\$32.5 billion and equity attributable to equity holders of Macquarie Bank of approximately A\$2.2 billion on a consolidated basis. For the year ended 31 March 2003 Macquarie reported profit from ordinary activities after income tax attributable to ordinary equity holders of A\$333 million on a consolidated basis.

Macquarie is admitted to the official list of the ASX and its ordinary shares have been listed for quotation on ASX since 29 July 1996. Macquarie is a disclosing entity for the purposes of the Corporations Act and as such is subject to regular reporting and disclosure obligations. Copies of documents lodged in relation to Macquarie Bank may be obtained from, or inspected at, an office of the ASIC or ASX. Macquarie will provide a copy of any such documents, free of charge, to a person who asks for it.

Macquarie is rated by Standard & Poor's, Fitch IBCA and Moody's Investor Service as follows:

Rating Agency	Short Term	Long Term
Standard & Poor's	A1	A
Fitch IBCA	F1	A+
Moody's Investor Service	P1	A2

Rating Agencies

The rating agencies (Standard & Poor's, Fitch IBCA and Moody's Investor Service) have not consented to the inclusion of their ratings in this Master Note Document. The ratings agencies do not independently verify information provided to them by Macquarie Bank, and therefore, the rating agencies make no representation or warranty with respect to the accuracy of their ratings. The rating agencies have not been involved in the preparation, or authorised the issue of, this Master Note Document.

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 the Equity Performance Notes the subject of this Master Note Document. Ratings are not recommendations to buy, hold or redeem Equity Performance Notes. By publishing a rating, the rating agencies are not inducing or advising investors to take any action with respect to the Equity Performance Notes 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 the Equity Performance Notes or consult with their investment adviser.

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

Disclosure Obligations

Macquarie Bank, as a company whose shares are quoted on the stock market of the ASX, is a disclosing entity for the purposes of the Corporations Act and the ASX Listing Rules and as such is subject to regular reporting and disclosure obligations. This means that, subject to certain exceptions, Macquarie Bank 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 Bank's ordinary shares. Copies of the information disclosed to the ASX can be viewed on the public file of Macquarie Bank at the ASX.

The ASX has waived certain of the ASX Business Rules to the extent that Macquarie Bank is not required to include information in this Master Note Document which has previously been disclosed to ASX pursuant to Macquarie Bank's continuous disclosure obligation.

Section 8

Description of Macquarie Bank

continued

Documents Available

Macquarie Bank will provide a copy, free of charge, of any of the following documents to any person who requests such copies during the life of this Master Note Document, by contacting the Equity Markets Group, Macquarie Bank Limited, No. 1 Martin Place, Sydney, NSW Australia. Telephone number: (02) 9223 2882.

- the latest available financial report and annual review of Macquarie Bank; and
- the latest available interim report, including the interim financial report of Macquarie Bank.

Macquarie Bank's latest available Annual Review, Interim Report and Financial Reports are also able to be reviewed online via Macquarie Bank's website at: www.macquarie.com.au/investorrelations. The Annual Review and financial reports contain a range of information including:

- Chairman's and Managing Director's Report;
- Management and Organisation;
- Consolidated Statement of Financial Performance;
- Consolidated Statement of Financial Position;
- Directors' Declaration;
- Independent Audit report; and
- Five year summary.

Macquarie Bank lodges other documents with the ASX under the ASX Listing Rules during the course of the year pursuant to its continuous disclosure obligation. Macquarie Bank will, on request as above, provide any person with a list of those documents, together with any requested documents which have been lodged, free of charge.

No circumstance has arisen or information has become available except as disclosed in this Master Note Document or to ASX that would materially affect an investor's decision for the purpose of making an informed assessment of the capacity of Macquarie Bank to fulfill its obligations under the Terms and Conditions since the end of the financial year ended 31 March 2003.

Section 9

Terms and Conditions

MACQUARIE BANK AND THE INVESTOR AGREE:

1. DEFINITIONS AND GENERAL CONDITIONS

1.1 Definitions

The definitions contained in the Glossary set out in Section 10 of this Master Note Document apply to these Terms and Conditions unless the context otherwise requires.

1.2 Interpretation

For the purposes of interpreting these Terms and Conditions, the following rules of interpretation apply unless the context otherwise requires:

- (a) a reference to any statute, ordinance, code or other law, includes any modification, re-enactment or substitution and all ordinances, by-laws, regulations and other statutory documents issued thereunder;
- (b) headings are for convenience only, and do not affect interpretation;
- (c) the singular includes the plural and vice versa;
- (d) references to money amounts are references to amounts of Australian dollars;
- (e) the word “person” includes a firm, a body corporate, an unincorporated association and a statutory authority;
- (f) a reference to any party includes a reference to that party’s executors, administrators, successors, substitutes and permitted assigns and any person taking by way of novation;
- (g) a reference to any thing (including, without limitation, any amount) is a reference to the whole or any part of it and a reference to a group of persons is a reference to any one or more of them; and
- (h) examples of a thing and references to matters that are included in that thing are not exhaustive of that thing.

1.3 Confirmations

Where there is any inconsistency between the Confirmation and the Terms and Conditions, the Confirmation will prevail to the extent of the inconsistency.

1.4 Discretion

Where in these Terms and Conditions or the Product Disclosure Statement, Macquarie Bank has a discretion to require or determine a certain thing, consent to a certain matter or otherwise act in a certain way, that discretion is unfettered and absolute and may be exercised without obligation, notwithstanding any previous waiver of it, and in addition to any other rights or remedies conferred by these Terms and Conditions or by law.

1.5 Business Day Convention

If the day on or by which a person must do something or a value or price must be determined under these Terms and Conditions is not a Business Day the person must do it on or by the next Business Day.

1.6 Ranking of Obligation

The obligations of Macquarie Bank in respect of every Equity Performance Note issued under these Terms and Conditions:

- (a) constitute in every respect unsecured obligations of Macquarie Bank to the Investor;
- (b) rank pari passu without any preference amongst themselves and without being affected by the different Commercial Terms applying to each Equity Performance Note, including the Issue Date and Maturity Date.

