

Clough Limited

ABN 59 008 678 813

NOTICE OF ANNUAL GENERAL MEETING

DATE OF MEETING

Wednesday, 9 October 2013
commencing at 10.00am (Perth time)

PLACE OF MEETING

Parmelia Hilton Hotel
14 Mill Street
Perth WA 6000

CLOUGH LIMITED
ABN 59 008 678 813

The Notice of Annual General Meeting, Notes, Explanatory Statement and Proxy Form should be read in their entirety. If Shareholders are in any doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser.



NOTICE OF ANNUAL GENERAL MEETING

Location of the Meeting

Parmelia Hilton Hotel
14 Mill Street
Perth WA 6000

Corporate Directory

Directors	Mr Keith Spence	Independent Non-Executive Chairman
	Mr David Crawford	Independent Non-Executive Director
	Ms Emma Stein	Independent Non-Executive Director
	Mr Cobus Bester	Non-Executive Director
	Mr Ian Henstock	Non-Executive Director
	Mr Henry Laas	Non-Executive Director
	Mr Kevin Gallagher	CEO and Managing Director
	Mr Neil Siford	CFO and Executive Director

Company Secretary Mr Rajiv Ratneser

Registered Office Level 15
58 Mounts Bay Road
Perth WA 6000
Telephone: +61 8 9281 9281
Facsimile: +61 8 9281 9946
Email: clough@clough.com.au
Website: www.clough.com.au

Auditor Deloitte Touche Tohmatsu
Level 14 Woodside Plaza
240 St Georges Terrace
Perth WA 6000

Share Registry Link Market Services Limited
178 St Georges Terrace
Perth WA 6000
Telephone 1300 554 474

ASX Code CLO

NOTICE OF ANNUAL GENERAL MEETING

The 2013 Annual General Meeting of Clough Limited will be held at the Parmelia Hilton Hotel, 14 Mill Street, Perth, Western Australia on Wednesday, 9 October 2013 commencing at 10.00am (Perth time) (**Meeting**). Shareholder registration for the Meeting will commence from 9.30am.

Terms used in this Notice and accompanying Explanatory Statement are defined in the Glossary on the final page. The Explanatory Statement provides additional details about the matters to be considered at the Meeting.

As announced to the ASX on 31 July 2013, the Company's majority shareholder, Murray & Roberts Holdings Limited, has made a conditional proposal to acquire all the outstanding shares in the Company that it does not already own by way of a scheme of arrangement.

Agenda

Ordinary Business

Financial Statements and Reports (no resolution required)

To receive and consider the Annual Financial Statements, together with the Directors' and Auditor's Reports for the year ended 30 June 2013.

Resolution 1 - Adoption of Remuneration Report (non-binding resolution)

To consider and, if thought fit, pass the following resolution as an **ordinary resolution**:

"That, for the purposes of section 250R(2) of the Corporations Act and for all other purposes, Shareholders adopt the Remuneration Report for the year ended 30 June 2013."

Voting Prohibition Statement for Resolution 1

Under the Corporations Act, a vote on this Resolution 1 must not be cast (in any capacity) by or on behalf of:

- (a) a member of Key Management Personnel whose remuneration details are included in the Remuneration report;
or
- (b) their Closely Related Parties.

However, a person described above may cast a vote on Resolution 1 as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the Proxy Form specifies the way the proxy is to vote on Resolution 1; or
- (b) the proxy is the Chairman and the Proxy Form does not specify the way the proxy is to vote on Resolution 1 and expressly authorises the Chairman to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of Key Management Personnel for the Company (or its consolidated group).

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Resolutions 2(a) and 2(b) - Re-Election of Directors

To consider and, if thought fit, to pass, the following resolutions as **separate ordinary resolutions**:

“That, for the purposes of rule 3.6 of the Constitution and for all other purposes:

Resolution 2(a): *Neil Siford, who retires by rotation in accordance with rule 3.6 of the Constitution, and, being eligible, offers himself for re-election, be re-elected as a Director; and*

Resolution 2(b): *Emma Stein, who retires by rotation in accordance with rule 3.6 of the Constitution, and, being eligible, offers herself for re-election, be re-elected as a Director.”*

Information about Mr Siford and Ms Stein is contained in the Explanatory Statement accompanying this Notice.

Resolution 3 - Grant of Performance Rights to Kevin Gallagher – CEO and Executive Director

To consider and if thought fit, pass the following resolution as an **ordinary resolution**:

“That, for the purposes of Listing Rule 10.14 and for all other purposes, Shareholder approval be given for the grant to Kevin Gallagher of up to that number of Performance Rights that is equal to \$549,495 divided by the 5 day VWAP of Shares traded on ASX prior to the date of grant pursuant to the Executive Incentive Scheme, the terms of which are summarised in the Explanatory Statement accompanying this Notice, and for the issue of Shares upon vesting of any such Performance Rights.”

Voting Prohibition Statement for Resolution 3

Under the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on Resolution 3 if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel for the Company (or its consolidated group); or
 - (ii) their Closely Related Parties; and
- (b) the Proxy Form does not specify the way the proxy is to vote on Resolution 3.

However, this prohibition does not apply to the Chairman appointed as a proxy for a person who is entitled to vote where the Proxy Form expressly authorises the Chairman to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company (or its consolidated group).

