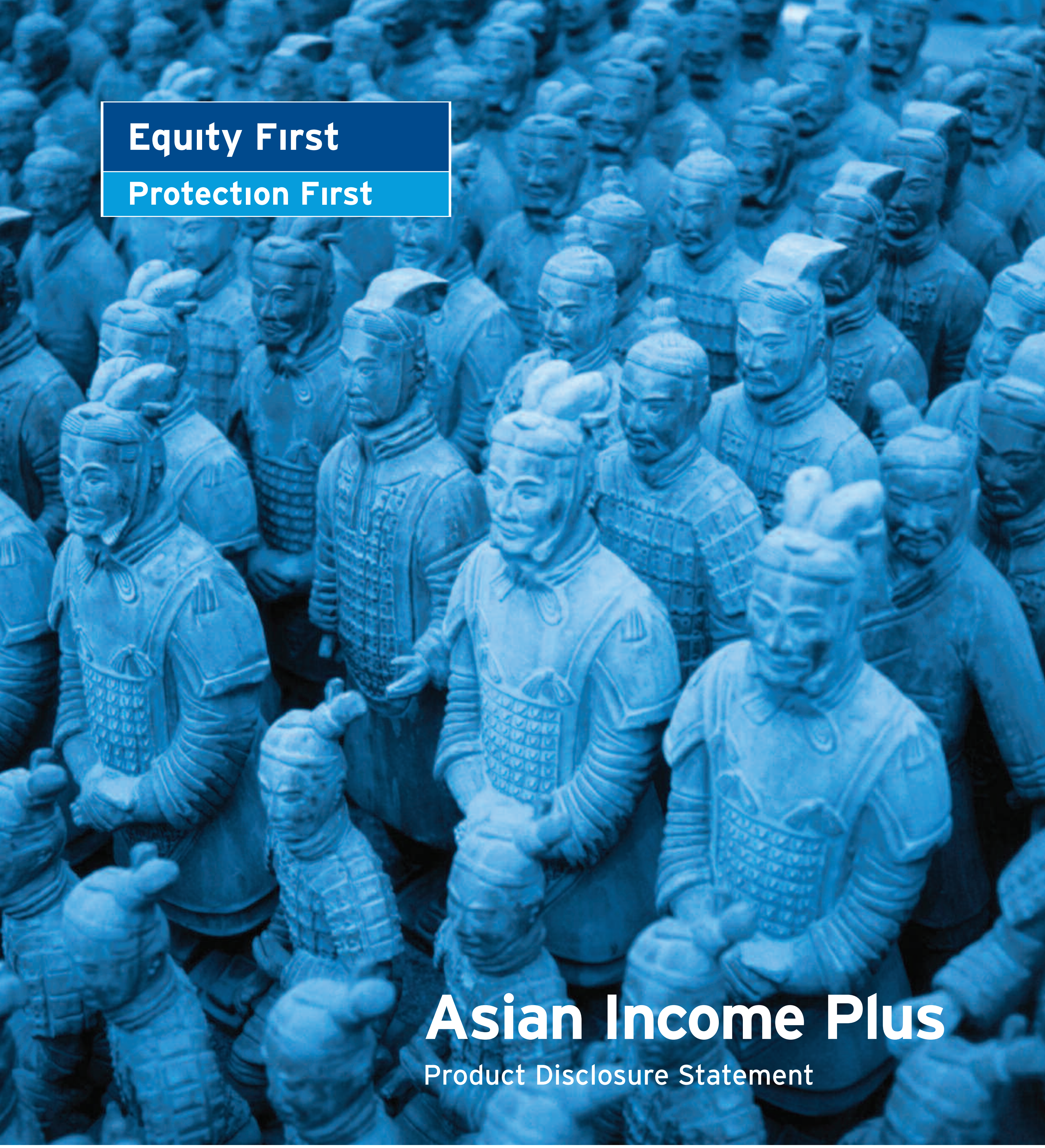


Equity First

Protection First

Asian Income Plus

Product Disclosure Statement

An offer of Yield Income Enhanced
Listed Deferred Securities 3 (YIELDS3)

6 May 2005

citigroup

Important Information

Product Disclosure Statement: This Product Disclosure Statement ("PDS") is dated 6 May 2005 and has been prepared by the Issuer. This PDS has not been lodged with the Australian Securities & 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: Yield Income Enhanced Listed Deferred Securities 3 ("YIELDS3") are issued by Citigroup Global Markets Australia Pty Limited (ABN 64 003 114 832, AFSL 240992) ("Citigroup", "Issuer", "we" or "us"), a Participant of the ASX Group and the Sydney Futures Exchange Ltd. YIELDS3 are 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 9 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 YIELDS3. Capitalised words that are used in this PDS have the meaning given to those words in the Terms of Issue under the heading "Definitions and Interpretation" and in the Schedules which can be found in section 9 of this PDS, unless the context requires otherwise.

Disclaimer: YIELDS3 and any securities recommended, offered, or sold by the Issuer: (i) are not insured by the Federal Deposit Insurance Corporation; (ii) are not deposits or other obligations or liabilities of any insured depository or authorised deposit-taking institution (including Citibank Pty Limited and Citibank, N.A.); and (iii) are subject to investment risks, including the possible loss of capital invested in the event of an Early Maturity. YIELDS3 do not represent a deposit or other liability of Citibank Pty Limited or Citibank, N.A. and these entities do not stand in any way behind the capital value and/or performance of YIELDS3. The Issuer is not subject to regulatory supervision by APRA.

Variation of offer times: The Issuer reserves the right to vary the dates and times of the offer. This means that the Issuer has a discretion to extend or reduce the length of the offer period by changing any of the relevant dates in the Issuer's absolute discretion. The Issuer may exercise its rights where, for example, the demand for YIELDS3 has been very high and a significant number of Investors have requested that the period be extended. However, in exercising its discretion the Issuer would act reasonably and would not leave the offer period open for too long and would have regard to standard market practice. The Issuer may also vary the Maturity Date if an Early Maturity Event occurs. The term "Early Maturity Event" is defined in clause 4.1 of section 9 of this PDS. The risks associated with an Early Maturity Event are more fully discussed in section 5 of this PDS under the heading "Risk Factors".

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 YIELDS3, 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 YIELDS3, the Delivery Assets or any other financial product and should seek independent financial, legal and taxation advice before making a decision to invest.

No person is authorised by the Issuer to give any information or to make any representation not contained in this PDS. Any information or representation not contained in this PDS must not be relied upon as having been authorised by or on behalf of the Issuer. Nothing in this PDS is, or may be relied upon as, a representation as to the future performance of YIELDS3 or the Delivery Assets.

Jurisdiction and selling restrictions: This PDS is not an offer or invitation in relation to YIELDS3 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. YIELDS3 are not available to US persons. Failure to comply with relevant restrictions may violate those laws.

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

Electronic copies: This PDS is available from Citigroup on the internet at http://www.citiwarrants.com.au/. Any person receiving this PDS electronically should note that applications can only be accepted if Citigroup receives a completed, current Application Form which accompanied the electronic or paper copy of this PDS. Paper copies of this PDS (with attached Application Form) will be sent by Citigroup to any person who requests free of charge.

To obtain a paper copy free of charge, please call Citigroup on 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 Units in YIELDS3.

Warrants: YIELDS3 are warrants in accordance with Section 10 of the ASX Market Rules, and a security under section 761A of the Corporations Act.

Social or ethical considerations: YIELDS3 do not take into account labour standards or environmental, social or ethical considerations.

Contents

Key Dates

Event	Date
Offer Opens	23 May 2005
Offer Closes	26 July 2005 at 5:00 pm
Issue Date	2 August 2005
Maturity Date	2 August 2011
Expected Listing Date	9 August 2005

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

If you have any questions concerning the information contained in this PDS please contact Citigroup on 1300 30 70 70 or email equityfirst.au@citigroup.com

Section 1 - Investment Overview

This PDS is an invitation to apply for a six year financial product issued by Citigroup that offers investors the potential for quarterly income payments, medium term capital growth and the safety of a 100% capital guarantee from the world's largest financial group.[1]

Term Sheet

Series	YIELDS3 - Yield Income Enhanced Listed Deferred Securities 3 (Units are not units in a managed investment scheme)
Issuer	Citigroup Global Markets Australia Pty Limited ("Citigroup" or "Issuer")
Guarantor	Citigroup Inc. (Moody's Aa1 and S&P AA-)
Issue Price	A$10.00 per Unit
Minimum Investment Amount	A$5,000 and in multiples of A$1,000 above that amount
Issue Date	2 August 2005
Maturity Date	2 August 2011
Term of Investment	6 Years
Denomination	Australian Dollars
Investment Strategy	The Asian Income Plus Trading Strategy III (the "Strategy") is a proprietary trading model that seeks to generate income and capital growth by providing exposure to 30 ordinary shares that comprise the Reference Index
Target Coupon	Target Coupon of 12% per annum based on the initial allocation to the Strategy and payable quarterly in arrears[2]
Initial Allocation within the Dynamic Portfolio	Expected to be 100% allocated (net of the upfront fee) to the Strategy on the Issue Date
Reference Index	MSCI AC Asia Index
Dynamic Portfolio	YIELDS3 are linked to the performance of the Dynamic Portfolio which is designed to replicate an investment strategy that allocates investment exposure between the Strategy and a notional Bond Portfolio
Dynamic Portfolio Value	The value calculated by reference to the Dynamic Portfolio as at the Maturity Date
Capital Protection Value	Investors are guaranteed by the Issuer that the value of each YIELDS3 Unit will be at least equal to the Issue Price on the Maturity Date[1]
Final Value per Unit	The Final Value on the Maturity Date will be the greater of the: (a) Capital Protection Value; or (b) Dynamic Portfolio Value
Delivery Asset	One or more of the shares that comprise the Reference Index
Commissions and Fees	**Upfront Fee** - an upfront fee of 3.3% (inclusive of GST) of the Investment Amount will be charged on applications made pursuant to this PDS. **Trailing Fee** - a trailing fee of 0.85% per annum (inclusive of GST) based on the Issue Price and accrued daily in respect of each YIELDS3 Unit, conditional on the allocation to the Strategy remaining positive. Citigroup may pay all or part of these fees as a commission to the distributor or your financial adviser.
Listing	The Issuer has applied for the official quotation of YIELDS3 to enable trading on the ASX

This is a summary only of the key terms of YIELDS3. The actual Terms are contained in section 9 of this PDS. Investors should read and understand those Terms before making a decision to invest.

1 The capital guarantee only applies to YIELDS3 held until the Maturity Date and provided that no Early Maturity Events occur. The capital guarantee is also subject to the credit worthiness of the Guarantor (refer to "Risk factors" contained in section 5 of this PDS).

2 Target Coupon is indicative only and is not guaranteed, the actual Coupon will vary and can be equal to 0%. The target Coupon of 12% is based on the indicative allocation of 100% (net of the upfront fee) to the Strategy, which aims to generate a target level of 12% income per annum (net of the Strategy Adjustment Factor) over time. The target level of 12% income per annum is a target income figure and not a target total return figure, the level of income generated at the Strategy level each year is not guaranteed and the actual level could be lower than the target if dividends and/or bids for short-term options fall.

Asian Income Plus

Yield Income Enhanced Listed Deferred Securities 3 ("YIELDS3")

YIELDS3 is a six year AUD denominated financial product issued by Citigroup that offers the potential for quarterly income and the opportunity for capital growth, along with the safety of 100% capital protection when held to maturity. YIELDS3 are linked to the performance of a dynamic portfolio (the "Dynamic Portfolio" - please refer to Schedule 1 of the Terms of Issue), which provides notional exposure to a combination of the Asian Income Plus Trading Strategy III (the "Strategy") and a Bond Portfolio (a synthetic bond portfolio used to protect the net asset value ("NAV") of the Dynamic Portfolio). Based on a proprietary trading model (please refer to Schedule 2 of the Terms of Issue), the Strategy seeks to offer a targeted level of income and the potential for capital appreciation through exposure to a basket of 30 of Asia's largest companies, the composition of which will change over time.[3] For more information on the Strategy, please refer to "What is the Asian Income Plus Trading Strategy III" contained in section 2 of this PDS.

YIELDS3 are expected to pay a variable Coupon based on the performance of, and the allocation to, the Strategy within the Dynamic Portfolio. The target amount of this variable Coupon is 12% per annum.[4] Income is generated within the Strategy from dividends received on Selected Stocks and premium earned on options written, not from the allocation within the Dynamic Portfolio to the Bond Portfolio. This income is expected to be paid through to investors as a variable coupon on a quarterly basis, in proportion to the allocation within the Dynamic Portfolio to the Strategy. A reinvestment feature is built into the Dynamic Portfolio that seeks to maintain an allocation to the Strategy. In a given quarter this feature operates by reinvesting income in the Strategy instead of distributing the income, if this is necessary in order to maintain an allocation.

The allocation to the Strategy within the Dynamic Portfolio is expected to be 100% on the Issue Date but will vary throughout the life of the investment, and may be as high as 150% or as low as 0%[5]. The Dynamic Portfolio contains a dynamic allocation mechanism, which increases exposure to the Strategy as it rises in value and reduces exposure as it falls. At maturity investors will receive the greater of the Dynamic Portfolio Value or 100% of their initial Investment Amount.

3 The Asian Income Plus Trading Strategy III is a set of pre-determined trading rules designed to simulate an actual investment in the 30 Selected Stocks and a systematic, quarterly call-overwriting program over those stocks. The Strategy performance will be calculated as if the stock dealing and call overwriting prescribed by the Strategy had been executed. However, the Strategy Sponsor may not execute actual stock trades or write actual covered call options in order to hedge any instruments linked to the Strategy. References in this document to dealing in stocks or options should therefore be construed accordingly.

4 Target Coupon is indicative only and is not guaranteed, the actual Coupon will vary and can be equal to 0%. The target Coupon of 12% is based on the indicative allocation of 100% (net of the upfront fee) to the Strategy, which aims to generate a target level of 12% income per annum (net of the Strategy Adjustment Factor) over time. The target level of 12% income per annum is a target income figure and not a target total return figure, the level of income generated at the Strategy level each year is not guaranteed and the actual level could be lower than the target if dividends and/or bids for short-term options fall.

5 The initial allocation is expected to be 100% (net of the upfront fee) and will be determined on the Issue Date. Please refer to "What factors affect the allocations within the Dynamic Portfolio?" which sets out why the initial allocation may be greater or less than 100% on the Issue Date.

Investment Objectives

YIELDS3 are likely to be suitable for income-seeking Investors who have a view that Asian equity markets will show moderate growth or will remain flat over the next 6 years. In addition, YIELDS3 seek to expose the Investor to less risk than a direct investment in Asian equity markets by offering the safety of a 100% capital guarantee on the Maturity Date.[6] YIELDS3 may be a suitable investment for:

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

Investment Profile

Time Horizon - Years	1 or Less	2	3	4	5+
Risk	Very Low	Low	Moderate	High	Very High
Investment Objective	Full Protection	Partial Protection	No Protection	Income	Growth

[6] The capital guarantee only applies to YIELDS3 held until the Maturity Date and provided that no Early Maturity Events occur. The capital guarantee is also subject to the credit worthiness of the Guarantor (refer to "Risk factors" contained in section 5 of this PDS).

Section 2 - Details of the Investment

What are YIELDS3?

YIELDS3 are a six-year financial product issued by Citigroup that offer investors exposure to the Asian Income Plus Trading Strategy III with the safety of 100% capital protection on the Maturity Date. YIELDS3 are classified as “securities” under the Corporations Act because they give Investors an equitable interest (a “Beneficial Interest”) in a Portion of the Delivery Assets for the duration of the investment.

How are YIELDS3 structured?

YIELDS3 are structured as a deferred purchase agreement. Under a deferred purchase, an investor agrees to either:

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

In consideration for agreeing to the deferred delivery of the Delivery Assets or receiving the Sale Proceeds under the Agency Sale Agreement, the investor may receive quarterly Coupons.

Under the ASX Market Rules, YIELDS3 are eligible to be listed as a warrant even though they do not exhibit the general characteristics of an option. An application has been made for YIELDS3 to be listed as a warrant pursuant to the ASX Market Rules. The expected ASX listing code is YLDSO3 and quotation is expected to commence on 9 August 2005.

Who is providing the Capital Guarantee?

The obligations of the Issuer are guaranteed by Citigroup Inc. (the “Guarantor”). This is a guarantee to pay all monies that become payable to an Investor in connection with YIELDS3. As at the date of this PDS, Citigroup Inc. is rated Aa1 by Moody's and AA- by Standard & Poors and is a global full-service financial services firm.

The value of the Delivery Parcel received by Investors on the Maturity Date will be the greater of the Issue Price of YIELDS3 or the Dynamic Portfolio Value, provided no Early Maturity Events occur. Prior to the Maturity Date, the value of YIELDS3 could be substantially more or less than the capital protected amount. More information about the Guarantor and Capital Guarantee can be found in sections 7 and 8 of this PDS.

What are the Delivery Assets?

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

The Issuer will only deliver a whole number of Delivery Assets. If any fractional stock would be transferable by the Issuer to the Investor, the Issuer will pay an amount equal to the value of the fraction of the stock foregone, based on the Closing Price, provided that the amount exceeds A$20. If the amount does not exceed A$20, the Issuer is under no obligation to the Investor to make any payment for the fraction.

