Office of the Company Secretary

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29 July 2009

The Manager
Company Announcements Office
Australian Securities Exchange
Level 45, South Tower
Rialto
525 Collins Street
MELBOURNE VIC 3000

Dear Sir or Madam

Electronic Lodgement

Appointment of MD & CEO – Terms of Employment

In accordance with the listing rules, I attach a copy of an ASX Announcement for release to the market.

Yours faithfully

Kerry Gleeson
Company Secretary

Attach.

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ASX ANNOUNCEMENT – 29 JULY 2009

Appointment of MD & CEO – Terms of Employment

The Board of Incitec Pivot Limited (**ASX: IPL**) today announced the terms of employment for Mr Fazzino, which are effective from the commencement of Mr Fazzino's appointment to the position of Managing Director & Chief Executive Officer, 29 July 2009.

A summary of the key terms and conditions of Mr Fazzino's employment contract is set out in the attached schedule.

IPL's Chairman, Mr John Watson, AM, said Mr Fazzino's remuneration package was in line with IPL's policy and practice for executive remuneration, to align rewards and incentives to the creation of shareholder value.

Kerry Gleeson
Company Secretary

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About Incitec Pivot
Incitec Pivot (ASX: IPL), a S&P/ASX 50 company, is a leading global company which manufactures, markets and distributes a range of fertilisers, industrial explosives, related products and services to customers around the world. A leader in its chosen markets, the Company holds a portfolio of recognised and trusted brands and is the No. 1 supplier of fertilisers in Australia and the No 1 supplier of industrial explosives, related products and services in North America.

Schedule: Summary of Key Terms and Conditions of Mr Fazzino's Employment Contract as Managing Director & Chief Executive Officer of IPL

Mr James Fazzino will be employed under a single contract of service with IPL with no fixed term. The agreement takes effect from the date of Mr Fazzino's appointment as Managing Director & Chief Executive Officer on 29 July 2009 and is subject to the following key terms and conditions:

1 Remuneration Package

1.1 Fixed Annual Remuneration

With effect from 29 July 2009, Mr Fazzino's Fixed Annual Remuneration (FAR) will be $1,800,000, and will be reviewed annually, the first review to be on 1 January 2011.

This FAR includes superannuation contributions, which IPL will make on Mr Fazzino's behalf, of the minimum amount required to comply with the superannuation guarantee legislation.

1.2 Short Term Incentive

In addition to his FAR, Mr Fazzino is entitled to participate in IPL's annual Short Term Incentive Plan, the terms of which will be communicated to him at the beginning of each incentive period, which is typically, 1 October.

The Short Term Incentive Plan is an annual "at risk" cash bonus which is dependant on the achievement of specific measures. It is designed to encourage executives to support IPL's strategic objectives by putting a large proportion of remuneration 'at risk' against meeting performance targets linked to IPL's annual business objectives.

Mr Fazzino currently participates in IPL's STI which commenced 1 October 2008 (STI 2008/09). Mr Fazzino's opportunity to participate in the STI 2008/09 is 50% of his FAR up to a maximum of 100% of his FAR against specified measures. For these purposes, any payment under the STI 2008/09 will be calculated pro rata for the year, on the basis of Mr Fazzino's FAR while Chief Financial Officer and on the basis of Mr Fazzino's FAR as Chief Executive Officer, from the date of his appointment to that position.

In addition, in recognition of Mr Fazzino's additional duties and responsibilities as Acting CEO, and now, in his position as Managing Director & Chief Executive Officer, for the period from 8 May 2009 to 30 September 2009, Mr Fazzino will, subject to remaining in employment to 30 September 2009, and the performance conditions referred to below, be eligible to receive a cash payment of up to $325,000 gross, the amount of which will be determined as follows:

- if cumulative total shareholder returns (TSR) over three years to 30 September 2009 is less than or equal to 10% (Hurdle) no payment will be made;
- if cumulative TSR over three years to 30 September 2009 is 15% (Target) he will be eligible to receive a sum of $162,000 gross; and
- if cumulative TSR over three years to 30 September 2009 is 20% (Stretch) he will be eligible to receive a sum of $325,000 gross,

and a pro rata amount will be payable on a straight-line basis between hurdle and target, target and stretch.

Mr Fazzino's STI opportunity to participate in the Short Term Incentive Plan for 2009/10 (STI 2009/10) will be determined at the commencement of the STI 2009/10, that is, 1 October 2009.

1.3 Long Term Incentive

Mr Fazzino will be eligible to participate in IPL's Long Term Incentive scheme, as may be amended or replaced from time to time. The next 3 year performance cycle commences 1 October 2009. In accordance with its practice to review remuneration arrangements annually, prior to the commencement of the next financial year, 1 October 2009, the Board will assess the structure of the Long Term Incentive scheme to be established for the next 3 year cycle. The most recent Long Term Incentive scheme established in 2008 for the 3 year cycle 2008 to 2011 was a performance rights plan, details of which are set out in paragraph 1.3(c).

