



Equity First

Protection First



Market Linked Investment

Product Disclosure Statement
S&P/ASX 200 Index
MLI Quarterly Lock-In (Series 2007 - 09)
17 July 2007

Important Information

Product Disclosure Statement: This Product Disclosure Statement ("PDS") is dated 17 July 2007 and has been prepared by the Issuer. This PDS has not been lodged with the Australian Securities and Investments Commission ("ASIC") and is not required by the Corporations Act to be lodged with ASIC. ASIC takes no responsibility for the contents of this PDS.

Purpose: The Market Linked Investment ("MLI") is issued by Citigroup Global Markets Australia Pty Limited ABN 64 003 114 832 AFSL number 240992 ("Citi", "Issuer", "we" or "us") a Participant of ASX Group and the Sydney Futures Exchange Limited. The MLI is an agreement between the Investor and the Issuer governed by the terms set out in the terms and conditions ("Terms") which are contained in section 8 of this PDS. It is important that Investors and potential Investors read the Terms in full as these set out an Investor's rights and obligations in relation to the MLI.

Capitalised terms: Capitalised words used in this PDS have the meaning given to them in clause 15 of the Terms, unless the context requires otherwise.

Disclaimer: The MLI and any securities recommended, offered, or sold by the Issuer: (i) are not insured by the Federal Deposit Insurance Corporation; (ii) are not deposits or other obligations or liabilities of any insured depository institution (including Citibank, N.A.); and (iii) are subject to investment risks, including the possible loss of the principal amount invested in the event of an Early Maturity and possible delays in repayment. The MLI does not represent a deposit or other liability of Citibank Pty Limited or Citibank, N.A. (Sydney Branch) and these entities do not stand in any way behind the capital value and/or performance of the MLI nor are these entities issuers of the MLI. The Issuer is not subject to regulatory supervision by APRA.

Variation of times and dates: The Issuer reserves the right to vary the dates and times associated with the offer. This means that the Issuer has a discretion to extend or reduce the length of the offer period by changing any of the relevant dates in the Issuer's absolute discretion. The Issuer may exercise its rights where, for example, the demand for the MLI has been very high and a significant number of customers have requested that the period be extended. However, in exercising its discretion the Issuer would act reasonably and would not leave the offer period open for too long having regard to standard market practice. The Issuer may also vary the Maturity Date if an Early Maturity Event occurs or if an Investor requests Early Maturity and that request is accepted by the Issuer. The term "Early Maturity Event" is defined in clause 4.1 of section 8 of this PDS. The risks associated with an Early Maturity Event are more fully discussed in section 2 of this PDS.

Investment Decisions: It is impossible in a document of this type to take into account the investment objectives, financial situation and particular needs of each reader. Accordingly, nothing in this PDS should be construed as a

recommendation by the Issuer, or any associate of the Issuer or any other person concerning an investment in the MLI, the Delivery Assets or any other financial product. Readers should not rely on this PDS as the sole or principal basis of a decision to invest in the MLI, Delivery Assets or any other financial product and should seek independent financial, legal and taxation advice before making a decision whether to invest. No person is authorised by the Issuer to give any information or to make any representation not contained in this PDS. Any information or representation not contained in this PDS must not be relied upon as having been authorised by or on behalf of the Issuer. Nothing in this PDS is, or may be relied upon as, a representation as to the future performance of the MLI, the Index or the Delivery Assets.

Jurisdiction and Selling Restrictions: This PDS is not an offer or invitation in relation to the MLI in any place in which, or to any person to whom, it would not be lawful to make that offer or invitation. The distribution of this PDS outside Australia may be restricted by the laws of those places where it is received. Persons into whose possession this document comes should seek advice on and observe those restrictions. The MLI is not available to US Investors. Failure to comply with relevant restrictions may violate those laws of the places where the PDS is received.

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

Electronic copies: This PDS is available on the internet at www.citiwarrants.com.au. Any person receiving this PDS electronically should note that applications can only be accepted if the Issuer receives a completed, current Application Form which accompanied the electronic or paper copy of this PDS. A paper copy of this PDS (with attached Application Form) will be sent by the Issuer to any person who requests one, free of charge. To obtain a paper copy free of charge, please call 1300 30 70 70. Alternatively, the operator of your master trust or wrap account service will be able to provide you with paper copies free of charge.

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

Social or Ethical Considerations: The MLI does not take into account labour standards or environmental, social or ethical standards.

Contents

Investment Overview	2
Section 1 - Introducing the MLI	3
Section 2 - Risks of investing in the MLI	14
Section 3 - Information about the Index and the Delivery Assets	17
Section 4 - Fees associated with the MLI	20
Section 5 - Information about the Issuer	21
Section 6 - Tax Considerations	22
Section 7 - Additional Information	26
Section 8 - Terms and Conditions	28
Section 9 - How to invest in the MLI	42
Application Form	44

Key Dates

Event	Date
Offer Opens	6 August 2007 at 9.00 am (Sydney time)
Offer Closes	14 September 2007 at 5:00 pm (Sydney time)
Issue Date	19 September 2007
Maturity Date	19 September 2012

The key dates are indicative only and may be changed by the Issuer. All times are Australian Eastern Standard Time, unless otherwise stated.

If you have any questions concerning the information contained in this PDS please contact Citi on 1300 308 982 or email equityfirst.au@citi.com.

Investment Overview

Term Sheet

Issuer	Citigroup Global Markets Australia Pty Limited ("Issuer")
Index	S&P/ASX 200 Price Index (Reuters: .AXJO; Bloomberg: AS51 <Index>)
Offer Closes	14 September 2007 at 5:00 pm
Issue Date	19 September 2007
Maturity Date	19 September 2012
Term of Investment	5 Years
Denomination	Australian Dollars (AUD)
Investment	The MLI which is an agreement between the Investor and the Issuer governed by the Terms.
Issue Price	AUD1.00 per MLI
Minimum Investment Amount	AUD5,000 and in multiples of AUD1,000 above that amount
Capital Protection	Investors are guaranteed by the Issuer that the value of each MLI on the Maturity Date will be at least equal to the Issue Price (subject to certain restrictions as described on page 12)*
Participation Rate	Expected to range between 180% and 220% (but will not be less than 180%). Please see the section Participation Rate on page 4 for more details
Index Performance (the market linked performance)	<p>The Index Performance of the MLI is calculated, in accordance with the formula below, as the average performance of the Index to each Observation Date during the Term of Investment.</p> $IndexPerformance = \frac{1}{20} \sum_{i=1}^{20} \frac{Max[IndexLevel_{ASX200}(i), IndexLevel_{ASX200}(0)]}{IndexLevel_{ASX200}(0)} - 1$
Observation Dates	Quarterly with the first Observation Date being 3 months from the Issue Date (20 Observation Dates in total over the Term of Investment). Please refer to the definitions in clause 15 of the Terms for actual dates.
Minimum Index value	Quarterly observations will not take into account negative Index valuations (relative to Initial Index Level on the Issue Date ("Initial Index Level")). In the event of a negative Index Level on any Observation Date, the Initial Index Level will be taken to be the Index Level for that Observation Date for the purposes of determining the Index Performance .
Final Value per MLI	<p>The Final Value per MLI on the Maturity Date will be the higher of the:</p> <p>(a) the Issue Price, AUD1.00; and</p> <p>(b) the amount calculated as</p> $AUD1.00 \times [1 + Index\ Performance \times Participation\ Rate]$
Delivery Asset	Shares in the Commonwealth Bank of Australia (the "Commonwealth Bank") (an ASX listed share, ASX code: CBA)
Financial Adviser Fees	<p>(a) Upfront fee payable by the Issuer of 2.00% (including GST) of the initial Investment Amount</p> <p>(b) Trailing fee payable by the Issuer of 0.33% per annum (including GST) based on the initial Investment Amount, payable in quarterly instalments in arrears.</p> <p>These fees will be paid by Citi at no additional cost to Investors.</p>

* The capital protection only applies to investments held for the full term until the Maturity Date and provided no Early Maturity Events occur. Capital protection is also subject to the risk of the credit worthiness of the Issuer. For more details, please refer to section 2 of this PDS

Section 1 - Introducing the MLI

What is the MLI?

This 5-year AUD denominated MLI is linked to the performance of the S&P/ASX 200 Price Index (the **"Index"**):

Index	Currency	Weight	Bloomberg Code	Reuters Code
S&P/ASX 200	AUD	100%	AS51 <Index>	.AXJO

The MLI offers the potential for capital growth linked to the performance of the Index, along with the safety of 100% capital protection on the Maturity Date. Capital protection only applies to investments held for the full term until the Maturity Date and provided no Early Maturity Events occur. Capital protection is also subject to the credit worthiness of the Issuer. For more details, please refer to section 2 of this PDS.

The MLI is classified as a "security" under the Corporations Act because it gives Investors an equitable interest (a "Beneficial Interest") in a Portion of the Delivery Assets for the duration of the investment. The Portion is a 1/1000th interest in a Delivery Asset, held by the Issuer or its nominee for an Investor for the Term of Investment. It cannot be dealt with separately to the rest of the MLI.

How is the MLI structured?

The MLI is structured as a deferred purchase agreement. Under a deferred purchase, an Investor agrees to purchase the Delivery Assets (including the Portion) and either:

- elect to accept physical delivery of the Delivery Assets on the Settlement Date; or
- elect to take advantage of the Agency Sale Arrangement and receive the Sale Proceeds.

What are the Delivery Assets?

On the Settlement Date the Issuer will be required to deliver to the Investor shares in Commonwealth Bank. The value of these shares will be equal to the Final Value per MLI on the Maturity Date (as explained below) multiplied by the number of MLI held by an Investor. If any Costs and Taxes are payable, these will be deducted from the final value.

The Issuer will only deliver a whole number of Delivery Assets (which will include the Portion). If any fractional unit would be transferable by the Issuer to the Investor, the Issuer will pay an amount equal to the value of the fraction of the unit foregone, based on the Closing Price, provided that the amount exceeds AUD20. If the amount does not exceed AUD20, the Issuer is under no obligation to the Investor to make any payment for the fraction.

What is the investment strategy of the MLI?

The investment strategy provides an Investor in the MLI with access to the growth potential of the Australian equity market and the opportunity to take advantage of the S&P/ASX 200 Index with the safety of capital protection.

The MLI offers exposure to Australian equities represented by the Index.

What are the investment objectives of the MLI?

The investment objective for the MLI is to provide Investors with participation in the positive performance of the Index while providing capital protection on the initial Investment Amount.

The investment objective of the MLI does not take into account labour standards or environmental, social or ethical considerations.

The following table indicates considerations an Investor should take into account in relation to an investment in the MLI. A MLI may be a suitable investment for an Investor if the following apply to the Investor:

Investor Seeks	Investor Can Accept
Exposure to the Australian equity market	A holding period of 5 years
100%* capital protection at Maturity	The possibility of losing part of the initial investment Amount if the MLI is not held to Maturity
Potential for capital growth	The risks associated with investing in the Australian equity market
A medium-term market-linked investment	The possibility that returns could be less than the return you could earn on other investments

At Maturity Investors will receive the Final Value per MLI which is the higher of:

- 100% of the initial Investment Amount for their MLI; and
- the amount calculated as $AUD1.00 \times [1 + \text{Participation Rate} \times \text{Index Performance}]$.

The Final Value per MLI reflects the participation of the Investor's MLIs in the averaged upside performance (if any) of the Index above the Initial Index Level. The Index Performance is uncapped and is calculated by taking the average of the Index Level at each Observation Date for the 5-year life of the MLI compared with the Initial Index Level. An example of how the Index Performance is calculated is shown in the section "How is Index Performance Calculated?" on pages 6 to 7, the exact formula for calculating the Index Performance can also be found in the Term Sheet.

What is the Participation Rate?

In calculating the Final Value per MLI that an Investor receives at Maturity the Index Performance must be multiplied by the Participation Rate. The Participation Rate represents the degree to which Investors participate in the Index Performance. As at 17 July 2007, the Participation Rate would have been 200% (based on then current market levels). The Participation Rate will range between 180% and 220% based on interest rates and Index volatility (please refer to "What Factors Affect the Participation Rate" on page 5). The actual Participation Rate will be determined by the Issuer on the Issue Date and will be same for all Investors.

As an example, if the Participation Rate was 180% and the Index Performance at Maturity was 50% above the Initial Index Level, then the Final Value per MLI would be 90% more than the Issue Price (i.e. 180% Participation Rate multiplied by 50% Index Performance yields a final return of 90%). So if the Issue Price is AUD1.00, then the Final Value per MLI would be AUD1.90 (i.e. AUD1.00 plus 90% of AUD1.00 equals AUD1.90).

How is the Final Value determined at Maturity?

On the Maturity Date the Final Value per MLI that Investors will receive is the higher of:

- 100% of the initial Investment Amount; and
- the amount calculated as:

$$AUD1.00 \times [1 + \text{Index Performance} \times \text{Participation Rate}]$$

* This capital protection only applies to investments held for the full term until the Maturity Date and provided no Early Maturity Events occur. Capital protection is also subject to the credit worthiness of the Issuer. Please refer to section 2 of this PDS for more details.

The exact mathematical formula used to calculate the Final Value per MLI is in clause 15 of the Terms. To the extent of any inconsistency between the formula above and the formula in clause 15 of the Terms, the latter will prevail.

On the Settlement Date the Issuer will be required to deliver to the Investor shares in Commonwealth Bank. The value of these shares will be equal to the Final Value per MLI on the Maturity Date (as explained above) multiplied by the number of MLI held by an Investor. If any Costs and Taxes are payable, these will be deducted from the Final Value. The Issuer will only deliver a whole number of Delivery Assets (which will include the Portion).

How does the Participation Rate impact on the return on investment?

The Participation Rate represents the degree to which Investors participate in the performance of the Index. The greater the Participation Rate, the greater the exposure to the Index Performance. The level of the Participation Rate will depend on a range of market variables, including the volatility of the Index and interest rates.

