Directors' Report – Remuneration Report for the financial year ended 31 March 2011

Cont	ents	;			
Executive summary					78
Intro	duc	tion			80
1	Macquarie's remuneration framework remains sound and is continuing to deliver against				
	objectives				80
	1.1	Macqu	uarie's remu	uneration framework has undergone incremental changes	80
	1.2	Remu	neration arra	angements continue to play a critical role in delivering results for shareholders	81
		1.2.1	Relative pe	erformance has been reasonably strong but under pressure	82
		1.2.2	Staff reten	ntion is increasingly challenging	87
2	However, some remuneration-related challenges need to be addressed				88
	2.1 Continued focus on governance by Governments and regulators				88
	2.2	2.2 Strong competition for talent			
3	The	refore,	Macquarie	e is enhancing its remuneration arrangements while ensuring its overall	
				ach remains in place	90
	3.1	The re	muneration	structure continues to emphasise performance-based remuneration	93
	3.2	Remu	neration is li	inked to the drivers of shareholder returns	94
	3.3	Direct	long-term a	alignment with shareholder interests is emphasised	96
		3.3.1	Profit shar	re arrangements – delivery of profit share	96
		3.3.2	Investmen	nt of retained profit share	97
		3.3.3	Income or	n invested retained profit share	98
		3.3.4	Release of	f retained profit share – normal vesting	99
		3.3.5	Forfeiture	of retained profit share whilst employed – 'Malus'	99
		3.3.6	Early vesti	ng and release of retained profit share	99
			Disqualifyii		100
			Tax events		100
				shareholding requirement for Executive Directors	100
				e plans encourage broader staff equity participation – Employee share plan	101
		3.3.11		nce share units (PSUs)	101
			3.3.11.1	Determination and allocation of the PSUs	101
			3.3.11.2	Vesting Schedule	101
		0.0.46	3.3.11.3	Performance hurdles for Executive Committee PSUs	101
		3.3.12		while discontinued, remain outstanding	103
			3.3.12.1	General terms of option arrangements	103
		0 0 10	3.3.12.2	Performance hurdles for Executive Committee options	103 104
	0.4		·	l contractual termination payments	
	3.4		-	ce has been exercised	104
		3.4.1	Ü	pard oversight exists to ensure sound overall remuneration governance	104
		3.4.2		sessed as part of the profit share allocation process endent remuneration review has been undertaken	106 107
	0 5				
	3.3	3.5.1		rectors continue to be recognised for their role utive Director remuneration policy	108 108
				d Committee fees	108
				shareholding requirement for Non-Executive Directors	109
۸۵۵	and:				110
Appendices: Key Management Personnel disclosures Appendix 1: Key Management Personnel					
					110
Appendix 2: Remuneration disclosures					111 116
	Appendix 3: Share and option disclosures				
Appendix 4: Loan disclosures					126
App	endi	x 5: Ot	her disclos	sures	128