Voting Exclusion Statement for Resolution 3

In accordance with the Listing Rules, the Company will disregard any votes cast on Resolution 3 by a Director (except one who is ineligible to participate in any employee incentive scheme in relation to the Company) and their associates. However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the Chairman as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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Resolution 4 - Grant of Performance Rights to Neil Siford – CFO and Executive Director

To consider and if thought fit, pass the following resolution as an **ordinary resolution**:

“That, for the purposes of Listing Rule 10.14 and for all other purposes, Shareholder approval be given for the grant to Neil Siford of up to that number of Performance Rights that is equal to \$105,750 divided by the 5 day VWAP of Shares traded on ASX prior to the date of grant pursuant to the Executive Incentive Scheme, the terms of which are summarised in the Explanatory Statement accompanying this Notice, and for the issue of Shares upon vesting of any such Performance Rights.”

Voting Prohibition Statement for Resolution 4

Under the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on Resolution 4 if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel for the Company (or its consolidated group); or
 - (ii) their Closely Related Parties; and
- (b) the Proxy Form does not specify the way the proxy is to vote on Resolution 4.

However, this prohibition does not apply to the Chairman appointed as a proxy for a person who is entitled to vote where the Proxy Form expressly authorises the Chairman to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company (or its consolidated group).

Voting Exclusion Statement for Resolution 4

In accordance with the Listing Rules, the Company will disregard any votes cast on Resolution 4 by a Director (except one who is ineligible to participate in any employee incentive scheme in relation to the Company) and their associates. However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the Chairman as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Special Business

Resolution 5 - Renewal of Proportional Takeover Provisions in the Constitution

To consider and, if thought fit, pass the following resolution as a **special resolution**:

“That, for the purposes of section 648G of the Corporations Act and for all other purposes, the proportional takeover provisions in rule 38 of the Constitution be renewed for a period of three years from the date of the Meeting.”

By Order of the Board of Directors

Rajiv Ratneser
Company Secretary
Clough Limited
20 August 2013

Clough Limited

ABN 59 008 678 813

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NOTES

These Notes form part of the Notice.

Eligibility to Vote

The Board has determined that persons who are the registered holders of Shares at 4.00pm (Perth time) on Monday, 7 October 2013 will be entitled to attend and vote at the Meeting.

How to Vote

Shareholders may vote by attending the Meeting in person, by proxy, or by an authorised representative.

Voting in Person – Registration and admission to Meeting

Shareholders who wish to attend the Meeting in person are requested to bring their personalised Proxy Form and arrive at the venue 15 to 30 minutes before the start of the Meeting (if possible). Representatives from the Company's share registry, Link Market Services, will verify your shareholding against the Company's share register and note your attendance.

Shareholders who do not bring their Proxy Forms will still be able to attend and vote at the Meeting, but representatives from Link Market Services will need to verify your identity.

Voting by Proxy

Appointing a Proxy

A Shareholder has the right to appoint a proxy, who need not be a Shareholder of the Company. Shareholders entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. Details of how to appoint a proxy are set out in the personalised Proxy Form accompanying this Notice.

If you appoint a proxy, the Company encourages you to direct your proxy how to vote on each Resolution.

To appoint a proxy, the completed Proxy Form must be received not later than 48 hours before the commencement of the Meeting, i.e. no later than 10.00am (Perth time) on Monday, 7 October 2013. Any Proxy Form received after that time will not be valid for the Meeting.

The Proxy Form may be lodged in the following ways:

Online: www.linkmarketservices.com.au

Select 'Investor Login' and enter "Clough Limited" or the ASX code (CLO) in the 'Issuer Name' field, your Holder Identification Number (HIN) or Securityholder Reference Number (SRN) (which is shown on the front of your Proxy Form or your holding statement), postcode and security code which is shown on the screen and click 'Login'. Select the 'Voting' tab and then follow the prompts.

Shareholders will be taken to have signed their Proxy Form if they lodge it in accordance with the instructions given on the website.

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- By mail:** Clough Limited c/ - Link Market Services Limited, Locked Bag A14, Sydney South NSW 1235.
- By fax:** Link Market Services Limited (within Australia) (02) 9287 0309 or (outside Australia) + 61 2 9287 0309.
- By hand:** delivering it to Link Market Services Limited, 1A Homebush Bay Drive, Rhodes NSW 2138.

Express authorisation for undirected proxies on Resolutions 1, 3 and 4

As a member of the Company's Key Management Personnel, the Chairman can only vote undirected proxies on Resolution 1 (Adoption of Remuneration Report), Resolution 3 (Grant of Performance Rights to Kevin Gallagher – CEO and Executive Director) or Resolution 4 (Grant of Performance Rights to Neil Siford – CFO and Executive Director) if the proxy appointment expressly authorises the Chairman to vote those undirected proxies on those Resolutions even though the Resolutions are connected directly or indirectly with the remuneration of a member of Key Management Personnel for the Company (or its consolidated group).

