

16 June 2014

UGL Managing Director and CEO succession

Sydney: UGL Limited (ASX: UGL) today announced the appointment of Ross Taylor as Managing Director and CEO of UGL Limited effective 24 November 2014.

Ross has over 30 years of experience in the construction, engineering and real estate industries in Australia and internationally. Prior to joining UGL, Ross held the position of Group CEO at Tenix, a privately held engineering and construction company delivering services in the gas, electricity, water, wastewater, heavy industrial and mining sectors across Australasia. During his tenure at Tenix, Ross successfully implemented and delivered a five year operational turnaround and strategic plan, generating strong profitable growth for the business with a commitment to safe and sustainable business practices.

Over a period of 24 years, Ross held various senior roles at Lend Lease Corporation, most recently as the former Group Chief Operating Officer. In this role, Ross held line responsibility for all operating businesses around the world, reporting to the Group CEO, and was a Lend Lease Board director and member of the Executive Office. He also held significant senior executive roles during his longstanding career at Lend Lease including Global CEO Property Development, CEO Australia and Asia and Global CEO Construction.

UGL Chairman, Trevor C. Rowe AO said: "The Board is delighted to confirm Ross Taylor's appointment as incoming Managing Director and CEO of UGL Limited. Ross has significant Australian and international operational experience across the real estate, construction and engineering industries. Combined with his leadership experience at Tenix, Ross brings a strong understanding of UGL's Engineering business and the needs of our clients across our end-to-end delivery model, from engineering projects to operations and maintenance.

"Ross has extensive experience in driving operational performance, creating value for both shareholders and clients. The Board believes this focus will strongly position UGL's Engineering business as a market leader as the infrastructure investment cycle improves in the medium term with a number of significant opportunities across the rail, power and transport systems sectors emerging," Mr Rowe said.

Current Managing Director and CEO, Richard Leupen, will work with the Board to ensure an orderly transition in leadership prior to Ross Taylor's commencement date.

Trevor C. Rowe said: "On behalf of the Board and UGL's many employees, I would like to thank Richard Leupen for his outstanding contribution over the last fourteen years in transforming UGL from a small Western Australian resources construction business with approximately \$650 million in revenue to a diverse, multinational

outsourced services company with over \$4.3 billion in revenue, operating across 52 countries with 52,000 people worldwide. During Richard's leadership, UGL has grown to become a global leader in property services through DTZ as well as a market leader in engineering, construction and maintenance services in Australia, New Zealand and Asia.

"During his longstanding tenure at UGL, Richard Leupen's achievements have been remarkable amongst Australian business leaders and we wish Richard all the best with his future endeavours," Mr Rowe concluded.

Ross Taylor is a Civil Engineer with a Bachelor of Engineering (Honours I) from the University of Queensland. He has also completed executive development programs at various international business schools including IMD, London Business School and Mt Eliza.

The key terms of Ross Taylor's appointment are set out in the Appendix.

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FOR FURTHER INFORMATION CONTACT:

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Appendix: Summary of key terms of appointment

Position	Managing Director and Chief Executive Officer of UGL Limited
Commencement	24 November 2014
Total Employment Cost (TEC)	\$1,500,000 (reviewed annually) (includes base salary, compulsory superannuation, all directors' fees and any other components in accordance with UGL's salary packaging guidelines)
STI arrangements	<p>For FY2015 – an STI equal to 100% of TEC, pro-rated for the portion of the year employed.</p> <p>The terms of the FY 2015 STI include:</p> <ul style="list-style-type: none"> • 87.5% of STI is subject to financial performance indicators, assessed against EPS against budget, budgeted net cash flow, underlying EBIT ratio to total sales and budgeted return on funds employed; • 12.5% of STI is subject to strategic and management indicators, assessed against measures including building strategic alliances, achieving safety record, risk management and effective capital management benchmarks. <p>STI is subject to a gateway measure and is only payable where at least 90% of Budgeted Group EBIT is achieved for the relevant financial year. 75% of the STI paid will be delivered in cash and 25% will be delivered as deferred equity on substantially the same terms as apply for other members of UGL's senior executive team (including being restricted from dealing for a period of 2 years and being subject to lapse, forfeiture and clawback conditions).</p> <p>For subsequent financial years, eligible to receive an STI equal to a maximum of 100% of TEC, subject to performance indicators to be set by the Board. The STI will be structured in accordance with UGL's short term incentive plan as amended from time to time.</p>
LTI arrangements	<p>For financial years up to and including the year ended 30 June 2018 subject to shareholder approval):</p> <p>Initial face value of LTI grant is \$5.5 million (calculated as 100% of TEC and multiplied by 3 years and 8 months) delivered in the form of a grant of performance rights.</p> <p>The terms of the executive's initial long term incentive grant will be substantially aligned with the terms determined by the Board for the LTI grants to other members of UGL's senior executive team for FY2015, and will be subject to shareholder approval at the 2014 AGM.</p> <p>The performance rights will vest 50% in three years and 50% in four years (following the release of results for FY2017 and FY2018 as is applicable) as follows:</p> <p>(a) 50% of the LTI, subject to achieving a TSR for the three and four year period commencing 1 July 2014 and ending respectively on 30 June 2017 and 30 June 2018 equal to or greater than the TSR for the three and four year period</p>

