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## Note 6

### Earnings per share continued

#### Options

Options granted to employees under the Macquarie Group Employee Share Option Plan (MGESOP) are considered to be potential ordinary shares and have been included in the calculation of diluted earnings per share to the extent to which they are dilutive.

There are no outstanding options as at 30 September 2014.

#### Macquarie Group Employee Retained Equity Plan

In December 2009, the Company's shareholders approved the implementation of the Macquarie Group Employee Retained Equity Plan (MEREP).

Vested MEREP awards are considered to be ordinary shares and have been included in the determination of basic and diluted earnings per share from their date of vesting.

Unvested MEREP awards are considered to be potential ordinary shares and have been included in the calculation of diluted earnings per share to the extent they are dilutive. Included in the balance of weighted average shares are 4,407,964 (31 March 2014: 3,990,619; 30 September 2013: 3,700,731) awards that were vested, lapsed or cancelled during the period. As at 30 September 2014, a further 463 (31 March 2014: nil; 30 September 2013: 19,500) MEREP awards have not been included in the balance of weighted average unvested MEREP awards on the basis that they are not considered to be dilutive.

#### Exchangeable Shares

The exchangeable shares on issue (refer note 16 - Contributed equity) are considered to be ordinary shares and have been included in the determination of basic and diluted earnings per share from their date of issue.

#### Exchangeable Capital Securities

On 26 March 2012, MBL, acting through its London Branch, issued US\$250 million of Exchangeable Capital Securities (ECS).

Subject to certain conditions being met, the ECS will be exchanged for a variable number of fully paid MGL ordinary shares on 20 June 2017, or on any interest payment date thereafter, with exchange to occur no later than 20 June 2057. The ECS may also be exchanged earlier on an acquisition event (where a person acquires control of MBL or the Company), where MBL's common equity Tier 1 capital ratio falls below 5.125 per cent, or where APRA determines MBL would be non-viable without an exchange or a public sector injection of capital (or equivalent support).

The number of MGL ordinary shares that would be issued on an exchange based on the current share price is 5,167,993 (31 March 2014: 5,067,970; 30 September 2013: 5,884,804).

The ECS have not been included in the determination of basic earnings per share and have been included in diluted earnings per share from their date of issue to the extent to which they are dilutive based on the conversion features measured using 30 September 2014 as the conversion date.

#### Macquarie Group Capital Notes

In June 2013, Macquarie issued six million MCN at face value of \$100 each. These instruments are non-cumulative and unsecured and may be resold, redeemed on 7 June 2018, 7 December 2018 or 7 June 2019 (subject to certain conditions being satisfied) or mandatorily converted into Macquarie ordinary shares (subject to certain conditions being satisfied) on 7 June 2021. In the event that the MCN do not convert and are not redeemed or resold, they will continue until such time as the conditions are met and the securities mandatorily convert.

The MCN have not been included in the determination of basic earnings per share and have been included in diluted earnings per share from their date of issue to the extent to which they are dilutive based on the conversion features measured using 30 September 2014 as the conversion date.