



Citi Reset Instalments

Supplementary Product Disclosure Statement

IOA Series

Issued by

Citigroup Global Markets Australia Pty Limited

(ABN 64 003 114 832 and AFSL 240992)

Guaranteed by Citigroup Inc.



Supplementary Product Disclosure Statement

This document is a Supplementary Product Disclosure Statement for the purposes of Part 7.9 of the Corporations Act (**Supplementary**), and has been issued by Citigroup Global Markets Australia Pty Limited ("Citigroup" ABN 64 003 114 832, AFSL 240992) and is guaranteed by Citigroup Global Markets Holdings Inc.

IT SUPPLEMENTS THE COMBINED FINANCIAL SERVICES GUIDE AND PRODUCT DISCLOSURE STATEMENT DATED 10 JANUARY 2005 (PDS) AND MUST ONLY BE READ IN CONJUNCTION WITH THAT PDS.

This Supplementary is dated 23 June 2008.

Defined terms in this Supplementary have the same meaning as those terms in the PDS.

This Supplementary has been issued for the purposes of varying the Summary Table in the PDS effective from 23 June 2008 and setting out other relevant information in respect of the Reset Process. The Reset Date is 23 June 2008.

Summary Table

Citi Reset Instalment ASX Code	Completion Payment (Current Loan Amount)	New Loan Amount	Indicative 1st Interest Amount	Indicative 2nd Interest Amount	Indicative Put Option
AGKIOA	2.719	\$7.00	23-Jun-2010	\$13.23	\$2.71
ALLIOA	7.000	\$5.00	23-Jun-2010	\$7.22	-\$3.77
AMCIOA	3.500	\$4.25	23-Jun-2010	\$6.54	-\$0.29
AMPIOA	4.571	\$4.50	23-Jun-2010	\$7.47	-\$1.26
ANZIOA	14.000	\$14.00	23-Jun-2010	\$23.00	-\$3.67
ASXIOA	16.500	\$20.00	23-Jun-2010	\$35.46	-\$2.01
AWCIOA	3.750	\$3.50	23-Jun-2010	\$6.31	-\$1.18
AXAIOA	3.500	\$3.50	23-Jun-2010	\$5.75	-\$0.88
BBGIOA	8.000	\$7.50	23-Jun-2010	\$11.70	-\$2.67
BHPIOA	16.000	\$27.50	23-Jun-2010	\$46.50	\$3.70
BLDIOA	5.000	\$3.50	23-Jun-2010	\$5.84	-\$2.50
BNBIOA	10.000	\$9.00	23-Jun-2010	\$15.83	-\$4.08
BSLIOA	4.000	\$7.00	23-Jun-2010	\$11.00	\$0.82
BXBIOA	5.619	\$6.00	23-Jun-2010	\$8.80	-\$1.38
CBAIOA	24.000	\$30.00	23-Jun-2010	\$43.92	-\$2.75
CSLIOA	10.000	\$23.00	23-Jun-2010	\$39.92	\$7.55
CWNIOA	2.230	\$6.00	23-Jun-2010	\$11.03	\$2.18
FCLIOA	1.250	\$1.30	23-Jun-2010	\$1.80	-\$0.37
FGLIOA	3.000	\$3.00	23-Jun-2010	\$5.03	-\$0.75
FXJIOA	2.000	\$2.00	23-Jun-2010	\$3.42	-\$0.60
GCLIOA	1.750	\$5.50	23-Jun-2010	\$10.94	\$2.46
IAGIOA	3.000	\$2.50	23-Jun-2010	\$4.33	-\$1.18
LLCIOA	7.250	\$7.50	23-Jun-2010	\$12.28	-\$1.70
MAPIOA	1.750	\$2.00	23-Jun-2010	\$3.10	-\$0.34
MIGIOA	1.367	\$1.75	23-Jun-2010	\$2.93	-\$0.12
MQGIOA	36.000	\$40.00	23-Jun-2010	\$61.60	-\$9.15
NABIOA	20.000	\$18.00	23-Jun-2010	\$32.24	-\$6.63
NCMIOA	9.846	\$16.00	23-Jun-2010	\$30.76	\$2.12
ORIOA	12.500	\$18.00	23-Jun-2010	\$28.40	\$0.81
OSTIOA	2.000	\$4.00	23-Jun-2010	\$6.28	\$0.94
OXRIOA	1.88	\$2.04	23-Jun-2010	\$10.47	-\$1.53
PBGIOA	1.250	\$1.25	23-Jun-2010	\$1.90	-\$0.41
PMMIOA	3.000	\$9.00	23-Jun-2010	\$16.50	\$2.88
QANIOA	1.588	\$2.00	23-Jun-2010	\$3.41	-\$0.21
QBEIOA	12.000	\$15.00	23-Jun-2010	\$25.40	-\$1.01

RIOIOA	42.500	\$85.00	23-Jun-2010	\$146.52	\$20.08
SGBIOA	15.000	\$17.00	23-Jun-2010	\$26.65	-\$2.73
SLFIOA	10.000	\$10.00	23-Jun-2010	\$16.03	-\$9.02
STOIOA	6.000	\$10.50	23-Jun-2010	\$18.15	\$1.53
STWIOA	27.000	\$35.00	23-Jun-2010	\$56.36	-\$30.29
SUNIOA	9.245	\$8.50	23-Jun-2010	\$15.20	-\$2.93
TAHIOA	8.500	\$7.00	23-Jun-2010	\$11.13	-\$3.38
TCLIOA	3.500	\$4.00	23-Jun-2010	\$6.55	-\$0.54
TLSIOA	2.000	\$2.75	23-Jun-2010	\$4.58	\$0.09
VBAIOA	0.850	\$0.50	23-Jun-2010	\$0.83	-\$0.45
WANIOA	4.500	\$6.00	23-Jun-2010	\$10.10	-\$0.02
WBCIOA	12.500	\$16.00	23-Jun-2010	\$25.97	-\$0.69
WDCIOA	8.990	\$12.00	23-Jun-2010	\$17.50	-\$0.62
WESIOA	16.969	\$22.00	23-Jun-2010	\$38.10	-\$0.32
WOWIOA	10.000	\$17.00	23-Jun-2010	\$28.30	\$2.86
WPLIOA	24.000	\$34.00	23-Jun-2010	\$59.43	\$1.19

Trading on the ASX

The IOA Series Citi Reset Instalments will commence trading on the ASX on or about 24 June 2008 on a deferred settlement basis. The IOA Series Citi Reset Instalments will commence trading on a normal (T+3) basis on 8 July 2008. The table below sets out the relevant dates for the initial trading of the IOA Series Citi Reset Instalments during the Reset Process:

Commencement of deferred settlement trading for IOA Series Citi Reset Instalments	24 June 2008
Last date of deferred settlement trading for IOA Series Citi Reset Instalments	7 July 2008
First date of normal (T+3) trading for IOA Series Citi Reset Instalments	8 July 2008
First settlement date of deferred settlement trades for IOA Series Citi Reset Instalments	11 July 2008

If you acquire an IOA Series Reset Instalment on the ASX during the deferred settlement period (from 24 June 2008 to 8 July 2008), you will not be required to pay the First Instalment until the deferred settlement date, which will be 11 July 2008. Similarly, if you sell your IOA Series Citi Reset Instalment on the ASX during the deferred settlement period, you will not receive the sale proceeds until 11 July 2008.

The ASX codes for the various IOA Series Citi Reset Instalments will contain DOD instead of IOA. The ASX codes will revert back to IOA on 8 July 2007 when the IOA Series Citi Reset Instalments commence trading on a normal (T+3) basis again.

Cash Applicants

Cash Applicants can still apply using the Cash Application in the PDS.

ASIC AND ASX

This Supplementary is not required to be and will not be lodged with ASIC, Citigroup will notify ASIC that this Supplementary is in use in accordance with section 1015D of the Corporations Act. Neither ASIC nor ASX takes any responsibility for the contents of this Supplementary or the Citi Instalments.

THIS DOCUMENT IS NOT INVESTMENT ADVICE

This is an important document and should be read in its entirety before any decision is made to apply for or acquire the Citi Instalments. This Supplementary should be read in conjunction with the PDS. The information provided in this Supplementary is not financial product advice and has been prepared without taking into account your personal investment objectives or financial situation. Accordingly, nothing in this Supplementary is a recommendation by Citigroup, its associates or any other person to invest in the Citi Instalments or in the Underlying Shares. YOU SHOULD CONTACT YOUR STOCKBROKER OR OTHER PROFESSIONAL FINANCIAL ADVISER BEFORE MAKING ANY DECISION TO INVEST IN THE CITI INSTALMENTS, AND TAKE INTO ACCOUNT YOUR OWN PERSONAL INVESTMENT OBJECTIVES AND FINANCIAL SITUATION.



Citi Reset Instalments

Supplementary Product Disclosure Statement

IOA Series

5 June 2008

Issued by
Citigroup Global Markets Australia Pty Limited
(ABN 64 003 114 832 and AFSL 240992)

Guaranteed by
Citigroup Inc.

This document is a Supplementary Product Disclosure Statement for the purposes of Part 7.9 of the Corporations Act (**Supplementary**), and has been prepared and issued by Citigroup Global Markets Australia Pty Limited (ABN 64 003 114 832 / AFSL 240992).

IT SUPPLEMENTS THE COMBINED FINANCIAL SERVICES GUIDE AND PRODUCT DISCLOSURE STATEMENT DATED 10 JANUARY 2005 IN RELATION TO RESET INSTALMENT WARRANTS (“PDS”) AND MUST ONLY BE READ IN CONJUNCTION WITH THAT PDS AND ANY OTHER SUPPLEMENTARY PRODUCT DISCLOSURE STATEMENT RELATING TO THAT PDS.

This Supplementary is dated 5 June 2008. Defined terms in this Supplementary have the same meaning as those terms in the PDS.

Section 4.7 of the PDS noted that an investment in Instalment Warrants is subject to a change of law risk and tax risk. On 13 May 2008 the Government announced in the 2008-09 budget that it proposes to change the capital protected borrowing provisions and this Supplementary has been issued to supplement the taxation information in the PDS following this announcement.

This Supplementary supplements the PDS by deleting Section 5 of the PDS up to and including Section 5.2.4 of the PDS and inserting in substitution the following text:

“SECTION 5 – Taxation summary

This section is intended only as a general summary of some of the taxation consequences arising for potential Holders who are Australian resident taxpayers including individuals, companies and complying superannuation funds who hold Citi Reset Instalments on capital account (ie not on revenue account or as trading stock) for tax purposes. Whether Citi Reset Instalments are held on capital account or revenue account will depend on the Holder’s individual circumstances. (For example, Holders who acquire Citi Reset Instalments for the purpose of exercising them and holding the Underlying Parcel for long term investment will generally hold Citi Reset Instalments on capital account. In contrast, Holders who acquire Citi Reset Instalments in the ordinary course of their business or, for the purpose of disposing of them at a profit, will generally hold them on revenue account.)

This section is necessarily general in nature and does not take into account the specific taxation circumstances of each potential Holder. Potential Holders should not rely on this section and should obtain specific taxation advice referable to their own circumstances prior to making any investment decision.

Except as specifically indicated below, this section is based on law and Australian Taxation Office (“ATO”) practice that is current as at 20 May 2008. Potential Holders should seek their own advice on any changes in the law or administrative interpretation after this date which may affect the tax consequences of investing in Citi Reset Instalments.

On 20 September 2007, the Government introduced into Parliament a bill which proposes changes to the taxation of financial arrangements (“TOFA”). The bill has lapsed, but the current Government has announced that the bill will be reintroduced into Parliament at some point. The TOFA proposals will impact upon the tax treatment of a wide range of financial transactions. However, as currently announced, the proposed rules should not mandatorily apply to Citi Reset Instalments acquired before 1 July 2009.

Potential Holders should be aware that any changes to TOFA before enactment occurs may impact on the tax implications applicable to the Citi Reset Instalments.

This section does not cover the taxation consequences of extraordinary events occurring in relation to the Underlying Securities, including Special Dividends, Corporate Actions, Takeover Events and reconstructions of the Citi Reset Instalments.

Finally, the comments below are premised on the basis that, notwithstanding that the Underlying Securities are held on trust by the Trustee, the Holder is effectively treated as holding the Underlying Securities for capital gains tax purposes. The ATO has released a draft public ruling (TR 2004/D25) which casts some doubt as to



whether this will be the case for Holders in all circumstances. However, the ATO has accepted in product rulings that holders under other instalment warrants are effectively treated as holding the Underlying Securities for capital gains tax purposes. Submissions have been made to the ATO seeking clarification on this issue generally, but certainty as to the ATO approach will only be achieved when a final ruling is issued.

5.1 ACQUIRING YOUR CITI RESET INSTALMENTS

This section 5.1 applies differently to Holders depending on when they acquired their Citi Reset Instalments:

- Holders who acquired their Citi Reset Instalments before 1 July 2007 should refer to Part A below; and
- Holders who acquired their Citi Reset Instalments on or after 1 July 2007 should refer to Part B below.

A. HOLDERS WHO ACQUIRED THEIR CITI RESET INSTALMENTS PRIOR TO 1 JULY 2007

5.1.1 Issue of Citi Reset Instalments

Applying for and being issued Citi Reset Instalments does not give rise to any immediate tax consequences for a Holder (for example, a Holder cannot deduct any amount for acquiring the Citi Reset Instalments). Rather, the Holder acquires two assets for capital gains tax (CGT) purposes, being the beneficial interest in the Underlying Shares and the Put Option.

Acquiring Citi Reset Instalments establishes the cost base for a Holder's beneficial interest in the Underlying Shares. The cost base will be relevant to the CGT consequences for the Holder when the Citi Reset Instalments are sold, exercised, terminated, expire or if Citigroup exercises its power of sale under the Security Interest. The Holder's cost base for their beneficial interest in the Underlying Shares will include:

- for Cash Applicants, the First Instalment and the amount of the Loan applied to purchase the Underlying Shares.
- for Shareholder Applicants, the Holder's existing cost base for the Underlying Shares.
- for Rollover Applicants, the Holder's existing cost base for the beneficial interest in the Underlying Shares of the Rollover Instalment. That cost base would not be affected by payments made to Citigroup or received from Citigroup in respect of the Loan.

For Cash Applicants, Shareholder Applicants and Rollover Applicants, the Holder's cost base for the Underlying Shares will also include:

- the cost base of the Put Option (see below) if the Put Option is ultimately exercised; and
- the Early Repayment Fee (if the Holder exercises the Citi Reset Instalments before the Maturity Date).

The amount treated as the Holder's cost base for the Put Option should be equal to the Put Option fee (which is included in the Borrowing Fee).

5.1.2 Purchasing your Citi Reset Instalments on the ASX

Purchasing Citi Reset Instalments on the ASX gives rise to consequences similar to those for a Cash Applicant. That is, purchasing the Citi Reset Instalments establishes the cost base for the Holder's beneficial interest in the Underlying Shares and the Put Option.

The cost base of the Underlying Shares will be relevant to the CGT consequences for the Holder when the Citi Reset Instalments are sold, exercised, terminated, expire or if Citigroup exercises its power of sale under the Security Interest. The Holder's cost base for their beneficial interest in the Underlying Shares will include the purchase price of the Citi Instalment, any brokerage and the amount of the Holder's Loan that is applied to repay the transferring Holder's loan, less the amount treated as the cost of acquiring the Put Option.



For Holders who purchase their Citi Reset Instalments on the ASX before 1 July 2007, the amount treated as the cost of acquiring their Put Option is to be determined under Division 247 of the Income Tax Assessment Act 1997 (the “**capital protected borrowing provisions**”) as follows:

- if the market value of the Underlying Shares at the time of purchase is greater than the amount of the Loan - the cost of the Put Option will be the market value of the Citi Reset Instalment plus the Loan amount less the sum of the market value of the Underlying Shares and the prepaid interest; or
- if the market value of the Underlying Shares at the time of purchase is equal to or less than the amount of the Loan – the cost of the Put Option will be the market value of the Citi Reset Instalment less the prepaid interest.

B. HOLDERS WHO ACQUIRED THEIR CITI RESET INSTALMENTS ON OR AFTER 1 JULY 2007

5.1.3 Issue of Citi Reset Instalments

Applying for and being issued Citi Reset Instalments does not give rise to any immediate tax consequences for a Holder (for example, a Holder cannot deduct any amount for acquiring the Citi Reset Instalments). Rather, the Holder acquires two assets for capital gains tax (CGT) purposes, being the beneficial interest in the Underlying Shares and the Put Option.

Acquiring Citi Reset Instalments establishes the cost base for a Holder’s beneficial interest in the Underlying Shares. The cost base will be relevant to the CGT consequences for the Holder when the Citi Reset Instalments are sold, exercised, terminated, expire or if Citigroup exercises its power of sale under the Security Interest. The Holder’s cost base for their beneficial interest in the Underlying Shares will include:

- for Cash Applicants, the First Instalment and the amount of the Loan applied to purchase the Underlying Shares.
- for Shareholder Applicants, the Holder’s existing cost base for the Underlying Shares.
- for Rollover Applicants, the Holder’s existing cost base for the beneficial interest in the Underlying Shares of the Rollover Instalment. That cost base would not be affected by payments made to Citigroup or received from Citigroup in respect of the Loan.

For Cash Applicants, Shareholder Applicants and Rollover Applicants, the Holder’s cost base for the Underlying Shares will also include:

- the cost base of the Put Option (see below) if the Put Option is ultimately exercised; and
- the Early Repayment Fee (if the Holder exercises the Citi Reset Instalments before the Maturity Date).

The amount treated as the Holder’s cost base for the Put Option is the aggregate of the Put Option fee and the amount (if any) determined by applying the appropriate method statement or formula in s.247-20 of the Income Tax Assessment Act 1997 (the “**capital protected borrowing provisions**”). Broadly, an amount may be treated for an income year under s.247-20 as being incurred for a put option if the total incurred for the income year for interest and capital protection exceeds the amount arrived at by applying the relevant benchmark rate to the Loan amount and subtracting the Put Option fee.

Currently, the relevant benchmark rate is the Reserve Bank of Australia’s Indicator Rate for Personal Unsecured Loans – Variable Rate (the “**Current Benchmark Rate**”).

Importantly, the Government has announced in the 2008-09 budget that it will change the benchmark rate to the – historically much lower - indicator variable rate for standard housing loans (the “**Proposed Benchmark Rate**”). Although certainty can only be achieved once the legislation giving effect to this announcement is available, it is understood that:

- the Proposed Benchmark Rate will apply to Citi Reset Instalments acquired after 7.30 pm (AEST) on 13 May 2008 - even if they are issued under a PDS dated before that time; and
- the Current Benchmark Rate will continue to apply for a maximum of five years to Citi Reset Instalments acquired before that time. If the unexpired term of such Citi Reset Instalments ends after 13 May 2013, then it is understood



that the Proposed Benchmark Rate will apply after 13 May 2013 if the Citi Reset Instalments have been continuously held since 13 May 2008.

5.1.4 Purchasing your Citi Reset Instalments on the ASX

Purchasing Citi Reset Instalments on the ASX gives rise to consequences similar to those for a Cash Applicant. That is, purchasing the Citi Reset Instalments establishes the cost base for the Holder's beneficial interest in the Underlying Shares and the Put Option.

The cost base of the Underlying Shares will be relevant to the CGT consequences for the Holder when the Citi Reset Instalments are sold, exercised, terminated, expire or if Citigroup exercises its power of sale under the Security Interest. The Holder's cost base for their beneficial interest in the Underlying Shares will include the purchase price of the Citi Reset Instalment, any brokerage and the amount of the Holder's Loan that is applied to repay the transferring Holder's loan, less the amount treated as the cost of acquiring the Put Option.

For Holders who purchase their Citi Reset Instalments on the ASX on or after 1 July 2007, the amount treated as the cost base for their Put Option will be the amount reasonably attributed to the acquisition of the Put Option under the CGT cost base provisions. Whether any additional amount is to be treated under the capital protected borrowing provisions as being incurred for the Put Option is to be determined by applying the formula in s.247-20 (refer section 5.1.31).

5.2 HOLDING YOUR CITI RESET INSTALMENTS

This section 5.2 also applies differently to Holders depending on when they acquired their Citi Reset Instalments:

- Holders who acquired their Citi Reset Instalments before 1 July 2007 should refer to Part A below; and
- Holders who acquired their Citi Reset Instalments on or after 1 July 2007 should refer to Part B below.

A. HOLDERS WHO ACQUIRED THEIR CITI RESET INSTALMENTS PRIOR TO 1 JULY 2007

5.2.1 Interest deductibility

Taxpayers are generally entitled to deductions for interest on borrowed funds that are used for income producing purposes such as acquiring income producing assets like Australian shares.

The Loan to Cash Applicants and Holders who acquire Citi Reset Instalments on the ASX is applied to acquire a beneficial interest in the Underlying Shares. Those Securities typically produce dividends and/or distributions which are included in the assessable income of the Holder. Accordingly, subject to the comments below concerning capital protected products, if the Citi Reset Instalments are acquired by a Holder for the purpose of deriving assessable dividends, then interest on the Loan should be deductible to the Holder. Also, interest on the Loan should be deductible for:

- Shareholder Applicants provided that the borrowed funds are used wholly for income producing purposes; and
- Rollover Applicants provided that, if the Loan exceeds the total of the Final Instalment on the Rollover Instalment, the Interest Component and the Borrowing Fee, then the excess is used wholly for income producing purposes.

Interest on the Loan will not be deductible if incurred by the Holder solely for the purpose of deriving capital gains.

Where a Holder receives a Reset Cashback Amount (which is not reinvested in Citi Reset Instalments) that is funded by a New Loan (refer section 5.4), a deduction for the interest on that part of the New Loan referable to this Reset Cashback Amount will only be available to the extent that the Reset Cashback Amount received is used for income producing purposes.

No part of the interest should be denied deductibility by virtue of the capital protected borrowing provisions.



5.2.2 Prepayment of interest

Interest on the Loan accrues from day to day, but is prepaid to the end of the Interest Period, which is expected to be 12 months or less from the Drawdown Date or subsequent Interest Date. Based on the position taken and assumptions made by the ATO in product rulings relating to similar instalment warrants, Holders who are individuals (who do not incur the interest in carrying on a business) and STS taxpayers should be entitled to claim a deduction for the prepaid Interest Amount in the tax year when the prepayment is made. Other Holders will also be able to do so if either:

- the total prepaid Interest Amount is less than \$1,000; or
- the Interest Period ends in the same tax year as the Drawdown Date.

For other Holders, interest deductions will be spread across tax years by reference to the number of days in the period from the Drawdown Date or Interest Date to the end of the Interest Period that falls in each tax year.

5.2.3 Early Repayment Fee

If a Holder exercises Citi Reset Instalments prior to the Maturity Date an Early Repayment Fee will be payable by the Holder. This fee is equivalent to the amount that is effectively refundable to the Holder to compensate them for interest that the Holder has prepaid in relation to the unexpired period of the Loan.

The Early Repayment Fee and the right to a refund are economically offset, which has two tax consequences. Firstly, the amount of the refunded prepaid interest (which will equal the Early Repayment Fee) will be required to be included in the Holder's assessable income in the tax year in which the early repayment occurs. Secondly, the amount of the Early Repayment Fee will be included in the cost base for the Holder's beneficial interest in the Underlying Shares.