2. INVESTMENT TERMS**2.1 Acceptance of Application**

Upon:

- (a) Acceptance by Macquarie of an Application by an Investor; and
- (b) receipt of the Note Face Value (which must be in excess of the Minimum Note Value) in cleared funds before the applicable Offer Closing Time,

Macquarie Bank shall:

- (c) issue the Equity Performance Notes to the Investor on the applicable Issue Date;
- (d) enter the Investor's name on the register of holders of Equity Performance Notes; and
- (e) confirm the Commercial Terms of the Equity Performance Notes issued to the Investor by sending to the Investor as soon as reasonably practicable after the applicable Issue Date, a Confirmation.

2.2 Independent Obligations

The obligations of Macquarie Bank in respect of each Equity Performance Note constitute separate and independent obligations governed by these Terms and Conditions which only the relevant Investor is entitled to enforce.

3. INTEREST AMOUNT**3.1 Payment of Interest**

If interest is specified in a Series Term Sheet as being payable in respect of an Equity Performance Note, Macquarie Bank must pay to the Investor the Interest Amount in arrears for each Interest Period on the Interest Payment Date for that Interest Period. Interest accrues on the Note Face Value at the Interest Rate for the Interest Period.

3.2 Calculation of Interest for Entire Interest Periods

Where the Interest Period is neither the first nor last Interest Period, the Interest Amount shall be calculated in respect of that Interest Period by dividing the Annual Interest by the number of Interest Periods in one year.

3.3 Calculation of Interest for Broken Interest Periods

Where the Interest Period is either the first or last Interest Period, the Interest Amount shall be calculated as follows:

- (a) firstly, by dividing the Annual Interest by 365; and
- (b) secondly, by multiplying the amount determined under 3.3(a) by the actual number of days in the Interest Period.

4. EQUITY ENTITLEMENT**4.1 Purchase of Settlement Securities**

Subject to clause 6.2, and for no additional consideration, Macquarie Bank agrees to sell and transfer full legal and beneficial interest in the Settlement Parcel and pay the rounding amount (if any) to the Investor and the Investor agrees to purchase the legal and beneficial interest in the Settlement Parcel from Macquarie Bank, on the terms of this clause 4.

4.2 Full Title

The Settlement Securities comprising the Settlement Parcel transferred to the Investor pursuant to this clause 4 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.

4.3 Consideration

The total consideration payable by an Investor for the transfer of the Settlement Parcel under this clause 4 is an amount equal to the Protected Note Value.

4.4 Conditions Subsequent

The agreement to transfer the Settlement Parcel pursuant to this clause 4 is subject to the following conditions subsequent:

- (a) the effective exercise of the Equity Entitlement under clause 4.6; and
- (b) the payment by the Investor, or a demonstration by the Investor to the satisfaction of Macquarie Bank that it will pay, the consideration payable for the transfer under clause 4.3.

If either of these conditions subsequent is not satisfied on the Maturity Date, neither the Investor nor Macquarie Bank shall be entitled or required to complete the transfer of the Settlement Parcel of Settlement Securities under this clause 4.

4.5 Notice of Settlement Securities

Macquarie Bank will give notice to Investors at least 30 Business Days prior to Maturity of the actual components of the Settlement Securities.

4.6 Exercise of Equity Entitlement

The Equity Entitlement shall only be deemed to have been exercised by the Investor if either:

- (a) the Investor has given to Macquarie Bank before the Closing Time on the Maturity Date a notification (either orally or in writing) stating that the Investor wishes to exercise the Equity Entitlement; or
- (b) the Equity Entitlement is In-the-Money at the Maturity Date, as determined by Macquarie Bank.

4.7 Completion

On the Settlement Date if the Investor has exercised the Equity Entitlement pursuant to clause 4.6:

- (a) Macquarie Bank must transfer the full legal and beneficial interest in the Settlement Securities comprising the Settlement Parcel (the components of which have been rounded down to the nearest whole number) to the Investor;
- (b) the Investor must pay to Macquarie Bank an amount equal to the Protected Note Value as consideration for the Settlement Securities transferred; and
- (c) Macquarie Bank must pay to the Investor the Rounding Amount (if any).

4.8 No transfer of Legal or Beneficial Interest in the Reference Securities

The Investor agrees and acknowledges that:

- (a) the agreement to purchase the Settlement Securities as set out in these Terms and Conditions does not transfer the legal or beneficial interest in the Settlement Securities to the Investor during the Term;
- (b) the legal or beneficial interest in the Settlement Securities will transfer to the Investor only on the Settlement Date; and
- (c) if Macquarie Bank fails to deliver the Settlement Parcel to the Investor in accordance with these Terms and Conditions, the Investor agrees that it will not be entitled to an injunction, specific performance or any other equitable rights or remedies and will be entitled only to damages.

Section 9

Terms and Conditions continued

4.9 Taxes

- (a) Macquarie Bank is not liable for any Taxes or other charges including, without limitation, GST and stamp duty, if any, which is:
 - (i) payable by the Investor in relation to or in connection with these Terms and Conditions; or
 - (ii) 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 Settlement Parcel.
- (b) The Investor must pay all Taxes and other charges including, without limitation, GST and stamp duty, if any, which is:
 - (i) payable by the Investor in relation to or in connection with these Terms and Conditions; or
 - (ii) 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 Settlement Parcel.

4.10 Set-off Rights

Notwithstanding any other provision of the Terms and Conditions, Macquarie Bank may in its sole discretion set-off any amount payable to it by the Investor either under these Terms and Conditions or otherwise in relation to the Equity Performance Note held by the Investor against any amount payable by Macquarie Bank to the Investor under these Terms and Conditions.

