

Directors' Report – Remuneration Report

for the financial year ended 31 March 2014

continued

Testing of hurdles

Under both performance hurdles, the objective is examined once only, effectively at the calendar quarter end immediately before vesting. If the condition is not met when examined, the PSUs due to vest will not be exercisable upon vesting.

The PSUs which vested in July 2013 comprised the third tranche of those granted in 2009, the second tranche of those granted in 2010 and the first tranche of those granted in 2011. Tranche 3 of the 2009 grant and Tranche 2 of the 2010 grant did not become exercisable due to the performance hurdles not being met. Tranche 1 of the 2011 grant did not become fully exercisable due to the performance hurdles not being fully met. As a result:

PSU Tranche	EPS CAGR Hurdle			ROE Hurdle		
	Macquarie result (for vesting period)	Hurdle	Outcome	Macquarie result (for vesting period)	Hurdle	Outcome
2009 Tranche 3	(5.1%)	At 9%	100% not exercisable	8.0%	> 50 th percentile rank	100% not exercisable
2010 Tranche 2	(7.8%)	At 9%	100% not exercisable	7.2%	> 50 th percentile rank	100% not exercisable
2011 Tranche 1	(5.7%)	At 9%	100% not exercisable	6.5%	> 50 th percentile rank	56% exercisable

PSUs that did not meet performance hurdles expired.

1.3.7 No special contractual termination payments

The following table summarises key features of the employment contracts for Executive Committee members including the CEO:

Length of contract	Permanent open-ended
Remuneration review period	1 April to 31 March annually
Profit share participation	Executive Committee members are eligible to be considered for a profit share allocation which ensures that a large part of their remuneration is 'at risk'. Refer to sections 1.3.1-1.3.5 for details.
PSU participation	Executive Committee members are eligible to receive PSUs. Refer to Section 1.3.6 for details.
Termination of employment	Termination of employment by Macquarie or the Executive Committee member requires no more than four weeks notice ⁽¹⁾ .

⁽¹⁾ Subject to compliance with local regulatory and legal requirements. In Australia, Executive Directors given notice by Macquarie may receive an additional week's notice if they are over 45 years of age and have more than two years' continuous service at the time of the termination of their employment.