

VERITAS DGC INC
Form 10-K/A
June 01, 2005

[QuickLinks](#) -- Click here to rapidly navigate through this document

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**Form 10-K/A
(Amendment No. 1)**

(Mark One)

**ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934**

For the fiscal year ended July 31, 2004

OR

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission file number 1-7427

Veritas DGC Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

76-0343152

(I.R.S. Employer
Identification No.)

**10300 Town Park
Houston, Texas**

(Address of principal executive offices)

77072

(Zip Code)

(832) 351-8300

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class

Name of Each Exchange on Which Registered

Common Stock, \$.01 par value
Preferred Stock Purchase Rights

New York Stock Exchange
New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Edgar Filing: VERITAS DGC INC - Form 10-K/A

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Securities and Exchange Act of 1934).
Yes No

The aggregate market value of the registrant's voting stock held by non-affiliates of the registrant was \$412,830,734 as of January 30, 2004.

The number of shares of the Company's common stock, \$.01 par value, outstanding at March 31, 2005 was 33,849,816 (including 155,370 Veritas Energy Services Inc. exchangeable shares which are identical to the Common Stock in all material respects).

EXPLANATORY NOTE

In the course of preparing the Proxy Statement for the Annual Meeting of Stockholders to be held on June 22, 2005, we discovered that errors existed in the Summary Compensation Table and in the Aggregated Option Exercises in Fiscal Year Table contained in "Item 11. Executive Compensation" of our original annual report on Form 10-K. As a result, we have amended our original Form 10-K with this Form 10-K/A (Amendment No. 1) to correct those errors as well as certain misspellings and other immaterial mistakes in Items 9B, 10, 11, and 12 in the original Form 10-K.

ITEM 9B. Other Information

Global Management Incentive Plan

In June 2004, the compensation committee of our board of directors adopted the Global Management Incentive Plan and selected certain of our senior executives, including executive officers, to participate in the new plan. The incentive plan is effective for the fiscal year commencing August 1, 2004 and subsequent years.

Under the terms of the incentive plan, which is administered by the compensation committee, each participant is assigned a target bonus percentage that is a percentage of his or her annual base salary. The target bonus percentages under the incentive plan for fiscal year 2005 range from 50% to 75% of annual base salary. Each participant is eligible to earn as incentive compensation a percentage of his or her target bonus percentage not to exceed two times his or her annual target payout if certain financial and individual goals are met.

Financial and individual goals under the incentive plan were set prior to the beginning of fiscal year 2005. In the case of participants who are officers or corporate personnel, 37.5% of any performance award is conditioned upon the company attaining a specified threshold amount of profit before income taxes and 37.5% is conditioned upon the company attaining a specified threshold amount of return on assets.⁽¹⁾ To earn the remaining 25% of the performance award, the participant must attain discrete business goals set by the chief executive officer or the chief operating officer or, in the case of executive officers, by the compensation committee.

The incentive plan provides that each participant will be paid a partial performance award, if earned, based on the financial results of the first six months of the fiscal year. It is contemplated that mid-year awards will be made in March each year. The mid-year payment is calculated by multiplying the target incentive percentage times 75% (the portion of the incentive associated with financial performance) times 50% times the percentage of the financial goal attained not to exceed 100%. The mid-year payment will not take the achievement of individual goals into account this has the practical effect of limiting the mid-year payment to 37.5% of the target payout⁽²⁾

(1) When the incentive plan was originally adopted in June 2004, 37.5% of any performance award was conditioned upon the company attaining a specified threshold amount of return on investment. In October 2004, the compensation committee changed this measurement to return on assets.

(2) On April 1, 2005, the mid-year payment was made to all participants in the Global Management Incentive Plan, including the following amounts to our executive officers: Thierry Pilenko \$126,563; Stephen J. Ludlow \$49,691; Timothy L. Wells \$74,250; Mark E. Baldwin \$67,500; Vincent M. Thielen \$33,806; and Larry L. Worden \$42,188.

Edgar Filing: VERITAS DGC INC - Form 10-K/A

The following table shows each executive officer's target bonus percentage, annual base salary as of August 1, 2004, and base salary after increases for certain executive officers effective April 2, 2005:

Name	Title	Target Payout	Base Salary as of July 31, 2004	Base Salary as of April 2, 2005
Thierry Pilenko	Chairman and Chief Executive Officer	75%	\$ 450,000	\$ 475,000
Stephen J. Ludlow	Vice Chairman	50%	\$ 265,021	\$ 280,000
Timothy L. Wells	President and Chief Operating Officer	60%	\$ 330,000	\$ 350,000
Mark E. Baldwin	Executive Vice President, Chief Financial Officer and Treasurer	60%	\$ 0*	\$ 300,000
Vincent M. Thielen	Vice President, Corporate Controller	50%	\$ 180,300	\$ 180,300
Larry L. Worden	Vice President, General Counsel and Secretary	50%	\$ 225,000	\$ 240,000

*

Mr. Baldwin joined the company in August 2004 at a base annual salary of \$300,000.

Key Contributor Incentive Plan

In June 2004, our compensation committee terminated the company's existing Key Contributor Incentive Plan (as amended and restated March 3, 2003) and replaced it with a new plan also known as the Key Contributor Incentive Plan. The new key contributor plan is effective for the fiscal year commencing August 1, 2005 and subsequent years.

The key contributor plan is administered by a management committee comprised of the company's chief executive officer, chief operating officer and vice president, human resources. Participants in the key contributor plan include managerial and administrative personnel selected by the management committee. Officers and senior managers of the company are not eligible to participate in the key contributor plan.

Each participant in the key contributor plan is assigned a target bonus percentage that is a percentage of his or her annual base salary. The target bonus percentages under the key contributor plan for fiscal year 2005 range from 5% to 35% of annual base salary. Each participant is eligible to earn as incentive compensation a percentage of his or her target incentive percentage not to exceed two times his or her annual target payout if certain financial and individual goals are met.

Financial and individual goals under the incentive plan were set prior to the beginning of fiscal year 2005. In the case of participants who are corporate personnel, 50% of any performance award is conditioned upon the company attaining a specified threshold amount of profit before income taxes and 25% is conditioned upon the company attaining a specified threshold amount of return on assets.⁽³⁾ For division personnel, awards are conditioned upon division, rather than company, performance. To earn the remaining 25% of the performance award, the participant must attain discrete business goals set by the participant's immediate supervisor.

The incentive plan provides that each participant will be paid a partial performance award, if earned, based on the financial results of the first six months of the fiscal year. It is contemplated that the mid-year award will be made in March each year. The mid-year payment is calculated by multiplying the target incentive percentage times 75% (the portion of the incentive associated with financial performance) times 50% times the percentage of the financial goal attained, not to exceed 100%. The mid-year payment will not take the achievement of individual goals into account this has the practical effect of limiting the mid-year payment to 37.5% of the target payout.

(3)

When this latest key contributor plan was originally adopted in June 2004, 25% of any performance award was conditioned upon the company attaining a specified threshold amount of return on investment. In October 2004, the compensation committee changed this measurement to return on assets.

