

# Notice of 2018 Annual General Meeting

Macquarie Group

10:30 am on Thursday, 26 July 2018

Hyatt Regency Sydney

Maritime Ballroom

161 Sussex Street

Sydney, New South Wales



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8 June 2018



Dear Shareholder

Please find enclosed notice of the 2018 Annual General Meeting of Macquarie Group Limited (Macquarie) which will be held at the Hyatt Regency Sydney, Maritime Ballroom, 161 Sussex Street, Sydney, New South Wales on Thursday, 26 July 2018. The meeting is scheduled to commence at 10:30 am and will also be webcast live on Macquarie's website at [macquarie.com](http://macquarie.com)

The Managing Director and Chief Executive Officer, Nicholas Moore, and I will comment briefly on the performance of the Macquarie Group during the year to 31 March 2018 at the meeting. You are also referred to the comments in Macquarie's 2018 Annual Report, which is available on Macquarie's website, for further information. The Directors standing for re-election will also each address the meeting. Shareholders will then be invited to join members of the Board and senior management for light refreshments before considering the formal items of business. If you are unable to attend the meeting, we invite you to appoint a proxy to attend and vote on your behalf, either online using the share registry's website at [linkmarketservices.com.au](http://linkmarketservices.com.au) or using the enclosed proxy form.

If you plan to attend the meeting, please bring the enclosed proxy form to facilitate your registration which will commence at 9:45 am. I look forward to seeing you then.

Yours faithfully



**Peter Warne**  
*Chairman*



Items of business  
Chairman's voting intention  
Voting exclusions

# 1 NOTICE OF MEETING



## NOTICE OF MEETING

The 2018 Annual General Meeting (AGM) of Macquarie Group Limited (ACN 122 169 279) (Macquarie, MGL, the Company) will be held at the Hyatt Regency Sydney, Maritime Ballroom, 161 Sussex Street, Sydney, New South Wales on Thursday, 26 July 2018, at 10:30 am. Registration will commence at 9:45 am.

## ITEMS OF BUSINESS

### 1. Financial Statements

To consider and receive the Financial Report, the Directors' Report and the Auditor's Report of Macquarie Group for the financial year ended 31 March 2018.

### 2. Election of Voting Directors

#### 2a. Re-election of Mr PH Warne as a Voting Director Retiring by Rotation

To consider and, if thought fit, pass the following as an ordinary resolution:

*That Mr PH Warne be re-elected as a Voting Director of Macquarie.*

#### 2b. Re-election of Mr GM Cairns as a Voting Director Retiring by Rotation

To consider and, if thought fit, pass the following as an ordinary resolution:

*That Mr GM Cairns be re-elected as a Voting Director of Macquarie.*

#### 2c. Election of Mr GR Stevens as a Voting Director

To consider and, if thought fit, pass the following as an ordinary resolution:

*That Mr GR Stevens, having been appointed as a Voting Director since the last Annual General Meeting, be elected as a Voting Director of Macquarie.*

### 3. Remuneration Report

To consider and, if thought fit, pass the following as an ordinary resolution:

*To adopt the Remuneration Report of Macquarie for the year ended 31 March 2018.*

### 4. Approval of Managing Director's Participation in the Macquarie Group Employee Retained Equity Plan (MEREP)

To consider and, if thought fit, pass the following as an ordinary resolution:

*That the following be approved for all purposes:*

- a) participation in the Macquarie Group Employee Retained Equity Plan (MEREP) by Mr NW Moore, Managing Director and Chief Executive Officer; and
- b) acquisition by Mr NW Moore of Restricted Share Units and Performance Share Units and the acquisition of shares in the Company in respect of those Restricted Share Units and Performance Share Units, all in accordance with the terms of the MEREP and on the basis described in the Explanatory Notes to the Notice of Meeting convening this meeting.

### 5. Approval of the issue of Macquarie Group Capital Notes 3

To consider and, if thought fit, pass the following as an ordinary resolution:

*That the issue of 10,000,000 Macquarie Group Capital Notes 3 by the Company, on the terms and conditions as summarised in the Explanatory Notes to the Notice of Meeting convening this meeting and set out in the replacement prospectus issued by the Company and dated 15 May 2018, is ratified for all purposes, including for the purpose of ASX Listing Rule 7.4.*

## CHAIRMAN'S VOTING INTENTION

The Chairman of the Meeting intends to vote undirected proxies in favour of Items 2a, 2b, 2c, 3, 4 and 5.



Items of business  
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## VOTING EXCLUSIONS

### Item 3 – Remuneration Report

A vote on Item 3 must not be cast (in any capacity) by, or on behalf of:

- a) a member or a former member of the key management personnel (KMP) whose remuneration details are disclosed in Macquarie's 2018 Remuneration Report; or
- b) a closely related party of such a KMP,

unless the vote is cast by a person as proxy for a person entitled to vote in accordance with a direction on the proxy form. A closely related party includes close family members and companies the KMP controls.

This restriction on voting undirected proxies does not apply to the Chairman of the Meeting acting as proxy for a person entitled to vote on Item 3 because Macquarie's proxy appointment expressly authorises the Chairman of the Meeting to exercise undirected proxies.

### Item 4 – Approval of Managing Director's Participation in the Macquarie Group Employee Retained Equity Plan (MEREP)

Macquarie will disregard any votes cast in favour of Item 4 by the Managing Director and Chief Executive Officer (Managing Director) and any of his associates. However, Macquarie need not disregard a vote on Item 4 if:

- a) it is cast by the Managing Director or any associate of the Managing Director as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- b) it is cast by the Chairman of the Meeting, as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

In addition, a vote must not be cast on Item 4 by a member of the KMP of Macquarie, or a closely related party of a KMP, acting as proxy for a person entitled to vote, if their appointment does not specify the way the proxy is to vote on Item 4. This restriction on voting undirected proxies does not apply to the Chairman of the Meeting acting as proxy for a person entitled to vote on Item 4 because Macquarie's proxy appointment expressly authorises the Chairman of the Meeting to exercise undirected proxies.

### Item 5 – Approval of the issue of Macquarie Group Capital Notes 3

Macquarie will disregard any votes cast in favour of Item 5 by or on behalf of any person who participated in the issue of Macquarie Group Capital Notes 3 (MCN3) and any associate of those persons. However, Macquarie need not disregard a vote on Item 5 if:

- a) it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- b) it is cast by the Chairman of the Meeting, as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

### ASX Waiver – Macquarie Group Capital Notes 3

ASX has granted a waiver allowing Macquarie to limit the application of listing rule 14.11 so that votes of a shareholder who participated in the issue of Macquarie Group Capital Notes 3 (Notes Issue) may be counted, to the extent that the holder is acting solely in a fiduciary, nominee, trustee or custodial capacity on behalf of beneficiaries who did not participate in the Notes Issue (the Nominee Holder), on the following conditions:

- a) the beneficiaries provide written confirmation to the Nominee Holder that they did not participate in the Notes Issue, nor are they an associate of a person who participated in the Notes Issue;
- b) the beneficiaries direct the Nominee Holder to vote for or against Item 5; and
- c) the Nominee Holder does not exercise discretion in casting a vote on behalf of the beneficiaries.