5.2.4 Borrowing Fee

The Borrowing Fee includes a fee for the grant of the Put Option. The Put Option fee will not be deductible but will instead form part of the cost base for the Put Option. This is relevant to the CGT consequences for the Holder when the Citi Reset Instalments are sold, exercised, terminated, expire or if Citigroup exercises its power of sale under the Security Interest (see below).

A Holder will be entitled to deduct the remainder (if any) of the Borrowing Fee to the extent that it is incurred to borrow money for income producing purposes, provided that no additional amount incurred in respect of their Citi Reset Instalments is treated under the Capital Protected Borrowing Bill as being incurred for the Put Option (see 5.1.1). However, if the Maturity Date is in a subsequent tax year, then the deduction available will be spread across each tax year by reference to the number of days in that period that fall in each tax year.

B. HOLDERS WHO ACQUIRED THEIR CITI RESET INSTALMENTS ON OR AFTER 1 JULY 2007

5.2.5 Interest deductibility

Taxpayers are generally entitled to deductions for interest on borrowed funds that are used for income producing purposes such as acquiring income producing assets like Australian shares.

The Loan to Cash Applicants and Holders who acquire Citi Reset Instalments on the ASX is applied to acquire a beneficial interest in the Underlying Shares. Those Securities typically produce dividends and/or distributions which are included in the assessable income of the Holder. Accordingly, subject to the comments below concerning capital protected products, if the Citi Reset Instalments are acquired by a Holder for the purpose of deriving assessable dividends, then interest on the Loan should be deductible to the Holder. Also, interest on the Loan should be deductible for:

- Shareholder Applicants provided that the borrowed funds are used wholly for income producing purposes; and
- Rollover Applicants provided that, if the Loan exceeds the total of the Final Instalment on the Rollover Instalment, the Interest Component and the Borrowing Fee, then the excess is used wholly for income producing purposes.



Interest on the Loan will not be deductible if incurred by the Holder solely for the purpose of deriving capital gains.

Where a Holder receives a Reset Cashback Amount (which is not reinvested in Citi Reset Instalments) that is funded by a New Loan (refer section 5.4), a deduction for the interest on that part of the New Loan referable to this Reset Cashback Amount will only be available to the extent that the Reset Cashback Amount received is used for income producing purposes.

No part of the interest should be denied deductibility by virtue of the capital protected borrowing provisions provided that no additional amount incurred in respect of their Citi Reset Instalments is treated under those provisions as being incurred for the Put Option (see 5.1.3 and 5.14).

5.2.6 Prepayment of interest

Interest on the Loan accrues from day to day, but is prepaid to the end of the Interest Period, which is expected to be 12 months or less from the Drawdown Date or subsequent Interest Date. Based on the position taken and assumptions made by the ATO in product rulings relating to similar instalment warrants, Holders who are individuals (who do not incur the interest in carrying on a business) and STS taxpayers should be entitled to claim a deduction for the prepaid Interest Amount in the tax year when the prepayment is made. Other Holders will also be able to do so if either:

- the total prepaid Interest Amount is less than \$1,000; or
- the Interest Period ends in the same tax year as the Drawdown Date.

For other Holders, interest deductions will be spread across tax years by reference to the number of days in the period from the Drawdown Date or Interest Date to the end of the Interest Period that falls in each tax year.

5.2.7 Early Repayment Fee

If a Holder exercises Citi Reset Instalments prior to the Maturity Date an Early Repayment Fee will be payable by the Holder. This fee is equivalent to the amount that is effectively refundable to the Holder to compensate them for interest that the Holder has prepaid in relation to the unexpired period of the Loan.

The Early Repayment Fee and the right to a refund are economically offset, which has two tax consequences. Firstly, the amount of the refunded prepaid interest (which will equal the Early Repayment Fee) will be required to be included in the Holder's assessable income in the tax year in which the early repayment occurs. Secondly, the amount of the Early Repayment Fee will be included in the cost base for the Holder's beneficial interest in the Underlying Shares.

5.2.8 Borrowing Fee

The Borrowing Fee includes a fee for the grant of the Put Option. The Put Option fee will not be deductible but will instead form part of the cost base for the Put Option. This is relevant to the CGT consequences for the Holder when the Citi Reset Instalments are sold, exercised, terminated, expire or if Citigroup exercises its power of sale under the Security Interest (see below).

A Holder will be entitled to deduct the remainder (if any) of the Borrowing Fee to the extent that it is incurred to borrow money for income producing purposes, provided that no additional amount incurred in respect of their Citi Reset Instalments is treated under the Capital Protected Borrowing Bill as being incurred for the Put Option (see 5.1.3 and 5.1.4). However, if the Maturity Date is in a subsequent tax year, then the deduction available will be spread across each tax year by reference to the number of days in that period that fall in each tax year."

In addition to the above amendments, this Supplementary supplements the PDS by deleting Section 4.7 of the PDS and inserting in substitution the following text:

"Section 5 contains a taxation summary based on current Australian taxation laws. Prospective Holders should read this carefully and also monitor any taxation changes."



ASIC and ASX

This Supplementary is not required to be and will not be lodged with ASIC. Citigroup will notify ASIC that this Supplementary is in use in accordance with section 1015D of the Corporations Act. Neither ASIC nor ASX takes any responsibility for the contents of this Supplementary or the Citi Reset Instalments. The Citi Reset Instalments referred to in the PDS are able to be traded on the ASX.

THIS DOCUMENT IS NOT INVESTMENT ADVICE

This Supplementary and the PDS are important documents and should be read in their entirety before any decision is made to apply for or acquire the Citi Reset Instalments. The information provided in this Supplementary and the PDS is not financial product advice and has been prepared without taking into account your personal investment objectives or financial situation. Accordingly, nothing in this Supplementary or the PDS is a recommendation by Citigroup, its associates or any other person to invest in the Citi Reset Instalments or in the Underlying Shares. YOU SHOULD CONTACT YOUR STOCKBROKER OR OTHER PROFESSIONAL FINANCIAL ADVISER BEFORE MAKING ANY DECISION TO INVEST IN THE WARRANTS, AND TAKE INTO ACCOUNT YOUR OWN PERSONAL INVESTMENT OBJECTIVES AND FINANCIAL SITUATION.

YOU SHOULD READ THIS SUPPLEMENTARY AND THE ENTIRE PDS AND CONTACT YOUR STOCKBROKER OR OTHER PROFESSIONAL FINANCIAL ADVISER BEFORE MAKING ANY INVESTMENT DECISION.





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Supplementary Product Disclosure Statement

IOA Series

17 December 2007

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(ABN 64 003 114 832 / AFSL 240992)

Guaranteed by

Citigroup Inc.

This document is a Supplementary Product Disclosure Statement for the purposes of Part 7.9 of the Corporations Act (**Supplementary**), and has been issued by Citigroup Global Markets Australia Pty Limited.

IT SUPPLEMENTS THE COMBINED FINANCIAL SERVICES GUIDE AND PRODUCT DISCLOSURE STATEMENT DATED 10 JANUARY 2005 AND MUST ONLY BE READ IN CONJUNCTION WITH THAT PDS.

This Supplementary is dated 17 December 2007.

Defined terms in this Supplementary have the same meaning as those terms in the PDS.

This Supplementary has been issued for the purposes of varying the Warrant Code and Underlying Security of the specified Series of Warrants. The details of the Warrants and the revised Terms appear in the table below.

Old Warrant ASX Code	New Warrant ASX Code	Old Underlying Security	New Underlying Security	Old Underlying ASX Code	New Underlying ASX Code	Final Instalment	Issue Size
PBLIOA	CWNIOA	Publishing & Broadcasting Limited	Crown Limited	PBL	CWN	\$2.23	10MM

ASIC and ASX

This Supplementary is not required to be and will not be lodged with ASIC. Citigroup will notify ASIC that this Supplementary is in use in accordance with section 1015D of the Corporations Act. Neither ASIC nor ASX takes any responsibility for the contents of this Supplementary or the Warrants.

THIS DOCUMENT IS NOT INVESTMENT ADVICE

This is an important document and should be read in its entirety before any decision is made to apply for or acquire the Warrants. The information provided in this PDS is not financial product advice and has been prepared without taking into account your personal investment objectives or financial situation. Accordingly, nothing in this PDS is a recommendation by Citigroup, its associates or any other person to invest in the Warrants or in the Securities that make up an Underlying Parcel. YOU SHOULD CONTACT YOUR STOCKBROKER OR OTHER PROFESSIONAL FINANCIAL ADVISER BEFORE MAKING ANY DECISION TO INVEST IN THE WARRANTS, AND TAKE INTO ACCOUNT YOUR OWN PERSONAL INVESTMENT OBJECTIVES AND FINANCIAL SITUATION.

INVESTORS SHOULD NOTE THAT AN INVESTMENT IN TURBO WARRANTS REPRESENTS A GREATER DEGREE OF RISK THAN AN INVESTMENT IN REGULAR EQUITY WARRANTS. IN PARTICULAR, INVESTORS SHOULD NOTE THAT IF A BARRIER LEVEL IS TRIGGERED DURING THE LIFE OF A WARRANT, INVESTORS MAY LOSE THEIR ENTIRE INVESTMENT. YOU SHOULD READ THIS ENTIRE PDS AND CONTACT YOUR STOCKBROKER OR OTHER PROFESSIONAL FINANCIAL ADVISER BEFORE MAKING ANY DECISION TO INVEST.

Citi Reset Instalments

Product Disclosure Statement

Issued by
Citigroup Global Markets Australia Pty Limited
(ABN 64 003 114 832 and AFSL 240992)

Guaranteed by Citigroup Global Markets Holdings Inc
Warrants issued under this Product Disclosure Statement
are to be traded on ASX

This document is a Combined Financial Services Guide and Product Disclosure Statement (**PDS**) for the purposes of Part 7.9 of the Corporations Act and the Corporations Regulations, and has been issued by Citigroup Global Markets Australia Pty Limited.

This PDS is dated 10 January 2005.

This PDS is not required to be and will not be lodged with ASIC. ASIC takes no responsibility for the contents of this PDS or the Citi Reset Instalments. Citigroup will notify ASIC that this PDS is in use in accordance with Section 1015D of the Corporations Act.

This PDS complies with Section 10 of the Market Rules as varied or waived by ASX. ASX takes no responsibility for the contents of this PDS or the Citi Reset Instalments.

Information in this PDS may change from time to time. Where those changes are not materially adverse to Holders, Citigroup may provide that information on its website www.citiwarrants.com.au. Citigroup will provide Holders with a paper copy of that information, free of charge, on request.

THIS DOCUMENT IS NOT INVESTMENT ADVICE.

This is an important document and should be read in its entirety before any decision is made to apply for or acquire the Citi Reset Instalments. The information provided in this PDS is not financial product advice and has been prepared without taking into account your personal investment objectives or financial situation. Accordingly, nothing in this PDS is a recommendation by Citigroup, its associates or any other person to invest in the Citi Reset Instalments or in the Underlying Shares. YOU SHOULD CONTACT YOUR STOCKBROKER OR OTHER PROFESSIONAL FINANCIAL ADVISER BEFORE MAKING ANY DECISION TO INVEST IN THE CITI RESET INSTALMENTS, AND TAKE INTO ACCOUNT YOUR OWN PERSONAL INVESTMENT OBJECTIVES AND FINANCIAL SITUATION.

ASX Booklets

The ASX publishes a number of booklets in relation to warrants, which can be downloaded free of charge from the ASX website www.asx.com.au. Investors are encouraged to read these booklets and the information that is available on the ASX website in relation to warrants, to understand the different types of warrants, the terms and conditions under which warrants are issued and the operation of the warrants market in general.

Overseas Distribution

Neither the Citi Reset Instalments nor this PDS have been or will be registered in any jurisdiction outside of Australia. The offer of Citi Reset Instalments under this PDS is only made to Australian residents located in Australia. The distribution of this PDS in jurisdictions outside Australia may be restricted by

law. Persons who obtain this PDS in jurisdictions outside Australia should seek advice on and observe such restrictions. Any failure to comply with these restrictions may constitute a violation of applicable securities laws. This PDS does not constitute an offer or an invitation in any place outside Australia where, or to any person to whom, it would be unlawful to make such an offer or invitation. Neither the Citi Reset Instalments or this PDS will be registered under the United States Securities Act of 1933 and may not be offered or sold in the United States or to, or for the account of, or the benefit of, US Persons. On the exercise of a Citi Reset Instalment the Holder represents and warrants that the Citi Reset Instalment is neither directly or indirectly held in favour of a US Person.

Role of Entities

No Entity has been involved in the preparation of this PDS and no Entity has provided any information to Citigroup for the purposes of the preparation of this PDS. Any information about an Entity that appears in this PDS is information that is publicly available. Citigroup has not verified any information about an Entity that appears in this PDS.

Citigroup takes no responsibility and accepts no liability for, and makes no representation or warranty (whether express or implied) as to the accuracy or completeness of any information about an Entity in this PDS. Potential Holders should make their own enquiries.

Any reference to an Entity in this PDS is only for the purpose of identifying the Underlying Shares and the Entity that issued those Securities. The references are not an express or implied endorsement of the Citi Reset Instalments by an Entity. No Entity accepts any responsibility for any statement in this PDS. No Entity or authorised officer of an Entity has authorised the issue of or any statement in this PDS. No Entity has given its consent to be named in this PDS.

Cooling-off Period

There is no cooling off period when you buy or sell the Citi Reset Instalments issued under this PDS.

Electronic Documents

A copy of this PDS is available online at www.citiwarrants.com.au. If this PDS is accessed electronically, it must be downloaded in its entirety. A paper copy of this PDS will be provided, free of charge, on request. A copy of this PDS is also available on the ASX website www.asx.com.au.

Glossary

Section 8 contains definitions of certain terms used in this PDS.

CITI RESET INSTALMENTS - Supplementary Product Disclosure Statement

Supplementary Product Disclosure Statement

This document is a Supplementary Product Disclosure Statement for the purposes of Part 7.9 of the Corporations Act (**Supplementary**), and has been issued by Citigroup Global Marks Australia Pty Limited (ABN 64 003 114 832/AFSL 2 240992) and is guaranteed by Citigroup Global Markets Holdings Inc.

IT SUPPLEMENTS THE COMBINED FINANCIAL SERVICES GUIDE AND PRODUCT DISCLOSURE STATEMENT DATED 10 JANUARY 2005 (PDS) AND MUST ONLY BE READ IN CONJUNCTION WITH THAT PDS.

This Supplementary is dated 22 February 2005.

Defined terms in this Supplementary have the same meaning as those terms in the PDS.

This Supplementary has been issued for the purposes of varying the Final Instalment of the specified Series of Citi Reset Instalments. The details of the Citi Reset Instalments and the revised Final Instalment appear in the table below:

ASX Code	Underlying Security	Underlying ASX Code	(Initial) Final Instalment	Interest Date	Reset Date	Issue Size
AMCIOA	Ancor Limited	AMC	4.75	23-Jun-05	23-Jun-06	10 million
QANIOA	Qantas Airways Limited	QAN	2.50	23-Jun-05	23-Jun-06	10 million
WESIOA	Wesfarmers Limited	WES	22.00	23-Jun-05	23-Jun-06	10 million
WOWIOA	Woolworths Limited	WOW	8.50	23-Jun-05	23-Jun-06	10 million

ASIC AND ASX

This Supplementary is not required to be and will not be lodged with ASIC, Citigroup will notify ASIC that this Supplementary is in use in accordance with section 1015D of the Corporations Act. Neither ASIC nor ASX takes any responsibility for the contents of this Supplementary or the Citi Reset Instalments.

THIS DOCUMENT IS NOT INVESTMENT ADVICE

This is an important document and should be read in its entirety before any decision is made to apply for or acquire the Citi Reset Instalments. The information provided in this Supplementary is not financial product advice and has been prepared without taking into account your personal investment objectives or financial situation. Accordingly, nothing in this Supplementary is a recommendation by Citigroup, its associates or any other person to invest in the Citi Reset Instalments or in the Underlying Shares. YOU SHOULD CONTACT YOUR STOCKBROKER OR OTHER PROFESSIONAL FINANCIAL ADVISER BEFORE MAKING ANY DECISION TO INVEST IN THE CITI RESET INSTALMENTS, AND TAKE INTO ACCOUNT YOUR OWN PERSONAL INVESTMENT OBJECTIVES AND FINANCIAL SITUATION.

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Investment Overview

Issuer	Citigroup Global Markets Australia Pty Limited
Guarantor	Citigroup Global Markets Holdings Inc. (Moody's Aa1 and S&P AA-)
Description	<p>Citi Reset Instalments are tax efficient financial products that enable investors to leverage their exposure to ASX listed Securities.</p> <p>By purchasing a Citi Reset Instalment, an investor pays a portion of the upfront cost of the Underlying Share and borrows the balance from Citigroup.</p> <p>During the term of the investment, investors will receive all ordinary dividends, available franking credits and capital appreciation as if they owned the shares outright.</p> <p>Investors have the right to pay the Final Instalment at any time up to the Maturity Date (including on any Reset Date) and receive the Underlying Shares.</p> <p>Investors also have the right to exercise the Holder's Put Option and sell the Underlying Shares to Citigroup, but only on a Reset Date or the Maturity Date.</p>
Reset Mechanism	<p>Citi Reset Instalments include a reset feature which operates every 2 years on each Reset Date.</p> <p>On the Reset Date (23 June 2006), the Loan will be reset to a level which maintains a similar level of gearing, based on changes to the price of the Underlying Shares, prevailing interest rates and share price volatility.</p>
Instalment Payments	<p>First Instalment - This amount is variable and is paid at the time of application or purchase on ASX. The amount of the First Instalment will be dependant, at the date of purchase, on the price of the Underlying Shares, volatility of the Underlying Shares, time to maturity and prevailing interest rates.</p> <p>Final Instalment - This amount is fixed at the time the Citi Reset Instalment is issued or acquired and may change on a Reset Date depending on changes in the Underlying Share price. It is equal to the amount of the Loan granted by Citigroup to acquire the Underlying Shares (and includes Interest Amounts and Borrowing Fees).</p>
Gearing	40% - 70% of the Underlying Share price (as at the date of this PDS).
Investment Term	Up to 5 ¹ / ₂ years with a Reset Date every 2 years as set out in the Summary Table.
Minimum Investment Amount	\$2,000.
ASX Listing	Citi Reset Instalments will be listed and traded on ASX.
ASX Code	XXXIOA (e.g. ANZIOA) as set out in the Summary Table.
Offer Opens	10 January 2005
Interest Dates	23 June 2005; 23 June 2007; 23 June 2009
Reset Dates	23 June 2006; 23 June 2008
Maturity Date	23 June 2010

Application Type	<p>Cash Application - apply for Citi Reset Instalments by completing a Cash Application Form and submitting it with payment by cheque or BPAY.</p> <p>Shareholder Application - convert an existing shareholding into Citi Reset Instalments by completing the Shareholder Application Form and submitting it with a copy of the holding statement for the existing shares (other than self-managed superannuation funds).</p> <p>Rollover Application - roll your prior series of expiring instalment warrants into a new Series of Citi Reset Instalments by completing the Rollover Application Form and submitting it with a copy of the holding statement for the Rollover Instalments.</p>
Reset Cashback or Reset Payment	<p>On the Reset Date, Holders may either:</p> <p>(a) receive the Reset Cashback amount which will be automatically directed to the subscription for additional Citi Reset Instalments pursuant to the Citi Reset Instalment Reinvestment Plan (or which Holders can elect to receive in cash); or</p> <p>(b) be required to pay the Reset Payment as notified to Holders by Citigroup. If a Holder does not pay the Reset Payment, Citigroup will direct the disposal of some or all of a Holder's Citi Reset Instalments to meet the Reset Payment.</p>
Maturity Options	<ul style="list-style-type: none"> • Pay the Final Instalment and receive full ownership of the Underlying Shares. • Defer payment of the Final Instalment by rolling into the next series of Citi Reset Instalments (if available). • Exercise the Holder's Put Option and sell the Underlying Shares to Citigroup for the greater of the Final Instalment or Market Value and receive the amount (if any) by which the Market Value exceeds the Final Instalment. • Do nothing. Your Underlying Shares will be sold by the Trustee and you will receive the proceeds of the sale less the amount of the Final Instalment and any costs and expenses.
Commissions and Fees	<p>Upfront Fee - Citigroup may pay a placement fee of up to 2.00% (including GST) of the Final Instalment on primary market applications. The amount of this fee is dependent on your arrangement with your financial adviser.</p> <p>Trailing Fee - Citigroup may also pay advisers a trailing fee of up to 1.00% per annum (including GST) of the Final Instalment, payable quarterly in arrears.</p>

