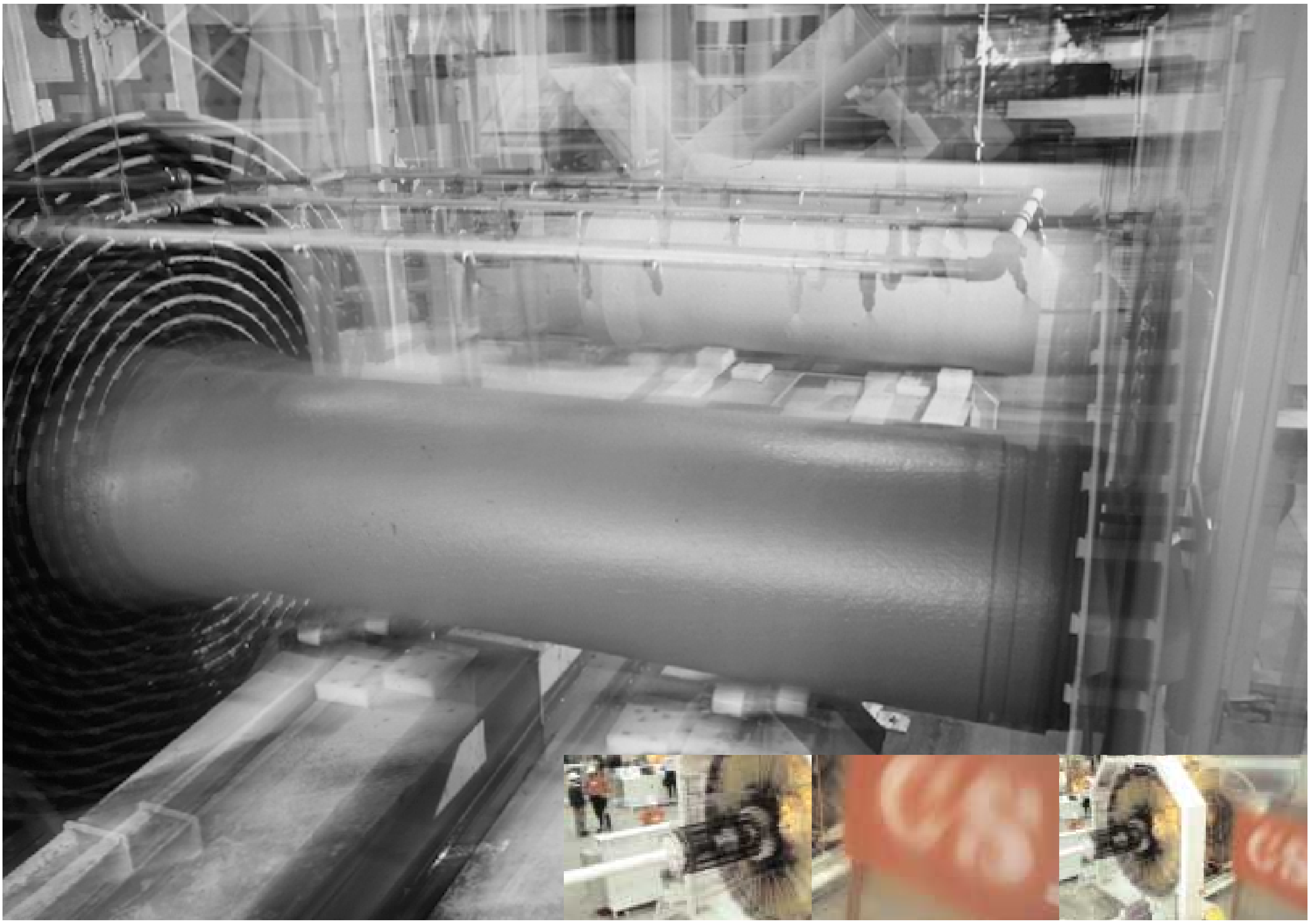
Report on the AGM 2000

CSR LIMITED | ABN 90 000 001 276



CSR HELD ITS ANNUAL GENERAL MEETING AT THE CONVENTION CENTRE, DARLING HARBOUR, SYDNEY, ON 24 JULY 2000.

THIS REPORT ON THE MEETING HAS BEEN SENT TO THOSE SHAREHOLDERS WHO REQUESTED A COPY BY RETURNING A CARD DISTRIBUTED WITH THE FINAL DIVIDEND PAYMENT ON 6 JULY 2000. THE REPORT IS ALSO AVAILABLE ON CSR'S INTERNET SITE, www.csr.com.au

Chairman's address to the annual general meeting

The year to March 2000 was a good one for the CSR Group. CSR America's operations did particularly well, as did the building materials operations in Australia.

