

# Notice of Annual General Meeting

28 October 2015



UGL Limited (**UGL or the Company**) will hold its Annual General Meeting (**AGM**) at 2.00pm (Sydney time) on Wednesday 28 October 2015 in the ASX Auditorium, Lower Ground Floor, Exchange Square, 18 Bridge Street, Sydney NSW 2000 for the purpose of transacting the business set out in this Notice.

## BUSINESS

### 1. UGL financial report

To discuss the financial statements, directors' report and auditor's report for UGL and its subsidiaries for the year ended 30 June 2015.

Note: There is no requirement for shareholders to approve these reports.

### 2. Election and re-election of directors

To consider and, if thought fit, pass the following resolutions as separate ordinary resolutions:

- a. "That Guy Cowan, being eligible, be re-elected as a director of the Company."
- b. "That John Cooper, being eligible, be elected as a director of the Company."
- c. "That Jane Harvey, being eligible, be elected as a director of the Company."
- d. "That Robert Kaye SC, being eligible, be elected as a director of the Company."

Note: Each resolution will be voted on separately.

### 3. Approval of previous issue of performance rights

To consider and, if thought fit, pass the following resolution as an ordinary resolution of the Company:

"That the issue of 2,542,605 performance rights in the Company under the Company's Employee Share Option Plan, the details of which are set out in the Explanatory Notes included in this Notice of Meeting, be ratified and approved for all purposes (including ASX Listing Rule 7.4)."

### 4. Remuneration report

To consider and, if thought fit, pass the following resolution as a non-binding ordinary resolution of the Company:

"That the Remuneration Report for the year ended 30 June 2015 be adopted."

Note: This resolution is advisory and does not bind the Company or its directors. However, if at least 25% of votes cast on this resolution are against the resolution, then the Spill Meeting resolution below will become effective.

### 5. Spill Meeting

To consider and, if thought fit, pass the following resolution as an ordinary resolution of the Company:

"That, subject to and conditional on at least 25% of the votes cast on resolution 4 being cast against the adoption of the Remuneration Report:

- (1) an extraordinary general meeting of the Company (the 'Spill Meeting') be held within 90 days of the passing of this resolution;
- (2) all of the non-executive directors in office when the resolution to make the directors' report for the financial year ended 30 June 2015 was passed and who remain in office at the time of the Spill Meeting, cease to hold office immediately before the end of the Spill Meeting; and
- (3) resolutions to appoint persons to offices that will be vacated immediately before the end of the Spill Meeting be put to the vote at the Spill Meeting."

By order of the Board

Lyn Nikolopoulos  
Company Secretary  
25 September 2015

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UGL Limited  
ABN 85 009 180 287

## NOTES ON VOTING

### 1. Who can vote

You are eligible to attend and vote at the meeting if you are registered as a holder of UGL shares at 7.00pm (Sydney time) on Monday, 26 October 2015.

### 2. Voting Form

Enclosed with this notice of meeting is a personalised Voting Form. The Voting Form allows shareholders who are not attending the meeting to either lodge their vote directly, or appoint a proxy or corporate representative to vote on their behalf.

A reply paid envelope has also been included with the Notice of Meeting for return of the Voting Form by post.

### 3. How to vote

#### Direct Voting – complete Section A of the Voting Form

You may vote directly on resolutions considered at the meeting without attending the meeting or appointing a proxy. To vote directly, complete Section A of the Voting Form. You must complete the voting directions for Items 2 to 5 by marking 'For' or 'Against' or 'Abstain' for your vote to be counted. If you mark more than one box on an item your vote on that item will be invalid.

If you voted directly, you are entitled to attend the meeting. However your attendance will cancel your direct vote unless you instruct Link Market Services otherwise.

#### Voting in person

If you are attending the meeting, please bring your personalised Voting Form with you. We ask that you arrive at the venue at least 15 minutes prior to the time designated for the meeting so that we may check your security holding against our register of shareholders and note your attendance. If you do not bring your Voting Form with you, you can still attend the meeting but representatives from Link Market Services will need to verify your identity.

