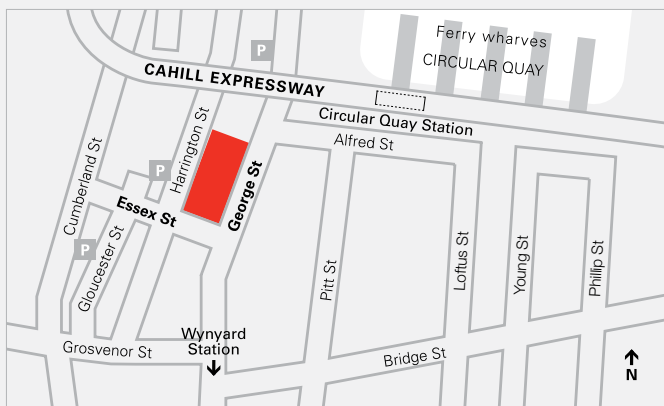


Notice of meeting 2010



THE ANNUAL GENERAL MEETING
CSR LIMITED

THURSDAY 8 JULY 2010
AT 10.00 AM

THE BALLROOM
THE FOUR SEASONS HOTEL
199 GEORGE STREET
SYDNEY NSW 2000

INVITATION TO CSR'S AGM

Dear Shareholder,

It gives me great pleasure to invite you to attend CSR's Annual General Meeting to be held in the Ballroom, the Four Seasons Hotel, 199 George Street, Sydney, at 10.00 am on Thursday 8 July 2010.

Managing Director Jeremy Sutcliffe and I will present our yearly reviews to shareholders of CSR's financial position, operations, prospects and growth strategy, as well as an update on the separation of our sugar business, Sucrogen.

The Notice of Meeting in the following pages details the business to be dealt with at the AGM. As we did last year, we are also inviting shareholders to submit questions in advance of the Meeting on the form attached to this notice.

If you choose to attend the Meeting, please bring the enclosed Proxy Form with you to speed your registration for entry to the AGM. If you do not plan to be at the Meeting, you are encouraged to appoint someone to attend and vote on your behalf as your proxy. Instructions on how to appoint a proxy are on the back of the Proxy Form.

Proxy Forms must be received by 10.00 am Sydney time on 6 July 2010 to be valid for the Meeting. Your proxy may be appointed in a variety of ways described on page 2 of the Notice of Meeting under 'Proxies'.

The AGM will be webcast live on CSR's internet site, www.csr.com.au. Also available on our internet site are:

- a link to register your email address to receive all shareholder information electronically;
- the *CSR Annual Report 2010*, *CSR Shareholder Review 2010* and *Notice of Meeting 2010*;
- a link to standard shareholder forms, including a direct dividend advice, a change of address advice and a request to consolidate holdings; and
- copies of news releases and financial presentations.

I look forward to seeing you at the AGM.

Yours sincerely

IAN BLACKBURNE

Chairman

7 June 2010

The agenda

AGENDA

1. To receive and consider the financial report and the reports of the directors and of the auditor for the financial year ended 31 March 2010

2. To elect directors

To consider and, if thought fit, to pass the following resolutions as ordinary resolutions:

- a. That Dr Ian Blackburne, who will retire by rotation at the close of the Meeting in accordance with clause 55 of the company's constitution, be re-elected as a director of the company.
- b. That Mr Ray Horsburgh AM, who will retire by rotation at the close of the Meeting in accordance with clause 55 of the company's constitution, be re-elected as a director of the company.
- c. That the appointment of Mr Shane Gannon as an executive director in September 2009 be ratified in accordance with clause 59.2 of the company's constitution.

Separate resolutions will be considered in respect of each of the above directors.

