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**THE a2 MILK COMPANY
LONG TERM INCENTIVE PLAN
RULES**

DLA Piper Australia
Level 22
No.1 Martin Place
Sydney NSW 2000
GPO Box 4082
Sydney NSW 2001
Australia
Tel: +61 2 9286 8000
Fax: +61 2 9286 8007

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THE a2 MILK COMPANY

LONG TERM INCENTIVE PLAN RULES

1. DEFINITIONS AND INTERPRETATION

Definitions

1.1 In these Rules, unless the context otherwise requires, the following terms and expressions will have the following meanings:

"Applicable Law" means any one or more or all, as the context requires of:

- (a) the Corporations Act, the Companies Act and the Financial Markets Conduct Act;
- (b) the Listing Rules;
- (c) the Constitution;
- (d) the *Income Tax Assessment Act 1936* (Cth), the *Income Tax Assessment Act 1997* (Cth) and the *Income Tax Act 2007* (NZ), each as amended from time to time;
- (e) any practice note, policy statement, regulatory guide, class order, declaration, guideline, policy, procedure, ruling, judicial interpretation or other guidance note made to clarify, expand or amend (a), (b), and (d) above; and
- (f) any other legal requirement that applies to the Plan;

"Application" means an application by an Eligible Employee to participate in the Plan made in response to an Invitation Letter;

"ASIC" means the Australian Securities and Investments Commission;

"ASX" means the ASX Limited (ABN 98 008 624 691) trading as the Australian Securities Exchange;

"Bad Leaver" means, unless otherwise determined by the Board in its sole and absolute discretion, a Participant who ceases employment or office with any member of the Group in any of the following circumstances:

- (a) the Participant (other than an Executive Director) resigns from their employment or office [(as applicable)];
- (b) a Participant who is an Executive Director resigns from their employment and office;
- (c) the employment of the Participant is terminated due to poor performance; or
- (d) the Participant's employment is terminated, or the Participant is dismissed from their office, for any of the following reasons:

- (i) the Participant has committed any serious or persistent breach of the provisions of any employment or director contract entered into by the Participant with any member of the Group;
- (ii) the Participant being guilty of fraudulent or dishonest conduct in the performance of the Participant's duties, which in the reasonable opinion of the relevant member of the Group effects the Participant's suitability for employment with that member of the Group, or brings the Participant or the Group into disrepute;
- (iii) the Participant has been convicted of any criminal offence which involves fraud or dishonesty;
- (iv) the Participant has committed any wrongful or negligent act or omission which has caused any member of the Group substantial liability;
- (v) the Participant has become disqualified from managing corporations or has committed any act that may result in the Participant being banned from managing a corporation under any applicable securities law; or
- (vi) the Participant has committed serious or gross misconduct, wilful disobedience or any other conduct justifying termination of employment without notice;

"Board" means the board of directors of the Company, a committee appointed by the board of directors of the Company as constituted from time to time, or any person who is provided with delegated authority by the board of directors from time to time, as delegated in accordance with clause 21.2;

"Business Day" means a day on which banks are open for general banking business in New South Wales, excluding Saturdays, Sundays or public holidays in New South Wales;

"Buy-Back" means the purchase by the Company of Options or Performance Rights prior to their exercise, or the buy-back by the Company of Plan Shares pursuant to clause 19.7;

"Cancel" means the deletion of Options, Performance Rights and/or Plan Shares by the Company for payment of any consideration to the relevant Participant as required under clause 15 and **"Cancellation"** and **"Cancelled"** has a similar meaning;

"Certificate" means the certificate issued by the Company to a Participant in respect of an Option or a Performance Right (as the case may be);

"Change of Control Event" means:

- (a) where a person or entity becomes a legal or beneficial owner of 50% or more of the issued share capital of the Company;
- (b) where a person or entity becomes entitled to, acquires, holds or has an equitable interest in more than 50% of the issued share capital of the Company; or
- (c) the Board determines that there are circumstances that have occurred or are likely to occur which will result in significant changes to the structure or control

of the Company which may adversely affect the value of the Options and Performance Rights;

"Company" means The a2 Milk Company Limited (a company incorporated in New Zealand with NZCN 1014105);

"Companies Act" means the *Companies Act 1993* (NZ), as amended from time to time;

"Constitution" means the constitution of the Company, as amended from time to time;

"Corporations Act" means the *Corporations Act 2001* (Cth), as amended from time to time;

"Director" means a director of any member of the Group;

"Eligible Employee" means:

- (a) any Director or Employee who is declared by the Board in its sole and absolute discretion to be eligible to receive grants of Options and/or Performance Rights under the Plan; or
- (b) any other person who is declared by the Board in its sole and absolute discretion to be eligible to receive grants of Options and/or Performance Rights under the Plan;

"Employee" means a full-time or part-time employee of any member of the Group;

"Exercise Period" means the period up to the Expiry Date during which a vested Option may be exercised, and as determined by the Board under clause 8.1;

"Exercise Price" means the exercise price payable by a Participant to acquire a Plan Share upon the exercise of an Option as specified by the Board in the Invitation in its sole and absolute discretion;

"Expiry Date" means:

- (a) the date seven years from the Grant Date of the Options or Performance Rights (as the case may be); or
- (b) any other date determined by the Board and as specified in the Invitation,

after which the Options and/or Performance Rights lapse and may no longer be exercised;

"Fee" means any fee payable by a Participant to the Company on the grant of an Option and/or Performance Right to the Participant, and as determined by the Board in its sole and absolute discretion;

