



Macquarie Group Limited

Result Announcement for the half year ended 30 September 2009

Presentation to Investors and Analysts
30 October 2009

Nicholas Moore, Managing Director and Chief Executive Officer
Greg Ward, Chief Financial Officer



Disclaimer

Disclaimer

This material has been prepared for professional investors.

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Agenda

1. Introduction – Richard Sheppard

2. Overview of results and outlook – Nicholas Moore

3. Result analysis and financial management – Greg Ward

Appendices – Additional information:



1

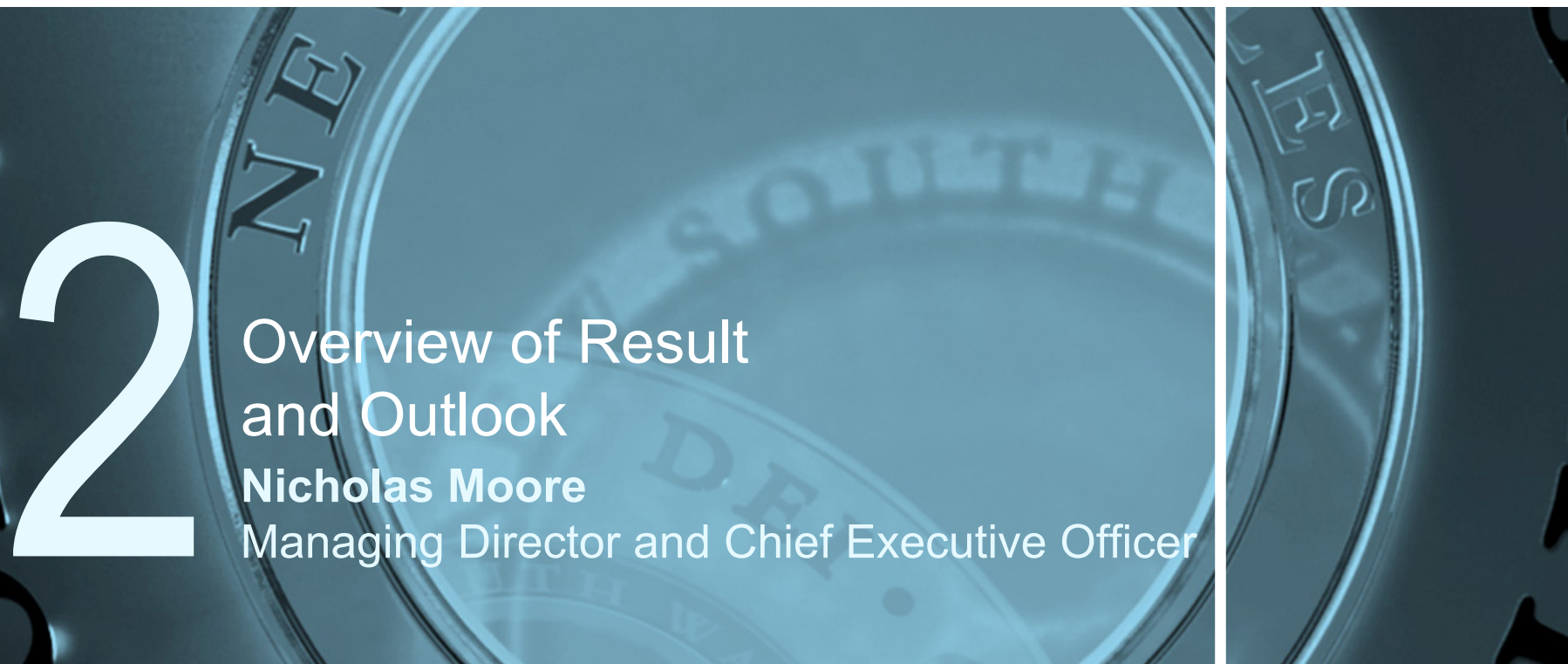
Introduction

Richard Sheppard
Deputy Managing Director

Macquarie Group Limited

Result Announcement for the half year ended 30 September 2009

30 October 2009 – Presentation to Investors and Analysts



Overview of Result and Outlook

Nicholas Moore

Managing Director and Chief Executive Officer

Macquarie Group Limited

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About Macquarie

- Global provider of banking, financial, advisory, investment and funds management services
- Main business focus is providing products and services to clients
- Listed on Australian Securities Exchange (ASX: MQG; ADR: MQBKY)
- Regulated by APRA, Australian banking regulator, as non-operating holding company of a licensed Australian bank
- Assets under management \$A216b¹ (including recently announced Delaware acquisition, AUM increases to over \$A345b²)
- Founded in 1969, currently operates in more than 70 office locations in 28 countries and employs over 12,700 people



First half result reflects improved market conditions

- Profit of \$A479m, up 79% on 2H09, down 21% on pcp
- Operating income before writedowns, impairments, equity accounted gains/(losses) and one-off items \$A3.5b, up 9% on 2H09 and down 11% on pcp
- As foreshadowed, fewer writedowns, impairments, equity accounted gains/(losses) and one-off items at \$A(414)m, however, still well above historic levels
- Operating income \$A3.1b up 21% on 2H09 and up 5% on pcp
- Employment expenses \$A1.5b; 45% compensation to income ratio; trending back to more normalised levels as foreshadowed
- Increase in the effective tax rate to 7.0%; still below historic levels due primarily to impairment charges
- EPS \$A1.50 up 60% on 2H09, down 31% on pcp
- Return on equity 10%p.a. up from 6% for 2H09, down from 14% for pcp
- Interim dividend of \$A0.86 per share (unfranked)



First half result reflects improved market conditions

	Sep 09 \$Am	Mar 09 \$Am	Sep 08 \$Am
Net operating income	3,105	2,556	2,970
Total operating expenses	(2,573)	(2,294)	(2,243)
Operating profit before income tax	532	262	727
Tax (expense)/benefit	(36)	64	(79)
Operating profit after income tax	496	326	648
Profit attributable to minority interests	(17)	(59)	(44)
Profit attributable to MQG shareholders	479	267	604



Writedowns, impairments, equity accounted gains/(losses) and one-off items

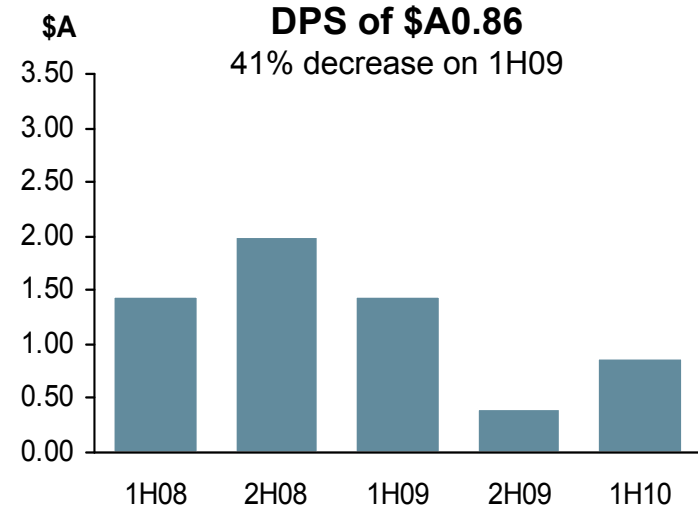
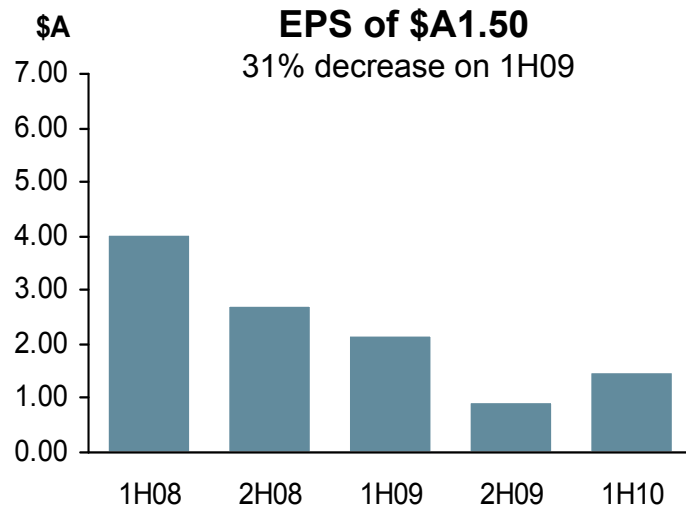
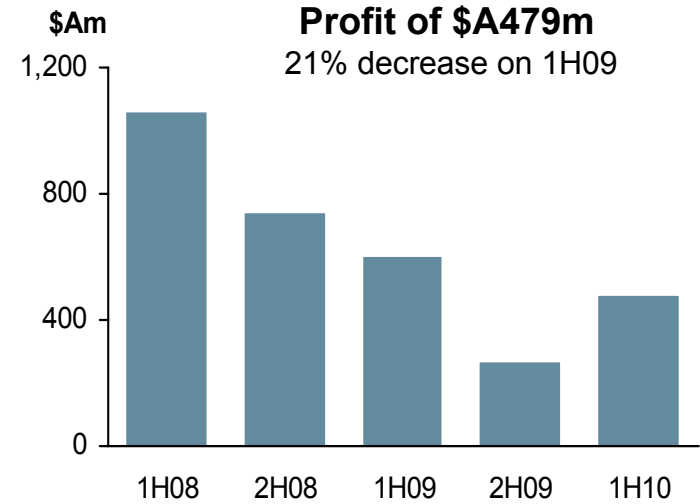
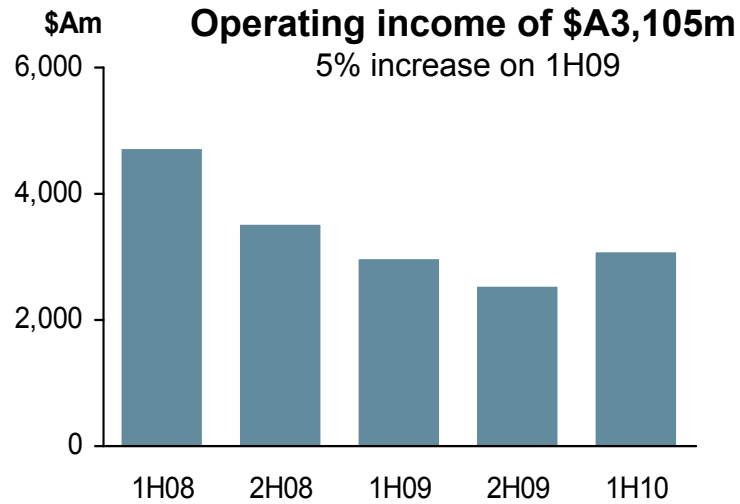
	Sep 09 \$Am	Mar 09 \$Am	Sep 08 \$Am
Gains from listed fund initiatives (MCG, MLE, MAp)	414	-	-
Liability management			
— MIPS	127	197	-
— Subordinated debt	55	-	-
Net fair value adjustment on fixed rate issued debt	(252)	159	20
Equity investment impairments	(471)	(395)	(684)
Equity accounted gains/(losses)	(135) ²	(44)	118
Loan and trading asset impairments	(152)	(589)	(233)
Mortgages Italy ¹	-	(22)	(226)
Total writedowns, impairments, equity accounted gains/(losses) and one-off items	(414)	(694)	(1,005)

¹. Includes \$A18m of operating expenses in 2H09 and \$A13m of operating expenses in 1H09. ². Excludes \$A62m equity accounting on MAp internalisation included in gains from listed fund initiatives of \$A414m.



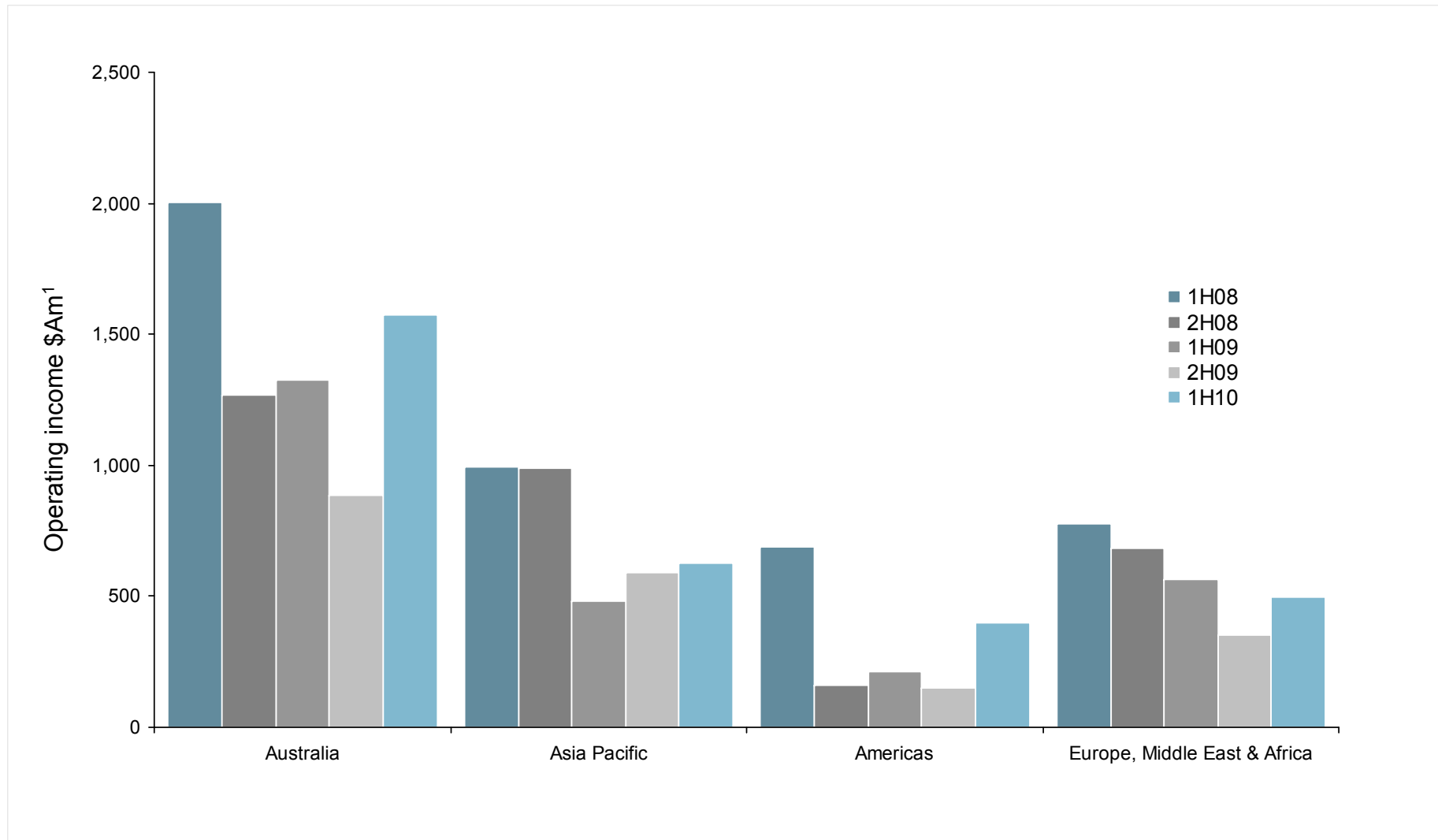
Financial performance

Half Year ended 30 September 2009





Operating income returning



1. Operating income excludes earnings on capital and other corporate items.



Diversified by region

International income¹ 48% of total

Total staff over 12,700²; international staff 45% of total

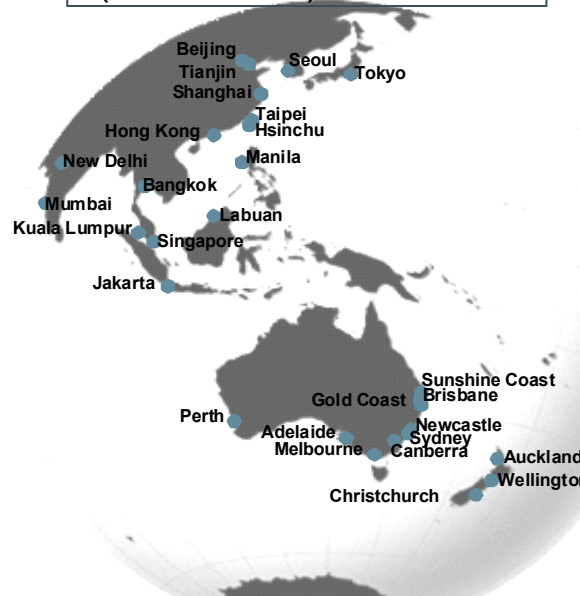
EUROPE, MIDDLE EAST & AFRICA³

Income: \$A505m
(16% of total)



ASIA PACIFIC

Income: \$A627m
(20% of total)



AMERICAS

Income: \$A354m
(12% of total)



AUSTRALIA

Income: \$A1,612m
(52% of total)

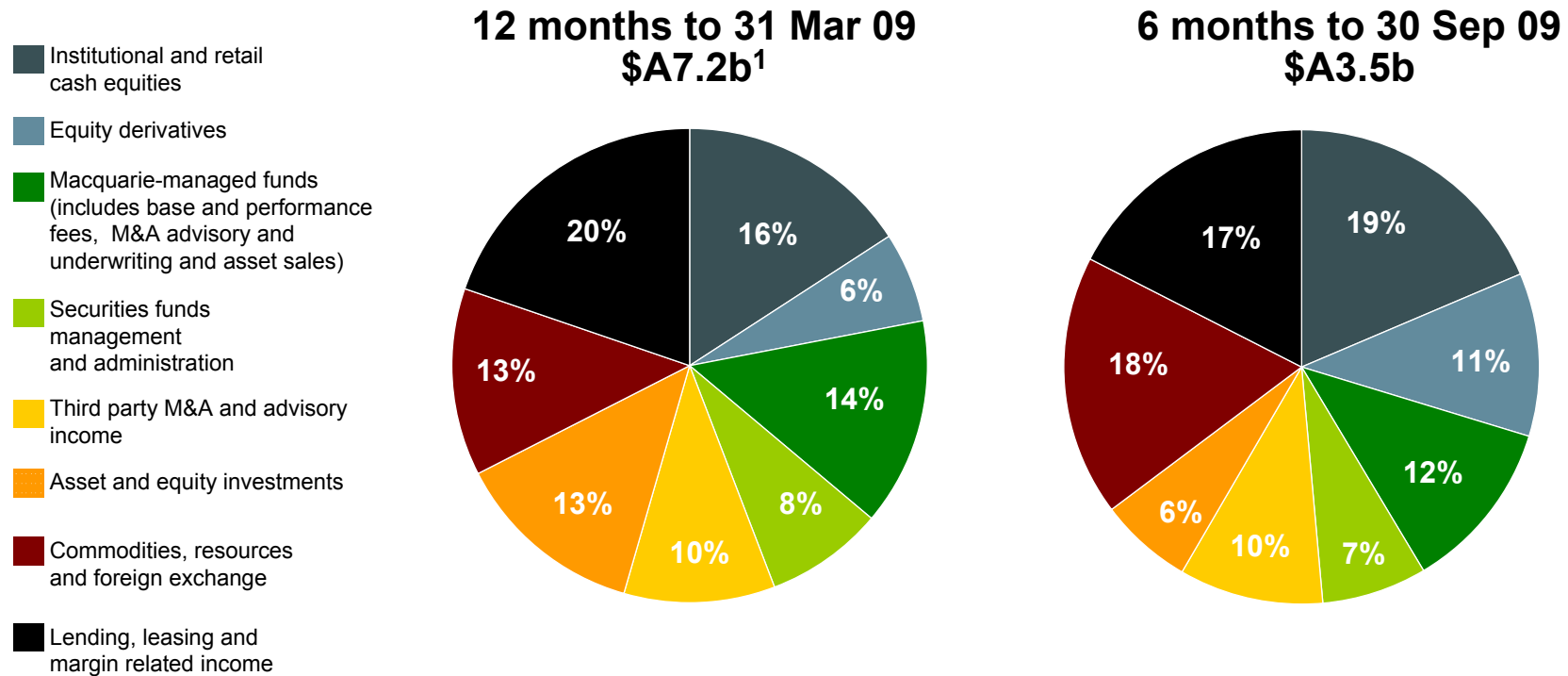
1. Income for half year to 30 Sep 09. Income in each region excludes earnings on capital and other corporate items. 2. Staff numbers at 30 Sep 09. 3. Excludes staff in Macquarie First South joint venture. 4. Staff seconded to joint venturer not included in official headcount (Moscow: Macquarie Renaissance, Savannah: Medallist).



