

Notice of 2015 Annual General Meeting

Macquarie Group Limited

10:30 am on Thursday, 23 July 2015

Sheraton on the Park

Grand Ballroom

161 Elizabeth Street

Sydney, New South Wales

Macquarie Group Limited

ABN 94 122 169 279

50 Martin Place
Sydney NSW 2000
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AUSTRALIA

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4 June 2015



Dear Shareholder

Please find enclosed notice of the 2015 Annual General Meeting of Macquarie Group Limited (Macquarie) which will be held at the Sheraton on the Park, Grand Ballroom, 161 Elizabeth Street, Sydney NSW on Thursday, 23 July 2015. The meeting is scheduled to commence at 10:30 am and will also be webcast live on Macquarie's website at www.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 2015 at the meeting. You are also referred to the comments in Macquarie's 2015 Annual Report, which is available on Macquarie's website, for further information. The meeting will cover the items of business transacted annually, a proposed increase in the maximum aggregate amount of Non-Executive Directors' fees and the ratification of the issue of Macquarie ordinary shares under the capital raising conducted in March 2015.

In addition to the items of business put forward by the Board, an external candidate has put himself forward for election as a Voting Director. Having considered the candidate's nomination against the criteria adopted by the Board for the appointment of Voting Directors and the current maximum Board limit, the Board is recommending that shareholders vote against this election.

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 www.investorvote.com.au or using the enclosed proxy form.

Shareholders are invited to join the Board for light refreshments at the conclusion of the meeting.

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

H Kevin McCann AM
Chairman

Notice of Meeting

The 2015 Annual General Meeting (AGM) of Macquarie Group Limited (ACN 122 169 279) (Macquarie, the Company) will be held at the Sheraton on the Park, Grand Ballroom, 161 Elizabeth Street, Sydney NSW on Thursday, 23 July 2015, at 10:30 am. Registration will commence at 9:45 am.

Ordinary Business

1 Financial Statements

To consider and receive the Financial Report, the Directors' Report and the Auditor's Report of Macquarie for the financial year ended 31 March 2015.

Election of Board Endorsed 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 Election of Mr GM Cairns as a Voting Director

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

That Mr GM Cairns, having been appointed as a Voting Director by the Board since the last Annual General Meeting, be elected as a Voting Director of Macquarie.

Election of Non-Board Endorsed Voting Director

3 Election of External Nominee as a Voting Director

Subject to article 9.7 of the Company's Constitution, to consider and, if thought fit, pass the following as an ordinary resolution:

That Mr SD Mayne, having offered himself for election, be elected as a Voting Director of Macquarie.

4 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 2015.

Special Business

5 Approval of Executive Voting 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.*

Notice of Meeting

continued

6 To increase maximum aggregate Non-Executive Director remuneration

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

That the aggregate annual remuneration of the Non-Executive Voting Directors for acting as Voting Directors, for the years from and including the year commencing 1 July 2015, be increased by \$600,000 from \$4,000,000 to such annual sum, not exceeding \$4,600,000, as the Voting Directors determine, to be divided in accordance with Macquarie's Constitution.

7 Approval of the Issue of Shares under the March 2015 Placement

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

That the issue of 6,802,722 ordinary shares in Macquarie at \$73.50 per share under an institutional private placement in March 2015 (the terms and conditions of which are described in the Explanatory Notes on the Items of Business accompanying the Notice of Meeting convening this meeting), is ratified for all purposes, including for 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 and 4 to 7** and **against Item 3**.

Voting Exclusions

Item 4 – Remuneration Report

A vote on Item 4 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 2015 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 4 because Macquarie's proxy appointment expressly authorises the Chairman of the meeting to exercise undirected proxies.

Item 5 – Approval of Executive Voting Director's participation in the Macquarie Group Employee Retained Equity Plan (MEREP)

Macquarie will disregard any votes cast on Item 5 by the Managing Director and Chief Executive Officer (CEO) and any of his associates. However, Macquarie need not disregard a vote on Item 5 if:

- a) it is cast by the Managing Director and CEO or any associate of the Managing Director and CEO 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 person chairing 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 5 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 5. This restriction on voting undirected proxies does not apply to the Chairman of the Meeting because Macquarie's proxy appointment expressly authorises the Chairman of the meeting to exercise undirected proxies.

Item 6 – To increase maximum aggregate Non-Executive Director remuneration

Macquarie will disregard any votes cast on Item 6 by a Voting Director of Macquarie and any of their associates. However, Macquarie need not disregard a vote on Item 6 if:

- a) it is cast by a Voting Director or any associate of the Voting 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 person chairing 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 6 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 6. This restriction on voting undirected proxies does not apply to the Chairman of the Meeting because Macquarie's proxy appointment expressly authorises the Chairman of the meeting to exercise undirected proxies.