Mr Fazzino currently participates in the following Long Term Incentive plans, which continue on his appointment as Managing Director & CEO:

(a) LTI Plan 2006/09

This Plan commenced in 2006 and is in respect of the 3 year performance period commencing 1 October 2006 to 30 September 2009.

Mr Fazzino was granted an interest bearing limited recourse loan of $570,000 which was applied in the purchase of 472,880 IPL shares on market.

(b) LTI Plan 2007/10

This Plan commenced in 2007 and is in respect of the 3 year performance period commencing 1 October 2007 to 30 September 2010.

Mr Fazzino was granted an interest bearing limited recourse loan of $570,000 which was applied in the purchase of 137,240 IPL shares on market.

The key features of these two Long Term Incentive Plans are as follows:

- **Loan backed plan**

  At the commencement of relevant performance periods (typically 3 years) IPL, through its wholly owned subsidiary, Incitec Pivot LTI Plan Company Pty Ltd, provides to participants limited recourse loans bearing interest at the fringe benefits tax benchmark rate (currently 9.00%) for the sole purpose of acquiring shares in IPL.

- **Shares acquired on market and held under restriction**

  The loans are applied to acquire IPL shares on market. Participants may not deal in the shares while the loan remains outstanding. Net cash dividends after personal income tax obligations are applied to reduce the loan balance throughout the term of the loan.

- **Loan forgiveness**

  If, at the end of the performance period, the performance of IPL and the participant meets or exceeds the performance criteria which were set by the Board at the commencement of the performance period, part of the loan may be forgiven. The amount of the loan forgiven will be determined according to the performance achieved, measured against the performance criteria described below, and will be net of fringe benefits tax. The balance of the loan must be repaid by Mr Fazzino prior to any dealing in the shares, on cessation of his employment, or at the latest, a sunset date which is three months after the expiry of the performance period, unless extended by IPL.

- **Performance Criteria**

  The Board sets the criteria for the granting of awards at the beginning of the relevant three year performance period covered by the relevant LTI plan. The criteria focus on financial performance of IPL and include a condition relating to duration of employment. The LTI performance measure for both the LTI Plan 2006/09 and the LTI Plan 2007/10 is based on Total Shareholder Return (TSR), being the percentage increase in IPL's share price over the three year performance period plus the after tax value of dividends paid. For the performance criteria to be satisfied in full, IPL's TSR must be at least 20% per annum compounded over the three year period (Stretch TSR). If, at the end of the relevant performance period, TSR is less than 10% per annum compounded over the three year period, no awards in the form of loan forgiveness will be granted.

(c) Performance Rights Plan

This plan commenced in 2008 and is in respect of the three year performance period commencing 1 October 2008 to 30 September 2011.

Mr Fazzino was issued 222,482 performance rights, as approved by shareholders at the 2008 Annual General Meeting held on 19 December 2008.

A performance right is a right which entitles Mr Fazzino to acquire an ordinary share in the IPL for no consideration, at a later date, subject to the satisfaction of certain performance and service conditions. These conditions focus on financial performance of IPL and also include a condition relating to Mr Fazzino's duration of employment. The performance conditions are measured by reference to IPL's TSR over the relevant performance period (which, for the current plan, is, three years).

Further details of IPL's incentive plans are set out in IPL's most recent Annual Report dated 26 November 2008 (available at www.incitecpivot.com.au/announcements).

2 Termination

IPL may terminate the agreement, immediately, and without notice, for specified causes (including, if Mr Fazzino commits any act which may detrimentally affect the IPL Group, including an act of dishonesty, fraud, wilful disobedience or serious misconduct). In these circumstances Mr Fazzino would be entitled to receive accrued FAR, accrued annual leave and long service leave.

In addition, IPL may terminate the agreement, at any time. In these circumstances Mr Fazzino is entitled to the separation payment , as well as accrued FAR, accrued annual leave and long service leave.

The separation payment will be equal to 52 weeks of FAR calculated as at the date of termination. Where a separation payment is to be made, IPL may require Mr Fazzino to work the equivalent of some or all weeks of this payment rather than making that amount of the payment to him.

Mr Fazzino may terminate his employment on 6 months written notice and IPL may require him to serve out the notice period or may make a payment in lieu. Any such payment will be calculated based on the amount of FAR.

In connection with the payment of this separation payment, and any termination benefits generally, Mr Fazzino's employment agreement provides that IPL is not required to pay any amount to Mr Fazzino for which it would be necessary to obtain shareholder approval, nor be obliged to obtain shareholder approval.
