

MinterEllison

25 October 2016

The Manager
Company Announcements Office – Melbourne
Australian Securities Exchange
Level 4, North Tower, Rialto
525 Collins Street
MELBOURNE VIC 3000

Dear Sir/Madam

Off-market bid by Hitachi Construction Machinery Co., Ltd. (HCM) to acquire all of the ordinary shares in Bradken Limited ACN 108 693 009

We act for HCM.

HCM is pleased to announce that it has today lodged its Bidder's Statement in respect of the Offer with the Australian Securities and Investments Commission. The Bidder's Statement was also served on Bradken Limited today (**Bradken**).

In accordance with item 5 of section 633(1) of the *Corporations Act 2001 (Cth)* (**Corporations Act**), we enclose a copy of the Bidder's Statement dated 25 October 2016.

In accordance with section 633(4) of the Corporations Act, we advise that the date for determining Bradken shareholders who are to receive a copy of the bidder's statement is 7.00pm (Melbourne time) on 25 October 2016.

HCM and Bradken have agreed that the initial offer period will be approximately 15 weeks and will commence on 1 November 2016 and end on 10 February 2017, unless extended in accordance with the Corporations Act.

Yours faithfully
MINTER ELLISON



Contact: Alberto Colla T: +61 3 8608 2754
alberto.colla@minterellison.com
OUR REF: AXC BFO KXT 1140705

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BIDDER'S STATEMENT

ACCEPT RECOMMENDED CASH OFFER

by **Hitachi Construction Machinery Co., Ltd.** (a body incorporated in Japan)
to acquire all of your ordinary shares in **Bradken Limited** ABN 33 108 693 009
for **\$3.25 cash per Bradken Share**



The Bradken Directors unanimously recommend that you

ACCEPT

the HCM Offer, in the absence of a superior proposal

If you are in any doubt as to how to deal with this document, please contact your legal, financial, taxation or other professional adviser. If you have any questions about the HCM Offer or this document, or about how to accept the HCM Offer, 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.

THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR IMMEDIATE ATTENTION

Financial advisers

MOELIS & COMPANY

 SMBC NIKKO

Legal adviser

MinterEllison

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KEY DATES

Date Offer announced	Monday, 3 October 2016
Bidder's Statement lodged with ASIC, ASX and served on Bradken	Tuesday, 25 October 2016
Offer opens	Tuesday, 1 November 2016
Offer closes (unless extended*)	7.00pm (AEDT time) on Friday, 10 February 2017

* The closing date for the HCM Offer may be extended as permitted by the Corporations Act.

HOW TO ACCEPT

You may only accept the HCM Offer in respect of all your Bradken Shares. To accept the HCM Offer, you should proceed as follows:

1 Read

Read this document in full. You should also read the Target's Statement prepared by Bradken.

2 Consult

Consult your legal, financial, taxation or other professional adviser if you are in any doubt as to what action to take or how to accept the HCM Offer.

3 Complete or instruct

Issuer Sponsored Holdings

If your Bradken Shares are held in an Issuer Sponsored Holding (in which case your Shareholder Reference Number is prefixed with 'I'), to accept the HCM Offer in respect of those Bradken Shares you must complete and sign the enclosed Acceptance Form in accordance with the instructions on it and return it (using the enclosed pre-addressed envelope if you wish) together with all documents required by the instructions on it, so that they are received at the address given on the Acceptance Form before the end of the Offer Period.

CHESSE Holdings

If your Bradken Shares are held in a CHESSE Holding (in which case your Holder Identification Number is prefixed with 'X'), to accept the HCM Offer in respect of those Bradken Shares you must do one of the following:

- (i) instruct your Controlling Participant (usually your stockbroker) to initiate acceptance of the HCM Offer on your behalf, so as to be effective before the end of the Offer Period. However, if you are the Controlling Participant in respect of your Bradken Shares, to accept the HCM Offer you must initiate acceptance of the HCM Offer before the end of the Offer Period; or
- (ii) complete and sign the enclosed Acceptance Form in accordance with the instructions on it and return it (using the enclosed pre-addressed envelope if you wish) together with all other documents required by those instructions on it, so that they are received at the address given on the Acceptance Form in sufficient time for your Controlling Participant to act on your instruction before the end of the Offer Period.

4 Post

Post your completed Acceptance Form in the enclosed pre-addressed envelope to:

HCM Takeover Offer
Computershare Investor Services Pty Limited
GPO Box 52
Melbourne VIC 3001

Acceptance Forms must be received in sufficient time for your instruction to be processed by 7.00pm (AEDT time) on Friday, 10 February 2017, unless the HCM Offer is extended or withdrawn as permitted by the Corporations Act.

Due to recent changes to delivery times by Australia Post, standard delivery may now take up to six Business Days, or longer from regional areas. Bradken Shareholders should bear this in mind when returning Acceptance Forms using Australia Post.

IMPORTANT NOTICES

Bidder's Statement

The offer described in this Bidder's Statement is given by Hitachi Construction Machinery Co., Ltd. (**HCM**) to Bradken Limited ABN 33 108 693 009 (**Bradken**) under Part 6.5 of the Corporations Act and sets out certain disclosures required by the Corporations Act together with the terms of the offer to acquire your Bradken Shares (**HCM Offer**).

You should read this Bidder's Statement in its entirety. This Bidder's Statement is dated 25 October 2016 and includes an offer dated 1 November 2016 in paragraph 1 of Appendix 1 to this Bidder's Statement. You should also read the Target's Statement.

No account of personal circumstances

This Bidder's Statement does not take into account your individual investment objectives, financial situation or particular needs. It does not contain personal advice. HCM is not licensed to provide financial product advice in relation to Bradken Shares or any other financial products. This Bidder's Statement should not be relied on as the sole basis for any investment decision in relation to Bradken Shares or the HCM Offer generally. You should obtain independent legal, financial, taxation or other professional advice before deciding whether to accept the HCM Offer.

ASIC and ASX disclaimer

A copy of this Bidder's Statement was lodged with ASIC and provided to ASX on 25 October 2016. Neither ASIC, ASX nor any of their respective officers takes any responsibility for the contents of this Bidder's Statement or the merits of the HCM Offer.

Disclaimer as to forward looking statements

This Bidder's Statement contains forward-looking statements within the meaning of financial services and securities laws. These statements are based, among other things, on HCM's assumptions, expectations, estimates, objectives, plans and intentions as of the date of this Bidder's Statement regarding the HCM Offer, its success, expected benefits, the number of shares that HCM will actually be able to purchase and any change to the Offer Consideration or conditions.

Forward-looking statements are based on HCM's current estimates, expectations and assumptions, which HCM believes are reasonable as at the date of this Bidder's Statement, and, accordingly, are subject to changes after that date. You should not place undue importance on forward-looking statements and should not rely on this information in respect of any other date.

Except as required under applicable legislation, HCM does not undertake to update or revise these forward-looking statements, whether written or verbal, that may be made from time to time by it or on its behalf, whether as a result of new information, future events or otherwise.

None of HCM or any of its officers, or any other person named in this Bidder's Statement with their consent, or any person involved in the preparation of this Bidder's Statement, makes any representation or warranty (express or implied) as to the accuracy or likelihood of fulfilment of any forward looking statement, except to the extent required by law.

Privacy

HCM has collected your information from the Bradken share registry for the purpose of providing you with this Bidder's Statement and making the HCM Offer. The type of information HCM has collected about you includes your name, contact details and information in respect of your shareholding in Bradken. The Corporations Act requires the name and address of shareholders to be held in a public register. Your information may be disclosed on a confidential basis to HCM's related bodies corporate and external service providers and may be required to be disclosed to regulators such as ASIC.

Notice to Foreign Shareholders

The distribution of this Bidder's Statement may, in some countries, be restricted by law or regulation. Accordingly, persons who come into possession of this Bidder's Statement should inform themselves of, and observe, those restrictions. This Bidder's Statement does not constitute an offer in any jurisdiction in which, or to any person to which, it would not be lawful to make such an offer.

Defined terms

Certain terms used in this Bidder's Statement have defined meanings, as set out in Section 9 of this Bidder's Statement.

No internet site is part of this Bidder's Statement

References in this Bidder's Statement to HCM's website (<https://www.hitachicm.com/global/>) and to Bradken's website (<http://bradken.com/>) are for your reference only. Information contained in or otherwise accessible from those websites are not part of this Bidder's Statement.

Share registry for the HCM Offer

Computershare Investor Services Pty Limited
GPO Box 52
Melbourne VIC 3001

ACCEPT NOW

HCM believes its Offer of \$3.25 cash per Bradken Share provides you with an outstanding opportunity to realise an attractive price for your Bradken Shares.

The HCM Offer has been unanimously recommended by the Bradken Board, in the absence of a superior proposal.



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PRESIDENT'S LETTER

Dear Bradken Shareholder,

On behalf of the directors and executive officers of Hitachi Construction Machinery Co., Ltd. (**HCM**), I am pleased to present you with an offer to acquire all of your ordinary shares in Bradken Limited (**Bradken**). HCM is offering you \$3.25 cash for each of your Bradken Shares.

A compelling offer for Bradken Shareholders

The HCM Offer is an attractive and compelling one for you as a Bradken Shareholder. Specifically, the Offer Consideration of \$3.25 cash for each Bradken Share represents a premium of:

- 34% to the closing price of Bradken Shares on 3 October 2016, being the Announcement Date;
- 38% to the 1 month VWAP of Bradken Shares up to 3 October 2016;
- 78% to the 3 month VWAP of Bradken Shares up to 3 October 2016; and
- 121% to the 6 month VWAP of Bradken Shares up to 3 October 2016.

Importantly, the HCM Offer provides full and certain cash value to Bradken Shareholders. Bradken Shareholders who accept the HCM Offer will be paid on the earlier of within one month after the HCM Offer becomes or is declared unconditional and within 21 days after the end of the Offer Period. The HCM Offer will extend to Bradken Shares issued during the period from the Register Date to the end of the Offer Period (inclusive) due to the conversion of Bradken Redeemable Preference Shares or as a result of the exercise or vesting of Employee Share Performance Rights, that are in existence as at the Register Date.

Unanimously recommended by the Board of Bradken

The HCM Offer has been unanimously recommended by the Board of Bradken: all Bradken Directors recommend that Bradken Shareholders ACCEPT the HCM Offer, in the absence of a superior proposal.

Subject to that same qualification, each Bradken Director who holds or controls Bradken Shares has stated that they intend to accept the HCM Offer in respect of the Bradken Shares they hold or control.

HCM and Bradken – why it makes sense

HCM is a leading global manufacturer and supplier of construction and mining machinery, consumables and parts. It employs over 20,000 staff across a global network of manufacturing facilities and sales centres. HCM is headquartered in Tokyo and listed on the Tokyo Stock Exchange. HCM's majority shareholder is Hitachi, Ltd. (**Hitachi**), also listed on the Tokyo Stock Exchange.

The proposed acquisition of Bradken is an important part of HCM's strategy to expand the scale of its business in after-market wear parts and to diversify into new, complementary business segments. The combination of HCM and Bradken is expected to realise sustainable growth in both businesses through leveraging each other's competitive strengths, global networks, technology and innovation and operational excellence.

If the HCM Offer is successful, HCM's intention is to maintain and further strengthen Bradken's brand and distribution capabilities under the current Bradken management team's leadership. HCM is excited to support the continued growth of Bradken's business in Australia and overseas. In addition to being highly compelling for Bradken Shareholders, HCM believes that its Offer represents an exciting opportunity for Bradken, its customers, associates, employees and other stakeholders.

Conclusion

I encourage you to accept the HCM Offer as soon as possible. Details of the HCM Offer are set out in this Bidder's Statement, which you should read in full. To accept the HCM Offer, please follow the instructions in this Bidder's Statement and on the accompanying Acceptance Form. The HCM Offer is open for you to accept until 7.00pm (AEDT time) on Friday, 10 February 2017, unless extended in accordance with the Corporations Act.

If you have any questions about the HCM Offer, or how to accept it, 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.

Yours sincerely

Yuichi Tsujimoto

President, Chief Executive Officer and Director
Hitachi Construction Machinery Co., Ltd.

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SUMMARY OF THE HCM OFFER

Set out below is a summary of the HCM Offer. This information is a summary only and should be read together with all sections of this Bidder's Statement and Bradken's Target's Statement.

Capitalised terms not otherwise defined have the meanings given in Section 9 of this Bidder's Statement.

<p>The HCM Offer</p>	<p>HCM is offering to acquire all of your Bradken Shares.</p> <p>The HCM Offer will also extend to all new Bradken Shares issued during the period from the Register Date to the end of the Offer Period (inclusive) due to the conversion of Bradken Redeemable Preference Shares or as a result of the exercise or vesting of Employee Share Performance Rights, that are in existence as at the Register Date.</p>
<p>Offer Consideration</p>	<p>The Offer Consideration is \$3.25 cash for each Bradken Share you hold.</p>
<p>Conditions to the HCM Offer</p>	<p>The HCM Offer remains subject to the following conditions:</p> <ul style="list-style-type: none"> ▪ receipt of FIRB approval by HCM; ▪ receipt of competition and certain regulatory approvals in the United States, Canada, Australia and South Africa by HCM; ▪ HCM acquiring a relevant interest in more than 50% of Bradken Shares on a Fully Diluted Basis; ▪ no Prescribed Occurrences happening; ▪ no Material Adverse Change occurring; ▪ other than certain permitted actions, no material acquisitions, disposals, new commitments or other events; ▪ no distributions; and ▪ no new Employee Share Performance Rights are granted or issued. <p>These conditions are set out in full in Appendix 2 to this Bidder's Statement. The status of these conditions as at the date of this Bidder's Statement is set out in Section 8.10.</p>
<p>Offer closing date</p>	<p>The HCM Offer is scheduled to close at 7.00pm (AEDT time) on Friday, 10 February 2017 unless the Offer is extended or withdrawn.</p>
<p>No transaction costs</p>	<p>If your Bradken Shares are registered in an Issuer Sponsored Holding (your SRN starts with an "I") in your name and you deliver them directly to HCM, you will not incur any brokerage fees or pay stamp duty in connection with your acceptance of the HCM Offer.</p> <p>If your Bradken Shares are registered in a CHESS Holding (your HIN starts with an "X"), or if you are a beneficial owner whose Shares are registered in the name of a broker, bank, custodian or other nominee, you will not pay stamp duty by accepting the HCM Offer. However, you should ask your Controlling Participant (usually your broker) or nominee whether it will charge any transactional fees or service charges in connection with acceptance of the HCM Offer.</p> <p>You may incur brokerage costs if you choose to sell your Bradken Shares on ASX.</p>

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WHY YOU SHOULD ACCEPT THE HCM OFFER?

- 1 The HCM Offer represents compelling value for Bradken Shareholders.
- 2 The Bradken Board unanimously recommends that you accept the HCM Offer, in the absence of a superior proposal.
- 3 The independent expert engaged by Bradken has opined that the HCM Offer is fair and reasonable to Bradken Shareholders.
- 4 The HCM Offer is a simple all cash offer.
- 5 The HCM Offer removes your exposure to the risks and uncertainties associated with a continued investment in Bradken.
- 6 The HCM Offer provides all Bradken Shareholders with access to full liquidity.
- 7 The HCM Offer is the only offer presently available for your Bradken Shares.
- 8 Bradken's share price may fall if the HCM Offer is not successful.
- 9 There are possible minority shareholder risks if you do not accept the HCM Offer.

Further details on each of these nine reasons for ACCEPTING the HCM Offer are set out in Section 1 of this Bidder's Statement.

You should read this entire Bidder's Statement and Bradken's Target's Statement before deciding whether to accept the HCM Offer.

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Reasons why you should **ACCEPT** the HCM Offer

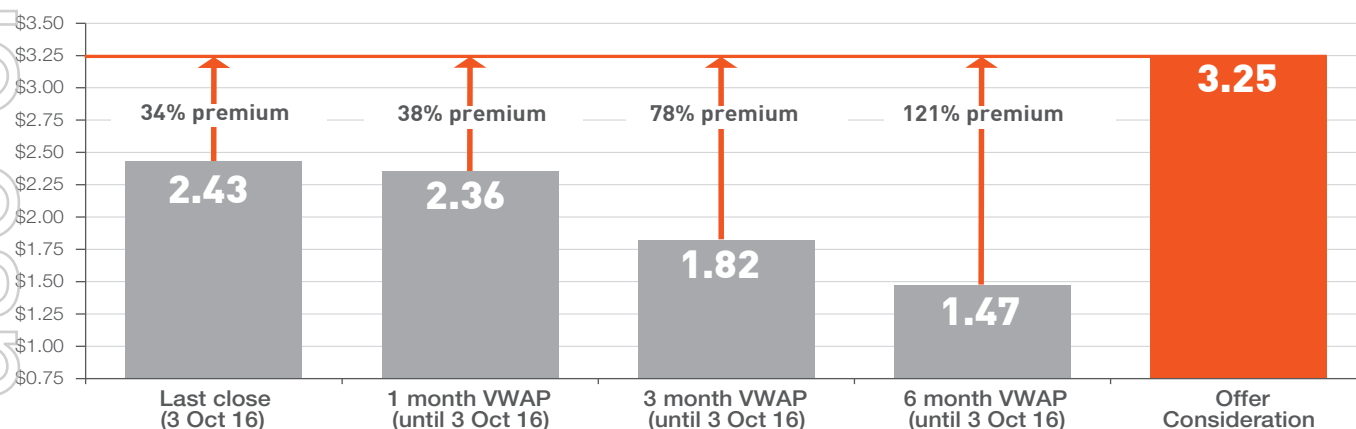
1. Reasons why you should ACCEPT the HCM Offer

1.1 The HCM Offer represents compelling value for Bradken Shareholders

The Offer Consideration of \$3.25 cash per Bradken Share represents compelling value for Bradken Shareholders, reflecting a substantial premium of:

- 34% to the closing price of Bradken Shares on 3 October 2016, being the Announcement Date;
- 38% to the 1 month VWAP of Bradken Shares up to 3 October 2016;
- 78% to the 3 month VWAP of Bradken Shares up to 3 October 2016; and
- 121% to the 6 month VWAP of Bradken Shares up to 3 October 2016.

