



Macquarie Bank Limited

Meetings of securityholders and optionholders



25 October 2007

- **1. 3pm: Share Scheme Meeting**
 - **Share Scheme Resolution**
 - To approve transfer of shares in Macquarie Bank Limited to Macquarie Group Limited in consideration for the issue of shares in Macquarie Group Limited on a one-for-one basis
 - Must be approved by majority in number of shareholders voting (either in person or by proxy), and by at least 75% of votes cast
- **2. On conclusion of Share Scheme Meeting but not before 3.30pm: General Meeting**
 - **Capital Reduction Resolution**
 - Capital of Macquarie Bank Limited to be reduced by \$A3 billion to be paid to Macquarie Group Limited after implementation date
 - Must be approved by majority of votes cast
- **3. On conclusion of General Meeting but not before 4pm: Option Scheme Meeting**
 - **Option Scheme Resolution**
 - To approve cancellation of options in Macquarie Bank Limited in consideration for the issue of options in Macquarie Group Limited on a one-for-one basis
 - Must be approved by majority in number of optionholders voting (either in person or by proxy), representing at least 75% of the value of the MBL options for which votes are cast



Macquarie Bank Limited

Share Scheme Meeting



25 October 2007



AGENDA

1. Restructure proposal
David Clarke – Chairman

2. Restructure detail
Richard Sheppard – Deputy Managing Director

3. Formal Business
David Clarke – Chairman



Why we are restructuring

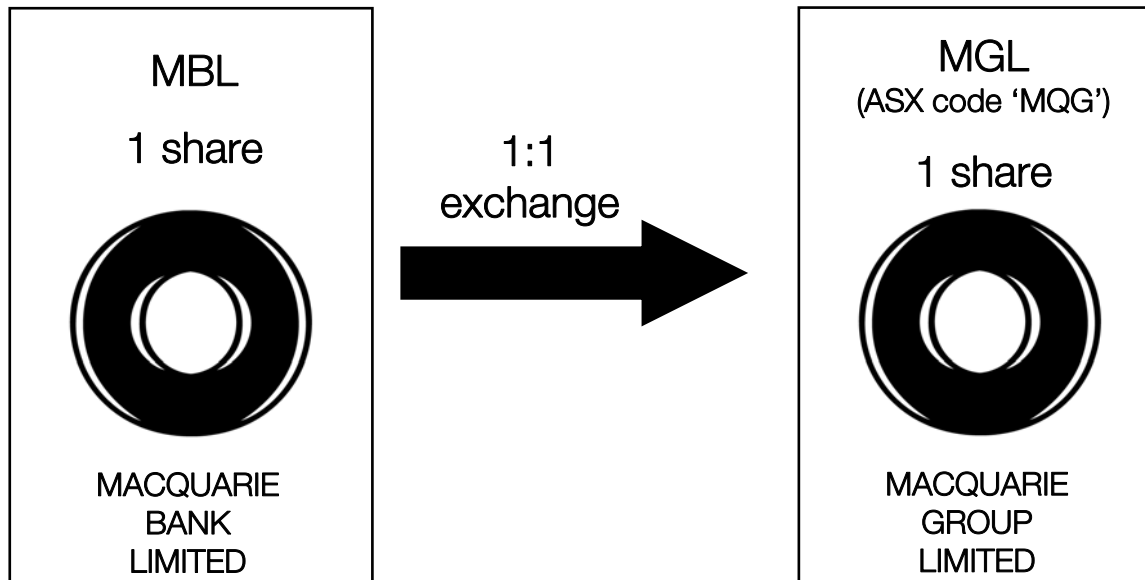


- Restructure is intended to:
 - Position Macquarie to continue to pursue the strategies responsible for our strong growth
 - Assist us in meeting our obligations to the Australian Prudential Regulation Authority (APRA)
- Specifically:
 - Macquarie's growth has been largely driven by offshore expansion and diversification, in particular those activities which are not considered traditional banking
 - These are not always readily accommodated by APRA's banking rules
 - eg. APRA's rules restrict a bank's exposures to certain subsidiaries, such as those undertaking stockbroking, investment banking funds management and principal investing activities
 - This will act to constrain MBL's future growth as the group is currently structured

Implications for shareholders



- If approved, shareholders will receive MGL shares in exchange for MBL shares on a one-for-one basis
- All necessary approvals in place aside from shareholder/optionholder approval and court ratification
- Will not result in a taxable event for most shareholders

