

CHAIRMAN'S ADDRESS

MACQUARIE GROUP LIMITED GENERAL MEETING

17 DECEMBER 2009

THE WESTIN, SYDNEY

CHECK AGAINST DELIVERY

GOOD AFTERNOON LADIES AND GENTLEMEN AND WELCOME TO THIS
GENERAL MEETING OF MACQUARIE GROUP LIMITED.

I'M DAVID CLARKE, THE CHAIRMAN OF MACQUARIE GROUP AND I'LL
BE CHAIRING TODAY'S MEETING.

THE COMPANY SECRETARY HAS CONFIRMED THAT A QUORUM IS
PRESENT, SO I FORMALLY DECLARE THE MEETING OPEN.

AS WELL AS THOSE SHAREHOLDERS PRESENT IN PERSON, THE
HOLDERS OF APPROXIMATELY 214 MILLION SHARES, OR ABOUT 64
PER CENT OF THE GROUP'S ORDINARY SHARE CAPITAL, ARE
REPRESENTED BY PROXIES.

BEFORE WE GET UNDERWAY, I WOULD LIKE TO INTRODUCE OUR DIRECTORS AND SOME OF OUR SENIOR EXECUTIVES.

ON MY LEFT IS YOUR CHIEF EXECUTIVE OFFICER NICHOLAS MOORE.

NEXT TO HIM IS THE GROUP'S CHIEF FINANCIAL OFFICER GREG WARD, THEN NON-EXECUTIVE DIRECTORS JOHN NILAND, PETER WARNE AND CATHERINE LIVINGSTONE.

ON MY RIGHT IS OUR COMPANY SECRETARY, DENNIS LEONG.

NEXT TO HIM ARE NON-EXECUTIVE DIRECTORS HELEN NUGENT, THE CHAIRMAN OF OUR BOARD REMUNERATION COMMITTEE, PETER KIRBY AND KEVIN MCCANN.

PLEASE NOTE THAT RECORDING DEVICES, PHOTOGRAPHIC EQUIPMENT AND MOBILE PHONES MAY NOT BE USED DURING THE MEETING.

AT THE END OF THE MEETING, YOU ARE INVITED TO JOIN US FOR REFRESHMENTS IN THE FOYER.

WHAT ARE SHAREHOLDERS BEING ASKED TO APPROVE?

THE PURPOSE OF TODAY'S MEETING IS TO DISCUSS AND SEEK SHAREHOLDER SUPPORT FOR PROPOSED CHANGES TO MACQUARIE'S REMUNERATION ARRANGEMENTS.

ON 31 MARCH THIS YEAR, WE ANNOUNCED PROPOSED CHANGES TO OUR REMUNERATION ARRANGEMENTS, WHICH WERE SUBSEQUENTLY SUSPENDED IN JUNE DUE TO LEGISLATIVE CHANGES FORESHADOWED BY THE FEDERAL GOVERNMENT.

ON 30 OCTOBER, THE MACQUARIE BOARD ANNOUNCED NEW PROPOSALS, REFLECTING THE ANTICIPATED LEGISLATION AS WELL AS THE CURRENT COMPETITIVE CONDITIONS IN EMPLOYMENT MARKETS FOR EXECUTIVE TALENT.

THE PROPOSED CHANGES ARE CONSISTENT WITH, AND REINFORCE, OUR LONG-STANDING APPROACH TO REMUNERATION.

THEY BUILD ON EXISTING RETENTION AND EQUITY ARRANGEMENTS, WHILE REFLECTING GLOBAL REMUNERATION TRENDS AND REGULATORY DEVELOPMENTS.

TO IMPLEMENT THE PROPOSED CHANGES, WE ARE SEEKING TWO APPROVALS.

THE FIRST RELATES TO BOTH THE IMPLEMENTATION AND OPERATION OF THE NEW EQUITY PLAN, CALLED THE MACQUARIE GROUP EMPLOYEE RETAINED EQUITY PLAN, AND THE RELEASE OF DEFERRED REMUNERATION TO TERMINATING STAFF.

THE SECOND APPROVAL IS FOR THE PARTICIPATION BY THE MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER IN THE NEW EQUITY PLAN.

