

ASX ANNOUNCEMENT

ECHO ENTERTAINMENT GROUP



12 December 2012

APPOINTMENT OF MANAGING DIRECTOR AND CEO

Echo Entertainment Group Limited (**Echo**) announces that Mr John Redmond is to be appointed as Managing Director and Chief Executive Officer of the Echo Group subject to regulatory approvals being obtained.

Mr Redmond became an observer on the Board of Echo in September 2011 and following receipt of all regulatory approvals, has held the position of Non-Executive Director since 23 March 2012. It is intended that Mr Redmond will cease his current role as a Non-Executive Director and commence as Managing Director and Chief Executive Officer in January 2013, subject to receipt of all necessary regulatory approvals.

Mr Redmond has previously held executive management positions in the gaming and entertainment industry in the United States of America for more than 20 years, including Chief Executive Officer and Chief Financial Officer roles.

Echo's Chairman, Mr John O'Neill AO said, "John Redmond brings to the job an invaluable balance of experience covering casino and entertainment management, financial management, listed company leadership and casino regulatory experience."

"He has a deep knowledge of all aspects of casino and entertainment operations and will bring international experience and perspective to Echo's strategy for corporate growth. John's experience as a regulator with the Nevada Gaming Control Board will provide the highest level of confidence in his operational oversight."

"By relocating to Australia from the US, John will lead a rejuvenated leadership team across Echo's four properties in New South Wales and Queensland with a clear goal of driving profitable growth", Mr O'Neill said.

Mr Redmond's CV is available on Echo's website at www.echoentertainment.com.au and a summary of the key terms of his employment are attached.

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Summary of the key terms of employment agreement between Echo Entertainment Group Limited (*Echo*) and Mr John Redmond

1. Commencement and Term

Echo will employ Mr Redmond in the position of Managing Director and Chief Executive Officer. He will be a member of the Board of Directors of Echo and other Echo group companies.

It is proposed that Mr Redmond's employment will commence in January 2013 subject to receipt of all regulatory and immigration approvals.

Mr Redmond will be appointed for an ongoing term subject to visa requirements and termination by either party (see section 3 below).

2. Remuneration

Mr Redmond will be entitled to:

- (a) **Fixed Remuneration:** \$2,250,000 per annum. This will be subject to annual review. Mr Redmond receives cash in lieu of superannuation, due to being an Executive Director who is a temporary resident of Australia.
- (b) **Short-Term Incentive:** potential target short-term incentive of \$1,500,000 per annum (pro-rata for 2012/2013 year) subject to financial and non-financial performance of Echo and Mr Redmond's individual performance in accordance with the Echo Short Term Performance Plan (**STPP**) rules. The Board has a discretion under the STPP rules to award short term incentive payments exceeding the target amount having regard to the circumstances of Echo and Mr Redmond's individual contribution to Echo.
- (c) **Long-Term Incentive:** subject to any approval Echo considers necessary or appropriate, Mr Redmond will be entitled to participate in the Echo Long Term Performance Plan (**LTPP**) in accordance with the LTPP rules.

Mr Redmond will be entitled to a potential annual long-term incentive award valued at \$1,000,000 (pro-rata for 2012/2013 year) subject to meeting performance hurdles under the LTPP. Currently, the performance hurdle is Total Shareholder Return (**TSR**) which is based on Echo's TSR ranking compared to a peer group of companies measured over the period from the effective date to the applicable test date.

To the extent permitted by law and subject to any required shareholder approvals, in the event of a change of control transaction occurring in relation to Echo, the Echo Board will exercise any discretion available to it to accelerate the vesting of any unvested awards that Mr Redmond holds under the LTPP.

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- (d) **Relocation Benefits:** reasonable amounts (in accordance with Echo's company policies) for the cost of airfares, freight charges, accommodation and taxation and other advisors' fees, and a one-off payment of up to a maximum total amount of \$25,000 for incidental relocation expenses.
- (e) **Other Non-Monetary Benefits:** benefits comprising of living away from home expenses and home leave, up to a maximum value of \$250,000 per annum (net of any fringe benefits tax payable by Echo).

3. Termination

Echo may terminate Mr Redmond's employment at any time on 12 months' notice. The employment contract does not require any termination payments, other than payment in lieu of notice (if applicable) and statutory entitlements.

Mr Redmond may terminate his employment with Echo at any time on 12 months' notice.

Mr Redmond may terminate his employment with Echo by providing 2 months' written notice where there is a material adverse change to his powers, duties, responsibilities or employment location without his consent in which case Mr Redmond will be entitled to receive a payment in lieu of the normal 12 month notice period.

Mr Redmond's employment may be terminated by Echo immediately (without payment in lieu of notice) in circumstances of misconduct, or if Mr Redmond breaches his obligations under his employment contract, commits any offence under State or Federal legislation or regulations, or otherwise engages in any act or omission which would justify summary dismissal.

4. Restrictive Covenant

Mr Redmond will be restrained for up to 12 months after termination of his employment with Echo from being engaged in any business or activity in Australia which competes with or is substantially similar to the business of Echo.