

6 March 2013

Updated Managing Director Employment Agreement

Programmed (ASX: PRG) has updated the terms of its Employment Agreement with its Managing Director, Mr Chris Sutherland, to reflect changes to the *Corporations Act 2001 (Cth)*, which replaces his existing Employment Agreement established when he was appointed on 21 January 2008.

A summary of the key terms of Mr Sutherland's contract is detailed below:

Commencement Date 6 March 2013

Term

From 6 March 2013 until one of the following occurs:

- (a) The Company gives the Managing Director 12 months' written notice;
- (b) The Managing Director gives the Company 12 months' written notice;
- (c) The Company terminates the Agreement due to actions of the Managing Director such as serious misconduct, dishonesty and bankruptcy; or
- (d) A genuine redundancy occurs as a result of structural change or operational requirements.

Payments on Termination

If the Agreement is terminated under (a) or (b) above, the Company has the discretion to, at any time, during the notice period either bring the Agreement to an immediate end and pay the remuneration that would have been received during the remaining notice period, or require the Managing Director to undertake alternative duties or to remain at home for the remaining notice period.

If the Agreement is terminated under (c) above, the Company is only obliged to pay the Managing Director any accrued remuneration, including superannuation and leave entitlements.

If the Agreement is terminated under (d) above due to a genuine redundancy the severance payment due to the Managing Director, will be determined in accordance with the following table:

Period of continuous service	Redundancy payment (months' pay)	Notice Payment (months' pay)	Total Severance Payment (months' pay)
Less than 5 years	3	9	12
More than 5 years but not more than 6 years	4	8	12
More than 6 years but not more than 7 years	5	7	12
More than 7 years but not more than 8 years	6	6	12
More than 8 years but not more than 9 years	7	5	12
More than 9 years but not more than 10 years	8	4	12
10 years and over	9	3	12

Remuneration

Fixed annual remuneration:

The Managing Director's FAR is currently \$885,000. This amount comprises of base salary, superannuation contribution and benefits as allocated by the Managing Director in accordance with the Company's policies.

Review of remuneration:

The remuneration will be reviewed at least annually, with any increase at the absolute discretion of the Company.

Annual leave and other leave:

- Four weeks annual leave per annum (in addition to public holidays).
- After the completion of one (1) year's continuous service with the Group, the Managing Director will also be entitled to one (1) extra day of annual leave for every year of continuous service that he completes with the Group, up to a maximum of ten (10) additional days.
- Thirteen weeks for fifteen years' service, with pro rata long service leave after ten (10) years service or seven (7) years on termination.
- Personal and compassionate leave as defined in the Company's policies.

Short Term Incentive:

Up to 75% of his fixed annual remuneration payable upon achievement or exceeding of the established performance objectives.

Long Term Incentive ("LTI"):

Mr Sutherland may participate in a LTI Plan in accordance with the LTI Plan Rules, and the terms and conditions of the Invitation inviting him to participate in such an offer. Mr Sutherland has received grants under the LTI Plan, in the form of performance options and performance rights in prior years. Details of those prior grants are set out in the Company's Annual Reports.

Restraint

Activities:

Unless it has been consented to by Programmed, the Managing Director must not:

- directly or indirectly be employed or engaged in any competitive business to provide services which are the same or similar to those he provided to Programmed in the 12 months prior to the termination date;
- induce or attempt to induce any director or employee of the Group with whom he had dealings over the previous 12 months to terminate his or her contract of employment with Programmed; or
- solicit or persuade any client with whom he has had work related dealings during the preceding 12 months to cease doing business or reduce the amount of business which they would normally do with Programmed.

Duration:

The restraint applies for the duration of the term of employment and for a period of 12 months after the term ceases.

Geography:

The restraint applies Australia wide.

Other Amendments

Compliance with section 200B of the Corporations Act 2001 (Cth)

The inclusion of a clause ensuring compliance with the obligations of section 200B of the *Corporations Act 2001 (Cth)*:

- (a) If any amount payable to the Executive in connection with the Executive's termination, resignation or redundancy would result in the Group contravening section 200B of the *Corporations Act 2001 (Cth)*, the Company will seek shareholder approval in respect of that payment at the Group's next Annual General Meeting.
- (b) If the shareholder approval is not obtained, then despite any other provision in this document, the amount payable to the Executive will be the maximum amount that may lawfully be paid to the Executive without shareholder approval, in accordance with the *Corporations Act 2001 (Cth)*.

ENDS

For further information contact:

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