



**NOTICE OF ANNUAL GENERAL MEETING**  
**FRIDAY, 7 NOVEMBER 2014 AT 9.30AM (WST)**

**at**

**CITY WEST RECEPTION CENTRE, 45 PLAISTOWE MEWS, CITY  
WEST CENTRE, WEST PERTH WA 6005**

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting of Shareholders of Macmahon Holdings Limited will be held at the City West Reception Centre, 45 Plaistowe Mews, City West Centre, West Perth WA 6005, Western Australia on Friday, 7 November 2014 at 9.30am (WST).

Attached to, and forming part of this Notice of Meeting is an Information Memorandum that provides Shareholders with background information and further details on the Resolutions to understand the reasons for, and the effect of, the Resolutions, if approved.

This information is presented in accordance with the regulatory requirements of the Corporations Act and the ASX Listing Rules.

Terms which are defined in section 2 of the Information Memorandum and are used in this Notice of Meeting have the same meaning as in the Information Memorandum.

**ORDINARY BUSINESS**

***DISCUSSION OF FINANCIAL STATEMENTS***

To discuss the financial report, the Directors' report and the auditor's report for the year ended 30 June 2014.

***RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT***

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

“That for the purposes of section 250R(2) of the Corporations Act, the Remuneration Report (which forms part of the Directors' report for the year ended 30 June 2014) be adopted”.

Note: Section 250R(3) of the Corporations Act provides that the vote on this Resolution is advisory only and does not bind the Directors.

***Voting Prohibition Statement***

A vote on Resolution 1 must not be cast (in any capacity) by or on behalf of any of the following persons:

- (a) a member of the key management personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a closely related party of such a member.

However, a person described above may cast a vote on Resolution 1 if:

- (c) both the following apply:
  - i. the person does so as a proxy appointed by writing that specifies how the proxy is to vote on that resolution; and
  - ii. the vote is not cast on behalf of a person described in subparagraphs (a) or (b) above; or
- (d) all of the following apply:
  - i. the person is the Chairman of the Meeting; and
  - ii. the Chairman does so as a proxy appointed by writing that does not specify how the proxy is to vote on that resolution 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 the key management personnel; and
  - iii. the vote is not cast on behalf of a person described in subparagraphs (a) or (b) above.

**RESOLUTION 2 – RE-ELECTION OF BARRY LIONEL CUSACK AS A DIRECTOR**

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

“To re-elect Mr Barry Cusack, who retires from the office of Director by rotation in accordance with rule 3.6(c) of the Company’s Constitution, and being eligible, offers himself for re-election”.

**RESOLUTION 3 – RE-ELECTION OF VYRIL ANTHONY VELLA AS A DIRECTOR**

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

“To re-elect Mr Vyril Vella, who retires from the office of Director by rotation in accordance with rule 3.6(c) of the Company’s Constitution, and being eligible, offers himself for re-election”.

**RESOLUTION 4 – RE-ELECTION OF EVA SKIRA AS A DIRECTOR**

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

“To re-elect Ms Eva Skira, who retires from the office of Director by rotation in accordance with rule 3.6(c) of the Company’s Constitution, and being eligible, offers herself for re-election”.

**RESOLUTION 5 – GRANT OF PERFORMANCE RIGHTS TO THE MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER**

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

“That for the purposes of ASX Listing Rule 10.11, and for all other purposes, the grant to Mr Ross Anthony Carroll as the Company’s Managing Director and Chief Executive Officer of:

- (a) 9,500,000 Class D Performance Rights;

on the terms and conditions set out in the Information Memorandum forming part of this Notice of Meeting, be approved. The issue of any fully paid ordinary shares by the Company on vesting of the Performance Rights is also approved.”

**Voting Prohibition Statement**

A vote on Resolution 5 must not be cast (in any capacity) by or on behalf of any of the following persons:

- (a) Mr Carroll or an associate or Mr Carroll;
- (b) any other member of the key management personnel, details of whose remuneration are included in the Remuneration Report; or
- (c) a closely related party of such a member of the key management personnel.

However, a person described above may cast a vote on Resolution 5 if:

- (d) both the following apply:
  - i. the person does so as a proxy appointed by writing that specifies how the proxy is to vote on that resolution; and
  - ii. the vote is not cast on behalf of a person described in subparagraphs (a), (b) or (c) above; or
- (e) all of the following apply:
  - i. the person is the Chairman of the Meeting; and
  - ii. the Chairman does so as a proxy appointed by writing that does not specify how the proxy is to vote on that resolution 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 the key management personnel; and

the vote is not cast on behalf of a person described in subparagraphs (a), (b) or (c) above.