"Financial Markets Conduct Act" means the *Financial Markets Conduct Act 2013* (NZ), as amended from time to time;

"FMA" means the (New Zealand) Financial Markets Authority;

"Forfeiture Conditions" means any criteria, requirements or conditions as determined by the Board (as specified in the Invitation Letter) or under these Rules which if met (notwithstanding the satisfaction or waiver of any Performance Hurdles and Vesting

Conditions) will result in a Participant forfeiting Options and/or Performance Rights (as the case may be);

"Good Leaver" means a Participant who ceases employment or office with any member of the Group and is not a Bad Leaver;

"Grant Date" means the date on which Options or Performance Rights (as the case may be) are granted to a Participant following the acceptance of an Application;

"Group" means the Company and its Related Bodies Corporate;

"Invitation" means an invitation to an Eligible Employee to apply for the grant of Options and/or Performance Rights (as the case may be) under these Rules;

"Invitation Letter" means a letter from the Company to an Eligible Employee, which contains the Invitation;

"Issued Capital" means issued ordinary shares whether fully paid or not;

"Listing Rules" means the listing rules, market rules or operating rules of a financial market in respect of which the Company's shares are quoted or are the subject of an application for quotation, including but not limited, the listing rules of the ASX and the NZX Main Board;

"Market Value" means:

- (a) in relation to Options and Performance Rights, a value determined by application of a valuation methodology approved by the Board; and
- (b) in relation to Plan Shares, the average "market price" (as that term is defined in the ASX Listing Rules) per Share (weighted by reference to volume) during the previous five trading days;

"Nominal Consideration" means the payment to a Participant of \$10;

"Notice of Exercise" means a notice of exercise of Options in the form determined by the Board from time to time;

"NZX" means NZX Limited;

"NZX Main Board" means the main board equity security market operated by NZX;

"Option" means an option granted under this Plan to subscribe for, acquire and/or be allocated (as determined by the Board in its sole and absolute discretion) one Plan Share subject to the satisfaction of any Vesting Conditions and/or Performance Hurdles, and payment of the relevant Exercise Price (if any);

"Participant" means a person who has been offered Options and/or Performance Rights and who has returned a corresponding Application to the Company that has been accepted by the Company pursuant to these Rules;

"Performance Hurdles" means any ongoing minimum performance requirements (as specified in the Invitation Letter and determined by the Board in its sole and absolute discretion) which must be met prior to Options and/or Performance Rights (as the case may be) vesting in a Participant;

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"Performance Right" means an entitlement of a Participant granted under this Plan to subscribe for, acquire and/or be allocated (as determined by the Board in its sole and absolute discretion) one Plan Share subject to the satisfaction of any Vesting Conditions and/or Performance Hurdles. For the avoidance of doubt, a Performance Right has a nil Exercise Price;

"Plan" means The a2 Milk Company Long Term Incentive Plan established in accordance with these Rules;

"Plan Share" means any Share issued or transferred to a Participant upon exercise of an Option, or any Share issued or transferred to a Participant upon automatic exercise of a Performance Right;

"Related Body Corporate" has the meaning given in section 9 of the Corporations Act;

"Rules" means these rules in respect of the operation of the Plan, as amended from time to time and includes all addendums and schedules to these rules;

"Securities" has the meaning given in the ASX Listing Rules;

"Securities Act" means the *Securities Act 1978* (NZ), as amended from time to time;

"Security Interest" means a mortgage, charge, pledge, lien, encumbrance or other third party interest of any nature;

"Share" means a fully paid ordinary share in the capital of the Company;

"Share Trading Policy" means any Company share trading policy as amended from time to time;

"Shareholder" means any holder of Issued Capital of the Company;

"Shareholder Approval" means any prior consent or affirming resolution that needs to be obtained from Shareholders before an action is taken or determination made under these Rules;

"Term" means the period commencing on the Grant Date and ending on the Expiry Date (inclusive);

"Vesting Condition" means any time based requirement or condition (as specified in the Invitation Letter and determined by the Board in its sole and absolute discretion) which must be met prior to Options and/or Performance Rights (as the case may be) vesting in a Participant; and

"Vesting Notification" means a notice from the Board to a Participant informing the Participant that the Participant's Options have vested and are exercisable and/or that the Participant's Performance Rights have vested and will be automatically exercised.

Interpretation

1.2 In these Rules, unless otherwise stated or the contrary intention appears:

1.2.1 the singular includes the plural and vice versa;

1.2.2 a gender includes all genders;

- 1.2.3 a reference to any legislation includes any modification or replacement of it and all regulations and statutory instruments issued under it and a reference to any provision of any legislation includes any modification or substitution of it;
- 1.2.4 a reference to a person includes a reference to the person's executors, administrators and successors or a body corporate including any person taking by way of novation and, in the case of a trustee, includes any substituted or additional trustee;
- 1.2.5 in these Rules any reference to include means to include without limitation; and
- 1.2.6 references to dollars and \$ are references to New Zealand dollars and all amounts payable under these rules are payable in New Zealand dollars.

Applicable Laws

- 1.3 These Rules, the offering and granting of any Options and Performance Rights, the issuing and/or transferring of Plan Shares, and the rights attaching to or interests in the Options, Performance Rights and Plan Shares, will at all times be subject to all Applicable Laws.

Rounding

- 1.4 Where any calculation or adjustment to be made pursuant to these Rules produces a fraction of a cent or a fraction of an Option, a Performance Right or a Plan Share, the fraction will be eliminated by rounding to the nearest whole number.