Item 7 – Approval of the Issue of Shares under the March 2015 Placement

Macquarie will disregard any votes cast on Item 7 by any person who participated in the issue and any associate of those persons. However, Macquarie need not disregard a vote on Item 7 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 person chairing 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

ASX has granted a waiver allowing Macquarie to limit the application of listing rule 14.11 so that votes of shareholders who participated in the March 2015 Placement (Placement) may be counted, to the extent only that those holders are acting solely in a fiduciary, nominee, trustee or custodial capacity on behalf of beneficiaries who did not participate in the Placement (the Nominee Holders), on the following conditions:

- a) the beneficiaries provide written confirmation to the Nominee Holders that they did not participate in the Placement, nor are they an associate of a person who participated in the Placement;
- b) the beneficiaries direct the Nominee Holders to vote for or against Item 7; and
- c) the Nominee Holders do not exercise discretion in casting a vote on behalf of the beneficiaries.

By order of the Board



Dennis Leong
Company Secretary
Sydney, 4 June 2015

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. 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. If you wish 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 place a mark in the 'Abstain' box, 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.investorvote.com.au

To use this online proxy facility, you will need to enter your Shareholder Reference Number (SRN) or Holder Identification Number (HIN), postcode and Control Number, 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 (Sydney time) on Tuesday, 21 July 2015**. A proxy cannot be appointed online if they are appointed under a power of attorney or similar authority. The online proxy facility may not be suitable for some shareholders who wish to appoint two proxies with different voting directions or split their votes on an item of business. Please read the instructions for the online proxy facility carefully before you submit your proxy appointment using this facility. If you are a custodian and an Intermediary Online subscriber, you can log on to www.intermediaryonline.com

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

3 Proxy Delivery

Completed proxies must be received by Macquarie's share registry, Computershare Investor Services Pty Limited, online or at GPO Box 242, Melbourne, VIC, 3001 (facsimile number within Australia 1800 783 447 or from outside Australia +61 3 9473 2555) or at Level 4, 60 Carrington Street, Sydney, NSW, 2000 or at Macquarie's registered office in Sydney, by **no later than 10:30 am (Sydney time) on Tuesday, 21 July 2015**. 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 Sheraton on the Park, Sydney for the 2015 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, Computershare Investor Services Pty Limited, 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 (Sydney time) on Tuesday, 21 July 2015**, unless the power of attorney has been previously lodged with Macquarie's share registry for notation.

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 (Sydney time) on Tuesday, 21 July 2015**.

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. Macquarie will not allow conduct at any 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 Chair of the meeting will exercise his or her powers as the Chair to ensure that the meeting is conducted in an orderly and timely fashion, in the interests of all attending shareholders.

9 Definitions

The terms 'Voting Director' and 'Executive Voting Director' have the meanings given in Macquarie's Constitution.

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

Explanatory Notes on Items of Business

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.

The reports are available on Macquarie's website at www.macquarie.com/about/investors/reports

Shareholders will be provided with the opportunity to ask questions about, or make comments on, the reports, management or about Macquarie Group generally but there will be no formal resolution put to the meeting. PricewaterhouseCoopers, Macquarie's external auditor, will attend the AGM and there will be a reasonable opportunity for members as a whole to ask questions relevant to the audit.

Items 2a, 2b and 3 – Election of Voting Directors

There are separate resolutions proposed for the election/re-election of three individuals as Voting Directors of the Company. Mr Warne and Mr Cairns have been endorsed by the Board. The external nominee, Mr Mayne, has not been endorsed by the Board.

In accordance with the Macquarie Constitution, the Board currently has a limit of 10 Voting Directors and there are only vacancies for two Voting Directors to be elected at the meeting.

Accordingly, the Board has resolved the following process to determine which of the three nominated candidates will be elected to fill the two vacancies:

- a) a separate resolution will be put for each candidate standing;
- b) voting on each resolution will be conducted by a poll;
- c) only those candidates who receive more 'For' votes than 'Against' votes will be considered for election as a director and will be elected (subject to them being eligible in accordance with Macquarie's Constitution) if vacancies exist;
- d) if the above process would result in there being a greater number of Voting Directors than the maximum number of 10 currently permitted under Macquarie's Constitution, those eligible candidates with the higher number of 'For' votes will be elected, such that the total number of Voting Directors does not exceed the maximum; and
- e) if there are eligible candidates who have an equal number of 'For' votes, then the one with fewer 'Against' votes will be elected.

Voting Directors' Recommendation

The Board's policy on the appointment of Directors, which is published on Macquarie's website, states that the Board believes that its membership should comprise directors with an appropriate mix of skills, experience and diversity that allow the directors individually, and the Board collectively to:

- discharge their responsibilities and duties under the law effectively and efficiently;
- understand the business of Macquarie and the environment in which the Macquarie Group operates so as to be able to agree with management the objectives, goals and strategic direction which will maximise shareholder value; and
- assess the performance of management in meeting those objectives and goals.

The Board with the assistance of the Board Nominating Committee regularly assesses the skills, experience and diversity required collectively for the Board to effectively fulfil its role. Macquarie's Policy on Board Renewal and Appointment of Directors sets out the fundamental factors relevant to the selection and appointment of new Directors and is available on Macquarie's website at macquarie.com/leadership-corporate-governance

The Board is comprised of highly experienced senior business leaders from a variety of professional backgrounds who each meet the fundamental requirements and, collectively, possess the skills, experience and diversity considered necessary to appropriately govern an ASX-listed global financial services provider.