A\$ per Bradken Share



Source: IRESS.

1.2 The Bradken Board unanimously recommends that you accept the HCM Offer, in the absence of a superior proposal

The HCM Offer is unanimously recommended by the Bradken Board: all Bradken Directors recommend that Bradken Shareholders accept the HCM Offer, in the absence of a superior proposal.

Subject to that same qualification, each Bradken Director intends to accept the HCM Offer for all Bradken Shares they hold or otherwise control.

1.3 The independent expert engaged by Bradken has opined that the HCM Offer is fair and reasonable to Bradken Shareholders.

Grant Thornton Corporate Finance Pty Ltd, the independent expert engaged by Bradken, has opined that the HCM Offer is fair and reasonable to Bradken Shareholders. The independent expert's report forms Annexure A to Bradken's Target's Statement. You should read that report in its entirety.

1.4 The HCM Offer is a simple all cash offer

Being an 'all cash' offer, the HCM Offer provides you with an opportunity to realise full and certain value for your entire Bradken Shareholding, with no transaction costs and no exposure to the potential risks associated with a continuing investment in Bradken.

Bradken Shareholders who accept the HCM Offer will be paid on the earlier of within one month after the HCM Offer becomes or is declared unconditional and within 21 days after the end of the Offer Period.

The HCM Offer is subject to various conditions, including HCM acquiring a relevant interest in more than 50% of Bradken Shares on a Fully Diluted Basis, and receiving FIRB approval and competition and certain regulatory approvals in the United States, Canada, Australia and South Africa during the Offer Period. Importantly, the HCM Offer is not subject to any funding condition.

The conditions to the HCM Offer are set out in full in Appendix 2 to this Bidder's Statement. The status of these conditions as at the date of this Bidder's Statement is set out in Section 8.10.

1.5 The HCM Offer removes your exposure to the risks and uncertainties associated with a continued investment in Bradken

HCM believes that the Offer Consideration represents compelling value for your Bradken Shares. The certainty of the HCM Offer of \$3.25 cash per Bradken Share compares favourably to the external and company specific risks and uncertainties to which Bradken may be subject that could affect the trading price of Bradken Shares.

Bradken's external risks include:

- the risk of prolonged subdued activity in the mining industry and other end-markets that generate demand for Bradken's products;
- the risk of downturns in the economies in which Bradken operates;
- the risk of changes in interest rates, employment rates, inflation, capital expenditure trends and government policy;
- the risk of commodity price fluctuations; and
- foreign exchange risk.

Although Bradken's earnings have stabilised and Bradken has initiated a promising restructuring program, these initiatives will take time to fully implement and carry execution risks, some of which are outside the control of Bradken.

In addition, HCM believes that Bradken's current capital structure reduces its ability to absorb adverse outcomes from these risk factors. Bradken Shareholders will also face dilution from the forthcoming conversion of Bradken Redeemable Preference Shares, as announced by Bradken on 12 October 2016. Accordingly, HCM believes there is likely to be continuing volatility in the trading price of your Bradken Shares.

1.6 The HCM Offer provides all Bradken Shareholders with access to full liquidity

Bradken Shares currently trade at low volumes on ASX. The average daily trading volume for Bradken Shares in the last six months prior to the Announcement Date was less than 1,000,000 Bradken Shares, representing approximately 0.6% of the total number of Bradken Shares on issue. Consequently, some Bradken Shareholders face limited opportunities to achieve full liquidity in respect of their shares in Bradken at the prevailing market price. The HCM Offer provides all Bradken Shareholders with access to full liquidity at a substantial premium to prices at which Bradken Shares were trading prior to the announcement of the HCM Offer.

1.7 The HCM Offer is the only offer presently available for your Bradken Shares

The HCM Offer is the only offer presently available for your Bradken Shares. The HCM Offer represents a liquidity opportunity for Bradken Shareholders to sell all their Bradken Shares for a certain value.

As at the date of this Bidder's Statement, neither HCM nor Bradken is aware of any other party intending to make an offer for Bradken Shares which is higher than the HCM Offer.

Bradken has agreed to certain exclusivity restrictions that restrict it from soliciting any competing proposals from, entering into discussions with, or providing due diligence material to, any competing bidder. However, these restrictions do not prevent Bradken from considering an unsolicited competing proposal that is or would reasonably be expected to result in a superior proposal. HCM has the right, but not the obligation, to match any competing proposal of this nature.

For further details, please refer to the full copy of the executed Bid Implementation Agreement that accompanied the announcement made by Bradken to ASX dated 3 October 2016.

1.8 Bradken's share price may fall if the HCM Offer is not successful

The HCM Offer provides you with the opportunity to receive a certain cash amount of \$3.25 per Bradken Share, subject to each of the conditions being satisfied or waived.

Although many factors affect the price of any given quoted security, if the HCM Offer is not successful and no alternative superior proposal emerges, the Bradken Share price may fall to levels at which Bradken Shares traded prior to 3 October 2016 (being the Announcement Date).

The trading price of Bradken Shares on the ASX over the 12 months prior to 24 October 2016 is shown on the graph below.

A\$ per Bradken Share



Source: IRESS.

1.9 There are possible minority shareholder risks if you do not accept the HCM Offer

If you do not accept the HCM Offer, but HCM acquires more than 50% of Bradken Shares on a Fully Diluted Basis but does not achieve compulsory acquisition, you will become a minority shareholder in Bradken with limited influence in the running of the business.

Decisions made in respect of the business of Bradken under the control of HCM may, therefore, have an impact on those Bradken Shareholders who do not accept the HCM Offer.

HCM's majority holding in Bradken Shares and its control over the company may affect the liquidity of minority shareholders' Bradken Shares. This may make it more difficult for minority shareholders to sell their Bradken Shares.

There is no certainty as to Bradken's future performance or the payment of dividends, and minority shareholders will be subject to these risks.

You should read this entire Bidder's Statement and Bradken's Target's Statement before deciding whether to accept the HCM Offer.

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The HCM Offer – Your Questions Answered

2. The HCM Offer – Your Questions Answered

Set out below are summary answers to some key questions that Bradken Shareholders may have in relation to the HCM Offer. This information is a summary only and should be read together with all sections of this Bidder's Statement and Bradken's Target's Statement.

What is the HCM Offer?	HCM is offering to acquire all of your Bradken Shares.
Who is making the HCM Offer?	HCM is listed on the Tokyo Stock Exchange and is a global manufacturer and supplier of construction and mining machinery (such as hydraulic excavators, rigid dump trucks and wheel loaders), as well as machinery consumables and parts. Further information about HCM is provided in Section 3 of this Bidder's Statement and on HCM's website at https://www.hitachicm.com/global/ .
What is the Offer Consideration?	The Offer Consideration is \$3.25 cash for each Bradken Share held, on the terms and conditions set out in Appendices 1 and 2 to this Bidder's Statement.
What choices do I have?	As a Bradken Shareholder, you have the following choices: <ul style="list-style-type: none"> ▪ accept the HCM Offer for all of your Bradken Shares and receive cash consideration; ▪ sell your Bradken Shares (unless you have previously accepted the HCM Offer); or ▪ do nothing.
What is the Bradken Directors' recommendation in relation to the HCM Offer?	The Bradken Directors unanimously recommend that all Bradken Shareholders accept the HCM Offer, in the absence of a superior proposal.
What are the intentions of the Bradken Directors in relation to their own Shares?	Each Bradken Director who holds or controls Bradken Shares has stated that they intend to accept the HCM Offer in respect of the Bradken Shares they hold or control, in the absence of a superior proposal.
How do I accept the HCM Offer?	To accept the HCM Offer, complete the enclosed Acceptance Form in accordance with the instructions on it and return it in the enclosed pre-addressed envelope so that it is received before the end of the Offer Period. If your Bradken Shares are held in CHESS (Holder Identification Number prefixed with 'X'), you can also accept the HCM Offer by either: <ul style="list-style-type: none"> ▪ directly instructing your Controlling Participant (usually your stockbroker) to accept the HCM Offer on your behalf; or ▪ completing and signing the enclosed Acceptance Form in accordance with the instructions on it and returning it together with all other documents required by those instructions on it, so that they are received at the address given on the Acceptance Form in sufficient time for your Controlling Participant to act on your instruction before the end of the Offer Period. You may only accept the HCM Offer for all of your Bradken Shares. Acceptances must be received before the end of the Offer Period at 7.00pm (AEDT time) on Friday, 10 February 2017, unless the HCM Offer is extended or withdrawn. Due to recent changes to delivery times by Australia Post, standard delivery may now take up to six Business Days, or longer from regional areas. Bradken Shareholders should bear this in mind when returning Acceptance Forms using Australia Post. See paragraph 3 of Appendix 1 to this Bidder's Statement and the Acceptance Form for further details on how to accept the HCM Offer.
Can I accept the HCM Offer for only some of my Bradken Shares?	No, you can only accept the HCM Offer in relation to <u>all</u> of your Bradken Shares. You can only withdraw your acceptance of the Offer in limited circumstances. See paragraph 11 of Appendix 1 for further details.
What happens if I do not accept the HCM Offer?	If HCM becomes entitled to compulsorily acquire your Bradken Shares, it intends to do so. If your Bradken Shares are compulsorily acquired, it will be on the same terms (including the same Offer Consideration for each Bradken Share acquired) as the HCM Offer. However, you will receive payment later than Bradken Shareholders who choose to accept the HCM Offer. If you do not accept the HCM Offer and HCM does not acquire a relevant interest in at least 90% of Bradken Shares or not all of the conditions of the HCM Offer are satisfied or waived, you will remain a Bradken Shareholder and will not receive the Offer Consideration offered by HCM. HCM's intentions if it gains effective control of Bradken, but does not acquire a relevant interest in at least 90% of Bradken Shares, are described in Section 5.4 of this Bidder's Statement.
When does the HCM Offer close?	The HCM Offer will open for acceptance on Tuesday, 1 November 2016 and is scheduled to close at 7.00pm (AEDT time) on Friday, 10 February 2017, unless the HCM Offer is extended or withdrawn. This is the current deadline for your acceptance of the HCM Offer. Your completed Acceptance Form or an acceptance through your Controlling Participant must be received by the Share Registry by this deadline. However, the Offer Period may be extended as permitted by the Corporations Act.

<p>Can HCM extend the Offer Period?</p>	<p>Yes, the Offer Period can be extended at the discretion of HCM in accordance with the Corporations Act.</p> <p>In addition, if, within the last seven days of the Offer Period, either of the following events occur:</p> <ul style="list-style-type: none"> ▪ the HCM Offer is varied to improve the consideration offered; or ▪ HCM's voting power in Bradken increases to more than 50%, <p>the Offer Period will be automatically extended so that it ends 14 days after the relevant event in accordance with section 624(2) of the Corporations Act.</p> <p>If the HCM Offer is extended, an announcement will be made to ASX.</p>
<p>Can I sell my Bradken Shares on market?</p>	<p>Yes, you can sell your Bradken Shares on market, however, you may incur brokerage costs in doing so.</p> <p>If you have already accepted the HCM Offer, you will be unable to settle any subsequent sale of your Bradken Shares, subject to you being entitled to withdraw your acceptance.</p>
<p>What are the conditions to the HCM Offer?</p>	<p>The HCM Offer remains subject to the following conditions:</p> <ul style="list-style-type: none"> ▪ receipt of FIRB approval by HCM; ▪ receipt of competition and certain regulatory approvals in the United States, Canada, Australia and South Africa by HCM; ▪ HCM acquiring a relevant interest in more than 50% of Bradken Shares on a Fully Diluted Basis; ▪ no Prescribed Occurrences happening; ▪ no Material Adverse Change occurring; ▪ other than certain permitted actions, no material acquisitions, disposals, new commitments or other actions; ▪ no distributions; and ▪ no new Employee Share Performance Rights are granted or issued. <p>These conditions are set out in full in Appendix 2 to this Bidder's Statement. The status of these conditions as at the date of this Bidder's Statement is set out in Section 8.10.</p>
<p>What happens if the conditions are not satisfied or waived?</p>	<p>If the conditions are not satisfied or waived before the end of the Offer Period, the HCM Offer will lapse and any acceptances of the HCM Offer will be void.</p> <p>In those circumstances, Bradken Shareholders who have accepted the HCM Offer will continue to hold their Bradken Shares and be free to deal with them as if the Offer had not been made.</p>
<p>How will the Bradken Redeemable Preference Shares be treated?</p>	<p>The HCM Offer does not extend to Bradken Redeemable Preference Shares. However, as set out in Section 8.3, the HCM Offer will extend to any new Bradken Shares issued during the period from the Register Date to the end of the Offer Period (inclusive) due to the conversion of Bradken Redeemable Preference Shares that are in existence as at the Register Date.</p>
<p>How will the Employee Share Performance Rights be treated?</p>	<p>The HCM Offer does not extend to Employee Share Performance Rights. However, as set out in Section 8.3, the HCM Offer will extend to any new Bradken Shares issued during the period from the Register Date to the end of the Offer Period (inclusive) due to the exercise or vesting of Employee Share Performance Rights that are in existence as at the Register Date.</p> <p>Some Bradken Shares acquired on the exercise or vesting of Employee Share Performance Rights may be subject to restrictions on disposals under the terms of the Share Plan Rules. Under the Bid Implementation Agreement, as soon as reasonably practicable after the Offer is unconditional and HCM has obtained a Relevant Interest in more than 50% of Bradken Shares, the Bradken Board must take all necessary actions to permit holders of Bradken Shares acquired on the exercise or vesting of Employee Share Performance Rights, who would otherwise be subject to restrictions on disposal of those Bradken Shares, to accept the HCM Offer.</p>
<p>Do I pay brokerage or stamp duty if I accept?</p>	<p>No brokerage or stamp duty will be payable by you on acceptance of the HCM Offer.</p> <p>If your Bradken Shares are registered in a CHESS Holding or you hold your Bradken Shares through a bank, custodian or other nominee, you should ask your Controlling Participant (usually your broker), or the bank, custodian or other nominee whether it will charge any transaction fees or service charges in connection with your acceptance of the HCM Offer.</p>
<p>What are the tax implications of accepting the HCM Offer?</p>	<p>Section 7 contains a general summary of the likely Australian tax implications of accepting the HCM Offer. The tax implications of accepting the HCM Offer will vary for each Bradken Shareholder. Therefore, you should consult your legal, financial, taxation or other professional adviser on the tax implications of accepting the HCM Offer in light of your specific circumstances.</p>

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3 Profile of HCM

3. Profile of HCM

3.1 HCM

Established in 1970, HCM is a body incorporated in Japan and is headquartered in Tokyo and listed on the Tokyo Stock Exchange. HCM's majority shareholder (holding approximately 50%) is Hitachi, Ltd., also separately listed on the Tokyo Stock Exchange.

HCM is a leading global manufacturer and supplier of construction and mining machinery (such as hydraulic excavators, rigid dump trucks and wheel loaders), as well as machinery consumables and parts.

HCM has over 20,000 staff globally, and has a number of subsidiaries, comprising 12 within Japan, and 31 overseas. HCM markets its products worldwide through a global network of corporate-owned and independent dealers.

HCM operates manufacturing facilities (either wholly owned or through joint ventures) in Japan, Brazil, Canada, China, Holland, Indonesia, Russia and the USA. It does not operate any manufacturing facilities in Australia.

Further information about HCM can be found at <https://www.hitachicm.com/global/>.

3.2 Product and geographic segments

(a) Products and services

The following table shows HCM's external revenues by product and service for the year ended 31 March 2016.

	Year ending 31 March 2016	
	¥ million	A\$ million ¹
Mining machinery	115,509	1,444
Construction machinery and others	642,822	8,035
Total	758,331	9,479

(b) Geographic information

The following table shows HCM's external revenues by geography based on the location of customers for the year ended 31 March 2016.

	Year ending 31 March 2016	
	¥ million	A\$ million ¹
Japan	232,800	2,910
The Americas	99,694	1,246
Europe	89,011	1,113
Russia-CIS, Africa, and Middle East	82,167	1,027
Asia and Oceania	200,854	2,511
China	53,805	673
Total	758,331	9,479

3.3 HCM in Australia

In Australia, HCM operates through its subsidiary, Hitachi Construction Machinery (Australia) Pty Ltd (**HCA**) and supplies a range of machinery for use in the construction, mining, forestry, material handling and recycling industries. HCA supplies machinery under the Hitachi, John Deere and Bell brands. Under the Hitachi brand, for example, HCA supplies machinery such as hydraulic excavators, rigid dump trucks and wheel loaders.

HCA also provides consumables or wear parts, and service support, in respect of HCA supplied machinery. These include ground engaging tools (such as bucket teeth, tooth adaptors, lip shrouds, side wall shrouds and wear bars), buckets and components (such as crawler shoes) for the undercarriage of machinery which move using tracks rather than wheels (such as excavators).

3.4 Directors

The current directors of HCM are:

- Yutaka Saito, Director and Chairman of the HCM board;
- Kazushige Okuhara, Outside Director;
- Haruyuki Toyama, Outside Director;
- Junko Hirakawa, Outside Director;
- Osamu Okada, Director;
- Tetsuo Katsurayama, Director;
- Koji Sumioka, Director; and
- Yuichi Tsujimoto, Director.

¹ Converted at an exchange rate of A\$1 = ¥80.