5. EARLY REDEMPTION

5.1 Investor Early Redemption

- (a) Subject to paragraphs (b) and (c), the Investor may redeem the Equity Performance Note prior to the expiry of the Term by giving an Early Redemption Request to Macquarie Bank.
- (b) The Early Redemption Request will only be effective:
 - (i) If Macquarie Bank, in its sole discretion, has Accepted the Early Termination Request;
 - (ii) on the third Business Day after being given to Macquarie Bank; and
 - (iii) if the Early Redemption Adjustment Amount is a negative amount, the Investor has paid, or has demonstrated to the satisfaction of Macquarie Bank that it will pay, that amount to Macquarie Bank.
- (c) If an Early Redemption Request is effective under clause 5.1(b) above:
 - (i) all unaccrued obligations of Macquarie Bank under clause 4 and clause 6 shall be discharged without liability on and from the Early Redemption Date;
 - (ii) Macquarie Bank shall pay to the Investor the Protected Note Value on the Settlement Date;
 - (iii) Where the Early Redemption Adjustment Amount is a positive amount, Macquarie Bank shall pay to the Investor that amount on the Settlement Date;

- (iv) Where the Early Redemption Adjustment Amount is a negative amount, the Investor shall pay to Macquarie Bank that amount on the Settlement Date;
- (v) the Investor shall pay the Early Redemption Fee on the Settlement Date; and
- (vi) Macquarie Bank shall send to the Investor as soon as reasonably practicable after the Early Redemption Date, a Redemption Notice.

- (iii) Where the Early Redemption Adjustment Amount is a positive amount, Macquarie Bank shall pay to the Investor that amount on the Settlement Date;
- (iv) Where the Early Redemption Adjustment Amount is a negative amount, the Investor shall pay to Macquarie Bank that amount on the Settlement Date; and
- (v) Macquarie Bank shall send to the Investor as soon as reasonably practicable after the Early Redemption Date, a Redemption Notice.

5.2 Issuer Call Redemption

- (a) Upon the occurrence of an Issuer Call Event at any time up to and including the Business Day immediately preceding the Maturity Date, Macquarie Bank may, without prior notice to the Investor and in addition to any other rights or remedies conferred by the Terms and Conditions or by law, declare that the Equity Performance Note be redeemed under this clause and specify a date (which may be any date from the date of the declaration up to and including the Business Day immediately preceding the Maturity Date) as the Early Redemption Date for the purposes of this clause.
- (b) Where a declaration is made by Macquarie Bank under paragraph (a) above:
 - (i) all unaccrued obligations of Macquarie Bank under clause 4 and clause 6 shall be discharged without liability on and from the Early Redemption Date;
 - (ii) Macquarie Bank shall pay to the Investor the Protected Note Value on the Settlement Date;

6. MATURITY

6.1 Maturity

Subject to clauses 4.9 and 5 (if applicable) and following the expiry of the Term, in return for payment of the Note Face Value, on or before the applicable Closing Time, Macquarie Bank must pay to the Investor the Protected Note Value on the Settlement Date.

6.2 Assessed Value Payment

In addition to repayment of the Protected Note Value under clause 6.1, if the Investor has given to Macquarie Bank an effective Cash Payment Election before the Maturity Date, the Investor agrees that its right to receive the Settlement Parcel under clause 4 will be satisfied in full by receipt of the Assessed Value Payment from Macquarie Bank on the Settlement Date.

6.3 Cash Payment Election

A Cash Payment Election may be provided orally or in writing to Macquarie Bank and shall only be effective if it is received by Macquarie Bank at least 20 Business Days before the Maturity Date.

Section 9

Terms and Conditions continued

6.4 Maturity Statement

As soon as reasonably practicable after the Maturity Date, Macquarie Bank shall send to the Investor a Maturity Statement.

7. ADJUSTMENTS

- (a) Upon the occurrence of an Adjustment Event, Macquarie Bank at its sole discretion will determine whether such Adjustment Event has a diluting or concentrative effect on the theoretical value of the Settlement Parcel and the Assessed Value Payment and, if so, shall:
 - (i) make the corresponding adjustment to any variable of the Settlement Parcel, the Reference Security and the Assessed Value Payment (including the Settlement Security) as Macquarie Bank determines appropriate to account for the diluting or concentrative effect; and
 - (ii) determine the effective date of the adjustment.
- (b) Where Macquarie Bank makes any adjustment under paragraph (a) of this clause, Macquarie Bank shall notify the Investor of:
 - (i) the event which constituted the Adjustment Event; and
 - (ii) the adjustment effected to the Settlement Parcel and the Assessed Value Payment.

8. DISPUTE RESOLUTION

- (a) The Investor may make any complaint that it has arising from the Equity Performance Note by notice in writing to Macquarie Bank.
- (b) Macquarie Bank will endeavour to resolve any such complaint within 21 Business Days of receipt.
- (c) If the Investor is not satisfied with the resolution proposed by Macquarie Bank, then:
 - (i) the Investor may wish to submit the matter to the Australian Banking Industry Ombudsman's Office; and
 - (ii) if the Investor refers its complaint to the Australian Banking Industry Ombudsman's Office, then Macquarie Bank shall be bound by whatever the Ombudsman decides. However, if the Investor does not agree with the Ombudsman's determination, the Investor shall not be bound by it, and may initiate further legal proceedings.
- (d) All parties to this agreement may utilise the Financial Industry Complaints Service Limited ("FICS"), of which Macquarie Bank is a member, to resolve any dispute. Investors undertake to provide details of any complaint in writing to Macquarie Bank and afford Macquarie Bank the opportunity to assess and respond to the complaint, prior to lodging a formal complaint with FICS.

9. NOTICES

9.1 How to Give a Notice

A notice, consent or other communication given under these Terms and Conditions is only effective if it is:

- (a) in writing, signed by or on behalf of the person giving it;
- (b) addressed to the person to whom it is to be given; and
- (c) either:
 - (i) delivered or sent by pre-paid mail (by airmail, if the addressee is overseas) to that person's address;
 - (ii) sent by fax to that person's fax number and the machine from which it is sent produces a report that states that it was sent in full; or
 - (iii) sent by email to that person's email address and the computer from which it is sent shows the email as a sent item without any undeliverable message response within 24 hours of the sending.

