

Key theme	Macquarie current practice	Incremental change
Disclosure	<ul style="list-style-type: none"> — Compliant with the requirements for the Remuneration Report — Compliant with APRA and FSA requirements 	<ul style="list-style-type: none"> — First FSA disclosures completed during FY2012 — Awaiting Pillar 3 (APRA) — Early adoption in 2012 Remuneration Report of additional disclosure for the Managing Director and CEO of past, present and future conditional remuneration
Shareholder 'Say on Pay' / 2 strikes	<ul style="list-style-type: none"> — 98.22 per cent vote in favour of the Remuneration Report at 2011 AGM 	<ul style="list-style-type: none"> — No change
Termination benefits	<ul style="list-style-type: none"> — Shareholder approval for remuneration arrangements 	<ul style="list-style-type: none"> — No change

In addition to the external pressures set out above, difficult market conditions have also tested Macquarie's remuneration system during the year. FY2012 has been a period of economic uncertainty which has seen some of Macquarie's businesses severely impacted by macroeconomic conditions, primarily the European debt crisis, the US debt downgrade and the overall risk-aversion in the market. As a result there has been a high degree of disparity within each business' contribution to profit during the year. Macquarie's annuity style businesses have performed strongly, whilst some of the capital market-facing businesses have been impacted by challenging market conditions which have had an impact on client volumes and margins. Within the capital market-facing businesses, there has again been a high degree of disparity in performance where some groups and teams have performed well compared to others.

Macquarie's remuneration framework (including the exercise of some degree of discretion) has responded effectively to both the overall decline in performance and the differential business performance, with total performance-based remuneration being down on the prior year, and with profit share allocations being highly differentiated by individual contribution and results.