

Macquarie Bank Limited
ABN 46 008 583 542

Macquarie Finance Limited
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13 July 2004

Company Announcements
Australian Stock Exchange Limited
20 Bridge Street
SYDNEY NSW 2000



Dear Sirs

Macquarie Income Securities (MBLHB) - Classification as Non-Share Equity Interests

Please find attached a letter which will be sent to holders of Macquarie Income Securities with the advice for the next distribution on 15 July 2004.

Yours faithfully



Dennis Leong
Company Secretary

Macquarie Finance Limited
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A Member of the Macquarie Bank Group

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15 July 2004

Dear Securityholder

In your Quarterly Interest Payment Notice enclosed with this letter, there has been a change in the details included for your investment in Macquarie Income Securities ("MIS"). This change has arisen as a result of recent tax reforms which require MIS to now be classified as "non-share equity interests" for income tax purposes from 1 July 2004. Interest payments on the MIS are now classified as non-share dividends.

However, our legal advisers, Mallesons Stephen Jaques, have advised us that due to certain restrictions which apply to franking non-share dividends the MIS July payment by Macquarie Finance Limited will not have any franking credits attached.

Although this position may change in the future as the circumstances of Macquarie Finance Limited change, we do not currently expect future payments to be franked to any significant extent.

As there are no franking credits attached to the July payment by Macquarie Finance Limited, there should be no change to the amount that investors will include in their income tax returns.

However as a result of the change in classification, the amount of the MIS payments may need to be disclosed in the investor's tax return as a distribution on a non-share equity interest rather than being disclosed as interest income. Further, for some non-Australian resident MIS holders, the rate of withholding tax may change.

If you have any questions concerning the above, please contact our Investor Relations team on (02) 8232 5006.

Yours faithfully



Dennis Leong
Company Secretary

Macquarie Finance Limited is not an authorised deposit-taking institution for the purposes of the Banking Act (Cth) 1959, and Macquarie Finance Limited's obligations do not represent deposits or other liabilities of Macquarie Bank Limited ABN 46 008 583 542. Macquarie Bank Limited does not guarantee or otherwise provide assurance in respect of the obligations of Macquarie Finance Limited other than as set out in the Macquarie Income Securities prospectus.