By order of the Board



**Dennis Leong**  
Company Secretary

Sydney  
8 June 2018



## NOTICE OF MEETING CONTINUED

### NOTES

#### 1. Proxies

If you cannot attend, you may appoint a proxy to attend and vote for you. A proxy need not be a shareholder of Macquarie. If you are entitled to cast two or more votes, you may nominate two persons to vote on your behalf at the meeting. If two proxies are appointed, each proxy may be appointed to represent a specified number or proportion of your votes. Fractions of votes will be disregarded. If no such number or proportion is specified, each proxy may exercise half your votes.

Votes may be cast 'For' or 'Against' or you may 'Abstain' from voting on a resolution. To direct a proxy how to vote on any resolution, place a mark (e.g. a cross) in the appropriate box on the proxy form or insert the number of shares or percentage of shares that you wish to vote in the appropriate box. A valid voting direction must not exceed the total number of shares held or 100 percent. If you 'Abstain' from voting, your votes will not be counted in computing the required majority on a poll.

For shareholders receiving the Notice of Meeting by post, a proxy form and a reply paid envelope have been included with this Notice of Meeting. Proxy voting instructions are provided on the proxy form.

#### 2. Online Proxy Facility

You may also submit your proxy appointment online at [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)

Login to the Link website using the holding details as shown on your Proxy Form. To use the online lodgement facility, shareholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on your Proxy Form).

You will be taken to have signed the proxy appointment if you lodge it in accordance with the instructions on the website. If you wish to use this facility, you must submit your proxy appointment through the facility by **no later than 10:30 am Australian Eastern Standard Time (AEST) on Tuesday, 24 July 2018**. A proxy cannot be appointed online if they are appointed under a power of attorney or similar authority. If you wish to appoint a second proxy contact Macquarie's share registry, Link Market Services, online or on 1300 554 096 (within Australia) or +61 1300 554 096 (internationally). Please read the instructions for the online proxy facility carefully before you submit your proxy appointment using this facility.

If you receive shareholder communications by email, your Notice of Meeting email will include a link to the online proxy appointment site.

#### 3. Proxy Delivery

Completed proxies must be received by Macquarie's share registry, Link Market Services, online or at Link Market Services Limited, Locked Bag A14, Sydney South, NSW, 1235 (facsimile number +61 2 9287 0309) or at Link Market Services Limited, 1A Homebush Bay Drive, Rhodes, NSW, 2138 or Level 12, 680 George Street, Sydney, NSW, 2000 or at Macquarie's registered office in Sydney, by **no later than 10:30 am (AEST) on Tuesday, 24 July 2018**.

Any revocations of proxies (including online proxy appointments) must be received at one of these places before the commencement of the meeting or at the registration desk at the Hyatt Regency Sydney for the 2018 Annual General Meeting from 9:45 am on the day of the meeting and no later than the commencement of the meeting.

#### 4. Power of Attorney

If a shareholder has appointed an attorney to attend and vote at the meeting, or if the proxy is signed by an attorney, the power of attorney (or a certified copy of the power of attorney) must be received by Macquarie's share registry, Link Market Services, at the addresses or facsimile number in Note 3 above, or at Macquarie's registered office in Sydney, by **no later than 10:30 am (AEST) on Tuesday, 24 July 2018**, unless the power of attorney has been previously lodged with Macquarie's share registry.

#### 5. Corporate Representatives

If a corporate shareholder wishes to appoint a person to act as its representative at the meeting, that person should be provided with a letter or certificate authorising him or her as the company's representative (executed in accordance with the company's constitution) or with a copy of the resolution appointing the representative, certified by a secretary or director of the company. A form of appointment of corporate representative may be obtained from Macquarie's share registry.

#### 6. Shareholders Eligible to Vote

Pursuant to regulation 7.11.37 of the Corporations Regulations 2001 (Cth), the holders of Macquarie's ordinary shares for the purposes of the meeting, will be those registered holders of Macquarie's ordinary shares at **7:00 pm (AEST) on Tuesday, 24 July 2018**.



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## 7. Voting at the Meeting

Voting on each of the proposed resolutions at this meeting will be conducted by poll.

## 8. Conduct of the Meeting

Macquarie is committed to ensuring that its shareholder meetings are conducted in a manner which provides those shareholders (or their proxy holders) who are present at the meeting with the opportunity to participate in the business of the meeting in an orderly fashion and to ask questions about and comment on matters relevant to the business of the meeting or about Macquarie generally. Macquarie will not allow conduct at any shareholder meeting which is discourteous to those who are present at the meeting, or which in any way disrupts or interferes with the proper conduct of the meeting. The Chairman of the Meeting will exercise his or her powers as the Chairman to ensure that the meeting is conducted in an orderly and timely fashion, in the interests of all attending shareholders.

## 9. Questions and Comments by Shareholders

At the meeting, shareholders will be provided with a reasonable opportunity to ask questions about or make comments on the business of the meeting, the management of the Company or about Macquarie Group generally.

PricewaterhouseCoopers, Macquarie's external auditor, will attend the meeting and there will be an opportunity for shareholders to ask questions relevant to the audit.

## 10. Definitions

The terms 'Voting Director' and 'Executive Voting Director' used here and in the Explanatory Notes on Items of Business accompanying this Notice of Meeting have the meaning given in Macquarie's Constitution.

The Voting Directors as at the date of the Notice of Meeting are: Peter H Warne, Gary R Banks, Gordon M Cairns, Michael J Coleman, Patricia A Cross, Diane J Grady, Michael J Hawker, Nicholas W Moore, Glenn R Stevens and Nicola M Wakefield Evans. Mr Moore is the only Executive Voting Director.





# 2

# EXPLANATORY NOTES



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Items 2a, 2b and 2c
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## ITEM 1 – FINANCIAL STATEMENTS

As required by section 317 of the Corporations Act 2001 (Cth) (the Act), the Financial Report, Directors' Report and Auditor's Report of Macquarie Group Limited (Macquarie) and its subsidiaries (Macquarie Group) for the most recent financial year will be laid before the meeting. There will be no formal resolution put to the meeting.

The reports are available on Macquarie's website at [macquarie.com/about/investors/reports](http://macquarie.com/about/investors/reports)

## ITEMS 2A, 2B AND 2C ELECTION OF VOTING DIRECTORS

Voting Directors, Mr PH Warne and Mr GM Cairns retire by rotation and offer themselves for re-election. Mr GR Stevens offers himself for election under Article 9.8 of Macquarie's Constitution. A brief summary of their qualifications and experience is provided below.