All three nominated candidates have been assessed by the Board Nominating Committee in accordance with the above criteria adopted by the Board for the appointment of Directors. The Board (with Mr Cairns and Mr Warne abstaining), believes that it is in the best interests of shareholders for Mr Warne and Mr Cairns to be re-elected/elected to fill the two Board vacancies and therefore recommends that shareholders vote against Mr Mayne's election as a Voting Director.

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

Voting Director, Mr Peter H Warne, retires by rotation and offers himself for re-election. A brief summary of his qualifications and experience is provided below.

Peter H Warne BA (Macquarie), FAICD (age 59)

Chairman of the Board Remuneration Committee

Member of the Board Nominating Committee

Member of the Board Risk Committee

Peter Warne joined the Board of Macquarie Group as an Independent Voting Director in August 2007. He was appointed as an Independent Voting Director of Macquarie Bank in July 2007.

Mr Warne was Head of Bankers Trust Australia Limited's (BTAL) Financial Markets Group from 1988 to 1999. Prior to this he held a number of roles at BTAL. Mr Warne was a Director of the Sydney Futures Exchange (SFE) from 1990 to 1999 and then 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.

Currently, Mr Warne is on the boards of other listed entities, including being Chairman of ALE Property Group and Chairman of OzForex Group Limited. He is also a Director of New South Wales Treasury Corporation, a member of the Advisory Board of the Australian Office of Financial Management and a Patron of Macquarie University Foundation.

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.

Prior to submitting himself for re-election, Mr Warne 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 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.

Explanatory Notes on Items of Business

continued

Item 2b – Election of Mr GM Cairns as a Voting Director – Board endorsed

Mr Gordon Cairns offers himself for election, having been appointed as a Voting Director since the last Annual General Meeting. A brief summary of his qualifications and experience is provided below.

Gordon M Cairns MA (Hons) (Edin) (age 64)

Member of the Board Nominating Committee

Member of the Board Remuneration Committee

Member of the Board Risk Committee

Gordon Cairns joined the Boards of Macquarie and Macquarie Bank as an Independent Voting Director in November 2014.

Mr Cairns is currently Chairman of Origin Energy Limited, the Origin Foundation and Quick Service Restaurant Group. In addition he is senior advisor to McKinsey & Co.

Mr Cairns 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 Audit, Risk Management and Remuneration Committees. He has also served as a director on the boards of Lion Nathan Australia Limited, Seven Network Australia Limited, Opera Australia and as the chair of David Jones Limited and Rebel Group Pty Limited.

Mr Cairns has held a range of management and executive roles in Europe, USA and Australasia, culminating as Chief Executive Officer of Lion Nathan Limited.

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

Prior to submitting himself for 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' election as an Independent Voting Director.

Item 3 – Election of External Nominee as a Voting Director – Not Board Endorsed

In accordance with article 9.6 of the Macquarie Constitution, an external non-Board endorsed candidate, Mr Stephen Mayne, offers himself for election. The following statement is based on information provided by Mr Mayne with his nomination, which has not been independently verified by Macquarie.

Stephen Mayne BCom (Melb), GAICD (age 45)

Stephen Mayne is a Walkley Award-winning business journalist who has worked for a range of newspapers, including The Australian Financial Review and The Age, where he was a banking writer.

He is a retail shareholder advocate and spent three years with the Australian Shareholders' Association from 2011 until 2014, serving as a director and then later as Policy and Engagement Co-ordinator.

Mr Mayne was the founder of www.crikey.com.au and currently publishes the corporate governance e-zine www.maynereport.com. Mr Mayne is a serving City of Melbourne councillor, where he chairs the Finance and Governance Committee and is deputy chair of the Planning Committee. Mr Mayne considers that he has the time and experience to serve constructively as a non-executive director of Macquarie Group.

Mr Mayne states that he was motivated to nominate for the Board because he considers that Macquarie and some other listed companies are not being as fair as possible to retail shareholders when raising equity capital, referring to past Macquarie institutional share placements and the terms of the 2015 Macquarie Share Purchase Plan offer.

He also referred to instances of Macquarie acting as underwriter of capital raisings for other ASX listed companies.

Mr Mayne believes that Australia's pre-eminent investment bank needs a director who will strongly advocate for fair treatment of Australian retail investors.

The Board (with Mr Cairns and Mr Warne abstaining), believes that it is in the best interests of shareholders for Mr Warne and Mr Cairns to be re-elected/elected to fill the two Board vacancies and therefore recommends that shareholders vote against Mr Mayne's election as a Voting Director.

Eligibility for Election

Macquarie is regulated by the Australian Prudential Regulation Authority (APRA). APRA's prudential standard, *CPS 520-Fit and Proper*, requires that Macquarie have a fit and proper policy.

Article 9.7 of Macquarie's Constitution provides:

9.7 Fit and proper person

A person is only eligible for appointment or election as a Voting Director if:

- a) the person provides all information and consents the Board reasonably requests to determine if the person is of appropriate fitness and propriety to be and act as a Voting Director by reference to the Fit and Proper Policy and is not disqualified or prevented by law from being a Voting Director, and*
- b) is assessed by the Board as being of appropriate fitness and propriety to be and act as a Voting Director by reference to the Fit and Proper Policy.*

As at the date of this Notice, the Board has not received the information and consents required from Mr Mayne to make a determination under article 9.7. If the required information and consents are not received prior to the meeting, or the Board does not assess Mr Mayne to be of appropriate fitness and propriety, Mr Mayne will not be eligible for election at the meeting.

