



Macquarie Group Limited

2009 Annual General Meeting

29 July 2009





Disclaimer

This presentation has been prepared by Macquarie Group Limited (Macquarie) ABN 94 122 169 279. This presentation is general advice only and does not take account of your objectives, financial situation or needs. Before acting on general advice you should consider the appropriateness of the advice having regard to these matters. Information, including forecast financial information, should not be considered as a recommendation in relation to holding, purchasing or selling securities or other instruments. While due care has been used in the preparation of forecast information, actual results may vary in a materially positive or negative manner. Forecasts and hypothetical examples are subject to uncertainty and contingencies outside the control of Macquarie. Past performance is not a reliable indication of future performance.



Macquarie Group Limited

2009 Annual General Meeting

29 July 2009



Kevin McCann AM, Acting Chairman



Global financial market turmoil in 2008 – 09

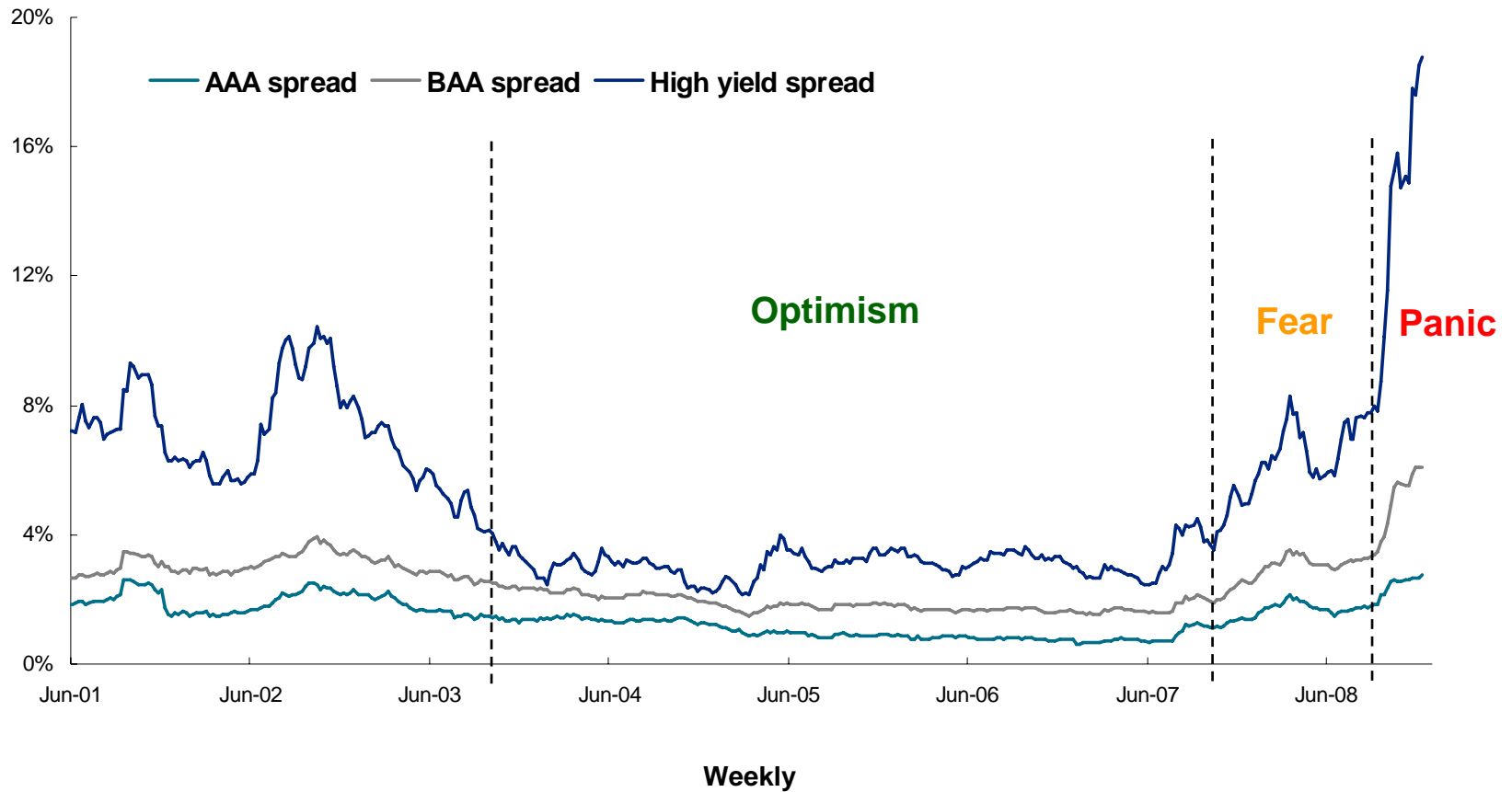
- Market conditions in FY09 were exceptionally challenging
 - Significant volatility and market decline particularly in Nov 08 and Feb 09
- Crisis of confidence followed the collapse of Lehman Bros
- In Sep 08, the financial crisis crossed over to the wider economy
- Global regulatory bodies responded to this crisis through capital injections and guarantees of bank deposits & wholesale funding
- Australian banking system, while affected, remained sound