The Issuer will only deliver the Delivery Assets to the Investor if the Investor notifies the Issuer of the details of its Settlement Account before the Maturity Date. If the Investor does not notify the Issuer before the Maturity Date, the Issuer will substitute the Delivery Assets in its sole and absolute discretion with shares listed on the ASX, which are shares in companies in the S&P/ASX200 index.

Will YIELDS3 generate income payments?

YIELDS3 intend to pay a Coupon to Investors quarterly in arrears. The Coupon is a variable payment based largely on the performance of the Strategy. The target amount of the Coupon is initially expected to be approximately 12% per annum[7] based on 100% initial exposure to the Strategy but will vary and may be zero. The factors that will cause the Coupon to vary from time to time include:

- the Coupon will increase as the stocks that comprise the Strategy generate higher dividends and vice versa;
- a higher allocation to Strategy will result in a higher Coupon and vice versa. If the allocation to the Strategy falls to zero, no further Coupons will be paid on YIELDS3;
- the Dynamic Portfolio has a re-investment feature which provides that, in a given Distribution Period, the income generated by the Strategy may be re-invested to maintain an allocation to the Strategy. If the income is re-invested in any given Distribution Period then no Coupon will be paid; and
- the share price volatility of the Selected Stocks comprising the Strategy will impact the amount of premium that can be generated when writing call options. The lower the price volatility, the lower the value of the premium that will be received at a particular strike price. In times of low levels of volatility, the ability of the Strategy to generate the target annual income of 12% will be adversely impacted.

What is the Dynamic Portfolio?

The Dynamic Portfolio is designed to replicate an investment strategy that actively allocates investment exposure between two assets, namely the Asian Income Plus Trading Strategy III and the Bond Portfolio. The objective of the Dynamic Portfolio is to provide Investors with notional exposure to the Strategy whilst protecting capital at Maturity.[8]

The general principle of the Dynamic Portfolio is that at any point in time during the Investment Period it is possible to calculate the value of the Bond Portfolio that would be required to grow to an amount equal to 100% of the Issue Price on the Maturity Date, the amount of bonds required to generate the Issue Price is known as the “Protection Floor”. During the Investment Period, the allocations within the Dynamic Portfolio will change based on set rules. These rules are designed to protect an Investor's initial capital, whilst still providing exposure to the Strategy.

On the Issue Date, it is expected that the Dynamic Portfolio will be at least 100% allocated[9] to the Strategy and 0% allocated to the Bond Portfolio. In order to calculate the ongoing allocations within the Dynamic Portfolio, the Portfolio Calculation Agent compares the net asset value ("NAV") of the Dynamic Portfolio with the Protection Floor. The allocation to the Strategy is then set equal to approximately 5 times the difference between the NAV of the Dynamic Portfolio and the Protection Floor.

7 Target Coupon is indicative only and is not guaranteed, the actual Coupon will vary and can be equal to 0%. The target Coupon of 12% is based on the indicative allocation of 100% (net of the upfront fee) to the Strategy, which aims to generate a target level of 12% income per annum (net of the Strategy Adjustment Factor) over time. The target level of 12% income per annum is a target income figure and not a target total return figure, the level of income generated at the Strategy level each year is not guaranteed and the actual level could be lower than the target if dividends and/or bids for short-term options fall.

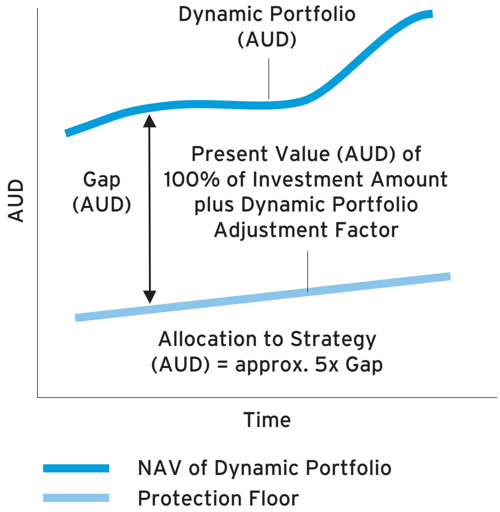
8 The capital guarantee only applies to YIELDS3 held until the Maturity Date and provided that no Early Maturity Events occur. The capital guarantee is also subject to the credit worthiness of the Guarantor (refer to “Risk factors” contained in section 5 of this PDS).

9 The initial allocation is expected to be 100% (net of the upfront fee) and will be determined in the Issue Date. Please refer to "What factors affect the allocations within the Dynamic Portfolio?" which sets out why the initial allocation may be greater or less than 100% on the Issue Date.

Example:

This example is hypothetical only. It is included for the purpose of explaining the Dynamic Portfolio and does not represent actual trading scenarios.

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



How does the Dynamic Portfolio work?

If on any given day the NAV of the Dynamic Portfolio minus the Protection Floor expressed as a percentage of the value allocated to the Strategy (the "Gap Risk Percentage") is less than 15% or greater than 25% the allocations within the Dynamic Portfolio will change. If the Gap Risk Percentage is greater than 25%, the allocation to the Strategy will be increased and the allocation to the Bond Portfolio will be decreased to reset the Gap Risk Percentage to approximately 20%. Alternatively, if the Gap Risk Percentage is less than 15%, the allocation to the Strategy will be decreased and the allocation to the Bond Portfolio increased to reset the Gap Risk Percentage to approximately 20%. In order to effect these re-allocations, the Portfolio Calculation Agent will notionally purchase or sell the shares and/or bonds that comprise the Strategy and/or the Bond Portfolio. This allocation process ensures that if the NAV of the Dynamic Portfolio is performing well relative to the Protection Floor (i.e. the gap widens), then the allocation to the Strategy will be increased and the allocation to the Bond Portfolio decreased. Alternatively, if the NAV of the Dynamic Portfolio is not performing well relative to the Protection Floor (i.e. the gap narrows) then the allocation to the Bond Portfolio will be increased and the allocation to the Strategy decreased. In extreme falling equity markets the allocation to the Bond Portfolio may be 100%. If this occurs, the Dynamic Portfolio would remain 100% allocated to the Bond Portfolio until the Maturity Date and, provided no Early Maturity Events occur, Investors will only receive their Investment Amount back.

The allocation process also allows for the exposure to the Strategy within the Dynamic Portfolio to exceed 100% of the NAV of the Dynamic Portfolio. This is achieved by the utilisation of a Leverage Facility that is provided by the Portfolio Calculation Agent. The maximum allocation allowed to the Strategy under the Leverage Facility is 150% of the NAV of the Dynamic Portfolio.

The initial value of the Dynamic Portfolio is expected to be A$9.67 and the ongoing value of the Dynamic Portfolio on any day will be determined as follows:

A$ value of the amount allocated to the Strategy + A$ value of the amount allocated to the Bond Portfolio - A$ amount of the Leverage Facility - A pro rata allocation of the Daily Discount Amount[10]

What factors affect the allocations within the Dynamic Portfolio?

In broad terms, if the Strategy is performing well, the allocation to the Strategy within the Dynamic Portfolio can increase up to a maximum of 150% of the NAV of the Dynamic Portfolio. Alternatively, if the Strategy is performing poorly, the allocation to the Strategy is reduced in order to protect the Investor's Investment Amount from any future falls in the value of the Strategy, subject to a minimum allocation of zero.

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

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

10 An amount equal to the product of (a) the quotient of (i) the sum of the Trailing Fee Adjustment Factor (if any) and the Dynamic Portfolio Adjustment Factor as numerator and (ii) 365 as denominator, and (b) the number of days in the relevant Accrual Period, as determined by the Strategy Sponsor.

What is the Asian Income Plus Trading Strategy III?

The Strategy is a proprietary trading model developed by Citigroup Global Markets that seeks to generate income and capital growth through notional exposure to 30 of Asia's largest companies by market capitalisation.

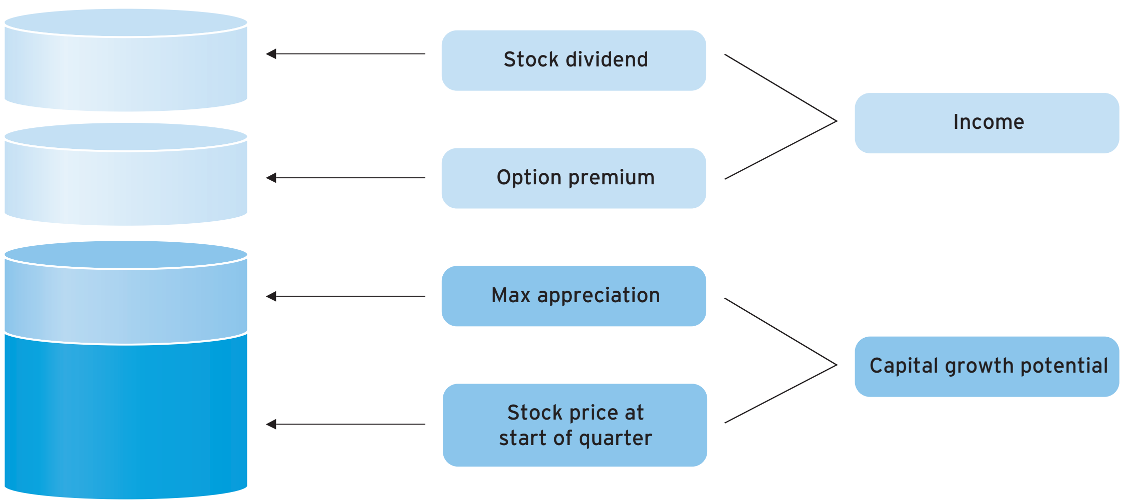
Objectives of the Strategy

The two core objectives of the Strategy are to generate a target annual income of 12% per annum[11] (net of the Strategy Adjustment Factor) and to capture a proportion of equity capital growth. The Strategy uses a dual approach in order to meet these objectives:

1. Investing in 30 large and high yielding stocks; and
2. Generating additional income by writing covered call options over these stocks.

The Strategy is a non-discretionary, rules-based trading model that has been developed using analysis carried out by the Asia Pacific Equity Derivatives group at Citigroup Global Markets. The Strategy is designed to give the same return as a “buy-write” strategy over Selected Stocks within the Reference Index. A “buy-write” strategy is a yield enhancement technique whereby stocks are purchased and “covered call” options are written over each of these stocks on a quarterly basis. Under a “buy-write” strategy an investor would be entitled to receive an income amount equal to the dividends that would be paid on the selected stocks and the premium amounts that would be generated by writing call options. As the Strategy is designed to track the performance of a “buy-write” strategy over Selected Stocks within the Reference Index, the dividend and option premium amounts determine the Income Amount generated by the Strategy.[12]

Composition of returns



[11] This figure relates to the Strategy and not to the returns achievable by any product linked to the Strategy. The target level of 12% income per annum (net of the Strategy Adjustment Factor) is a target income figure and not a target total return figure, the actual level of income generated at the Strategy level each year is not guaranteed and could be lower than the target if dividends paid and/or bids for short-term options fall.

[12] The Strategy is a set of pre-determined trading rules designed to simulate an actual investment in the 30 Selected Stocks and a systematic, quarterly call-overwriting program over those stocks. The Strategy performance will be calculated as if the stock dealing and call overwriting prescribed by the Strategy had been executed. However, the Strategy Sponsor may not execute actual stock trades or write actual covered call options in order to hedge any instruments linked to the Strategy. References in this document to dealing in stocks or options should therefore be construed accordingly.

How is the Strategy likely to perform?

The following table serves as a guide as to how the Strategy is expected to perform in various general market conditions. Actual performance will depend on a variety of factors including actual underlying stock performance and yield, implied and realised volatilities of underlying stocks and interest rates. In particular, if there is a high degree of variation in the performance of individual stocks included within the Strategy, the Strategy may not perform as well as indicated by the general market trend.

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

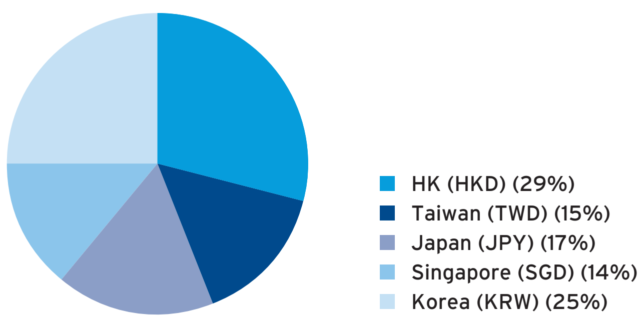
Stock Selection

Each year on the Annual Rebalancing Date, the Strategy selects a portfolio of 30 of the largest stocks (by free-float adjusted market capitalisation) from the MSCI AC Asia Index (the “Reference Index”) that are listed on the exchanges of Hong Kong, Japan, Korea, Singapore and Taiwan. The MSCI AC Asia Index is well diversified across countries and industry sectors and contains extremely liquid and actively traded Asian names. In addition, the Strategy is subject to a diversification rule that seeks to prevent the selected portfolio from including more than 8 stocks from any single country or industry sector (to the extent that there are enough qualifying stocks within the Reference Index to satisfy this rule). Thirty stocks have been chosen as an optimal number in order to reduce concentration risk and overall volatility without compromising income potential or incurring excessive trading costs.

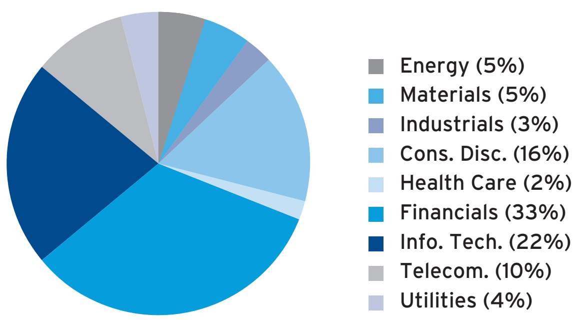
Breakdown of the Strategy

The following two charts show the stock composition within the Strategy, in terms of geographic/currency and sector weightings as of 28 February 2005.

Country/Currency Breakdown



Sector Breakdown



Stock weightings within the Strategy

The Strategy ranks the 30 stocks according to Estimated Total Yield. The estimated total yield for each Selected Stock is the sum of (i) historic dividend yield and (ii) projected option premium income based on current implied volatilities and a fixed strike price of 103.5% of the current stock price. Each Selected Stock is then assigned a weighting based on its position in the re-ranked list, ranging from 5% for the Selected Stock with the highest Estimated Total Yield to 2% for the Selected Stock with the lowest Estimated Total Yield. The stock portfolio is reconstituted and rebalanced annually so that at each rebalancing point the current largest stocks are included within the Strategy and are weighted to take advantage of the higher yields.

For example, the top two stocks from each country (in no particular order) that were selected within the Strategy as at 28 February 2005 included the following:

Company	Sector	Currency	Country
POSCO	Materials	KRW	Korea
Samsung Electronics Co. Ltd	Information Technology	KRW	Korea
Cheung Kong Holdings Ltd	Financials	HKD	HK/China
PetroChina Co. Ltd	Energy	HKD	HK/China
Mizuho Financial Group Inc.	Financials	JPY	Japan
NTT Docomo Inc.	Telecommunication Services	JPY	Japan
DBS Group Holdings Ltd	Financials	SGD	Singapore
Singapore Telecommunications	Telecommunication Services	SGD	Singapore
United Microelectronics Corp.	Information Technology	TWD	Taiwan
Hon Hai Precision Industry Co. Ltd	Information Technology	TWD	Taiwan

This does not mean that these stocks will remain part of the Strategy. However, the Issuer will release an announcement as soon as possible after the Issue Date and after each Annual Rebalancing Date disclosing the companies/stocks comprising the 2 largest holdings from each country within the Strategy. The stock portfolio will also adjust where necessary to take account of certain events relating to the Selected Stocks, such as but not limited to mergers, disposals and stock dividends, so as to preserve the composition of the Strategy.

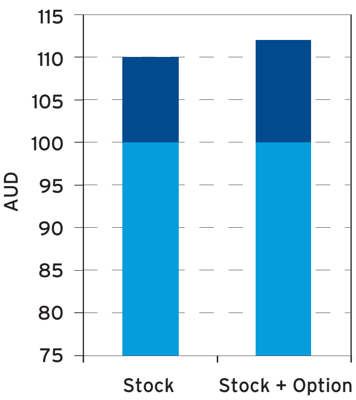
Call option over-writing

Further enhancement of income is achieved by writing "covered call" options on a quarterly basis over each of the stocks selected for inclusion in the Strategy. At the beginning of each quarter the trading model calculates the level of quarterly option premium required to meet the target annual premium, and bids for quarterly call options that pay the required level of premium are then requested from market participants. The permitted strike prices for the options range from a minimum of 100% to a maximum of 130% of the prevailing stock prices at the beginning of each quarter. By providing the flexibility to set the strike price above the prevailing stock price, the Strategy maintains the potential for limited capital appreciation. The Strategy Sponsor will also monitor the liquidity in the underlying options market and if need be, adjust the dates of the quarterly options cycle. Premium income generated on the call options is combined with the dividends earned on the stocks to produce an enhanced yield and at the same time help reduce the volatility of returns.

