



9 September 2011

## ASX ANNOUNCEMENT

### CEO CONTRACT EXTENSION

The Board of McMillan Shakespeare Limited is pleased to announce that Chief Executive Officer Michael Kay has entered into an employment contract for a fixed term ending 31 August 2014.

Mr Kay's fixed remuneration has been \$1,000,000 per annum since 1 July 2011 in accordance with his previous employment contract. Under the terms of his new employment contract, his fixed remuneration will remain the same, subject to an annual review by the board.

If Mr Kay continues to be employed by McMillan Shakespeare Limited as at 31 August 2014, upon the adoption of the Annual Report for the Financial Year 2014 it is intended that he will be entitled to options to purchase shares in McMillan Shakespeare Limited. McMillan Shakespeare Limited proposes to issue 682,206 performance options in accordance with McMillan Shakespeare Limited's employee option plan, representing 40% of Mr Kay's fixed remuneration multiplied by the three years of the relevant performance period, valued as at 16 August 2011. Vesting of these rights will be subject to meeting relevant performance targets as set by the board. Mr Kay's entitlement to the performance options is subject to shareholder approval at the Annual General Meeting of McMillan Shakespeare Limited to be held on 25 October 2011. In the event that shareholder approval is not obtained, the Board intends to review Mr Kay's remuneration.

In addition, the Company proposes to issue 37,900 voluntary options at a price payable by Mr Kay of \$1.32 per voluntary option (being 75% of the options' fair value). The vesting date will be upon the adoption of the Annual Report for the Financial Year 2014. The right to exercise the voluntary options is not contingent on his continued employment, however if Mr Kay leaves employment with McMillan Shakespeare Limited before 31 August 2014, he will forfeit 9,475 of the voluntary options in exchange for payment by the Company of \$1 (the amount forfeited being equal to the 25% discount to the fair market value that applied to the acquisition price of the voluntary options at the date of the conditional offer and acceptance, being 16 August 2011). Mr Kay's entitlement to the voluntary options is also subject to shareholder approval at the Annual General Meeting of McMillan Shakespeare Limited.

The exercise price for both the performance options and voluntary options is \$7.31. The exercise price has been set by reference to the market price of the shares in McMillan Shakespeare Limited based on the 5 trading VWAP for the period between 9 August 2011 – 15 August 2011, being the 5 trading days preceding the conditional offer by the Company and acceptance by Mr Kay (conditional upon approval by Shareholders).

The other key terms of Mr Kay's employment contract remain substantively unchanged. The employment contract continues to provide for termination of employment by either party without cause on the provision of six months' written notice (or, with respect to McMillan Shakespeare Limited, payment in lieu.) The agreement may also be terminated by McMillan Shakespeare Limited for cause without notice or any payment.

For more information please contact:

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#### About McMillan Shakespeare

McMillan Shakespeare is considered a market leader in the provision of remuneration programs. Its services include remuneration policy design, salary packaging benefit administration and motor vehicle lease management backed by expertise in FBT management, tax and compliance. McMillan Shakespeare also provides a complementary fleet management service, including the procurement of motor vehicles and finance and the management of fuel card and service maintenance programs.