

## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Bradken Limited, (the "**Company**"), will be held at the Global Corporate Centre of the Company at 20 McIntosh Drive, Mayfield West, New South Wales on 22nd October 2013 at 2.30 p.m. (Sydney time).

### AGENDA

#### Ordinary Business

##### 1. Financial Reporting

To receive and consider the Financial Report of the Company and the consolidated entity, the Directors' Report and Auditor's Report for the financial year ended 30 June 2013.

*There is no vote on this item.*

##### 2. Remuneration Report

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

To adopt the Remuneration Report of the Company for the financial year ended 30 June 2013.

*Under the Corporations Act 2001 (Cth) ("**Corporations Act**"), this resolution is advisory only and does not bind the Directors or the Company.*

#### Voting exclusion statement

A vote must not be cast (in any capacity) on Resolution 2 by or on behalf of a member of the Company's key management personnel (including the Directors), details of whose remuneration are included in the Remuneration Report ("**KMP**") or their closely related parties, whether as a shareholder or as a proxy. However, a vote may be cast on Resolution 2 by a KMP, or a closely related party of a KMP, if the vote is cast as a proxy appointed in writing that specifies how the proxy is to vote on Resolution 2, and the vote is not cast on behalf of a KMP or a closely related party of a KMP.

If you appoint the Chairman of the meeting as your proxy, and you do not direct your proxy how to vote on Resolution 2 on the proxy form, you will be expressly authorising the Chairman of the meeting to exercise your proxy even if Resolution 2 is connected directly or indirectly with the remuneration of a member of the KMP of the Company, which includes the Chairman of the meeting.

The Chairman of the meeting intends to vote undirected proxies in favour of Resolution 2.

##### 3. Re-election of Directors

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

- (a) That Mr Phillip Arnall, who retires by rotation in accordance with Article 9.3 of the Company's Constitution, be re-elected as a Director of the Company.

##### 4. Appointment of Ernst & Young as auditor of the Company

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

- (a) *That Ernst & Young, having consented to do so, be appointed to act as auditor of the Company*

#### Special Business

##### 5. Grant of Restricted Share Rights to Mr Brian Hodges

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

*That the following is approved for all purposes under the Corporations Act and the Listing Rules of ASX Limited:*

- (a) *participation in the Bradken Equity Plans by Mr Brian Hodges, Managing Director as to 142,151 restricted share rights; and*
- (b) *the acquisition accordingly by Mr Hodges of those restricted share rights and, in consequence of vesting of those restricted share rights, of ordinary shares in the Company to be held in trust for Mr. Hodges under the Bradken Employee Share Ownership Plan Trust*

*all in accordance with the rules for restricted share rights as set out in the Bradken Equity Plans - Trust Deed as amended from time to time and on the basis described in the Explanatory Notes on Items of Business accompanying the Notice of Meeting convening this meeting.*

#### Voting exclusion statement

The Company will disregard any votes on Resolution 5 by any Director and an associate of any Director.

However, the Company need not disregard a vote on Resolution 5 if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

A vote must not be cast on Resolution 5 by a KMP, or a closely related party of a KMP, acting as a proxy, if their appointment does not specify the way the proxy is to vote on Resolution 5. However, this voting exclusion does not apply if the KMP is the Chairman of the meeting acting as proxy and their appointment expressly authorises the Chairman of the meeting to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the KMP of the Company.

If you appoint the Chairman of the meeting as your proxy, and you do not direct your proxy how to vote on Resolution 5 on the proxy form, you will be expressly authorising the Chairman of the meeting to exercise your proxy even if Resolution 5 is connected directly or indirectly with the remuneration of a member of the KMP of the Company.

The Chairman of the meeting intends to vote undirected proxies in favour of Resolution 5.

For further information, please refer to the Explanatory Notes which form part of this Notice of Meeting.