If a Shareholder appoints the Chairman as their proxy in relation to Resolution 1, Resolution 3 or Resolution 4, but does not complete any of the boxes "For", "Against" or "Abstain" opposite those Resolutions on the Proxy Form, that Shareholder **will be expressly authorising** the Chairman to vote on the relevant Resolution in accordance with the Chairman's stated voting intention, even though the Resolutions are connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company (or its consolidated group). The Chairman of the Meeting intends to vote (where appropriately authorised) all undirected proxies on, and **in favour** of, each Resolution. Therefore, if a Shareholder appoints the Chairman of the Meeting as its proxy, without a voting direction, that Shareholder's votes will be cast **for** each of Resolution 1, Resolution 3 and Resolution 4.

If a Shareholder wishes to appoint the Chairman as proxy with a direction to vote against, or abstain from voting, on any of Resolution 1, Resolution 3 or Resolution 4, the Shareholder **must** specify this by marking an "X" in the "Against" or "Abstain" box next to Resolution 1, Resolution 3 or Resolution 4 (as appropriate) on the Proxy Form.

EXPLANATORY STATEMENT

General Information

This Explanatory Statement has been prepared for the Shareholders in relation to the business to be conducted at the Company's 2013 Annual General Meeting. This Explanatory Statement forms part of, and should be read in conjunction with, the Notice. The purpose of this Explanatory Statement is to provide Shareholders with all information that the Board believes to be material to shareholders in deciding whether or not to vote in favour of the Resolutions detailed in the Notice.

Capitalised terms used in this Explanatory Statement are defined in the Glossary on the last page of this Explanatory Statement.

Financial Statements and Reports (no resolution required)

The Annual Financial Report, Directors' Report and Auditor's Report for the Company for the year ended 30 June 2013 will be laid before the Meeting. A copy of the 2013 Annual Report, which includes these reports, is available on the Company's website at www.clough.com.au and on ASX's website www.asx.com.au. There is no requirement for Shareholders to approve these reports.

The Chairman will allow a reasonable opportunity for Shareholders to ask questions or make comments about those reports and the management of the Company. Shareholders will also be given a reasonable opportunity to ask the auditor questions about the conduct of the audit and the preparation and content of the Auditor's Report.

In addition to taking questions at the Meeting, written questions to the Chairman about the management of the Company, or to the Company's auditor about:

- the preparation and content of the Auditor's Report;
- the conduct of the audit;
- accounting policies adopted by the Company in relation to the preparation of the financial statements;
and
- the independence of the auditor in relation to the conduct of the audit,

may be submitted no later than five business days before the Meeting date to Link Market Services Limited, Locked Bag A14, Sydney South NSW 1235, or by facsimile to (within Australia) (02) 9287 0309 or (outside Australia) +61 2 9287 0309.

Resolution 1 - Adoption of Remuneration Report

The Remuneration Report of the Company for the financial year ended 30 June 2013 is contained in the 2013 Annual Report (within the Directors' Report). The Remuneration Report sets out the Company's remuneration arrangements for the Executive and Non-Executive Directors and senior executive employees of the Company. A reasonable opportunity will be given for the discussion of the Remuneration Report at the Meeting.

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Resolution 1 is advisory only and does not bind the Company or the Directors. However, the Corporations Act provides that if a "no" vote of 25 per cent or more at two consecutive annual general meetings are cast, a resolution ("spill resolution") must then be put to shareholders at the second annual general meeting that another meeting should be held (within 90 days) at which all directors (other than the managing director) who were in office at the date of approval of the applicable directors' report must stand for re-election. If 25% of the votes that are cast at the Meeting are voted against the adoption of the Remuneration Report, this will constitute a "first strike" and a spill resolution on whether to hold a further meeting to spill the Board would be put to shareholders if a "second strike" occurs at the 2014 annual general meeting.

Board recommendation: The Board recommends that Shareholders vote in favour of the adoption of the Remuneration Report.

Resolutions 2(a) and 2(b) - Re-Election of Directors

Rule 3.6 of the Constitution provides that a Director, other than the Managing Director, must retire from office at the third annual general meeting after the Director was elected or last re-elected. A Director who retires in accordance with this rule is eligible for re-election. As Neil Siford and Emma Stein were last elected as a Director by the Shareholders at the Company's 2010 annual general meeting, each of these Directors retires at this Meeting by rotation and, being eligible, offers themselves for re-election as a Director in accordance with Resolutions 2(a) and 2(b).

Resolutions 2(a) and 2(b) are separate resolutions. More information about Mr Siford and Ms Stein is set out below.

Neil Siford, BSc (Geography) (Hons), ACA - Chief Financial Officer and Executive Director

Mr Siford joined the Company in 2006 as Finance Manager for Capital Projects and Asset Support and has held a variety of senior finance management positions before being promoted to his current role of Chief Financial Officer in November 2009. He is a Chartered Accountant with more than 25 years of business and financial management experience gained in international organisations in the UK and Australia.

Emma Stein, BSc Hons Physics, MBA, FAICD - Independent Non-Executive Director

Ms Stein is an experienced non-executive director and audit committee chair serving on boards of listed companies DUET (majority owners of the Dampier to Bunbury pipeline), Alumina Ltd, Transpacific Industries and Programmed Maintenance Group. She has considerable experience with industrial customers and a comprehensive set of commercial skills in the international energy and utilities markets, investments in long life assets and projects and the upstream oil and gas sector. Formerly the UK managing director for French utility Gaz de France's energy retailing operations, Ms Stein moved to Australia in 2003. Beginning a career as a non-executive director, Ms Stein took up board appointments at Integral Energy, the NSW Growth Centres Commission and Arc Energy. She is also an Ambassador for the Guides.