Explanatory Notes on Items of Business

continued

Item 4 – 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 must be put to the vote.

Section 250R(3) of the Act provides that the vote on the resolution is advisory. However, if 25% or more of the votes are cast against two consecutive annual section 250R(2) resolutions, the Act requires a shareholder vote on whether to convene a special meeting at which all directors (other than a managing director), who were in office when the second 250R(2) resolution was voted on, must stand for re-election.

The Remuneration Report is contained within the Directors' Report in Macquarie's 2015 Annual Report on pages 77 to 114. The Executive Summary is largely reproduced below.

Executive Summary

During the year, the Board and the Board Remuneration Committee (BRC) have reviewed Macquarie's remuneration framework to ensure it continues to meet its overriding objective of delivering superior company performance over the short and long-term, while prudently managing risk. In undertaking this assessment, the Board and the BRC have considered factors including:

- the degree of alignment between staff and shareholders
- the evolving regulatory landscape
- market developments
- feedback from shareholders
- the employment environment
- Macquarie's performance during the year and the performance of each business
- shareholder returns
- the need to balance long-term and short-term incentives.

The Board is of the view that Macquarie's remuneration approach continues to create a strong alignment of staff and shareholders' interests, while prudently managing risk.

The remuneration framework seeks to attract, motivate and retain exceptional people, while aligning their interests with those of shareholders. It is comprised of fixed remuneration, a profit share scheme, and for Macquarie's most senior executives, the Executive Committee, Performance Share Units (PSUs). The framework should be considered as an integrated whole. The components that make up the integrated remuneration framework are explained below.

Macquarie's remuneration structure emphasises performance-based remuneration, with an appropriate balance between short and longer-term incentives, and an alignment with prudent risk-taking.

Fixed remuneration for senior staff remains low relative to comparable roles in other organisations, although it is sufficient to avoid inappropriate risk-taking. Moreover, it is low as a proportion of overall remuneration. In 2015, fixed remuneration for Macquarie's 13 Executive Committee members comprised approximately eight per cent of total remuneration. The balance remains at risk and is explicitly linked to performance.

Performance-based remuneration in the form of profit share is aligned with company performance. The profit share pool is determined annually using the twin measures of net profit after tax (NPAT) and return on ordinary equity (ROE), measures which are known to be drivers of returns to shareholders. A portion of Macquarie's profit earned accrues to the profit share pool. Once the cost of equity capital is met, an additional portion of excess profit is accrued to the profit share pool. In addition, the NEDs of the Board have the discretion to change the quantum of the profit share pool to reflect internal and external factors if deemed in the interests of Macquarie and shareholders. As has occurred in previous years, not all of the profit share pool has been paid to employees in the current year.

Profit share is allocated to Macquarie's businesses and, in turn, to individuals, based predominantly on performance. Performance criteria vary depending on an individual's role including:

- financial performance
- risk management and compliance
- business leadership
- people leadership including upholding Macquarie's *Code of conduct*.

The Board also seeks to ensure that remuneration for staff whose primary role is risk and financial control, including the CRO and the CFO, preserves the independence of the function and maintains Macquarie's robust risk management framework.

Performance-based remuneration is delivered in ways that encourage a longer-term perspective and ensure alignment with shareholders' longer-term interests and staff retention. In turn, this encourages staff to maximise profit without exposing Macquarie to risk or behaviours that jeopardise long term profitability or reputation. To achieve this outcome, a significant portion of performance-based remuneration is:

- retained and deferred over a long period (for example, the retention rate for the CEO's profit share allocation is 70 per cent, retained for up to seven years). Including PSUs, the effective deferral rate for the CEO is 74 per cent for this year
- delivered in equity
- subject to forfeiture in certain circumstances.

Performance-based remuneration in the form of PSUs are allocated to Executive Committee members based on their performance, using criteria similar to those used for profit share. PSUs vest in equal tranches after three and four years and are exercisable subject to the achievement of two performance hurdles linked to earnings per share (EPS) and ROE, with no retesting.

Other conditions apply that seek to align staff and shareholder interests. All Executive Directors are subject to a minimum shareholding requirement which can be satisfied through the delivery of equity under the current remuneration arrangements. This aligns shareholder and staff interests and provides the strongest incentive to staff to maximise long term profitability and shareholder returns.

Macquarie prohibits staff from hedging any of the following types of securities:

- shares held to satisfy the minimum shareholding requirement
- deferred and unvested awards to be delivered under the equity plan, the MEREP, including PSUs.

Staff can only trade Macquarie ordinary shares and other securities during designated trading windows.

Macquarie's remuneration outcomes are aligned to business results and shareholder returns.

Macquarie has delivered strong financial results for shareholders while appropriately managing remuneration for staff. The Board is of the view that the remuneration outcomes for senior executives are appropriately aligned to their businesses' performance, Macquarie's performance and the interests of shareholders.

