



5 July 2018

NZX/ASX Market Release

## **Managing Director & CEO Succession**

Further to the announcement advising of the appointment of Ms Jayne Hrdlicka as Managing Director and CEO of The a2 Milk Company Limited, the Board of Directors is now very pleased to confirm that Jayne will take up these roles on Monday, 16 July 2018.

As previously noted, Jayne is an outstanding senior executive with particular strengths highly relevant to a2MC's next growth phase. These include her extensive experience in strategy formulation and execution, insight into customer-centricity and innovation and importantly an understanding of operating in a disruptive environment.

Jayne was most recently employed for 5 years in the role of CEO of the Jetstar Group, a wholly owned subsidiary of Qantas Limited and also served as a Non-Executive Director of Woolworths Limited during this time. In her earlier career, Jayne was a partner at Bain & Company in the US, where she was focused on customer orientated businesses. Jayne is also the current non-executive President of Tennis Australia.

The material terms of Jayne's employment agreement are summarised in the Appendix, and have been structured using the same underlying principles which apply to all of the Company's senior staff.

### **For further information contact:**

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## APPENDIX

### Material Terms of Jayne Hrdlicka's Employment Agreement

Key Terms	Details
Commencement Date	16 July 2018
Term	No fixed term. Ongoing until terminated by either Jayne or a2MC in accordance with the contract.
Total Fixed Remuneration	AUD 1,500,000 per annum, including superannuation (to be reviewed annually).
Short Term Incentive (STI)	<p>Calculation of an annual STI payment amount of up to 100% of Total Fixed Remuneration is based on the achievement of performance objectives set by key performance indicators determined by the Board on an annual basis.</p> <p>The Board has the discretion to increase or decrease the calculated STI payment amount by up to 20% based on its assessment of Jayne's personal performance.</p>
Long Term Incentive (LTI)	<p>On an annual basis, Jayne will be invited to take up performance rights under the Company's current LTI Plan Rules, which apply to all senior management. A performance right is the right to acquire a2MC ordinary shares subject to the satisfaction of performance hurdles and vesting conditions.</p> <p>In her first year of employment, Jayne will be offered performance rights equivalent to 175% of her Total Fixed Remuneration.</p> <p>In each following year of her employment, Jayne will be offered performance rights equivalent to 150% of Total Fixed Remuneration (subject to adjustment from time to time at the discretion of the Board in order to have reasonable regard to equivalent entitlements provided by peer companies).</p> <p>The vesting of the first grant of performance rights will be subject to a2MC achieving a compound annual growth in its diluted earnings per share, measured over three consecutive financial years, on a straight line basis between two rates to be determined by the Board prior to the grant, being a minimum hurdle rate at which 50% of performance rights will vest and a maximum hurdle rate at which 100% of performance rights will vest.</p> <p>At the discretion of the Board, performance rights may be subject to accelerated vesting if a2MC is subject to a change of control.</p> <p>Subject to the discretion of the Board or unless employment is terminated by a2MC other than for fault, cessation of employment will result in the forfeiture of all unvested performance rights. The Board may also forfeit performance rights for fraud of dishonesty or wilful breach of duties.</p> <p>Adjustments to the number of performance rights, or the number of a2MC ordinary shares to which they relate, may be made following any bonus issue of a2MC ordinary shares or reorganisation of its capital.</p> <p>Performance rights do not carry any right to dividends.</p>
Transition Benefits	<p>On a one-off basis, Jayne will receive the following transition benefits as compensation for forfeitures of her former employer's STI and LTI entitlements as a result of her resigning to take up employment with a2MC.</p> <ul style="list-style-type: none"> <li>• An AUD 586,666 cash payment (calculated at approximately 67% of her forfeited STI cash benefit).</li> <li>• 599,254 time based rights to acquire a2MC ordinary shares (calculated at approximately 80% of Jayne's forfeited STI and LTI scrip benefit, based on the 90 day VWAP of shares in the Company and her previous</li> </ul>



Key Terms	Details
	<p>employer as at the date that her appointment was announced to the market, being 13 December 2017) to vest in four tranches during the period from 28 August 2018 to 24 August 2019.</p> <p>Time-based rights are not subject to performance hurdles but are otherwise to be issued on terms similar to Jayne's performance rights.</p>
Notice Period	Generally, resignation requires six months' notice.
Annual Leave	Statutory entitlements together with one week per annum of additional paid leave.
Other Terms	The employment agreement also includes standard terms covering expenses, conflicts of interest, confidentiality, intellectual property and moral rights, and restraints upon termination.