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Board recommendation: The Board, other than the Director whose re-election is the subject of the relevant Resolution, recommends that Shareholders vote in favour of Resolutions 2(a) and 2(b).

Resolution 3 - Grant of Performance Rights to Kevin Gallagher – CEO and Executive Director

The Executive Incentive Scheme was approved by Shareholders at the Company's 2012 annual general meeting on 23 October 2012. The Executive Incentive Scheme is an incentive scheme designed to assist with retaining key employees deemed to be strategically important to the Company's business. Under the Executive Incentive Scheme, Performance Rights may be granted to eligible employees subject to the terms and conditions of the Executive Incentive Scheme and in circumstances where the Board believes that it is in the best interests of the Company to align the interests of eligible employees with the performance of the Company, to incentivise those eligible employees and to reduce cash expenditure on incentive based remuneration. Kevin Gallagher, the Company's Chief Executive Officer, has been a Director of the Company since 2011 and is eligible to participate in the Executive Incentive Scheme.

A summary of the terms of the Executive Incentive Scheme was set out in the Company's 2012 notice of annual general meeting, which can be downloaded from www.asx.com.au or www.clough.com.au.

Reasons Shareholder approval is being sought

Listing Rule 10.14 requires a listed company to obtain shareholder approval prior to the issue of securities under an executive incentive scheme to a director of a company or his or her associates. Because Mr Gallagher is a Director of the Company, in accordance with the Listing Rules, any issue of securities (including Performance Rights issued under the Executive Incentive Scheme) to him requires prior approval of Shareholders.

Pursuant to Resolution 3, the Company is seeking Shareholder approval for the purposes of Listing Rule 10.14, and for all other purposes, to make the grant to Mr Gallagher of up to that number of Performance Rights that is equal to \$549,495 divided by the 5 day VWAP of Shares traded on ASX prior to the date of grant in accordance with the terms and conditions of the Executive Incentive Scheme, and for the issue of Shares to him on exercise of any such Performance Rights. Approval under Listing Rule 10.14 is an exception to the prohibition on a company issuing securities to related parties without shareholder approval under Listing Rule 10.11.

During the financial year, the Company's Remuneration & Human Resources Committee consulted with independent remuneration advisors to benchmark the remuneration package of Mr Gallagher against that of peers in organisations of similar sized market capitalisation and in the same industry. The scope of the benchmarking exercise included consideration of remuneration mix, base salary, short term incentive and long term incentive. This review was undertaken to ensure that the Company's remuneration policies continue to be comparable and competitive with market remuneration and retention arrangements.

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Based on this review and the independent benchmark data, the Board considers that the proposed grant of Performance Rights to Mr Gallagher is reasonable and appropriate having regard to the circumstances of the Company and the responsibilities of Mr Gallagher as CEO.

The Company recognises the importance of aligning the interests of the CEO with those of its shareholders and has focussed on this element of remuneration in the adjustment of Mr Gallagher's package.

Specific information required under the Listing Rules

The following additional information with respect to Resolution 3 is provided in accordance with Listing Rule 10.15:

- (a) **Maximum number of securities:** The maximum number of Performance Rights that may be issued under the Executive Incentive Scheme to Mr Gallagher in connection with Resolution 3 is that number of Performance Rights that is equal to \$549,495 divided by the 5 day VWAP of Shares traded prior to the date of grant. Assuming a 5 day VWAP of \$1.42 up to and including 30 August 2013 (being the last practical trading day prior to printing and despatch of this Notice), this would equal a maximum of 386,968 Performance Rights.

If the Performance Rights held by Mr Gallagher vest, on vesting each Performance Right entitles Mr Gallagher to receive one Share or to receive a cash payment equivalent to a market price value of that share. So if all Performance Rights vested and the Company elects to issue Shares instead of providing a cash alternative, which the Company is entitled to do under the terms of the Executive Incentive Scheme, a maximum of that number equal to \$549,495 divided by the 5 day VWAP of Shares traded prior to the date of grant of Shares would be acquired by Mr Gallagher.

- (b) **Terms of issue:** The Performance Rights will be issued to Mr Gallagher in accordance with the terms of the Executive Incentive Scheme (as approved by Shareholders at the Company's 2012 annual general meeting. A summary of the terms of the Executive Incentive Scheme was contained in the Company's 2012 notice of annual general meeting).

The Performance Rights that will be issued will have the following key terms :

Vesting date	Subject to satisfying the relevant performance criteria, 3 years after the date of grant (subject to accelerated vesting in accordance with the terms of the Executive Incentive Scheme).
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Performance Criteria	As set out below :
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Earnings Per Share (EPS) – 50% Weighting

The performance measure requires a compound average EPS growth rate (CAGR) of 5-15% per year for the 3 years to 30 June 2016 as follows:

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- No vesting with regard to the EPS element will occur if the CAGR over 3 years is below 5%.
- 25% of the EPS element will vest at a CAGR of 5%.
- Vesting of the EPS element will continue along a straight line sliding scale to a CAGR of 10% where another 50% of the EPS element would vest.
- Vesting of the EPS element will continue along a straight line sliding scale to a CAGR of 15% where the final 25% of the EPS element will vest.