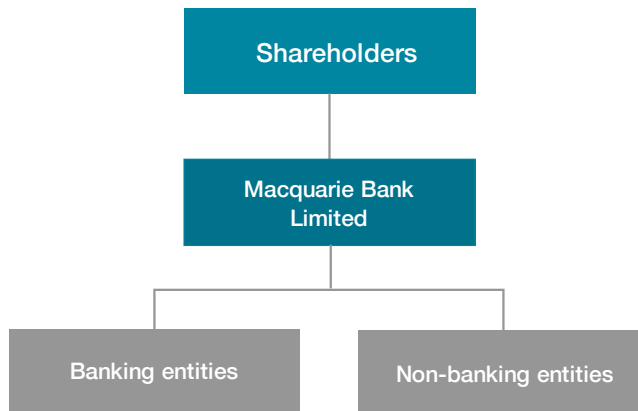


Implications for Macquarie Group structure

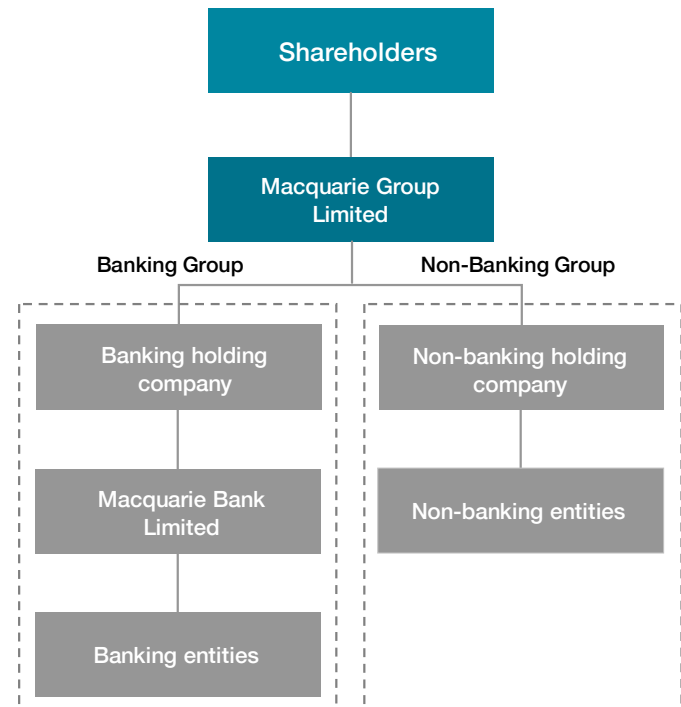


- Proposal to restructure the Macquarie Group into a non-operating holding company (NOHC) structure containing two separate groups:
 - Banking Group
 - Non-Banking Group
- The new NOHC and ultimate parent of the Macquarie Group will be named **Macquarie Group Limited (MGL)** and will be listed on the Australian Securities Exchange

Corporate Structure BEFORE



Corporate Structure AFTER





Effect of restructure on Macquarie



- If the restructure is approved, Macquarie will have a similar structure to many financial institutions globally, including peers and competitors
- The key factors that have led to the success of Macquarie will be largely unchanged
 - No change to business model
 - No change to business approach
 - No change to culture
 - No change to senior management
 - Existing corporate governance framework will remain largely unchanged
 - Firm-wide risk management framework will continue to apply across entire group
 - No change to dividend policy or franking
 - No return of capital expected