Global financial market turmoil in 2008 – 09

US credit spreads

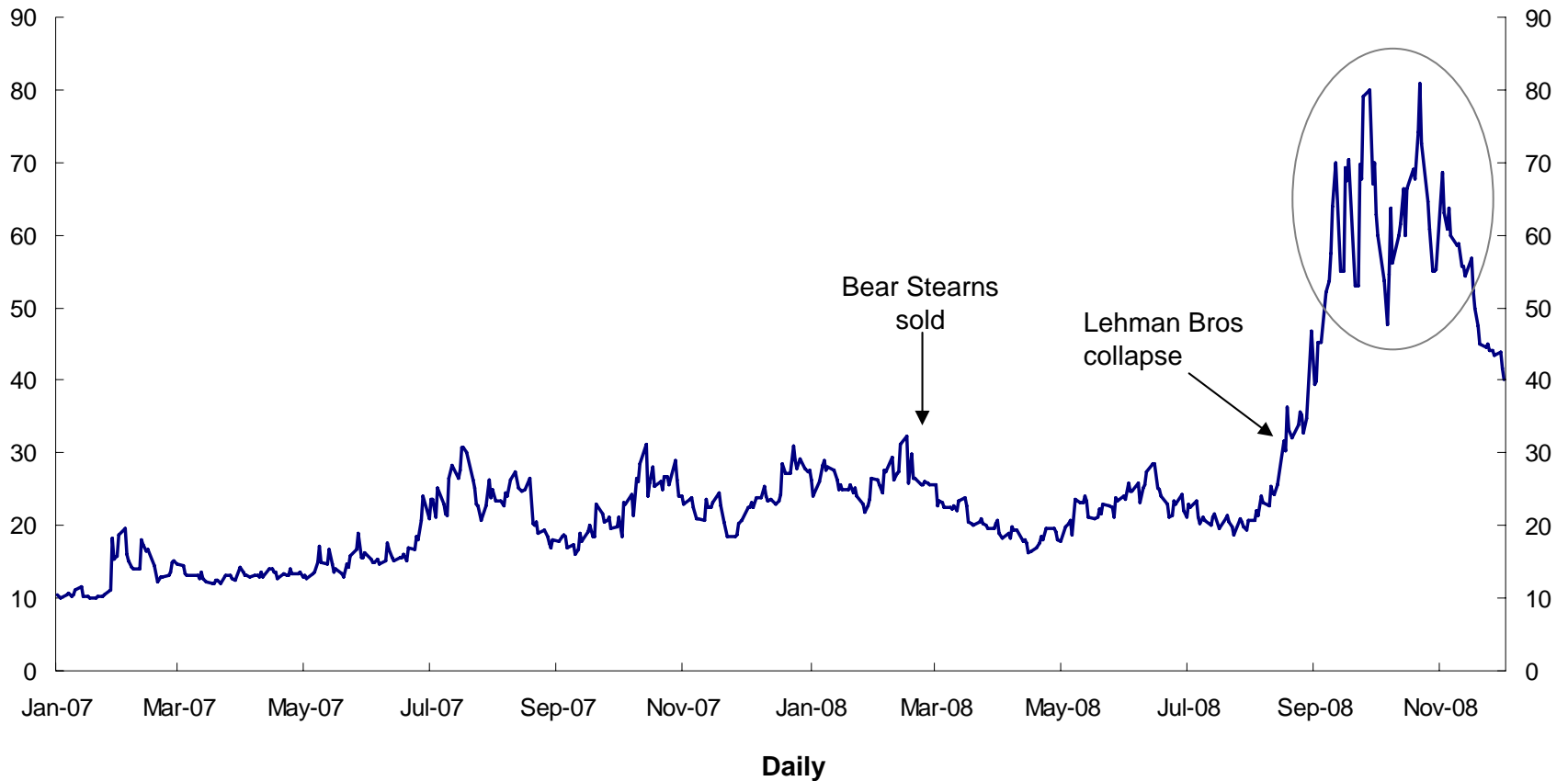
% p.a. over 10 yr Treasuries





Level of fear highlighted by extreme volatility in financial markets

VIX Volatility "Fear" Index





The crisis crossed over to the wider economy

Meltdown: for housing, the worst is yet to come

BusinessWeek
11 February 2008

Credit on the edge

BusinessWeek
28 February 2008

Twin twisters - Fannie Mae, Freddie Mac and the market chaos

The Economist
19 July 2008

World on the edge

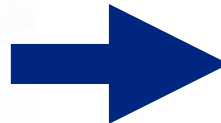
The Economist
4 October 2008

Recession fears fuel worldwide asset sell-off

Financial Times
11 October 2008

The new hard times

Time
13 October 2008

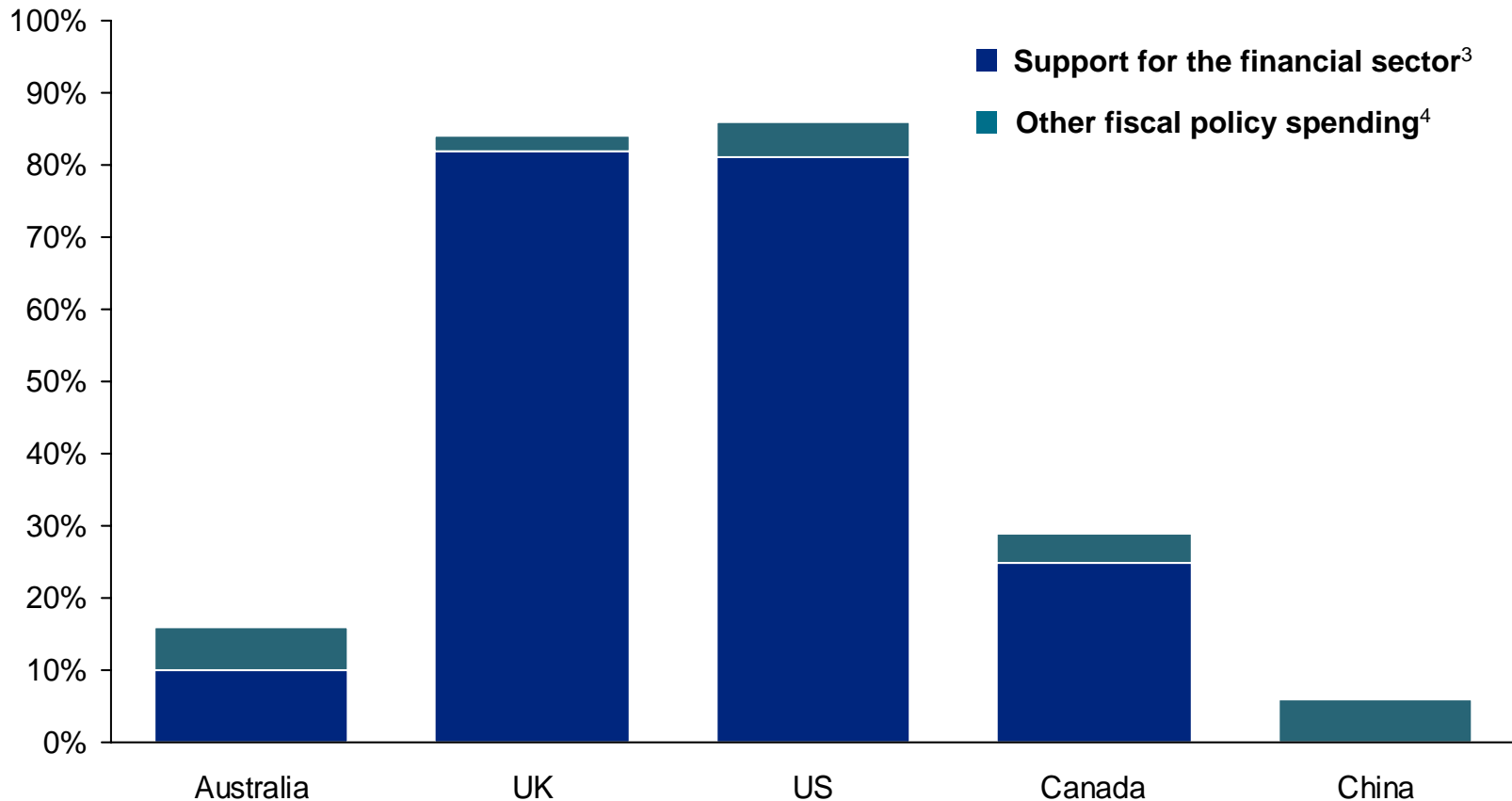




Global policy response: Large scale injections of public funds and fiscal stimulus

Total fiscal stimulus announced/introduced since the crisis began¹

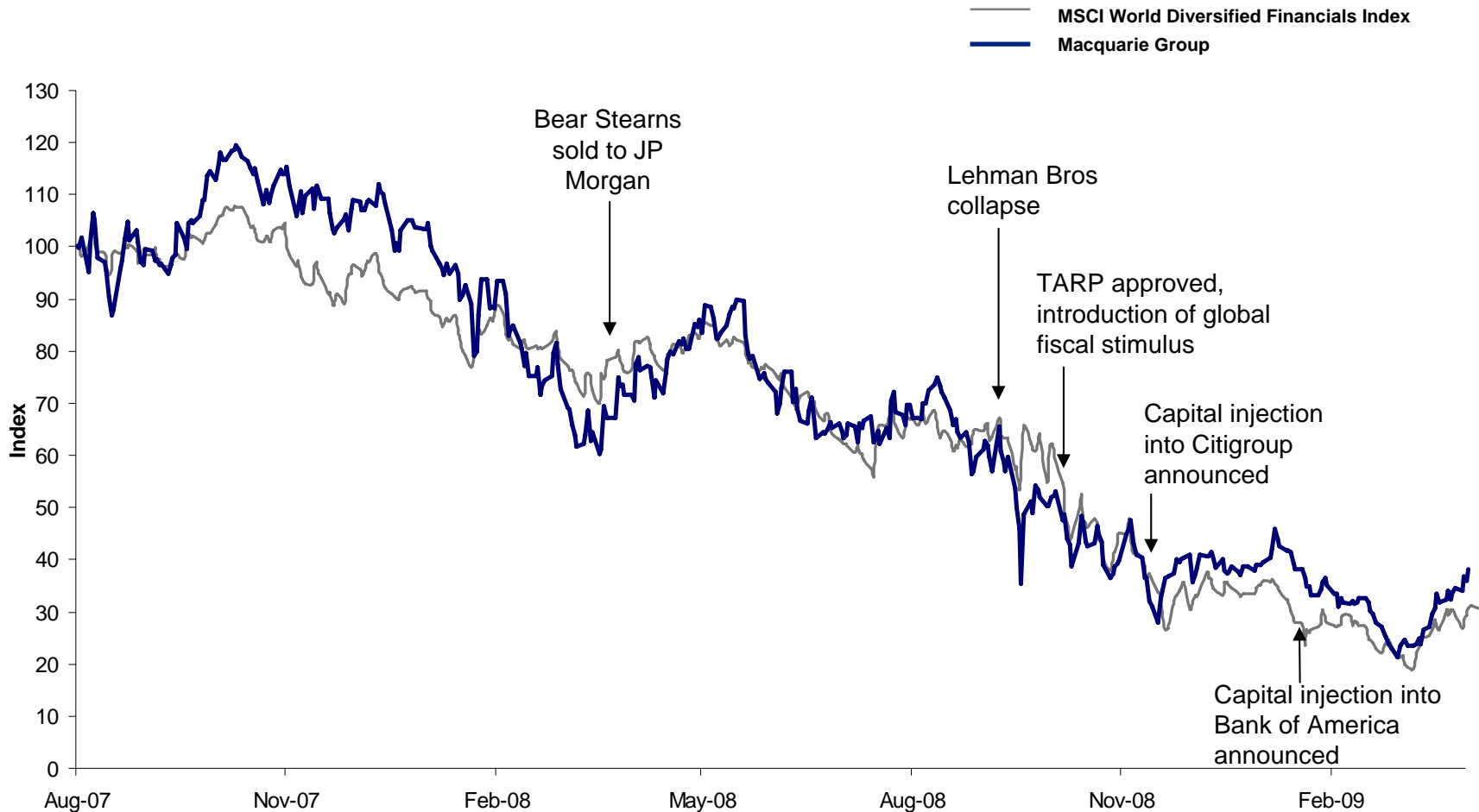
% of GDP²



1. Source: IMF 2. Local GDP for CY07 3. Includes capital injections, purchase of assets and lending by treasury and other contingent commitments such as guarantees and Central Bank support with Treasury backing 4. Includes fiscal policies such as tax cuts and budgets for infrastructure spending



During this period, Macquarie's share price has largely tracked global financials





Despite this, Macquarie remained profitable

- Macquarie Group remained profitable - \$A871m, down 52% on pcp
 - Results marked by a significant number of one-off items including \$A2.5b of write-downs which in most part relate to our co-investments alongside investors
- Total operating income \$A5.5b, down 33% on pcp
- Employment expenses down \$A1.8b or 44% on pcp
- EPS \$A3.10, down 54% on pcp
- ROE 9.9%, down from 23.7% in pcp
- Total dividend for FY09 is \$A1.85 per share, reflecting a 60% payout ratio for the full year



Strong risk management remains at the core of Macquarie

- Long-standing, stable approach to risk over 30 years
- The essence of risk lies in Macquarie Group business management culture
- This approach is embedded in business unit management and business ownership of risk
- Seek a clear analysis of the risks before taking decisions
- Apply a worst case approach to size all risk types
- Determine aggregate risk appetite by assessing risk relative to earnings more than by reference to capital
- This approach is supported by a central Risk Management Group



Board matters



- David Clarke
- Chairs of Board sub-committees
- Nicholas Moore
- Laurie Cox



Macquarie remains well placed for continuing evolution

- Too soon to call an end to the crisis but confidence appears to be returning to the market
- Opportunities to grow market share
- Capable, experienced team
- Proven track record of successfully strengthening the business through tough markets
- Strong balance sheet to support business growth initiatives



Macquarie Group Limited

2009 Annual General Meeting

29 July 2009





Macquarie Group Limited

**Overview of Result Announcement
for the year ended 31 March 2009**

**Annual General Meeting
29 July 2009**

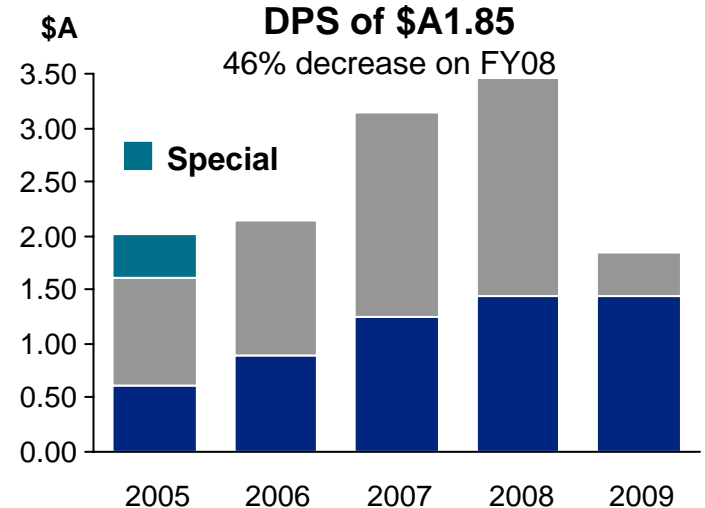
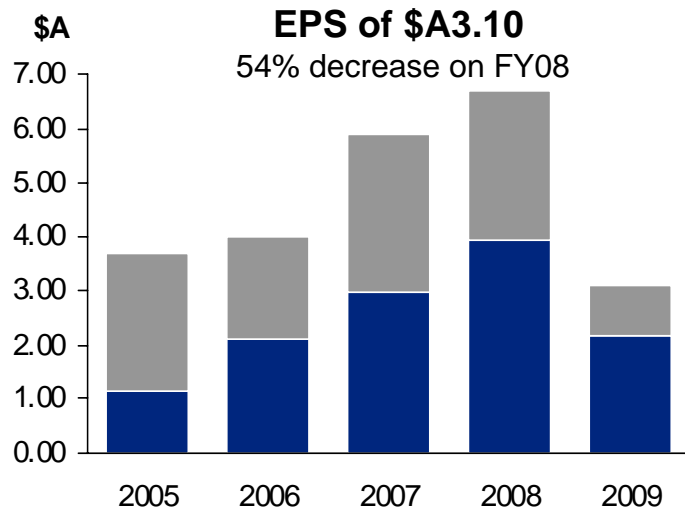
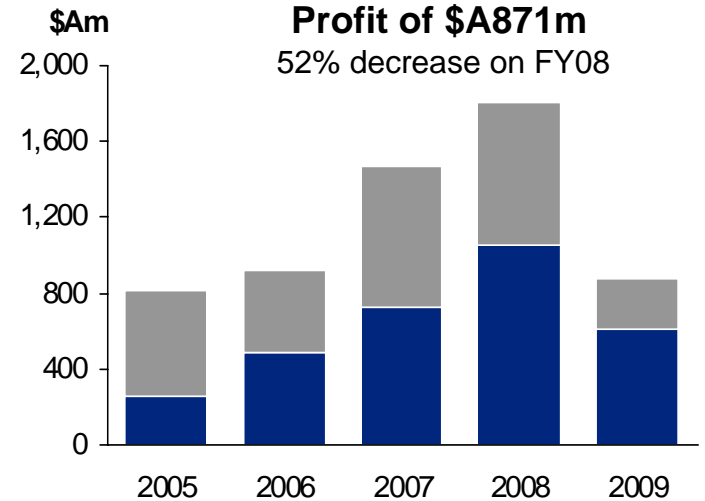
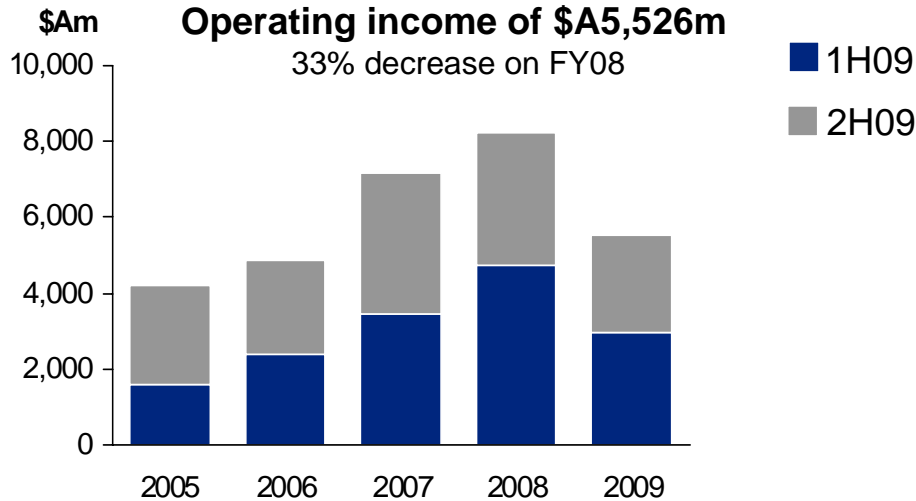