## **RESOLUTION 6 – RENEWAL OF PROPORTIONAL TAKEOVER PROVISIONS**

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

"That, with effect from the close of the Meeting and in accordance with section 648G of the Corporations Act, the proportional takeover provisions set out in Rule 29.8 of, and Schedule 2 to, the Constitution of the Company (a copy of which is tabled at the Meeting), be renewed for a period of three years."

## **OTHER BUSINESS**

To transact any other business that may be brought forward in accordance with the Company's Constitution or the law.

### **Determination of Shareholders' Right to Vote**

For the purposes of the AGM, Shares will be taken to be held by persons who are registered as members of the Company as at 5.00pm (WST) on 5 November 2014. Accordingly, transactions registered after that time will be disregarded in determining shareholders entitled to attend and vote at the AGM.

### **Appointment of Proxy**

A Shareholder has the right to appoint a proxy who need not be a Shareholder of the Company. If a Shareholder is entitled to cast two or more votes, they may appoint two proxies and may specify the percentage of votes each proxy is appointed to exercise.

Sections 250BB and 250BC of the Corporations Act apply to voting by proxy. These sections mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

More detail on these sections is provided below.

### ***Proxy vote if appointment specifies way to vote***

Section 250BB provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, **if it does**:

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (that is, as directed);
- if the proxy has two or more appointments that specify different ways to vote on the resolution – the proxy must not vote on a show of hands;
- if the proxy is the chair of the meeting at which the resolution is voted on – the proxy must vote on a poll, and must vote that way (that is, as directed); and
- if the proxy is not the chair – the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (that is, as directed).

### ***Transfer of non-chair proxy to chair in certain circumstances***

Section 250BC provides that, if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at the meeting;
- the appointed proxy is not the chair of the meeting;
- at the meeting, a poll is duly demanded on the resolution; and
- either of the following applies:
  - the proxy is not recorded as attending the meeting; or
  - the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

**Proxies on Resolutions 1 (Adoption of Remuneration Report) and 5 (Grant of Performance Rights to the Managing Director and Chief Executive Officer)**

If you appoint the Chairman of the Meeting as your proxy and you do not direct the Chairman as to how to vote on Resolution 1 or Resolution 5, the Chairman will vote in favour of the relevant resolution where the Chairman is authorised to do so, even though the relevant resolution is connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

If you appoint any other member of key management personnel or any closely related party of a member of key management personnel (including a closely related party of the Chairman) as your proxy, you must direct that person how to vote on Resolutions 1 and 5 if you want your Shares to be voted on that item of business.

If either of the above applies to you and you do not act in accordance with the above, your proxy will not cast your vote on the resolution/s and your vote will not be counted in calculating the required majority if a poll is called on the resolution.

**Lodgement of proxy documents**

The completed proxy form enclosed with this Notice of Meeting (and, if it is executed by an attorney, the relevant power of attorney or a certified copy of it) must be received by the Company at the address specified below by 9.30am (WST) Wednesday, 5 November 2014.

A proxy can be appointed electronically by visiting [www.investorvote.com.au](http://www.investorvote.com.au) and following the instructions provided. A proxy can be appointed online if they are appointed under power of attorney or similar authority.

For Intermediary Online subscribers only (custodians) please visit [www.intermediaryonline.com](http://www.intermediaryonline.com) to submit your voting instructions.

For the purposes of section 249X(1A) of the Corporations Act, Shareholders are advised that the proxy appointed may be an individual or body corporate. A body corporate appointed as a Shareholder's proxy may appoint a representative to exercise any of the powers the body may exercise as a proxy at the AGM. The representative should bring to the AGM evidence of his or her appointment, including any authority under which the appointment is signed, unless it has been previously given to the Company.