PART III

ITEM 10. *Directors and Executive Officers of the Registrant***Directors**

Certain information concerning each of our eight directors as of March 31, 2005, is set forth below:

Name	Principal Position with Veritas DGC	Age	Director Since	Member of
Loren K. Carroll	Director	61	2003	Audit committee; compensation committee
Clayton P. Cormier	Director	72	1991	Audit committee (chairman)
James R. Gibbs	Director	60	1997	Compensation committee; nominating and corporate governance committee (chairman)
Stephen J. Ludlow	Director, Vice Chairman	54	1994	
Brian F. MacNeill	Director	65	1996	Compensation committee (chairman); nominating and corporate governance committee
Thierry Pilenko	Director, Chairman and Chief Executive Officer	47	2004	
Jan Rask	Director	49	1998	Audit committee; nominating and corporate governance committee
David F. Work	Director	59	2004	Compensation committee

Loren K. Carroll is currently president and chief executive officer of M-I Swaco and is also executive vice president of Smith International, Inc. Mr. Carroll also serves as a director of Smith International, Inc. and as a director of Fleetwood Enterprises, Inc. Mr. Carroll joined Smith International in December 1984 as vice president and chief financial officer. In January 1988 he was appointed executive vice president and chief financial officer of Smith International and served in that capacity until March 1989. Mr. Carroll then rejoined Smith International in 1992 as executive vice president and chief financial officer. Smith International holds a 60% interest in M-I Swaco.

Clayton P. Cormier is currently a financial and insurance consultant. Prior to that, Mr. Cormier was a senior vice president in the oil and gas division of Johnson & Higgins, an insurance broker, from 1986 to 1991 and previously served as chairman of the board, president, and chief executive officer of Ancon Insurance Company, S.A. and as an assistant treasurer of ExxonMobil Corp.

James R. Gibbs is chairman, president and chief executive officer of Frontier Oil Corporation, an oil refining and marketing company. He has been chairman since January 1999, chief executive officer since 1992 and president since 1987. He has been employed there for twenty-two years. Mr. Gibbs is a director of Frontier Oil Corporation and Smith International, Inc., an advisory director of Frost Bank-Houston, and a member of the Board of Trustees of Southern Methodist University.

Stephen J. Ludlow became vice chairman of Veritas DGC in January 1999. From August 1996, upon consummation of the business combination between Veritas DGC (formerly Digicon Inc.) and Veritas Energy Services until January 1999, he was president and chief operating officer of Veritas DGC Inc. He has been employed by Veritas DGC for 33 years and served as president and chief executive officer of Veritas DGC from 1994 to 1996. Prior to 1994, he served as executive vice president of Veritas DGC for four years following eight years of service in a variety of management positions with increasing levels of responsibility, including several years of service as the executive responsible for operations in Europe, Africa and the Middle East.

Brian F. MacNeill is currently chairman of PetroCanada, an integrated oil and natural gas energy company and Dofasco Inc., a steel producer. Prior to his retirement on January 1, 2001, he was president and chief executive officer of Enbridge Inc., a crude oil and liquids transportation and natural gas distribution company, for more than five years. Mr. MacNeill is also a director of PetroCanada, Dofasco Inc., TELUS Corporation, West Fraser Timber Co., Ltd., Sears Canada Inc., Toronto-Dominion Bank, Western Oil Sands, Inc., and Legacy Hotel Real Estate Investment Trust.

Thierry Pilenko became chairman and chief executive officer and a director of Veritas DGC in March 2004. Prior to his appointment and since 2001, Mr. Pilenko served as managing director of SchlumbergerSema, a Schlumberger Ltd. company located in Paris. From 1998-2001, he was president of Geoquest, another Schlumberger Ltd. company located in Houston, Texas. Mr. Pilenko was employed by Schlumberger Ltd. and its affiliated companies in various parts of the world beginning in 1984 in a variety of progressively more responsible operating positions.

Jan Rask is currently president and chief executive officer and a director of TODCO, formerly known as R & B Falcon, and has held that position since July 2002. From September 2001 to July 2002, he was the Managing Director-Acquisitions and Special Projects of Pride International, Inc. and from July 1996 to September 2001, Mr. Rask was president, chief executive officer and director of Marine Drilling Companies, Inc. Mr. Rask served as president and chief executive officer of Arethusia (Off-Shore) Limited from May 1993 until the acquisition of Arethusia (Off-shore) Limited by Diamond Offshore Drilling, Inc. in May 1996. Mr. Rask joined Arethusia (Off-shore) Limited's principal operating subsidiary in 1990 as its president and chief executive officer.

David F. Work is currently an oil and gas industry consultant. From 2001 until October 2003, he served as the chairman of Energy Virtual Partners, Inc., a privately held company engaged in the business of managing under-resourced oil and gas properties. For more than five years prior to his retirement from BP Amoco in October 2000, he served in various management capacities with Amoco and BP Amoco, including group vice president of exploration and, finally, as regional president in the United States. Mr. Work currently also serves as a director of Edge Petroleum Corporation, CrystaTech, Inc. and TerraTek, Inc.

Executive Officers

Except as described under the heading "Employment Agreements" below, our executive officers serve at the pleasure of our board of directors and are subject to annual appointment by our board of directors at its first meeting following each annual meeting of stockholders. In addition to Messrs. Pilenko and Ludlow, who are listed under "Directors" with their biographical information, our executive officers include the following individuals as of March 31, 2005:

Timothy L. Wells, age 51, was appointed president and chief operating officer of Veritas DGC in January 1999. He has been employed by Veritas DGC for nineteen years, having served as president of Veritas DGC's Asia Pacific division, regional manager of North and South American processing, manager of research and programming and in various other capacities in North and South America.

Mark E. Baldwin, age 51, was appointed executive vice president, chief financial officer and treasurer of Veritas DGC in August 2004. Prior to his appointment and since 2003, Mr. Baldwin was an operating partner in First Reserve Corporation, a privately held oilfield services equity firm. From 2001 to 2002, he served as executive vice president and chief financial officer of Nexitraone, LLC, a privately held telecommunications company. From 1997 to 2001, Mr. Baldwin was chairman and chief executive officer of Pentacon, Inc., then a publicly traded distributor of aerospace and industrial fasteners. For the seventeen years prior to 1997, Mr. Baldwin held a number of progressively more responsible financial and operating positions with Keystone International, Inc., then a publicly traded manufacturer of flow control devices.

Vincent M. Thielen, age 44, was appointed vice president, corporate controller of Veritas DGC in September 2003. Prior to his appointment, he had been employed by Veritas DGC for 4 years as corporate controller. Prior to that time, he served for eighteen years in various technical, operational and financial roles at Baker-Hughes Incorporated.

Larry L. Worden, age 52, was appointed vice president, general counsel and secretary of Veritas DGC in December 1998. For ten years prior to that time, Mr. Worden served as vice president, general counsel and secretary of King Ranch, Inc., a privately held Texas corporation. Prior to his employment with King Ranch, Inc. he served as division counsel at National Gypsum Company and practiced law at two private law firms.

