

FOR ASX IMMEDIATE RELEASE

22 December 2014

Update on long term incentive scheme terms

OzForex Group Limited (ASX: OFX ("OzForex")) wishes to update the market on changes to the terms of the issuance of performance rights under its Long Term Incentive Plan.

As set out in the Notice of Meeting for the 6 August 2014 Annual General Meeting, the proposed issuance (**Original Approved Allocation**) to the Executives for the 2014 financial year (being the part-year from 11 October 2013 to 31 March 2014) was a maximum of 4,000,000 Performance Rights, of which 625,000 (in 3 allocations) would be issued to CEO, Mr Helm. The resolution relating to the issuance of the Performance Rights to Mr Helm was passed at the AGM.

The table below shows the performance conditions that were set out in the Notice of Meeting. The performance condition refers to the compound annual growth rate (**CAGR**) of Earnings Before Taxes, Depreciation and Amortisation (**EBTDA**), calculated on a constant currency basis:

PERFORMANCE MEASUREMENT PERIOD (PMP)	VESTING SCHEDULE (EBTDA CAGR)			% OF ORIGINAL ALLOCATION ELIGIBLE TO VEST (VESTING DATE)
	100% vesting	Pro-rata vesting: 25% - 100%	0% vesting	
PMP1: 1 Oct 2014 - 31 Mar 2016 (18 months)	≥25%	20%-25%	<20%	33% (7 June 2016)
PMP2: 1 Oct 2014 - 31 Mar 2017 (30 months)	≥23%	18%-23%	<18%	33% (7 June 2017)
PMP3: 1 Oct 2014 - 31 Mar 2018 (42 months)	≥21%	16%-21%	<16%	34% (7 June 2018)

Following feedback from some shareholders and their advisors prior to and at the AGM, the Board has decided to refine the terms of the Original award and has now made changes to those terms as shown below:

FEEDBACK ABOUT ORIGINAL ALLOCATION	TREATMENT IN REVISED ALLOCATION
Quantum:	The number of Performance Rights granted to Mr Helm will be reduced from 625,000 to 500,000. This represents a target value reduction of approximately \$300,000. ¹

¹ This assumes a reference OFX share price of \$2.40 (The price prevailing immediately prior to the 2014 AGM). Target value $\Delta = (625,000 - 500,000) \times \$2.40 = \$300,000$.

FEEDBACK ABOUT ORIGINAL ALLOCATION	TREATMENT IN REVISED ALLOCATION
Performance condition:	In addition to an EBTDA CAGR metric, an Earnings Per Share (EPS) CAGR gateway will apply. The EPS Gateway sets minimum increases in EPS growth for vesting to occur. OzForex considers that this combination ensures that an improvement in earnings growth is balanced with an appropriate capital structure. (Approval for this addition will be sought at the 2015 AGM.)
Vesting Period:	Original Series PMP 1 above will now not be issued. Original Series PMP 2 above will now be new series PMP 1 Original Series PMP 3 above will now be new series PMP 2 A new series PMP 3 with a PMP of 1 Oct 2014 to 31 Mar 2019 will be issued This has the effect of each PMP (and corresponding vesting date) is pushed out by 12 months. In effect, this means the shortest PMP is now 30 months (instead of 18 months). And the longest PMP is 54 months (instead of 42 months). The Performance Rights are now eligible to vest as follows: 33% at 30 months, 33% at 42 months and 34% at 54 months. We note that the EBTDA CAGR conditions applicable to the two periods retained from the Original Allocation (30 months and 42 months) do not change.

EPS Gateway mechanics

The table below shows the performance conditions that are proposed for the new series PMP. The EPS Gateway sets a minimum standard for EPS CAGR performance that must be achieved in order for *any* Performance Rights to vest. For example, in PMP1, if OzForex achieves EBTDA CAGR at the "100% vesting" level ($\geq 23\%$) but fails to satisfy the corresponding EPS Gateway ($\geq 18\%$), no Performance Rights will vest. If the EPS Gateway is achieved, the vesting calculation is based on EBTDA CAGR performance.

PERFORMANCE MEASUREMENT PERIOD (PMP)	VESTING GATEWAY (EPS CAGR)	VESTING SCHEDULE (EBTDA CAGR)			% OF REVISED ALLOCATION ELIGIBLE TO VEST (VESTING DATE)
		100% vesting	Pro-rata vesting: 25% - 100% ²	0% vesting	
PMP1: 1 Oct 2014 - 31 Mar 2017 (30 months)	≥18%	≥23%	18%-23%	<18%	33% (7 June 2017)
PMP2: 1 Oct 2014 - 31 Mar 2018 (42 months)	≥16%	≥21%	16%-21%	<16%	33% (7 June 2018)
PMP3: 1 October 2014 - 31 Mar 2019 (54 months)	≥14%	≥19%	14%-19%	<14%	34% (7 June 2019)

Same terms to apply to Executives

It was originally proposed that 3,794,898 (including to the CEO) performance rights would be issued to Executives in October 2014. The overall number of performance rights that have been issued to Executives (excluding the CEO) on 20 October 2014 was reduced to 2,825,000 performance rights. The same revised terms and conditions set out above apply to the issuance to all Executives. Full details of the issuance will be provided in the 2015 Remuneration Report of the Company.

Process for issuance to the CEO

The mechanical steps to effect the new proposal for the CEO are as follows:

- Step 1 Issue part of Original Approved Allocation:** On 22 December 2014, the CEO was issued proportion of the Original Approved Allocations (being 330,000 performance rights, rather than 625,000 as approved at the AGM) which are eligible to vest on 7 June 2017 and 7 June 2018 subject to EBTDA metrics.
- Step 2 Seek approval to add EPS gateways:** At the 2015 AGM, seek shareholder approval under the Listing Rules to amend the terms of the Original Approved Allocation to add EPS vesting gateways.
- Step 3 Seek approval for New Allocation:** At the 2015 AGM, seek shareholder approval under LR 10.14 to make a new allocation of performance rights (**New Allocation**) (being 170,000 performance rights) which are eligible to vest on 7 June 2019 subject to both an EPS gateway and EBTDA metric.

An Appendix 3Y Disclosure Notice in respect of the issuance of performance rights to Mr Helm has been separately lodged with ASX today. This discloses the issuance of 330,000 performance rights as per step 1 above.

² In this range, a 1% improvement in EBTDA CAGR (above the minimum "0% vesting" standard) corresponds to a 15% increase (above a starting point of 25%) in the vesting proportion. The actual vesting % is this proportion multiplied by the eligible vesting % (rightmost column).

E.g. In PMP1, EBTDA CAGR minimum = 18%. If EBTDA CAGR actual = 20% (and the EPS Gateway is met), the Vesting proportion PMP1 = (20%-18%)*15% + 25% = 55% of PMP1.

The Chairman of OzForex, Mr Peter Warne, said: *"We take shareholder feedback very seriously and appreciated the time and effort our shareholders took to explain their views prior to and at our AGM this year. Even though the resolution was passed at the AGM we have decided to adjust some aspects of the proposal based on the feedback we received and felt it important to now communicate these change to our shareholders."*

The Board will also incorporate shareholder feedback into setting the terms of any future issuances of performance rights.

Key contacts:

Linda Cox
Company Secretary and Head of Investor Relations
Mobile +61 448 911 029