Summary Table

ASX Code	Underlying Security	Underlying ASX Code	(Initial) Final Instalment	Interest Date	Reset Date	Issue Size
AGLIOA	Australian Gas Light Company (The)	AGL	6.50	23-Jun-05	23-Jun-06	10 Million
ALNIOA	Alinta Limited	ALN	4.00	23-Jun-05	23-Jun-06	10 Million
AMCIOA	Arcor Limited	AMC	3.50	23-Jun-05	23-Jun-06	10 Million
ALLIOA	Aristocrat Leisure Limited	ALL	4.50	23-Jun-05	23-Jun-06	10 Million
AMPIOA	AMP Limited	AMP	3.50	23-Jun-05	23-Jun-06	10 Million
ANZIOA	ANZ Banking Group Limited	ANZ	10.00	23-Jun-05	23-Jun-06	10 Million
ASXIOA	Australian Stock Exchange Limited	ASX	9.50	23-Jun-05	23-Jun-06	10 Million
AWCIOA	Alumina Limited	AWC	2.75	23-Jun-05	23-Jun-06	10 Million
AXAIOA	AXA Asia Pacific Holdings Limited	AXA	2.00	23-Jun-05	23-Jun-06	10 Million
BBGIOA	Billabong International Limited	BBG	6.00	23-Jun-05	23-Jun-06	10 Million
BHPIOA	BHP Billiton Limited	BHP	7.50	23-Jun-05	23-Jun-06	10 Million
BILIOA	Brambles Industries Limited	BIL	3.50	23-Jun-05	23-Jun-06	10 Million
BLDIOA	Boral Limited	BLD	3.00	23-Jun-05	23-Jun-06	10 Million
BNBIOA	Babcock & Brown Limited	BNB	5.50	23-Jun-05	23-Jun-06	10 Million
BSLIOA	Bluescope Steel Limited	BSL	4.00	23-Jun-05	23-Jun-06	10 Million
CBAIOA	Commonwealth Bank	CBA	15.00	23-Jun-05	23-Jun-06	10 Million
CMLIOA	Coles Myer Limited	CML	4.50	23-Jun-05	23-Jun-06	10 Million
CSLIOA	CSL Limited	CSL	14.00	23-Jun-05	23-Jun-06	10 Million
FCLIOA	Futuris Corporation Limited	FCL	1.00	23-Jun-05	23-Jun-06	10 Million
FOAIOA	Foodland Associated Limited	FOA	11.00	23-Jun-05	23-Jun-06	10 Million
FXJIOA	Fairfax (John) Holdings Limited	FXJ	2.25	23-Jun-05	23-Jun-06	10 Million
FGLIOA	Foster's Group Limited	FGL	2.75	23-Jun-05	23-Jun-06	10 Million
GCLIOA	Gloucester Coal Limited	GCL	1.25	23-Jun-05	23-Jun-06	10 Million
IAGIOA	Insurance Australia Group Limited	IAG	3.00	23-Jun-05	23-Jun-06	10 Million
LLCIOA	Lend Lease Corporation Limited	LLC	6.00	23-Jun-05	23-Jun-06	10 Million
MAPIOA	Macquarie Airports	MAP	1.50	23-Jun-05	23-Jun-06	10 Million
MAYIOA	Mayne Group Limited	MAY	2.00	23-Jun-05	23-Jun-06	10 Million
MBLIOA	Macquarie Bank Limited	MBL	22.00	23-Jun-05	23-Jun-06	10 Million
MIGIOA	Macquarie Infrastructure Group	MIG	2.00	23-Jun-05	23-Jun-06	10 Million
MXGIOA	Multiplex Group	MXG	3.25	23-Jun-05	23-Jun-06	10 Million
NABIOA	National Australia Bank Limited	NAB	14.00	23-Jun-05	23-Jun-06	10 Million
NCMIOA	Newcrest Mining Limited	NCM	8.00	23-Jun-05	23-Jun-06	10 Million
OSTIOA	Onesteel Limited	OST	1.25	23-Jun-05	23-Jun-06	10 Million
ORIOA	Orica Limited	ORI	10.00	23-Jun-05	23-Jun-06	10 Million
PBGIOA	Pacific Brands Limited	PBG	1.50	23-Jun-05	23-Jun-06	10 Million
PBLIOA	Publishing & Broadcasting Limited	PBL	8.00	23-Jun-05	23-Jun-06	10 Million
PMMIOA	Portman Limited	PMM	1.75	23-Jun-05	23-Jun-06	10 Million
PMNIOA	Promina Group Limited	PMN	2.50	23-Jun-05	23-Jun-06	10 Million
PRKIOA	Patrick Corporation Limited	PRK	3.00	23-Jun-05	23-Jun-06	10 Million
QANIOA	Qantas Airways Limited	QAN	1.75	23-Jun-05	23-Jun-06	10 Million
QBEIOA	QBE Insurance Group Limited	QBE	7.00	23-Jun-05	23-Jun-06	10 Million
RINIOA	Rinker Group Limited	RIN	6.00	23-Jun-05	23-Jun-06	10 Million
RIOIOA	Rio Tinto Limited	RIO	20.00	23-Jun-05	23-Jun-06	10 Million
SFEIOA	SFE Corporation Limited	SFE	4.00	23-Jun-05	23-Jun-06	10 Million
SLFIOA	streetTRACKS S&P/ASX 200 Listed Property Fund	SLF	20.00	23-Jun-05	23-Jun-06	10 Million
STOIOA	Santos Limited	STO	4.00	23-Jun-05	23-Jun-06	10 Million
SGBIOA	St George Bank Limited	SGB	12.00	23-Jun-05	23-Jun-06	10 Million
SRPIOA	Southcorp Limited	SRP	2.00	23-Jun-05	23-Jun-06	10 Million
SSXIOA	Smorgon Steel Group Limited	SSX	0.60	23-Jun-05	23-Jun-06	10 Million
STWIOA	streetTRACKS S&P/ASX 200 Fund	STW	21.00	23-Jun-05	23-Jun-06	10 Million
SUNIOA	Suncorp-Metway Limited	SUN	10.00	23-Jun-05	23-Jun-06	10 Million
TAHIOA	Tabcorp Holdings Limited	TAH	8.50	23-Jun-05	23-Jun-06	10 Million
TLIOA	Telstra Corporation Limited	TLS	2.75	23-Jun-05	23-Jun-06	10 Million
TCLIOA	Transurban Group	TCL	3.25	23-Jun-05	23-Jun-06	10 Million
TOLIOA	Toll Holdings Limited	TOL	6.00	23-Jun-05	23-Jun-06	10 Million
VBAIOA	Virgin Blue Holdings Limited	VBA	1.00	23-Jun-05	23-Jun-06	10 Million
WANIOA	West Australian Newspapers	WAN	4.00	23-Jun-05	23-Jun-06	10 Million
WBCIOA	Westpac Banking Corporation	WBC	9.00	23-Jun-05	23-Jun-06	10 Million
WESIOA	Wesfarmers Limited	WES	14.00	23-Jun-05	23-Jun-06	10 Million
WMRIOA	WMC Resources Limited	WMR	3.50	23-Jun-05	23-Jun-06	10 Million
WOWIOA	Woolworths Limited	WOW	7.00	23-Jun-05	23-Jun-06	10 Million
WPLIOA	Woodside Petroleum Limited	WPL	10.00	23-Jun-05	23-Jun-06	10 Million
WDCIOA	Westfield Group	WDC	7.50	23-Jun-05	23-Jun-06	10 Million
ZFXIOA	Zinifex Limited	ZFX	1.25	23-Jun-05	23-Jun-06	10 Million

Note that a minimum application size applies for Cash Applications and Shareholder Applications. Please refer to the table on page 11 of this PDS for further details about the minimum application size.

SECTION 1 - Key Information

Citi Reset Instalments, and the rights and obligations of Holders and Citigroup are governed by this PDS, the Trust Deed, which is summarised in this PDS, the Loan Agreement, a copy of which appears in Section 9 and the general law. Investors should read this entire PDS prior to making any decision to invest.

1.1 What are the Citi Reset Instalments?

Investing in Citi Reset Instalments is a convenient way of borrowing to invest. There are no intrusive credit checks or complicated loan documents to complete, and no margin calls.

The structure of Citi Reset Instalments involves:

- **two separate "instalment" payments, the First Instalment and the Final Instalment;**
- **a Loan with a prepaid interest component and a Borrowing Fee; and**
- **a reset mechanism, which operates to reset the amount of the Loan on each Reset Date.**

The First Instalment

The first payment to be made by an investor is the purchase price of the Citi Reset Instalments and is known as the First Instalment. An investor pays a portion of the upfront cost of the Underlying Share to acquire the Citi Reset Instalment, and receives a Loan from Citigroup to fund the remaining cost of the Underlying Shares, interest on the Loan and Borrowing Fees. The Underlying Shares are held in trust by the Trustee for the term of the investment as security against the Loan.

Entitlement to Dividends

During the term of the investment, a Holder is entitled to receive all the Dividends (other than Special Dividends), distributions and, depending on their circumstances, available franking credits paid in relation to the Underlying Shares. The Trustee makes these payments to investors as soon as reasonably practicable after receipt of the Dividends or other distributions from the relevant Entity.

The Final Instalment

The second payment to be made by a Holder is known as the Final Instalment. This is equal to the amount of the Loan, which may change during the term of the investment due to the operation of the reset mechanism on each Reset Date.

Investors have the right to pay the Final Instalment at any time until maturity (including on any Reset Date) to complete the purchase of the Underlying Share. Investors should note that payment of the Final Instalment prior to the earlier of the next Reset Date or the Maturity Date will result in the imposition of an Early Repayment Fee.

Reset of the Loan

On each Reset Date (as set out in the Summary Table), Citigroup will reset the amount of the Loan to a level which maintains a similar level of gearing, and to take into account changes in the price of the Underlying Shares, prevailing interest rates and share price volatility.

Depending on the amount of the new Loan, Holders may either be:

- entitled to either receive a Reset Cashback amount which will automatically be directed to the subscription for additional Citi Reset Instalments pursuant to the Citi Reset Instalment Reinvestment Plan (or which Holders can elect to receive in cash); or
- be required to pay the Reset Payment as notified to Holders by Citigroup.

If a Holder does not pay the Reset Payment, Citigroup will direct the disposal of some or all of a Holder's Citi Reset Instalments to meet the Reset Payment.

Traded on ASX

Citi Reset Instalments also offer a liquid investment which can be bought and sold on ASX, just like ordinary shares.

Tax Efficient Financial Products

Citi Reset Instalments are tax efficient financial products. Depending on individual circumstances, the interest expense and a portion of the borrowing fees relating to the purchase of Citi Reset Instalments may be eligible for tax deductions. In addition, because the purchase price of a Citi Reset Instalment is just a fraction of the price of the Underlying Shares, investors may benefit from this leverage in the form of enhanced dividend yields and greater returns from movements in the value of the Underlying Shares.

Potential investors should read Section 5 of this PDS which contains a taxation summary and obtain independent taxation advice in relation to an investment in Citi Reset Instalments.

1.2 How much do Citi Reset Instalments cost?

An investment in Citi Reset Instalments involves a series of payments and borrowings. They are:

- the First Instalment, which is the purchase price of the Citi Reset Instalment;
- the Final Instalment (which is the total amount of the Loan and which includes the total Interest Amounts and Borrowing Fee);
- in certain circumstances, the Early Repayment Fee where the Final Instalment is paid prior to a Reset Date or the Maturity Date;
- in certain circumstances, the Reset Cashback amount (discussed below) which Holders may be entitled to receive and which will be directed towards subscription for additional Citi Reset Instalments (or at the Holder's election, paid to the Holder); and
- in certain circumstances, the Reset Payment (discussed below) which Holders may be required to pay to Citigroup during the term of the investment in order to maintain their existing holding.

The First Instalment

The First Instalment is the purchase price of the Citi Reset Instalment. This amount is not fixed until the time of application, and will depend on a number of market variables including:

- the price at which the Underlying Shares are trading;
- the time remaining to the earlier of the next Reset Date or the Maturity Date;
- volatility of the Underlying Share price;
- future expected dividends; and
- prevailing interest rates.

For Shareholder Applicants, the First Instalment is the Securities held by the investor that will become the Underlying Shares in respect of the Citi Reset Instalment.

For Rollover Applicants, the First Instalment is the Securities that make up the underlying parcel of the Rollover Instalments that are "rolled" into and will become the Underlying Shares in respect of the Citi Reset Instalments.

The Final Instalment

The Final Instalment is equal to the total amount of the current Loan, including any further Interest Amounts that may have been drawn down, taking into account any reset of the Loan on a Reset Date.

The operation of the Loan and the reset mechanism are discussed on the following pages.

Early Repayment Fee

An Early Repayment Fee, equal to the amount of interest that would otherwise have been due if the Citi Reset Instalment was held to the next Reset Date or if there are no further Reset Dates, the Maturity Date, will be charged by Citigroup if a Holder exercises a Citi Reset Instalment prior to the earlier of the next Reset Date or the Maturity Date by paying the Final Instalment.

You should read the taxation summary in Section 5 of this PDS for the tax implications of early repayment.

1.3 The Loan

Each Citi Reset Instalment includes a limited recourse Loan made to a Holder by Citigroup, pursuant to the terms of the Loan Agreement. A copy of the Loan Agreement appears in Section 9 of this PDS.

The Loan is limited recourse in nature - this means that while a mortgage is granted to Citigroup in respect of the amount of the Loan, Citigroup's ability to recover that amount is limited to the Mortgaged Property (being the Underlying Shares), not any other moneys or the Citi Reset Instalments themselves.

If a Holder fails to exercise the Citi Reset Instalment by Closing Time on the Maturity Date, the Underlying Shares may be sold by Citigroup pursuant to Citigroup's power of sale. The proceeds of sale will be used to discharge the mortgage by repaying the Loan and paying other Exercise Costs in accordance with the Order of Payment.

The description of the provisions of the Loan Agreement in sections 1.3 and 1.4 of this PDS are a summary only. Investors should read the Loan Agreement in full.

The Interest Component

Interest is pre-paid on the Loan for the current Interest Period out of the Loan proceeds, as at the date the Citi Reset Instalment are issued or acquired. Due to the relatively long term nature of Citi Reset Instalments, more than one Interest Amount will be drawn down during the term of the Loan. The amount of the Final Instalment (which is equal to the total amount of the current Loan) will always include all Interest Amounts that have been drawn down for the period ending on the day prior to the next Reset Date, or the Maturity Date (as applicable). Details of the Interest Periods appear in the Summary Table.

A Holder does not need to take any action with respect to separate Interest Periods, as the further Interest Amount is simply drawn down automatically by the Trustee on behalf of the Holder on the relevant Interest Date.

The Borrowing Fee

You will also be charged a Borrowing Fee which relates to Citigroup's cost of providing the Loan. The Borrowing Fee, which includes the Put Option Fee, will be met out of the Loan, and will be payable by all Applicants.

The Borrowing Fee will be imposed at the time the Loan is made and may include a placement fee which is on paid as commission to a Holder's financial advisers, brokers and other distributors of the Citi Reset Instalments.

A Borrowing Fee is not charged by Citigroup for Loans to Transferees.

What happens to the Loan if a Citi Reset Instalment is sold on ASX?

On the Transfer of a Citi Reset Instalment on ASX, a new Loan will be granted to the Transferee by Citigroup. The proceeds of that Loan will be used as follows:

- to prepay the Interest to Period End in respect of the Transferee's Loan;
- to refund the unused balance of the Interest Amount of the Transferor's Loan that relates to the relevant Interest Period;
- to pay the outstanding amount of the Transferor's Loan; and
- to pay Transfer Costs (discussed below).

The examples in Section 1.15 provide an illustration of how this Loan repayment process works.

The discharge of the Transferor's Loan and the creation of the new Loan will take place automatically, and will not require any action to be taken by any party.

Transfer Costs

Transfer Costs are payable:

- by Citigroup to the Transferor where the interest rate applying to the Transferor's Loan is less than the interest rate applying to the Transferee's Loan, with such Transfer Costs payable by applying the Transfer Costs against the Transferor's Loan; or
- by the Transferor to Citigroup where the interest rate applying to the Transferor's Loan is greater than the interest rate applying to the Transferee's Loan, with such Transfer Costs payable by adding that amount to the Transferor's Loan.

No action will be required to be taken by any party in respect of the payment of Transfer Costs.

Loan at Exercise or Maturity

Details on how the Loan will be discharged on the exercise of a Citi Reset Instalment or at maturity appear in Section 2.4.

1.4 The Reset Mechanism

Citi Reset Instalments include a reset mechanism, which gives Citigroup the ability to “reset” the Loan on the Reset Dates as set out in the Summary Table. Citigroup may also terminate a Series of Citi Reset Instalments on any Reset Date, which is then deemed to be the Maturity Date.

Approximately one month prior to the relevant Reset Date, Citigroup may nominate a New Loan Amount and indicative figures for the New Interest Amounts and New Borrowing Fee in accordance with the Loan Agreement, and will provide written notice to all Holders of these indicative figures.

Additional Loan Amount

In circumstances where the New Loan Amount is equal to or greater than the sum of the Current Loan Amount, New Interest Amount and New Borrowing Fee, the New Loan Amount shall be drawn down and applied as at the relevant Reset Date as follows:

- to pay to Citigroup the New Interest Amount in prepayment of interest for the next Interest Period;
- to pay to Citigroup the New Borrowing Fee; and
- to pay the Reset Cashback amount (being the difference between the New Loan Amount and the sum of the Current Loan Amount, New Interest Amounts and New Borrowing Fee) to Citigroup to be automatically used to subscribe for additional Citi Reset Instalments of the same Series pursuant to the CRP (discussed below).

A Holder may elect to receive the Reset Cashback amount in cash by completing the “Reset Cashback Payment Notice”. The notice is available on the Citigroup warrants website www.citiwarrants.com.au or a paper copy will be provided to a Holder free of charge by calling Citigroup on 1300 30 30 70. This notice also includes a declaration for Consumer Credit Code purposes.

Reduced Loan Amount

In circumstances where the New Loan Amount is less than the sum of the current Loan Amount, New Interest Amounts and New Borrowing Fee, Citigroup will give notice to Holders that a Reset Payment (being the difference between the sum of the Current Loan Amount, New Interest Amount and New Borrowing Fee and the New Loan Amount) will be payable, as well as indicative figures for the New Interest Amounts, New Borrowing Fee and New Loan Amount.

Holders will be required to confirm the exact amount of the Reset Payment with Citigroup and pay the Reset Payment to Citigroup in cleared funds prior to the relevant Reset Date.

Failure to make Reset Payment

If a Holder fails to pay the Reset Payment to Citigroup prior to the relevant Reset Date, Citigroup will direct the Trustee to exercise its power of sale under the Trust Deed in respect of that number of Underlying Shares determined by Citigroup in its absolute discretion, as being the number of Underlying Shares required to be disposed in order that the proceeds of that disposal are sufficient to meet:

- the Final Instalment on those Citi Reset Instalments to be disposed; and
- the Reset Payments in respect of the remaining Citi Reset Instalments,

with any outstanding amounts payable to the Holder (where those amounts are greater than \$100).

If the total market value of the Underlying Shares that make up a Holder's holding of Citi Reset Instalments is less than \$500 following the disposal process outlined above, each Holder irrevocably directs that Citigroup may elect in its absolute discretion to instruct the Trustee to exercise its power of sale in respect of the remaining Citi Reset Instalments, which shall be deemed to have been exercised by the Holder by the payment of the Final Instalment.

Citi Reset Instalment Reinvestment Plan (CRP)

As discussed above, any Reset Cashback amount that is payable to a Holder following a Reset Date will be automatically used to subscribe for additional Citi Reset Instalments pursuant to the CRP (unless a Holder elects to receive the Reset Cashback amount in cash).

The current terms of the CRP are as follows:

- the reinvestment election will apply to the total of all the Reset Cashback amounts payable to a Holder in respect of all the Citi Reset Instalments held by that Holder as at the relevant Reset Date;
- the Citi Reset Instalments issued to a Holder under the CRP will form part of the same Series of Citi Reset Instalments as those pursuant to which the Reset Cashback amount became payable (other than the issue date);
- the price used to determine the number of Citi Reset Instalments to be subscribed for pursuant to the CRP will be the price determined by Citigroup in the six Business Days following the Reset Date (the **CRP Price**);
- the number of Citi Reset Instalments to be issued to a Holder will be determined by dividing the Reset Cashback amount due and payable for a given Series by the CRP Price;
- any fractional entitlements shall be rounded down to the nearest whole number;
- any remaining moneys following the issue of the Citi Reset Instalments pursuant to the CRP and after rounding will be donated to a charity of Citigroup's choice; and
- the Citi Reset Instalments to be issued pursuant to the CRP will be issued as soon as practicable after the relevant Reset Date. Citigroup may amend or discontinue the CRP at any time in its absolute discretion, in respect of a particular Series or generally. In circumstances where the CRP is amended or discontinued, Citigroup shall make an announcement to this effect to ASX.

Trading during the Reset Period

Investors should note that there will be a period of deferred settlement trading of Citi Reset Instalments for approximately 10 Business Days after a Reset Date. This is to allow for the adjustments and reconciliations associated with the reset mechanisms to take place, and the despatch of updated holding statements. Following this period, trading will resume on a normal T+3 basis.

1.5 Are there any commissions or fees payable?

Citigroup may pay your broker, financial adviser or other distributors a placement fee of up to 2.00% of the Final Instalment for applications made under this PDS. This amount will be met out of the Borrowing Fee following acceptance of your application by Citigroup. The Borrowing Fee also includes the Put Option Fee.

Citigroup may also pay your broker, financial adviser or other distributors of the Citi Reset Instalments a trailing commission of up to 1.00% of the Final Instalment.

If you purchase Citi Reset Instalments on ASX your broker may also charge you commission.

If a Holder exercises a Citi Reset Instalment prior to the Maturity Date by paying the Final Instalment, the Final Instalment will include an Early Repayment Fee.

An Early Repayment Fee, equal to the amount of interest that would otherwise have been due if the Citi Reset Instalment was held to the next Reset Date or if there are no further Reset Dates, the Maturity Date, may be charged if a Holder exercises a Citi Reset Instalment prior to the Reset Date or the Maturity Date by paying the Final Instalment.

You will also be required to pay Exercise Costs if you exercise the Put Option or if you fail to exercise or rollover your Citi Reset Instalments prior to the Maturity Date.

You should read the taxation summary in Section 5 of this PDS for the tax implications of this early repayment.

1.6 What are the benefits a holder may receive?

Citi Reset Instalments have the following key features and offer investors the following benefits:

- an easy way to leverage your exposure to shares in leading Australian companies and trusts without the risk of margin calls;
- benefits of share ownership for a fraction of the upfront cost of the Underlying Shares;
- receive all ordinary dividends, available franking credits and capital appreciation in respect of the Underlying Shares;
- pay the Final Instalment at any time prior to maturity and receive the Underlying Shares;
- enhanced dividend yields and, depending on your circumstances, available franking credits;
- potential tax benefits (see the taxation summary in Section 5);
- an eligible investment for self managed super funds (excluding Shareholder Applications);
- Shareholder Applicants can free-up capital for other investments without crystallising capital gains; and
- a liquid investment that can be traded on ASX.

1.7 In what circumstances can a holder receive these benefits?

Over the course of the life of the Citi Reset Instalment, a Holder may benefit from capital growth in the Underlying Shares.

If available, Holders will also be entitled to receive all the Dividends (other than Special Dividends), distributions and, depending on their circumstances, available franking credits paid in relation to the Underlying Shares. The Trustee makes these payments to investors as soon as reasonably practicable after receipt of the Dividends from the relevant Entity.

1.8 Are Citi Reset Instalments a suitable investment for me?

Citigroup has developed a variety of instalment products to suit a range of investors and their financial profiles. Citi Reset Instalments may suit investors with a moderately positive long-term view on the Underlying Shares, offering gearing levels between 40% and 70%.

Citi High Yield Instalments may suit investors with a strong positive outlook on the price of the Underlying Shares. They offer greater leverage with gearing levels ranging between 70% and 100%.

Citi Reset Instalments may be a suitable investment if one or more of the following apply to you:

Are You
looking to leverage your medium or long-term view of the share market
seeking enhanced dividend yields and franking credits
seeking to build long-term wealth in a tax effective manner
seeking gearing without the risk of a margin call
reluctant to sell shares and crystallise capital gains
an existing shareholder wishing to unlock cash while still maintaining exposure to those securities
a self managed super fund seeking enhanced capital appreciation, dividend yields and excess franking credits

As can be seen from the table below, the greater the degree of gearing and the shorter the time to maturity, the more speculative the investment and the greater the leverage to movements in the Underlying Share price. Conversely, a lesser degree of gearing and longer time to maturity would generally mean that the investment is less speculative and that the investor can be seen to be moderately geared. Note that

"LVR" is the Loan to Value Ratio (a measure of gearing) and is the relationship between the Loan amount and the value of the Underlying Share.

Instalment Risk Matrix



1.9 What are the Underlying Shares?

The Underlying Shares are ASX listed Securities. This includes both ordinary shares in the capital of companies and units of listed trusts. The Entities' ASX codes appear in the Summary Table as the first 3 letters of the ASX code for a particular Series of Citi Reset Instalments.

Further information on the Underlying Shares and dealings in relation to them appear in Section 3 of this PDS.

1.10 Can the terms of Issue of the Citi Reset Instalments change?

Adjustment of the Final Instalment or the Underlying Shares may take place in circumstances of:

- the operation of the reset mechanism on a Reset Date;
- a Takeover Event where the Citi Reset Instalments are not terminated early;
- Corporate Actions by an Entity; or
- the declaration of the payment of a Special Dividend by an Entity.

