

A decorative graphic consisting of three overlapping, curved blue bands in shades of light blue, medium blue, and dark blue, creating a wave-like effect across the top of the page.

11 May 2015

Amendments to CEO remuneration

Sydney: UGL Limited (ASX: UGL) has today announced amendments to UGL CEO, Ross Taylor's long-term incentive (LTI) remuneration arrangements. No material changes have been made to Mr Taylor's short term incentive arrangements as disclosed on 16 June 2014.

The terms of the CEO's LTI grant were previously approved by shareholders at UGL's AGM on 30 October 2014. However, in recognition of shareholder concerns regarding these LTI arrangements, the Board and Mr Taylor have agreed structural changes to the CEO's LTI in order to address concerns raised by shareholders while ensuring that the practical application of the changes appropriately incentivises the CEO. The revised arrangements also result in a closer alignment to UGL's senior executive LTI framework and prevalent market practice. While structural changes have been made to the LTI, the expected opportunity for the CEO is unchanged from previous arrangements.

The key changes to the CEO's LTI arrangements are set out below with further detail provided in the Appendix:

1. Change from cliff vesting to sliding scale vesting: both the Total Shareholder Return (TSR) and Earnings Per Share (EPS) components of the LTI are now subject to a sliding scale. The scale is aligned to that applied under UGL's senior executive LTI framework. As a result of the change, the full LTI opportunity will now only vest if UGL achieves EPS growth of 10 percent over the performance period and a TSR in the 75th percentile of the comparator group at the end of the relevant performance period.
2. Commencement date for TSR performance hurdle: the start date for the TSR performance hurdle has changed from 1 July 2014 to 2 March 2015 consistent with the date of LTI grants for other UGL senior executives. The Board of Directors believes the change of date will provide a more accurate assessment of performance over Mr Taylor's tenure by allowing for the impact of legacy issues which existed prior to Mr Taylor's commencement date of 24 November 2014.
3. Early termination: the minimum one year performance period threshold for the pro-ration of the CEO's LTI has been removed. The pro-ration period for early termination will commence from the CEO's commencement date of 24 November 2014.

All other terms and conditions of the CEO's LTI arrangements remain unchanged as previously disclosed on 16 June 2014.

Appendix: Summary of LTI key terms

Element	Prior Arrangement	Revised Arrangement																
Remuneration Value of LTI Award	Face value of \$5.5 million (granted as performance rights)	Unchanged																
Performance Hurdles	<ul style="list-style-type: none"> - 50% of the award subject to achieving a TSR hurdle - 50% of the award subject to achieving an EPS hurdle 	Unchanged																
TSR Performance Measure:																		
Performance period Commencement date for measurement of performance period amended to align with senior executives LTI grant	1 July 2014	2 March 2015 (5 days following the announcement of the half year results)																
Length of performance period	<ul style="list-style-type: none"> - 50% of the TSR tranche will be subject to a performance period ending on 30 June 2017 - 50% of the TSR tranche will be subject to a performance period ending on 30 June 2018 	End date of performance period remains unchanged																
TSR vesting schedule Cliff vesting replaced with a sliding scale of vesting	<table border="1"> <thead> <tr> <th>Company's TSR over the performance period</th> <th>% of each TSR tranche</th> </tr> </thead> <tbody> <tr> <td>< ASX Industrial 200 index</td> <td>Nil</td> </tr> <tr> <td>≥ ASX Industrial 200 index</td> <td>100% of each TSR tranche</td> </tr> </tbody> </table>	Company's TSR over the performance period	% of each TSR tranche	< ASX Industrial 200 index	Nil	≥ ASX Industrial 200 index	100% of each TSR tranche	<table border="1"> <thead> <tr> <th>Company's TSR percentile ranking against ASX Industrial 200 index over the performance period</th> <th>% of each TSR tranche</th> </tr> </thead> <tbody> <tr> <td>Below 50th percentile</td> <td>Nil</td> </tr> <tr> <td>50th percentile</td> <td>50%</td> </tr> <tr> <td>50th to 75th percentile</td> <td>Sliding scale in between</td> </tr> <tr> <td>75th percentile and above</td> <td>100%</td> </tr> </tbody> </table>	Company's TSR percentile ranking against ASX Industrial 200 index over the performance period	% of each TSR tranche	Below 50 th percentile	Nil	50 th percentile	50%	50 th to 75 th percentile	Sliding scale in between	75 th percentile and above	100%
Company's TSR over the performance period	% of each TSR tranche																	
< ASX Industrial 200 index	Nil																	
≥ ASX Industrial 200 index	100% of each TSR tranche																	
Company's TSR percentile ranking against ASX Industrial 200 index over the performance period	% of each TSR tranche																	
Below 50 th percentile	Nil																	
50 th percentile	50%																	
50 th to 75 th percentile	Sliding scale in between																	
75 th percentile and above	100%																	
EPS Performance Measure:																		
Performance period Commencement date	1 July 2014	Unchanged																
Length of performance period	<ul style="list-style-type: none"> - 50% of the EPS tranche will be subject to a performance period ending on 30 June 2017 - 50% of the EPS tranche will be subject to a performance period ending on 30 June 2018 	Unchanged																