The Issuer will determine the Participation Rate on the Issue Date and it will be the same for all Investors. The Participation Rate is expected to range between 180% and 220%. As at 17 July 2007, the Participation Rate would have been 200% (based on then current market levels), however the Issuer cannot guarantee that the Participation Rate on the Issue Date will be the same as the indicative level set out above. For more information please refer to "What factors affect the Participation Rate?" below.

What factors affect the Participation Rate?

The actual calculation that takes place to determine the Participation Rate on the Issue Date is a complex exercise and is influenced by a number of market variables that change daily. The calculation of the actual Participation Rate is independent from the Issuer's potential profit margin. The reasons why the Participation Rate will vary from the Participation Rate calculated as at 17 July 2007 are market-driven. These reasons include:

- Australian dollar five year interest rate; and
- volatility of the Index.

In terms of relative importance in determining the Participation Rate, the Issuer has identified what it considers the two most important variables and their effect on the Participation Rate the Issuer may be able to obtain on the Issue Date:

Variable	Change in Variable	Effect on Participation Rate
Australian five year interest rate	▲	▲
Volatility of the Index	▲	▼

Each of the variables mentioned is subject to continuous market movement. Hence the Participation Rate cannot be determined until all Investment Amounts have been received and are available for investment on the Issue Date.

Once this has occurred, on the Issue Date the Issuer will set the Participation Rate at the same level for all Investors in the MLI. The Participation Rate and Initial Index Level will then be communicated to all Investors with a confirmation of investment letter.

The Issuer will set the Participation Rate on the Issue Date subject to the prevailing market-driven variables set out above. Please note that if the Issuer is unable to achieve an actual Participation Rate of 180% or more on the Issue Date, the Issuer will return all Investment Amounts (without interest) to the Investors and the MLI will not proceed.

Participation Rate Sensitivity Analysis

The table below shows the sensitivity of the return on the MLI that an Investor receives at Maturity in relation to the Index Performance, assuming Participation Rates of 180% and 220%. Please note that the actual Participation Rate will not be fixed until the Issue Date, and will be higher than 180%. The Index Performance is calculated by averaging the performance of the Index on a quarterly basis over the five-year life of the MLI.

This sensitivity analysis is not an indication of what the actual return on the MLI will be and does not take into consideration tax implications or any fees associated with the MLI.

Index Performance at Maturity versus Initial Index Level (%)	Return at Maturity	
	180% Participation	220% Participation
150%*	190%	210%
140%	172%	188%
130%	154%	166%
120%	136%	144%
110%	118%	122%
100%	100%	100%
90%**	100%	100%
80%	100%	100%
70%	100%	100%
60%	100%	100%
50%	100%	100%

This table is for illustrative purposes only. It does not intend to reflect the actual return of the MLI at Maturity, nor is it a prediction of how the Index will perform. Rather it gives an example of the sensitivity of the return to differing Participation Rates.

How is Index Performance calculated?

The Initial Index Level will be determined as the closing level of the Index (as reported or published by the Index Provider) on the Issue Date.

Thereafter the Index Level will be determined on each Observation Date up to and including the Maturity Date as the closing level of the Index (as reported or published by the Index Provider) except that where such closing level of the Index on any Observation Date is less than the Initial Index Level, then the Index Level on that Observation Date will be taken to be the Initial Index Level for the purposes of determining the Index Performance.

As at the Maturity Date, and provided the conditions of the capital protection are met, the value of each MLI will be equal to the Final Value per MLI which is the greater of the Issue Price, AUD1.00, and the amount calculated by the following formula:

$$\text{Final Value per MLI} = \text{AUD1.00} \times [1 + \text{Index Performance} \times \text{Participation Rate}]$$

* If the Index Performance was 150% of the Initial Index Level and:

- (i) the Participation Rate was 180%, then the Investor's final return would equal 190% of the Investment Amount ie (100% + (50% x 180%)); and
- (ii) if the Participation Rate was 220%, then the Investor's final return would equal 210% of the Investment Amount ie (100% + (50% x 220%).

** If the Index Performance is less than the Initial Index Level, the final return would be 100% of the initial Investment Amount.

where:

$$IndexPerformance = \frac{\frac{1}{20} \sum_{i=1}^{20} \text{Max}[IndexLevel_{ASX200}(i), IndexLevel_{ASX200}(0)]}{IndexLevel_{ASX200}(0)} - 1$$

$IndexLevel_{ASX200}(i)$ = Closing level of the Index in AUD on the i 'th Observation Date

$IndexLevel_{ASX200}(0)$ = Closing level of the Index in AUD on the Issue Date

Example

Assuming on the Issue Date:

$IndexLevel_{ASX200}(0)$ = 100

Participation Rate = 200%

The calculation of the Index Level on any Observation Date will be as follows.

On any Observation Date the Index Level will be the greater of the Initial Index Level and the closing level of the Index on that Observation Date.

The calculation of Final Value per MLI on the Maturity date will be as follows.

Assuming, for the purpose of this example, that the Index Performance at the Maturity Date is 0.42 then the Final Value per MLI would be:

$$Final\ Value\ per\ MLI = AUD1.00 \times [1 + 0.42 \times 200\%] = AUD1.84$$

What is the effect of the averaging feature on the MLI?

The effect of the averaging feature is that it places an emphasis on gains or losses in the value of the Index prevailing on the Observation Dates. If the Index rises over the life of the investment and then drops in value close to Maturity, Investors will still participate in the early year gains. Averaging therefore reduces the volatility of the Index.

Example

The table below shows the effect of the averaging feature in various hypothetical market scenarios. For the purposes of this table the Index Level is expressed as a percentage of the Initial Index Level in relation to scenarios 1 and 2.

In relation to scenario 3, where the closing level of the Index is below the Initial Index Level, the Index Level at each individual Observation Date shown in the table is the closing level of the Index as a percentage of the Initial Index Level, before the Index Level's adjustment to the Initial Index Level of 100%.

This table is an example of how the above formula works. It is NOT a simulation or an indication of past or future performance.

	Scenario 1 Rising Market with drop in value close to maturity	Scenario 2 Steadily rising market	Scenario 3 Falling Market (*closing level)
Index Level on Issue Date	100%	100%	100%
Index Level on 1 st Observation Date	102%	102%	98%
Index Level on 2 nd Observation Date	104%	104%	96%
Index Level on 3 rd Observation Date	106%	106%	94%
Index Level on 4 th Observation Date	108%	108%	92%
Index Level on 5 th Observation Date	110%	110%	90%
Index Level on 6 th Observation Date	112%	112%	88%
Index Level on 7 th Observation Date	114%	114%	86%
Index Level on 8 th Observation Date	116%	116%	84%
Index Level on 9 th Observation Date	118%	118%	82%
Index Level on 10 th Observation Date	120%	120%	80%
Index Level on 11 th Observation Date	122%	122%	78%
Index Level on 12 th Observation Date	124%	124%	76%
Index Level on 13 th Observation Date	126%	126%	74%
Index Level on 14 th Observation Date	128%	128%	72%
Index Level on 15 th Observation Date	130%	130%	70%
Index Level on 16 th Observation Date	132%	132%	68%
Index Level on 17 th Observation Date	128%	134%	66%
Index Level on 18 th Observation Date	124%	136%	64%
Index Level on 19 th Observation Date	120%	138%	62%
Index Level on 20 th Observation Date	116%	140%	60%
Index Performance	118.0%	121.0%	100.00%
Return at Maturity assuming 200% anticipation	136.0%	142.0%	100.00%

This table is for illustrative purposes only. It does not intend to reflect the actual return of the MLI at Maturity, nor is it a prediction of how the Index will perform. Rather it gives an example of how the formula is used to calculate the return.

* As the Index Level is floored at 100% of the Initial Index Level for each individual Observation Date, when the closing level of the Index is lower than the Initial Index Level (i.e. less than 100%), the Index Level used to calculate the Index Performance will be 100%.

What fees are payable in relation to the MLI?

For information on what fees and commissions are payable in connection with an investment in the MLI, please refer to section 4 of this PDS.

Can the Index change?

The 100% weighting of the Index is fixed for the Term of Investment. However, if this Index is closed or suspended, the relevant Index may be substituted in whole or in part with another index at the discretion of the Issuer. The new index will be chosen by the Issuer to match as closely as possible the old index. Substitution of the Index may only occur following an Adjustment Event or where the Issuer believes that not doing so would cause or allow the investment exposure to diverge from that described in this PDS, or failing to make such a variation would otherwise result in an Early Maturity Event. If such a substitution occurs, the Index Performance will be determined by the old index up until the time the Index is substituted, and after this time by the new index.

More information on the Index can be found in section 3 of this PDS. Please also see clause 5 of the Terms in relation to Adjustment Events.

What are the significant benefits of investing in the MLI?

The significant benefits that an Investor might expect to receive from an investment in the MLI may include:

- **Growth Potential** - The MLI provides exposure to the growth potential of the Australian equity market by linking the investment to the performance of the Index.
- **Capital Protection** - The MLI offers Investors the comfort of capital protection, protecting the return of the initial Investment Amount provided the MLI is held until the Maturity Date and no Early Maturity Events occur.
- **Diversification** - If Investors do not already own Australian equities or any other form of growth assets, the MLI allows Investors to diversify their investment portfolio across the largest 200 Australian companies, while limiting their risk.

What are the significant risks of investing in the MLI?

The significant risks that an Investor might expect to receive from an investment in the MLI may include:

- **Capital Protection** - The capital protection only applies to investments held for the full term until the Maturity Date and provided no Early Maturity Events occur. Capital protection is also subject to the risk of the credit worthiness of the Issuer. For more details, please refer to section 2 of this PDS.
- **Early Maturity** - in certain circumstances the MLI may be terminated before Maturity and where Early Maturity applies, the value of the MLI may be less than the Investment Amount and Break Costs may apply.
- **Tax and change of law risk** - Changes to laws or their interpretation in Australia, including taxation and corporate regulatory laws could have a negative impact on the return of Investors.
- **Index performance risk** - There is no guarantee that the Index will, on the Maturity Date, be higher than the Initial Index Level.
- **Agency Sale Arrangement** - If you elect the Agency Sale Arrangement, the Closing Price may not be achievable and you may therefore receive less than the Final Value of the Delivery Parcel.

Is the MLI transferable?

The MLI is unlisted and transferable. It cannot be traded on any financial market.

What are the currency risks in relation to the MLI?

There will be no direct currency risk associated with the MLI because the entirety of the securities comprising the Index and the Delivery Assets are Australian dollar denominated securities.

What are the potential tax implications for an investment in MLI?

Generally, any appreciation in value of an Investor's MLI should be taxable on the eventual disposal of their Delivery Assets. If an Investor is an individual and they hold their MLI and Delivery Assets on capital account, then because investment returns may be treated as capital gains rather than income those Investors could benefit from the 50% discount for capital gains made in respect of the MLI. Please see section 6 for more detail on tax.

Section 6 is provided in general terms only and is not tailored to Investors' specific circumstances. Investors should seek their own independent advice as to the tax consequences of investing in the MLI.

Do investors in the MLI receive dividends?

Investors are not entitled to receive any dividends or distributions on their MLI during the Term of Investment.

What happens at Maturity?

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

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

- Option 1:** Elect to accept physical delivery of the Delivery Assets on the Settlement Date; or
- Option 2:** Elect to take advantage of the Agency Sale Arrangement and receive the Sale Proceeds.

If Investors do not choose either option, the MLI will automatically default to physical delivery of the Delivery Assets. However, please note that Costs and Taxes, including brokerage, will be deducted from the Final Value per MLI before delivery of the Delivery Parcel.

The option that is likely to be best for each individual Investor depends on their preferences, either way an Investor will be entitled to receive the same value.

Option 1 - Taking physical delivery of the Delivery Parcel

If an Investor wishes to take physical delivery of the Delivery Parcel, they do not need to do anything when they receive the Maturity Notice. By doing nothing, physical delivery will automatically apply.

If an Investor takes physical delivery, the Issuer or its nominee will purchase the Delivery Assets specified in the Delivery Parcel (less any Costs and Taxes) and register those Delivery Assets in the Investor's name on the Settlement Date in accordance with the CHES details on the Maturity Notice returned by the Investor. If the Investor is not CHES sponsored or does not return the Maturity Notice, the Issuer or its nominee will register the Delivery Assets as an issuer-sponsored holding in the Investor's name.

If any fraction of a share would be transferable by the Issuer to the Investor, the Issuer will pay an amount equal to the value of the fraction of the share foregone, based on the Closing Price, provided that the amount exceeds AUD20. If the amount does not exceed AUD20, the Issuer is under no obligation to the Investor to make any payment for the fraction.

Option 2 - The Agency Sale Arrangement

To take advantage of the Agency Sale Arrangement to receive the Sale Proceeds of the Delivery Parcel, an Investor must:

- elect the Agency Sale Arrangement option on the Maturity Notice; and
- return the Maturity Notice to the Issuer by the Closing Time.

Under the Agency Sale Arrangement the Issuer will accept physical delivery of the Delivery Parcel on the Maturity Date on the Investor's behalf and will then sell the Investor's Delivery Parcel on the Investor's behalf. The Issuer will pay the Investor the Sale Proceeds (which will equal the number of Delivery Assets sold multiplied by the Closing Price (see "How is the price of the Delivery Assets calculated?" below) less any Costs and Taxes) by cheque or directly into the Investor's nominated Settlement Account. Payment will be made within 10 Business Days of the Settlement Date or as soon as reasonably practicable thereafter.

If the Delivery Parcel includes any fractions of the Delivery Assets, the Issuer will transfer the equivalent value of the fractions into the Investor's nominated Settlement Account or pay it to the Investor by cheque within 10 Business Days after the Settlement Date or as soon as reasonably practicable thereafter (in effect this is a reimbursement of a portion of the Investment Amount).

How is the price of the Delivery Assets calculated?