Holders will be notified of the nature of the adjustment as soon as practicable.

Full details of the nature of these adjustments appears in Section 3 of this PDS.

1.11 What are the tax consequences of investing in the Citi reset Instalments?

The acquisition, dealing in, and exercise of Citi Reset Instalments may have income tax or capital gains tax implications for holders, depending on their own individual circumstances.

Some of the tax benefits that a Holder may be entitled to include:

- tax deductions for interest on the Loan;
- the ability to prepay interest on the Loan may enable Holders to deduct the interest expense in the financial year in which the prepayment is made;
- availability of franking credits which may be used to offset other tax obligations; and
- the ability of Shareholder Applicants to convert their existing holding of Securities into Citi Reset Instalments without triggering a capital gains tax liability in relation to their existing holding of Securities.

A general summary of some of the taxation consequences in respect of an investment in Citi Reset Instalments can be found in Section 5 of this PDS.

Investors should obtain their own independent taxation advice prior to making any decision to invest in Citi Reset Instalments.

1.12 What are the risks associated with the Citi Reset Instalments?

A full description of the risk factors relating to investing in Citi Reset Instalments can be found in Section 4 of this PDS.

Investing in Citi Reset Instalments involves a significant degree of risk. Like any investment that offers the potential for profit there is a corresponding potential for loss. In particular, investors should be aware that Citi Reset Instalments may decrease in value at a greater rate than an investment in the Underlying Shares.

Investors should consult their stockbroker or financial adviser to ascertain the suitability of investing in warrants as part of their particular investment strategies.

1.13 When do the Citi Reset Instalments expire?

Citi Reset Instalments expire on the Maturity Date. The Maturity Date for a particular Series of Citi Reset Instalments appears in the Summary Table.

1.14 Can the Citi Reset Instalments terminate early?

Citi Reset Instalments will not terminate early unless there is an Extraordinary Event declared by Citigroup or Citigroup exercises its discretion to have a Series expire on a Reset Date, as discussed in Section 1.4 above. Holders will be provided with notice of the declaration of an Extraordinary Event by Citigroup.

Investors should note that the declaration of an Extraordinary Event by Citigroup requires the consent of ASX.

Section 4.5 of this PDS contains further details of what types of events may constitute Extraordinary Events.

1.15 Can I trade my Citi Reset Instalments?

Yes, a Holder can buy or sell Citi Reset Instalments on ASX at any time prior to Closing Time on the Maturity Date, in the same way as buying or selling ordinary shares.

The treatment and operation of the Loan following a sale on ASX is detailed in Section 1.3 of this PDS and in the examples that appear in Section 1.16.

1.16 Examples of Citi Reset Instalments pricing

The figures used in the following examples are illustrative only and do not represent in any way the figures that may apply to the actual issue of Citi Reset Instalments. The examples do not provide illustration of all of the different types of individual transactions that may be entered into in relation to Citi Reset Instalments.

Calculating the First instalment

The First Instalment is the purchase price of the Citi Reset Instalment and will depend on a number of market variables prevailing at the time of issue or acquisition. The formula for calculating the amount of the First Instalment (F1) is as follows:

$$F1 = SP - F2 + IC + BF$$

where:

- SP = the share price of the Underlying Share at the time of issue of the Citi Reset Instalment
- F2 = Final Instalment (which is the amount of the current Loan)
- IC = Interest Component (the total Interest Amounts payable from the date of issue until the next Reset Date)
- BF = Borrowing Fee

Calculating the Interest Component

The Interest Component for the Citi Reset Instalments is the total amount of interest payable on the Loan for the period from the date of issue or acquisition (as applicable) to the reset of the Loan, and thereafter from each subsequent Reset Date until the Maturity Date.

The formula for calculating the Interest Component for a given period is:

$$IC = I_1 + I_2$$

To determine the Interest Component (IC) you must first calculate the Interest Amount (I_n) in respect of each Interest Period as follows:

$$I_n = (\text{Rate}\% \times \text{Loan} \times (D_n - D_{n-1})/365)$$

Where:

- I_n = Interest Amount calculated for the n^{th} Interest Period
- Rate% = the effective interest rate (%) applicable to the relevant Series of Citi Reset Instalments
- Loan = Final Instalment
- D_{n-1} = the date of issue or acquisition, or in respect of the next Interest Period, the Interest Date or Reset Date on which the relevant Interest Period

commences (where D_0 is the date of issue or acquisition or following a Loan reset the Reset Date)

- D_n = the next Interest Date or Reset Date (as applicable), or if there are no further Interest Dates the Maturity Date

Depending on the date of issue or acquisition (as applicable) the Interest Component for the current Loan will comprise of either one or two Interest Amounts. Following the reset of the Loan, the Interest Component will thereafter comprise of two new Interest Amounts between subsequent Reset Dates and the Maturity Date.

Investors should note that these figures will change following the reset of the Loan by Citigroup as the new Loan amount and interest rate may change on the relevant Reset Date.

Example of Calculations for Citi Reset Instalments over BHP Billiton Shares.

The following examples are based on a hypothetical Citi Reset Instalment issued over shares in BHP Billiton Limited (BHP) with a Final Instalment (F2) of \$8.00. For the following examples we have assumed the BHP share price is \$14.00 on 20 September 2004, the prevailing interest rate (Rate%) is 8.0% per annum and the Borrowing Fee (BF) is \$0.11 per warrant.

Determining the Interest Component

To determine the Interest Component (IC) an Applicant must first calculate the Interest Amount in respect of each Interest Period.

$$I_n = (\text{Rate}\% \times \text{Loan} \times (D_n - D_{n-1})/365)$$

$$I_1 = (8.00\% \times \$8.00 \times 276/365) = \$0.48$$

$$I_2 = (8.00\% \times \$8.00 \times 365/365) = \$0.64$$

Where:

$$D_0 = 20 \text{ Sep } 2004 \text{ (the date of issue)}$$

$$D_1 = 23 \text{ June } 2005 \text{ (the next Interest Date)}$$

$$D_2 = 23 \text{ June } 2006 \text{ (the next Reset Date)}$$

The Interest Component is then calculated as:

$$IC = I_1 + I_2$$

$$= \$0.48 + \$0.64$$

$$= \$1.12$$

Example 1 - Cash Application

An investor applies by way of Cash Application for a Series of Citi Reset Instalments issued over shares in BHP with a Final Instalment (F2) of \$8.00. The First Instalment (F1) in respect of the Cash Application can be calculated as follows:

Key Information

$$\begin{aligned} \mathbf{F1} &= \mathbf{SP - F2 + IC + BF} \\ &= \$14.00 - \$8.00 + \$1.12 + \$ 0.11 \\ &= \$7.23 \end{aligned}$$

The following figures represent the breakdown of the First Instalment, Interest Component (being the total of all Interest Amounts for the period between the issue date and the day prior to the next Reset Date), the Borrowing Fee and the Final Instalment.

First Instalment - \$7.23

Interest Component - \$1.12

Borrowing Fee - \$0.11

Loan / Final Instalment - \$8.00

Example 2 - Shareholder Application

An investor applies by way of Shareholder Application for a Series of Citi Reset Instalments issued over shares in BHP. The Cashback Amount (CB) payable to the investor in respect of the Shareholder Application can be calculated as follows:

$$\begin{aligned} \mathbf{CB} &= \mathbf{F2 - IC - BF} \\ &= \$8.00 - \$1.12 - \$0.11 \\ &= \$6.77 \end{aligned}$$

The investor will be paid a Cashback Amount of \$6.77 in respect of the Loan and is issued a Citi Reset Instalment in return for the BHP shares that formed the basis of the Shareholder Application. This amount is required to be used by the Shareholder Applicant wholly or predominately for business or investment purposes only.

Example 3 - Purchase and Sale on ASX

If a holder sells their holding of Citi Reset Instalments on ASX, the holder will receive a refund of the prepaid interest from the date of sale to the end of the current Interest Period. The Purchaser of those Citi Reset Instalments will receive a new Loan and prepay the Interest Amount for the period from the date of acquisition to the end of the current Interest Period.

Refund of Interest to Seller

Using the previous example, the investor had prepaid the Interest Amount (I_1) of \$0.48 (at 8.00% per annum) for the Interest Period from the date of issue to 23 June 2005. If the investor sold their holding of Citi Reset Instalments on 25 November 2004, the interest refund (IR) would be calculated as follows:

$$\begin{aligned} \mathbf{IR} &= \mathbf{Loan \times Rate\% \times (D_1 - D_0)/365} \\ &= \$8.00 \times 8.00\% \times 210/365 \\ &= \$0.37 \end{aligned}$$

Where

D_0 = 25 November 2004 (the sale date)

D_1 = 23 June 2005 (the next Interest Date)

Interest Component for Purchaser

The interest rate that will apply to the new Loan to be granted to the purchaser is 8.5% per annum, which is an increase on the interest rate that applied to the seller. The Interest Amount (I_1) that would be prepaid for the remainder of the current Interest period would be:

$$\begin{aligned} \mathbf{I_1} &= \mathbf{Loan \times Rate\% \times (D_1 - D_0)/365} \\ &= \$8.00 \times 8.5\% \times 210/365 \\ &= \$0.39 \end{aligned}$$

Where

D_0 = 25 November 2004 (the purchase date)

D_1 = 23 June 2005 (the next Interest Date)

D_2 = 23 June 2006 (the next Reset Date)

The Interest Component (being the total of all Interest Amounts for the period between the purchase on ASX on 25 November 2004 and the day prior to the first Reset Date) for the purchaser will be as follows:

$$\begin{aligned} \mathbf{IC} &= \mathbf{I_1 + I_2} \\ &= \$0.39 + \$0.68 \\ &= \$1.07 \end{aligned}$$

Transfer Costs Calculation

Due to the increase in the interest rate, Transfer Costs will be payable by Citigroup to the seller and would be calculated as follows:

$$\begin{aligned} \mathbf{TC} &= \mathbf{IP - IC} \\ &= \$0.39 - \$0.37 \\ &= \$0.02 \end{aligned}$$

where:

TC = Transfer Costs

IP = Interest Amount prepaid (as above)

IR = Interest Refund (as above)

The amount of the Transfer Costs is \$0.02 per warrant.

1.17 What is the Trust Deed?

The Trust Deed provides the legal basis for the trust relationship between a Holder and the Trustee in respect of the Underlying Shares. The Trust Deed also contains provisions in relation to the issue and creation of the Citi Reset Instalments. The principal terms of the Trust Deed are set out in this PDS.

Investors can obtain a copy of the Trust Deed by calling Citigroup on 1300 30 70 70.

1.18 Who is the Trustee and what powers does it have?

The Trustee is Citigroup Global Markets Australia Nominees No 2 Pty Limited, a wholly owned subsidiary of Citigroup.

The Trustee has no powers, duties, rights or discretions in relation to the Separate Trusts except those expressly set out in the Trust Deed.

Those powers include:

- the grant of a Security Interest in favour of Citigroup in relation to the Underlying Shares;
- specific powers of sale in relation to the Underlying Shares in certain circumstances;
- powers in relation to the payment of Dividends (other than Special Dividends) and other distributions;
- certain acts in relation to “closely held trusts”; and
- general powers to administer the Separate Trusts.

SECTION 2 - Application and Maturity

2.1 Who can apply for Citi Reset Instalments?

	Cash Applicant	Shareholder Applicant	Rollover Applicant
Who Can Apply?	Persons with \$2,000 or more to invest in Citi Reset Instalments	Current holders of Securities (excluding trustees of superannuation funds) where those Securities are the same as those which make up the Underlying Shares of the Citi Reset Instalments	Current holders of Rollover Instalments which have the same Underlying Shares as the new Series of Citi Reset Instalments
How Do I Apply?	Complete the Cash Application Form and submit it with payment to your stockbroker, approved financial adviser or directly to Citigroup	Complete the Shareholder Application Form and submit it, together with the current holding statement for your existing Securities, to your stockbroker, approved financial adviser or directly to Citigroup	Complete the Rollover Application Form and submit it, together with payment (if any) and a copy of your holding statement to your stockbroker, approved financial adviser or directly to Citigroup
Minimum Investment Amount	\$2000	Sufficient that the Loan constitutes at least \$2000	No minimum
Amount Payable on Application	First Instalment	Nil	Varies
Amount Received on Application	Nil	Cashback Amount equal to the amount of the Loan less the Interest Component and Borrowing Fee	Cashback Amount where the amount of the Loan less the Interest Component and Borrowing Fee is greater than the Final Instalment to be paid on the Rollover Instalments
Application Form	Cash Application Form (blue)	Shareholder Application Form (yellow)	Rollover Application Form (pink)
Do I Need a Brokerage Account	No	No	No

2.2 How to apply

The Application Forms and instructions on how to apply are contained in Section 10 of this PDS. Citigroup will only accept applications which are made on the Application Forms which are enclosed with this PDS. Potential investors should lodge their Application Form with their stockbroker or approved financial adviser, or directly with Citigroup.

Citigroup may accept or reject any application in its absolute discretion. Citigroup may also accept an application for a lesser number of Citi Reset Instalments than the number applied for. Cash Applicants which are rejected or which are for a lesser number of Citi Reset Instalments will have their application moneys returned without interest.

Cash Applicants

For Cash Applicants the First Instalment is the purchase price of the Citi Reset Instalments, it is not fixed and will depend on the following factors as at the time the Holder lodges the Application for the Citi Reset Instalments:

- the price at which the Underlying Shares are trading;
- the time remaining to the next Reset Date or the Maturity Date;
- volatility of Securities comprising the Underlying Shares;
- future expected dividends; and
- prevailing interest rates.

Cash Applicants must subscribe for the minimum investment amount of \$2,000.

Cash Applicants can obtain an indication of the current amount of the First Instalment at any time during the offer period by calling Citigroup on 1300 30 70 70.

Citigroup will hold all funds received in a trust account (without interest) for the applicant until all conditions relating to the issue of the Citi Reset Instalments have been fulfilled and the Trustee becomes the registered holder of the Underlying Shares.

Shareholder Applicants

The transfer of a Shareholder Applicant's existing shareholding represents the First Instalment. As a result, no cash payment is required on application. Shareholder Applicants must transfer that number of Securities to the Trustee equal to the number of Citi Reset Instalments for which they are applying.

Shareholder Applicants will be paid the Cashback Amount equal to the amount of the Loan less the Interest Component and Borrowing Fee. This Cashback Amount must be applied by the Shareholder Applicant wholly or predominately for business or investment purposes.

Shareholder Applicants can obtain an indication of the Cashback Amount at any time during the offer period by calling Citigroup on 1300 30 70 70.

No Shareholder Applications from superannuation funds

On 16 December 2002 APRA and the ATO issued guidelines indicating that they considered that it was unlawful for trustees of superannuation funds (including trustees of self managed superannuation funds) to use shares owned by the fund as security over the in-built loan portion of an instalment warrant purchase. Accordingly, Citigroup will not accept Shareholder Applications from trustees of superannuation funds. For further information see Section 4.8 of this PDS.

Rollover Applicants

Holders of Rollover Instalments who are Rollover Applicants are not required to pay a cash amount for the First Instalment. However, where the amount of the new Loan in respect of the Citi Reset Instalments being applied for is less than the sum of the Final Instalment for the Rollover Instalments, plus the Interest Component and the Borrowing Fee payable for the new Loan, the Rollover Applicant will be required to provide Citigroup with a cash payment for the shortfall (the **Rollover Payment**) with the Application Form.

Where the amount of the new Loan less the Interest Component and Borrowing Fee is greater than the final instalment to be paid on the Rollover Instalments, Rollover Applicants will receive a Cashback Amount back from Citigroup. This Cashback Amount must be applied by the Rollover Applicant wholly or predominately for business or investment purposes.

Rollover Applicants can obtain an indication of the Cashback Amount at any time during the offer period by calling Citigroup on 1300 30 70 70.

2.3 Citi Reset Instalments issued for the purpose of inventory and market making

In addition to the Citi Reset Instalments that are issued to investors pursuant to the Application Forms accompanying this PDS, Citi Reset Instalments will also be issued to CGMAH, a related party of Citigroup.

Investors should note that the Citi Reset Instalments issued to CGMAH are then immediately bought back by Citigroup to be used as inventory for the sale of Citi Reset Instalments to investors via ASX and for market making purposes. See Section 4.2 of this PDS for some of the risks that exist in relation to market making.

2.4 How do you exercise Citi Reset Instalments?

Paying the Final Instalment

A Holder may exercise a Citi Reset Instalment by paying the Final Instalment (plus any Exercise Costs), which will be used to repay the outstanding amount of the Loan. The Loan will then be discharged and the legal title to the Underlying Shares will be transferred from the Trustee to the Holder in discharge of the Security Interest. A Holder may exercise the Citi Reset Instalment in this way at any time during the life of the Citi Reset Instalment up to and including the Maturity Date.

Exercising the Put Option

A Holder may also exercise a Citi Reset Instalment by exercising the Put Option and selling the Underlying Shares to Citigroup. Citigroup must purchase the Underlying Shares from the Holder for the greater of the Market Value and the Final Instalment. Those moneys will then be used to discharge the Security Interest by repaying the Loan and paying the Exercise Costs, with the balance of the proceeds of sale going to the Holder.

Investors should note that the Put Option is only effective on a Reset Date or on the Maturity Date. Holders must exercise the Put Option prior to 12pm Sydney time on a Reset Date or the Maturity Date.

Early Repayment Fee

An Early Repayment Fee, equal to the amount of interest that would otherwise have been due if the Citi Reset Instalment was held to the next Reset Date or if there are no further Reset Dates, the Maturity Date, will be charged by Citigroup if a Holder exercises a Citi Reset Instalment prior to the earlier of the next Reset Date or the Maturity Date by paying the Final Instalment.

You should read the taxation summary in Section 5 of this PDS for the tax implications of early repayment.

2.5 Exercise Notices

A copy of the Exercise Notice is attached to this PDS and must be completed in accordance with the instructions set out on that notice.

Exercise Notices are irrevocable, subject only to no other Exercise Notice being given in respect of the same Citi Reset Instalment. Citigroup retains certain discretions with respect to the treatment of partially valid Exercise Notices.

If Citigroup or the Trustee fail to perform any of their obligations upon delivery of a valid Exercise Notice, the Holder may give a default notice to Citigroup in respect of the relevant Underlying Shares and Citigroup must within 10 Business Days after the date on which it receives such notice, pay to the Holder by cheque a liquidated damages payment calculated in accordance with Market Rule 10.12.

2.6 Rollover

A Holder may also be able to “rollover” their holding of Citi Reset Instalments into future instalment warrant products issued by Citigroup. Holders will be advised by Citigroup prior to the Maturity Date if a further series of instalment warrant products will be available for rollover.

2.7 What happens if I do not exercise?

If a Holder fails to exercise the Citi Reset Instalment by Closing Time on the Maturity Date, the Underlying Shares may be sold by Citigroup pursuant to Citigroup's power of sale. The proceeds of a sale will be used to discharge the Security Interest by repaying the Loan and paying other Exercise Costs in accordance with the Order of Payment.

However, if ASX requires payment to be made to a Holder pursuant to Market Rule 10.11 (where the Intrinsic Value of the Citi Reset Instalment is equal to or greater than 5% of the Final Instalment) then the disposal proceeds shall be paid in accordance with the Revised Order of Payment.

SECTION 3 - The Underlying Shares

3.1 Introduction

The Underlying Shares are ASX listed securities. This includes both ordinary shares in the capital of companies and units of listed trusts. These Entities are subject to the continuous disclosure requirements imposed by ASX and by the Corporations Act. The Entities' ASX codes appear in the Term Sheet as the first three letters of the ASX code for a particular Series of Citi Reset Instalments.

Information (including historical data and trading information) about these Entities can be obtained from a variety of sources including ASX, the Entities themselves, brokers and investment advisers. Information may also be found on the websites of the Entities, the ASX website and related sites. Citigroup takes no responsibility and accepts no liability for, and makes no representation or warranty (whether express or implied) as to the accuracy or completeness of any information obtained by an investor about an Entity. Investors should make their own inquiries and where appropriate, obtain advice in relation to any investment decisions.

The initial Underlying Share for each Series of Citi Reset Instalments is one Security. During the life of the Citi Reset Instalment, however, this may be adjusted to take into account corporate actions that may affect the Securities that comprise the Underlying Shares.

3.2 Adjustments

If the Securities that comprise the Underlying Shares are subject to a takeover (whether by way of a takeover pursuant to Chapter 6 of the Corporations Act, scheme of arrangement or other legal procedure) (**Takeover**) each Holder directs the Trustee not to accept any offer in respect of the Securities that comprise the Underlying Shares.

If in respect of a Takeover Citigroup has not declared an Extraordinary Event and the Takeover proceeds to compulsory acquisition or a cancellation procedure, any cash or securities received by the Trustee shall be dealt with in accordance with the following:

1. if the Takeover consideration is wholly securities, Citigroup may adjust or reconstruct the Citi Reset Instalments;
2. if the Takeover consideration is partly securities and partly cash, Citigroup may direct the Trustee to:
 - (a) adjust or reconstruct the Citi Reset Instalments with respect to the consideration securities and pay the cash consideration to Holders; or

- (b) sell the consideration securities and distribute the cash consideration and the proceeds of the sale of the consideration securities in accordance with the Order of Payment; or

3. if the Takeover consideration is wholly cash, Citigroup may direct the Trustee to distribute the cash consideration in accordance with the Order of Payment.

Adjustment of the Final Instalment or the Underlying Shares may also take place in circumstances of a Corporate Action (including a reconstruction of capital, a cash return of capital, a bonus issue, a rights issue and an issue in relation to partly paid shares). In such circumstances, Holders will be notified by Citigroup of the nature of the adjustment as soon as practicable and Citigroup will notify ASX of the adjustment by way of an announcement.

3.3 Special Dividends

Adjustment of the Final Instalment may also take place in circumstances where an Entity declares a Special Dividend, which may be used to reduce the amount of the Final Instalment.

If a Special Dividend is paid by an Entity in respect of an Underlying Parcel, the Holder irrevocably directs that Citigroup may, in its absolute discretion, direct that the Special Dividend be paid to Citigroup and be used by Citigroup to reduce the Final Instalment in respect of the particular Series of Citi Reset Instalments to which the Special Dividend relates.

3.4 Method of Adjustment

Any adjustment or reconstruction of a Citi Reset Instalment in the context of a Takeover, a Corporate Action or a Special Dividend as referred to above, shall be made in accordance with the ASX Market Rules, or if those rules are uncertain or inappropriate in the circumstances, Citigroup may, with the consent of ASX, make alternative adjustments appropriate to preserve the interest and position of Holders and Citigroup under the Citi Reset Instalments.

3.5 Voting the Underlying Shares

The terms of the Trust Deed provide that Holders irrevocably direct the Trustee, as legal holder of the Securities that comprise the Underlying Shares, not to vote in respect of any of those Securities at any meetings of members or unit holders. The Trust Deed also provides that the Trustee is not required to send to any Holder any notice of meeting, annual report or similar documents distributed by an Entity.

3.6 Dividend reinvestment plans and share buy-backs

Under the terms of the Trust Deed, each Holder instructs the Trustee not to participate in any dividend reinvestment plan or other arrangement for the reinvestment or receipt of benefits in lieu of Dividends.