You may still attend the meeting and vote in person even if you have voted directly or appointed a proxy. If you have previously submitted a Voting Form, your attendance will cancel your direct vote (unless you instruct Link Market Services otherwise) or suspend your proxy appointment while you are present at the meeting.

#### Voting by corporate representative

If a corporate shareholder plans to attend the meeting, it must appoint a person to act as its representative and the appointed person must bring appropriate written evidence of the appointment to the meeting signed in accordance with the corporation's constitution or in accordance with section 127 of the *Corporations Act 2001* (Cth) (**Corporations Act**).

#### Voting by proxy – complete Section B of the Voting Form

If you are not attending the meeting and are entitled to vote on the resolutions, you may appoint a proxy to attend and vote for you by completing Section B of the Voting Form. A proxy may be an individual or a company. A proxy does not need to be a shareholder of the Company.

Your proxy can be appointed in respect of some or all of your votes. If you are entitled to cast 2 or more votes at the meeting you may appoint 2 proxies, and may specify a proportion or number of your votes that each proxy may exercise on a poll. If you do not specify a proportion or number, each proxy may exercise half of your votes. If you appoint 2 proxies, neither proxy may vote on a show of hands. An additional Voting Form is available on request from Link Market Services if you wish to appoint 2 proxies.

Your proxy will also have the right to speak at the meeting and join in a demand for a poll.

You can use the attached Voting Form to appoint a proxy.

You may appoint the Chairman of the meeting as your proxy by nominating her in the Voting Form. If you return your Voting Form but do not nominate the identity of your proxy, the Chairman of the meeting will automatically be your proxy. If you return your Voting Form but your nominated proxy does not attend the meeting, then your proxy will revert to the Chairman of the meeting. For resolutions determined on a poll, if your nominated proxy is either not recorded as attending the meeting or does not vote on the resolution in accordance with your directions, the Chairman of the meeting is taken, before voting on the resolution closes, to have been appointed as your proxy for the purposes of voting on the resolution. The Chairman is required to vote any directed proxies that default to her in these circumstances as directed on the proxy appointment.

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Should you appoint a body corporate as your proxy, that body corporate will need to ensure that it:

- appoints an individual as its corporate representative to exercise its powers at meetings, in accordance with the Corporations Act; and
- provides satisfactory evidence of the appointment of its corporate representative prior to commencement of the meeting.

If such evidence is not received prior to the commencement of the meeting, then the body corporate (through its representative) will not be permitted to act as your proxy.

## 4. How will my proxy vote?

You can direct your proxy how to vote using the Voting Form.

If you do not mark any of the boxes on a given item, your proxy may vote, or abstain from voting, as he or she chooses, except as set out in Voting Exclusions.

If you mark the "abstain" box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll, and your vote will not be counted in computing the required majority on a poll.

If you mark more than one box on an item your vote on that item will be invalid.

## 5. Chairman's voting intentions

If you appoint the Chairman of the meeting as your proxy or the Chairman of the meeting becomes your proxy by default, and you have not directed her how to vote on an item of business, then on a poll for that item, the Chairman intends to vote all available proxies 'for' that item of business, except for Item 5, which the Chairman intends to vote 'against'.

Please note that if the Chairman of the meeting is your proxy and you do not direct her how to vote on Item 3 (Approval of previous issue of performance rights), Item 4 (Remuneration Report) and Item 5 (Spill Meeting), then by completing and submitting the Voting Form you are expressly authorising the Chairman to exercise your proxy on the relevant resolution even though it is connected with the remuneration of the Company's key management personnel (**KMP**).

The Company encourages all shareholders who appoint proxies to direct their proxy on how to vote on each resolution.

## 6. Signing

If the shareholder is a corporation, the Voting Form must be signed under the corporation's constitution or in accordance with section 127 of the Corporations Act or under the hand of a duly authorised officer of the corporation.

A shareholder which is a corporation having a sole director/secretary must state that fact on the Voting Form.