**WHY DOES MACQUARIE NEED SHAREHOLDER APPROVAL FOR SOME
“TERMINATION BENEFITS”?**

I WOULD FIRSTLY LIKE TO EXPLAIN WHY WE NEED SHAREHOLDER APPROVAL FOR SOME TERMINATION BENEFITS.

MACQUARIE REWARDS STAFF BASED ON THEIR PERFORMANCE ON THE JOB.

THERE ARE NO GOLDEN HANDSHAKES AND NO ADDITIONAL CONTRACTUAL TERMINATION PAYMENTS, EXCLUDING REDUNDANCY SITUATIONS.

THIS PARTICULAR RESOLUTION RELATES INSTEAD TO THE RELEASE OF REMUNERATION THAT HAS BEEN EARNED IN PRIOR YEARS AND RETAINED BY MACQUARIE.

IN MOST CASES, EXECUTIVE DIRECTORS FORFEIT ANY UNVESTED INCENTIVES WHEN THEY LEAVE MACQUARIE.

HOWEVER, THERE ARE LIMITED AND APPROPRIATE EXCEPTIONS, INCLUDING GENUINE RETIREMENT, DEATH, TOTAL AND PERMANENT DISABILITY AND OTHER EXCEPTIONAL CIRCUMSTANCES.

WHERE THESE EXCEPTIONS APPLY, THE RESULTING RELEASE OF DEFERRED REMUNERATION TO THE EMPLOYEE MAY BE CONSIDERED A “TERMINATION BENEFIT”, REQUIRING SHAREHOLDER APPROVAL.

SUCH PAYMENTS WOULD ONLY BE MADE TO DEPARTING STAFF FOR WHOM THERE HAVE BEEN NO DISQUALIFYING EVENTS, SUCH AS ACTS OF DISHONESTY.

IF GRANTED, THE APPROVALS WOULD ALSO EXTEND TO THE RELEASE OF ANY ACCRUED SUPERANNUATION ENTITLEMENTS.

I WILL NOW TALK ABOUT THE PROPOSED REMUNERATION CHANGES.

PROPOSED REMUNERATION CHANGES - RETENTION LEVELS

TURNING FIRST TO PROFIT SHARE RETENTION.

UNDER THE PROPOSED CHANGES, A GREATER PROPORTION OF PROFIT SHARE WILL BE DEFERRED AND DELIVERED AS EQUITY RATHER THAN AS A CASH BONUS.

CURRENTLY, 55 PER CENT OF PROFIT SHARE FOR THE CHIEF EXECUTIVE OFFICER IS RETAINED, 40 PER CENT FOR OTHER EXECUTIVE COMMITTEE MEMBERS, AND 20 PER CENT FOR OTHER EXECUTIVE DIRECTORS.

FOR 2009, IT IS PROPOSED THAT THIS WILL RISE TO 50 PER CENT FOR ALL EXECUTIVE DIRECTORS – SOME 340 STAFF – AND 55 PER CENT FOR THE CHIEF EXECUTIVE OFFICER.

FROM 2010, THESE ARRANGEMENTS WILL CONTINUE TO APPLY FOR EXECUTIVE COMMITTEE MEMBERS, INCLUDING THE CHIEF EXECUTIVE OFFICER, AS WELL AS “DESIGNATED EXECUTIVE DIRECTORS”.

THESE ARE MEMBERS OF THE OPERATIONS REVIEW COMMITTEE AND OTHERS WHO HAVE A SIGNIFICANT MANAGEMENT OR RISK RESPONSIBILITY IN THE ORGANISATION.

FOR OTHER EXECUTIVE DIRECTORS, FROM 2010, 40 PER CENT OF EACH ANNUAL PROFIT SHARE ALLOCATION WILL BE RETAINED.

INVESTMENT OF RETAINED PROFIT SHARE

TO FURTHER ALIGN THE INTERESTS OF STAFF AND SHAREHOLDERS, MORE PERFORMANCE-BASED REMUNERATION WILL BE DELIVERED IN THE FORM OF MACQUARIE SHARES.