Audit Committee

Our board of directors has appointed a standing audit committee in accordance with the requirements of the Securities Exchange Act of 1934 and the New York Stock Exchange. The members of the audit committee are Messrs Carroll, Cormier and Rask. The audit committee assists the board of directors in ensuring that our accounting and reporting practices are in accordance with applicable requirements. Specifically, the audit committee annually reviews and recommends to our board of directors the firm to be engaged to audit the accounts of our company and its subsidiaries. Additionally, the audit committee reviews with such independent accountant the plan and results of the auditing engagement, makes inquiries as to the adequacy of internal accounting controls, and considers the independence of our independent accountants. The committee also reviews the scope and scheduling of our internal audits and reviews the results of those audits.

Our board of directors has determined that each member of the audit committee is financially literate and each has accounting or related financial management expertise, as our Board interprets those terms in its business judgment. Our board of directors has designated each of Messrs Carroll, Cormier, and Rask as "audit committee financial experts" following its determination that each meets the criteria for such designation set forth in Item 401(h) of Regulation S-K. In addition, our board has affirmatively determined that Messrs Carroll, Cormier, and Rask (i) have no relationship to the company that may interfere with the exercise of their independence from management and the company; (ii) have no material relationship with the company (either directly as a partner, shareholder or officer of an organization that has a relationship with the company) and (iii) are otherwise "independent" as that term is defined in Section 303A.02 of the New York Stock Exchange Listed Company Manual and Rule 10A-3(b)(1) and Item 7(d)(3)(iv) of Schedule 14A under the Securities Exchange Act of 1934.

Stockholder Recommendations of Nominee(s) to Our Board

In October 2004, we adopted a new policy governing the method by which stockholders may recommend nominees to our board of directors. Under the terms of that policy, stockholders or a group of stockholders may recommend potential candidates for consideration by our nominating and corporate governance committee by sending a written request to the company's corporate secretary not

earlier than the 150th calendar day and not later than the 90th calendar day before the anniversary of the date our proxy statement was released to security holders in connection with our preceding year's annual meeting. Such written request shall be sent to our principal executive offices, 10300 Town Park Drive, Houston, Texas 77072, Attn: Corporate Secretary. The written request must include the candidate's name, contact information, biographical information and qualifications. The request must also include the potential candidate's written consent to being named in the proxy statement as a nominee and to serving as a director if nominated and elected. The stockholder or group of stockholders making the recommendation must also disclose, with the written request described above, the number of shares that the stockholder or group beneficially owns and the period of time the stockholder or group has beneficially owned the shares. The committee may request additional information from time to time from the nominee or the stockholder.

In accordance with SEC rules, if the committee receives not later than 120 calendar days before the anniversary of the date we released our prior year's proxy statement to stockholders, a recommended nominee from any stockholder or group beneficially owning more than 5% of our shares (and who has owned such amount for at least one year), we will disclose the identity of the candidate and the stockholder or group that recommended the candidate as well as whether the committee chose to nominate the candidate, provided that disclosure of the names will not be made without the written consent of both the candidate and the stockholder or group that made the recommendation.

Pursuant to our bylaws, only persons who are nominated in accordance with the following procedures are eligible for election as directors. Nominations of persons for election to our board of directors may be made at a meeting of stockholders only (a) by or at the direction of our board of directors or (b) by any stockholder of our company who is a stockholder of record at the time of giving of the required notice described below, who is entitled to vote for the election of directors at the meeting, and who complies with the following notice procedures. All nominations, other than those made by or at the direction of our board of directors, must be made pursuant to timely notice in writing to the Secretary of the Company. To be timely, a stockholder's notice must be delivered to or mailed and received at our principal executive offices, 10300 Town Park Drive, Houston, Texas 77072 Attention: Secretary, (i) with respect to an election to be held at an annual meeting not less than 90 days nor more than 120 days before that date which is the first anniversary of the preceding year's annual meeting and (ii) with respect to any election to be held at a special meeting of stockholders, no earlier than the ninetieth day prior to such special meeting and not later than the close of business on the later of the seventieth day prior to such special meeting or the tenth day following the day on which public announcement is first made of the date of the special meeting or of the nominees proposed by our board of directors to be elected at such meeting. If the annual meeting is advanced by more than 30 days, or delayed by more than 90 days, from the anniversary date of the preceding year's annual meeting, the nomination must be delivered not earlier than the 120th day prior to the current year's annual meeting and not later than the later of (1) the 90th day prior to the annual meeting or (2) the 10th day following the announcement of the change in the annual meeting date. A stockholder's notice to the Secretary of our company must set forth (a) as to each person whom the stockholder proposes to nominate for election as a director, all information relating to the person that is required to be disclosed in solicitations for proxies for election of directors, or is otherwise required, pursuant to Regulation 14A under the Securities Exchange Act (including the written consent of such person to be named in the proxy statement as a nominee and to serve as a director if elected); and (b) as to the stockholder giving the notice and the beneficial owner, if any, on whose behalf the nomination or proposal is made (i) the name and address, as they appear on our books, of such stockholder, and (ii) the class and number of shares of capital stock of our company that are beneficially owned by the stockholder.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934 requires our directors, certain of our officers and persons who own more than 10% of a registered class of our equity securities to file reports of ownership and changes of ownership with the Securities and Exchange Commission. We believe, based upon a review of the forms and amendments furnished to us, that each of our directors and officers and greater than 10% stockholders met all applicable filing requirements for the fiscal year ended July 31, 2004.

Code of Ethics

Our board has adopted a code of ethics (we call it our "code of conduct") that governs the business conduct and ethics of our directors, all of our employees and our executive officers, including our chief executive officer, our chief financial officer and our chief accounting officer. Our code of conduct has been posted on our company's internet website at www.veritasdgc.com. In addition, we will provide a printed copy of our code of conduct without charge to any stockholder making written request to Larry L. Worden, Vice President, General Counsel and Secretary, 10300 Town Park Drive, Houston, Texas 77072. It is our intention to disclose on our internet website within four business days of any amendment or waiver

the date and nature of any amendment we make to any provision of our code of conduct that applies to our chief executive officer, our chief financial officer and our chief accounting officer and that relates to any element of the code of ethics definition enumerated in Item 406(b) of Regulation S-K; and

information related to any waiver, including any implicit waiver, we grant to our chief executive officer, our chief financial officer and our chief accounting officer that relates to any element of the code of ethics definition enumerated in Item 406(b) of Regulation S-K.

Corporate Governance Guidelines / Committee Charters

Our board of directors has adopted written corporate governance guidelines that address such matters as board and committee functions and board and committee member qualifications and responsibilities. In addition, our board has adopted written charters for its audit committee, compensation committee, and nominating and corporate governance committee. Each of these charters was most recently amended in October 2004. Copies of our corporate governance guidelines and each of our committee charters are available on our website at www.veritasdgc.com. We will provide a written copy of any of these documents without charge to any stockholder making written request to Larry L. Worden, Vice President, General Counsel and Secretary, 10300 Town Park Drive, Houston, Texas 77072.

ITEM 11. Executive Compensation

The following table reflects all forms of compensation for services to us for the three years ended July 31, 2004, 2003 and 2002 of those individuals who (i) served as our chief executive officer during fiscal 2004, or (ii) were among our four most highly compensated executive officers at July 31, 2004, other than the chief executive officer.