If the shareholder is a natural person, the Voting Form must be signed by the shareholder or the shareholder's attorney duly authorised in writing. Where shares are jointly held, only one of the holders is required to sign the Voting Form.

## 7. Authorised Officers

If the Voting Form is signed by an attorney or authorised person, a certified copy of the power of attorney or other document signed by or on behalf of the shareholder detailing the person's authority must be provided to the registry at the same time as providing the Voting Form.

## 8. Voting Deadlines

You must ensure that your Voting Form (and a certified copy of the relevant authority) is received by Link Market Services not less than 48 hours before the time of the meeting (i.e. no later than 2.00pm (Sydney time) on Monday, 26 October 2015) as follows:

- by lodging it online at [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au). You will be taken to have signed your Voting Form if you lodge in accordance with the instructions on the website; OR
- by mail to:  
UGL Limited  
C/- Link Market Services Limited  
Locked Bag A14  
Sydney South NSW 1235  
Australia; OR
- by facsimile to: +61 2 9287 0309; OR
- by hand delivery to:  
Link Market Services Limited  
1A Homebush Bay Drive, Rhodes NSW 2138; or  
Level 12, 680 George Street Sydney NSW 2000.

All enquiries to +61 1800 200 296 (free call within Australia).

A reply paid envelope is enclosed for the return of the Voting Form by post.

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## EXPLANATORY NOTES

### Item 1 - Financial report and shareholder questions

The financial report, directors' report and auditor's report for the year ended 30 June 2015 will be laid before the meeting. There is no requirement for shareholders to approve these reports. However, the Chairman of the meeting will allow a reasonable opportunity for shareholders to ask questions about, or make comments on the operations and management of UGL. Shareholders will also be given a reasonable opportunity to ask the auditor, KPMG, questions relevant about the conduct of the audit and the content of the auditor's report.

Written questions to the Chairman about the management of the Company, or to the Company's auditor about the content of the auditor's report and the conduct of the audit, may be submitted no later than 21 October 2015 to:

The Company Secretary  
UGL Limited  
Level 10, 40 Miller Street  
North Sydney NSW 2060  
Facsimile: +61 2 9492 8844  
Email: [companysecretary@ugllimited.com](mailto:companysecretary@ugllimited.com)

You may also submit questions via the Company's website, [www.ugllimited.com](http://www.ugllimited.com).

Questions in relation to the management of the Company will be collated and, during the meeting, the Chairman of the meeting will seek to address as many of the more frequently raised topics as possible.

The Chairman of the meeting will also give a representative of KPMG the opportunity to answer written questions submitted to the auditor. However, there may not be sufficient time available at the meeting to address all topics raised. Please note that individual responses will not be sent to shareholders. Copies of the questions and responses will be available at the meeting and posted on UGL's website, [www.ugllimited.com](http://www.ugllimited.com).

### Items 2 - Election and re-election of directors

Mr Guy Cowan, Mr John Cooper, Mrs Jane Harvey and Mr Robert Kaye SC (**Directors**), are standing for election or re-election and will retire in accordance with the provisions of the Constitution and, being eligible, offer themselves for election or re-election.

They are all independent non-executive directors.

To be successfully elected or re-elected as a Director, a candidate must receive more votes cast 'for' than 'against'.

The experience, expertise, qualifications and term of office for each Director seeking election or re-election at the AGM are set out on the following pages. For additional disclosure around the aggregate composition, skills and diversity of the Board, shareholders may wish to refer to UGL's 2015 Corporate Governance Statement dated 21 August 2015, published on UGL's website, [www.ugllimited.com](http://www.ugllimited.com).

