



## Attachment B

### BRIAN KRUGER – SUMMARY OF KEY TERMS OF ENGAGEMENT

The key terms of the employment arrangements for Mr Brian Kruger are summarised below. They have been developed with the benefit of input from external consultants and information on Australian peer company benchmarks.

The remuneration package is designed to ensure alignment of reward with returns for shareholders and with achievement of corporate objectives as determined by the Board.

#### Appointment

The appointment is to the position of Managing Director-Elect effective 1<sup>st</sup> September 2011 for a four month period, and then Managing Director effective 1<sup>st</sup> January 2012.

#### Term

The appointment will continue until the employment is terminated in accordance with the Executive Service Agreement.

#### Remuneration

On appointment to the role of Managing Director on the 1<sup>st</sup> of January 2012 Mr Kruger will be provided with the following elements of remuneration (on an annualised basis):

- Fixed remuneration: \$1,700,000
- Variable annual reward comprised of:
  - Short term incentive (STI) target of: \$1,700,000
  - Long term incentive (LTI) target of: \$1,700,000

#### Fixed remuneration

**On appointment as Managing Director:** Mr Kruger's fixed remuneration has initially been set at \$1,700,000 p.a. for the role of Managing Director and will apply to the half year commencing 1<sup>st</sup> January 2012. Fixed remuneration includes cash salary, salary packaged benefits, fringe benefit tax, and compulsory superannuation. Fixed remuneration will be subject to review each financial year.

**Period prior to appointment as Managing Director:** For the period 1<sup>st</sup> July 2011 to 31<sup>st</sup> December 2011, Mr Kruger's fixed remuneration will remain unchanged from his current FY2011 remuneration of \$930,000 p.a.

Therefore, the fixed remuneration payable to Mr Kruger in relation to the 2012 financial year will be a total of \$1,315,000.

#### Short term incentive

Mr Kruger will be eligible for a performance based short term incentive determined by the Board annually. Mr Kruger's short-term incentive will measure his performance against key financial and non-financial metrics. For FY2012 Mr Kruger's short term incentive target is \$1,400,000 and any earned short-term incentive for this period will be paid in a combination of cash and deferred equity following the end of the performance year.

The target short term incentive will be reviewed annually and determined by the Board at its discretion subject to the necessary regulatory and shareholder approvals.



### Long term incentive

Mr Kruger will be eligible for an annual long term incentive award in accordance with the Company's Senior Executive Option and Right Plan (SEORP). A summary of the SEORP is provided in the 2010 Annual Report.

For FY2012, Mr Kruger's long term incentive award will be an allocation of equity with a total grant value of \$1,400,000, subject to shareholder approval and performance against the applicable performance conditions.

The target long term incentive will be reviewed annually and determined by the Board in its discretion subject to the necessary regulatory and shareholder approvals.

### Special Allocation of Deferred Shares

In recognition of Mr Kruger's promotion to the position of MD-Elect from 1<sup>st</sup> September 2011, the additional responsibilities this position will entail, and given that his fixed remuneration for the 6 month period prior to becoming Managing Director will remain unchanged from his remuneration for the previous financial year, Toll will grant Mr Kruger equity to the value of \$150,000. This equity will be subject to trading restrictions until the first anniversary of the date Mr Kruger assumes the role of Managing Director.

### **Termination**

Mr Kruger's employment may be terminated in the following circumstances:

- Toll may terminate Mr Kruger's employment by giving 12 months' notice.
- Mr Kruger may terminate his employment by giving 6 months' notice.
- Toll may terminate Mr Kruger's employment for cause with immediate effect.
- Mr Kruger may treat his employment as having been terminated by Toll if a fundamental change occurs.

Subject to any limitations at law, Toll may pay Mr Kruger an amount in lieu of him serving out all or part of his notice period. Any notice in lieu and accrued benefits (annual leave and long service leave) will be calculated based on Mr Kruger's fixed remuneration at the time his employment ceases.

### **Other provisions**

The agreement contains provisions regarding confidential information, appropriate restraints, intellectual property and moral rights.