By order of the Board



**Steven Perry**

**Company Secretary**

31 August 2013

## Notes on voting:

### Eligibility

*For the purpose of determining a person's entitlement to vote at the meeting, a person will be recognised as a member and the holder of shares if that person is registered as a holder of those shares at 2.30pm (Sydney time) on 20 October 2013.*

*Transaction registered after that time will be disregarded in determining the shareholders entitled to attend and vote at the meeting.*

### Proxies

*A member entitled to attend and vote at a meeting of shareholders is entitled to appoint a proxy.*

*A member who is entitled to cast two or more votes is entitled to appoint two proxies. If two proxies are appointed by a member, that member may specify the proportion or number of votes each proxy is appointed to exercise. If a member appoints two proxies and the appointment does not specify the proportion or number of the member's votes each proxy may exercise, each proxy may exercise half the votes.*

*A proxy need not be a member of the Company and can be an individual or a body corporate.*

*A proxy form and the power of attorney or authority (if any) under which it is signed or a copy of the power of attorney or authority certified as a true copy by statutory declaration, must be duly completed and returned to the Company's Share Registry Link Market Services Limited:*

- at Level 12, 680 George Street, Sydney South, NSW 2000, fax number: 02 9287 0309; or
- lodge your vote online at [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)

*by no later than **2.30 p.m.** (Sydney time) on **20 October 2013**. Any proxy form received after this deadline (including at the Annual General Meeting) will be invalid.*

## EXPLANATORY NOTES

### Item 1: Financial Reporting

As required by section 317 of the Corporations Act, the Financial Report of the Company (including consolidated financial statements of the Company and its controlled entities ("**Group**"), the Directors' Report and the Auditor's Report for the most recent financial year will be laid before the meeting. Shareholders will be provided with the opportunity to ask questions about the reports or about the Company or the Group generally but there will be no formal resolution put to the meeting. The Auditor will be available at the meeting to answer any questions in relation to the Auditor's Report or the conduct of the audit of the Financial Report.

### Item 2: Remuneration Report

Listed companies are required to put the Remuneration Report relating to director and executive remuneration for each financial year to a resolution of shareholders at their annual general meeting. The Remuneration Report is included in Section 2 on page 2 of the Company's Annual Report, which accompanies this Notice of Meeting. The vote is advisory only and does not bind the Directors or the Company. However, under recent amendments to the Corporations Act, if at least 25% of the votes cast on the resolution are voted against adoption of the Remuneration Report at the meeting and then again at the 2014 Annual General Meeting, the Company will be required to put to shareholders a resolution at the 2014 Annual General Meeting proposing the calling of an extraordinary general meeting to consider the election of directors of the Company ("**spill resolution**").

If more than 50% of shareholders vote in favour of the spill resolution, the Company must convene the extraordinary general meeting ("**spill meeting**") within 90 days of the 2014 Annual General Meeting. All of the Directors who were in office when the 2014 Directors' Report was considered at the 2014 Annual General Meeting, other than the Managing Director, will cease to hold office immediately before the end of the spill meeting but may stand for re-election at the spill meeting. Following the spill meeting those persons whose election or re-election as Directors is approved will be the Directors of the Company.

In summary, the Remuneration Report:

- explains the Board's policy for determining the nature and amount of remuneration of Directors, secretaries and senior managers of the Company;
- explains the relationship between the Board's remuneration policy and the Company's performance;
- details and explains any performance conditions applicable to the remuneration of Directors, secretaries and senior managers of the Company; and
- sets out remuneration details for each Director and the 5 most highly remunerated senior executives of the Company, and for the 5 most highly remunerated senior executives of the Group (including the value of any options granted to those persons).

Noting that each Director has a personal interest in their own remuneration from the Company as set out in the Remuneration Report, the Board unanimously recommends that shareholders vote in favour of adopting the Remuneration Report.

### Items 3: Re-Election of Director

Under Article 9.3 of the Constitution of the Company dealing with the rotation of Directors, Mr Phillip Arnall will retire from office at the 2013 Annual General Meeting. Being eligible to do, he offers himself for re-election.

Following is a short biography of the Director standing for re-election.