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## Item 2a – Re-election of Mr Guy Cowan

<b>Qualifications</b>	BSc (Hons), FCA (UK), MAICD
<b>Term of office</b>	Director since February 2009, last re-elected in October 2012
<b>UGL Board Committee membership</b>	Chairman of HSSE Committee, Member of Risk & Audit Committee
<b>Skills, experience and expertise</b>	Guy Cowan has worked extensively in the oil and gas industry, including more than 23 years working in senior international financial strategy roles with the Royal Dutch Shell Group. Previous positions have also included working as the Chief Financial Officer for the Fonterra Co-operative Group Limited and as a chartered accountant with PWC and KPMG. Guy's international finance career has given him a sound understanding of risk and internal control as well as international accounting standards.
<b>Current directorships of other listed entities and dates of office</b>	Coffey International Ltd (Director since February 2012)
<b>Directorships of other listed entities over the past three financial years</b>	Raisama Limited (Director April 2010 to February 2012) and Ludowici Limited (Director November 2009 to July 2012)
<b>Other principal directorships and memberships</b>	Chairman of: Beak and Johnston Ltd, Winson Group Pty Ltd and Queensland Sugar Ltd
<b>Former principal directorships and memberships</b>	Director of various Fonterra subsidiaries and joint ventures, Director of Soprole SA (Chile), Director of Gold Oil plc (UK) and alternate Director of Woodside Petroleum (1992 to 1994)

### Board recommendation

The Board (other than Mr Guy Cowan) recommends that shareholders vote for Item 2a. The Chairman of the meeting intends to vote all available proxies in favour of the re-election of Mr Cowan.

## Item 2b – Election of Mr John Cooper

<b>Qualifications</b>	BSc (Building) (Hons), FIE Aust, FAICD, FAIM
<b>Term of office</b>	Director since April 2015
<b>UGL Board Committee membership</b>	Member of the Risk & Audit Committee
<b>Skills, experience and expertise</b>	John Cooper has over 35 years of experience in the construction and engineering sectors in Australia and internationally. His executive management career has encompassed roles in large civil, commercial and infrastructure projects as well as complex engineering and project management activities in the mining, oil & gas, engineering and property sectors. John's broad business and board experience has been gained having spent over 20 years in various roles with Concrete Construction Group (later known as Walter Construction), CMPS&F, Clough Engineering and Murray Roberts International.
<b>Current directorships of other listed entities and dates of office</b>	Aurizon Holdings Limited (Director since April 2012), NRW Holdings Limited (Director since March 2011)
<b>Former directorships of other listed entities over the past three financial years</b>	Southern Cross Electrical Engineering Limited (Director from October 2007 to May 2015), Neptune Marine Services Limited (Director from April 2012 to June 2013), Flinders Mines Limited (Director from September 2010 to December 2012)
<b>Other principal directorships and memberships</b>	N/A
<b>Former principal directorships and memberships</b>	Clough Limited – Non-Executive Director (24 August 2006 – 31 January 2010)

### Board recommendation

The Board (other than Mr John Cooper) recommends that shareholders vote for Item 2b. The Chairman of the meeting intends to vote all available proxies in favour of the election of Mr Cooper.

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## Item 2c – Election of Mrs Jane Harvey

<b>Qualifications</b>	B Com, MBA, FCA, FAICD
<b>Term of office</b>	Director since 10 August 2015
<b>UGL Board Committee membership</b>	N/A
<b>Skills, experience and expertise</b>	Jane Harvey is an experienced non-executive director and audit committee chair with 15 years of experience in both listed and not-for-profit organisations. Mrs Harvey has extensive commercial and financial skills applied in a range of line management and advisory roles across various industries including utilities, energy infrastructure, transport and logistics, financial services and retail. Mrs Harvey was formerly a Partner at PricewaterhouseCoopers until 2002.
<b>Current directorships of other listed entities and dates of office</b>	DUET Finance Limited (August 2013) and IOOF Holdings Limited (October 2005)
<b>Directorships of other listed entities over the past three financial years</b>	David Jones Limited (October 2012 – August 2014), Medibank Private Limited (September 2007 – March 2014)
<b>Other principal directorships and memberships</b>	Telecommunications Industry Ombudsman, Director of Colonial Foundation Trust and Orygen, the National Centre of Excellence in Youth Mental Health. Member of the Council of the AICD (Vic)
<b>Former principal directorships and memberships:</b>	N/A

### Board recommendation

The Board (other than Mrs Jane Harvey) recommends that shareholders vote for Item 2c. The Chairman of the meeting intends to vote all available proxies in favour of the election of Mrs Harvey.