The Issuer will calculate the price of the Delivery Assets (i.e. the Closing Price) as either the price paid by the Issuer to acquire the Delivery Assets or the last traded price of the Delivery Assets at or around 4.05 pm Sydney time on the Trading Day following the Maturity Date unless it is not possible to determine the price of the Delivery Asset at that time, in which case the Issuer may either:

- (i) nominate another time to determine the Closing Price; or
- (ii) determine the Closing Price to be the price determined by the Issuer as its best estimate of the Delivery Asset value at or around 4:05 pm Sydney time on the Trading Day immediately following the Maturity Date (or in the case of an Early Maturity, the Early Maturity Date).

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

Physical delivery will apply if:

- an Investor does not elect the Agency Sale Arrangement option on the Maturity Notice; or
- the Issuer does not return an Investor's Maturity Notice by the Closing Time.

Can the MLI be terminated early?

Investors may terminate their investment in the MLI before the Maturity Date by contacting the Issuer and requesting in writing an Early Maturity for the full amount of the Investor's MLIs. The Issuer may, in its absolute discretion, accept or reject the Investor's request. If the Issuer accepts, then the Issuer will send the Investor an Early Maturity Notice specifying an Early Maturity Date. Investors should allow 10 Business Days following the last Business Day of the month for the Issuer to process their Early Maturity request.

In the Early Maturity Notice, the Issuer will specify whether:

- (a) the normal Maturity process will apply (as set out in "What happens at Maturity" on page 10); or
- (b) the Issuer will pay a Refund.

If the normal Maturity process applies, then the Investor will receive the Early Maturity Value which means the fair economic value of the MLI at or around 5:00 pm Sydney time on the Early Maturity Date as determined by the Issuer in its absolute discretion, unless it is not possible to determine the fair economic value of the MLI at that time, in which case the Issuer may nominate another time to determine the Early Maturity Value.

Without limiting the above, in determining the "Early Maturity Value" the Issuer may deduct any costs, losses or expenses that it incurs in relation to the Early Maturity, including without limitation, Costs and Taxes, Break Costs, administrative costs, costs of unwinding any hedge put in place for the purposes of meeting its obligations under the Terms, and any cost of funding or any loss of bargain.

If the Issuer elects to pay a Refund, then the Investor will receive the amount determined by the Issuer in its absolute discretion and by whatever means the Issuer deems appropriate. Without limiting the foregoing, in determining the Refund, the Issuer may adjust the Refund for any costs, losses or expenses that it incurs in relation to the Early Maturity, including without limitation, Costs and Taxes, Break Costs, administrative costs, costs of unwinding any hedge put in place for the purposes of meeting its obligations under these Terms, and any cost of funding or any loss of bargain.

It is important to note that the Issuer only provides the capital protection of the Investment Amount to Investors who hold the MLI on the Maturity Date. If an Investor requests Early Maturity they may well receive an amount less than the Investment Amount. Investors should read clause 4 of the Terms to fully understand their rights and obligations if they request an Early Maturity.

Please note capital protection will not apply to the Early Maturity of the MLI.

Can the Issuer terminate early without Investor approval?

The MLI may be terminated early if an Early Maturity Event occurs. An example of an Early Maturity Event is if the underlying index is suspended for any reason. Investors should refer to section 2 of this PDS which discusses the risks associated with Early Maturity. Investors should also read clause 4 of the Terms to fully understand their rights and obligations if an Early Maturity Event occurs and to understand what events constitute an Early Maturity Event.

If an Early Maturity Event occurs, the capital protection feature of the MLI will not operate so the number of Delivery Assets or the Sales Proceeds from the Agency Sale Arrangement will be determined by reference to the fair economic value of the MLI or the Refund at around 5:00 p.m. Sydney time on the Early Maturity Date as determined by the Issuer at its discretion. The Issuer may also deduct Break Costs in relation to the Early Maturity.

Can the Issuer change the Terms of the MLI?

The Terms may be amended or varied if an Adjustment Event or Early Maturity Event occurs or in certain other limited situations such as to comply with the law, or to correct an error or inconsistency in the Terms. Investors will be notified of any such changes. Investors should refer to section 2 of this PDS which discusses the risks associated with Early Maturity Events or Adjustment Events. Investors should also read clause 5 of the Terms to fully understand their rights and obligations if an Adjustment Event occurs.

Does the MLI offer any capital protection?

The obligation to deliver to an Investor the Delivery Assets with a value equal to the Investment Amount and any return on the MLI is an obligation of the Issuer and is guaranteed by Citigroup Inc.

Investors should be aware that the obligation to repay their initial Investment Amount does not apply if the MLI is terminated prior to the Maturity Date. The Issuer may, in limited circumstances, terminate the MLI prior to the Maturity Date if an Early Maturity Event occurs. However, Early Maturity Events are generally beyond the Issuer's control and the Issuer will only call for Early Maturity if, in its opinion, such an event has a material impact on the continued viability of the MLI. Clause 4 of

the Terms (in section 8 of this PDS) describes the events that constitute an Early Maturity Event.

The MLI may also be terminated early at the Investor's request. Investors should read clause 4 of the Terms and the section titled "Early Maturity at the request of the Investor" to understand their rights and obligations if an Early Maturity occurs.

Capital protection is also subject to rounding and the deduction of any Costs and Taxes (see "What happens at Maturity?" earlier in this Section 1).

Capital Guarantee

The guarantee given to each Investor is a continuous, irrevocable and unconditional guarantee of the due and punctual payment of all moneys which may become actually or contingently payable to an Investor by the Issuer under or in conjunction with the MLI and the due and punctual performance of the Issuer's obligations under the Terms of Issue. Each Investor is entitled to severally enforce the guarantee.

Any payments under the guarantee must be made to Investors in the same manner and currency as Citi would be required to make to satisfy its obligations under the MLI. Citigroup Inc. ("Guarantor") must also pay interest on any amount payable by it under the terms of the guarantee during any period when it remains unpaid. All payments made by the Guarantor under the guarantee will be made free and clear and without any deduction for present or future taxes.

Investors may obtain a copy of the deed of guarantee by contacting the Issuer on 1300 308 982.

Issue Size

The Issuer aims to raise at least AUD10 million. If less than AUD10 million is raised, the Issuer may, in its absolute discretion, issue MLI anyway. However, the Issuer retains the discretion to reject any Applications. If the Issuer rejects Applications, the Investment Amounts will be returned to Applicants either by bank transfer or by cheque at the risk of the Applicant (without interest) within 14 Business Days after the Offer Closes.

Disputes concerning the MLI

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

Investors may make a complaint relating to the MLI directly to the Issuer on 1300 30 70 70. The Issuer will take all steps necessary to investigate any complaint and seek a resolution.

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

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

FICS is an independent dispute resolution scheme. In order for a complaint to be considered by FICS, the claim involved must be under AUD100,000 (unless the Issuer and the Investor agree otherwise in writing).

Section 2 - Risks of investing in the MLI

Risk Factors

Early Maturity Risk

In certain circumstances the MLI may be terminated early where an Investor requests Early Maturity or an Early Maturity Event occurs. Investors will always be given 30 days' notice of any proposed Early Maturity unless it is otherwise impracticable to do so. The Issuer only provides capital protection for MLI at Maturity. Prior to Maturity Investors will receive the fair economic value of the MLI or the Refund (as determined by the Issuer) which will be based on various market factors, such as Index Performance, interest rates, volatility and time remaining to Maturity. This may result in the value of the MLI being less than the Investment Amount in instances where Early Maturity applies. In determining the fair economic value or the Refund the Issuer may deduct Break Costs in relation to the Early Maturity.

Market Risk and economic factors

There is no guarantee that the Index will, on the Maturity Date, be higher than the Initial Index Level. The value of the MLI will be affected by a number of market variables that change daily, such as Index Performance, interest rates, volatility and the trading liquidity of the Index, prevailing and anticipated economic conditions, technological, legal or political conditions, other inter-related factors which affect the performance of markets generally and the stock market specifically, and time remaining to Maturity. For example:

- a rise in the level of the Index during the Term of Investment may result in an increased value of the MLI while a fall in the level of the Index may result in a decreased value; and
- a rise in interest rates during the Term of Investment may result in a reduced value of the MLI and vice versa.

Credit Risk

The Issuer is a wholly owned subsidiary of Citigroup Inc., a diversified global financial services holding company whose businesses provide a broad range of financial services to consumer and corporate customers with

more than 200 million customer accounts doing business in more than 100 countries.

Copies of financial statements of Citigroup Inc., can be found on <http://www.citiwarrants.com.au/library/financials/index.html>. Hard copies of those financial statements can be obtained by calling Citi on 1300 30 70 70.

The Guarantor guarantees the performance obligations of the Issuer. The value of the MLI depends on the ability of the Issuer to perform its obligations under the Terms and the ability of the Guarantor to fulfil its obligations under the guarantee. These obligations are unsecured contractual obligations of the Issuer and will rank equally with the Issuer's other unsecured obligations and debt other than liabilities mandatorily preferred by law.

Investors must make their own assessment of the ability of the Issuer to meet its obligations in respect of the MLI and the ability of the Guarantor to meet its obligations under the deed of guarantee. Nothing in this PDS is, or may be relied upon as being, a representation as to any future event or a promise as to the future of the Issuer's or the Guarantor's ability to perform their respective obligations.

The Issuer also has the right to transfer its obligations by giving notice to Investors in accordance with the Terms (see clause 14.9(a) of the Terms).

Liquidity Risk

It is at the Issuer's absolute discretion to permit Early Maturity once a month. However, the MLI obtains exposure to the Index using OTC transactions. These OTC transactions must be unwound to allow Early Maturity and consequently the MLI may be illiquid and Break costs and Taxes may be significant.

The MLI is not quoted on the ASX or other financial market. MLI is transferable with the consent of the Issuer (for more detail please refer to clause 14.9(b) of the Terms) but there is no guaranteed ability to sell an MLI before Maturity.

Event Risk

There may be adjustments to the Terms of the MLI due to Adjustment Events such as (but not limited to) mergers and disposals, price source disruption, trading suspension, material change in the calculation and/or composition of the Index and changes in Corporations Act or taxation laws as set out in the Terms.

Exercise of Discretion by the Issuer

Investors should note that a number of provisions of the Terms confer discretions on the Issuer and its associates which could affect the value of the MLI. These include the powers to nominate Adjustment Events and Early Maturity Events, to substitute the Delivery Assets and/or Index, to adjust or modify the method of any calculation as set out or used in the Terms and to make adjustments to the terms of the MLI as contemplated in the Terms.

Tax Risk

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

In particular, Investors should note that section 6 of this PDS assumes that Investors will take physical delivery of, and hold, the Delivery Assets for the purposes of deriving assessable dividends.

Change of Law Risk

Changes to laws or their interpretation in Australia, including taxation and corporate regulatory laws could have a negative impact on the return of Investors.

Factors Affecting the Index

An Investor in the MLI should be familiar with stocks and with investments in the equity securities markets generally. In particular, Investors should be familiar with the securities market on which the Index is based and the economic, political and other aspects relevant to investments in that market which may have a material effect on those investments.

Performance of the Index

The value of the Index will vary over time. The performance of the Index will have a direct effect on the value of the MLI and on the Final Value per MLI.

Interest Rates

Fluctuations in interest rates can affect the value of the MLI during the Term of Investment. If long-term interest rates increase then, all other things being equal, the value of the MLI is expected to fall. Conversely, if long-term interest rates decrease then, all other things being equal, the value of the MLI is expected to increase.

Performance of the MLI may be different to the performance of the Index

Investors should be aware that the return they receive from investing in the MLI may be less than or greater than an index tracking product that replicates the performance of the Index.

Potential Conflicts of Interest

The Issuer and other Citi companies may be, as a result of investment banking or other engagements, in possession of material price sensitive information relating to the Delivery Assets, however consistent with our long standing policy to hold in confidence the affairs of our customers, we will not use confidential information obtained from customers, except in connection with our services to that customer. We may also conduct transactions as principal or as agent in various financial instruments, including the Delivery Assets and the Index. These investment banking activities, trading activities or any other activities of Citi may affect (positively or negatively) the price at which the Delivery Assets trade or the level of the Index at any point in time.

Citi may have a potential conflict of interest of which you are not aware and which we are unable to disclose to you.

Investment Decisions

The information in this PDS is intended to provide Investors and their professional advisers the information they would reasonably require and reasonably expect to find for the purpose of making an informed assessment of the capacity of the Issuer to fulfil its obligations under the MLI and the risks, rights and obligations associated with the MLI. It is impossible in a document of this type to take into account the investment objectives, financial situation and particular needs of each Investor. Accordingly, nothing in this PDS should be construed as a recommendation by the Issuer or any associate of the Issuer or any other person concerning investment in a MLI.

Readers should not rely on this PDS other than in respect of those matters referred to above, and should not rely on it as the sole basis for any investment decision in relation to a MLI, or any other financial product.

Section 3 - Information about the Index and the Delivery Assets

The value of the MLI is linked to the value of the Index. At Maturity, the Issuer is required to deliver to Investors the Final Value per MLI. The Issuer has agreed to deliver the Final Value per MLI to the Investor in the form of shares in Commonwealth Bank (the "Delivery Assets") on the Settlement Date if:

- an Investor does not elect the Agency Sale Arrangement option on the Maturity Notice; or
- the Issuer does not return an Investor's Maturity Notice by the Closing Time.