Headings

- 1.5 Headings are inserted in these Rules for convenience only and do not affect the interpretation of these Rules.

Constitution

- 1.6 The entitlements of Eligible Employees and Participants under these Rules are subject to the Constitution.
- 1.7 In the event of any inconsistency between these Rules and the Constitution, the terms of the Constitution will prevail to the extent of that inconsistency.

2. PURPOSE

- 2.1 The purpose of the Plan is to:
- 2.1.1 assist in the reward, retention and motivation of Eligible Employees;
- 2.1.2 link the reward of Eligible Employees to Shareholder value creation; and
- 2.1.3 align the interests of Eligible Employees with Shareholders by providing an opportunity to Eligible Employees to earn rewards via an equity interest in the Company based on creating Shareholder value.

3. COMMENCEMENT

- 3.1 The Plan will commence on a date determined by resolution of the Board.

4. MAXIMUM OPTION OR PERFORMANCE RIGHTS ALLOCATION

Unless prior Shareholder Approval is obtained, the number of Options and/or Performance Rights which may be granted under this Plan which upon exercise will vest Plan Shares must not exceed in aggregate 5% of the total Issued Capital of the Company at the date of commencement of this Plan.¹

5. ELIGIBILITY AND GRANT

Participation

- 5.1 The Board may from time to time in its sole and absolute discretion determine that an Eligible Employee may participate in the Plan.
- 5.2 Where an Eligible Employee is resident outside Australia and New Zealand, additional rules may apply with respect to their participation in the Plan as set out in the Addendum to these Rules.

Selection

- 5.3 Following determination that an Eligible Employee may participate in the Plan, the Board may at any time and from time to time make an Invitation to the Eligible Employee.

Invitation

- 5.4 Subject to clause 6, the manner, form, content, timing and frequency of an Invitation Letter and Application will be as determined by the Board in its sole and absolute discretion.

Application

- 5.5 Unless otherwise determined by the Board in its sole and absolute discretion, an Eligible Employee who wishes to apply to participate in the Plan in response to an Invitation must, on or before the period of time allowed for acceptance of the Invitation, give an Application:
- 5.5.1 to the person specified in the Invitation;
- 5.5.2 in accordance with any instructions or conditions set out in the Invitation; and
- 5.5.3 on the acceptance by the Board of the Application, the notice confirming the issue of the Options and/or Performance Rights (as the case may be) will be accompanied by a Certificate.

Multiple Invitations

- 5.6 Unless otherwise determined by the Board in its sole and absolute discretion, the Board may make any number of issues to Eligible Employees, as set out in any Invitation Letter, notwithstanding that an issue or issues may have been previously made to any Eligible Employee.

¹ For the avoidance of doubt, such aggregate maximum limit on the number of Options and/or Performance Rights which may be granted under this Plan is without prejudice to any further restrictions prescribed by the Listing Rules on the number of Options and/or Performance Rights which may be granted under this Plan from time to time.

6. OPTION AND PERFORMANCE RIGHT TERMS

Board determination

6.1 The terms and conditions of Options and/or Performance Rights offered or granted under these Rules to each Eligible Employee will be:

6.1.1 determined by the Board in its sole and absolute discretion and include as a minimum:

6.1.1.1 the number of Options and/or Performance Rights;

6.1.1.2 the Grant Date;

6.1.1.3 the Fee (if any);

6.1.1.4 the Performance Hurdles (if any);

6.1.1.5 the Vesting Conditions (if any);

6.1.1.6 in the case of an Option, the Exercise Price (if any);

6.1.1.7 in the case of an Option, the Exercise Period;

6.1.1.8 the Expiry Date and Term;

6.1.1.9 the Forfeiture Conditions (if any);

6.1.1.9 any rights attaching to the Plan Shares in respect of which the Options and Performance Rights (as the case may be) are exercisable; and

6.1.1.10 any disposal restrictions attaching to the Plan Shares; and

6.1.2 set out in an Invitation Letter delivered to the Eligible Employee.

Option and Performance Right entitlements

6.2 Subject to the Board determining otherwise prior to an Invitation, each vested Option and each vested Performance Right entitles the Participant holding the Option or the Performance Right to subscribe for, or to be transferred, one Plan Share, in the case of an Option, on payment of the Exercise Price (if any).

Participant rights

6.3 A Participant who holds Options and/or Performance Rights is not entitled to:

6.3.1 notice of, or to vote at or attend, a meeting of the Shareholders unless and until the Options and/or Performance Rights are exercised and the Participant holds Plan Shares; or

6.3.2 receive any dividends declared by the Company in respect of such Options and/or Performance Rights.

Conditions for vesting and exercise

- 6.4 The Board will determine prior to an Invitation being made and specify in the Invitation any Performance Hurdles and/or Vesting Conditions attaching to the Options and/or Performance Rights (as the case may be).
- 6.5 Options and/or Performance Rights (as the case may be) will only vest and be exercisable if the applicable Performance Hurdles and/or Vesting Conditions have been satisfied, or are deemed to have been satisfied under these Rules.

Participants to hold Options or Performance Rights

- 6.6 Options and/or Performance Rights granted under this Plan will be granted to, and held directly by, the Participants subject to these Rules, provided that the Board may in its sole and absolute discretion agree to grant Options and/or Performance Rights to, and that Options and/or Performance Rights may be held by, another person for and on behalf of a Participant and subject to such other terms and conditions as the Board sees fit.