## Item 2d – Election of Mr Robert Kaye SC

<b>Qualifications</b>	LLB, LLM (Hons)
<b>Term of office</b>	Director since 10 August 2015
<b>UGL Board Committee membership</b>	N/A
<b>Skills, experience and expertise</b>	Robert Kaye SC has over 35 years of experience in legal practice and is a barrister at law. Since his appointment as Senior Counsel, he has provided advice to both public and private corporations across a range of commercial matters including transactions, corporate and property. He has significant mediation experience and has participated in the successful resolution of complex commercial disputes. Robert previously served on a number of NSW Bar Association committees including the Professional Conduct and Equal Opportunity Committees.
<b>Current directorships of other listed entities and dates of office</b>	Chairman of Collins Foods Limited (since October 2014, appointed Chairman March 2015) and Paperlinx Limited (since September 2012) as well as a non-executive director of Magontec Limited (since July 2013)
<b>Former directorships of other listed entities over the past three years</b>	N/A
<b>Other principal directorships and memberships</b>	N/A
<b>Former principal directorships and memberships:</b>	N/A

### Board recommendation

The Board (other than Mr Robert Kaye SC) recommends that shareholders vote for Item 2d. The Chairman of the meeting intends to vote all available proxies in favour of the election of Mr Kaye SC.

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## Item 3 - Approval of previous issue of performance rights

ASX Listing Rule 7.1 prohibits a listed company from issuing or agreeing to issue new securities representing more than 15% of its total ordinary shares during the preceding 12 month period without shareholder approval (“15% limit”). Under ASX Listing Rule 7.4, the Company may seek subsequent shareholder approval of specified issues of securities (including performance rights) which were not in breach of Listing Rule 7.1 at the time they were made. If that approval is granted, such issues do not count toward the 15% limit.

The Company seeks shareholder approval of the issue of performance rights awarded in March and April 2015 pursuant to its employee equity plan. If shareholder approval is obtained, the issue of these performance rights will be excluded from the 15% limit. The Board believes that it is in the best interests of the Company that it has the ability to issue up to a full 15% of the issued capital of the Company, so that the Company may take advantage of commercial opportunities that may arise in the course of the Company’s activities, as and when those opportunities arise.

### Details of issue of performance rights

UGL issued 2,542,605 performance rights under the UGL Employee Share Option Plan under UGL’s long term incentive (LTI) scheme to eligible employees. Further details on UGL’s LTI are outlined in the Remuneration Report for the year ended 30 June 2015. The Explanatory Notes to Item 4 has further information on the Remuneration Report.

The Company seeks the subsequent approval of shareholders in respect of the issue of the 2,542,605 performance rights. Listing Rule 7.5 requires that where shareholders are requested to provide subsequent approval to an issue of securities, that the shareholders be provided with certain information in relation to the securities issued. The following information is provided in relation to the performance rights:

<b>Number of performance rights allotted</b>	2,542,605
<b>Issue price of performance rights</b>	NIL
<b>Terms of performance rights</b>	The performance rights do not have any voting rights or rights to receive dividends. Subject to performance conditions, the performance rights will vest no earlier than the day after the announcement of the results for the 12 month period to 30 June 2017, and no later than 1 September 2017. If the performance rights vest and are converted to ordinary shares (on a one for one basis), those ordinary shares will rank equally with existing fully paid ordinary shares (including the right to vote and receive dividends). See Annexure A to the Explanatory Notes for further information on the terms of the performance rights.
<b>Basis of allottee determination</b>	Employees eligible to participate in the UGL Employee Share Option Plan as part of UGL’s remuneration strategy. The performance rights were issued under UGL’s LTI.
<b>Use or intended use of funds raised</b>	Not applicable

### Board recommendation

The Board unanimously recommends that shareholders vote for Item 3. The Chairman of the meeting intends to vote all available proxies in favour of the approval of the previous issue of performance rights.