Nicholas Moore, Managing Director and Chief Executive Officer



Financial performance

Full year ended 31 March 2009





Diversified by region

International income¹ 52% of total
 International staff 43%² of total

EUROPE, MIDDLE EAST & AFRICA³

Income: \$A916m
 (20% of total)



ASIA PACIFIC

Income: \$A1,072m
 (24% of total)



AMERICAS

Income: \$A359m⁵
 (8% of total)



AUSTRALIA

Income: \$A2,207m
 (48% of total)

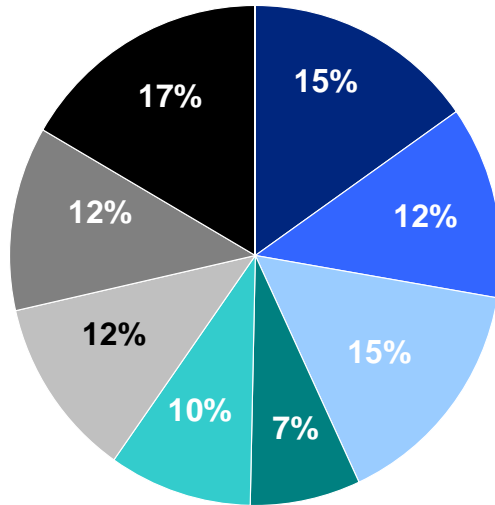
1. Income for year to 31 Mar 09. Income in each region excludes earnings on capital and other corporate items. 2. Based on staff number as at 31 Mar 09. 3. Excludes staff in Macquarie First South joint venture. 4. Staff seconded to joint venturer not included in official headcount (Moscow: Macquarie Renaissance, Savannah: Medallist). 5. Contribution for the year to 31 Mar 09 impacted by impairments and equity accounted losses. Contribution for the year to 31 Mar 08 included significant asset realisations



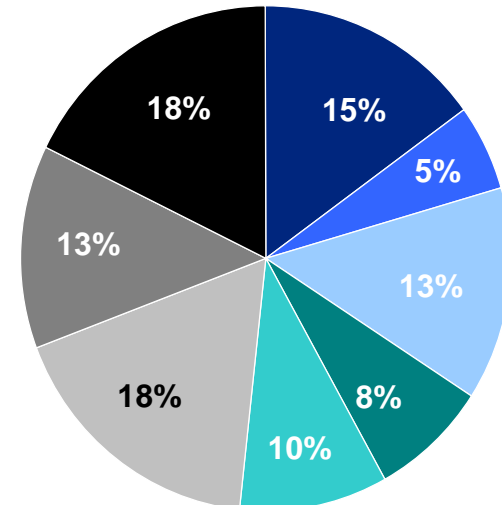
Diversified income Operating income by source

Operating income (before loan provisions, impairment charges, equity accounted losses and one-off items of income) down 14% on pcp

6 mths to 30 Sep 08
\$A4.1b



12 mths to 31 Mar 09
\$A7.6b



■ Lending, leasing and margin related income

■ Commodities, resources and foreign exchange

■ Asset and equity investments

■ Third party M&A and advisory income

■ Institutional and retail cash equities

■ Equity derivatives

■ Macquarie-managed funds (includes base and performance fees, M&A advisory and underwriting and asset sales)

■ Securities funds management and administration



Extreme conditions resulted in one-off costs, equity losses & provisions of \$A2.5b

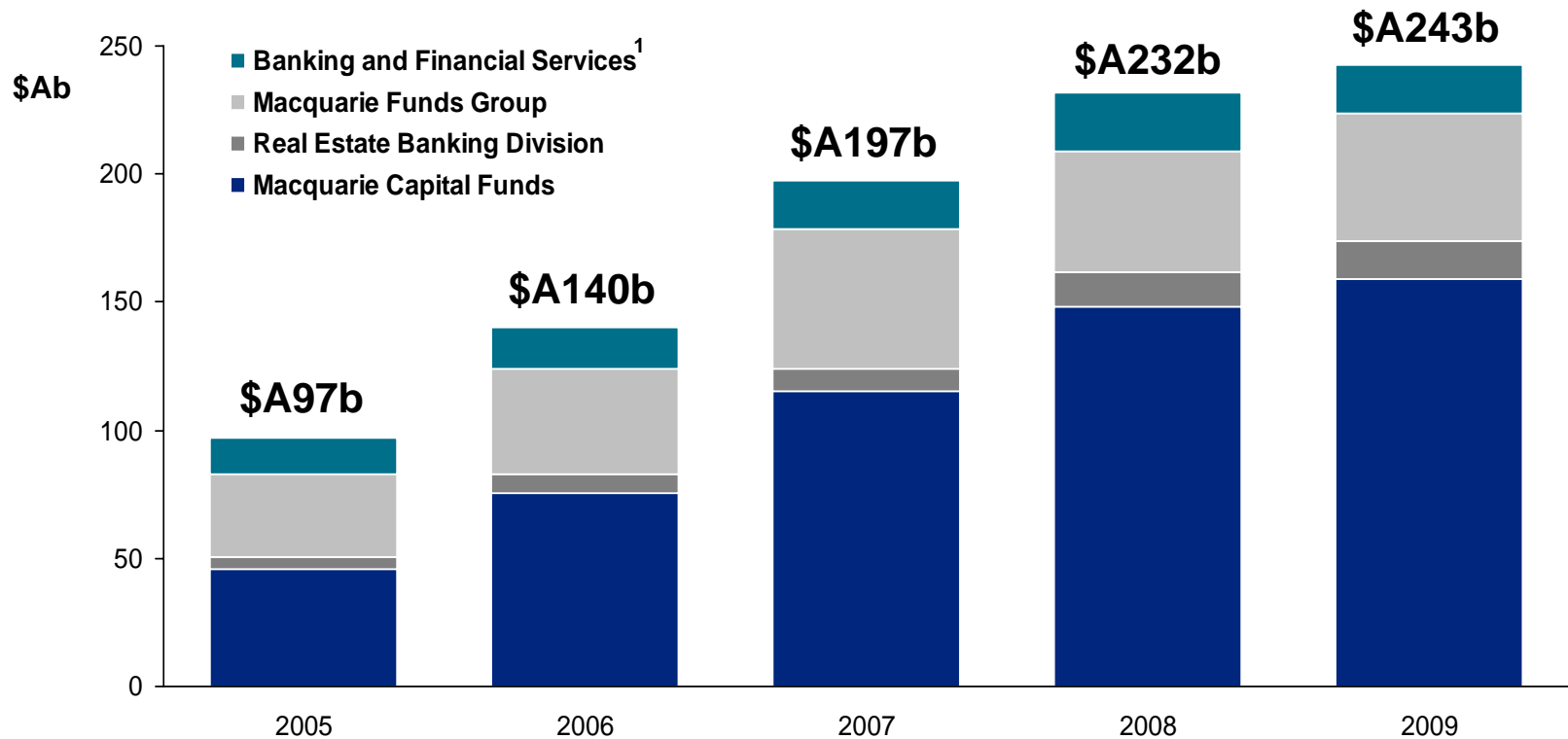
- Over half stem from longstanding philosophy of co-investment

	\$Ab
Mortgages Italy	0.2
Co-investments	1.5
Loans	0.5
Trading assets	0.3
Total	2.5



Assets under management of \$A243b

- Inflows affected by financial market disruption, particularly during Sep qtr
- Movement in \$A exchange rate had a positive effect while impact of declining equity values was negative