Diversified income

Operating income by source

Operating income before writedowns, impairments, equity accounted gains/(losses) and one-off items

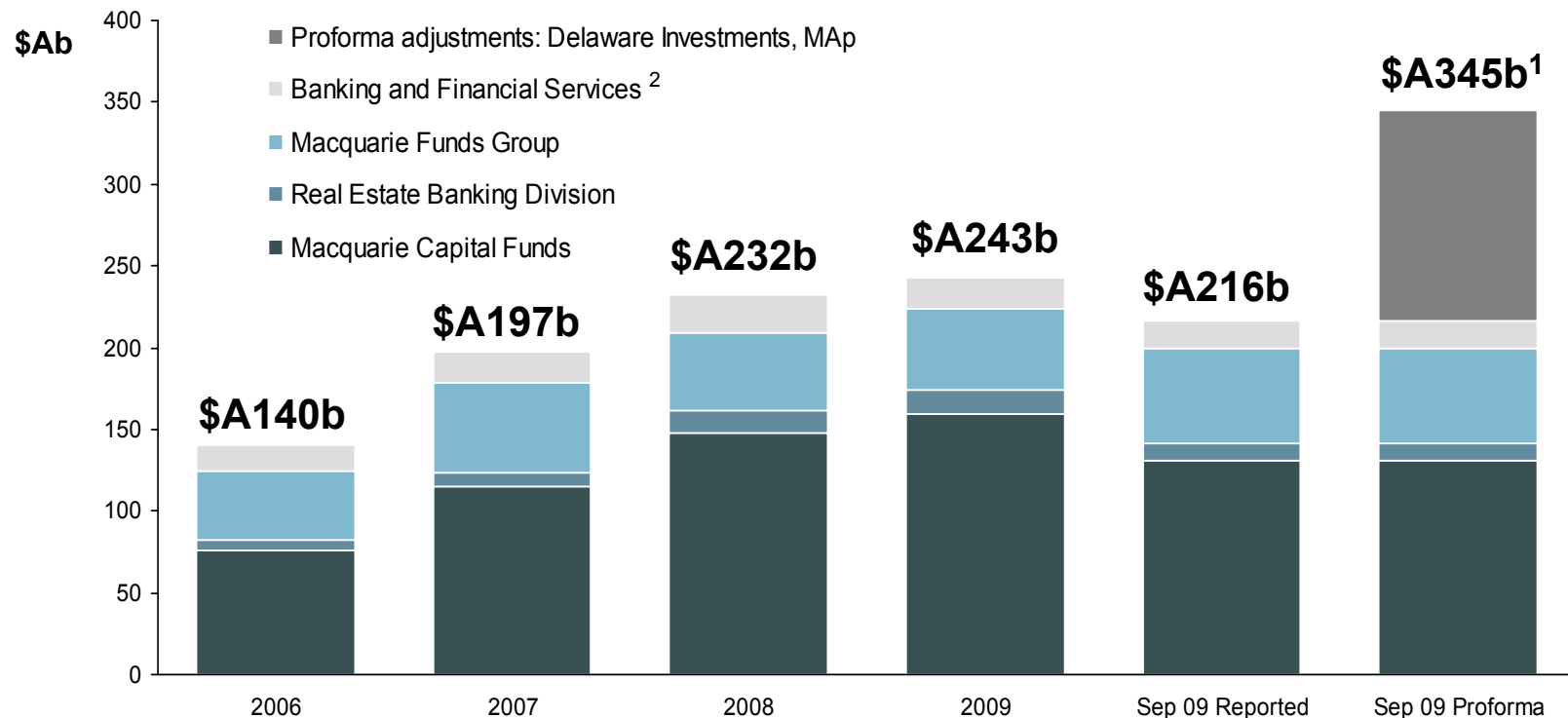


1. FY09 comparatives have been restated to conform with 1H10 presentation by excluding equity accounted gains (FY09 \$A468m).



Assets under management of \$A345b¹

- Reported AUM decreased by \$A27b mainly due to the strengthening of the \$A since March
- Significant increase in pro-forma AUM mainly relating to recently announced Delaware acquisition in Macquarie Funds Group



1. Sep 09 pro-forma AUM includes recently announced Delaware acquisition (\$A142b 30 Jun 09 balance converted using 30 Sep 09 exchange rates); scheduled to close early 2010 and MAp internalisation impact (decrease of \$A13b). 2. The Macquarie CMT, included in BFS AUM above, is a BFS product that is managed by MFG.



Market conditions and activity

Macquarie Securities – operating income up 100% on 2H09 and down 18% on pcp

Cash Equities and Derivatives/Delta 1		Underwriting	Advisory	Funds Management	Balance Sheet
Australia	Asia				US
<p>Market conditions</p> <ul style="list-style-type: none"> Total market turnover down 16% on pcp and up 31% on 2H09¹ ECM market active in 1H10, up 121% on pcp and 25% on 2H09 to \$A46.7b² Little appetite for retail OTC products Improved trading conditions with equity market volatility well down on peak levels in Nov 08 <p>Activity</p> <p>Cash</p> <ul style="list-style-type: none"> Maintained its number one position for market share³ 10.7% vs 10.9% in pcp and 10.4% in 2H09 Increasing proportion of lower margin electronic trading <p>ECM</p> <ul style="list-style-type: none"> Capital raised up 37% on pcp and 15% on 2H09 to \$A13.4b² Ranked no.1 by number of deals and no. 3 by deal value⁴ <p>Derivatives / Delta 1</p> <ul style="list-style-type: none"> No. 1 market share in listed warrants 	<p>Market conditions</p> <ul style="list-style-type: none"> Asia (ex-Japan) total market turnover down 4% on pcp and up 52% on 2H09¹ Japan total market turnover down 42% on pcp and 10% on 2H09¹ Asia (ex Japan) ECM market significantly higher, up 284% on pcp and 298% on 2H09 to \$US94.8b² Improving appetite from retail clients for derivative products Increase in institutional Derivative / Delta 1 activity Improved trading conditions with equity market volatility well down on peak levels in Nov 08 <p>Activity</p> <p>Cash</p> <ul style="list-style-type: none"> Growth in market share on 2H09 in Hong Kong, Japan and Korea <p>ECM Asia (ex Japan)</p> <ul style="list-style-type: none"> Capital raised up 31% on pcp and 894% on 2H09 to \$US4.0b² <p>Derivatives / Delta 1</p> <ul style="list-style-type: none"> No. 1 market share in listed warrants in Singapore & Korea No. 2 market share in listed warrants in Hong Kong Profitable arbitrage trading opportunities Improving activity off a low base 				<p>Market conditions</p> <ul style="list-style-type: none"> Nasdaq total market volume up 4% on pcp and 3% on 2H09¹ NYSE total market volume up 24% on pcp and down 4% on 2H09¹ US ECM market down, capital raised down 7% on pcp and up 137% on 2H09 to \$US157.2b² Improved trading conditions with equity market volatility well down on peak levels in Nov 08 <p>Activity</p> <p>Cash</p> <ul style="list-style-type: none"> US Greenfield - building business focussed on areas of global specialisation <ul style="list-style-type: none"> — 1H10 profitable – strong growth albeit off a low base — Tristone acquisition — FPK acquisition⁵ <p>ECM</p> <ul style="list-style-type: none"> Capital raised up 239% on pcp and down 45% on 2H09 to \$US0.8b² <p>Derivatives / Delta 1</p> <ul style="list-style-type: none"> Profitable arbitrage trading opportunities

1. Datastream. 2. Dealogic. 3. IRESS - Institutional and retail market share. 4. Bloomberg 30 Sep 09. 5. Subject to completion.



Market conditions and activity

Macquarie Securities – operating income up 100% on 2H09 and down 18% on pcp

Cash Equities and Derivatives/Delta 1		Underwriting	Advisory	Funds Management	Balance Sheet
Canada	Europe	South Africa			
<p>Market conditions</p> <ul style="list-style-type: none"> TSX market volume up 20% on pcp and in line with 2H09¹ ECM market active, capital raised up 165% on pcp and 25% on 2H09 to \$C22.7b² <p>Activity</p> <p>Cash</p> <ul style="list-style-type: none"> Growth in market share 2.1% vs 1.4% in 2H09 Tristone acquisition Build out of research product <p>ECM</p> <ul style="list-style-type: none"> Capital raised up 147% on pcp and down 10% on 2H09 to \$C3.5b² Ranked no.10 by number of deals³ 	<p>Market conditions</p> <ul style="list-style-type: none"> Total market turnover down 42% on pcp and 10% on 2H09¹ Europe ECM market up, capital raised up 19% on pcp and 54% on 2H09 to €126b² Improved trading conditions with equity market volatility well down on peak levels in Nov 08 Regulatory changes to European Structured Equity Finance <p>Activity</p> <p>Cash</p> <ul style="list-style-type: none"> Europe Greenfield - building business focussed on areas of global specialisation <ul style="list-style-type: none"> — 1H10 profitable – strong growth albeit off a low base — Tristone acquisition — FPK acquisition⁴ — Rio rights issue <p>Derivatives / Delta 1</p> <ul style="list-style-type: none"> Profitable arbitrage trading opportunities Substantial decline in European Structured Equity Finance activity 	<p>Market conditions</p> <ul style="list-style-type: none"> Total market turnover down 17% on pcp and in line with 2H09¹ South Africa ECM market up, capital raised up 51% on pcp and 177% on 2H09 to €2.3b² Improved trading conditions with equity market volatility well down on peak levels in Nov 08 <p>Activity</p> <p>Cash</p> <ul style="list-style-type: none"> Growth in market share – 3.1% vs 2.2% in pcp and 2.3% in 2H09 Macquarie First South Securities voted No 1 in research by South African fund managers (unweighted) <p>Derivatives / Delta 1</p> <ul style="list-style-type: none"> Continued growth in Derivatives and Structured Equity Finance 			

1. Datastream. 2. Dealogic. 3. Source Thompson 30 Sep 09 4. Subject to completion.



Market conditions and activity

Macquarie Capital – operating income up 12% on 2H09 and down 2% on pcp

182 deals valued at \$A57b (164 deals valued at \$A83b pcp)¹

Cash Equities	Underwriting	Advisory	Funds management	Balance Sheet
Infrastructure <p>Market conditions</p> <ul style="list-style-type: none"> 138 deals closed globally, down 49% on pcp and 20% on 2H09² 34 PPPs reaching financial close, down 6% on pcp and 3% on 2H09² Reduced volume of deals reaching financial close, but recent pickup in new transaction activity <p>Activity</p> <ul style="list-style-type: none"> Reasonable advisory activity: 31 deals valued at approx \$A13b, vs 38 deals valued at \$A51b in pcp (included \$A34b BAA refinance in pcp) Adviser: <ul style="list-style-type: none"> AquaSure on \$A4.9b bid for Victorian Desalination Project APRR on €500m inaugural bond issue Bakwena Platinum Corridor Concessionaire on its ZAR3.5b toll road refinancing in South Africa Joint Lead Manager <ul style="list-style-type: none"> GVK Power & Infrastructure institutional placement in India SP AusNet \$A408m capital raising Sole Lead Manager and underwriter: ConnectEast's \$A421m capital raising 	TMET <p>Market conditions</p> <ul style="list-style-type: none"> Global TMET M&A³ volume down 39% on pcp and up 14% on 2H09 TMET subsectors rebounded⁴: <ul style="list-style-type: none"> During 1H10 global media (up 44%) and IT (up 39%) performed broadly in line with the global market index (up 40%) The gaming entertainment sub-sector outperformed the global market index by 27% and telecoms underperformed by 19% in 1H10 <p>Activity</p> <ul style="list-style-type: none"> Strong recovery in advisory activity: 15 deals valued at approx \$A9b, vs 12 deals valued at \$A4b in pcp Lead Manager & Underwriter <ul style="list-style-type: none"> Carsales.com IPO Selldown of CanWest's \$A680m strategic holding in Ten Network and Ten Network's \$A138m placement Taiwan-based Epistar on its \$US350m Luxembourg GDR offering 	FIG <p>Market conditions</p> <ul style="list-style-type: none"> Global FIG M&A activity - 168 deals worth \$US74b⁵ down 58% on pcp and 51% on 2H09 Global FIG equity raisings \$US148b down 18% on pcp and up 92% on 2H09. Very high relative to historical levels⁶ S&P500 Financials outperformed the S&P500 by 35% during 1H10 compared with underperformance of 10% during pcp and 26% in 2H09⁷ <p>Activity</p> <ul style="list-style-type: none"> FPK acquisition expected to significantly increase contribution in future periods Advisory activity: 8 deals valued at approx \$A2b, vs 7 deals valued at \$A3b in pcp Joint Lead Manager <ul style="list-style-type: none"> \$A1.9b PERLS V hybrid issue by CBA \$A298m capital raising by Bendigo and Adelaide Bank \$A296m unsecured subordinated debt offer by AMP 	Funds Management <p>Market conditions</p> <ul style="list-style-type: none"> Global decline in new commitments to managed infrastructure funds Signs of improvement appearing in patronage driven assets Gradual improvement in both availability and pricing of debt, with increased issuance from debt capital markets Listed markets improving, major markets have improved significantly <p>New Fund Initiatives</p> <ul style="list-style-type: none"> Macquarie Renaissance Infrastructure Fund (Russia) - MRIF Macquarie SBI Infrastructure Fund (India) - MSIF JV formed with China Everbright Limited to establish 2 funds that will invest in infrastructure across greater China <p>Major Initiatives</p> <ul style="list-style-type: none"> CPPIB takeover of MCG completed at \$A3.00 per stapled security a 181% premium to 3 month VWAP prior to offer MAL and MLE internalisations of management completed MCW sold \$US1.3b US retail portfolio & closed the first Australian CMBS issue since Oct 07 MMG has announced a capital raising, proposed the internalisation of management and a simplification of corporate structure MIG has announced a proposal to restructure the portfolio into two separate listed entities and allocate the assets according to their maturity and risk profile <p>Activity</p> <ul style="list-style-type: none"> Equity raised \$A1.4b, down from \$A2.9b pcp and \$A4.7b 2H09 Over \$A6b equity in unlisted funds available for investment, up from \$A5b in pcp and in line with 2H09 \$A1b equity invested, down from ~\$A3b pcp and \$A6b 2H09 \$A5b debt refinanced, up from \$A4b pcp and down from \$A6b 2H09 \$A1b new debt raised, down from \$A6b pcp and \$A5b 2H09 ~6% total debt (~3% of drawn) maturing in next 12 mths Sale proceeds⁸ of \$A2.1b from 6 assets, up from \$A1.8b (7 assets) in pcp, down from \$A2.4b in 2H09 (4 assets) 105 real estate properties sold for gross proceeds of ~\$A2.0b⁹, up from 11 properties sold for ~\$A0.1b in pcp and 43 properties for ~\$A0.7b in 2H09 	

1. Note pcp included a deal with a value of \$A34b. 2. Infrastructure Journal (deals > \$US75m) 3. Dealogic 4. Based on MSCI Global Indices. Source – Bloomberg 5. Mergermarket 6. Dealogic – secondary issuance of equity and hybrids 7. Bloomberg 8. Includes the sale proceeds from the take privates of MCAG and MCG. 9. Includes MCW's \$US1.3b US portfolio contracted sale



Market conditions and activity

Macquarie Capital – operating income up 12% on 2H09 and down 2% on pcp

182 deals valued at \$A57b (164 deals valued at \$A83b pcp)¹

Cash Equities

Underwriting

Advisory

Funds management

Balance Sheet

Resources

Market conditions

- Global M&A activity in energy and power sectors²
 - 345 deals closed globally down 28% on pcp and up 37% on 2H09
- Australian ECM issuance at \$US10.4b, up 99% on pcp and 619% on 2H09³
- Canadian ECM issuance at \$US15.5b, up 163% on pcp and 126% on 2H09³
- Gold remained strong (currently trading at over \$US1,000/oz⁴) with other base metals also showing signs of recovery
- Oil and gas markets continuing to recover (WTI spot up 46% during 1H10⁴)
- Longer term Asian-based demand for LNG supply supporting a number of Australian LNG developments
- Increased consolidation including cross-border deals (primarily Chinese offshore investment)

Activity

- Reasonable advisory activity: 61 deals valued at approx \$A8b, vs 53 deals valued at \$A10b in pcp
- Adviser:
 - Rio Tinto / BHP Billiton iron ore joint venture in Western Australia
 - Viterra's \$A1.6b acquisition of ABB Grain and underwriter of \$A511m equity raising
 - New Gold on its \$C399m acquisition of Western Goldfields
 - KEPCO on its acquisition of Denison, a Canadian Uranium producer
- Joint Global Coordinator
 - Rio Tinto \$US15.2b renounceable rights issue

Real Estate

Market conditions

- Firmer signs of recovery across global REIT markets - A-REIT values rose 45% (compared with price declines of 20% in pcp and 52% during 2H09⁴) .
- Significant recapitalisations continued totalling \$A8.9b globally vs \$A0.5b in pcp and \$A9.2b in 2H09⁵
- Global real estate recovery led by residential sectors. In Australia, house prices have risen by an average of 6.5% on pcp and 7.4% on 2H09⁶
- Momentum gradually shifting from first home buyers to repeat buyers and investors
- Material shift in investor sentiment for commercial real estate. After synchronised downturn, some office markets starting to lift, with prime Hong Kong office values up 24% vs declines of 28% in pcp and 3.4% in 2H09⁷

Activity

- Strong recovery in advisory activity: 34 deals valued at approx \$A15b, vs 10 deals valued at \$A1b in pcp
- Adviser:
 - Goodman Group's recapitalisation including \$A4.1b debt restructuring, \$A1.3b equity raising and \$A500m hybrid securities issue to China Investment Corporation
 - Macquarie CountryWide Trust on sale of its interest in a US portfolio of 86 properties for a gross sale price of \$US1.3b
- Joint Lead Manager
 - Mirvac Group's \$A1.1b placement and entitlement offer
 - HDIL's \$US350m institutional placement (India)

Industrials

Market conditions

- Improving economic conditions globally, however M&A activity remained subdued (global completed M&A activity down 52% on pcp and 10% on 2H09⁴)
- Activity levels expected to pick up as corporates look to position themselves for the recovery with focus on M&A activity and other growth initiatives
- Increasing investment banking activity in recapitalisations, debt advisory and restructuring. Proportion of equity raisings within the Australian Industrials sector relating to recapitalisations was 75% vs 31% in pcp and 100% in 2H09⁴

