

**CHAIRMAN'S ADDRESS  
MACQUARIE GROUP LIMITED GENERAL MEETING  
12 DECEMBER 2013  
1 SHELLEY STREET SYDNEY  
CHECK AGAINST DELIVERY**

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Good afternoon ladies and gentlemen and welcome to this Macquarie Group General Meeting.

I'm Kevin McCann and, as Chairman of the Macquarie Group Board, I will be chairing the meeting today.

The Company Secretary has confirmed to me that a quorum is present, so I formally declare the meeting open.

Before we get underway, I would like to introduce our directors and some of our senior executives. On my right is Macquarie's Company Secretary, Dennis Leong, then your chief executive, Nicholas Moore. Next to him is the Group Chief Financial Officer Patrick Upfold. Seated in the front row are non-executive directors Michael Coleman, Patricia Cross, Professor John Niland, Helen Nugent and Peter Warne.

Please note that recording devices, photographic equipment and mobile phones may not be used during the meeting.

At the end of the meeting, light refreshments will be available in the foyer.

Before we begin the business of the meeting, I would like to recognise the contribution made by Professor John Niland to the Macquarie Group Board. As advised when the Group announced its half-year result on 1 November, John has decided to retire from the Board on 31 December 2013. He has been a Non-Executive Director since February 2003 and is the current chair of the Board Governance and Compliance Committee. He is also a member of the Board Remuneration and Board Risk Committees.

On behalf of all of us at Macquarie, I would like to express our sincere thanks to John for his dedicated service as a Director over this period, particularly in the field of governance. John, you will be missed by all of your colleagues and we wish you all the best for the future.

### **What are shareholders being asked to approve?**

The purpose of today's meeting is to discuss and seek shareholder support for the proposed distribution of Sydney Airport securities to Macquarie shareholders.

The proposal to distribute Macquarie's holding of Sydney Airport securities to Macquarie Group shareholders was announced on 1 November 2013.

Macquarie proposes to distribute to its shareholders one stapled security in Sydney Airport for each Macquarie ordinary share held. This amounts to approximately 340 million securities.

Given Macquarie's strong balance sheet and excess regulatory capital, an in-specie distribution is regarded by the Board to be an equitable way to distribute the value in Sydney Airport to Macquarie's shareholders so that they can directly participate in its ownership.

Eligible Macquarie shareholders can decide whether to maintain an ongoing investment in Sydney Airport based on their individual circumstances. A sale facility will be available for small and ineligible shareholders.

The sale facility is available to shareholders who hold 500 or fewer Macquarie shares on the record date and ineligible shareholders who are residents of jurisdictions where it is not possible to make the distribution.

If you are considered to be a small shareholder and you wish to participate in the sale facility, you need to complete the sale facility election form and return

it by 6 January 2014. Those participating in the facility should receive the proceeds of sale by 3 March 2014 and the proceeds will not be subject to brokerage or stamp duty.

With the exception of ineligible shareholders, participation in the sale facility is voluntary. Those small shareholders who do not elect to participate in the sale facility may keep, sell or otherwise deal with the Sydney Airport securities transferred to them.

If approved by shareholders today, the distribution will be apportioned between a capital return and a special dividend, with the dividend being 40 per cent franked. The split between capital return and special dividend will be 69 per cent and 31 per cent respectively.

The distribution of Sydney Airport securities to eligible shareholders will take place on 13 January 2014. In conjunction with the distribution, Macquarie proposes a share consolidation on a 0.9438-for-one basis to adjust for the capital reduction.

To implement the proposal, we are seeking three approvals. The first relates to an amendment to the Macquarie Group Limited Constitution to facilitate the distribution. The second approval is for the capital return component of the Sydney Airport distribution. The third approval is for Macquarie's share capital to be consolidated as mentioned.

### **Implications of the proposal for Macquarie**

If the proposed transaction is approved, the Group will recognise a gain on distribution based on the closing Sydney Airport security price on 10 January 2014, the last trading day prior to the distribution. By way of illustration, based on the Sydney Airport security price at 10 December, this gain would be \$265 million.

Notably, the Group will continue to maintain its strong balance sheet position. While there will be reduction in regulatory capital surplus of approximately \$250 million, this is consistent with the outstanding balance of the share buyback that was previously announced. Consequently, if the proposal is implemented, the outstanding buyback will be cancelled.

### **Board recommendation**

The Board recommends that you vote in favour of the three resolutions being put to the meeting today.

The Board believes the proposed transaction is an equitable way of delivering the value of the Sydney Airport investment to Macquarie shareholders and is in the best interest of Macquarie shareholders.

The distribution is expected to increase Macquarie's return on shareholders' equity.

And finally, post the transaction, Macquarie will continue to maintain a strong balance sheet position and a level of shareholders' equity for prudent and efficient capital management.

That concludes my discussion of our proposed distribution of Sydney Airport securities to Macquarie shareholders.