3.5 Executive Officers

The current Executive Officers of HCM are:

- (a) Yuichi Tsujimoto, Representative Executive Officer, President and Executive Officer;
- (b) Koji Sumioka, Representative Executive Officer, Executive Vice President and Executive Officer;
- (c) Yasushi Ochiai, Senior Vice President and Executive Officer;
- (d) Kenji Ota, Vice President and Executive Officer;
- (e) Toshihiro Oono, Vice President and Executive Officer;
- (f) Tetsuo Katsurayama, Vice President and Executive Officer;
- (g) Michifumi Tabuchi, Vice President and Executive Officer;
- (h) Hisashi Hasegawa, Vice President and Executive Officer;
- (i) Koutarou Hirano, Vice President and Executive Officer;
- (j) Takaharu Ikeda, Executive Officer;
- (k) Moriaki Kadoya, Executive Officer;
- (l) Toshikazu Sakurai, Executive Officer;
- (m) Hideshi Fukumoto, Executive Officer;
- (n) Tadashi Motoi, Executive Officer; and
- (o) Naoyoshi Yamada, Executive Officer.

3.6 Major shareholders

As at 31 March 2016, HCM's major shareholders (exceeding 5%) are as follows:

Shareholder Name	Number of HCM shares held ('000)	%
Hitachi, Ltd.	108,058	50.2
The Master Trust Bank of Japan, Ltd. (trust account)	12,945	6.0

3.7 Rationale for the HCM Offer

HCM wishes to acquire Bradken with a view to:

- expanding the scale of HCM's business across the value chain in after-market wear parts;
- assisting HCM in enhancing the value chain and delivering more comprehensive solutions to customers; and
- assisting HCM to diversify into new and complementary business segments,

all of which is expected to enable HCM to access a larger proportion of the total construction and mining machinery market.

HCM believes there is strong strategic rationale in combining the HCM and Bradken businesses to realise enhanced earnings and sustainable growth in both businesses globally. This is expected to be achieved through leveraging each other's competitive strengths, global networks, technology and innovation and operational excellence. HCM also offers a strong financial position to support and invest in the future growth of the Bradken business.

3.8 Foreign company status of HCM

HCM is not registered in Australia as a foreign company. This does not alter the responsibilities and actions of HCM specified in this Bidder's Statement nor those that arise under the Bid Implementation Agreement or the Offer generally.

3.9 Publicly available information about HCM

A substantial amount of information about HCM and filings made by it with the Tokyo Stock Exchange are available in electronic form on its website at <https://www.hitachicm.com/global/investor-relations/>.

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Profile of Bradken

4. Profile of Bradken

4.1 Disclaimer

The information in this Section 4 in relation to Bradken has been prepared based on a review of publicly available information which has not been independently verified. HCM does not make any representation or warranty, express or implied, as to the accuracy or completeness of such information.

The information on Bradken in this Bidder's Statement should not be considered comprehensive.

Further information relating to Bradken's business and its securities will be included in Bradken's Target's Statement.

4.2 Profile of Bradken

Bradken is a manufacturer of differentiated consumable and capital products to international markets, supplying a range of cast and fabricated products and services.

Bradken develops and manufactures products for the mining, freight rail, steel making, smelting, transport, cement, oil and gas, power generation, sugar and other primary industries.

Bradken employs more than 3,100 people in 21 manufacturing facilities and more than 41 sales and service centres across Australia, New Zealand, USA, Canada, the United Kingdom, India, Indonesia, Malaysia, South Africa, China and South America.

Bradken, which has been publicly listed on the ASX since 2004, has been in business for more than 90 years and operates three market-focused divisions, supported by two global support functions.

Bradken operates through three business units:

Business Unit	Description	Manufacturing Locations	Financials FY16
Mobile Plant	High-precision wear parts for mobile mining equipment and rail <ul style="list-style-type: none">Crawler systems components and GETRail capital and sparesSugar and industrial	China Australia	\$228m sales (down 30.5% from FY2015)
Mining Fixed Plant	Wear surface solutions for processing plants, as well as customised mill liner consumables <ul style="list-style-type: none">Metallic mill linersWear surface solutions for processing plantsPipes for oil sands businessRemote wear monitoring technology	Canada India Malaysia Australia	\$349m sales (down 1.0% from FY2015)
Engineered Products	High-spec, specialty castings for energy, defence and industrial markets <ul style="list-style-type: none">Customised castings for US militaryCastings for power plants, energy and constructionIndustrial castings	Canada USA	\$227m sales (down 15.1% from FY2015)

For the financial year ended 30 June 2016, Bradken generated:

- 45% of its revenue from the Australia & New Zealand region and 44% of its revenue from the North America region, with South America, Africa, Europe, SE Asia and China comprising the remainder;
- 85% of its revenue from the resources industry sector; and
- 89% of its revenue from consumable products.

Bradken recently announced a restructuring of its business model and executive management team, designed to better deliver its capabilities to its customers, set-up for growth and reduce overhead costs. The restructuring plan included the streamlining of Bradken's operations into the current three divisions (from previous five divisions) and establishment of a program of other restructuring initiatives to be implemented over the next several years.

4.3 Bradken Directors

The current members of the Bradken Board are set out in the table below.

Name	Position
Mr Phillip Arnall	Non-Executive Chairman
Mr Rupert Harrington	Non-Executive Director
Mr Greg Laurie	Non-Executive Director
Dr David Smith	Non-Executive Director

4.4 Bradken securities on issue

According to documents lodged by Bradken with ASX, as at the date of this Bidder's Statement the total number of Bradken securities on issue is:

- 171,027,249 Bradken Shares; and
- 5,821,512 Employee Share Performance Rights.

As at the date of this Bidder's Statement, there are also 700,000 Bradken Redeemable Preference Shares issued by Bradken RPS Pty Ltd ACN 606 577 084 (a wholly owned Australian subsidiary of Bradken).

The HCM Offer does not extend to Bradken Redeemable Preference Shares or the Employee Share Performance Rights. However, as set out in Section 8.3, the HCM Offer will extend to any new Bradken Shares issued during the period from the Register Date to the end of the Offer Period (inclusive) due to the conversion of Bradken Redeemable Preference Shares or as a result of the exercise or vesting of Employee Share Performance Rights, that are in existence as at the Register Date.

On 12 October 2016, Bradken announced to ASX that it had received separate conversion notices from CHAMP Private Equity and Sigdo Koppers to convert all of their Bradken Redeemable Preference Shares into Bradken Shares. This will result in a total of 35,000,000 new Bradken Shares being issued in early to mid November 2016 to the registered holders of the Bradken Redeemable Preference Shares. The HCM Offer will extend to these new Bradken Shares. Please refer to Section 8.3(a) for further details.

4.5 Substantial shareholders

According to documents lodged by Bradken with ASX, as at Monday, 24 October 2016, the substantial shareholders of Bradken are as follows:

Shareholder Name	Number of Bradken Shares held	%
Litespeed Master Fund Ltd	22,118,990	12.9
Paradice Investment Management Pty Ltd	13,299,464	7.8
Delta Partners, LP	9,274,120	5.4

4.6 Publicly available information

As a company listed on ASX, Bradken is subject to regular reporting and continuous disclosure obligations. Among other things, Bradken is required to immediately notify ASX of any information of which it becomes aware which a reasonable person would expect to have a material effect on the price or value of Bradken Shares, subject to certain exceptions. Announcements made by Bradken to ASX are available from the ASX website at www.asx.com.au.

Further publicly available information about Bradken is available on its website at <http://bradken.com/>.

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HCM's intentions in relation to Bradken

5. HCM's intentions in relation to Bradken

5.1 Introduction

This Section sets out HCM's intentions, on the basis of the facts and information concerning Bradken which are known to HCM and the existing circumstances affecting the business of Bradken, in relation to:

- the continuation of the business of Bradken;
- any major changes to be made to the business of Bradken; and
- the future employment of the present employees of Bradken.

5.2 Pre-Offer review

HCM has reviewed information that has been publicly released by Bradken concerning its current activities and its plans for the future. HCM has also had access to certain other non-public information concerning Bradken and its businesses and the opportunity to have limited discussions with Bradken in relation to its business. HCM may have access to further non-public information concerning Bradken and its businesses during the Offer Period. However, HCM does not currently possess all material information necessary to assess the operational, commercial, taxation and financial implications of different integration and operating possibilities. Consequently, final decisions on these matters have not been made.

Following the close of the HCM Offer, HCM will conduct a full review of the operations, assets, structure and employees of Bradken in light of the further information concerning the operations, assets, structure and employees of Bradken that it expects will then be available to it. Final decisions will only be reached after that review and in light of all material facts and circumstances. Accordingly, statements set out in this Section are statements of current intention only, which may change as new information becomes available or circumstances change. The statements in this Section 5 should be read in this context.

5.3 Intentions for Bradken as a wholly owned controlled entity

This Section describes HCM's intentions if HCM and its Associates acquire a relevant interest in 90% or more of Bradken Shares, and HCM becomes entitled to proceed to compulsory acquisition of outstanding Bradken Shares in accordance with Part 6A.1 of the Corporations Act.

In that circumstance, HCM's current intentions are as follows.

(a) Corporate matters

HCM intends to:

- (i) proceed with compulsory acquisition of the outstanding Bradken Shares in accordance with the provisions of Part 6A.1 of the Corporations Act, including any Bradken Shares which are issued as a result of the conversion of Bradken Redeemable Preference Shares or the exercise or vesting of Employee Share Performance Rights after the end of the Offer Period and in the six weeks after HCM gives the compulsory acquisition notices;
- (ii) arrange for Bradken to be removed from the official list of ASX; and
- (iii) reconstitute the Bradken Board with nominees of HCM. Those nominees have not yet been identified by HCM. A final decision on the selection of HCM's nominees will be made in light of the circumstances at the relevant time.

(b) General operational review

If HCM acquires all of the Bradken Shares, HCM intends to conduct a thorough and broad-based general review of Bradken's corporate structure, assets, businesses, personnel and operations. This review will apply quantitative and qualitative factors to measure performance and areas for improvement.

HCM notes that Bradken has undertaken a series of restructuring initiatives in response to changes in conditions in markets that Bradken operates in and to pressures that customers Bradken serves are experiencing. This includes the restructuring of Bradken's business from five divisions to three, as disclosed by Bradken in its ASX announcement of 27 July 2016, as part of the group-wide strategic review which has commenced under new CEO, Paul Zuckerman. HCM is generally supportive of those restructuring initiatives and Bradken's group-wide strategic review. HCM's current intention is to support Bradken's current restructuring program and the key initiatives that Bradken already has underway to deliver the objectives Bradken has set from its strategic review. This may result in a continuing rationalisation and/or redeployment of Bradken's fixed assets.

(c) Impact on employees

HCM views Bradken's workforce as an important asset of its business and believes that Bradken employees will benefit from:

- (i) the application of HCM's business and human resources systems; and
- (ii) the advantages that are expected to flow from Bradken having access to additional capital and being part of a larger enterprise.

It is HCM's present intention that the businesses of Bradken continue to be managed by the current senior management as an independent subsidiary of HCM.

Therefore, it is the present intention of HCM to retain and strengthen the existing management for the daily operation of Bradken's business. HCM sees its potential role within Bradken as being to provide oversight and control of Bradken's strategic direction, to provide financial support and to assist the management team as required.

HCM will seek to achieve cost and operating efficiencies from integrating Bradken's operations within the HCM Group.

HCM values capable and experienced employees and so where possible, HCM would aim to identify suitable alternative roles for Bradken's employees in business areas that are significantly and adversely affected by any integration. Where this is not feasible or the employee does not wish to accept an alternative role, those individuals would receive redundancy payments and other benefits in accordance with their legal and contractual entitlements.

5.4 Intentions for Bradken as a part owned entity

Set out below are HCM's current intentions if HCM acquires effective control of Bradken, but does not acquire a relevant interest in at least 90% of Bradken Shares and is therefore not entitled to compulsorily acquire the remaining Bradken Shares.

(a) Corporate matters

After the end of the Offer Period, HCM intends:

- (i) (subject to the Corporations Act and the constitution of Bradken) to seek to reconstitute the Bradken Board with nominees of HCM to reflect HCM's ownership of Bradken. The new board members to be appointed have not yet been determined by HCM and their identity will depend on the circumstances at the relevant time. In any event, the Bid Implementation Agreement provides that at least two independent directors would remain on the Bradken Board until such time that HCM has commenced the compulsory acquisition of Bradken securities under section 661B of the Corporations Act; and
- (ii) to consider whether it is appropriate to maintain Bradken's listing on ASX, having regard to considerations such as the costs associated with maintaining that listing, HCM's final level of ownership, the number of remaining shareholders in Bradken and the level of trading in Bradken Shares. If HCM acquires a relevant interest in at least 75% of Bradken Shares but less than 90%, HCM intends to cause Bradken to apply to ASX to de-list Bradken.

It is possible that, even if HCM is not entitled to proceed to compulsory acquisition of minority holdings after the end of the Offer Period under Part 6A.1 of the Corporations Act, it may subsequently become entitled to exercise rights of general compulsory acquisition under Part 6A.2 of the Corporations Act, for example, as a result of acquisitions of Bradken Shares in reliance on the '3% creep' exception in item 9 of section 611 of the Corporations Act. If so, it intends to exercise those rights in respect of any Bradken securities that it does not hold.

(b) General operational review

After the end of the Offer Period, HCM intends to propose to the Bradken Board that an immediate, broad-based review of Bradken's operations be conducted on both a strategic and financial level, along similar lines to that described in Section 5.3. That review may merge with or otherwise be consistent with the current strategic review that Bradken already has underway.

HCM intends, subject to the approval of the Bradken Board, to participate in this review.

(c) Capital management

HCM, through its nominees on the Bradken Board, intends to review the capital management of Bradken. This review will consider Bradken's needs to retain sufficient funds to meet its ongoing activities and requirements for additional capital and whether the capital structure is efficient and maximises shareholder value. All of these matters may affect the level of future dividends of Bradken, if any.

(d) Limitations on giving effect to intentions

To the extent that Bradken is not a wholly owned subsidiary of HCM and there are minority shareholders of Bradken, HCM intends that the directors of Bradken appointed by it will act at all times in accordance with their fiduciary duties and that all requisite shareholder approvals and other legal requirements are complied with in pursuing any of the intentions outlined above.

For example, the ability of HCM to implement the intentions set out in this Section may be subject to the requirements of the Corporations Act and the ASX Listing Rules relating to transactions between related parties. Those and other applicable requirements may require the approval of minority shareholders to the implementation of any particular objective.

The requirement of HCM to have regard to those fiduciary duties in the context of Bradken as a partially owned subsidiary and the possible requirement of approval by minority Bradken Shareholders may prevent the achievement of any particular objective in this Section.

5.5 Intentions generally

Subject to the matters described above in this Section 5 and elsewhere in this Bidder's Statement and, in particular, the completion of the strategic review of Bradken operations, it is the present intention of HCM, on the basis of the facts and information concerning Bradken that are known to it and the existing circumstances affecting the assets and operations of Bradken at the date of this Bidder's Statement, that HCM will:

- (a) not make any major changes to Bradken's existing business and strategy;
- (b) maintain Bradken's existing management team;
- (c) continue the employment of the present employees of Bradken; and
- (d) provide a strong financial platform for Bradken in Australia and, with HCM's reputation and global resources, provide Bradken with the opportunities to expand its leading reputation and highly credentialed team into those markets over time.

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Sources of consideration

6. Sources of consideration

6.1 Total consideration

The consideration for the acquisition of the Bradken Shares to which the HCM Offer relates will be satisfied by the payment of cash (in Australian dollars).

If acceptances are received for all Bradken Shares on issue as at the date of this Bidder's Statement, the amount of cash that HCM would be required to pay under the HCM Offer is approximately \$555.84 million.

The Bradken Redeemable Preference Shares are scheduled to convert in early to mid November 2016. If the 35 million new Bradken Shares issued as a result of conversion of the Bradken Redeemable Preference Shares are accepted into the Offer, an additional amount of approximately \$113.75 million will be payable by HCM under the Offer.

If during the Offer Period 2,971,989 new Bradken Shares are issued as a result of the exercise or vesting of all the Employment Share Performance Rights in existence as at the Register Date (other than those under the 2016 share plans), and all those additional Bradken Shares are accepted into the Offer, an additional amount of approximately \$9.66 million would be payable by HCM under the Offer.

Therefore, the maximum cash amount which may be required to settle acceptances under the HCM Offer is approximately \$679,247,523.50 (**Maximum Offer Amount**).

(An additional amount of approximately \$9.26 million is payable by Bradken (not HCM) in respect of the vesting and exercise of 2,849,523 Share Performance Rights issued under the 2016 share plans. These are effectively 'cash rights' that vest on a change in control of Bradken.)

6.2 Sources of cash consideration

HCM will fund the Maximum Offer Amount through a combination of its existing cash deposits and new bank loan facilities, which in aggregate will exceed the Maximum Offer Amount and HCM's transaction costs. As at the date of this Bidder's Statement, HCM has not yet decided on the ratio of existing cash deposits and debt that will be used to fund the Maximum Offer Amount.

(a) New bank loan facilities

HCM has entered into a facility agreement for the provision of a new bank facility from Sumitomo Mitsui Banking Corporation (**SMBC Facility Agreement, SMBC Facility** and **SMBC** respectively).

SMBC is one of Japan's leading banks and the core unit of the Sumitomo Mitsui Financial Group. With total assets of ¥153,641 billion and more than 28,000 employees as at 31 March 2016, SMBC and its group companies offer a broad range of financial services centred on banking².

Under the SMBC Facility, SMBC will provide funds in excess of the Maximum Offer Amount and HCM's transaction costs which may be used, among other things, to finance the Offer.

(b) Key terms of SMBC Facility

The SMBC Facility is unsecured and due to be repaid one year from the date of the SMBC Facility Agreement.