### Item 2a – Re-election of Mr PH Warne as a Voting Director retiring by Rotation

#### **Peter H Warne BA (Macquarie), FAICD**

*Independent Chairman since 1 April 2016*

*Independent Voting Director since August 2007 (of Macquarie Bank since July 2007)*

*Chairman of the Board Nominating Committee*

*Member of the Board Risk Committee*

*Member of the Board Remuneration Committee*

#### **Experience**

Peter Warne has extensive knowledge of, and experience in, financial services and investment banking, through a number of roles at Bankers Trust Australia Limited, including as Head of its Financial Markets Group from 1988 to 1999. Mr Warne was a Director of the Sydney Futures Exchange (SFE) from 1990 to 1999 and from 2000 to 2006. He served as Deputy Chairman of the SFE from 1995 to 1999. When the SFE merged with the Australian Securities Exchange (ASX Limited) in July 2006, he became a Director of ASX Limited, a position he still holds. Mr Warne has previously served as Chairman of ALE Property Group from 2003 to 2017 and OzForex Group Limited (now trading as OFX Limited) from 2013 to 2016, and as Deputy Chairman of Crowe Horwath Australasia Limited from 2008 to 2015.

#### **Other current positions**

Mr Warne is a Director of New South Wales Treasury Corporation and a Member of the Macquarie University Faculty of Business and Economics Industry Advisory Board.

Mr Warne's extensive experience and knowledge of investment banking and the financial markets in which Macquarie operates has been of great benefit to Macquarie, particularly in his roles as Chairman of Macquarie and of Macquarie Bank.

Prior to submitting himself for re-election, Mr Warne confirmed that he would continue to have sufficient time to properly fulfil his Director and Chairman duties for Macquarie. In accordance with Macquarie's policy on independence for non-executive directors, the Board (with Mr Warne abstaining) has determined that Mr Warne remains independent.

*The Board (with Mr Warne abstaining) unanimously recommends that shareholders vote in favour of Mr Warne's re-election as an Independent Voting Director.*

### Item 2b – Re-election of Mr GM Cairns as a Voting Director retiring by Rotation

#### **Gordon M Cairns MA (Hons) (Edin)**

*Independent Voting Director since November 2014 (of Macquarie Bank since November 2014)*

*Member of the Board Nominating Committee*

*Member of the Board Remuneration Committee*

*Member of the Board Risk Committee*

#### **Experience**

Gordon Cairns has held a range of management and executive roles throughout his career with Nestle, Cadbury Ltd and Pepsico culminating as Chief Executive Officer of Lion Nathan Limited from 1997 to 2004. He has extensive experience as a company director, including nine years as a non-executive director of Westpac Banking Corporation, where he served on the Board Risk Management and Remuneration Committees.

He also has served as a director on the boards of Lion Nathan Australia Limited and Seven Network Australia Limited, and as Chairman of David Jones Limited and Rebel Group Pty Limited.

#### **Other current positions**

Mr Cairns is Chairman of Woolworths Limited and Origin Energy Limited. He is a Director of World Education Australia.

Mr Cairns' appointment has enhanced the Board's skillset with valuable financial, marketing and operational expertise as well as considerable international executive management and board experience.

Prior to submitting himself for re-election, Mr Cairns confirmed that he would continue to have sufficient time to properly fulfil his Director duties for Macquarie. In accordance with Macquarie's policy on independence for non-executive directors, the Board (with Mr Cairns abstaining) has determined that Mr Cairns remains independent.

*The Board (with Mr Cairns abstaining) unanimously recommends that shareholders vote in favour of Mr Cairns' re-election as an Independent Voting Director.*



## EXPLANATORY NOTES ON ITEMS OF BUSINESS

### CONTINUED

#### Item 2c – Election of Mr GR Stevens as a Voting Director

##### Glenn R Stevens BEc (Hons) (Sydney), MA (Econ) (UWO)

*Independent Voting Director since November 2017 (of Macquarie Bank since November 2017)*

*Member of the Board Nominating Committee*

*Member of the Board Risk Committee*

In accordance with Article 9.7 of Macquarie's Constitution and the Australian Prudential Regulation Authority (APRA) Prudential Standard CPS 520 Fit and Proper, prior to his appointment, Mr Stevens was subject to an assessment of his fitness and propriety to be and act as a Voting Director and was found to be fit and proper by reference to Macquarie's Fit and Proper Policy.

##### Experience

Glenn Stevens worked at the highest levels of the Reserve Bank of Australia (RBA) for 20 years and, as well as developing Australia's successful inflation targeting framework for monetary policy, played a significant role in central banking internationally. Most recently, he was Governor of the Reserve Bank of Australia between 2006 and 2016.

Mr Stevens has also made key contributions to a number of Australian and international boards and committees, including as chair of the Australian Council of Financial Regulators between 2006 and 2016, as a member of the Financial Stability Board and on a range of G20 committees.

##### Other current positions

Mr Stevens has an advisory role at Ellerston Capital's Global Macro Fund and is on the Investment Committee of NWQ Capital Management. He is a Director of the Anika Foundation and the Lowy Institute, Deputy Chair of the Temora Aviation Museum and a volunteer pilot for Angel Flight.

Mr Stevens has brought extensive expertise in, and knowledge of, economic analysis and management and global economies to the Board, which will also benefit from his leadership and management experience from his time as Governor of the Reserve Bank of Australia.

Prior to submitting himself for election, Mr Stevens confirmed that he would continue to have sufficient time to properly fulfil his Director duties for Macquarie. In accordance with Macquarie's policy on independence for non-executive directors, the Board (with Mr Stevens abstaining) has determined that Mr Stevens remains independent.

The Board (with Mr Stevens abstaining) unanimously recommends that shareholders vote in favour of Mr Stevens' election as an Independent Voting Director.



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## ITEM 3 – REMUNERATION REPORT

As required by section 250R(2) of the Corporations Act 2001(Cth) (the Act), a resolution that Macquarie's Remuneration Report be adopted will be put to the vote. Section 250R(3) of the Act provides that the vote on the resolution is advisory. The Remuneration Report is contained within the Directors' Report in Macquarie's 2018 Annual Report on pages 50 to 82. The letter from the Chairman of the Board Remuneration Committee included in the Remuneration Report and an analysis that demonstrates Macquarie's results are aligned to remuneration outcomes for the year are reproduced below.

### Letter from the Chairman of the Board Remuneration Committee

Dear shareholders

On behalf of the Board, I am pleased to present Macquarie's 2018 Remuneration Report. In 2018, Macquarie has continued to deliver strong financial results for shareholders. These results are reflected in Executive Key Management Personnel (Executive KMP) remuneration outcomes.