Summary Compensation Table

Name and Principal Position	Fiscal Year	Annual Compensation			Long-Term Compensation Awards		All Other Compensation \$
		Salary \$	Bonus ⁽¹⁾ \$	Other Annual Compensation \$	Restricted Stock Awards \$	Securities Underlying Options #	
Thierry Pilenko ⁽²⁾ <i>Chairman and Chief Executive Officer</i>	2004 2003 2002	181,731	232,359 ⁽³⁾	96,669 ⁽⁴⁾		120,000	
David B. Robson ⁽⁵⁾ <i>Former Chairman and Chief Executive Officer</i>	2004 2003 2002	274,010 429,583 415,000	41,025 298,369			5,000 173,762 ⁽⁷⁾	1,365,785 ⁽⁶⁾
Stephen J. Ludlow <i>Vice Chairman</i>	2004 2003 2002	265,021 265,021 265,021	148,279 20,246 90,100	3,000 ⁽⁹⁾		24,700 60,971 ⁽⁷⁾	11,019 ⁽⁸⁾ 4,000 ⁽⁸⁾
Timothy L. Wells <i>President and Chief Operating Officer</i>	2004 2003 2002	315,000 276,154 260,000	194,706 19,110 88,400	11,586 ⁽⁹⁾	77,460 ⁽¹⁰⁾	24,700 60,284 ⁽⁷⁾	11,759 ⁽⁸⁾ 8,241 ⁽⁸⁾ 4,000 ⁽⁸⁾
Vincent M. Thielen <i>Vice President, Corporate Controller</i>	2004 2003 2002	167,561 140,000 140,000	84,710 8,022 35,700			12,400 17,580 ⁽⁷⁾	11,789 ⁽⁸⁾ 6,522 ⁽⁸⁾ 4,290 ⁽⁸⁾
Larry L. Worden <i>Vice President, General Counsel and Secretary</i>	2004 2003 2002	210,923 194,039 190,000	105,955 14,834 64,600			12,400 29,736 ⁽⁷⁾	9,350 ⁽⁸⁾ 5,657 ⁽⁸⁾ 2,303 ⁽⁸⁾

(1) Bonuses are reported for the year in which they were earned. A portion of the bonus payments reported for 2004 was paid in March 2005, a portion of the bonus payments reported for fiscal 2003 was paid in September 2003 and a portion of the bonus payments reported for fiscal 2002 was paid in September 2002.

(2) Joined the company in March 2004.

(3) Includes a \$75,000 lump-sum payment made to Mr. Pilenko upon his initial employment, and an incentive bonus for fiscal year 2004 of \$157,359 paid in April 2005.

Edgar Filing: VERITAS DGC INC - Form 10-K/A

- (4) Includes reimbursement of legal expenses of \$7,021, and the following amounts paid to Mr. Pilenko in connection with the re-location of his residence to Houston, Texas: cash moving allowance \$37,500; freight for personal effects \$ 23,177, temporary housing expenses \$10,620, airfare for Mr. Pilenko and his family in connection with their relocation to Houston \$ 18,351.
- (5) Retired in March 2004. All compensation paid to Mr. Robson was paid in Canadian dollars amounts shown have been converted to U.S. dollars.

Edgar Filing: VERITAS DGC INC - Form 10-K/A

(6) Includes a lump-sum retirement payment of \$1,350,000, the cost of a retirement gift of \$11,908, and \$3,877, the estimated premiums for group health insurance benefits we provided to Mr. Robson and his wife during fiscal year 2004. We are self-insured and do not pay third-party insurance premiums for our group health coverage. The value of health insurance premiums was calculated using an assumed monthly premium of \$775.41, the same premium we charge to retired or terminated employees in accordance with the Consolidated Omnibus Budget Reconciliation Act of 1985. As part of Mr. Robson's retirement agreement, we agreed to provide him and his wife with health insurance coverage for the remainder of each of their lives.

(7) Includes two option grants: one in August 2002, which would customarily have been made in March 2002 but was delayed pending the consummation of a business combination that was subsequently terminated in July 2002, and the other in March 2003.

(8) Represents company matching contributions pursuant to our 401(k) plan.

(9) For Mr. Ludlow, reflects a service award for 30 years of employment with us, and for Mr. Wells, reflects expense reimbursement for his previous relocation from Singapore to Houston in 1999.

(10) 6,000 shares of restricted stock valued at \$12.91 per share, the closing price of our common stock on the New York Stock Exchange on February 2, 2004, the day of the grant. On July 31, 2004, the restricted shares had a value of \$147,780 based on the July 30, 2004 closing price of our common stock of \$24.63 per share on the New York Stock Exchange. Of the shares issued to Mr. Wells, 2,000 of the restricted shares vested on February 2, 2005, and, assuming that Mr. Wells is still then employed by us, the remaining shares will vest on the following dates: 2,000 shares on February 2, 2006, and 2,000 shares on February 2, 2007. We do not currently pay dividends on our common stock; however, we would pay dividends on the restricted stock should our dividend policy change.

The following table sets forth options we granted during the fiscal year ended July 31, 2004 to our named executive officers:

OPTION GRANTS IN FISCAL YEAR ENDED JULY 31, 2004

Individual Grants					
Name of Officer	Number of securities underlying options granted	Percent of total options granted to employees in fiscal year	Exercise price (\$/share)	Expiration date	Grant Date Present Value ⁽¹⁾ \$
Thierry Pilenko	120,000 ⁽²⁾	18	\$ 15.88	3/1/2009	\$ 1,094,400
David B. Robson	5,000 ⁽³⁾	1	11.19	3/1/2007	25,550
Stephen J. Ludlow	24,700 ⁽⁴⁾	4	11.19	1/6/2009	158,821
Timothy L. Wells	24,700 ⁽⁴⁾	4	11.19	1/6/2009	158,821
Vincent M. Thielen	12,400 ⁽⁴⁾	2	11.19	1/6/2009	79,732
Larry L. Worden	12,400 ⁽⁴⁾	2	11.19	1/6/2009	79,732

(1) Grant Date Present Value of options granted was determined using the Black-Scholes option valuation method assuming no expected dividends over their contractual life. For the other assumptions used, see Note 9 of the Notes to Consolidated Financial Statements.

(2) 40,000 options became exercisable on March 1, 2004, and the remainder become exercisable on the following dates: 40,000 shares on March 1, 2006, and the final 40,000 shares on March 1, 2007, when all options are exercisable.

(3) Options were immediately exercisable when issued on March 1, 2004.

(4) Each grant is exercisable as follows: 25% of the options were immediately exercisable when granted on January 6, 2004 and an additional 25% become exercisable on each succeeding anniversary of the date of grant until January 6, 2007, when all are exercisable.

Edgar Filing: VERITAS DGC INC - Form 10-K/A

The following table sets forth information with respect to options to purchase our shares held by our named executive officers that were exercised during the fiscal year ended July 31, 2004 or were unexercised at fiscal year end.