In accordance with section 250BA of the Corporations Act, the Company specifies the following information for the purposes of receipt of proxy appointments:

Share Registry :           Computershare Investor Services Pty Limited  
                                  Level 2, 45 St George's Terrace  
                                  Perth WA 6000  
Facsimile Number:       (within Australia) 1800 783 447 (outside Australia) +61 3 9473 2555  
Postal Address :           GPO Box 242  
                                  MELBOURNE VIC 3001

**Bodies corporate**

In accordance with section 250D of the Corporations Act, a body corporate may appoint an individual as its representative to exercise any of the powers the body may exercise at a meeting of a company's shareholders. The appointment may be a standing one. Unless the appointment states otherwise, the representative may exercise all of the powers that the appointing body could exercise at a meeting or in voting on a resolution.

The representative should bring to the AGM evidence of his or her appointment, including any authority under which it is signed, unless it has previously been given to the Company.

**NOTICE IS ALSO GIVEN** that the Company's 2014 Financial Report is now available on its website at [www.macmahon.com.au](http://www.macmahon.com.au)

By order of the Board



**CHRIS BROWN**  
Company Secretary  
3 October 2014

## INFORMATION MEMORANDUM

### 1. INTRODUCTION

This Information Memorandum has been prepared for the information of Shareholders in connection with the business to be conducted at the AGM of Macmahon Holdings Limited (ACN 007 634 406) to be held at the City West Reception Centre, 45 Plaistowe Mews, City West Centre, West Perth, Western Australia on Friday, 7 November 2014 at 9.30am (WST).

This Information Memorandum should be read in conjunction with the accompanying Notice of Meeting.

### 2. GLOSSARY

The following terms and abbreviations used in this Information Memorandum (and the Notice of Meeting to which it relates), have the following meanings:

<b>"AGM"</b>	The annual general meeting of the Company notified to Shareholders by this Notice of Meeting
<b>"ASX"</b>	ASX Limited (ACN 008 624 691)
<b>"ASX Listing Rules"</b>	The Official Listing Rules of the ASX, as amended from time to time
<b>"Company" or "Macmahon"</b>	Macmahon Holdings Limited (ACN 007 634 406)
<b>"Company's Constitution" or "Constitution"</b>	The constitution of Macmahon
<b>"Corporations Act"</b>	<i>Corporations Act 2001</i> (Cth) as amended from time to time
<b>"Directors" or "Board"</b>	The directors of the Company in office at the date of the Notice of Meeting
<b>"Notice of Meeting"</b>	This notice of meeting incorporating the Information Memorandum
<b>"Performance Rights"</b>	The rights to be granted to Mr Carroll pursuant to Resolution 5 on the terms and conditions set out in the Information Memorandum forming part of this Notice of Meeting, which will vest only on the Company achieving the performance hurdles as set out in the Information Memorandum
<b>"Resolution"</b>	A resolution contained in the Notice of Meeting to which this Information Memorandum relates
<b>"Shareholder"</b>	Person registered as the holder of Shares in the register of members of the Company
<b>"TSR"</b>	Total shareholder return being the change in a company's market capitalisation over a specified period adjusted for capital reconstructions plus the total value of dividends paid or payable by the company during that period, expressed as a percentage
<b>"TSR Base Price"</b>	The starting value of a share (which may be the share price on a day, or averaged over 60 calendar days) used to calculate TSR over a specified period

### 3. SHAREHOLDER APPROVALS REQUIRED

#### RESOLUTION 1 – REMUNERATION REPORT

Section 300A of the Corporations Act requires the Directors to include in their report for a financial year, a Remuneration Report. Section 250R requires that the Remuneration Report be put to the vote at the Company's AGM. The vote on this Resolution is advisory only and does not bind the Directors. The Board will, however, take into account the outcome of the vote when reviewing its remuneration policy.

The Corporations Act now states that, if a company's remuneration report receives a 'no' vote of 25 per cent or more at two consecutive annual general meetings, a resolution must then be put to shareholders at the second annual general meeting as to whether 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. So, in summary, Shareholders will be entitled to vote in favour of holding a general meeting to re-elect the board if the Remuneration Report receives "2 strikes".

The Remuneration Report as set out within the Directors' Report:

- explains the Board's policies in relation to the nature and level of remuneration paid to Directors and executives of the Company;
- discusses the link between the Board's policies and the Company's performance;
- provides a summary of performance conditions, explaining why they were chosen and how performance is measured against them;
- sets out remuneration details for each Director and for each member of the Company's executive management team; and
- makes clear that the basis for remunerating Non-executive Directors is distinct from the basis for remunerating executives, including the Managing Director.

A reasonable opportunity will be provided for discussion of the Remuneration Report at the meeting.