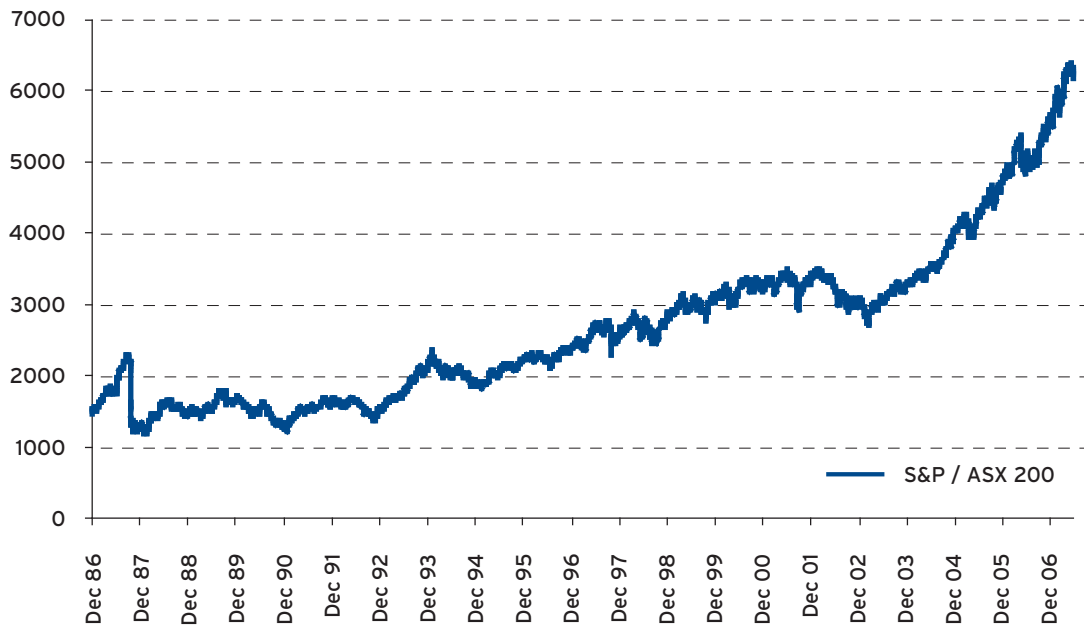
This section of the PDS provides some further information about the Index and the Delivery Assets.

Information on the Index

S&P/ASX 200 Index

The S&P/ASX 200 index is recognised as the investable benchmark for the Australian equity market. It addresses the needs of investment managers to benchmark against a portfolio characterized by sufficient size and liquidity. The S&P/ASX 200 index is comprised of the S&P/ASX 100 plus an additional 100 stocks. It forms the basis for the SPI 200 and the ASX mini200 futures contract.

Historical Performance (data available from December 1986)



Source: Iress

Past performance is not a reliable indicator of future performance.

The Role of the Index Provider - the Index Provider has had no involvement in this PDS

“Standard & Poor's” and “S&P” are trademarks of the McGraw-Hill Companies and “ASX” and “ASX 200” are trademarks of ASX Operations Pty Limited, an affiliate of the ASX. The foregoing marks have been licensed for use by the Issuer.

The MLI is not sponsored, endorsed, sold or promoted by Standard & Poor's, a division of The McGraw-Hill Companies, Inc. (S&P) or the ASX, and neither S&P nor ASX make any representation, condition or warranty, express or implied, to the owners of the MLI or any member of the public regarding the advisability of investing in financial products generally or in the MLI particularly or the ability of the S&P/ASX 200 Index to track general stock market performance. S&P's and ASX's only relationship to the Issuer is the licensing of certain trademarks and trade names of S&P and ASX and the S&P/ASX 200 Index which is determined, composed and calculated by S&P without regard to the Issuer or the MLI. S&P and ASX have no obligation to take the needs of the Issuer or the owners of the MLI into consideration in determining, composing or calculating the S&P/ASX 200 Index. S&P and ASX are not responsible for and have not participated in the determination of the timing of, prices at, or quantities of the MLI to be issued or in the determination or calculation of the equation by which the MLI is to be converted into cash. S&P and ASX have no obligation or liability in connection with the administration, marketing or trading of the MLI.

S&P AND ASX SHALL OBTAIN INFORMATION FOR INCLUSION IN OR FOR USE IN THE CALCULATION OF THE INDICES FROM SOURCES THAT S&P AND ASX CONSIDERS RELIABLE, BUT S&P AND ASX ACCEPT NO RESPONSIBILITY FOR, AND SHALL HAVE NO LIABILITY FOR, ANY ERRORS, OMISSIONS OR INTERRUPTIONS THEREIN. S&P AND ASX DO NOT GUARANTEE THE ACCURACY AND/OR THE COMPLETENESS OF THE S&P/ASX 200 INDEX OR ANY DATA INCLUDED THEREIN OR WITH RESPECT TO ANY USE THEREOF BY THE PARTIES OR ANY THIRD PARTY. S&P AND ASX MAKE NO WARRANTY, EXPRESS OR IMPLIED, AS TO THE RESULTS TO BE OBTAINED BY ANY PERSON OR ENTITY FROM THE USE OF THE INDICES OR ANY DATED

INCLUDED THEREIN. S&P AND ASX MAKE NO EXPRESS OR IMPLIED WARRANTIES AND EXPRESSLY DISCLAIMS ALL CONDITIONS AND WARRANTIES IMPLIED BY STATUTE, GENERAL LAW OR CUSTOM WITH RESPECT TO THE S&P/ASX 200 INDEX OR ANY DATA INCLUDED THEREIN EXCEPT ANY IMPLIED CONDITION OR WARRANTY THE EXCLUSION OF WHICH WOULD CONTRAVENE ANY STATUTE OR CAUSE ANY PART OF THIS SECTION TO BE VOID.

Information about the Delivery Assets

Commonwealth Bank is one of Australia's leading financial services providers. Financial services offered by Commonwealth Bank include retail, institutional and business banking, funds management, superannuation, insurance, investment and broking services. Commonwealth Bank is currently one of the largest listed companies on the Australian Stock Exchange.

The performance of the MLI and the Final Value per MLI are not affected by the performance of the Delivery Assets over the investment period. However, Investors who elect to receive the Delivery Assets at Maturity should be aware that following delivery of the Delivery Assets the value of their Delivery Assets will be affected by changes in the price of Commonwealth Bank as traded on ASX.

Commonwealth Bank is subject to continuous disclosure obligations and makes regular releases to the ASX that are publicly available.

Investors can also obtain more exhaustive information from the Commonwealth Bank website including pricing and company information.

Citi makes no recommendation, representation or assurance about the performance or prospects of Commonwealth Bank.

The Commonwealth Bank had no involvement in this PDS

References in this PDS to Commonwealth Bank are included solely for the purpose of identification of the shares that comprise the Delivery Assets and the Delivery Parcel. These references are not an express or implied endorsement by Commonwealth Bank, or any of its related entities, of the MLI.

No member of the Commonwealth Bank group of entities has had any involvement in the preparation of any part of this PDS, accepts responsibility for any statement in this PDS, or has been involved in or consented to the issue of this PDS.

Changes to the Delivery Assets or Index

If an Adjustment Event occurs the Issuer may:

- (a) substitute the Delivery Asset with any other security quoted and trading on ASX; and/or
- (b) substitute the Index with another index at the discretion of the Issuer. The new index will be chosen by the Issuer to match as closely as possible the old index.

The Issuer will notify Investors of any such changes and it will carry out the adjustment so as to put both the Investor and the Issuer in substantially the same economic position as if the Adjustment Event had not occurred. If this is not possible then there may be an Early Maturity. Investors should read clause 5 of the Terms to fully understand their rights and obligations if an Adjustment Event occurs.

Section 4 - Fees associated with the MLI

In some product disclosure documents for other financial products, Investors might see a table disclosing all fees and charges payable by Investors in those products. The Issuer has not used such a table to disclose the fees and charges associated with the MLI as Investors do not pay any direct fees to the Issuer.

There will be no commission, establishment fee or ongoing management fee payable to the Issuer in respect of the MLI. However, the Issuer reserves the right to pass on to Investors any unforeseen Costs and Taxes (including GST). The Issuer will notify the Investor of any such Costs and Taxes (including GST) in the Maturity Notice. At the date of this PDS the Issuer is not aware of any Costs and Taxes payable.

Should the MLI terminate early, the Issuer may charge the Investor any Break Costs associated with the early termination. The Break Costs may include all costs, expenses and losses incurred by the Issuer and notified by the Issuer as payable by the Investor as a result of the early termination, unwind of a hedge position or any loss of profits that the Issuer may suffer as a result of the early termination. The Break Costs may be substantial. The Issuer will notify the Investor of such Break Costs in the Early Maturity Notice and will also provide indicative Break Costs prior to Early Maturity if requested and where possible.

The Issuer may profit from its ability to manage the underlying risk associated with the investment of the MLI and its responsibilities as Issuer of the MLI. However, the calculation of the Index Performance and Final Value per MLI is as set out in this PDS and is independent of any income or profits earned by the Issuer.

The Issuer may pay distributors, brokers and financial advisers (including Citibank, N.A. and Citigroup Pty Limited) a placement fee and/or an annual fee (including GST) in connection with the sale and distribution of the MLI. These fees may be paid by the Issuer to its related bodies corporate. These fees will be paid by the Issuer at no additional cost to Investors.

In addition, the following fees will be paid by the Issuer to financial advisers:

- (a) an upfront fee of 2.00% (including GST) of the initial Investment Amount; and
- (b) a trailing fee of 0.33% per annum (including GST) based on the initial Investment Amount, payable in quarterly instalments in arrears.

For more details on commission and benefits paid to financial advisers, Investors should refer to the financial services guide or statement of advice prepared by their financial adviser. Financial advisers should follow ASIC guidelines in relation to disclosure of all fees. Investors should always discuss fees and their benefits with an adviser.

Section 5 - Information about the Issuer

Who is the Issuer?

The Issuer of the MLI is Citigroup Global Markets Australia Pty Limited. The Issuer is a wholly owned subsidiary of Citigroup Inc., and a member of Citigroup. Citigroup Inc. guarantees the performance of the Issuer's obligations under this PDS and the Terms of Issue but does not guarantee the capital value and/or performance of the MLI.

The group has been in the Asia Pacific region for more than 100 years and today provides more services in more markets for more clients than any other financial institution. The group counts as valued clients 10 million customers across 18 countries and territories.

General Information about Citigroup Inc.

Citigroup Inc. (together with its subsidiaries, "the Company") is a diversified global financial services holding company whose businesses provide a broad range of financial services to consumer and corporate customers with more than 200 million customer accounts doing business in more than 100 countries. Major brand names under Citi's trademark red arc device include Citibank, CitiFinancial, Primerica, Smith Barney, and Banamex.

The Company's activities are conducted through the Global Consumer, Corporate and Investment Bank, Global Wealth Management, Global Investment Management and Proprietary Investment Activities business segments. The Issuer was incorporated in 1988 under the laws of the State of Delaware and is a bank holding company within the meaning of the U.S. Bank Holding Company Act of 1956 registered with, and subject to examination by, the Board of Governors of the Federal Reserve System (FRB). At December 31, 2005, the Company had approximately 140,000 full-time and 8,000 part-time employees in the United States and approximately 159,000 full-time employees outside the United States.

The principal executive offices of the Company are located at 399 Park Avenue, New York, New York 10043, U.S.A.

Citi in Australia and New Zealand

The group established a presence in Australia in 1971 and in New Zealand in 1982. In 1984, the group's securities and investment banking business commenced operations and in 1985 Citibank Pty Limited (now Citigroup Pty Limited) became the first foreign bank to be granted an Australian banking licence. Today, the group provides financial services to more than 1 million consumers and over 900 corporate clients in Australia and New Zealand.

Copies of financial statements of the Issuer can be found on: <http://www.citiwarrants.com.au/library/financials/index.html>

Hard copies of those financial statements can be obtained by calling Citi on 1300 30 70 70.

No Citi company other than the Issuer makes any statements or representation in this PDS.

Section 6 - Tax Considerations

Greenwoods & Freehills

17 July 2007

The Directors
Citigroup Global Markets Australia Pty Limited
Level 21
Citigroup Centre
2 Park Street
SYDNEY NSW 2000

Dear Directors

MLI Quarterly Lock-In (Series 2007-09)

Australian tax implications

We have been asked by Citigroup Global Markets Australia Pty Limited ("**Issuer**") to prepare a taxation report for inclusion in a Product Disclosure Statement ("**PDS**") to be dated on or about 17 July 2007, in relation to the Market Linked Investment Quarterly Lock-In (Series 2007-09) ("**MLI**").

1 Scope

In this letter we provide an analysis of the main Australian income tax, goods and services tax ("**GST**"), and stamp duty implications arising for persons ("**Investors**") who acquire interests in the MLI product, in accordance with the terms of the PDS.

It is important for Investors to note that this letter is limited to a consideration of the indicative tax position of Investors who are residents of Australia for tax purposes including individuals, companies and complying superannuation entities and;

- who do not carry on the business of trading or dealing in securities; and
- who hold their MLI investment for the purpose of realising a long term return (i.e. hold their investment on capital account for tax).

In particular, it is assumed that Investors will take physical delivery of their Delivery Assets [i.e. ordinary shares in Commonwealth Bank of Australia ("**CBA**") on the Settlement Date and hold such Delivery Assets for the purpose of deriving assessable dividends, rather than utilising the Agency Sale Arrangement. Investors who do not have such an intention, or who seek an Early Maturity, are not considered in this letter. In such situations, Investors may be subject to other provisions of tax law, including the possible recognition of gains and losses under the ordinary assessing provisions, rather than by reference to the capital gains tax ("**CGT**") provisions and related discounting rules discussed further below.

The information contained in this letter is of a general nature only and does not attempt to address all of the tax implications that may be relevant. Prospective Investors should not rely on the information contained in this letter and should seek independent taxation advice in light of their own particular facts and circumstances.

This letter does not consider the deductibility of funding costs in relation to Investors who borrow money in order to make their investments in the MLI. Such Investors should seek their own advice on this issue.

The representatives of Greenwood & Freehills Pty Limited involved in preparing this letter are not licensed to provide financial product advice in relation to dealing in securities. Accordingly, Greenwood & Freehills Pty Limited does not seek to recommend, promote or otherwise encourage any party to participate in the MLI.