Profit after tax was up 34% to A$472 million, a record result, as were earnings per share and cash generated by the operations. Net debt was reduced by 38%. Suffice to say that the results obtained overall were those of a well managed company with strong market positions.

Dividend was maintained at 23 cents a share, one third franked. We expect to be heading into a slowdown this year, so we have not increased the dividend. We also have limited franking credits available, so any increase would have been unfranked. Our aim is to ensure more consistency in our dividend payout through the business cycle. On average we have paid out over 72% of our earnings in dividends each year through the cycle over the past five years.

Another way to benefit shareholders is through the share buy back, which we started in June. We will buy back up to 10% of CSR shares, on the stockmarket.

Buying back and then cancelling those shares means that earnings per share should increase. This should then translate into a higher share price, which benefits all shareholders.

There are also significant potential tax benefits for shareholders, due to the new capital gains tax laws in Australia.

NARROWING THE FOCUS CSR has been for many years a diversified conglomerate, with operations in many different and unrelated areas. It is hard to understand and to excel on all fronts. Companies need to focus on, and be extremely good at, a limited range of things – and they then need to expand in those areas. This is what we are now trying to do at CSR. Much good work has been done in better focusing the company.

We are concentrating our efforts on international building materials – mainly the *heavy end* building materials such as quarries, cement, concrete, and concrete pipe and products. It is CSR's goal to be a successful, high performance, international building materials company, adding value for our shareholders through the cycle.

In the past two years or so, almost A$1 billion has been raised from the sale of non core assets, including most of the Timber Products division. Almost all of these businesses were under performing.

Our sugar business is very different to building materials, and we are actively working to separate it from the rest of the company. The formal process to seek the best possible option, whether a trade sale, spin off or float, has already begun. We will select whichever option creates the best value for shareholders.

Sugar has been a very good business for CSR over the years. It delivers very strong cash flows and originally funded much of the investment into building materials.

The refined sugar joint ventures and the distillery are producing consistent profits. And CSR is one of the most efficient raw sugar producers in the world. Raw sugar milling is the biggest part of the business, but it was hit hard last year by the lowest world prices in around 15 years and by bad weather. In recent times, the world sugar price has improved considerably – spot prices are now around 10 US cents a pound. Although this will not benefit profits this year, due to a severely weather impacted sugarcane crop and earlier hedging by the Queensland Sugar Corporation, it does make us more confident about getting value for the sugar business.

Aluminium is also a very good business. We have received a binding offer of around A$450 million for the smaller part of the business: the Gove alumina and bauxite operations. We will keep the investment in the Tomago aluminium smelter until we get a satisfactory price. In the meantime, we have hedged the proceeds from our share of aluminium output to ensure good profits for at least two years.

The question often asked is: why are we selling all these businesses? In the case of the poor performing ones like Timber, the decision is straightforward, but the decision to sell the aluminium business is much harder. The annual return on funds employed (ROFE) has been over 36% for the past five years, based on the historic book values.

But, if you factor in the current value, the average return is only around 9-10%. By reinvesting these funds into international building materials, we can achieve a higher return. This is also in line with our strategy of becoming a more focused company.

GROWING IN THE UNITED STATES We have not just been selling businesses. In the past two years, the CSR Group has invested well over A$1 billion in the United States – buying six quarries, a cement mill, seven pre-mixed concrete plants and 17 concrete pipe and products businesses – as well as building a new Miami cement mill and various other plants.

CSR America has recently made two important acquisitions. American Limestone (in Tennessee) was bought for A$350 million and Florida Crushed Stone for A$580 million. The former gives the company a significant focus for expansion outside Florida. The latter expands our position in western and central Florida. We regard both as excellent assets that will perform well over the long haul. I am pleased to announce that CSR America has been given clearance by the US regulatory authorities to proceed with both acquisitions, and they have now been finalised.

These acquisitions have been carefully selected and negotiated to make a substantial contribution to the CSR Group's profitability. They will be adding to profits from day one, and will exceed our cost of capital within one to two years. This contrasts with our position during the previous downturn in 1996-97 in Australia, when many new investments were earning little or nothing in the way of profit.

The financial position of the CSR Group is now very strong. We can easily fund both the new acquisitions as well as the buy back.

OUTLOOK As for the year ahead, we are cautiously optimistic. There will, of course, be some changes in the economic environments in which CSR operates but, overall, the group is in a good position.

The Australian building materials market will slow after about September 2000, following the pre-Goods and Services Tax housing rush. But we think the slowdown will not be prolonged, due to generally positive conditions. Australian construction activity has already slowed, due to a decline in the number of major projects. We are maintaining a reasonable level of demand from smaller and medium projects, and we expect that some of the major government infrastructure projects will start to have an effect later this year.

More than 50% of the CSR Group is now in the US. The economy there continues to be strong and we are confident that CSR America will have another good result this year.