AGGREGATED OPTION EXERCISES IN FISCAL YEAR ENDED JULY 31, 2004 AND FISCAL YEAR END OPTION VALUES

Name	Options Exercised During Fiscal Year		Number of Unexercised Options Held at Fiscal Year End (#)		Value of In-the-Money Unexercised Options Held at Fiscal Year End (\$) ⁽¹⁾	
	Shares Acquired on Exercise (#)	Value Realized (\$)	Exercisable	Unexercisable	Exercisable	Unexercisable
	Thierry Pilenko				120,000	
David B. Robson	67,106	897,616	121,208		631,714	
Stephen J. Ludlow	49,032	451,500	53,750	49,011	141,969	702,893
Timothy L. Wells			66,537	54,667	603,700	698,191
Vincent M. Thielen			18,687	18,090	203,109	257,191
Larry L. Worden			38,770	24,168	385,847	346,900

(1) Based on the difference between the July 30, 2004 closing price of our common stock of \$24.63 per share on the New York Stock Exchange and the exercise price.

Director Compensation

Effective January 1, 2005, each of our directors who is not also an employee is paid an annual fee of \$35,000 plus travel expenses, a fee of \$1,500 for attendance at each regular or special board and committee meeting (other than telephonic meetings) and a fee of \$750 for attendance at each telephonic board or committee meeting. The chairman of the audit committee is paid an additional annual fee of \$10,000 and the chairmen of the compensation committee and the nominating and corporate governance committee are each paid an additional fee of \$5,000 annually.

Prior to January 1, 2005, each of our directors who was not also an employee was paid an annual fee of \$25,000 plus travel expenses, a fee of \$1,500 for attendance at each regular or special board and committee meeting (other than telephonic meetings) and a fee of \$750 for attendance at each telephonic board or committee meeting. The chairman of the audit committee was paid an additional fee of \$10,000 annually and no additional fees were paid to other committee chairmen.

Under our Share Incentive Plan, non-employee directors are eligible to receive (1) nonqualified options, (2) share appreciation rights, (3) deferred share units, (4) restricted shares and (5) performance shares. The compensation committee determines the type of awards granted and the terms of each grant. For periods after January 1, 2005, each non-employee director will be granted options each year to purchase 6,000 shares of our common stock at fair market value on the date of grant. The options so granted will vest immediately and have a five-year term. Newly elected or appointed non-employee directors will be granted options to purchase 10,000 shares of our common stock at fair market value on the date of grant. The options granted to newly elected or appointed non-employee directors will have a five-year term and become exercisable as follows: 2,500 options immediately upon the date of grant and an additional 2,500 options on each subsequent year on the anniversary of the date of grant. Also, for periods after January 1, 2005, non-employee directors will be allowed to elect to receive deferred share units issued under our Share Incentive Plan in lieu of either 100 percent or 50 percent of their annual grant of options to purchase 6,000 shares of our common stock. In the event of such an election, the electing director will receive one deferred share unit in lieu of each three options: 2,000 deferred share units in the event of a 100 percent election or 1,000

deferred share units in the event of 50 percent election. The deferred share units will be vested immediately upon grant. Each deferred share unit automatically converts to one share of our common stock upon the director's retirement or other termination.

For periods prior to January 1, 2005, continuing non-employee directors were granted options each year, typically in March, to purchase 5,000 shares of our common stock. The options so granted vested immediately and have a five-year term. Prior to January 1, 2005, newly elected or appointed non-employee directors were granted options upon election or appointment to purchase 10,000 shares of our common stock at fair market value on the date of grant. The options granted to newly elected or appointed non-employee directors had a five-year term and became exercisable as follows: 2,500 options immediately upon the date of grant and an additional 2,500 options on each subsequent year in which the director continues to serve on the Board on the anniversary of the date of grant.

For each calendar year beginning with calendar year 2003, each of our non-employee directors may elect to receive deferred share units issued under our Share Incentive Plan in lieu of either 25, 50, 75 or 100 percent of his or her annual director's fee. Once vested, each deferred share unit is convertible into one share of our common stock upon the director's retirement or other termination. A director who elects to receive deferred share units prior to the end of any calendar year is entitled to receive on January 1 of the following year that number of deferred share units with a fair market value, as defined in the plan, equal to the amount deferred. The deferred share units then vest on the following dates: 25 percent on January 1 (the date of grant); and 25 percent on each of the following dates: April 1, July 1, and October 1. Vested deferred share units automatically convert to shares of our common stock upon the director's retirement or other termination. None of our directors elected to receive deferred share units for calendar year 2005. On January 1, 2004, in lieu of 100% of his annual director's fee, we issued Mr. MacNeill 2,386 deferred share units based on a price of our common shares of \$10.48 per share on December 31, 2003. On January 1, 2003, in lieu of 100% of his annual director's fee, we issued Mr. MacNeill 3,165 deferred share units based on a price of our common shares of \$7.90 per share on December 31, 2002.

Employment Agreements

We have entered into employment agreements with each of Messrs. Pilenko, Ludlow, Wells, Baldwin, Thielen and Worden. Our agreement with Mr. Pilenko continues until terminated by prior written notice of either party. Our agreements with Messrs. Ludlow, Wells, Baldwin, Thielen and Worden continue until the employee reaches age 65 unless the agreement is earlier terminated by prior written notice of either party. As of July 31, 2004, the executive officers are entitled to minimum annual salaries under their employment agreements as follows: Mr. Pilenko \$450,000; Mr. Ludlow \$265,021; Mr. Wells \$330,000; Mr. Thielen \$180,300 and Mr. Worden ~~\$225,000~~. Baldwin joined the company in August 2004 at a base salary of \$300,000. In the event of a termination without cause (other than in connection with a change of control of Veritas DGC), each executive officer is entitled to payment under his employment agreement equal to one or more years of annual base salary as follows: Mr. Pilenko three years; Messrs. Ludlow, Wells and Baldwin two years; and Messrs. Thielen and Worden one year. Payment of these amounts will be made over the specified period unless we exercise our option to pay them in a lump sum. In the event of a termination without cause within two years after a change of control of Veritas DGC, each executive officer is entitled to a lump sum payment under his employment agreement equal to the following number times the sum of his annual base salary and annual bonus: Messrs. Pilenko, Ludlow, Wells and Baldwin three; and Messrs. Thielen and Worden two.

(4)

Effective April 2, 2005, the minimum annual salaries of the following officers were increased to the amounts next to their names: Mr. Pilenko \$475,000; Mr. Ludlow \$280,000; Mr. Wells \$350,000; and Mr. Worden \$240,000.

Compensation Committee Interlocks and Insider Participation

None of the four members of our compensation committee Messrs. Carroll, Gibbs, MacNeill or Work is or has been at any time an officer or employee of Veritas DGC or any of its subsidiaries nor has any of them had any relationship with Veritas DGC that would otherwise require disclosure under Items 402 or 404 of Regulation S-K.