No transfer of Options or Performance Rights

- 6.7 Options and/or Performance Rights granted under this Plan may not be assigned, transferred, encumbered with a Security Interest in or over them, or otherwise disposed of by a Participant, unless:
- 6.7.1 the prior consent of the Board is obtained, which consent may impose such terms and conditions on such assignment, transfer, encumbrance or disposal as the Board sees fit; or
- 6.7.2 such assignment or transfer occurs by force of law upon the death of a Participant to the Participant's legal personal representative.

Options and Performance Rights to be recorded

- 6.8 Options and Performance Rights will be recorded in the appropriate register of the Company.

7. EMPLOYEE SHARE TRUST

- 7.1 The Board may in its sole and absolute discretion use an employee share trust or other mechanism for the purposes of holding Plan Shares for Participants under the Plan and delivering Plan Shares to Participants upon exercise of the Options and/or Performance Rights (as the case may be).

8. EXERCISE OF OPTIONS AND PERFORMANCE RIGHTS

Exercise Period for Options

- 8.1 The Exercise Period for any Option will be as determined by the Board in its sole and absolute discretion.

Method of exercise

- 8.2 In the case of an Option, following the issuing of a Vesting Notification to the Participant, the vested Option is exercisable by the Participant within the Exercise Period specified by

the Board in the Invitation Letter, subject to the Participant delivering to the registered office of the Company or such other address as determined by the Board:

- 8.2.1 a signed Notice of Exercise;
- 8.2.2 subject to clause 8.5, a cheque or cash or such other form of payment determined by the Board in its sole and absolute discretion as satisfactory for the amount of the Exercise Price (if any); and
- 8.2.3 the relevant Certificate, or documentary evidence satisfactory to the Board that the relevant Certificate was lost or destroyed.

8.3 In the case of a Performance Right, following the issuing of a Vesting Notification to the Participant, a vested Performance Right will be automatically exercised within the period specified by the Board in the Invitation Letter.

No issue unless cleared funds

8.4 Where a cheque is presented as payment of the Exercise Price on the exercise of Options, the Company will not, unless otherwise determined by the Board, allot and issue or transfer Plan Shares until after the cheque delivered in payment of the Exercise Price has been cleared by the banking system.

Cashless exercise of Options

8.5 The Board may determine in its sole and absolute discretion that a Participant will not be required to provide payment of the Exercise Price of Options by cash, cheque or some other method acceptable to the Company, but that on exercise of the Options the Company will only allot and issue or transfer that number of Plan Shares to the Participant that are equal in value to the difference between the Exercise Price otherwise payable in relation to the Options and the then Market Value of the Plan Shares as at the time of the exercise (with the number of Plan Shares rounded down).

Minimum Exercise

8.6 Options must be exercised in multiples of 100 unless fewer than 100 Options are held by a Participant or the Board otherwise agrees.

Actions on exercise

8.7 On completion of the exercise of Options and/or Performance Rights (as the case may be):

- 8.7.1 the Options and/or Performance Rights will automatically lapse;
- 8.7.2 the Company will allot and issue, or transfer, the number of Plan Shares for which the Participant is entitled to subscribe for or acquire through the exercise of such Options and/or Performance Rights (as the case may be); and
- 8.7.3 issue a substitute Certificate(s) for any remaining Options and/or Performance Rights (as the case may be).

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9. LISTING

Options and Performance Rights

- 9.1 Unless determined otherwise by the Board in its sole and absolute discretion, Options and Performance Rights issued under the Plan will not be quoted on the ASX or the NZX Main Board.

Plan Shares

- 9.2 In respect of Plan Shares issued under the Plan, the Company shall apply to the ASX and the NZX Main Board within a reasonable time after they are issued and any transfer restrictions under these Rules cease to apply for Plan Shares to be quoted.

10. GOOD LEAVER

- 10.1 Where a Participant who holds Options and/or Performance Rights becomes a Good Leaver:
- 10.1.1 all vested Options which have not been exercised will continue in force and remain exercisable until the Expiry Date, unless the Board in its sole and absolute discretion determines otherwise;
 - 10.1.2 all vested Performance Rights which have not been exercised will be immediately exercised; and
 - 10.1.3 the Board may determine, in its sole and absolute discretion, the manner in which the unvested Options and/or Performance Rights will be dealt with, including but not limited to:
 - 10.1.3.1 allowing some or all of those Options and/or Performance Rights (as the case may be) to continue to be held by the Participant, and be subject to the existing Performance Hurdles and/or Vesting Conditions;
 - 10.1.3.2 undertaking a Buy-Back of some or all of those Options and/or Performance Rights; and/or
 - 10.1.3.3 requiring that any remaining Options and/or Performance Rights be automatically forfeited by the Participant for the payment by the Company to the Participant of Nominal Consideration.

11. BAD LEAVER

- 11.1 Where a Participant who holds Options and/or Performance Rights becomes a Bad Leaver:
- 11.1.1 all vested Options which have not been exercised will continue in force and remain exercisable until the Expiry Date, unless the Board in its sole and absolute discretion determines otherwise;
 - 11.1.2 all vested Performance Rights which have not been exercised will be immediately exercised; and
 - 11.1.3 all unvested Options and/or Performance Rights will automatically be forfeited by the Participant for the payment by the Company to the Participant of Nominal Consideration.