Activity

- Reasonable advisory activity: 33 deals valued at approx \$A9b, vs 44 deals valued at \$A13b in pcp
- Adviser:
 - Transpacific Industries' \$A0.8b recapitalisation and \$A2.3b debt refinancing
 - PaperlinX's sale of paper business to Nippon Paper Industries for \$A760m
- Joint Lead Manager
 - China Zhongwang Holdings \$HK9.8b IPO
 - \$US884m H-share IPO of BBMG
 - \$NZ526m equity raising for Fletcher Building

1. Note pcp included a deal with a value of \$A34b 2. JS Herold 3. Thomson Reuters 4. Bloomberg 5. Macquarie Research 6. Australian Property Monitors 7. HK Rating & Valuation Department



Market conditions and activity

Macquarie Funds Group – operating income up 5% on 2H09 and down 9% on pcp

Total MFG AUM \$A58b¹ – up 29% on pcp

Cash Equities

Underwriting

Advisory

Funds management

Balance Sheet

Wholesale

Market conditions

- Beginning to improve:
 - Australian AUM down 11.1% on pcp and up 3.6% in the 6 mths to Jun 09²
 - US Mutual Fund AUM down 14.3% on pcp and up 4.3% in the 6 mths to Jun 09³
 - Asian Mutual Fund AUM down 8.3% on pcp and up 17.2% in the 6 mths to Jun 09⁴
 - Hedge funds beginning to see net inflows

Activity

- Delaware Investments acquisition
- Strong relative fund performance in key sectors with first quartile performance over 1, 3 and 5 years:
 - Fixed Income⁶
 - Global Property⁷
 - Quantitative equities – Pure Index
- More than \$A18b in inflows, up 45% on 2H09¹
- Returning to net inflows in hedge fund products including the Macquarie Commodity Alpha fund and Asia Long Short Fund
- New Infrastructure Fund of Funds and CleanTech II Fund of Funds launched
- Completed its first hybrid note and leveraged swap transaction with a US Fund of Fund
- Emerging Markets Infrastructure Fund has delivered strong 1 year track record

Retail

Market conditions

- In Australia, growth in the retail deposit market has slowed, indicating that investors are returning to the market
- Money market funds continue to experience outflows in the US⁵
- Increasing investor preference for vanilla style products

Activity

- Strong credit and fixed income product ratings and flows
- Retail flows returning in Australia, Hong Kong and Korea
- Launching SICAV with 3 funds to be offered in the UK, Germany, Austria and Switzerland
- Strong relative fund performance in key sectors, with first quartile performance over 1 and 3 years⁸
 - Credit: Income Opportunities
 - Emerging Markets: BRIC Advantage⁹
- Good response for Flexi 100, which provided investors of structured products with the opportunity to participate in any market recovery
- New Asian Equity strategies launched
 - Asia Pacific Special Events Fund
 - Asian Leaders Segregated Portfolio

1. Excludes Delaware Investments. 2. As at 30 Jun, 09. Rainmaker Roundup Report Jun 09, Dec 08 and 2008. 3. Global FlowWatch Strategic Insight Dec 08 and Jun 09, excludes closed end funds and ETFs. 4. Asia FlowWatch Strategic Insight, Jun 09. 5. Investment Company Institute. 6. Cash – Treasury Fund. 7. Data not available over 5 years. 8. Mercer MPA Aug Survey. 9. Data for fund not available over 3 years.



Market conditions and activity

Fixed Income, Currencies and Commodities – operating income up 22% on 2H09 and up 27% on pcp

Cash Equities				Underwriting	Advisory	Funds Management	Balance Sheet		
Foreign Exchange	Energy	Agriculture	Metals	Debt	US Credit				
<p>Market conditions</p> <ul style="list-style-type: none"> Low volatility Low FX volumes globally Moderate liquidity <p>Activity</p> <ul style="list-style-type: none"> Income down significantly on pcp and 2H09 Volumes down 40% on pcp Continued development of retail FX platform opportunities 	<p>Market conditions</p> <ul style="list-style-type: none"> Volatility low in general Market liquidity mixed Gas and power prices lower, oil prices higher <p>Activity</p> <ul style="list-style-type: none"> Income slightly down on strong pcp and down on 2H09 due in part to seasonality effect Integration of Constellation Energy complete Continued entry to the European and UK power markets 	<p>Market conditions</p> <ul style="list-style-type: none"> High volatility in soft commodity markets Return of investor confidence in agricultural markets Freight markets have improved from extreme lows. Cape Spot Index improved 1008% or \$US23k p/day, Panamax Spot Index is up 414% or \$US415K p/day from lows¹ <p>Activity</p> <ul style="list-style-type: none"> Income in line with pcp and substantially up on 2H09 Hedging activity is high on the back of increased volatility in general however low grain prices have dampened hedging activity in this underlying 	<p>Market conditions</p> <ul style="list-style-type: none"> All metals prices have recovered significantly, with gold now trading at all time highs LME Index down 5% on pcp, up 52% on 2H09 and up 79% on its low² <p>Activity</p> <ul style="list-style-type: none"> Income improved on pcp and substantially up on 2H09 Strong pipeline of financing transactions expanding beyond precious metals and to include coal, iron ore and other commodity transactions 	<p>Market conditions</p> <ul style="list-style-type: none"> Australian credit markets have shown significant improvement with credit spreads rallying substantially, evidenced by the Australian credit index, down from 440bps in 2H09 to 108bps³ <p>Activity</p> <ul style="list-style-type: none"> Income significantly improved on pcp and substantially up on 2H09 Primary issuance opportunities becoming evident for first time since market disruption - non-resident issuance up \$A9.8b and government up \$A21.2b from 2H09 to 1H10⁵ 	<p>Market conditions</p> <ul style="list-style-type: none"> Spread compression across all credit classes - CDX IG index has fallen to 102, from 161 in 1H09 and 196 in 1H09⁴ Lower volatility with improved investor confidence <p>Activity</p> <ul style="list-style-type: none"> Substantial income contribution in first period as a stand-alone division Began client sales and trading Expanded the range of securitised products traded 				

NOTE: Treasury & Commodities has been renamed Fixed Income, Currencies & Commodities to more accurately reflect the breadth of services as well as the relocation of group treasury functions to Corporate.

1. Baltic Exchange Cape Spot Index – low \$US2,319 3 Dec 08, 1H10 \$US25,698, Panamax Spot Index – low \$US3,555 11 Dec 08, 1H10 \$US18,268 2. LME Index as at 24 Dec 08. 3. Markit iTraxx Australia index - 31 Mar 09 and 30 Sep 09 – an index of the 25 (equally weighted) most liquid traded investment grade entities listed on the Australian Stock Exchange (ASX). 4. Dow Jones CDX Index - 29 Sep 08: 161.971, 30 Sep 09: 102.515. 5. Research Debt Markets: Non resident issuance 2H09 \$A0.75b, 1H10 \$A10.55b, Govt: 2H09 \$A31.32b, 1H10 \$A52.56b.



Market conditions and activity

Other banking divisions

Cash
Equities

Underwriting

Advisory

Funds
Management

Balance
Sheet

Corporate and Asset Finance

Operating income up 141% on 2H09 and up 87% on pcp

Market conditions

- Attractive acquisition opportunities as competitors reduce participation or exit markets
- Debt for customers remained limited and priced at a premium, although margins are contracting as liquidity returns to credit markets
- Signs of improvement in electronics manufacturing
- Selective opportunities for growth and acquisitions in leasing
 - Aviation
 - Information technology and telecommunications
 - Motor vehicles

Activity

- Loan and asset portfolio up 49% on pcp and up 33% on 2H09 to \$A11.3b
- Acquisition of \$A1.0b auto loan and lease portfolio (closed 1 Oct 09)
- Launch of US Equipment Leasing Fund
- Growth initiatives continue in all leasing and financing business units

Real Estate Banking

Operating loss reduced by 84% on 2H09 and 71% on pcp

Market conditions

- Australian REIT prices¹ down 30% on pcp, up 44% on 2H09
- Office capital values² in Asia are down on pcp – Hong Kong -10%; Singapore -36%; Tokyo -36%. Since 2H09 – Hong Kong +24%; Singapore -15%; Tokyo -14%
- Australian house prices³ have risen by an average of 6.5% on pcp and 7.4% on 2H09
- The Australian standard variable mortgage rate⁴ fell from a 12-year high of 9.6% in Aug 08 to a 40-year low of 5.75% in Apr 09. Currently the standard variable mortgage rate is 5.8%
- Housing finance approvals have risen 10.8% on pcp and 17.7% on 2H09. Since 31 Mar 09, 26.8% of all approvals have been first home buyers.⁵

Activity

- Structured finance loan commitments down 32% on pcp and 33% on 2H09
- Development of management initiatives such as Bellamack project in NT to leverage our expertise in planned community development projects
- Exited joint ventures of selected residential developments in Australia – Sanctuary (NSW); River Links (Qld); Springthorpe (Vic); Kawana Keys (Qld); Alma (Qld)
- Sale of the City Apartments residential asset, Shanghai
- Disposition of the Kukdong building in Seoul, the single asset of the MCO CR REIT

1. Bloomberg. 2. Jones Lang LaSalle. 3. Australian Property Monitors. 4. Reserve Bank of Australia. 5. Australian Bureau of Statistics, current at 31 Aug 09.



Market conditions and activity

Banking & Financial Services – operating income up 14% on 2H09 and up 17% on pcp¹

Private Wealth

Intermediary

Funds Management

Balance Sheet

Private Wealth/Direct

Market conditions

- Improving equity markets with retail market trading volumes down 9% on pcp and up 30% on 2H09

Activity

- Acquisition of Blackmont Capital
- Macquarie Private Wealth remains No.1 Retail Full Service Stockbroker in terms of volumes and market share
- MPW ASX retail turnover down 12% on pcp and up 24% on 2H09
- Launched new online trading platform, Macquarie Edge
- Credit card white labelling roll out
- Religare Macquarie Private Wealth wins Indian Private Banking International Global Wealth Award for Most Exciting Wealth Management Model.
- Continued development of international ventures in India, Singapore and HK
- Increased focus on direct, non-advised clients
- Client numbers up 13% on pcp and 10% on 2H09
- Adviser numbers steady at 420

Intermediary

Market conditions

- Improving markets conditions

Activity

- Macquarie Life Inforce risk premiums up 141% on pcp and 46% on 2H09; launch of Superannuation Optimiser linking TPD cover across super and non-super
- Improving equity markets resulted in WRAP FUA reaching \$A21.6b at 30 Sep 09 up from \$A17.5b at 30 Mar 09
- Launch of Practice Consulting Business
- Client numbers up 17% on pcp and 11% on 2H09
- First funds lodged on UK wrap platform
- Independent research consultancy CoreData-Brandmanagement name Macquarie Wrap 'Platform of the Year 2009'
- Coin financial planning software complete roll-out to AMP and Hillross dealer groups
- Record origination volumes in Canadian Mortgages – up 44% on pcp and 163% on 2H09

Funds Management

Market conditions

- Challenging conditions for non-cash products

Activity

- Macquarie Pastoral Fund acquired six new properties in NT and Qld bringing total properties to 16, FUM up 141% on pcp and up 20% on 2H09
- Macquarie Agricultural Funds Management awarded Real Asset Manager of the Year at US Foundation and Endowment Awards
- Winton Global Alpha Fund upgraded by Zenith
- Establishment of channel to distribute products to wholesale investors
- Switch fund - allows gearing to switch between cash and equities - met pre-Jun 30 targets
- Launch Global Franchise Service in India in conjunction with joint venture partner Religare

Balance Sheet

Market conditions

- Continued focus on balance sheet cash levels (Australian household deposits up 2%)²
- RBA interest rates up 0.25% to 3.25%³

Activity

- Total retail deposits of \$A13.9b up 48% from pcp and 4% from 2H09
- Total retail lending facilities for more than 140k⁴ clients – remaining steady on 2H09
- Cash Management Account launched in Nov 08 now at \$A1.7b (Sep 09)
- Signing of Insurance Premium Funding and service agreement with the AON Group of Companies in Canada, United Kingdom and Ireland

1. Excluding one-off losses from the sale of Mortgages Italy in FY09. 2. FY09 vs FY08. 3. 0.25% increase on 7 Oct 09. 4. Included in Private Wealth and Intermediary client numbers

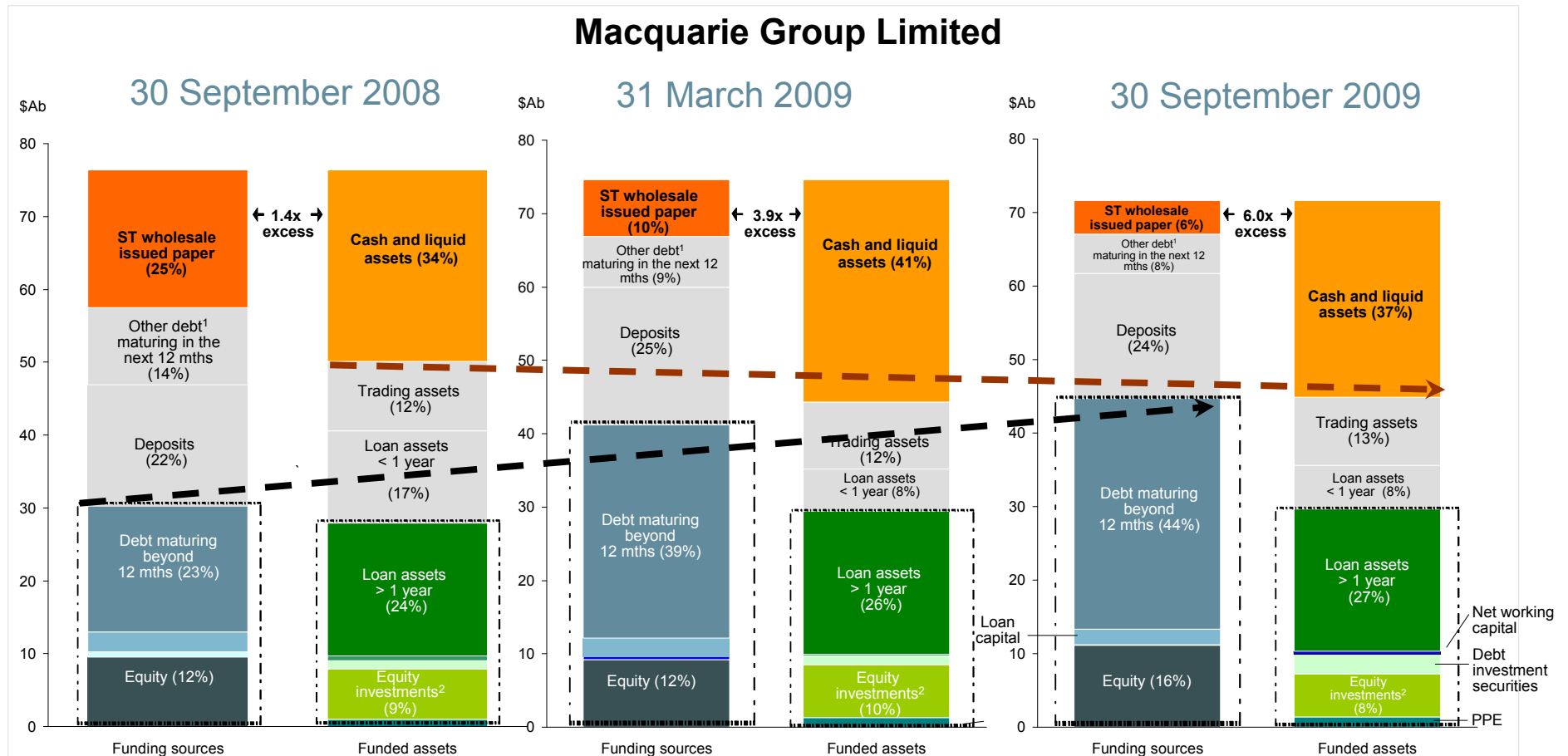


Strong funding and balance sheet position

- Continuing to move away from short-term wholesale issued paper, down from \$A18.9b at Sep 08 to \$A4.5b at Sep 09
- Business assets funded by term debt and equity
- Total retail deposits increased from \$A13.4b at Mar 09 to \$A13.9b at Sep 09
- Capital of \$A11.5b, \$A4.5b in excess of the Group's minimum regulatory capital requirement
 - MBL Banking Group tier 1 capital ratio 11.7% (11.4% Mar 09)



Funded balance sheet remains strong



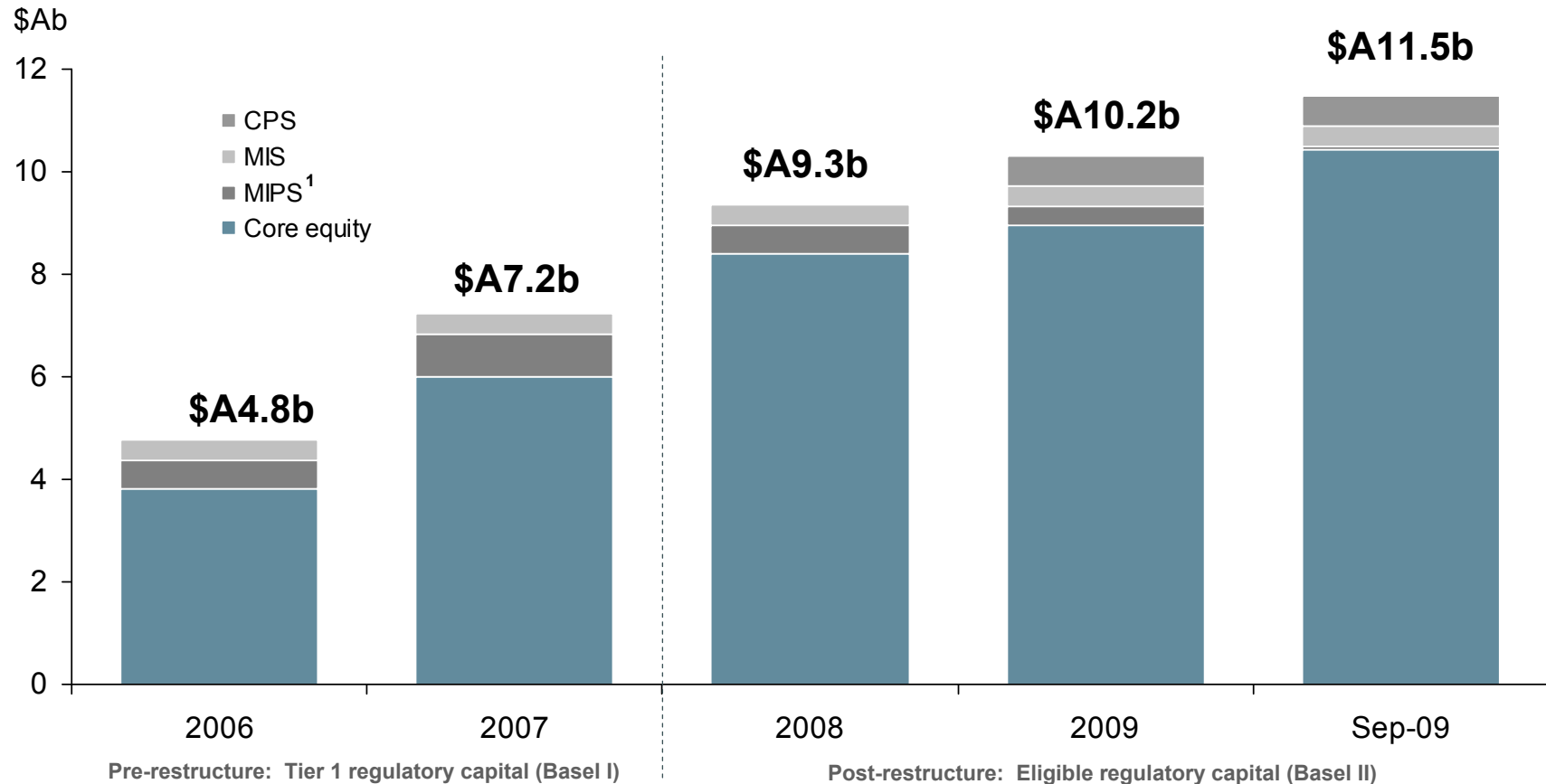
Note: These charts represent Macquarie Group Limited's funded balance sheets at the respective dates noted above. For details regarding reconciliation of the funded balance sheet to the Group's statutory balance sheet, refer to slide 62