The SMBC Facility is provided on a *certain funds* basis which means that it is immediately available for drawdown subject only to:

- the satisfaction of mechanical and customary conditions precedent for a *certain funds* draw (such as the giving of a drawdown notice and confirmations from HCM that all internal procedures required to enter into the SMBC Facility Agreement have been completed); and
- the delivery of customary support documentation relating to the Offer (including certified copies of the relevant Offer documents and a public notice declaring that the Offer is or has become unconditional in all respects).

HCM is not aware of any reason why the foregoing conditions precedent would not be satisfied at such time as necessary to allow the proceeds of the SMBC Facility to be available to fund the acquisition as required by the terms of the Offer.

The SMBC Facility Agreement contains events of default, subject to applicable cure periods, that are customary for facilities of this nature including:

- non-payment of principal, interest or other amounts;
- breaches of material covenants; and
- cross-default under certain other indebtedness in excess of ¥100,000,000.

HCM has no reason to believe that any of the events of default will occur such that a drawdown will not be able to be made. In addition, consistent with the SMBC Facility being provided on a *certain funds* basis, the ability of SMBC to rely on these events of default will be restricted to only certain specified events occurring (i.e. a major event of default, illegality or certain exemption events such as the outbreak of a natural disaster, war or terrorist attack).

The funds available to HCM under the SMBC Facility are denominated in ¥. The funds available exceed the Maximum Offer Amount and HCM's transaction costs. This would remain the case even if there were significant adverse movements in the ¥/A\$ exchange rate during the Offer Period.

² SMBC website: www.smbc.co.jp/aboutus/english/business/

6.3 Provision of consideration

On the basis of the arrangements described in this Section 6, HCM considers that it has reasonable grounds to believe, and does believe, that HCM will be able to provide the consideration offered under the HCM Offer and otherwise fund the Maximum Offer Amount in sufficient time to enable HCM to discharge its obligations to Bradken Shareholders who have accepted the HCM Offer.

6.4 Process for transmission of funds to Australia

In addition to any available funds HCM may use under the SMBC Facility, HCM presently intends to transfer the funds for the Maximum Offer Amount from its Japanese account to Australia directly. HCM has engaged Computershare to act as HCM's share registry to receive and process acceptances of the HCM Offer and, subject to the Offer becoming unconditional, pay the Offer Consideration to accepting Bradken Shareholders.

6.5 Intra-group loan

As announced by Bradken to ASX on 3 October 2016, HCM has entered into a Facility Agreement with Bradken under which HCM has agreed to provide Bradken with an A\$450 million unsecured credit facility for the purpose of refinancing existing financial indebtedness of a member of the Bradken Group if required due to HCM obtaining Control of Bradken. This facility will ensure that if HCM's acquisition of Control of Bradken under the Offer triggers a default under any existing facilities and/or accelerated repayment of any debt facilities, Bradken will be able to repay the facilities should it be required to do so.

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Taxation considerations

7. Taxation considerations

7.1 Introduction

This Section provides a summary of the Australian income tax, goods and services tax (**GST**) and stamp duty implications for Bradken Shareholders on disposing of their Bradken Shares (through acceptance of the HCM Offer) in return for cash consideration.

This Section is relevant for Australian resident and foreign resident Bradken Shareholders who hold their Bradken Shares on capital account. This Section does not consider the Australian tax consequences for Bradken Shareholders:

- who hold their Bradken Shares as trading stock or as revenue assets;
- who hold their Bradken Shares as assets used in carrying on a business or as part of a profit making undertaking or scheme;
- who acquired their Bradken Shares through an employee share scheme;
- who are Australian tax residents but who hold their Bradken Shares as part of an enterprise carried on, at or through a permanent establishment in a foreign country;
- that are financial institutions, insurance companies, partnerships, tax exempt organisations, trusts (except where expressly stated), superannuation funds (except where expressly stated) or temporary residents; or
- who are subject to the taxation of financial arrangements rules in relation to gains and losses on their Bradken Shares.

The information in this Section is based on the Australian taxation law and practice in effect as at the date of this Bidder's Statement. It is not intended to be an authoritative or complete statement or analysis of the taxation laws applicable to the particular circumstances of every Bradken Shareholder. Bradken Shareholders should seek independent professional advice regarding the taxation consequences of accepting the HCM Offer and disposing of their Bradken Shares.

7.2 Taxation consequences of disposal of Bradken Shares by Australian residents

A summary of the income tax consequences relevant for Bradken Shareholders who dispose of their Bradken Shares by way of transfer to HCM and that are Australian residents for tax purposes is outlined below.

Under the HCM Offer, the Bradken Shareholders will dispose of their Bradken Shares to HCM in exchange for the Offer Consideration.

The disposal of Bradken Shares to HCM under the HCM Offer will constitute a capital gains tax (**CGT**) event for the Bradken Shareholders. The CGT event will happen in relation to a Bradken Shareholder:

- at the time the Bradken Shareholder accepts the HCM Offer; or
- if the Bradken Shareholder does not accept the HCM Offer and the Bradken Shares are compulsorily acquired by HCM, the time at which the Bradken Shares are acquired.

Bradken Shareholders who accept the HCM Offer will:

- make a capital gain if the capital proceeds received on the disposal of their Bradken Shares are more than the cost base of those Bradken Shares; or
- make a capital loss if the capital proceeds received on the disposal of their Bradken Shares are less than the reduced cost base of those Bradken Shares.

The capital proceeds on the disposal of the Bradken Shares will be the Offer Consideration.

The cost base (or reduced cost base) of Bradken Shares in the hands of the Bradken Shareholders will be broadly the original amount paid to acquire their Bradken Shares and any non deductible incidental costs associated with the acquisition of the Bradken Shares and the disposal to HCM.

Bradken Shareholders may be entitled to reduce any capital gain on the disposal of their Bradken Shares by applying the CGT discount (discussed below).

CGT Discount

The CGT discount should be available to Bradken Shareholders who are individuals, trusts or complying superannuation funds and have held their Bradken Shares for at least 12 months before the time of the CGT event resulting in the disposal of the Bradken Shares by accepting the HCM Offer.

Broadly, the CGT discount rules enable the Bradken Shareholders to reduce their capital gain (after the application of any current year or prior year capital losses) by 50% for individuals and trusts and 33 1/3 % for complying superannuation funds.

The CGT discount is not available to Bradken Shareholders that are companies.

The application of the CGT discount rules to a Bradken Shareholder that is a trustee of a trust is complex, particularly where distributions to beneficiaries of the trust are attributable to discounted capital gains. Bradken Shareholders that are trustees of trusts should obtain specific tax advice.

Capital Losses

A capital loss will arise where the capital proceeds received by the Bradken Shareholders on the disposal of their Bradken Shares are less than the reduced cost base of those shares.

A capital loss may be used to offset any other capital gains made by the Bradken Shareholders for the relevant year of income or may be carried forward to offset capital gains in future income years. Specific loss recoupment rules apply to companies to restrict their ability to utilise capital losses in future years in some circumstances. Bradken Shareholders should obtain their own tax advice in relation to the operation of these rules.

7.3 Taxation consequences of disposal of Bradken Shares by foreign residents

A summary of the Australian income tax consequences relevant for Bradken Shareholders who dispose of their Bradken Shares by accepting the HCM Offer and who are foreign residents for tax purposes is outlined below.

Generally, a Bradken Shareholder who is a foreign resident for Australian income tax purposes and who does not carry on business in Australia at or through a permanent establishment should be exempt from CGT on the disposal of their Bradken Shares, unless, broadly:

- the foreign resident Bradken Shareholder (together with its Tax Associates) hold 10% or more of the issued shares in Bradken at the time of the CGT event resulting from the disposal of the Bradken Shares or for any continuous twelve month period within two years preceding the time of the CGT event; and
- more than 50% of the market value of Bradken is represented by real property in Australia (broadly, land situated in Australia).

A shareholding that meets these conditions is referred to as an *indirect Australian real property interest*.

Importantly, foreign resident Bradken Shareholders must assess whether they are subject to CGT at the time of the CGT event resulting from the disposal of their Bradken Shares. Foreign resident Bradken Shareholders who are subject to CGT on the disposal of their Bradken Shares will not be entitled to the CGT discount in relation to that portion of the capital gain which arises after 8 May 2012.

Bradken Shareholders who are not resident in Australia for income tax purposes should note that the Australian tax consequences from the disposal of Bradken Shares may be affected by any double tax agreement between Australia and their country of residence. Foreign resident Bradken Shareholders should obtain specific tax advice.

7.4 CGT payment obligations

Due to changes in Australian tax law which apply to transactions entered into on or after 1 July 2016, a bidder in an off-market takeover bid has an obligation, subject to certain exceptions, to pay an amount equal to 10% of the offer consideration to the ATO if the shares acquired from a target shareholder qualify as *indirect Australian real property interests* and the bidder either:

- knows that the target shareholder is a foreign resident; or
- reasonably believes that the target shareholder is a foreign resident; or
- does not reasonably believe that the target shareholder is an Australian resident and either:
 - (i) the target shareholder has an address outside Australia; or
 - (ii) the bidder is authorised to make payment of the offer consideration to a place outside Australia (whether to the target shareholder or to anyone else).

If the bidder considers that it has an obligation to make the above payment to the ATO, it may withhold the applicable amount from the Offer Consideration paid to the relevant target shareholder. Where the bidder pays the withheld amount to the ATO, the bidder will be discharged of any liability to pay that amount of the offer consideration to the target shareholder.

However, in relation to the HCM Offer, based on HCM's review of publicly available information on Bradken and enquiries made by HCM and its advisers with Bradken management, as at the date of this Bidder's Statement, HCM is of the opinion that the Bradken Shares are not *indirect Australian real property interests*. Accordingly, HCM does not consider that it has an obligation to make the above payment to the ATO and so will not withhold in accordance with these tax law changes any amount from the Offer Consideration payable to any Bradken Shareholder who accepts the Offer.

7.5 Stamp duty

HCM will pay the stamp duty (if any) payable in Australia on the transfers of Bradken Shares under the HCM Offer.

7.6 GST

The disposal of Bradken Shares to HCM under the HCM Offer should either be an input taxed financial supply (if the Bradken Shareholder is registered for GST), or an out-of-scope supply (if the Bradken Shareholder is not registered for GST). In either case, no GST should be payable.

Bradken Shareholders may be charged GST on costs (such as brokerage and advisor fees) that relate to their participation in the HCM Offer. Bradken Shareholders may not be entitled to claim full input tax credits for the GST included in such costs that relate to the disposal of the Bradken Shares. Bradken Shareholders should obtain independent advice in relation to the impact of GST in their individual circumstances.

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Additional information

8. Additional information

8.1 Date for determining holders of Bradken Shares

For the purposes of section 633 of the Corporations Act, the date for determining the people to whom information is to be sent under items 6 and 12 of subsection 633(1) is the Register Date.

8.2 Bid Implementation Agreement

On 3 October 2016, HCM and Bradken entered into a Bid Implementation Agreement. This document sets out the agreed basis on which HCM will make the HCM Offer and the respective obligations of HCM and Bradken in relation to the HCM Offer.

Bradken has agreed to certain exclusivity restrictions that restrict it from soliciting any competing proposals from, entering into discussions with, or providing due diligence material to, any competing bidder. However, these restrictions do not prevent Bradken from considering an unsolicited competing proposal that is or would reasonably be expected to result in a superior proposal. HCM has the right, but not the obligation, to match any competing proposal of this nature.

Bradken has agreed to pay HCM a break fee of \$6.885 million (exclusive of any GST) if, among other matters, the Bradken Board changes its recommendation of the HCM Offer or if a competing proposal is successfully completed within twelve months of the earlier of either the end of the Offer Period and 3 May 2017.

The exclusivity restrictions that apply to Bradken and the circumstances in which Bradken may be required to pay HCM the break fee are set out in full in clauses 7 and 8 respectively of the Bid Implementation Agreement. An executed copy of that agreement accompanied Bradken's ASX announcement of 3 October 2016.

8.3 Bradken Redeemable Preference Shares and Employee Share Performance Rights

(a) Redeemable Preference Shares

The HCM Offer does not extend to Bradken Redeemable Preference Shares. However, the HCM Offer will extend to any new Bradken Shares issued during the period from the Register Date to the end of the Offer Period (inclusive) due to the conversion of Bradken Redeemable Preference Shares into Bradken Shares.

Set out below is a summary of the key terms of Bradken's Redeemable Preference Shares, so far as is potentially relevant to the HCM Offer. For full details, please refer to the agreement under which the Bradken Redeemable Preference Shares were issued which accompanied Bradken's ASX announcement of 1 July 2015.

The Bradken Redeemable Preference Shares are unlisted. Until 31 December 2016, each Bradken Redeemable Preference Shares can be converted into Bradken Shares on a 1:50 basis (i.e. one Bradken Redeemable Preference Share can be converted into 50 Bradken Shares), in accordance with the terms of the Bradken Redeemable Preference Shares.

On 12 October 2016, Bradken announced to ASX that it had received separate conversion notices from CHAMP Private Equity and Sigdo Koppers to convert all of their Bradken Redeemable Preference Shares into Bradken Shares. This will result in a total of 35,000,000 new Bradken Shares being issued in early to mid November 2016 to the registered holders of the Bradken Redeemable Preference Shares, being at the date of this Bidder's Statement CHAMP Buyout III Pte Ltd (a company incorporated under the laws of Singapore) and Sigdo Koppers S.A. (a company incorporated under the laws of Chile). CHAMP Buyout III Pte Ltd and Sigdo Koppers S.A. will then respectively hold approximately 16.2%³ and 3.4% of Bradken Shares, which in aggregate would be 19.6% of all Bradken Shares.

(b) Employee Share Performance Rights

The Employee Share Performance Rights were issued under the terms of the Share Plan Rules. Some Bradken Shares acquired on the exercise or vesting of Employee Share Performance Rights may be subject to restrictions on disposals. Under the Bid Implementation Agreement, as soon as reasonably practicable after the Offer is unconditional and HCM has obtained a Relevant Interest in more than 50% of Bradken Shares, the Bradken Board must take all necessary actions to permit holders of Bradken Shares acquired on the exercise or vesting of Employee Share Performance Rights, who would otherwise be subject to restrictions on disposal of those Bradken Shares, to accept the HCM Offer.

The HCM Offer does not extend to Employee Share Performance Rights. However, the HCM Offer will extend to any new Bradken Shares issued during the period from the Register Date to the end of the Offer Period (inclusive) as a result of the exercise or vesting of any Employee Share Performance Rights, that are in existence as at the Register Date.

8.4 Interest in Bradken Shares

Neither HCM nor any of its Associates has a Relevant Interest in any Bradken Shares.

8.5 HCM's dealings in Bradken Shares

During the four months before each of:

- (a) the date of this Bidder's Statement; and
- (b) the Offer Date,

neither HCM nor its Associates provided or agreed to provide consideration for any Bradken Shares.

³ Based on Bradken's ASX announcement on 21 April 2016, CHAMP Private Equity owned approximately 3.1% of Bradken as at 14 March 2016.

8.6 No agreements with Bradken Directors

There is no agreement between HCM or its Associates and a Bradken Director or another officer of Bradken in connection with or conditional on the outcome of the HCM Offer.

8.7 No escalation agreements

Neither HCM nor any of its Associates has entered into any escalation agreement that is prohibited by section 622 of the Corporations Act.

8.8 No collateral benefits

During the four months before each of:

- (a) the date of this Bidder's Statement; and
- (b) the Offer Date,

neither HCM nor an Associate gave, offered to give or agreed to give a benefit to another person that was likely to induce the other person or an associate to:

- (c) accept an offer under the Takeover Bid; or
- (d) dispose of securities in the bid class,

that was not offered to all holders of securities in the bid class.

8.9 Due diligence on Bradken

For the purposes of confirming its assessment whether or not to acquire all Bradken Shares, HCM was given access by Bradken to certain information concerning Bradken which has not been disclosed generally.

None of the information to which HCM was given access before the Announcement Date is, in the opinion of HCM, of such a nature and quality which, if the information was generally available, a reasonable person would expect it to have a material effect on the price or value of Bradken Shares or, in the opinion of HCM and except as disclosed in this Bidder's Statement, would otherwise be material to a decision by a Bradken Shareholder whether or not to accept the HCM Offer.

However, the fact that HCM's decision to make the Offer was confirmed by its review of the information to which it had access before the Announcement Date may itself be regarded as information material to the decision of a Bradken Shareholder whether or not to accept the Offer.

8.10 Conditions

The HCM Offer is subject to a number of conditions set out in Appendix 2 to this Bidder's Statement, including FIRB approval, competition and certain regulatory approvals and a 50% minimum acceptance condition on a Fully Diluted Basis (see Appendix 2, conditions 1, 2, 3, 4 and 5). Under the terms of the HCM Offer and the Corporations Act, any, some or all of those conditions may be waived by HCM.

If an event occurs which results in the non-fulfilment of a condition, under the Bid Implementation Agreement, HCM or Bradken (as the case may be) must promptly notify the other party in writing of the event. HCM must, within 5 Business Days, of becoming aware that a condition has been breached or is not able to be satisfied, give written notice to Bradken and the ASX of its decision whether or not to waive or rely on that condition, failing which HCM is deemed to have agreed to waive that condition and must take all steps to immediately declare the Offer to be free of that condition.

In the Bid Implementation Agreement, HCM has also agreed with Bradken that it will not waive the Minimum Acceptance Condition, until HCM has obtained a relevant interest in at least 40% of Bradken's Shares.

If HCM decides that it will waive a condition, it will announce that decision to ASX in accordance with section 650F of the Corporations Act.

If at the end of the Offer Period, HCM has not declared the HCM Offer to be unconditional and there are any conditions (other than no Prescribed Occurrences) that have not been fulfilled, then any contract resulting from acceptance of the HCM Offer will be void with effect from the end of the Offer Period, and the relevant Bradken Shares will be returned to the holder. The no Prescribed Occurrences condition may be waived or fulfilled up to three Business Days after the end of the Offer Period.