Applicants should consider seeking advice from a suitably qualified Australian Financial Services Licence holder before making any investment decision. Applicants should also note that taxation is only one of the matters that may need to be considered.

This letter is based on Australian tax laws and practices applicable as at the date of this letter. Investors should be aware that such laws and practices may change during the term of the MLI.

All references in this letter to legislative provisions are references to provisions of the *Income Tax Assessment Act 1936* or the *Income Tax Assessment Act 1997* (each the "Act"), as applicable. Capitalised terms not defined in this letter have the same meanings as in the PDS.

2 Characterisation of the MLI for tax purposes

The MLI is structured as a deferred purchase agreement ("DPA"). Under the MLI, an Investor agrees to purchase the Delivery Assets (including the Portion) and elect to either accept physical delivery of the Delivery Assets on the Settlement Date or to take advantage of the Agency Sale Arrangement and receive the Sale Proceeds.

On the Settlement Date the Issuer will be required to deliver the Delivery Assets to the Investor.

No "CGT event" should arise for the purposes of the CGT rules in the Act when the Delivery Assets are delivered to an Investor on the Settlement Date.

However, upon the eventual disposal of the Delivery Assets, an Investor may make a capital gain to the extent that the sale proceeds exceed the tax cost of the CBA Shares, or a capital loss (refer below).

3 Dividends on Delivery Assets

An Australian Investor's assessable income will generally include any dividends and the amount of any franking credits attached to dividends paid on the Delivery Assets (i.e. CBA shares) after the Settlement Date. Franking credits will be included in an Investor's assessable income, and the Investor will generally be entitled to a corresponding tax offset (rebate).

Where franking credits are attached to dividends paid on the Delivery Assets, to be eligible for the franking credit and tax offset, the Investor must generally have held the Delivery Assets "at risk" for a period of at least 45 days (not including the date of acquisition or the date of disposal). For these purposes an Investor is taken to acquire the Delivery Assets on Settlement Date, so that the period during which they hold a Beneficial Interest in the Delivery Assets does not count towards the holding period. The 45 day rule should not apply to an Investor if the Investor is an individual whose tax offset entitlement (on all shares and interests in shares held) does not exceed AUD5,000 for the income year in which the franked dividend is paid. If an Investor enters into put or call options (or other derivatives) in relation to their Delivery Assets, this may affect whether the shares are sufficiently held "at risk" for the purposes of the franking rules, and specific advice should be sought.

Where the Investor is an individual, a complying superannuation entity or a registered charity (in certain circumstances), the Investor will generally be entitled to a refund to the extent that the franking credits attached to the Investor's dividends exceed the Investor's tax liability for the income year.

Where the Investor is a company, any franked dividends the Investor receives will generally give rise to a franking credit in the Investor's franking account.

4 Disposal of Delivery Assets

Having regard to the comments above as to the scope of this letter, i.e. it has been assumed that an Investor holds their investment in the MLI and the Delivery Assets as capital assets, the eventual disposal of the Delivery Assets should be subject to taxation under the CGT rules of the Act.

4.1 Gain on disposal

An Investor will be required to include in their assessable income, as a capital gain, any excess of the sale proceeds of their Delivery Assets over the tax cost of these assets. The tax cost base of the Delivery Assets will be determined as at the date on which the investment in the MLI is made, rather than the date on which physical delivery of the Delivery Assets occurs. That is, the cost base will be the Investment Amount paid upon Application (together with any applicable brokerage costs and professional advisory fees). The total cost should be attributed on a pro-rata basis to each Delivery Asset, i.e. each CBA share.

The value of the Delivery Assets on the Maturity and Settlement Dates has no bearing on the tax cost base of the Delivery Assets.

4.2 CGT discount concession

An Investor who is a natural person, a trust, or a complying superannuation entity may be entitled to the CGT discount concession on any capital gain realised on the disposal of each Delivery Asset (after first offsetting any capital losses). Individuals and trustees are entitled to a discount of 50%, while complying superannuation entities are entitled to a discount of 33.33% of the net gain.

Investors should note that the CGT discount concession only applies to reduce the net capital gain made in relation to CGT assets which are held for a continuous period of not less than 12 months. This requirement should be met by all Investors, with the exception of those Investors who are permitted to make an Early Maturity within 12 months after making an investment in the MLI, given that the 12 month period will be measured from the inception of the Investment (i.e. upon entry into the MLI) and not from the Settlement Date.

4.3 Loss on disposal

Any capital loss realised by an Investor upon the disposal of a Delivery Asset may be applied to offset capital gains realised in the same year of income or may be carried forward to future years. Capital losses are not able to be applied against ordinary income.

5 Qualifying and traditional securities

5.1 Qualifying securities

The Act currently contains provisions, in Division 16E of Part III, that impose tax on an accruals basis on holders of "qualifying securities", being certain debt-like securities where some or all of the income under that security is deferred. For example, securities issued at a large discount to face value, or where income is otherwise deferred, often bring those rules into operation. Where Division 16E applies, the discount or deferred income is taxed to the holder over the term of the security so as to prevent the deferral of tax.

Division 16E only applies to a "qualifying security", as that term is defined in the Act. In our view, an investment in the MLI should not be regarded as comprising a "qualifying security" for this purpose, and accordingly we believe that Division 16E should have no application to an Investor.

5.2 Traditional securities

The Act also contains rules, in sections 26BB and 70B, that deem gains and most losses on the acquisition and disposal of "traditional securities" to be of an ordinary rather than a capital nature for tax purposes. An MLI investment should not be a "traditional security" for the purposes of these rules.

6 The general anti-avoidance rule: Part IVA

The general anti-avoidance rule, contained in Part IVA of the Act, gives the Commissioner of Taxation (“**Commissioner**”) the power to issue a determination which, generally speaking, cancels a “tax benefit” obtained by a taxpayer in connection with a scheme entered into or carried out by a person where a party to the scheme has a sole or dominant purpose, objectively determined, of obtaining the tax benefit for the taxpayer. An example of a tax benefit is an amount that is not included in the assessable income of a taxpayer, which would have been, or could reasonably be expected to have been, included if the scheme did not take place.

It is difficult to predict how the Commissioner or a Court may form a judgment in the future. Nonetheless, having regard to Investors within the scope of this letter as set out earlier, in our opinion the general anti-avoidance provisions contained in Part IVA should not apply to a given Investor in relation to their investment in the MLI. However, we note that there may be additional factual circumstances applicable to any given Investor of which we are unaware that could result in a different conclusion being formed in the future by either the Commissioner or a Court.

7 ATO views in relation to DPAs

At the date of this letter, we are not aware of any definitive public views of the Australian Taxation Office (“**ATO**”) in relation to financial products, such as the MLI, which are structured as DPAs. It is our understanding that the ATO is, at the time of this letter, considering the taxation treatment of certain transactions involving DPAs. At present, it is unclear if or when any such guidance will be released by the ATO.

As noted earlier, this letter is based on Australian tax laws and practices applicable as at the date of this letter. Investors should be aware that such laws and practices may change during the term of the MLI. In particular, the views expressed in this letter may not necessarily accord with any views which the ATO may reach in due course, either as regards DPAs generally or the MLI in particular. One of the issues that the ATO may review is whether, in its opinion, any gain from a DPA should be effectively subject to the ordinary income tax rather than the CGT rules.

8 Tax reform

On 3 January 2007, exposure draft legislation was released in relation to proposals to reform the taxation of financial arrangements (“**TOFA**”). The TOFA proposals will impact upon the tax treatment of a wide range of financial transactions. If the draft was to be enacted in its current form, the new rules would only have mandatory application to financial arrangements acquired on or after 1 July 2008.

Accordingly, given the timing of the transactions anticipated in the PDS (and the currently proposed exceptions to the TOFA regime) the draft legislation, if enacted as proposed, should have no impact on an Investor as regards the MLI. However, as the draft legislation may change before it is enacted, Investors will need to monitor the progress of the TOFA proposals to determine whether any new rules do in fact have implications for their investment.

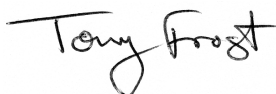
9 GST and stamp duty

Investors should not be liable to GST or stamp duty by reason of their acquisition, ownership and disposal of an investment in the MLI and the Delivery Assets.

Yours faithfully

GREENWOODS & FREEHILLS PTY LIMITED

per:



Tony Frost

Director

Section 7 - Additional information

Consents

Greenwoods & Freehills Pty Ltd (“Greenwoods & Freehills”) has given, and not withdrawn its written consent to being named as having acted as tax adviser to the Issuer in connection with the issue of the MLI pursuant to this PDS. It has, in that capacity, provided the tax opinion in the Tax Considerations section of this PDS (section 6). Greenwoods & Freehills otherwise takes no responsibility for this PDS. Greenwoods & Freehills does not make any statement in this PDS nor does any statement in this PDS purport to be based on a statement made by Greenwoods & Freehills except for section 6 - Tax Considerations.

Freehills has given, and not withdrawn, its written consent to being named as having acted as solicitors to the Issuer advising on Australian law in connection with the issue of the MLI pursuant to this PDS in the form and context in which it is included. It has, in that capacity, advised and assisted with the drafting of this PDS, particularly the Terms, but not the drafting of the Tax Considerations and all other comments on taxation matters. Freehills otherwise takes no responsibility for this PDS. Freehills does not make any statement in this PDS nor does any statement in this PDS purport to be based on a statement made by Freehills.

Neither Freehills nor Greenwoods & Freehills have authorised or caused the issue of this PDS.

Experts' and advisers' interests

Except as set out in this paragraph, no expert and no firm in which an expert is a partner, has at the date of this PDS any material interest in connection with the formation or promotion of either the Issuer or the MLI. Freehills and Greenwoods & Freehills will receive fees for their professional services in connection with this PDS as advisers to the Issuer. Some partners or directors of those firms may from time to time have an interest in the MLI, the Delivery Assets, the Index or securities of a related entity of the Issuer.

Directors' and related entity interests

Except as set out in this paragraph, the Issuer and its related bodies corporate are not associated with and have no access to information concerning the Delivery Assets or the Index other than that which is in the public domain. Neither the Issuer nor its related bodies corporate, nor any director or proposed director of the Issuer, nor any firm in which a director or proposed director of the Issuer is a partner, has, at the date of this PDS, any material interest in connection with the formation or promotion of either the Issuer, the MLI, the Index or the Delivery Assets except that:

- the Issuer earns brokerage at normal commercial rates on transactions in relation to the MLI which it undertakes. This is at no additional cost to the Investor;
- Citi companies, as part of their employee remuneration arrangements, conduct an incentive system based on the success of their activities. The directors and senior executive officers of the Issuer, being also employees of a Citi company, participate in these incentive remuneration arrangements;
- the Issuer and its related bodies corporate, as part of its investment banking and stockbroking business, may from time to time advise or act for the issuer of the Delivery Asset, or advise or act for other clients in relation to the issuer of the Delivery Asset, or publish research reports on the issuer of the Delivery Asset or the Index. Investors will not be notified of these activities, or the content of such reports; and
- the Issuer or an associate or related body corporate may from time to time hold Delivery Assets for trading purposes, including market making, or to hedge the MLI. Related bodies corporate of the Issuer may deal in Delivery Assets, options and other derivative contracts in respect of them.

Privacy Statement

We will only collect personal information necessary for the products or services you request. The information we collect from you on the Application Form and which we acquire from you or other people (such as distributors of the MLI and your licensed broker or financial adviser) during the course of managing the MLI is required to process your MLI Application, manage your investment and comply with relevant laws.

We may use this information to send you information about other investment products. If at any time you receive information from us about our products and do not wish to receive further correspondence, please let us know. You can also tell us if you do not wish to receive this information from the outset on the Application Form. We may also disclose information about you to third party service providers who assist us in our business operations and service provision. These service providers may include distributors of the MLI or your licensed broker or financial adviser.

We may also disclose information about you to process your Application, manage your investment, comply with relevant laws or as otherwise permitted under the Privacy Act 1988 (Cth).

We store information about you in databases which may be maintained outside Australia by other Citi companies. On request, we will provide you with a copy of any personal information which we hold about you. We will inform you beforehand if there is any charge associated with providing this information to you. If you do not provide us with the personal information which we request, we may not be able to provide a service, issue the MLI or may be required by law to take particular actions such as deducting taxation at the top marginal rate, plus the Medicare Levy.

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

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

Citi Privacy Officer
GPO Box 204
Sydney NSW 2001
Telephone: 61 2 8225 1000
E-mail: privacy.officer@citi.com.au

Section 8 - Terms and Conditions

Market Linked Investment (“MLI”)

These Terms (including those set out in the Term Sheet) form the terms and conditions on which the person named in the Application Form (the “Investor” or “Applicant”) agrees to acquire in the future the Delivery Parcel from the Issuer under the MLI. Capitalised words are defined in clause 15 of these Terms.

1. Applications and Acceptance

1.1 Offer by the Applicant

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

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

1.2 Investor bound by Terms

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

1.3 Acceptance of the offer by the Issuer

- (a) The Issuer may decide in its absolute discretion whether or not it will accept the Applicant's offer to acquire the Delivery Parcel from the Issuer.
- (b) If the Issuer decides that it will accept an Application and provided that the Issuer has received the Investment Amount in cleared funds by the Offer Close time (or such other time if otherwise accepted by the Issuer in its discretion), acceptance of the Applicant's offer will take place on, and the parties' rights and obligations under these Terms will commence on, the Issue Date. For each AUD1.00 of Investment Amount paid the Applicant will be entitled to one MLI.
- (c) Within 10 Business Days of the Issue Date, the Issuer will send to the Investor a notice

acknowledging either the acceptance or rejection of the Applicant's offer.

2. Deferred purchase of Delivery Assets

2.1 Purchase of Delivery Assets

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

2.2 Payment of the Investment Amount

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

3. Maturity and Settlement of deferred purchase

3.1 Notice of Maturity

The Issuer will give a Maturity Notice to the Investor approximately twenty (20) Business Days before the Maturity Date.

