

# CSR ANNUAL GENERAL MEETING 2003

## INVITATION AND NOTICE OF MEETING

15 June 2003

Dear Shareholder,

### CSR'S ANNUAL GENERAL MEETING

It gives me pleasure to invite you to attend CSR's annual general meeting (AGM), to be held in a new venue for CSR: the **WESTIN HOTEL, 1 MARTIN PLACE, SYDNEY, AT 10.00 AM ON THURSDAY 17 JULY 2003.**

Attached to this letter is a notice of meeting detailing the business to be dealt with at the AGM.

If you choose to attend the meeting, please bring the enclosed proxy form with you to facilitate registration into the AGM.

If you do not plan to attend the AGM, you are encouraged to appoint a person to attend and vote on your behalf as your proxy by completing and returning the enclosed proxy form in the reply envelope provided.

Instructions on how to appoint a proxy are detailed on the back of the form. Note that you may appoint the chairman as your proxy. Proxy forms must be returned by 10.00 am Sydney time Tuesday 15 July 2003 to be valid for the meeting. Your proxy may be returned by mail or you may fax it to +61 2 8235 8220.

This year the full AGM will be webcast live on the internet at [www.csr.com.au](http://www.csr.com.au). Also available on the CSR website are:

- a link to register your e-mail address to receive all shareholder information electronically
- the *CSR Annual Report 2003* and notice of meeting for the AGM 2003
- standard shareholder forms, including a change of address advice, direct credit dividend advice, and a request to consolidate holdings
- copies of news releases and financial presentations.

I look forward to seeing you at the AGM.

Yours sincerely



IAN BLACKBURNE  
Chairman

# NOTICE OF MEETING

THE ANNUAL GENERAL MEETING OF CSR LIMITED WILL BE HELD IN:  
WESTIN HOTEL, 1 MARTIN PLACE, SYDNEY  
10.00 AM THURSDAY  
17 JULY 2003

## AGENDA

### ORDINARY BUSINESS

#### I. TO RECEIVE AND CONSIDER

the financial report and the reports of the directors and of the auditors for the financial year ended 31 March 2003.

#### II. TO ELECT DIRECTORS

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

- a. that Carolyn Hewson, who will retire 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 John Wylie, who will retire 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 Barry Jackson, who was appointed on 12 April 2003 and will retire at the close of the meeting in accordance with clause 53.2 of the company's constitution, be elected as a director of the company
- d. that John Story, who was appointed on 12 April 2003 and will retire at the close of the meeting in accordance with clause 53.2 of the company's constitution, be elected as a director of the company.

Information about Mrs Hewson and Messrs Wylie, Jackson and Story is set out on page 29 of the *CSR Annual Report 2003*.

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

### SPECIAL BUSINESS

#### I. TO AMEND THE CONSTITUTION TO PROVIDE FOR SALE OF NON-MARKETABLE PARCELS OF SHARES BY THE COMPANY

To consider and, if thought fit, to pass the following resolution as a special resolution:

'That the constitution of CSR Limited is amended in the manner set out in part 1 of annexure A of the explanatory notes to the notice convening this meeting.'

#### II. TO AMEND THE CONSTITUTION TO RENEW THE PROPORTIONAL TAKEOVER PROVISIONS FOR A FURTHER THREE YEARS

To consider and, if thought fit, to pass the following resolution as a special resolution:

'That the constitution of CSR Limited is amended in the manner set out in part 2 of annexure A of the explanatory notes to the notice convening this meeting.'

#### III. TO AMEND THE CONSTITUTION TO VARY THE NUMBER OF NON-EXECUTIVE DIRECTORS REQUIRED TO RETIRE AT EACH ANNUAL GENERAL MEETING

To consider and, if thought fit, to pass the following resolution as a special resolution:

'That the constitution of CSR Limited is amended in the manner set out in part 3 of annexure A of the explanatory notes to the notice convening this meeting.'

### EXPLANATORY NOTES ON SPECIAL BUSINESS

#### I. TO AMEND THE CONSTITUTION TO PROVIDE FOR SALE OF NON-MARKETABLE PARCELS OF SHARES BY THE COMPANY – NEW CLAUSE 21A

A non-marketable parcel of shares is currently a parcel that is worth less than A\$500. The cost to the company of maintaining these parcels is high relative to the value of shares in the parcels.

From 31 March 2003, when CSR shares began trading without the entitlement to Rinker Group Limited (Rinker) shares, the price of CSR shares dropped by more than two-thirds to reflect the value of the businesses of Rinker that had been demerged. This resulted in a non-marketable parcel of CSR shares being over approximately 250 shares rather than being approximately 80 shares before the demerger.

In the month after the demerger, the company encouraged shareholders to increase the size of their shareholdings by offering to pay brokerage on purchases of a minimum of A\$500 worth of CSR shares (conditions applied). However despite this offer (which has now expired), around 15% of the company's 111,000 shareholders now have non-marketable parcels.

As a further initiative to minimise the ongoing costs of maintaining its share register, it is proposed to amend the company's constitution to enable the company, subject to certain restrictions, to request a shareholder who holds a non-marketable parcel of shares to elect to either retain the shares or have them sold by the company on the shareholder's behalf in accordance with the ASX Listing Rules. A shareholder will have at least six weeks from the date of receiving a notice from the company to elect either to retain

their non-marketable parcel of shares or to have the company sell them for the shareholder. If an election is not received from a shareholder by the notified time, the proposed amendments will deem the shareholder to have approved the sale. Any shares sold in accordance with the proposed amendments to provide for sale by the company of non-marketable parcels are to be sold on the shareholder's behalf at a price that the directors consider to be the best price reasonably obtainable for the shares at the time they are sold. The proceeds of sale will be sent to the shareholder.