ITEM 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters**Equity Compensation Plan Information**

The following table presents data related to all of our equity compensation plans for both non-employee directors and employees as of July 31, 2004, and provides information related to potential ownership dilution as of such date:

**Equity Compensation Plan Information
as of July 31, 2004**

Equity Compensation Plan Category	Number of securities to be issued upon exercise of outstanding options	Weighted-average exercise price of outstanding options	Number of securities available for future issuance under equity compensation plans (excluding securities reserved for issuance in connection with outstanding options)
Equity compensation plans approved by stockholders	1,362,531 ⁽¹⁾ \$	12.54	2,393,492 ⁽²⁾
Equity compensation plans not approved by stockholders	1,817,342 ⁽³⁾	18.92	0 ⁽⁴⁾

(1) Includes 1,090,775 options issued under our Share Incentive Plan approved by stockholders in December 2002. Includes 251,756 options issued before December 9, 1998 under our 1992 Employee Non-qualified Stock Option Plan and 20,000 options issued before December 9, 1997 under our 1992 Non-employee Director Non-qualified Stock Option Plan. Stockholders approved both of the 1992 plans initially and in December 1997 approved amendments increasing the number of shares which could be issued pursuant to options under the 1992 Employee Non-qualified Stock Option Plan. On December 9, 1997, our board of directors increased the number of options available under the 1992 Non-employee Director Non-qualified Stock Option Plan without obtaining stockholder approval and on December 9, 1998, increased the number of options available under the 1992 Employee Non-qualified Stock Option Plan without obtaining stockholder approval. We have assumed that options issued before those dates were issued under plans approved by stockholders and that options issued on or after those dates were issued pursuant to plans not approved by stockholders.

(2) Includes 885,120 shares available for issuance under our employee stock purchase plan and 1,508,372 shares available for issuance under our Share Incentive Plan. Under our Share Incentive Plan, our compensation committee is authorized to make awards to participants in the form of stock options, restricted stock, deferred share units, share appreciation rights or performance shares. The aggregate number of shares available for award under the plan is currently 1,508,372, of which no more than 447,969 shares may be awarded in any form other than stock options.

(3) Includes 724,490 options issued on or after December 9, 1998 under our 1992 Employee Non-qualified Stock Option Plan and 107,800 options issued on or after December 9, 1997 under our 1992 Non-employee Director Non-qualified Stock Option Plan. See note 1 above. Also includes options we assumed in connection with our acquisitions of Enertec Resource Services Inc. in August 1999 and Reservoir Characterization Resource Consulting Inc. in February 2001. The

Edgar Filing: VERITAS DGC INC - Form 10-K/A

remaining 985,052 options were issued under our 2001 Key Employee Non-qualified Stock Option Plan that was not approved by stockholders.

(4)

Effective in December 2002, we are authorized to award equity compensation only in accordance with our stockholder approved Share Incentive Plan.

On December 11, 2002, our stockholders approved the adoption of our current Share Incentive Plan that provides for the issuance to directors, officers and select employees: (1) nonqualified options to purchase our common stock, (2) incentive options to purchase our common stock, (3) share appreciation rights, (4) deferred share units, (5) restricted shares and (6) performance shares. Effective upon the adoption of Share Incentive Plan, we may not award options, restricted stock or other equity compensation to any director, officer or employee under any other plan, including those previously approved by stockholders.

Prior to December 11, 2002 we had two employee nonqualified stock option plans our 1992 Employee Non-qualified Stock Option Plan (the "1992 Plan") and our 2001 Key Employee Non-qualified Stock Option Plan (the "2001 Plan"). Prior to December 11, 2002, we granted options to select employees, including our officers, under the 1992 Plan and to select employees, excluding our officers, under the 2001 Plan. Stockholders approved the adoption of the 1992 Plan in December 1992 and also approved all amendments to the plan through December 1997. In December 1998 and March 1999, our board adopted amendments to the 1992 Plan that increased the number of options available for grant by 1,204,550 and 550,000, respectively. We did not seek stockholder approval of these amendments as such approval was not then required by the terms of the plan, applicable law or stock exchange requirements. In January 2001, we adopted our 2001 Plan, which allowed the issuance of up to 2 million options. We did not seek stockholder approval of the 2001 Plan as such approval was not then required by applicable law or stock exchange requirements.

Options granted under the 1992 Plan and 2001 Plan generally vested over three years and were exercisable over a five to ten-year period from the date of grant. The exercise price for each option is the closing price on the New York Stock Exchange on the last trading day prior to the grant date. As of July 31, 2004, a total of 976,246 options were outstanding under the 1992 Plan and 985,052 were outstanding under our 2001 Plan. No further options may be issued under either plan after December 11, 2002.

Prior to December 11, 2002, we also maintained a stock option plan for non-employee directors (the "Director Plan") under which options were granted to our non-employee directors. Stockholders approved the adoption of the Director Plan in December 1992 and also approved all amendments to the plan through December 1994. In December 1997, our board adopted amendments to the Director Plan that increased the number of options available for grant by 400,000. We did not seek stockholder approval of these amendments as such approval was not then required by the terms of the plan, applicable law or stock exchange requirements.

The Director Plan provided that every year each eligible director was granted options to purchase 5,000 shares of our common stock which vest over a period of three years from the date of grant and are exercisable over five to ten years from the date of grant. The exercise price for each option is the closing price on the New York Stock Exchange on the last trading day prior to the grant date. As of July 31, 2004, a total of 127,800 options were outstanding under the Director Plan. No further options may be issued under the Director Plan after December 11, 2002.

Our current Share Incentive Plan is described further in the Note 9 to Notes to Consolidated Financial Statements above.

Security Ownership of Certain Beneficial Owners and Management

The following table sets forth certain information regarding the beneficial ownership of shares at March 31, 2005, by (i) each person we know to own beneficially more than 5% of the outstanding shares, (ii) all directors, (iii) each executive officer named in the Summary Compensation Table and (iv) all directors and named executive officers as a group.

Name and Address	Amount and Nature of Beneficial Ownership ⁽¹⁾⁽²⁾	Percent of Class ⁽³⁾
Beneficial Owners of 5% or more:		
Barclays Global Investors, NA ⁽⁴⁾ 45 Fremont Street San Francisco, CA 94105	3,119,298	9.2
Goldman Sachs & Company ⁽⁵⁾ 85 Broad Street New York, NY 10004	3,640,933	10.8
Dimensional Fund Advisors Inc. ⁽⁶⁾ 1299 Ocean Avenue Santa Monica, CA 90401	2,474,000	7.3
Named Executive Officers and Directors:		
Thierry Pilenko	40,000	*
David B. Robson	535,234	1.6
Stephen J. Ludlow	86,829	*
Timothy L. Wells	93,783	*
Vincent M. Thielen	26,182	*
Larry L. Worden	53,653	*
Loren K. Carroll	12,500	*
Clayton P. Cormier	38,304	*
James R. Gibbs	37,250	*
Brian F. MacNeill	49,551	*
Jan Rask	31,500	*
David F. Work	2,500	*
All directors and executive officers as a group (12 persons)	1,007,286	2.9

*

Does not exceed one percent

(1)

Each person has sole voting and investment power with respect to the shares listed.

(2)

Includes the following shares subject to options granted pursuant to Veritas DGC option plans and exercisable within 60 days: Mr. Pilenko 40,000 shares; Mr. Robson 121,208 shares; Mr. Ludlow 75,168 shares; Mr. Wells 87,783 shares; Mr. Thielen 26,182; Mr. Worden 49,304 shares; Mr. Carroll 10,000 shares; Mr. Cormier 36,300 shares; Mr. Gibbs 36,250 shares; Mr. MacNeill 40,000 shares; Mr. Rask 31,500 shares; and Mr. Work 2,500 shares; and all directors and executive officers as a group 538,745 shares. Includes 5,551 deferred share units owned by Mr. MacNeill, each of which will automatically convert to one share of our common stock upon his retirement as a director. Includes 4,000 shares of restricted stock issued to Mr. Wells which become vested 2,000 shares on February 2, 2006 and 2,000 shares on February 2, 2007.