### Voting exclusions

The Company will disregard any votes cast on Item 3:

- by or on behalf of any employees who participated in the issue of performance rights for which approval is sought and any of their associates, regardless of the capacity in which the vote is cast; and
- as a proxy by a person who is a KMP on the date of the AGM or their closely related party,

unless the vote is cast as proxy for a person entitled to vote on Item 3:

- in accordance with the directions on the Voting Form; or

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- by the Chairman of the meeting in accordance with an express authorisation in the Voting Form to exercise the proxy even though the item is connected with the remuneration of the Company's KMP.

'Closely related party' is defined in the Corporations Act and includes a spouse, dependent and certain other close family members, as well as any companies controlled by a KMP.

## Item 4 - Remuneration Report

The remuneration report of the Company for the year ended 30 June 2015 is set out on pages 38 to 56 of the annual report to shareholders (Remuneration Report). A copy of the Remuneration Report is also available on the Company's website.

The Remuneration Report sets out UGL's remuneration arrangements for directors, including the Managing Director and CEO, and for senior executives.

The Chairman of the meeting will allow a reasonable opportunity for shareholders to ask questions about or make comments on the Remuneration Report at the meeting. In addition, the Corporations Act requires that shareholders be asked to vote on the Remuneration Report. In accordance with the Corporations Act, this vote is of an advisory nature only and does not bind the Company or its directors. However, the Board does take the outcome of the vote and discussion at the meeting into consideration when setting remuneration policy for future years.

As explained below, the outcome of the vote on Item 4 may have consequences for the Company.

### Potential consequences flowing from the outcome of the vote

Last year, the Company received a "strike" – this means that at least 25% of the votes cast on the resolution to adopt the 2014 Remuneration Report were cast against it. UGL received a 27% shareholder vote against the Remuneration Report. Under the "two strikes rule", if the Company receives a second strike, it is required to put a resolution to the meeting to determine whether the Company's non-executive directors (who were in office at the time the 2015 Remuneration Report was approved) will need to stand for re-election at a special meeting to be held within 90 days of the AGM.

As a result, this Notice of Meeting includes a "conditional" resolution (Item 5). This resolution will be put to the meeting, but even if it is passed, it will only become effective if, on the basis of the formal results of the poll, it is evident that the Company has received a second strike. Further detail is included in the Explanatory Notes to Item 5.

### Feedback and the Board's response

Feedback from our shareholders and proxy advisor groups centred around three key issues, two of which related to legacy arrangements for former executives in place to support the separation of DTZ and have now concluded. The third area related to remuneration arrangements for the new CEO, Ross Taylor, which were negotiated in May 2014 and approved by shareholders at the 2014 Annual General Meeting.

The Board has responded to shareholder and proxy advisor concerns regarding Ross Taylor's remuneration arrangements and, following discussions with the CEO, announced amendments to his long term incentive in May 2015. The Board believes the amendments to the long term incentive arrangements reflect a fair basis of reward which will appropriately incentivise Ross Taylor to deliver strong consistent performance for the benefit of shareholders. The Board is confident that Ross Taylor has the right leadership capabilities and skills to drive UGL's operational performance.



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## Why should shareholders vote in favour of the Remuneration Report?

UGL has emerged as a focused standalone engineering and construction company with new leadership following the completion of the DTZ sale in the 2015 financial year. At the Board level, UGL has a new Chairman, three new Board members and a new Chairman of the Nomination & Remuneration Committee. Leading the senior management team are a new CEO and new CFO.

With this new leadership team in place, significant work has been undertaken over the last six months to reset the business. The Company's vision and strategic priorities have been refined, clearly outlining the path forward to turn around UGL's financial and operational performance and return to strong, stable growth.

Specifically we have:

- Undertaken a detailed review of UGL's projects and businesses, including a reprogram and reforecast of the Ichthys CCPP project
- Optimised the organisational structure, removed duplicate management layers and provided a greater focus on consistent project delivery and risk management
- Developed a five year plan strategy to realise our new vision
- Established a robust business plan and budget for FY16, and
- Augmented the Board to ensure ongoing diversity and breadth of skillset.