The call option over-writing is intended to help the Strategy outperform a direct investment in the underlying portfolio of stocks in all but strong bull market scenarios i.e. a market in which prices are rapidly rising. The examples below illustrate hypothetically the effect of a call option over-writing strategy as compared with a direct investment in a stock that has a current price of A$100. In each of the examples:

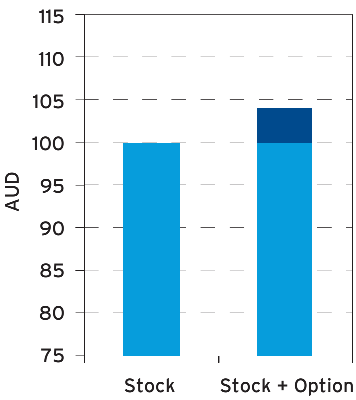
- the first column shows the expected return on a direct investment in the stock; and
- the second column shows the expected return on holding the stock and writing a "covered call" option with a strike price of A$108 in return for a premium of A$4.

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



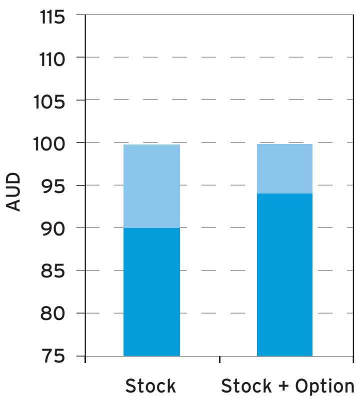
Stock price rises

The total return on the Stock + Option is at least as good as the return on holding the Stock except where the stock price rises by 12% or more over the 3 month period, in which case the Stock + Option will underperform relative to a holding in the Stock only.



Stock price remains flat

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



Stock price falls

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

How is the Target Annual Income of the Strategy achieved?

The target annual income of the Strategy is 12% per annum, net of the Strategy Adjustment Factor. The actual income generated at the Strategy level will be the aggregate of (i) the net dividends paid by the Selected Stocks and (ii) the total option premiums received by writing quarterly call options over each Selected Stock, after deducting an amount in respect of the Strategy Adjustment Factor. On 28 February 2005 (the "Start Date" of the Strategy), the one-year historic dividend yield for the Selected Stocks was approximately 2.57% (annualised weighted-average).

In respect of the distribution period commencing on the Start Date, based on the one-year historic dividend yield for the Selected Stocks of approximately 2.57% (annualised weighted-average), the actual option premium generated in respect of the Strategy for the first distribution period was approximately 2.87% with an average strike price of the call options of 103% for the first quarter.

Assuming all other factors remain constant, the sum of the one-year historic dividend yield (2.57%) and the annualised option premium (2.87% x 4 = 11.48%), less the Strategy Adjustment Factor (1.75%), implies a current estimated annualised income of 12.30%. The current buffer of 0.30% above the targeted annual income level provides margin against changes in the current level of implied stock volatilies and dividends of the Selected Stocks.

What are the Risks of investing in YIELDS3?

The following is a summary of some of the key risks of investing in YIELDS3:

- the value of the Strategy will be affected by interest rates, share price volatility and the performance of the Selected Stocks;
- changes in the AUD exchange rate may affect the value of YIELDS3 and the AUD value of any Coupon payments. This is because returns on the stocks that comprise the Strategy are denominated in a variety of currencies, the Strategy is denominated in USD, and YIELDS3 are denominated in AUD;
- the allocation to the Strategy falls to zero, and therefore, no further Coupon payments will be made;
- the creditworthiness of the Guarantor;
- the Issuer only guarantees to provide capital protection for YIELDS3 held for the full Term of Investment. In the event that the Issuer nominates an Early Maturity Event, YIELDS3 will be terminated early, Investors will no longer be exposed to the Strategy and will only be entitled to receive the Termination Amount, this amount may be less than an Investor's initial Investment Amount;
- Investors should be aware that there is no firm indication as to how YIELDS3 will trade in the secondary market, nor is there sufficient evidence as to whether the market will be liquid or illiquid;
- if you elect the Agency Sale Arrangement, the Closing Price may not be achievable and therefore you may receive less than the Final Value of the Delivery Parcel;
- Political and economic stability within the region.

Refer to the "Risk Factors" contained in section 5 of this PDS for a more detailed description of the risks relating to an investment in YIELDS3.

What are the taxation implications associated with an investment in YIELDS3?

The acquisition and dealing in YIELDS3, the receipt of Coupon payments, the delivery of the Delivery Assets and any subsequent dealing in the Delivery Assets may have income tax or capital gains tax implications for Holders, depending upon their own individual circumstances. Investors should obtain their own independent taxation advice prior to any decision to invest in YIELDS3. Refer to the "Tax Considerations" contained in section 6 of this PDS for more details.

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 Parcel; or

Option 2: Elect to take advantage of the Agency Sale Arrangement to sell the Delivery Assets and receive the Sale Proceeds.

If Investors do not choose either option, YIELDS3 will automatically default to Option 1. However, please note that Costs and Taxes, including brokerage, will be deducted from the Final Value before delivery of the Delivery Parcel. The option that is likely to be best for an Investor will depend on the Investor's own personal and financial circumstances. Therefore, we suggest you consult your financial adviser in this regard.

Option 1 - Taking physical delivery of the Delivery Parcel

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

If the Investor does not provide details of their Settlement Account or fails to return the Maturity Notice, then the Issuer will substitute the Delivery Assets for shares listed on the ASX, which are shares in companies in the S&P/ASX200 index, and physically deliver these shares to an Australian nominee to hold on behalf of the Investor.

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

Option 2 - The Agency Sale Arrangement

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

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

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

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

Physical delivery of the Delivery Parcel will automatically apply, and the Delivery Assets will be substituted for shares listed on the ASX, which are shares in companies in the S&P/ASX200 index, and delivered to an Australian nominee to hold on the Investor's behalf.

Can the Issuer terminate YIELDS3 early without Investor approval?

YIELDS3 may be terminated early if an Early Maturity Event occurs. Investors should also read clause 4 of the Terms to fully understand their rights and obligations if an Early Maturity Event occurs and what events constitute an Early Maturity Event. If an Early Maturity Event occurs, the capital protection feature of YIELDS3 will not apply. As a result, the Delivery Parcel or Sales Proceeds from the Agency Sale Arrangement will be determined by reference to the Termination Amount on the Early Maturity Date. The Issuer may also deduct Break Costs in relation to the Early Maturity.

Can the Issuer change the Terms of YIELDS3?

The Terms may be amended or varied if an Adjustment Event or Early Maturity Event occurs or in other limited situations such as compliance with the law, or correction of an error or inconsistency in the Terms. Investors will be notified of any such changes. Investors should refer to the “Risk Factors” contained in section 5 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.

What happens if there is a dispute concerning YIELDS3?

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 YIELDS3 directly to the Issuer in writing.
The Issuer will always acknowledge any complaint in writing and respond within 45 days. The Issuer will take all steps necessary to investigate any complaint and seek a resolution. If the outcome is unsatisfactory, Investors may refer their complaint to the Financial Industry Complaints Service Limited (“FICS”) at:

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

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

Section 3 - Information about the Reference Index

The MSCI AC Asia Index

The MSCI AC Asia Index (the “Reference Index”) is a free float-adjusted market capitalisation index that is designed to measure equity market performance of stocks within 12 countries in the Asian Region. The index is designed to reflect 85% of the investible universe from each of the 24 industry groups within each country, covering some of Asia's most traded names. The 12 countries which make up the MSCI AC Asia index include: China, Hong Kong, India, Indonesia, Japan, Korea, Malaysia, Pakistan, Philippines, Singapore, Taiwan, and Thailand.[13]

Methodology

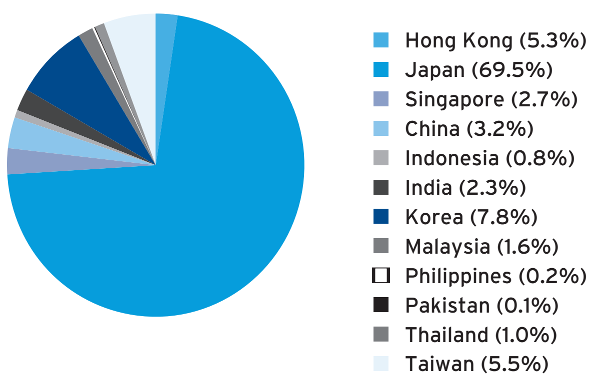
- MSCI ranks the universe of public companies based on their free float-adjusted market capitalisation. (Free float-adjusted reflects the amount of equity capital available to non-strategic foreign investors);
- MSCI selects stocks from this list by capturing 85% of the free float-adjusted market capitalisation of each GICS group (Global Industry Classification System);
- MSCI rebalances the indices at the beginning of each quarter to reflect changes in free float along with additions and deletions (corporate actions may result in an intra-quarterly adjustment).

Please refer to the MSCI website at www.msci.com for further details.

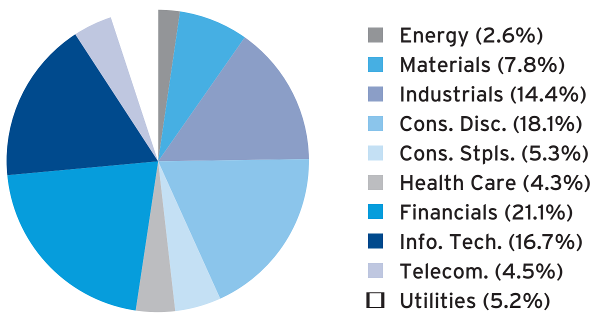
Sectors

There are 10 sectors within the countries that make up the MSCI AC Asia Index. These sectors include: Consumer Discretionary, Consumer Staple, Energy, Financials, Health Care, Industrials, Information Technology, Materials, Telecommunications, and Utilities. The stocks from each country reflect some or all of these sectors:

Country Breakdown



Sector Breakdown



[13] MSCI Methodology Book: MSCI Standard Index Series Methodology August 17, 2004.

Disclaimer

The MSCI indices are the exclusive property of Morgan Stanley Capital International Inc. ("MSCI"). MSCI and the MSCI index names are service mark(s) of MSCI or its affiliates and have been licensed for use for certain purposes by the Issuer. The financial products referred to herein are not sponsored, endorsed, or promoted by MSCI, and MSCI bears no liability with respect to any such financial products.

No purchaser, seller or holder of this financial product, or any other person or entity, should use or refer to any MSCI trade name, trademark or service mark to sponsor, endorse, market or promote this product without first contacting MSCI to determine whether MSCI's permission is required. Under no circumstances may any person or entity claim any affiliation with MSCI without the prior written permission of MSCI.

THIS FINANCIAL PRODUCT IS NOT SPONSORED, ENDORSED, SOLD OR PROMOTED BY MORGAN STANLEY CAPITAL INTERNATIONAL INC. ("MSCI"), ANY AFFILIATE OF MSCI OR ANY OTHER PARTY INVOLVED IN, OR RELATED TO, MAKING OR COMPILING ANY MSCI INDEX. THE MSCI INDEXES ARE THE EXCLUSIVE PROPERTY OF MSCI. MSCI AND THE MSCI INDEX NAMES ARE SERVICE MARK(S) OF MSCI OR ITS AFFILIATES AND HAVE BEEN LICENSED FOR USE FOR CERTAIN PURPOSES BY THE ISSUER. NEITHER MSCI, ANY OF ITS AFFILIATES NOR ANY OTHER PARTY INVOLVED IN, OR RELATED TO, MAKING OR COMPILING ANY MSCI INDEX MAKES ANY REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, TO THE OWNERS OF THIS FINANCIAL PRODUCT OR ANY MEMBER OF THE PUBLIC REGARDING THE ADVISABILITY OF INVESTING IN FINANCIAL PRODUCTS GENERALLY OR IN THIS FINANCIAL PRODUCT PARTICULARLY OR THE ABILITY OF ANY MSCI INDEX TO TRACK CORRESPONDING STOCK MARKET PERFORMANCE. MSCI OR ITS AFFILIATES ARE THE LICENSORS OF CERTAIN TRADEMARKS, SERVICE MARKS AND TRADE NAMES AND OF THE MSCI INDEXES WHICH ARE DETERMINED, COMPOSED AND CALCULATED BY MSCI WITHOUT REGARD TO THIS FINANCIAL PRODUCT OR THE ISSUER OR OWNER OF THIS FINANCIAL PRODUCT. NEITHER MSCI, ANY OF ITS AFFILIATES NOR ANY OTHER PARTY INVOLVED IN, OR RELATED TO, MAKING OR COMPILING ANY MSCI INDEX HAS ANY OBLIGATION TO TAKE THE NEEDS OF THE ISSUERS OR OWNERS OF THIS FINANCIAL PRODUCT INTO CONSIDERATION IN DETERMINING, COMPOSING OR CALCULATING THE MSCI INDEXES. NEITHER MSCI, ITS AFFILIATES NOR ANY OTHER PARTY INVOLVED IN, OR RELATED TO, MAKING OR COMPILING ANY MSCI INDEX IS RESPONSIBLE FOR OR HAS PARTICIPATED IN THE DETERMINATION OF THE TIMING OF, PRICES AT, OR QUANTITIES OF THIS FINANCIAL PRODUCT TO BE ISSUED OR IN THE DETERMINATION OR CALCULATION OF THE EQUATION BY WHICH THIS FINANCIAL PRODUCT IS VALUED. NEITHER MSCI, ANY OF ITS AFFILIATES NOR ANY OTHER PARTY INVOLVED IN, OR RELATED TO, THE MAKING OR COMPILING ANY MSCI INDEX HAS ANY OBLIGATION OR LIABILITY TO THE OWNERS OF THIS FINANCIAL PRODUCT IN CONNECTION WITH THE ADMINISTRATION, MARKETING OR OFFERING OF THIS FINANCIAL PRODUCT.

ALTHOUGH MSCI SHALL OBTAIN INFORMATION FOR INCLUSION IN OR FOR USE IN THE CALCULATION OF THE MSCI INDEXES FROM SOURCES WHICH MSCI CONSIDERS RELIABLE, NEITHER MSCI, ANY OF ITS AFFILIATES NOR ANY OTHER PARTY INVOLVED IN, OR RELATED TO MAKING OR COMPILING ANY MSCI INDEX WARRANTS OR GUARANTEES THE ORIGINALITY, ACCURACY AND/OR THE COMPLETENESS OF ANY MSCI INDEX OR ANY DATA INCLUDED THEREIN. NEITHER MSCI, ANY OF ITS AFFILIATES NOR ANY OTHER PARTY INVOLVED IN, OR RELATED TO, MAKING OR COMPILING ANY MSCI INDEX MAKES ANY WARRANTY, EXPRESS OR IMPLIED, AS TO RESULTS TO BE OBTAINED BY LICENSEE, LICENSEE'S CUSTOMERS OR COUNTERPARTIES, ISSUERS OF THE FINANCIAL PRODUCTS, OWNERS OF

THE FINANCIAL PRODUCTS, OR ANY OTHER PERSON OR ENTITY, FROM THE USE OF ANY MSCI INDEX OR ANY DATA INCLUDED THEREIN IN CONNECTION WITH THE RIGHTS LICENSED HEREUNDER OR FOR ANY OTHER USE. NEITHER MSCI, ANY OF ITS AFFILIATES NOR ANY OTHER PARTY INVOLVED IN, OR RELATED TO, MAKING OR COMPILING ANY MSCI INDEX SHALL HAVE ANY LIABILITY FOR ANY ERRORS, OMISSIONS OR INTERRUPTIONS OF OR IN CONNECTION WITH ANY MSCI INDEX OR ANY DATA INCLUDED THEREIN. FURTHER, NEITHER MSCI, ANY OF ITS AFFILIATES NOR ANY OTHER PARTY INVOLVED IN, OR RELATED TO, MAKING OR COMPILING ANY MSCI INDEX MAKES ANY EXPRESS OR IMPLIED WARRANTIES OF ANY KIND, AND MSCI, ANY OF ITS AFFILIATES AND ANY OTHER PARTY INVOLVED IN, OR RELATED TO MAKING OR COMPILING ANY MSCI INDEX HEREBY EXPRESSLY DISCLAIM ALL WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, WITH RESPECT TO ANY MSCI INDEX AND ANY DATA INCLUDED THEREIN. WITHOUT LIMITING ANY OF THE FOREGOING, IN NO EVENT SHALL MSCI, ANY OF ITS AFFILIATES OR ANY OTHER PARTY INVOLVED IN, OR RELATED TO, MAKING OR COMPILING ANY MSCI INDEX HAVE ANY LIABILITY FOR ANY DIRECT, INDIRECT, SPECIAL, PUNITIVE, CONSEQUENTIAL OR ANY OTHER DAMAGES (INCLUDING LOST PROFITS) EVEN IF NOTIFIED OF THE POSSIBILITY OF SUCH DAMAGES.

Section 4 - Costs and Fees

Will there be any fees and costs associated with YIELDS3?

The table below shows the fees and costs associated with YIELDS3, however, these are paid out of the Investment Amount and are not in addition to the Investment Amount. Investors should read all of the information about fees and costs, as it is important to understand their impact on an investment in YIELDS3. Where applicable, these fees and costs are GST inclusive.