CURRENTLY, 20 PER CENT OF AN EXECUTIVE DIRECTOR'S ANNUAL PROFIT SHARE IS INVESTED IN A NOTIONAL PORTFOLIO OF MACQUARIE-MANAGED FUNDS AND CASH.

FOR EXECUTIVE COMMITTEE MEMBERS, AN ADDITIONAL 20 PER CENT IS RETAINED IN MACQUARIE SHARES AND 35 PER CENT FOR THE CHIEF EXECUTIVE OFFICER.

UNDER THE PROPOSED ARRANGEMENTS, ALL RETAINED PROFIT SHARE WILL BE INVESTED IN A COMBINATION OF MACQUARIE

SHARES AND MACQUARIE-MANAGED FUNDS, DEPENDING ON EACH EXECUTIVE DIRECTOR'S ROLE.

FOR OTHER STAFF, RETAINED PROFIT SHARE PREVIOUSLY HELD IN CASH WILL BE INVESTED IN MACQUARIE SHARES, WITH NO CHANGE TO THE VESTING ARRANGEMENTS OR RETENTION LEVELS.

VESTING AND RELEASE

THE VESTING AND PAYOUT SCHEDULE FOR EXECUTIVE DIRECTORS WILL ALSO CHANGE.

FOR 2009, ALL RETAINED AMOUNTS FOR EXECUTIVE DIRECTORS WILL VEST AND BE RELEASED IN YEARS THREE TO SEVEN.

THESE ARRANGEMENTS WILL CONTINUE TO APPLY FROM 2010 FOR EXECUTIVE COMMITTEE MEMBERS, INCLUDING THE CHIEF EXECUTIVE OFFICER, AND DESIGNATED EXECUTIVE DIRECTORS.

FOR OTHER EXECUTIVE DIRECTORS, IT IS PROPOSED THAT FROM 2010 ALL RETAINED AMOUNTS VEST AND BE RELEASED IN YEARS THREE TO FIVE.

EARLY VESTING AND RELEASE

OUR PROPOSED REMUNERATION CHANGES ALSO PLACE MORE ONEROUS CONDITIONS ON TERMINATION, WHILE ADDING A NEW DISQUALIFYING EVENT.

CURRENTLY, A DEPARTING EXECUTIVE DIRECTOR'S RETAINED PROFIT SHARE IS PAID OUT AFTER SIX MONTHS.

UNDER THE PROPOSED ARRANGEMENTS:

- PROFIT SHARE FROM ALL BUT THE LAST TWO YEARS WILL BE PAID OUT AFTER SIX MONTHS.
- PROFIT SHARE FROM TWO YEARS AGO WILL BE PAID OUT AFTER ONE YEAR.
- PROFIT SHARE FROM ONE YEAR AGO WILL BE PAID OUT AFTER TWO YEARS.

IN ADDITION, THERE WILL BE A NEW DISQUALIFYING EVENT.

RETAINED PROFIT SHARE WILL BE SUBJECT TO FORFEITURE IF IT IS FOUND THAT THE INDIVIDUAL HAS ACTED, OR FAILED TO ACT, IN A WAY THAT DAMAGES MACQUARIE.

THIS WILL INCLUDE BUT IS NOT LIMITED TO SITUATIONS, WHERE THE ACTION OR INACTION LEADS TO A MATERIAL FINANCIAL RESTATEMENT, A SIGNIFICANT FINANCIAL LOSS OR ANY SIGNIFICANT REPUTATIONAL HARM TO MACQUARIE OR ITS BUSINESSES.

PERFORMANCE SHARE UNITS

IN PLACE OF OPTIONS GRANTS, EXECUTIVE COMMITTEE MEMBERS WILL NOW RECEIVE SHARE UNITS TO WHICH PERFORMANCE HURDLES ARE ATTACHED.

THESE WILL VEST IN THREE TRANCHES AFTER TWO, THREE AND FOUR YEARS IN THE SAME WAY THAT OPTIONS DID, AND WILL BECOME EXERCISABLE ON ACHIEVING THE PERFORMANCE HURDLES.