#### Performance

Our results are driven by the performance and deep expertise of our people, in accordance with our long-held principles of *What We Stand For* – Opportunity, Accountability and Integrity. For FY2018:

- Net profit after tax (NPAT) of \$A2,557 million is up 15% on the prior year
- Return on equity (ROE) of 16.8% has improved from 15.2% in the prior year and
- Earnings per share (EPS) of 758.2 cents per share has increased by 15% on the prior year.

Total compensation has increased by 2%, whereas the total compensation expense to income ratio continued to decline. This reflects the change in business mix, with contribution to net profit from annuity-style businesses increasing from 25% to approximately 70% over the past ten years.

The Board has determined that total awarded profit share for Comparable Executive KMP<sup>1</sup> of \$A100.6 million, representing a 5% increase on the prior year, is appropriate.

The company-wide profit share pool is determined through a bottom-up assessment at both the business group and individual level. This is compared to an internal formula based on Macquarie's after-tax profits and earnings over and above the estimated cost of capital. As in some previous years, the Board exercised its discretion to approve a final pool lower than the amount calculated in accordance with the internal formula.

#### Remuneration approach

Macquarie's remuneration framework continues to support the overarching objective of delivering superior company performance over the short and long-term, while prudently managing risk and reinforcing the *Code of conduct* and *What We Stand For*.

Macquarie has a longstanding and consistent approach to remuneration which has evolved over time. Our approach to remuneration is a partnership where profits are shared between our shareholders and our staff. No significant changes have been made to Macquarie's remuneration structure for this year.

The Board believes this approach is integral to Macquarie's sustained success and creates a strong alignment between staff and shareholders.

Our approach is characterised by:

- an emphasis on performance-based remuneration including consideration of the following factors: financial performance, risk management and compliance, business leadership, people leadership and professional conduct
- comparatively low fixed remuneration
- profit share based on realised after-tax profits
- significant retention and long deferral periods (for example, for the CEO, 80% is retained, vesting over three to seven years). Including Performance Share Units (PSUs), the effective deferral rate for the CEO is 82% for the year.

This approach has been fundamental in attracting, motivating and retaining our people. As a global diversified financial group, our people operate in over 100 different markets, in over 25 countries, with approximately 67% of our income generated outside Australia and 54% of our staff based offshore. We are a regular employer in offshore markets and must look to the international environment when competing for talent. For this reason, we use an international reference group for peer comparison.

#### Conduct

The manner in which our people conduct themselves is crucial to the success of our organisation. Staff are guided by our *Code of conduct* and long-held principles of *What We Stand For* – Opportunity, Accountability and Integrity.

We have consistent and transparent practices in place for managing non-compliance with our policies and our strong risk management framework guides the way all staff are expected to conduct themselves.

(1) Comparable Executive KMP are those KMP who were members of the Executive Committee for the full year in both FY2018 and FY2017.



## EXPLANATORY NOTES ON ITEMS OF BUSINESS

### CONTINUED

We are committed to achieving the highest standards of professional conduct across the organisation. The Board and the Board Remuneration Committee (BRC) take any breaches of policy or other misconduct very seriously. Our deferral periods and significant retention rates enable risk outcomes to be taken into account over long periods.

In 2018, there were 157 (2017: 167) matters involving conduct/policy breaches which resulted in formal consequences. Consequences included additional training, adjustments of performance-based remuneration, impact on promotion, formal warnings and termination. Of the 157 matters, 38 resulted in termination of employment and 119 resulted in a formal warning. In 32 of the 119 matters where a formal warning was issued, the individual subsequently left Macquarie. These matters were considered to be isolated incidents and not systemic.

### Disclosure

As a result of ongoing engagement with shareholders, investors and other external stakeholders, this year we have incorporated additional disclosures on awarded remuneration in our report. The additional disclosures illustrate how profit share awarded for the year is aligned with the current year's performance. In addition, we have included further information on how profit share is determined and allocated, and how our robust consequence management process informs the Board's decision making.

We look forward to receiving your views and support at the 2018 Annual General Meeting.



**Michael Hawker**

*Chairman*

*Board Remuneration Committee*

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### Comparison of performance measures and executive remuneration measures: FY2017-2018

The analysis below details Macquarie's results and demonstrates how these results are aligned to remuneration outcomes for the year.

	Expressed as	2018	2017	Increase/ (Decrease) %
<b>Performance measures</b>				
NPAT	\$Am	<b>2,557</b>	2,217	15
Basic EPS	Cents per share	<b>758.2</b>	657.6	15
Ordinary Dividends	Cents per share	<b>525.0</b>	470.0	12
Return on equity	Percent	<b>16.8</b>	15.2	
Annual TSR <sup>2</sup>	Percent	<b>20.1</b>	44.6	
<b>Executive remuneration measures</b>				
Total Compensation Expense	\$Am	<b>4,221</b>	4,121	2
Compensation Expense to Income ratio	Percent	<b>38.7</b>	39.8	
Average staff headcount		<b>14,048</b>	13,990	–
Actual staff headcount 31 March		<b>14,469</b>	13,597	6
Awarded profit share – CEO	\$Am	<b>18.1</b>	17.3	5
Awarded profit share – Comparable Executive KMP	\$Am	<b>100.6</b>	95.5	5
Statutory Remuneration – CEO	\$Am	<b>19.7</b>	18.7	5
Statutory Remuneration – Comparable Executive KMP	\$Am	<b>119.4</b>	112.9	6

*Noting that each Voting Director has a personal interest in their own remuneration from Macquarie, as described in the Remuneration Report, the Board unanimously recommends that shareholders vote in favour of adopting the Remuneration Report.*

(2) Source: Bloomberg.



## EXPLANATORY NOTES ON ITEMS OF BUSINESS

### CONTINUED

#### ITEM 4 – APPROVAL OF MANAGING DIRECTOR'S PARTICIPATION IN THE MACQUARIE GROUP EMPLOYEE RETAINED EQUITY PLAN (MEREP)

The approval of shareholders is sought to permit Nicholas Moore, Macquarie's Managing Director and Chief Executive Officer (Managing Director), to participate this year, with other executives in the MEREP.

##### Background

This approval is being sought because ASX Listing Rule 10.14 provides that a listed company may only permit a director of the company to acquire newly issued shares or rights to shares under an employee incentive scheme where that director's participation has been approved by an ordinary resolution of shareholders.

The Managing Director is eligible to receive Restricted Share Units (RSUs) under the MEREP. The shares required for this grant are expected to be purchased by the trust established to hold shares for MEREP purposes. Subject to shareholder approval of Item 4 in the Notice of Meeting, shares may instead be issued if purchasing becomes impractical or inadvisable.

The Managing Director is also eligible to receive Performance Share Units (PSUs) that are exercisable subject to performance hurdles. Shareholder approval under ASX Listing Rule 10.14 is being sought so that PSUs may be issued to the Managing Director under the MEREP. Further information on PSUs and the performance hurdles can be found in Appendix A to these Explanatory Notes.