3.2 Effecting Maturity

- (a) The Investor must complete the deferred purchase of the Delivery Parcel by returning the Maturity Notice to the Issuer on or before the Closing Time, specifying in the Maturity Notice that the Investor will accept physical delivery of the Delivery Parcel or that the Investor will use the Agency Sale Arrangement.
- (b) If the Investor:
 - (i) does not lodge a Maturity Notice with the Issuer by the Closing Time; or

- (ii) returns the Maturity Notice to the Issuer by the Closing Time and the Investor has not elected in the Maturity Notice to accept either physical delivery of the Delivery Parcel or to use the Agency Sale Arrangement,

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

3.3 Physical delivery of the Delivery Assets to the Investor

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

- (a) the Issuer (either itself or through a nominee) will procure the performance of all acts required of a transferor of marketable securities under the ASTC Settlement Rules to enable the Delivery Parcel to be transferred to the Investor on the Settlement Date or as soon as possible thereafter, free from any security interest or third party interest or restriction on transfer (other than one that has been accepted by the ASX for the purposes of quotation of the property comprising the Delivery Assets); and
- (b) the Investor irrevocably authorises the Issuer and any of its nominees, at the option of the Issuer, to act as the Investor's agent to do all things required to be done, including but not limited to supplying the Investor's HIN, to effect the delivery of the Delivery Parcel to the Investor.

3.4 Delivery through the Agency Sale Arrangement

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

- (a) the Issuer or its nominees are irrevocably authorised to accept physical delivery of the Delivery Parcel for and on behalf of the Investor on the Settlement Date;
- (b) the Investor irrevocably authorises the Issuer or

its nominees to sell, and irrevocably directs and authorises the Issuer or any of its nominees to take all actions necessary or desirable to effect the sale by the Issuer or its nominees of, the Delivery Parcel;

- (c) the Issuer or its nominees on behalf of the Issuer will deliver to the Investor's Settlement Account (or pay by cheque to the Investor if no Settlement Account is nominated) the Sale Proceeds, within 10 Business Days of the Settlement Date or as soon as reasonably practicable thereafter; and
- (d) the Investor acknowledges and agrees that:
 - (i) the Issuer or its nominees agree to sell the Delivery Parcel on behalf of the Investor for an amount per Delivery Asset equal to the Closing Price; and
 - (ii) to the maximum extent permitted by law, the Issuer and its nominees are not responsible for any loss, costs or expense incurred by the Investor as a result of using the Agency Sale Arrangement (whether from negligence or otherwise), except to the extent that such loss, cost or expense arises as a result of the Issuer's or the nominee's default, fraud or dishonesty.

The Investor agrees and acknowledges that the Issuer or its nominees will use its best endeavours to sell the relevant Delivery Parcel in accordance with clause 3.4(d)(i). If, for any reason whatsoever, the Issuer is unable to sell the relevant Delivery Parcel at the Closing Price, the Investor irrevocably authorises the Issuer to use its best endeavours to sell the relevant Delivery Parcel as soon as practicable at the best price the Issuer can obtain.

3.5 Satisfaction of obligations

Upon delivery of the Delivery Parcel to the Investor in accordance with this clause 3 or payment by the Issuer or its nominee (on behalf of the Issuer) to the Investor of the relevant amount in respect of the Delivery Parcel under clause 3.4(c), the Issuer's obligations to the Investor under these Terms are satisfied and discharged.

3.6 Delivery of a whole number of Delivery Assets only

The Issuer or its nominee will not transfer a fractional Delivery Asset or parts of a Delivery Asset. If any fractional unit would be transferable by the Issuer on the Settlement Date, the Issuer will cause to be paid to the Investor (within 10 Business Days of the Settlement Date or as soon as reasonably practicable thereafter) an amount equal to the value of the fraction of the unit forgone based on the Closing Price provided that such amount exceeds twenty Australian Dollars (AUD20.00). If the amount does not exceed AUD20.00, the Issuer is under no obligation to the Investor to make any payment for the fractional unit. Upon payment of the amount under this clause, the Issuer is discharged of its obligation to deliver the fraction of the unit forgone.

4. Early Maturity

4.1 Early Maturity by the Issuer

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

- (a) an event considered to be an Early Maturity Event as described in the PDS;
- (b) an Adjustment Event occurs or is proposed to occur where, in the Issuer's reasonable opinion, it is not possible or desirable to deal with the occurrence of that event in accordance with clause 5;
- (c) the Index is suspended or ceases to be published for a period of 24 hours or more;
- (d) where there is a suspension or a material limitation of trading in securities which together comprise a material percentage weight of the Index for a period of 24 hours or more;
- (e) where there is a suspension or material limitation of trading in financial products generally on the ASX or any other exchange to which the Index relates for a period of 24 hours or more;
- (f) where there is a suspension or material limitation of trading in the Delivery Assets or the Index (or any equivalent contract) traded on a Relevant Exchange (or any successor) for a period of 24 hours or more;

- (g) if the Issuer determines in good faith that the performance of its obligations in relation to or under these Terms has or will become, in circumstances beyond the reasonable control of the Issuer, impossible, unlawful, illegal or otherwise prohibited as a result of compliance with any applicable present or future law, rule, regulation, judgement, order or directive of any government, administrative, legislative or judicial authority or power;
- (h) a Hedging Event as described in clause 5.2; or
- (i) any actual or proposed event that may reasonably (in the Issuer's opinion) be expected to lead to any of the events referred to in paragraphs (a) to (h) above occurring.

If any event occurs which constitutes both an Adjustment Event as defined in clause 15.1 and an Early Maturity Event as defined in this clause, the Issuer may in its discretion treat that event as either an Adjustment Event or Early Maturity Event.

4.2 Early Maturity at the request of the Investor

The Investor may only request an Early Maturity by giving written notice to the Issuer before the last Business Day of each calendar month. An Early Maturity can only be requested in respect of the full amount of the Investor's MLI. It is in the Issuer's absolute discretion to accept or reject the request for Early Maturity. If the Issuer accepts, the Issuer will in its absolute discretion determine an Early Maturity Date as soon as practicable on the next occurring last Business Day of a calendar month after the request is received and will complete accordingly.

4.3 Determination that there will be an Early Maturity

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

4.4 Early Maturity Mechanism

- (a) If the Issuer determines that there will be an Early Maturity in accordance with clause 4.1 or if the Investor has requested an Early Maturity, the Early Maturity will take place as

follows:

- (i) The Issuer will, before the Early Maturity Date, notify the Investor that Early Maturity will occur on the Early Maturity Date in accordance with clause 3 of these Terms. The notice issued by the Issuer under this clause shall serve as the Maturity Notice. The Issuer will specify in the Maturity Notice whether Early Maturity will occur by the normal Maturity process in accordance with clause 4.4(a)(ii) or by Refund in accordance with clause 4.4(a)(iii).
 - (ii) If specified in the Maturity Notice and subject to clause 4.4(b), Early Maturity will take place in accordance with the procedures set out in clauses 3.2 to 3.6 of these Terms.
 - (iii) If specified in the Maturity Notice, Early Maturity will occur by the Issuer paying to the Investor the Refund to the Investor's Settlement Account (or by paying the Refund by cheque to the Investor if no Settlement Account is nominated) within 10 Business Days of the Settlement Date or as soon as practicable thereafter.
 - (iv) After the Delivery Parcel is delivered to the Investor under clause 3.3(a) or after the Issuer (or its nominee) pays the Investor the Refund in accordance with clause 4.4(a)(iii) or after the relevant amount in respect of the Delivery Parcel under clause 3.4(c) is paid to the Investor's Settlement Account as a result of an Early Maturity Event occurring, all obligations of the Issuer to the Investor under these Terms are deemed to be satisfied in full and the Issuer is discharged from its obligations under these Terms.
- (b) If there is an Early Maturity by the Issuer under clause 4.1 only, for the purposes of determining the Delivery Parcel, the definition of "Delivery Parcel" in clause 15.1 does not apply and instead the following definition will be applied: "Delivery Parcel" means the number of Delivery Assets to be delivered by the Issuer to the Investor on the Settlement Date as determined by the following

formula:

$$\text{Delivery Parcel} = \frac{\text{Early Maturity Value} \times \text{number of MLI held by Investor}}{\text{Closing Price}}$$

4.5 Substitution of Delivery Assets

The Issuer may, in its reasonable opinion, determine that it is not possible to transfer the Delivery Assets comprising the Delivery Parcel to the Investor. In this case, Maturity will take place in accordance with clause 3 (or, in the case of an Early Maturity, in accordance with clause 4.4(a)) except that the Issuer may substitute any other security quoted and trading on ASX (including any other security or any other fund or entity listed on ASX) for the Delivery Asset and deliver that substituted security in accordance with these Terms as if the definition of "Delivery Asset" was amended to refer to the substituted security.

4.6 No Capital Protection on Early Maturity

If there is an Early Maturity, whether it arises because of an Early Maturity Event or because the Investor has requested an Early Maturity, the capital protection will not apply and the Issuer does not guarantee to deliver to the Investor a Delivery Parcel based on either the Final Value per MLI or equal to the Issue Price. For the avoidance of doubt, where there is an Early Maturity (and the Issuer elects the normal Maturity processes to apply) the Delivery Parcel will only be determined in accordance with clause 4.4(b).

4.7 Adjustments to this clause

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

5. Adjustment Events and Hedging Events

5.1 Adjustment Events

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

- (a) substitute the Delivery Assets with any other security quoted and trading on ASX; and/or
- (b) substitute the Index with any other index published by either the Index Provider or any other recognised index provider; and/or
- (c) adjust or amend any variable, formula, amount or calculation as set out or used in these Terms (including without limitation the Term Sheet);
- (d) adjust, amend or substitute the definition of Delivery Asset and/or vary any of the terms referred to in the PDS under the heading "Changes to the Delivery Assets or Index"; and/or
- (e) determine to suspend any of the necessary calculations referred to in these Terms as appropriate until reliable values can be obtained,

in a manner consistent with the PDS provided that in the reasonable opinion of the Issuer the adjustment in accordance with the above paragraphs is appropriate to put both the Issuer and the Investor in substantially the same economic position as the Investor and the Issuer would have been in had the Adjustment Event not occurred. If in the reasonable opinion of the Issuer it is not possible or desirable to deal with the occurrence of the Adjustment Event in accordance with this clause 5, the Issuer may nominate or declare the event as an Early Maturity Event and may deal with that event in accordance with clause 4. The Issuer will notify Investors of any adjustment that it proposes to make under this clause before the adjustment occurs or as soon as reasonably practicable after the adjustment occurs.

5.2 Hedging Event

The Issuer has discretion, to be exercised in good faith and in a reasonably commercial manner, to make such adjustments to the Terms if a Hedging Event occurs or is proposed to occur, where:

- (a) on or prior to an Observation Date or any other relevant date, the Issuer is unable, after using commercially reasonable efforts, to (i) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the risk of entering into and performing its obligations with respect to the MLI, or (ii) realise, recover or

remit the proceeds of any such transaction(s) or asset(s) (a **"Hedging Disruption"**); or

- (b) on or prior to an Observation Date or any other relevant date, the Issuer would incur a materially increased (as compared with circumstances existing on the Issue Date) amount of tax, duty, expense or fee (other than brokerage commissions) to (i) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the risk of entering into and performing its obligations with respect to the MLI, or (ii) realise, recover or remit the proceeds of any such transaction(s) or asset(s) (an **"Increased Cost of Hedging"** and together with the Hedging Disruption, each a **"Hedging Event"**), provided that any such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of the Issuer shall not be deemed an Increased Cost of Hedging,

then the Issuer shall, in its sole and absolute discretion, determine if such Hedging Event has a material effect on the MLI and, if so, (i) the Issuer may make such adjustments (as described in clause 5.1 above) to any of the Terms and Conditions of the MLI as it determines appropriate to account for any such Hedging Event and determine the date(s) on which any such adjustments will be effective. If in the reasonable opinion of the Issuer it is not possible or desirable to deal with the occurrence of the Hedging Event in accordance with this clause 5, the Issuer may nominate the event as an Early Maturity Event and may deal with that event in accordance with clause 4. The Issuer will notify Investors of any adjustment that it proposes to make under this clause before the adjustment occurs or as soon as reasonably practicable after the adjustment occurs.

6. Accretions

These Terms do not confer on the Investor any right or interest in respect of Accretions to the Delivery Assets. Accretions to the Delivery Assets may lead to adjustments as provided for in clause 5 of these Terms.

7. The Issuer's obligations are unsecured

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

8. Interest in the Delivery Assets

For each MLI an Investor holds, the Investor receives a Beneficial Interest in a Portion of the Delivery Assets on the Issue Date. The Investor holds the Beneficial Interest in the Portion of the Delivery Assets until the earlier of Maturity or transfer of each MLI in accordance with clause 14.9.

An Investor may only deal with the Beneficial Interest in accordance with these Terms.

The Issuer or its nominee will hold the Portion of the Delivery Assets for the Investor from the Issue Date until Maturity and will be entitled to retain any dividends or other distributions made in connection with those assets, exercise all voting rights and will not be required to pass any notice of meeting or other material in connection with the Delivery Assets to the Investor.

The Issuer or its nominee may administer its holding of Portions such that Portions of an Investor or Investors may be aggregated.

The Issuer or its nominees has all the powers that a natural person would have in relation to the Portions, subject to these Terms.

The Beneficial Interest for each MLI forms part of that MLI and may not be severed from the balance of the rights in connection with that MLI or dealt with separately in any way.

When an Investor deals with an MLI in any way, then without the need for any additional writing or action, the same dealing between the same parties shall occur in respect of the corresponding Beneficial Interest.