THE PERFORMANCE HURDLE ON 50 PER CENT OF THE UNITS WILL BE BASED ON THE AVERAGE ANNUAL RETURN ON EQUITY OVER THE VESTING PERIOD COMPARED TO A REFERENCE GROUP OF LEADING DOMESTIC AND INTERNATIONAL FINANCIAL INSTITUTIONS.

THE HURDLE ON THE OTHER 50 PER CENT WILL BE BASED ON THE COMPOUND AVERAGE ANNUAL GROWTH IN EARNINGS PER SHARE OVER THE VESTING PERIOD.

THE INTRODUCTION OF EPS IS PARTICULARLY APPROPRIATE FOR THE EXECUTIVE COMMITTEE WHO ARE AT A LEVEL WITHIN MACQUARIE WHERE THEY CAN HAVE AN IMPACT ON ITS ACHIEVEMENT. AT THE SAME TIME, FACTORS OVER WHICH EXECUTIVES HAVE LITTLE CONTROL ARE EXCLUDED.

THE UNITS WILL VEST ON A SLIDING SCALE AND, WHERE A PERFORMANCE HURDLE HAS NOT BEEN ACHIEVED, THE UNITS WILL LAPSE.

TRANSITIONAL ARRANGEMENTS

EXECUTIVE DIRECTORS WITH PRE-2009 RETAINED PROFIT SHARE HAVE BEEN GIVEN THE CHOICE WHETHER TO MOVE SOME OR ALL OF THEIR PRE-2009 RETAINED PROFIT SHARE TO THE NEW ARRANGEMENTS.

ANY SUCH TRANSITIONED AMOUNTS WILL BE INVESTED IN THE NEW EQUITY PLAN AND NOTIONALLY INVESTED IN MACQUARIE-MANAGED FUNDS ACCORDING TO THE SAME INVESTMENT MIX WHICH APPLIED TO THEIR 2009 RETAINED PROFIT SHARE.

THESE AMOUNTS WILL VEST OVER SEVEN YEARS FOR EXECUTIVE COMMITTEE MEMBERS AND FIVE YEARS FOR OTHER EXECUTIVE DIRECTORS, SUBJECT TO ANY DISQUALIFYING EVENTS.

ANY RETAINED PROFIT SHARE NOT TRANSITIONED TO THE NEW ARRANGEMENTS WILL BE GRANDFATHERED IN THE PRE-2009 DIRECTORS' PROFIT SHARE PLAN.

SPECIFIC RESOLUTIONS – MEREP INITIAL SIZE

ONE OF THE SPECIFIC APPROVALS SOUGHT TODAY RELATES TO THE NEW EQUITY PLAN.

THE NEW MACQUARIE GROUP EMPLOYEE RETAINED EQUITY PLAN WILL BE ESTABLISHED TO DELIVER REMUNERATION IN THE FORM OF MACQUARIE SHARES.

THE PLAN WILL INITIALLY COMPRISE A PORTION OF THE 2009 RETAINED PROFIT SHARE, AS WELL AS PRE-2009 RETAINED PROFIT SHARE AMOUNTS THAT EXECUTIVE DIRECTORS HAVE ELECTED TO TRANSITION TO THE NEW ARRANGEMENTS.

ON 11 DECEMBER 2009, WE ANNOUNCED THAT THE VALUE APPLIED TO THE GRANT OF MACQUARIE SHARES WILL BE APPROXIMATELY \$A350 MILLION.

SPECIFIC RESOLUTIONS – MEREP CONVERSION PRICE

IN ACCORDANCE WITH OUR STATEMENT ON 1 MAY THIS YEAR, 2009 RETAINED PROFIT SHARE AND PRE-2009 PROFIT SHARE TRANSITIONED FROM THE OLD DIRECTORS' PROFIT SHARE PLAN WILL BE CONVERTED TO SHARES AT THE VOLUME WEIGHTED AVERAGE PRICE FROM 4 MAY 2009 TO 29 JULY 2009, BEING \$36.36 PER SHARE.

THIS COMPARES TO THE MAY INSTITUTIONAL PLACEMENT PRICE OF \$A27.00 AND \$A26.60 FOR THE SUBSEQUENT SHARE PURCHASE PLAN OFFERED TO ALL SHAREHOLDERS.