##### Restricted Share Units

Approval is sought to allocate \$13.04 million of the Managing Director's retained 2018 profit share under the MEREP, in the form of RSUs.

The RSUs for which approval is sought will vest over seven years. In all other respects, the RSUs will be subject to the same terms and conditions as RSUs awarded to other Executive Directors with retained profit share allocated under the MEREP. Macquarie's 2018 Remuneration Report includes a summary of these terms and conditions.

The number of RSUs that will be allocated to the Managing Director will be determined by dividing his retained profit share amount to be invested in Macquarie shares (\$13.04 million) (Retained Amount) by the average price at which Macquarie shares are acquired during the Buying Period for the allocation of MEREP awards to other staff with retained profit share for the financial year ended 31 March 2018. For 2018, the Buying Period is expected to run from 14 May 2018 to 29 June 2018 but may be completed earlier or later. The average price is referred to as the Acquisition Price. If shares are issued to fill any shortfall in the number of shares acquired in the Buying Period for the Managing Director and concurrent MEREP offers to other staff, the number of RSUs that will be allocated to the Managing Director will be determined by dividing his Retained Amount by the volume weighted average of the Acquisition Price and the price at which any shares are issued.

The latter will be the volume weighted average price of Macquarie shares traded on the ASX over the 5 trading days up to and including the issue date (Issue Price).

This is consistent with the methodology used for calculating the number of MEREP awards for other staff with retained profit share for the financial year ended 31 March 2018. The number of RSUs to be allocated to the Managing Director will not be known until the Acquisition Price, the Issue Price and/or the volume weighted average of the Acquisition Price and the Issue Price (Blended Price) (as applicable) are calculated at the end of the Buying Period. Macquarie will announce to the market the Acquisition Price, the Issue Price and/or the Blended Price (as applicable) and the number of RSUs to be allocated to the Managing Director, prior to the day of the AGM.

##### Performance Share Units

Approval is sought to allocate Mr Moore \$2.55 million worth of PSUs vesting in two equal tranches after three and four years from the deemed vesting commencement date (1 July 2018), giving an average vesting period of three and a half years. To ensure continued alignment with shareholders post termination, in cases of genuine retirement, PSUs continue to vest in accordance with the above vesting schedule and remain subject to the same performance hurdles. The Board or its delegate has the authority to accelerate the vesting of, or to forfeit, PSUs when the Managing Director leaves Macquarie. The Managing Director's PSUs will be structured as Deferred Share Units (DSUs) which are subject to the performance hurdles described in Appendix A to these Explanatory Notes. A DSU is a right to receive on exercise of the DSU either a share held in the MEREP Trust (Trust) or a newly issued share (as determined by Macquarie in its absolute discretion) for no cash payment, subject to the vesting and forfeiture provisions of the MEREP.

As in previous years, the number of PSUs that will be allocated to the Managing Director will be calculated by dividing \$2.55 million by the fair valuation of a PSU at the date of grant. The fair value of PSUs that may be acquired by the Managing Director is \$2.55 million. The determination of the number of PSUs to be allocated will be deferred until after shareholder approval is received. The fair value per PSU is to be calculated at the date of grant and will be determined using a Monte-Carlo option pricing framework. The Monte-Carlo option pricing framework is a valuation technique that, based on input assumptions, generates thousands of possible outcomes and assigns a value to each.

The values are then averaged and discounted to the present to arrive at the fair value of a PSU. This valuation methodology is also designed to take account of trading period restrictions, the fact that PSUs do not attract dividends and the vesting performance hurdles and timeframes described in Appendix A to these Explanatory Notes. As a result, the fair value of a PSU is lower than the market value of a Macquarie share. The following key assumptions will be adopted in estimating the fair value of the proposed PSUs: a risk free interest rate<sup>3</sup>, share volatility<sup>4</sup> and a forecast Macquarie share dividend yield. The market price of the Macquarie shares for the purpose of this calculation will be

(3) Being the zero coupon yield curve derived from the inter-bank interest rate swap curve as per industry practice for a Monte-Carlo simulation.

(4) Being the actual three year historical volatility of the Macquarie share price.

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the closing market price preceding the date of grant, which is expected to be on or around 15 August 2018.

The table below provides an estimate of the number of PSUs to be granted at varying prices for Macquarie shares. The following assumptions were used in estimating these values: a risk free interest rate of 2.45% per annum, share volatility of 23.12% and a forecast dividend yield of 4.96% per annum (paid in two instalments each year).

Macquarie Share Price	Fair Value of PSU Award	PSU Fair Value (per unit)	Estimated number of PSUs to be granted	Estimated Market Value
\$100	\$2,550,000	\$62.2800	40,944	\$4,094,400
\$105	\$2,550,000	\$65.3940	38,994	\$4,094,370
\$110	\$2,550,000	\$68.5080	37,221	\$4,094,310
\$115	\$2,550,000	\$71.6220	35,603	\$4,094,345

The value of any Macquarie shares that may be received by the Managing Director at a future date as a result of this allocation of PSUs will depend on factors including the extent to which the performance hurdles are achieved and the future price of Macquarie shares when any of these awards become exercisable. Further details regarding PSUs are set out on pages 55 to 56 of the Remuneration Report.

### Executive Voting Director's remuneration

Full details of the Managing Director's remuneration and Macquarie share holdings in respect of the 2018 financial year are shown in Appendix 2 and Appendix 4 (pages 72 to 81) of the Remuneration Report.

### Maximum number of RSUs and PSUs

The maximum number of PSUs that may be acquired by the Managing Director for which shareholder approval is sought will be calculated by dividing \$2.55 million by the fair value of a PSU on the date of grant, as described above. The maximum number of RSUs for which approval is sought will be announced to the market before the AGM.

### Price payable on grant of Restricted Share Units

The effective aggregate price payable by the Managing Director for the RSUs for which shareholder approval is sought is approximately \$13.04 million, being the amount of Mr Moore's 2018 retained profit share to be allocated under the MEREP.

### Price payable on grant of Performance Share Units

The Managing Director will not make any cash payment for the PSUs for which shareholder approval is sought. The PSUs are an incentive mechanism for future performance and can only be exercised subject to satisfaction of the performance hurdles described in Appendix A to these Explanatory Notes.

### Participants under previous approvals

The Managing Director is the only person referred to in ASX Listing Rule 10.14 entitled to participate in the MEREP.

The Managing Director was granted 139,235 RSUs at an assessed value of \$89.25 per share and 47,532 PSUs for nil cash consideration following shareholder approval at the 2017 Macquarie Group Annual General Meeting.

### Terms of any loan relating to the acquisition of shares

No loan is being provided to the Managing Director in relation to the acquisition of shares under the MEREP.

### Date by which grants will be made

The proposed grants of RSUs and PSUs to the Managing Director are expected to be made on or around 15 August 2018 but not later than 30 September 2018, subject to shareholder approval of this Item 4 in the Notice of Meeting.