#### **Mr Phillip J Arnall - Independent Non-Executive Director (Age 67)**

Mr Phillip Arnall was appointed to the Board on 13 April 2004. He is a member of the Audit and Risk Committee and Human Resources Committee.

He has extensive experience in the mining and steel industries in management positions. Phillip was the General Manager International at Smorgon Steel Group Limited and he held various senior positions at Australian National Industries Limited including, Chief General Manager of Structural Steel Product Group, Group Chief Executive of Tube Mills and Mining Services and Group Chief Executive of ANI Products Group.

He is currently a non-executive director of A J Lucas Group Limited. and chairman of the private building company, ISIS. Phillip holds a Bachelor of Commerce (Accounting) degree.

### Item 4: Appointment of Auditor

After an extensive tender process, the Board has selected Ernst & Young as the Company's auditor. The Board believes that the appointment of Ernst & Young is in the best interests of the Company and its shareholders as it will facilitate the streamlining of the audit process, as well as resulting in a reduction in costs over time.

As required under s 328B of the Corporations Act, the Company has received a written notice of nomination from the Chairman of the Audit Committee, Mr Greg Laurie, as a member of the Company, for Ernst & Young to be appointed as auditor of the Company. A copy of the notice of nomination is included with this Notice of Meeting.

Ernst & Young has given its written consent to act as the Company's auditor

subject to shareholder approval of this item.

PricewaterhouseCoopers, the Company's auditor since 2004, has agreed to resign as auditor with effect from the close of this Annual General Meeting and the Australian Securities & Investments Commission has consented to the resignation in accordance with section 329(5) of the Corporations Act.

Under the Corporations Act, shareholder approval is required for the appointment of a new auditor. Subject to this approval being obtained, the appointment of Ernst & Young will become effective from the close of this Annual General Meeting.

### **Recommendation**

The Board recommends that shareholders vote in favour of the appointment of Ernst & Young as auditor of the Company.

### **Item 5: Grant of restricted share rights to Mr Brian Hodges**

#### **Overview of restricted share rights**

Bradken uses the Bradken Equity Plans as its long-term incentive schemes for selected key senior executives. This year, under the long term incentive scheme established under the Bradken Equity Plans - Trust Deed ("Trust Deed") in respect of restricted shares rights ("Plan"), Bradken intends to offer selected key senior executives restricted share rights consistent with previous years.

Under the Plan, eligible executives may be granted restricted share rights on terms and conditions determined by the Board. Each restricted share right is a right to be allocated an ordinary share in the Company ("Share"), subject to the satisfaction of vesting conditions, to be held on trust for the executive in the Bradken Employee Share Ownership Plan Trust ("Trust") until the expiry of the restriction condition, and subject to forfeiture conditions.

The Board may impose performance conditions for the vesting of restricted share rights that reflect the Company's business plans, targets, budgets and its performance relative to peer groups of companies. If and when these vesting conditions are satisfied, the restricted share rights vest and Shares in the Trust will be allocated to the executive by the trustee of the Trust and held by the trustee of the Trust for the executive subject to the restriction and forfeiture conditions attaching to the Shares.

Under the Plan, the Board may impose a restriction condition for the Shares to be held in Trust for an executive on the vesting of restricted share rights. While the restriction condition operates, although the executive will be entitled to receive the benefit of any dividends that arise on the Shares, the executive will not be able to deal with the Shares and will not be entitled to have legal title to the Shares transferred to them, or require that the trustee deal with the Shares on their behalf.

The Board may also impose forfeiture conditions on Shares to be held in Trust for an executive on the vesting of restricted share rights. The forfeiture conditions operate while the restriction condition on the Shares continues to operate. If the forfeiture conditions are satisfied, the executive will cease to have any entitlement to the Shares.

Once the restriction condition ceases to operate, the executive can, provided they have not forfeited their shares, request that legal title to the Shares be transferred to them or that the trustee deal with the Shares on their behalf. A "sell to cover" arrangement may also be implemented where the employee agrees, upon the grant of the restricted share rights, for the trustee of the Trust to sell, at the expiry of the restriction condition, such number of Shares as the trustee determines is sufficient to cover the employee's liability to Australian tax on the restricted share rights and Shares, and to transfer the balance of the Shares to the employee.