**Recommendation:** The Board recommends that Shareholders vote in favour of the adoption of the Remuneration Report. The Chairman intends to vote all undirected proxies *in favour* of Resolution 1 where he is permitted to do so.

#### RESOLUTION 2 – RE-ELECTION OF BARRY LIONEL CUSACK AS A DIRECTOR

Mr Barry Cusack joined the Board as a Non-executive Director in June 2002 and was appointed Deputy Chairman in September 2009. Mr Cusack retires at the AGM by rotation and, being eligible, offers himself for re-election as Director.

Mr Cusack is an honorary life member of the Chamber of Minerals and Energy of Western Australia Inc. He joined CRA Limited (now Rio Tinto Limited) in 1966 and retired from the position of Managing Director of Rio Tinto Australia in December 2001. Mr Cusack was President of the Minerals Council of Australia from 2001 to 2003 (member since 1996).

Mr Cusack is currently a Non-executive Director of Toll Holdings Limited (appointed October 2007).

Mr Cusack is a member of both the Board's Audit & Risk Committee and Remuneration & Nomination Committee.

The Board considers Mr Cusack to be an independent director.

**Recommendation:** The Board is of the view that Mr Cusack, as a result of his distinguished career in the mining industry and his extensive experience as a director, continues to add considerable value to the Board. Consequently, the Board recommends that Shareholders vote *in favour* of this Resolution. Mr Cusack does not make a recommendation in relation to Resolution 2 because he has an interest in the outcome of the Resolution.

### RESOLUTION 3 – RE-ELECTION OF VYRIL ANTHONY VELLA AS A DIRECTOR

Mr Vyril Vella joined the Board as a Non-independent Non-executive Director in November 2007. Mr Vella retires at the AGM by rotation and, being eligible, offers himself for re-election as Director.

Mr Vella has over 40 years of experience in the civil engineering, building, property and construction industries. During Mr Vella's 34 years with the Leighton Group he held various positions including General Manager NSW, Director of Leighton Contractors Pty Ltd, Founding Director of Welded Mesh Pty Ltd, Managing Director of Leighton Properties and Associate Director of Leighton Holdings. Mr Vella was a consultant to Leighton Holdings, where he advised that group on investment in the residential market, general property issues and major construction and infrastructure projects.

Mr Vella was a Non-executive Director of Devine Limited from April 2007 until April 2014.

Mr Vella is currently the Chairman of the Board's Remuneration & Nomination Committee.

The Board does not consider Mr Vella to be an independent director due to his recent association with a substantial shareholder of the Company.

**Recommendation:** The Board is of the view that Mr Vella continues to add considerable value to the Board as a result of his knowledge and experience in construction contracting, and his contacts in the industry. Consequently, the Board recommends that Shareholders vote *in favour* of Resolution 3. Mr Vella does not make a recommendation in relation to Resolution 3 because he has an interest in the outcome of this Resolution.

### RESOLUTION 4 – RE-ELECTION OF EVA SKIRA AS A DIRECTOR

Ms Eva Skira was appointed a Non-executive Director by the Board in September 2011. Ms Skira retires at the AGM by rotation and, being eligible, offers herself for re-election as a Director.

Ms Skira has a background in banking, capital markets, stockbroking and the financial markets, previously holding executive positions at Commonwealth Bank in the Corporate Banking/Capital Markets divisions, and later with stockbroker Barclays de Zoete Wedd. Ms Skira has served on a number of boards in business, government and the not-for-profit sectors across a range of industries. Ms Skira completed her BA (1st Class Honours, Economic History) at the University of New South Wales, and obtained her Masters of Business Administration (Dux and Distinction) at the IMD Switzerland.

Ms Skira is currently the Chairman of the Water Corporation WA, Chairman of the Trustees of St John of God Health Care Inc, and a director of RCR Tomlinson. As a director, Ms Skira has chaired a number of Audit, Compliance and Risk Committees.

Ms Skira is currently the Chairman of the Board's Audit & Risk Committee.

The Board considers Ms Skira to be an independent director.

**Recommendation:** The Board is of the view that it will benefit from the skills, knowledge and experience that Ms Skira brings to a directorship. Consequently, the Board recommends that Shareholders vote *in favour* of Resolution 4. Ms Skira does not make a recommendation in relation to Resolution 4 because she has an interest in the outcome of this Resolution.