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 Group’s minimum regulatory capital requirement of \$A4.5b
- Core equity represents 90% of the Group’s capital base



1. MIPS shown net of amounts held by Macquarie related entities



Macquarie model – focus over the medium term

- Client driven business
 - Main business focus is providing products and services to clients
 - Trading businesses focussed on client transactions
 - Minimal proprietary trading
- Alignment of interests with shareholders, investors, staff
 - Alignment through co-investment by Macquarie Group and staff
 - Performance driven remuneration
- Conservative approach to risk management
 - Conservative capital and funding profiles
 - Apply a stress test approach to all risk types, examining the consequences of worst case outcomes and gaining confidence they can be tolerated
 - Determine aggregate risk appetite by assessing risk relative to earnings more than by reference to capital
- Incremental growth and evolution
 - Significant portion of profit comes from businesses that did not exist five years ago but grow from areas of real expertise
 - Business initiatives driven from within the Operating Groups which are closest to markets and clients
- Diversified by business and geography
- An ability to adapt to change



Recent initiatives

Macquarie Securities

Acquisitions:

- Tristone:
 - Independent energy advisory firm providing sales, trading and research services
 - Consideration: \$C116m
 - Employees: 49 people¹
 - Locations: Canada, US and Europe
 - Increase energy stock coverage from 152 to 295 stocks globally
 - Completion date: 1 Sep 09
- FPK:
 - FIG focused firm with a leading FIG sales and trading platform that researches over 400 stocks globally
 - Consideration: \$US130m
 - Employees: 141 people³
 - Locations: US, Europe and Asia
 - Will take MSG's FIG research offering from 387 to over 765 stocks globally
 - Completion date: End of calendar 2009³

Organic growth:

- 36 selective director level hires in 1H10 globally, majority of which are in the Cash Division

Macquarie Capital

Acquisitions:

- Tristone:
 - Independent energy advisory firm providing fully integrated corporate finance, acquisitions & divestitures and equity capital markets
 - Consideration: \$C116m
 - Employees: 86 people¹
 - Locations: Canada, US and UK
 - Completion date: 1 Sep 09
- FPK:
 - FIG focused boutique investment banking firm, which includes ECM capabilities in addition to corporate broking and advisory services. In the last 12 mths FPK have advised on 22 deals worth \$US52.9b²
 - Consideration: \$US130m
 - Employees: 77 people³
 - Locations: US, UK and Asia
 - Completion date: End of calendar 2009⁴

Organic growth:

- Over 30 director level appointments across Asia, EMEA and North America with restructuring, M&A and ECM expertise across all Macquarie Capital industry groups

Macquarie Funds Group

Acquisitions:

- Delaware Investments:
 - Leading US based diversified asset management firm
 - Approx \$US125b in AUM (as at 30 Jun 09)
 - Provides investment services to approx 1 million retail investors and 170 institutional clients through a broad range of managed accounts, separate accounts, mutual funds, retirement accounts, sub-advised funds, and other investment products.
 - Consideration: \$US428m
 - Employees: approx 580 people
 - Locations: Philadelphia, San Francisco and Boston
 - Expected settlement date: Early 2010

1. As at acquisition date, excludes 36 support staff. 2. Includes the Bank of America / Merrill Lynch deal worth \$US47.1b. Excluding this, the value of deals advised is \$US5.8b 3. As at acquisition date, excludes 53 support staff. 4. Subject to completion.



Recent initiatives

Fixed Income, Currencies & Commodities

Acquisitions:

- Energy:
 - Constellation Energy:
 - Houston-based downstream natural gas trading business providing physical and financial natural gas
 - Fully integrated into Macquarie's existing North American natural gas trading and marketing platform, Macquarie Cook Energy
 - Combined business is a top 5 gas trader in the North American market interacting with approx 400 clients and counterparties
 - Employees: approx 110 people
 - Locations: Houston, Calgary
 - Completion date: 28 Mar 09

Organic growth:

- Debt and credit trading:
 - In excess of 25 director level appointments in the US and UK with extensive experience in US structured credit sales and trading, emerging markets repo, fixed income and FX business as well as senior commodity sales staff
- Emerging Markets:
 - Expanded global team with headcount now at approx 40 and staff in Miami, New York and London

Corporate and Asset Finance

Acquisitions:

- Ford Credit Australia auto finance \$A1b portfolio (1 Oct 09 close)

Corporate lending

- Acquisitions and originations approx \$A4b YTD of corporate loan facilities in Australia, Europe and North America
- Performing corporate debt (predominantly senior ranking and substantial proportion investment grade)
- Diversified by maturity (av. 2013) and industry

Organic growth:

- North America: approx 4 director level appointments with expertise in leasing / asset and legal experience

Banking & Financial Services

Acquisitions:

- Blackmont Capital
 - Leading Canadian independent investment dealer with over \$C7.6b in assets under administration
 - Provides an established and growing Canadian wealth management platform and will add additional retail distribution to existing capital markets and product offerings in Canada
 - Consideration: \$C93.3m
 - Employees: Approx 450 employees including a network of more than 130 financial advisors located in 13 offices across Canada
 - Location: Canada
 - Completion date: Early 2010

Organic growth:

- Selectively recruited 16 director level hires as part of the group's expansion into the UK and Asian financial services markets and also in specialist areas including insurance and Service and Operations in the Australasian market



Macquarie Capital funds – listed fund initiatives and unlisted fund expansion

Activity during 1H10

- Equity under management \$A50b down 6% on 2H09 and down 10% on pcp
 - Fall in EUM due mainly to FX and listed fund initiatives (MCG/MLE), partly offset by improved security prices and new equity raised
 - 74% unlisted vs 26% listed split
- \$A1.4b equity raised; \$A1b equity invested; and over \$A6b equity in unlisted funds available for investment

Listed funds major initiatives

- **MCG:** Sale of Global Tower Partners \$US363m; Takeover by CPPIB at \$A3.00 per security
- **MLE:** \$A63m asset sales completed or in process; \$A67m capital raising; Successful internalisation of management
- **MCW:** Over \$A2.3b assets sold or under contract, including \$A1.6b sale of US portfolio
- **MAp:** Sold stakes in JAT (~\$A260m) and agreed to sell Bristol Airport (£128m); Successful internalisation of management
- **DUET:** Completed \$A265m capital raising
- **MIIF:** Agreed the sale of 71.6% of its interest in MEIF for €63m
- **MMG:** Announced a range of proposed initiatives; including a 1 for 1 entitlement offer; internalisation of management; simplification of corporate structure and transition to single publicly listed media company model
- **MIG:** Buyback completed; Sales of Lusoponte (€110m) and effective 25% interest in Westlink M7 (\$A403m); Recently announced proposal to restructure the portfolio into two separate listed entities and allocate the assets according to their maturity and risk profile

Unlisted funds expansion

- **India:** Macquarie-SBI Infrastructure Fund (MSIF) launched in Mar/Apr 09
 - Invests in infrastructure projects in India
 - Over \$US1b raised to date with total capital anticipated to be between \$US2b and \$US3b
- **Russia:** Macquarie Renaissance Infrastructure Fund (MRIF) launched in Aug 09
 - Invests directly in infrastructure in Russia and other key CIS markets
 - Russia's State Development Bank, Vnesheconombank (VEB) is the cornerstone investor
 - Commitments to the first close of the fund total \$US530m
- **China:** Entered into a joint venture with China Everbright Limited in Aug 09
 - Objective is to establish two infrastructure funds to invest in Greater China
 - One fund aimed at foreign investors and the other at domestic
 - The aggregate fund target is \$US1.5b



Asset resilience

- Macquarie Capital Funds' ten largest infrastructure businesses¹ have shown strong resilience in challenging markets
- The majority of these assets experienced improvement in operational performance with a combined weighted average 1 year EBITDA growth of 6%

		Acquisition date	1 year EBITDA Growth ²	2 year EBITDA CAGR ²	3 year EBITDA CAGR ²
Thames Water	Utility (UK)	Dec 06	1%	0%	8%
Puget	Utility (US)	Feb 09	4%	n/a	n/a
APRR	Toll road (France)	Feb 06	1%	3%	n/a
Arqiva ³	Communications (UK)	Jan 05	10%	n/a	n/a
407 ETR ⁴	Toll road (Canada)	Apr 02	2%	6%	9%
Airwave ⁵	Communications (UK)	Apr 07	54%	33%	n/a
Brussels	Airport (Belgium)	Dec 04	(6)%	2%	6%
Copenhagen	Airport (Denmark)	Dec 05	(11)%	(3)%	n/a
Techem	Utility (Germany)	Jan 08	12%	n/a	n/a
Wales and West	Utility (UK)	Jun 05	19%	37%	n/a

1. Based on proportionate Enterprise Value as at 30 Sep 09, excluding Sydney Airport following internalisation of MAp. Sydney Airport's 1 year EBITDA growth for this period was 3%. 2. Compound annual growth in EBITDA up to the year ending 30 Sep 09 for all assets with the exception of Puget which is at 30 Jun 09. Figures based on management accounts and/or audited financial statements where available. 3. Arqiva acquired National Grid Wireless in Apr 07 and EBITDA growth shows the performance of the combined business 4. Excludes a one-off \$C25m write-off in Dec 08 for prior period doubtful accounts 5. EBITDA growth driven by completion milestones from roll-out of fire and ambulance communication infrastructure



Finalisation of proposed changes to remuneration arrangements

- Changes to proposed remuneration arrangements were announced in March 2009 (refer Appendix A):
- Proposed changes deferred in June due to foreshadowed Legislative changes
- Australian legislation not finalised but there is sufficient clarity to progress to seek shareholder approval for the changes announced in March 2009
- Proposed changes will continue to apply for FY09 except for the following where changes to the tax legislation have prevented Macquarie from proceeding:
 - Options will no longer be granted to Executive Committee members and will be replaced by the proposed issue of performance shares with performance hurdles
 - Under revised transitional arrangements, Executive Directors (EDs) can participate in the equity scheme announced with their retained profit share invested in equity vesting to them on a straight line basis over 7 years (Executive Committee) or 5 years (other EDs)



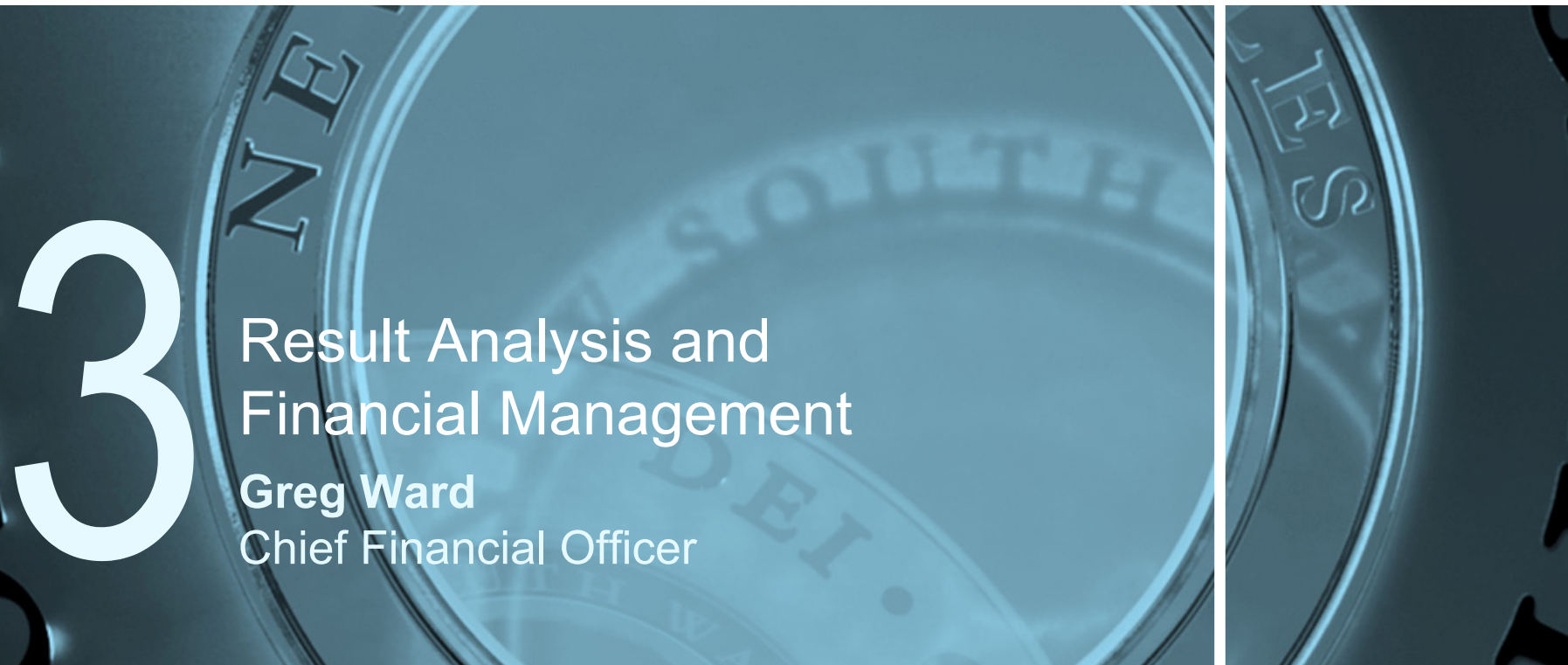
Finalisation of proposed changes to remuneration arrangements

- Given that ED's may choose not to participate in the new scheme for pre-2009 retained amounts, the value applied to the grant of Macquarie shares is likely to be less than the \$A500m estimate advised on 31 March 2009
- The equity participation is proposed to be provided via issue of new shares, on-market share purchases or a combination of both at the discretion of the Board and to be determined at the time having regard to all factors including prevailing market conditions
- In accordance with our statement on 1 May 2009, shares will be priced at the VWAP from 4 May 09 to 29 July 09, being \$A36.36, compared to \$A27.00 for the Institutional Placement price and \$A26.60 for the Share Purchase Plan price
- For the FY10 year, the key changes from the proposed 2009 changes are:
 - In addition to Executive Committee, for EDs on Operations Review Committee, and others with a significant management or risk responsibility, 50% of profit share will be retained (55% for the CEO), vesting from 3-7 years
 - For other EDs, 40% of profit share will be retained (previous proposal 50%), vesting from 3-5 years (previous proposal 3-7 years)
- Shareholder approval for the proposed changes to be sought at an SGM currently planned for Dec 09



Outlook

- Market conditions improving but volatility means short-term forecasting remains difficult
- 2H10 profit currently estimated to be broadly in line with 1H10 but remains subject to market conditions and significant swing factors and excludes the impact of one-off items:
 - 1H10 benefitted from buoyant activity in certain areas including Australian ECM and credit businesses which may not continue as strongly in 2H10
 - Swing factors include completion rate of transactions, asset realisations and asset prices
 - One-off items include factors such as the periodic review for potential impairment charges
- As previously stated, FY10 trading likely to be characterised by:
 - Income statement:
 - Fewer one-off items (e.g. writedowns and provisions)
 - Higher compensation ratio to be consistent with historic levels
 - Increased effective tax rate to be consistent with historic levels
 - Lower earnings on capital reflecting lower global interest rates
 - Higher cost of funding
 - Balance sheet:
 - Decrease in cash balances as funds deployed across the businesses
 - Maintain equity investments at or below existing levels
 - Lower investment levels in listed funds
- Dividends likely to remain unfranked for foreseeable future
- Despite improving trends in a number of major markets, we continue to maintain a conservative approach to funding and capital
- Strong balance sheet, 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



Result Analysis and Financial Management

Greg Ward
Chief Financial Officer

Macquarie Group Limited

Result Announcement for the half year ended 30 September 2009

30 October 2009 – Presentation to Investors and Analysts



Key drivers of half year

- Improved equity markets, especially in Sep qtr, but overall cash equities down on pcp
- Improved demand for retail structured products in Asia markets, although down on pcp
- Good ECM activity, reasonable corporate finance and advisory deal flow, in line with pcp
- Good contribution from base fees, performance fees well down on pcp
- Gains from listed fund initiatives - MCG, MLE, MAp \$A414m
- Strong contributions from debt markets and new credit trading business
- Gains from liability management - MIPS \$A127m and subordinated debt \$A55m
- Substantial negative fair value adjustment on fixed rate issued debt (\$A252m)
- Further writedowns, provisions and net equity accounted losses (\$A758m)
- Increased compensation ratio (1H10: 45%; 2H09: 41%; 1H09: 40%)
- Movements in FX rates
 - average USD/AUD up 20% on 2H09, down 13% on pcp
- Low tax expense, albeit tax rate up on low level in FY09
- Continued to maintain conservative levels of capital and liquidity
 - Cost of excess liquidity in 1H10 over \$A100m



Income Statement

	Sep 09 \$Am	Mar 09 \$Am	Sep 08 \$Am	Key drivers from pcp
Net interest income	425	418	520	Earnings on capital down, average loan volumes down, net margins up, excess liquidity
Fee and commission income	1,882	1,890	2,155	Reasonable M&A deal flow, brokerage down, performance fees down
Trading income	906	538	790	Strong contributions from debt markets and credit trading
Other income	306	386	497	Fewer asset sales compared to pcp
Operating income before writedowns, impairments, equity accounted gains/(losses) and one-off items	3,519	3,232	3,962	
Gains on listed fund initiatives ¹	414	-	-	MCG, MLE, MAp
Liability management: MIPS	127	197	-	
Liability management: subordinated debt	55	-	-	
Fair value adjustment on fixed rate issued debt	(252)	159	20	
Writedowns, impairment charges ²	(623)	(984)	(917)	Refer slide 9
Share of net gains/(losses) of associates ^{1,2}	(135)	(44)	118	Refer slide 9
Mortgages Italy	-	(4)	(213)	Portfolio sold Oct 08
Total operating income (as reported)	3,105	2,556	2,970	
Total operating expenses	(2,573)	(2,294)	(2,243)	Increase in staff expenses
Net profit before tax and minorities	532	262	727	
Income tax expense	(36)	64	(79)	Refer slide 47
Minority interests	(17)	(59)	(44)	Reduction of MIPS
Net profit after tax	479	267	604	
Expense to income ratio	83%	90%	76%	
Compensation ratio	45%	41%	40%	

1. The equity accounting impact relating to the MAp internalisation has been included with "Gains on listed fund initiatives" and excluded from "Share of net gains/(losses) of associates". 2. FY09 comparatives have been restated to conform with 1H10 presentation by including equity accounted gains.