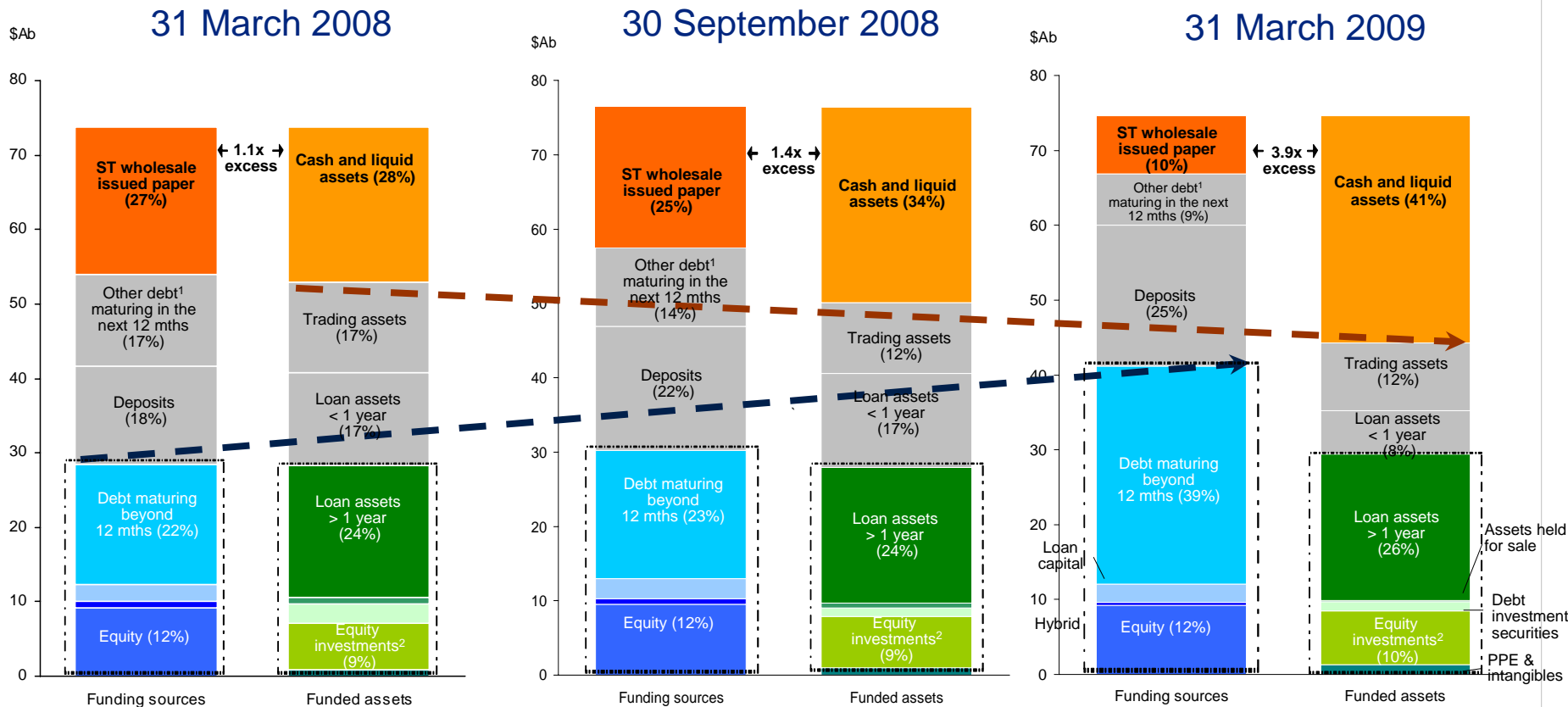


1. The Macquarie CMT, included in BFS AUM above, is a BFS product that is managed by MFG



Funded balance sheet continued to strengthen

Macquarie Group Limited



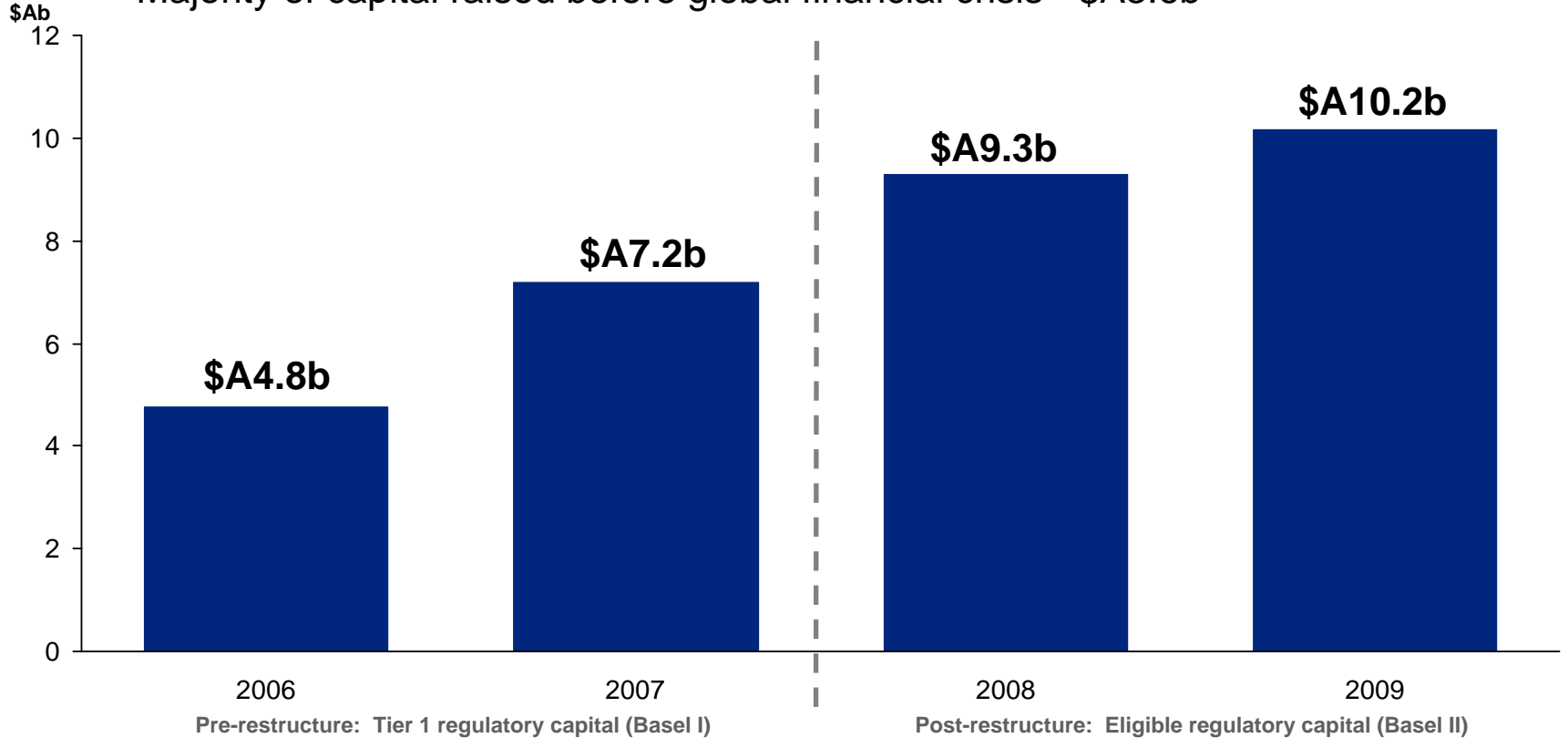
Note: These charts represent Macquarie Group Limited's funded balance sheets at the respective dates noted above.

1. Includes Structured Notes, Secured Funding, Bonds, Other Bank Loans maturing within the next 12 mths and Net Trade Creditors. 2. This represents the Group's co-investment in Macquarie-managed funds and equity investments



Consistently strong capital base

- Well capitalised – surplus over minimum regulatory requirements of \$A3.1b¹
- Increased regulatory capital by approx \$A5.4b over the past three years
- Majority of capital raised before global financial crisis - \$A3.6b²



1. As at 31 Mar 09. Does not include the \$A1.2b capital raisings and \$A0.3b MIPS buyback completed post balance date 2. From 1 Apr 06 to 31 Jul 07



Successes achieved in a testing year

Macquarie Securities

- Cash equities – Retained No.1 in Australia
- Asia – leading research rankings
- Equity derivatives – Market leader in Australia, Singapore, Hong Kong, Korea
- ECM – \$A11b equity raised
- Canada growth initiatives
- US profitable
- Europe break even

Macquarie Capital

- 299 deals, worth \$A203b:
 - Infrastructure: up 38%
 - Resources: up 245%
- Ranked No.1 for HK IPOs in CY08 and 4Q09¹
- Funds:
 - \$A8b equity raised
 - Over \$A6b available equity in unlisted funds

Macquarie Funds

- First quartile performance:
 - Credit
 - Global REITs
 - Quantitative equities

Treasury and Commodities

- Operating income up 24%:
 - FX: up 31%
 - Energy: up 175%
- Constellation acquisition

Banking and Financial Services

- Retail deposits: up 103%
- Retail stockbroking – No. 1 in Australia
- Strong growth in Macquarie Life Insurance
- Significant expansion of Macquarie Pastoral Fund
- Exited margin loans, Italian mortgages



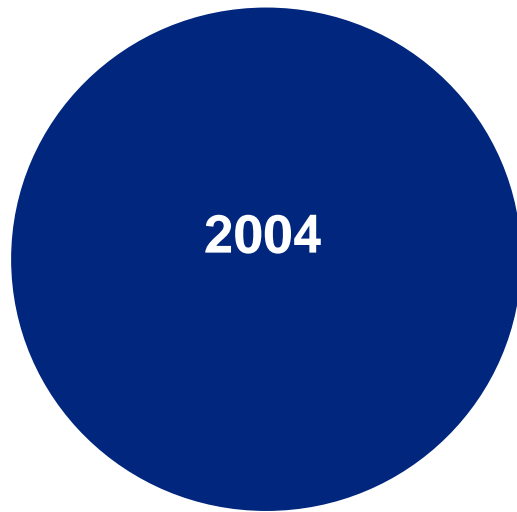
Macquarie model – focus over the medium term

- Client driven business
- Alignment of interests with shareholders, investors, staff
- Conservative approach to risk management
- Incremental growth and evolution
- Diversified by business and geography
- An ability to adapt to change

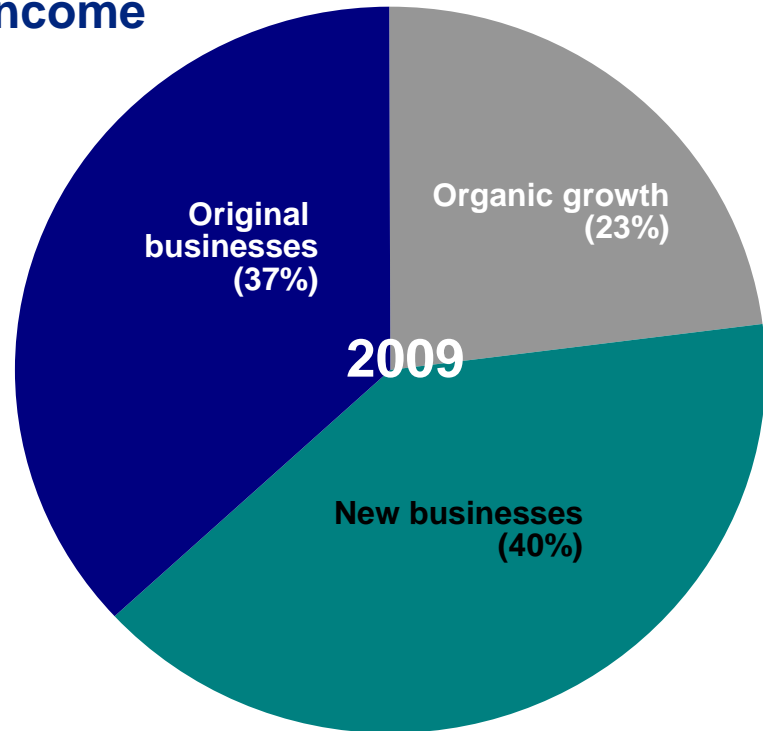


Macquarie model – focus over the medium term 2004-2009

Operating income



\$A2.8b



\$A7.6b¹

40% of FY09 operating income¹ comes from businesses that did not exist 5 years ago

1. Represents operating income before loan provisions, impairment charges, equity accounted losses and one-off items of income



Macquarie model – focus over the medium term 2004-2009

	Macquarie Securities	Macquarie Capital	Macquarie Funds	Treasury and Commodities	Corporate and Asset Finance	Banking and Financial Services
% of income¹ derived from businesses that did not exist 5 years ago:	73%	41%	43%	30%	52%	8%
Businesses/activities entered:						
2004	Asia	Asia ECM			Aviation, electronics, meters	Premium funding
2005	Cash: India	India	Retail	Natural gas: US, UK		Coin Software
2006	South Africa JV	China	International expansion	Coal, emissions, freight, emerging markets	Rolling stock	Macquarie Life
2007	Orion Securities	Orion Securities, Giuliani Capital, US restructuring		Power: US, renewables	China, Europe	India JV, credit cards, OzForex, Pastoral Fund
2008	US, Europe	Renewables		Credit trading	CIT Systems Leasing	Private Banking: Asia
2009			Fixed income: US	Power: Europe, Constellation	Strategic alliances	UK Wrap

1. Represents operating income before loan provisions, impairment charges, equity accounted losses and one-off items of income