9.2 When a Notice is Given

A notice, consent or other communication given by a party that complies with this clause 9 is regarded as given to and received by the other party:

- (a) if it is delivered or sent by fax or email:
 - (i) by 5.00 pm (local time in the place of receipt) on a Business Day - on that day; or
 - (ii) after 5.00 pm (local time in the place of receipt) on a Business Day, or on a day that is not a Business Day - on the next Business Day; and

- (b) if it is sent by mail:

- (i) within Australia - 3 Business Days after posting; or
- (ii) to or from a place outside Australia - 7 Business Days after posting.

All other notices, consents and other communications given in accordance with this clause 9 are regarded as given and received when given to the recipient.

10. TAXES

- (a) If the Investor has not provided a tax file number ("TFN") (or in the case of a registered business, an Australian Business Number ("ABN")) or a valid exemption, Macquarie Bank may be required to deduct tax at the highest marginal tax rate plus Medicare levy (currently 48.5%) from the payments to be received by the Investor under these Terms and Conditions. If the Investor is not a resident of Australia for income tax purposes, Macquarie Bank will be required to deduct interest withholding tax from interest payments to be received by the Investor under these Terms and Conditions.
- (b) GST may apply to any fees or charges arising under these Terms and Conditions. Depending on the circumstances, the Investor may be able to claim all or part of the GST charged to it as an input tax credit. In this case, Macquarie Bank will send the Investor a tax invoice annually when the amount is charged.

Section 9

Terms and Conditions continued

- (c) Macquarie Bank is not liable for, and the Investor must pay, any Taxes or other charges payable by the Investor in relation to or in connection with the Equity Performance Note or payable by any person on, as a consequence of, or in connection with, the delivery of the Settlement Securities as the Settlement Parcel.

11. GENERAL

11.1 Amendment

Macquarie Bank may from time to time make any modification, variation, alteration or deletion of, or addition to, these Terms and Conditions (the "Amendment") where Macquarie Bank determines that such Amendment:

- (a) is necessary or desirable to comply with any statutory or other requirement of law; or
- (b) is desirable to correct an inconsistency or error in these Terms and Conditions (but only if the Amendment does not materially prejudice the interests of the Investor), in which case, Macquarie Bank shall provide the Investor with notice of the Amendment and the Investor will be bound by the Amendment at the time the Investor is served with such notice.

11.2 Mode of Delivery and Payment

Where Macquarie Bank is required under these Terms and Conditions:

- (a) to deliver Settlement Securities, that obligation must be satisfied by causing the Settlement Securities to be transferred to the Investor to the extent permitted by, and in accordance with, the rules applicable to those Settlement Securities; or
- (b) to pay a sum of money, that obligation must be satisfied by:
 - (i) the delivery of a bank cheque for the relevant amount – in which case the date of dispatch of the cheque shall be deemed to be the date of payment; or

- (ii) the use of the direct credit authority provided by the Investor in the Application Form – in which case the date that, in the ordinary course of banking business would be reasonably expected to result in the relevant funds reaching the applicable account upon the giving of the electronic transfer instructions, shall be deemed to be the date of payment.

11.3 Rounding

Unless otherwise provided in these Terms and Conditions or a definition in the Glossary all amounts payable under these Terms and Conditions will be rounded to the nearest cent (with half a cent being rounded upwards).

11.4 Assignment

- (a) the Investor may not assign or otherwise deal with its right, title or interest in the Equity Performance Note without the prior written consent of Macquarie Bank.
- (b) Macquarie Bank may transfer or assign its obligations under the Equity Performance Note to any other entity without the consent of the Investor provided that either:
 - (i) the proposed assignee has at that time the same or higher Standard & Poors' credit rating as Macquarie Bank; or
 - (ii) the proposed assignee is guaranteed by an entity which has at that time the same or higher Standard & Poors' credit rating as Macquarie Bank.

11.5 No Bank Account Facilities

Nothing in these Terms and Conditions or the holding of the Equity Performance Note by the Investor confers upon the Investor:

- (a) a bank account facility for the deposit or the withdrawal of funds other than as specifically contemplated by these Terms and Conditions; or
- (b) a cheque writing facility.

11.6 Governing Law

- (a) These Terms and Conditions are governed by and construed in accordance with the law in force in New South Wales.
- (b) Macquarie Bank and the Investor submit to the non-exclusive jurisdiction of the courts exercising jurisdiction in New South Wales, and any court that may hear appeals from any of those courts, for any proceedings in connection with these Terms and Conditions, and waives any right it might have to claim that those courts are an inconvenient forum.

11.7 Commercial Terms

The Investor may request from Macquarie Bank, from time to time, any Commercial Terms applicable to the Equity Performance Note as the Investor reasonably requires.

11.8 Waiver of Rights

A right may only be waived in writing, signed by the person giving the waiver, and:

- (a) no other conduct of a person (including a failure to exercise, or delay in exercising, the right) operates as a waiver of the right or otherwise prevents the exercise of the right;
- (b) a waiver of a right on one or more occasions does not operate as a waiver of that right if it arises again; and
- (c) the exercise of a right does not prevent any further exercise of that right or of any other right.

11.9 Operation of these Terms and Conditions

- (a) These Terms and Conditions, the applicable Series Term Sheet and the Master Note Document contain the entire agreement between Macquarie Bank and the Investor about their subject matter. Any previous understanding, agreement, representation or warranty relating to that subject matter is replaced by these Terms and Conditions and has no further effect.

- (b) Any provision of these Terms and Conditions which is unenforceable or partly unenforceable is, where possible, to be severed to the extent necessary to make these Terms and Conditions enforceable, unless this would materially change the intended effect of these Terms and Conditions.