In addition, the terms of the Trust Deed provide that the Holder has directed that the Trustee reject any buyback offers made by an Entity in respect of its Securities, unless Citigroup exercises its discretion otherwise and informs Holders of the buyback offer. In such circumstances, the Holder may give Citigroup notice that it wishes to accept that offer.

3.7 Buyback and Cancellation of Citi Reset Instalments

Citigroup may buy-back Citi Reset Instalments and become the holder of Citi Reset Instalments, which shall not be deemed to lapse or be cancelled on buy-back unless Citigroup cancels the Citi Reset Instalment.

Citigroup may cancel the Citi Reset Instalment if Citigroup is the holder of the Citi Reset Instalment.

Citigroup and its related bodies corporate and officers are not prohibited from holding Citi Reset Instalments, entering into financial transactions with any Holder, or acquiring Underlying Shares nor are any such persons liable to account to Holders for profits or benefits derived as a result of those activities or other such business activities.

SECTION 4 - Risk Factors

SUBSCRIPTION FOR OR THE PURCHASE OF THE CITI RESET INSTALMENTS IS CONSIDERED BY CITIGROUP TO BE SUITABLE ONLY FOR INVESTORS WITH EXPERIENCE IN, OR ON THE ADVICE OF PROFESSIONAL ADVISERS WITH EXPERIENCE IN, DERIVATIVE TRANSACTIONS. POTENTIAL INVESTORS SHOULD REACH AN INVESTMENT DECISION ONLY AFTER CAREFULLY CONSIDERING, WITH THEIR ADVISERS, THE SUITABILITY OF THE CITI RESET INSTALMENTS IN LIGHT OF THEIR PARTICULAR CIRCUMSTANCES, TAKING INTO ACCOUNT THE RISK FACTORS RELATING TO THE CITI RESET INSTALMENTS SET OUT BELOW.

4.1 Factors affecting the value of Citi Reset Instalments

The value at which a Citi Reset Instalment may be bought or sold on ASX is dependent upon such factors as the price at which the Underlying Shares are trading on ASX, the amount of the Final Instalment, the time remaining to expiry, interest rates and risks applicable to stock markets generally.

Investment in Citi Reset Instalments is speculative. The Citi Reset Instalments may be significantly less valuable on the Maturity Date or may expire worthless. This means that Holders may either lose money or sustain a total loss on their investment.

4.2 Possible illiquidity of trading market

Investors should be aware that there is no firm indication as to how the Citi Reset Instalments 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 the Citi Reset Instalments by the provision of bids and offers made in a spread around the prevailing market price to help ensure liquidity in the market for the Citi Reset Instalments.

However, there are no spread or quantity obligations applied to the market making requirements. The quality of market making will depend on competitive pressures. In times of extreme volatility the ability of market makers to maintain a market will be put under stress. Investors should be aware that in these situations, the presence of suitable quotes in the market cannot always be assured.

4.3 General risks

General 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 market price of Citi Reset Instalments.

Investors are warned that the price of Citi Reset Instalments may fall in value as rapidly as it may rise and Holders may sustain a total loss of their investment. Prospective investors should therefore ensure that they understand the nature of Citi Reset Instalments and carefully study the risk factors set out in this PDS before they invest in Citi Reset Instalments.

4.4 Exercise of discretion by Citigroup

Investors should note that a number of provisions of the Trust Deed confer discretions on Citigroup which could affect the value of Citi Reset Instalments. These include the power to declare an Extraordinary Event and the right to adjust the Underlying Shares or the Final Instalment in certain circumstances.

Holders 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.

The fact that Citi Reset Instalments may become significantly less valuable over their term and in certain circumstances automatically terminate or expire worthless, means that a Holder of Citi Reset Instalments may lose some or all of the purchase price paid for the Citi Reset Instalments.

4.5 Extraordinary events

If the Underlying Shares are subject to a compulsory acquisition notice (in either a takeover or scheme of arrangement context), are withdrawn from quotation, or are suspended, or if the Citi Reset Instalments are withdrawn from admission to trading status or suspended, or a Trust Tax Change occurs, Citigroup may with the consent of ASX declare such an event to be an Extraordinary Event.

In such circumstances Citigroup may fix an earlier Maturity Date, or in respect of a Trust Tax Change terminate the trust relationship governed by the Trust Deed. Citigroup shall give written notice to each Holder within 10 Business Days of declaring an Extraordinary Event.

4.6 Legislative Risks

A number of risks may exist and impact on a Holder of a Citi Reset Instalment as a result of Australian legislative regulation and tax law.

The acquisition and/or exercise of a Citi Reset Instalment may have implications for Holders under Chapter 6 of the Corporations Act, in particular those provisions that relate to an acquisition by a person of shares or other securities that would give rise to a relevant interest (as defined in the Corporations Act).

The issues raised by Chapter 6 of the Corporations Act in the context of warrants are complex and are dependant on individual circumstances and the interpretation of the law in this area. Holders should obtain their own legal advice on this issue.

The acquisition and/or exercise of a Citi Reset Instalment may also have implications for certain Holders under the provisions of the Foreign Acquisitions and Takeovers Act 1975 (Cth). Prospective Holders should seek independent legal advice on these matters.

4.7 Tax changes

Section 5 contains a taxation summary based on current Australian taxation laws. Prospective Holders should monitor any taxation changes. In particular, the Government announced that it would amend the tax legislation as it applies to capital protected products, effective from 16 April 2003. Also, the Government announced interim measures to provide guidance until that legislation is enacted. The legislation implementing the announcement has not been introduced into Parliament. Accordingly, there is a risk that the effect of any subsequent legislation may be different from the announcement and the interim measures.

4.8 Superannuation Funds

Superannuation entities, such as regulated superannuation funds and trustees of approved deposit funds and pooled superannuation trusts, are subject to restrictions on entering into borrowing arrangements and on the types of investments that can be made.

The Australian Prudential Regulation Authority and the Australian Taxation Office have released guidelines dated 16 December 2002 which provide that superannuation funds are not permitted, under the terms of the Superannuation Industry (Supervision) Act 1993 (Cth) and related regulations, to invest in Citi Reset Instalments by way of shareholder application. The guidelines also contain information for trustees and superannuation entities as to the matters that should be considered by these entities before any decision is made to invest in Citi Reset Instalments.

Any trustees or superannuation entities considering an investment in Citi Reset Instalments should obtain their own advice as to whether Citi Reset Instalments are an appropriate and permissible investment. Citigroup makes no representation or warranty, express or implied, that trustees or superannuation entities may invest in Citi Reset Instalments under the terms of the Superannuation Industry (Supervision) Act 1993 (Cth) and related regulations.

In addition, Shareholder Applicants represent and warrant that the Shareholder Application is not being made by or on behalf of a superannuation fund or entity.

4.9 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 Citi Reset Instalments between brokers on ASX and cannot be made in relation to the primary issue of Citi Reset Instalments by Citigroup.

The capacity of Citigroup to settle all outstanding Citi Reset Instalments is not guaranteed by ASX, the National Guarantee Fund or ASTC.

4.10 Potential conflicts of interest

Citigroup and related bodies corporate of Citigroup may, in their absolute discretion, buy and sell Citi Reset Instalments, Securities and other financial products relating to Citi Reset Instalments or the Securities, either as principal or agent. This trading may impact positively or negatively on the price at which Citi Reset Instalments trade on ASX.

Citigroup is not in a fiduciary relationship with Holders. Any profits earned and losses incurred by Citigroup in its trading activities in Citi Reset Instalments will accrue entirely to it independent of Citigroup's obligations to Holders.

4.11 Suspension of trading in Citi Reset Instalment

Trading of Citi Reset Instalments 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 Citi Reset Instalments 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 ASX Market Rules or if ASX in its absolute discretion thinks fit.

Except where it is determined to be an Extraordinary Event, the Citi Reset Instalments will continue to exist notwithstanding any delisting, withdrawal of trading status or suspension of the Citi Reset Instalments from ASX.

SECTION 5 - Taxation Summary

This Section is intended only as a general summary of some of the taxation consequences arising for potential Holders who are Australian resident taxpayers including individuals, companies and complying superannuation funds who hold Citi Reset Instalments on capital account (ie not on revenue account or as trading stock) for tax purposes. Whether Citi Reset Instalments are held on capital account or revenue account will depend on the Holder's individual circumstances. (For example, Holders who acquire Citi Reset Instalments for the purpose of exercising them and holding the Underlying Parcel for long term investment will generally hold Citi Reset Instalments on capital account. In contrast, Holders who acquire Citi Reset Instalments in the ordinary course of their business or, for the purpose of disposing of them at a profit, will generally hold them on revenue account.)

This Section is necessarily general in nature and does not take into account the specific taxation circumstances of each potential Holder. Potential Holders should not rely on this Section and should obtain specific taxation advice referable to their own circumstances prior to making any investment decision.

This advice is based on law that is current as at the date of this PDS. Potential Holders should seek their own advice on any changes in the law or administrative interpretation after the date of this PDS which may affect the tax consequences of investing in Citi Reset Instalments.

Potential Holders should also be aware that the Government has announced that it intends introducing amendments to tax legislation, effective from 16 April 2003, to ensure that part of the expense on certain capital protected products, products with limited recourse loans and products with embedded put options is not interest and is not deductible where this cost is "capital in nature". The legislation implementing this announcement has not been introduced into Parliament. However, to enable the continued operation of the market for such products (which will include the Citi Reset Instalments because of their limited recourse loan and put option features), the Government announced certain interim measures ("Interim Measures") which provide a mechanism to apportion the costs associated with such products to these non-deductible features. This Section adopts these Interim Measures for the purpose of outlining the taxation implications applicable to the Citi Reset Instalments. Investors should however be aware that any prospective legislation introduced may impact on the taxation treatment of Citi Reset Instalments.

5.1 Acquiring your Citi Reset Instalments

5.1.1 Issue of Citi Reset Instalments

Applying for and being issued Citi Reset Instalments does not give rise to any immediate tax consequences for a Holder (for example, a Holder cannot deduct any amount for acquiring the Citi Reset Instalments). Rather, the Holder acquires two assets for capital gains tax (CGT) purposes, being the beneficial interest in the Underlying Shares and the Put Option.

Acquiring Citi Reset Instalments establishes the cost base for a Holder's beneficial interest in the Underlying Shares. The cost base will be relevant to the CGT consequences for the Holder when the Citi Reset Instalments are sold, exercised or if Citigroup exercises its power of sale under the Security Interest. The Holder's cost base for their beneficial interest in the Underlying Shares will include:

- for Cash Applicants, the First Instalment and the amount of the Loan applied to purchase the Underlying Shares.
- for Shareholder Applicants, the Holder's existing cost base for the Underlying Shares.
- for Rollover Applicants, the Holder's existing cost base for the beneficial interest in the Underlying Shares of the Rollover Instalment. That cost base would not be affected by payments made to Citigroup or received from Citigroup in respect of the Loan.

For Cash Applicants, Shareholder Applicants and Rollover Applicants, the Holder's cost base for the Underlying Shares will also include:

- the Put Option fee (if the Put Option is ultimately exercised); and
- the Early Repayment Fee (if the Holder exercises the Citi Reset Instalments before the earlier of the next Reset Date or the Maturity Date (as applicable)).

The Holder's cost base for the Put Option will equal the Put Option fee (which is included in the Borrowing Fee).

5.1.2 Purchasing your Citi Reset Instalments on ASX

Purchasing Citi Reset Instalments on ASX gives rise to consequences similar to those for a Cash Applicant. That is, purchasing the Citi Reset Instalments establishes the cost base for the Holder's beneficial interest in the Underlying Shares. The cost base will be relevant to the CGT consequences for the Holder when the Citi Reset Instalments are sold, exercised or if Citigroup exercises its power of sale under the Security Interest. The Holder's cost base for their beneficial interest in the Underlying Shares will include the purchase price of the Citi Reset Instalment, any brokerage and the amount of the Holder's Loan that is applied to repay the transferring Holder's loan, less the amount reasonably attributed to the cost of acquiring the Put Option.

The Government has prescribed in its Interim Measures that the amount taken to be attributed to the cost of the Put Option is to be determined as follows:

- if the market value of the Underlying Shares at the time of purchase is greater than the amount of the Loan - the cost of the Put Option will be the purchase price of the Citi Reset Instalment plus the Loan amount less the sum of the market value of the Underlying Shares and the prepaid interest; or
- if the market value of the Underlying Shares at the time of purchase is less than the amount of the Loan - the cost of the Put Option will be the purchase price of the Citi Reset Instalment plus the Loan amount less the sum of the Loan amount and the prepaid interest.

5.2 Holding your Citi Reset Instalments

5.2.1 Interest deductibility

Taxpayers are generally entitled to deductions for interest on borrowed funds that are used for income producing purposes such as acquiring income producing assets like Australian shares.

The Loan to Cash Applicants and Holders who acquire Citi Reset Instalments on ASX is applied to acquire a beneficial interest in the Underlying Shares. Those Securities typically produce dividends and/or distributions which are included in the assessable income of the Holder. Accordingly, subject to the comments below concerning capital protected products, if the Citi Reset Instalments are acquired by a Holder for the purpose of deriving assessable dividends and/or distributions, then interest on the Loan should be deductible to the Holder. Also, interest on the Loan should be deductible for:

- Shareholder Applicants provided that the borrowed funds are used for income producing purposes; and
- Rollover Applicants provided that, if the Loan exceeds the total of the Final Instalment on the Rollover Instalment, the Interest Component and the Borrowing Fee, then the excess is used for income producing purposes.

Under the Interim Measures, in certain circumstances, some part of the interest incurred in connection with a capital protected product may not be deductible. However, the Government has indicated that the Interim Measures are consistent with the approach taken by the ATO in certain product rulings issued in respect of products with a separately identifiable put option. The ATO's view in these product rulings has been that, where there is a separately identified put option, the interest is fully deductible. Accordingly, under the Interim Measures, the Interest paid by a Holder should be deductible.

5.2.2 Prepayment of interest

Interest on the Loan accrues from day to day, but is prepaid to the end of the Interest Period, which is expected to be 12

months or less from the Drawdown Date or subsequent Interest Date. Holders who are individuals (who do not incur the interest in carrying on a business) and STS taxpayers should be entitled to claim a deduction for the prepaid Interest Amount in the tax year when the prepayment is made. Other Holders will also be able to do so if either:

- the total prepaid Interest Amount is less than \$1,000; or
- the Interest Period ends in the same tax year as the Drawdown Date.

For other Holders, interest deductions will be spread across tax years by reference to the number of days in the period from the Drawdown Date or Interest Date to the end of the Interest Period that falls in each tax year.

5.2.3 Early Repayment Fee

If a Holder exercises Citi Reset Instalments prior to the Maturity Date an Early Repayment Fee will be payable by the Holder. This fee is equivalent to the amount that is effectively refundable to the Holder to compensate them for interest that the Holder has prepaid in relation to the unexpired period of the Loan.

The Early Repayment Fee and the right to a refund are economically offset, which has two tax consequences. Firstly, the amount of the refunded prepaid interest (which will equal the Early Repayment Fee) will be required to be included in the Holder's assessable income in the tax year in which the early repayment occurs. Secondly, the amount of the Early Repayment Fee will be included in the cost base for the Holder's beneficial interest in the Underlying Shares.

5.2.4 Borrowing Fee

The Borrowing Fee includes a fee for the grant of the Put Option. The Put Option fee will not be deductible but will instead form part of the cost base for the Put Option. This is relevant to the CGT consequences for the Holder when the Citi Reset Instalments are sold, exercised or if Citigroup exercises its power of sale under the Security Interest (see below).

A Holder will be entitled to deduct the remainder (if any) of the Borrowing Fee to the extent that it is incurred to borrow money for income producing purposes. However, if the next Reset Date or the Maturity Date is in a subsequent tax year, then the deduction available will be spread across each tax year by reference to the number of days in that period that fall in each tax year.

5.2.5 Distributions on the Underlying Parcel

Under the terms of the Citi Reset Instalments and the relevant Trust Deed, Holders are presently entitled to income from the Underlying Shares. The tax consequences to the Holder depend on whether the Underlying Shares comprise a share or a unit in a trust.

(a) Dividends

A Holder's assessable income will include dividends paid on the Underlying Shares where the Security is a share in a company. A Holder's assessable income will also include the amount of any franking credits on those dividends, but the Holder would generally be entitled to tax offsets equal to the amount of the franking credits. Broadly, under the franking provisions, only Holders with marginal tax rates above 30% will effectively pay additional tax on franked dividends. If a Holder's marginal tax rate is less than 30% then Holders who are individuals or superannuation funds, will be entitled to a refund of the amount of the excess franking credits. Other taxpayers can carry the excess franking credits forward to future tax years.

However, a Holder's entitlement to franking credits can be affected by complex "franking credit trading" provisions. These provisions are designed to ensure that a Holder is only entitled to franking credits if the Holder has sufficient economic exposure to the Underlying Shares. The Issuer has determined that, at the date of this PDS, the Citi Reset Instalments give a Holder sufficient economic exposure to be entitled to the franking credits.

Nevertheless, the Holder's economic exposure to the Underlying Shares can be affected by the Holder's other dealings (eg, entry into options, warrants, contracts for sale and so on). Holders should seek their own specific advice on this issue.

Holders who are individuals and whose franking credits do not exceed \$5,000 in a tax year are generally entitled to franking credits for that tax year, regardless of their actual economic exposure to the Underlying Shares.

(b) Unit trust distributions

Subject to the comments below, a Holder's assessable income will include distributions received on the Underlying Shares where the Security is a unit in a unit trust.

Certain distributions from unit trusts may be "tax deferred". A Holder's assessable income will not include "tax deferred" amounts when they are received. Instead, these distributions reduce the cost base of the Holder's interest in the Underlying Shares, and so may increase any capital gain (or decrease any capital loss) on a subsequent disposal of the Underlying Shares. If the total of these "tax deferred" distributions exceeds the cost base for the Holder's interest in the Underlying Shares, then the excess will be taxed as a capital gain to the Holder in the tax year the excess is distributed.

A Holder's assessable income will include a share of dividends distributed by the unit trust. A Holder's assessable income will also include the amount of any franking credits on those dividends, but the Holder would generally be entitled to tax offsets equal to the amount of the franking credits. Where the Underlying Shares are units the application of the franking

credit trading provisions is even more complicated than where they are shares for two reasons. Firstly, the trust must also satisfy the franking credit trading provisions and secondly the Holder's economic exposure to the Underlying Parcel may be affected by the terms of the relevant trust deed. Again, Holders should seek their own specific advice on this issue.

Broadly, if the unit trust makes a capital gain, then unit holders can offset the amount of their distribution attributable to the capital gain against their capital losses. If the unit trust makes a discount capital gain, then unit holders are treated as having made a capital gain equal to double the amount of their distribution attributable to the discount capital gain, which effectively negates the discount capital gain applying at the trust level. Certain unit holders (individuals, trustees and complying superannuation entities) are then entitled to the CGT discount on that capital gain in their hands.

A Holder's assessable income will include any foreign tax paid on foreign income derived by the trust. The Holder will then be entitled to a tax offset for the foreign tax, capped at the amount of Australian tax payable on the total of that type of foreign income and the foreign tax.

If the trust is a public trading trust, the trust will be treated as a company and distributions will be deemed to be dividends so that the tax consequences described in the Section 5.2.5(a) "Dividends" above will apply.

5.3 Selling your Citi Reset Instalments

When a Holder sells their Citi Reset Instalments on ASX, for CGT purposes they dispose of the Put Option and their beneficial interest in the Underlying Shares.

The Holder will make a capital gain to the extent that the total of the sale price and the amount of the Holder's Loan that is repaid by the Purchaser exceeds the total of the cost bases of the Put Option and their beneficial interest in the Underlying Shares.

A capital gain may be eligible to be a discount capital gain if the Holder is an individual, trust or a complying superannuation entity and the Citi Reset Instalments are disposed of at least 12 months after the Holder acquired them. Capital gains made by companies and other taxpayers are not discounted. Capital gains are only discounted after a Holder's other capital losses and carried forward net capital losses have been absorbed. If a capital gain is eligible to be discounted, then only 50% of the amount of the capital gain is included in the assessable income of a Holder who is an individual or a trust, and $66\frac{2}{3}$ for a Holder that is a complying superannuation entity.

A Holder will make a capital loss to the extent the total of the cost bases of the Put Option and the Holder's beneficial interest in the Underlying Shares exceeds the total of the sale

price and the amount of the Holder's Loan that is repaid by the Purchaser. If a Holder makes a capital loss, then the loss can only be used to reduce the Holder's other capital gains. If there are insufficient capital gains to absorb the capital losses, the resulting net capital loss can generally be carried forward to offset future capital gains.

The amount of the Holder's Loan is reduced by the amount of interest the Holder has prepaid for the period after the transfer of the Citi Reset Instalment (the refund amount). Accordingly, the refund amount is required to be included in the Holder's assessable income in the tax year in which the sale occurs.

Transfer Costs may also arise on the sale of Citi Reset Instalments. These costs are payable either:

- by a Transferor to Citigroup - in which case, the Transferor's cost base for their beneficial interest in the Underlying Shares will include the amount of the Transfer Costs; or
- by Citigroup to the Transferor - in which case, the Transferor's capital proceeds for the sale of their beneficial interest in the Underlying Shares will include the amount of the Transfer Costs.

5.4 Reset of the Loan

When Citi Reset Instalments are reset, a Holder takes out a new loan which is applied to pay the New Interest Amounts and the New Borrowing Fee referable to the new loan, and also to repay the current balance of the existing loan. In cases where the New Loan Amount exceeds the sum of those payments, the Holder is entitled to the excess as a Reset Cashback Amount. The Reset Cashback Amount will be applied to subscribe for additional Citi Reset Instalments or, if the Holder elects, paid in cash to the Holder. Alternatively, if the New Loan Amount is less than the sum of the payments to be made, the difference will be payable by the Holder as a Reset Payment. The Reset Payment, together with the New Loan Amount, will be applied in the same manner as outlined above to meet the New Interest Amounts, the New Borrowing Fee and repay the balance of the existing loan.

The effect of the resetting of the loan is to essentially refinance the existing loan and meet the costs of the new loan. Accordingly, for tax purposes, there should be no implications for the Underlying Shares or their cost base, and the discussion in sections 5.2.1 and 5.2.4 above applies equally to the deductibility of the New Interest Amounts and the New Borrowing Fee.

With respect to the Reset Cashback Amount or Reset Payment, these amounts will not, of themselves, be assessable or deductible, respectively. Rather:

- If a Reset Cashback Amount is applied to subscribe for additional Citi Reset Instalments, then the consequences discussed in 5.1.1 above relating to the issue of Citi Reset Instalments will apply.

- If some of the Holder's Citi Reset Instalments are sold to satisfy the Reset Payment amount, then the consequences discussed in 5.3 above dealing with the sale of Citi Reset Instalments will apply.

In addition, when Citi Reset Instalments are reset, the existing Put Option will expire and a new Put Option will be granted. In these circumstances:

- The Holder will make a capital loss on the expiry of the existing Put Option equal to its cost base; and
- The Holder will acquire a cost base equal to the Put Option fee paid for the new Put Option.

