



## Commodity Products

## Product Summary

Terms and conditions as at Friday 9<sup>th</sup> December 2005

# 100% Capital Guaranteed Crude Oil Coupon Strategy

### PRODUCT OVERVIEW#

#

#### Macquarie Bank Limited

The product is issued and guaranteed by Macquarie Bank Limited ABN 46 008 583 542 (“MBL”) and has a long term credit rating of “A+” by Fitch, “A2” by Moody’s Investors Service and “A” by Standard & Poor’s. The Macquarie Group (“Macquarie”) is headquartered in Australia, where it is a leading provider of a full range of investment banking, financial markets and retail financial services. MBL listed on the Australian Stock Exchange in 1996 and has reported successive years of record growth and profits since 1992. Macquarie currently employs over 6800 people in 23 countries.

#### Crude Oil

The 100% Capital Guaranteed Crude Oil Coupon Strategy is a structure product linked to the movement of Crude Oil with a capital guarantee at Maturity. The underlying Crude Oil contract which this product references is traded on the New York Mercantile Exchange and referred to as the “Light, Sweet Crude Oil” futures contract. Crude Oil is the world’s most actively traded commodity and the NYMEX Division light, sweet crude oil futures contract is the world’s most liquid as well as the world’s largest volume futures contract trading on a physical commodity (source: [www.nymex.com](http://www.nymex.com)).

#### Payout at Maturity

At maturity the holder will receive a cash settlement equal to the Guaranteed Amount and the Conditional Coupon Amount, if any. The ranges mentioned below are referenced to the initial price of Crude Oil on the Trade Date. At maturity the Issuer will review the intra-day price movements of Crude Oil to determine the appropriate coupon amount payable. If Crude Oil has traded at all times below the upper boundary of a range and closes above the lower boundary of that range the respective coupon amount is payable as summarised below.

#### Coupon Amount

	Range	Conditional Coupon
First Range:	+10% / -10%	30%
Second Range:	+25% / -20%	20%
Third Range:	+30% / -25%	10%

#### Unique Downside Protection Feature

The strategy has a unique benefit that sets this structure apart from the typical one touch structures often referred to as a “Wedding Cake”. The strategy provides additional protection during the term of the contract should the price of oil fall and subsequently rebound. If the price of Crude Oil trades below the upper boundary, but falls below the lower level of that range’s boundary and subsequently recovers by the Maturity Date, **the coupon is still fully payable**.

#### Summary

The strategy is designed for relatively risk averse investors seeking attractive coupons from the price movement of oil which combine the safety of a capital guarantee.



## 100% Capital Guaranteed Crude Oil Coupon Strategy

Friday 9<sup>th</sup> December 2005

TERMSHEET

### TERMS#

<b>Issuer</b>	Macquarie Bank Limited
<b>Product Name</b>	100% Capital Guaranteed Crude Oil Coupon Strategy
<b>Nature of Investment</b>	2 year capital guaranteed conditional coupon structure linked to Crude Oil
<b>Form</b>	Global Instrument

### UNDERLYING

<b>Crude Oil</b>	<b>NYMEX Light, Sweet Crude Oil, first nearby month (Spot Contract)</b> <b>Bloomberg Ticker: CL1 Cmnty</b>
<b>Spot Contract</b>	On any day, the first maturing futures contract on NYMEX in respect of the Underlying
<b>Initial Price Fixing Basis</b>	The price of Crude Oil at 15:00 GMT, as published on the NYMEX on the Trade Date: USD61.10/bbl

### INSTRUMENT DETAILS

<b>Guaranteed Amount</b>	USD 10,000 (100.00% of Nominal Amount)
<b>Trade Size</b>	USD 1,470,000
<b>Nominal Amount</b>	USD 10,000
<b>Issue Price</b>	USD 10,000 (100.00% of Nominal Amount)
<b>Redemption Amount per Instrument</b>	On the Maturity Settlement Date, the instrumentholder receives the Guaranteed Amount plus the Conditional Coupon Amount.