At the date of this Bidder's Statement, HCM is not aware of any events which would result in a breach or inability to satisfy any of the conditions. At the date of this Bidder's Statement, the following is the status of each of the conditions of the Offer.

- (a) FIRB Condition – on 3 October 2016, HCM lodged an application with FIRB requesting a letter of no objection from the Treasurer to HCM's acquisition of Bradken. As at the date of this Bidder's Statement, this condition is not fulfilled;
- (b) Competition Approvals – this condition is not fulfilled as at the date of this Bidder's Statement. For further details of each Competition Approval see section 8.11 below;
- (c) CFIUS approval - this condition is not fulfilled as at the date of this Bidder's Statement. For further details see section 8.12 below;
- (d) DDTC Approval – this condition is not fulfilled as at the date of this Bidder's Statement. For further details see section 8.13 below;
- (e) Minimum Acceptance Condition on a Fully Diluted Basis – this condition is not fulfilled as at the date of this Bidder's Statement;
- (f) No Prescribed Occurrences – HCM is not aware of any Prescribed Occurrence having occurred;
- (g) No Material Adverse Change – HCM is not aware of any Material Adverse Change having occurred, being announced or becoming known to HCM;
- (h) No material acquisitions, disposals, new commitments or other matters – HCM is not aware of any material acquisition, disposal, new commitments or any of the prescribed matters;

- (i) No distribution – No distribution has been made by Bradken; and
- (j) Employee Share Performance Rights – HCM is not aware of any Employee Share Performance Rights being granted or issued by Bradken.

8.11 Competition Approvals

(a) ACCC Informal Clearance

Section 50 of the CCA prohibits any merger which has, or is likely to have, the effect of substantially lessening competition in a substantial market in Australia.

The Offer is subject to the condition that the ACCC, which is responsible for administering the CCA, has stated that it does not object to, or does not intend to intervene with respect to, HCM's proposed acquisition of Bradken before the end of the Offer Period on an unconditional basis (see Appendix 2, condition 2(a)). Although HCM is not required under the CCA to lodge any formal notification with the ACCC in relation to the proposed acquisition, HCM filed an application on 14 October 2016 with the ACCC seeking confirmation that the ACCC does not propose to object to or intervene with respect to the acquisition. As at the date of this Bidder's Statement, ACCC Informal Clearance has not yet been obtained. However, HCM does not expect that its proposed acquisition of Bradken will raise any substantive competition concerns in Australia.

(b) CCB Clearance

The Offer is subject to the condition that CCB Clearance is obtained before the end of the Offer Period on an unconditional basis (see Appendix 2, condition 2(b)).

The Canadian Competition Act requires the parties to certain acquisitions and other transactions that meet specified minimum size requirements to file notifications with the CCB and to observe a waiting period before such transaction completes. HCM and Bradken believe that the Offer is subject to these notification requirements and in order to proceed, HCM and Bradken must receive approval from CCB in the form of an advance ruling certificate or a letter confirming that it does not intend to take enforcement action in connection with the Offer. The required notifications to the CCB will be filed by HCM and Bradken shortly.

HCM does not expect that its proposed acquisition of Bradken will raise any substantive competition concerns in Canada.

(c) HSR Antitrust Approval

The Offer is subject to the condition that HSR Antitrust Approval is obtained before the end of the Offer Period on an unconditional basis (see Appendix 2, condition 2(c)).

The HSR Act requires the parties to certain acquisitions and other transactions that meet certain thresholds to file notifications with the Antitrust Division of the DOJ and the FTC, and to observe a waiting period, before such transaction completes, unless an exemption applies. HCM and Bradken believe that the Offer meets the specified threshold and that it is not otherwise exempt from the HSR Act's notification requirements. Therefore HCM and Bradken have both arranged to file their respective notifications under the HSR Act. HCM's filing was submitted on 11 October 2016 and Bradken's filing was submitted on 21 October 2016. Under HSR rules, both HCM and Bradken are required to file notifications.

HSR Antitrust Approval will be obtained as of 11.59pm (United States Eastern time) on Wednesday, 26 October 2016, without any further notification from the DOJ or FTC unless the agencies extend the deadline prior to its expiration or grant early termination of the waiting period prior to its expiration. Therefore, as at the date of this Bidder's Statement, HSR Antitrust Approval has not yet been obtained. However, HCM does not expect that its proposed acquisition of Bradken will raise substantive competition concerns in the United States.

(d) South African Competition Approval

The Offer is subject to the condition that South African Competition Approval is obtained before the offer period on an unconditional basis (see Appendix 2, condition 2(d)).

The South African Competition Act requires all transactions where a firm acquires control over the whole or part of a business of another firm to be notified to the competition authorities for approval if the transactions meet the monetary thresholds for notification. HCM and Bradken believe that the Offer will result in an *intermediate merger* under these thresholds and thereby require mandatory notification to the South African Competition Authorities.

HCM will apply for South African Competition Approval shortly.

HCM does not expect that its proposed acquisition of Bradken will raise any substantive competition concerns in South Africa.

8.12 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).

CFIUS is an inter-agency committee of the United States government that is authorised under the United States Foreign Investment and National Security Act of 2007 to review, investigate and block any 'covered' foreign investment transaction which it determines may raise national security concerns, or involve critical infrastructure. As Bradken operates in the United States and certain Bradken subsidiaries are a first tier supplier to United States defense contractors of certain components for sea based military vessels and land based military vehicles, HCM and Bradken will submit a joint voluntary notice to CFIUS shortly.

HCM is not aware of any circumstance which would impede the grant of the CFIUS Approval, on the basis that the Offer is not a 'covered' transaction and even if it is, it should not give rise to any national security concerns.

8.13 DDTC Approval

The Offer is subject to the condition that DDTC Approval is obtained before the end of the Offer Period (see Appendix 2, condition 4).

Bradken operates in the United States and a subsidiary of Bradken has an International Traffic in Arms Regulation (**ITAR**) registration. It is a condition of the ITAR registration that if ultimate control is proposed to be transferred to a foreign person, the holder of the ITAR registration must provide 60 days advance notice of that change in ultimate control to the United States Department of State, Directorate of Defense Trade Controls (**DDTC**). Bradken, in coordination with HCM, will submit a notification to the DDTC shortly, after which the 60 day pre-notification period will commence.

8.14 Consents

The following persons have given and have not, prior to the lodgment of this Bidder's Statement with ASIC, withdrawn their consent to the following statements and references in this Bidder's Statement, in the form and context in which they appear:

- (a) Moelis & Company to be named as financial adviser to HCM;
- (b) SMBC Nikko Securities Inc. to be named as financial adviser to HCM;
- (c) Minter Ellison to be named as legal adviser to HCM;
- (d) Computershare Investor Services Pty Limited to be named as HCM's share registry for the HCM Offer; and
- (e) Grant Thornton Corporate Finance Pty Ltd to be named as independent expert engaged by Bradken in relation to the HCM Offer and the reference to the expert's opinion in the independent expert's report that forms Annexure A to Bradken's Target's Statement.

Each person named in this Section as having given its consent to the inclusion of a statement or to being named in this Bidder's Statement:

- (a) does not make, or purport to make, any statement in this Bidder's Statement or any statement on which a statement in this Bidder's Statement is based other than, in the case of a person referred to above as having given their consent to the inclusion of a statement, a statement included in this Bidder's Statement with the consent of that person; and
- (b) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Bidder's Statement, other than a reference to its name and, in the case of a person referred to above as having given their consent to the inclusion of a statement, any statement or report which has been included in this Bidder's Statement with the consent of that party.

8.15 ASIC modifications and exemptions

HCM has sought and obtained confirmation from ASIC in relation to the extension of the Offer to all Bradken Shares that are issued during the period from the Register Date to the end of the Offer Period due to the exercise or vesting of Bradken Share Rights that are in existence as at the Register Date.

ASIC has also published various 'Class Order' and other legislative instruments providing for modifications and exemptions that apply generally to all persons, including HCM, in relation to the operation of Chapters 6 and 6A of the Corporations Act.

Amongst others, HCM has relied on the modification to section 636(3) of the Corporations Act set out in paragraph 5(d) of ASIC Class Order 13/521 'Takeover bids' to include references to certain statements by Bradken and the Bradken Directors in this Bidder's Statement without obtaining the consent of those persons. The relevant statements were taken from the announcement by Bradken released to ASX on the Announcement Date entitled 'Bradken board unanimously recommends cash takeover offer from HCM'.

As required by Class Order 13/521, HCM will make available a copy of these documents (or relevant extracts of these documents), free of charge, to Bradken Shareholders who request them during the Offer Period. To obtain a copy of these documents (or the relevant extracts), Bradken Shareholders may telephone the HCM Offer Information Line on 1300 648 150 (toll free for callers within Australia) or +61 3 9415 4156 (not toll free) for callers outside Australia.

In addition, as permitted by ASIC Corporations (Consents to Statements) Instrument 2016/72, this Bidder's Statement may include or be accompanied by certain statements:

- (a) fairly representing a statement by an official person; or
- (b) a correct and fair copy of, or extract from, a public official document or a published book, journal or comparable publication, where the statement was not made, or published, in connection with the Takeover Bid or HCM or Bradken or any business, property or person the subject of this Bidder's Statement or the Target's Statement.

8.16 Other material information

Except as disclosed in this Bidder's Statement, there is no other information that:

- (a) is material to the making of the decision by Bradken Shareholders whether or not to accept the HCM Offer; and
- (b) is known to HCM,

which has not previously been disclosed to Bradken Shareholders.

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9 Definitions and interpretation

9. Definitions and interpretation

9.1 Definitions

The following definitions apply in this Bidder's Statement (including its Appendices) and in the Acceptance Form, unless the context requires otherwise.

Definitions	Meaning
ACCC	the Australian Competition and Consumer Commission
ACCC Informal Clearance	a statement in writing from the ACCC that it does not object to, or does not intend to intervene with respect to, the transaction contemplated under the Bid Implementation Agreement for the purposes of section 50 of the CCA
Acceptance Form	the acceptance and transfer form enclosed with this Bidder's Statement
AEDT	Australian Eastern Daylight Time
Announcement Date	the date the HCM Offer was announced, being 3 October 2016
Antitrust Laws	(a) the HSR Act, the Sherman Act of 1890, the Clayton Act of 1914, the Federal Trade Commission Act, and any other United States federal or state statutes, rules, regulations, orders, decrees, administrative or judicial doctrines or any other laws that are designed to prohibit, restrict or regulate actions having the purpose or effect of monopolisation or restraint of trade; (b) the Canadian Competition Act; (c) the CCA; and (d) the South African Competition Act
ASIC	the Australian Securities and Investments Commission
Associate	has the meaning given in Division 2 of Part 1.2 of the Corporations Act as if section 12(1) included a reference to this Bidder's Statement and Bradken was the designated body
ASX	ASX Limited ABN 98 008 624 691 or, where the context requires or permits, the financial market known as the Australian Securities Exchange operated by it
ASX Listing Rules	the official listing rules of ASX as amended or replaced
ASX Settlement	ASX Settlement Pty Ltd ABN 49 008 504 532 or, where the context requires or permits, the clearing and settlement facility operated by it
ASX Settlement Operating Rules	the operating rules of the settlement facility provided by ASX Settlement
Bid Implementation Agreement	the Bid Implementation Agreement entered into between HCM and Bradken dated 3 October 2016 in relation to HCM Offer (an executed copy of this agreement accompanied Bradken's ASX announcement of 3 October 2016)
Bidder's Statement	this document, being the statement of HCM under Part 6.5 Division 2 of the Corporations Act relating to the HCM Offer
Bradken	Bradken Limited ABN 33 108 693 009
Bradken Board	the board of directors of Bradken
Bradken Director	a director of Bradken
Bradken Group	Bradken and its Related Entities
Bradken Redeemable Preference Shares	redeemable convertible preference securities issued by Bradken RPS Pty Limited ACN 606 577 084 (a wholly owned Australian subsidiary of Bradken) in July 2015 to Sigdo Koppers and CHAMP Private Equity (which are scheduled to convert into Bradken Shares in early to mid November 2016)
Bradken Share or Share	a fully paid ordinary share issued in the capital of Bradken
Bradken Shareholder	a person registered as a holder of one or more of Bradken Shares during the Offer Period
Broker	a person who is a share broker and a Participant
Business Day	a day that is not a Saturday, Sunday, bank holiday or public holiday in Sydney, Australia or Tokyo, Japan
Canadian Competition Act	the Canadian Competition Act, R.S.C. 1985, c. C-34, as amended
CCA	the Australian <i>Competition and Consumer Act 2010</i> (Cth)
CCB	the Canadian Competition Bureau

CCB Clearance	any of: (a) the issuance of an advance ruling certificate pursuant to section 102 of the Canadian Competition Act; (b) HCM and Bradken have each given the notice required under section 114 of the Canadian Competition Act with respect to the transaction contemplated under the Bid Implementation Agreement and the applicable waiting period under section 123 of the Canadian Competition Act has expired or been waived in accordance with that Act, and HCM has been advised in writing by the Commissioner of Competition (or a Person authorised by the Commissioner of Competition) that the Commissioner of Competition does not, at that time, intend to make an application under section 92 of that Act in respect of the transaction contemplated under the Bid Implementation Agreement; and (c) the obligation to give the requisite notices has been waived pursuant to subsection 113(c) of the Canadian Competition Act and HCM has been advised in writing by the Commissioner of Competition (or a Person authorised by the Commissioner of Competition) that the Commissioner of Competition does not, at that time, intend to make an application under section 92 of that Act in respect of the transaction contemplated under the Bid Implementation Agreement
CFIUS	the Committee on Foreign Investment in the United States
CGT	capital gains tax
CHESS	the Clearing House Electronic Sub-register System, defined in the ASX Settlement Operating Rules
CHESS Holding	a holding of Bradken Shares on the CHESS subregister of Bradken (usually a CHESS Holding will be through a Controlling Participant)
Competition Approvals	means: (a) ACCC Informal Clearance; (b) CCB Clearance; (c) HSR Antitrust Approval; and (d) South African Competition Approval
Competition Authority	the ACCC, the CCB, the DOJ, the FTC, the South African Competition Authorities or any other government agency under any Antitrust Laws
Control	has the meaning given in section 50AA of the Corporations Act
condition	where used in the context of the HCM Offer, each defeating condition to which the HCM Offer is subject, as set out in Appendix 2 to this Bidder's Statement
Controlling Participant	in relation to your Bradken Shares has the same meaning as in the ASX Settlement Operating Rules. Usually your Controlling Participant is a person, such as a broker, with whom you have a sponsorship agreement (within the meaning of the ASX Settlement Operating Rules)
Corporations Act	the <i>Corporations Act 2001</i> (Cth)
DDTC	the United States Department of State, Directorate of Defense Trade Controls
DDTC Approval	the filing by the seller with the DDTC of a 60-day Pre-Notification under section 122.4(b) of ITAR (the 60-day Notification) and the expiry (or waiver by the DDTC) of the corresponding notification period without the DDTC revoking the ITAR registration held by the Bradken Group or imposing any new conditions on that registration
Disclosed	fairly disclosed
DOJ	the US Department of Justice
EBIT	earnings from normal underlying activities of the Bradken Group before interest and tax calculated in accordance with the accounting policies and practices applied by Bradken as at the Announcement Date
Employee Share Performance Right	a share right granted pursuant to the Share Plan Rules
Encumbrance	any mortgage, fixed or floating charge, pledge, lien, option, right to acquire, right of pre-emption, assignment by way of security, trust arrangement for the purpose of providing security, retention arrangement, hypothec or other security interest of any kind, and any agreement to create any of the foregoing and includes a PPS Security Interest other than a Permitted Encumbrance
FATA	<i>the Foreign Acquisitions and Takeovers Act 1975</i> (Cth)
FIRB	the Foreign Investment Review Board
FIRB Condition	condition 1 in Appendix 2
FTC	the US Federal Trade Commission

Fully Diluted Basis	all Bradken Shares to which the Offer relates including: (a) any new Bradken Shares issued during the Offer Period on exercise or vesting of Employee Share Performance Rights or on conversion of Bradken Redeemable Preference Shares (or both) that are on issue as at the Register Date; or (b) any new Bradken Share that are able to be issued (whether subject to vesting or satisfaction of a condition or otherwise) during the Offer Period on exercise or vesting of Employee Share Performance Rights or on conversion of Bradken Redeemable Preference Share (or both), that are on issue as at the Register Date
GST	goods and services tax
Government Agency	any government, any department, office or minister of any government and any governmental, semi-governmental, administrative, fiscal, judicial or quasi-judicial agency, authority, board, commission, tribunal or entity and includes ASX, ASIC, CFILUS, the Tokyo Stock Exchange and any Competition Authority
HCM	Hitachi Construction Machinery Co., Ltd., a body incorporated in Japan
HCM Offer or Offer	the offer by HCM for your Bradken Shares under the terms and conditions of this Bidder's Statement
Holder Identification Number	the number used to identify a Bradken Shareholder on the CHESSE subregister of Bradken
HSR Act	the United States Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended
HSR Antitrust Approval	any approval, clearance or expiration or termination of a waiting period required in relation to the transaction contemplated under the Bid Implementation Agreement under the HSR Act
IRESS	IRESS Limited
Issuer Sponsored Holdings	a holding of Bradken Shares on Bradken's issuer sponsored subregister
ITAR	the International Traffic in Arms Regulations of the United States
Material Adverse Change	one or more events, matters, changes or circumstances, including any litigation or dispute, which (individually or when aggregated) have or could reasonably be expected to have, a material adverse effect on the business, financial or trading position, assets or liabilities, profitability or prospects of the Bradken Group (taken as a whole), including any one or more events, matters, changes or circumstances which have had, or could reasonably be expected to have, the effect of: (a) diminishing the value of the consolidated net assets of the Bradken Group as set out in the balance sheet for the financial year ended 30 June 2016 by \$25 million or more; or (b) diminishing the EBIT of the Bradken Group by at least \$7.5 million per year against the EBIT for the financial year ended 30 June 2016 other than: (c) any event, matter, change or circumstance Disclosed to HCM before the date of the Bid Implementation Agreement (including the implementation of any future matters included in budgets, business plans or other future planning or strategy documents); (d) any event, matter, change or circumstance Disclosed in public filings by a member of the Bradken Group to ASX or ASIC before the date of the Bid Implementation Agreement; (e) any event, matter, change or circumstance resulting from the change of control of Bradken contemplated by the Takeover Bid; (f) any thing required or permitted to be done or not done under the Bid Implementation Agreement, the Takeover Bid or the transactions contemplated by them; (g) any event, matter, change or circumstance in or resulting from: (i) economic, business, regulatory or political conditions in general; (ii) credit, financial, securities or currency markets in general (including any reduction in market indices); (iii) any change affecting the mining services industry generally (including fluctuations in commodity prices), (iv) any change in law, taxation, accounting standards, interest rates or exchange rates, occurring after the date of the Bid Implementation Agreement; or (h) any event, matter, change or circumstance arising from actions taken by the Bradken Group with the prior written consent of HCM, that consent not to be unreasonably withheld or delayed
Minimum Acceptance Condition	condition 5 in Appendix 2
Moelis & Company	Moelis Australia Advisory Pty Ltd ACN 142 008 446 AFSL 345499
Net Financial Indebtedness	all external borrowings and financial indebtedness (including leases and bank guarantees but excluding the Bradken Redeemable Preference Shares) less cash or cash equivalents (both calculated consistently with the methods applied in Bradken's financial statements and notes thereto for the year ended 30 June 2016) with all underlying amounts being translated into Australian dollars using the same exchange rates applied in those financial statements

