

Contract Extension – Chief Executive Officer & Managing Director

Tatts Group Chairman Harry Boon announced today that the Board and Robbie Cooke have reached agreement to extend the contract for the current Chief Executive Officer and Managing Director for a further three years, to take effect from 1 September 2015.

Mr Boon stated: *“The Board is pleased to retain Mr Cooke’s service, thereby providing an opportunity to continue the Group’s ongoing business renewal program. Under Mr Cooke’s leadership, this has focused on challenging and updating some of our previously accepted ways of operation to better position all of our businesses for future success.”*

“Mr Cooke’s contract remuneration continues to be firmly linked to Tatts Group’s performance and a substantial percentage is ‘at risk’ and clearly aligned with the interests of shareholders. The terms are considered fair and reasonable and within peer benchmarks. The package provides a competitive and capped total employment cost, is simple and transparent, and has an increased weighting in the at-risk performance-based incentive to allow for further alignment with business objectives and shareholder interests.”

The Board determined this package to be fair, reasonable and competitive for comparable gambling and online businesses, based on:

- a) Mr Cooke’s performance in his first term as Chief Executive Officer and Managing Director; and
- b) current market benchmarking, including Australian peer companies, broad industry data and international peer company information.

A summary of the new arrangements is included with this announcement.

Media enquiries please contact:

Carolyn Prendergast
Corporate Communications Manager

Ph: (07) 3435 4543

Mob: 0409 910 561

E: carolyn.prendergast@tattsgroup.com

Analysts and institutions please contact:

Giovanni Rizzo
General Manager – Investor Relations

Ph: (07) 3877 1002

Mob: 0409 578 247

E: giovanni.rizzo@tattsgroup.com

Monique Rennell
Executive Assistant to CEO

Ph: (07) 3435 4478

E: monique.rennell@tattsgroup.com

Terms of extension of contract for Tatts Group Chief Executive and Managing Director Robbie Cooke

1. TERM

The appointment has been extended for a further three year period from 1 September 2015 to 31 August 2018.

2. REMUNERATION

2.1 Fixed Annual Remuneration

Mr Cooke will be paid a fixed annual remuneration (FAR) of \$2.0 million per annum, inclusive of statutory employer superannuation contributions and any amounts he may elect to salary sacrifice in accordance with Tatts Group's salary sacrifice policy. FAR is reviewed annually by the Board in accordance with normal remuneration practices.

2.2 Performance Based Incentive

Mr Cooke will be entitled to an "at risk" annual performance incentive up to a maximum of 100% of FAR. Any incentive award will be paid as 35% cash and 65% rights to restricted shares (Rights) in accordance with Tatts Group's remuneration policy as approved by the Board. The Rights component will be subject to shareholder approval each year to be sought at the following AGM.

The actual performance incentive award (if any) will be determined by the Board after assessing the financial performance of the Group and the personal performance of Mr Cooke against agreed key performance indicators (KPIs) set annually in advance by the Board.

The performance-based incentive scheme is an integral part of executive remuneration that aligns the interests of shareholders with those of the Company's executives. Each year, the Board sets Group KPIs, currently including NPAT growth, EBITDA margin improvement and EPS improvement. These KPIs provide direct alignment with desired shareholder outcomes. Individual performance KPIs may include such measures as achieving specific strategic outcomes, organisational change, online business growth, leadership development and other company-making events.

2.3 Annual Rights Award

Mr Cooke's previous package also included an award of 450,000 Rights to shares in annual tranches of 150,000 Rights. For further alignment with shareholders, these Rights have been replaced in the new package by an increase in the "at risk" performance based incentive opportunity from 70% of FAR to 100% of FAR.

2.4 Remuneration Mix Table

	Year 1	Comments
FAR Fixed Annual Remuneration includes Superannuation and salary sacrifice, if any.	\$2,000,000	FAR is subject to annual review by the Board.
Total Fixed	\$2,000,000	
Incentive Maximum* - %	100% of FAR Split 35% cash:65% equity	Incentive is subject to Tatts Group policy and calculated according to pre-determined annual KPIs.
Incentive Maximum* - \$	\$2,000,000 \$700,000 cash \$1,300,000 equity	
TOTAL MAXIMUM REMUNERATION	\$4,000,000 estimated maximum	Total Remuneration is illustrative only on the basis of Maximum Incentive (Refer Note below).

Note: *Maximum Incentive is a theoretical achievement of 100% annual Key Performance Indicators (KPIs). Actual Incentive paid will be calculated annually on the basis of pre-determined KPIs and actual performance of Mr Cooke according to those KPIs as determined by the Board. In any one year, an Incentive in the range of 0-100% may be paid subject to Board approval.

3. TERMINATION ON NOTICE

Mr Cooke's employment under the contract extension will terminate through the expiration of time on 31 August 2018. There will be no notice, severance or termination payment made when the contract runs its full term, other than usual entitlements to accrued leave etc. The Board has agreed that Rights granted under the Performance Based Incentive in 2018 will remain on foot and will not be forfeited where Mr Cooke's contract is terminated through the expiration of time.

Mr Cooke can terminate his employment at any time by giving six months' written notice.

The Board can terminate Mr Cooke's employment without cause at any time, in which case he will receive 12 months' written notice or payment of 12 months' fixed annual remuneration in lieu of notice or a combination of notice and payment in lieu of notice totaling 12 months. If such termination occurs in the final year of the contract extension, the notice period and/or payment will be adjusted down pro-rata to the end of the term.

If Mr Cooke resigns or if Tatts Group terminates Mr Cooke's employment contract on notice, no Performance Based Incentive will be payable, unless the Board exercises its discretion. In addition, unvested Rights will lapse.

All other material terms and conditions remain unchanged from Mr Cooke's current employment contract.