SPECIFIC RESOLUTION – MANAGING DIRECTOR

LET ME NOW TALK ABOUT THE MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER'S PARTICIPATION IN THE NEW EQUITY PLAN, WHICH IS THE SUBJECT OF RESOLUTION TWO.

THE ISSUE OF RESTRICTED SHARE UNITS AS A RESULT OF PARTICIPATION IN THIS PLAN IS NOT NEW REMUNERATION FOR THE MANAGING DIRECTOR, BUT REMUNERATION THAT HAS BEEN EARNED AND RETAINED OVER A PERIOD OF UP TO 10 YEARS.

IT IS PROPOSED THAT RESTRICTED SHARE UNITS BE ISSUED TO THE MANAGING DIRECTOR IN THE FOLLOWING AMOUNTS:

- UP TO A MAXIMUM OF 415,667 RESTRICTED SHARE UNITS REPRESENTING \$A15.1 MILLION OR 80 PER CENT OF PRE-2009 RETAINED PROFIT SHARE.
- 57,270 RESTRICTED SHARE UNITS REPRESENTING \$A2.1 MILLION OR 80 PER CENT OF RETAINED PROFIT SHARE FOR 2009.

THE MANAGING DIRECTOR HAS SINCE ELECTED TO TRANSITION 100 PER CENT OF HIS PRE-2009 RETAINED PROFIT SHARE, WITH 80 PER CENT TO BE INVESTED IN THE MACQUARIE GROUP EMPLOYEE RETAINED EQUITY PLAN AND THE BALANCE IN THE POST-2009 DIRECTORS' PROFIT SHARE PLAN.

IT IS ALSO PROPOSED THAT 38,200 PERFORMANCE SHARE UNITS SUBJECT TO HURDLES BE GRANTED TO THE CHIEF EXECUTIVE OFFICER FOR 2009.

THIS ALLOCATION HAS BEEN DETERMINED BASED ON A VALUATION OF A PERFORMANCE SHARE UNIT AT 10 NOVEMBER 2009, BEING THE

DAY ON WHICH THE NOTICE OF MEETING WAS CONSIDERED BY THE BOARD.

IN CONCLUSION, I WOULD LIKE TO SAY THAT THE APPROVALS BEING SOUGHT ARE REQUIRED BY THE CORPORATIONS ACT AND THE ASX LISTING RULES, BUT, TO SUMMARISE, THE KEY ELEMENTS OF THE PROPOSAL ARE AS FOLLOWS:

- THE PROPORTION OF PROFIT SHARE THAT IS RETAINED WILL INCREASE, AND THE PROPORTION THAT IMMEDIATELY VESTS WILL DECREASE;
- THE PROPORTION OF PROFIT SHARE DELIVERED AS CASH WILL DECREASE, AND THE PROPORTION DELIVERED AS EQUITY WILL INCREASE;
- RETAINED AMOUNTS WILL VEST OVER THREE TO SEVEN YEARS DEPENDING ON THE ROLE OF THE INDIVIDUAL;
- THERE WILL BE MORE ONEROUS CLAW-BACK CONDITIONS AROUND THE RELEASE OF PROFIT SHARE ON TERMINATION OF EMPLOYEES; AND
- OPTIONS FOR SENIOR EXECUTIVES WILL BE REPLACED WITH SHARE UNITS SUBJECT TO PRESCRIBED PERFORMANCE HURDLES.

THAT CONCLUDES MY DISCUSSION OF OUR PROPOSED REMUNERATION CHANGES.



Macquarie Group Limited

General Meeting

17 December 2009





What are shareholders being asked to approve?

- Item 1 – Approval of Proposed Remuneration Arrangements
 - Implementation and ongoing operation of the new employee equity plan (“MEREP”); and
 - Potential “termination benefits” – approval sought where deferred remuneration is released to terminating staff.
- Item 2 – Approval of Managing Director’s Participation in the new employee equity plan



Why does Macquarie need shareholder approval for some “termination benefits”?

