MACQUARIE GROUP LIMITED
SUPPLEMENTARY PROSPECTUS FOR
THE MACQUARIE GROUP
EMPLOYEE SHARE OPTION PLAN

This supplementary prospectus (Supplementary Prospectus) is intended to be read with the prospectus dated 1 May 2009, relating to Options over Shares of Macquarie Group Limited (Prospectus).

IMPORTANT-PLEASE READ
Supplementary Prospectus dated 29 May 2009

This Supplementary Prospectus is dated 29 May 2009 and was lodged with the Australian Securities and Investments Commission ("ASIC") on that date. Neither ASIC nor ASX take any responsibility for the contents of this Supplementary Prospectus. Unless otherwise defined in this Supplementary Prospectus, terms defined in the Glossary to the Prospectus have the same meaning in this Supplementary Prospectus.

1. Proposed changes to Australian Taxation of MGESOP Options and Shares

The Prospectus dated 1 May 2009 contains information on the Australian taxation treatment of Options and the resulting Shares acquired from the exercise of Options, under the 2009 MGESOP.

In the 2009 Australian Federal Budget the Government announced a proposal to amend the Tax Law which, if enacted, would cause the taxation treatment of Options and Shares acquired by Australian tax residents under the 2009 MGESOP to be materially different to the treatment described in the Prospectus ("Proposed Tax Change"). Accordingly, references in the Prospectus to the ability to defer taxation should be read in light of the Proposed Tax Change.

The terms of the Proposed Tax Change are as follows:

> "… all discounts on shares and options provided under an employee share scheme - either qualifying or non-qualifying - will be assessed in the income year in which they are acquired. That is, employees acquiring share or options under qualifying employee share schemes will no longer be able to elect to defer taxation on their discount to a later time."

If enacted, the Proposed Tax Change will impact MGL Employees who acquire Options in their own name. If the Proposed Tax Change is the only change made to the Tax Laws, and if it is enacted in the terms announced, that change should not impact the taxation implications of a:

- Controlled Company or Permitted Trustee of MGL Employee as Optionholder (Section 4.4)
- Associated Company Employee or Controlled Company or Permitted Trustee of Associated Company Employee as Optionholder (Section 4.5)
- Consultant or Controlled Company or Permitted Trustee of Consultant as Optionholder (Section 4.6)

It is possible that final legislation may make different, or additional, changes to those announced and it is possible that the taxation treatment for all Optionholders may be materially different to the tax treatment described in this supplementary prospectus.

MGL Employee as Optionholder

On the assumption that the Proposed Tax Change is enacted in the terms announced, and that it is the only change made to the relevant provisions of the Tax Act, the position of an MGL Employee as Optionholder should be as follows.

<u>Grant of Option</u>

If you acquire Options and you are an Australian tax resident, you will include the market value of the Options in your assessable income in the year of grant. The market value of the Options is calculated by reference to an amount determined under the Tax Act that is typically a specified percentage of the Exercise Price. The specified percentage to be included in the MGL Employee's assessable income for the year of grant of the Options depends on the "market value" of Shares on the date of grant relative to the Exercise Price. If these amounts are equal, the specified percentage is 11.6% (for a 5 year Option). If the market value has increased between the time of calculation of the exercise price and the grant of the Options, the specified percentage increases.

The amount included as ordinary income for the year of grant is also included in the capital gains cost base of the Option, and ultimately, the Share.

Sale of Option

If you choose to sell your Options, any capital gains/losses should be reported in your income tax return in the year of sale. The capital gain/loss will be calculated as the capital proceeds less the cost base. The capital proceeds will be the amount you receive for selling your options. The cost base will include the market value of your Options which was reported in your assessable income in the year of grant.

Where the Options are sold, the acquisition date is the Option grant date. If the Options have been held for more than 12 months from the grant date, only 50% of the capital gain is assessable. Note that any capital losses (and prior year net capital losses) are applied against capital gains before the 50% concession is calculated.

Exercise of Option and Sale of Share

Alternatively, you may choose to exercise your Options and sell the resulting Shares. Exercise of the Option does not trigger any tax liabilities but the Exercise Price is also included in the cost base of the Share.

Any capital gains/losses realised on the sale of your Shares should be reported in your income tax return in the year of sale. The capital gain/loss will be calculated as the capital proceeds less the cost base. The capital proceeds will be the amount you receive for selling your Shares. The cost base will include the exercise price paid and the market value of your Options which was reported in your assessable income in the year of grant.

The 50% Capital Gains Tax (CGT) concession will apply to a capital gain made on Shares which are sold more than 12 months after their acquisition date.

Where the Options are exercised and Shares sold, the current view of the Australian Taxation Office, which is supported by case law, is that the acquisition date is the date the Options are exercised. On this view, the 50% CGT concession will only apply once the Shares have been held for 12 months starting from the day the Shares are acquired through the exercise of Options. If the Shares have been held for more than 12 months from the day the Shares were allotted to you, only 50% of the capital gain is assessable.

Note that any capital losses (and prior year net capital losses) are applied against capital gains before the 50% concession is calculated.

An alternative view is that the acquisition date is the date the Options are acquired on the basis that the grant of the Options constitutes an agreement to acquire the Shares, and the 12 month holding period commences from the date the agreement to acquire the Shares is entered into. If this view is correct, an MGL Employee would not have to hold the Shares for more than 12 months for a capital gain to be eligible for the 50% CGT concession (provided the Employee acquired the Options at least 12 months prior to the disposal of Shares acquired pursuant to their exercise). The Commissioner of Taxation has disputed this treatment.

The Company does not warrant any particular treatment. Therefore, MGL Employee's who wish to adopt the alternative view should discuss with their personal tax adviser the applicability of the alternative views above to their particular circumstances.

Termination of Employment

As the taxing point of the Options occurred at the date of grant there should be no taxation implications of the cessation of employment in respect of vested Options, or any Shares acquired on exercise of those Options.

Lapse of Option

In the event the Options expire unexercised, your tax return should be amended and the overpaid tax refunded (together with assessable interest).

Sections of Prospectus which are impacted by this Supplementary Prospectus

3.2.3 (para.2) Purpose and Role of DESOP
3.3 (from para.2) Main consequences to Executives from DESOP
4.1 Relationship with other Equity Plans of the Company
4.1 DESOP
4.2 MGL Employee as Optionholder and no section 139E Election made
4.3 MGL Employee as Optionholder and section 139E Election made
4.7.1 Implications of cessation of MGL employment or contract
4.7.2 reference to MGL Employee

2. CONSENT TO LODGEMENT

Each of the Voting Directors of Macquarie Group Limited has consented to the lodgement of this Supplementary Prospectus with ASIC.