### Consequences if approval not obtained

If shareholders do not approve the proposed issue of RSUs and PSUs to the Managing Director under Item 4, the proposed grant of RSUs and issue of PSUs to him will not proceed. This may impact Macquarie's ability to incentivise the Managing Director and align his interests with those of shareholders and with the remuneration arrangements of the other Executive Directors. The Board will need to consider alternative remuneration arrangements, which may not be consistent with Macquarie's remuneration principles, including a cash payment.

*The Non-Executive Directors of the Board unanimously recommend that shareholders vote in favour of Item 4 in the Notice of Meeting. Mr Moore, being the Managing Director and Chief Executive Officer, has a material personal interest in the resolution and, therefore, has abstained from providing a recommendation.*



## EXPLANATORY NOTES ON ITEMS OF BUSINESS

### CONTINUED

#### ITEM 5 – APPROVAL OF THE ISSUE OF MACQUARIE GROUP CAPITAL NOTES 3

##### Background

##### Macquarie Group Capital Notes 3 (MCN3)

On 7 June 2018, Macquarie completed the issue of 10,000,000 Macquarie Group Capital Notes 3 at an issue price of \$100 per MCN3. Macquarie also redeemed the Macquarie Group Capital Notes (MCN) on 7 June 2018, with eligible MCN holders invited to reinvest in MCN3. The net proceeds of the MCN3 issuance were used for general corporate purposes. MCN3 qualify as eligible capital for Australian Prudential Regulatory Authority (APRA) purposes. MCN3 were issued to institutional investors, Australian resident retail and high net worth investors and eligible holders of Macquarie securities including MCN.

MCN3 are unsecured, subordinated notes issued by Macquarie. They are non-cumulative and mandatorily convertible into ordinary shares (subject to certain conditions). A summary of the terms of the MCN3 is provided in Appendix B to these Explanatory Notes. A copy of the replacement prospectus containing the full terms of the MCN3 was lodged with the ASX on 15 May 2018 and is also available on Macquarie's website.

##### Reason for seeking approval

In general terms, ASX Listing Rule 7.1 imposes a limit on the number of equity securities (including ordinary shares and convertible securities) that a company can issue or agree to issue without shareholder approval (15% placement capacity) where an exemption to the rule does not apply. Macquarie determined that it was able to issue all of the MCN3 within the 15% limit of its placement capacity and accordingly no shareholder approval was required.

ASX Listing Rule 7.4 provides that an issue of equity securities by a company made pursuant to ASX Listing Rule 7.1 is treated as having been made with approval for the purposes of ASX Listing Rule 7.1, if it is subsequently approved by the company's shareholders.

The effect of approving Item 5 will be to refresh Macquarie's 15% placement capacity under ASX Listing Rule 7.1 so that its capacity would be the same as if the MCN3 had been issued with shareholder approval. If shareholders approve Item 5, Macquarie will have greater flexibility to make future placements of Macquarie shares and other issuances of equity securities to raise funds to meet future needs. Notwithstanding an approval by shareholders of the proposed resolution in Item 5, any future equity raisings will remain subject to the 15% limit set out in ASX Listing Rule 7.1 where an exemption to the limit does not apply.

##### MCN3

The conversion feature of the MCN3 means that MCN3 are "convertible securities" of Macquarie for the purposes of the ASX Listing Rules. For the purposes of calculating the impact on placement capacity under the ASX Listing Rules, ASX has confirmed that the number of ordinary shares to be taken into account is the number that would result if the MCN3 were exchanged on the date before the date of the initial prospectus (7 May 2018). Therefore, using the ordinary share price of \$108.01 as at 4 May 2018, the issue of MCN3 reduced Macquarie's future placement capacity by approximately 2.8% of Macquarie's issued capital unless shareholders approve Item 5 in the Notice of Meeting. Under the terms of the MCN3, approximately 9.4 million Macquarie ordinary shares would have been issued if the conversion had occurred on 4 May 2018.

*The Board unanimously recommends that shareholders vote in favour of Item 5 in the Notice of Meeting.*

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## APPENDIX A – PERFORMANCE SHARE UNITS

Executive Committee members, including the Chief Executive Officer and Managing Director, are the only group of staff eligible to receive Performance Share Units (PSUs), which are subject to forward-looking performance hurdles and are determined with reference to Macquarie's performance as a whole. As such, they provide an additional incentive to Executive Committee members to drive company-wide performance over the long-term over and above their business group responsibilities. PSU awards are a meaningful incentive but are generally not the major element of an Executive Committee member's total remuneration.

Since their introduction, PSUs have been structured as Deferred Share Units<sup>5</sup> with performance hurdles and no right to dividend equivalent payments. There is no exercise price for PSUs.

The PSU hurdles are periodically reviewed by the Board Remuneration Committee (BRC) to ensure they continue to align the interests of staff and shareholders and provide a challenging but meaningful incentive to Executive Committee members. The BRC considers historical and forecast market data, the views of corporate governance bodies, shareholders and regulators as well as market practice. No change has been made to the hurdles for FY2018.

The following table summarises the key terms of PSUs and the performance hurdles:

	EPS CAGR Hurdle	ROE Hurdle
<b>Application</b>	50% of PSU award	50% of PSU award
<b>Performance measure</b>	Compound annual growth rate (CAGR) in EPS over the vesting period (three to four years).	Average annual ROE over the vesting period (three to four years) relative to a reference group of global financial institutions <sup>6</sup>
<b>Hurdle</b>	Sliding scale applies: <ul style="list-style-type: none"> <li>– 50% becoming exercisable at EPS CAGR of 7.5%</li> <li>– 100% at EPS CAGR of 12%.</li> </ul> For example, if EPS CAGR was 9.75%, 75% of the relevant awards would become exercisable.	Sliding scale applies: <ul style="list-style-type: none"> <li>– 50% becoming exercisable above the 50th percentile</li> <li>– 100% at the 75th percentile.</li> </ul> For example, if ROE achievement was at the 60th percentile, 70% of the relevant awards would become exercisable.
<b>Rationale for hurdles</b>	<ul style="list-style-type: none"> <li>– ROE and EPS drive long-term company performance and are appropriate as the Executive Committee can affect outcomes on both measures. In contrast, Total Shareholder Return (TSR) is influenced by many external factors over which executives have limited control.</li> <li>– The approach is consistent with that advocated by APRA in not using TSR as a measure.</li> <li>– Can be substantiated using information that is disclosed in audited financial statements.</li> <li>– A sliding scale diversifies the risk of not achieving the hurdles and provides rewards proportionate to performance for shareholders and is preferable to an all-or-nothing test which some have argued could promote excessive risk-taking.</li> <li>– Designed to reward sustained strong performance and are relatively well-insulated from short term fluctuations. The time frame used for PSUs should also be considered in light of the three to seven year deferral of profit share for members of the Executive Committee.</li> <li>– An international reference group recognises the extent of Macquarie's diversification and internationalisation. At 31 March 2018, total international income represented approximately 67% of Macquarie's total income with approximately 54% of Macquarie's staff located outside Australia.</li> </ul>	
<b>Forfeiture</b>	<ul style="list-style-type: none"> <li>– Malus provisions apply from 2018.</li> <li>– The standard policy is that unvested PSUs will be forfeited upon termination.</li> <li>– To ensure continued alignment with shareholders post termination, in the case of retirement from Macquarie, redundancy, death, serious incapacitation, disability, serious ill-health, or other limited exceptional circumstances, the Board or the BRC has the authority to either accelerate the vesting of PSUs or to permit the PSUs to continue to vest in accordance with the original award schedule and remain subject to the same performance hurdles.</li> <li>– Should a change of control occur, the Board or the BRC has discretion to determine how unvested PSUs should be treated having regard to factors such as the length of time elapsed in the performance period, the level of performance to date and the circumstances of the change in control.</li> </ul>	