Impairment charges and equity accounted gains/losses

	\$Am
Impairment & equity accounted gains/losses of funds management assets and other co- investments	
Listed Macquarie-managed funds	45
Real estate equity investments	92
US portfolios of asset backed securities held as available for sale	62
Resources equity investments	2
Other equity co-investments ¹	405
	606
Loan impairment provisions²	
Real estate loans	13
Resources loans	50
Corporate and Asset Finance leasing and lending	28
Banking and Financial Services lending	29
Other loans	11
	131
Impairments recognised on trading asset positions³	
CLO/CDO exposures held in trading portfolio	21
	21
Total	758

1. Includes impairment charges of \$A348m and equity accounted losses of \$A175m, and is offset with equity accounted gains of \$A118m. 2. Includes specific credit provisions and collective allowance for credit losses recognised in the six months ended 30 Sep 09. 3. Selected items included are carried in the trading portfolio at fair value. Realised gains and losses, and unrealised gains and losses arising from changes in the fair value of the trading portfolio are recognised as trading income or expense in the income statement in the period in which they arise.



Macquarie Securities Result

	Sep 09 \$Am	Mar 09 \$Am	Sep 08 \$Am
Net trading income (including net interest) ¹	266	(56)	466
Brokerage and commissions	374	281	407
Other fee and commission income	128	91	65
Other income	2	(2)	3
Internal revenue ²	11	112	9
Operating income before writedowns, impairments and equity accounted gains/(losses)	781	426	950
Writedowns, impairment charges	-	(35)	-
Share of net gains of associates	1	-	3
Total operating income (as reported)	782	391	953
Total operating expenses	(463)	(559)	(510)
Net profit contribution³	319	(168)	443
Staff numbers	1,512	1,540	1,777

- Equities trading income down 43% on pcp:
 - Structured Equity Finance volumes in Europe down significantly on pcp
 - Improved demand for retail structured products in Asia markets, although still down on pcp
 - Strong contribution from arbitrage trading activities
 - Prior period trading loss due to substantially lower demand for listed/structured products and unprecedented volatility during the second half of FY09
- Brokerage and commission income, up 33% on 2H09, down 8% on pcp:
 - Equity market turnover down on pcp although up on 2H09 as monies were allocated to equities on renewed economic confidence
 - Market share retained in Australia although average commissions reduced due to increasing proportion of lower margin electronic trading
 - Market share up in Asia on 2H09
 - Continued growth in secondary market commissions from US and European greenfield businesses
- Other fee and commission income, up 41% on 2H09 , up 97% on pcp
 - Equity capital markets activity has strengthened with notable transactions including Rio Tinto's \$US15.2b renounceable rights issue
- Operating expenses down 9% on pcp and 17% on 2H09 driven by a reduction in headcount, focus on cost rationalisation and a stronger AUD against major currencies compared to 2H09

1. Includes internal net interest expense and transfer pricing on funding provided by Group Treasury that is eliminated on consolidation in the Group's statutory P&L. 2. Internal revenue allocations are eliminated on consolidation in the Group's statutory P&L. 3. Management accounting profit before unallocated corporate costs, profit share and income tax.



Macquarie Capital Result

	Sep 09 \$Am	Mar 09 \$Am	Sep 08 \$Am
Net interest income/(expense) ¹	(125)	(212)	(169)
Base fees	243	268	256
Performance fees	12	8	210
Mergers and acquisitions, advisory and underwriting	566	590	566
Equity investment income	57	112	263
Operating lease income	38	40	30
Other income	59	153	52
Internal revenue ²	64	91	165
Operating income before writedowns, impairments, equity accounted gains/(losses) and one-off items	914	1,050	1,373
Gains on listed fund initiatives	414	-	-
Writedowns, impairment charges	(407)	(293)	(612)
Share of net gains/(losses) of associates	(122)	(46)	56
Total operating income (as reported)	799	711	817
Total operating expenses	(470)	(728)	(512)
Minority interests	2	(31)	-
Net profit contribution³	331	(48)	305
EUM (\$Ab)	50.0	53.3	55.8
AUM (\$Ab)	130.7	159.5	158.0
Staff numbers	2,403	2,617	3,049

- Interest expense down 41% on 2H09, down 26% on pcp due to reduced funding costs
- Base fees down 5% on pcp
 - EUM \$A50.0b – 10% down on pcp (6% down on 2H09)
 - Sale of MCG manager
- Performance fees: significant performance fee from MAG recognised in pcp
- Advisory activity: 182 deals valued at approx. \$A57b (164 deals valued at approx. \$A83b in pcp⁴)
- Equity investment income: 1H10 included sale of Moto Hospitality, Puget Energy; 1H09 included sale of Longview oil & gas assets, Red Bee Media, residual holdings in Dyno Nobel and Boart Longyear
- Gains on listed fund initiatives \$A414m: MCG, MLE, MAp
- Writedowns, impairment charges of \$A407m include:
 - Equity investments (\$A336m)
 - US portfolios of ABS held as available for sale (\$A62m)
 - Loans and receivables (\$A9m)
- Expenses down 8% on pcp
 - Reduction in headcount
 - stronger AUD against major currencies compared to 2H09

1. Includes internal net interest expense and transfer pricing on funding provided by Group Treasury that is eliminated on consolidation in the Group's statutory P&L. 2. Internal revenue allocations are eliminated on consolidation in the Group's statutory P&L. 3. Management accounting profit before unallocated corporate costs, profit share and income tax 4. The pcp comparative includes a large one-off deal of \$A34b.



Macquarie Funds Result

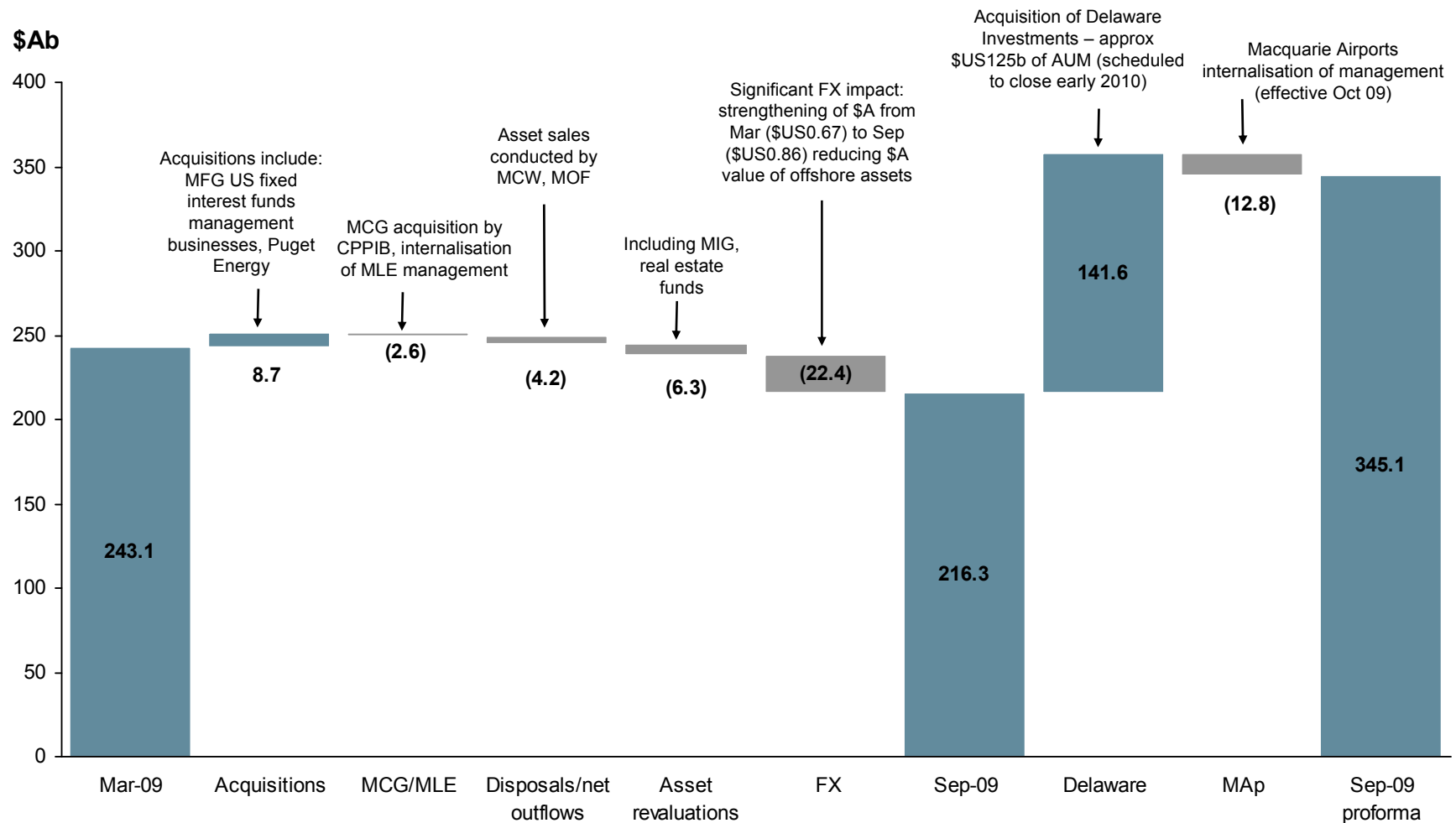
	Sep 09 \$Am	Mar 09 \$Am	Sep 08 \$Am
Net interest income ¹	27	33	32
Base fees	72	76	66
Other fee and commission income	37	64	79
Other income	27	11	(2)
Internal revenue ²	2	3	1
Operating income before writedowns, impairments and equity accounted gains/(losses)	165	187	176
Writedowns, impairment charges	(8)	(14)	-
Share of net gains/(losses) of associates	7	(17)	5
Total operating income (as reported)	164	156	181
Total operating expenses	(127)	(146)	(146)
Minority interests	1	-	-
Net profit contribution³	38	10	35
AUM (\$Ab) ⁴	58.0	49.7	44.8
Staff numbers ⁵	561	583	572

- Lower interest revenue compared to pcp due to redemptions from retail loans issued to investors as part of structured investment offerings
- Base fees up 9% on pcp, AUM up 29% on pcp from \$A44.8b to \$A58.0b
 - Acquisition of remaining shares in Allegiance Investment Management in Jan 09 increasing AUM by \$A5.1b
 - Strong inflows for the Fixed Interest, Currency and Commodities asset class
 - Partially offset by decrease across most other asset classes, particularly Listed Equities and Real Estate Securities
- Other fee & commission income down 53% on pcp:
 - Lower European and Australian retail product raisings
- Other income includes revaluations on seed investments and income from derivative products offered by the Investment Solutions and Sales division
- Acquisition of Delaware Investments (due for completion in early 2010) will increase AUM by approx. \$A142b⁶

1. Includes internal net interest expense and transfer pricing on funding provided by Group Treasury that is eliminated on consolidation in the Group's statutory P&L. 2. Internal revenue allocations are eliminated on consolidation in the Group's statutory P&L. 3. Management accounting profit before unallocated corporate costs, profit share and income tax. 4. AUM does not include the Macquarie CMT (\$A12.6b at 30 Sep 09) which is a product marketed by BFS and managed by MFG. 5. The acquisition and consolidation of fund managers in the US during 2009, as well as the internal transfer of a European distribution business from Macquarie Securities Group, contributed 66 staff members to the headcount increase in the six months to 31 Mar 09. 6. Based on 30 Jun 09 balances converted at 30 Sep 09 exchange rates.



Assets under management of \$A345b¹



1. Includes recently announced Delaware acquisition (\$A142b based on 30 Jun 09 balance converted using 30 Sep 09 exchange rates; scheduled to close early 2010) and MAP internalisation impact (decrease of \$A13b) effective Oct 09.



Fixed Income, Currencies and Commodities Result

	Sep 09 \$Am	Mar 09 \$Am	Sep 08 \$Am
Commodities ¹	379	425	225
Foreign exchange products ¹	58	74	90
Interest rate products ¹	144	110	53
Fee and commission income	68	99	67
Other income	38	(3)	92
Internal revenue ²	28	29	37
Operating income before writedowns, impairments and equity accounted gains/(losses)	715	734	564
Writedowns, impairment charges	(73)	(265)	(65)
Share of net gains of associates	3	61	8
Total operating income (as reported)	645	530	507
Total operating expenses	(277)	(306)	(223)
Minority interests	-	-	1
Net profit contribution³	368	224	285
Staff numbers	796	680	677

- Commodities trading income up 68% on pcp:
 - improved market conditions and increased volumes in the US gas business due to the Constellation Energy business (acquired in Mar 09)
 - Agricultural Commodities benefitting from higher volatility in soft commodity products
 - Metals prices recovering, particularly gold prices
- Foreign Exchange income down 36% on pcp, foreign exchange volumes down globally
- Trading income on interest rate products up significantly on pcp, significant improvement in the Australian credit markets plus a substantial contribution from the Emerging Markets and Credit Trading businesses
- Writedowns and impairment charges of \$A73m include:
 - Net loan impairment charges (\$A50m)
 - CLO/CDO portfolio (\$A21m)
 - Resources equity co-investments (\$A2m)
- Expenses up 24% on pcp
 - Increased headcount due to acquisition of Constellation Energy
 - Investment in the Credit Trading business
 - Integration expenses associated with acquisition of Constellation Energy

¹- Includes internal net interest expense and transfer pricing on funding provided by Group Treasury that is eliminated on consolidation in the Group's statutory P&L. ²- Internal revenue allocations are eliminated on consolidation in the Group's statutory P&L. ³- Management accounting profit before unallocated corporate costs, profit share and income tax



Corporate and Asset Finance Result

	Sep 09 \$Am	Mar 09 \$Am	Sep 08 \$Am
Net interest income ¹	143	81	48
Fee, commission and trading income	38	(3)	8
Operating lease income	33	70	44
Other income	21	3	21
Internal revenue ²	14	8	9
Operating income before writedowns, impairments and equity accounted gains/(losses)	249	159	130
Writedowns, impairment charges	(28)	(66)	(11)
Share of net gains of associates	1	(1)	-
Total operating income (as reported)	222	92	119
Total operating expenses	(94)	(79)	(64)
Minority interests	(1)	(1)	(1)
Net profit contribution³	127	12	54
Staff numbers	574	539	546

- Interest income up significantly:
 - Increased volumes in the loan and finance lease portfolios, loan portfolio increased to \$A5.2b at Sep 09 from \$A0.8b at Sep 08
 - Margins increased by approx. 1.5% on pcp due to greater mix of higher margin products
- Acquisition of an approx. \$A1b portfolio of leases and loans over approx. 60,000 cars from Ford Credit Australia. Management of the portfolio will be transitioned to the operations of Macquarie Leasing by Jan 10.
- Fee, commission and trading income of \$A38m was primarily due to mark-to-market gains on options and equity securities
- Operating lease income down 25% on pcp due to a decrease in the operating lease portfolio since Sep 08
- Impairment charges largely relate to collective provisioning due to substantial growth in the loan and lease portfolios

1. Includes internal net interest expense and transfer pricing on funding provided by Group Treasury that is eliminated on consolidation in the Group's statutory P&L. 2. Internal revenue allocations are eliminated on consolidation in the Group's statutory P&L. 3. Management accounting profit before unallocated corporate costs, profit share and income tax



Real Estate Banking Result

	Sep 09 \$Am	Mar 09 \$Am	Sep 08 \$Am
Net interest income ¹	(8)	28	(32)
Base fees	25	14	12
Performance fees	35	1	1
Other income	25	46	25
Internal revenue ²	(9)	(1)	(11)
Operating income before writedowns, impairments and equity accounted gains/(losses)	68	88	(5)
Writedowns, impairment charges	(75)	(218)	(138)
Share of net gains/(losses) of associates	(21)	(40)	45
Total operating income (as reported)	(28)	(170)	(98)
Total operating expenses	(28)	(51)	(43)
Net profit contribution³	(56)	(221)	(141)
AUM (\$Ab)	10.7	14.8	15.2
Staff numbers	118	136	214

- Net interest expense down on pcp due to a number of disposals
- Base and performance fees up significantly on pcp due to sale of Macquarie Central Office CR-REIT Kukdong building in Korea
- Other income in line with pcp:
 - Higher property development income from Urban Pacific Limited
 - Advisory income down due to significantly reduced transaction activity across all real estate markets
 - Loss on sale of investment in MWCCell in the US
- Writedowns, impairment charges of \$75m include:
 - Real estate equity investments (\$A50m)
 - Real estate loans (\$A13m)
 - Non-financial assets (\$A12m)

1. Includes internal net interest expense and transfer pricing on funding provided by Group Treasury that is eliminated on consolidation in the Group's statutory P&L. 2. Internal revenue allocations are eliminated on consolidation in the Group's statutory P&L. 3. Management accounting profit before unallocated corporate costs, profit share and income tax.