<p>EPS vesting schedule Cliff vesting replaced with a sliding scale of vesting</p>	<table border="1"> <thead> <tr> <th>Compound annual EPS growth over the performance period</th> <th>% of each EPS tranche</th> </tr> </thead> <tbody> <tr> <td>Below 5%</td> <td>Nil</td> </tr> <tr> <td>Greater than or equal to 5%</td> <td>100% of each EPS tranche</td> </tr> </tbody> </table>	Compound annual EPS growth over the performance period	% of each EPS tranche	Below 5%	Nil	Greater than or equal to 5%	100% of each EPS tranche	<table border="1"> <thead> <tr> <th>Compound annual underlying EPS growth over the performance period</th> <th>% of each EPS tranche</th> </tr> </thead> <tbody> <tr> <td>Below 5%</td> <td>Nil</td> </tr> <tr> <td>5%</td> <td>50%</td> </tr> <tr> <td>5% to 10%</td> <td>Sliding scale in between</td> </tr> <tr> <td>10% and above</td> <td>100%</td> </tr> </tbody> </table>	Compound annual underlying EPS growth over the performance period	% of each EPS tranche	Below 5%	Nil	5%	50%	5% to 10%	Sliding scale in between	10% and above	100%
Compound annual EPS growth over the performance period	% of each EPS tranche																	
Below 5%	Nil																	
Greater than or equal to 5%	100% of each EPS tranche																	
Compound annual underlying EPS growth over the performance period	% of each EPS tranche																	
Below 5%	Nil																	
5%	50%																	
5% to 10%	Sliding scale in between																	
10% and above	100%																	
<p>Element</p>	<p>Prior Arrangement</p>	<p>Revised Arrangement</p>																
<p>Ending Employment</p>																		
<p>Notice by UGL Minimum 1 year performance period prior to application of pro rata vesting removed</p>	<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. 	<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 would be expected to remain on foot subject to the performance conditions but with no continuing service condition. The pro rata portion of each LTI tranche will be calculated based on the portion of the period served up to the end of the following period that has elapsed up to the date of cessation of employment: 24 November 2014 to the respective vesting dates of the two tranches (being 30 June 2017 and 30 June 2018). 																

In accordance with the ASX Listing Rules, if any of the LTI awards vest, shares will be purchased on market to satisfy the award.

ENDS

FOR FURTHER INFORMATION CONTACT:

Rebecca Hill

EGM Investor Relations & Corporate Development
UGL Limited
+61 2 9492 1431
rebecca.a.hill@ugllimited.com

Kate Spargo

Chairman
UGL Limited
+61 2 9492 8803

Carrie Barrack

Group Investor Relations & Corporate Affairs Manager
UGL Limited
+61 2 9492 1510
carrie.barrack@ugllimited.com

Media please contact: Ben Jarvis +61 413 150 448