11.10 Invalid or Unenforceable Provisions

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

11.11 Exclusion of Contrary Legislation

Any legislation that adversely affects an obligation of Macquarie Bank or the Investor, or the exercise by Macquarie Bank or the Investor of a right or remedy, under or relating to these Terms and Conditions is excluded to the full extent permitted by law.

11.12 Personal Information

The Investor shall be bound by the Privacy Statement in the Product Disclosure Statement concerning the use by Macquarie Bank of the Investor's personal information.

11.13 No Merger

Macquarie Bank's rights under these Terms and Conditions are separate to and do not merge with any other contract between the parties.

11.14 Consent to Telephone Recording

The Investor consents to the recording of any of its conversations with Macquarie Bank in relation to Equity Performance Note.

11.15 Investor Information

The Investor shall supply to Macquarie Bank when requested to do so such financial or other information relating to Equity Performance Note as Macquarie Bank may, from time to time, reasonably request.

Section 10

Glossary

WORD / PHRASE	MEANING
Acceptance	acceptance by Macquarie Bank, in its absolute discretion, of an Application or Early Redemption Request (as the case may be), which occurs upon notification of that acceptance in writing to the Investor by Macquarie Bank.
Adjustment Event	in relation to a Reference Security and Settlement Security, any of the following: <ul style="list-style-type: none"> (a) the Reference Security or Settlement Security is cancelled, delisted, wound up or otherwise ceases to trade, be calculated or announced by a Prescribed Entity; (b) the correlation between the Reference Security and the Correlated Benchmark decreases to a material extent (in Macquarie Bank's opinion); (c) a proposal or occurrence of any event that may have a diluting or concentrative effect on the theoretical value of the Reference Security or Settlement Security, including any cash return of capital, capital reduction, liquidator's distributions, unit buy-back, bonus issue, rights issue, compulsory acquisition, redemption, arrangement, scheme of arrangement, compromise, merger, demerger, reconstruction, cancellation, replacement, modification, subdivision or consolidation, takeover offer, special distribution or dividend, unit split, non-cash distribution or dividend, or any other similar or like event (but excludes the payment or declaration of ordinary cash distributions and dividends); (d) the Prescribed Entity being subject to an Insolvency Event; (e) the proposal or occurrence of any event which may, in Macquarie Bank's opinion, either have an analogous effect to, or lead to the occurrence of, any of the events set out in paragraphs (a) to (d), or materially affects the determination of the market price of the Reference Security or Settlement Security.
Annual Interest	in relation to an Equity Performance Note issued to an Investor, the Note Face Value multiplied by the Interest Rate.
Application	an application by the Investor to Macquarie Bank for an investment in the Equity Performance Note on the terms and conditions set out in the Application Form.
Application Form	the application form attached to the current Series Term Sheet.
APRA	Australian Prudential Regulation Authority
Assessed Value Payment	in relation to a Equity Performance Note issued to an Investor, the amount equal to the Equity-Linked Return.
ASIC	Australian Securities & Investments Commission
ASX	Australian Stock Exchange Limited (ABN 98 008 624 691) or the stock market conducted by Australian Stock Exchange Limited, as the context requires.
ATO	Australian Taxation Office
Australian Dollars	the lawful currency of Australia.
Business Day	a day on which banks and the ASX are open for business in Sydney.
Cash Payment Election	in relation to the Equity Performance Note issued to an Investor, an election made by the Investor under clause 6.3 of the Terms and Conditions.
Closing Time	4.00 pm or such other time as the ASX closes trading in the ordinary course for securities listed on its exchange.

WORD / PHRASE	MEANING
Commercial Terms	in relation to each Series made available for investment under the Product Disclosure Statement for Equity Performance Notes, the relevant terms as disclosed in the Series Term Sheet applicable to the relevant Series applied for by the Investor.
Confirmation	in relation to the Equity Performance Note issued to an Investor, the confirmation prepared by Macquarie Bank and delivered to the Investor, confirming the Commercial Terms applicable to that Equity Performance Note.
Corporate Event	in relation to the Reference Security and Settlement Security of an Equity Performance Note issued to an Investor, an Adjustment Event occurs and it is not possible or feasible, in Macquarie Bank's opinion, to deal with the occurrence of that event in accordance with clause 7 of the Terms and Conditions.
Corporations Act	the Corporations Act 2001 (Cth).
Correlated Benchmark	in relation to the Equity Performance Note issued to an Investor, the Correlated Benchmark nominated by Macquarie Bank in the Series Term Sheet (where applicable) for the Series of the Equity Performance Note applied for by the Investor, as identified by the Series Number inserted by the Investor in the Application Form.
Early Redemption	in relation to the Equity Performance Note issued to an Investor, the early redemption of the investment in accordance with clause 5 of the Terms and Conditions.
Early Redemption Adjustment Amount	in relation to the Equity Performance Note issued to an Investor for which clause 5 of the Terms and Conditions is applicable, the cost incurred or the benefit received by Macquarie Bank as a result of the Early Redemption, being the cost or benefit determined by Macquarie Bank as the aggregate of the Interest Rate Factor and the Equity Factor. Where a cost is incurred by Macquarie Bank, the Early Redemption Adjustment Amount shall be a negative number equal to that cost. Where a benefit is received by Macquarie Bank, the Early Redemption Adjustment Amount shall be a positive number equal to that benefit.
Early Redemption Date	in relation to the Equity Performance Note for which clause 5 of the Terms and Conditions is applicable, the date determined in accordance with clause 5 of the Terms and Conditions.
Early Redemption Fee	in relation to the Equity Performance Note for which clause 5.1 of the Terms and Conditions is applicable, one percent of the Note Face Value multiplied by the number of years including a part of a year between the Early Redemption Date and the scheduled Maturity Date.
Early Redemption Request	in relation to the Equity Performance Note issued to an Investor, a request made by the Investor under clause 5 of the Terms and Conditions.