Total Shareholder Return (TSR) – 50% Weighting

TSR is to be measured against the ASX 200 Accumulation Index as follows:

- No vesting will occur with regard to the TSR element where Clough's performance is below that of the Index over the 3 years to 30 June 2016.
- Where Clough's performance is equal to that of the Index, 50% of the TSR element will vest.
- Vesting of the balance of the TSR element will continue along a straight line sliding scale where the remaining 50% of this element will vest at performance of 125% of the Index.

- (c) **Issue price:** Performance Rights issued under the Executive Incentive Scheme are issued for nil cash consideration. Any Shares issued upon vesting of Performance Rights will also be for nil cash consideration.
- (d) **Prior participation:** Neil Siford, the Company's Chief Financial Officer, was issued 305,885 Performance Rights in 2012 under the Executive Incentive Scheme. This grant was approved by Shareholders at the Company's 2012 annual general meeting and the Performance Rights were issued for nil cash consideration. No other person referred to in Listing Rule 10.14 has been issued securities under the Executive Incentive Scheme since it was approved by Shareholders at the 2012 annual general meeting.
- (e) **Future participation:** Mr Gallagher and Mr Siford are the only persons of the kind referred to in Listing Rule 10.14 who are entitled to participate in the Executive Incentive Scheme.
- (f) **Loan:** No loan is being made available in connection with the grant of the Performance Rights.
- (g) **Date of Issue:** It is proposed that, if Resolution 3 is passed, all Performance Rights to be issued to Mr Gallagher in accordance with Resolution 3 will be issued shortly after the Meeting and, in any event, no later than one year after the date of the Meeting.

Board recommendation: The Board, other than Mr Gallagher, recommends that Shareholders vote in favour of Resolution 3.

EXPLANATORY STATEMENT

Resolution 4 - Grant of Performance Rights to Neil Siford – CFO and Executive Director

As mentioned above with respect to Resolution 3, the Executive Incentive Scheme was approved by Shareholders at the Company's 2012 annual general meeting on 23 October 2012. The Executive Incentive Scheme is an incentive scheme designed to assist with retaining key employees deemed to be strategically important to the Company's business. Under the Executive Incentive Scheme, Performance Rights may be granted to eligible employees subject to the terms and conditions of the Executive Incentive Scheme and in circumstances where the Board believes that it is in the best interests of the Company to align the interests of Eligible Employees with the performance of the Company, to incentivise those eligible employees and to reduce cash expenditure on incentive based remuneration. Neil Siford, the Company's Chief Financial Officer, was appointed as a Director by the Board in August 2010 and is eligible to participate in the Executive Incentive Scheme.

A summary of the terms of the Executive Incentive Scheme was set out the Company's 2012 notice of annual general meeting, which can be downloaded from www.asx.com.au or www.clough.com.au.

Reasons Shareholder approval is being sought

Listing Rule 10.14 requires a listed company to obtain shareholder approval prior to the issue of securities under an executive incentive scheme to a director of a company or his or her associates. As Mr Siford is a Director of the Company, in accordance with the Listing Rules, any issue of securities (including Performance Rights issued under the Executive Incentive Scheme) to him requires prior approval of Shareholders.

Pursuant to Resolution 4, the Company is seeking Shareholder approval for the purposes of Listing Rule 10.14, and for all other purposes, to make a grant to Mr Siford of up to that number of Performance Rights that is equal to \$105,750 divided by the 5 day VWAP of Shares traded prior to the date of grant in accordance with the terms and condition of the Executive Incentive Scheme, and for the issue of Shares to him on exercise of any such Performance Rights. Approval under Listing Rule 10.14 is an exception to the prohibition on a company issuing securities to related parties without shareholder approval under Listing Rule 10.11.

The Board considers that the proposed grant of Performance Rights to the Mr Siford is reasonable and appropriate having regard to the circumstances of the Company and the responsibilities of Mr Siford as CFO.

Specific information required under the Listing Rules

The following additional information with respect to Resolution 4 is provided in accordance with Listing Rule 10.15:

- (a) **Maximum number of securities:** The maximum number of Performance Rights that may be issued under the Executive Incentive Scheme to Mr Siford is that number of Performance Rights that is equal to \$105,750 divided by the 5 day VWAP of Shares traded prior to the date of grant.

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Assuming a 5 day VWAP of \$1.42 up to and including 30 August 2013 (being the last practical trading day prior to printing and despatch of this Notice), this would equal a maximum of 74,472 Performance Rights.

If the Performance Rights held by Mr Siford vest, on vesting each Performance Right entitles Mr Siford to receive one Share or to receive a cash payment equivalent to a market price value of that share. So if all Performance Rights vested and the Company elects to issue Shares instead of providing a cash alternative, which the Company is entitled to do under the terms of the Executive Incentive Scheme, a maximum of that number equal to \$105,750 divided by the 5 day VWAP of Shares traded prior to the date of grant of Shares would be acquired by Mr Siford.

- (b) **Terms of issue:** The Performance Rights will be issued to Mr Siford in accordance with the terms of the Executive Incentive Scheme (as approved by the Shareholders at the Company's 2012 annual general meeting. A summary of the terms of the Executive Incentive Scheme was contained in the Company's 2012 notice of annual general meeting).

