

10 August 2015

NZX/ASX Market Release



Grant of awards to senior management

The A2 Milk Company Limited ("**a2MC**" or the "**Company**") advises that the Board of Directors has approved the issue of a total of 15 million options ("**Options**") and 1.6 million performance rights ("**Performance Rights**") representing rights to acquire ordinary shares in the Company to certain members of the Company's senior management team that report to the Chief Executive Officer ("**Senior Managers**"), in accordance with the terms and conditions of the Company's Long Term Incentive Plan ("**Plan**").

The grant of the Options and the Performance Rights is part of the on-going long term incentive arrangements that the Company has adopted to assist in the reward, retention and motivation of its employees including its senior management.

Prior to its admission to the Australian Securities Exchange ("**ASX**"), the Company had in place a long term incentive plan for its executive team that involved the issue of partly paid shares to the Company's executives. The Company made regular grants under the partly paid share plan from 2009, with the last such grant being in April 2014. In the lead up to the Company's listing on the ASX, the Board determined that it was appropriate to adopt the new Plan in conjunction with its listing on the ASX. A summary of the Plan was set out in the Information Memorandum that the Company issued in connection with its listing on the ASX.

On 28 April 2015, the Board approved in-principle the grant of awards to the Senior Managers, subject to the finalisation of the detailed terms and grant documentation. However, the Company was delayed in finalising the grant due to recent events.

The Board has now approved the grant of the Options and the Performance Rights to the Senior Managers in accordance with the Plan, as originally intended, and invitation letters have been sent to the Senior Managers.

The grant is in line with past practices of the Company making regular incentive grants to members of its executive team.

The Options and Performance Rights will be issued on the following key terms and conditions:

- There will be no grant price for the Options or the Performance Rights;
- The Options and Performance Rights will vest over five years and will have a term of five years and nine months;
- The exercise price of the Options will be \$0.63, being the 90 day VWAP for shares in the Company traded on the NZX Main Board prior to 4 August 2015, being the date the Board agreed the exercise price and the other material terms of the Options. The 90 day period is consistent with past practice under the Company's previous long term incentive plan.

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