



3 February 2017

Dear fellow Macmahon Shareholder,

INITIAL RESPONSE TO CIMIC'S TAKEOVER OFFER:

TAKE NO ACTION

I am writing to you in response to CIMIC's announced off-market offer to acquire all of the Macmahon shares that it does not already own (**Offer**).

Your Independent Directors¹ strongly advise that you **TAKE NO ACTION** in respect of your shares or the Offer until you receive further information from Macmahon, including a Target's Statement containing the formal recommendation from your Independent Directors in relation to the Offer.

As indicated in Macmahon's ASX announcement on 27 January 2017, your Independent Directors' **preliminary** view (subject to further analysis, which will be provided in the Target's Statement) is that the Offer is inadequate.

Wait for the Target's Statement: Macmahon will provide shareholders with a Target's Statement, which will include a formal recommendation from your Independent Directors. I encourage shareholders to read this Target's Statement prior to making any decision. As part of its response to the Offer, Macmahon has also appointed an Independent Expert to consider whether the Offer is fair and reasonable to Macmahon shareholders (other than CIMIC). The Independent Expert's Report will accompany the Target's Statement and will be provided to all Macmahon shareholders.

No urgency or need to sell on market now: CIMIC's Offer is unconditional (other than in respect of a "no prescribed occurrences" condition) and as such, CIMIC is only able to withdraw the Offer in very limited circumstances. CIMIC's offer of \$0.145 per Macmahon share must also remain open for at least one month from the date of the offer (expected to be until at least approximately 8 March 2017). As such, there is **no urgency for you to sell your shares, accept the Offer or take any action at all at this time**. You have time to wait and consider your position, and all the information available (including in the Target's Statement we will send you). CIMIC may try to contact you to encourage you to accept, however there is no need to act quickly or take any action until after you have received the Target's Statement.

NEXT STEPS

Macmahon expects the next steps and timetable for the Offer to be broadly as follows, in line with the Corporations Act requirements:

1. Bidder's Statement: CIMIC is expected to dispatch its Bidder's Statement to Macmahon Shareholders within 14 – 28 days from the date on which the Bidder's Statement was given to Macmahon (being no earlier than 7 February 2017);

¹ References in this letter to your Independent Directors or the Board of Macmahon are to all Directors except Mr Vella, who was nominated to the Board by CIMIC and who has therefore not been involved in Macmahon's response to the CIMIC Offer.

2. Target's Statement: Following dispatch of CIMIC's Bidder's Statement, the Macmahon Board will provide shareholders with its formal recommendation and detailed response to the Offer in a Target's Statement (which will include the Independent Expert's Report mentioned earlier in this letter) to be provided no more than 15 days after dispatch of the Bidder's Statement; and

3. Offer Period: CIMIC's Offer period will only formally open at or following dispatch of the Bidder's Statement and is required to be open for at least 1 month (closing no earlier than approximately 8 March 2017).

As outlined earlier in this letter, your Independent Directors strongly advise that you **TAKE NO ACTION** in respect of your shares or the Offer until you receive further information from Macmahon, including a Target's Statement containing the formal recommendation from your Independent Directors in relation to the Offer.

Your Independent Directors will continue to keep you informed on all material developments in relation to the Offer. If you have any questions in relation to your shareholding in Macmahon please do not hesitate to call the Macmahon shareholder line on 1300 449 257 (toll-free) or +61 2 8022 7948 (outside Australia).

Thank you for being a Macmahon shareholder and for your continued support.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Jim Walker', written in a cursive style.

Jim Walker
Non-Executive Chairman