5.5 Exercising your Citi Reset Instalments

A Holder can exercise a Citi Reset Instalment by paying the Final Instalment or exercising the Put Option.

(a) Paying the Final Instalment

If a Holder pays the Final Instalment plus the estimated Exercise Costs (if any), the Trustee will procure the delivery of the Underlying Shares to the Holder and the Put Option will expire. In these circumstances:

- the delivery of the Underlying Shares will not give rise to any immediate tax consequences for the Holder. The Holder's cost base for the Underlying Shares will equal the cost base for the Holder's beneficial interest in the Underlying Shares plus any Exercise Costs; and
- the Holder will realise a capital loss on the expiry of the Put Option equal to the Holder's cost base for the Put Option.

(b) Exercising the Put Option

If the Holder exercises the Put Option, then Citigroup must purchase the Underlying Shares from the Holder for the greater of the Market Value and the Final Instalment. The sale price will first be used to pay any amounts due to the Trustee and any amounts outstanding under the Loan. Any excess will be paid to the Holder.

The sale of the Underlying Shares on exercise of the Put Option will be a disposal for CGT purposes. The Holder's cost base for the Underlying Shares includes their cost base for the Put Option. The capital proceeds will be the sale price of the Underlying Shares (regardless of whether the Holder actually receives all of this amount or, for example, part of it is used to repay the Holder's Loan). The Holder will realise a capital gain or a capital loss accordingly. A capital gain may be a discount capital gain in the circumstances described in Section 5.3 above.

5.6 Failure to exercise your Citi Reset Instalment by the Maturity Date

If a Holder does not exercise their Citi Reset Instalments by the Maturity Date, then Citigroup may sell the Underlying Shares. The sale price will first be used to pay any amounts outstanding under the Loan and any excess will be paid to the Holder. In these circumstances:

- The sale of the Underlying Shares will be a disposal for CGT purposes. The capital proceeds will be the sale price of the Underlying Shares (regardless of whether the Holder actually receives all of this amount). The Holder will realise a capital gain or loss accordingly, and a capital gain may be a discount capital gain in the circumstances described in 5.3 above.
- The Holder will also realise a capital loss on the expiry of the Put Option equal to the Holder's cost base for the Put Option.

If the sale price is less than the amount of the Holder's Loan, then Citigroup cannot recover the shortfall from the Holder. In these circumstances:

- consistent with existing product rulings for similar products, the ATO would be expected to maintain that the cost base of the Holder's beneficial interest in the Underlying Shares is reduced by the amount of the shortfall, so reducing the Holder's capital loss;
- the shortfall should not generally be assessable income or give rise to a capital gain for the Holder; and
- there should be no adverse consequences for the Holder under the commercial debt forgiveness provisions.

5.7 GST

No GST is payable on the following supplies and acquisitions:

- the issue or creation of Citi Reset Instalments;
- the on-market transfer of a Citi Reset Instalment as a consequence of an on-market sale or purchase of a Citi Reset Instalment;
- any transfer of an Underlying Share to the Trustee on acceptance of a Shareholder Application by Citigroup;
- the transfer of an Underlying Share to a Holder on payment of the Final Instalment; or
- the making of a loan or the granting of a security.

However, it is usual for GST to be payable on supplies in consideration for commissions or fees payable to intermediaries, such as financial advisers. In general, this GST may be passed on to you as part of the commission or fee, or as an additional amount.

5.8 Stamp Duty

On the basis that the Citi Reset Instalment, Security or Underlying Shares will be quoted on ASX at the time of the relevant transaction, there should be no stamp duty payable on:

- the issue or creation of Citi Reset Instalments;
- the on-market transfer of a Citi Reset Instalment as a consequence of an on-market sale or purchase of a Citi Reset Instalment;
- any transfer of an Underlying Share to the Trustee on acceptance of an Application by Citigroup; or
- the transfer of the Underlying Shares to a Holder on payment of the Final Instalment.

In addition, no stamp duty should be payable on the Loan Agreement or equitable mortgage.

SECTION 6 - Issuer and Guarantor Details

The Citi Reset Instalments issued under this PDS will be issued by Citigroup Global Markets Australia Pty Limited, a wholly owned subsidiary of the Guarantor, and a member of the Citigroup Inc group of companies.

Citigroup is part of a group of companies that comprises one of the largest financial services groups in the world, with around 120 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.

6.1 Citigroup in Australia and New Zealand

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

6.2 General Information about the Guarantor

The obligations of Citigroup under this PDS in respect of the Citi Reset Instalments are guaranteed by Citigroup Global Markets Holdings Inc.

Citigroup Global Markets Holdings Inc. is a global, full-service investment banking and securities brokerage firm providing a full range of financial advisory, research and capital raising services to corporations, governments and individuals.

Globally, it operates through its subsidiaries in two business segments: investment services and asset management. Citigroup Global Markets Holdings Inc. provides global investment banking services that encompass a full range of capital market activities, including the underwriting and distribution of debt and equity securities. It also provides financial advice to investment banking clients on a wide variety of transactions including mergers and acquisitions, divestitures, leveraged buyouts, financial restructurings and a variety of cross-border transactions.

The asset management segment is comprised of two primary asset management business platforms: Citigroup Asset Management and Smith Barney Asset Management. These platforms offer a broad range of asset management products and services from global investment centres, including mutual funds, closed-end funds and managed accounts.

The principal offices of the Guarantor are located at 388 Greenwich Street, New York, New York 10013.

Details of the guarantee given by the Guarantor in respect of the Citi Reset Instalments appear in Section 7.10 of this PDS.

6.3 Financial Information about Citigroup and the Guarantor

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

6.4 Disclaimer

No circumstance has arisen and no information has become available except as disclosed in this PDS, to ASX or on the website referred to in the previous paragraph that would materially affect an investor's decision for the purpose of making an informed assessment of the capacity of Citigroup to fulfil its obligations under the Terms of Issue, the capacity of the Guarantor to fulfil its obligations under the deed of guarantee or the risks, rights or obligations associated with the Citi Reset Instalments since 31 December 2003 (in the case of Citigroup) and 30 September 2004 (in the case of Citigroup Global Markets Holdings Inc.).

SECTION 7 - Additional Information

7.1 Status of Citi Reset Instalments

The Citi Reset Instalments establish general, immediate and unsecured contractual obligations of Citigroup, which have equivalent rank to each other and to the other existing, unsecured and non subordinated obligations of Citigroup (except for any obligations which have precedence by force of law).

7.2 Holding Statement

Citigroup will comply with the Listing Rules in relation to the issue and despatch of holding statements for the Citi Reset Instalments as if the Citi Reset Instalments were shares in a company.

7.3 Transfer

A Citi Reset Instalment may be transferred if and only if the transfer is in the manner prescribed by or under the Corporations Act, the Market Rules and the ASTC Settlement Rules (as applicable).

Citigroup:

- (a) must deal with, certify and register a transfer of a Citi Reset Instalment in accordance with the Market Rules and the ASTC Settlement Rules; and
- (b) may refuse to register such a transfer in any of the circumstances where such refusal is permitted by, and in accordance with any procedures prescribed by the Market Rules and the ASTC Settlement Rules.

7.4 Joint Holders

There must not be more than 3 joint Holders of a Citi Reset Instalment except in the case of the legal representatives of a deceased Holder. All notices, payments and other correspondence to joint Holders may be directed, given or made to the first-named joint Holder on the Register. If there are joint Holders of any Citi Reset Instalment and one of these joint Holders dies, the survivors shall be the only persons recognised by Citigroup as having any title or interest in the Citi Reset Instalment.

7.5 Variation of the terms of Issue

Citigroup may from time to time by notice sent to the Holder make any Change to the Terms of Issue:

With the consent of ASX:

- (a) if the change is necessary or desirable in the reasonable opinion of Citigroup to comply with any statutory or other requirement of law or any requirement of ASX;
- (b) to accommodate transfers; or
- (c) if the change is made for the purpose of curing any ambiguity, error, defective provision or minor modification which does not materially prejudice the interests of Holders.

Where the terms of that Change are authorised by a resolution of the Holders passed in accordance with the following:

- (a) Citigroup dispatches by notice to every Holder a document setting out the terms of the proposed Change together with a ballot paper enabling the Holder (other than Citigroup or its associates) to vote either in favour of or against the Change, a document setting out the reasons for and any advantages or disadvantages of the Change and a document summarising the resolution provisions;
- (b) Citigroup retains all ballot papers which are returned to it within the voting period (which must, in any event, be not less than 20 Business Days after the date of dispatch of the last of the notices);
- (c) Citigroup's auditor (after consultation with Citigroup's lawyers, if desired by either the auditor or Citigroup) determines the validity of all ballot papers returned during the voting period and if Citigroup or an "associate" of Citigroup (within the meaning of Part 1.2, Division 2 of the Corporations Act (other than Section 13) (except if the person holds the relevant Citi Reset Instalments as trustee or nominee for another person) returns a ballot paper to a Holder it is to be treated as not being valid;
- (d) Citigroup's auditor adds together all of the votes cast on valid ballot papers during the voting period (calculated on the basis of one vote for each Warrant held by the person casting that vote) in favour of the Change and all of the votes cast on valid ballot papers during the voting period (calculated on the same basis) against the Change; and
- (e) the number of votes validly cast in favour of the Change (as determined by the previous paragraph) is not less than three times greater than the number of votes validly cast against the Change (as so determined),

except that the Maturity Date is not to be amended except in the case of an Extraordinary Event or termination on a Reset Date.

7.6 Admission to Trading Status

Application has been made and approval given for the Citi Reset Instalments offered by this PDS to be admitted to trading status by ASX. The fact that ASX has admitted the Citi Reset Instalments to trading status is not to be taken in any way as an indication of the merits of Citigroup or of the Citi Reset Instalments.

In admitting the Citi Reset Instalments to trading status and not objecting to the Terms of Issue, ASX has not authorised or caused the issue of this PDS and is not in any way a party to or concerned in authorising or causing the issue of this PDS or the making of offers or invitations with respect to the Citi Reset Instalments. ASX takes no responsibility for the contents of this PDS. ASX makes no representation as to whether this PDS and the Terms of Issue of the Citi Reset Instalments comply with the Corporations Act or the Market Rules.

To the extent permitted by the Trade Practices Act 1974 (Cth) or any other relevant law, ASX will be under no liability for any claim whatsoever, including a claim for any financial or consequential loss or damage suffered by Holders or any other person, whether or not that claim arises wholly or substantially out of reliance on any information contained in this PDS or any error in, or omission from, this PDS.

7.7 CHESS

The Citi Reset Instalments issued under this PDS will be declared eligible to participate in CHESS pursuant to the ASTC Settlement Rules. In addition to a CHESS subregister, an issuer sponsored subregister will also be maintained. Under the CHESS system, instead of certificates, Holders will be provided with a holding statement which sets out the number of Citi Reset Instalments held by a Holder.

The holding statements will include a Holder's Holder Identification Number (**HIN**) in the case of a holding on the CHESS subregister, and a Securityholder Reference Number (**SRN**) in the case of a holding on the issuer sponsored subregister.

7.8 Registrar

Citigroup will arrange (at its cost) for a separate register of Holders of the Citi Reset Instalments to be established and maintained at the offices of the Registrar. The register may be inspected during normal business hours by any Holder or authorised representative.

7.9 Notices

Citigroup will give to each Holder a notice stating those matters set out in Market Rule 10.8.2 not earlier than 30 Business Days and not later than 20 Business Days before the Maturity Date or the next Reset Date (if applicable).

7.10 The Guarantee

The obligations of Citigroup under this PDS in respect of the Citi Reset Instalments are guaranteed by Citigroup Global Markets Holdings Inc. The guarantee given to each Holder is a continuing, irrevocable and unconditional guarantee of the due and punctual payment of all moneys which may become actually or contingently payable to a Holder by Citigroup under or in connection with the Citi Reset Instalments 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 Citi Reset Instalments. 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.

7.11 ASIC Class Orders

ASIC has issued the following Class Orders that will apply to Citi Reset Instalments issued under this PDS:

Class Order 02/926 which modifies the Corporations Act so that any relevant interest that a put warrant issuer may have merely because the warrant issuer has the power to control voting or disposal where the warrant expires or the holder defaults is disregarded.

Class Order 02/926 which modifies the Corporations Act so that no associate relationship arises between a put warrant holder and a put warrant issuer merely because of the put warrant.

Class Order 02/927 which modifies the Corporations Act so that Trustee does not have a relevant interest in the Underlying Shares.

7.12 Dispute Resolution System

Citigroup has established procedures to ensure that any enquiries or complaints that you may have in relation to Citi Reset Instalments will be dealt with in a proper and timely manner. Full details of these procedures appear in the FSG which appears as Appendix 1 to this PDS.

7.13 Labour Standards, Environmental, Social or Ethical Considerations

Citigroup will not take into account labour standards or environmental, social or ethical considerations in selecting, retaining or realising the investment represented by Citi Reset Instalments. Investors should make their own enquiries as to whether labour standards or environmental, social or ethical considerations are taken into account by the Entities whose Securities make up the Underlying Parcel of the Citi Reset Instalments.

7.14 Consents

Citigroup Global Markets Holdings Inc. has given and has not withdrawn its consent to be named in this PDS in the form and context in which it is named. Citigroup Global Markets Holdings Inc. has not authorised or caused the issue of this PDS, does not make, or purport to make, any statement in this PDS, and takes no responsibility for any part of this PDS other than references to its name (except to the extent required by the Corporations Act).

Gilbert + Tobin has given and has not withdrawn its consent to be named in this PDS in the form and context in which it is named. Gilbert + Tobin has not authorised or caused the issue of this PDS, does not make, or purport to make, any statement in this PDS, and takes no responsibility for any part of this PDS other than references to its name (except to the extent required by the Corporations Act).

Computershare Investor Services Pty Limited has given and has not withdrawn its consent to be named in this PDS in the form and context in which it is named. Computershare Investor Services Pty Limited has not authorised or caused the issue of this PDS, does not make, or purport to make, any statement in this PDS, and takes no responsibility for any part of this PDS other than references to its name (except to the extent required by the Corporations Act).

7.14 Governing Law

The Citi Reset Instalments and this PDS are governed by and construed in accordance with the law of New South Wales and the parties submit to the non-exclusive jurisdiction of the courts of New South Wales and any court hearing appeals from those courts.

SECTION 8 - Definitions and Interpretation

8.1 Definitions

Accretion means all rights, accretions and entitlements attaching to a Security on or after the date of issue of the corresponding Instalment Warrant including all voting rights and securities, notes, options or other rights exercisable, declared, paid or issued in respect of the Security, other than Dividends and Special Dividends.

Applicant means a Cash Applicant, Shareholder Applicant or Rollover Applicant as applicable, and includes CGMAH.

Application means a Cash Application, Shareholder Application or Rollover Application as applicable.

Application Form means a Cash Application Form, Shareholder Application Form or Rollover Application Form as applicable.

ASIC means the Australian Securities and Investments Commission.

ASTC means the Australian Settlement and Transfer Corporation.

ASTC Settlement Rules means the settlement rules of ASTC as amended or varied from time to time.

ASX means Australian Stock Exchange Limited (ABN 98 008 624 691) or the market conducted by ASX, as the context requires.

ATO means the Australian Taxation Office.

Business Day has the meaning given to it in the Market Rules.

Cash Applicant means an investor who makes a Cash Application.

Cash Application means an irrevocable application to Citigroup by a Cash Applicant for Citi Reset Instalments pursuant to a Cash Application Form.

Cash Application Form means an application form attached to or accompanying this PDS that has been completed by an investor who wishes to apply for Citi Reset Instalments where the consideration payable for the issue of the Citi Reset Instalments is cash.

Cashback Amount means the cash amount payable to:

- (a) Shareholder Applicants, being the amount of the Loan less the Interest Component and Borrowing Fee;
- (b) Rollover Applicants, being the difference by which the amount of the Loan less the Interest Component and Borrowing Fee is greater than the final instalment to be paid on the Rollover Instalments (if any).

CGMAH means Citigroup Global Markets Australia Holdings Pty Limited (ABN 56 081 472 684).

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

CHES stands for Clearing House Electronic Subregister System and has the same meaning in the SCH Business Rules. It is a system of registering securities on computer.

Citigroup means Citigroup Global Markets Australia Pty Limited (ABN 64 003 114 832).

Citi Reset Instalment means a warrant (which has the meaning given to it in the Corporations Act and the Market Rules) issued pursuant to the Terms of Issue.

Closing Time means 4:05 pm on an Exercise Date, a Reset Date or the Maturity Date, as applicable.

Corporate Action includes:

- (a) a reconstruction or reorganisation of capital;
- (b) a cash return of capital;
- (c) a bonus issue;
- (d) a rights issue;
- (e) any other adjustment circumstances as prescribed in Appendix 11.3.1 to the Market Rules; or
- (f) any other event which Citigroup considers, with the consent of ASX, should give rise to an adjustment.

Corporations Act means the Corporations Act 2001 (Cth) and includes a reference to the Corporations Regulations.

CRP means the Citi Reset Instalment Reinvestment Plan, as more fully described in Section 1.4 of this PDS.

Disposal Event means an event the occurrence of which gives rise to a legal obligation upon the Trustee to dispose of the Underlying Parcels, including but not limited to the rights of Citigroup in relation to the Mortgaged Property pursuant to the Security Interest, in respect of any Rollover Payment and in respect of any actions that may be taken or procured or directed by Citigroup pursuant to the terms of the Loan Agreement.

Dividend means, in respect of an Instalment Warrant over shares, a dividend of the relevant company and, in respect of an Instalment Warrant over units, distribution of income or gains of the relevant trust, but does not include a Special Dividend.

Early Repayment Fee has the meaning given to it in Section 5 of the Loan Agreement.

Encumbrance means an interest or power:

- (a) reserved in or over any interest in any asset including, without limitation, any retention of title; or

- (b) created or otherwise arising in or over any interest in any asset under a bill of sale, mortgage, charge, lien, pledge, trust or power,

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

Entity means a corporation or trust, as applicable, but does not include Citigroup.

Exercise Date means any Business Day prior to Closing Time on which the Holder has delivered an Exercise Notice to Citigroup.

Exercise Costs means any stamp duty or equivalent government tax, impost or duty, any brokerage, commission or other transaction cost charged on the exercise of an Citi Reset Instalment.

Exercise Notice means a notice in the form attached to this PDS.

Extraordinary Event means an event in respect of the Underlying Shares declared to be an extraordinary event by Citigroup in accordance with the Trust Deed, details of which appear in Section 4.5 of this PDS.

Final Instalment means the final instalment amount (excluding any Exercise Costs) payable by a Holder to Citigroup in respect of one Instalment Warrant as specified in this PDS or as otherwise determined or announced in accordance with this PDS.

First Instalment means:

- (a) the amount payable by a Cash Applicant for a Citi Reset Instalment Warrant;
- (b) in the case of a Shareholder Applicant, the Securities to be transferred to the Trustee, being the Securities that will comprise the Underlying Parcel of the relevant Series of Citi Reset Instalments;
- (c) in the case of a Rollover Applicant, the Securities that make up the underlying parcel of the Rollover Instalment, being the Securities that will comprise the Underlying Parcel of the relevant Series of Citi Reset Instalments; or
- (d) in the case of a Transferee, the purchase price paid by an investor who acquires a Citi Reset Instalment as a result of a Transfer.

GST has the same meaning as in A New Tax System (Goods and Services Tax) Act 1999 (Cth)

GST Legislation means A New Tax System (Goods and Services Tax) Act 1999 (Cth) and related Acts.

Guarantor means Citigroup Global Markets Holdings Inc.

Holder means the person recorded in the Register as the holder of a Citi Reset Instalment from time to time.

HIN has the meaning given to it in the ASTC Settlement Rules.

Holding Lock has the meaning given to it in the ASTC Settlement Rules.

Instalment Warrant has the same meaning as Citi Reset Instalment.

Intrinsic Value has the meaning given to it in Market Rule 10.11.3.

Listing Rules means the listing rules of ASX as amended or varied from time to time.

Loan has the meaning given to it in the Loan Agreement.

Loan Agreement means the agreement that appears in Section 9 of this PDS.

Market Rules means the market rules of ASX as amended or varied from time to time.

Market Value means:

- (a) the combined value of all items of property that make up the Underlying Parcel at Closing Time on the Maturity Date. If an item of property that makes up the Underlying Parcel is not traded on a Recognised Market, the value of that item of property shall be the value, determined by Citigroup with the consent of ASX, to be the fair market value of that item of property on the Maturity Date; or
- (b) the combined value of all the items of property that make up the Underlying Parcel being:
 - (i) where the item of property is traded on a Recognised Market on the relevant date, the Weighted Average Sale Price of that item of property; and
 - (ii) otherwise, the value of the item of property as determined by Citigroup, with the consent of ASX, to be the fair market value of that item of property on the relevant date.

Maturity Date means the maturity date specified in the Summary Table for each Series of Citi Reset Instalments.

Mortgage Enforcement Costs means, in relation to Mortgaged Property, any fees, costs, charges, liabilities, Tax (including Exercise Costs) and expenses which the Trustee or Citigroup incurs under or in relation to the Security Interest in relation to that Underlying Parcel (including any fees, costs, charges, liabilities, Tax and expenses incurred in enforcing the Security Interest or as a result of the exercise of any power under the Security Interest).

Mortgaged Property means the Securities and any Accretions that make up an Underlying Parcel that are mortgaged by the Trustee in favour of Citigroup.

Order of Payment means the payment of the proceeds of a sale or disposal of an Underlying Parcel or of a surplus or other amount, received by Citigroup or the Trustee under this Deed in the following order:

- (a) firstly, to the Trustee in respect of all costs, charges, liabilities and expenses of the Trustee which have been incurred in or are incidental to the exercise or performance or attempted exercise or performance of a power or duty under the Trust Deed in respect of the relevant Underlying Parcel, including Taxes, and any other amount payable to the Trustee from the relevant Separate Trust in accordance with the Trust Deed;
- (b) secondly, to Citigroup in respect of the Secured Monies; and
- (c) thirdly, to the Holder with respect to any balance (without interest and in full discharge of all liability of Citigroup and the Trustee to the Holder).

Put Option means the right, but not the obligation, of a Holder to put the Underlying Parcel to Citigroup in accordance with the Trust Deed.

Receiver means a receiver or receiver and manager appointed under this Deed.

Recognised Market means any stock market of a securities exchange, an exempt stock market or a futures market of a futures exchange and any financial market approved under the Corporations Act.

Record Date has the meaning given to it in the Listing Rules.

Register means the register of persons who hold Citi Reset Instalments from time to time and includes the relevant CHES subregister and issuer sponsored subregister.

Registrar means Computershare Investor Services Pty Limited (ABN 48 078 279 277) or any other registrar appointed by Citigroup.

Reset Cashback has the meaning given to it in the Loan Agreement.

Reset Date has the meaning given to it in the Loan Agreement.

Reset Payment has the meaning given to it in the Loan Agreement.

