

For staff below Executive Director, the revised retention arrangements reflect increasing retention percentages applying to higher levels of profit share allocations, as follows:

Staff below Executive Director

Profit Share Allocation	Percentage retained – 2011¹
\$A0 – \$A50,000	Nil
\$A50,001 – \$A200,000	25%
\$A200,001 – \$A500,000	35%
Above \$A500,000	40%

¹ For certain staff, the percentage of profit share allocations that is retained is higher, up to a maximum of 70 per cent.

If the calculated retention is less than \$A10,000, no amount will be retained.

The Board also has discretion to change the percentage of profit share allocation retained to meet exceptional circumstances that may arise when a staff member moves between jurisdictions. The Board would consider changing the retention level where local laws impact the application of the transitional arrangements.² These adjustments are to ensure that Executive Directors are in a similar situation and not disadvantaged due to local restrictions, to the extent possible.

3.3.2 Investment of retained profit share

Executive Director retained profit share is invested in a combination of Macquarie shares under the equity plan (MEREP), and Macquarie-managed fund equity notionally invested under the Post-2009 DPS Plan. For most other staff, retained profit share is invested in Macquarie shares under the MEREP. The following table shows the current percentage allocation of retained profit share that is invested in the Post-2009 DPS Plan and the MEREP, depending on the staff member's role:

Role	Post-2009 DPS Plan (notional investment in Macquarie-managed fund equity)	MEREP (Macquarie shares)
Managing Director and Chief Executive Officer, Deputy Managing Director, CFO and CRO, General Counsel	20%	80%
Group Head, Macquarie Funds Group	50%	50%
Other Executive Committee members	10%	90%
Executive Directors with Funds responsibilities	Minimum of 50% to a maximum of 75% depending on role	Minimum of 25% to a maximum of 50% depending on role
Other Executive Directors	10%	90%
Staff other than Executive Directors ³	Nil	100%

³ Invested in a combination of Macquarie shares and Macquarie-managed fund equity for a select group of directors whose primary role relates to the management of the funds business.

Both the MEREP and the DPS Plan are fundamental tools in Macquarie's retention and alignment strategies, encompassing both long-term retention arrangements and equity holding requirements.

The Board or the BRC has discretion to review the percentage allocated to the Post-2009 DPS Plan and the MEREP on an annual basis to reflect an individual Executive Director's responsibilities and to strengthen shareholder alignment for Macquarie and the Macquarie-managed funds.

In limited circumstances, and only with the approval of the BRC, the allocation of retained profit share may be in other than the Post-2009 DPS Plan or the MEREP. An example might include investment in funds or products of a specific business group where there is a view to directly align the interests of employees with those of their clients.

² Under the remuneration arrangements approved by shareholders in December 2009, Executive Directors were given the choice of leaving their pre-2009 retained profit share in the pre-2009 DPS Plan, or move some of these amounts into the new arrangements (Transitioned Amounts).