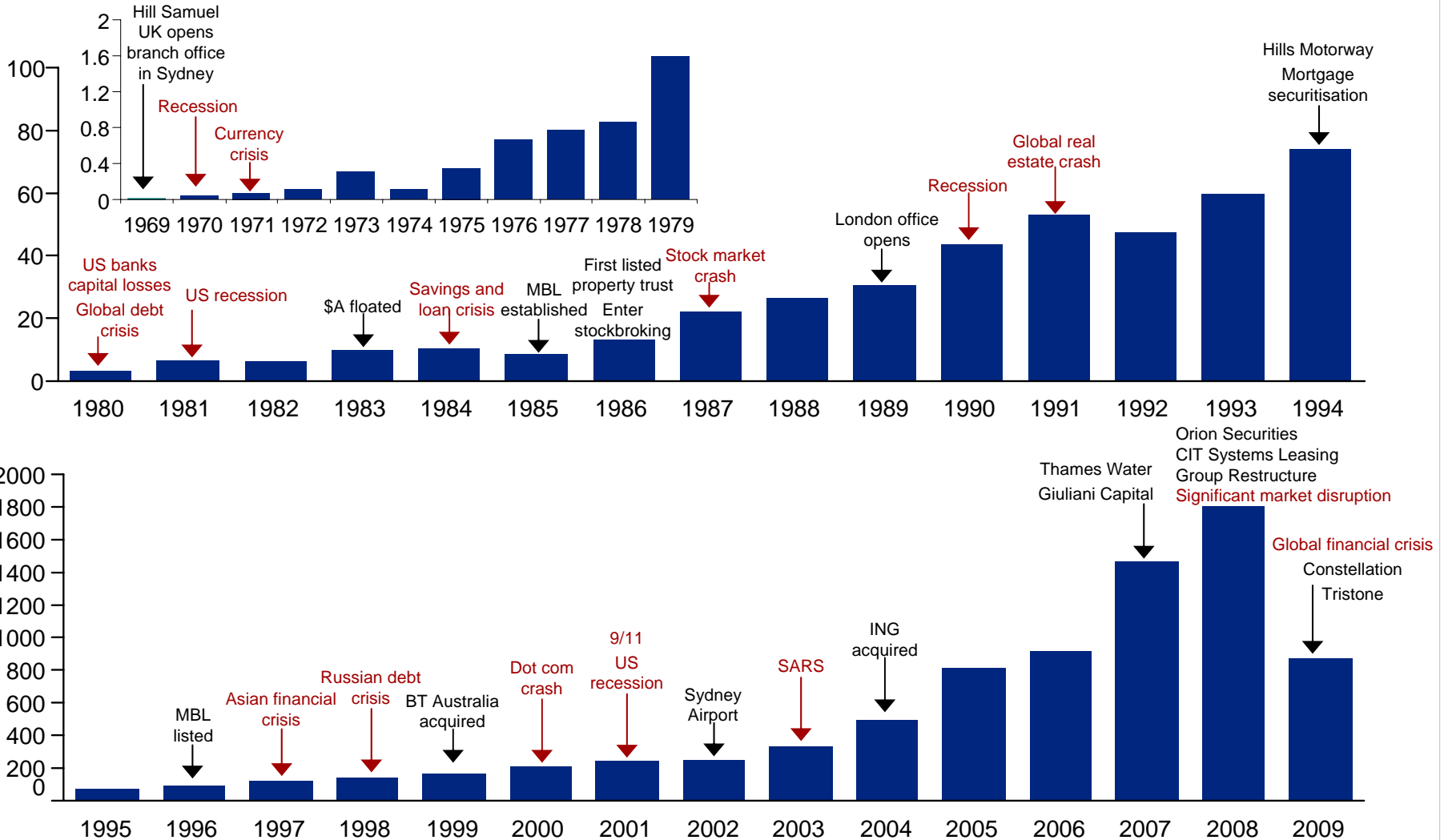


Macquarie model – focus over the medium term 2009+

	Macquarie Securities	Macquarie Capital	Macquarie Funds	Treasury and Commodities	Corporate and Asset Finance	Banking and Financial Services
2009+ initiatives						
Continue to grow market share around the world as competitors reduce/exit						
Expansion of existing business	Asia, Canada, South Africa	US, Canada, Europe, UK, Asia, Tristone	Offshore products, high alpha commodity	Energy, natural gas, coal trading	Equipment leasing, rolling stock	High margin business, online, UK Wrap
Business/product development	US, Europe, India	Mexico, Dubai, Stockholm, Russia; range of renewable initiatives	Fund options, equity-linked deposits, annuity	Credit trading, US futures, gas metering, wet freight	US, China	India, UHNW Private Wealth
Other initiatives	Global broker, build out synthetic products platform	Selective recruitment: advisory	Acquisitions: asset managers	Refine/grow: FX, agriculture, futures, US debt	Maritime, US speciality leasing funds management, high-margin corporate loans	Selective acquisition



Growth through the cycle





We're making a difference to communities

Volunteering

An important part of life for many of our people

**More than
900**

Community organisations
supported globally

\$A26m

Total contributions – staff +
Macquarie Group Foundation
Staff contributions up 35%

The Macquarie Group Foundation encourages and supports staff
to care for the communities where they live and work



MACQUARIE

Macquarie Group Limited

Quarter 1 FY10 update

Annual General Meeting
29 July 2009

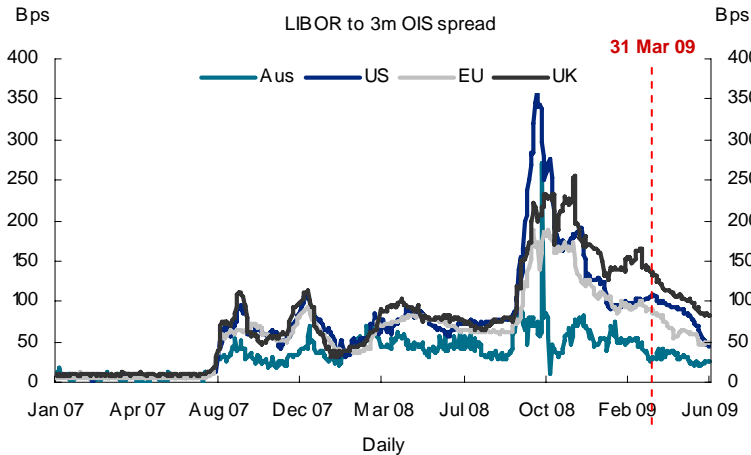


Nicholas Moore, Managing Director and Chief Executive Officer

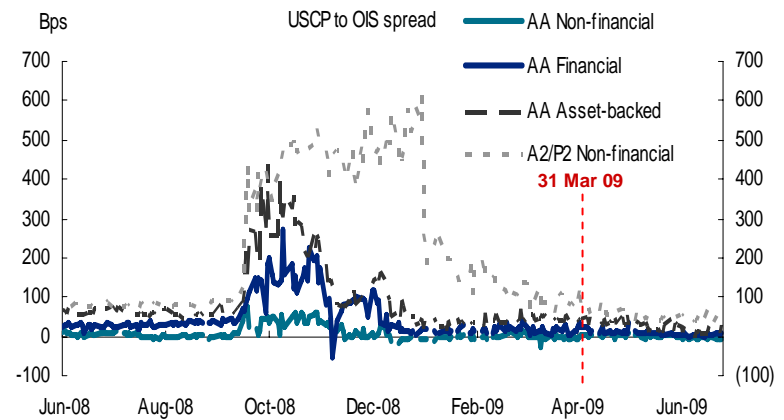


Global government response beginning to restore calm to financial markets

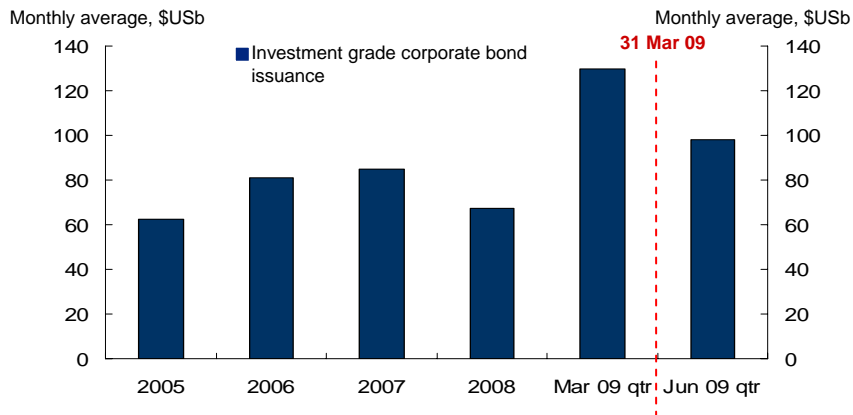
Interbank spreads are falling



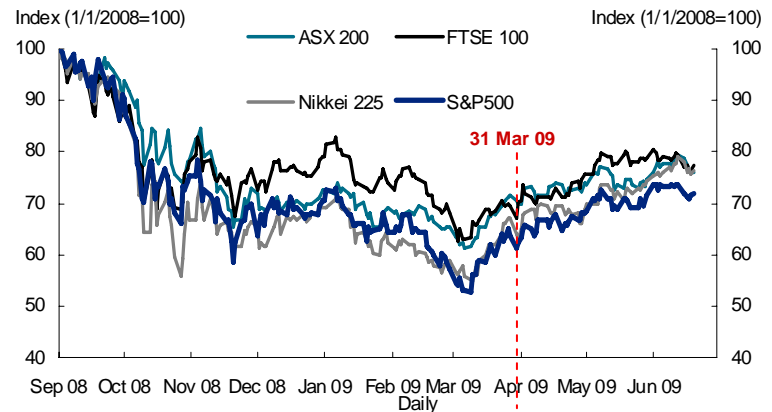
Commercial paper spreads starting to tighten