Revised Order of Payment means the payment of the proceeds of a sale or disposal of an Underlying Parcel or of a surplus or other amount, received by Citigroup or the Trustee under this Deed in the following order:

- (a) firstly, to the Holder the amount determined in accordance with ASX Market Rule 10.11.4 (without interest and in full discharge of all liabilities of Citigroup and the Trustee to the Holder);

- (b) secondly, to the Trustee with respect to any balance in respect of all costs, charges, liabilities and expenses of the Trustee which have been incurred in or are incidental to the exercise or performance or attempted exercise or performance of a power or duty under the Trust Deed in respect of the relevant Underlying Parcel, including Taxes, and any other amount payable to the Trustee from the relevant Separate Trust in accordance with the Trust Deed; and
- (c) thirdly, to Citigroup with respect to any balance in respect of the Secured Monies.

Rollover Applicant means an existing holder of Rollover Instalments who makes a Rollover Application.

Rollover Application means an irrevocable application to Citigroup by a Rollover Applicant for Citi Reset Instalments pursuant to a Rollover Application Form.

Rollover Application Form means an Application Form attached to or accompanying this PDS that has been completed by an investor who wishes to apply for Citi Reset Instalments where the consideration for the issue of the Citi Reset Instalments is the transfer of Securities that make up the underlying parcel of a Rollover Instalment from a trust to the Trustee so that those Securities become the Underlying Parcel for the relevant Series of Citi Reset Instalments.

Rollover Instalments means an existing series of instalment warrants held by a Holder that are the subject of a Rollover Application.

SEATS has the meaning given to it in the Market Rules.

Secured Monies means, in relation to an Underlying Parcel:

- (a) the greater of:
 - A. all monies which a Holder is, or at any time may become, actually or contingently liable to pay to Citigroup under or in relation to the Loan Agreement; and
 - B. the Final Instalment; and
- (b) the Mortgage Enforcement Costs.

Security has the meaning given to it in Section 92(1) of the Corporations Act.

Security Interest means any mortgage granted on the terms of this Deed by the Trustee on behalf of each Holder and held by Citigroup to secure repayment of the Secured Monies.

Separate Trust means each trust established under the Trust Deed.

Series means a particular set of Citi Reset Instalments issued under a PDS that:

- (a) relate to a particular Security of an Entity;
- (b) have the same Final Instalment;
- (c) have the same Maturity Date; and
- (d) have been issued under the same terms.

Shareholder Applicant means an investor who makes a Shareholder Application.

Shareholder Application means an irrevocable application to Citigroup by a Shareholder Applicant for Citi Reset Instalments pursuant to a Shareholder Application Form.

Shareholder Application Form means an Application Form attached to or accompanying this PDS that has been completed by an investor who wishes to apply for Citi Reset Instalments where the consideration payable for the issue of the Citi Reset Instalments is the transfer of an existing holding of Securities to the Trustee, being Securities which are the same as the Securities that make up the Underlying Parcel of the relevant Series of Citi Reset Instalments being applied for.

Special Dividend means any dividend described by the Entity declaring that dividend as:

- (a) special, abnormal, extraordinary, additional or extra;
- (b) part of a scheme of arrangement or takeover consideration;
- (c) part of a special distribution involving a return of capital, or

are otherwise characterised by ASX as a special dividend.

Stapled Security means any combination of two or more securities which are quoted jointly by ASX.

Summary Table means the summary table that appears on page 3 of this PDS.

Takeover Event means a takeover pursuant to Chapter 6 of the Corporations Act, a scheme of arrangement pursuant to the Corporations Act, or any other similar legal procedure as determined by Citigroup in its absolute discretion.

Tax includes without limitation any tax, levy, impost, deduction, charge, rate, duty, or withholding tax which is levied or imposed by a government or government agency, and any related interest, penalty, charge, fee or other amount.

Tax Act means the Income Tax Assessment Act 1936 (Cth), the Income Tax Assessment Act 1997 (Cth) or any other Commonwealth legislation which deals with the assessment of, or the imposition of tax on, income, profits or other gains or receipts from time to time.

Terms of Issue means the collective terms on which the Citi Reset Instalments issued under this PDS are issued, as set out in the Trust Deed, the Loan Agreement and this PDS.

Trading Day has the meaning given to it in the Listing Rules.

Transfer means the transfer of a Citi Reset Instalment which complies with the Trust Deed.

Transferee means a person who acquires an Instalment Warrant.

Transferor means a person who disposes an Instalment Warrant.

Trust Deed means the Citi Reset Instalment trust deed entered into by Citigroup, CGMAH and the Trustee dated 10 November 2004.

Trust Property means in relation to a Holder:

- (a) the Underlying Parcel held by the Trustee in respect of that Holder which corresponds to an Instalment Warrant; and
- (b) all undistributed Dividends and Accretions arising from or attributable to the property referred to in paragraph (a) above (if any).

Trust Tax Change means a change to the Tax Act whereby trustees are taxed in a manner similar to companies or trust distributions are taxed in a manner similar to corporate distributions or any other change which has a material financial impact on the issue, holding, cancellation or expiry of Citi Reset Instalments.

Trustee means Citigroup Global Markets Australia Nominees No 2 Pty Limited (ABN 88 080 263 412) and includes any successor trustee appointed pursuant to the Trust Deed.

Underlying Parcel has the same meaning as Underlying Shares.

Underlying Shares means the number of Securities of an Entity that constitute the underlying parcel of a particular Series of Citi Reset Instalments from time to time and which represent some or all of the Trust Property, and which at the date of issue of this PDS, is one Security (as adjusted from time to time in accordance with the Terms of Issue).

Weighted Average Sale Price means the weighted average sale price determined by Citigroup by dividing the total of the sale prices of identical items of property traded on the relevant Recognised Market by the number of those items the subject of sales during the 5 Trading Days immediately following the Maturity Date (excluding special crossings, option exercises and overseas sales reported on those 5 Trading Days).

8.2 Interpretation

Headings are for convenience only and do not affect interpretation. The following rules apply unless the context requires otherwise.

- (a) The singular includes the plural and the converse.
- (b) A gender includes all genders.
- (c) Where a word or phrase is defined, its other grammatical forms have a corresponding meaning.
- (d) A reference to a person, corporation, trust, partnership, unincorporated body or other entity includes any of the foregoing.
- (e) A reference to a clause or Annexure is a reference to a clause of or annexure to this PDS.
- (f) A reference to a subclause or paragraph is a reference to a sub clause or paragraph of the clause or definition in which it appears.
- (g) A reference to a party or another agreement or document includes the party's successors and permitted substitutes or assigns.
- (h) A reference to an agreement or document is to the agreement or document as amended, novated, supplemented or replaced from time to time.
- (i) A reference to legislation or to a provision of legislation includes a modification or re-enactment of it, a legislative provision substituted for it and a regulation or statutory instrument issued under it.
- (j) A reference to includes or including means that the items following such word do not represent an exhaustive list.
- (k) A reference to writing includes a facsimile transmission and any means of reproducing words in a tangible and permanently visible form.
- (l) A reference to conduct includes an omission, statement or undertaking, whether or not in writing.
- (m) A word or phrase defined in the Corporations Act, the Listing Rules, the Market Rules or the ASTC Settlement Rules has the same meaning when used in this PDS unless the context requires otherwise or unless otherwise defined in this PDS.
- (n) Anything to be done on a day which is not a Business Day may be done on the following Business Day.
- (o) References to a date or time are to dates and times in Sydney Australia unless specified otherwise.
- (p) Where a provision of the Market Rules as they apply (with waivers, notices, approvals and consents from ASX) to the Citi Reset Instalments issued under this PDS is inconsistent with a provision of this PDS, then the provision of this PDS shall be interpreted, or shall be amended by supplemental deed, so as to be consistent and to permit compliance with the relevant provision of the Market Rules, so far as is lawful.

SECTION 9 - Loan Agreement

Parties

1. **Citigroup Global Markets Australia Pty Limited** (ABN 64 003 114 832) incorporated in New South Wales of Citigroup Centre, 2 Park Street, Sydney, New South Wales (**Citigroup**); and
2. Each individual or joint prospective **Holder** of a Citi Reset Instalment (the **Investor**).

1. Definitions and Interpretation

The definitions and interpretation provisions that appear in Section 8 of the PDS part apply to this Loan Agreement. In addition, the following definitions apply,

BBSW Rate means the bank bill swap rate quoted on the page designated "BBSW" on the Reuters Monitor System or any other page on the Reuters Monitor System which from time to time displays bank bill swap rates.

Borrowing Fee means the fee charged on each Loan granted under this Loan Agreement by way of compensation to Citigroup for the risk in relation to a limited recourse Loan, and which may include a fee for the grant of the Put Option and which may also include an amount which is paid as commission to distributors of Citi Reset Instalments.

Current Loan Amount means the amount of the Loan prior to a Reset Date.

Drawdown Date means:

- (a) in the case of Applicants, the date of issue of the Citi Reset Instalments; and
- (b) in the case of Transferors, the date of registration of a Transfer.

Interest Amount means the amount of interest payable on the Loan for an Interest Period as determined by Citigroup and which accrues day to day.

Interest Component means the aggregate Interest Amounts payable for the relevant Interest Periods between:

- (a) the Drawdown Date and the day prior to the next Reset Date;
- (b) the next Reset Date and the day prior to the following Reset Date; or
- (c) where there are no further Reset Dates, the final Reset Date and the Maturity Date.

Interest Date means the date so described which appears in the Summary Table on page 3 of this PDS.

Interest Period means the period (being a number of days) for which an Interest Amount has been drawn down and prepaid to Citigroup pursuant to this Loan Agreement, being the period (as applicable):

- (a) from the Drawdown Date to the day prior to the next Interest Date;
- (b) from the next Interest Date to the day prior to the next Reset Date;
- (c) from the next Reset Date to the day prior to the next Interest Date; or
- (d) where there are no further Reset Dates, from the final Interest Date to the Maturity Date.

Interest to Period End means the period (being a number of days) from the registration of a Transfer of a Citi Reset Instalment to the end of the applicable Interest Period, commencing on the Drawdown Date.

Loan means the loan granted to each Investor by Citigroup pursuant to this Loan Agreement.

Loan Agreement means this agreement.

New Borrowing Fee means the Borrowing Fee as determined by Citigroup following a Reset Date pursuant to this Loan Agreement.

New Interest Amount means the Interest Amount payable on the New Loan Amount for an Interest Period as determined by Citigroup following a Reset Date pursuant to this Loan Agreement.

New Loan Amount means the amount of the Loan including the New Borrowing Fee and New Interest Amount as determined by Citigroup following a Reset Date pursuant to this Loan Agreement.

Reset Cashback means the amount determined in accordance with clause 4.2(d) of this Loan Agreement.

Reset Date means the dates nominated by Citigroup for the reset of the terms of this Loan Agreement as set out in the Summary Table.

Reset Payment means the amount determined in accordance with clause 4.4(a) of this Loan Agreement.

Transfer Costs means the transfer costs payable on the Transfer of a Citi Reset Instalment, determined in accordance with clause 3(b) of this Loan Agreement.

2. Loan

2.1 Loan

A separate Loan will be granted in respect of each Citi Reset Instalment issued to or purchased by an Investor.

2.2 Drawdown

Citigroup will make the Loan available to the Investor on the Drawdown Date.

2.3 Directions to Citigroup

The Investor irrevocably authorises and directs Citigroup to apply the Loan on the Drawdown Date as follows:

- (a) for Cash Applicants:
 - (i) for Citigroup to purchase, together with the First Instalment, the Securities that make up the Underlying Parcel of the relevant Series of Citi Reset Instalments;
 - (ii) to prepay the Interest Amount to Citigroup; and
 - (iii) to pay the Borrowing Fee.
- (b) for Shareholder Applicants:
 - (i) to be paid to the Shareholder Applicant following the Drawdown Date and to be used by that Shareholder Applicant wholly or predominately for business or investment purposes;
 - (ii) to prepay the Interest Amount to Citigroup; and
 - (iii) to pay the Borrowing Fee.
- (c) for Rollover Applicants:
 - (i) to pay the final instalment on the Rollover Instalment identified in the Rollover Application;
 - (ii) to prepay the Interest Amount to Citigroup;
 - (iii) to pay the Borrowing Fee; and
 - (iv) with any remaining moneys (if any) to be paid to the Rollover Applicant following the Drawdown Date and to be used by that Rollover Applicant wholly or predominately for business or investment purposes.
- (d) for Transferees, in accordance with clause 3 of this Loan Agreement.

2.4 Interest on Loan

- (a) The Investor will prepay the Interest Amount for the Interest Period from the Drawdown Date.
- (b) If the Investor is a Holder as at the end of an Interest Period and there is a further Interest Period, the Investor:
 - (i) will draw down a further advance on the Loan equal to a further Interest Amount on the first day of the further Interest Period; and
 - (ii) irrevocably directs Citigroup to apply that amount in prepayment of interest for the further Interest Period.

3. Transfer and transfer costs

- (a) On the transfer of a Citi Reset Instalment to a Transferee, the proceeds of the Transferee's Loan will be applied as follows:
 - (i) to prepay the Interest to Period End in respect of the Transferee's Loan;
 - (ii) to refund the unused balance of the Interest Amount of the Transferor's Loan that relates to the relevant Interest Period;
 - (iii) to pay the outstanding amount of the Transferor's Loan; and
 - (iv) to pay the Transfer Costs in accordance with clause 3(b) (if any).
- (b) If the Investor ceases to be a holder of a Citi Reset Instalment due to a Transfer, Transfer Costs will be payable:
 - (i) by Citigroup to the Transferor in respect of the transfer of the Citi Reset Instalments where the interest rate applying to the Transferor's Loan is less than the interest rate applying to the Transferee's Loan, by applying the Transfer Costs to reduce the outstanding amount of the Transferor's Loan; or
 - (ii) by the Transferor to Citigroup as an additional cost of transferring the Citi Reset Instalments where the interest rate applying to the Transferor's Loan is greater than the interest rate applying to the Transferee's Loan, by adding that amount to the outstanding amount of the Transferor's Loan,

provided always that no Transfer Costs shall be payable by either Citigroup or the Transferor if the interest rates applicable to the Transferor's Loan and the Transferee's Loan are the same at the time of Transfer.

4. Reset of the Loan

4.1 Reset Process

Not earlier than 30 Business Days and not later than 20 Business Days prior to the relevant Reset Date, Citigroup may nominate for each Series of Citi Reset Instalments:

- (a) a New Loan Amount, New Interest Amounts and New Borrowing Fee in accordance with this Loan Agreement; or
- (b) the termination of that Series of Citi Reset Instalments pursuant to the Terms of Issue.

4.2 Additional Loan Amount

In circumstances where a Holder has not elected to exercise a Citi Reset Instalment prior to the Reset Date and the New Loan Amount is equal to or greater than the sum of the Current Loan Amount, New Interest Amount and New Borrowing Fee, and, the Holder irrevocably authorises and directs Citigroup to draw down and apply the New Loan Amount on the Reset Date as follows:

- (a) to pay to Citigroup the New Interest Amount in prepayment of the interest for the next Interest Period;
- (b) to pay to Citigroup the New Borrowing Fee;
- (c) to repay the Current Loan Amount; and
- (d) to pay the Reset Cashback, being the difference between the New Loan Amount and the sum of the Current Loan Amount, New Interest Amounts and New Borrowing Fee, to Citigroup to be used pursuant to the CRP, subject to clause 4.3,

with the effect so that as of the relevant Reset Date, the Loan Amount will then be increased to the amount of the New Loan Amount.

4.3 Election to receive Reset Cashback

A Holder may elect to receive and be paid the Reset Cashback referred to in clause 4.2(c) by giving written notice to Citigroup prior to the Reset Date, payable by Citigroup within 10 Business Days after the Reset Date and with such Reset Cashback to be used by that Holder wholly or predominately for business or investment purposes.

4.4 Reduced Loan Amount

In circumstances where the New Loan Amount is less than the sum of the Current Loan Amount, New Interest Amounts and New Borrowing Fee, and a Holder has not elected to exercise a Citi Reset Instalment prior to the Reset Date:

- (a) Citigroup will notify the Holder of the indicative Reset Payment, being the difference between the New Loan Amount and the sum of the Current Loan Amount, New Interest Amounts and New Borrowing Fee; and
- (b) Holders will be asked to pay the Reset Payment to Citigroup in cleared funds prior to the relevant Reset Date.

4.5 Failure to make Reset Payment

If a Holder fails to pay the Reset Payment to Citigroup in cleared funds prior to the relevant Reset Date, the Holder irrevocably authorises Citigroup as the Holder's agent to direct the Trustee to satisfy the Holder's payment obligation by exercising its power of sale in accordance with the Trust Deed in respect of the Mortgaged Property payment to the Security Interest, in relation to that number of Citi Reset Instalments (being some or all of the number of Citi Reset Instalments held by a Holder and referred to in this clause as the Disposal Instalments) as determined by Citigroup in its absolute discretion to ensure that the proceeds of sale are sufficient to meet:

- (a) firstly, the payment of the Final Instalment on the Disposal Instalments;
- (b) secondly, the payment of the Reset Payment on that Holder's remaining Citi Reset Instalments (if any); and
- (c) thirdly, with any remaining amounts (if any) payable to the Holder subject to those amounts being greater than \$100,

provided always that if the total market value of the Underlying Shares that make up a Holder's Citi Reset Instalments is less than \$500 (as determined by Citigroup in its absolute discretion) as at the Reset Date after the disposal process in this clause 4.5 has been completed then the Holder irrevocably authorises Citigroup as the Holder's agent to elect in its absolute discretion to direct the Trustee to exercise its power of sale in accordance with the Trust Deed in respect of the Mortgaged Property pursuant to the Security Interest in respect of the remaining Citi Reset Instalments held by the Holder in accordance with the Terms of Issue.

4.6 Provision of Information

Citigroup will provide Holders with details of the New Loan Amount, including the New Interest Amounts and New Borrowing Fee following a Reset Date.

5. Early Repayment Fee

If the Investor ceases to be a Holder due to the exercise of that Citi Reset Instalment prior to the Maturity Date by paying the Final Instalment, the Final Instalment will include an early repayment fee equal to the difference between the amount drawn down under the Loan Agreement at the time of the payment of the Final Instalment by the Holder and the total amount of the Final Instalment as at the next Reset Date or Maturity Date (as applicable) as additional consideration for acquiring the Underlying Parcel.

6. Extraordinary Event

If an Extraordinary Event or a Trust Tax Change is declared by Citigroup pursuant to the Trust Deed, the amount of interest that will be refundable to the Holder will be calculated on a pro rata basis on the prevailing BBSW Rate less an amount representing the cost to Citigroup of breaking its funding in respect of the Citi Reset Instalments.

7. Limited Recourse

- (a) On the Maturity Date, the Loan will be satisfied by Citigroup exercising its rights under the Mortgage.
- (b) The liability of an Investor to Citigroup for repayment of the Loan is limited to the Mortgaged Property.
- (c) Citigroup undertakes to not take any action against the Investor to recover any cash amount in relation to the Loan other than enforcing the Mortgage over the Mortgaged Property.

8. Mortgage

8.1 Mortgage provision

The Investor irrevocably directs the Trustee to give Citigroup the benefit of a Mortgage on the terms and conditions set out in the Trust Deed:

- (a) to secure the due and punctual payment of the Secured Monies owing by the Investor to Citigroup; and
- (b) in return for Citigroup agreeing to provide the Loan to the Investor.

8.2 Exercise of Powers

If the Investor fails to repay the Loan by the Maturity Date Citigroup may:

- (a) enforce the Mortgage and sell the Mortgaged Property;
- (b) exercise any other power granted by law to mortgagees in accordance with the terms of the Trust Deed; and
- (c) apply the proceeds in repayment of the Loan.

To the extent permitted by law, Citigroup is not required to give any notice to the Investor before the enforcement or exercise of its rights as mortgagee.

9. Miscellaneous

9.1 Notices

The notice provisions of the Trust Deed apply to any notice given or other document required to be given under the terms of this Loan Agreement.

9.2 Set Off

Citigroup may set off or withhold any amount payable to it by or on behalf of a Holder against or from any amount payable by Citigroup to the Holder.

9.3 Further Assurances

Each party shall take all steps, execute all documents and do everything reasonably required by the other party to give effect to any of the transactions contemplated by this Loan Agreement.

9.4 Severability

If a provision of this Loan Agreement is or becomes invalid and/or unenforceable, the provision is to be read down if possible so as to be valid and enforceable. If it cannot, this Loan Agreement takes effect as if it did not include that provision.

9.5 Waiver

No failure to exercise and no delay in exercising any right, power or remedy under this agreement will operate as a waiver. Nor will any single or partial exercise of any right, power or remedy preclude any other or further exercise of that or any other right, power or remedy.

9.6 Assignment

Subject to the Trust Deed, the Investor may not assign or otherwise deal with its rights under this Loan Agreement. Citigroup may assign or otherwise deal with all or any of its rights and benefits under this Loan Agreement without obtaining the consent of the Investor.

9.7 Governing Law

This Loan Agreement is governed by the laws of New South Wales. The parties submit to the non-exclusive jurisdiction of the courts exercising jurisdiction there.

SECTION 10 - Application Forms

How to Apply

Read the Product Disclosure Statement

It is important to read the entire PDS before completing the relevant Application Form. The PDS details the type of investment and some of the risks associated with investing in Citi Reset Instalments. A hard copy of this PDS will be provided to applicants free of charge during the offer period on request by contacting Citigroup

For further advice on the suitability of investing in Citi Reset Instalments consult your stockbroker or financial adviser.

Citigroup will not accept the lodgement of any Application Forms before the date of this PDS, and may close the offer early without prior notice. Citigroup reserves the right to reject any Application and to increase the issue size in its absolute discretion.

Complete the relevant Application Form

There are three types of Application Forms.

1. **Cash Applications** for investors wishing to purchase Citi Reset Instalments for cash and pay by cheque or BPAY.
2. **Shareholder Applications** for investors wishing to convert existing holdings of Securities into Citi Reset Instalments and receive a cashback amount.
3. **Rollover Applications** for investors wishing to convert a prior series of instalment warrants into this Series.

Applications can only be accepted on the Application Forms, and must be completed in accordance with the instructions for the relevant Application Form and in accordance with the table below. Shareholder Applications by trustees of superannuation funds are not permitted and will not be accepted.

For more information about how to apply for Citi Reset Instalments call CitiWarrants Operations on 1300 368 301.

Correct Form of Registrable Names when Completing the Application Form

Type of Investor	Correct Form	Incorrect Form
Individual Use given names in full, not initials	Mr John Alfred Smith	J A Smith
Joint Holdings Use full and complete names	Mr Peter Paul Tranche & Mrs Mary Orlando Tranche	Peter Paul and Mary Tranche
Long Names	Mr Hugh Adrian John Smith-Jones	Mr Hugh A J Smith-Jones
Company Use company title, not abbreviations	ABC Pty Ltd	ABC P/L or ABC Co
Superannuation Funds Use the name of the trustee of the fund	XYZ Pty Ltd <Super Fund A/C>	XYZ Pty Ltd Super Fund
Trust Use the trustee(s) names not the name of the trust	Mrs Susan Jane Smith <Sue Smith Family A/C>	Sue Smith Family Trust

Lodging your Application

Completed Applications may be lodged with your stockbroker or approved financial adviser, or sent to:

CitiWarrants Operations
GPO Box 557
Sydney NSW 2001

Detailed instructions for completing each type of Application Form can be found on the following pages of this PDS.