**Conditional Coupon Amount** An amount, if any, expressed in USD and represented as:

$$NA + ( 10\% * NA * [(F) + (S) + (T)] )$$

Where:

**First Range (F)** Will be equal to 1, IF and only if on the Maturity Date the closing price of the Spot Contract is greater than 90% (USD54.99/bbl) of the Spot Contract on the Trade Date AND from the Trade Date to and including the Maturity Date the price of the Spot Contract has at all times been lower than 110% (USD67.21/bbl), of the price of the Spot Contract on the Trade Date; if both of the above have not occurred (F) equals zero.

**Second Range (S)** Will be equal to 1, IF and only if on the Maturity Date the closing price of the Spot Contract is greater than 80% (USD48.88/bbl) of the Spot Contract on the Trade Date AND from the Trade Date to and including the Maturity Date the price of the Spot Contract has at all times been lower than 125% (USD76.38/bbl) of the price of the Spot Contract on the Trade Date; if both of the above have not occurred (S) equals zero.

**Third Range (T)** Will be equal to 1, IF and only if on the Maturity Date the closing price of the Spot Contract is greater than 75% (USD45.83/bbl) of the Spot Contract on the Trade Date AND from the Trade Date to and including the Maturity Date the price of the Spot Contract has at all times been lower than 130% (USD79.43/bbl) of the price of the Spot Contract on the Trade Date; if both of the above have not occurred (T) equals zero.

### DATES

**Trade Date** 9<sup>th</sup> December 2005, 15:00 GMT. **Orders to be placed by 10:00 GMT, 9<sup>th</sup> December 2005**

**Settlement Date** T+14

#

#



## 100% Capital Guaranteed Crude Oil Coupon Strategy

Friday 9<sup>th</sup> December 2005

INDICATIVE TERMSHEET

#

<b>Maturity Date</b>	10 <sup>th</sup> December 2007, or if that day is not a Commodity Business Day, the next following Commodity Business Day.
<b>Maturity Settlement Date</b>	5 Business Days from the Maturity Date, or if that day is not a Business Day, the next following Business Day

### GENERAL PRODUCT INFORMATION

<b>Commodity Business Day</b>	Any day on which the New York Mercantile Exchange is open for business
<b>Business Day</b>	Any day on which banks are open for business in Hong Kong and New York
<b>Early Redemption</b>	An instrumentholder may request redemption of an amount of Instruments greater than the Minimum Redemption Amount by giving notice to the Arranger by 5pm Hong Kong time on any Hong Kong Business Day ("Early Redemption Date"). The early redemption amount will be the market price, as determined by the Issuer in its sole discretion.
<b>Minimum Redemption Amount</b>	Five Instruments
<b>Early Redemption Settlement</b>	Early Redemption Date + 3 Business Days
<b>Termination Event</b>	The occurrence, in the sole determination of the Calculation Agent of any of the following will constitute a Termination Event. Any event occurs in respect of the Underlying which, in the opinion of the Calculation Agent, may have a material impact on the: (a) calculation of any amount payable under the Instrument; or (b) ability of the Issuer to hedge its obligations in respect of the Instrument. Upon the occurrence of a Termination Event, the Calculation Agent shall give notice as soon as practical to the Instrument holders, giving brief details of the Termination Event. The Instruments will be terminated by the Issuer for the market value of the Instrument on that date as determined by the Calculation Agent. The Issuer may waive the right to call a Termination Event in its sole discretion.
<b>Governing Law</b>	English Law
<b>Clearing System</b>	Euroclear/Clearstream
<b>Calculation Agent</b>	Macquarie Bank Limited
<b>ISIN Code</b>	XS0237012942
<b>Common Code</b>	023701294

### CONTACT

<b>For Enquiries</b>	<b>Please contact your Advisor</b>
<b>Macquarie Equities (Asia) Limited Contact</b>	<b>Nick Thompson: +852 22493238 (Direct Line) / +852 64016073 (Mobile)</b> <b>Email: <a href="mailto:nick.thompson@macquarie.com">nick.thompson@macquarie.com</a></b>

#



## 100% Capital Guaranteed Crude Oil Coupon Strategy

Friday 9<sup>th</sup> December 2005

TERMSHEET

#

### SALES RESTRICTIONS

**Brazil:** This termsheet has not been approved for distribution in Brazil and the Issuer has not received any authorisation from any Brazilian regulatory authority to market or sell the Instruments within the Brazil. This termsheet is not intended for distribution to persons in Brazil except in those circumstances will not result in an offer to the public in Brazil. This is a strictly private and confidential communication between Macquarie and its selected clients. This communication contains information addressed only to a specific individual and is not intended for distribution to, or use by, any person other than the named addressee. This communication (i) is provided for informational purposes only, (ii) should not be construed in any manner as any solicitation or offer to buy or sell any securities or any related financial instruments, and (iii) should not be construed in any manner as a public offer of any securities or any related financial instruments. If you are not the named addressee, you should not disseminate, distribute or copy this communication. Please notify the sender immediately if you have mistakenly received this communication.