To demonstrate the link between pay and performance, a comparison of performance measures and executive remuneration outcomes allows shareholders to see how the remuneration for Executive Key Management Personnel (KMP) is aligned with performance. The analysis below shows that CEO remuneration has increased in line with the increase in NPAT and EPS. Remuneration outcomes for other Executive KMP varied according to their individual performance and the performance of their business. Total remuneration for Comparable Executive KMP, including the CEO, has not increased to the same extent as NPAT and EPS, which reflects the way that performance takes a range of factors into consideration.

Explanatory Notes on Items of Business

continued

Comparison of performance measures and executive remuneration measures: FY2014 – FY2015

		2015	2014	Increase/ (Decrease)%
Performance measures				
NPAT	\$Am	1,604	1,265	27
Basic EPS	Cents per share	502.3	383.6	31
Ordinary dividends	Cents per share	330.0	260.0	27
Total dividends	Cents per share	330.0	376.0 ⁽¹⁾	(12)
Return on equity	Per cent	14.0	11.1	
Annual TSR ⁽²⁾	Per cent	38.9	66.0	
Executive remuneration measures				
Total Compensation Expense	\$Am	3,891	3,505	11
Compensation Expense to Income ratio	Per cent	41.9	43.1	
Average staff headcount		14,086	13,796	2
Actual staff headcount		14,085	13,913	1
Statutory Remuneration – CEO	\$Am	16.50	13.08	26
Statutory Remuneration – Comparable KMP ⁽³⁾	\$Am	90.82	76.05	19

(1) Includes the special dividend component of 116 cents per share in relation to the SYD distribution in January 2014.

(2) TSR represents the accumulated share price return when all cash dividends are reinvested at the ex-dividend date.

(3) Comparable KMP are Executive KMP who were members of the Executive Committee for the full year in both FY2015 and FY2014.

In addition, Macquarie's performance has been strong relative to peers, particularly over the longer-term.

Strong remuneration governance continues to be exercised.

The Board and the BRC remain committed to strong remuneration governance structures and processes. Strict processes are in place to ensure that conflicts of interest are appropriately managed. The BRC makes recommendations to the NEDs on key decisions including the remuneration outcomes for all Executive Committee members.

An independent remuneration review has also been obtained from an independent consultant, Pay Governance, to provide an opinion on the appropriateness of Macquarie's remuneration arrangements.

NED fees take into account market rates for relevant Australian financial organisations and reflect the time commitment and responsibilities involved within the shareholder approved aggregate limit.

In summary, Macquarie's overall approach to remuneration supports the overarching objective of delivering superior company performance over the short and long term, while prudently managing risk.

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.

Item 5 – Approval of Executive Voting 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 acquired on-market by the trust established to hold shares for MEREP purposes. If no shares are issued for these RSUs, shareholder approval will not be required for the grant of RSUs to the Managing Director. If shareholders approve Item 5, shares may 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 \$10.04 million of the Managing Director’s retained 2015 profit share under the MEREP, in the form of RSUs.

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 2015 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 (\$10.04 million) (Retained Amount) by the average price at which Macquarie shares are acquired on-market during the Buying Period for the allocation of MEREP awards to other staff with retained profit share for the financial year ended 31 March 2015. For 2015, the Buying Period is expected to run from 18 May 2015 to 10 July 2015, except during the pricing period for the Macquarie Dividend Reinvestment Plan (26 May 2015 to 11 June 2015), but may be completed sooner 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 staff other than the Managing Director, 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 in respect of any shares that are purchased and the price at which any shares are issued, which 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 2015. 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) is 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 date of the AGM.

Explanatory Notes on Items of Business

continued

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 2015), 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) with 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.

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 maximum 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 value of a PSU. This valuation methodology is also designed to take account of trading period restrictions and the vesting performance hurdles and timeframes described in Appendix A to these Explanatory Notes. The following key assumptions will be adopted in estimating the value of the proposed PSUs: a risk free interest rate⁽¹⁾, share volatility⁽²⁾ and a forecast Macquarie share dividend yield. The market price of the Macquarie shares for the purpose of this calculation will be the closing market price preceding the date of grant, which is expected to be on or around 17 August 2015.

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 2.22 per cent per annum, share volatility of 23.2 per cent and a forecast dividend yield of 4.77 per cent per annum (paid in two installments each year).

Macquarie Share Price	Value of PSU Award	PSU Value ⁽³⁾ (per unit)	PSUs to be granted
\$90	\$2,550,000	\$55.4250	46,008
\$85	\$2,550,000	\$52.3459	48,714
\$80	\$2,550,000	\$49.2667	51,759
\$75	\$2,550,000	\$46.1875	55,209
\$70	\$2,550,000	\$43.1083	59,153

Further details regarding PSUs are set out on pages 85 to 87 of the Remuneration Report.

⁽¹⁾ Being the zero coupon yield curve derived from the inter-bank interest rate swap curve as per industry practice for a Monte-Carlo simulation.

⁽²⁾ Being the actual three year historical volatility of the Macquarie share price.

⁽³⁾ The calculation is based on the standard eight year life of a DSU/PSU.

Executive Voting Director's remuneration

Full details of the Managing Director's remuneration and Macquarie share holdings in respect of the 2015 financial year are shown in Appendix 2 and Appendix 3 (pages 102 to 113) of the 2015 Annual 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, together with the Acquisition Price, the Issue Price and/or the Blended Price, as applicable.