Notification

When your Application Form has been received and processed, you will receive notification from our registry (Computershare Investor Services Pty Limited). This notification will contain details of your Issuer Sponsored Number (**SRN**) or Holder Identification Number (**HIN**), and all related purchase details.

If you have not received your notification within 3 weeks, please contact CitiWarrants Operations on 1300 368 301.

Instructions for completing the Cash Application Form

Cash Application Form

This guide is for investors wishing to purchase Citi Reset Instalments for cash and pay by cheque or BPAY.

A Applicant(s) Details

Write the full name of each Applicant that you wish to appear on your holding statement. This must be the correct name of the Individual, Joint Name(s), Company Name(s) or Trustee and Trust Name. (Refer to the table on page 42)

B Tax File Numbers

While it is not compulsory to provide your Tax File Number (TFN), failure to do so may result in withholding tax being deducted from any distribution payments. Alternatively, Applicants may enter their Australian Business Number (ABN) if applicable.

Non residents or an exempt entity for Australian taxation purposes must declare their status and provide an exemption number, if applicable.

Collection of TFNs is authorised by Australian taxation laws.

C Address

Enter a residential address and a mailing address (if different) for all correspondence. Joint Applicants' correspondence will only be sent to the mailing address specified in this section.

D Contact Details

Enter a contact name and daytime telephone number for the person to be contacted in relation to this application.

E Banking Details

Enter your bank account details here for all payments you wish to be directly credited into your bank account. Only accounts held with banks, building societies and credit unions within Australia may be entered. If no details are provided, a cheque will be mailed to the address provided.

F CHESS Details

If you are already CHESS sponsored, you may complete this section by providing the PID of your sponsoring broker and your HIN. If you are unsure of these details contact your Sponsoring Broker. If no details are provided, you will become Issuer Sponsored and be allocated a Shareholder Reference Number (SRN) which will appear on your holding statement.

G Payment Method

Select your preferred payment method by ticking the appropriate box.

Cheque: All cheques are to be made out to '**CitiWarrants Instalments Trust Account**' and crossed '**Not Negotiable**'. The drawer of the cheque and the applicant name must be the same. Once your cheque has cleared, Citigroup will set a price for the First Instalment and send you a confirmation of your holding.

BPAY: If you are paying by BPAY, the BPAY Reference Number will be the Application Number on the top of the Cash Application Form. You **MUST** also mail in the original Cash Application Form. If no Application Number appears on the top of the Application Form you will need to call CitiWarrants Operations on 1300 368 301 to obtain one.

H Application Details

You can apply for a dollar value of Citi Reset Instalments, or you can apply for a specific number of Citi Reset Instalments by fixing the First Instalment through your stockbroker or approved financial adviser. The minimum investment per Series is \$2000.

- a) If you are applying for a dollar value of Citi Reset Instalments enter the **ASX Code** for the relevant Series and the dollar amount in the column headed **Investment Per Series**, leave all other columns blank; or
- b) If your stockbroker or approved financial adviser has contacted Citigroup to fix the **First Instalment** and a specific number of Citi Reset Instalments;
 - (i) Enter the **First Instalment** amount and **Number of Citi Reset Instalments** in the columns provided.
 - (ii) Calculate the **Investment Per Series** by multiplying the **Number of Citi Reset Instalments** by the confirmed **First Instalment**.
 - (iii) Enter the **Application Number** provided by Citigroup at the top of the Application Form.

Add the amounts in the **Investment Per Series** column to obtain your **Total Investment Amount** and enter it in the space provided at the bottom of the table.

I Investor Declaration

Please read the declaration and sign in the space provided.

Each individual Applicant must sign the Application Form personally or have his or her attorney sign.

Joint Applicants must all sign or have their attorney(s) sign the Application Form.

Corporate Applications must be signed by two directors or their attorney(s).

Applications on behalf of superannuation funds, trusts, partnerships and deceased estates are to be signed by the individual trustees, executors or principals. Where the Application Form is signed by an attorney, the original or a certified copy of the Power of Attorney must accompany the Application Form.

Lodgement Instructions

Completed Applications may be lodged with your stockbroker or approved financial adviser or sent to:

CitiWarrants Operations, GPO Box 557, Sydney NSW 2001

Instructions for completing the Shareholder Application Form

Shareholder Application Form

This guide is for investors wishing to convert existing shareholdings into Citi Reset Instalments. Shareholder Applications by trustees of superannuation funds are not permitted and will not be accepted.

A Applicant(s) Details

Write the full name(s) **exactly** as it appears on the current holding statement for your existing shareholding.

B Tax File Numbers

While it is not compulsory to provide your Tax File Number (TFN), failure to do so may result in withholding tax being deducted from any distribution payments. Alternatively, Applicants may enter their Australian Business Number (ABN) if applicable.

Non residents or an exempt entity for Australian taxation purposes must declare their status and provide an exemption number, if applicable.

Collection of TFNs is authorised by Australian taxation laws.

C Address

Enter the residential address and mailing address (if different) **exactly** as it appears on the current holding statement for your existing shareholding. Joint Applicants' correspondence will only be sent to the address specified in this section.

D Contact Details

Enter a contact name and daytime telephone number for the person to be contacted in relation to this application.

E Banking Details

Enter your bank account details here for all payments and Cashback Amounts you wish to be directly credited into your bank account. Only accounts held with banks, building societies and credit unions within Australia may be entered. If no details are provided, a cheque will be mailed to the address provided.

F CHESS Details

If you are already CHESS sponsored, you may complete this section by providing the PID of your sponsoring broker and your HIN. If you are unsure of these details contact your Sponsoring Broker. If no details are provided, you will become Issuer Sponsored and be allocated a Shareholder Reference Number (SRN) which will appear on your holding statement.

G Reinvestment of Cashback Amount

If you elect to reinvest any Cashback Amount in additional Citi Reset Instalments you must complete a Cash Application Form together with this Shareholder Application Form. You must also write the Application Number from the related Cash Application Form in the space provided. Your Cashback Amount will be invested at the issue price or the prevailing price on the day

your Application is accepted. (Please note the minimum investment is \$2000 per Series)

H Application Details

Enter the **ASX Code** for the relevant Series and the **Number of Citi Reset Instalments** you are applying for in the adjacent column. This must be the same as the number of shares you wish to convert into Citi Reset Instalments.

If your stockbroker or approved financial adviser has contacted Citigroup to fix the **Cashback Amount** (per Citi Reset Instalment):

- (i) Enter the **Cashback Amount** (per Citi Reset Instalment) in the column provided.
- (ii) Calculate the **Total Cashback Amount** by multiplying the **Cashback Amount** (per Citi Reset Instalment) by the **Number of Citi Reset Instalments**.
- (iii) Add the amounts in the **Total Cashback Amount** column to obtain your total and enter it in the space provided at the bottom of the table.

Otherwise leave these columns blank.

Write the **HIN & PID or SRN of the existing shares** in the column provided. This must be exactly as appears on your holding statement for the shareholdings you wish to convert to Citi Reset Instalments. **Attach copies of all relevant Issuer Sponsored and/or CHESS Holding Statements to your Application.**

I Investor Declaration

Please read the declaration and sign in the space provided.

Each individual Applicant must sign the Application Form personally or have his or her attorney sign.

Joint Applicants must all sign or have their attorney(s) sign the Application Form.

Corporate Applications must be signed by two directors or their attorney(s).

Applications on behalf of trusts, partnerships and deceased estates are to be signed by the individual trustees, executors or principals.

Where the Application Form is signed by an attorney, the original or a certified copy of the Power of Attorney must accompany the Application Form.

IMPORTANT

You should not sign the declaration unless the Loan is to be used wholly or predominantly for business or investment purposes. By signing the declaration you may lose your protection under the Consumer Credit Code.

Lodgement Instructions

Completed Applications may be lodged with your stockbroker or approved financial adviser or sent to:
CitiWarrants Operations, GPO Box 557, Sydney NSW 2001

Instructions for completing the Rollover Application Form

Rollover Application Form

This guide is for investors wishing to convert a prior series of instalment warrants (**Rollover Instalments**) into this Series of Citi Reset Instalments.

A Applicant(s) Details

Write the full name(s) **exactly** as it appears on your current holding statement for the Rollover Instalments that you wish to rollover.

B Tax File Numbers

While it is not compulsory to provide your Tax File Number (TFN), failure to do so may result in withholding tax being deducted from any distribution payments. Alternatively, applicants may enter their Australian Business Number (ABN) if applicable.

Non residents or an exempt entity for Australian taxation purposes must declare their status and provide an exemption number, if applicable.

Collection of TFNs is authorised by Australian taxation laws.

C Address

Enter the residential address and mailing address (if different) **exactly** as it appears on the current holding statement for your prior series of instalment warrants. Joint Applicants' correspondence will only be sent to the address specified in this section.

D Contact Details

Enter a contact name and daytime telephone number for the person to be contacted in relation to this application.

E Banking Details

Enter your bank account details here for all payments you wish to be directly credited into your bank account. Only accounts held with banks, building societies and credit unions within Australia may be entered. If no details are provided, a cheque will be mailed to the address provided.

F CHESS /SRN Details

If your existing Rollover Instalments are CHESS sponsored, enter the PID of your sponsoring broker and your HIN. If your Rollover Instalments are Issuer Sponsored enter your Shareholder Reference Number (SRN). A copy of the holding statements for the prior series instalment warrants you wish to rollover into this Series must be attached to this application. Citi Reset Instalments will be allocated to the same HIN or SRN as your existing holding.

G Payment Method

If you have a net **Total Amount Payable** you will have to make a Rollover Payment by cheque or BPAY. Select your preferred payment method by ticking the appropriate box.

Cheque: All cheques are to be made out to '**CitiWarrants Instalments Trust Account**' and crossed '**Not Negotiable**'. The drawer of the cheque and the applicant name must be the same. Once your cheque has cleared, Citigroup will send you a confirmation of your holding.

BPAY: If you are paying by BPAY, the BPAY Reference Number will be the Application Number on the top of the Rollover Application Form. You **MUST** also mail in the original Rollover Application Form. If no Application Number appears on the top of the Application Form you will need to call CitiWarrants Operations on 1300 368 301 to obtain one.

H Reinvestment of Cashback Amount

If you elect to reinvest any Cashback Amount in additional Citi Reset Instalments, you must complete a Cash Application Form together with the Rollover Application Form. You must also write the Application Number from the related Cash Application Form in the space provided on the Rollover Application Form. Your Cashback Amount will be invested at the issue price or the price prevailing on the day your application is accepted (please note the minimum investment is \$2000 per Series).

I Application Details

Enter the **ASX Code** of the relevant Series and the **Number of Citi Reset Instalments** you are applying for, together with the **Prior Series ASX Code** for the instalment warrants you wish to rollover into this Series.

If your stockbroker or approved financial adviser has contacted Citigroup to fix the **Rollover Payment/(Cashback Amount)**:

- (i) Enter the **Rollover Payment/(Cashback Amount)** per Series in the column provided.
- (ii) Calculate the **Total Rollover Payments/(Cashback Amounts)** by multiplying the **Number of Citi Reset Instalments** by the **Rollover Payment/(Cashback Amount)**.
- (iii) Add the **Total Rollover Payments** and subtract the **Total (Cashback Amounts)** to obtain your **Total Amount Payable/(Receivable)** and enter it in the space provided at the bottom of the table.

A copy of the holding statement for the prior series instalment warrants you wish to rollover must be attached to this application.

If you are unsure of the **Rollover Payment/(Cashback Amount)** contact Citigroup on 1300 30 70 70 for an indicative amount.

J Investor Declaration

Please read the declaration and sign in the space provided.

Each individual Applicant must sign the Application Form personally or have his or her attorney sign.

Joint Applicants must all sign or have their attorney(s) sign the Application Form.

Corporate Applications must be signed by two directors or their attorney(s).

Applications on behalf of superannuation funds, trusts, partnerships and deceased estates are to be signed by the individual trustees, executors or principals.

Where the Application Form is signed by an attorney, the original or a certified copy of the Power of Attorney must accompany the Application Form.

IMPORTANT

You should not sign the declaration unless the Loan is to be used wholly or predominantly for business or investment purposes. By signing the declaration you may lose your protection under the Consumer Credit Code.

Lodgement Instructions

Completed Applications may be lodged with your stockbroker or approved financial adviser or sent to:

CitiWarrants Operations, GPO Box 557, Sydney NSW 2001

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APPENDIX 1 - Financial Services Guide

CITIGROUP GLOBAL MARKETS AUSTRALIA PTY LIMITED (ABN 64 003 114 832 / AFSL 240992)

Dated: 1 March 2004

This FSG is an important document and a regulatory requirement under the Corporations Act. It provides you with information about:

- the products and services we are authorised to provide you;
- who we are and how we can be contacted;
- how we (and any other relevant parties) are remunerated;
- any potential conflicts of interest we may have;
- our internal and external complaints handling procedures and how you can access them; and
- how we keep the information you provide to us private.

This FSG should assist you in determining whether to use any of our financial services or products. Should you choose to use any of our financial services or products, you may also receive other documents relevant to the services or products which you should also read carefully.

WHO IS RESPONSIBLE FOR FINANCIAL SERVICES PROVIDED TO YOU?

Citigroup is responsible for the financial services described in this FSG. Any financial services offered will be provided by representatives of Citigroup.

Details of Citigroup and its relationship with other members of the Citigroup group of companies appear in section 3 of the PDS to which this FSG is annexed.

In Australia, Citigroup is a Participant of the ASX Group. Citigroup is able to provide a range of investment, advisory, and stockbroking services to individuals, superannuation funds and trusts, companies and other entities.

You can contact Citigroup by:

- speaking to your nominated representative;
- if you do not have a nominated representative, calling us on + 61 2 8225 4000;
- visiting our website at www.citigroup.com.au; or
- writing to us at:

Citigroup Global Markets Australia
Citigroup Centre
2 Park Street
Sydney NSW 2000

WHAT KIND OF FINANCIAL SERVICES IS CITIGROUP AUTHORISED TO PROVIDE?

Citigroup is authorised by its Australian Financial Services Licence to provide, or arrange to provide, the financial products and services set out in this FSG.

We are authorised to advise wholesale clients both general and personal advice, and to deal in:

- derivatives;
- foreign exchange contracts;
- debentures, stocks or bonds issued or proposed to be issued by a government;
- interests in managed investment schemes excluding investor directed portfolio services;
- securities; and
- financial products limited to miscellaneous financial investment products limited to managed investment warrants:
 - (A) to which the definition of derivative in sub section 761D(1) applies; that is a financial product of the kind referred to in subparagraph 764A(1)(b)(ii) or 764A(1)(ba)(ii); and
 - (B) that is transferable; and
 - (C) that is a warrant as defined in the ASX Settlement Rules that has been admitted by the ASX to trading status on a financial market of the ASX;

We are authorised to make a market in:

- derivatives;
- foreign exchange contracts;
- government bonds and debentures, and
- other financial products.

We also provide a custodial or depository service in relation to our nominee company services.

OUR PRODUCTS AND SERVICES

In Australia, Citigroup provides investors with access to a comprehensive range of financial products and services, including:

- domestic and international equities;
- domestic and international futures;
- IPOs and secondary market offerings;
- bank bills and fixed income investments;
- listed property trusts;

- managed funds;
- listed options and warrants;
- cash management accounts and trusts;
- stock lending;
- portfolio reporting and administration services; and
- online access for both Australian and international trading accounts.

Products and services are not limited to products offered by Citigroup and/or its subsidiaries and/or associates.

Furthermore, your representative is not required to place any portion of investments placed with Citigroup and/or its subsidiaries and/or associates.

YOUR RIGHTS AS AN INVESTOR

Your representative will be acting on behalf of Citigroup. Citigroup is therefore responsible to you for any advice your representative provides to you.

HOW YOU CAN TRANSACT WITH US

You have the right to specify how you would like to give us instructions to transact. For example, by telephone, fax, email, mail or other means.

POTENTIAL CONFLICTS OF INTEREST WE MAY HAVE

You have the right to be advised of any material interest that your representative, Citigroup or any of their associates may have in financial products. Material interests are those that could be reasonably expected to be capable of influencing the recommendation of a financial product to you.

Accordingly, you should be aware that:

- if you have been referred to Citigroup by a third party, that person may receive a share of brokerage charged to you. Your representative will provide you with more details and will disclose any other material interest when he or she makes specific recommendations;
- members of the Citigroup group of companies may from time to time issue financial products that are recommended and/or distributed by Citigroup;
- members of the Citigroup group of companies may from time to time provide investment banking and other financial services to issuers of financial products;

- representatives are paid an annual salary and your representative may also receive a bonus. However, bonus objectives are not related to any particular product, service or specific business that your representative may arrange on your behalf; and
- Citigroup will also trade financial products on its own account.

WHAT YOU SHOULD DO IF YOU HAVE A COMPLAINT

Citigroup has formal internal complaint handling procedures which are consistent with the Australian Standard 4269 1995. As a client, you have the right for any complaints in relation to your dealings with Citigroup to be considered in a timely manner. Our management is committed to a high level of client service, and as such regard all complaints as serious and entitled to be handled promptly, fairly, consistently and in a professional manner. Clients may either complain verbally or in written form.

If you have any complaint about the service provided to you, you should take the following steps.

Verbal complaints

If you wish to make a verbal complaint, you can call Citigroup on 1300 30 70 70 or + 61 2 8225 4000 and provide details of your complaint to the Compliance Manager.

Written complaints

If you wish to make a written complaint, you should write to the Compliance Manager, Citigroup, Level 22, 2 Park Street, Sydney NSW 2000, and provide all relevant details of your complaint.

External Complaint Services and Regulatory Bodies

Citigroup is a member of the Financial Industry Complaint Service Limited (**FICS**).

If you have made a complaint to Citigroup and have not received a response within 45 days, or if the complaint has not been resolved to your satisfaction, you have the right to take your complaint to FICS. FICS details are:

The Financial Industry Complaint Service
 PO Box 579
 Collins Street West
 Melbourne VIC 8007
 Tel: + 61 3 9629 7050
 Fax: + 61 3 9621 2291
 Toll-free: 1800 33 54 05

PLEASE NOTE: for FICS to handle a complaint, the complaint should relate to a potential financial loss of an amount up to \$100,000 (unless Citigroup and you agree otherwise in writing). The complaint must be lodged within 6 years of the date you knew or reasonably ought to have known of the loss.

Further information is available from either Citigroup or FICS. For a complaint in relation to a potential financial loss of an amount greater than \$100,000, alternative dispute resolution mechanisms may be utilised.

ASIC also has a toll free information line that you may use to make a complaint and obtain information about your rights. Toll-free: 1300 30 06 30.

THE NATIONAL GUARANTEE FUND

The National Guarantee Fund is an external fund set up to provide compensation for valid claims arising from dealings with stockbrokers. The circumstances of when this fund may be available to you is set out in Part 7.5 Division 4 of the Corporations Regulations.

To make a claim under the National Guarantee Fund, you need to refer to the National Guarantee Fund booklet available on the ASX website at www.asx.com.au.

-Investors should note that the National Guarantee Fund does not cover all financial products to which this FSG relates. For example, it excludes monies held in a cash management account that may be associated with Smith Barney.

HOW WE ARE REMUNERATED FOR THE SERVICES WE PROVIDE

Citigroup will charge you a fee for the services provided to you.

Transaction based fee arrangement

Under a transaction based fee arrangement, Citigroup will charge you a commission on transactions undertaken based on the value of the securities bought or sold. You will be advised of the rate of commission when you open an account with us and of any changes to our commission rates from time to time. A minimum charge, of which you will be advised before you make a transaction, may apply to some transactions. Details of these commissions and fees are set out in the confirmation or PDS for that particular financial product.

Other

Fees may also be payable for provision of services such as the provision of custody arrangements. Your Representative will inform you of these in advance. GST is levied on fees charged to Australian residents.

Citigroup may also receive commission, volume bonuses and other incentives from fund managers and product issuers (including Citigroup and/or its associates) whose products we recommend to you. Your representative will explain to you the level of commissions at the time of making the recommendation.

The commissions we receive are usually a percentage of the fund manager's initial and/or ongoing fees. Commissions received by Citigroup are described in the PDS for those products that we recommend. Your Representative will explain to you how those commissions are calculated at the time of making the recommendation.

WILL ANYONE BE PAID FOR REFERRALS?

Where you have been referred to us by a third party such as a financial planning group or accountant, we may pay an introductory fee or commission rebate in relation to the referral. Please refer to the FSG or SOA provided by the relevant third party for more detailed information on payments (if any) that may be payable.

HOW ARE OUR REPRESENTATIVES REMUNERATED?

Representatives are remunerated on a salary and bonus basis. The bonus is entirely at the discretion of management. Citigroup employees and directors receive salaries, bonuses based on performance criteria and other benefits from us.

The PDS for the particular product will disclose further details of remuneration received by Citigroup employees or paid to representatives.

PRIVACY PROTECTION AT CITIGROUP

We will attempt to keep your customer files complete, up to date and accurate. We will tell you how and where to conveniently access your account information (except when we're prohibited by law) and how to notify us about errors which we will promptly correct.

The privacy of your personal information is important to us at Citigroup. Any personal information collected will be handled in accordance with our Privacy Protection Policy. Our Privacy Protection Policy details how we comply with the requirements of the Privacy Act in the handling of your personal information. A copy of that policy can be obtained by visiting the Citigroup website at www.citigroup.com.au or by calling + 61 2 8225 4504.

APPENDIX 2 - Exercise Notice

You must choose to either pay the Final Instalment or Exercise the Put Option. You cannot do both.

[insert date]

CitiWarrants Operations
 Citigroup Global Markets Australia Pty Limited
 GPO Box 557
 Sydney NSW 2001

[insert name]

of **[insert address]**

being the Holder of the of the Citi Reset Instalments specified below, hereby exercise the Citi Reset Instalments pursuant to the Trust Deed.

This Exercise Notice is irrevocable.

By completing this Exercise Notice, you represent that the Citi Reset Instalments are neither directly nor indirectly held in favour of a United States Person and have been acquired in accordance with the sales restrictions set forth in the PDS.

I/we exercise our Citi Reset Instalments by:

1. paying the Final Instalment; or
2. exercising the Put Option.

(delete as appropriate)

PAYING THE FINAL INSTALMENT

A	B	C	D	E
HIN/SRN	ASX Instalment Code	Final Instalment	Number of Citi Reset Instalments being exercised	Total amount of the cheque (C x D)

To exercise your Citi Reset Instalments, you need to include with this Exercise Notice a cheque payable to "**Citigroup Global Markets Australia Pty Limited**" and crossed "**not negotiable**" for an amount equal to the Final Instalment multiplied by the number of Citi Reset Instalments you hold. Please complete the table above to calculate the amount of the cheque.

If you already own shares of the type that make up the Underlying Parcel, please supply details in the space below and the Underlying Parcel will be added to that holding. Payment of the Final Instalment can also be made electronically through the BPAY system by calling CitiWarrants Operations on 1300 368 301 during normal business hours.

Corporate Directory

Citigroup

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

Guarantor

Citigroup Global Markets Holdings Inc.
388 Greenwich Street
New York New York 10013
United States of America

Broker

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

Lawyers

Gilbert + Tobin
Level 37
Citigroup Centre
2 Park Street
Sydney NSW 2000
Australia

Registrar

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