Fees & costs	Amount	How & when paid	Is the fee/cost payable if the allocation to the Strategy falls to zero?	Charged by	Ultimately payable to
Upfront fee: This is the upfront amount payable in connection with the distribution of YIELDS3	3.3%*	This upfront fee is based on the Issue Price in respect of each YIELDS3 Unit subscribed for. The fee is deducted from an Investor's initial Investment amount	Yes	Issuer	Distributors
Trailing fee: This is the ongoing amount payable in connection with the distribution of YIELDS3	0.85% per annum*	This fee is based on the Issue Price in respect of each YIELDS3 Unit on issue. The fee will accrue daily and is deducted from the value of the Dynamic Portfolio	No	Issuer	Distributors
Termination fee: This is the fee charged when an Investor terminates their investment in YIELDS3 early	Nil (Subject to clause 4 of the Terms)	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Dynamic Portfolio Adjustment Factor: This is an element of the formula used to determine the value of YIELDS3. It is not a fee charged by the Issuer but is an embedded cost of the Dynamic Portfolio	0.75% per annum**	This is based on the Issue Price in respect of each YIELDS3 Unit on issue and accrues daily and is deducted from the value of the Dynamic Portfolio	Yes	This is not separately charged, rather it is an element of the formula used to determine the value of YIELDS3	This is not separately charged, rather it is an element of the formula used to determine the value of YIELDS3
Strategy Adjustment Factor: This is an element of the formula used to determine the value of YIELDS3. It is not a fee charged by the Issuer but is an embedded cost of the Strategy	1.75% per annum**	This is based on the amount allocated to the Strategy and is calculated by the Strategy Sponsor at the beginning of each quarter	No	This is not separately charged, rather it is an element of the formula used to determine the value of the Strategy	This is not separately charged, rather it is an element of the formula used to determine the value of the Strategy

Fees & costs	Amount	How & when paid	Is the fee/cost payable if the allocation to the Strategy falls to zero?	Charged by	Ultimately payable to
Leverage Facility fee: This is an element of the formula used to determine the value of YIELDS3. It is not a fee charged by the Issuer but is an embedded cost of the Dynamic Portfolio where the Leverage Facility is utilised	RBA plus 1.25% per annum **	This is based on the Initial Leverage Facility Amount and is calculated by the Portfolio Calculation Agent at the beginning of each quarter and accrued daily	No	This is not separately charged, rather it is an element of the formula used to determine the value of YIELDS3	This is not separately charged, rather it is an element of the formula used to determine the value of YIELDS3

* This fee is inclusive of GST

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

Section 5 - Risk Factors

General Market Risk

Movement in local and international stock markets, prevailing and anticipated economic conditions and interest rates, investor sentiment and general economic conditions could all affect the performance of the Strategy and therefore the market price of YIELDS3 (in the same way that they affect other investments).

The Coupons payable on YIELDS3 are variable based on the income generated at the Strategy level and will be impacted by factors such as dividend seasonality, short term option volatility and changes in the allocation to the Strategy prior to the Distribution Ex-Date. Over time the actual Coupon levels will vary, the target Coupon per annum is not guaranteed and quarterly Coupons determined could be zero.

Prospective Investors should ensure they understand the investment and carefully study the risk factors set out in this PDS before they invest in YIELDS3.

Early Sale Risk

Prior to the Maturity Date, the value of YIELDS3 will be affected by various market factors, such as interest rates, exchange rates, share price volatility and performance of the Strategy, the creditworthiness of the Guarantor and the time remaining to the Maturity Date. For example, a fall in the value of the Strategy during the Investment Period may result in a reduced value of YIELDS3 and vice versa. As a result, there can be no assurance that an investor who chooses to sell prior to the Maturity Date will receive a price equal to or in excess of 100% of the Issue Price of YIELDS3. No capital protection is provided to Investors who sell their YIELDS3 Units prior to the Maturity Date.

Early Maturity Risk

In certain circumstances YIELDS3 may be terminated early where an Early Maturity Event occurs. Investors will always be given 30 days notice of any proposed Early Maturity unless it is otherwise impracticable to do so. The Issuer only guarantees to provide capital protection for investments held for the full term of YIELDS3. Prior to the Maturity Date Investors will receive the Termination Amount. This amount may be less than an Investor's initial Investment Amount. In determining the Termination Amount the Issuer may deduct Break Costs or Taxes associated with an Early Maturity Event.

Factors affecting the Strategy

The value of YIELDS3 will be affected by the performance of the Strategy over the life of the investment, therefore an Investor in YIELDS3 should be familiar with stocks and options and with investments in the equity securities markets generally. The stocks included in the Strategy are some of Asia's largest companies by market capitalisation. Investors should understand that global and/or Asian economic, financial and political developments might have a material effect on the share price of the underlying stocks and therefore the performance of the Strategy. In addition, if the allocation to the Strategy falls to zero, no further Coupon payments will be made for the remainder of the term and no further exposure to the Strategy will be allowed. Investors will have to wait until the Maturity Date to realise their initial Investment Amount.

Dynamic Portfolio Risk

Exposure to the Dynamic Portfolio carries with it a degree of risk including, but not limited to, the risks referred to below. There can be no assurance that the Dynamic Portfolio will achieve its investment objectives. The value of the Dynamic Portfolio may go down as well as up. Prospective investors may receive an amount less than their initial Investment Amount if (i) Investors sell YIELDS3 prior to the Maturity Date; or (ii) an Early Maturity Event occurs; or (iii) the Guarantor defaults in respect of its performance obligations to make payments pursuant to the Capital Guarantee.

Factors affecting the payment of Coupons

The target Coupon of 12% is based on the indicative allocation of 100% (net of the upfront fee) to the Asian Income Plus Trading Strategy III which aims to generate a target level of 12% income per annum (net of the Strategy Adjustment Factor) over time. The level of income generated at the Strategy level each year is not guaranteed and the actual level could be lower than the target if dividends and/or bids for short-term options fall. The ability of the YIELDS3 to meet the target Coupon will be dependent upon such factors as, but not limited to:

- the income generated by the Asian Income Plus Trading Strategy III;
- companies continuing to pay comparable levels of dividends;
- the level of stock implied volatilities remaining stable or rising; and
- allocation to the Strategy remaining at or above 100%.

Investors should note that the Coupon will vary depending on the allocation to the Strategy. Where the allocation to the Strategy is 0%, no Coupon is payable to Investors. In addition, any Coupon payable may, if the NAV of the Dynamic Portfolio is not performing well relative to the Protection Floor, at the discretion of the Portfolio Calculation Agent, be reinvested in the Strategy if necessary to maintain an allocation to the Strategy during any given quarter. If the income is reinvested, then no Coupon will be paid to Investors for that quarter.

Exchange Rate Risk

There is exchange rate exposure in the Strategy as the returns on the Strategy are denominated in USD and stocks held within the Strategy will generally be denominated in currencies other than USD. Notwithstanding the exchange rate risk within the Strategy itself, Investors may be exposed to additional exchange rate risk, since the AUD-denominated YIELDS3 are linked to the performance of the Strategy which is denominated in USD. All other factors being equal, a strengthening of the AUD relative to the USD will tend to lead to a decrease in the value of YIELDS3, and vice versa. In particular, this means that even if the USD-denominated Strategy performs well, a strengthening of the AUD relative to the USD could lead to a decrease in the value of the AUD-denominated YIELDS3. A comparable currency risk applies to the Coupons expected to be paid out quarterly under YIELDS3. There is a risk that, even if the USD-denominated Strategy generates a given percentage level of USD income, a strengthening of the AUD relative to the USD could lead to the AUD-denominated Coupon paid in respect of YIELDS3 being lower, as a percentage of the AUD-denominated value of YIELDS3.

Event Risk

There may be adjustments to the terms of YIELDS3 due to Adjustment Events such as (but not limited to) mergers and disposals, price source disruption, trading suspension, material change in formula and/or content or taxation laws as set out in the "Terms of Issue" of this PDS.

Emerging Market Risk

Investors should be aware that some of the stocks may be selected from countries that are emerging markets and have special risks associated with them, including significant macroeconomic, systemic and other risks not found in more developed markets. Emerging markets can be less thoroughly regulated and more volatile than developed markets. Prices and mark-to-markets of emerging market securities may be influenced by the political, financial and economic stability of the country and/or region in which the issuer of the relevant securities has its principal place of business. Emerging market securities can be relatively illiquid and trading volumes may be lower than for securities of more economically developed countries. This may result in wide bid/offer spreads in adverse market conditions. Published information in or in respect of emerging markets countries may not be transparent and it may be difficult to verify information and/or check its accuracy.

The economies of emerging markets may differ from the economies of most developed countries in many respects, including a higher level of government involvement and intervention in the economy, a volatile growth rate, increased governmental control of foreign exchange and allocation of resources in favour of particular industries or companies. Changes in these governments' policies, international policies, trade relations and other macro-economic factors could adversely affect economic development in each of the countries. Worldwide financial instability and loss of investor confidence in the financial systems of emerging markets generally may cause increased economic volatility in those countries. Any downgrading of such country's debt rating by an international rating agency is likely to have a significant effect on investor confidence. The laws and regulations applicable to foreign investment in emerging markets are relatively new, and their interpretation and enforcement involve uncertainties that could limit the legal protections available to foreign investors.

The currencies of some emerging markets are not freely convertible. The government in such countries may, in the future, take measures to restrict access to foreign currencies, and certain financial transactions may be subject to foreign exchange controls or restrictions on stock trading. These matters may affect the value of the YIELDS3 and/or the ability of investors to realise the value of the YIELDS3.

National Guarantee Fund - not a Guarantor in all cases

Claims against the National Guarantee Fund may only be made in respect of secondary trading in YIELDS3 between brokers on ASX and cannot be made in relation to the primary issue of YIELDS3 by Citigroup.

The capacity of Citigroup to settle all outstanding YIELDS3 is not guaranteed by ASX, the National Guarantee Fund or the Australian Clearing House.

Exercise of discretion by Citigroup

Investors should note that a number of provisions of the Terms of Issue confer discretions on Citigroup and its associates which could affect the value of YIELDS3. These include the powers to nominate Adjustment Events and Early Maturity Events, to determine whether rights offered have value, to calculate the value of the Dynamic Portfolio, to calculate or modify the method of calculation and composition of the Strategy and to make adjustments to the terms of YIELDS3 as contemplated in the Terms of Issue.

Investors do not have the power to direct Citigroup concerning the exercise of any discretion. However, in relation to many of these discretions, Citigroup may only exercise those discretions with the consent of ASX, unless that consent is unreasonably withheld or delayed.

Investment decisions

The information in this PDS is intended to provide Investors and their professional advisers information they would reasonably require and reasonably expect to find for the purpose of making an informed assessment of the capacity of Citigroup to fulfill its obligations under YIELDS3 and the risks, rights and obligations associated with YIELDS3. 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 Citigroup or any associate of Citigroup or any other person concerning investment in YIELDS3.

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 YIELDS3, or any other security.

Possible illiquidity of trading market

Investors should be aware that there is no firm indication as to how YIELDS3 will trade in the secondary market. Nor is there sufficient evidence as to whether that market will be liquid or illiquid. Citigroup will conduct market-making activities in relation to YIELDS3 by the provision of bids and offers made in a spread around the prevailing market price to help provide liquidity in the market for YIELDS3.

Suspension of trading of YIELDS3

Trading of YIELDS3 on the stock market conducted by ASX may be halted or suspended by ASX. This may occur whenever ASX deems such action appropriate in the interests of maintaining a fair and orderly market in YIELDS3 or otherwise deems such action advisable in the public interest or to protect investors. Matters that may be considered also include circumstances where Citigroup becomes unable or unwilling or fails to comply with the Market Rules or if ASX in its absolute discretion thinks fit. Except where it is determined to be an Early Maturity Event, YIELDS3 will continue notwithstanding any delisting, withdrawal of trading status or suspension of YIELDS3 from ASX.

Political and legal risks associated with foreign investment

Offshore financial markets may be subject to special risks associated with foreign investment including, but not limited to: generally less liquid and less efficient securities markets; generally greater price volatility; exchange rate fluctuations and exchange controls; imposition of restrictions on the expatriation of funds or other assets; less publicly available information about issuers; the imposition of taxes; higher transaction costs; settlement delays and risk of loss; difficulties in enforcing contracts; less liquidity and smaller capitalisations; lesser regulation of securities markets; different accounting and disclosure standards; governmental interference; higher inflation; social, economic and political uncertainties; the risk of expropriation of assets; and the risk of war.

Taxation implications

We recommend Investors seek independent tax advice before making an investment in YIELDS3. The Issuer is not in the business of providing tax advice and therefore cannot be relied upon to advise, nor takes any responsibility for, the taxation implications in respect of an investment in YIELDS3.

Performance of obligations by Citigroup and the Guarantor

The value of YIELDS3 depends on the ability of Citigroup to fulfill its obligations under the Terms of Issue on Maturity or Early Maturity, and the ability of the Guarantor to fulfill its obligations under the deed of guarantee.

Investors must make their own assessment of the ability of Citigroup to meet its obligations in respect of YIELDS3 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 Citigroup's or the Guarantor's ability to perform their respective obligations.

Potential conflicts of interest

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

MALLESONS STEPHEN JAQUES

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

2 May 2005

Dear Sirs

Income Tax - YIELDS3

This Opinion has been prepared for inclusion in a Product Disclosure Statement (**PDS**) dated 6 May 2005 in respect of YIELDS3. The purpose of this opinion is to explain, in general terms, the main Australian income tax implications for an Investor who acquires YIELDS3. It is not being provided as a basis on which a potential investor should make an investment decision. That decision requires a review of all of the materials presented in this PDS.

The tax considerations outlined in this opinion are of a general nature only, and do not take into account all the specific taxation issues that might arise for any particular Investor. The taxation consequences of an investment in YIELDS3 may vary depending upon the particular circumstances of each individual Investor. This opinion is only relevant for Investors who enter into YIELDS3 with a view to acquiring the Delivery Assets on capital account. This opinion is not relevant for Investors who enter into YIELDS3 with a view to acquiring the Delivery Assets on revenue account, or as trading stock. Investors therefore should seek independent taxation advice before completing the Application Form.

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

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

Level 60 Governor Phillip Tower 1 Farrer Place Sydney NSW 2000 Australia
DX 113 Sydney ABN 22 041 424 954 syd@mallesons.com www.mallesons.com
T +61 2 9296 2000
F +61 2 9296 3999

A. RESIDENT INVESTORS

1 Characterisation of the YIELDS3 for Income Tax Purposes

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

As YIELDS3 will result in the acquisition of Delivery Assets, they will be regarded as interests in a Foreign Investment Fund ("**FIF**"). The consequences of this characterisation is considered further, below.

2 Taxation of Coupons

The Coupons will be assessable income of the holder of YIELDS3. These amounts should be included in the assessable income of the holder when they are received.

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

Both the Delivery Assets and an Investor's interests in the YIELDS3 contract will be "CGT assets" for CGT purposes.

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

4 CGT Implications of Sale of Delivery Assets

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

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

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

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

(b) any incidental costs incurred in respect of the acquisition and disposal of the Delivery Assets, including any transfer costs or relevant professional fees for legal or accounting advice; and

(c) any non capital costs of ownership of the Delivery Assets which are not otherwise allowable as a deduction (including, in certain cases, non-deductible interest incurred on money borrowed to acquire the Delivery Assets).

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

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

(a) the money the Investor receives or is entitled to receive in respect of the disposal; and

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

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

5 CGT Consequences of Early Repurchase Facility/Early Termination Event

If CGMA declares an Early Maturity Event, the YIELDS3 contract will terminate. This will constitute a disposal of a CGT asset (in this case, being the Investor's interests in the YIELDS3). The relevant capital gain or capital loss will be calculated in essentially the same manner as that outlined above in relation to the sale of Delivery Assets.

6 CGT Discount Concession

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

The CGT discount concession does not apply to companies.

For individuals and trusts the discount percentage is 50%. For complying superannuation entities the discount percentage is $33^1/_3$%. A discount capital gain remaining after the application of capital losses from previous income years is reduced by the discount percentage when calculating a taxpayer's net capital gain.

In order to be eligible to claim the discount, the Delivery Assets (or the YIELDS3 in circumstances where the YIELDS3 is disposed of) must have been held by the Investor for at least 12 months prior to the disposal.

The time of acquisition of the Delivery Assets by an Investor for CGT purposes will be the date on which the Investor enters into the YIELDS3 contract under which it will acquire the Delivery Assets. The date of entry into the YIELDS3 will be the date CGMA accepts the Application.

As a consequence, eligible Investors will be entitled to utilise the CGT discount concession upon disposal of the Delivery Assets provided their interest in the Delivery Assets is not disposed of prior to the expiration of 12 months from the date of entry into the YIELDS3 and the other conditions for claiming the discount are satisfied.

7 Taxation of Accruing Gain on YIELDS3 before Maturity

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

The YIELDS3 should not be regarded as "securities" because they are contracts for the sale of property, rather than "securities" as that term is defined in Division 16E. As YIELDS3 should not be regarded as "securities", they should not be regarded as "qualifying securities" to which Division 16E could apply. Hence, the YIELDS3 should not be subject to accruals recognition under Division 16E.

A taxpayer can also be subject to accruals taxation if it holds an interest in a FIF. The FIF provisions could apply as the Investor is entitled to delivery of the Delivery Assets, being shares in companies listed on Approved Stock Exchanges as set out in Part XI of the 1936 Tax Act. However, the FIF provisions do not apply to investments in certain listed securities of foreign companies provided the foreign companies engage in "eligible activities" or specified activities (such as banking, life insurance, general insurance and real property). As each of the Delivery Assets should fall within one of these categories, the FIF provisions should not apply to the YIELDS3.