3. To approve the long term incentive plan

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

That the following be approved for all purposes:

- the establishment and operation of a long term incentive plan, to be called the CSR Performance Rights Plan ("PRP"), for the provision of incentives to executives ("Participants");
- the grant of performance rights, and the subsequent issue or transfer of CSR Shares, to Participants under the PRP; and
- the giving of benefits under the PRP to a person by CSR, its related bodies corporate or their associates in connection with that person ceasing to hold a managerial or executive office in CSR or a related body corporate of CSR,

each as described in the Explanatory Memorandum accompanying the Notice of Meeting convening this Meeting.

4. To approve the issue of performance rights

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

That the following be approved for all purposes:

- the issue to Mr Shane Gannon under the terms of the company's Performance Rights Plan ("PRP") of:

- 473,394 performance rights; and
- the issue of, and acquisition accordingly by Mr Gannon of, shares in CSR in respect of those performance rights which vest,

all in accordance with the terms of the PRP and on the basis described in the Explanatory Memorandum accompanying the Notice of Meeting convening this Meeting.

5. To adopt the remuneration report for the financial year ended 31 March 2010

Note that the vote on this item is advisory only and does not bind the directors or the company.

DETERMINATION OF ENTITLEMENT TO ATTEND AND VOTE

For the purposes of the Meeting, shares will be taken to be held by the persons who are registered as shareholders as at 7.00 pm Sydney time on 6 July 2010.

Voting restrictions – Agenda items 3 and 4

CSR will disregard any votes cast on the proposed resolutions in agenda items 3 and 4 by:

- any director of CSR who is eligible to participate in any employee incentive scheme in relation to CSR; and
- an associate of any such director.

However, CSR need not disregard a vote 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 provided electronically); or
- the chairman as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form (or provided electronically),

as the proxy decides.

In addition, if the Corporations Act 2001 requires, a vote on the proposed resolutions in agenda items 3 and 4 must not be cast (in any capacity) by or on behalf of any person who may be entitled to receive a benefit in connection with that person's retirement from office, or position of employment, the subject of item 3 or 4, or an associate of that person. However, a person is entitled to cast a vote if:

- it is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on the resolution; and
- it is not cast on behalf of the person or an associate of that person. In any event, CSR has determined that it will disregard any such votes by an employee in determining whether Items 3 or 4 are implemented.

Proxies

If you are a shareholder entitled to attend and vote, you are entitled to appoint one or two proxies. Where two proxies are appointed, you may specify the number or proportion of votes that each may exercise, failing which each may exercise half of the votes. A proxy need not be a shareholder of the company.

The company's constitution (available on the company's internet site, www.csr.com.au under Investors/Corporate governance) provides that, on a show of hands, every person present and qualified to vote shall have one vote. If you appoint one proxy, that proxy may vote on a show of hands, but if you appoint two proxies, neither proxy may vote on a show of hands.

If you appoint a proxy who is also a shareholder or is also a proxy for another shareholder, your directions may not be effective on a show of hands. Your directions will be effective if a poll is required and your proxy votes.

You may lodge a proxy online at the internet address (below) of our share registry, Computershare Investor Services Pty Limited, by following the instructions set out on the internet site. Shareholders who elected to receive their Notice of Meeting and proxy electronically will have received an email with a link to the Computershare site.

To be effective, the Proxy Form or electronic proxy appointment must be received by Computershare at the postal or internet address or facsimile number below, or by CSR at its registered office, Trinit 3, Level 5, 39 Delhi Road, North Ryde, New South Wales 2113, Australia, not later than 10.00 am Sydney time on 6 July 2010.

Where to lodge a proxy

CSR Limited share registry
Computershare Investor Services Pty Limited
GPO Box 242
Melbourne VIC 3001 Australia

(Please use the enclosed reply envelope)

You can lodge your proxy electronically at:
www.investorvote.com.au

You will need a specific 6 digit Control Number to vote online. This number is located on the front of your Proxy Form.

Facsimile 1800 783 447
International +61 3 9473 2555

You can arrange to receive shareholder information electronically, or obtain a replacement Proxy Form or a special Proxy Form to appoint a second proxy, by contacting Computershare on 1800 676 061 (within Australia) or +61 3 9415 4033 (outside Australia) or go to www.computershare.com.au (Investor Centre).