Credit markets have thawed



Equity markets are rising

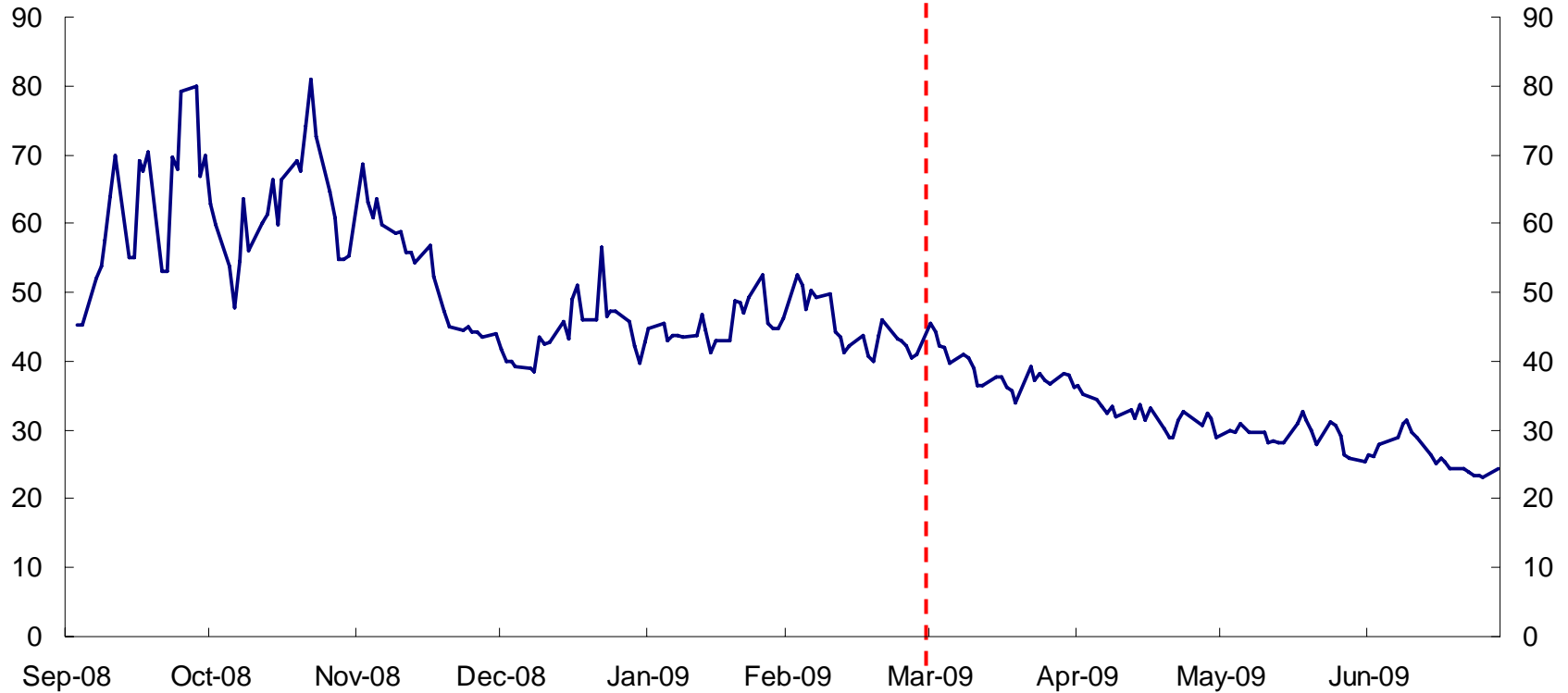




Level of fear is starting to subside

VIX Volatility "Fear" Index

31 Mar 09

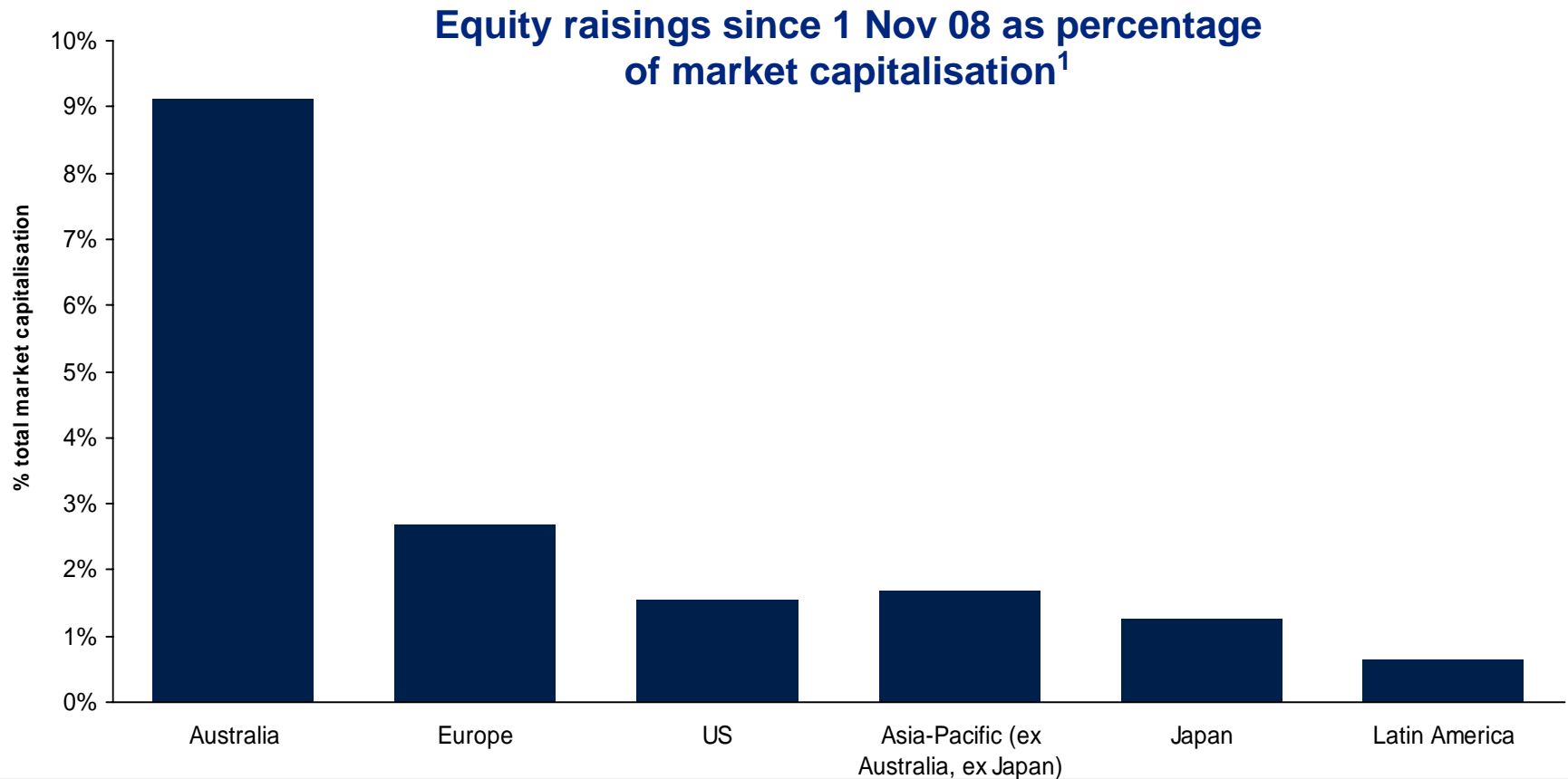


Daily



Particularly strong equity capital market activity in Australia

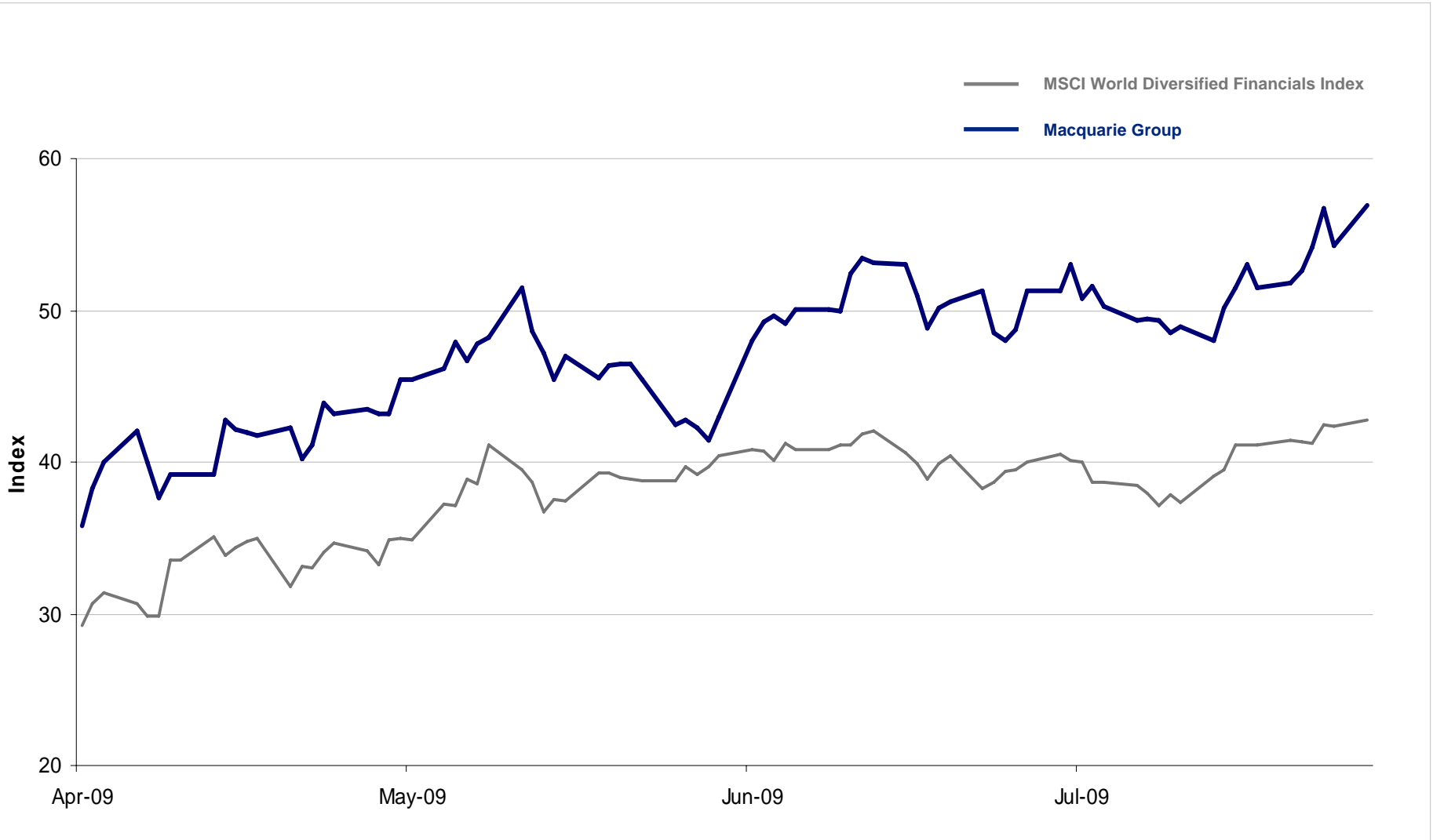
- Approx \$A90b of new equity issued in the Australian market since 1 Nov 08



1. Capital raisings that have been priced or announced since 1 Nov 08 as a percentage of each region's market capitalisation as at 1 Nov 08. Source: Dealogic, Bloomberg 27 Jul 09



Global financials continued to rebound



Source: Bloomberg, data current to 27 Jul 09



1Q10 update



- Improved operational performance from all major businesses except Macquarie Capital compared to 4Q09
 - Macquarie Capital significantly impacted by timing and size of transactions
- Good contributions from:
 - Macquarie Securities
 - Treasury and Commodities
 - Banking and Financial Services
- Continue to see a number of one-off items including:
 - Gain of approx \$A180m on financing acquisition of MIPS and buyback of subordinated debt
 - Unrealised loss of \$A200m relating to fair value adjustments of issued fixed rate subordinated debt
- As previously foreshadowed, high levels of cash continue to be a drag on current earnings
- Total staff approx 12,500



