



Wednesday, 15 February 2017

ASX Market Announcement Office
ASX Limited
Level 4, Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

**Takeover bid by Hitachi Construction Machinery Co., Ltd. for Bradken Limited:
First Supplementary Target's Statement**

Bradken Limited ("**Bradken**") today lodged its first supplementary target's statement in relation to the off-market takeover bid by Hitachi Construction Machinery Co., Ltd. ("**HCM**") for all of the issued shares in Bradken ("**First Supplementary Target's Statement**").

Copies of the First Supplementary Target's Statement have been lodged with the Australian Securities and Investments Commission and sent to HCM today.

In accordance with section 647(3)(b) of the Corporations Act 2001 (Cth), a copy of the First Supplementary Target's Statement is enclosed.

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About Bradken

Bradken is a leading supplier of differentiated consumable and capital products for the mining, freight rail, transport, defence, oil & gas, power generation, sugar and other primary industries. The Company employs approximately 3,050 people in 19 manufacturing facilities and more than 39 sales and service centres across Australia, New Zealand, USA, Canada, India, Indonesia, Malaysia, South Africa, South America and China. Bradken became a publicly listed company in August 2004 has been in business for over 90 years and operates three market-focused divisions, supported by two global support functions.

For further information about Bradken, visit www.bradken.com

FIRST SUPPLEMENTARY TARGET'S STATEMENT

In relation to the off-market takeover bid for all the ordinary shares in Bradken Limited by Hitachi Construction Machinery Co., Ltd.

Your Bradken Directors continue to unanimously recommend that you **ACCEPT** HCM's Offer, in the absence of a Superior Proposal (noting that none has materialised to date).

This is an important document and requires your immediate attention.

If you are in doubt as to what you should do, you should consult your investment, financial, taxation or other professional adviser.

For more information, please call the Shareholder Information Line on 1300 131 543 (within Australia) or +61 1300 131 543 (outside Australia) between 9.00am and 5.00pm (Sydney time) Monday to Friday.

This document is a supplementary target's statement under section 644 of the *Corporations Act 2001* (Cth). It is the first supplementary target's statement (**First Supplementary Target's Statement**) issued by Bradken Limited ABN 33 108 693 009 (**Bradken**) in relation to the off market takeover bid for all the ordinary shares in Bradken by Hitachi Construction Machinery Co., Ltd. (**HCM**). This First Supplementary Target's Statement supplements, and should be read together with, the target's statement dated 25 October 2016 (**Target's Statement**) issued by Bradken and lodged with the Australian Securities and Investments Commission (**ASIC**) on 25 October 2016.

Unless the context requires otherwise, defined terms in the Target's Statement have the same meaning in this First Supplementary Target's Statement. The First Supplementary Target's Statement prevails to the extent of any inconsistency with the Target's Statement.

A copy of this First Supplementary Target's Statement was lodged with ASIC and given to ASX on 15 February 2017. Neither ASIC, the ASX nor any of their respective officers take any responsibility for the contents of this First Supplementary Target's Statement.

Your Bradken Directors continue to unanimously recommend that you ACCEPT HCM's Offer promptly, in the absence of a Superior Proposal (noting that none has materialised to date).

1. OFFER CONDITIONS

All Conditions to the Offer other than the 50% minimum acceptance condition have now been satisfied or waived.

Bradken notes that HCM has advised that as at 14 February 2017 its voting power and relevant interest in the Bradken Shares is 11.94%.

2. FINAL OFFER PRICE

HCM has declared the Offer Price of \$3.25 cash per Bradken Share to be final, subject to no competing proposal being publicly announced.

3. ACCELERATED PAYMENT TERMS

HCM has announced that it intends to offer accelerated payment terms of 8 business days to Bradken shareholders who accept the Offer before the 50% minimum acceptance condition is satisfied or waived so that the Offer becomes completely unconditional.

Please see HCM's announcement dated 13 February 2017 for further details. A copy is available on Bradken's website at www.bradken.com.

4. OFFER PERIOD

On 2 February 2017, HCM extended the Offer Period. The Offer is currently scheduled to close at 7.00pm (Sydney time) on 24 February 2017, but may be further extended by HCM in accordance with the Corporations Act.

5. DIRECTORS' CONTINUING RECOMMENDATION TO ACCEPT

Your Directors continue to unanimously recommend that you ACCEPT the Offer promptly in the absence of a Superior Proposal so that your acceptance is received before the end of the Offer Period. Each of your Bradken Directors has now accepted the Offer in respect of all of the Bradken Shares they own or control.

Please refer to HCM's announcement dated 13 February 2017 for details on how to accept the Offer. A copy is available on Bradken's website at www.bradken.com.

In addition to the reasons to accept outlined in the Target's Statement your Directors note the following reasons to accept:

- As noted in the Investor Update Bradken issued on 13 February 2017, although Bradken continues to achieve positive results with its transformation strategy and cost out strategy, continuing softness is being experienced in Bradken's end markets and there are risks and uncertainties in remaining a Bradken shareholder. The \$3.25 cash consideration under HCM's Offer provides you with

certainty of value for your Bradken Shares (subject to the Offer becoming unconditional).

- No Superior Proposal has emerged since the announcement of HCM's Offer on 3 October 2016.
- As at the date of this Supplementary Target's Statement, your Directors are not aware of any enquiry, approach, proposal or other expression of interest from a third party that may develop into a Superior Proposal. As more than four months has now passed since HCM's Offer was publicly announced, any third party who may have been interested in submitting a Competing Proposal has had reasonable time to do so but has not done so.
- HCM's Offer is now unconditional except for the 50% minimum acceptance condition. The satisfaction of this last remaining condition is within the collective control of Bradken shareholders.
- You will receive accelerated payment terms if you accept before the Offer becomes unconditional.
- If the 50% minimum acceptance condition is not satisfied or waived before the Offer closes and if no Competing Proposal is publicly announced before the closing date, the Offer will lapse and be unsuccessful. In these circumstances, all acceptances will be invalid and there is a risk that the Bradken Share price may fall below the Offer price of \$3.25.
- If the Offer becomes unconditional and HCM acquires more than 50% (but less than 90%) of Bradken's Shares on a fully diluted basis, then control of Bradken would pass to HCM without HCM having the ability to compulsorily acquire the remaining Bradken Shares. This would mean that Bradken shareholders who do not accept the Offer would remain as minority shareholders of Bradken. The risks of being a minority shareholder are outlined in section 2.5 (reason 5) of Bradken's Target's Statement.

6. AUTHORISATION

This First Supplementary Target's Statement has been approved by a resolution passed by the Directors of Bradken.

Dated 15 February 2017, being the date on which the First Supplementary Target's Statement was lodged with ASIC.

Signed for and on behalf of Bradken Limited:



Phillip Arnall
Chairman
Bradken Limited