

# Directors' Report – Remuneration Report

## for the financial year ended 31 March 2012

### continued

#### 1.3.1 Key features of the remuneration system

Key area	Executive Committee <sup>1</sup> and Designated Executive Directors	Other Executive Directors	Staff other than Executive Directors
Amount of profit share retained	A minimum of 50 per cent up to a maximum of 70 per cent (70 per cent for the Macquarie Group Managing Director and CEO, 50 per cent for the Macquarie Bank Managing Director and CEO)	A minimum of 40 per cent up to a maximum of 70 per cent	A minimum of 25 per cent up to a maximum of 70 per cent dependent on certain thresholds
How retained profit share is invested (Refer 1.3.2)	Invested in a combination of Macquarie shares and notionally invested in Macquarie-managed fund equity  Investment mix will vary depending on an individual's role	Invested in a combination of Macquarie shares and notionally invested in Macquarie-managed fund equity  Investment mix will vary depending on an individual's role	Invested in Macquarie shares <sup>2</sup>
Vesting and release of retained profit share	All retained amounts vest and are released from three to seven years after the year retained (see also forfeiture below)	All retained amounts vest and are released from three to five years after the year retained (see also forfeiture below)	All retained amounts vest and are released from two to four years after the year retained
Forfeiture of retained profit share whilst employed (Refer 1.3.3)	Board discretion to apply Malus in certain circumstances	Board discretion to apply Malus to certain Executive Directors, as identified by the BRC	Board discretion to apply Malus to certain staff, as identified by the BRC
Forfeiture of retained profit share on leaving (Refer 1.3.4-1.3.5)	Unvested amounts are forfeited except in the case of death, permanent disability, genuine retirement, redundancy and other limited exceptional circumstances  Retained profit share is forfeited in stages if a 'disqualifying event' occurs within two years of leaving	Unvested amounts are forfeited except in the case of death, permanent disability, genuine retirement, redundancy and other limited exceptional circumstances  Retained profit share is forfeited in stages if a 'disqualifying event' occurs within two years of leaving	Unvested amounts are forfeited except in the case of death, permanent disability, genuine retirement, redundancy and other limited exceptional circumstances
PSUs (Refer 1.3.6)	Granted to Executive Committee members only, which will vest after years three and four subject to achievement of performance hurdles	n/a	n/a
Minimum Shareholding Requirement	Required to hold the deemed after-tax equivalent of 10 per cent of all of their profit share allocations over the last 10 years (five years for Designated Executive Directors) in Macquarie shares (which can be satisfied by the requirements of the profit share retention policy)	Required to hold the deemed after-tax equivalent of 10 per cent of all of their profit share allocations over the last five years in Macquarie shares (which can be satisfied by the requirements of the profit share retention policy)	n/a

<sup>1</sup> Includes both the Managing Director and CEO of Macquarie and the Managing Director and CEO of Macquarie Bank.

<sup>2</sup> 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.

Additional detail is set out in the following sections in regard to certain remuneration arrangements as referenced above.