Our results for the first quarter of this year are better than those budgeted for, and we expect to show a strong first half when we report in November 2000.

ORGANISATIONAL DESIGN CSR has good management. Peter Kirby is a good chief executive and the management team is doing well.

A company's *culture* is always difficult to pin down. It is how the

employees work together, their attitudes and priorities, and how they are motivated. Change in this area takes time, but it is crucial to a company's success.

The changes that have been made to CSR's culture are an important factor in the improved performance we are now seeing. People now know exactly what they are meant to do and how success will be measured. We are benchmarking our performance against other successful companies.

And we are rewarding people when they succeed. One third of all employees now have much of their remuneration *at risk* – if they succeed in reaching *stretch* goals, they are rewarded. Otherwise, they are not. And if they continue to under perform, they will not remain in the company.

I would like to thank all of CSR's employees for their excellent work last year, and for their ongoing efforts to ensure the company continues to do better.

CSR BOARD CHANGES There has also been significant change at the board level.

David Voss has been on the board for many years; he is now retiring, so today is his last day on the board.

There are many simplistic slogans put around about boards these days. They miss the essential point that on a board you need a variety of perspective and wisdom, based on experience. You also need real cohesion and teamwork.

David Voss is wise and has a remarkable capacity to be right more often than not. He has put his views strongly but never with other than great courtesy. We will miss him very much.

I will retire in May 2001, so this will be my last CSR annual general meeting. It is time to have a new chairman.

The board has appointed John Morschel as deputy chairman, and my successor. He has an excellent track record in management and is both capable and pragmatic. He has extensive experience in the building and construction industries. I am confident that John Morschel will be a very good chairman.

With the changes I have just mentioned, only two of the directors will have been on the board longer than five years.

PRIORITIES The priorities for the year ahead are:

1. Build on the improvement programs in all operations so as to strengthen their position in the event of a business slowdown.
2. Continue the work leading to the separation of sugar and the aluminium business from the rest of the company.
3. Bed down the newly acquired operations in the United States so that they perform in line with our projections, and that their full potential is realised as soon as practicable.

4. Give special emphasis to all employees working safely.
5. Continue to work on getting the share price up and ensuring the sharemarket values CSR correctly.

CSR is currently valued such that our share price is around five times earnings before interest, tax, depreciation and amortisation. Many of our good-performing international competitors are trading on multiples of six to eight times. By demonstrating constancy of purpose and consistency in performance, we believe CSR will be re-rated, with a consequent further improvement in the share price.

SUMMARY CSR has had a good year and performed well. There has been extensive change in the shape of the company and the way we do things.

Much work remains to deliver on our commitment to build shareholder value through the cycle. But progress is being made, our people are committed, the company is more focused, and we are cautiously optimistic about the future.

Managing director Peter Kirby's message

The year just concluded was a positive one for CSR. Not only did our net profit of A$472 million comfortably exceed the previous record profit of A$407 million set in 1990 but we also made good progress towards our goal of becoming a successful, high performance, international building materials company.

In looking back at that previous record profit in 1990, I discovered an interesting statistic. In that year, just 7% of the CSR Group's profit came from our US building and construction materials business. Last year, by contrast, 41% of our profit came from our US business. In the current year, more than half the group's profit will come from CSR America.

There is no doubt that CSR's performance and prospects today would be much more uncertain if CSR's management team at that time, led by our chairman Ian Burgess, had not had the vision and foresight to begin growing a significant business in the United States.

I would like to cover four topics:

- Highlights from the year just ended
- Some additions to the chairman's comments on the outlook for the current year
- An explanation of why the best growth prospects are in the US
- An outline of the challenges we see in the year ahead.

HIGHLIGHTS FROM THE YEAR ENDED MARCH 2000 Our strategy is now to focus on building materials in Australia and the United States, with a particular emphasis on *heavy* building materials, namely quarries, cement, pre-mixed concrete and concrete pipes and products.

We have made major progress in transforming CSR from a diversified conglomerate into a focused international building materials company.

In the past two years we have sold off our Timber Products division for A$800 million, together with contract mining, our Victorian waste business, our investment in Adelaide Brighton Cement and, subject to pre-emptive rights by algroup, we have sold CSR's share of the Gove alumina and bauxite mining operations for over A$450 million. These divestments, including Gove, total around A$1.5 billion.

While we have been narrowing CSR's portfolio of businesses, the need to generate better operating profits from all our existing businesses has been paramount. We have had the benefits of operating our businesses at the peak of the building cycle both in Australia and the US and we have been determined, beyond that, to improve our profitability – to be among the best of our international competitors.

Benchmarking of our business results against those of competitors, and our major operating improvement programs, have contributed substantially to profitability. Across the company, we have been reducing costs by around A$100 million a year for the past three years, and we expect this rate of improvement to continue for some time.