Edgar Filing: VERITAS DGC INC - Form 10-K/A

- (3) Percentages are calculated based on a total of 33,849,816 shares outstanding as of March 31, 2005 plus, in calculating the percentage for each person or group, the number of any options and deferred share exercisable within 60 days of March 31, 2005 owned by such person or group, in accordance with Rule 13d-3(d)(1).
- (4) Based solely on information furnished in Schedule 13G filed with the Securities and Exchange Commission by such person on February 14, 2005. Includes 2,835,092 shares with sole dispositive power and 3,119,298 shares with sole investment power.
- (5) Based solely on information furnished in Schedule 13G filed with the Securities and Exchange Commission by such person on February 11, 2005. Includes 2,229,254 shares with sole voting power and 3,640,933 shares with sole investment power.
- (6) Based solely on information furnished in Schedule 13G filed with the Securities and Exchange Commission by such person on February 9, 2005.
-

Edgar Filing: VERITAS DGC INC - Form 10-K/A

EXHIBIT INDEX

Exhibit No.	Description
3.1	Restated Certificate of Incorporation with amendments of Veritas DGC Inc. dated August 30, 1996. (Exhibit 3.1 to Veritas DGC Inc.'s Current Report on Form 8-K dated September 16, 1996 is incorporated herein by reference.)
3.2	Certificate of Ownership and Merger of New Digicon Inc. And Digicon Inc. (Exhibit 3-B to Digicon Inc.'s Registration Statement No. 33-43873 dated November 12, 1991 is incorporated herein by reference.)
3.3	Certificate of Amendment to Restated Certificate of Incorporation of Veritas DGC Inc. dated September 30, 1999 (Exhibit 3-D to Veritas DGC Inc.'s For 10-K for the year ended July 31, 1999 is incorporated herein by reference.)
3.4	Certificate of Amendment to Restated Certificate of Incorporation of Veritas DGC Inc. dated September 30, 1999 (Exhibit 4.4 to Veritas DGC Inc.'s Registration Statement No. 333-111997 dated January 20, 2004 is incorporated herein by reference.)
3.5	By-laws of Veritas DGC Inc. as amended and restated September 23, 2003 (Exhibit 4.5 to Veritas DGC Inc.'s Registration Statement No. 333-111997 dated January 20, 2004 is incorporated herein by reference.)
4.1	Specimen Veritas DGC Inc. Common Stock certificate (Exhibit 4-C to Veritas DGC Inc.'s Form 10-K for the year ended July 31, 1996 is incorporated herein by reference.)
4.2	Rights Agreement between Veritas DGC Inc. and ChaseMellon Shareholder Services, L.L.C. dated as of May 15, 1997. (Exhibit 4.1 to Veritas DGC Inc.'s Current Report on Form 8-K filed May 27, 1997 is incorporated herein by reference.)
4.3	Indenture dated March 3, 2004 between Veritas DGC Inc. and U.S. Bank National Association, as trustee. (Exhibit 4.2 to Veritas DGC Inc.'s Current Report on Form 8-K dated March 3, 2004 is incorporated herein by reference.)
4.4	Global note representing \$125,000,000 aggregate principal amount of Floating Rate Convertible Senior Notes Due 2024 (Exhibit 4.3 to Veritas DGC Inc.'s Current Report on Form 8-K dated March 3, 2004 is incorporated herein by reference.)
4.5	Registration Rights Agreement dated as of March 3, 2004 by and between Veritas DGC Inc. and Deutsche Bank Securities Inc. (Exhibit 4.1 to Veritas DGC Inc.'s Current Report on Form 8-K dated March 3, 2004 is incorporated herein by reference.)
9.1	Voting and Exchange Trust Agreement dated August 30, 1996 among Digicon Inc., Veritas Energy Services Inc. and The R-M Trust Company. (Exhibit 9.1 of Veritas DGC Inc.'s Current Report on Form 8-K dated September 16, 1996 is incorporated herein by reference.)
9.2	Voting and Exchange Trust Agreement dated September 30, 1999 among Veritas DGC Inc., Veritas Energy Services Inc. and CIBC Mellon Trust Company. (Exhibit 9-B to Veritas DGC Inc.'s Form 10-K for the year ended July 31, 1999 is incorporated herein by reference.)
10.1	Support Agreement dated August 30, 1996 between Digicon Inc. and Veritas Energy Services Inc. (Exhibit 10.1 of Veritas DGC Inc.'s Current Report on Form 8-K dated August 30, 1996 is incorporated herein by reference.)

Edgar Filing: VERITAS DGC INC - Form 10-K/A

- **10.2 Form of Restricted Stock Grant Agreement. (Exhibit 10.2 to Veritas DGC Inc.'s Form 10-K for the year ended July 31, 2004 is incorporated herein by reference.)
 - **10.3 Key Contributor Incentive Plan as amended and restated March 3, 2003. (Exhibit 10.1 to Veritas DGC Inc.'s Form 8-K dated March 3, 2005 is incorporated herein by reference.)
 - **10.4 1992 Non-Employee Director Stock Option Plan as amended and restated March 7, 2000. (Exhibit 10-B to Veritas DGC Inc.'s Form 10-Q for the quarter ended April 30, 2000 is incorporated herein by reference.)
 - **10.5 1992 Employee Nonqualified Stock Option Plan as amended and restated March 7, 2000. (Exhibit 10-C to Veritas DGC Inc.'s Form 10-Q for the quarter ended April 30, 2000 is incorporated herein by reference.)
 - **10.6 Amended and Restated Employment Agreement between Veritas DGC Inc. and Matthew D. Fitzgerald. (Exhibit 10-A to Veritas DGC Inc.'s Form 10-Q for the quarter ended October 31, 2001 is incorporated herein by reference.)
 - **10.7 Amendment No. 1 to Amended and Restated Employment Agreement between Veritas DGC Inc. and Matthew D. Fitzgerald. (Exhibit 10-B to Veritas DGC Inc.'s Form 10-Q for the quarter ended October 31, 2001 is incorporated herein by reference.)
 - **10.8 Amended and Restated Employment Agreement between Veritas DGC Inc. and Stephen J. Ludlow. (Exhibit 10-C to Veritas DGC Inc.'s Form 10-Q for the quarter ended October 31, 2001 is incorporated herein by reference.)
 - **10.9 Amendment No. 1 to Amended and Restated Employment Agreement between Veritas DGC Inc. and Stephen J. Ludlow. (Exhibit 10-D to Veritas DGC Inc.'s Form 10-Q for the quarter ended October 31, 2001 is incorporated herein by reference.)
 - **10.10 Amended and Restated Employment Agreement between Veritas DGC Inc. and David B. Robson. (Exhibit 10-E to Veritas DGC Inc.'s Form 10-Q for the quarter ended October 31, 2001 is incorporated herein by reference.)
 - **10.11 Amendment No. 1 to Amended and Restated Employment Agreement between Veritas DGC Inc. and David B. Robson. (Exhibit 10-F to Veritas DGC Inc.'s Form 10-Q for the quarter ended October 31, 2001 is incorporated herein by reference.)
 - **10.12 Amended and Restated Employment Agreement between Veritas DGC Inc. and Timothy L. Wells. (Exhibit 10-K to Veritas DGC Inc.'s Form 10-Q for the quarter ended October 31, 2001 is incorporated herein by reference.)
 - **10.13 Amendment No. 1 to Amended and Restated Employment Agreement between Veritas DGC Inc. and Timothy L. Wells. (Exhibit 10-L to Veritas DGC Inc.'s Form 10-Q for the quarter ended October 31, 2001 is incorporated herein by reference.)
 - **10.14 Employment Agreement between Veritas DGC Inc. and Larry L. Worden. (Exhibit 10-M to Veritas DGC Inc.'s Form 10-Q for the quarter ended October 31, 2001 is incorporated herein by reference.)
 - **10.15 Amendment No. 1 to Employment Agreement between Veritas DGC Inc. and Larry L. Worden. (Exhibit 10-N to Veritas DGC Inc.'s Form 10-Q for the quarter ended October 31, 2001 is incorporated herein by reference.)
 - **10.16 Deferred Compensation Plan effective January 1, 2001. (Exhibit 10-Q to Veritas DGC Inc.'s Form 10-Q for the quarter ended October 31, 2000 is incorporated by reference.)
-