When an Investor deals with a Beneficial Interest in any way, then without the need for any additional writing or action, the same dealing between the same parties shall occur in respect of the corresponding MLI. For example, when an Investor (the "old holder") transfers an MLI to another person (the "new holder"):

(a) all the rights and obligations that attach to that

MLI, including the Beneficial Interest, are transferred from the old holder to the new holder;

(b) the old holder's interest in the MLI will be removed from the Register and the new holder will be added to the Register; and

the old holder ceases to have any rights in relation to the MLI or the Beneficial Interest.

If any Investor purports to deal with an MLI without an equivalent dealing in the corresponding Beneficial Interest, or if any Investor purports to deal with a Beneficial Interest without an equivalent dealing in the corresponding MLI, or if any Investor purports to contract out of this clause in any way, any such dealing will be void and the MLI and the Beneficial Interest will remain with the Investor recorded on the register of holders.

At Maturity, the Portion will form part of each Delivery Asset, and so will either:

- be delivered to the Investor if physical delivery applies; or
- be sold and form part of the Sale Proceeds if the Agency Sale Arrangement applies.

The Investor agrees and acknowledges that the agreement to purchase the Delivery Assets as set out in these Terms and the payment of the Investment Amount does not transfer the legal or beneficial interest in the Delivery Assets to the Investor other than the Beneficial Interest in a Portion of the Delivery Assets.

The parties agree and acknowledge that the legal or beneficial interest in the balance of the Delivery Assets will transfer to the Investor only on the Settlement Date. If the Issuer fails to deliver the balance of the Delivery Assets to the Investor in accordance with these Terms, 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.

The Issuer or its nominee is indemnified in its capacity as holder of the Portions for all costs, expenses, outgoing, loss or damages paid, suffered or incurred in that capacity, from the Portions so held, unless such cost, expense, outgoing, loss or damage arises by virtue of dishonesty or wilful breach of trust.

The liability of the Issuer or its nominee to Investors or any other person in relation to the holding of Portions, is limited to the extent to which the liability can be

satisfied out of the Portions held for Investors, unless the liability arises by virtue of dishonesty or wilful breach of trust.

9. Taxes

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

10. Investor's representations and warranties

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

- (a) the Investor has full legal capacity to make the Application and be bound by these Terms and has taken all actions that are necessary to authorise the Application and be bound by these Terms;
- (b) the Investor has reviewed these Terms and has made its own independent investigations and appraisals of the taxation, legal, commercial and credit aspects associated with the purchase of the Delivery Assets;
- (c) the Investor has not relied in any way on any statements made by the Issuer or its related entities or their servants, agents, employees or representatives in relation to these Terms or the deferred purchase of the Delivery Assets and the Investor acknowledges that the Issuer has not made any representations to the Investor

regarding the suitability or appropriateness of the deferred purchase of Delivery Assets pursuant to these Terms;

- (d) the Investor understands that nothing in these Terms or in any marketing material associated with these Terms can be considered investment advice or a recommendation to buy the Delivery Assets;
- (e) the Investor has obtained all consents which may be required by law to enable the Investor to acquire the Delivery Assets and to become registered as the holder of the Delivery Assets and that the registration of the Investor as the holder of the Delivery Assets will not contravene any law, regulation or ruling or the constitution of the issuer of the Delivery Assets;
- (f) the MLI being applied for will not breach or result in a breach of any exchange controls, fiscal, securities or other laws or regulations for the time being applicable to the MLI or the Investor and the Investor is not a resident or national of any jurisdiction where the Application for or the Maturity of the MLI is prohibited by any law or regulation or where compliance with the relevant laws or regulations would require filing or other action by the Issuer or any of its related bodies corporate; and
- (g) the Investor acknowledges that section 6 of the PDS ("Tax Considerations") is provided only for the benefit of the Issuer and is necessarily general in nature and does not take into account the specific taxation circumstances of each individual Investor. The Investor acknowledges that it has sought its own independent advice on the taxation implications relevant to their own circumstances before making an investment decision.

11. Set off Rights

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

withhold any amount payable by it to the Investor in satisfaction of any amount payable to it by the Investor.

12. Notices

- (a) Any notice or statement to be given or demand to be made on the Investor under these Terms:
- (i) will be effectively signed on behalf of the Issuer if it is executed by the Issuer, any of its officers, its solicitor or its attorney;
 - (ii) may be served by being delivered personally to, by being left at, by being e-mailed to, or by being posted in a prepaid envelope or wrapper to the Investor's address (or e-mail address) notified to the Issuer or the Investor's registered office, place of business, or residence last known to the Issuer, or by being sent to the Investor by facsimile transmission.
- (b) A demand or notice if:
- (i) posted will be deemed served two Business Days after posting;
 - (ii) sent by facsimile or electronic transmission will be deemed served on conclusion of transmission.
- (c) Service by any of these methods will be valid and effectual even if the Investor does not receive the document or if the document is returned to the Issuer unclaimed.

13. Amendment of Terms

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

- (a) the Change is one determined by the Issuer as being required or permitted under either of clauses 4 or 5 of these Terms;
- (b) the Change is necessary or desirable in the reasonable opinion of the Issuer to comply with any statutory or other requirement of law; or
- (c) the Change is desirable to correct an inconsistency or error in these Terms (but only if such Change does not, in the opinion of the Issuer, materially prejudice the interests of the Investor).

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

14. General provisions

14.1 Currency

All amounts payable by either party under these Terms will be paid in the Denomination specified in the Term Sheet. All calculations will be performed in currency specified as the "Denomination" in the Term Sheet.

14.2 No merger

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

14.3 Rounding

All calculations made by the Issuer for the purposes of these Terms will be made to not fewer than two decimal places. Other than as provided in these Terms, rounding of numbers will not occur until the final calculation of a relevant amount or number at which time the Investor's entitlements will be aggregated and that aggregate will be rounded so that all money amounts are rounded down to the nearest whole cent and all numbers of Delivery Assets are rounded down to the nearest whole number.

14.4 Certificates

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

14.5 Execution by attorneys

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

14.6 Power of attorney

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

14.7 Invalid or unenforceable provisions

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

14.8 Waiver and exercise of rights

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

14.9 Assignment and transfer of interests

- (a) The Issuer may transfer its rights and obligations under these Terms at any time by giving notice to the Investor (and in the case of the Issuer transferring obligations, the power of attorney in clause 14.6 will extend to any novation deed or agreement that the Issuer considers desirable to give effect to the transfer of obligations).
- (b) The rights and obligations under these Terms may, with the prior consent of the Issuer:
 - (i) be assigned by the Investor; or
 - (ii) be made the subject of any encumbrance, charge, trust or fiduciary obligation.

Any action that purports to do so without the prior consent of the Issuer is invalid, void and without effect as between the Investor, the Issuer and any third party.

When an Investor deals with an MLI in a manner that does not involve the transfer of legal ownership of the MLI, the Issuer has no duty to record the dealing on the register of holders. Each Beneficial Interest corresponding to a particular MLI will pass to a new Investor upon registration of a transfer of the MLI in the Register. The Issuer and the registrar are entitled to rely on the Register as the definitive record of ownership of MLIs.

14.10 Recording conversations

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

14.11 Calculations and references to dates and times

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

14.12 Payments by the Issuer

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

14.13 Governing law and jurisdiction

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

14.14 PDS prevails

Except for clauses 4 and 5 of these Terms, if there is an inconsistency between these Terms and statements made in the PDS, the statements made in the PDS will prevail. If there is an inconsistency between either or both of clauses 4 and 5 of these Terms and statements made in the PDS, clauses 4 and/or 5 of these Terms will prevail.

14.15 Time is of the essence

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

15. Definitions and Interpretation

15.1 Definitions

In these Terms, unless the context requires otherwise:

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

“Adjustment Event” means in respect of either the Index or Delivery Asset (the “Relevant Asset” for the purpose of this definition) any of the following events:

- (a) where the Relevant Asset is a security or an interest in a managed investment scheme:
 - (i) the actual or proposed adoption of any procedure, event or action which is or which is likely to result in any cash return of capital, pro-rata cash distribution, capital reduction, liquidator's distributions, share buy-back, bonus issue, rights issue, arrangement, scheme of arrangement, compromise, merger, demerger, reconstruction, compulsory acquisition, redemption, cancellation, replacement, modification, subdivision or consolidation, takeover bid, special dividend, non cash dividend, share split or any other similar or like event (but excludes the payment by the issuer of the Delivery Assets of cash dividends or distributions);
 - (ii) any event which is or which results in the actual or proposed administration, liquidation, winding up or termination of the issuer of the Relevant Asset or other similar or like event (however described);
 - (iii) any event which is or which results in the actual or proposed de-listing of the Relevant Asset or the actual or proposed removal from quotation of the Relevant Asset or the actual or proposed Suspension from trading of the Relevant Asset;
- (b) where the Relevant Asset is an index:
 - (i) Relevant Asset is suspended or ceases to be published for a period of 24 hours or more;
 - (ii) the Relevant Asset is not calculated and announced by the Index Provider, but is calculated and announced by a successor to the Index Provider;
 - (iii) the Relevant Asset is replaced by a successor index using the same or a substantially similar formula for and method of calculation;
 - (iv) there is a Suspension or material limitation on trading of securities generally on a Relevant Exchange for a period of 24 hours or more;
- (d) any actual or proposed event that may reasonably (in the Issuer's opinion) be expected to lead to any of the events referred to in paragraphs (a), (b) or (c) above occurring;
- (e) where any force majeure event occurs, or any other event occurs which the Issuer determines in good faith in the performance of its obligations having or becoming, in circumstances beyond its reasonable control, impossible, unlawful, illegal or otherwise prohibited; or
- (f) any circumstances arise which are described in the PDS as potentially giving rise to an Adjustment Event; or
- (g) any other event which the Issuer reasonably declares to be an Adjustment Event;

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

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

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

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

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

"ASX Business Rules" means the business rules of ASX as amended or substituted from time to time;

"Beneficial Interest" means the beneficial interest in the Portion of Delivery Assets which is part of each MLI;

"Break Costs" means all costs, expenses and losses incurred by the Issuer and notified by the Issuer as payable by the Investor as a result of:

- (a) the acceleration of the Maturity Date or other early termination of any MLI;
- (b) the termination or reversal of any arrangements or hedge position entered into by the Issuer in connection with any MLI which is terminated early; or
- (c) any loss of profits that the Issuer may suffer by reason of the early termination of a MLI;

"Business Day" means a day on which banks are open for business in Sydney and Melbourne, but does not include a Saturday, Sunday or public holiday;

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

"Citi" means the Issuer;

"Closing Price" means either the price paid by the Issuer to acquire the Delivery Assets or the last traded price of the Delivery Asset as reported and disseminated by ASX at or around 4:05pm Sydney time on the Trading Day immediately following the Maturity Date (or in the case of an Early Maturity, the Early Maturity Date), unless it is not possible to determine the price of the Delivery Asset at that time, in which case the Issuer may either

- (i) nominate another time to determine the Closing Price; or
- (ii) determine the Closing Price to be the price determined by the Issuer as its best estimate of the Delivery Asset value at or around 4:05pm Sydney time on the Trading Day immediately following the Maturity Date (or in the case of an Early Maturity, the Early Maturity Date);

"Closing Time" means 5:00 p.m. Sydney time on the Trading Day immediately prior to the Maturity Date;

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

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

"Delivery Asset" means one share in the Commonwealth Bank of Australia (including the Portion) or any other Delivery Asset specified in the PDS or determined by the Issuer in accordance with these Terms;

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

$$\frac{(Final\ Value\ per\ MLI \times\ number\ of\ MLI\ units\ held\ by\ Investor) - any\ applicable\ Costs\ and\ Taxes}{Closing\ Price}$$

"Denomination" means the currency specified in the Term Sheet as the "Denomination";

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

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

“Early Maturity Event” has the meaning given in clause 4 of these Terms;

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

“Early Maturity Value” means the fair economic value of the MLI at or around 5:00 pm Sydney time on the Early Maturity Date as determined by the Issuer in its absolute discretion, unless it is not possible to determine the fair economic value of the MLI at that time, in which case the Issuer may nominate another time to determine the “Early Maturity Value”. Without limiting the foregoing, in determining the “Early Maturity Value” the Issuer may deduct any costs, losses or expenses that it incurs in relation to the Early Maturity, including without limitation, Costs and Taxes, Break Costs, administrative costs, costs of unwinding any hedge put in place for the purposes of meeting its obligations under these Terms, and any cost of funding or any loss of bargain;

“Final Return” has the meaning given in the Term Sheet;

“Final Value per MLI” is calculated for each MLI in accordance with the following formula:

$$AUD1.00 \times [1 + Index Performance \times Participation Rate]$$

“Guarantor” means Citigroup Inc.;

“HIN” means Holder Identification Number;

“Index” means the index specified in the Term Sheet;

“Index Level” means:

- (a) the verified closing level of the Index on the Issue Date; or
- (b) On each Observation Date up to and including the Maturity Date as relevant, the greater of the Initial Index Level and the special opening quotation of the Index, as reported or published by the Index Provider on the Observation Date. The special opening quotation is calculated using the first traded price of each component stock in the Index on the Observation Date, as determined by the ASX;

“Index Performance” has the meaning given to that term in the Term Sheet;

“Index Provider” means the entity who is responsible for the calculation and dissemination of the Index;

“Investment Amount” means the actual amount paid by the Investor to the Issuer by the Offer Close time as specified in the Term Sheet;

“Investor” means the person or entity whose Application is accepted by the Issuer in accordance with clause 1 of these Terms;

“Issue Date” means the date specified in the Term Sheet as the “Issue Date”;

“Issue Price” means the amount per Unit as specified in the Term Sheet;

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

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

“Maturity Date” means the date specified in the Term Sheet as the “Maturity Date”, unless there is an Early Maturity under clause 4, in which case references in these Terms to the Maturity Date are to be read as the date specified by the Issuer in the Early Maturity Notice;

“Maturity Notice” means a notice issued by the Issuer in accordance with clause 3.1 or 4.4(a) as the case may be;

“MLI” means a deferred purchase agreement between the Issuer and the Investor under which the Investor agrees to purchase the Delivery Parcel from the Issuer on a deferred basis on the terms and conditions set out in these Terms and the PDS including the Term Sheet. The total number of MLI held by the Investor will be notified by the Issuer to the Investor in the notice provided by the Issuer in accordance with clause 1.3(c);

"Observation Date" means the following dates 20 December 2007, 20 March 2008, 19 June 2008, 18 September 2008, 18 December 2008, 19 March 2009, 18 June 2009, 17 September 2009, 17 December 2009, 18 March 2010, 17 June 2010, 16 September 2010, 16 December 2010, 17 March 2011, 16 June 2011, 15 September 2011, 15 December 2011, 15 March 2012, 14 June 2012, 19 September 2012.

