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To: ASX Market Announcements
From: Lyn Nikolopoulos
Pages: 3 (incl. this page)
Date: 20 October 2016
Subject: **Letter to Shareholders**

Please find attached a letter to shareholders from the Chairman being sent out today.

Yours sincerely

Lyn Nikolopoulos
Company Secretary



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20 October 2016

Dear Shareholder

Proposed takeover of UGL Limited
UGL Board strongly advises shareholders to take no action at this time

As announced to the ASX on 10 October 2016, it is the intention of CIMIC Group Limited (CIMIC) to make a final offer (subject to a prescribed occurrences condition¹) to acquire all outstanding shares in UGL Limited through an off-market takeover at a price of \$3.15 per share in cash.

The UGL Board is currently evaluating the unsolicited CIMIC proposal, with the support of independent financial and legal advisors.

Announcements regarding the proposal can be viewed at www.asx.com.au or www.ugllimited.com.

It is expected that CIMIC's completed Bidder's Statement outlining details of the offer, will be sent to shareholders on or after 24 October 2016. Once the Bidder's Statement is sent the offer to acquire UGL shares will remain open to shareholders until 24 November 2016 at the earliest (a minimum period of one month).

The Board of UGL strongly advises that you **take no action on the offer** until you receive the Board's recommendation and other information material to your decision which will be contained in UGL's Target's Statement. The Target's Statement will include an assessment of the offer by an independent expert and will be sent to you around two weeks after dispatch of the CIMIC Bidder's Statement. This will give you sufficient time to make a fully informed decision on the offer.

The UGL 2016 **Annual General Meeting has been postponed to 10:00am on 7 November 2016** to enable the Board to complete their evaluation of the CIMIC proposal and fully apprise shareholders of the Board's position at the AGM. Please note that the location of this meeting has been changed to the Sofitel Wentworth Hotel, 61-101 Phillip Street, Sydney.

The Board is committed to ensuring a transparent and meaningful dialogue with its shareholders and will continue to keep shareholders informed of any material developments as appropriate. While the Board recommends that you wait to receive and review all the information provided in both the Bidder's Statement and the Target's Statement, if you have any questions in the meantime, I encourage you to call our shareholder information line:

- Within Australia: 1300 415 866
- Outside Australia: +61 2 8022 7947

The information line will become active from 9:00am on Monday 24 September 2016.

¹ This includes events such as UGL splitting or consolidating its shares, UGL or a subsidiary buying-back or reducing its capital, UGL or a subsidiary issuing certain securities, UGL or a subsidiary disposing of the whole or a substantial part of its business or property, or the occurrence of certain insolvency events in respect of UGL or a subsidiary.

Next steps

1. It is expected that CIMIC will send shareholders a copy of the Bidder's Statement outlining details of its offer on or after 24 October 2016.
2. The UGL Board will provide shareholders with its recommendation and a formal and detailed response to the offer in its Target's Statement no later than two weeks after dispatch of the Bidder's Statement.
3. The UGL Board will fully apprise shareholders of its position in relation to the unsolicited offer and address shareholder questions at the postponed AGM on 7 November 2016.

We strongly advise that you take no action on the offer until you receive the Board's recommendation and other information material to your decision which will be contained in the Target's Statement.

The Board remains committed to acting in the best interests of all shareholders and UGL's CEO and leadership team continue to work hard to maximise the operational performance of UGL's business.

Yours sincerely



Kate Spargo
Chairman