Section 10

Glossary continued

WORD / PHRASE	MEANING
Equity Entitlement	in relation to the Equity Performance Note issued to an Investor, the entitlement to purchase the Settlement Parcel in accordance with clause 4 of the Terms and Conditions.
Equity Factor	in relation to the Equity Performance Note issued to an Investor for which clause 5 of the Terms and Conditions is applicable, the cost or benefit to Macquarie Bank in unwinding its hedge position entered into to provide the Equity-Linked Return of the Equity Performance Note to the Investor at Maturity (where there is a cost involved, the Equity Factor shall be a negative amount equal to that cost).
Equity-Linked Return	in relation to the Equity Performance Note issued to an Investor, the return determined by the formula as disclosed in the Series Term Sheet for the Series of the Equity Performance Note applied for by the Investor, as identified by the Series Number inserted by the Investor in the Application Form.
Equity Performance Note or EPN	the investment which is subject to the Terms and Conditions and which is issued or to the Investor upon Acceptance of an Application.
GST	any goods and services tax, consumption tax, value added tax or similar tax, impost or duty imposed under any GST Law.
GST Law	the tax imposed by the A New Tax System (Goods and Services Tax) Act 1999 (Cth) and the related imposition Acts of the Commonwealth.
Initial Price	<p>in relation to the Equity Performance Note issued to an Investor, the price of the Reference Security on the Issue Date, determined as:</p> <p>(a) subject to paragraph (b), the official application price or closing price of the Reference Security (or the components of the Reference Security if it comprises a basket of assets) on the Issue Date as published by the Prescribed Entity of the Reference Security(s); or</p> <p>(b) where there is a Market Disruption Event for the Reference Security (or any component of the Reference Security if it comprises a basket of assets) on the Issue Date, the official application price or closing price of the Reference Security (or component of the Reference Security if it comprises a basket of assets) on the next Business Day after the Issue Date on which there is no Market Disruption Event as published by the Prescribed Entity of the Reference Security (or component of the Reference Security if it comprises a basket of assets); or</p> <p>(c) where there is a Market Disruption Event on the five succeeding Business Days after the Issue Date, the Initial Price shall be the price of the Reference Security (or component of the Reference Security if it comprises a basket of assets) determined by Macquarie Bank as the good faith estimate of the price that would have prevailed on that fifth Business Day.</p>

WORD / PHRASE	MEANING
Insolvency Event	<p>in relation to an entity, any one of the following:</p> <ul style="list-style-type: none"> (a) a petition is presented (and not struck out or dismissed within 7 Business Days of it being presented) or an effective resolution is passed under the Corporations Act for the winding up of the party or any similar process in relation to the entity; (b) a receiver, receiver and manager, official manager, trustee, administrator or similar official is appointed over all or any substantial part of the assets or undertaking of the entity; (c) a liquidator is appointed to the entity; (d) the entity resolves to wind itself up, or otherwise dissolve itself, or gives notice of intention to do so, except to reconstruct or amalgamate while solvent, or is otherwise wound up or dissolved; (e) the entity commits an act of bankruptcy; (f) the entity states that it is insolvent or is presumed to be insolvent under any applicable law; (g) as a result of the operation of the Corporations Act the entity is taken to have failed to comply with a statutory demand; (h) the entry by the entity into a scheme of arrangement or composition with, or assignment for the benefit of, all or any class of its creditors, or a moratorium involving any of them; (i) the entity being or stating that it is unable to pay its debts when they fall due; or (j) anything analogous to or of a similar effect to anything described above occurring to any entity under the Corporations Act or the law of any relevant jurisdiction.
Interest Amount	<p>in relation to the Equity Performance Note issued to an Investor, each amount of interest payable in accordance with clause 3.1 of the Terms and Conditions.</p>
Interest Payment Date	<p>in relation to the Equity Performance Note issued to an Investor each of the following dates:</p> <ul style="list-style-type: none"> (a) in respect of each Interest Period except the final Interest Period, the dates specified in the relevant Series Term Sheet (if applicable); and (b) in respect of the final Interest Period, the Settlement Date that applies in relation to the Maturity Date or Early Redemption Date (as the case may be) by operation of the Terms and Conditions.
Interest Period	<p>in relation to the Equity Performance Note issued to an Investor each of the following periods:</p> <ul style="list-style-type: none"> (a) for the first Interest Period, the period starting on the Issue Date and ending on the first Interest Payment Date; (b) for each subsequent Interest Period (excluding the last Interest Period) each period starting on an Interest Payment Date and ending on the next Interest Payment Date; and (c) for the final Interest Period, the period starting on the preceding Interest Payment Date and ending on the Maturity Date or Early Redemption Date (as the case may be) for that Equity Performance Note.

Section 10

Glossary continued

WORD / PHRASE	MEANING
Interest Rate	in relation to the Equity Performance Note issued to an Investor, the interest rate specified by Macquarie Bank in the Series Term Sheet for the Series of Equity Performance Notes applied for by the Investor, as identified by the Series Number inserted by the Investor in the Application Form, and confirmed by Macquarie Bank to the Investor in the Confirmation.
Interest Rate Factor	in relation to the Equity Performance Note issued to an Investor for which clause 5 of the Terms and Conditions is applicable, the cost or benefit to Macquarie Bank in unwinding its hedge position entered into to provide the Protected Note Value and Interest Amounts of the Equity Performance Note to the Investor for the Term (where there is a cost involved, the Interest Rate Factor shall be negative amount equal to that cost).
In-the-Money	in relation to the Equity Entitlement of the Equity Performance Note issued to an Investor, the Equity-Linked Return is a positive value.
Investor	in relation to an Equity Performance Note the person, persons, company, superannuation fund or trust or other entity specified in the Application Form upon Acceptance of which the Equity Performance Note is issued.
Investor Insolvency	in relation to an Investor, an Insolvency Event occurring in respect of that Investor.
Issue Date	in relation to the Equity Performance Note issued to an Investor, the Issue Date nominated by Macquarie Bank in the Series Term Sheet for the Series of Equity Performance Notes applied for by the Investor, as identified by the Series Number inserted by the Investor in the Application Form.
Issuer Call Event	in relation to the Equity Performance Note issued to an Investor, any one of the following events: (a) a Tax Event; or (b) a Legislative Event; or (c) a Corporate Event in relation to the Reference Security or Settlement Security; or (d) an Investor Insolvency.
Listed Entity	in relation to a Reference Security or Settlement Security, the company or responsible entity that is considered by the ASX to be the issuer of that security.
Legislative Event	the receipt of advice by Macquarie Bank from reputable legal counsel that, as a result of the introduction of, or any amendment to, or clarification of, or change in or announcement of a prospective introduction of, or amendment to, or clarification of or change in, any law or regulation of the Commonwealth of Australia or any State or Territory of Australia, or any other political subdivision or any official administrative pronouncement or action or judicial decision interpreting or applying such laws or regulations which would impose additional requirements on Macquarie Bank in relation to the Equity Performance Note which it reasonably determines to be unacceptable.