8 Taxation of Traditional Securities

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

MALLESONS STEPHEN JAQUES

The YIELDS3 should not be regarded as "traditional securities" because they should not be regarded as "securities" as defined in the 1936 Tax Act. Hence the disposal of YIELDS3 should not be subject to the operation of either section 26BB or section 70B.

9 Deductibility of interest

As a general rule, interest incurred on a loan used to acquire income producing assets is deductible under section 8 1 of the 1997 Tax Act if it is reasonably expected that assessable income in an amount greater than the interest deductions will be derived from the investment. Therefore, if an Investor enters into a YIELDS3 with the intention of receiving Coupons and/or of taking physical delivery of the Delivery Assets and holding them for the purpose of generating assessable income, the Investor should be allowed a deduction for its interest expense.

However, interest on a loan will not be deductible where the loan is used to acquire assets solely for the purpose of deriving a Capital Gain on their resale. Therefore, where the YIELDS3 is entered into by an Investor with the intention of neither receiving Coupons nor of taking physical delivery of the Delivery Assets, a deduction for interest on a loan may not be available (although the disallowed interest expense may form part of the cost base of an asset for CGT purposes).

Interest incurred on moneys borrowed to acquire YIELDS3 may be allowed as a deduction in later years than the year it was incurred where, for example, the interest is prepaid. Investors who borrow to acquire YIELDS3 should consider whether the terms of loans obtained, could result in the postponement of interest incurred in respect of those loans.

On 16 April 2003, the Minister for Revenue announced that legislation would be introduced (with effect from that date) to disallow deductions for interest on loans used to fund investment in certain capital protected products. This legislation has not yet been introduced to Parliament, but it is considered that these proposed amendments should not apply to full recourse loans that Investors may raise to fund the acquisition of YIELDS3. The proposed legislation may apply to loan facilities which are limited in recourse to the YIELDS3.

B. NON-RESIDENT INVESTORS

A non-resident investor who holds YIELDS3 otherwise than in the course of carrying on business in Australia at or through a permanent establishment **(an eligible non-resident investor)**:

1 will not be subject to withholding tax in relation to Coupons

2 will include in its assessable income the Coupons when they are received, unless non-resident Investors are tax resident in countries with which Australia has concluded double tax agreements, and the particular agreement provides relief from the imposition of Australian tax.

3 may make a taxable capital gain, or loss, on the sale of Delivery Assets if the Delivery Assets have a necessary connection with Australia. There is a limited class of assets which will be regarded as having a necessary connection with Australia. That class includes shares in public companies resident in Australia where the Investor (with its associates) has held at least 10% by value of the shares of that company in the five year period leading up to the occurrence of the CGT event. Although eligible non-resident Investors may consider that a particular double tax agreement may provide relief from the imposition of Australian tax in these circumstances, the Australian Taxation Office would not generally accept this view.

4 should not be subject to Australian tax on the occurrence of an Early Termination Event. Although this will be a CGT Event, it will not have the necessary connection with Australia and hence will fall outside Australia's CGT regime.

5 will not be subject to the FIF provisions in any event as those provisions have no general application to non-residents of Australia.

In all other respects the taxation consequences for eligible non-resident Investors should be as described under Part A, above.

C. ANTI AVOIDANCE PROVISIONS (PART IVA)

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

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

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

D. STAMP DUTY

No stamp duty will be payable either on the YIELDS3 or in respect of the physical delivery of the Delivery Assets.

MALLESONS STEPHEN JAQUES

E. GST

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

Yours faithfully

Mallesons Stephen Jaques

Section 7 - Issuer and Guarantor Information

YIELDS3 that are issued under this PDS will be issued by Citigroup Global Markets Australia Pty Limited ("Citigroup Australia"). Citigroup Australia is a wholly owned subsidiary of the Guarantor, and a member of the Citigroup Inc. group of companies.

Citigroup Australia is part of a group of companies that comprises one of the largest financial services groups in the world, with around 200 million customers in more than 100 countries. The group's customers range from individuals to corporations, governments and institutions and its services include consumer banking and credit, corporate and investment banking, insurance, securities brokerage and asset management. The group has been in the Asia Pacific region for more than 100 years and today provides more services in more markets for more clients than any other financial institution.

Citigroup in Australia and New Zealand

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

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

General information about the Guarantor

The obligations of Citigroup Australia under this PDS in respect of YIELDS3 are guaranteed by 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 Citigroup's trademark red umbrella 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 Company 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 31 December 2004, the Company had approximately 141,000 full-time and 7,000 part-time employees in the United States and approximately 146,000 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. Details of the guarantee given by the Company in respect of YIELDS3 appear in section 8 of this PDS.

Financial information about the Issuer and the Guarantor

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

Section 8 - Additional Information

Consents

Baker & McKenzie, solicitors, has given, and not withdrawn its written consent to being named as having acted as solicitors to the Issuer in connection with the issue of YIELDS3 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 of Issue, but excepting the Tax Considerations. Baker & McKenzie otherwise takes no responsibility for this PDS. Baker & McKenzie does not make any statement in this PDS nor does any statement herein purport to be based on a statement made by Baker & McKenzie.

Mallesons Stephen Jaques, solicitors, has given, and not withdrawn its written consent to being named as having acted as tax advisers to the Issuer in connection with the issue of YIELDS3 pursuant to this PDS in the form and context in which it is included. It has, in that capacity, provided the tax opinion in the Tax Considerations section. Mallesons Stephen Jaques otherwise takes no responsibility for this PDS. Mallesons Stephen Jaques does not make any statement in this PDS nor does any statement herein purport to be based on a statement made by Mallesons Stephen Jaques except for the Tax Considerations section.

Computershare Investor Services Pty Limited (“Computershare”) has given, and not withdrawn its written consent to being named as having acted as Registrar in connection with the issue of YIELDS3 pursuant to this PDS in the form and context in which it is included. Computershare otherwise takes no responsibility for this PDS. Computershare does not make any statement in this PDS nor does any statement herein purport to be based on a statement made by Computershare.

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 YIELDS3.

Baker & McKenzie will receive legal fees for their professional services in connection with this PDS as solicitors to the Issuer. Mallesons Stephen Jaques will receive legal fees as tax advisers. Some partners may from time to time have an interest in YIELDS3, the Delivery Assets or shares in 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 Reference Index other than that which is in the public domain. Neither the Issuer nor its related bodies corporate, nor any director or proposed director of the Issuer, nor any firm in which a director or proposed director of the Issuer is a partner, has, at the date of this PDS, any material interest in connection with the formation or promotion of either the Issuer, YIELDS3, the Reference Index or the Delivery Assets except that:

- the Issuer earns brokerage at normal commercial rates on transactions in relation to YIELDS3 which it undertakes. This is at no additional costs to the Investor;
- Citigroup 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 Citigroup company, participate in these incentive remuneration arrangements;
- the Issuer and its related bodies corporate, as part of its investment banking and stockbroking business, may from time to time advise or act for the issuer of the Delivery Asset, or advise or act for other clients in relation to the issuer of the Delivery Asset, or publish research reports on the issuer of the Delivery Asset. Investors will not be notified of these activities, or the content of such reports; and

- the Issuer or an associate or related body corporate may from time to time hold Delivery Assets for trading purposes, including market making, or to hedge the YIELDS3. Related bodies corporate of the Issuer may deal in Delivery Assets, options and other derivative contracts in respect of them.

The Guarantee

The obligations of Citigroup under this PDS in respect of YIELDS3 are guaranteed by Citigroup Inc. The guarantee given to each Holder is a continuing, irrevocable and unconditional guarantee of the due and punctual payment of all monies which may become actually or contingently payable to a Holder by Citigroup under or in connection with YIELDS3 and the due and punctual performance of Citigroup's obligations under the Terms of Issue. Each Holder is entitled to severally enforce the guarantee.

Any payments under the guarantee must be made to Holders in the same manner and currency as Citigroup would be required to make to satisfy its obligations under the PDS. The 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.

Privacy Statement

We will only collect personal information necessary for the products or services you request. The information we collect from you on the Application Form and which we acquire from you or other people during the course of managing YIELDS3 is required to process each YIELDS3 Application Form, manage your investment and comply with relevant laws.

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

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

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

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

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

Section 9 - Terms of Issue

Yield Income Enhanced Listed Deferred Securities 3 "YIELDS3"

These Terms (including those set out in the Term Sheet) form the terms and conditions on which the person named in the Application Form (the "Investor" or "Applicant") agrees to acquire in the future the Delivery Parcel from the Issuer. Capitalised words are defined in the section "Definitions and Interpretation" on pages 54 and the Schedules on pages 44 and 49 of this PDS, unless the context requires otherwise.

1. Applications and Acceptance

1.1 Offer by the Applicant

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

(a) by completing and returning to the Issuer a valid Application Form before the Offer Close time; and

(b) by ensuring that an amount equal to at least the Minimum Investment Amount is received by the Issuer in cleared funds by the Offer Close time.

1.2 Investor bound by Terms

(a) By completing the Application Form and lodging it with the Issuer, the Investor agrees to be bound by these Terms.

(b) YIELDS3 are transferable in accordance with the ASX Market Rules and ASTC Settlement Rules and ACH Clearing Rules (as applicable).

(c) YIELDS3 are ASTC Approved Products. Certificates will not be issued to Investors. The Issuer will comply with the ASX Listing Rules in relation to the issue and despatch of Holding Statements as if YIELDS3 were shares in a company.

1.3 Acceptance of the offer by the Issuer

(a) The Issuer may decide in its absolute discretion whether or not it will accept the Applicant's offer to acquire the Delivery Parcel from the Issuer.

(b) If the Issuer decides that it will accept an Application and provided that the Issuer has received at least the Minimum Investment Amount in cleared funds by the Offer Close time (or such other time if otherwise accepted by the Issuer in its discretion), acceptance of the Applicant's offer will take place on, and the parties' rights and obligations under these Terms will commence on the Issue Date and for each A$10.00 of Issue Price paid the Applicant will be entitled to one YIELDS3 Unit.

(c) Within 10 Business Days of the Issue Date, the Issuer will send to the Investor a notice acknowledging either the acceptance or rejection of the Applicant's offer.

2. Deferred purchase of Delivery Assets

2.1 Purchase of Delivery Assets

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

2.2 Payment of the Investment Amount

(a) The Investor must pay the Investment Amount to the Issuer in cleared funds by the Offer Close time.

(b) The minimum Investment Amount that will be accepted by the Issuer under these Terms is the minimum amount set out in the Term Sheet.

2.3 Coupons

(a) In consideration for the Investor agreeing to the deferred delivery of the Delivery Asset, the Issuer may pay to the Investor a Coupon. The Investor acknowledges that the Coupon may, in certain circumstances as set out in Schedule 1, be zero. In these circumstances, the Investor acknowledges that the Issuer will not, and has no obligation to, pay any Coupon.

(b) The Coupon (if any) becomes due on the Distribution Ex-Date and payable on each Distribution Payment Date (commencing on the Distribution Payment Date falling in September 2005).

3. Maturity and Settlement of Deferred Purchase

3.1 Notice of Maturity

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

(b) On the Maturity Date, the Issuer will delist YIELDS3 from the ASX.

3.2 Effecting Maturity

(a) The Investor must complete the deferred purchase of the Delivery Parcel by returning the Maturity Notice to the Issuer on or before the Market Close on the Business Day that is 10 Business Days prior to the Maturity Date, specifying in the Maturity Notice that the Investor will accept physical delivery of the Delivery Parcel or that the Investor will use the Agency Sale Arrangement.

(b) If the Investor:

(i) does not lodge a Maturity Notice with the Issuer by this Market Close; or

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

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

3.3 Physical delivery of the Delivery Assets to the Investor

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

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

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

3.4 Delivery through the Agency Sale Arrangement

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

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

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

(c) the Issuer or its nominees on behalf of the Issuer will deliver to the Investor's Nominated Account (or pay by cheque to the Investor if no

Nominated Account is nominated) the Sale Proceeds, within 10 Business Days of the Settlement Date or as soon as reasonably practicable thereafter; and

(d) the Investor acknowledges and agrees that:

(i) the Issuer or its nominees agree to sell the Delivery Parcel on behalf of the Investor for an amount per Delivery Asset equal to the Closing Price;

(ii) to the maximum extent permitted by law, the Issuer and its nominees are not responsible for any loss, costs or expense incurred by the Investor as a result of using the Agency Sale Arrangement, except to the extent that such loss, cost or expense arises as a result of the Issuer's or the nominee's negligence, default, fraud or dishonesty; and

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

3.5 Satisfaction of obligations

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

(b) If the Issuer fails to perform its obligations under clause 3.3 and 3.4 then the Investor may give a notice to the Issuer requesting the Issuer pay the Liquidated Damages Amount. The Issuer must within 10 Business Days of receipt of the request pay the Liquidated Damages Amount to the Investor.

3.6 Delivery of a whole number of Delivery Assets only

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

4. Early Maturity

4.1 Early Maturity by the Issuer

The Issuer may at any time (in its absolute discretion but subject to ASX's consent) nominate any of the following events as an Early Maturity Event:

(a) if a force majeure event occurs, or any other event occurs which the Issuer determines in good faith in the performance of its obligations, in whole or in part, having or becoming, in circumstances beyond its reasonable control, impossible, unlawful, illegal or otherwise prohibited or compliance with any applicable present or future law, rule, regulation, judgement, order or directive of any government, administrative, legislative or judicial authority or power; or

(b) any actual or proposed event that may reasonably (in the Issuer's opinion) be expected to lead to any of the events referred to in paragraph (a) above occurring.

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

4.2 Determination that there will be an Early Maturity

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

4.3 Early Maturity Mechanism

(a) If the Issuer determines that there will be an Early Maturity, the Early Maturity will take place as follows:

(i) the Issuer will, before the Early Maturity Date, notify the Investor that Early Maturity will occur on the Early Maturity Date in accordance with clause 3.1 of these Terms. The notice issued by the Issuer under this clause shall serve as the Maturity Notice.

(ii) Early Maturity will occur subject to clause 4.3(b), in accordance with the procedures set out in clauses 3.2 to 3.6 of these Terms (namely, physical delivery of the Delivery Assets to the Investor or delivery through the Agency Sale Arrangement).

(iii) After the Delivery Parcel is delivered to the Investor under clause 3.3 or the obligations of the Issuer under clause 3.4 are completed, all obligations of the Issuer to the Investor under these Terms are deemed to be satisfied in full and the Issuer is discharged from its obligations under these Terms.

(b) If there is an Early Maturity, the Delivery Parcel will be calculated by the Issuer with reference to the Termination Amount in substitution of the Final Value.

4.4 Substitution of Delivery Assets

Except for the Beneficial Interest in a Portion of the Delivery Assets held by the Investor, the Issuer may in its reasonable opinion determine that it is not possible to transfer the Delivery Assets comprising the Delivery Parcel to the Investor. In this case, Maturity will continue to take place in accordance with clause 3 (or, in the case of an Early Maturity, in accordance with clause 4.3(a)) except that the Issuer may substitute the Delivery Asset for any other security or securities quoted and trading on ASX which are shares in companies in the S&P/ASX 200 index and deliver that substituted security or securities in accordance with these Terms as if the definition of "Delivery Asset" was amended to refer to the substituted security.

4.5 No Capital Protection on Early Maturity

If there is an Early Maturity, or an Investor sells its holding of YIELDS3 on ASX, the Issuer does not guarantee to deliver to the Investor a Delivery Parcel equal to the Capital Protection Value. For the avoidance of doubt, where there is an Early Maturity the Delivery Parcel will only be determined in accordance with clause 4.3(b).

4.6 Adjustments to this clause

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

5. Adjustment Events

5.1

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

(a) determine to suspend any of the necessary calculations referred to in these Terms as appropriate, until reliable values can be obtained;

(b) make any necessary calculations having regard to the then prevailing market conditions, the last available prices or values and such other conditions that the Issuer or the Portfolio Calculation Agent determines to be relevant;

(c) substitute part or all of the Reference Assets (as defined in "Adjustment Event") with another asset;

(d) suspend, delay or end payment of the Coupon;

(e) adjust or amend any variable, formula, amount or calculation as set out or used in these Terms;

(f) adjust, amend or substitute the definition of Delivery Asset, Reference Index, Reference Asset and/or vary any of these Terms; and/or

(g) take any other action that reflects an adjustment made by the Strategy Sponsor,

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

5.2

The Issuer or the Portfolio Calculation Agent has discretion, to be exercised in good faith and in a commercially reasonable manner, to adjust transaction terms if a Realisation Disruption Event occurs or is proposed to occur. Possible adjustments include, but are not limited to:

(a) the payment of the transaction settlement amount in Local Currency rather than the Settlement Currency;

(b) the deduction of the applicable charge or deduction from the transaction settlement amount;

(c) the non-payment of the transaction settlement amount until cross-border transfer restrictions are lifted; and/or

(d) where legally permissible, physical rather than cash settlement.

Any such adjustments will be effective as of the date determined by the Issuer or Portfolio Calculation Agent. The Issuer will notify Investors of any adjustment that it proposes to make under this clause before the adjustment occurs or as soon as reasonably practicable after the adjustment occurs.