12. LAPSE OF OPTIONS AND/OR PERFORMANCE RIGHTS

Lapsing events

- 12.1 Unless the Board otherwise determines in its sole and absolute discretion, Options and Performance Rights will lapse on the earlier of:
- 12.1.1 the cessation of employment or office of a Participant (who is not an Executive Director) (other than in accordance with clauses 10 and 11);
 - 12.1.2 the cessation of employment and office of a Participant who is an Executive Director (other than in accordance with clauses 10 and 11);
 - 12.1.3 where any relevant Forfeiture Conditions are met or Options and/or Performance Rights are otherwise forfeited in accordance with clause 13;
 - 12.1.4 if applicable Performance Hurdles and/or Vesting Conditions are not achieved by the relevant time;
 - 12.1.5 if the Board determines in its reasonable opinion that the applicable Performance Hurdles and/or Vesting Conditions have not been met and cannot be met prior to the Expiry Date; or
 - 12.1.6 the Expiry Date.

What happens on lapsing

- 12.2 Where a Participant's Options and/or Performance Rights have lapsed under clause 12.1, the Company will:
- 12.2.1 notify the Participant that the Options and/or Performance Rights held by them have lapsed;
 - 12.2.2 arrange for the Participant or the Participant's agent or attorney to sign any transfer documents required to transfer or otherwise deal with the Options and/or Performance Rights; and
 - 12.2.3 not be liable for any damages, compensation or other amounts to the Participant in respect of the Options and/or Performance Rights.

13. FORFEITURE

Forfeiture Events

- 13.1 The Board may determine prior to an Invitation if any Forfeiture Conditions apply in respect of Options and/or Performance Rights.

Where Forfeiture Occurs

- 13.2 Where Options and/or Performance Rights are forfeited the Company will:
- 13.2.1 notify the Participant that the Options, Performance Rights and/or Plan Shares held by the Participant have been forfeited;

- 13.2.2 arrange for the Participant's agent or attorney to sign any transfer documents required to transfer or otherwise deal with the Options, Performance Rights and/or Plan Shares; and
- 13.2.3 not be liable for any damages, compensation or other amounts to the Participant in respect of the Options, Performance Rights and/or Plan Shares.

Fraudulent or dishonest actions

- 13.3 In addition to the Forfeiture Conditions (if any), where, in the reasonable opinion of the Board, a Participant:

- 13.3.1 acts fraudulently or dishonestly; or
- 13.3.2 wilfully breaches his or her duties to the Group,

then the Board may deem all Options and/or Performance Rights held by the Participant will automatically be forfeited.

14. BUY-BACK

Buy-Back

- 14.1 Subject to Applicable Law, the Company may at any time Buy-Back Options, Performance Rights and/or Plan Shares in accordance with clause 14.2.

Buy-Back procedure

- 14.2 The Board may cause the Company to Buy-Back Options, Performance Rights and/or Plan Shares held by a Participant for:

- 14.2.1 an amount agreed with the Participant at any time;
- 14.2.2 the then Market Value of Options, Performance Rights and/or Plan Shares (as the case may be) without the agreement of the Participant; or
- 14.2.3 where there is a formal takeover offer made for at least 5% of the Shares, the Company may Buy-Back Options, Performance Rights and/or Plan Shares (as the case may be) at the price or prices offered by the bidder under the takeover offer and/or as considered appropriate by the Board in its reasonable opinion in light of such an offer.

Buy-Back period

- 14.3 The Buy-Back of Options, Performance Rights and/or Plan Shares under clause 14.2 may occur in one or more tranches within such time, as determined by the Board in its sole and absolute discretion.

Buy-Back mechanism

- 14.4 Each Participant will do all acts, matters and things which are necessary or desirable to give effect to any Buy-Back of the Participant's Options, Performance Rights and/or Plan Shares.

15. CANCELLATION

Options and Performance Rights may be Cancelled if Participant consents

- 15.1 Notwithstanding any other provisions of the Plan, and subject to Applicable Laws, if a Participant and the Board have agreed in writing that some or all of the Options and/or Performance Rights granted to that Participant may be Cancelled on a specified date or on the occurrence of a particular event, then the Board may Cancel those Options and/or Performance Rights on the relevant date or on the occurrence of the particular event (as the case may be).

Cancellation of Options and Performance Rights

- 15.2 Where the Options and/or Performance Rights are to be Cancelled by the Company, the Company may do such things and enter such arrangements with the Company's share registry or otherwise as it considers necessary to enforce any Cancellation and the relevant Participant will be bound by any action by the Company under this clause 15.2.

16. RIGHTS ATTACHING TO PLAN SHARES

Shares to rank equally

- 16.1 Any Plan Shares allotted, issued or transferred by the Company to a Participant under the Plan will rank equally with all existing Shares on and from the date of allotment, issue or transfer, including in respect of all rights and bonus issues.

Dividends

- 16.2 A Participant will have a vested and indefeasible entitlement to any dividends declared and distributed by the Company on the Plan Shares which, at the books closing date/record date for determining entitlement to those dividends, are standing to the account of the Participant.

Dividend reinvestment

- 16.3 The Participant may participate in any dividend reinvestment plan operated by the Company in respect of Plan Shares held by the Participant and such participation must be in respect of all Plan Shares held by the Participant. Shares issued under any dividend reinvestment plan operated by the Company will be subject to the same terms and conditions as the Plan Shares held by the Participant.

Voting rights

- 16.4 A Participant may exercise any voting rights attaching to Plan Shares registered in the Participant's name.