Independent Expert's conclusion and Board's recommendation



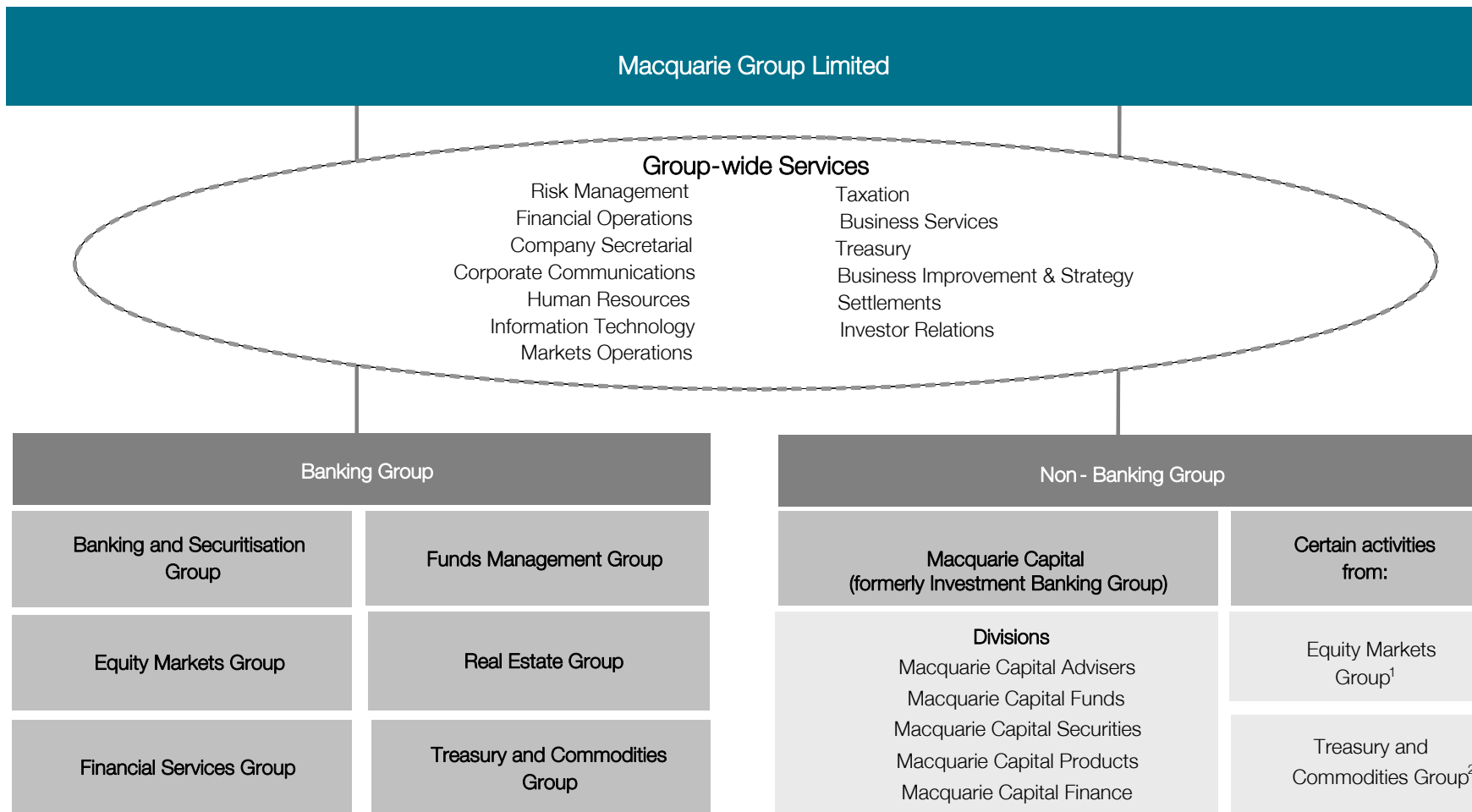
- Independent Expert, KPMG, concluded that the proposed transaction is in the best interests of shareholders and in the best interests of optionholders
- MBL Board concluded that the proposed transaction is in the best interests of shareholders and in the best interests of optionholders and unanimously recommends you vote in favour of each resolution



2. Restructure detail


Richard Sheppard - Deputy Managing Director

Proposed corporate structure



Notes:

1. Offshore-focused trading, introduction, arranging, structuring and related services for equity, equity derivative and related products
2. US- based broker dealer activities, Asian futures execution and clearing, Asian origination of treasury and commodity transactions



Post restructure regulatory and management framework



- Regulation
 - Macquarie Group Limited will be regulated by the Australian Prudential Regulation Authority ('APRA') as a non-operating holding company (NOHC)
 - The Banking Group will continue to be subject to the full range of APRA banking regulations
 - The restructure will assist us in meeting our obligations to APRA while positioning the Group for continued growth
- Risk management
 - Macquarie's strong emphasis on risk management will continue to apply throughout the Group
 - Existing risk management framework will remain largely unchanged
- Corporate governance
 - Existing corporate governance framework will remain largely unchanged
- No change to senior management
- No change to business strategy
- Businesses will continue to use the Macquarie brand



Strong ratings maintained



- MBL existing ratings maintained
- Positive long-term rating outlook for MBL (Moody's)
- MGL rated one notch below MBL