	<p>commencing 1 July 2014 and ending respectively 30 June 2017 and 30 June 2018 of the ASX Industrial 200.</p> <p>(b) 50% if the compounded per share growth rate for the three and four year period commencing 1 July 2014 and ending respectively on 30 June 2017 and 30 June 2018 exceeds 5%.</p> <p>For financial years after 30 June 2018, subject to shareholder approval, an LTI equal to 100% of TEC at the time will be delivered by way of performance rights granted under UGL's long term incentive program as amended from time to time. The performance rights will be subject to vesting and performance conditions substantially aligned with those determined by the Board for the LTI grants to other members of UGL's senior executive team.</p>
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Ending employment

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Notice from employee	6 months' written notice	Treatment will be at the Board's discretion but ordinarily they would be expected to lapse or forfeit where the employee resigns
Notice by UGL	6 months' written notice	<p>If termination is by mutual agreement or by notice by UGL, the treatment of unvested incentives will be at the Board's discretion but ordinarily in line with UGL's policy which is:</p> <ul style="list-style-type: none"> • any deferred equity component of STI would be expected to remain on foot and be released to the executive at the end of the applicable transfer restriction period; • a pro rata portion of current year STI would, subject to performance, be awarded at the same time as STI awards are determined for senior executives generally; and • at least a pro rata portion of LTI grants in respect of which at least 1 year of the performance period has expired would be expected to remain on foot subject to the performance conditions but with no continuing service condition.
Ending employment without notice	<p>UGL can end employment at any time without notice in the following circumstances:</p> <ul style="list-style-type: none"> • engage in serious or wilful misconduct; • are seriously negligent in the performance of your duties; • commit a serious or persistent 	Forfeit any incentive entitlements that have not already vested or been released from any deferral requirement.

	<p>breach of the employment agreement;</p> <ul style="list-style-type: none"> • commit an act, whether at work or otherwise, which brings the Company into disrepute; or • are convicted of an offence punishable by imprisonment. 	
Fundamental change	<p>The executive may end his employment immediately in the event of a substantial diminution in his role, responsibilities or authorities.</p>	<p>The treatment of unvested incentives will be at the Board's discretion but, to the extent permitted by law:</p> <ul style="list-style-type: none"> • vesting of any deferred equity component of STI would be accelerated to the date of termination and released to the executive; • a pro rata portion of current year STI would, subject to performance, be awarded in respect of the period to the date of termination; and • vesting of at least a pro rata portion of LTI grants in respect of which at least 1 year of the performance period has expired will be accelerated to the date of termination subject to the performance conditions.
Restriction after employment	<p>Except with the written consent of the Chairman:</p> <p>(a) for a period of six months after termination of employment the executive must not carry on or otherwise be significantly involved or concerned in any business which is materially competitive with the business of the UGL Group; and</p> <p>(b) for a period of twelve months after termination of employment, the executive must not:</p> <ul style="list-style-type: none"> • solicit or persuade any service provider to or customer or supplier of the UGL Group to reduce the amount of business they would normally (or might otherwise) do with the Group; • induce or attempt to induce any employee of the UGL Group to terminate his or her employment with the Group; or • disparage or otherwise make any statements likely to injure the commercial reputation of the UGL Group. 	