(5) A Deferred Share Unit is one of the award types under the Macquarie Group Employee Retained Equity Plan (MEREP). For further details, refer to Note 32 to the financial statements in the Financial Report in Macquarie's 2018 Annual Report.

(6) The reference group for awards made from 2013 is Bank of America Corporation, Barclays PLC, Credit Suisse Group AG, Deutsche Bank AG, Goldman Sachs Group Inc., JP Morgan Chase & Co., Lazard Ltd, Morgan Stanley and UBS AG.



## APPENDIX A – PERFORMANCE SHARE UNITS

### CONTINUED

#### TESTING OF HURDLES

Under both performance hurdles, the objective is examined once only. Testing occurs annually on 30 June immediately before vesting on 1 July, based on the most recent financial year end results available. PSUs that do not meet performance hurdles expire.

The PSUs that vested in July 2017 comprised the second tranche of those granted in 2013 and the first tranche of those granted in 2014. The performance hurdles under each tranche were fully met and 100% of the awards became exercisable. As a result:

PSU tranche	EPS CAGR HURDLE			ROE HURDLE		
	Macquarie result (for vesting period)	Hurdle	Outcome	Macquarie result (for vesting period)	Hurdle	Outcome
<b>2013 Tranche 2</b>	27.20%	7.5%-12%	100% exercisable	12.33%	50% above the 50th percentile <sup>7</sup> 100% at the 75th percentile <sup>7</sup>	100% exercisable
<b>2014 Tranche 1</b>	19.68%	7.5%-12%	100% exercisable	13.01%	50% above the 50th percentile <sup>8</sup> 100% at the 75th percentile <sup>8</sup>	100% exercisable

(7) Peer group ROE at 50th percentile 6.47% and peer group ROE at 75th percentile 9.64%

(8) Peer group ROE at 50th percentile 7.19% and peer group ROE at 75th percentile 9.33%

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## APPENDIX B – SUMMARY OF THE TERMS OF THE MACQUARIE GROUP CAPITAL NOTES 3 (MCN3)

The following is summary only of the terms and conditions of the MCN3. The MCN3 terms are set out in Appendix A of the MCN3 replacement prospectus dated 15 May 2018 (Replacement Prospectus). Capitalised terms used in this summary have the meaning given to them in the Replacement Prospectus. A copy of the Replacement Prospectus can be found at [macquarie.com](http://macquarie.com) or [asx.com.au](http://asx.com.au)

### About MCN3

MCN3 are unsecured, subordinated notes issued by Macquarie Group Limited (MGL). They are non-cumulative and mandatorily convertible (subject to certain conditions). The Issue Price is \$100 per MCN3. MCN3 constitute eligible capital of Macquarie Group which satisfies APRA's regulatory capital requirements.

### Distributions

MCN3 are scheduled to pay floating rate cash distributions quarterly in arrears until all MCN3 are Exchanged, Redeemed or Written-Off. The Distribution Rate is recalculated quarterly based on the Reference Rate plus a margin of 4.00% pa, adjusted for franking.

Distributions are expected to be franked at the same rate as dividends on Ordinary Shares. The level of franking may vary over time and Distributions may be partially, fully or not franked.

Distributions on MCN3 are discretionary, which means MGL can determine not to pay them and they can only be paid if certain payment conditions are met (including that APRA does not object). Distributions are non-cumulative, which means that if a Distribution has not been paid on a Distribution Payment Date then MGL has no obligation to pay an unpaid Distribution at any later date.

If a Distribution is not paid in full within 10 Business Days of a Distribution Payment Date, in most circumstances MGL is restricted from paying any dividend or returning capital on Ordinary Shares until the next Distribution Payment Date.

### Exchange

MCN3 may be Exchanged for a variable number of Ordinary Shares in the following circumstances:

- **Acquisition Event:** MGL will be required to Exchange all MCN3 for Ordinary Shares if an Acquisition Event (broadly, a change of control of MGL by takeover bid, scheme of arrangement or otherwise) occurs, provided certain conditions are met.
  - **Non-Viability Event:** MGL will be required to immediately Exchange all or some MCN3 for Ordinary Shares (or, if Exchange has not occurred for any reason within 5 Business Days, Write-Off all or some MCN3) if a Non-Viability Event occurs. Exchange under these circumstances is not subject to any conditions.
- The maximum number of Ordinary Shares that MCN3 can be Exchanged for is 4.38 per MCN3.
- ### Ranking in a winding up
- In a Winding Up of MGL, MCN3 will rank ahead of Ordinary Shares, equally with Equal Ranking Obligations, but behind all Senior Creditors of MGL.
- However, any return on MCN3 in a Winding Up may be adversely affected or reduced to zero if a Non-Viability Event occurs. If APRA determines that a Non-Viability Event occurs, some or all of the MCN3 are to be Exchanged, or if that does not occur, Written Off.
- **Mandatory Exchange:** All MCN3 are scheduled to be Exchanged on 15 December 2027, unless the Exchange Conditions relevant to that date are not met (in which case, Exchange will be deferred until the next quarterly Distribution Payment Date where the Exchange Conditions are met). The Exchange Conditions (where applicable) are intended to ensure that MCN3 Holders will receive approximately \$101 worth of Ordinary Shares per MCN3 on Exchange (based on the VWAP during the 20 ASX Trading Days before the Exchange Date) and that the Ordinary Shares are capable of being sold on ASX.
  - **Exchange at MGL's option:** MGL may also choose to Exchange all or some MCN3 on 16 December 2024, 16 June 2025 and 15 December 2025 or if there has been a Tax Event or Regulatory Event, provided certain conditions are met.