### RESOLUTION 5 – APPROVAL OF GRANT OF PERFORMANCE RIGHTS TO ROSS ANTHONY CARROLL

Mr Carroll signed a new employment contract with the Company on his appointment as Managing Director and Chief Executive Officer on 19 September 2012.

In addition to an annual base salary and the opportunity to earn a cash bonus for each year, the contract provides for a long-term incentive under which the Company may grant to Mr Carroll, subject to shareholder approval, share performance rights which can be converted into fully paid shares provided certain performance criteria are met.

To give effect to this long-term incentive, the Board proposes that, subject to Shareholder approval of Resolution 5 and Mr Carroll accepting the grant of the Performance Rights, Mr Carroll be granted 9,500,000 Class D Performance Rights.

These Performance Rights are intended to incentivise performance in the period from 1 July 2014 to 30 June 2017 (the "Performance Period").

The Performance Rights will be granted for no monetary consideration as part of Mr Carroll's remuneration package and no funds will be raised from the grant.

When determining the key components of Mr Carroll's employment contract the Directors were assisted by a leading remuneration consultant experienced in designing remuneration packages for senior executives. The Directors are satisfied that the terms of the contract are fair and reasonable for a Chief Executive of Mr Carroll's experience and standing while leading a company of Macmahon's size and type.

The Directors believe that the continued success of the Company will depend in large measure on the skills, motivation and leadership of Mr Carroll in overseeing the management of the Company's operations and strategy. The grant of performance-based remuneration linked to a company's share market performance is an established practice of listed companies in Australia and overseas. The Directors consider that the number and estimated value of the Performance Rights is an appropriate amount based on both market comparisons with other performance-based securities offered to other chief executives of similar listed companies.

For the Performance Rights to be of any value to Mr Carroll, the Company has to achieve the performance conditions as set out below and in the Company's 2014 Annual Report (at pages 47 and 48), and as such, Mr Carroll will only be rewarded if the Company performs under his leadership. Provided these performance conditions are met, and provided Mr Carroll remains as Managing Director of the Company, the Performance Rights will vest based on performance over the Performance Period.

### Performance Conditions

All of the Performance Rights will be eligible to vest, subject to two performance conditions:

- 50% will be eligible to vest based on Macmahon's Total Shareholder Return ("TSR") percentile ranking relative to the two Comparator Groups over the Performance Period; and
- 50% will be eligible to vest based on Macmahon's compounded annual growth rate ("CAGR") in earnings per share ("EPS") over the Performance Period.

The TSR performance condition is based on a comparison of Macmahon's TSR performance against the TSR performance of two Comparator Groups of listed entities over the Performance Period, weighted at 50% each:

- Seven companies with similar businesses to Macmahon, being Ausdrill Limited, Downer EDI Limited, Leighton Holdings Limited, Monadelphous Group Limited, NRW Holdings Limited, Decmil Limited and MACA Limited (the "Peer Group"); and
- Companies ranked between 101-200 in the ASX 200 classified as materials or industrials ("Adjusted ASX 200").

The number of Performance Rights eligible to vest under each performance condition will be determined as follows:

Proportion of Performance Rights that are eligible to vest	Macmahon's TSR rank relative to the Comparator Group	Macmahon's EPS CAGR
0%	Less than 50 <sup>th</sup> percentile	<5% EPS CAGR
50%	50 <sup>th</sup> percentile	5% EPS CAGR
50% plus an additional 2% of this award for each additional percentile ranking above the 50 <sup>th</sup> percentile.	Between 50 <sup>th</sup> percentile and 75 <sup>th</sup> percentile	N/A
50% plus an additional 7.1% of this award for each additional EPS CAGR % above the 5% EPS CAGR.	N/A	Between 5% EPS CAGR and 12% EPS CAGR
100%	At or above the 75 <sup>th</sup> percentile	At or above 12% EPS CAGR

There are no time-based performance rights and no retesting conditions.

### Shareholder approval

Shareholder approval for the grant of the Performance Rights the subject of this Resolution is sought for the purposes of ASX Listing Rule 10.11. This requires the grant of equity securities to a director to be approved by shareholders by ordinary resolution. Separate approval under ASX Listing rule 7.1 is not required if the issue is made with approval of shareholders under ASX Listing Rule 10.11.

Subject to Shareholder approval, the Performance Rights the subject of Resolution 5 will, provided Mr Carroll accepts the grant of Performance Rights, be granted on the terms and conditions set out in this Information Memorandum.