Banking and Financial Services Result

	Sep 09 \$Am	Mar 09 \$Am	Sep 08 \$Am
Net interest income ¹	254	223	202
Base fees	102	109	120
Brokerage and commissions	105	80	118
Platform and other fee and commission income	135	107	133
Income from life insurance business and other unit holder businesses	18	16	14
Other income	2	46	14
Internal revenue ²	4	6	(28)
Operating income before writedowns, impairments and equity accounted gains/(losses)	620	587	573
Writedowns, impairment charges	(32)	(65)	(66)
Share of net gains/(losses) of associates	-	(4)	(3)
Mortgages Italy ⁴	-	(4)	(213)
Total operating income (as reported)	588	514	291
Total operating expenses	(448)	(435)	(463)
Minority interests	(3)	(4)	(2)
Net profit contribution³	137	75	(174)
AUM (\$Ab)	17.0	19.2	21.2
FUM / FUA ⁶ (\$Ab)	115.3	104.0	116.1
Staff numbers	2,628	2,598	2,779

Net interest income growth:

- Retail deposits up 48% from \$A9.4b at Sep 08 to \$A13.9b at Sep 09, issuance of new cash product offerings such as the Cash Management Account and growth in Cash XL and Term Deposits
- Mortgages Australia portfolio run-off continues, down 25% on pcp to \$A15.9b

Base fees down 15% on pcp:

- CMT AUM down 22% on pcp to \$A12.6b
- Macquarie Pastoral Fund up from \$A216m at Sep 08 to \$A521m at Sep 09

Equity market conditions impacting broking volumes

- MPW's volumes down 12% on pcp
- MPW remains No. 1 full service retail stockbroker⁷ in Australia in terms of volume and market share

Platform and other fee and commission income in line with pcp:

- FUA on the Australian Wrap platform up 3% on pcp to \$A21.6b

Other income in 2H09 included the sale of the majority of the margin lending business

Writedowns, impairment charges include:

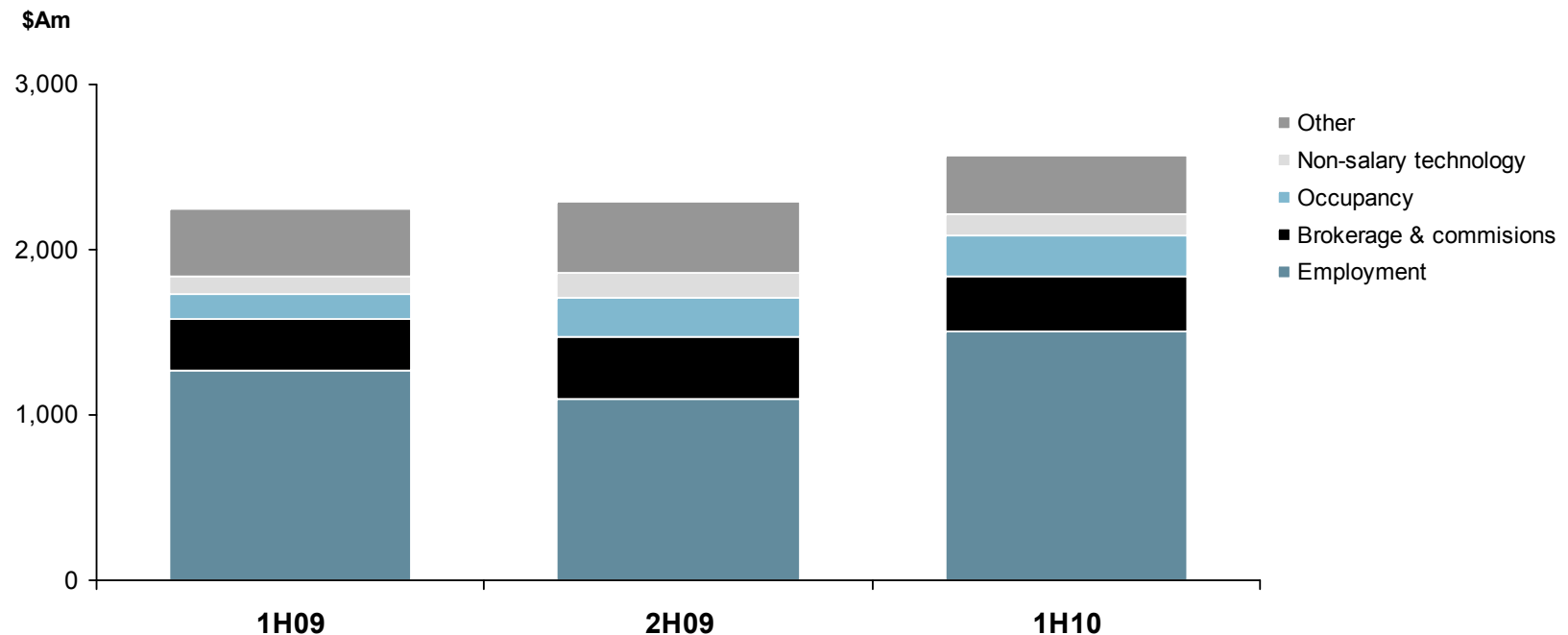
- Loan impairments (\$A29m)
- Other Impairment charges (\$A3m)

1. Includes internal net interest expense and transfer pricing on funding provided by Group Treasury that is eliminated on consolidation in the Group's statutory P&L. 2. Internal revenue allocations are eliminated on consolidation in the Group's statutory P&L. 3. Management accounting profit before unallocated corporate costs, profit share and income tax. 4. Excludes operating losses and internal management charges (eliminated on consolidation in the Group's statutory P&L) totalling \$A59m. 5. The Macquarie CMT, reported in AUM above, is a BFS marketed product that is managed by MFG. 6. Funds under management / advice / administration ("FUM / FUA") includes AUM, funds on BFS platforms (eg. Wrap FUA), total loan & deposit portfolios, client CHESS holdings and funds under advice (eg. Macquarie Private Bank). 7. Based on consideration traded



Expenses

- Expenses up 15% on pcp, compensation expenses up 18%
 - Compensation ratio 45% (2H09: 41%; 1H09: 40%)
 - FX impact on expenses: 6% decrease on 2H09; 3% increase on pcp
 - 8% decrease in headcount on pcp (Sep 09: 12,758; Mar 09: 12,716; Sep 08: 13,898)
- Expense to income ratio 83% (2H09: 90%; 1H09: 76%)





Taxation

	1H10 \$Am	2H09 \$Am	1H09 \$Am
Net profit before tax	532	262	727
Add back: write downs and impairment charges	758	1,032	1,012
Net profit before impairments and tax	1,290	1,294	1,739
Prima facie tax @ 30%	387	388	522
Income tax permanent differences	(124)	(143)	(139)
Income tax expense (before effect of impairments)	263	245	383
<i>Implied effective tax rate¹</i>	<i>21%</i>	<i>20%</i>	<i>23%</i>
Prima facie tax of write downs and impairment charges @ 30%	(227)	(309)	(304)
Income tax expense/(benefit)	36	(64)	79
<i>Actual effective tax rate¹</i>	<i>7%</i>	<i>(32%)</i>	<i>12%</i>

- Permanent differences have been relatively stable period on period
- Write downs and impairment charges driving low effective tax rate

1. The effective tax rate is calculated on net profit before tax and after minority interests. Minority interests reduce net profit before tax by \$A17m, \$A59m, and \$A44m in 1H10, 2H09 and 1H09 respectively.



Balance sheet highlights

- Balance sheet remains solid and extremely conservative
 - Excluding cash, all assets now covered by term funding and equity
- Retail deposits continuing to grow, up 4% from Mar 09 to \$A13.9b at Sep 09
 - Strong inflows into the recently launched CMA, \$A1.7b at Sep 09 (now¹ over \$A2b)
- \$A5.9b of bonds issued since Mar 09:
 - MQG issued \$US1.5b of Non-Government guaranteed debt in two US 144A bond issues
 - MBL issued \$A3.9b Government guaranteed debt
- \$A4.5b surplus of capital in excess of the Group's minimum regulatory capital requirements
 - Completed \$A1.2b equity raising from a institutional placement (\$A540m) followed by a retail share purchase plan (\$A669m)
- MIPS tender offer during the period secured approx £158m of MIPS, out of a total of £200m



Funded balance sheet

	Sep 09 \$Ab	Mar 09 \$Ab
Funding sources		
Wholesale issued paper:		
Negotiable certificates of deposit	2.7	4.7
Commercial paper	1.8	3.0
Net trade creditors	-	0.4
Structured notes	3.0	4.0
Secured funding	7.2	6.6
Bonds	19.2	16.9
Other loans	0.4	0.7
Senior credit facility ¹	7.0	7.4
Corporate/wholesale deposits	3.1	5.4
Retail deposits	13.9	13.4
Loan capital ²	2.1	2.5
Equity and hybrids ³	11.2	9.6
Total funding sources	71.6	74.6
Funded assets		
Cash and liquid assets	26.7	30.3
Net trading assets	9.3	9.1
Loan assets < 1 year	5.9	5.8
Loan assets > 1 year	19.4	19.5
Assets held for sale	0.1	0.2
Debt investment securities	2.6	1.2
Co-investment in Macquarie-managed funds and equity investments	5.8	7.2
Property, plant & equipment and intangibles	1.4	1.3
Net trade debtors	0.4	-
Total funded assets	71.6	74.6

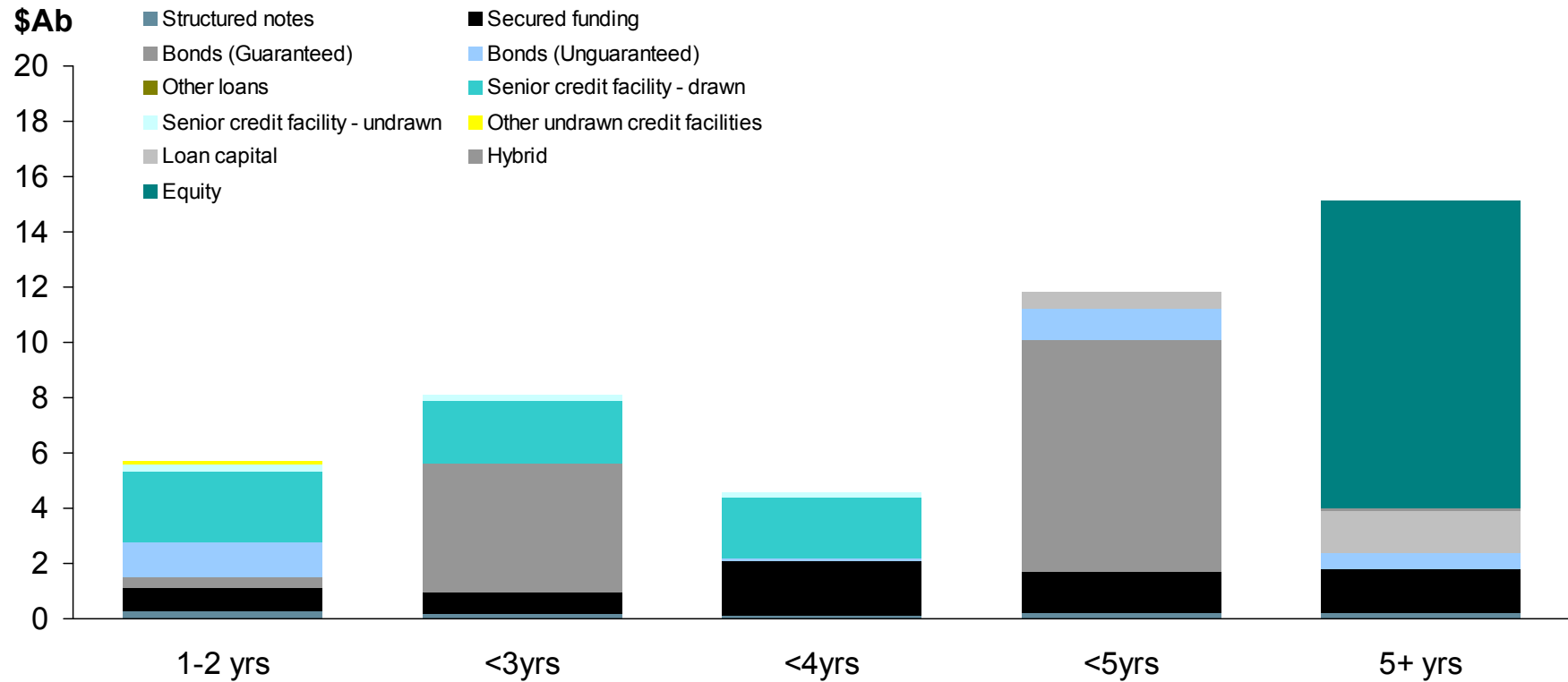
- Well diversified funding sources
- Cash and liquid assets significantly exceed short-term wholesale issued paper
- All assets excluding cash and liquid assets, funded by term debt and equity

1. The Senior Credit Facility is a \$A7.7b term facility of which \$A0.7b remains undrawn. 2. This includes Convertible Preference Securities. 3. Equity includes ordinary capital and Macquarie Income Securities of \$A0.4b, and Hybrids include the Macquarie Income Preferred Securities of \$A0.1b



Term funding profile

- Excluding equity, the weighted average term to maturity of term funding increased from 3.7 years at Mar 09 to 3.8 years at Sep 09

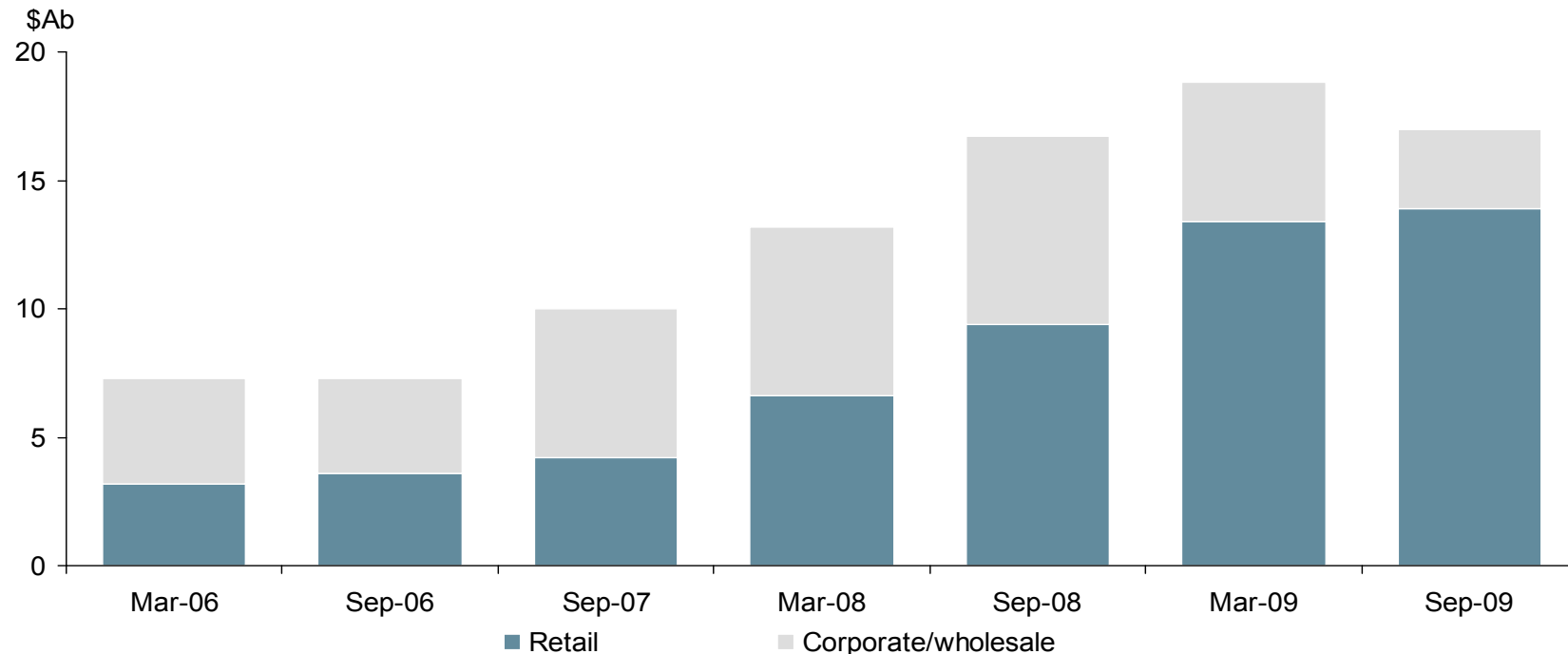


At 30 Sep 09. 1. Undrawn term facilities for the Group include \$A0.7b undrawn of the Senior Credit Facility and \$A0.1b undrawn warehouse facilities.



Continued retail deposit growth

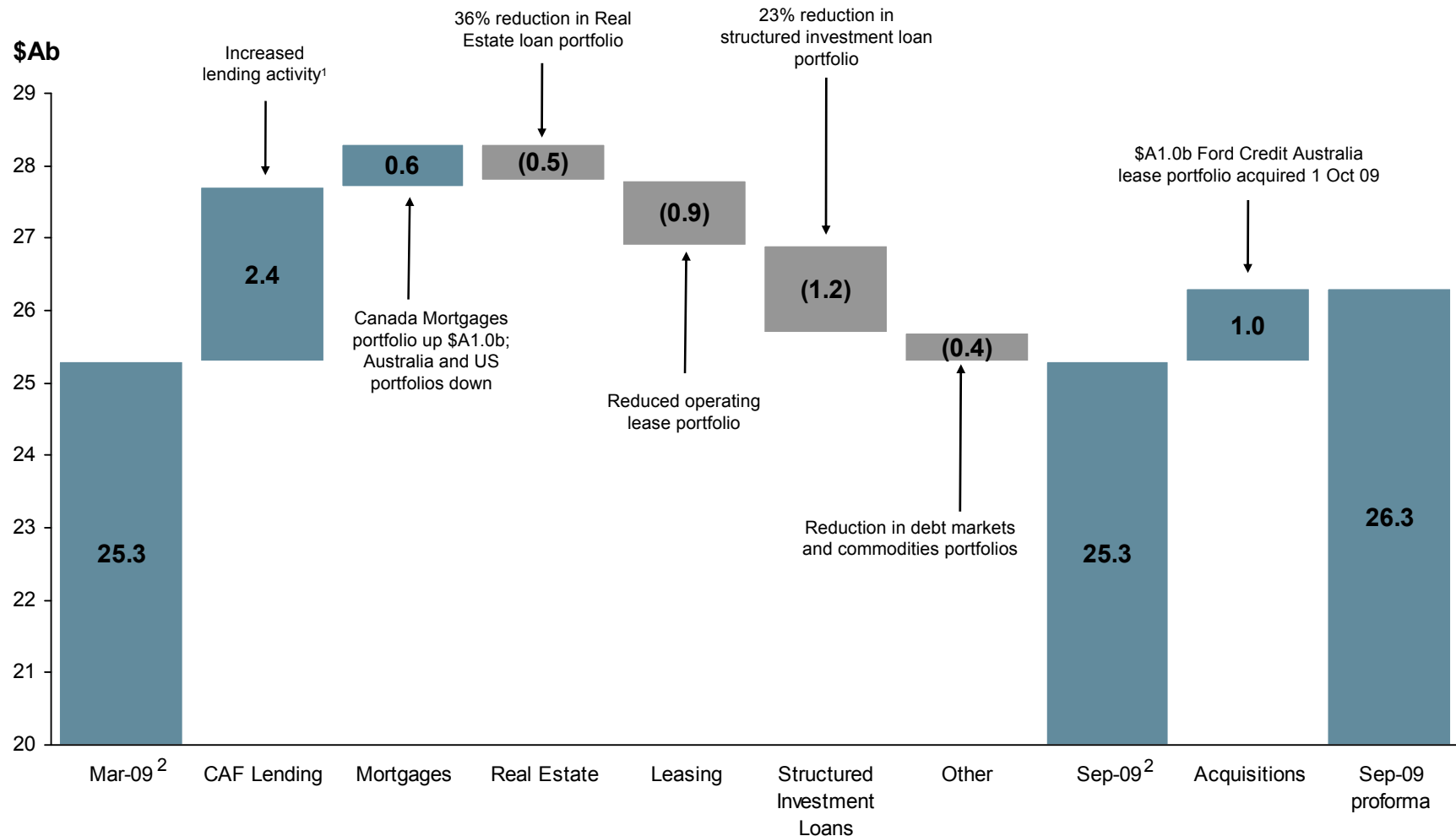
- Since Aug 07, Macquarie has been successful in pursuing its strategy of diversifying its funding sources through growing its deposit base
 - Focus has been on improving the composition and quality of the deposit base
 - Particularly good growth in the recently launched CMA deposit product, \$A1.7b at 30 Sep (now¹ over \$A2.0b)
 - Overall retail deposits continue to grow, \$A13.9b at Sep 09



1. As at 28 Oct 09



Changing mix of loan asset portfolio



1. Excludes assets recorded as Debt Investment Securities of \$A1.4b. 2. Per funded balance sheet, including loan assets held at amortised cost, loan assets held at fair value through P&L and operating lease assets held as other assets.