Offer Consideration	\$3.25 cash per Bradken Share
Offer Date	Tuesday, 1 November 2016, being the date on which the first of the Offers was sent to each holder of Bradken Shares registered in the Bradken Share register at the Register Date
Offer Period	the period during which the HCM Offer will remain open for acceptance in accordance with paragraph 2 of Appendix 1 to this Bidder's Statement
Participant	an entity admitted to participate in CHESS
Permitted Encumbrance	<p>any Encumbrance in relation to any property of a Bradken Group member that is:</p> <p>(a) registered against a Bradken Group member and recorded in the public records maintained by the Registrar (as defined in section 10 of the PPSA), 3 Business Days before the date of the Bid Implementation Agreement;</p> <p>(b) a lien arising by operation of law and in the ordinary course of trading;</p> <p>(c) a retention of title arrangement provided that such arrangement was entered into in the ordinary course of business;</p> <p>(d) a purchase money security interest (as defined in section 14 of the PPSA) which relates to the deferred purchase price of any asset or service provided in the ordinary course of trading;</p> <p>(e) a netting, set-off or similar arrangement or any combination of them entered into in the ordinary course for the purpose of netting debit and credit balances; or</p> <p>(f) an interest in personal property that would not be an Encumbrance but for section 12(3) of the PPSA</p>
Prescribed Occurrence	<p>the occurrence of any of the following events:</p> <p>(a) Bradken converting all or any of the Bradken Shares into a larger or smaller number of shares under section 254H of the Corporations Act;</p> <p>(b) Bradken or a subsidiary of Bradken resolving to reduce its share capital in any way;</p> <p>(c) Bradken or a subsidiary of Bradken:</p> <p>(i) entering into a buy-back agreement; or</p> <p>(ii) resolving to approve the terms of a buy-back agreement under subsection 257C(1) or 257D(1) of the Corporations Act;</p> <p>(d) Bradken or a subsidiary of Bradken making an issue of Bradken Shares (other than Bradken Shares issued as a result of the conversion of any Bradken Redeemable Preference Shares that are in existence as at the Register Date or as a result of the exercise or vesting of Employee Share Performance Rights that are in existence as at the Register Date) or granting an option over Bradken Shares or agreeing to make such an issue or grant such an option;</p> <p>(e) Bradken or a subsidiary of Bradken issuing, or agreeing to issue, convertible notes;</p> <p>(f) Bradken or a subsidiary of Bradken disposing or agreeing to dispose, of the whole, or a substantial part, of its business or property;</p> <p>(g) Bradken or a subsidiary of Bradken charging, or agreeing to charge, the whole, or a substantial part, of its business or property as security for any new indebtedness;</p> <p>(h) Bradken or a subsidiary of Bradken resolving that it be wound up;</p> <p>(i) the appointment of a liquidator or provisional liquidator of Bradken or of a subsidiary of Bradken;</p> <p>(j) the making of an order by a court for the winding up of Bradken or of a subsidiary of Bradken;</p> <p>(k) an administrator of Bradken or of a subsidiary of Bradken being appointed under section 436A, 436B or 436C of the Corporations Act;</p> <p>(l) Bradken or a subsidiary of Bradken executing a deed of company arrangement; or</p> <p>(m) the appointment of a receiver or a receiver and manager in relation to the whole, or a substantial part, of the property of Bradken or of a subsidiary of Bradken.</p>
PPSA	the <i>Personal Property Securities Act 2009</i> (Cth)
PPS Security Interest	a security interest that is subject to the PPSA
Register Date	the date set by HCM under subsections 633(2) to (4) inclusive of the Corporations Act, being 7.00pm (AEDT time) on Tuesday, 25 October 2016
Related Entity	an entity that is under the Control of Bradken
relevant interest	has the meaning given in the Corporations Act as if sections 609(6) and 609(7) were omitted
Rights	all accretions, rights or benefits of whatever kind attaching to or directly or indirectly attaching to or arising from the Bradken Shares arising on or after the date of the Bid Implementation Agreement including all rights to receive dividends, to receive or subscribe for shares, notes or other securities and all other distributions or entitlements declared, paid, made or issued by Bradken after that date, but excluding any franking credits attached to a dividend or other distribution

Share Plan Rules	of the various share rights plans operated by Bradken including: (a) the 2014 Bradken Share Rights Plan (EPS); (b) the 2014 Bradken Restricted Share Rights Plan (TSR); (c) the 2015 Bradken Share Rights Plan (EPS); (d) the 2015 Bradken Restricted Share Rights Plan (TSR) (and a version of this plan for United States participants); and (e) the 2016 Bradken Restricted Cash Rights Plan.
Share Registry	Computershare Investor Services Pty Limited, the share registry appointed by HCM for the purposes of performing shareholder registration functions in connection with the HCM Offer
Shareholder Reference Number	the number allocated by Bradken to identify a Bradken Shareholder on Bradken's issuer sponsored subregister
South African Competition Act	the Competition Act, Act 89 of 1998 (as amended) (Republic of South Africa)
South African Competition Approval	either: (a) the South African Competition Authorities have provided a notice in writing stating or to the effect that the South African Competition Authorities approve HCM acquiring Bradken Shares under the Offer; or (b) by reason of the elapse of time, the South African Competition Authorities are no longer empowered under the South African Competition Act to make an order prohibiting the acquisition of Bradken Shares by HCM under the Offer
South African Competition Authorities	the competition authorities established under the South African Competition Act
Takeover Bid	the off-market takeover bid constituted by the despatch of the Offers in accordance with the Corporations Act
Target's Statement	the target's statement prepared by Bradken and sent to Bradken Shareholders in response to the HCM Offer, in accordance with section 638 of the Corporations Act
Tax Associate	has the meaning given to 'associate' in section 318 of the <i>Income Tax Assessment Act 1936</i> (Cth)
Tokyo Stock Exchange	the financial market operated by Tokyo Stock Exchange, Inc.
Treasurer	the Treasurer of the Commonwealth of Australia or his delegate
unconditional	that the Offers and any contracts resulting from acceptance of the Offers are no longer subject to fulfilment of any of the conditions to which the HCM Offer is subject, as set out in Appendix 2 to this Bidder's Statement
VWAP	the volume weighted average trading price of shares on ASX
¥	the Japanese yen

9.2 Interpretation

- (a) Unless otherwise defined, words and phrases which are defined by the Corporations Act have the same meaning in this Bidder's Statement and the Acceptance Form and, if a special meaning is given for the purposes of Chapter 6 or 6A or a provision of Chapter 6 or 6A of the Corporations Act, have that special meaning.
- (b) Headings are for convenience only, and do not affect interpretation.
- (c) The following rules also apply in interpreting this Bidder's Statement and the Acceptance Form, except where the context makes it clear that a rule is not intended to apply:
- (i) a singular word includes the plural, and vice versa;
 - (ii) a word which suggests one gender includes the other genders;
 - (iii) unless otherwise stated references in this Bidder's Statement to sections, paragraphs and sub-paragraphs are to sections, paragraphs and subparagraphs of this Bidder's Statement;
 - (iv) a reference to a person includes a body corporate, partnership, joint venture, associate or other entity;
 - (v) a reference to time is a reference to time in Sydney, Australia, unless otherwise specifically indicated;
 - (vi) a reference to any legislation (including subordinate legislation) is to that legislation as amended, re-enacted or replaced, and includes any subordinate legislation issued under it;
 - (vii) a reference to a document or instrument includes the document or instrument as novated, altered, amended, supplemented or replaced from time to time; and
 - (viii) a reference to \$ is to Australian dollars.

10 Approval of Bidder's Statement

10. Approval of Bidder's Statement

This Bidder's Statement has been approved by a resolution passed by the directors of HCM in accordance with section 637(1)(a)(i) of the Corporations Act.

Dated 25 October 2016

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APPENDICES



APPENDIX 1– TERMS OF THE HCM OFFER

1. The HCM Offer

- (a) HCM offers to acquire all of your Bradken Shares on and subject to the terms and conditions set out in this Appendix 1.
- (b) The consideration under the HCM Offer is \$3.25 cash per Bradken Share, subject to the operation of paragraph 1(c).
- (c) By accepting the HCM Offer, you undertake to transfer to HCM not only the Bradken Shares to which the HCM Offer relates but also all Rights attached to those Bradken Shares (see paragraphs 11(c)(v), 11(c)(vi) and 12). In broad terms, the effect of this is that the Offer Consideration of \$3.25 cash per Share will be reduced by the per Share amount of any dividends declared by Bradken after 3 October 2016 (being the date the HCM Offer was announced) and that accrue to or arise from your Bradken Shares.
- (d) The HCM Offer is dated 1 November 2016.

2. Offer Period

- (a) Unless withdrawn, the HCM Offer will remain open for acceptance during the period commencing on the date of the HCM Offer (1 November 2016) and ending at 7.00pm (AEDT time) on the later of:
 - (i) Friday, 10 February 2017; and
 - (ii) any date to which the Offer Period is extended.
- (b) HCM reserves the right, exercisable in its sole discretion, to extend the Offer Period in accordance with the Corporations Act. In the Bid Implementation Agreement, HCM has agreed with Bradken not to extend the Offer Period beyond the date which is 6 months after the Offer Period commences, without Bradken's consent.
- (c) If, within the last seven days of the Offer Period, either of the following events occur:
 - (i) the HCM Offer is varied to improve the consideration offered; or
 - (ii) HCM's voting power in Bradken increases to more than 50%,the Offer Period will be automatically extended so that it ends 14 days after the relevant event in accordance with section 624(2) of the Corporations Act.

3. How to accept the HCM Offer

(a) General

- (i) Subject to paragraphs 4(b) and 4(c), you may accept the HCM Offer only for all of your Bradken Shares.
- (ii) You may accept the HCM Offer at any time during the Offer Period.
- (iii) When accepting this Offer, you should also forward for inspection:
 - (A) if the Acceptance Form is executed by an attorney, a certified copy of the power of attorney; and
 - (B) if the Acceptance Form is executed by the executor of a will or the administrator of the estate of a deceased Bradken Shareholder, the relevant grant of probate or letters of administration.

(b) Issuer sponsored holdings

To accept the HCM Offer for Bradken Shares held in your name on Bradken's issuer sponsored sub register (in which case your Shareholder Reference Number will commence with an 'I'), you must:

- (i) complete and sign the Acceptance Form in accordance with the terms of the HCM Offer and the instructions on the Acceptance Form; and
- (ii) ensure that the Acceptance Form (including any documents required by the terms of the HCM Offer and the instructions on the Acceptance Form) is received before the end of the Offer Period, at the address shown on the Acceptance Form.

(c) CHESS Holdings

If your Bradken Shares are held in a CHESS Holding (in which case your Holder Identification Number will commence with an 'X'), to accept the HCM Offer you must do one of the following:

- (i) instruct your Controlling Participant (usually your stockbroker) to initiate acceptance of the HCM Offer on your behalf, so as to be effective before the end of the Offer Period. However, if you are the Controlling Participant in respect of your Bradken Shares, to accept the HCM Offer you must initiate acceptance of the HCM Offer before the end of the Offer Period; or
- (ii) complete and sign the enclosed Acceptance Form in accordance with the instructions on it and return it together with all other documents required by those instructions on it, so that they are received at the address given on the Acceptance Form in sufficient time for your Controlling Participant to act on your instruction before the end of the Offer Period.

4. Offerees

(a) Registered holders

The HCM Offer is being made to each person registered as the holder of Bradken Shares in the register of Bradken Shareholders at 7.00pm (AEDT time) on the Register Date. It also extends to:

- (i) holders of Bradken Shares issued during the period from the Register Date to the end of the Offer Period (inclusive):
 - (A) due to the conversion of any Bradken Redeemable Preference Shares; or
 - (B) as a result of the exercise or vesting of Employee Share Performance Rights, that are on issue as at the Register Date; and
- (ii) any person who becomes registered, or entitled to be registered, as the holder of Bradken Shares during the Offer Period.

(b) Transferees

If at any time during the Offer Period another person is able to give good title to some or all of your Bradken Shares and you have not already accepted the HCM Offer for those Bradken Shares, then that person may accept the HCM Offer as though the HCM Offer had been made to them in respect of those Bradken Shares.

(c) Trust and nominees

- (i) If, at any time during the Offer Period, you are registered or entitled to be registered as the holder of one or more parcels of Bradken Shares as trustee or nominee for, or otherwise on account of, another person, you may accept as if a separate HCM Offer on the same terms and conditions as this HCM Offer had been made in relation to each of those parcels and any parcel you hold in your own right. To validly accept the offer for each parcel, you must comply with the procedure in subsection 653B(3) of the Corporations Act.
- (ii) If, for the purposes of complying with that procedure, you require additional copies of this Bidder's Statement and/or the Acceptance Form, please call the HCM Offer Information Line on 1300 648 150 (toll free for callers within Australia) or +61 3 9415 4156 (not toll free) for callers outside Australia, Monday to Friday between 9.00am and 5.00pm (AEDT time).
- (iii) If your Bradken Shares are registered in the name of a Broker, investment dealer, bank, trust company or other nominee, you should contact that party for assistance in accepting the HCM Offer.

(d) Bradken Shares subject to Bradken transfer restrictions

If at any time during the Offer Period some of your Bradken Shares are subject to transfer restrictions imposed by Bradken (for example, because you hold some of your Bradken Shares under an employee incentive plan), then you may accept as if a separate offer in the form of this Offer had been made in relation to the balance of your Bradken Shares. Acceptance for the balance of your Bradken Shares is ineffective unless you give HCM notice stating the number of your Bradken Shares that are the subject to a transfer restriction and explaining the nature of this restriction, and your acceptance specifies the balance of your Bradken Shares.

5. Conditions of the HCM Offer

The HCM Offer and any contract that results from an acceptance of the HCM Offer, are subject to the conditions in Appendix 2.

6. Nature and benefit of conditions

- (a) Any contract arising from your acceptance of the HCM Offer does not become binding unless and until the FIRB Condition is fulfilled or waived. Despite your acceptance of the Offer, unless and until this condition is fulfilled or waived:
 - (i) no contract for the sale of your Bradken Shares will come into force or be binding on you or on HCM;
 - (ii) HCM will have no rights (conditional or otherwise) in relation to your Bradken Shares;
 - (iii) if your Bradken Shares are held in a CHESS Holding, you will be entitled to withdraw your acceptance in respect of those Bradken Shares by having your Controlling Participant transmit a valid originating message to ASX specifying the Bradken Shares to be released from the sub-position, in accordance with Rule 14.16 of the ASX Settlement Operating Rules; and
 - (iv) if your Bradken Shares are not held in a CHESS Holding, you will be entitled to withdraw your acceptance in respect of those Bradken Shares by sending a notice to that effect signed by you (or on your behalf, in which case documentation proving that the person or persons signing the notice are authorised to do so must accompany the notice) to any of the addresses specified on the Acceptance Form so that it is received at the relevant address at any time prior to the fulfillment or waiver of the FIRB Condition.
- (b) The conditions in Appendix 2 other than the FIRB Condition (**Remaining Conditions**) are conditions subsequent. The non-fulfilment of any condition subsequent does not, until the end of the Offer Period (or in the case of the condition 6 in Appendix 2 until the end of the third Business Day after the end of the Offer Period), prevent a contract to sell your Bradken Shares from arising, but entitles HCM by written notice to you to rescind the contract resulting from your acceptance of the HCM Offer.
- (c) Subject to the Corporations Act, HCM alone is entitled to the benefit of the Remaining Conditions or to rely on any non-fulfilment of any of them.
- (d) Each condition in Appendix 2 is a separate, several and distinct condition. No condition will be taken to limit the meaning or effect of any other condition.

7. Freeing the HCM Offer of conditions

HCM may waive the FIRB Condition, but it will only do so if such waiver would not be in breach of the FATA.

In the Bid Implementation Agreement, HCM has also agreed with Bradken that it will not waive the Minimum Acceptance Condition, until HCM has obtained a relevant interest in at least 40% of Bradken's Shares.