6. Accretions

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

7. The Issuer's obligations are unsecured

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

8. Beneficial Interest in the Delivery Assets

(a) The Investor agrees and acknowledges that by entering into the agreement to purchase the Delivery Assets as set out in these Terms, by paying at least the Minimum Investment Amount to the Issuer and by the Issuer accepting the Application:

(i) for each YIELDS3 Unit the Investor holds, the Investor receives a Beneficial Interest in a Portion of the Delivery Assets on the Issue Date; and

(ii) the Investor holds the Beneficial Interest in that Portion of the Delivery Assets until the earlier of:

(A) Maturity (or Early Maturity); or

(B) transfer of the YIELDS3 Unit on the ASX in accordance with clauses 8(d) to 8(f).

(b) An Investor may only Deal with the Beneficial Interest in a Portion of the Delivery Assets in accordance with these Terms.

(c) The Investor acknowledges and agrees that it does not receive a Beneficial Interest in the Delivery Parcel, rather, it receives a Beneficial Interest in a Portion of the Delivery Assets only. The parties agree and acknowledge that, subject to clause 3.6, the legal and beneficial interest in the whole of the Delivery Assets will transfer to the Investor only on the Settlement Date.

(d) The Beneficial Interest in a Portion of the Delivery Assets attaches to each YIELDS3 Unit. When an Investor Deals with a YIELDS3 Unit in any way, then as a result of this provision and without the need for any additional writing or action, an equivalent Dealing between the same parties shall occur in respect of the corresponding Beneficial Interest of the Investor. When an Investor Deals with a Beneficial Interest in any way, then as a result of this provision and without the need for any additional writing or action, an equivalent Dealing between the same parties shall occur in respect of the corresponding YIELDS3 Unit of the Investor. For example, when an Investor (the “old holder”) transfers a YIELDS3 Unit to another person (the “new holder”):

 (i) all the rights and obligations that attach to that YIELDS3 Unit, as well as the Beneficial Interest are transferred from the old holder to the new holder;

 (ii) the old holder's interest in the YIELDS3 Unit will be removed from the Register and the new holder will be added to the Register; and

 (iii) the old holder ceases to have any rights in relation to the YIELDS3 Unit or the Beneficial Interest.

 If any Investor purports to Deal with a YIELDS3 Unit without an equivalent Dealing in the corresponding Beneficial Interest or if any Investor purports to Deal with a Beneficial Interest without an equivalent Dealing in the corresponding YIELDS3 Unit or if any Investor purports to contract out of this clause in any way, any such Dealing will be void and the YIELDS3 Unit and the Beneficial Interest will remain with the Investor recorded on the Register.

(e) When an existing Investor deals with a YIELDS3 Unit in a manner that does not involve the transfer of legal ownership of the YIELDS3 Unit, the Registrar has no duty to record the dealing on the Register.

(f) Each Beneficial Interest corresponding to a particular YIELDS3 Unit will pass to a new Investor upon registration of a transfer of the YIELDS3 Unit in the Register.

9. Taxes

(a) The Issuer is not liable for any Taxes or other charge:

 (i) payable by the Investor in relation to or in connection with these Terms; or

 (ii) payable by any person on, as a consequence of, or in connection with, the purchase, sale or transfer of, or the maturity of the purchase and sale of a Delivery Asset.

(b) The Investor must pay all Taxes and other charges including goods and services tax, if any payable:

 (i) by the Investor in relation to or in connection with these Terms; or

 (ii) by any person on, as a consequence of, or in connection with, the purchase, sale or transfer of, or the maturity of the purchase and sale of a Delivery Asset.

10. Investor's representations and warranties

By 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 any marketing material associated with these Terms can be considered investment or financial product advice or a recommendation to buy the Delivery Assets;

(e) the Investor has obtained all consents which may be required by law to enable the Investor to acquire the Delivery Assets and to become registered as the holder of the Delivery Assets and that the registration of the Investor as the holder of the Delivery Assets will not contravene any law, regulation or ruling or the constitution of the issuer of the Delivery Assets;

(f) the YIELDS3 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 YIELDS3 or the Investor and the Investor is not a resident or national of any jurisdiction where the Application for or the Maturity of the YIELDS3 is prohibited by any law or regulation or where compliance with the relevant laws or regulations would require filing or other action by the Issuer or any of its related bodies corporate; and

(g) the Investor acknowledges that the section in this PDS ("Tax considerations") is provided only for the benefit of the Issuer and is necessarily general in nature and does not take into account the specific taxation circumstances of each individual Investor. The Investor acknowledges that it has sought its own independent advice on the taxation implications relevant to their own circumstances before making an investment decision.

11. Set off Rights

(a) All monetary obligations imposed on the Investor under these Terms are absolute, free of any right to counterclaim or set off and may only be satisfied once the payment has cleared.

(b) The Issuer may set off any amount payable to it by the Investor against any amount payable by the Issuer to the Investor. The Issuer may withhold any amount payable by it to the Investor in satisfaction of any amount payable to it by the Investor.

12. Notices

(a) Any notice or statement to be given or demand to be made on the Investor under these Terms:

(i) will be effectively signed on behalf of the Issuer if it is executed by the Issuer, any of its officers, its solicitor or its attorney;

(ii) may be served by being delivered personally to, by being left at, by being e-mailed to, or by being posted in a prepaid envelope or wrapper to the Investor's address (or e-mail address) notified to the Issuer or the Investor's registered office, place of business, or residence last known to the Issuer, or by being sent to the Investor by facsimile transmission.

(b) A demand or notice if:

(i) posted will be deemed served two Business Days after posting;

(ii) sent by facsimile or electronic transmission will be deemed served on conclusion of transmission.

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

13. Amendment of Terms

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

(a) the Change is one determined by the Issuer as being required under either of clauses 4 or 5 of these Terms;

(b) the Change is necessary or desirable in the reasonable opinion of the Issuer to comply with any statutory or other requirement of law or any requirement of ASX;

(c) the Change is desirable to correct any defect, manifest error or ambiguity in these Terms (but only if such Change does not, in the opinion of the Issuer, materially prejudice the interests of the Investor);

(d) the Change is necessary or desirable as a result of the changes in the Dynamic Portfolio; or

(e) 75% of Investors who actually vote, vote in favour of the proposed change.

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

For the purposes of clause 13(e), the Issuer must notify all Investors in writing of a proposed amendment together with a ballot paper. Investors may return ballot papers to the Issuer by no later than 20 Business Days after the date of the notice. Each Investor is entitled to one vote for each YIELDS3 Unit. The Registrar shall determine the validity of all ballot papers and add together all of the votes cast on valid ballot papers during the voting period. The Issuer or its associate must not vote unless they are voting as trustee or nominee for a person who is not an associate. The Issuer or its associates may vote if they hold all of the YIELDS3 Units on issue.

14. General provisions

14.1 Currency

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

14.2 No merger

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

14.3 Rounding

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

14.4 Certificates

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

14.5 Execution by attorneys

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

14.6 Power of attorney

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

14.7 Invalid or unenforceable provisions

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

14.8 Waiver and exercise of rights

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

14.9 Assignment and transfer of interests

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

14.10 Discretions

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

14.11 Recording conversations

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

14.12 Calculations and references to dates and times

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

14.13 Payments by the Issuer

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

14.14 Governing law and jurisdiction

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

14.15 Time is of the essence

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

14.16 Notice of changes to methodology of the Strategy

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

14.17 Registry

The Issuer will arrange for the establishment and maintenance of a Register of Investors which complies with the Corporations Act as if YIELDS3 were shares in a company.

Schedule 1 - The Dynamic Portfolio

1. General Description

YIELDS3 provide investors with investment exposure to the Dynamic Portfolio. The following is a description of the current methodology for determining the value of the Dynamic Portfolio and the value of YIELDS3.

1.1 The Dynamic Portfolio

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

(A) the Equity Portfolio; and

(B) the Bond Portfolio.

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

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

1.2 Initial Dynamic Portfolio Calculations

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

(a) Australian Equity Price;

(b) Initial Equity Value;

(c) Bond Price[14];

(d) Initial Bond Value;

(e) Initial Leverage Facility Amount;

(f) Gross Portfolio Unit NAV; and

(g) Daily Discount Amount.

1.3 Ongoing Dynamic Portfolio Calculations

The Portfolio Calculation Agent will make the following ongoing calculations in respect of the Dynamic Portfolio:

(a) at the Valuation Time on each Valuation Date as set out in the column headed “Method of determination at Valuation Time”; and

(b) may be made at the sole and absolute discretion of the Portfolio Calculation Agent from time to time after the Valuation Time on each Valuation Date as set out in the column headed “Method of determination after the Valuation Time”.

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

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

1.4 The Notional Sale or Purchase of Equity Units

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

1.5 Leverage Events

1.5.1 Occurrence of a Leverage Event

(a) On the occurrence of a Leverage Event, the Portfolio Calculation Agent will reallocate exposure between the Equity Portfolio and the Bond Portfolio. To effect this reallocation, the Portfolio Calculation Agent will determine the following as soon as reasonably practicable following the occurrence of a Leverage Event:

(A) Reallocation Exposure; and

(B) Reallocation Equity Value.

(b) Subject to paragraph (c) below, if the absolute difference between the Equity Exposure (at the time of the Leverage Event) and the Reallocation Exposure (determined as soon as reasonably practicable following the Leverage Event) is less than or equal to 5 percentage points, then the Portfolio Calculation Agent may determine that no Leverage Event has occurred and no reallocation of exposure is required. In such circumstances, the remaining sub-clauses of this Clause 1.5 will not apply.

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

(A) 1.01; and

(B) Protection Floor at that time,

then the Portfolio Calculation Agent may, in its sole and absolute discretion and notwithstanding any of the other provisions of this Clause 1.5.1, effect a notional sale of all of the Equity Units and apply any cash realised by such sale first to pay back the Leverage Facility Amount and, once the Leverage Facility Amount has been reduced to zero, to purchase Bond Units. In such circumstances, the remaining sub-clauses of this Clause will not apply.

1.5.2 Reallocation following a Leverage Event

(a) Following a Leverage Event, the Portfolio Calculation Agent will either notionally sell or notionally buy Equity Units so that the value of Equity Units notionally held in the Equity Portfolio following the Leverage Event is as close as reasonably practicable to the Reallocation Equity Value, subject to the maximum amount (specified in paragraph (b) below), in the case of a purchase of Equity Units, that such purchase may be financed using the Leverage Facility up to this maximum amount. If a notional sale of Equity Unit is necessary for a Selected Stock which is subject to a suspension or limitation on trading, the Portfolio Calculation Agent will effect a notional sale only to the extent possible under such suspension or limitation, which may mean that no such notional sale may be made. In this case, the remaining Equity Units that are not notionally sold as a result of such suspension or limitation will be notionally sold as and when the Portfolio Calculation Agent may do so.

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

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

(d) The Portfolio Calculation Agent will then determine the following:

(A) the Reallocation Bond Value;

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

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

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

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

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

(ii) zero.

1.5.3 Portfolio following a Leverage Event

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

(A) it is possible that more than one Leverage Event may occur on each Valuation Date, in which case the procedures for each occurrence of a Leverage Event will be as set out in this Clause1.5; and

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

1.6 Distribution Amounts

(a) The Strategy Sponsor will notify the Portfolio Calculation Agent of the Income Amount on each Distribution Ex-Date commencing on the Distribution Ex-Date falling in September 2005, and ending on the Distribution Ex-Date falling in June 2011. The Income Amount will be converted by the Portfolio Calculation Agent to an AUD amount per YIELDS3 Unit at the FX Rate determined by the Portfolio Calculation Agent as soon as possible after the receipt of such Income Amount in USD from the Strategy (the **"Distribution Amount"**).

(b) If on any Distribution Ex-Date the Portfolio Calculation Agent determines that, at that time, the Net Portfolio Unit NAV (which at that time, for the avoidance of any doubt, will be an amount calculated following deduction of the Income Amount to which that Distribution Amount relates) is greater than 105 per cent of the Protection Floor, then the Distribution Amount shall be used to calculate the Coupon payable by the Issuer on the next succeeding Distribution Payment Date.

(c) If on any Distribution Ex-Date, the Portfolio Calculation Agent determines that, at that time, the Net Portfolio Unit NAV (which at that time, for the avoidance of any doubt, will be an amount calculated following deduction of the Income Amount to which that Distribution Amount relates) is less than or equal to 105 per cent of the Protection Floor, then the Distribution Amount for the purpose of calculating the Coupon payable on the next succeeding Distribution Payment Date shall be zero and the Portfolio Calculation Agent shall reinvest such Distribution Amount by effecting a notional purchase of Equity Units. The Initial Number of Equity Units is then adjusted to take account of the number of Equity Units that are notionally purchased in this manner as a result of such Distribution Amount being so applied.

1.7 Unwinding the Dynamic Portfolio

(a) At the Valuation Time on the Portfolio Expiration Date, the Portfolio Calculation Agent will determine the Gross Portfolio Unit NAV and the Net Portfolio Unit NAV.

(b) At the Portfolio Expiration Time on the Portfolio Expiration Date, the Portfolio Calculation Agent will determine the Expiration Amount. The notional sale of the Equity Portfolio will commence on the Portfolio Expiration Date at such time after the Valuation Time as selected by the Portfolio Calculation Agent and will be completed at or before the Portfolio Expiration Time. The amount in AUD realised by notional sales of the Equity Units will be based on the prices of the Equity Units determined by the Strategy Sponsor.

(c) The Portfolio Calculation Agent will then determine the Dynamic Portfolio Value at the Portfolio Expiration Time on the Portfolio Expiration Date.

1.8 Market Disruption Event

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

Schedule 2 - The Asian Income Plus Trading Strategy III

Payment of Coupons and the Final Value of YIELDS3 are linked to the performance of the Asian Income Plus Trading Strategy III (the "Strategy"). No assurance can be given that market, regulatory, juridical or fiscal circumstances or, without limitation, any other circumstances in the determination of the Strategy Sponsor will not arise that would necessitate a modification or change of such methodology. The information contained within this Schedule 2 and PDS remains subject to the rules and provisions of the Strategy, as determined or amended by Citigroup Global Markets Limited or any of its affiliates in the capacity of Strategy Sponsor thereof from time to time. Such rules and provisions are subject to any discretions that the Strategy Sponsor may have in operating or interpreting the Strategy or in adjusting any component thereof.

Although the Strategy Sponsor will obtain information for inclusion in or for use in the calculation of the Strategy from sources which the Strategy Sponsor considers reliable (such sources including the Strategy Sponsor's internally maintained databases and public sources, such as Bloomberg Service), the Strategy Sponsor will not publish or independently verify such information. The Strategy Sponsor shall not be liable (whether in negligence or otherwise) to any person for any error or omission in the calculation of the Strategy and the Strategy Sponsor is under no obligation to advise any person of any such error or omission therein.

General

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

Exposure to the Strategy is gained by investing in USD denominated notional units of the Strategy (i.e. the Equity Units). These units had a notional value of USD 100 on 28 February 2005 (the **"Start Date"**). On any day after the Start Date, the value of each unit will be determined by reference to the performance of the Strategy.

Overview of the Asian Income Plus Trading Strategy III

1. Stock Selection, Ranking and Weighting Process

On the Strategy Business Day preceding the Start Date and on each Strategy Business Day preceding an Annual Rebalancing Date, the Strategy selects a portfolio of thirty (30) ordinary shares (each a **"Selected Stock"**) from the MSCI AC Asia Index (Bloomberg Code: MXAS) (the **"Index"** or "**Reference Index"**) which is a free-float adjusted market capitalisation weighted index that monitors the performance of equity securities from the Asian region, such selection of thirty ordinary shares being subject to the more detailed rules and provisions of the Strategy. The Strategy only selects from ordinary shares in the Index that are listed on the exchanges of Hong Kong, Singapore, Korea, Taiwan and Japan (individually **"Qualified Stocks"** or together **"Qualifying Stocks"**). If the Index or its sector or geographic classifications cease to be published by Morgan Stanley Capital International Inc., the Strategy Sponsor will substitute another large global index as the Index and adjust the selection criteria described below accordingly. Such ordinary share selection is effective in respect of the Strategy on the Start Date, or as the case may be, the relevant Annual Rebalancing Date.

On the Strategy Business Day preceding the Start Date and on each Strategy Business Day preceding an Annual Rebalancing Date, the Strategy Sponsor will rank all Qualifying Stocks according to free-float adjusted market capitalisation. The Strategy will then select the top thirty (30) Qualified Stocks from the list of Qualifying Stocks as ranked above, subject as provided below (each, a **"Selected Stock"**). Each Selected Stock is classified within a particular industry sector and within a particular country sector (both, a **"Sector"**) by the Index. Subject to the following, the Strategy will only select eight (8) stocks from any single industry Sector or country Sector. Once the Strategy has selected 8 Selected Stocks from the same Sector, the Strategy will seek to avoid ordinary shares from the same Sector by ignoring these ordinary shares and instead selecting ordinary shares immediately below such ordinary shares in the list of Qualified Stocks as ranked above. However, the Strategy will always select 30 Selected Stocks from the Index. This may mean including more than 8 Qualified Stocks from the same Sector if the Index does not contain an adequate industry Sector or country Sector spread, in which case the highest ranked Qualifying Stock or Qualifying Stocks that was or were previously ignored will be selected to complete the list of Selected Stocks in the Strategy.