Mr Brian Hodges, being the only Executive Director of the Company, is currently the only person referred to in Listing Rule 10.14 entitled to receive restricted share rights under the Plan. 141,021 restricted share rights were awarded to Mr Hodges in 2012 and were approved by shareholders at the 2012 Annual General Meeting. These restricted share rights were granted to Mr Hodges at no

cost to Mr Hodges. Since the 2012 Annual General Meeting, no ordinary shares have been issued to Mr Hodges at no cost to Mr Hodges as a consequence of exercising restricted share rights under the Plan.

If any additional persons become entitled to receive restricted share rights under the Plan and their participation requires approval under Chapter 10 of the ASX Listing Rules ("Listing Rules"), they will not receive restricted share rights under the Plan until shareholder approval is received pursuant to Listing Rule 10.14.

Consistent with the restricted share rights granted under the Plan last year, the restricted share rights that Bradken proposes to grant under the Plan to Mr. Hodges this year are to be subject to performance conditions and a three year vesting scheme. No retesting is allowed under this vesting scheme. Under this vesting scheme, all restricted share rights will be tested in respect of a 3 year performance period and will either vest or lapse after the expiry of the performance period depending on whether the Board determines that any applicable performance and vesting conditions are satisfied.

#### **Requirement for Approval**

Listing Rule 10.14 provides that a listed company may only permit a director of the company to acquire shares or rights to shares under an employee incentive scheme where that director's participation has been approved by an ordinary resolution of shareholders. This rule applies to the Directors of the Company.

#### **Approval Limits**

Approval is sought for the issue of 142,151 restricted share rights to Mr Hodges, to be issued under the three year vesting scheme described above.

The 142,151 number has been calculated as 50% of the amount of total remuneration to which Mr Brian Hodges is entitled pursuant to his employment contract, based on the July 2013 review, divided by A\$5.03, being the weighted average market price of Shares in the five trading days up to and including 9 August 2013, this period is the week before the announcement of the Company's results for the financial year ended 30 June 2013.

#### **Terms of Issue**

##### *Summary of the rules for restricted share rights granted under the Plan*

The proposed restricted share rights will be granted pursuant to the terms of the Trust Deed.

##### *(1) Price*

The Trust Deed provides that the Board may determine, amongst other things, a price is payable as consideration for the grant of a restricted share right and a price payable in order for a restricted share right to vest, or that no amount is payable by the executive in either case. The Board has determined, consistent with past practice with respect to restricted share rights and performance rights, that no amount is payable by Mr Hodges upon both the grant and vesting of the restricted share rights under the proposed grant.

##### *(2) Vesting*

The executive has no legal or equitable interest in a Share by virtue of acquiring a restricted share right until the restricted share right vests. Shares will immediately be allocated by the Trustee to the executive once the restricted share rights vest. All Shares so allocated will rank *pari passu* in all respects with those then issued Shares.

Restricted share rights vest once the vesting conditions (such as any applicable performance conditions) are satisfied and the Board gives its approval for the restricted share rights to vest. Restricted share rights may vest prior to the vesting conditions being satisfied if the Board determines a prescribed event (such as a takeover bid or a scheme of arrangement) has occurred. If a takeover bid or scheme of arrangement does occur, then all restricted share rights granted will vest upon the Board's determination.

(3) *Lapse*

Restricted share rights that have not vested will lapse:

- if the vesting conditions have not been met at the end of the relevant performance period (being the period during which the vesting conditions will be tested), at the end of that performance period;
- subject to the Board's discretion, if the executive dies, at the time of their death;
- subject to the Board's discretion, if the executive otherwise ceases to be an executive, when the executive ceases to be an executive; or
- if, in the Board's opinion, the executive acts fraudulently or dishonestly or is in breach of their obligations to the Company or any of its subsidiaries and the Board determines that restricted share rights lapse, on the day of such determination.