## Requirements of the ASX Listing Rules

In accordance with the requirements of ASX Listing Rule 10.13, the following information is provided to Shareholders to allow them to assess the proposed grant of Performance Rights:

- (a) The Performance Rights are to be granted to Mr Carroll.
- (b) The maximum number of Performance Rights to be granted pursuant to Resolution 5 is 9,500,000, representing a maximum number of 9,500,000 Shares if all the Performance Rights vest and are exercised.
- (c) The Performance Rights will be granted within one month of receipt of approval at the AGM or otherwise as the ASX may approve (subject to acceptance by Mr Carroll).
- (d) The Performance Rights will be granted for nil cash consideration.
- (e) A voting exclusion statement is included in this Notice of Meeting.
- (f) No funds will be raised by the grant of the Performance Rights as they are being granted for nil cash consideration.

**Recommendation:** The Directors (other than Mr Carroll) recommend that Shareholders vote *in favour* of Resolution 5 on the basis that the Performance Rights to be granted provide Mr Carroll with an appropriate incentive to contribute to the future success of the Company. Mr Carroll does not make a recommendation in relation to Resolution 5 because he has an interest in the outcome of this Resolution.

## RESOLUTION 6 – RENEWAL OF PROPORTIONAL TAKEOVER PROVISIONS

Resolution 6 seeks to re-insert both Rule 29.8 and Schedule 2 in the Company's Constitution (**Proposed Proportional Takeover Provisions**), in the form set out in Schedule 1 to this Notice of Meeting. These provisions relate to proportional takeover approval under section 648D of the Corporations Act.

The Company's Constitution previously contained a rule 29.8 and Schedule 2 that enabled the Company to refuse to register shares acquired under a proportional takeover bid unless approved by a resolution of Shareholders. However, as these provisions were not renewed within the required three year period, by operation of section 648G of the Corporations Act, the provisions have ceased to be of any effect and are deemed to have been omitted from the Company's Constitution.

The Directors believe it is appropriate to re-insert the Proposed Proportional Takeover Provisions in the Company's Constitution. The Proposed Proportional Takeover Provisions have the same effect as the previous provisions. If adopted, the Proposed Proportional Takeover Provisions would operate for three years and after that time would cease to apply unless re-inserted by a further special resolution of Shareholders.

If Resolution 6 is passed, then for 21 days after the Meeting, the holders of 10% of the Company's shares have the right to apply to the court to have the Resolution set aside. The court may set aside the Resolution if the court is satisfied in all the circumstances that it is appropriate to do so.

The Corporations Act requires certain information to be included in a notice of meeting where a company seeks the approval of its shareholders to adopt proportional takeover provisions. This information is set out below.

### ***Proportional takeover bid***

A proportional takeover bid is a takeover bid that is sent to all shareholders in a class, offering to purchase only a specified proportion of each shareholder's shares. If a shareholder accepts, the shareholder disposes of that specified portion and retains the balance.

### ***Effects of the proportional takeover provisions***

The effects of the proportional takeover provisions are that:

- 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 of that class is convened where a resolution to approve the proportional takeover bid is voted on. The vote is decided on a simple majority. The bidder and its associates are excluded from voting on that approving resolution;
- the meeting and the vote on the approving resolution must take place more than 14 days before the last day of the bid period;
- if the approving resolution is rejected before the deadline, the bid cannot proceed and the offer will be taken to have been withdrawn. Any 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 must be rescinded;
- if the approving resolution is not voted on, the bid will be taken to have been approved; and
- if the approving resolution is passed (or taken to have been approved), the transfers must be registered (subject to other provisions of the Corporations Act and the Company's Constitution).

The proportional takeover provisions do not apply to full takeover bids.

### ***Reasons for the proportional takeover provisions***

A proportional takeover bid may result in control of the Company changing without Shareholders having an opportunity to dispose of all their Shares. By making a proportional 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 payment of an adequate control premium.

The Directors believe that the Proposed Proportional Takeover Provisions are desirable to give Shareholders protection from these risks inherent in proportional takeover bids – this is protection that the Corporations Act provisions are intended to provide.

The Proposed 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.

To assess the merits of the Proposed Proportional Takeover Provisions, Shareholders should make a judgment as to what events are likely to occur in relation to the Company during the three year life of the proposed new provisions.