Admission to meeting

Shareholders who will be attending the CSR annual General Meeting and not appointing a proxy are asked to bring your Proxy Form (if you still have one) to the Meeting to help speed admission.

If you do not plan to attend the Meeting, you are encouraged to complete and return a Proxy Form or lodge a proxy online, for your holding(s) of CSR shares.

Questions and comments by shareholders at the meeting

In accordance with the Corporations Act 2001 and the company's past practice, a reasonable opportunity will be given to shareholders at the Meeting to ask questions about, or make comments on, the management of the company.

Similarly, a reasonable opportunity will also be given to shareholders at the Meeting to ask Deloitte Touche Tohmatsu, CSR's auditor, questions relevant to the conduct of the audit, the preparation and content of the auditor's report, the accounting policies adopted by the company in relation to the preparation of the financial statements, and the independence of the auditor in relation to the conduct of the audit.

Written questions for Deloitte Touche Tohmatsu relevant to the conduct of the audit and the content of the auditor's report may be sent to Computershare (at the address or fax number for lodgement of proxies). Alternatively, the questions may be sent to the company secretary, CSR Limited, Trinita 3, Level 5, 39 Delhi Road, North Ryde, NSW 2113 or by email to investorrelations@csr.com.au. In each case, the written questions must be received no later than 5.00 pm (Sydney time) on 1 July 2010. A list of questions to the auditor will be available at the Meeting.

EXPLANATORY NOTES ON AGENDA ITEMS

1. To receive and consider the financial report and the reports of the directors and of the auditor for the financial year ended 31 March 2010

The *CSR Annual Report 2010* (which includes the financial report, the directors' report and the auditor's report) will be presented to the Meeting. Shareholders can access a copy of the annual report on CSR's internet site at www.csr.com.au/investorcentre/pages/reports.aspx. As permitted by legislation, a printed copy of the *CSR Annual Report 2010* has been sent only to those shareholders who have elected to receive a printed copy.

During this item, shareholders will be given a reasonable opportunity to ask questions about, and make comments on, the reports and CSR's management, businesses, operations, financial performance and prospects. Shareholders may also submit questions in advance of the Meeting by completing the form attached to this notice.

Recommendation

The directors unanimously recommend that shareholders vote in favour of agenda item 1.

2. To elect directors

Dr Ian Blackburne was appointed as a director in 1999 and was last re-elected by shareholders at the Annual General Meeting in July 2007. Having served for three years, he must retire by rotation in accordance with clause 55 of the company's constitution and the ASX Listing Rules.

Mr Ray Horsburgh AM was appointed as a director in 2006 and was last re-elected by shareholders at the Annual General Meeting in July 2007. Having served for three years, he must retire by rotation in accordance with clause 55 of the company's constitution and the ASX Listing Rules.

Mr Shane Gannon, the chief financial officer of CSR, was appointed as a director of the company in September 2009. Shareholders are asked to ratify this appointment in accordance with Section 59.2 of the company's constitution.

Information about the directors standing for election:

DR IAN BLACKBURNE (1)

BSC (HONS), PHD, MBA FAICD, AGE 64.

Chairman, is a member of the Audit Committee, Safety, Health and Environment Committee and Remuneration Committee. He joined the Board in 1999 and was last re-elected in 2007. An independent director, Ian is a former managing director of Caltex Australia Limited. He has been a director of Suncorp-Metway Limited and Teekay Corporation for nine years, and in December 2009 was appointed as a director-elect of Aristocrat Leisure Limited. In April 2008, he ceased to be a director of Symbion Health Limited after three years.

Mr RAY HORSBURGH AM (2)

BENG (CHEM), HON D UNIV, FIE AUST FAICD, AGE 67.