17. DISPOSAL RESTRICTIONS ON PLAN SHARES

Board determines

- 17.1 The Board, in its sole and absolute discretion, may determine, prior to an Invitation being made, whether there will be any restrictions on the disposal of, the granting (or purporting to grant) of any Security Interest in or over, or otherwise on dealing with (or purporting to dispose or deal with), Plan Shares held by any Participants.

No transfer

- 17.2 Subject to clause 17.1, Plan Shares or any beneficial or legal interest in Plan Shares may not be transferred, encumbered or otherwise disposed of, or have a Security Interest granted over them, by a Participant unless all restrictions on the transfer, encumbrance or disposal of the Plan Shares have been met, the Board has waived any such restrictions, or prior consent of the Board is obtained which consent may impose such terms and conditions on such transfer, encumbrance or disposal as the Board sees fit.

Board actions

- 17.3 The Company may do such things and enter into such arrangements with the Company's share registry or otherwise as it considers necessary to enforce the transfer restrictions set out in clause 17.2, including but not limited imposing a holding lock on the Plan Shares or using an employee share trust to hold the Plan Shares during the relevant restriction period. Participants will be bound by any action by the Company under this clause 17.3.

Overriding restrictions on dealing with Plan Shares

- 17.4 Plan Shares must not be dealt with under this clause 17 if to do so would contravene Applicable Laws.

Plan Shares entitlements

- 17.5 For the avoidance of doubt, the imposition of a restriction on the Plan Shares held by a Participant pursuant to clause 17.1 will not affect the Participant's entitlement to receive a notice of, or to vote or attend at, a meeting of the members of the Company or Shareholders, and to receive any dividends declared by the Company during the relevant restriction period.

Share Trading Policy

- 17.6 At all times Participants must comply with any Share Trading Policy.

18. CHANGE OF CONTROL EVENT

- 18.1 In the event of a Change of Control Event, and unless the Board determines otherwise in its sole and absolute discretion:

18.1.1 Options and Performance Rights granted will vest where, in the Board's sole and absolute discretion, the Vesting Conditions and Performance Hurdles applicable to those Options and Performance Rights have been satisfied, but that vesting will occur only on a pro rata basis based on the period with has elapsed from the Grant Date to the date of the Change of Control Event when compared to the relevant overall vesting period; and

18.1.2 any Options and Performance Rights which the Board determines will not vest in accordance with clause 18.1.1 will automatically lapse.

19. BONUS ISSUES AND CAPITAL RECONSTRUCTIONS

Bonus issues

- 19.1 If Securities are issued by way of a "bonus issue" (as that term is defined in the ASX Listing Rules) to the holders of Shares, a Participant is entitled, upon vesting of an Option or a Performance Right, to receive in addition to the Plan Share in respect of which the Option or

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Performance Right vests and without the payment of any further consideration, the number of Securities that the Participant would have received if the Option or Performance Right had vested before the record date for the bonus issue.

19.2 Any additional Securities to which a Participant becomes entitled under clause 19.1 will, until those additional Securities are issued, transferred or allocated to the Participant, be regarded as:

19.2.1 additional Securities into which the Options and/or Performance Rights may vest for the purposes of any subsequent application of clause 19.1; and

19.2.2 additional Options and/or Performance Rights to which the Participant is entitled for the purposes of any application of clause 19.4.

Rights issue

19.3 If there is a "pro rata issue" (as that term is defined in the ASX Listing Rules, except a bonus issue) to the holders of Shares, the exercise price of each Option shall be reduced according to the following formula:

$$O' = O - \frac{E [P - (S + D)]}{N + 1}$$

where:

O' = the new exercise price of the Option;

O = the old exercise price of the Option;

E = the number of Shares into which one Option is exercisable;

P = the average "market price" (as that term is defined in the ASX Listing Rules) per Share (weighted by reference to volume) during the five trading days ending on the day before the ex rights date or ex entitlements date;

S = the subscription price for a security under the pro rata issue;

D = the dividend due but not yet paid on the existing Shares (except those to be issued under the pro rata issue); and

N = the number of Shares with rights or entitlements that must be held to receive a right to one new Security.

Reorganisation

19.4 In the event of any reorganisation (including consolidation, sub-division, reduction, return or cancellation) of the Issued Capital of the Company, the number of Options and/or Performance Rights to which each Participant is entitled, and/or the Exercise Price of the Options (if any), will be changed in accordance with the Listing Rules.

Notification of adjustments

19.5 Upon any adjustment being made pursuant to this clause 19, the Board will notify each Participant (or his or her legal personal representative where applicable) in writing,

informing them of the number of Options and/or Performance Rights (and issuing new Certificate(s) in those circumstances) and/or Plan Shares held by the relevant Participant.

Limited right to participate in new issues

- 19.6 Subject to clauses 19.1, 19.2 and 19.4, during the currency of any Options and/or Performance Rights and prior to their vesting, Participants are not entitled to participate in any new issue of Securities of the Company as a result of their holding Options and/or Performance Rights.

Fairness in application

- 19.7 In the application of this clause 19, the Board may (as far as possible) make whatever adjustments it deems necessary or desirable to ensure that the consequences of that application are fair as between the Participants and the holders of other securities in the Company subject to the Listing Rules.

20. CONTRAVENTION OF APPLICABLE LAWS

- 20.1 No act will be done or determination made in accordance with these Rules where to do so would be a breach of any Applicable Laws, and where any such act is done or determination made it will be considered void and to the extent possible be unwound and of no effect in respect of Options, Performance Rights and/or Plan Shares.