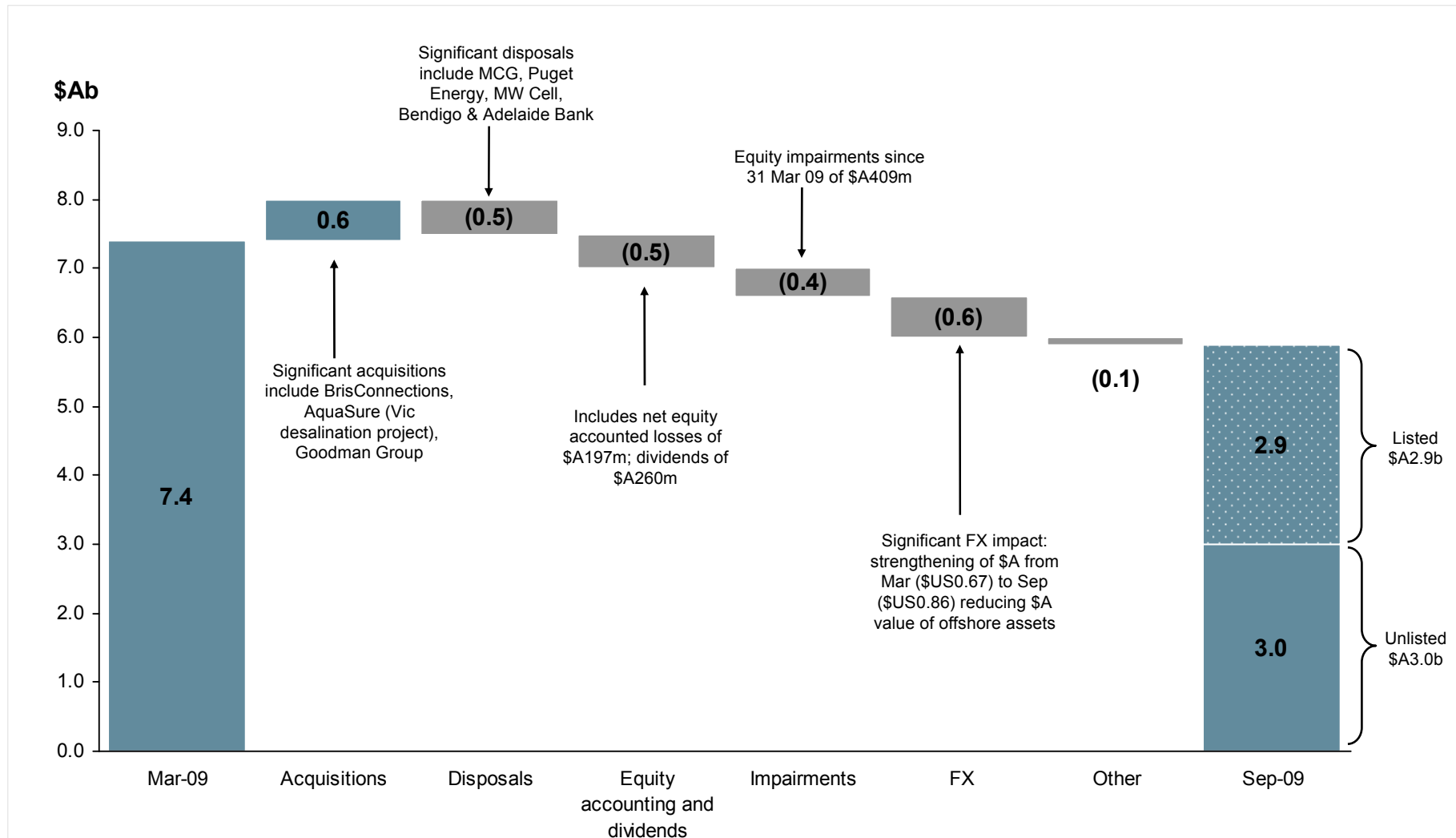
Loan asset portfolio

Loan category	Net carrying value Sep 09 \$Ab	Impairment provisions Sep 09 \$Am	Provisions coverage Sep 09 % ¹	
Mortgages				Secured by residential mortgages and supported by mortgage insurance
- Australia	1.8	13	0.7%	▪ Aust: arrears ² = 1.1%, most loans are fully mortgage insured
- US	1.0	21	2.1%	▪ US: arrears ² = 4.9%, majority of loans where LVR > 80% are mortgage insured
- Canada	5.0	<1	<0.1%	▪ Canada: most loans are fully insured with underlying government support
Structured investments	4.0	46	1.2%	Retail loans to invest in various investment funds. Secured by investments with value protected by capital guarantees at maturity. Underlying assets primarily include direct and indirect equities & cash
Banking	3.3	32	1.0%	Secured relationship managed loan portfolio of \$A2.9b to professional & financial services firms, real estate industry clients, insurance premium funding and other small business clients. Secured largely by real estate, working capital and business cash flows and credit insurance; Other consumer lending of \$A0.4b including credit cards
Real estate	0.9	162	14.6%	Loans secured against real estate, subject to regular independent valuations. Large impairment provisions
Debt markets warehouses	0.2	4	1.6%	Fully secured loans with contractual maturity no greater than 12 months. Secured by residential mortgages, car loans and other receivables
Resources and commodities	1.3	210	14.1%	Diversified loan portfolio primarily to resources sector that are secured by the underlying assets. Secured by gold, base metals and oil resources and supported by price hedging
CAF leasing	2.8	44	1.5%	Secured by underlying leased assets (motor vehicles and specialised equipment), diversified portfolio by geography and security asset class
CAF lending ³	3.8	20	0.5%	Diversified secured corporate lending, subject to regular recoverability review. Secured by diverse range of corporate assets and other securities.
Other lending	1.2	24	2.0%	Includes: <ul style="list-style-type: none"> ▪ \$A0.5b aircraft operating lease portfolio to single counterparty with average aircraft life <3 years, all aircraft residual values insured. ▪ \$A0.4b on deposit with financial institutions as collateral for trading positions. ▪ \$A0.3b other secured lending, subject to regular recoverability review. Secured by diverse range of corporate assets and other securities. Some impairment provisions raised
		40		Centrally held collective provisions
Total loan assets⁴	25.3	615	2.4%	

1. Coverage % based on total collective & specific provisions divided by gross loan value at 30 Sep 09. 2. Arrears based on 90+ days past due at 30 Sep 09 across all mortgage portfolios. 3. Excludes assets recorded as Debt Investment Securities of \$A1.4b. 4. Per the funded balance sheet, including loan assets held at amortised cost, loan assets held at fair value through P&L and operating lease assets held as other assets.



Reduced equity investment portfolio¹



¹ Includes equity investments available for sale, investments in associates and JVs, equity investments carried at fair value through P&L and equity investments Held for Sale ("HFS"). Investments are classified as HFS when it is highly probable that the asset will be sold in the subsequent 12 months (30 Sep 09: \$A100m; 31 Mar 09: \$A209m).



Equity investments of \$A5.9b

Category	Carrying value (pre-adj's) \$Am	Carrying value adj's ¹ \$Am	Carrying value Sep 09 \$Am	Impairment % of pre-impairment value	Description
Debt investment entities	253	-	253	-	Largely relates to holding in Diversified CMBS Investments Inc. Underlying investments are commercial mortgage-backed securities that are highly rated.
Energy and resources	632	(402)	230	64%	Over 100 separate investments. No material concern with carrying value.
Finance, investment, funds management and exchanges ²	852	(150)	702	18%	Significant investments include Macquarie AirFinance (GATX), J-Rep and MGPA. Investments in exchange seats including ASX, Korea, Tokyo, Chicago. Underlying businesses operating well.
Real Estate	803	(346)	457	43%	Represents property and JV investments/loans. Includes investments in Spirit Finance, Medallist and Goodman Group. Underlying businesses operating well.
Telecos, internet, media and entertainment	436	(343)	93	79%	Includes investments in Macquarie Zhaophon Holdings and European Directories.
Transport, industrial and infrastructure	846	(211)	635	25%	Includes investments in Miclyn Express Offshore and BrisConnections. Most underlying operating businesses operating well.
Macquarie Listed managed funds ²	2,905	(592)	2,313	20%	See "Positions in Listed Macquarie-managed funds & fund managers" slide
Macquarie Unlisted managed funds	1,183	(410)	773	35%	Includes investments in MAIP, MEIF funds, MIP funds. Underlying businesses performing well.
Other Macquarie managed funds	308	(8)	300	3%	Mainly includes investments that hedge DPS plan liabilities – no exposure to MQG
Held for sale	102	(2)	100	2%	Investments classified as HFS when it's highly probable that the asset will be sold in the subsequent 12 months.
	8,320	(2,464)	5,856	30%	

1. Carrying value adjustments includes impairments, net equity accounted profits/losses and dividends/distributions recognised since 1 Apr 07 on investments held at 30 Sep 09.

2. J-Rep has been disclosed in "Finance, investment, funds management and exchanges" for the purposes of this slide.



Positions in Listed Macquarie-managed funds & fund managers

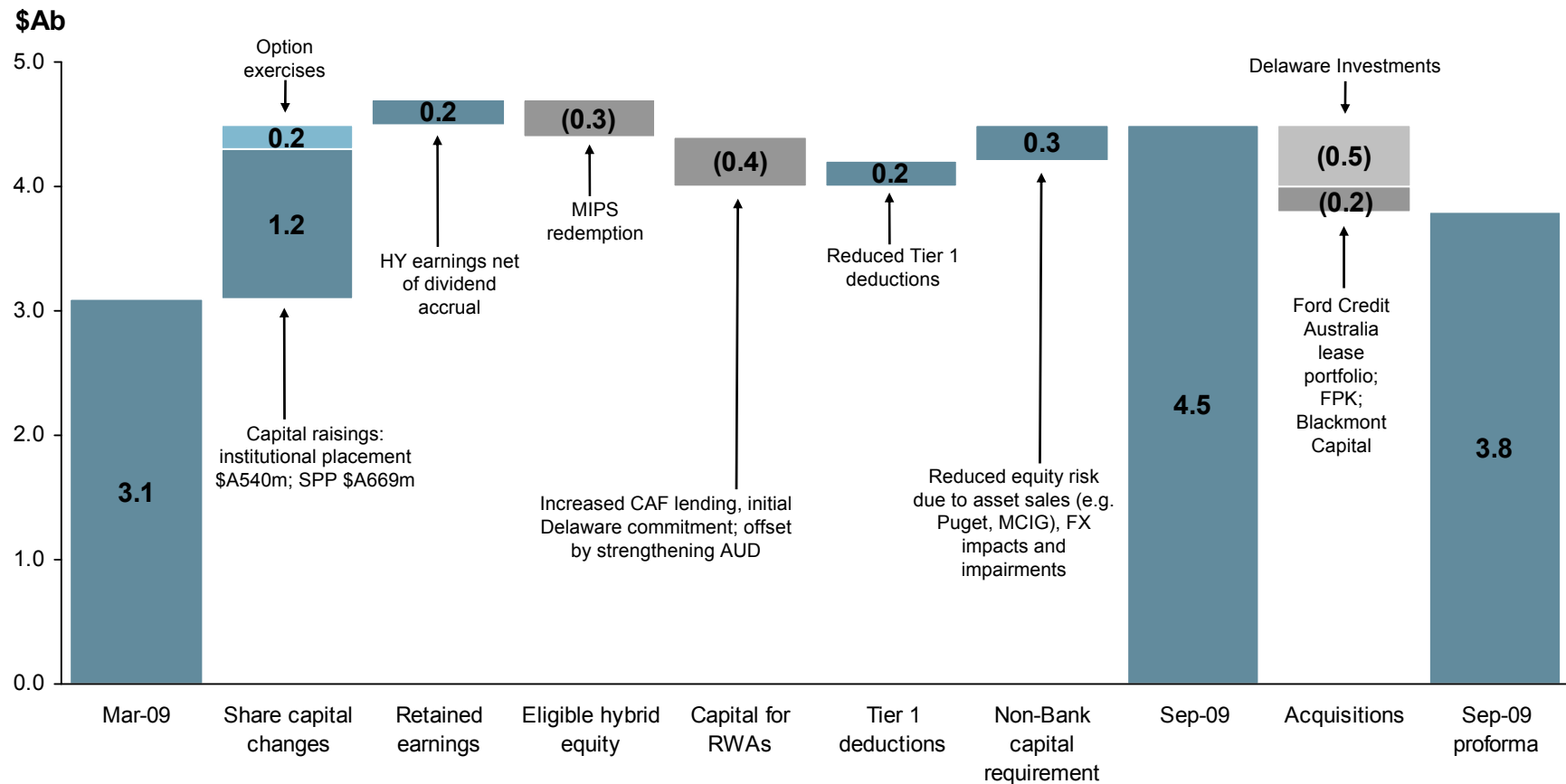
	Net carrying value ¹ \$Am	Market value \$Am	Unrealised gain/(loss) \$Am	Initiatives completed to close the valuation gap
MAp Airports	1,018	1,015	(3)	Sold stakes in JAT (~\$A260m) and agreed to sell Bristol (£128m); Reduced distribution to align with cash earnings; Successful internalisation of management
Macquarie Infrastructure Group	649	468	(181)	Buyback completed; Sales of Lusoponte €110m and effective 25% interest in Westlink M7 \$A403m; Recently announced a proposal to restructure the portfolio into two separate listed entities and allocate the assets according to their maturity and risk profile
Macquarie Office Trust	220	198	(22)	Completed \$A508m capital raising; Reduced distribution; Realised \$A461m from asset sales; Renegotiated debt terms; Refinanced \$570m CMBS
Macquarie CountryWide Trust	120	110	(10)	\$A2.3b assets sold or under contract, including \$US1.3b sale of US portfolio; Successful AAA rated \$A265m CMBS issue, first \$ACMBS issue since Oct 07; Renegotiated debt terms
Macquarie Media Group	125	90	(35)	Buyback completed; Reduced distributions to strengthen balance sheet. Proposed a range of initiatives: including internalisation; 1 for 1 entitlement offer; simplification of corporate structure and transition to single publicly listed media company model
Macquarie International Infrastructure Fund (SGX listed)	71	29	(42)	Reduced distribution to align with operating cash flows and position MIIF to repay all corporate level debt by 2012; Reviewing a range of further options to close the valuation gap. Agreed the sale of 71.6% of its interest in MEIF for €63m
J-REP co Ltd (TSE listed)	59	16	(43)	Refinancing of debt facilities, repayment of all recourse debt, completion of asset sales and cost initiatives
Macquarie Infrastructure Company (NYSE listed)	38	34	(4)	Suspended distributions and implemented cost reducing initiatives to strengthen balance sheet; Amended terms and reduced debt of largest business; Exiting underperforming business
Macquarie Korea Infrastructure Fund (KRX listed)	55	61	6	KRW112b Woomyunsan Tunnel debt refinancing; KRW188b Incheon Grand Bridge senior loan sale; KRW157b securitisation of Cheonan-Nonsan Expressway sub loan interest receivables
DUET Group	15	14	(1)	Completed \$A265m capital raising; Reduced distribution in line with increased issued capital
Macquarie DDR Trust	2	2	-	\$US166m assets sold, with more in progress; Repaid \$US169m debt; Suspended distributions; Restructured the DDR JV; Negotiating debt maturities and covenants with lenders
Total	2,372	2,037	(335)	

1. Carrying value net of AVS and equity accounted reserves. All values as at 30 Sep 09



Total capital surplus of \$A4.5b

- Total capital of \$A11.5b at 30 Sep 09, a \$A4.5b buffer of capital in excess of the Group's minimum regulatory capital requirements
- Strong Banking Group capital ratios - Tier 1: 11.7%; Total Capital: 13.6%





Macquarie Group Limited

Result Announcement for the half year ended 30 September 2009

30 October 2009 – Presentation to Investors and Analysts



2009 proposed changes to remuneration arrangements

Changes to proposed remuneration arrangements were announced in March 2009

- For Executive Directors (EDs), profit share paid out in cash will be reduced and the percentage of retained profit share will be increased with retained profit share fully invested in a combination of fully paid ordinary Macquarie shares and Macquarie-managed fund equity
- For EDs the vesting and payout schedule for retained profit share has been changed to 3-7 years
- Amend payout of unvested retained profit share for departing EDs to include clawback provisions
- Transitional arrangements that will align the old and new schemes
- For all staff other than EDs, any retained profit share will be delivered in fully paid ordinary Macquarie shares
- New share options granted will be substantially reduced, restricted to Executive Committee members



Macquarie Group Limited

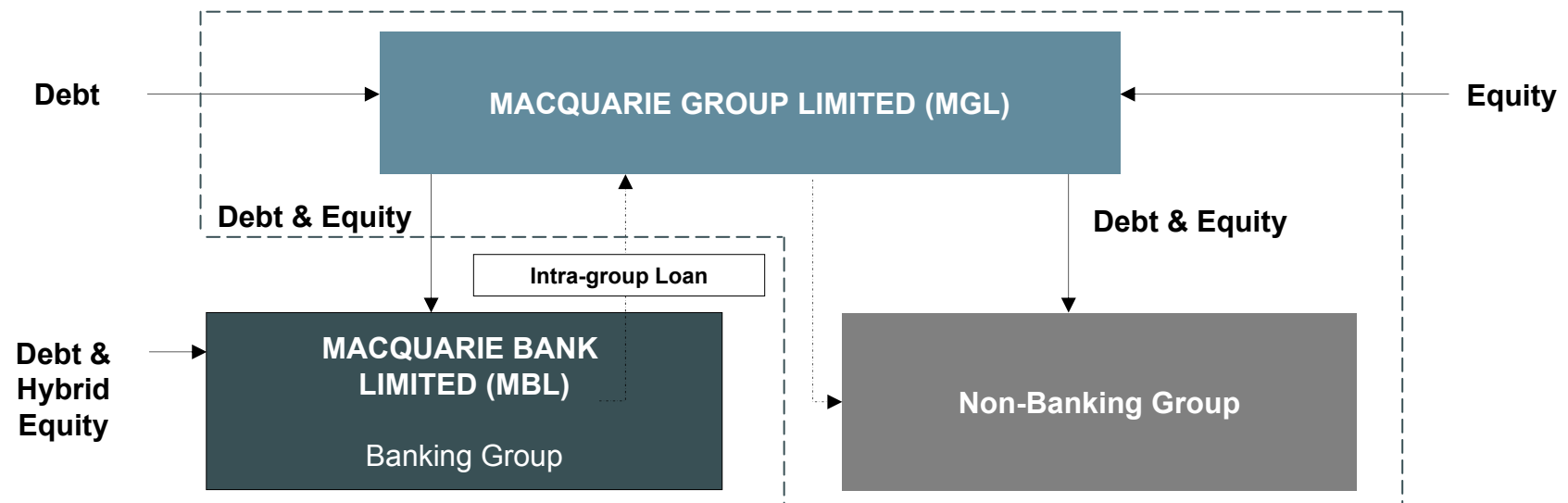
Result Announcement for the half year ended 30 September 2009

30 October 2009 – Presentation to Investors and Analysts



Group funding structure

- MGL and MBL are the Group's two primary external funding vehicles which have separate and distinct funding, capital and liquidity management arrangements
- MBL provides funding to the Bank Group and intra-group funding to MGL
- MGL provides funding predominantly to the Non-Bank Group





Funded balance sheet reconciliation

- The Group's statutory balance sheet is prepared based on generally accepted accounting principles which do not represent actual funding requirements
- A funded balance sheet reconciliation has been prepared to reconcile the reported assets of the consolidated Group to the assets that require funding

	Sep 09 \$Ab	Mar 09 \$Ab
Total assets per Statutory Balance Sheet	146.9	149.1
<i>Deductions:</i>		
Self funded trading assets	(16.0)	(10.5)
Derivative revaluation accounting gross ups	(20.6)	(26.1)
Life investment contracts and segregated assets	(8.0)	(6.9)
Broker settlement balances	(7.5)	(5.5)
Working capital assets	(5.8)	(5.1)
<i>Less non-recourse funded assets:</i>		
Securitised assets and non-recourse warehouses	(17.4)	(20.4)
Total assets per Funded Balance Sheet	71.6	74.6



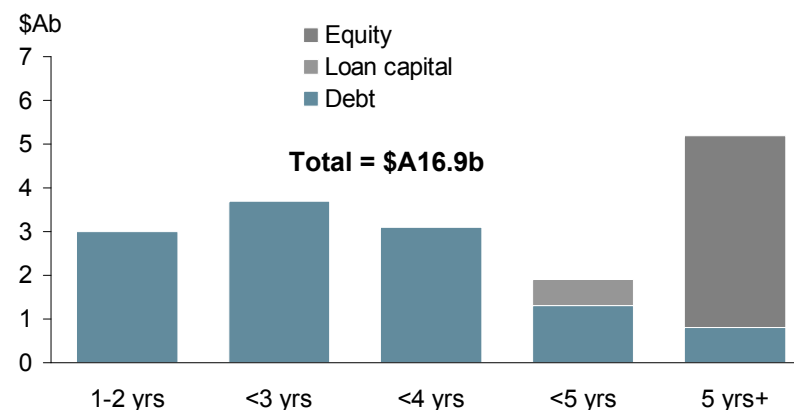
Funding for the Non-Bank Group

30 September 2009

	Sep 09 \$Ab	Mar 09 \$Ab
Funding sources		
MBL intra-group loan to MGL	1.4	3.8
Net trade creditors	-	0.2
Structured notes	0.2	0.3
Bonds	2.1	-
Secured funding	0.6	0.8
Other loans	0.4	0.3
Corporate/wholesale deposits	-	0.2
Senior credit facility	7.0	7.4
Loan capital ¹	0.6	0.6
Equity	4.4	3.2
Total funding sources	16.7	16.8
Funded assets		
Cash and liquid assets	3.0	4.8
Non Banking Group deposit with MBL	5.5	2.5
Net trading assets	1.6	1.0
Loan assets < 1 year	0.2	0.2
Loan assets > 1 year	0.9	1.6
Assets held for sale	-	0.1
Debt investment securities	0.3	0.6
Co-investment in Macquarie-managed funds and equity investments	4.0	5.1
Net trade debtors	0.2	-
Property, plant & equipment and intangibles	1.0	0.9
Total funded assets	16.7	16.8

- Non-Banking Group is predominantly term funded
- Term funding beyond 1 year (excluding equity) has a weighted average term to maturity of 3.1 years
- MBL intra-group loan has been amortised to \$A1.4b with the remainder maturing in 2012

Term funding (drawn and undrawn²) maturing beyond 1 year (including equity)



1. This includes Convertible Preference Securities. 2. Undrawn term facilities for the Non-Bank include \$A0.7b undrawn on the Senior Credit Facility.