Chairs the Safety, Health and Environment Committee and is a member of the Remuneration Committee. He joined the Board in October 2006 as an independent director. Ray has had a distinguished record of managing manufacturing businesses, including leading a number of mergers and acquisitions. He was managing director of Smorgon Steel Group Limited for nine years until its merger with OneSteel Limited in August 2007. This followed a 31 year career with the Australian

Consolidated Industries group, primarily in senior roles in the glass and packaging businesses. In September 2007, he was appointed chairman of Toll Holdings Limited, where he has served as a director for four years. Ray is chairman of Traffic Technologies Limited and immediate past chairman of the Essendon Football Club and is a director of National Can Industries Limited.

Mr SHANE GANNON (3)

BBUS(ACC), CPA, FAICD, AGE 50.

Joined CSR as chief financial officer in July 2008. Appointed to the CSR Board in September 2009 as an executive director. Shane is a former chief financial officer of Dyno Nobel and chief executive of Novera Energy. He spent 10 years at the Lend Lease Group, undertaking senior CFO roles in the property and financial services sectors. He is a director of Tomago Aluminium, a joint venture with Gove Aluminium Finance Ltd (CSR and AMP), Rio Tinto Alcan & Hydro Aluminium.

Recommendation

The directors (in each case excluding the relevant director) unanimously recommend that shareholders vote in favour of agenda items 2a, 2b and 2c.

3. To approve the long term incentive plan

Agenda item 3 seeks shareholder approval for a new long term incentive plan, being the CSR Performance Rights Plan ("PRP") to replace the previous Cash Award Share Plan ("CASP").

CSR's remuneration structure aims to align long term incentives for senior executives with the delivery of sustainable value to shareholders. This alignment of interests is important in ensuring that senior executives are focused on delivering sustainable returns to shareholders, while allowing CSR to attract and retain senior executives of a high calibre. The PRP aims to link the long term remuneration of senior executives with the economic benefit derived by shareholders over a three to five year period and, subject to shareholder approval, will form part of CSR's overall remuneration strategy.

The PRP is being introduced following a review of CSR's remuneration strategy and to address concerns about aspects of CASP. Details of CASP can be found in the remuneration report in CSR's 2010 Annual Report. In particular, the PRP aims to:

- address shareholder concerns under the previous plan that dividends were received on unvested shares. No dividends are received on performance rights under the PRP; and
- simplify the PRP to make it more effective and more clearly aligned with CSR's and shareholders' objectives.



The agenda (continued)

A summary of the rules for the PRP ("PRP Rules") is set out below. The PRP Rules set out the general terms of the PRP. A grant of performance rights under the PRP is subject to both the PRP Rules and the terms of the specific grant. The proposed terms (including the performance conditions) of the grants proposed for the current financial year are set out below.

In the future, it is proposed that grants of performance rights will be made annually, following announcement of CSR's full-year results. The Board will have discretion to make grants at other times, including on the commencement of employment by a person deemed by the Board to be eligible to participate in the PRP. While the PRP rules provide the Board with flexibility in the design of the annual offer, the Board currently intends to make future offers on terms consistent with the terms of the offer proposed for the current financial year.

Summary of the PRP Rules

The Board is responsible for administering the PRP in accordance with the PRP Rules and the terms and conditions of the specific grants to participants in the PRP. The PRP Rules include the following provisions:

- The Board may in its absolute discretion determine which eligible persons will be offered the opportunity to participate in the PRP.
- Eligible persons will be invited to apply to be a participant in the PRP.
- An application to participate will not be accepted if, at the time of the application, the applicant:
 - is not an employee of CSR or its subsidiaries;
 - has given notice of his or her resignation; or
 - has been given notice of termination of employment.
- The Board may impose performance conditions on any grants under the PRP to reflect CSR's business plans, targets, budgets and performance objectives.
- On the vesting date, if the performance conditions are satisfied in respect of a performance right, the performance right immediately vests and CSR must issue or procure the transfer of a CSR Share ("Share") to the Participant or the PRP trustee, in either case subject to the disposal conditions outlined below.
- Where employees cease employment in circumstances where they are considered a "good leaver", the Board may determine that the leaver can continue to hold their performance rights subject to the performance conditions of those rights.
- The Board may, in its discretion, accelerate the vesting of all or part of any unvested performance rights, including in circumstances such as death, cessation of employment, and on the occurrence of an event (such as a takeover bid, change of control, a compromise or arrangement, voluntary winding up or compulsory winding up, Shares ceasing to be quoted on ASX, or in other circumstances determined by the Board such as the sale of a significant asset or a demerger of CSR's business ("Event")).
- An unvested performance right will lapse on the earlier of:
 - the expiry date applicable to that performance right;
 - the Board making a determination that any performance conditions are not satisfied;
 - the Board determining the performance right should lapse due to the Participant being convicted of a criminal offence or having committed an act of serious misconduct;
 - the Participant becoming bankrupt; or
 - 30 days after the Participant ceasing to be employed by a CSR entity (including where the Participant's employer ceases to be a CSR entity, or its business has been transferred to a non-CSR entity) unless the Board makes a determination that the performance rights have vested or may continue to be held by the Participant.
- Disposal conditions will apply to Shares acquired on the vesting of performance rights. The Shares will be released from the disposal restrictions on the earliest to occur of:
 - a date determined by the Board, if the terms of the Participants' particular offer allow;
 - the Participant ceasing employment with CSR;
 - the date the Participant's release request is approved by the Board, to the extent which the terms of the Participant's particular offer allow;
 - the Board determining that an Event has occurred and for the Shares to be released; or
 - the seventh anniversary of the date on which the performance rights were originally granted.
- CSR may issue Shares directly to a participant or, alternatively, an employee trust may be established to assist with the operation of the PRP. The PRP provides for the acquisition by issue or transfer of fully paid Shares by the trustee appointed by CSR. Shares may then be transferred from the trust to a participant upon the relevant performance conditions being satisfied (and subject to any disposal conditions).
- Any Shares issued under the PRP will rank equally with those traded on the ASX at the time of issue.

- A participant may not sell, assign, transfer or otherwise deal with, or grant a security interest over, performance rights. A performance right lapses immediately on any purported sale, assignment, transfer, dealing or grant of security interest unless the Board in its absolute discretion approves the dealing or transfer or transmission is effected by force of law on death or legal incapacity to the Participant's legal representative.
- A participant is prohibited from entering into any arrangement to hedge or otherwise affect their economic exposure to their performance rights.
- In the event of any capital reorganisation by CSR (including bonus issues and new issues), the Participant's performance rights, and the Shares allocated to the Participant on vesting of the performance rights, will be treated or adjusted, as set out in the PRP Rules. In general, it is intended that the Participant will not receive any advantage or disadvantage from such an adjustment.

Performance conditions of proposed grants in current financial year

The performance conditions will be measured over a three year period commencing at the beginning of the relevant financial year and, to the extent that any performance rights remain unvested at that time, can be extended for a fourth and fifth year in respect of those performance rights.

Vesting will be determined by measuring Total Shareholder Return ("TSR").

Total Shareholder Return ("TSR")

TSR measures the growth in the price of shares plus cash distributions notionally reinvested in shares. In order for any of the performance rights to vest, CSR's TSR must be equal to or greater than the median TSR performance of the comparator group. The comparator group is the constituent companies of the ASX/S&P 200 Index as defined at the commencement of the performance period.

The proportion of the TSR grant that vests will be determined based on CSR's TSR relative to the comparator group as follows:

TSR OF CSR COMPARED TO THE COMPARATOR GROUP	PROPORTION OF TSR GRANT VESTING
Below the 50th percentile	0%
At the 50th percentile	50%
Between the 50th percentile and the 75th percentile	Proportion of TSR grant vesting increases in a straight line between 50% and 100%
75th percentile or higher	100%

Other terms of the proposed grants

Disposal of Shares once released from the PRP will be subject to CSR's share trading policy.