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 \$10.04 million, being the amount of Mr Moore's 2015 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 117,102 RSUs at an assessed value of \$59.56 per share and 84,920 PSUs for nil cash consideration following shareholder approval at the 2014 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 17 August 2015 but not later than 30 September 2015, subject to shareholder approval of Item 5 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 5, 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 approve Item 5 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 6 – Maximum Aggregate Non-Executive Director Remuneration

Shareholder approval is sought to increase the maximum aggregate remuneration paid to non-executives of the Board by \$600,000 from \$4.0 million to \$4.6 million per annum. No Executive Voting Director receives fees for their services as a Director.

Shareholder approval is sought under article 9.10 of Macquarie's Constitution and ASX Listing Rule 10.17.

Background

Macquarie's Non-Executive Directors (NEDs) are remunerated for their services from a maximum aggregate amount (currently \$4.0 million per annum) approved by shareholders for that purpose. The current limit of \$4.0 million was approved by Macquarie shareholders at Macquarie's 2010 AGM. Although fees have been split between Macquarie and Macquarie Bank, the Board ensures that Non-Executive Director remuneration for Macquarie and Macquarie Bank taken together does not exceed this shareholder approved amount. Total NED remuneration for the year ended 31 March 2015 was about \$3.6 million.

Unlike Macquarie executives, Non-Executive Directors are not granted equity, nor are they eligible to receive bonus payments. To align the interests of the Board with shareholders, the Board has a minimum shareholding requirement for NEDs. Under the minimum shareholding requirement, NEDs are required to progressively acquire over a period of five years from the date of their appointment a minimum of 6,000 shares in Macquarie. The Chairman is required to acquire and obtain a minimum holding of 12,000 shares in Macquarie, within three years from their appointment as Chairman. No Macquarie securities have been issued to any NED under ASX Listing Rule 10.11 or 10.14 with the approval of shareholders at any time within the preceding three years from the date of this Notice.

Non-Executive Directors do not receive payments on their retirement from office other than payments accruing from superannuation contributions comprising part of their remuneration. Details of Macquarie's approach and the amount of remuneration paid to NEDs are in the Remuneration Report contained within the Directors' Report, in Macquarie's 2015 Annual Report.

Non-Executive Directors are remunerated via Board and Committee fees which are reviewed annually. Macquarie's disclosed Board base fees and Committee fees are inclusive of statutory superannuation. Macquarie's approach to Non-Executive Director remuneration is to set Board and Board Committee fees reflecting the time commitment and responsibilities involved, taking into account market rates for relevant Australian financial organisations and market trends. An external review is conducted periodically both as verification of the market comparison and also to provide observations concerning the continuing validity of the methodology.

Why is an increase being proposed?

Increasing demands on NEDs given Macquarie's growth in its operations

There are increasing demands on NEDs given Macquarie's growth in its operations, in particular its international operations. The Board travels to various Macquarie overseas offices annually and the Chairman also visits other Macquarie overseas operations at least annually. Since the financial year ended 31 March 2010:

- international income has increased from 52% of total income to 70%
- assets under management have increased from \$326b to \$486b, and
- operating income has increased from \$6.6b to \$9.3b.

Continuing increase in regulatory initiatives has increased the responsibilities and time commitment of NEDs

Each NED of Macquarie is also a director of Macquarie Bank. The Macquarie Board is responsible for promoting the long-term health and prosperity of the Macquarie Group and the Macquarie Bank Board is responsible for focusing exclusively on Bank specific issues. The continuing increase in regulatory initiatives, including prudential regulatory developments, has increased the responsibilities and time commitment of NEDs.

Board succession planning transitional arrangements

Since 2010, the number of NEDs on the Macquarie Board has increased from seven to nine. Board succession planning remains a focus for the Macquarie Board to ensure that it maintains, collectively, the skills, experience and diversity considered necessary to appropriately govern an ASX-listed global financial services provider.

Capacity to respond to changes to market rates for NEDs

The Board is comprised of highly experienced senior business leaders. The ability to recruit and retain high calibre directors requires sufficient capacity to respond to changes to market rates for NEDs as required.

During 2014, the Board determined that Board member base fees be increased for both Macquarie and Macquarie Bank to \$175,000 and \$70,000 respectively from \$165,000 to \$65,000 respectively and Committee fees should remain unchanged. Board member base fees were last increased in 2010. Board Risk, Remuneration, Audit and Nominating Committee fees have remained unchanged since 2010. When the responsibilities of the Board Corporate Governance Committee, now the Board Governance and Compliance Committee, were expanded, fees were increased from \$45,000 to \$57,500 for the Committee Chairman and \$18,000 to \$25,000 for other Committee members.

An increase in the current fee pool is sought to:

- provide sufficient capacity and flexibility to respond to future needs as discussed above, and
- allow for the capacity to pay fees for additional work on behalf of Macquarie such as special Board sub-committees and participation in Group wide projects which require significant extra time over and above a NEDs anticipated regular responsibilities.

With Non-Executive Directors noting their interests in the matter, the Board unanimously recommends that shareholders approve the increase in the maximum aggregate Non-Executive Director remuneration.