WORD / PHRASE	MEANING
Macquarie Bank or Macquarie	Macquarie Bank Limited ABN 46 008 583 542.
Market Disruption Event	in relation to a Reference Security or Settlement Security, any of the following: (a) any suspension of or limitation imposed on the trading of, application for, or redemption of the Reference Security (or any component of the Reference Security if it is a basket of assets) or Settlement Security (or any component of the Settlement Security if it is a basket of assets) by the Prescribed Entity; or (b) the proposal or occurrence of any event which may, in Macquarie Bank's opinion, have an analogous effect or lead to the occurrence of any of the events set forth in paragraph (a) above, or which materially affects the determination of the closing price, application price, redemption price or net asset value of the Reference Security or Settlement Security, the existence of which will be determined in good faith by Macquarie Bank.
Market Value	in relation to the Equity Performance Note issued to an Investor, the price of the Settlement Security on the Maturity Date determined as: (a) subject to paragraph (b) the arithmetical average of the official redemption price or closing price of the Settlement Security (or components of the Settlement Security if it is a basket of assets) for up to five Business Days after (and excluding) the Maturity Date as published by the Prescribed Entity; or (b) where there is a Market Disruption Event for the Settlement Security (or any component of the Settlement Security if it is a basket of assets) on any of the Business Days contemplated by paragraph (a) after (and excluding) the Maturity Date, the official redemption price or closing price of the Settlement Security (or components of the Settlement Security if it is a basket of assets) for up to five Business Days after (and excluding) the Maturity Date on which there is no Market Disruption Event as published by the Prescribed Entity; or (c) where there is a Market Disruption Event for up to five succeeding Business Days after the Maturity Date, the Market Value shall be the price of the Settlement Security (or components of the Settlement Security if it is a basket of assets) determined by Macquarie Bank as the good faith estimate of the price that would have prevailed on the fifth Business Day after (and excluding) the Maturity Date.
Maturity	in relation to the Equity Performance Note issued to an Investor, the maturity of that Equity Performance Note on the Maturity Date in accordance with the Terms and Conditions.
Maturity Date	in relation to the Equity Performance Note issued to an Investor, the Maturity Date nominated by Macquarie Bank for the applicable Series of Equity Performance Notes applied for by the Investor, as identified by the Series Number inserted in the Application Form by the Investor.
Maturity Statement	in relation to the Equity Performance Note issued to an Investor, the statement sent by Macquarie to the Investor on Maturity of the Equity Performance Note outlining the value of the Equity-Linked Return and how the Equity Performance Note has been settled.

Section 10

Glossary continued

WORD / PHRASE	MEANING
Minimum Note Value	for a Series, the amount determined by Macquarie Bank and specified in the applicable Series Term Sheet.
Note Face Value	for a Series of Equity Performance Notes issued to an Investor, the amount invested by that Investor in the Equity Performance Notes.
Offer Closing Time	for a Series, the time specified in the applicable Series Term Sheet.
Offer Opening Time	for a Series, the time specified in the applicable Series Term Sheet.
Offer Period	for a Series, the period between the Offer Opening Time and the Offer Closing Time for that Series.
Participation Rate or PR	in relation to the Equity Performance Note issued to an Investor, the participation rate nominated by Macquarie Bank in the Series Term Sheet for the Series of Equity Performance Notes applied for by the Investor, as identified by the Series Number inserted by the Investor in the Application Form.
Period Closing Price	<p>in relation to the Equity Performance Note issued to an Investor, the price of the Reference Security (or components of the Reference Security if it is a basket of assets) on the last Business Day of a Return Period determined as:</p> <p>(a) subject to paragraph (b) the official redemption price or closing price of the Reference Security (or components of the Reference Security if it is a basket of assets) on the last Business Day of a Return Period as published by the Prescribed Entity; or</p> <p>(b) where there is a Market Disruption Event for the Reference Security (or any components of the Reference Security if it is a basket of assets) on the last Business Day of a Return Period, the official redemption price or closing price of the Reference Security (or components of the Reference Security if it is a basket of assets) on the first Business Day after the end of the Return Period on which there is no Market Disruption Event as published by the Prescribed Entity; or</p> <p>(c) where there is a Market Disruption Event on the 5 succeeding Business Days after the last Business Day of a Return Period, the Period Closing Price shall be the price of the Reference Security (or components of the Reference Security if it is a basket of assets) determined by Macquarie Bank as the good faith estimate of the price that would have prevailed on the fifth Business Day of the Return Period.</p> <p>Such prices will be the ex-dividend or ex-distribution prices for the Reference Security.</p>
Period Return	the return for a Return Period calculated as: Period Closing Price – Issue Price
Prescribed Entity	In relation to a Reference Security of Settlement Security, the company or responsible entity that is considered by Macquarie Bank to be the issuer or sponsor of that security, index, Listed Entity or managed fund (as the case may be).
Product Disclosure Statement or PDS	in relation to a Series of Equity Performance Notes means this Master Note Document and the applicable Series Term Sheet.
Protection Level	in relation to the Equity Performance Note issued to an Investor, the protection level nominated by Macquarie Bank in the Series Term Sheet for the Series of Equity Performance Notes applied for by the Investor, as identified by the Series Number inserted by the Investor in the Application Form.