1Q10 Activities across the Group

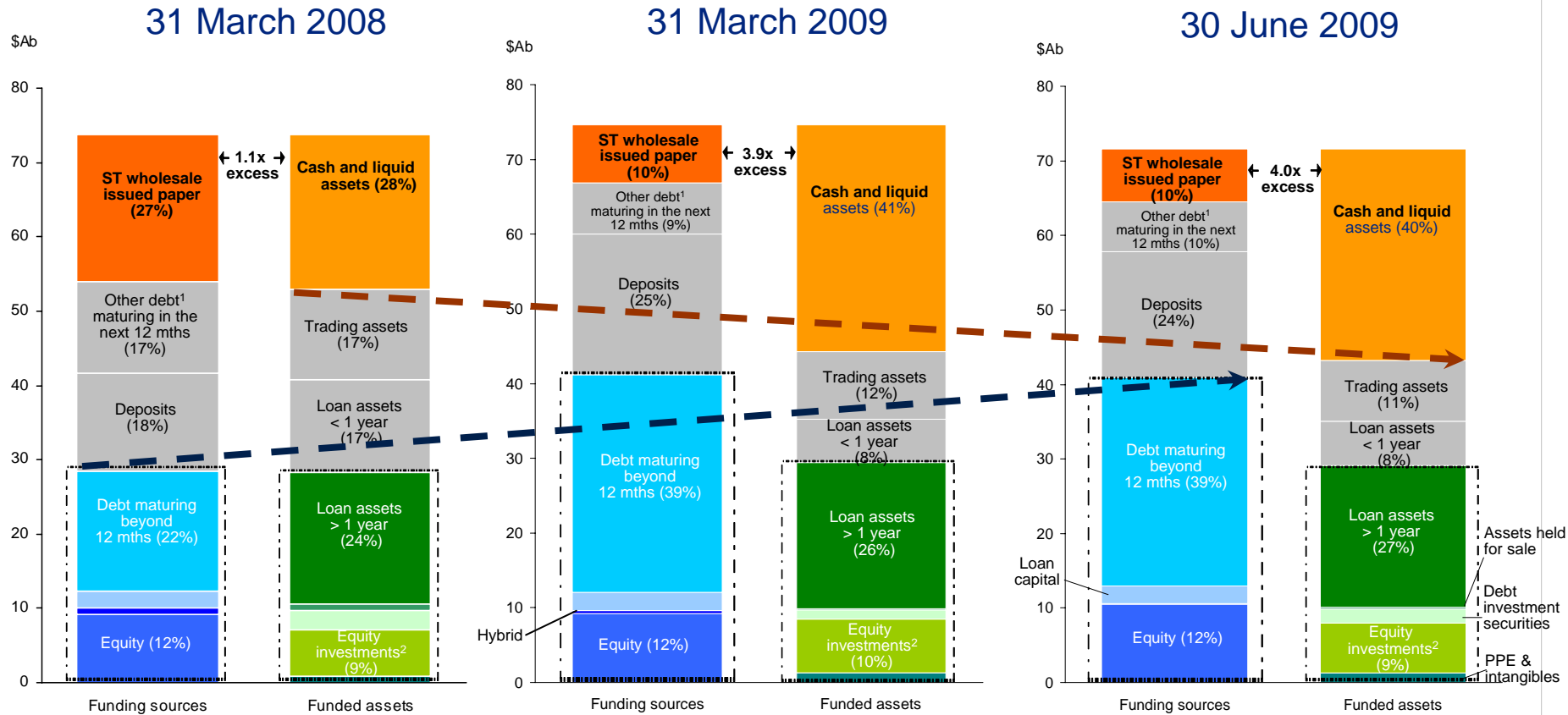
Macquarie Capital	Macquarie Securities	Treasury and Commodities	Macquarie Funds	Corporate and Asset Finance	Banking and Financial Services
<p>Advisory & ECM</p> <ul style="list-style-type: none"> IPOs: China Zhong-wang Secondary placements <ul style="list-style-type: none"> Rio Tinto, Alumina, Mirvac, DHIL, PRIME Media, Geely Auto, Inspur Internat'l Advisory <ul style="list-style-type: none"> Paperlinx, Crown, Quadrant, Private Equity, New Gold <p>Funds</p> <ul style="list-style-type: none"> Raisings: \$A0.5b Asset sales: 24 (23 real estate properties), \$A0.6b equity proceeds Refinancings: \$A2.4b 	<p>Cash</p> <ul style="list-style-type: none"> Market volumes up on 4Q09: <ul style="list-style-type: none"> Australia: up 28% Asia: up 58% Europe: up 10% Canada: up 7% Strong performance increase on 4Q09 Australia: remained No.1¹ with 10.4% market share <p>ECM</p> <ul style="list-style-type: none"> Australia: \$A8.5b Asia: \$US2.8b North America: \$US3.1b <p>Delta 1/Derivatives</p> <ul style="list-style-type: none"> Strong performance increase on 4Q09 but down on pcp due to fall in structured equity trades 	<p>Energy</p> <ul style="list-style-type: none"> Volumes <ul style="list-style-type: none"> up 27% on Q409 up 191% on pcp Business activity <ul style="list-style-type: none"> Growth in US power Entry into European power Growth of coal trading <p>FX</p> <ul style="list-style-type: none"> Volumes² <ul style="list-style-type: none"> down 22% on 4Q09 up 16% on pcp <p>Metals</p> <ul style="list-style-type: none"> New financing opportunities including coal 	<p>Wholesale</p> <ul style="list-style-type: none"> First quartile performance: <ul style="list-style-type: none"> Credit Global REITs Quantitative equities Inflows of \$A13b in 1Q10 Strong pipeline: <ul style="list-style-type: none"> Global REIT product <p>Retail</p> <ul style="list-style-type: none"> Non cash products returned to positive fund flows First quartile performance: <ul style="list-style-type: none"> BRIC Advantage emerging market equity funds 	<ul style="list-style-type: none"> Loan and asset portfolio: <ul style="list-style-type: none"> up 17% on 4Q09 up 40% on pcp Approx 80% of gross new loans and asset finance was to Australian corporates⁴ 	<p>Private Wealth / Direct</p> <ul style="list-style-type: none"> Clients: 300,000 <ul style="list-style-type: none"> up 9% on 4Q09 up 16% on pcp MPW ASX retail turnover <ul style="list-style-type: none"> up 37% on 4Q09 down 24% on pcp <p>Balance sheet</p> <ul style="list-style-type: none"> Total retail deposits: <ul style="list-style-type: none"> \$A13.3b³ flat on 4Q09 up 55% on pcp CMA deposits: <ul style="list-style-type: none"> Inflow of \$A0.8b in 1Q10 Wrap FUA up 8% on 4Q09

1. Source: IRESS - Institutional and retail market share, Jun 09 2. Exclude FX deposits and options 3. As at 30 Jun 09 4. Since the introduction of the Government Guarantee in Nov 08



1Q10 Balance sheet remains very strong

Macquarie Group Limited

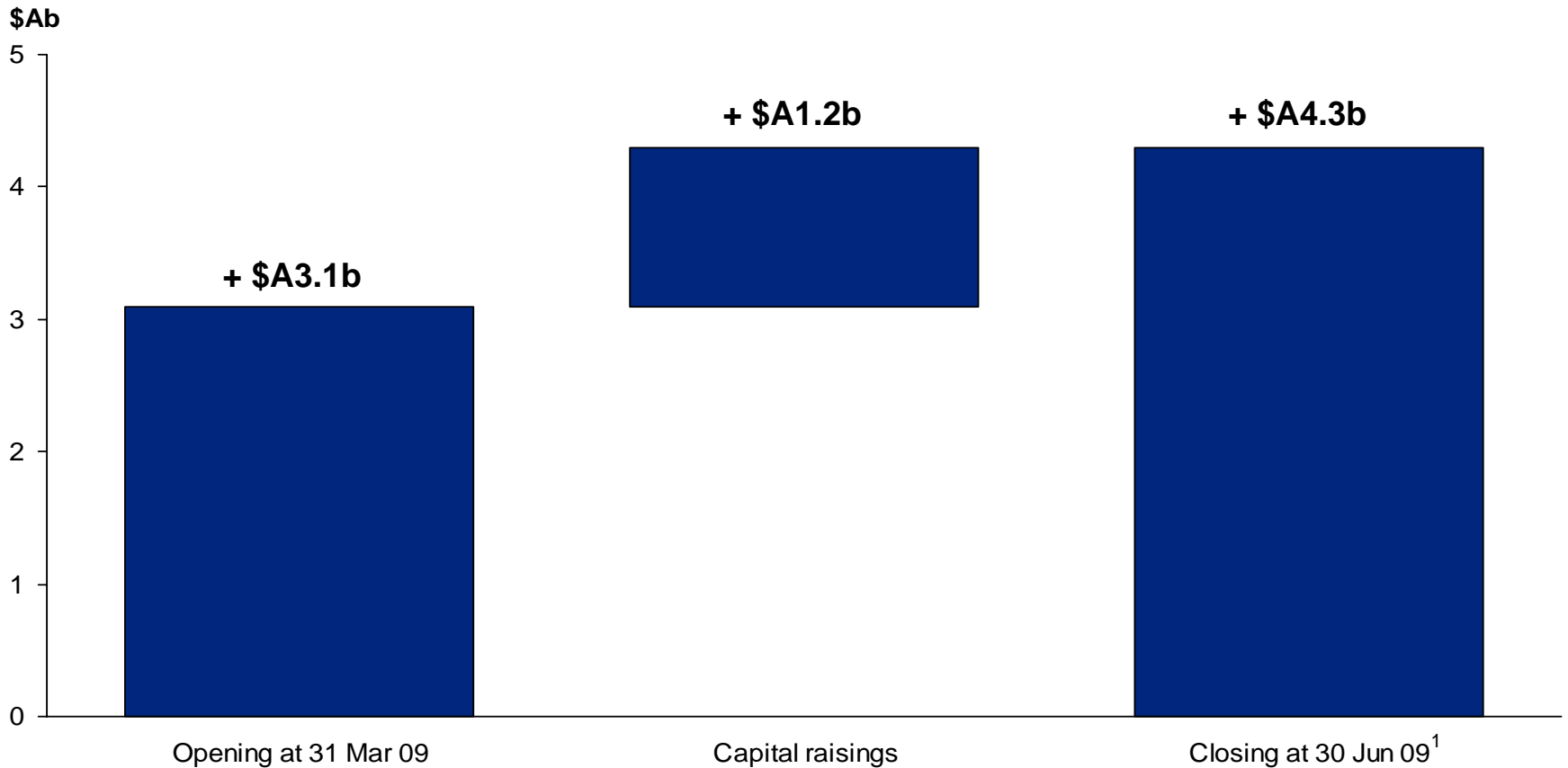


1. Includes Structured Notes, Secured Funding, Bonds, Other Bank Loans maturing within the next 12 mths and Net Trade Creditors 2. This represents the Group's co-investment in Macquarie-managed funds and equity investments



Qtr 1 FY10 Further strengthened capital base

- Surplus over minimum regulatory requirements of \$A4.3b strengthened by \$A1.2b of new ordinary share capital



1. Includes other capital movements which broadly offset each other.



Update on Specialist Listed Funds

- As outlined in our ASX release on 2 Mar 09, steps are being developed and implemented by a number of the Macquarie Specialist Listed Funds to enhance securityholder value
- These steps are focussed on:
 - Closing the gap between the current security prices and the value of the underlying businesses; and
 - Ensuring funds have an appropriate capital and funding structure for the current funding and economic environment
- Initiatives announced:
 - Agreement to internalise management of MAp and MLE both subject to securityholder approval
 - MCG takeover offer by CPPIB for \$A3.00 per stapled security¹
 - MMG \$A50m buyback
 - MCW announced sale of a number of US properties
- Initiatives continue across Specialist Listed Funds

1. Offer comprises a cash offer by CPPIB of \$A2.50 and a special capital distribution by MCG of \$A0.50 per security



Macquarie Group Limited

Outlook

Annual General Meeting
29 July 2009



Nicholas Moore, Managing Director and Chief Executive Officer



- We continue to maintain a cautious stance with a conservative approach to funding and capital, notwithstanding some improvement in market conditions
- Market conditions continue to be volatile, making short-term forecasting extremely difficult
- 1H10 profit currently estimated to be approx midway between 1H09 and 2H09 levels but remains subject to market conditions and significant swing factors and excludes the impact of one-off items
 - Swing factors include completion rate of transactions, asset realisations and asset prices
 - To date one-off items have broadly offset each other
- Surplus capital and high cash levels, strong team and market conditions provide opportunities for medium term growth building upon:
 - Strength, diversification and global reach of our businesses
 - Ongoing organic growth initiatives and incremental acquisitions
 - Effective risk management