Explanatory Notes on Items of Business

continued

Item 7 – Approval of the Issue of Shares under the March 2015 Placement

General

In March 2015, Macquarie completed a placement of 6,802,722 ordinary shares (Placement Shares) at a price of A\$73.50 per share to assist with the funding of the acquisition of a portfolio of aircraft under operating leases from AWAS Aviation Capital Limited. The Placement Shares were issued to certain institutional investors following a book build and ranked pari passu with existing ordinary shares on issue.

Information regarding the acquisition was lodged with the ASX on 4 March 2015 in the *Aircraft Portfolio Acquisition and Capital Raising Presentation to Investors and Analysts* which is also available on Macquarie's website.

Why is Macquarie seeking shareholder approval?

In general terms, ASX Listing Rule 7.1 imposes a limit on the number of equity securities (including ordinary shares) that a company can issue or agree to issue without shareholder approval (15% placement capacity) where an exemption to the rule does not apply. The issue of Placement Shares was made within this 15% placement capacity pursuant to Listing Rule 7.1.

ASX Listing Rule 7.4 provides that an issue of shares 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.

Macquarie is seeking shareholder approval under ASX Listing Rule 7.4 for the issue of the Placement Shares to maintain greater flexibility to raise funds up to the 15% limit to meet future needs during the next twelve months, without the costs and delay of convening a general meeting of the Company. The requirement to obtain shareholder approval for any future issue of equity securities, before the issue, could limit Macquarie's ability to take advantage of future market opportunities that may arise.

If shareholder approval is obtained for the issue of the Placement Shares, Macquarie will have the flexibility to issue further securities under its 15% placement capacity as set out in ASX Listing Rule 7.1. The effect of approving Item 7 will be to refresh Macquarie's 15% placement capacity so that it would be the same as if the Placement Shares had not been issued.

Notwithstanding an approval by shareholders of the proposed resolution in Item 7, any future equity raisings would remain subject to the 15% limit set out in ASX Listing Rule 7.1.

The Board unanimously recommends that shareholders vote in favour of this resolution.

Appendix A – Performance Hurdles of PSUs

Performance hurdles for PSUs

PSUs issued under the MEREP become exercisable upon the achievement of two performance hurdles, each applying individually to 50 per cent of the total number of each tranche of PSUs awarded.

The following table provides a summary of the hurdles:

	EPS CAGR Hurdle	ROE Hurdle
Application to PSU awards	50 per cent	50 per cent
Performance measure	Compound annual growth rate (CAGR) in EPS over the vesting period (three to four years).	Relative average annual return on ordinary equity over the vesting period (three to four years) compared with a reference group of global peers ⁽¹⁾
Hurdle	Sliding scale applies: <ul style="list-style-type: none"> – 50 per cent becoming exercisable at EPS CAGR of 7.5 per cent – 100 per cent at EPS CAGR of 12 per cent. For example, if EPS CAGR was 9.75 per cent, 75 per cent of the relevant awards would become exercisable. For awards made prior to 2013, the EPS CAGR hurdle range was 9 per cent to 13 per cent.	Sliding scale applies: <ul style="list-style-type: none"> – 50 per cent becoming exercisable above the 50th percentile – 100 per cent at the 75th percentile. For example, if ROE achievement was at the 60 th percentile, 70 per cent of the relevant awards would become exercisable.
Rationale for hurdles	<ul style="list-style-type: none"> – ROE and EPS are considered appropriate measures of performance as they drive longer-term company performance and are broadly similar to the performance measures Macquarie uses for determining the annual profit share pool – ROE and EPS are appropriate for the Executive Committee because they can affect outcomes on both measures. In contrast, Total Shareholder Return (TSR) is influenced by many external factors, including market sentiment, over which executives have limited control – ROE and EPS can be substantiated using information that is disclosed in audited financial statements – the use of a sliding scale diversifies the risk of not achieving the hurdles, 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 – the approach is consistent with that advocated by APRA in not using TSR as a measure – being three and four year average measures from 2012 and aligned with the vesting period, Macquarie's performance hurdles 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. <p>Use of an international peer group recognises the extent of Macquarie's internationalisation. At 31 March 2015 approximately 70 per cent of Macquarie's income and approximately 54 per cent of Macquarie's staff were offshore.</p>	

⁽¹⁾ The reference group comprises Macquarie's major international investment banking peers with whom Macquarie competes and frequently compares its performance. The reference group for awards made from 2013 is Barclays PLC, Bank of America Corporation, Credit Suisse Group AG, Deutsche Bank AG, Goldman Sachs Group Inc., JP Morgan Chase, Lazard Ltd, Morgan Stanley and UBS AG. The reference group for awards made prior to 2013 comprised Bank of America Corporation, Citigroup Inc, Credit Suisse Group AG, Deutsche Bank AG, Goldman Sachs Group AG, JP Morgan Chase, Morgan Stanley and UBS AG as well as significant Australian commercial banks within the ASX 100 (ANZ Group Limited, Commonwealth Bank of Australia, National Australia Bank Limited, Westpac Banking Corporation and Suncorp Metway Limited).

Appendix A – Performance Hurdles of PSUs

continued

Testing of hurdles

Under both performance hurdles, the objective is examined once only. Testing occurs at the calendar quarter end immediately before vesting, based on the most recent financial year end results available. If the condition is not met when examined, the PSUs due to vest will not be exercisable upon vesting.