WORD / PHRASE	MEANING
Protected Note Value	in relation to an Equity Performance Note issued to an Investor, the protected value of each Equity Performance Note calculated in accordance with: Note Face Value x Protection Level
Redemption Notice	in relation to the Equity Performance Note issued to an Investor, the statement sent by Macquarie to an Investor after an Early Redemption outlining the calculation of the amount received by the Investor on the Early Redemption of their Equity Performance Notes.
Reference Security	in relation to the Equity Performance Note issued to an Investor, the shares, basket of shares, managed fund, basket of managed funds, index or other security nominated by Macquarie Bank in the Term Sheet for the Series of Equity Performance Notes applied for by the Investor, as identified by the Series Number inserted by the Investor in the Application Form. The Reference Security may have more than one component.
Return Period	in relation to the Equity Performance Note issued to an Investor, the return period nominated by Macquarie Bank in the Series Term Sheet for the Series of Equity Performance Notes applied for by the Investor, as identified by the Series Number inserted by the Investor in the Application Form.
Rounding Amount	in relation to the Equity Performance Note issued to an Investor, the amount determined by the following formula: (Protected Note Value + Equity-Linked Return) – (Settlement Parcel x Market Value)
Series	each series of Equity Performance Note made available by Macquarie Bank for investment under this Master Note Document and applicable Series Term Sheet.
Series Number	for a Series, the number identifying that Series as specified in the Series Term Sheet.
Series Term Sheet or Term Sheet	means the term sheet issued by Macquarie Bank indicating the Series of Equity or Performance Notes available for investment under this Product Disclosure Statement with the same Offer Period.
Settlement Date	in relation to the Equity Performance Note issued to an Investor and: (a) in relation to the Maturity Date, the Business Day that is the Standard Settlement Time after the later of: (i) the Maturity Date; or (ii) the Business Day on which the Maturity Value was determined; (b) in relation to the Early Redemption Date, the Business Day that is the Standard Settlement Time after the later of: (i) the Early Redemption Date; or (ii) the Business Day in which the Early Redemption Adjustment Amount is determined.
Settlement Parcel	in relation to the Equity Performance Note issued to an Investor the number of Settlement Securities calculated by dividing the aggregate of the Protected Note Value and the Equity-Linked Return by the Market Value of the Settlement Security. Each component of the Settlement Security will be rounded down to the nearest whole number.

Section 10

Glossary continued

WORD / PHRASE	MEANING
Settlement Security	In relation to the Equity Performance Note issued to an Investor means the Settlement Security as defined in the Term Sheet for the Series of Equity Performance Notes applied for by the Investor, as identified by the Series Number inserted in the Application Form by the Investor and to be delivered to an Investor as part of the Settlement Parcel on Maturity of the Equity Performance Note provided the Investor has not made a Cash Payment Election. The Settlement Security may have more than one component and may be the same as the Reference Security or different to the Reference Security. Where alternatives are provided, the selection of an alternative is within the sole discretion of Macquarie Bank.
Standard Settlement Time	five Business Days, or such other time as reasonably determined by Macquarie in order to facilitate settlement at Maturity.
Takeover Offer	in relation to a Reference Security or Settlement Security an offer to acquire that Reference Security or Settlement Security.
Tax Event	<p>means the receipt by Macquarie Bank of an opinion from reputable legal counsel or other reputable tax adviser experienced in the tax laws of the Commonwealth of Australia, or any State or Territory of Australia, to the effect that, as a result of any of:</p> <ul style="list-style-type: none"> (a) any amendment to, clarification of, or change (including any announced prospective change) in the laws or treaties (or any regulations thereunder) of such jurisdictions or any political subdivision or taxing authority thereof or therein affecting taxation; (b) any judicial decision, published official administrative pronouncement, private ruling, regulatory procedure, notice or announcement (including any notice or announcement of intent to adopt such procedures or regulations) (an "Administrative Action") in relation to such tax laws; or (c) any amendment to, clarification of, or change in the pronouncement that provides for a position with respect to an Administrative Action that differs from the theretofore generally accepted position, in each case, by any legislative body, court, governmental authority or regulatory body, irrespective of the manner in which such amendment, clarification, change or Administrative Action is made known, <p>there is more than an insubstantial risk that Macquarie Bank would be exposed to more than a de minimis increase in its economic costs in relation to Equity Performance Note as a result of increased taxes, duties or other governmental charges or civil liabilities or that Macquarie Bank would not be allowed a tax deduction for any interest paid or due and payable by it under the Terms and Conditions.</p>
Taxes	Taxes (including GST and stamp duty), levies, imposts, deductions, charges, withholding imposed by any government agency together with any related interest, penalties, fines, expenses or other amount incurred in connection with them, except if imposed on the overall net income of Macquarie Bank.
Term	in relation to an Equity Performance Note issued to an Investor, the period from the Issue Date to the Maturity Date.
Terms and Conditions	the terms and conditions governing each Equity Performance Note as extracted in Section 9 of this Master Note Document applying the definitions in this Glossary and as applied to a particular Series in the Series Term Sheet.

Privacy Collection Statement

If you complete this documentation you will be supplying us with personal information over which we will be bound by the Privacy Act 1988 (the "Privacy Act").

You should be aware that:

- You can contact us by phone, fax or email and 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 use your information for the following purposes:
 - assessing your application,
 - assessing the credit and other exposure that the Macquarie Bank 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 Bank 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 to be supplied, 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 on www.macquarie.com.au or by requesting it from us.

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