

## **Terms of Contract for Chief Executive Officer**

Hills Limited (ASX:HIL) announced on 27 May 2015 the appointment of Mr Grant Logan as Chief Executive Officer with immediate effect. As foreshadowed in that announcement, and in keeping with its continuous disclosure requirements, Hills today releases a summary of the terms and conditions of the new Chief Executive Officer, Mr Grant Logan's, employment agreement (**Agreement**).

### **Term**

Mr Logan is employed for an initial term which shall expire on 1 September 2016 (**Initial Term**). Prior to the expiry of the Initial Term, the parties will negotiate in good faith for a further term. If a further term is not agreed between the parties, the Agreement will cease automatically on 1 September 2016 without either party having to provide notice.

Mr Logan's prior period of employment with the Company will continue to be recognised for the purpose of Mr Logan's service related entitlements.

### **Remuneration**

#### *Base Salary*

Mr Logan's fixed salary is \$825,000 per annum (**Base Salary**).

#### *Short Term Incentive*

Mr Logan will be entitled to a short term incentive payment to be determined by the Board (in its sole discretion) in accordance with the balanced scorecard approved by Hills' Remuneration Committee. The target STI is \$300,000.

#### *Long Term Incentive*

Consistent with Mr Logan's prior long term incentive arrangements, the Agreement includes a 'cash based LTI' which is payable subject to Mr Logan remaining employed with the Company as at 26 May 2016. The cash based LTI is \$75,000.

The salary package is less than the previous Chief Executive Officer's salary having regard to the size of the Company.

## Termination by the Company

### *With notice*

The Company may terminate the Agreement on the provision of six (6) months' notice to Mr Logan. Such notice can be effected by payment in lieu of notice and will be payable in fortnightly instalments until paid in full. In such event, Mr Logan will be paid:

- any entitlements under applicable STI plans payable as at the date of termination;
- statutory entitlements (as applicable) in respect of accrued but untaken annual and long service leave as at the date of termination;
- Base Salary which remains unpaid as at the date of termination; and
- payment in lieu of notice (if applicable).

### *Immediate termination*

The Company may, at any time, effect the termination immediately without notice or payment in lieu in the case of Mr Logan's serious misconduct, or inability to pay his debts as they become due or acting in a manner which brings the Company or any officer of the Company into disrepute or is otherwise contrary to the Company's interests. In this scenario, Mr Logan will be entitled to applicable statutory entitlements in respect of accrued but untaken annual and long service leave as at the date of termination and his Base Salary which remains unpaid as at the termination date.

## Termination by Mr Logan

Mr Logan may terminate his employment on the provision of six (6) months' notice to the Company. In such event he will be paid:

- any entitlements under applicable STI plans payable as at the date of termination;
- statutory entitlements (as applicable) in respect of accrued but untaken annual and long service leave as at the date of termination; and
- Base Salary which remains unpaid as at the date of termination.

In the event Mr Logan tenders his resignation, the Company may direct him to remain in his employment during the notice period or the Company may, in its discretion, decide to make payments in lieu of notice.

### **Non-Competition and Non-Solicitation Restraints**

After cessation of employment, Mr Logan will not, without the Chairman's permission, participate in a business in competition with the Company within Australia and/or New Zealand for 12 months.

Nor will Mr Logan, for a maximum of 12 months after his cessation of employment, be engaged or involved in any capacity:

- in soliciting or enticing the custom of any person who was, at any time during the last 12 months of his employment with the Company, a customer of the Company's group, with a view to obtaining the custom of that person in a business that is the same or similar to any business conducted by the Company's group and is or seeks to be in competition with any business conducted by the Company's group;
- in interfering with the relationship between the Company's group and any person who was at any time during the last 12 months of Mr Logan's employment, a customer, employee or supplier;
- in inducing or assisting in the inducement of any person who was an employee or officer of the Company's group in the last 12 months of Mr Logan's employment, to leave their employment;
- in any business or venture which may involve the use of the Company's confidential information,

except that these restraints do not restrict Mr Logan from holding less than 5% of shares in a company listed on the ASX.

### **Other provisions:**

The Agreement contains general provisions such as those relating to confidential information, intellectual property and dispute resolution.

## **Contacts**

### **Hills Limited**

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