In the year to March 2000, CSR America improved its earnings before interest and tax (EBIT) by 37% in Australian dollars, or 44% in US dollars, including the benefit of some earlier acquisitions.

The Australian building materials business increased EBIT by 20%, helped by strong housing starts ahead of the Good and Services Tax. The CSR Construction Materials' result was flat, but on a comparable basis – that is, adjusted for divestments – EBIT was up 20%. The CSR Readymix concrete, quarries and cement component increased by 42%.

The decade of the 1990s saw steadily declining profit margins for all building materials manufacturers in Australia. In the past 18 months, it was particularly gratifying to see the CSR margin decline arrested. Both Australian businesses, CSR Construction Materials and CSR Building Materials, produced a

return on funds employed above the previous peak in 1995.

While we benefited significantly from higher commodity prices in our aluminium business, we suffered the exact reverse in sugar, where profits fell 50% to A$45 million.

Financially, CSR is in a very strong position. Operating cash flow exceeded A$1 billion for the first time last year. CSR has extremely strong cash flows, generating around A$700 million even at the bottom of the cycle. Interest cover last year was over nine times and gearing at year end was 19% (adjusted for payment for the timber panels business).

Given this financial flexibility, we announced a share buy back of up to 10% with the purpose of increasing earnings per share and the CSR share price.

THE OUTLOOK FOR THE CURRENT YEAR I would like to amplify the chairman's comments on the outlook for the year to March 2001. Our results will be heavily dependent on the state of the markets in which our businesses operate. Any further significant change in interest rates will also have a major impact.

Housing starts in Australia are expected to decline from about 165,000 in our year ended March 2000 to about 135,000 this year, with most of the fall taking place in the second half of the year.

In the Australian construction materials business, the slowdown started last year as pre-Olympic projects were substantially completed. But we are beginning to benefit from some infrastructure programs, particularly in rural and regional Australia, where CSR is well represented, and from a continuation of small and medium private sector projects.

In the US, CSR America's operations in Florida continue at a very strong level. Housing approvals have declined significantly, but there is little evidence of this currently in the demand for our products.

While this is expected to slow in the second half of the year, it will be largely underpinned by an increase in infrastructure spending under the US federal government TEA-21 (Transport Equity Act for the 21st Century) and AIR-21 (Aviation Investment and Reform Act for the 21st Century) infrastructure spending programs, which together total around US$256 billion. This is an increase of 45% and 40% respectively on previous programs.

In the second half of the current year, CSR America will also begin to gain some benefit from the new acquisitions and greenfields investment in the US. More than half of CSR's profits are in US dollars and their conversion into a lower Australian dollar will also underpin earnings.

Our half year results to September from our building materials businesses should be very strong indeed.

CSR Sugar's first half year result however will be below last year. Sugar has historically been a very strong business. Even last year, cash flow remained strong at A$91 million. The world sugar price has now doubled from last year's lows to be around 10 US cents a pound. But the result for this half will be well below last year, due to several cyclones causing a late start to the sugar milling season and impacting on the volume and quality of sugarcane, and earlier hedging at lower prices.

Our Aluminium results will depend on the exact closing date of the sale of our Gove alumina and bauxite investment.

CSR'S BEST GROWTH PROSPECTS ARE IN THE US

Why is the CSR Group investing in the US?

1. It is a strong growth market.

   In 1988, sales revenue for CSR America was A$54 million. Today, it is over A$2.7 billion. By contrast, all Australian building materials manufacturers have suffered from the slower growth rates and poorer profitability in Australia over the past decade, due largely to overcapacity.

   In most states where CSR America operates in the USA, population growth rates are 50-100% higher than the national average. This means more roads, more housing, more infrastructure – all of which need our products. For example, of the 10 fastest growing cement markets in the US, six are in Florida, where CSR America has around half of its business. In addition, the TEA-21 and AIR-21 infrastructure programs will create further growth.

2. The US market is fragmented but is starting to consolidate.

   In Europe, three cement companies account for 35% of the market. In the United Kingdom, two aggregate producers account for 40% of their market and two cement producers have 43%. By contrast in the US, the top five aggregates producers have less than 25% of the market, and the top five cement producers have less than 45% of the market.

   Consolidation has started to accelerate in the US and this provides opportunities for CSR America to grow by taking over other companies, subject always to the proviso that they add to our shareholder value.

   In the US, CSR America has built an integrated concrete and quarrying business in Florida that is bigger than the CSR Group's Australian business. This is not surprising because the economy of the state of Florida is as large as the economy of Australia. CSR America also has smaller aggregate and concrete businesses centred in other geographic regions.

   The strategy is to build regional strongholds which have strong market positions, with low cost operations and distribution networks, so CSR America can expand its presence while defending against competitors.