The Performance Rights that will be issued will have the following key terms :

Vesting date Subject to satisfying the relevant performance criteria, 3 years after the date of grant (subject to accelerated vesting in accordance with the terms of the Executive Incentive Scheme).

Performance Criteria As set out below :

Earnings Per Share (EPS) – 50% Weighting

The performance measure requires a compound average EPS growth rate (CAGR) of 5-15% per year for the 3 years to 30 June 2016 as follows:

- No vesting with regard to the EPS element will occur if the CAGR over 3 years is below 5%.
- 25% of the EPS element will vest at a CAGR of 5%.
- Vesting of the EPS element will continue along a straight line sliding scale to a CAGR of 10% where another 50% of the EPS element would vest.
- Vesting of the EPS element will continue along a straight line sliding scale to a CAGR of 15% where the final 25% of the EPS element will vest.

Total Shareholder Return (TSR) – 50% Weighting

TSR is to be measured against the ASX 200 Accumulation Index as follows:

- No vesting will occur with regard to the TSR element where Clough's performance is below that of the Index over the 3 years to 30 June 2016.

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- Where Clough's performance is equal to that of the Index, 50% of the TSR element will vest.
- Vesting of the balance of the TSR element will continue along a straight line sliding scale where the remaining 50% of this element will vest at performance of 125% of the Index.

(c) **Issue price:** Performance Rights issued under the Executive Incentive Scheme are issued for nil cash consideration. Any Shares issued upon vesting of Performance Rights will also be for nil cash consideration.

(d) **Prior participation:** Mr Siford was issued 305,885 Performance Rights in 2012 under the Executive Incentive Scheme. This grant was approved by Shareholders at the Company's 2012 annual general meeting and the Performance Rights were issued for nil cash consideration. No other person referred to in Listing Rule 10.14 has been issued securities under the Executive Incentive Scheme since it was approved by Shareholders at the 2012 annual general meeting.

(e) **Future participation:** Mr Siford and Mr Gallagher are the only persons of the kind referred to in Listing Rule 10.14 who are entitled to participate in the Executive Incentive Scheme.

(f) **Loan:** No loan is being made available in connection with the grant of the Performance Rights.

Date of Issue: It is proposed that, if Resolution 4 is passed, all Performance Rights to be issued to Mr Siford in accordance with Resolution 4 will be issued shortly after the Meeting and, in any event, no later than one year after the date of the Meeting.

Board recommendation: The Board, other than Mr Siford, recommends that Shareholders vote in favour of Resolution 4.

Resolution 5 - Renewal of Proportional Takeover Provisions in the Constitution

Rule 38 of the Company's Constitution (**Proportional Takeover Provisions**) provides that the Company is prohibited from registering a transfer of shares resulting from a proportional takeover bid unless a resolution to approve the bid is passed (or deemed to have been passed) by holders of shares in the relevant bid class. Under the Corporations Act, the Proportional Takeover Provisions must be renewed every three years or they will cease to have effect. The Proportional Takeover Provisions were adopted at the Company's 2010 annual general meeting on 26 October 2010. Accordingly, without refreshed shareholder approval, the Proportional Takeover Provisions will cease to have effect on 26 October 2013. If renewed, the Proportional Takeover Provisions will operate on the same basis as the existing rule 38 for a further period of three years from the date of the Meeting.

The Directors consider that it is in the best interests of Shareholders to renew the Proportional Takeover Provisions in their existing form. Resolution 5 is a special resolution which means to pass it requires at least 75% of the votes cast by Shareholders entitled to vote to be voted in favour of the Resolution.

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What is a proportional takeover bid?

A proportional takeover bid is an off market takeover bid sent to all shareholders in a class, offering to purchase only a specified proportion of each shareholder's shares (i.e. less than 100%). If a shareholder accepts, the shareholder disposes of that specified portion and retains the balance of their shares.

What are the effects of the Proportional Takeover Provisions?

The effects of the Proportional Takeover Provisions are that :

- i) If a bidder makes a proportional takeover bid for any class of shares in the Company, the Directors must ensure that a meeting of members is convened where a resolution to approve the proportional takeover bid is voted upon. The vote is decided by a simple majority (and will be binding on the minority). The bidder and its associates are excluded from voting on the resolution.
- ii) The meeting and the vote on the resolution must take place no more than 14 days before the last day of the bid period.
- iii) If the resolution is rejected before this deadline, the bid cannot proceed and the offer will be taken to have been withdrawn. Any valid transfers giving effect to takeover contracts for the bid will not be registered and all offers under the takeover bid are taken to be withdrawn and all takeover contracts are taken as rescinded.
- iv) If the resolution is not voted on within the specified deadline, the resolution will be deemed to have been approved.
- v) If the resolution is approved, or deemed to have been approved, all valid transfers of shares under the proportional takeover bid must be registered.

The Proportional Takeover Provisions do not apply to full takeover bids.

Reasons for renewing the Proportional Takeover Provisions

The Directors consider that Shareholders should have the opportunity to vote on a proposed proportional takeover bid.

A proportional takeover bid may result in control of the Company changing without Shareholders having an opportunity to dispose of all of their Shares. By making a partial bid, a bidder can obtain practical control of the Company by acquiring less than a majority interest. Shareholders are exposed to the risk of not being able to exit their investment in the Company by selling their entire shareholding and consequently being left as a minority shareholder in the Company. The bidder may be able to acquire control of the Company without paying an adequate control premium.