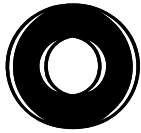


Macquarie Group Limited

2009 Annual General Meeting

29 July 2009





MACQUARIE

Macquarie Group Limited

Item 2: Remuneration Report

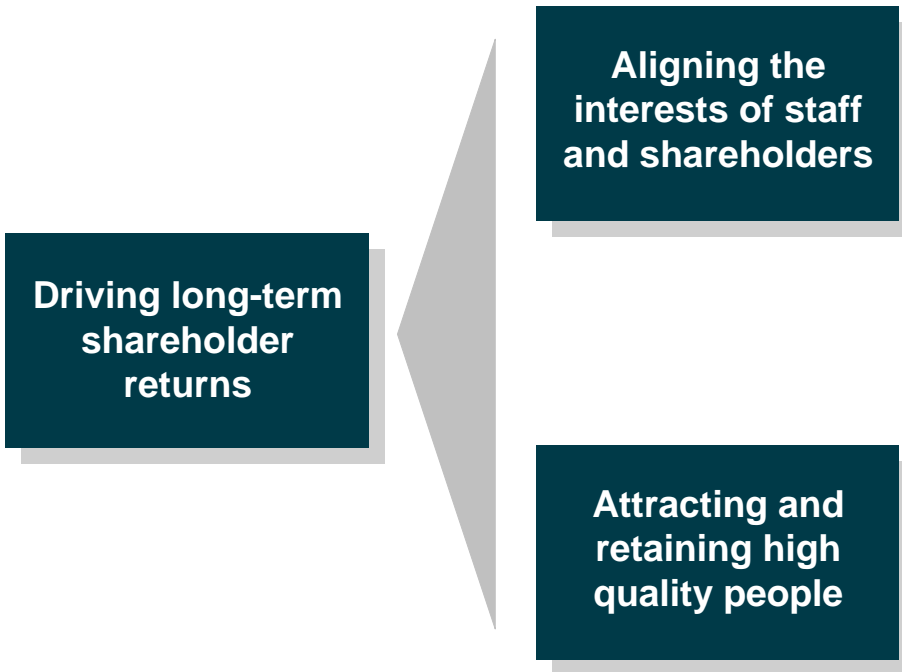
Annual General Meeting
29 July 2009



Kevin McCann AM, Acting Chairman



Remuneration Policy

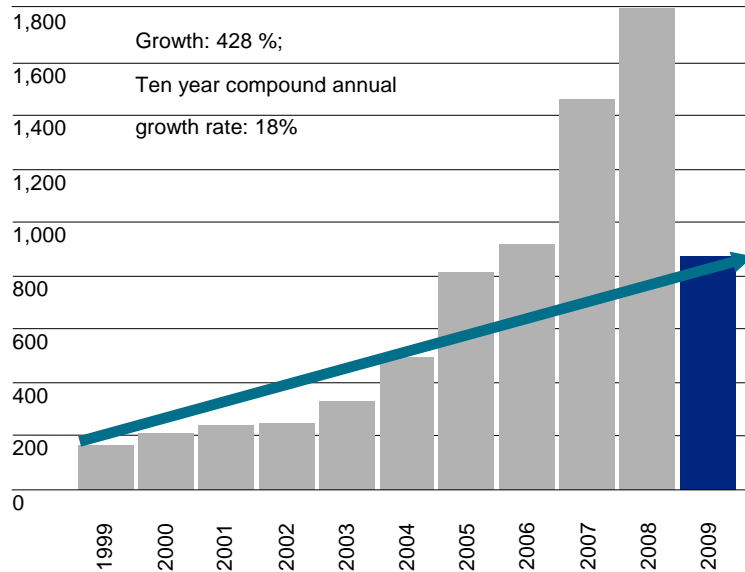




Success in aligning interests – while overall performance declined, Macquarie is outperforming its peers on NPAT

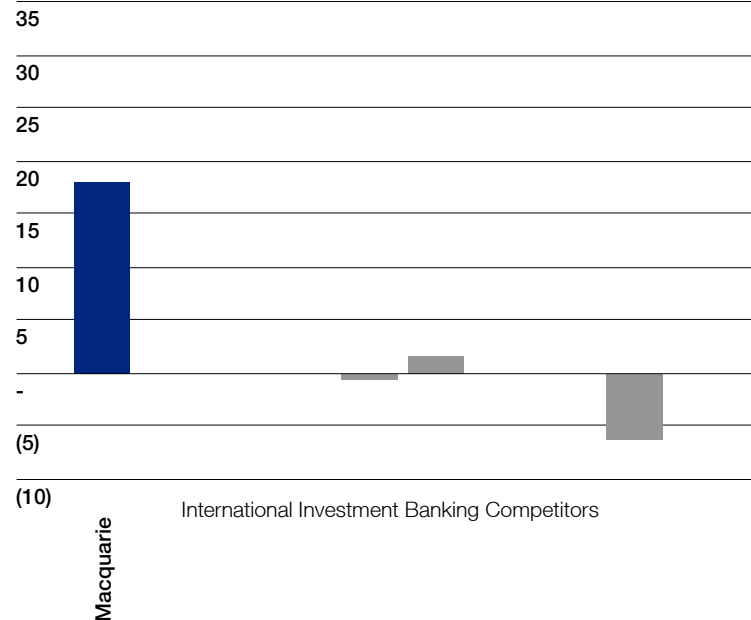
- Despite decline on previous years, strong NPAT growth, and NPAT growth remains higher than peers

Net Profit After Tax Attributable to Ordinary Equityholders



Net Profit After Tax 10 Year Compound Annual Growth Rate

Macquarie versus International Investment Banking Competitors*



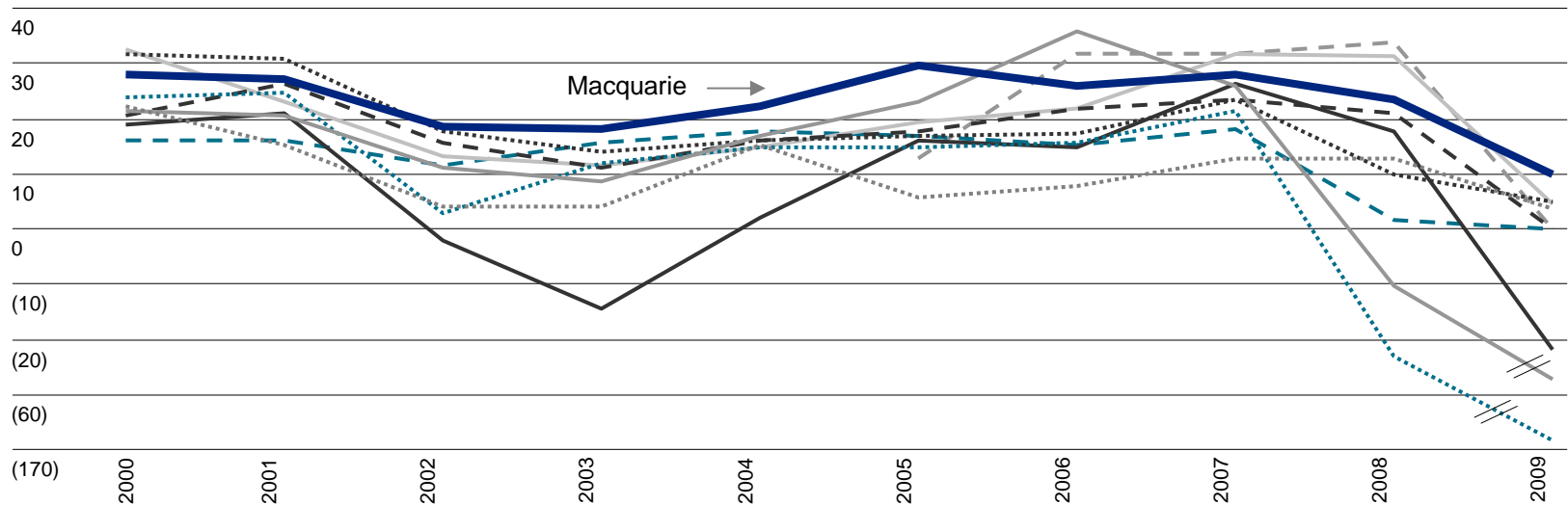


Success in aligning interests – while overall performance declined, Macquarie is outperforming its peers on ROE

- Despite decline on previous years, ROE remains higher than peers and generally less volatile than competitors over the same period

10 Year Return on Ordinary Equity

Macquarie versus International Investment Banking Competitors*



* Source: Bloomberg. Competitors comprise Babcock & Brown, Bear Stearns, Credit Suisse, Deutsche Bank, Goldman Sachs, Lehman Brothers, Merrill Lynch, Morgan Stanley, UBS.



Success in attracting and retaining high quality people

- The global financial crisis has had an impact on staffing levels
- Macquarie has not experienced the same level of reductions as other global financial players
- Many of our global operations have been recruiting strong performers
- Voluntary turnover continues to be low
- Shareholders have benefited from a stable management team



Macquarie's remuneration approach

- Overall remuneration approach:

- **Use shareholder return drivers (NPAT and ROE)**

- Employee performance-based remuneration

- Use equity

- Use retention mechanisms

- Provide competitive remuneration and consistency to create staff confidence



Macquarie's remuneration approach

- Overall remuneration approach:
 - Use shareholder return drivers (NPAT and ROE)
 - **Employee performance-based remuneration**
 - Use equity
 - Use retention mechanisms
 - Provide competitive remuneration and consistency to create staff confidence



Macquarie's remuneration approach

- Overall remuneration approach:
 - Use shareholder return drivers (NPAT and ROE)
 - Employee performance-based remuneration
 - **Use equity**
 - **Use retention mechanisms**
 - Provide competitive remuneration and consistency to create staff confidence



Macquarie's Proposed Remuneration Changes

- Macquarie's proposed remuneration changes build upon existing retention and equity alignment arrangements
- The changes are as follows:
 - Executive Directors will receive less cash with more profit share being retained as equity
 - When an Executive Director leaves an increased amount of deferred profit share will be retained for a longer period of time
 - Further, clawback mechanisms will be enhanced
 - Finally, fewer options will be granted



Interim remuneration arrangements

- Interim remuneration arrangements have been made
 - 50% of all Executive Directors profit share for 2009, is held in cash
 - In the case of the Managing Director and Chief Executive Officer it is 55%
 - No change has been made to prior year retained profit share for Executive Directors
 - Finally, consideration of option grants for Executive Committee members has been deferred
- Once the legislative situation is clarified, final shareholder approval may be sought at a special general meeting
- A decision will depend on when legislation passes through both Houses of Parliament



Macquarie's remuneration approach

- Overall remuneration approach:
 - Use shareholder return drivers (NPAT and ROE)
 - Employee performance-based remuneration
 - Use equity
 - Use retention mechanisms
 - **Provide competitive remuneration and consistency to create staff confidence**



Remuneration approach managed through strong governance processes

- Board Remuneration Committee (BRC) is involved with critical remuneration decisions throughout the year
- Key remuneration policies considered by the Non-Executive members of the Board
- The Board pays serious, sustained attention to the design and the operation of remuneration practices for all of Macquarie, not just the most senior executives
- Annually commissions a review of executive remuneration arrangements by independent remuneration consultants, which informs Board decision-making



Macquarie Group Limited

2009 Annual General Meeting

29 July 2009





Macquarie Group Limited

Glossary

Annual General Meeting
29 July 2009





Glossary



\$A	Australian dollar
\$US	US dollar
1H09	First Half ended 30 September 2009
1H10	First Half ending 30 September 2010
2H09	Second Half ended 31 March 2009
4Q09	Fourth Quarter ended 31 March 2009
1Q10	First Quarter ended 31 March 2010
ASX	Australian Securities Exchange
AUM	Assets Under Management
BFS	Banking and Financial Services
BRC	Board Remuneration Committee
BRIC	Brazil, Russia, India and China
CEO	Chief Executive Officer
CMA	Cash Management Account
CMT	Cash Management Trust
CY2007	Calendar Year 2007
DPS	Dividend Per Share
ECM	Equity Capital Markets
EPS	Earnings Per Share
Ex	Excluding
FTSE	Financial Times and the London Stock Exchange



Glossary



FY09	Full year ended 31 March 2009
FY10	Full year ending 31 March 2010
GDP	Gross Domestic Product
IMF	International Monetary Fund
IPO	Initial Public Offering
JV	Joint Venture
LIBOR	London Interbank Offered Rate
M&A	Mergers and Acquisitions
MAp	Macquarie Airports
MBL	Macquarie Bank Limited
MCG	Macquarie Communications Infrastructure Group
MCW	Macquarie Countrywide
MFG	Macquarie Funds Group
MGL	Macquarie Group Limited
MIPS	Macquarie Income Preferred Securities
MMG	Macquarie Media Group
MPW	Macquarie Private Wealth
MQG	Macquarie Group Limited (ASX listed)
MSCI	Morgan Stanley Capital International
Mth	Month
No.	Number



Glossary



NPAT	Net Profit After Tax
OIS	Overnight Indexed Swap
P.a	Per annum
Pcp	Prior corresponding period
Q1	First Quarter
Qtr	Quarter
Quant	Quantitative
REIT	Real Estate Investment Trust
ROE	Return on Equity
S&P	Standard and Poor
ST	Short Term
TARP	Troubled Asset Relief Program
TSR	Total Shareholder Return
UK	United Kingdom
US	United States of America
USCP	United States Commercial Paper
VIX	Volatility Index
Yr	Year



Macquarie Group Limited

2009 Annual General Meeting

29 July 2009