   The recent acquisition of the American Limestone business in Tennessee will provide a further base for growth in areas adjacent to CSR America's current operations in Florida and Georgia. The other major acquisition announced recently is Florida Crushed Stone, which will expand CSR America's quarrying and cement position into western and north central Florida.

   In concrete pipe and products for example, CSR America is the number one producer in the US with operations across 30 US states, but it still has only around 20% of the national market. So even in concrete pipe there are good opportunities to further expand and consolidate that market.

3. The US aggregates market offers attractive and consistent profits.

   With the latest acquisitions, CSR America will become the fifth largest aggregates producer in the US, producing around 54 million US tons (49 million tonnes) a year.

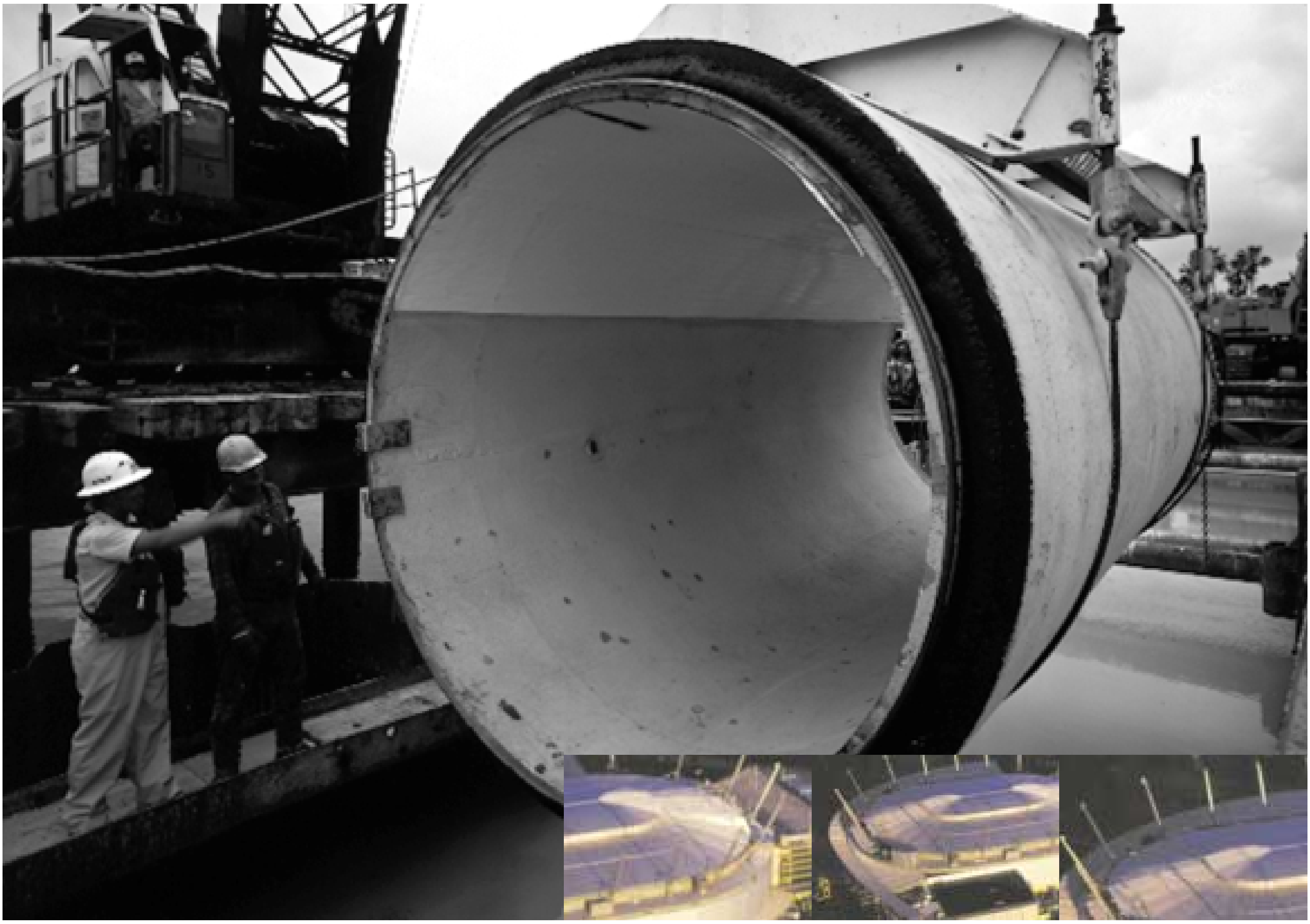
   In major population areas, communities do not want quarries in their backyard and more stringent environmental regulations mean that new quarries are difficult to develop and existing ones become privileged assets. For example, it took CSR America nine years to get approval for a new quarry near Seattle.

