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To ASX Market Announcements, Melbourne

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Subject **Takeover bid for Bradken Limited – First Supplementary Bidder's Statement**

Dear Sir/Madam,


We act for Hitachi Construction Machinery Co., Ltd. (**HCM**).

We refer to the Bidder's Statement dated 25 October 2016 in respect of the offer by HCM to acquire 100% of the ordinary shares of Bradken Limited (**Bradken**) (**Bidder's Statement**).

In accordance with section 647(3)(b) of the Corporations Act 2001 (Cth) (Act), we enclose a supplementary bidder's statement dated 30 January 2017 in relation to the HCM offer (**First Supplementary Bidder's Statement**).

A copy of the attached First Supplementary Bidder's Statement has separately been given to Bradken.

Yours faithfully



Alberto Colla
Partner



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Hitachi Construction Machinery Co., Ltd. (a body incorporated in Japan)

First Supplementary Bidder's Statement in relation to the HCM Offer

1. INTRODUCTION

This is the first supplementary bidder's statement (**First Supplementary Bidder's Statement**) given by Hitachi Construction Machinery Co., Ltd. (**HCM**) under section 643 of the *Corporations Act 2001* (Cth) (**Corporations Act**).

This First Supplementary Bidder's Statement relates to and supplements HCM's Bidder's Statement dated 25 October 2016 in respect of HCM's offer to acquire all of the ordinary shares of Bradken Limited ABN 33 108 693 009 (**Bradken**), and should be read with that document.

Unless the context otherwise requires, terms defined in the Bidder's Statement have the same meaning in this First Supplementary Bidder's Statement. To the extent there is any inconsistency between the Bidder's Statement and this First Supplementary Bidder's Statement, this First Supplementary Bidder's Statement will prevail.

A copy of this First Supplementary Bidder's Statement was lodged with ASIC and sent to Bradken on Monday, 30 January 2017. Neither ASIC, Bradken nor any of their respective officers takes any responsibility as to the contents of this First Supplementary Bidder's Statement.

2. UPDATE ON CONDITIONS

2.1 CFIUS Approval

The Offer is subject to the condition that CFIUS Approval is obtained before the end of the Offer Period (see Appendix 2, condition 3 of the Bidder's Statement). This is now the only outstanding regulatory approval condition.

HCM and Bradken filed a joint voluntary notice with CFIUS on 15 December 2016, notifying CFIUS of HCM's offer to acquire all of the ordinary shares of Bradken. The 30 day CFIUS review period commenced on 11 January 2017, being the date on which the CFIUS Chairperson determined the joint voluntary notice was complete and disseminated the joint voluntary notice to all agencies that are members of CFIUS. The 30 day CFIUS review period will expire on Thursday, 9 February 2017 (in the United States, being Friday, 10 February in Australia). However, CFIUS Approval may be received prior to 9 February 2017. Equally CFIUS is entitled to additional time to investigate any US national security concerns it may have for a further 45 days commencing from 9 February 2017. During this time period, HCM anticipates that it will be given the opportunity to mitigate any US national security concerns that may arise by entering into an agreement with CFIUS, or its designated lead agency, on commercially reasonable terms addressing such concerns. While CFIUS has designated the US Departments of Treasury and defense as lead agencies for the review, it is possible that other agencies may be designated as an additional lead agency

As at the date of this First Supplementary Bidder's Statement, HCM has not received any substantive feedback from CFIUS on any US national security concerns. Therefore, HCM has no reason to expect that CFIUS Approval will not be obtained on or before 9 February 2017. HCM will make an ASX announcement as soon as practicable when CFIUS Approval is obtained.

The condition relating to CFIUS Approval may also be waived by HCM and HCM reserves the right to do so.

2.2 Other Conditions

As previously announced on ASX, the conditions relating to HSR Antitrust Approval, CCB Clearance, ACCC Informal Clearance, FIRB Approval, South African Competition Approval and DDTC Approval have already been satisfied.

The Offer remains subject to several 'negative' conditions, being the following conditions: "No Material Adverse Change", "No material acquisitions, disposals, new commitments", "No distributions", "No Prescribed Occurrences" and "No issue of Employee Share Performance Rights". As at the date of this

Frist Supplementary Bidder's Statement, HCM is not aware of any event or circumstance which might prevent any of these 'negative' conditions from being satisfied.

The Offer also remains subject to the 50% minimum acceptance condition set out in paragraph 5 of Appendix 2 to the Bidder's Statement (**50% Minimum Acceptance Condition**). As at the date of this First Supplementary Bidder's Statement, HCM's relevant interest in Bradken Shares is 7.81%.

3. OFFER PERIOD

3.1 Current scheduled closing date

The Offer is currently scheduled to close at 7.00pm (AEDT) on Friday, 10 February 2017.

3.2 Potential extension of Offer Period

If, by 2 February 2017, the condition relating to CFIUS Approval remains unsatisfied, HCM intends to extend the Offer Period for a further period of 14 days. HCM will release an ASX announcement at the appropriate time regarding any potential extension of the Offer Period.

4. INSTITUTIONAL ACCEPTANCE FACILITY

4.1 General

HCM has established an institutional acceptance facility open to professional investors (as defined in section 9 of the Corporations Act) that hold or beneficially own at least 153,847¹ Bradken Shares (**Eligible Shareholders**) in order to facilitate receipt of acceptances of the HCM Offer (**Facility**). Bradken Shareholders who are not Eligible Shareholders cannot participate in the Facility.