Subject to the restriction on the waiver of the Minimum Acceptance Condition noted above, HCM may free the HCM Offer, and any contract resulting from its acceptance, from all or any of the conditions in Appendix 2, either generally or by reference to a particular fact, matter, event, occurrence or circumstance (or class thereof), by giving a notice to Bradken declaring the HCM Offer to be free from the relevant condition or conditions specified, in accordance with section 650F of the Corporations Act. By HCM giving such a notice in relation to a condition, HCM waives the condition.

This notice may be given:

- (a) in the case of condition 6 in Appendix 2, not later than 3 Business Days after the end of the Offer Period; and
- (b) in the case of all the other conditions in Appendix 2, not less than 7 days before the end of the Offer Period.

If, at the end of the Offer Period (or in the case of condition 6 in Appendix 2, at the end of the third Business Day after the end of the Offer Period), the conditions in Appendix 2 have not been fulfilled and HCM has not declared the HCM Offer (or it has not become) free from those conditions, all contracts resulting from the acceptance of the HCM Offer will be automatically void.

8. Notice on status of conditions

The date for giving the notice on the status of the conditions required by subsection 630(1) of the Corporations Act is Friday, 3 February 2017 being not more than 14 days and not less than 7 days before the end of the Offer Period (subject to extension in accordance with subsection 630(2) if the Offer Period is extended).

9. Contract void if conditions not fulfilled

Your acceptance of the HCM Offer, and any contract resulting from your acceptance of the HCM Offer, will be automatically void if:

- (a) at the end of the Offer Period, any of the conditions in Appendix 2 is not fulfilled; and
- (b) HCM has not declared the HCM Offer free from the conditions in Appendix 2 as provided in paragraph 7.

10. Validity of acceptances

- (a) Subject to this paragraph 10, your acceptance of the HCM Offer will not be valid unless it is made in accordance with the procedures set out in paragraph 3.
- (b) HCM will determine, in its sole discretion, all questions as to the form of documents, eligibility to accept the HCM Offer and time of receipt of an acceptance of the HCM Offer. HCM is not required to communicate with you prior to making this determination. The determination of HCM will be final and binding on all parties.
- (c) Despite paragraphs 3(b) and 3(c), HCM may, in its sole discretion, at any time and without further communication to you, deem any Acceptance Form it receives to be a valid acceptance in respect of your Bradken Shares, even if a requirement for acceptance has not been complied with. However, the payment of the consideration in accordance with the HCM Offer may be delayed until any irregularity has been resolved or waived and any other documents required to procure registration have been received by HCM.
- (d) HCM will provide the consideration to you in accordance with paragraph 13 in respect of any part of an acceptance determined by HCM to be valid.
- (e) If any Bradken Shares delivered by you are not exchanged for cash for any reason under the terms and conditions of the HCM Offer, they will be returned to you (at your risk) as promptly as practicable following the expiration or withdrawal of the HCM Offer. In such case, HCM will return, at your risk, your Acceptance Form together with any other documents forwarded by you, to your address as shown on the Acceptance Form or such other address as you may notify HCM in writing.
- (f) The transmission by you of the Acceptance Form and any documents in accordance with paragraph 3 is at your own risk. No acknowledgement of receipt of any such documents will be given to you by or on behalf of HCM.

11. The effect of acceptance

- (a) Once you have accepted the HCM Offer, you will be able to revoke your acceptance at any time while the FIRB Condition has not been fulfilled or waived. When the FIRB Condition has been fulfilled or waived, you will be unable to revoke your acceptance and the contract resulting from your acceptance will be binding on you. You will consequentially be unable to withdraw your Bradken Shares from the HCM Offer or otherwise dispose of your Bradken Shares, except as follows:
 - (i) if, by the relevant times specified in paragraph 11(b), the conditions in Appendix 2 have not all been fulfilled or waived, the HCM Offer will automatically terminate and your Bradken Shares will be returned to you; or
 - (ii) if the Offer Period is extended for more than one month and, at the time, the HCM Offer is subject to one or more of the conditions in Appendix 2, you may be able to withdraw your acceptance in respect of your Bradken Shares in accordance with section 650E of the Corporations Act. A notice will be sent to you at the time explaining your rights in this regard.
- (b) The relevant times for the purposes of paragraph 11(a)(i) are:
 - (i) in relation to condition 6 in Appendix 2, the end of the third Business Day after the end of the Offer Period; and
 - (ii) in relation to all other conditions in Appendix 2, the end of the Offer Period.

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- (c) By signing and returning the Acceptance Form, or otherwise accepting the HCM Offer under paragraph 3, you will be deemed to have:
- (i) accepted the HCM Offer (and any variation of it) in respect of all of your Bradken Shares and, subject to all of the conditions to the HCM Offer in Appendix 2 being fulfilled or waived, assigned all of your beneficial interest in your Bradken Shares to HCM, conveyed beneficial title to your Bradken Shares to HCM and agreed to transfer to HCM your Bradken Shares (even if the number of Bradken Shares specified on the Acceptance Form differs from the number of your Bradken Shares), subject to paragraphs 4(b), 4(c) and 4(d);
 - (ii) represented and warranted to HCM, as a fundamental condition going to the essence of the contract resulting from your acceptance, that at the time of acceptance, and the time the transfer of your Bradken Shares (including any Rights) to HCM is registered, that all your Bradken Shares are and will be free from all mortgages, charges, liens, encumbrances and adverse interests of any nature (whether legal or otherwise) and free from restrictions on transfer of any nature (whether legal or otherwise), that you have full power and capacity to accept the HCM Offer and to sell and transfer the legal and beneficial ownership in your Bradken Shares (including any Rights) to HCM, and that you have paid to Bradken all amounts which at the time of acceptance have fallen due for payment to Bradken in respect of your Bradken Shares;
 - (iii) irrevocably authorised HCM (and any director, secretary, agent or nominee of HCM) to alter the Acceptance Form on your behalf by inserting correct details of your Bradken Shares, filling in any blanks remaining on the form and rectifying any errors or omissions as may be considered necessary by HCM to make it an effective acceptance of the HCM Offer or to enable registration of your Bradken Shares in the name of HCM;
 - (iv) if you signed the Acceptance Form in respect of Bradken Shares which are held in a CHESS Holding, irrevocably authorised HCM (or any director, secretary, agent or nominee of HCM) to:
 - (A) instruct your Controlling Participant to initiate acceptance of the HCM Offer in respect of your Bradken Shares; and
 - (B) give any other instructions in relation to your Bradken Shares to your Controlling Participant, as determined by HCM acting in its own interests as a beneficial owner and intended registered holder of those Bradken Shares;
 - (v) irrevocably authorised and directed Bradken to pay to HCM, or to account to HCM for, all Rights in respect of your Bradken Shares, subject to, if the HCM Offer is withdrawn, HCM accounting to you for any such Rights received by HCM;
 - (vi) except where Rights have been paid or accounted for in accordance with paragraph 11(c)(v), irrevocably authorised HCM to deduct from the consideration payable in accordance with the terms of the Offer the amount of all Rights referred to in paragraph 11(c)(v) or any amount equal to the value of those Rights as reasonably assessed by HCM;
 - (vii) irrevocably authorised HCM to notify Bradken on your behalf that your place of address for the purpose of serving notices on you in respect of your Bradken Shares is the address specified by HCM in the notification;
 - (viii) with effect from the date on which all the conditions to the HCM Offer in Appendix 2 have been fulfilled or waived:
 - (A) irrevocably appointed HCM (and any director, secretary or nominee of HCM) severally from time to time as your true and lawful attorney to exercise all your powers and rights in relation to your Bradken Shares, including (without limitation) powers and rights to requisition, convene, attend and vote in person, by proxy or by body corporate representative, at all general meetings of Bradken and to request Bradken to register, in the name of HCM or its nominee, your Bradken Shares, as appropriate, with full power of substitution (such power of attorney, being coupled with an interest, being irrevocable); and
 - (B) agreed not to attend or vote in person, by proxy or by body corporate representative at any general meeting of Bradken or to exercise or purport to exercise any of the powers and rights conferred on HCM (and its directors, secretaries and nominees) in paragraph 11(c)(viii)(A);
 - (ix) agreed that in exercising the powers and rights conferred by the powers of attorney granted under paragraph 11(c)(viii)(A), the attorney will be entitled to act in the interests of HCM as the beneficial owner and intended registered holder of your Bradken Shares;
 - (x) agreed to do all such acts, matters and things that HCM may require to give effect to the matters the subject of this paragraph 11(c) (including the execution of a written form of proxy to the same effect as this Section 11(c) which complies in all respects with the requirements of the constitution of Bradken if requested by HCM);
 - (xi) agreed to indemnify and to keep indemnified HCM in respect of any claim or action against it or any loss, damage or liability whatsoever incurred by it as a result of you not producing your Holder Identification Number or Shareholder Reference Number or in consequence of the transfer of your Bradken Shares to HCM being registered by Bradken without production of your Holder Identification Number or your Shareholder Reference Number for your Bradken Shares;
 - (xii) represented and warranted to HCM that, unless you have notified it in accordance with paragraph 4(c), your Bradken Shares do not consist of separate parcels of Bradken Shares;
 - (xiii) irrevocably authorised HCM (and any nominee) to transmit a message in accordance with the ASX Settlement Operating Rules to transfer your Bradken Shares to HCM's takeover transferee holding, regardless of whether it has paid the consideration due to you under the HCM Offer; and
 - (xiv) agreed, subject to the conditions of the HCM Offer in Appendix 2 being fulfilled or waived, to execute all such documents, transfers and assurances, and do all such acts, matters and things that HCM may consider necessary or desirable to convey your Bradken Shares registered in your name and Rights to HCM.
- (d) The undertakings and authorities referred to in paragraph 11(c) will remain in force after you receive the consideration for your Bradken Shares and after HCM becomes registered as the holder of your Bradken Shares.

12. Rights and other entitlements

- (a) If you accept the HCM Offer, HCM is entitled to all Rights in respect of your Bradken Shares. Rights do not include any franking credits attached to any dividend.
- (b) HCM may require you to provide all documents necessary to vest title to those Rights in it, or otherwise to give it the benefit or value of those Rights.
- (c) If you do not give those documents to HCM, or if you have received the benefit of those Rights, HCM will deduct from the Offer Consideration otherwise due to you the amount (or value, as reasonably assessed by HCM) of those Rights.
- (d) If any non cash Rights are issued, made, arise or accrue to you as the holder of your Bradken Shares, HCM may reduce the Offer Consideration by the value (as reasonably determined by HCM) of the non cash Rights, unless the benefit of the Rights is otherwise passed on to HCM.

13. Provision of consideration

- (a) Subject to paragraph 10(b), this paragraph 13, and the Corporations Act, HCM will provide the consideration due to you for your Bradken Shares on or before the earlier of:
 - (i) one month after the date of your acceptance or, if the HCM Offer is subject to a condition when you accept the HCM Offer, within one month after the HCM Offer becomes unconditional; and
 - (ii) if the HCM Offer becomes unconditional, 21 days after the end of the Offer Period.
- (b) Where the Acceptance Form requires an additional document to be delivered with your Acceptance Form (such as a power of attorney):
 - (i) if that document is given with your Acceptance Form, HCM will provide the consideration in accordance with paragraph 13(a);
 - (ii) if that document is given after your Acceptance Form and before the end of the Offer Period while the HCM Offer is subject to a condition, HCM will provide the consideration due to you on or before the earlier of:
 - (A) one month after the HCM Offer becomes unconditional; and
 - (B) 21 days after the end of the Offer Period;
 - (iii) if that document is given after your Acceptance Form and before the end of the Offer Period while the HCM Offer is not subject to a condition, HCM will provide the consideration due to you on or before the earlier of:
 - (A) one month after that document is given; and
 - (B) 21 days after the end of the Offer Period; and
 - (iv) if that document is given after the end of the Offer Period, and the HCM Offer is not subject to a condition, HCM will provide the consideration within 21 days after that document is delivered.
- (c) Payment of any cash amount to which you are entitled under the HCM Offer will be made by cheque in Australian currency. Cheques will be posted to you at your risk by ordinary mail (or, in the case of overseas shareholders, by airmail) to the address as shown on your Acceptance Form. For the purpose of compliance with any timing requirement of the HCM Offer or the Corporations Act, payment of any cash amount to which you are entitled under the HCM Offer will be deemed to be made once the cheque is posted to the address as shown on your Acceptance Form.
- (d) If at the time you accept the HCM Offer, any consent, authority or clearance is required for you to receive any consideration under the HCM Offer including, but not limited to consent, authority or clearance of:
 - (i) the Minister for Foreign Affairs (whether under the Charter of the United Nations Act 1945 (Cth), the Charter of United Nations (Dealing with Assets) Regulations 2002 (Cth) or any other regulations made under the above legislation, or otherwise);
 - (ii) the Reserve Bank of Australia (whether under the Banking (Foreign Exchange) Regulations 1959 (Cth) or otherwise); or
 - (iii) the Australian Taxation Office,then acceptance of the HCM Offer will not create or transfer to you any right (contractual or contingent) to receive (and you will not be entitled to receive) any consideration for your Bradken Shares until all requisite authorities, clearances or approvals have been received by HCM.
- (e) If any amount (**Withholding Amount**) is required under any Australian law or by any Government Agency, to be:
 - (i) withheld from any consideration otherwise payable to you under this Offer and paid to a Government Agency; or
 - (ii) retained by HCM out of any consideration otherwise payable to you under this Offer,the payment or retention by HCM of the Withholding Amount (as applicable) will constitute full discharge of HCM's obligations to pay the consideration to you to the extent of the Withholding Amount.

14. Withdrawal of the HCM Offer

- (a) The HCM Offer may be withdrawn with the consent in writing of ASIC, which consent may be subject to conditions. If ASIC gives such consent, HCM will give notice of the withdrawal to ASX and to Bradken and will comply with any other conditions imposed by ASIC.
- (b) If, at the time the HCM Offer is withdrawn, all the conditions in Appendix 2 have been fulfilled or waived, all contracts arising from acceptance of the HCM Offer before it was withdrawn will remain enforceable.
- (c) If, at the time the HCM Offer is withdrawn, the HCM Offer remains subject to one or more of the conditions in Appendix 2, all contracts arising from its acceptance will become void (whether or not the events referred to in the relevant conditions have occurred).
- (d) A withdrawal under this paragraph 14 will be deemed to take effect:
 - (i) if the withdrawal is not subject to conditions imposed by ASIC, on and after the date that consent in writing is given by ASIC; or
 - (ii) if the withdrawal is subject to conditions imposed by ASIC, on and after the date those conditions are satisfied.

15. Variation of the HCM Offer

HCM may at any time before the end of the Offer Period vary the HCM Offer in accordance with the Corporations Act:

- (a) by extending the Offer Period;
- (b) by increasing the consideration payable under the HCM Offer; or
- (c) with the written consent of ASIC, and subject to any conditions specified by ASIC in that consent, in the manner that ASIC permits.

If HCM extends the Offer Period, you will receive notice of the extension, unless, at the date of the extension, you have already accepted the HCM Offer and the HCM Offer has become free from the conditions in Appendix 2 or those conditions have been fulfilled.

16. No stamp duty or brokerage

HCM will pay any stamp duty on the transfer of your Bradken Shares to it. As long as your Bradken Shares are registered in your name and you deliver them directly to HCM, you will not incur any brokerage in connection with your acceptance of the HCM Offer. If your Bradken Shares are registered in a CHESS Holding or you hold your Bradken Shares through a bank, custodian or other nominee, you should ask your Controlling Participant (usually your broker), or the bank, custodian or other nominee whether it will charge any transaction fees or service charges in connection with your acceptance of the HCM Offer.

17. Governing law

The HCM Offer and any contract that results from your acceptance of it are to be governed by the laws in force in Sydney, Australia. In relation to them and related non-contractual matters each party irrevocably submits to the non-exclusive jurisdiction of courts with jurisdiction there, and waives any right to object to the venue on any ground.

18. Notices

(a) Service on Bradken

HCM may give a notice to Bradken under the Takeover Bid by leaving it at, or sending it by prepaid ordinary post to, the registered office of Bradken.

(b) Service on HCM

You or Bradken may give a notice to HCM under the Takeover Bid by leaving it at or sending it by prepaid ordinary post to HCM at the address set out on the Acceptance Form.

(c) Service on you

HCM may give a notice to you under the Takeover Bid by leaving it at or sending it by prepaid ordinary post or by airmail (if your address is outside Australia), to your address given to HCM by Bradken under section 641 of the Corporations Act.

APPENDIX 2 – CONDITIONS OF THE HCM OFFER

The HCM Offer and any contracts resulting from acceptance of the HCM Offer are subject to the following conditions.

1. FIRB Approval

Before the end of the Offer Period, either:

- (a) the Treasurer (or his delegate) has provided a notice in writing (without any terms or conditions or with standard tax compliance conditions imposed by FIRB consistent with those set out in a publication issued by FIRB dated 3 May 2016 entitled 'Taxation Conditions of Certain No Objection Decisions' (Version 3)) stating or to the effect that the Australian Government does not object to HCM acquiring Bradken Shares under the Offer; or
- (b) by reason of the elapse of time, the Treasurer (and each of his delegates) is no longer empowered under the FATA to make an order prohibiting the acquisition of Bradken Shares by HCM under the Offer.

2. Competition Approvals

Before the end of the Offer Period:

- (a) ACCC Informal Clearance has been obtained;
 - (b) CCB Clearance has been obtained;
 - (c) HSR Antitrust Approval has been obtained; and
 - (d) South African Competition Approval has been obtained,
- in each case unconditionally.

3. CFIUS Approval

Before the end of the Offer Period either:

- (a) Bradken and HCM receive a written notification issued by CFIUS that it has determined that:
 - (i) the Takeover Bid is not a "covered transaction"; or
 - (ii) CFIUS has concluded its review and has determined not to conduct a full investigation; or
- (b) if a full investigation is deemed to be required, Bradken and HCM receives notification issued by CFIUS that the United States government will not take action to prevent the consummation of the Takeover Bid or to impose any requirements or conditions to mitigate any national security concerns related to the Takeover Bid.