**European Economic Area:** In relation to each Member State of the European Economic Area (being the countries in the European Union plus Iceland, Norway and Liechtenstein) which has implemented the EU Prospectus Directive (2003/71/EC) (each, a "Relevant Member State"), each purchaser has represented and agreed, that with effect from and including the date on which the Prospectus Directive is implemented in that Member State (the "Relevant Implementation Date") it has not made and will not make an offer of Instruments to the public in that Relevant Member State, except that it may, with effect from and including the Relevant Implementation Date, make an offer of Instruments to the public in that Relevant Member State:

- (a) in (or in Germany, where the offer starts within) the period beginning on the date of publication of a prospectus in relation to those Instruments which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive and ending on the date which is 12 months after the date of such publication;
- (b) at any time to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;
- (c) at any time to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year, (2) a total balance sheet of more than €43,000,000, and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts; or
- (d) at any time in any other circumstances which do not require the publication by the Issuer of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of Instruments to the public" in relation to any Instruments in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Instruments to be offered so as to enable an investor to decide to purchase or subscribe the Instruments, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression "Prospectus Directive" means EU Prospectus Directive (2003/71/EC) and includes any relevant implementing measure in each Relevant Member State.

**Hong Kong:** You understand that (i) the Notes have not been offered or sold and may not be offered or sold in Hong Kong, by means of any document, other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap.571) and any rules made thereunder; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies Ordinance (Cap 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and you have not issued or had in your possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

**Singapore:** No term sheet, offering document or other documentation relating to the Note has or will be registered as a prospectus with the Monetary Authority of Singapore under the Securities and Futures Act, Chapter 289 of Singapore (the Securities and Futures Act). Accordingly the Notes may not be offered or sold or made the subject of an invitation for subscription or purchase nor may this term sheet or any other document or material in connection with the offer or sale or invitation for subscription or purchase of such Notes be circulated or distributed, whether directly or indirectly, to the public or any member of the public in Singapore, the information in this document is directed and available only to (1) institutional investors falling within section 274 of the Securities and Futures Act, (2) to accredited investors or other persons falling within section 275 of the Securities and Futures Act, or (3) pursuant to and in accordance with the conditions of any other applicable provision of the Securities and Futures Act.

**Switzerland:** Instruments may only be purchased by professional investors in Switzerland and may only be offered for sale in Switzerland by either (a) a dealer not conducting business in Switzerland or (b) a securities dealer licensed by the Federal Banking Commission.

#



## 100% Capital Guaranteed Crude Oil Coupon Strategy

Friday 9<sup>th</sup> December 2005

INDICATIVE TERMSHEET

#

This information is provided in response to an unsolicited request for information

### Factual information only

This document contains purely factual information and is not an expression of opinion or recommendation. It does not constitute financial product advice and should not be relied on as such. None of the information takes into account your personal objectives, financial situation or needs and you must determine whether the information is appropriate in terms of your particular circumstances. Macquarie Bank Limited, its agents and affiliates, are dealing with you exclusively on the basis that you have sufficient knowledge, experience and/or professional financial, tax, legal and other advice to undertake your own assessment of the information.

### Early redemption of the Instrument

Macquarie Bank has the discretion to redeem the Instruments early if certain major events occur, for example a Termination Event occurs. In such event the value of the Instruments will be determined by the Issuer and the protected note value will not apply at that time.

### Performance of the Underlying

The value of each Instrument is dependent upon the performance of the Underlying. Poor performance by the Underlying may have a negative impact on the value of the Instruments. Any performance figures quoted are no guarantee or indication of the future performance of the Underlying. Potential investors must make their own assessment of the Underlying.