   As a consequence, US national aggregate prices have not declined once in the past 27 years, and they are expected to show good growth in future years. In addition, aggregates are heavily used in public infrastructure activity, which is far less cyclical than either housing or commercial activity. We expect significant growth in this market due to increased infrastructure spending under TEA-21 and AIR-21.

Overall, we are very confident that the investments in the US will create good value for shareholders.

We have not ruled out further growth in Australia or Asia, and we continue to watch for opportunities in these areas. But for the moment, they do not compare with the value that can be obtained from investments in the US.

The CSR Group's financial strength will enable CSR America to make further major acquisitions if satisfied with both the price and the strategic value. In the meantime, CSR America will continue making smaller *bolt-on* acquisitions (which fit CSR America's existing structure, sharing administration, finance and logistics) in both quarrying and concrete, and in concrete pipe and products. There is a continuous stream of these acquisitions available at reasonable prices, and they begin adding value usually within the first full year.



THE CHALLENGES IN THE YEAR AHEAD The final area to review is the management priorities and challenges for CSR in the current year. (These are very much in line with the priorities outlined by the chairman above.)

1. We must manage any economic slowdown to minimise the cyclical impact on our earnings and cash better than we have done in the past. We have seen good improvement in our profit margins. Now the challenge is to hold on to those gains.
2. We need to integrate the new acquisitions and ensure they deliver the financial benefits we have projected.
3. We want to actively progress the separation of CSR Sugar and – if the price is right – divest the Tomago aluminium smelter interest, to complete the creation of a focused international building materials group.
4. And finally, we are increasing the emphasis on the safety and health of our employees and the environmental performance of our operations. Our lost time injury frequency rate improved by 20% but four employees and contractors were killed last year. We are determined to avoid a repetition.

SUMMARY We believe that our performance in the year to March 2000 has earned CSR the right to grow.

We have got rid of many under performing businesses and we are focusing on international building materials.

We see opportunities to grow in ways which add value. We also now own a portfolio of businesses which is highly prized in a building materials industry which is rapidly consolidating internationally.

We intend to be successful in this consolidation process by growing and adding value for shareholders. But if we are less successful, we have competitors which would see the CSR building materials businesses as highly prized assets. Either way, our shareholders will achieve value.

We, the management team, do not intend to fail. We are determined to deliver value for you. All of us are significant owners of CSR shares, who have shared the pain in the past and are committed to achieving a higher shareholder value in the future.

Major issues raised at the annual general meeting

A SUMMARY OF DISCUSSION

CSR is using surplus capital resulting from recent major divestments to buy back up to 10% of its shares on the stockmarket over 12 months to June 2001. The buy back is aimed at improving the value of shareholders' investment in CSR, increasing both earnings per share and the return on shareholder funds, and reducing the cost of capital needed to fund the group's planned growth.

Shareholders asked whether this was the best way to return excess capital rather than, say, increasing dividends or adopting other forms of buying back shares.

Buying back the company's shares is a good investment for CSR and its owners, our shareholders. We are pursuing growth strategies to fully realise the company's value, believing that our shares are undervalued. Many financial analysts whose research covers CSR, value the company's shares well above their current price. In fact, the building materials sector around the world generally remains undervalued (although the CSR share price has generally outperformed other international building material shares over the past year or so).

Given that the buy back is a good investment, it is expected to improve the CSR share price and so enhance capital returns to shareholders selling CSR shares. Importantly, it is more tax effective for shareholders than simply increasing dividends. Any increase in CSR's dividend would be unfranked because CSR has limited franking credits. (Over half of the group's operations are now outside Australia.) Any tax payable in Australia on capital gains will be considerably less than personal income tax payable on dividends – as long as the shares are held for more than 12 months. The recent halving of Australian capital gains tax makes the buy back even more attractive.

Buying CSR shares on the stockmarket was the simplest and most economic form of buy back, as well as being administratively flexible. It also offers flexibility for shareholders, who may either sell shares and reduce their holding or maintain their holding and participate in the hoped for benefits of a higher share price.

Special arrangements, including discounted brokerage, have been made for shareholders with relatively smaller holdings who wish to take part. People with up to 150 CSR shares can sell all their shares without any brokerage or stamp duty.

The meeting approved amendments to the CSR Executive Share Option Plan (ESOP) and to the CSR Universal Share/Option Plan (USOP) which aim to better align the performance components of remuneration of both executives and employees with the interests of shareholders. The amendments were introduced following recently announced changes in the Australian Stock Exchange Listing Rules.

Both these plans needed updating to ensure their objectives continue to be achieved. Amendments were included in CSR's notice of meeting released 23 June 2000 which anticipated changes included in the Australian Stock Exchange listing rules, released on 1 July 2000. The listing rules no longer require shareholder approval for introducing or amending employee incentive schemes.