On a participant's death or cessation of employment due to retirement, total or permanent disablement, redundancy or other circumstances determined by the Board, unvested performance rights may vest as determined by the Board in its discretion. In exercising its discretion, the Board may take into account:

- the elapsed performance period as at the date of cessation; and
- the extent to which the performance conditions have been satisfied as at the date of cessation.

Alternatively, in the case of death or cessation of employment due to retirement, redundancy, total or permanent disablement or other circumstances determined by the Board, the Board may determine that the Participant continues to hold the performance right subject to the performance conditions of those rights.

Where a participant ceases employment in circumstances other than those described above, all unvested performance rights will lapse at the date the Participant ceases to be employed by CSR.

Performance rights will not attract dividends or voting rights until the performance rights vest and Shares are allocated whether or not the Shares are subject to non-disposal restrictions.

Reasons for seeking approval

Shareholder approval of the PRP is sought for all purposes under the Corporations Act 2001 and the Listing Rules of the ASX, including for the following purposes:

- So that any securities issued under the PRP will be excluded from the calculation of the maximum number of new securities that can be issued by CSR in any 12 month period (currently 15% of securities previously on issue) for a period of three years from the date of this approval.
- CSR may be providing financial assistance to participants or to the Plan Trustee to acquire shares in CSR. Under Section 260C(4) of the Corporations Act 2001, CSR may provide such financial assistance under an employee share scheme approved by CSR in general meeting. CSR therefore also seeks approval of the PRP to ensure it may provide financial assistance to senior employees or the PRP Trustee under the PRP.
- Under Section 200B of the Corporations Act 2001, a company may only give a person a benefit in connection with their ceasing to hold a managerial or executive office in CSR or a related body corporate if it is approved by shareholders or an exemption applies.

The Sections apply to managerial or executive officers of CSR or of any of its subsidiaries, which includes directors and all persons whose remuneration is required to be disclosed in CSR's remuneration report. Additionally, the persons covered by the restrictions are covered for at least three years after they cease to be a managerial or executive officer.

The term 'benefit' has a wide operation and includes the early vesting of the Performance Rights under the rules of the PRP (as summarised above).

Resolution 4 applies to the Performance Rights proposed to be granted under the PRP to Participants who from time to time hold a managerial or executive office as defined in the Corporations Act 2001.

Approval is sought under Section 200B of the Corporations Act 2001 to any 'termination benefit' that may be provided to a PRP Participant under the terms of the plan, in addition to any other termination benefits that may be provided to such Participants under the Corporations Act 2001.

The termination benefit that may be given under the PRP is the early vesting of Performance Rights upon the occurrence of an Event (as defined in the Plan Rules and summarised above), or if the holder ceases employment with CSR due to death, redundancy, total and permanent disablement, or in other circumstances determined by the Board. The value of such benefits cannot presently be ascertained but matters, events and circumstances that will, or are likely to, affect the calculation of that value include:

- the number of Performance Rights held by the Participant prior to cessation of employment;
- the number of Performance Rights that vest; and
- the market price of Shares on ASX on the last ASX trading day before the date of calculation.

Section 200E(2A) of the Corporations Act 2001 prevents a retiring managerial or executive officer from voting on a resolution to approve the giving of the benefit. Accordingly, shareholders who are also managerial or executive officers of the Group and are proposed participants in the PRP (and their associates) may not vote on this resolution, other than as a proxy appointed in writing where it is specified how the proxy is to vote on the resolution, and the person appointing the proxy is not a retiree subject to this restriction.

Recommendation

The directors (excluding Mr Gannon) unanimously recommend that shareholders vote in favour of agenda item 3.

4. To approve the issue of Performance Rights

Reasons for seeking approval

Shareholder approval of Mr Gannon's participation in the PRP is sought for all purposes, including the following:

- Under Section 200B of the Corporations Act 2001, a company may only give a person a benefit in connection with their ceasing to hold a managerial or executive office in the company or a related body corporate if it is approved by shareholders or an exemption applies. See the explanatory notes for agenda item 3 above for further information.