The Facility has been established to enable Eligible Shareholders to indicate their intentions to accept the HCM Offer, as HCM recognises that some of these shareholders may be unwilling or unable to accept the HCM Offer, for example, by reason of their investment mandates, until the HCM Offer becomes or is declared unconditional.

The operator of the Facility is Computershare Clearing Pty Limited ACN 063 826 228 (**Facility Operator**).

To ensure that HCM is able to fulfil the 50% Minimum Acceptance Condition, put itself in a position to declare the HCM Offer unconditional and therefore pay the cash consideration available under the HCM Offer, HCM encourages you to accept the HCM Offer or, if you are an Eligible Shareholder, provide your acceptance instructions into the Facility as soon as possible.

4.2 Operation of the Facility

The Facility will operate in the following way:

- (a) Eligible Shareholders may demonstrate their intention to accept the HCM Offer by lodging with the Facility Operator acceptance instructions in the form of:
 - (i) where the Eligible Shareholder is recorded as the holder of Bradken Shares, a duly completed and executed acceptance form (**Acceptance Form**); and/or
 - (ii) where the Eligible Shareholder is a beneficial holder whose securities are held by a custodian on the person's behalf, directions to its custodian (the form of which will be made available to Eligible Shareholders on request by the Facility Operator) (**Custodian Directions**) to accept the HCM Offer,

(referred to as **Acceptance Instructions**) thereby demonstrating their intention to accept the HCM Offer.

¹ Being the number of Bradken Shares with an aggregate value of at least \$500,000, assuming a share price of \$3.25.

- (b) The Facility Operator will hold the Acceptance Instructions as acceptance facility collection agent only and subject to a bare trust.
- (c) Under ASIC Class Order CO 13/520 and under the terms of appointment of the Facility Operator contained in the Acceptance Instructions, HCM will not acquire a Relevant Interest in any Bradken Shares through the receipt by the Facility Operator of an Acceptance Instruction, because the Facility has been established on the basis that it fulfils the requirements of subsection 609(8A) as inserted by CO13/520.
- (d) The Facility Operator must deliver:
 - (i) the Acceptance Forms in accordance with the instructions on the relevant Acceptance Forms; and
 - (ii) the Custodian Directions to the relevant custodians,
 immediately after the Facility Operator receives written notice from HCM (**Confirmation Notice**) that:
 - (iii) HCM declares the HCM Offer free from all conditions that have not been fulfilled or waived; or
 - (iv) HCM will declare the HCM Offer free from all conditions that have not been fulfilled or waived no later than the time that all Acceptance Instructions lodged with the Facility Operator are processed.
- (e) HCM reserves the right to free the HCM Offer from all conditions and deliver the Confirmation Notice to the Facility Operator at any time before the end of the Offer Period (subject to the Corporations Act, the Bid Implementation Agreement, or in the case of the condition set out in paragraph 6 of Appendix 2 to the Bidder's Statement (**No Prescribed Occurrences**), until the end of the third business day after the end of the Offer Period), irrespective of the number of acceptances held by HCM or the number of Acceptance Instructions held by the Facility Operator.
- (f) Eligible Shareholders are able to withdraw their Acceptance Instructions at any time prior to the Facility Operator receiving the Confirmation Notice from HCM. Until the Facility Agent receives the Confirmation Notice from HCM, Eligible Shareholders will retain all rights in relation to their Bradken Shares.
- (g) A copy of the appointment of the Facility Operator (including the terms of the appointment and the form of the Custodian Direction) will be provided to Eligible Shareholders and may also be requested from the Facility Operator by email to custodians@computershare.com.au or phone on 1800 095 862 (callers within Australia) and +61 3 9415 5401 (callers outside Australia).

4.3 Disclosure of Acceptance Instructions

By 8.30am (AEDT) on each business day, the Facility Operator will inform HCM of the number of Bradken Shares in respect of which Acceptance Instructions have been received as at 7.30pm (AEDT) on the previous trading day.

Following receipt of this information from the Facility Operator, pursuant to ASIC Class Order CO13/520, for every movement of at least 1% in the aggregate level of HCM's voting power during the Offer Period, HCM will announce to the ASX by 9.30am on the next trading day after the movement a notice setting out the aggregate number and percentage of Bradken Shares:

- (a) in which HCM has a Relevant Interest; and
 - (b) which are the subject of Acceptance Instructions,
- and a breakdown between the two categories (a) and (b).

4.4 Consent

The Facility Operator has given, and has not at the date of this First Supplementary Bidder's Statement withdrawn, its written consent to being named in this First Supplementary Bidder's Statement.

5. FURTHER INFORMATION

HCM encourages you to read the Bidder's Statement, together with this First Supplementary Bidder's Statement, carefully before accepting the HCM Offer.

If you have any questions or would like another copy of the Bidder's Statement and the Acceptance Form, please contact the HCM Offer Information Line on 1300 648 150 (toll free within Australia) or + 61 3 9415 4156 (not toll free) from outside Australia.

6. APPROVAL

This First Supplementary Bidder's Statement has been approved by resolution passed by the directors of HCM under section 645(2)(a)(i) of the Corporations Act.

This First Supplementary Bidder's Statement is dated 30 January 2017.