

ASX Announcement

22 November 2013



CHANGES TO MANAGING DIRECTOR REMUNERATION PACKAGE

The Board of Leading Western Australian construction company **Diploma Group Limited** (ASX:DGX) are pleased to advise that a revised remuneration structure has been agreed with Diploma's Managing Director, Mr Nick Di Latte for the FY14 year.

In restructuring the new remuneration package for the Managing Director, the Board was conscious of –

- Including significant performance based incentives;
- Ensuring the remuneration package is aligned with long term shareholder value;
- Establishing appropriate performance based hurdles; and
- Reducing fixed operating costs.

The revised remuneration package more appropriately aligns Mr Di Latte's long term remuneration with shareholder returns –

- Reduction in all inclusive base remuneration from \$475,000 to \$295,000 per annum;
- The introduction of a short term, cash based incentive package linked to key performance criteria linked to current year earnings targets;
- The issuance of 10 million shares (subject to shareholder approval at the Companies upcoming 2013 AGM) as part of a loan-funded share scheme on the terms set out below; and
- 6 months termination payment at either party's election.

Continuous Employment Based Shares

Each tranche will vest upon the attainment of the appropriate number of years of continuous employment with the Company.

| Tranche | Number of Shares | Issue price | Vesting Condition | Vesting Date |
|---------|------------------|--------------------------------------|-------------------------------|--------------|
| 1 | 3,333,333 | 125% of 10 day VWAP at time of issue | 2 years continuous employment | 2 years |
| 2 | 3,333,333 | 125% of 10 day VWAP at time of issue | 3 years continuous employment | 3 years |
| 3 | 3,333,334 | 125% of 10 day VWAP at time of issue | 4 years continuous employment | 4 years |

The Board invites shareholders to support resolutions four and five relating to the Diploma Employee Share Plan and allocation of the above proposed Employee Share Plan shares to Mr Di Latte, as explained in the Notice of Meeting for the 2013 AGM.

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