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The Board believes that the Proportional Takeover Provisions are desirable to give Shareholders protection from these risks inherent in proportional takeover bids. They give effect to a protection that the Corporations Act provisions are intended to provide.

The Proportional Takeover Provisions allow Shareholders to decide if a proportional takeover bid is acceptable in principle, and may assist in ensuring that any proportional takeover bid is appropriately priced.

Review of Proportional Takeover Provisions

While the Proportional Takeover Provisions have been in effect, there have been no proportional takeover bids for the Company. Other than the proposal from Murray & Roberts Holdings Limited described below and announced to ASX on 31 July 2013 (which is in fact a proposed scheme of arrangement transaction), there have been no takeover bids for the Company. Consequently there are no relevant examples against which to review the advantages or disadvantages of the Proportional Takeover Provisions for the Directors and Shareholders.

As at the date this Explanatory Statement was prepared, the only proposal by any person to acquire, or to increase the extent of, a substantial interest in the Company of which the Directors are aware is the conditional proposal from Murray & Roberts Holdings Limited to acquire all the shares in the Company that it does not already own by way of scheme of arrangement. Further details of this proposal are included in the Company's ASX announcement dated 31 July 2013, and any updates on this proposal will be announced to ASX in the ordinary course. The conditional proposal from Murray & Roberts Holdings Limited has not influenced the Company's decision to propose Resolution 5.

Potential advantages and disadvantages of renewing the Proportional Takeover Provisions

The potential advantages for Shareholders of the renewal of the Proportional Takeover Provisions include the following:

- i) Shareholders will have the right to decide by majority vote whether an offer under a proportional takeover bid should proceed;
- ii) the provisions may assist Shareholders and protect them from being locked in as a minority;
- iii) they increase the bargaining power of Shareholders and may assist in ensuring that a proportional takeover bid is adequately priced; and
- iv) knowing the view of the majority of Shareholders may assist individual Shareholders to assess the likely outcome of the proportional takeover bid and may assist in deciding whether to accept or reject an offer under a proportional takeover bid.

The potential disadvantages for Shareholders of the renewal of the proportional takeover provisions include the following:

EXPLANATORY STATEMENT

- i) proportional takeover bids for Shares in the Company may be discouraged;
- ii) Shareholders may lose an opportunity to sell some of their Shares at a premium;
- iii) individual Shareholders may consider that the Proportional Takeover Provisions would restrict their ability to deal with their Shares as they see fit; and
- iv) the likelihood of a proportional takeover bid succeeding may be reduced.

The Board considers that the Proportional Takeover Provisions have no potential advantages or disadvantages for the Directors in performing their duties, and that they would remain free to make a recommendation on whether an offer under a proportional takeover bid should be accepted or not. However, the Board believes that the potential advantages for Shareholders of renewing the proportional takeover provisions for a further three years outweigh the potential disadvantages.

Knowledge of any acquisition proposals

As at the date this Explanatory Statement was prepared, the only proposal by any person to acquire, or to increase the extent of, a substantial interest in the Company of which the Directors are aware is the conditional proposal from Murray & Roberts Holdings Limited to acquire all the shares in the Company that it does not already own by way of scheme of arrangement. Further details of this proposal are included in the Company's ASX announcement dated 31 July 2013 and any updates on this proposal will be announced to ASX in the ordinary course. The conditional proposal from Murray & Roberts Holdings Limited has not influenced the Company's decision to propose Resolution 5.

Those Directors who are Shareholders have the same interest in the proposal as all Shareholders have. Details of Shareholdings of Directors are contained in the Company's Annual Report.

Board Recommendation: The Board believes that the renewal of the Proportional Takeover Provisions is in the best interests of the Company and unanimously recommends that Shareholders vote in favour of Resolution 5.

EXPLANATORY STATEMENT

Glossary

In this Notice and Explanatory Statement:

Annual Financial Report	means the Company's financial report contained in the Annual Report.
Annual Report	means the Company's annual report for the year ending 30 June 2013.
Auditor's Report	means the Auditor's Report contained in the Annual Report.
ASX	means ASX Limited (ABN 98 008 624 691) or the Australian Securities Exchange operated by ASX Limited, as the context requires.
Board	means the Board of Directors of the Company.
Chairman	means the Chairman of the Company.
Closely Related Party	of a member of the key management personnel means: <ul style="list-style-type: none">• a spouse or child of the member;• a child of the member's spouse;• a dependant of the member or of the member's spouse;• anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealings with the Company;• a company that the member controls; or• a person prescribed to be a closely related party by the <i>Corporations Regulations 2001</i> (Cth).
Company	means Clough Limited ABN 59 008 678 813.
Constitution	means the Constitution of the Company.
Corporations Act	means the <i>Corporations Act 2001</i> (Cth), as amended.
Director	means a director of the Company.
Directors' Report	means the Directors' Report contained in the Annual Report.
Executive Incentive Scheme	means the Clough Limited Executive Incentive Scheme approved by Shareholders at the 2012 annual general meeting on 23 October 2012.
Explanatory Statement	means the explanatory statement accompanying and forms part of this Notice.
Key Management Personnel	has the same meaning as in the accounting standards; and so the term, broadly, includes those persons with the authority and responsibility for planning, directing and controlling the activities of the Company (whether directly or indirectly), and includes any Director of the Company.