### General Risks:

Following are some of the general risks associated with investing in the Instruments:

- General economic conditions in the United States and other jurisdictions;
- The occurrence of an unforeseen event or force majeure that has a significant effect on the operation of financial markets;
- Interest rates, inflation and currency exchange rates;
- Changes in government, monetary policy and other laws;
- Changes in the taxation laws relating to the payment of interest and principal which could be adverse to Instrumentholders;
- Liquidity and the general condition of United States and other global markets.

### No offer

This document does not constitute an invitation to subscribe for or buy any securities or an offer for subscription or purchase of any securities or a solicitation to engage in or refrain from engaging in any transaction. The product described in this document remains subject to internal Macquarie Bank Limited approvals which may not be forthcoming, in which case a final version of this document will not be produced and the product may not be made available. To the maximum extent permitted by law, no member of the Macquarie Group, nor any of their respective directors, employees, advisers or agents, nor any other person, accepts any liability for any loss arising from the use of this document or its contents or otherwise arising in connection with it.

### Confidentiality

By reading this document, you acknowledge that the information has been provided to you at your unsolicited request, it is confidential and has been provided for your information only. The information is confidential and the recipient may not distribute it to other persons without the prior written consent of Macquarie Bank Limited. This document is not for circulation or publication without the prior written consent of Macquarie Bank Limited.

Distribution of this information outside Australia may be restricted by law and persons who come into possession of this document should seek advice on and observe any restrictions. Any failure to comply with restrictions may constitute a violation of applicable securities law.

### Third party information

The material in this document has been prepared in good faith with all reasonable care. However, certain parts of this material is obtained or is based upon information obtained from third parties which may not have been checked or verified. Except to the extent permitted by law, and only to the extent so required, neither Macquarie Bank Limited nor any member of the Macquarie Group makes any warranty in relation to, or accepts any responsibility or liability for any loss or damage suffered by any person arising out of or in relation to the material.

### Not complete

The material in this document is **DRAFT and purely indicative** and does not attempt to set out the full terms of the proposed transaction to which it refers, the details and structure of which may well differ from those set out here. This document also does not aim to notify you of any possible risks, direct or indirect, in undertaking such a transaction- including possible delays in repayment and loss of income and principal invested. This document is also subject to Macquarie obtaining any required approvals (both internally and externally) in order to complete the proposed transaction.

### Not deposits

Investments in this product are not deposits with Macquarie Bank Limited ABN 46 008 583 542 or related bodies corporate, affiliates, associates or officers of any of the above entities and are subject to investment risk, including possible delays in repayment and loss of income. None of Macquarie Bank Limited or related bodies corporate, affiliates, associates or officers of any of the above entities guarantees any particular rate of return or the performance of the product. Macquarie Equities (Asia) Limited and Macquarie Securities (Singapore) Pte Limited is not an authorised deposit-taking institution for the purposes of the Banking Act (Cth) 1959, and Macquarie Equities (Asia) Limited's and Macquarie Securities (Singapore) Pte Limited's obligations do not represent deposits or other liabilities of Macquarie Bank Limited ABN 46 008 583 542. Macquarie Bank Limited does not guarantee or otherwise provide assurance in respect of the obligations of Macquarie Equities (Asia) Limited and Macquarie Securities (Singapore) Pte Limited

### Not legally binding

No proposal put forward in this paper is binding upon Macquarie Bank Limited or any of its associates at law whether by way of agreement, representation or otherwise. Macquarie Bank Limited will not be obliged to carry out any proposals or fulfill any terms mentioned herein and Macquarie Bank Limited will not be responsible for any loss or damage caused as a result of any person relying upon statements made herein.

All terms hereby proposed are subject to, among other things, full legal review of this proposal and completion of due diligence to Macquarie Bank Limited's satisfaction. **This term sheet is indicative only and is subject to change without notice.**

### Errors and omissions

To the extent permitted by law, Macquarie Bank Limited and the members of the Macquarie Group accept no responsibility for errors or misstatements, negligent or otherwise. The information may be based on assumptions or market conditions and may change without notice. Unless expressly stated, the information contained in this document is current as at 9<sup>th</sup> December 2005.

#