Because of the timing of CSR's year end, 31 March, CSR was one of the first companies to hold its annual general meeting following the ASX listing rule changes. Some shareholders expressed concern that, although the changes to our incentive plans align with the amended ASX listing rules, the shareholders were uncomfortable with giving a board powers to make relatively significant changes at this early date. The issues arising from the new ASX listing rules will probably be subject to further public discussion.

The CSR board would prefer to wait for the outcome of such public discussion, so as a matter of good corporate governance, the chairman undertook not to exercise any power to make further changes to ESOP and to USOP, other than those outlined below, without further shareholder approval.

THE CSR EXECUTIVE SHARE OPTION PLAN, ESOP, is part of an overall remuneration strategy for senior managers, based on increasing the *at risk* component of their pay. Executive rewards have four elements:

- base salary or remuneration – CSR aims to be around market average
- a short term incentive – which focuses on improvements in shareholder value or economic profit
- senior managers are being required (over time) to build an investment in CSR shares equivalent to at least one year's remuneration – a major commitment – to ensure that they have a very strong alignment with shareholders' interests
- ESOP helps focus senior managers' interest in the long term value of CSR shares and is an important way of retaining such people (even though CSR has issued options more sparingly than the market average). The target for the options needs to remain relevant, being neither too easy nor impossibly hard, so that it will continue to be an effective incentive encouraging strong performance.

Under ESOP, the board offers options over CSR shares to executives. After set periods, executives may only exercise their options to buy shares at the market price at the time they were granted *if* the company's performance exceeds a set hurdle or target.

The target rate was originally the Australian Stock Exchange All Industrials Accumulation Index (which measured the weighted

average returns to shareholders for industrial companies listed on the Australian Stock Exchange). The All Industrials Accumulation Index has become less relevant as a measure for a building materials company such as CSR, being increasingly influenced by financial services, telecommunications, media and internet stocks. CSR is increasingly focusing on expanding its international building materials operations as it divests other businesses. To be an effective incentive, target rates need to reflect this changed emphasis.

As a result of the resolution passed at the annual general meeting, the benchmark for new options issued under ESOP will still be based on the ASX All Industrial Index, including manufacturing and industrial organisations, but will exclude such companies as banks, finance, insurance, investment, financial services, media, property trusts, telecommunications, leisure and tourism. It will include the more traditional manufacturing and industrial companies and will still have more than 100 companies with a combined market capitalisation of more than A$100 billion.

CSR needs the flexibility to set different target rates from time to time. The recent volatility caused by the internet companies highlighted the difficulties of trying to establish long term rules. In the not too distant future, because of CSR's increasingly international focus on building materials, it is possible that an international building materials index, or a blend of an Australian index and an international index, may be more appropriate to ensure that a suitably challenging and relevant hurdle is set for management. But shareholder approval will first be sought.

THE CSR UNIVERSAL SHARE/OPTION PLAN, USOP, encourages employees to own CSR shares and so helps to align their interests directly with other shareholders.

Previously, eligible employees could purchase shares by buying 100 shares with a deposit of A$10, or 200 shares with a deposit of A$20 – at a 5% discounted share price – with the balance being lent by CSR as an interest-free loan. (Or employees could pay the total price for the shares on application.)

To take advantage of new tax concessions, an alternative way of participating in USOP was proposed to shareholders at the annual general meeting and approved.

Under the new option, eligible employees can pay full market price for 100 shares and receive 100 shares at no additional cost. This method provides a greater incentive for employees to make an up front commitment to owning CSR shares.

A costing of this additional method of USOP participation shows that it will not materially add to the company's costs compared to the original way of taking part in USOP.

The sale of CSR's alumina and bauxite investments and possible divestment of the company's other aluminium industry interests was also discussed at the meeting.

CSR's aluminium interests are held through its 70% share of the Gove Aluminium companies which have a 30% share in the Gove bauxite and alumina joint venture in the Northern Territory and a 36.05% interest in the Tomago aluminium smelter, in New South Wales.

Billiton Aluminium Australia in July 2000 made a binding offer to acquire CSR's interest in the Gove alumina refinery and bauxite mine, for US$275 million (A$450 million).

The Gove joint venture agreement includes pre-emptive rights for algroup, the major partner in the joint venture, to purchase the CSR stake, during a six month period, on the same terms offered by any potential buyer. The Billiton offer is subject to these provisions.

Why sell these investments? The investments in alumina and bauxite, and aluminium were good at a time they were made, when CSR was diversifying into resources. But we are not a *natural* owner of such assets; we do not manage them. Rather, we have been simply an investor and to be a successful investor usually means selling at the appropriate time to gain most benefit from the investment.

We have not yet sold our share in the Tomago aluminium smelter, near Newcastle, New South Wales, and will not do so unless offered full value.