# Investor Information

## Enquiries

Investors who wish to enquire about any matter relating to their Macquarie Group Limited shareholding are invited to contact the share registry:

### Link Market Services Limited

Level 12, 680 George Street  
Sydney NSW 2000 Australia

Telephone (within Australia): 1300 554 096  
Telephone (internationally): +61 1300 554 096  
Facsimile: +61 2 9287 0309

Email: [macquarie@linkmarketservices.com.au](mailto:macquarie@linkmarketservices.com.au)  
Website: [linkmarketservices.com.au](http://linkmarketservices.com.au)

All other enquiries relating to a Macquarie Group Limited share investment can be directed to:

## Investor Relations

Macquarie Group Limited  
Level 6, 50 Martin Place  
Sydney NSW 2000 Australia

Telephone: +61 2 8232 3333  
Facimile: +61 2 8232 7780

Email: [macquarie.shareholders@macquarie.com](mailto:macquarie.shareholders@macquarie.com)  
Website: [macquarie.com/investors](http://macquarie.com/investors)

## Website

Macquarie's 2018 Annual Report is available on Macquarie's website at: [macquarie.com/about/investors/reports](http://macquarie.com/about/investors/reports)



Macquarie Group Limited  
ACN 122 169 279

## LODGE YOUR VOTE



**ONLINE**  
[www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)



**BY MAIL**  
Link Market Services Limited  
Locked Bag A14  
Sydney South NSW 1235 Australia



**BY FAX**  
+61 2 9287 0309



**BY HAND**  
Link Market Services Limited  
1A Homebush Bay Drive, Rhodes NSW 2138; or  
Level 12, 680 George Street, Sydney NSW 2000



**ALL ENQUIRIES TO**  
Telephone (within Australia): 1300 554 096  
Telephone (International): +61 1300 554 096



**CHANGE OF ADDRESS:** If your address is incorrect, mark this box and make the correction on the form. Shareholders sponsored by a broker (reference number commences with 'X') should advise their broker of any changes.

## LODGE A PROXY FORM

Your Proxy Form must be received by **10:30am (AEST) on Tuesday, 24 July 2018**.

Proxy Forms may be lodged using the reply paid envelope or:



**ONLINE**  
[www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the reverse side of this Proxy Form and postcode for your shareholding).



**BY MOBILE DEVICE**

Our voting website is designed specifically for voting online. You can now lodge your Proxy by scanning the QR code adjacent or enter the voting link [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au) into your mobile device. Log in using the Holder Identifier as shown on the reverse side of this Proxy Form and postcode for your shareholding.

To scan the code you will need a QR code reader application which can be downloaded free of charge on your mobile device.

**QR Code**



## HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

### HOW TO VOTE ON ITEMS OF BUSINESS

All your securities will be voted in accordance with your directions.

### APPOINTMENT OF A PROXY

For important information relating to the appointment of a proxy to vote on your behalf, please refer to Step 1 overleaf.

### Voting 100% of your holding:

Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (subject to the voting restrictions set out in the Notice of Meeting). If you mark more than one box on an item your vote will be invalid on that item.

### Voting a portion of your holding:

Indicate a portion of your voting rights by inserting the percentage or number of shares you wish to vote in the 'For', 'Against' or 'Abstain' box or boxes opposite each item of business. The sum of the votes cast must not exceed your total number of shares or 100%.

### Appointing a second proxy

You are entitled to appoint up to two proxies to attend the Meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of shares for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write the second proxyholders' name and the percentage of votes or number of shares in Step 1 and Step 2 overleaf. If you wish to give your second proxy different voting instructions, an additional Proxy Form may be obtained by telephoning the Share Registry or you may copy this form.

**A proxy need not be a shareholder of the Company.**

### SIGNING INSTRUCTIONS FOR POSTAL FORMS

**Individual:** Where the holding is in one name, the shareholder must sign.

**Joint Holding:** Where the holding is in more than one name, all of the shareholders should sign.

**Power of Attorney:** This Proxy Form and any Power of Attorney must be lodged by 10:30am (AEST) on Tuesday, 24 July 2018. If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Company:** Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held.

### CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Company's share registry, Link Market Services, or online at [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)

**IF YOU WOULD LIKE TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING, PLEASE BRING THIS FORM WITH YOU.  
THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.**



# PROXY FORM

I/We being a member(s) of Macquarie Group Limited (Company) and entitled to attend and vote appoint:

## APPOINT A PROXY

☐ the Chairman of the Meeting (mark box)

OR if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate you are appointing as your proxy

or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the Annual General Meeting of the Company to be held at **10:30am (AEST) on Thursday, 26 July 2018 at Hyatt Regency Sydney, Maritime Ballroom, 161 Sussex Street, Sydney, New South Wales** (the Meeting) and at any postponement or adjournment of the Meeting.

**Important for Items 3 and 4:** If the Chairman of the Meeting is your proxy and you do not direct your proxy to vote 'For', 'Against' or to 'Abstain' on Items 3 and/or 4, you expressly authorise the Chairman of the Meeting to exercise the proxy in respect of Items 3 and 4 (as applicable) even if that item is connected directly or indirectly with the remuneration of a member of the Key Management Personnel of Macquarie. The Chairman of the Meeting will vote undirected proxies in favour of Items 3 and 4.

**The Chairman of the Meeting will vote undirected proxies in favour of Items 2a, 2b, 2c, 3, 4 & 5. If you do not wish for your vote to be cast in this way, you should direct your proxy how to vote.**

## VOTING DIRECTIONS

Proxies will only be valid and accepted by the Company if they are signed and received no later than 10:30am (AEST) on Tuesday 24 July 2018

Please read the voting instructions overleaf before marking any boxes with an ☒

### Items of Business

For Against Abstain\*

For Against Abstain\*

**2a** Re-election of Mr PH Warne as a Voting Director

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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**2b** Re-election of Mr GM Cairns as a Voting Director

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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**2c** Election of Mr GR Stevens as a Voting Director

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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**3** To adopt the Remuneration Report for the year ended 31 March 2018

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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**4** Approval of Managing Director's participation in the Macquarie Group Employee Retained Equity Plan (MEREP)

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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**5** Approval of the Issue of Macquarie Group Capital Notes 3\*\*

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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\* If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

\*\* **Voting on Item 5.** Please refer to the Notice of Meeting for details on voting restrictions and the related ASX waiver for Item 5. If you are a trustee, nominee or custodian who is subject to these voting restrictions, and you are directing your proxy to vote on Item 5, then by signing and lodging this Proxy Form you are confirming to Macquarie Group Limited that the conditions of the ASX waiver referred to in the Notice of Meeting have been satisfied in relation to all security holdings that are the subject of the proxy.

### Appointing a second proxy

I/We wish to appoint a second proxy

State the percentage of your voting rights or the number of shares for this proxy

AND

%

OR

Name of second proxyholder

## SIGNATURE OF SHAREHOLDER(S) – THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Joint Shareholder 2 (Individual)

Joint Shareholder 3 (Individual)

Sole Director and Sole Company Secretary

Director/Company Secretary (Delete one)

Director

Contact Name

Contact Daytime Telephone

Date

/