EXPLANATORY STATEMENT

Listing Rules

means the listing rules of ASX.

Meeting

has the meaning given in the introductory paragraph of the Notice and includes, for the avoidance of doubt, any meeting arising from the adjournment or postponement of the Meeting.

Notice

means this notice of meeting.

Performance Right

means a right to acquire one fully paid ordinary share in the Company.

Proxy Form

means the proxy appointment form attached to this Notice.

Registry

means the Company's share registry, Link Market Services Limited.

Remuneration Report

means the Remuneration Report contained within the Directors' Report in the Annual Report.

Resolution

means a resolution contained in the Notice.

Share

means a fully paid ordinary share in the capital of the Company.

Shareholder

means a holder of a Share.

VWAP

means the volume weighted average price.



By mail:
Clough Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia



By fax:
(within Australia) (02) 9287 0309
(outside Australia) +61 2 9287 0309



All enquiries to: Telephone: +61 1300 554 474

SHAREHOLDER PROXY FORM

I/We being a member(s) of Clough Limited and entitled to attend and vote hereby appoint:

STEP 1

APPOINT A PROXY

the Chairman
of the Meeting
(mark box)

OR if you are NOT appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered shareholder) you are appointing as your proxy. I/we appoint the Chairman of the Meeting as an alternate proxy to the person named.

If no person/body corporate is named, the Chairman of the Meeting, is appointed as my/our proxy and to vote for me/us on my/our behalf in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the Annual General Meeting of the Company to be held at 10:00am (Perth time) on Wednesday, 9 October 2013, at Parmelia Hilton Hotel, 14 Mill Street, Perth WA 6000 and at any adjournment or postponement of the meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: I/we expressly authorise the Chairman of the Meeting to exercise my/our proxy on Resolutions 1, 3 and 4 even though Resolutions 1, 3 and 4 are connected directly or indirectly with the remuneration of a member of the key management personnel for the Company (or its consolidated group).

The Chairman of the Meeting (where appropriately authorised) intends to vote all undirected proxies in favour of all resolutions.

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the meeting. Please read the voting instructions overleaf before marking any boxes with an

STEP 2

VOTING DIRECTIONS

	For	Against	Abstain*		For	Against	Abstain*
Resolution 1 Adoption of the Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 3 Grant of Performance Rights to Kevin Gallagher - CEO and Executive Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2(a) Re-election of Director - Neil Siford	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 4 Grant of Performance Rights to Neil Siford - CFO and Executive Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2(b) Re-election of Director - Emma Stein	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				

i If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman of the Meeting to vote for or against or abstain from voting on Resolutions 1, 3 and 4 by marking the appropriate box in Step 2 above.

i * If you mark the Abstain box for a particular resolution, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

STEP 3

SIGNATURE OF SHAREHOLDERS - THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Sole Director and Sole Company Secretary

Joint Shareholder 2 (Individual)

Director/Company Secretary (Delete one)

Joint Shareholder 3 (Individual)

Director

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the Corporations Act 2001 (Cth).



HOW TO COMPLETE THIS PROXY FORM

Your Name and Address

This is your name and address as it appears on the Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

Appointment of a Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If the person you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the name of that person in Step 1. If you appoint someone other than the Chairman of the Meeting as your proxy, you will also be appointing the Chairman of the Meeting as your alternate proxy to act as your proxy in the event the named proxy does not attend the meeting.

Votes on Items of Business - Proxy Appointment

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

Appointment of a Second Proxy

You are entitled to appoint up to two persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's share registry or you may copy this form and return them both together. The appointment of the Chairman of the Meeting as your alternate proxy also applies to the appointment of the second proxy.

To appoint a second proxy you must:

- (a) on each of the first Proxy Form and the second Proxy Form, state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes; and Fractions of votes will be disregarded.
- (b) return both forms together.

Signing Instructions

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, either shareholder may sign.

Power of Attorney: to sign under Power of Attorney, you must lodge the Power of Attorney with the share registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001* (Cth)) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

Corporate Representatives

A proxy can be an individual or a body corporate. A body corporate appointed as a shareholder's proxy may appoint a representative to exercise its powers at the meeting. If a representative of the corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission including any authority under which the appointment is signed, unless it has previously been given to the Company. A form of the certificate may be obtained from the Company's share registry, including from the Company's share registry's website: www.linkmarketservices.com.au/corporate/investor_services/forms.html.

Lodgement of a Proxy Form

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **10:00am (Perth time) on Monday, 7 October 2013**, being not later than 48 hours before the commencement of the meeting. Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy Forms may be lodged using the reply paid envelope or:



ONLINE  www.linkmarketservices.com.au

Login to the Link website using the holding details as shown on the proxy form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the Proxy Form).



by mail:

Clough Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia



by fax:

(within Australia) (02) 9287 0309 or (outside Australia) +61 2 9287 0309



by hand:

delivering it to Link Market Services Limited, 1A Homebush Bay Drive, Rhodes NSW 2138.

**If you would like to attend and vote at the Annual General Meeting, please bring this form with you.
This will assist in registering your attendance.**