### ***Potential advantages and disadvantages of the Proposed Proportional Takeover Provisions***

The Corporations Act requires the Notice of Meeting to discuss the advantages and disadvantages for Directors and Shareholders of the Proposed Proportional Takeover Provisions.

The Directors consider that the Proposed Proportional Takeover Provisions have no potential advantages or disadvantages for any of them, and that they would remain free to make a recommendation on whether or not an offer under a proportional takeover bid should be accepted.

The Directors note that it could be argued that the Proposed Proportional Takeover Provisions are an advantage to them as a takeover defence mechanism that could be exploited to entrench the incumbent board of Directors. However, the Directors believe that argument ignores the basic object of the Proposed Proportional Takeover Provisions, which is to empower Shareholders not the Directors.

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

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

The potential disadvantages for Shareholders include:

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

### ***Previous operation of rule 29.8 and Schedule 2***

The Corporations Act also requires the Notice of Meeting to retrospectively address the advantages and disadvantages for Directors and Shareholders of the proportional takeover provisions which are proposed to be renewed.

While the previous proportional takeover provisions were in effect, and since they have ceased to be in effect, there have been no takeover bids for the Company, whether proportional or otherwise. The Directors are therefore unable to point to any more specific advantages or disadvantages evident from the operation of the provisions during that period, nor are the Directors aware of any potential takeover bid that was discouraged by the proportional takeover provisions.

### ***Knowledge of any acquisition proposals***

Apart from the general considerations above, as at the day on which this Notice of Meeting was prepared, no Director is aware of a proposal by any person to acquire, or to increase the extent of, a substantial interest in the Company.

Those Directors who are also Shareholders have the same interest in Resolution 6 as all Shareholders.

**Recommendation:** The Directors unanimously recommend that Shareholders vote *in favour* of Resolution 6.

## SCHEDULE 1:

### PROPOSED RULE 29.8 OF THE CONSTITUTION AND SCHEDULE 2 TO THE CONSTITUTION

#### 29.8 Proportional Takeover Bids

Schedule 2 applies and forms part of this Constitution.

#### SCHEDULE 2: PROPORTIONAL TAKEOVER BID

##### 1. SPECIAL DEFINITIONS

The following definitions apply to these rules.

**"Accepted Offer"** means an offer under a proportional takeover bid that has been accepted and from the acceptance of which a binding contract has not resulted as at the end of the Resolution Deadline.

**"Approving Resolution"** means a resolution to approve the proportional takeover bid passed in accordance with rule 4 as contained in this Schedule.

**"Resolution Deadline"** means the day that is 14 days before the last day of the bid period of the proportional takeover bid.

A reference to **"an associate of"** another person is a reference to a person who is an associate of the first person because of sections 11, 12 or 15 of the Act.

##### 2. LIMITED LIFE OF RULES

These rules cease to apply by force of section 648G(1) of the Act at the end of three years starting when these rules were inserted in the constitution or starting when these rules were last renewed in accordance with that section.

##### 3. RESTRICTION ON REGISTRATION OF TRANSFERS

The Company must not register a transfer giving effect to a contract resulting from the acceptance of an offer made under a proportional takeover bid until an Approving Resolution is passed.

##### 4. APPROVING RESOLUTION

If offers have been made under a proportional takeover bid for securities in a class issued by the Company:

- (a) an Approving Resolution must be voted on at a meeting, convened and conducted by the Company, of the persons entitled to vote on the Approving Resolution;
- (b) the Directors must ensure that an Approving Resolution is voted on in accordance with these rules before the Resolution Deadline for the bid;
- (c) a person (other than the bidder or an associate of the bidder) who, as at the end of the day on which the first offer under the bid was made, held securities included in that class is entitled to vote on an Approving Resolution;
- (d) the bidder or an associate of the bidder is not entitled to vote on an Approving Resolution; and
- (e) an Approving Resolution that has been voted on is taken to have been passed if the proportion that the number of votes in favour of the resolution bears to the total number of votes on the resolution is greater than 50%, and otherwise is taken to have been rejected.

## **5. GENERAL MEETING PROVISIONS APPLY**

The rules in this Constitution relating to general meetings apply, modified as necessary, to any meeting convened under these rules, except that:

- (a) a meeting may be convened on less than 28 days notice and on at least 14 days notice if the Directors considers that should be done to ensure that the meeting is held before the Resolution Deadline; and
- (b) the holder of a security that carries no right to vote at a general meeting of the Company has one vote for each security held at a meeting convened under these rules.