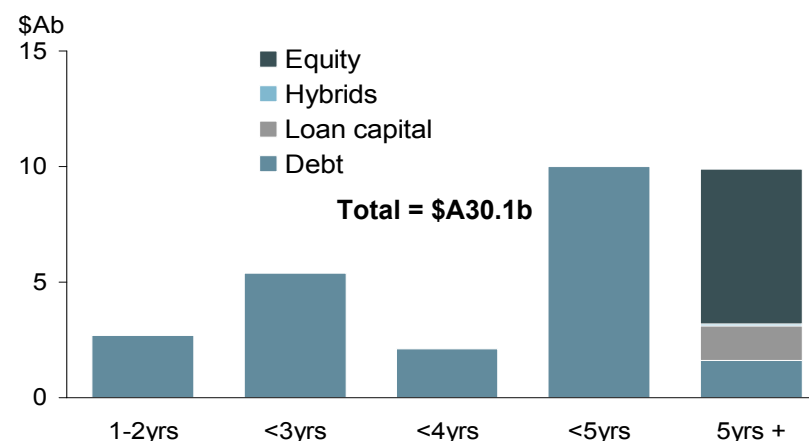
Funding for the Bank Group

30 September 2009

	Sep 09 \$Ab	Mar 09 \$Ab
Funding sources		
Negotiable certificates of deposit	2.7	4.7
Commercial paper	1.8	3.0
Net trade creditors	-	0.2
Structured notes	2.8	3.7
Secured funding	6.6	5.8
Bonds	17.1	16.9
Other loans	-	0.4
Corporate/wholesale deposits	3.1	5.2
Retail deposits	13.9	13.4
Loan capital	1.5	1.9
Equity and hybrids ¹	6.8	6.4
Total funding sources	56.3	61.6
Funded assets		
Cash and liquid assets	23.7	25.5
Net trading assets	7.7	8.1
Loan assets < 1 year	5.7	5.6
Loan assets > 1 year	18.5	17.9
Assets held for sale	0.1	0.1
Debt investment securities	2.3	0.6
MBL intra-group loan to MGL	1.4	3.8
Non-Banking Group deposit with MBL	(5.5)	(2.5)
Co-investment in Macquarie-managed funds and equity investments	1.8	2.1
Net trade debtors	0.2	-
Property, plant & equipment and intangibles	0.4	0.4
Total funded assets	56.3	61.6

- Bank balance sheet remains very liquid, well capitalised and with a diversity of funding sources
- Term funding beyond 1 year (excluding equity) has a weighted average term to maturity of 4.1 years
- Macquarie Bank Limited as an authorised deposit-taking institution is eligible for the deposit and wholesale funding guarantees provided by the Australian Government

Term funding (drawn and undrawn²) maturing beyond 1 year (including equity)



1. Equity includes ordinary capital and Macquarie Income Securities of \$A0.4b. Hybrids include the Macquarie Income Preferred Securities of \$A0.1b. 2. Undrawn term facilities for the Bank include \$A0.1b undrawn warehouse facilities



Explanation of Funded Balance Sheet Reconciling Items

- **Self funded trading assets:** There are a number of entries on the balance sheet that arise from the normal course of trading activity we conduct with our clients. They typically represent both sides of a transaction. The entries off-set each other as both the bought and sold positions are recorded separately. Where these entries are matched, they do not require funding.
- **Derivative re-valuation accounting gross ups:** Macquarie's derivative activities are client driven with client positions hedged by off-setting positions. The derivatives are largely matched and this adjustment reflects that the matched positions do not require funding.
- **Life investment contracts and other segregated assets:** These represent the assets and liabilities that are recognised where we have products such as investment-linked policy contracts. The policy (contract) liability will be matched by assets held to the same amount and hence do not require funding.
- **Broker settlement balances:** At any particular time our broking business will have outstanding trades to settle with other brokers. These amounts (payables) can be offset in terms of funding by amounts that we are owed at the same time by brokers on other trades (receivables).
- **Short term working capital assets:** As with the broker settlement balances above, Macquarie through its day-to-day operations generates working capital assets (e.g. receivables and prepayments) and working capital liabilities (e.g. creditors and accruals) that produce a 'net balance' that requires funding rather than the gross balance.
- **Securitised assets and non-recourse warehouses:** Some lending assets (mortgages and leasing) are commonly sold down into external securitisation entities or transferred to external funding warehouses. As a consequence they are non-recourse to Macquarie and are funded by third parties rather than Macquarie.



Macquarie Group Limited

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Macquarie Group regulatory capital Surplus calculation

	\$Am	
Macquarie Group eligible capital:		
Banking Group Gross Tier 1 capital	6,971	
Non-Bank eligible capital	4,512	
Eligible capital	11,483	(a)
Macquarie Group capital requirement:		
Banking Group contribution		
Risk-weighted assets (excluding intra-group exposures) ¹	42,560	
Internal minimum Tier 1 ratio (Bank)	7%	
Capital required to cover risk-weighted assets	2,979	
Tier 1 deductions	1,925	
Banking Group contribution	4,904	
Non-Banking Group contribution	2,086	
Capital requirement	6,990	(b)
Surplus over Group's minimum regulatory capital requirement	4,493	(a)-(b)

1. In calculating the Bank's contribution to Group capital requirement, RWA associated with exposures to the Non-Bank are eliminated (\$A500m as at Sept 09).



Macquarie Group regulatory capital

Banking Group contribution

	Risk weighted assets \$Am	Tier 1 Deductions \$Am	Capital Requirement ¹ \$Am
Credit and equity risk			
On balance sheet	24,045		1,683
Off balance sheet	8,824		618
Credit and equity risk subtotal	32,869		2,301
Market risk	1,976		138
Operational risk	6,565		460
Other	1,150	1,925	2,005
Contribution to Group capital calculation	42,560	1,925	4,904
MBL intra-group loan to MGL	500 ²		
Banking Group standalone risk-weighted assets	43,060		

1. The capital requirement is calculated as the capital required for RWA, at the internal minimum Tier 1 ratio of the Banking Group (7%), plus Tier 1 deductions. 2. Intra-group loan eliminated for calculation of Group capital requirement



Macquarie Group regulatory capital

Non-Banking Group framework

- APRA has specified a regulatory capital framework for MGL
- A dollar capital surplus is produced; no capital ratio calculation is specified
- APRA has approved Macquarie’s Economic Capital Adequacy Model (ECAM) for use in calculating the regulatory capital requirement of the Non-Banking Group
- Any significant changes to the ECAM must be approved by the MGL Board and notified to APRA within 14 days
- The ECAM is based on similar principles and models as the Basel II regulatory capital framework for Banks, with both calculating capital at a one year 99.9% confidence level:

Risk ¹	Basel II	ECAM
Credit	<ul style="list-style-type: none"> ▪ Capital requirement determined by Basel II formula, with some parameters specified by the regulator (e.g. loss given default) 	<ul style="list-style-type: none"> ▪ Capital requirement determined by Basel II formula, but with internal estimates of some parameters
Equity	<ul style="list-style-type: none"> ▪ Simple risk-weight approach or deductions. Tier 1 capital requirement between 24% and 50% of face value² 	<ul style="list-style-type: none"> ▪ Extension of Basel II credit model to cover equity exposures. Capital requirement between 36% and 82% of face value; average 51%
Market	<ul style="list-style-type: none"> ▪ 3 times 10 day 99% Value at Risk (VaR) plus a specific risk charge 	<ul style="list-style-type: none"> ▪ Scenario-based approach. Greater capital requirement than under regulatory regime
Operational	<ul style="list-style-type: none"> ▪ Basel II Advanced Measurement Approach 	<ul style="list-style-type: none"> ▪ Basel II Advanced Measurement Approach

1. The ECAM also covers risk on assets held as part of business operations, e.g. fixed assets, goodwill, intangible assets, capitalised expenses and certain minority stakes in associated companies or stakes in joint ventures as well as non-traded interest rate risks. 2. Assuming an 8% Tier 1 ratio, the 300% and 400% risk weightings for equity exposures under Basel II equate to a capital requirement of 24% or 32%. Any deductions required for equity exposures are 50/50 Tier 1 and Tier 2, hence a 50% Tier 1 capital requirement



Macquarie Group regulatory capital

Non-Banking Group contribution

	Assets \$Ab	Capital Requirement \$Am	Equivalent Risk Weight
Funded assets			
Cash and liquid securities	3.0	27	11%
Loan assets ¹	1.1	80	90%
Assets held for sale	0.0	13	582%
Debt investment securities	0.3	21	78%
Co-investment in Macquarie-managed funds and equity investments	3.8	1,788	583%
Co-investment in Macquarie-managed funds (relating to investments that hedge DPS plan liabilities)	0.2		
Property, plant & equipment and intangibles ²	1.0	198	254%
Non-Banking Group deposits with MBL	5.5		
Net trading assets	1.6		
Net trade debtors	0.2		
Total funded assets	16.7	2,127	
Self-funded and non-recourse assets			
Self funded trading assets	2.6		
Broker settlement balances	5.4		
Derivative revaluation accounting gross-ups	0.1		
Working capital assets	3.5		
Total self-funded and non-recourse assets	11.6		
TOTAL NON-BANKING GROUP ASSETS	28.3		
Off balance sheet exposures, operational, market & other risk and diversification offset³		(41)	
NON-BANKING GROUP CAPITAL REQUIREMENT		2,086	

1. Includes leases. 2. A component of the intangibles relating to the acquisitions of Orion Financial Inc and Tristone Capital Global Inc are supported 100% by exchangeable shares. These exchangeable shares have not been included in eligible regulatory capital. 3. Includes capital associated with net trading assets (e.g. market risk capital) and net trade debtors



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Outlook operating groups

Macquarie Securities Group

- Currently expect FY10 result to be strongly up on FY09
- Improved market conditions should provide good growth opportunities for the Cash Division
- The outlook for Derivatives / Delta 1 Trading is for product volumes to increase, albeit off a low base, and for trading conditions to continue to improve
- Continue to seek acquisition opportunities

Macquarie Capital

- Subject to market conditions, currently expect FY10 result to be up on FY09
- Solid advisory pipeline with strongest FY10 contributions expected from Australia and Asia
- Deal volumes are robust and expect to close a record number of deals for FY10
- Remain focused on expanding advisory capabilities in North America and Europe through senior hires as well as through platform acquisitions
- Continuation of funds strategy – growing our unlisted funds platform. Recent initiatives to close the valuation gap between listed security prices and underlying net asset values have occurred, and further initiatives are being progressed



Outlook operating groups

Macquarie Funds Group

- Currently expect FY10 result to be up on FY09
- Strong relative investment performance across numerous products should enable organic growth as investor sentiment improves
- Acquisition of Delaware Investments expected to be completed in early 2010
- Expect continued investment in business

Fixed Income, Currencies and Commodities

- Currently expect FY10 result to be up on FY09
- Continued significant change in market conditions, observing sizable rally in most markets with improved confidence
- Strong return of competitors across many market segments
- Will continue with focus on growth across key markets in core geographic regions

Corporate and Asset Finance Division

- Currently expect strong 2H10 result; FY10 result to be substantially up on FY09
- Significant growth in lease / loan portfolio under management from FY09
- Opportunities to use strong capital and balance sheet to acquire assets and portfolios
- Growth in loan books albeit reduced due to falling supply of attractive secondary opportunities
- Growing pipeline of primary debt opportunities
- Improving demand in secondary markets for used equipment



Outlook operating groups

Real Estate Banking Division

- Currently expect FY10 result to be improved on FY09
- Finance for commercial real estate investment remains difficult
- Commercial real estate markets are nearing the cyclical trough. Pricing recovery has started in some markets
- Australian residential sector has shown further signs of recovery buoyed by low interest rates and targeted fiscal stimulus
- Phased reduction of the first home buyer grant will shift residential market momentum from first home buyers to repeat buyers and investors over the medium-term

Banking and Financial Services Group

- Excluding FY09 loss on sale of Italian mortgages and profit on sale of Macquarie Investment Lending, currently expect FY10 result to be significantly up on FY09
- Continue focus on client growth in the non-advised sector and seek organic growth of adviser numbers as well as selective acquisition opportunities
- Actively seek funding opportunities to re-enter the mortgages market
- Opportunities to use balance sheet to acquire financial services and adjacent businesses domestically and internationally
- Continue to focus on providing a broad range of cash solutions in the medium term
- Organic growth of adviser numbers
- Reserve Bank of Australia further interest rate rises expected



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Glossary

\$A	Australian Dollar
\$C	Canadian Dollar
\$US	United States Dollar
£	Great Britain Pound
¥	Japanese Yen
€	Euro
1H	First Half
1H09	Half year ended 30 September 2008
1H10	Half year ended 30 September 2009
2H	Second Half
2H09	Half year ended 31 March 2009
2H10	Half year ended 31 March 2010
ABS	Asset Backed Securities
ADR	American Depository Receipts
APRA	Australian Prudential Regulatory Authority
A-REIT	Australian Real Estate Investment Trusts
ASX	Australian Securities Exchange
AUM	Assets Under Management
BAA	British Airports Authority
BFS	Banking and Financial Services

BRIC	Brazil, India, Russia and China
CAF	Corporate and Asset Finance Division
CAGR	Compound Annual Growth Rate
CBA	Commonwealth Bank of Australia
CDO	Collateralised Debt Obligation
CEO	Chief Executive Officer
CLO	Collateralised Loan Obligation
CMA	Cash Management Account
CMBS	Commercial Mortgage-Backed Securities
CMT	Cash Management Trust
CPPIB	Canadian Pension Plan Investment Board
DPS	Dividend Per Share
DUET/DUE	Diversified Utility and Energy Trusts
EBITDA	Earnings before Interest, Tax, Depreciation and Amortisation
ECAM	Economic Capital Adequacy Model
ECM	Equity Capital Markets
ED	Executive Director
EPS	Earnings Per Share
ETF	Exchange Traded Fund
EUM	Equity Under Management



Glossary

FIG	Financial Institutions Group
FPK	Fox-Pitt Kelton Cochran Caronia Waller
FUA	Funds Under Administration
FUM	Funds Under Management
FX	Foreign Exchange
FY	Full Year
HFS	Held For Sale
HK	Hong Kong
HY	Half Year
IT	Information Technology
JAT	Japan Airport Terminal
JV	Joint Venture
KRW	South Korean Won
KRX	Korea Exchange
LME	London Mercantile Exchange
LNG	Liquefied Natural Gas
LVR	Loan to Value Ratio
M&A	Mergers and Acquisitions
MacCap	Macquarie Capital
MAG	Macquarie Airports Group

MAIP	Macquarie Advanced Investment Partners
MAP/MAp	Macquarie Airports
MBL	Macquarie Bank Limited
MCAG	Macquarie Capital Alliance Group
MCG	Macquarie Communications Infrastructure Group
MCO CR-REIT	Macquarie Central Office Corporate Restructure - Real Estate Investment Trust
MCW	Macquarie CountryWide Trust
MDT	Macquarie DDR Trust
MEIF	Macquarie European Infrastructure Fund
MFG	Macquarie Funds Group
MGL	Macquarie Group Limited
MGPA	Macquarie Global Property Advisers
MIC	Macquarie Infrastructure Company
MIG	Macquarie Infrastructure Group
MIIF	Macquarie International Infrastructure Group
MIP	Macquarie Infrastructure Partners
MIPS	Macquarie Income Preferred Securities
MMG	Macquarie Media Group



Glossary

MOF	Macquarie Office Trust
MPW	Macquarie Private Wealth
MQBKY	Macquarie Group ADR
MQG	Macquarie Group Limited (ASX listed)
MRIF	Macquarie Renaissance Infrastructure Fund
MSCI	Morgan Stanley Capital International
MSG	Macquarie Securities Group
MSIF	Macquarie-SBI Infrastructure Fund
No.	Number
NPAT	Net Profit After Tax
NYSE	New York Stock Exchange
OTC	Over the Counter
oz	Ounce
P&L	Profit and Loss
pcp	Prior Corresponding Period
PERLS	Perpetual Exchangeable Resettable Listed Securities
PPE	Property, Plant & Equipment
PPP	Public Private Partnership
qtr	Quarter
ROE	Return on Equity

RWA	Risk Weighted Assets
S&P	Standard and Poor's
SBI	State Bank of India
SGM	Special General Meeting
SGX	Singapore Exchange
SICAV	Société D'investissement à Capital Variable
SMES	Small Medium Enterprises
ST	Short Term
TCG	Treasury and Commodities Group
TED Spread	Treasuries over Euro Dollar Spread
TMET	Telecommunications, Media, Entertainment and Technology
TSE	Tokyo Stock Exchange
UK	United Kingdom
US/USA	United States of America
vs	Versus
VWAP	Volume Weighted Average Price
WTI	West Texas Intermediate
YTD	Year To Date
ZAR	South African Rand



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Nicholas Moore, Managing Director and Chief Executive Officer
Greg Ward, Chief Financial Officer