Edgar Filing: VERITAS DGC INC - Form 10-K/A

- **10.17 Rabbi Trust Agreement between Veritas DGC Inc. and Austin Trust Company relating to the Deferred Compensation Plan. (Exhibit 10-R to Veritas DGC Inc.'s Form 10-Q for the quarter ended October 31, 2000 is incorporated herein by reference.)
- **10.18 2001 Key Employee Nonqualified Stock Option Plan effective February 1, 2001. (Exhibit 10-S to Veritas DGC Inc.'s Form 10-Q for the quarter ended January 31, 2001 is incorporated by reference.)
- **10.19 Key Employee Restricted Stock Plan effective February 1, 2001. (Exhibit 10-T to Veritas DGC Inc.'s Form 10-Q for the quarter ended January 31, 2001 is incorporated herein by reference.)
- **10.20 Employment Agreement between Veritas DGC Inc. and Matthew D. Fitzgerald. (Exhibit 10-U to Veritas DGC Inc.'s Form 10-Q for the quarter ended April 30, 2001 is incorporated herein by reference.)
- 10.21 Credit Agreement among Veritas DGC Inc., as borrower, and Wells Fargo, Inc., as a bank and agent for the banks named therein, dated July 19, 2001. (Exhibit 10-W to Veritas DGC Inc.'s Form 10-K for the year ended July 31, 2001 is incorporated herein by reference.)
- 10.22 Credit Agreement, dated as of February 14, 2003, among Veritas DGC Inc., Veritas DGC Limited, Veritas Energy Services Inc., Veritas Energy Services Partnership, Deutsche Bank AG, New York Branch, as Administrative Agent, Deutsche Bank AG, Canada Branch, as Canadian Administrative Agent, and the various lending institutions named therein. (Exhibit 10.1 to Veritas DGC Inc.'s Current Report on Form 8-K dated February 19, 2003 is incorporated herein by reference.)
- **10.23 Veritas DGC Inc. Employee Share Purchase Plan. (Exhibit 4.8 to Veritas DGC Inc.'s Registration Statement No. 333-111997 dated January 20, 2004 is incorporated herein by reference.)
- 10.24 Third Amendment to Credit Agreement dated February 20, 2004 by and among Veritas DGC Inc., Veritas DGC Limited, Veritas Energy Services Inc., Veritas Energy Services Partnership, Deutsche Bank AG, New York Branch, as Administrative Agent, Deutsche Bank AG, Canada Branch, as Canadian Administrative Agent, and the various lending institutions named therein. (Exhibit 10.2 to Veritas DGC Inc.'s Form 10-Q for the quarter ended January 31, 2004 is incorporated herein by reference.)
- 10.25 Retirement Agreement between Veritas DGC Inc. and David B. Robson dated January 1, 2004. (Exhibit 10.4 to Veritas DGC Inc.'s Form 10-Q for the quarter ended January 31, 2004 is incorporated herein by reference.)
- **10.26 Employment Agreement between Veritas DGC Inc. and Thierry Pilenko dated January 26, 2004. (Exhibit 10.3 to Veritas DGC Inc.'s Form 10-Q for the quarter ended January 31, 2004 is incorporated herein by reference.)
- **10.27 Employment Agreement between Veritas DGC Inc. and Mark E. Baldwin dated August 24, 2004. (Exhibit 10.27 to Veritas DGC Inc.'s Form 10-K for the year ended July 31, 2004 is incorporated herein by reference.)
- **10.28 Employment agreement between Veritas DGC Inc. and Vincent M. Thielen dated September 23, 2003. (Exhibit 10.28 to Veritas DGC Inc.'s Form 10-K for the year ended July 31, 2004 is incorporated herein by reference.)
- **10.29 Veritas DGC Inc. Global Management Incentive Plan (including all amendments through October 4, 2004) (Exhibit 10.1 to Veritas DGC Inc.'s Form 8-K dated March 3, 2005 is incorporated herein by reference.)
-

Edgar Filing: VERITAS DGC INC - Form 10-K/A

- **10.30 Veritas DGC Inc. Key Contributor Plan (including all amendments through October 4, 2004) (Exhibit 10.1 to Veritas DGC Inc.'s Form 8-K dated March 3, 2005 is incorporated herein by reference.)
 - **10.31 Description of director compensation. (Exhibit 10.31 to Veritas DGC Inc.'s Form 10-K for the year ended July 31, 2004 is incorporated herein by reference.)
 - **10.32 Form of Indemnity Agreement for directors and officers. (Exhibit 10.32 to Veritas DGC Inc.'s Form 10-K for the year ended July 31, 2004 is incorporated herein by reference.)
 - **10.33 Form of Stock Option Grant Agreement. (Exhibit 10.33 to Veritas DGC Inc.'s Form 10-K for the year ended July 31, 2004 is incorporated herein by reference.)
 - **10.34 Form of Deferred Share Unit Award and Deferral Agreement. (Exhibit 10.34 to Veritas DGC Inc.'s Form 10-K for the year ended July 31, 2004 is incorporated herein by reference.)
 - 21 Subsidiaries of the Registrant. (Exhibit 21 to Veritas DGC Inc.'s Form 10-K for the year ended July 31, 2004 is incorporated herein by reference.)
 - +31.1 Rule 13a-14(a) certification by CEO.
 - +31.2 Rule 13a-14(a) certification by CFO.
 - +32.1 Section 1350 certification by CEO.
 - +32.2 Section 1350 certification by CFO.
-

+ Filed herewith

** Management contract or compensatory plan or arrangement

QuickLinks

EXPLANATORY NOTE

ITEM 9B. Other Information

PART III

ITEM 10. Directors and Executive Officers of the Registrant

ITEM 11. Executive Compensation

ITEM 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters
Equity Compensation Plan Information as of July 31, 2004

SIGNATURES

EXHIBIT INDEX