If the requirements of an applicable external regulator in respect of the Strategy Sponsor, local laws in a jurisdiction in which an issuer of a Selected Stock is located, the rules and regulations of a stock exchange on which a Selected Stock is traded, or rules and restrictions internal to the Strategy Sponsor result in the Strategy or the Strategy Sponsor being unable to hold, write options over, or otherwise deal in, certain ordinary shares contained in the Index, the Strategy may not include such stock or, as the case may be, the Strategy Sponsor may rebalance the portfolio of Selected Stocks at such time.

On the Start Date and on each Annual Rebalancing Date, the 30 Selected Stocks will be ranked within the Strategy according to Estimated Total Yield. Where two or more ordinary shares are ranked by free-float market capitalisation in descending order (largest market capitalisation ranked first). Once ranked according to Estimated Total Yield, each Selected Stock will be given a weight in accordance with its ranking in the Strategy (such weighting given in accordance with the rules of the Strategy), as of such Start Date or, as the case may be, Annual Rebalancing Date. The Selected Stock ranking first in the Strategy will be given a five (5) per cent weight and the Selected Stock ranking thirtieth in the Strategy will have a two (2) per cent weight. The other Selected Stocks will be allocated a weighting by the Strategy between 2 and 5 per cent. Due to fluctuations in the price of the shares in the Strategy, at any given time between the Annual Rebalancing Dates, the actual percentage of the Strategy represented by a Selected Stock may be more or less than its weight on rebalancing. A Selected Stock may be the subject of a corporate action (see further details below) and, in such circumstances, the Strategy will adjust the weighting of the affected ordinary share. If, for whatever reason, the weighting of any Selected Stock exceeds 15% for a period of 5 consecutive Strategy Business Days, the weight of the overweight Selected Stock will be reduced and the non-affected ordinary shares will be re-weighted in accordance with the rules of the Strategy.

2. Options Overwriting

In addition, on a quarterly basis, on a day selected by the Strategy Sponsor in its sole and absolute discretion that falls not more than ten Strategy Business Days after either the Start Date or the date that the last Call Option expires in respect of the preceding quarter (each such date a **"Quarter End Date"** and each such period a **"Quarter"**), the Strategy will notionally write a three-month (approximately) call option on each Selected Stock (each option on one share of the Selected Stock, a **"Call Option"** and all the options in respect of that Selected Stock, the **"Total Call Options"**).

In the event that the Strategy Sponsor determines, in its sole and absolute discretion, that there is insufficient liquidity in the options market, the Strategy Sponsor may exercise its right to delay writing Total Call Options for a period not exceeding 4 weeks after the previous Quarter End Date. The Strategy Sponsor shall notify the Issuer as soon as practicable following the exercise of its right to delay writing Total Call Options. If the Strategy Sponsor exercises this right, any subsequent Total Call Options that are written in the relevant Quarter will have a tenor that approximately matches the period remaining that Quarter, which could be as little as two months.
In certain circumstances, the Strategy Sponsor may determine that options markets remain insufficiently liquid 4 weeks after the end of the immediately preceding Quarter. In this situation, the Strategy Sponsor may elect not to write any Call Options for that Quarter.

The price at which the Strategy will seek to write options for a Selected Stock will be set according to the amount of annual option premium that the Strategy needs to earn the Target Quarterly Premium. With respect to each Call Option, the Target Annual Premium, and therefore the Target Quarterly Premium, will be determined by the Strategy on or around the relevant Annual Rebalancing Date, or as the case may be, Start Date.

The actual premium for each Call Option (the **"Option Premium"**) will be equal to the best bid price received from at least two independent market counterparties and Citigroup Global Markets Limited (or an affiliate of Citigroup Global Markets Limited) (each a **"Counterparty"**, together the **"Counterparties"**) in respect of such Call Option. The Counterparties will be asked to provide a strike price for each Call Option (subject to a minimum strike price of 100 per cent of the current market price of the relevant ordinary share and a maximum of 130 per cent of the current market price of the relevant ordinary share) based on the Target Quarterly Premium. In the event that neither of the two independent market counterparties provide a strike price, the Strategy may rely solely on the bid from Citigroup Global Markets Limited (or one of its affiliates). If the best bid for any Call Option is at the minimum strike price of 100 per cent, then the related premium on that Call Option may be less than the Target Quarterly Premium and the Strategy may still write a Call Option for that Quarter on that Selected Stock as long as the related premium is above a minimum premium threshold level.

To the extent that the Total Call Options to be notionally written by the Strategy Sponsor are in excess of the total number of Call Options that the Counterparty with the best bid price is willing to purchase (such Call Options in excess, the **"Excess Call Options"**), the Excess Call Options will be offered to the Counterparty with the next best bid price and to the extent that there are any remaining Excess Call Options, to the Counterparty with the lowest bid price. The Total Call Options will be reduced to the extent that the Counterparties do not bid for all of the Excess Call Options.

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

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

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

3. Income Amount

The Income Amount of the Strategy comprises of (i) Net Dividends and (ii) the aggregate Option Premium.

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

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

4. Adjustment Factor

An amount of 1.75 per cent per annum (exclusive of GST) of the capital value of one unit of the Strategy is deducted from the Strategy in respect of each such unit (the **"Strategy Adjustment Factor"**).

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

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

where:

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

n = the number of days from and excluding the last day on which the Strategy Adjustment Factor was calculated to and including the current day.

The total amount in respect of each quarter is broken down into daily amounts and these daily amounts are accrued daily by the Strategy Sponsor from accrued income.

5. Net Asset Value

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

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

(a) the market value of the Selected Stocks, based on current market prices per unit of the Strategy, *provided that*, if trading in a Selected Stock has been restricted or limited due to any rule or regulation of the relevant jurisdiction or stock exchange, the last execution price of such Selected Stock prior to such restriction or limitation shall be deemed to be the current market price of such Selected Stock;

LESS

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

PLUS

(c) accrued income (net of the Strategy Adjustment Factor) per unit of the Strategy;

PLUS

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

6. Corporate Actions

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

These include but are not limited to:

(a) **Mergers and Acquisitions**

Where the issuers of two Selected Stocks merge, the surviving merged Selected Stock will have its aggregate weight reduced to the higher weight of the two original Selected Stocks immediately prior to the merger. The Strategy will select a new ordinary share from the Index (according to the selection process described above), which will then be allocated a weighting of 2 per cent. The Strategy may adjust the weighting of the non-affected ordinary shares accordingly to re-allocate any remaining weighting.

(b) **Special dividends, stock dividends and rights issues**

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

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

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

In addition, following any of the events described in (a) and (b) above, the Strategy Sponsor in its sole discretion may make any further adjustments to the Selected Stocks and/or options in the Strategy as it deems appropriate. If the Strategy does not specifically provide for adjustments to be made following a particular type of corporate action, the Strategy Sponsor will determine what adjustments to make to the Strategy, the Selected Stocks and the options in the Strategy, as it deems appropriate.

7. Nationalisation, Insolvency, Delisting

The Strategy expressly provides for certain adjustments on the occurrence of nationalisation or insolvency of corporate issuers of Selected Stocks or the delisting of Selected Stocks. On the occurrence of any such nationalisation, insolvency or delisting, the affected Selected Stock will be removed from the Strategy and a new ordinary share will be added into Strategy. The new ordinary share will be the ordinary share with the highest official ranking in the Index that meets the following conditions: (i) the new ordinary share is not one of the 30 Selected Stocks at the time of removal of the affected Selected Stock, (ii) the new ordinary share is a Qualified Stock and (iii) the addition of the new ordinary share would not violate the sector diversification requirements described in Clause 1 above. The net proceeds obtained from removing the affected Selected Stock will be invested in the new ordinary share, but the weight of the new ordinary share will be limited to 2 per cent. In the event that net proceeds remain after investing in the new ordinary share, the weights of other Selected Stocks will be re-weighted in accordance with the rules of the Strategy.

8. Rounding

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

Definitions and Interpretation

Definitions

In 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 Delivery Asset;

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

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

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

(a) where the Reference Asset is a security:

(i) the actual or proposed adoption of any procedure, event or action which is or which is likely to result in any cash return of capital, pro-rata cash distribution, capital reduction, liquidator's distributions, share buy-back, bonus issue, rights issue, arrangement, scheme of arrangement, compromise, merger, demerger, reconstruction, compulsory acquisition, redemption, cancellation, replacement, modification, subdivision or consolidation, takeover bid, special dividend, non cash dividend, share split or any other similar or like event (but excludes the payment by the issuer of the Delivery Assets of cash dividends or distributions);

(ii) any event which is or which results in the actual or proposed administration, liquidation, winding up or termination of the issuer of the Reference Assets or other similar or like event (however described);

(iii) any event which is or which results in the actual or proposed de-listing of the Reference Assets or the actual or proposed removal from quotation of the Reference Assets or the actual or proposed Suspension from trading of the Reference Assets;

(b) any actual or proposed event that may reasonably (in the Issuer's opinion) be expected to lead to any of the events referred to in paragraph (a) above occurring;

(c) where any force majeure event occurs, or any other event occurs which the Issuer determines in good faith in the performance of its obligations having or becoming, in circumstances beyond its reasonable control, impossible, unlawful, illegal or otherwise prohibited;

(d) a Market Disruption Event occurs or seems likely to occur; or

(e) a Realisation Disruption Event occurs or seems likely to occur; or

(f) any other event which the Issuer reasonably declares to be an Adjustment Event, including the termination or adjustment or change of the Issuer's hedging arrangements (if any);

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

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

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

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

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

"APRA" means the Australian Prudential Regulatory Authority;

"Asian Income Plus Trading Strategy III" or **"Strategy"** is the notional trading strategy described in Schedule 2;

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

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

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

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

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

"AUD" or **"A$"** means Australian Dollar;

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

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

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

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

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

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

"Break Costs" means all costs, expenses and losses incurred by the Issuer and notified by the Issuer as payable by the Investor as a result of an Early Maturity of YIELDS3, including but not limited to the termination or reversal of any arrangements or hedge position entered into by the Issuer in connection with any Units which are terminated early;

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

"Capital Guarantee" means the guarantee provided by the Guarantor as described in the section "The Guarantee" contained in section 8 of this PDS;

"Capital Protection Value" means A$10.00 per YIELDS3 Unit;

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

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

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

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

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

"Coupon" means the amount calculated in accordance with the following formula:

$$C = DA \times N$$

Where:

C = Coupon

DA = Distribution Amount

N = Number of YIELDS3 Units held by each Investor;

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

"Deal" means to:

(a) acquire or dispose of any legal or beneficial interest; or

(b) mortgage, charge or in any way encumber or alienate;

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

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

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

Where:

FV = Final Value

NY = Number of YIELDS3 Units held by each Investor

CT = Any applicable Cost and Taxes

CP = Closing Price;

"Denomination" means Australian Dollars;

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

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

"Distribution Ex-Date" means 3 March, 3 June, 3 September and 3 December in each year (the first such date after the issue of YIELDS3 being 3 September 2005) or, if that date is not a Strategy Business Day, the next following Strategy Business Day until the Maturity Date;

"Distribution Payment Date" means 15 March, 15 June, 15 September and 15 December in each year (the first such date after the issue of YIELDS3 being 15 September 2005) or, if that date is not a Business Day, the next following Business Day until the Maturity Date;

"Distribution Period" means (i) in respect of the first Distribution Ex-Date after the issue of YIELDS3, the period beginning on (and including) 3 June 2005 (and if such date falls on a day that is not a Strategy Business Day, the next following Strategy Business Day) and ending on (but excluding) such date (the **"Distribution End Date"**) as determined by the Strategy Sponsor in its sole and absolute discretion that falls within the relevant Distribution End Period and (ii) in respect of any other Distribution Ex-Date, the period beginning on (and including) the Distribution End Date determined in the last succeeding Distribution Period and ending on (but excluding) that Distribution End Date;

"Distributor" means the Issuer, affiliates of the Issuer, or any other distributor appointed by the Issuer from time to time;

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

"Dynamic Portfolio Adjustment Factor" means, in relation to each Portfolio Unit, the amount of A$0.075 per annum;

"Dynamic Portfolio Value" means, in relation to each Portfolio Unit at the Portfolio Expiration Time on the Portfolio Expiration Date, an amount in AUD determined, in its sole and absolute discretion, by the Portfolio Calculation Agent in accordance with the following formula:

$$DPV = EA + BV - LFA$$

Where:

DPV = Dynamic Portfolio Value

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

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

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

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

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

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

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

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

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

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

"Estimated Total Yield" means, with respect to a Selected Stock, the sum of the Selected Stock's (i) Historic Dividend Yield and (ii) projected option premium income based on then current implied volatilities and a fixed strike price of 103.5 per cent and accounting for dividend seasonality, in each case calculated on the Strategy Business Day immediately prior to the Start Date or the relevant Annual Rebalancing Date, as the case may be, and expressed as a percentage of the price of the Selected Stock on the Strategy Business Day immediately prior to the Start Date or the relevant Annual Rebalancing Date;

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

"Final Value" shall be determined by the Issuer in its sole and absolute discretion as an amount per YIELDS3 Unit in AUD equal to the greater of (a) the Capital Protection Value and (b) the Dynamic Portfolio Value;

"FX Rate" means the relevant foreign exchange rate calculated by the Portfolio Calculation Agent or Strategy Sponsor, as the context requires, in its sole and absolute discretion;

"Gap Risk Percentage" means on any given day, the Net Portfolio Unit NAV minus the Protection Floor expressed as a percentage of the value allocated to the Strategy;

"Gross Portfolio Unit NAV" means, in relation to each Portfolio Unit at the Valuation Time on any Valuation Date, an amount in AUD calculated by the Portfolio Calculation Agent in accordance with the following formula:

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

Where:

$NAV^{(G)}$	=	Gross Portfolio Unit NAV at the Valuation Time on that Valuation Date
$EV^{(I)}$	=	Initial Equity Value on that Valuation Date
$BV^{(I)}$	=	Initial Bond Value on that Valuation Date
$LFA^{(I)}$	=	Initial Leverage Facility Amount on that Valuation Date;

The Gross Portfolio Unit NAV at the Valuation Time on the Portfolio Commencement Date will be A$9.67;

"GST" means goods and services tax;

"Guarantor" means Citigroup Inc.;

"HIN" means Holder Identification Number;

"Historic Dividend Yield" means, with respect to a Selected Stock, the sum of the regular net ordinary cash dividends (excluding special dividends and stock dividends) that would be received by a UK corporate taxpayer holding the Selected Stock over the one-year period ending at the Start Date or the relevant Annual Rebalancing Date, as the case may be, expressed as a percentage of the price of the Selected Stock on the Strategy Business Day immediately prior to the Start Date or the relevant Annual Rebalancing Date; provided that, if the issuer of the Selected Stock has announced that payment of dividends on the Selected Stock will be discontinued, then the Historic Dividend Yield of the Selected Stock will be deemed to be zero;

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

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

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

(a) the Initial Number of Bond Units on that Valuation Date; and

(b) the Bond Price at the Valuation Time on that Valuation Date;

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

(a) the Initial Number of Equity Units on that Valuation Date (as adjusted in accordance with clause 1.6 of Schedule 1); and

(b) the Australian Equity Price at the Valuation Time on that Valuation Date as determined by the Portfolio Calculation Agent;

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

(a) the Leverage Facility Amount (as defined in the table in clause 1.3 of Schedule 1) at the Closing Time on the immediately preceding Valuation Date; and

(b) an amount representing interest on paragraph (a) above, accrued on the actual number of days from and including the immediately preceding Valuation Date to and excluding that Valuation Date, at a rate determined by reference to RBA plus 1.25 per cent per annum;

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

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

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

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

"Investor" means the person whose name is entered into the Register from time to time as the holder of the YIELDS3 Unit;

"Issue Date" means 2 August 2005;

"Issue Price" means A$10.00 per Unit;

"Issuer" or **"Citigroup"** means Citigroup Global Markets Australia Pty Limited (ABN 64 003 114 832, AFSL 240 992);

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

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

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

"Listed" means admitted to the official list of ASX whether or not quotation of the YIELDS3 is deferred, suspended or subjected to a trading halt;

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

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

(a) that the published values for any Selected Stocks that have been notionally invested into pursuant to the Strategy do not represent their true values;

(b) the occurrence or existence of any suspension of or limitation imposed on trading (by reason of movements in price exceeding limits permitted by the relevant stock exchange to the Selected Stock or otherwise), (i) on the relevant stock exchange(s) in securities that comprise the Selected Stock, or (ii) in option contracts or futures contracts on any Selected Stock or on any related stock exchange if, in any such case, such suspension or limitation is notified to the Issuer or the Portfolio Calculation Agent by the Strategy Sponsor as being material; and/or

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

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

"Maturity Date" means 2 August 2011, unless there is an Early Maturity under clause 4, in which case references in these Terms to the Maturity Date are to be read as the date specified by the Issuer in the Early Maturity Notice;

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

"Minimum Investment Amount" means A$5,000 or 500 YIELDS3 Units;

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

"Net Dividends" means the net ordinary cash dividends that would be received by a UK corporate taxpayer during a Distribution Period on a portfolio of ordinary shares corresponding to the number of each Selected Stock within a unit of the Strategy, provided that during the final Distribution Period Net Dividends will include the net ordinary cash dividends that an issuer of a Selected Stock has announced during that final Distribution Period will be paid to holders but has not been paid during that final Distribution Period (but only in an amount that would be received by a UK corporate taxpayer when such dividend is paid on a portfolio of ordinary shares corresponding to the number of units of each Selected Stock within a unit of the Strategy). Net Dividends does not include special dividends and stock dividends;

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

"**Offer Close"** or "**Offer Closes"** means 26 July 2005 at 5:00 pm Sydney time or such other time as determined by the Issuer and notified to Investors;

"Participant" has the meaning given to it in the ASTC Settlement Rules;

"Portfolio Calculation Agent" means Citigroup Global Markets Limited or any of its affiliates;

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

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

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

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

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

"Product Disclosure Statement" or **"PDS"** means the product disclosure statement issued by Citigroup in relation to the invitation to invest in YIELDS3 dated on or about 6 May 2005 or such new or supplementary PDS issued by Citigroup from time to time;

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

(a) the discounted value at that time on such Valuation Date of the Capital Protection Value; and

(b) the discounted value of the Dynamic Portfolio Adjustment Factor accrued daily on an actual / 365 day basis from and excluding such Valuation Date to and including the Portfolio Expiration Date,

as determined by the Portfolio Calculation Agent. In determining the appropriate discount rates, the Portfolio Calculation Agent will have regard to to such factors as it deems appropriate (including, without limitation, AUD swap rates) and may, in its sole and absolute discretion, apply an increase of between zero basis points up to a maximum of 50 basis points to such discounting rates;

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

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

"Realisation Disruption Event" means any restrictions, charges or other deductions imposed by any applicable governmental, judicial or regulatory body on (i) any dealing by any person in any underlying instruments listed on a Relevant Exchange, whether held by any such person for hedging purposes or otherwise, and (ii) the exchange, conversion and/or cross-border transfer of the currency in which underlying instruments are denominated ("Local Currency") into the currency in which the transaction is settled ("Settlement Currency") at any time during the Term of Investment.