- Under ASX Listing Rule 10.14, the acquisition of securities by a director under an employee incentive scheme requires shareholder approval. Shareholder approval is therefore sought for the acquisition of Performance Rights and shares upon vesting of Performance Rights by Mr Gannon.

Performance Rights to be granted to Mr Gannon

It is proposed that 473,394 Performance Rights be issued to Mr Gannon. This quantum has been determined in conjunction with an analysis of Mr Gannon's total target remuneration referenced against external market benchmarks.

The introduction of the new Federal Government taxation legislation on employee share schemes, together with the uncertainty associated with the proposed demerger, has resulted in the delayed presentation of the Performance Rights Plan to shareholders.

In recognition of this delay, the YEM10 PRP grant quantum and performance hurdle testing schedule has been adjusted as follows:

- the share price used to calculate the number of performance rights allocated to Participants will be adjusted to reflect the share price that would normally have been used as at the originally intended grant date (which is the 10 day Volume Weighted Average Price of CSR Shares leading up to 24 July 2009, which was \$1.67);
- the initial testing period will commence on 24 July 2009 and finish on or around 23 July 2012, and can extend to 23 July 2014 or such other period as resolved by the Board;
- for the purposes of the performance hurdle testing, the Total Shareholder Return ("TSR") of CSR will be compared to the ASX 200 for the period commencing 24 July 2009 onwards; and
- under the CASP plan formerly offered by CSR, dividends were received on unvested shares, while under the PRP dividends are not paid on unvested rights. As part of the transition from the CASP to PRP, for this grant only the number of Performance Rights granted has been increased to reflect the net present value of dividends forgone during the vesting period. Should the Performance Rights vest, these extra Performance Rights will be provided to executives as shares in lieu of dividends not received during vesting.

Subject to the satisfaction of the performance and service vesting conditions described below and to adjustment of his Performance Rights in accordance with the PRP Rules (e.g. following a bonus issue), Mr Gannon will receive one fully paid ordinary share in CSR for each Performance Right granted. Further details of the PRP are provided in resolution 4, above.

The agenda (continued)

Performance conditions and vesting periods

Vesting will occur when the service and performance conditions have been met, at which point Mr Gannon's Performance Rights are automatically exercised into CSR Shares which will be held on trust by the PRP Trustee subject to the restriction period.

The Performance Rights will vest based on CSR's TSR over the performance period, relative to the TSRs of other ASX 200 companies. TSR measures the change in share price plus dividends reinvested during the performance period.

The proportion of the PRP grant that vests will be determined based on CSR's TSR relative to the constituents of the S&P ASX 200 Index, defined at the start of the performance period ("Peer Group"), over the performance period, as follows:

TSR OF CSR RELATIVE TO THE PEER GROUP	PROPORTION OF GRANT VESTING
Below the 50th percentile	0%
At the 50th percentile	50%
Between the 50th percentile and the 75th percentile	Straight-line vesting between 50% and 100% (e.g. each percentile improvement will result in an additional 2% vesting)
75th percentile or greater	100%

The performance period is initially the three year period over which CSR's relative TSR performance is measured. To the extent any Performance Rights remain unvested at the end of the initial three year period, the performance period will be extended for a fourth year and, if any Performance Rights remain unvested at the end of the fourth year, a fifth year; i.e. performance will be re-tested at the end of the four and five year period to determine if any additional vesting is available. The initial testing period will commence on 24 July 2009 and finish on or around 23 July 2012, and can extend to 23 July 2014 or such other period as resolved by the Board.