4. DDTC Approval

Before the end of the Offer Period, DDTC Approval occurs.

5. Minimum acceptance

During or before the end of the Offer Period, HCM has a relevant interest in more than 50% of all Bradken Shares on a Fully Diluted Basis.

6. No Prescribed Occurrences

Between the Announcement Date and the end of the Offer Period (each inclusive), no Prescribed Occurrence occurs.

7. No Material Adverse Change

Between the Announcement Date and the end of the Offer Period (each inclusive), no Material Adverse Change occurs.

8. No material acquisitions, disposals, new commitments or other events

Between the Announcement Date and the end of the Offer Period (each inclusive), (other than as disclosed to HCM (including the implementation of any future matters included in budgets, business plans or other future planning or strategy documents) before the Announcement Date or as disclosed in a public filing with ASX before the Announcement Date) no member of the Bradken Group:

- (a) **(no material acquisitions)** acquires, offers to acquire, agrees to acquire or announces an intention to acquire, one or more shares, companies, businesses, properties or assets (or an interest in one or more shares, companies, businesses, properties or assets), other than in the ordinary course of business, the total consideration for which, or the value of which, either individually exceeds \$1.0 million or in aggregate exceeds \$1.0 million;

- (b) **(no material disposals)** disposes of, offers to dispose of, agrees to dispose of or announces an intention to dispose of, one or more shares, companies, businesses, properties or assets (or an interest in one or more shares, companies, businesses, properties or assets), other than in the ordinary course of business, for an amount, or for which the book value (as recorded in Bradken's statement of financial position as at 30 June 2016) is, either individually greater than \$10 million or in aggregate, greater than \$10 million;
- (c) **(no material commitments)** enters into, offers to enter into, or announces an intention to enter into, any agreement, lease, joint venture, partnership, management agreement, arrangement or commitment which would require expenditure other than in the ordinary course of business, or the foregoing of revenue, by any member(s) of the Bradken Group of an amount or value which, in aggregate, exceeds either \$10 million (for each separate agreement, lease, joint venture, partnership, management agreement, arrangement or commitment) or \$10 million in aggregate;
- (d) **(no constitutional changes)** makes any change to its constitution or convenes a meeting to consider a resolution to change a constitution of any member of the Bradken Group or passes any special resolution;
- (e) **(no entry into new contract of service)** enters, or agrees to enter, into any contract of service for the appointment of a director or senior manager on a base salary of more than \$200,000 per annum (or the approximate local currency equivalent);
- (f) **(no change in existing contract of service)** varies, or agrees to vary in any material way any existing contract of service with any director or senior manager on a base salary of more than \$200,000 per annum (or the approximate local currency equivalent), including making or agreeing to make any substantial change in the basis or amount of remuneration of any director or senior manager except:
- (i) as required by law;
 - (ii) in accordance with any contractual entitlement existing as at the date of the Bid Implementation Agreement;
 - (iii) for salary increases in the normal course provided that such increase is no more than \$20,000 per annum in respect of any employee;
 - (iv) vesting of Employee Share Performance Rights in accordance with clause 2.9 of the Bid Implementation Agreement; and
 - (v) payments not exceeding \$500,000 in aggregate under the Bradken Group's short term incentive plans;
- (g) **(no scheme of arrangement)** implements or agrees to implement any scheme of arrangement or compromise (including one for a reconstruction or amalgamation of any members of the Bradken Group), or any analogous procedure, scheme or arrangement in any jurisdiction;
- (h) **(no new Encumbrances)** other than in the ordinary course of ordinary business. grants or agrees to grant, any Encumbrances over a material part of its assets as security for new indebtedness; or
- (i) **(no new indebtedness)** incurs other than in the ordinary course of ordinary business any new indebtedness such that the Bradken Group's Net Financial Indebtedness exceeds \$450 million.

9. No distributions

Between the Announcement Date and the end of the Offer Period (each inclusive), Bradken does not declare, determine as payable or pay a distribution (whether by way of dividend, capital reduction or otherwise and whether in cash or in specie).

10. Employee Share Performance Rights

Between the Announcement Date and the end of the Offer Period (each inclusive), no Employee Share Performance Rights are granted or issued.

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CORPORATE DIRECTORY

Hitachi Construction Machinery Co., Ltd.

Directors

Yutaka Saito
Chairman

Kazushige Okuhara
Outside Director

Haruyuki Toyama
Outside Director

Junko Hirakawa
Outside Director

Osamu Okada
Director

Tetsuo Katsurayama
Director

Koji Sumioka
Director

Yuichi Tsujimoto
Director

Executive Officers

Yuichi Tsujimoto
Representative Executive Officer, President and Executive Officer

Koji Sumioka
Representative Executive Officer, Executive Vice President and Executive Officer

Yasushi Ochiai
Senior Vice President and Executive Officer

Kenji Ota
Vice President and Executive Officer

Toshihiro Oono
Vice President and Executive Officer

Tetsuo Katsurayama
Vice President and Executive Officer

Michifumi Tabuchi
Vice President and Executive Officer

Hisashi Hasegawa
Vice President and Executive Officer

Koutarou Hirano
Vice President and Executive Officer

Takaharu Ikeda
Executive Officer

Moriaki Kadoya
Executive Officer

Toshikazu Sakurai
Executive Officer

Hideshi Fukumoto
Executive Officer

Tadashi Motoi
Executive Officer

Naoyoshi Yamada
Executive Officer

Registered office

16-1, Higashiueno 2-chome, Taito-ku, Tokyo, 110-0015
Japan

Share Registry for the HCM Offer

Computershare Investor Services Pty Limited
You can contact HCM's share registry for the HCM Offer
at the address set out below:

(For Post)

HCM Takeover Offer
GPO Box 52
Melbourne VIC 3001

Legal adviser

MinterEllison
Level 23, 525 Collins Street
Melbourne VIC 3000

Financial advisers

Moelis & Company
Level 27, Governor Phillip Tower
One Farrer Place
Sydney NSW 2000

SMBC Nikko
Shin-Marunouchi Building
1-5-1, Marunouchi
Chiyoda-ku, Tokyo, 100-6521
Japan

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HITACHI

Reliable solutions

Hitachi Construction Machinery Co., Ltd.

Return your Form:



By Mail:

Computershare Investor Services Pty Limited
GPO Box 52 Melbourne
Victoria 3001 Australia

For all enquiries:

Phone: HCM Offer Information Line:

(within Australia) 1300 648 150
(outside Australia) +61 3 9415 4156

BKN_TK

MR SAM SAMPLE
UNIT 123
SAMPLE STREET
SAMPLETOWN NSW 2001

Offer Acceptance Form

ISSUER

This Acceptance Form must be received by Computershare before the end of the Offer Period.

This form and the Bidder's Statement are important documents that require your immediate attention. This form relates to an offer ("Offer") by Hitachi Construction Machinery Co., Ltd ("HCM") to acquire all of your Ordinary Shares in Bradken Limited ("Bradken") ABN (33 108 693 009) the terms of which are set out in the Bidder's Statement from HCM dated 25 October 2016 as replaced or supplemented (the "Bidder's Statement"). Capitalised terms used in this form have the same meaning as in the Bidder's Statement, unless otherwise defined.

If you are in doubt about how to deal with this Offer, please contact your financial or other professional advisor.

Note this form can only be used in relation to the securityholding represented by the details printed above and overleaf.

Step 1: Registration Name & Offer Details

Your consideration will be paid to the name(s) as they appear on the latest copy of the Bradken Register, as provided to HCM. The current address recorded on HCM's copy of the Register is printed above and overleaf. If you have recently bought or sold Bradken Shares your holding may differ from that shown. If you have already sold all your Bradken Shares, do not complete or return this form.

Step 2: Accept the Offer

Only sign and return this form if you wish to accept the Offer for ALL of Your Bradken Shares. The consideration applicable is that set out in Appendix 1 to the Bidder's Statement.

By signing this form, you represent and warrant to HCM that, both at the time of returning this acceptance form and at the time the transfer of the Ordinary Shares to which this form relates to HCM is registered, all of those shares are and will upon registration

be fully paid up and free from all mortgages, charges, liens and other encumbrances of any kind and restrictions on transfer of any kind, and that you have full power and capacity (whether legal or equitable) to sell and transfer those shares and that you have paid all amounts which at the time of acceptance have fallen due for payment in respect of those shares.

Step 3: Signing Instructions

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 must sign.

Power of Attorney: Where signing as Power of Attorney (POA), you must attach an original certified copy of the POA to this form.

Companies: Where the holding is in the name of a Company, this form must be signed in accordance with the Corporations Act, either as:

- a Sole Director and Sole Company Secretary **OR** a Sole Director (if no Company Secretary exists), **OR**
- two Directors, **OR**
- a Director and Secretary.

Overseas Companies: Where the holding is in the name of an Overseas company (companies incorporated outside Australia) the form must be signed as above, or documentation must be provided showing that the company can sign in an alternate manner.

Deceased Estate: All executors must sign and a certified copy of Probate or Letters of Administration must accompany this form.

Entering contact details is not compulsory, but will assist us if we need to contact you.

IMPORTANT! Acceptance Forms cannot be returned by fax or hand delivery. Your Acceptance Form must be returned in the reply paid envelope enclosed with the Bidder's Statement.

Due to recent changes to delivery times by Australia Post, standard delivery may now take up to six Business Days, or longer from regional areas. Bradken Shareholders should bear this in mind when returning Acceptance Forms using Australia Post.

Turn over to complete the form





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Offer Acceptance Form

For your security keep your SRN/
HIN confidential.

STEP 1 Registration Name & Offer Details

Registration Name: MR SAM SAMPLE
UNIT 123
SAMPLE STREET
SAMPLETOWN NSW 2001

Offer Details: Securityholding as at 7pm (AEDT) on the Register Date.
100% of your holding in Bradken:

2000

By accepting the Offer, you are accepting the Offer for ALL Your Bradken Shares as recorded by Bradken as being held by you at the date your acceptance is processed (even if different to the number stated above).

STEP 2 Accept the Offer

If you correctly sign and return this form you will be deemed to have accepted the Offer for ALL of Your Bradken Shares on the terms and conditions of the Offer as set out in the Bidder's Statement. The consideration applicable is that set out in Appendix 1 to the Bidder's Statement.

STEP 3 Signature of Securityholder(s) *This section must be completed.*

I/We accept the Offer made by HCM for Ordinary Shares in Bradken and I/we agree to be bound by the terms and conditions of the Offer and transfer ALL of my/our Ordinary Shares as per the above instruction.

Individual or Securityholder 1

Sole Director and Sole Company Secretary/
Sole Director (cross out titles as applicable)

Securityholder 2

Director

Securityholder 3

Director/Company Secretary
(cross out titles as applicable)

Contact Name _____

Contact Daytime Telephone _____

Date / /

If you have any queries about the terms of the offer or how to accept, please call the HCM Offer Information Line (Monday to Friday, between 9.00am and 5.00pm (AEDT)) on 1300 648 150 (within Australia) and +61 3 9415 4156 (outside Australia).

Privacy Notice

The personal information you provide on this form is collected by Computershare Investor Services Pty Limited ("CIS") for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. We may also use your personal information to send you marketing material approved by Hitachi Construction Machinery Co., Ltd. You may elect not to receive marketing material by contacting CIS using the details provided on the front of this form or by emailing privacy@computershare.com.au. We may be required to collect your personal information under the Corporations Act 2001 (Cth) and ASX Settlement Operating Rules. We may disclose your personal information to our related bodies corporate and to other individuals or companies who assist us in supplying our services or who perform functions on our behalf, to Hitachi Construction Machinery Co., Ltd or to third parties upon direction by Hitachi Construction Machinery Co., Ltd where related to the administration of your securityholding or as otherwise required or permitted by law. Some of these recipients may be located outside Australia, including in the following countries: Canada, India, New Zealand, the Philippines, the United Kingdom and the United States of America. For further details, including how to access and correct your personal information, and information on our privacy complaints handling procedure, please contact our Privacy Officer at privacy@computershare.com.au or see our Privacy Policy at <http://www.computershare.com/au>.

Hitachi Construction Machinery Co., Ltd.

BKN_TK
MR SAM SAMPLE
UNIT 123
SAMPLE STREET
SAMPLETOWN NSW 2001

Return your Form:



To Your Controlling Participant:
Return this form directly to your stockbroker



By Mail:
Computershare Investor Services Pty Limited
GPO Box 52 Melbourne
Victoria 3001 Australia

For all enquiries:

Phone: HCM Offer Information Line:
(within Australia) 1300 648 150
(outside Australia) +61 3 9415 4156

Offer Acceptance Form

CHES

 **This Acceptance Form must be received with sufficient time to allow processing prior to the end of the Offer Period.**

This form and the Bidder's Statement are important documents that require your immediate attention. This form relates to an offer ("Offer") by Hitachi Construction Machinery Co., Ltd ("HCM") to acquire all of your Ordinary Shares in Bradken Limited ("Bradken") ABN (33 108 693 009) the terms of which are set out in the Bidder's Statement from HCM dated 25 October 2016 as replaced or supplemented (the "Bidder's Statement"). Capitalised terms used in this form have the same meaning as in the Bidder's Statement, unless otherwise defined.

If you are in doubt about how to deal with this Offer, please contact your financial or other professional advisor.

Note this form can only be used in relation to the securityholding represented by the details printed above and overleaf.

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Your consideration will be paid to the name(s) as they appear on the latest copy of the Bradken Register, as provided to HCM. The current address recorded on HCM's copy of the Register is printed above and overleaf. If you have recently bought or sold Bradken Shares your holding may differ from that shown. If you have already sold all your Bradken Shares, do not complete or return this form.

Step 2: Accept the Offer

Only sign and return this form if you wish to accept the Offer for ALL of Your Bradken Shares. The consideration applicable is that set out in Appendix 1 to the Bidder's Statement.

As your Bradken Ordinary Shares are in a CHES holding, you may contact your Controlling Participant directly (normally your stockbroker) with instructions to accept the Offer. If you do this, your Controlling Participant will provide you with details as to what they require in order to accept the Offer on your behalf. If you want HCM to contact your Controlling Participant on your behalf, sign and return this form to the address above so that it is received in sufficient time to allow your instruction to be acted upon by the close of the Offer Period. This will authorise HCM and Computershare Investor Services Pty Limited ("CIS") to request your Controlling Participant to initiate acceptance of the Offer on your behalf.

By signing this form, you represent and warrant to HCM that, both at the time of returning this acceptance form and at the time the transfer of the Ordinary Shares to which this form relates to HCM is registered, all of those shares are and will upon registration be fully paid up and free from all mortgages, charges, liens and other encumbrances of

any kind and restrictions on transfer of any kind, and that you have full power and capacity (whether legal or equitable) to sell and transfer those shares and that you have paid all amounts which at the time of acceptance have fallen due for payment in respect of those shares.

You should allow sufficient time for your Controlling Participant or HCM to initiate the acceptance of HCM's Offer on your behalf. Neither HCM or CIS will be responsible for any delays incurred by the process of requesting your Controlling Participant to accept the Offer.

IMPORTANT! Acceptance Forms cannot be returned by fax or hand delivery. Your Acceptance Form must be returned in the reply paid envelope enclosed with the Bidder's Statement.

Due to recent changes to delivery times by Australia Post, standard delivery may now take up to six Business Days, or longer from regional areas. Bradken Shareholders should bear this in mind when returning Acceptance Forms using Australia Post.

Step 3: Signing Instructions

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

Power of Attorney: Where signing as Power of Attorney (POA), you must attach an original certified copy of the POA to this form.

Companies: Where the holding is in the name of a Company, this form must be signed in accordance with the Corporations Act, either as:

- a Sole Director and Sole Company Secretary **OR** a Sole Director (if no Company Secretary exists), **OR**
- two Directors, **OR**
- a Director and Secretary.

Overseas Companies: Where the holding is in the name of an Overseas company (companies incorporated outside Australia) the form must be signed as above, or documentation must be provided showing that the company can sign in an alternate manner.

Deceased Estate: All executors must sign and a certified copy of Probate or Letters of Administration must accompany this form.

Entering contact details is not compulsory, but will assist us if we need to contact you.

Turn over to complete the form ➔

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IND

Offer Acceptance Form

For your security keep your SRN/
HIN confidential.

STEP 1 Registration Name & Offer Details

Registration Name: MR SAM SAMPLE
UNIT 123
SAMPLE STREET
SAMPLETOWN NSW 2001

Controlling Participant Identifier:

Offer Details: Securityholding as at 7pm (AEDT) on the Register Date.
100% of your holding in Bradken:

2000

By accepting the Offer, you are accepting the Offer for ALL Your Bradken Shares as recorded by Bradken as being held by you at the date your acceptance is processed (even if different to the number stated above).

STEP 2 Accept the Offer

If you correctly sign and return this form you will be deemed to have accepted the Offer for ALL of Your Bradken Shares on the terms and conditions of the Offer as set out in the Bidder's Statement. The consideration applicable is that set out in Appendix 1 to the Bidder's Statement.

STEP 3 Signature of Securityholder(s) *This section must be completed.*

I/We accept the Offer made by HCM for Ordinary Shares in Bradken and I/we agree to be bound by the terms and conditions of the Offer and transfer ALL of my/our Ordinary Shares as per the above instruction.

Individual or Securityholder 1

Sole Director and Sole Company Secretary/
Sole Director (cross out titles as applicable)

Securityholder 2

Director

Securityholder 3

Director/Company Secretary
(cross out titles as applicable)

Contact Name _____

Contact Daytime Telephone _____

Date / /

If you have any queries about the terms of the offer or how to accept, please call the HCM Offer Information Line (Monday to Friday, between 9.00am and 5.00pm (AEDT)) on 1300 648 150 (within Australia) and +61 3 9415 4156 (outside Australia).

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