Minimal impact on shareholders



- There will not be a taxable event for most shareholders and optionholders
- There is not expected to be any return of capital to shareholders
- There is not expected to be any change to dividend policy or franking
- To provide shareholders a greater opportunity to satisfy the “45 day rule” in respect of their ‘new’ MGL shares prior to the payment of the 2007/8 interim dividend, it is proposed to defer the payment of that dividend until late January
- MGL will trade under the ASX code ‘**MQG**’ from 5 Nov 2007 (last date for trading MBL shares 2 November 2007)
- Existing hybrid securities, Macquarie Income Securities (MIS) and Macquarie Income Preferred Securities (MIPS) will remain on issue following restructure
- MBL will remain listed on ASX (though as a debt listing) to support the continued quotation of MIS



MBL capital reduction



- Restructure involves MBL making a capital reduction
 - Will reduce MBL's capital by \$A3 billion
 - Funds will be received by MGL and will be used to:
 - Establish its capital base
 - Finance acquisition of assets and businesses from MBL by the Non-Banking Group
 - No change in overall Group capital

- MGL and MBL will each have dedicated and independent funding, capital management and liquidity management arrangements
- Restructure financing plan to meet initial and expected ongoing funding requirements of overall group
- MGL required to finance the initial transfer of non-banking assets and businesses from MBL to the Non-Banking Group
- Initial financing achieved through combination of external credit facilities and funding from MBL (including the Capital Reduction)
- MGL has obtained \$A18b in funding commitments:
 - \$A8b senior unsecured bank debt facility
 - \$A10b two-year committed senior bridge facility from MBL
 - To provide transitional funding while MGL's capital markets issuance programme is being established
 - To be refinanced via issuance in all significant global capital markets
- No increase in Group net debt



What you are being asked to vote on



- **MBL shareholders:** transfer of shares in MBL to MGL in consideration for the issue of shares in MGL on a one-for-one basis
- **MBL shareholders and MIS holders:** capital of MBL to be reduced by paying \$A3 billion to MGL
- **Option holders:** cancellation of MBL options in consideration for the issue of options in MGL on one-for-one basis

Key dates



Event	Date
Share Scheme Meeting, General Meeting, Option Scheme Meeting	25 October 2007
Second Court Hearing	29 October 2007
Last day for trading MBL Shares	2 November 2007
Commencement of trading MGL Shares (on a deferred settlement basis)	5 November 2007
Record Date	7.00pm, 12 November 2007
Implementation Date	13 November 2007



3. Formal Business

David Clarke
- Chairman

- Share Scheme Resolution

To consider and, if thought fit, to pass a resolution in the following terms:

That pursuant to section 411 of the Corporations Act 2001 (Cwlth), the scheme of arrangement proposed to be made between Macquarie Bank Limited and each of its Scheme Shareholders to effect the transfer of the Shareholders' shares in Macquarie Bank Limited to Macquarie Group Limited ('MGL') in consideration for the issue of shares in MGL on a one-for-one basis as more particularly set out in the Explanatory Memorandum accompanying the notice of meeting convening this meeting is agreed to (with or without modification as approved by the Federal Court).



Macquarie Bank Limited

General Meeting



25 October 2007

- Capital Reduction Resolution

To consider and, if thought fit, to pass a resolution in the following terms:

That subject to and conditional on the Schemes being implemented in accordance with their terms, the capital of MBL be reduced by paying the Reduction Amount per MBL Share to holders of those shares on a record date occurring after the Implementation Date to be specified by MBL ('Capital Reduction Record Date'). The Reduction Amount is an amount calculated by dividing A\$3 billion by the number of MBL Shares on issue on the Capital Reduction Record Date.



Macquarie Bank Limited

Option Scheme Meeting



25 October 2007

- Option Scheme Resolution

To consider and, if thought fit, to pass a resolution in the following terms:

That pursuant to section 411 of the Corporations Act 2001 (Cwlth), the scheme of arrangement proposed to be made between Macquarie Bank Limited and each of its Optionholders to effect the cancellation of the Optionholders' options in Macquarie Bank Limited in consideration for the issue of options in Macquarie Group Limited on a one for one basis as more particularly set out in the Explanatory Memorandum accompanying the notice of meeting convening this meeting is agreed to (with or without modification as approved by the Federal Court).