(4) *Future issues*

In the event of a reorganisation of capital, the executive's restricted share rights, and the Shares allocated to the executive on vesting of the restricted

share rights, may be adjusted as set out in the Trust Deed. The executive will be notified in writing if such a reorganisation of capital occurs. The Trust Deed also sets out what will happen to their entitlements in the case of a capital event and if the Company conducts a rights issue or bonus issue. In general, it is intended that the executive will not receive any advantage or disadvantage from such an adjustment.

Details of restricted share rights grants and Shares allocated on vesting of restricted share rights to Mr Hodges will be published in the Company's annual reports for the relevant periods.

(5) *Performance conditions*

The performance conditions for the proposed grant are based on the relative total shareholder return ("TSR") of the Company measured against other companies in the ASX Mid Cap Industrials index for the period since grant of the restricted share rights. TSR measures the total return on investment of a Share taking into account capital appreciation, capital return and dividend income.

The TSR performance conditions in relation to the proposed grant are:

Target	Percentage of rights available in given year to vest
The Company's TSR does not meet performance of the median company in ASX Mid Cap Industrials Index	0%
The Company's TSR equals or exceeds performance of the median company in ASX Mid Cap Industrials Index	50%
The Company's TSR ranked in the second quartile (ie 25th to 50th ranking) of companies in ASX Mid Cap Industrials Index	Pro rata between 50% and 100%
The Company's TSR ranked in the top quartile (ie 1st to 25th ranking) of the companies in ASX Mid Cap Industrials Index	100%

In relation to the proposed grant of restricted share rights to Mr Hodges, the performance conditions will be tested following the end of the financial year ending 30 June 2016. Provided that the vesting conditions have been satisfied, the number of restricted share rights that vest at the end of the three year period is as follows:

Testing date is the results announcement date for the financial year ending	Proportion of total New Restricted Share Rights that may vest	Performance condition test period
30 June 2016	100%	3 Years ending 30 June 2016

Any restricted share rights which do not vest on the above testing date lapse.

If Mr Hodges ceases to be employed by the Company or any of its subsidiaries before a restricted share right vests for any reason, those restricted share rights will lapse, unless the Board determines otherwise.

(6) *Restriction and forfeiture conditions*

Once a restricted share right vests, the trustee of the Trust will allocate a Share to the executive and hold the Share on trust for the executive subject to the restriction condition and forfeiture conditions attaching to the Shares.

Until the restriction condition for these Shares ceases to operate, the executive is not entitled to have legal title to the Shares transferred to them, or require that the trustee deal with the Shares on their behalf. The executive may also forfeit the Shares if a forfeiture condition applies and is satisfied.

The restriction condition for Shares acquired on the vesting of the proposed restricted share rights to be granted to Mr Hodges will generally end at the first time after the Shares are allocated that employees of Bradken generally are able to deal with Shares under Bradken's insider trading policy. The latest that it could end is 7 years from the date the restricted share right is granted to Mr Hodges.

The forfeiture conditions that will attach to Shares allocated on the vesting of the proposed grant of restricted share rights to Mr Hodges will apply if the Company considers that Mr Hodges has committed an act of fraud or serious misconduct.

**Issue of Restricted Share Rights**

The rights are expected to be issued shortly after shareholder approval has been obtained at the 2013 Annual General Meeting, but in any event, within 12 months of the 2013 Annual General Meeting.

**Recommendations of the Board**

The Board (with Mr Hodges abstaining and not voting) recommends that shareholders vote in favour of Resolution 5 for the reasons set out below:

- the Board believes the proposed equity incentives are necessary to attract and retain key executive talent;*
- the Board believes the total remuneration arrangements are fair and reasonable and consistent with ASX Corporate Governance Principles and Recommendations – Principle 8; and*
- the equity incentives proposed align the interests of key executives with the interests of shareholders.*

**Additional Remuneration Information**

Detailed information about Mr Brian Hodges' remuneration is set out in the Remuneration Report referred to under Item 2 above.