21. ADMINISTRATION OF THE PLAN

Regulations

- 21.1 The Board may make such regulations for the operation of the Plan as it considers necessary, provided such regulations are consistent with these Rules.

Delegation

- 21.2 The Board may delegate any of its powers or discretions conferred on it by these Rules to a committee of the Board or to any one or more persons selected by it, including but not limited to the company secretary.
- 21.3 Any delegation will be for such period and upon such terms and conditions as determined by the Board from time to time.

Decisions final

- 21.4 Every exercise of a discretion by the Board (or its delegates) and any decision by the Board (or its delegates) regarding the interpretation, effect or application of these Rules will be final, conclusive and binding.

Attorney and agent

- 21.5 Each Participant hereby authorises and appoints the company secretary of the Company holding office at the relevant time (or their delegate) as their agent or attorney with power to do all things necessary in the name of and on behalf of the Participant to give effect to these Rules, including and without limitation, signing Option, Performance Rights or Plan Share transfers, and signing all documents and doing all acts necessary to effect a Buy-Back, and accounting for the proceeds of the sale of forfeited shares, but expressly excluding the power to exercise Options and/or Performance Rights granted to the Participant under the Plan.

- 21.6 Each Participant agrees to indemnify and hold harmless any person acting as their agent or attorney in accordance with these Rules in respect of all costs, damages or losses of whatever nature arising from so acting, other than costs, damages or losses arising out of the agent's or the attorney's dishonesty, fraud or wilful breach of their duties.

Notice

- 21.7 Address for service:
- 21.7.1 Any notice required to be given to the Participants under the Plan or the terms of the Options or Performance Rights granted will be sent to the address of the Participant as entered in the register unless delivered in person.
- 21.7.2 Any notice required to be given to the Company under the Plan or the terms of the Options or Performance Rights granted will be sent to the registered office of the Company or such other address as is notified to Participants from time to time.
- 21.8 Delivery of notices:
- 21.8.1 Any notice to be given to Participants may be delivered by hand to the Participant.
- 21.8.2 Any notice to be given to the Company may be delivered by hand or by prepaid post. Notices may also be given to the Company by means of facsimile, email or other mode of electronic delivery to such address as is notified by the Company to the Participant.
- 21.8.3 Notices delivered to Participants in accordance with the Constitution will be taken to be delivered in accordance with the Constitution. Notices delivered to the Company by pre-paid post will be taken to be delivered if properly addressed and stamped, 48 hours after mailing in New Zealand and seven days after mailing outside New Zealand. Notices delivered by facsimile, email or other mode of electronic delivery will be taken to be delivered on receipt of a successful transmission notice, return receipt or such other confirmation by which the sender can reasonably verify delivery.

22. PLAN AMENDMENT

Amendment of Plan

- 22.1 Subject to clause 22.2, the Listing Rules and the Constitution, the Board may at any time amend these Rules or the terms and conditions upon which any Options and/or Performance Rights have been issued under the Plan.
- 22.2 No amendment to these Rules or to Options and/or Performance Rights granted under the Plan may be made if the amendment materially reduces the rights of any Participant in respect of Options or Performance Rights granted to them prior to the date of the amendment, other than:
- 22.2.1 an amendment introduced primarily:
- 22.2.1.1 for the purposes of complying with or conforming to present or future legislation governing or regulating the Plan or like plans;

- 22.2.1.2 to correct any manifest error or mistake;
- 22.2.1.3 to allow the implementation of a trust arrangement in relation to the holding of Plan Shares granted under the Plan;
- 22.2.1.4 for the purpose of complying with the Applicable Laws; and/or
- 22.2.1.5 to take into consideration possible adverse taxation implications in respect of the Plan including changes to applicable taxation legislation or the interpretation of that legislation by a court of competent jurisdiction or any rulings from taxation authorities administering such legislation; or

22.2.2 an amendment agreed to in writing by the Participant(s).

- 22.3 Subject to the Listing Rules, the Board may determine that any amendment to these Rules or the terms of Options and/or Performance Rights granted under the Plan be given retrospective effect.
- 22.4 Amendment of these Rules or the terms and conditions upon which Options and/or Performance Rights are granted under the Plan by the Board will be of immediate effect unless otherwise determined by the Board.
- 22.5 As soon as reasonably practicable after making any amendment to these Rules or the terms and conditions of Options and/or Performance Rights granted under the Plan, the Board will give notice of the amendment to any Participant affected by the amendment. Failure by the Board to notify a Participant of any amendment will not invalidate the amendment as it applies to that Participant.

Amendment by addendum

- 22.6 Subject to any other provision of these Rules, the Board may from time to time amend the terms of this Plan as they will apply to Participants in particular jurisdictions or circumstances by means of an addendum to these Rules.

23. TERMINATION OR SUSPENSION

Termination or suspension

- 23.1 Subject to clause 23.2, the Board may at any time terminate the Plan or suspend the operation of the Plan for such period or periods as it thinks fit.

Resolution to terminate, suspend, supplement or amend

- 23.2 In passing a resolution to terminate or suspend the operation of the Plan, the Board must consider and endeavour to ensure that there is fair and equitable treatment of all Participants.

