Company Announcement

1st June 2010

GrainCorp Limited ABN 60 057 186 035

Date: 1st June 2010

To: The Manager
Announcements
Company announcements office

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COMPANY ANNOUNCEMENT

Contents for immediate release:

Please find attached an announcement on the terms of the service agreement for Ms. Alison Watkins as the new Managing Director and Chief Executive Officer of GrainCorp Limited.

Betty Ivanoff
Company Secretary

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GrainCorp

Managing Director and Chief Executive Officer - Service Agreement Terms

GrainCorp is pleased to announce the appointment of Ms Alison Watkins as its new Managing Director and Chief Executive Officer ("**Managing Director**"). Ms Watkins will commence in this role on 9 August 2010.

The key service agreement terms for the Managing Director as agreed between GrainCorp Limited and the Managing Director are as follows:

1. Term of Contract

The contract will commence on 9th August 2010 and will continue until terminated by either party in accordance with the relevant termination provisions.

2. Remuneration

(i) Total Fixed Remuneration ("TFR")

Commencing fixed remuneration of $950,000, reviewed annually and benchmarked against a relevant peer group.

(ii) Short-Term Incentive ("**STI**")

The Managing Director's STI quantum will be a range of 0% to 105% of TFR, as determined by the Board. The target performance will be set at 75% with KPIs based on out-performance in financial, customer, safety, strategy, business development, people development, risk management and leadership areas.

(iii) Retention Share Rights Plan ("RSRP")

As the Managing Director's appointment commences in the second half of the company's financial year, the Board will review the Managing Director's performance for this initial period through 30th September 2010, and will (depending on satisfaction of the performance condition described below) offer a grant of share rights to the Managing Director in accordance with the current Retention Share Rights Plan ("RSRP").

The Managing Director's entitlements under the RSRP for the period 9th August 2010 – 30th September, 2010 will be based on the following approach:

Performance Period:	Retention Share Rights offer based on 9th August 2010 – 30th September 2010 short term incentive plan performance outcomes.
Performance Condition (pre-requisite to offer):	Individual and GrainCorp/company KPIs will be set at the commencement of employment by the Board and assessed by the Board at the conclusion of the financial year, i.e. 30th September, 2010. In anticipation of performance for the period, shares will be purchased 'on-market' by the GrainCorp Employee

GrainCorp

Share Plans Trust to fund the offer of rights at the end of the financial year. Once performance has been assessed, an offer of share rights will be made and, if accepted, rights will be held on behalf of the Managing Director for a three-year restriction period.

Restriction Condition (pre-requisite to vesting): The RSRP Conditions allow for the rights to be converted to ordinary shares on a one for one basis and transferred to the Eligible Employee on the 1st of October three years following the respective performance period. Accordingly, the Managing Director must (subject to any exercise of the Board's discretion under the RSRP to vary the RSRP Conditions) remain employed with the GrainCorp Group for three years following the end of the performance period for their rights to convert into shares. Once the three-year qualification is met these rights vest as shares and are transferred from the Trustee to the Managing Director.

Quantum: The maximum number of share rights that may be offered is determined by reference to the formula in condition 3.1 of the RSRP Conditions, being:

$$\frac{\textit{TFR x STI Multiplier}}{\textit{VWAP}}$$

where:

TFR means Total Fixed Remuneration (base pay plus superannuation guarantee contribution plus salary sacrificed benefits)

STI Multiplier means the STI score between 0% and 105%

VWAP means the 20 Business Day volume weighted average share price of all Company shares as traded on the ASX up to and including 1 October at the start of each respective Performance Period, adjusted for share splits and rights issues.

Managing Director's Total Remuneration: The total remuneration package for the Managing Director from appointment will therefore contain the following elements:

TFR: Base pay, superannuation guarantee contribution and salary sacrificed benefits

STI: 0% to 105% of TFR with a target of 75%

Equity: 0% to 105% of TFR with a target of 75%

The Retention Share Rights Plan will be administered under the Retention Share Rights Plan Conditions in conjunction with the GrainCorp Deferred Share Plan Rules and the GrainCorp Employee Share Ownership Plans Trust Deed.

As from the new financial year for the company commencing 1st October 2010, a new Long Term Incentive Plan will be introduced for the Managing Director and Executive team.

3. Termination

In the event of termination of the Managing Director's contract, the following will occur:

(a) Termination on notice by either the Managing Director or Company

In the event of termination by either party and without cause:

- 6 months' notice required;
- STI and share rights – calculation, award or vesting (including variation of the RSRP Conditions) at the discretion of the Board; and
- Company may pay fixed remuneration in lieu of notice.

(b) Summary Termination

If termination is for cause[i] the following applies:

- No notice required;
- Fixed remuneration paid up to and including the termination date; and
- STI and share rights – company is not obliged to pay any STI / or award or vest shares or rights.

(c) Termination upon failure to perform duties for an extended period

If termination is for illness, injury or other cause the following applies:

- fixed remuneration paid up to and including the termination date;
- STI and share rights – calculation, award or vesting (including variation of the RSRP Conditions) at the discretion of the Board; and
- at the Board's absolute discretion, an additional ex-gratia payment for the Managing Director's past services,

less any amount paid to the Managing Director under any salary continuance policy howsoever affected.

(d) Termination on grounds of redundancy

In circumstances where the Company determines the Managing Director's position is redundant, the Company may terminate the agreement by;

- Provision or payment of 6 months' notice;
- a payment of an additional 3 months' severance pay; and
- STI and share rights – calculation, award or vesting (including variation of the RSP Conditions) at the discretion of the Board.

(e) Termination by Managing Director due to material change

The Managing Director may terminate the employment contract at any time by providing one month's written notice of termination to the Company where a material adverse change to the Managing Director's powers, duties, responsibilities, authority or status in the Managing Director's role occurs, without the Managing Director's consent. The notice must be provided by the Managing Director within one month of the material change. In such circumstances the Managing Director's entitlements are as per (d) above.

4. Other terms

Other key terms of employment are as follows:

(a) **Directors and Officers Insurance**: the Managing Director will be entitled to coverage under GrainCorp's Directors and Officers insurance policy;

(b) **Non-compete**: the Managing Director is subject to restrictions which prevent competition and solicitation of employees, customers and suppliers of the GrainCorp Group for 6 months following the cessation of their employment with GrainCorp;

(c) **Leave entitlements**: the Managing Director's leave entitlements are in accordance with statutory requirements.

(d) **Confidential information and IP**: the Managing Director is subject to standard obligations addressing confidential information and intellectual property generated in the course of employment.

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[i] Engages in any fraudulent act, wilfully fails or wilfully neglects to carry out duties in satisfactory manner, serious or persistent breach of contract terms, refuses or neglects to comply with any lawful or reasonable order given by the Board, convicted of an indictable offence wilfully engages in false or misleading conduct.