Disclosures made for the purposes of Listing Rule 10.15:

- the maximum number of Performance Rights that can be awarded to Mr Gannon under this approval is 473,394;
- the price payable on the issue or exercise of each Performance Right is nil;
- this is the first meeting at which shareholder approval for a grant of Performance Rights under the PRP and the subsequent acquisition of shares is sought;
- the name of the person referred to in Listing Rule 10.14 entitled to participate in the PRP is Shane Gannon;

- there is no loan proposed in relation to the proposed award of Performance Rights to Mr Gannon; and
- the Performance Rights that are awarded to Mr Gannon are intended to be awarded on or around 8 July 2010 and in any event will not be awarded later than 12 months after Meeting.

Recommendation

The directors (excluding Mr Gannon) unanimously recommend that shareholders vote in favour of agenda item 4.

5. To adopt the remuneration report for the financial year ended 31 March 2010

Directors of listed companies, such as CSR, are required to provide detailed disclosures of director and senior executive remuneration in their directors' reports. These disclosures are set out in the remuneration report (which forms part of the directors' report) on pages 11 to 26 of the *CSR Annual Report 2010*. (As mentioned above, shareholders can access a copy of the annual report on CSR's internet site; printed copies of the annual report have been sent to those shareholders who elected to receive a copy in this form; and the annual report will be presented to the AGM.)

The remuneration report includes:

- discussion of the Board's policy in relation to the nature and level of remuneration of the key management personnel of CSR;
- discussion of the relationship between the Board's remuneration policy and CSR's performance over the five financial years up to and including the year ended 31 March 2010;
- information about performance hurdles applicable to the short term and long term incentive components of the remuneration of key management personnel; and
- details of the remuneration provided to the non-executive directors, managing director and key management personnel and the five highest paid executives for the year ended 31 March 2010.

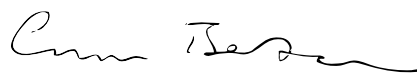
There will be a reasonable opportunity for shareholders at the Meeting to comment on, and ask questions about, the remuneration report.

The vote on the proposed resolution in agenda item 5 is advisory only and will not bind the directors or the company; however, the Board will take the outcome of the vote into consideration when reviewing remuneration practices and policies.

Recommendation

The directors unanimously recommend that shareholders vote in favour of agenda item 5.

By order of the Board.



CHRIS BERTUCH
Company Secretary

7 June 2010

CSR LIMITED

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Email investorrelations@csr.com.au

Internet www.csr.com.au

SHAREHOLDER INFORMATION AND ENQUIRIES

All enquiries and correspondence regarding shareholdings should be directed to CSR's share registry:

Computershare Investor Services Pty Limited
Level 4, 60 Carrington Street
Sydney NSW 2000 Australia

GPO Box 2975
Melbourne VIC 3001 Australia

Telephone within Australia 1800 676 061
International +61 3 9415 4033

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Shareholder questions

QUESTIONS FROM SHAREHOLDERS

CSR aims to provide relevant and timely information to shareholders at the Annual General Meeting. **If you would like to submit a question, please use this form and send it to Computershare** (at the address or fax number for lodgement of proxies).

Alternatively, questions may be sent to the Company Secretary, CSR Limited, Level 5, 39 Delhi Road, North Ryde, NSW 2113 or by email to investorrelations@csr.com.au. Questions should be relevant to the business of the Meeting as outlined in the Notice of Meeting and Explanatory Notes on Agenda Items.

Questions must be received no later than 5.00 pm (Sydney time) on 1 July 2010.

Questions will be collated and, during the Meeting, either the Chairman or the Managing Director will seek to address as many of the more frequently raised topics as possible. Where a question relates to the audit, the accounting policies adopted by the company in relation to the preparation of the financial statements, or the independence of the auditor in relation to the conduct of the audit, the Chairman will request a representative of CSR's auditor, Deloitte Touche Tohmatsu, to respond to such questions. Please note that there may not be sufficient time at the AGM to respond to all topics raised. Individual responses will not be sent to shareholders.

Shareholder's Name: _____

Address: _____

Question(s): Please tick the box if the question is directed to CSR's auditor

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