UGL is well positioned for a turnaround in FY16 and a return to strong growth.

The Board and the Nomination & Remuneration Committee have used this transition period as an opportunity to review UGL's remuneration frameworks and align them with the Company's strategic priorities and business aspirations.

For the senior executive team, other than the CEO, we have:

- Rebased our short term incentive plan, focussing on aligning the structure with market practice, while maintaining a UGL-specific focus. The outcome is a scorecard where the majority of measures reflect financial performance, split between annual earnings, sales and cash, with the balance reflecting key individual performance objectives. To be eligible to earn a short term incentive however, safety hurdles must first be achieved.
- Reintroduced our long term incentive plan, which features equally weighted Earnings Per Share and relative Total Shareholder Return performance hurdles over a three year vesting period.

UGL has an exciting future ahead as it delivers on its planned turnaround and leverages its fundamental strengths to generate growth. The Board is confident that the right leadership team is in place and incentivised with appropriate remuneration frameworks to drive future performance and align executive pay with shareholder wealth outcomes.

## Board recommendation

The Board unanimously recommends that shareholders vote for Item 4. The Chairman of the meeting intends to vote all available proxies in favour of the adoption of the Remuneration Report.

## Voting exclusions

The Company will disregard any votes cast on Item 4:

- by, or on behalf of a KMP named in the Remuneration Report for the year ended 30 June 2015 or their closely related party, regardless of the capacity in which the vote is cast; or
- as proxy by a person who is a KMP on the date of the AGM or their closely related party,

unless the vote is cast as proxy for a person entitled to vote on Item 4:

- in accordance with a direction on the Voting Form; or

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- by the Chairman of the meeting in accordance with an express authorisation in the Voting Form to exercise the proxy even though the item is connected with the remuneration of the Company's KMP.

'Closely related party' is defined in the Corporations Act and includes a spouse, dependent and certain other close family members, as well as any companies controlled by a KMP.

## Item 5 – Spill Meeting

This is a conditional resolution. Even if it is passed, it will only become effective if, based on the formal results of the poll conducted on Item 4, at least 25% of the votes cast on Item 4 are against the adoption of the 2015 Remuneration Report and, accordingly, the Company has received a "second strike".

If this resolution is passed, and becomes effective based upon the results of the poll on Item 4, then it will be necessary for the Board to convene a further general meeting ("Spill Meeting") of the Company within 90 days of the AGM in order to consider the composition of the Board.

If a Spill Meeting is held, each director (other than the Managing Director and CEO) who:

- held office at the date when the resolution to make the Directors' Report for the financial year ended 30 June 2015 was passed; and
- continues in office at the date of the Spill Meeting,

will automatically vacate office at the conclusion of the Spill Meeting unless they are willing to stand for re-election and are re-elected at that Spill Meeting.

Accordingly, even if Mr Guy Cowan, Mr Cooper, Mrs Jane Harvey and Mr Robert Kaye SC are elected by shareholders at this year's AGM, they will still need to be re-elected at the Spill Meeting to remain in office after the Spill Meeting. The other directors who will cease to hold office if they are not re-elected at the Spill Meeting are Mrs Kate Spargo and Mr Richard Humphry.

The Explanatory Notes to Item 4 contains further information relevant to this item of business.

## Board Recommendation

The Board unanimously recommends that shareholders vote against Item 5.

The Chairman of the meeting intends to vote all available proxies against the spill meeting.

## Voting exclusions

The Company will disregard any votes cast on Item 5:

- by, or on behalf of a KMP named in the Remuneration Report for the year ended 30 June 2015 or their closely related party, regardless of the capacity in which the vote is cast; or
- as proxy by a person who is a KMP on the date of the AGM or their closely related party,

unless the vote is cast as proxy for a person entitled to vote on Item 5:

- in accordance with a direction on the Voting Form; or
- by the Chairman of the meeting in accordance with an express authorisation in the Voting Form to exercise the proxy even though the item is connected with the remuneration of the Company's KMP.

'Closely related party' is defined in the Corporations Act and includes a spouse, dependent and certain other close family members, as well as any companies controlled by a KMP.