## **6. NOTICE OF MEETING OUTCOME**

If an Approving Resolution is voted on in accordance with these rules before the Resolution Deadline for the proportional takeover bid, the Company must, on or before the Resolution Deadline give a written notice stating that an Approving Resolution has been voted on and that the resolution has been passed or rejected to:

- (a) the bidder; and
- (b) ASX and any other relevant financial market.

## **7. FAILURE TO PROPOSE RESOLUTION**

If, as at the end of the day before the Resolution Deadline for a proportional takeover bid, no Approving Resolution has been voted on in accordance with these rules, an Approving Resolution is taken to have been passed in accordance with these rules.

## **8. REJECTED RESOLUTION**

If an Approving Resolution is voted on, in accordance with these rules, before the Resolution Deadline for the proportional takeover bid and is rejected:

- (a) despite section 652A of the Act, all offers under the bid that have not, as at the end of the Resolution Deadline, been accepted, and all Accepted Offers are taken to be withdrawn at the end of the Resolution Deadline;
- (b) as soon as practical after the Resolution Deadline, the bidder must return to each person who accepted an Accepted Offer any documents that were sent by the person to the bidder with the acceptance of the offer;
- (c) the bidder may rescind, and must rescind, as soon as practical after the Resolution Deadline, each contract resulting from the acceptance of an offer made under the bid; and
- (d) a person who has accepted an offer made under the bid may rescind the contract (if any) resulting from that acceptance.



**MACMAHON**

ABN: 93 007 634 406

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MR SAM SAMPLE  
FLAT 123  
123 SAMPLE STREET  
THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE VIC 3030

**Lodge your vote:**

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**Proxy Form**



**Vote and view the annual report online**

- Go to [www.investorvote.com.au](http://www.investorvote.com.au) or scan the QR Code with your mobile device.
- Follow the instructions on the secure website to vote.



**Your access information that you will need to vote:**

**Control Number: 999999**

**SRN/HIN: I9999999999 PIN: 99999**

PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

**For your vote to be effective it must be received by 9.30am (WST) Wednesday, 5 November 2014**

**How to Vote on Items of Business**

All your securities will be voted in accordance with your directions.

**Appointment of Proxy**

**Voting 100% of your holding:** Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

**Voting a portion of your holding:** Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

**Appointing a second proxy:** You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

**A proxy need not be a securityholder of the Company.**

**Signing Instructions for Postal Forms**

**Individual:** Where the holding is in one name, the securityholder must sign.

**Joint Holding:** Where the holding is in more than one name, all of the securityholders should sign.

**Power of Attorney:** If you have not already lodged the Power of Attorney with the registry, 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) 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 sign in the appropriate place to indicate the office held. Delete titles as applicable.

**Attending the Meeting**

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at [www.investorcentre.com](http://www.investorcentre.com) under the help tab, "Printable Forms".

**Comments & Questions:** If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**GO ONLINE TO VOTE,  
or turn over to complete the form** ➔

MR SAM SAMPLE  
 FLAT 123  
 123 SAMPLE STREET  
 THE SAMPLE HILL  
 SAMPLE ESTATE  
 SAMPLEVILLE VIC 3030

**Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

I ND

# Proxy Form

Please mark  to indicate your directions

## STEP 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Macmahon Holdings Limited hereby appoint

the Chairman of the Meeting **OR**

**PLEASE NOTE:** Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Macmahon Holdings Limited to be held at the City West Reception Centre, 45 Plaistowe Mews, City West Centre, West Perth, Western Australia on Friday, 7 November 2014 at 9.30am (WST) and at any adjournment or postponement of that Meeting.

**Chairman authorised to exercise undirected proxies on remuneration related resolutions:** Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Resolutions 1 and 5 (except where I/we have indicated a different voting intention below) even though Resolutions 1 and 5 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

**Important Note:** If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Resolutions 1 and 5 by marking the appropriate box in step 2 below.

## STEP 2 Items of Business

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

	For	Against	Abstain
Resolution 1 Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 Re-election of Barry Lionel Cusack as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 Re-election of Vyriil Anthony Vella as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 Re-election of Eva Skira as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5 Grant of Performance Rights to the Managing Director and Chief Executive Officer	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6 Renewal of Proportional Takeover Provisions	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

## SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name

Contact Daytime Telephone

Date / /