

**CSR Limited**

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ABN 90 000 001 276

**CSR to return A\$800 million to shareholders**

- **Fully franked special dividend of 9.13 cents per share to be paid on 2 February 2011**
- **Capital return of 43.57 cents per share, subject to shareholder approval**
- **Proposed 3:1 share consolidation, subject to shareholder approval**

CSR Limited announced today that, having completed the sales of Sucrogen and its Asian business, it intends to return A\$800 million to shareholders via:

- a fully franked special dividend of A\$138.6 million (approximately 9.13 cents per share); and
- a proposed capital return (subject to shareholder approval) of A\$661.4 million (approximately 43.57 cents per share).

CSR also announced today that it intends to consolidate its shares, in a ratio of one share for every three CSR shares currently held, if the proposed capital return is approved by shareholders.

CSR Chairman, Dr Ian Blackburne, said: "The special dividend and proposed capital return are a timely, equitable and efficient method to return funds to shareholders. CSR Directors intend to vote in favour of the capital return and the other resolutions to be put to CSR shareholders at the upcoming General Meeting, and I urge all shareholders to vote on these important matters."

**Special dividend and ongoing dividend policy**

The special dividend will be fully franked with a record date of 18 January 2011 and paid on 2 February 2011. The special dividend is not a substitute for the normal consideration of a dividend payment in respect of CSR's financial year to 31 March 2011.

CSR's current policy is to pay out as ordinary dividends approximately 60-80% of net profit after tax (before significant items). For so long as CSR remains relatively ungeared, it would be the intention of the Board to target a dividend payout ratio towards the top of the 60-80% range.

The ordinary dividend payout ratio will not be impacted by the payment of the special dividend.

The special dividend is not subject to shareholder approval.

**Capital return**

The proposed capital return is subject to approval by CSR shareholders. A General Meeting of shareholders will be held on 8 February 2011 and a Notice of Meeting,

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containing all necessary information will be sent to shareholders today. If the capital return is approved by shareholders, funds are scheduled to be paid on 3 March 2011.

**Share consolidation**

If the proposed capital return is approved by shareholders, CSR also proposes to consolidate CSR's share capital through the conversion of every three CSR ordinary shares into one CSR ordinary share. The share consolidation requires shareholder approval and will be considered at the same General Meeting as the capital return.

The aim of the share consolidation is to reflect the impact of the capital return and ensure that the number of shares on issue and trading price of CSR shares is at a level broadly comparable to CSR's peer group of companies.

If the proposed share consolidation is approved by shareholders the number of CSR ordinary shares on issue will be reduced from approximately 1,518 million shares to approximately 506 million shares.

**Key dates****– special dividend**

<b>12 January 2011</b>	CSR shares commence trading on an 'ex dividend' basis
<b>7.00pm on 18 January 2011</b>	Record date for determining entitlements to special dividend
<b>2 February 2011</b>	Payment date for special dividend - cheques despatched (or direct credits paid)

**– capital return and share consolidation**

<b>8 February 2011</b>	General Meeting
<b>10 February 2011</b>	CSR shares commence trading on an 'ex return of capital' basis
<b>7.00pm on 16 February 2011</b>	Record date for determining entitlements to participate in return of capital (entitlements will be determined by reference to CSR's pre-consolidation capital)
<b>18 February 2011</b>	Trading in post-consolidation CSR shares commences

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	on a deferred settlement basis
<b>24 February 2011</b>	Last day for registration of transfers on a pre-consolidation basis
<b>3 March 2011</b>	Payment date for capital return - cheques despatched (or direct credits paid) Deferred settlement trading ends. Post-consolidation holdings entered into holders' security holdings.
<b>4 March 2011</b>	Normal trading commences following share consolidation

**7 January 2011****Media/analyst enquiries:**

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