The PSUs which vested in July 2014 comprised the third tranche of those granted in 2010 and the second tranche of those granted in 2011. Both tranches did not become fully exercisable due to the performance hurdles not being fully met. As a result:

PSU Tranche	EPS CAGR Hurdle			ROE Hurdle		
	Macquarie result (for vesting period)	Hurdle	Outcome	Macquarie result (for vesting period)	Hurdle	Outcome
2010 Tranche 3	4.6%	At 9%	0% exercisable	7.9%	> 50th percentile rank	56% exercisable
2011 Tranche 2	10.7%	At 9%	72% exercisable	7.8%	> 50th percentile rank	56% exercisable

PSUs that did not meet performance hurdles expired.

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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:

Computershare Investor Services Pty Limited

GPO Box 2975
Melbourne VIC 8060 Australia
Telephone: +61 3 9415 4137
Freecall: 1300 554 096
Facsimile: +61 3 9473 2500
Online: www.investorcentre.com/contact
Website: www.computershare.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
Facsimile: +61 2 8232 7780
Email: macquarie.shareholders@macquarie.com
Website: www.macquarie.com/investors

Website

Macquarie's 2015 Annual Report is available on Macquarie's website at:
www.macquarie.com/about/investors/reports





Macquarie Group Limited
ACN 122 169 279

Lodgement of a Proxy Form:

Online:
www.investorvote.com.au

By Mail:
Computershare Investor Services Pty Limited
GPO Box 242
Melbourne Victoria 3001 Australia

In Person
Share Registry:
Computershare Investor Services Pty Limited
Level 4, 60 Carrington Street
Sydney NSW 2000 Australia

Alternatively you can fax your form to:
1800 783 447 (within Australia)
+61 3 9473 2555 (outside Australia)

**For Intermediary Online Subscribers only
(Custodians)**
www.intermediaryonline.com

For all enquiries call:
1300 554 096 (within Australia)
+61 3 9415 4137 (outside Australia)

Proxy Form



Lodge your proxy

- Go to www.investorvote.com.au
- To use this online facility you will need to enter the Control Number, your Shareholder Reference Number (SRN) or Holder Identification Number (HIN) and postcode, as shown on this Proxy Form. You will be taken to have signed your proxy if you lodge it in accordance with the instructions on the website. A proxy cannot be appointed electronically if they are appointed under a power of attorney or similar authority.

Your access information that you will need to vote:

Control Number:

SRN/HIN:

PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

Your proxy must be received by 10:30 am (Sydney Time) on Tuesday, 21 July 2015

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 both proxyholders' names 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: 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.

Companies: 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.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the help tab, "Printable Forms".

GO ONLINE TO VOTE
or turn over to complete the form ➔

☐

Change of address. If your address is incorrect, mark this box and make the correction in the space to the left. Shareholders sponsored by a broker (reference number commences with 'X') should advise their broker of any changes.

Proxy Form

Please mark ☒ to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

I/We being a member/s of Macquarie Group Limited ('Macquarie') hereby appoint

☐

the Chairman of the Meeting **OR**



PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the Annual General Meeting of Macquarie Group Limited to be held at the Sheraton on the Park, Grand Ballroom, 161 Elizabeth St, Sydney NSW on Thursday, 23 July 2015 at 10:30 am and at any adjournment of that meeting.

Important for Items 4,5 & 6: 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 4,5 & 6 you expressly authorise the Chairman of the Meeting to exercise the proxy as the Chairman decides, in respect of Items 4,5 & 6 (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 4,5 & 6. If you do not wish for your vote to be cast in this way, you should direct your proxy how to vote on Items 4,5 & 6.

STEP 2 Items of Business



PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

ORDINARY BUSINESS

For Against Abstain

The Chairman of the Meeting intends to vote undirected proxies FOR Items 2a and 2b					
2a	Re-election of Mr PH Warne as a Voting Director – <u>Board Endorsed</u>				
2b	Election of Mr GM Cairns as a Voting Director – <u>Board Endorsed</u>				
The Chairman of the Meeting intends to vote undirected proxies AGAINST Item 3					
3	Election of External Nominee Mr SD Mayne as a Voting Director – <u>Not Board Endorsed</u>				
The Chairman of the Meeting intends to vote undirected proxies FOR Item 4					
4	To adopt the Remuneration Report of Macquarie for the year ended 31 March 2015				

SPECIAL BUSINESS

The Chairman of the Meeting intends to vote undirected proxies FOR Items 5-7					
5	Approval of Executive Voting Director's participation in the Macquarie Group Employee Retained Equity Plan (MEREP)				
6	Maximum Aggregate Non-Executive Director Remuneration				
7	Approval of the Issue of Shares under the March 2015 Placement *				

* **Voting on Item 7:** Please refer to the Notice of Meeting for details on voting restrictions and the related ASX waiver for Item 7. 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 7, 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

AND

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

%

OR

Name of second proxyholder

SIGN Signature of Shareholder(s)

This section must be completed.

Individual or Shareholder 1

Sole Director and Sole Company Secretary

Shareholder 2

Director

Shareholder 3

Director/Company Secretary

Contact
Name

Contact
Daytime
Telephone

Date

/ /