24. NO EMPLOYMENT CONTRACT

- 24.1 Nothing in these Rules or the terms of any Option or Performance Right:

- 24.1.1 confers upon an Eligible Employee a right to a grant or offer of a grant of Options and/or Performance Rights;

- 24.1.2 confers on an Eligible Employee or a Participant the right to continue as an employee or officer of a member of the Group (as the case may be);
- 24.1.3 affects the rights of a company in the Group to terminate the employment or office of an Eligible Employee or a Participant (as the case may be);
- 24.1.4 affects the rights and obligations of any Eligible Employee or Participant under the terms of their office or employment with any member of the Group;
- 24.1.5 confers any legal or equitable right on an Eligible Employee or a Participant whatsoever to take action against any member of the Group in respect of their office or employment; or
- 24.1.6 confers on an Eligible Employee or a Participant any rights to compensation or damages in consequence of the termination of their employment or office by a member of the Group for any reason whatsoever including ceasing to have rights under the Plan as a result of such termination.

25. REGULATORY RELIEF

- 25.1 Notwithstanding any other provisions of the Plan, every covenant or other provisions set out in an exemption or modification granted from time to time by ASIC or the FMA in respect of the Plan or which applies to the Plan pursuant to their power to exempt and modify the Corporations Act, the Securities Act or the Financial Markets Conduct Act (as applicable) and required to be included in the Plan in order for that exemption or modification to have full effect, is deemed to be contained in the Plan. To the extent that any covenant or other provision deemed by this clause 25 to be contained in the Plan is inconsistent with any other provision in the Plan, the deemed covenant or other provision will prevail.

26. NON-EXCLUSIVITY

Non-exclusivity

- 26.1 This Plan will not be deemed to be the exclusive method of providing incentive compensation to Eligible Employees, nor will it preclude any member of the Group from authorising or approving other forms of incentive compensation for employees of any member of the Group.

Relationship to other equity plans

- 26.2 Participation in this Plan will not affect or be affected by any participation in any other employee equity plan operated by any member of the Group, except as specifically provided in the terms of that other plan.

27. GENERAL

No fiduciary capacity

- 27.1 The Board may exercise any power or discretion conferred on it by these Rules in the interest or for the benefit of the Company, and in so doing the Board is not required to act in the interests of another person or as requested by another person and will not be under any fiduciary obligation to another person.

Listing Rules

- 27.2 While the Company remains admitted to the ASX or any market operated by NZX, the provisions of the relevant Listing Rules will apply to the Plan, and to the extent that the Plan and the Listing Rules are inconsistent, the provisions of the relevant Listing Rules will apply.

Enforcement

- 27.3 These Rules, any determination of the Board made pursuant to the Rules, and the terms of any Option and/or Performance Right granted under the Plan, will be deemed to form a contract between the Company and the Participant.

Governing law

- 27.4 This Plan and any Option and/or Performance Right granted under it will be governed by, and must be construed according to, the laws of the State of New South Wales and the Commonwealth of Australia.

THE a2 MILK COMPANY LONG TERM INCENTIVE PLAN

UK ADDENDUM

In the case of participation in the Plan by Eligible Employees who are UK taxpayers, subject to UK laws, or based in the UK, the Rules shall apply as modified by this UK Addendum.

1. TAXATION

The following provisions shall apply in relation to Participants who are UK taxpayers at any time in the period from the Grant Date until the date of exercise of the Option or Vesting of the Performance Right.

1.1 Indemnity

It shall be a term of the grant of an Option or Performance Right that the Participant to whom it is granted agrees to indemnify and keep indemnified the Company and each member of the Group (a "Relevant Payer") to the extent permitted by law in respect of any income tax and employee national insurance contributions liability, and if the Board so determines at the Grant Date and subject to applicable laws, employer national insurance contributions liability, which in each case arise in relation to the Option or Performance Right and for which such company is obliged to withhold and /or account for to HM Revenue & Customs or other tax authority ("**Tax Liability**"). The Participant shall be obliged to make appropriate arrangements with the Relevant Payer for the satisfaction of all Tax Liabilities. The Company shall have no obligation to issue or deliver any Shares on the exercise of an Option or Vesting of a Performance Right until the Participant has paid to the Company or the Relevant Payer the amount of any such Tax Liability. Without prejudice to the generality of the foregoing, the Board may withhold and sell on behalf of the Participant a number of Shares which would otherwise be issued or delivered to the Participant upon exercise of an Option or Vesting of a Performance Right so as to realise (on a net of tax basis) an amount equal to the amount of the Tax Liabilities for which the Participant is liable, and to apply such amount in settling such Tax Liabilities.

1.2 Section 431 Tax Election

It shall be a condition of the grant of an Option or Performance Right that, if so requested by the Board, the holder of it shall, on the Grant Date or any later date determined by the Board on or before the date of exercise (or, in the case of a Performance Right, Vesting), enter into an irrevocable joint election with his employer pursuant to section 431 of Income Tax (Earnings & Pensions) Act 2003 ("**ITEPA**") in a form specified by the Board that for the relevant tax purposes the market value of the Shares acquired is to be calculated as if the Shares were not restricted securities (as defined in section 423 of ITEPA) and section 425 to 430 of ITEPA are not to apply to such Shares.

2. DATA PRIVACY

For the purposes of administering the Plan or complying with its legal obligations, the Company and any member of the Group may pass personal information about any Eligible Employee or Participant (including, without prejudice to the generality of the foregoing, such person's name, address, age and salary details) to third parties.

3. EMPLOYMENT CONTRACT

Rule 24.1.6 of the Plan shall be replaced with the following:

"24.1.6 confers on an Eligible Employee or a Participant any rights to compensation or damages in consequence of the termination of their employment or office by a member of the Group for any reason whatsoever (whether or not such termination of employment or office was wrongful or unfair) including ceasing to have rights under the Plan as a result of such termination."