- *In most cases, Macquarie’s deferred remuneration arrangements will result in:*
 - *An executive’s deferred remuneration being released on vesting over the course of their employment with Macquarie; and*
 - *Forfeiture of unvested incentives when the executive leaves Macquarie.*
- However, there are limited and appropriate exceptions to forfeiture of unvested amounts for terminating staff. For example:
 - Death, total and permanent disability
 - Genuine retirement
 - Certain exceptional circumstances, subject to internal governance approvals
- Where these exceptions apply, the release of deferred remuneration to the employee may be considered to be a “termination benefit”, requiring shareholder approval.
- This approval, if granted, would also extend to the release of any accrued superannuation entitlements.



Proposed Remuneration Changes: Retention

Total Retention levels	2007	2008	2009 Current ¹	2009 Proposed	2010 Proposed
CEO and Managing Director	20%	30%	55%	55%	55%
Other Executive Committee Members	20%	30%	40%	50%	50%
Designated Executive Directors	20%	20%	20%	50%	50%
Other Executive Directors	20%	20%	20%	50%	40%

- Minimum shareholding requirement: Macquarie shares must be held to an aggregate value of 5% of total profit share over ten years (Executive Committee), five years (other Executive Directors). Under the proposed changes minimum shareholding requirements will be satisfied through the new equity retention arrangements.
- Other staff are also subject to profit share retention rules, with retention proposed to be delivered in Macquarie shares under the 2009 proposed changes.

¹ Current refers to the arrangements disclosed as "current" in the 2009 Remuneration Report and includes the changes announced in February 2008. This is effectively the scheme that would have operated for 2009 if the proposed changes had not been announced.



Proposed Remuneration Changes: Investment of Retained Profit Share

Proposed percentage allocation of retained profit share that is invested in Macquarie shares (New Equity Plan) and Macquarie-managed fund equity (Post-2009 DPS Plan) depending on the staff member's role:

Role	Macquarie-managed funds	Macquarie shares
CEO, Deputy MD, CFO, CRO	20%	80%
Group Head, Macquarie Capital	40%	60%
Group Head, Macquarie Funds Group	50%	50%
Other Executive Committee Members	10%	90%
Other Executive Directors	Minimum of 10% to a maximum of 50% depending on mix of funds management and other functions	Maximum of 90% to a minimum of 50% depending on mix of funds management and other functions
Staff other than Executive Directors	Nil	100%



Proposed Remuneration Changes: Vesting and Release

The following vesting and release schedule for 2009 and 2010 retained profit share is proposed:

Role	2009 Current ²	2009 Proposed	2010 Proposed
CEO	DPS Plan –vests between 5 and 10 years of service as an Executive Director. Released after ten years. Macquarie shares released after 3 years	20% in each of years 3-7	20% in each of years 3-7
Executive Committee members and		As above	As above
Designated Executive Directors	DPS Plan –vests between 5 and 10 years of service as an Executive Director. Released ten years.	As above	As above
Other Executive Directors		As above	20% in each of years 3-5
Staff other than Executive Directors	Vesting and release of 1/3 in each of years 2-4	1/3 in each of years 2-4	1/3 in each of years 2-4

² Current refers to the arrangements disclosed as “current” in the 2009 Remuneration Report and includes the changes announced in February 2008. This is effectively the scheme that would have operated for 2009 if the proposed changes had not been announced.



Proposed Remuneration Changes: Early vesting and release

- New Disqualifying event - retained profit share will be forfeited where an individual has acted in a way that damages Macquarie, including where the action leads to a material financial restatement, a significant financial loss or any significant reputational harm to Macquarie.
- Summary of disqualifying events and release of retained profit share for a departing Executive Director:

Retention Released		Disqualifying Events	
Timeframe	Year of allocation	Review Period	Category
6 months	Retained profit share (excluding allocations for last 2 years)	6 months	Existing disqualifying events - including dishonesty, breach of duty, joining a competitor or taking a team to a competitor, plus new event described above
1 year	Retained profit share from 2 nd to last profit share allocation	7 months to 1 year	Non-solicitation, dishonesty and breach of duty clause and material financial restatement, significant financial loss or significant reputational harm (new event)
2 years	Retained profit share from last profit share allocation	1 year to 2 years	Dishonesty and breach of duty clause and material financial restatement, significant financial loss or significant reputational harm (new event)