"Offer Close time" means the time and date specified in the Term Sheet as the "Offer Closes";

"Participation Rate" means the percentage set by the Issuer as soon as practicable after the Issue Date which will apply when calculating the Final Value per MLI and which will be confirmed to each Investor in their confirmation;

"Portion" of the Delivery Assets means 0.001 of one Delivery Asset;

"Product Disclosure Statement" or **"PDS"** means the product disclosure statement to which these Terms are attached and issued by the Issuer in relation to the invitation to invest in the MLI;

"Refund" means the amount determined by the Issuer in its absolute discretion and by whatever means the Issuer deems appropriate. Without limiting the foregoing, in determining the Refund, the Issuer may adjust the Refund for any costs, losses or expenses that it incurs in relation to the Early Maturity, including without limitation, Costs and Taxes, Break Costs, administrative costs, costs of unwinding any hedge put in place for the purposes of meeting its obligations under these Terms, and any cost of funding or any loss of bargain.

"Register" means the register of MLI to be maintained by a registrar chosen by the Issuer;

"Relevant Exchange" means in the case of:

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

as determined in the absolute discretion of the Issuer;

"Sale Proceeds" means the proceeds of the sale of the Delivery Parcel obtained by the Issuer (or its nominee) on behalf of the Investor under the Agency Sale Arrangement, being an amount equal to the number of Delivery Assets (each including the Portion) sold multiplied by the Closing Price less any Costs and Taxes applicable to the sale of the Delivery Parcel;

"Settlement Account" means the transactional banking account held with an Australian bank which is nominated by the Investor as the Settlement Account in the Application Form completed by the Investor;

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

"Suspension" means a cessation of the trading or quotation of the Delivery Asset, as formally announced by the Relevant Exchange and does not include a trading halt;

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

"Term of Investment" means the term, if any, specified in the Term Sheet;

"Terms" means these terms and conditions (including the Term Sheet) on which the Investor agrees to acquire the Delivery Parcel from the Issuer as set out in this section 8 of the PDS;

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

"Trading Day" has the meaning given in the ASX Business Rules; and

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

15.2 Interpretation

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

Section 9 - How to invest in the MLI

The Minimum Investment Amount for the MLI is AUD5,000 with additional investments in multiples of AUD1,000 thereafter. If you wish to make an investment in the MLI you will need to complete an Application Form in accordance with the instructions on the following page and attach a cheque (in AUD only) made payable to the **"MLI TRUST A/C"** and crossed **"Not Negotiable"**. Applications, including cleared funds, must be received by the Issuer no later than the **Offer Closes** time of 5:00 pm AEST on **14 September 2007**.

Acceptance of Applications

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

Investing through a master trust or wrap account

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

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

Who may apply for the MLI?

Application for the MLI is open to:

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

other than US persons who may not apply for the MLI. A US person is defined as:

- Natural person resident in the USA
- Partnership or corporate organisation under the law of the US
- Estate of which the administrator is a US Person
- Trust of which the trustee is a US Person
- Agency or branch of a foreign entity located in the US or operated under the laws of the US
- US citizen or Green card holders residing outside the US.

This PDS is not an offer or invitation in relation to the MLI in any place in which, or to any person to whom, it would not be lawful to make that offer or invitation. The distribution of this PDS outside Australia may be restricted by the laws of places where it is distributed and therefore persons into whose possession this document comes should seek advice on and observe those restrictions. Failure to comply with relevant restrictions may violate those laws.

Applicants are bound by the Terms when they make an Application

The MLI is issued by Citi on the Terms set out in section 8 of this PDS. Applicants should ensure that you read and understand the Terms. Applicants should note that by signing and lodging an Application Form an Applicant will become bound by the Terms and the Applicant's declaration set out in the Application Form. Applicants are taken to agree that the interest earned on all application monies (whether accepted or refunded) will belong to the Issuer.

Correct forms of registrable title(s)

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

Type of Investor	Correct form	Incorrect form
Individual: Use given name(s) in full, not initials	Mr John Alfred Smith	J.A. Smith
Joint Holdings: Use given name(s) in full, not initials	Mr John Alfred Smith & Mrs Susan Jane Smith	John Alfred & Susan Jane Smith
Company: Use company title, not abbreviations	ABC Pty Limited	ABC P/L or ABC Co
Trust: Use the trustee(s) names not the name of the trust	Applicant 1: Mrs Susan Jane Smith Account Name: <Susan Smith Family A/C>	Susan Smith Family Trust
Partnerships: Use partners personal name(s) Do not use the name of the partnership	Mr John Smith & Mr Michael Smith <John Smith & Son A/C>	John Smith & Sons
Superannuation Fund: Use the trustee(s) names	Applicant 1: Mr John Alfred Smith Account Name: <Superannuation Fund A/C>	John Smith Superannuation Fund

How to complete the Application Form

Please complete the Application Form in BLOCK LETTERS in accordance with the instructions below, read the Applicant's Declaration and sign in the appropriate space provided. You should return your signed and completed Application Form either to us, your stockbroker or financial planner. Applications close at the Offer Close time.

A Application Details: Enter the full name you wish to appear on the statement of holding. This must be either your own name or the name of a company. Up to 2 joint Applicants may register. You should refer to the table above for the correct forms of registrable title. Applications using the wrong form of names may be rejected.

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

C Postal Address: Enter your postal address for all correspondence. All communications to you from the Registry will be mailed to the person(s) and address as shown. For joint Applications, only one address can be entered. If you change your address before the Settlement Date, please contact Equity Structured Products Support on 1300 368 301 and notify us of the new details.

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

E Investment Details & Payment Details: Please insert the number of MLI units you wish to apply for and write the Investment Amount in the space provided. The Investment Amount is the Australian dollar amount

that you wish to invest and must be for an amount equal to or greater than the Minimum Investment Amount specified in the Term Sheet. If the correct amount is not available to us as cleared funds by the Offer Closes time the Application will be rejected. You must attach a cheque to your Application Form made payable to "MLI Trust A/C" and crossed "Not Negotiable" for an amount equal to the Investment Amount.

F Settlement Account Details: Please provide the account details of the bank account that you would like us to make all payments to in relation to the MLI (such as distributions or any payment due to you at Maturity). If you do not complete this section, we will pay any amounts that are due to you by cheque made payable to you and sent to the address nominated by you on the Application Form.

G Tracking of Application: Please indicate how you found out about the MLI by ticking the appropriate box.

H Applicant's Declaration & Signature: Please ensure you read and understand the Applicant's declaration before signing the Application Form. The Application Form must be signed by the Applicant(s) personally, or by the Applicant's attorney(s). Joint Applications must be signed by all Applicants. An Application by a company must be signed by two directors or a director and company secretary. For a proprietary company that has a sole director who is also the sole company secretary, the Application Form should be signed by that director. To sign under a Power of Attorney, a certified copy of the Power of Attorney should accompany the Application Form.

Lodgement of Application

Application Forms must be received at the Sydney office of Citigroup by no later than 5:00 pm AEST on 14 September 2007. Return the Application Form with cheque(s) attached to:

**Equity Structured Products Support
MLI Offer
Citigroup Global Markets Australia Pty Limited
GPO Box 557
Sydney NSW 2001**

D CONTACT DETAILS

Contact Name
[Grid]

Daytime Telephone () Facsimile () Mobile Phone

Email address
[Grid]

E INVESTMENT DETAILS AND PAYMENT DETAILS (to be completed by all Applicants)

(A) Number of MLI's [Grid] (B) Issue Price AUD1.00 (C) = (A x B) Investment Amount AUD [Grid]

I/We have attached a cheque made payable to "MLI Trust A/C" and crossed "Not Negotiable" for an amount equal to the Investment Amount.

F SETTLEMENT ACCOUNT DETAILS (The Issuer will pay all amounts owed to you into this account)

Please make all payments due to me/us under the MLI to the following account

Name of Bank or Financial Institution [Grid] Account Title or Name [Grid]
Branch Address [Grid] BSB Number [Grid] Account Number [Grid]

G TRACKING OF APPLICATION - How did you find out about the MLI?

Financial Adviser Advertisement Accountant Stockbroker Internet Other (specify)

[Grid]

H APPLICANT'S DECLARATION AND SIGNATURE (to be completed by all Applicants)

Power of Attorney: For valuable consideration I/we irrevocably appoint the Issuer, its nominees and any of their directors and secretaries or any employee whose title includes the words "director", "head" or "manager" severally as my/our attorney to do (either in my/our name or the name of the attorney) all acts and things that I am/we are obliged to do under the Terms or which, in the opinion of the Issuer, are necessary or desirable in connection with the Delivery Assets (as defined in the Terms) or the protection of the Issuer's interests or the exercise of the rights, powers and remedies of the Issuer, including without limitation the authority to sell the Delivery Assets under the Agency Sale Arrangement on my/our behalf in accordance with the Terms.

Representations, warranties and indemnity:

I/We represent and warrant that:
• I am/we are not bankrupt or insolvent (as the case may be) and am/are able to pay my/our debts as and when they become due and that no step has been taken to make me/us bankrupt or commence winding up proceedings, appoint a controller or administrator, seize or take possession of any of my/our assets or make an arrangement, compromise or composition with any of my/our creditors;

- I/we have full legal capacity to make the Application and be bound by the Terms and have taken all actions that are necessary to authorise the Application and be bound by the Terms. If I am/we are acting as trustee in relation to the holding of the MLI, I/we represent and warrant that I/we have all the power, authority and discretion vested as trustee to apply for and hold the MLI;
- I/we have received and read the Terms and PDS and I/we have made my/our own independent investigations and appraisals of the taxation, legal, commercial and credit aspects associated with the MLI and the deferred purchase of the Delivery Assets;
- I/we have not relied in any way whatsoever on any statements made by the Issuer or any of its related entities or their servants, agents, employees or representatives in relation to the Terms, the MLI or the deferred purchase of the Delivery Assets and I/we acknowledge that the Issuer has not made any representations to me/us regarding the suitability or appropriateness of the MLI or the deferred purchase of Delivery Assets;
- I/we understand that nothing in the PDS or any marketing material associated with the PDS can be considered investment advice or a recommendation to invest in the MLI or Delivery Assets;
- I/we have obtained all consents which may be required by law to enable me/us to acquire the MLI and the Delivery Assets and to become registered as the holder of the Delivery Assets; and
- the MLI being applied for will not breach or result in a breach of any exchange controls, fiscal, securities or other laws or regulations for the time being applicable to the MLI or me/us and I/we am/are not (a) resident(s) or national(s) of any jurisdiction where the Application for or the Maturity of the MLI is prohibited by any law or regulation or where compliance with the relevant laws or regulations would require filing or other action by the Issuer or any of its related bodies corporate;

Privacy Declaration

I/We have read and understood the Privacy Statement in section 7 of the PDS and agree that information about me/us written on this form will not be collected, used or disclosed for any purpose other than for the purposes stated in the PDS or as otherwise permitted under the Privacy Act 1998 (Cth). Where I/we have provided information about any other individual, I/we will make that individual aware of the provisions of the privacy statement.

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

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

General Declaration

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

I/we acknowledge that the MLI:

- (i) is not a deposit or other liability of any insured depository institution (including Citibank, N.A. and Citigroup Pty Ltd);
- (ii) is subject to investment risks, including the possible loss of the principal amount invested, in the event of Early Maturity and possible delays in repayment;
- (iii) is not issued or guaranteed by Citibank, N.A. or Citigroup Pty Ltd and Citibank, N.A. and Citigroup Pty Ltd do not stand behind the capital value and/or performance of the MLI; and
- (iv) Section 6 of the PDS ("Tax Considerations") is provided only for the benefit of the Issuer and is necessarily general in nature and does not take into account the specific taxation circumstances of each individual Investor. Investors must seek their own independent advice on the taxation implications relevant to their own circumstances before making any investment decision.

I/we declare that all details in this Application Form are true and correct and I/we acknowledge that the Issuer may, in its absolute discretion, refuse my/our Application.

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

THIS IS PAGE 3 OF 4 PAGES OF THE APPLICATION FORM. PLEASE READ AND COMPLETE THE APPLICANT'S DECLARATION AND SIGN WHERE INDICATED ON PAGE 4.

Directory

Issuer

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

Broker

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

Legal Adviser

Freehills
MLC Centre
Martin Place
Sydney NSW 2000

Registrar

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

Taxation adviser

Greenwoods & Freehills Pty Limited
MLC Centre
Martin Place
Sydney NSW 2000

Equity First

- Equity First is a family of core products designed by Citi to provide you with market-driven investment opportunities
first in reflecting strategic thinking
- Equity First products are issued frequently so that there is always something available to meet your needs
first in global customer service
- Equity First products are easy to recognise and understand, a clear and simple investment designed to meet the demands of today's sophisticated investor
putting our customers first

Product Family

Defensive investor	Protection First
Cautious investor	Performance First
Risk-taking investor	Opportunity First

Equity First is a family of products tailored by Citi to meet the diverse needs of a broad range of investors. Each product range within the Equity First family is designed for investors with a specific investment strategy in mind.

Protection First

The Protection First product range is intended for the “defensive investor”. Protection First products are designed for the longer-term investors who seeks the comfort of full principal protection, with the possibility of yield enhancement through equity market exposure.