Does CSR plan to transfer its corporate headquarters to the USA?

The CSR Group expects to derive more than 50% of its revenue in the current year through CSR America and expects this to increase as CSR America grows in the production and marketing of heavy building materials. Including the A$1 billion in recent acquisitions, CSR America represents over 50% of the group's funds employed. When the CSR Group's planned divestment of all of its sugar, aluminium and remaining timber interests has been completed, CSR America will represent about 65% of the group's funds employed.

There are no plans for CSR Limited to move its head office to the US. In the longer term – given that Australia is a small economy, with no significant growth opportunities available and that there are significant tax disincentives – the structure of the group may need to be reviewed, including the question of the location of its headquarters. But nothing will be done that is against the interest of shareholders.

As part of its continuing commitment to good corporate governance, the CSR board of directors is to have the assistance of an independent facilitator to help the board review the way it operates.

Good corporate governance requires that the performance of the board as a whole, the chairman, and each director is periodically reviewed. As an important part of the review process, the board is accountable to shareholders at the company's general meeting every year. As well, the chairman continually assesses the performance of the directors and of the board as a whole and has the responsibility to take appropriate action as required.

Following a practice increasingly widely recognised as a useful contribution to good corporate governance, the board is to conduct a formal review of its performance, using an independent adviser. The board expects that such a neutral facilitator will assist it to identify ways to continue to improve the effectiveness of its operations.

Resolutions

The annual general meeting passed the resolutions described in the notice of meeting:

ORDINARY BUSINESS

1. To receive and consider the financial and other reports
2. To elect directors:

   Ian Burgess

   Allan Moss

   David Clarke

   Ian Blackburne

SPECIAL BUSINESS

Ordinary resolutions

1. To amend the CSR Executive Share Option Plan
2. To approve executive directors' participation in the CSR Executive Share Option Plan

Special resolutions

3. To amend the CSR Universal Share/Option Plan
4. To adopt a new constitution

All were passed on a show of hands at the annual general meeting other than special business item 3, amendments to the CSR Universal Share/Option Plan, which was passed on a poll with 87.4% of votes cast (including proxies) in favour of the resolution.

Information for shareholders

INQUIRIES ABOUT YOUR SHAREHOLDING Please contact our share registrar, National Registry Services, on (02) 9320 8881 if you have a question about your shareholding, dividends, share transfers and monthly holding statements.

Shareholders can now access both details about their shareholding and standard forms via the Investor Online service on CSR's internet site at www.csr.com.au/invest/share_registrar.html

CHANGED YOUR ADDRESS? If you change your address, please promptly notify our share registrar in writing. Please quote your shareholder number and your old address as added security checks.

INQUIRIES ABOUT CSR Call the Manager Investor Services or visit CSR's internet site.

DIRECT DEPOSIT INTO BANK ACCOUNTS Dividends can be paid directly into a bank, building society or credit union account in Australia on the dividend payment date. Deposit details will be confirmed by an advice mailed to you on that date. Application forms are available from our share registrar.

If you subsequently change your bank account, please promptly notify the share registrar in writing, quoting your old bank account number as an added security check.

DO WE HAVE YOUR TAX FILE NUMBER (TFN)? All shareholders, including children, may choose to have their tax file number (or details of any tax exemption) noted by our share registrar. This will avoid unnecessary tax deductions from any CSR unfranked dividend payments. Tax file number forms are available from our share registrar.

It is not compulsory for shareholders to provide a tax file number. But if they do not, we must deduct tax at the top marginal rate plus levies from the unfranked part of dividends paid. Australian shareholders living abroad should advise our share registrar of their resident status as limited exemptions to tax deduction may apply.

CSR COMMUNICATIONS Our internet site www.csr.com.au provides information about the CSR Group's entire Australian range of building materials. Also, the site offers shareholder publications, news releases and announcements to ASX, financial presentations, facts about CSR, and the company newsletter, *What's new*.

The new internet site www.csra.com offers information about CSR America's operations and product range.

CSR printed communications for shareholders include the *Annual Report* and also the *Results Summary* which reports on the half year to September and is mailed with the interim dividend in December.

COMBINING MULTIPLE SHAREHOLDINGS If you have multiple shareholding accounts that you want to consolidate into a single account, please advise our share registrar in writing.

SHAREHOLDERS' TIMETABLE

2000	
30 September	Half year end
20 November	Half year profit and interim dividend announced
24 November	Shares begin trading ex dividend
30 November	Record date for determining shareholders' entitlement to interim dividend payment
18 December	Interim dividend paid Half year results summary released
2001	
31 March	Year end

CSR Limited

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Share registry inquiries

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Investor and analyst inquiries

Manager Investor Services
CSR Corporate Affairs and
Investor Relations Group

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CSR™