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

(a) the Bond Value (as defined in clause 1.3 of Schedule 1) at the time of the occurrence of the Leverage Event; and

(b) a positive or negative amount, in AUD, representing the amount per Portfolio Unit that is notionally credited to (such amount being positive) or notionally debited from (such amount being negative) the Bond Portfolio following the notional sale or purchase of Equity Units in accordance with clause 1.5.2 of Schedule 1, subject to a minimum of zero;

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

(a) the Net Portfolio Unit NAV determined by the Portfolio Calculation Agent as soon as reasonably practicable following the occurrence of the Leverage Event; and

(b) the Reallocation Exposure determined by the Portfolio Calculation Agent as soon as reasonably practicable following the occurrence of a Leverage Event;

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

$$RE = 5 \times \left(\frac{NAV^{(N)} - PF}{NAV^{(N)}} \right)$$

Where:

RE = Reallocation Exposure

$NAV^{(N)}$ = Net Portfolio Unit NAV determined by the Portfolio Calculation Agent (in accordance with clause 1.3 of Schedule 1) as soon as reasonably practicable following the occurrence of the Leverage Event

PF = Protection Floor calculated by the Portfolio Calculation Agent as soon as reasonably practicable following the occurrence of the Leverage Event;

"Reference Index" means the MSCI AC Asia Index (Bloomberg code: MXAS);

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

"Registrar" means Computershare Investor Services Pty Limited (ABN 71 005 485 825);

"Relevant Exchange" means in the case of:

(a) any exchange traded financial product, the primary exchange upon which that financial product is traded; and

(b) an index, the primary exchange upon which the financial products which primarily constitute that index are traded,

as determined in the absolute discretion of the Issuer;

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

"Selected Stock" means the ordinary share selected in the Asian Income Plus Trading Strategy III;

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

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

"Start Date" means 28 February 2005;

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

"Strategy" means the Asian Income Plus Trading Strategy III;

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

"Strategy Adjustment Factor" has the meaning given in clause 4 of Schedule 2;

"Strategy Sponsor" means Citigroup Global Markets Limited or any of its affiliates;

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

"Target Annual Income" means 12 per cent per annum;

"Target Annual Premium" means, with respect to a Selected Stock, an amount determined by the Strategy Sponsor equal to the greater of (i) the sum of Target Annual Income and Strategy Adjustment Factor, less Historic Dividend Yield, and (ii) zero;

"Target Quarterly Premium" means an amount equal to the Target Annual Premium divided by four (4);

"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 six (6) years;

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

"Term Sheet" means the term sheet set out in section 1 of this PDS;

"Termination Amount" shall be an amount in AUD as determined by the Portfolio Calculation Agent, in its sole and absolute discretion on the Unwind Date in accordance with the following formula:

$$TA = EV + BV - LFA$$

Where:

TA	=	Termination Amount
EV	=	Equity Value at the Valuation Time on the Unwind Date. For the purpose of calculating the Equity Value, the Portfolio Calculation Agent will determine the Australian Equity Price at the Valuation Time on the Unwind Date.
BV	=	Bond Value at the Valuation Time on the Unwind Date
LFA	=	Leverage Facility Amount at the Valuation Time on the Unwind Date;

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

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

"Trailing Fee Adjustment Factor" means, in relation to each Portfolio Unit, A$0.085 per annum. If the Reallocation Exposure on any Strategy Business Day is zero, then from and including the next day the Trailing Fee Adjustment Factor will be zero;

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

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

"USD" means United States Dollars;

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

"Valuation Time" means such time as the Equity Price is first notified to the Portfolio Calculation Agent by the Strategy Sponsor on that Valuation Date or as soon as reasonable thereafter;

"YIELDS3" means the agreement under which the Investor agrees to purchase the Delivery Parcel from the Issuer on a deferred basis on the terms and conditions set out in these Terms and the PDS;

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

Interpretation

(a) In this PDS, unless the context requires another meaning, a reference:

  (i) to the singular includes the plural and vice versa;

  (ii) to a document (including the Terms) is a reference to that document (including any Schedules and Annexures) as amended, consolidated, supplemented, novated or replaced;

  (iii) to a party means a party to the Terms and in the case of the Issuer includes any affiliate of the Issuer;

  (iv) to a person (including a party) includes an individual, company, other body corporate, association, partnership, firm, joint venture, trust or Government Agency, and it also includes the person's successors, permitted assigns, substitutes, executors and administrators;

  (v) to a law is a reference to that law as amended, consolidated, supplemented or replaced and it includes a reference to any regulation, rule, statutory instrument, by-law or other subordinate legislation made under that law, or any legislation, treaty, judgment, rule of common law or equity or rule of any applicable stock exchange;

(b) Where a word or phrase is defined, its other grammatical forms have a corresponding meaning.

(c) Headings are for convenience only and do not affect interpretation.

(d) If a payment or other act must (but for this clause) be made or done on a day that is not a Business Day, then it must be made or done on the next Business Day.

(e) If a period occurs from, after or before a day or the day of an act or event, it excludes that day.

(f) The Terms may not be construed adversely to a party only because that party was responsible for preparing them.

(g) Any term not defined in the section "Definitions and Interpretation" on page 54 of this PDS and which is defined elsewhere in the PDS has the same meaning as in the PDS unless the context otherwise requires.

(h) All references to time are to time in Sydney, Australia (unless otherwise stated).

Section 10 - How to Invest in YIELDS3

The Minimum Investment Amount for YIELDS3 is A$5,000 with additional investments in multiples of A$1,000 thereafter. If you wish to make an investment in YIELDS3 you will need to complete an Application Form in accordance with the instructions on the following page and attach a cheque (in A$ only) made payable to the **"YIELDS3 ISSUE 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 26 July 2005**.

Acceptance of Applications

The Issuer may, in its absolute discretion, refuse or reject any Application (wholly or in part) without giving a reason. If your Application is rejected, the Issuer will return your Investment Amount (without interest) to you. The Issuer also reserves the right at any time to close the offer early. If the Issuer decides that it will accept an Application, acceptance of your offer will take place on the Issue Date. Within 10 Business Days of accepting your offer, you will be sent an acknowledgement of acceptance which will set out the number of YIELDS3 acquired and other information confirming your investment in YIELDS3.

Applicants are bound by the Terms when they make an Application

YIELDS3 are issued by Citigroup on the Terms set out in section 9 of this PDS. Applicants should ensure that you read and understand the Terms. Applicants should note that the submission of an Application Form and payment constitutes an offer by the Investor to acquire the Delivery Assets on a deferred basis in accordance with the Terms contained in this PDS and acceptance of the Applicant's declaration set out in the Application Form. Applicants are taken to agree that the interest earned on all application monies (whether accepted or refunded) will belong to the Issuer.

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 YIELDS3 (not you directly). It follows that the operator has the rights of an Investor and can exercise them in accordance with the master trust or wrap account agreement. The Issuer is not responsible for the operation of any master trust or wrap account service through which you may invest. You may however still rely on the information in this PDS. Enquiries and complaints should be directed to the operator of that service, not to the Issuer. Reports on your investment will come from the operator of that service, not directly from the Issuer.

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

Who may apply for YIELDS3?

Application for YIELDS3 is open to:

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

other than US persons who may not apply for YIELDS3.

A US person is defined as:

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

How to complete the Application Form

Before completing the Application Form the Applicant(s) should read the PDS to which this Application relates. Complete the Application Form in BLOCK LETTERS, read and sign the Applicant's Declaration and attach your payment. You should return your completed Application Form by using the enclosed Reply Paid envelope or send directly to your Stockbroker or Financial Adviser.

Correct forms of registrable title(s)

Note that ONLY legal entities are allowed to hold YIELDS3. Applications must be made in the name(s) of natural persons, companies or other legal entities in accordance with the Corporations Act. At least one full given name and the surname is required for each natural person. The name of the beneficial owner or any other registrable name may be included by way of an account designation if completed exactly as described in the examples of correct forms of registrable title(s) below.

Type of Investor	Correct form of registration	Incorrect form of registration
Individual: Use given name(s) in full, not initials	Mr John Alfred Smith	J.A. Smith
Joint Holdings: Use given name(s) in full, not initials	Mr John Alfred Smith & Mrs Janet Marie Smith	John Alfred & Janet Marie Smith
Company: Use company title, not abbreviations	ABC Pty Ltd	ABC P/L ABC Co
Trusts: Use trustee(s) personal name(s) Do not use the name of the trust	Ms Penny Smith <Penny Smith Family A/C>	Penny Smith Family Trust
Partnerships: Use partners personal name(s) Do not use the name of the partnership	Mr John Smith & Mr Michael Smith <John Smith & Son A/C>	John Smith & Son
Superannuation Funds: Use the name of the trustee(s) of the fund Do not use the name of the fund	John Smith Pty Ltd <Super Fund A/C>	John Smith Pty Ltd Superannuation Fund

A **Number of YIELDS3:** Enter the number of YIELDS3 you wish to apply for, the Application must be for a minimum of 500 Units. Applications for greater than 500 Units must be in multiples of 100 Units.

B **Investment Amount:** Enter the Investment Amount. To calculate the amount, multiply the number of YIELDS3 by the Issue Price per Unit.

C **Application Name(s):** 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 on page 65 for the correct forms of registrable title. Applications using the wrong form of names may be rejected. CHESS participants should complete their name identically to that presently registered in the CHESS system.

D **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.

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

F **CHESS:** Citigroup (the Issuer) will apply to the ASX for YIELDS3 to participate in CHESS. In CHESS, the Issuer will operate an electronic CHESS Subregister of security holdings and an electronic Issuer Sponsored Subregister of security holdings. Together the two Subregisters will make up the Issuer's principal register of securities. The Issuer will not be issuing certificates to Applicants in respect of YIELDS3 allotted. If you are a CHESS participant (or are sponsored by a CHESS participant) and you wish to hold YIELDS3 allotted to you under this Application on the CHESS Subregister, enter your CHESS HIN. Otherwise, leave this section blank and on allotment, you will be sponsored by the Issuer.

G **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.

H **Payment:** Make your cheque or bank draft payable to **"YIELDS3 ISSUE A/C"** in Australian currency and cross it **"Not Negotiable"**. Your cheque or bank draft must be drawn on an Australian bank.

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

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

I **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 Computershare Investor Services Pty Limited by no later than 5:00 pm AEST on 26 July 2005. Return the Application Form with cheque(s) attached to:

Computershare Investor Services Pty Limited
GPO Box 7115
SYDNEY NSW 2001

OR

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

If you have any enquiries concerning your Application, please contact Computershare Investor Services Pty Limited on 1300 364 060.

YLD3000001

YIELDS3 Application Form

This Application Form is to be used for investing in YIELDS3. Please note that if you receive this PDS electronically, your application can only be accepted if we receive a completed, current Application Form which accompanied the electronic or paper copy of the PDS dated 6 May 2005. Paper copies of this PDS (with attached Application Form) are available from the Issuer free of charge on request.

Adviser Name | **Adviser Code** | Adviser/Broker stamp

Adviser Phone Number | **Broker Code**

APPLICATIONS CLOSE AT 5:00 PM AEST ON 26 JULY 2005

A **I/we apply for**

Issue Price per Unit

AUD 10.00

B **I/we lodge full Investment Amount**

AUD , , .00

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

C **Individual/Joint Applications** - **Refer to naming standards for correct forms of registrable title(s)**

Title | Given Name(s) or Company Name | Surname

Joint Applicant 2 or Account Designation

D **Enter your postal address** - **Include State and Postcode**

Unit | Street Number | Street Name or PO Box / Other Information

City / Suburb / Town | State | Postcode

E **Enter your contact details**

Contact Name

Telephone Number - Business Hours / After Hours

( )

F **CHESS Participant**

Holder Identification Number (HIN)

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

PLEASE READ AND COMPLETE THE APPLICANT'S DECLARATION ON THE REVERSE SIDE

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

First Applicant

Joint Applicant 2, ABN/ACN or Exemption Code

H Cheque details - Make your cheque or bank draft payable to "YIELDS3 ISSUE A/C"

Drawer	Cheque Number	BSB Number	Account Number	Amount of cheque
				AUD
				AUD

I APPLICANT'S DECLARATION

By submitting this Application Form, I/we declare that this Application is completed and lodged in accordance with the PDS. I/we declare that all details and statements made by me/us (including the declaration) are complete and accurate and that by making this Application:

Representations, warranties and indemnity:

I/we represent and warrant that:

- I am/we are not bankrupt or insolvent (as the case may be) and am/are able to pay my/our debts as and when they become due and that no step has been taken to make me/us bankrupt or commence winding up proceedings, appoint a controller or administrator, seize or take possession of any of my/our assets or make an arrangement, compromise or composition with any of my/our creditors;
- I/we have read and understood the Terms and make all the representations and warranties contained in clause 10 of the Terms;
- If I am/we are acting as trustee in relation to the holding of the YIELDS3, I/we represent and warrant that I/we have all the power, authority and discretion vested as trustee to apply for and hold the YIELDS3;
- I/we will not offer, sell, re-sell or deliver, directly or indirectly, any Units so purchased in any overseas jurisdiction or to any foreign persons, or for the account or benefit of any such foreign person, or to others for the offering, sale or re-sale or delivery in any overseas jurisdiction or to any such foreign persons; and
- 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, YIELDS3 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 YIELDS3 or the deferred purchase of Delivery Assets.

Privacy Declaration

I/we have read and understood the Privacy Statement in the PDS and agree that information about me/us written on this form will not be collected, used or disclosed for any purpose other than for the purposes stated in the PDS. Where I/we have provided information about any other individual, I/we will make that individual aware of the provisions of the privacy statement. The Issuer would like to keep in touch with you about future investment opportunities that may be of interest. Please tick this box if you do NOT wish to be contacted for this purpose.

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

General Declaration

I/we whose full name(s) and address(es) appear above, hereby apply for the YIELDS3 as set out on this Application Form, to be issued in accordance with the Terms set out in the PDS. I/we have read and understood the Terms and agree to accept the YIELDS3 on and be bound by the Terms. I/we acknowledge that the YIELDS3:

(i) is not a deposit or other liability of any insured depository institution (including Citibank, N.A. and Citibank Pty Limited);

(ii) is subject to investment risks, including the possible loss of the principal amount invested, in the event of Early Maturity;

(iii) is not issued or guaranteed by Citibank, N.A. or Citibank Pty Limited and neither Citibank, N.A. nor Citibank Pty Limited stands behind the capital value and/or performance of the YIELDS3.

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.

Privacy Statement - Registrar

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

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

Signature Applicant 1 (or Company Officer)

SIGN HERE Date / /

Full Name & Title*

Signature Joint Applicant 2 (or Company Officer)

SIGN HERE Date / /

Full Name & Title*

* If signing on behalf of a company please include title (Director or Secretary).

If signing under a Power of Attorney, a certified copy of the Power of Attorney must accompany the Application Form.

How did you find out about the YIELDS3?

☐ Financial Adviser ☐ Advertisement ☐ Accountant ☐ Stockbroker ☐ Internet ☐ Other (specify)

Directory

Issuer

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

Registrar

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

Legal Adviser

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

Taxation Adviser

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

Equity First

- Equity First is a family of core products designed by Citigroup 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 Citigroup 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

This product falls within the Protection First product range and is intended for the "defensive investor". Protection First products are designed for the longer term investor who seeks the comfort of full principal protection, with the possibility of yield enhancement through equity market exposure.

www.equityfirst.citigroup.com