Performance Share Units (PSUs)

- All Options grants suspended going forward and replaced by hurdled PSUs only for Executive Committee members
- PSUs will vest in three tranches after 2, 3 and 4 years
- PSUs become exercisable upon achieving certain performance hurdles
- 2 performance hurdles:
 - 50% of PSUs based on the relative average annual ROE over the vesting period compared to a reference group of domestic and international financial institutions.
 - 50% of PSUs based on compound average annual growth (CAGR) in EPS over the vesting period.
- Each performance hurdle is to be examined once only at the calendar quarter end immediately before vesting. If the condition is not met when examined, the PSUs due to vest will lapse.



Transitional Arrangements

- Executive Directors have the choice to leave their pre-2009 retained profit share in the Pre-2009 DPS Plan, or move some or all of these amounts into the new arrangements (“Transitioned Amounts”)
- Transitioned Amounts will be partially invested in the MEREP and partially notionally invested in Macquarie-managed funds
- Transitioned Amounts will vest over 7 years (for Executive Committee members) or over five years (for other Executive Directors) – Disqualifying events will apply
- Any retained profit share not transitioned to the new arrangements will be grandfathered in the Pre-2009 DPS Plan



New Equity Plan (MEREP) – Initial Size

- New Equity Plan (MEREP) will be used to deliver remuneration in the form of Macquarie shares
- MEREP will initially comprise a portion of the 2009 retained profit share and Transitioned Amounts
- Following the election by Executive Directors as to their participation in the new scheme for pre-retained 2009 retained amounts, on 11 December 09, Macquarie announced that the value applied to the grant of Macquarie shares was \$A350 million.



New Equity Plan (MEREP) – Conversion Price

- In accordance with our statement on 1 May 2009, 2009 retained profit share and pre-2009 profit share transitioned from the DPS Plan, will be converted to shares at the VWAP from 4 May 09 to 29 July 09, being \$A36.36
 - This compares to \$A27.00 for the Institutional Placement³ price and \$A26.60 for the Share Purchase Plan⁴ price
- Executive Directors' Transitioned Amounts will be converted to Macquarie shares based on the value of the DPS Plan notional investment portfolio as at 30 June 09
 - This was the quarterly valuation date for the portfolio which occurred within the above VWAP period.

³ 1 May 2009

⁴ Completed 2 June 2009



Participation of the Managing Director in the MEREP

- Shareholder approval is being sought so that the Managing Director can participate in the MEREP under the proposed new remuneration arrangements.
- Not new remuneration - has been earned and retained over a period of up to 10 years
- Proposed that:
 - Restricted Share Units (RSUs) be issued to the Managing Director:
 - 415,667 RSUs representing \$A15.1 million or 80% of pre-2009 retained profit share⁵ transitioned to new arrangements⁶.
 - 57,270 RSUs representing \$A2.1 million or 80% of retained 2009 profit share⁵
 - 38,200 Performance Share Units (“PSUs”) subject to hurdles to be granted to the Managing Director

⁵ Exclusive of on-costs.

⁶ The maximum number of RSUs for which approval is sought reflects the choice given to all Executive Directors to transition some or all of their pre-2009 retained profit share to the new arrangements. The Managing Director has since elected to transition 100 per cent of his pre-2009 retained profit share to the new arrangements.



Summary

Key elements of proposed remuneration changes:

- Proportion of profit share that is retained will increase, and proportion that immediately vests will decrease;
- Proportion of profit share delivered as cash will decrease, and proportion delivered as equity will increase;
- Retained amounts will vest over three to seven years depending on role of individual;
- More onerous claw-back conditions around release of profit share on termination of employees; and
- Options for senior executives will be replaced with share units subject to performance hurdles.



Glossary

CAGR	Compound Annual Growth Rate
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CRO	Chief Risk Officer
DPS	Directors Profit Share
EPS	Earnings Per Share
MD	Managing Director
MERP	Macquarie Group Employee Retained Equity Plan
PSU	Performance Share Units
ROE	Return on Equity
RSU	Restricted Share Units
VWAP	Volume Weighted Average Price