## ANNEXURE A – ADDITIONAL KEY TERMS OF PERFORMANCE RIGHTS

<b>What are the performance conditions?</b>	<p>Long term incentive (LTI) awards are earned only upon achievement against two financial performance measures:</p> <ul style="list-style-type: none"> <li>Relative Total Shareholder Return (TSR): 50% of the LTI grant; and</li> <li>Earnings Per Share growth (EPS): 50% of the LTI grant.</li> </ul>																				
<b>Over what period is performance measured?</b>	<p>The performance periods are as follows:</p> <ul style="list-style-type: none"> <li>The EPS measurement period commences 1 January 2015 (post the DTZ sale);</li> <li>The TSR measurement period commences 2 March 2015 (date of grant for the award); and</li> <li>The performance period for both measures finishes on 30 June 2017.</li> </ul>																				
<b>How are the performance conditions assessed?</b>	<p>Relative TSR:</p> <ul style="list-style-type: none"> <li>UGL's TSR is compared to the TSR of companies in the S&amp;P/ASX 200 Industrials (Sector) accumulation index at the beginning of the respective performance periods.</li> <li>Relative TSR performance condition: TSR is measured by the change in value of UGL's cumulative TSR over the performance period compared to the TSR performance of the comparator group over the same period. The comparator group consists of the companies in the S&amp;P/ASX200 Industrials Accumulation index (ASX code XNJAI) as at the start of the performance period. The Board has the discretion to adjust the comparator group to take into account events including but not limited to takeovers, mergers or demergers that might occur during the performance period. The TSR vesting scale is:</li> </ul> <table border="1" data-bbox="550 994 1195 1144"> <thead> <tr> <th>TSR percentile</th> <th>% of TSR tranche vesting</th> </tr> </thead> <tbody> <tr> <td>Below 50%</td> <td>Nil</td> </tr> <tr> <td>50%</td> <td>50%</td> </tr> <tr> <td>50% to 75%</td> <td>Sliding scale</td> </tr> <tr> <td>&gt;75%</td> <td>100%</td> </tr> </tbody> </table> <p>EPS:</p> <ul style="list-style-type: none"> <li>UGL's compound annual underlying EPS growth rate is measured over the performance period.</li> <li>Absolute EPS performance condition: measured as the compound annual underlying EPS growth over the performance period. The EPS vesting scale is:</li> </ul> <table border="1" data-bbox="550 1350 1195 1500"> <thead> <tr> <th>EPS growth per annum</th> <th>% of EPS tranche vesting</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</td> </tr> <tr> <td>&gt;10%</td> <td>100%</td> </tr> </tbody> </table>	TSR percentile	% of TSR tranche vesting	Below 50%	Nil	50%	50%	50% to 75%	Sliding scale	>75%	100%	EPS growth per annum	% of EPS tranche vesting	Below 5%	Nil	5%	50%	5% to 10%	Sliding scale	>10%	100%
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<b>Is performance subject to retesting?</b>	No, retesting of performance is not permitted.																				
<b>Who assesses performance against targets?</b>	The Nomination & Remuneration Committee based on independent external advice (relative TSR measure) and financial information (EPS measure) reviews performance against the LTI measures. Seeking independent external advice provides objectivity and independence from management influence.																				
<b>Does the executive receive dividends and voting rights on unvested awards?</b>	No, there are no voting rights or entitlements to dividends on unvested awards under the LTI plan.																				
<b>What happens in the event of a change of control?</b>	Upon a change of control event, the Board may determine to vest some or all of the LTI awards. In making this determination, the Board will consider all relevant circumstances, including the performance against the TSR and EPS measures up to the date of the change of control event and the portion of the performance period that has expired.																				
<b>What happens in the event of cessation of employment?</b>	In general, unvested LTI awards are forfeited. In limited circumstances, such as upon a senior executive's death, serious injury or incapacity during the performance period or other reason approved by the Board, any unvested performance rights will vest at the end of the performance period if the relevant performance conditions have been satisfied.																				

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