

15 November 2016

New CEO employment contract

Macmahon Holdings Ltd (ASX: MAH) today finalised the employment contract with its new Chief Executive Officer, Michael Finnegan.

Given current business conditions the new salary package involves a significant decrease in the fixed remuneration payable to the CEO, but an increased opportunity to earn a bonus if certain targets are met.

The key terms of the new employment contract are listed in Appendix A (attached).

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For further information, please contact:

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Appendix A:**Summary of the key terms and conditions**

Position:	Chief Executive Officer
Commencement Date:	The new contract is effective from 1 November 2016. The contract is ongoing and has no fixed term.
Annual Fixed Remuneration:	\$530,000
Short Term Incentive (STI):	<p>From 1 July 2017 onwards, the CEO will be have an opportunity to earn a bonus for each financial year, calculated in accordance with the applicable Macmahon Short Term Incentive Plan. For achieving the STI Plan hurdles at the “target” level, the amount of this bonus opportunity will generally be the same as the annual fixed remuneration.</p> <p>25% of any STI Plan award will be deferred for two years before payment, and 30% will be subject to a claw back provision allowing the Company to reclaim the payments for up to two years in certain circumstances.</p> <p>(In addition, the Company has offered Mr Finnegan a retention bonus if he remains in the CEO position for two years. However, this is a stand-alone arrangement that is not an ongoing feature of the employment contract.)</p>
Long Term Incentive (LTI):	The Company may, at its absolute discretion, invite the CEO to participate in the Macmahon Executive Equity Plan or some other long term incentive arrangement. This arrangement may take the form of (a) share options, (b) share performance rights which can be converted into fully paid shares subject to certain time restrictions and performance criteria being met, or (c) some other type of reward linked to the share price or long term performance of the Company.
Target Remuneration Mix	<p>For FY18 onwards, and subject to the other provisions of the contract, the target split each year between the CEO’s fixed remuneration and the incentive opportunities will be:</p> <ul style="list-style-type: none"> • 1/3 fixed remuneration; • 1/3 STI opportunity and • 1/3 LTI opportunity.
Notice Period	3 months.
Termination Payments:	The contract can be terminated by either party with 3 months’ notice or by payment in lieu, except in certain circumstances

where no notice period applies. A pro rata award of the Short Term and Long Term Incentive may be made if there is termination by notice given by the Company (except where the termination is due to a substantial breach on the part of the Chief Executive Officer).

If the CEO is terminated or resigns within certain time periods after a takeover or delisting of Macmahon, then the amounts due and payable to will include an amount equal to 6 months of the CEO's annual remuneration.

If any benefit that would otherwise be due upon termination of employment requires the approval of shareholders under any regulatory requirement, then the Board has an absolute discretion about whether to seek shareholder approval. If the Board does not seek shareholder approval, or if shareholders do not give approval, then the benefit is not due.