In addition, the proposed amendment would give the company the power to sell a non-marketable parcel of shares where that parcel was created by a new transfer of shares that was less than a marketable parcel at the time of the transfer. In this case the proceeds of sale less any selling costs will be sent to the shareholder.

The directors unanimously recommend that shareholders vote in favour of this item of special business.

#### II. TO AMEND THE CONSTITUTION TO RENEW THE PROPORTIONAL TAKEOVER PROVISIONS FOR A FURTHER THREE YEARS - CLAUSE 22

The company's constitution currently contains provisions dealing with proportional takeover bids for CSR shares in accordance with the *Corporations Act 2001*. The provisions are designed to assist shareholders to receive proper value for their shares if a proportional takeover bid is made for the company.

Under the *Corporations Act 2001*, the provisions must be renewed every three years or they will cease to have effect. The current provisions will automatically cease to have effect on 23 July 2003 unless renewed by the proposed special resolution. If renewed, the proposed proportional takeover provisions will be in exactly the same terms as the existing provisions.

The *Corporations Act 2001* requires that the following information be provided to shareholders when they are considering the inclusion of proportional takeover provisions in a constitution.

#### Effect

If a proportional takeover bid is made, directors must hold a meeting of the shareholders of the class of shares being bid for to consider approving the bid. A resolution approving the bid must be voted on before the 14th day before the end of the bid period. The resolution will be passed if more than 50% of votes are cast in favour of the approval. (The bidder and its associates are not allowed to vote on the resolution.) If no such resolution is voted on by that deadline, a resolution approving the bid is taken to have been passed.

If a resolution to approve the bid is rejected, binding acceptances are required to be rescinded, and all unaccepted offers and offers failing to result in binding contracts are taken to have been withdrawn.

If the bid is approved or taken to have been approved, the transfers resulting from the bid may be registered provided they comply with other provisions of the *Corporations Act 2001* and the company's constitution.

The proportional takeover provisions do not apply to full takeover bids.

#### Reasons

Without the proportional takeover approval provisions, a proportional takeover bid may enable control of the company to pass without members having the opportunity to sell all their shares to the bidder. Shareholders may be exposed to the risk of being left as a minority in the company and the risk of the bidder being able to acquire control of the company without payment of an adequate control premium for their shares.

The proposed proportional takeover provisions lessen this risk because they allow shareholders to decide whether a proportional takeover bid is acceptable and should be permitted to proceed.

#### No knowledge of any acquisition proposals

At the date of this notice, no director of the company is aware of any proposal by any person to acquire, or to increase the extent of, a substantial interest in the company.

#### Review of proportional takeover provisions

The *Corporations Act 2001* requires that members be given a statement which retrospectively examines the advantages and disadvantages, for directors and members, of the proportional takeover provisions proposed to be renewed. Such a statement follows.

While proportional takeover provisions have been in effect there have been no takeover bids for the company, either proportional or otherwise. Accordingly, there are no actual examples against which to review the advantages or disadvantages of the existing proportional takeover provisions (ie clause 22 of the existing constitution) for the directors and members of the company. The directors are not aware of any potential takeover bid that was discouraged by clause 22.

#### Potential advantages and disadvantages

As well as a retrospective review of the provisions proposed to be renewed, the *Corporations Act 2001* requires that shareholders be given a statement of the potential future advantages and disadvantages of the provisions.

The directors of the company consider that the proposed renewal of the proportional takeover provisions has no potential advantages or potential disadvantages for directors because they remain free to make a recommendation on whether a proportional takeover bid should be approved.

The potential advantages of the proposed proportional takeover provisions for members are:

- they give shareholders their say in determining by majority vote whether a proportional takeover bid should proceed
- they may assist shareholders in not being locked in as a relatively powerless minority
- they increase shareholders' bargaining power and may assist in ensuring that any proportional bid is adequately priced
- knowing the view of the majority of shareholders assists each individual shareholder in assessing the likely outcome of the proportional takeover bid and whether to approve or reject that offer.

Some potential disadvantages to members of the company are:

- it is a hurdle and may discourage the making of proportional takeover bids in respect of the company
- this hurdle may depress the share price or deny shareholders an opportunity of selling their shares at a premium
- it may reduce the likelihood of a proportional takeover being successful.

However, the directors of the company do not perceive those or any other possible disadvantages as justification for not renewing the proportional takeover provisions for a further three years.

The directors unanimously recommend that shareholders vote in favour of this item of special business.

#### III. TO AMEND THE CONSTITUTION IN RELATION TO THE NUMBER OF NON-EXECUTIVE DIRECTORS REQUIRED TO RETIRE AT EACH ANNUAL GENERAL MEETING – CLAUSE 55

Under the existing constitution, at each annual general meeting a number of non-executive directors must retire from their position as directors. A retiring director may stand for re-election. All non-executive directors have undertaken not to seek re-election after serving either 15 years, or, in the case of directors appointed from 2001, after serving three, three year terms. The number of non-executive directors that must retire at each annual general meeting under the existing constitution is the greater of the number:

- determined by the directors
- required for compliance with the ASX Listing Rules or
- two.

The directors are proposing that the constitution be amended to replace the requirement that at least two non-executive directors retire at each annual general meeting with a requirement that at least one-third of the non-executive directors (rounded down to the nearest whole number) retire at each annual general meeting. The proposed amendment will ensure that a number of non-executive directors proportionate to the size of the board will retire at each annual general meeting.

While the company continues to have five non-executive directors, the amendment will mean that only one non-executive director will be required to retire by rotation each year. (Although any non-executive directors who have not been re-elected for three years will also be required to retire by rotation by both the company's constitution and the ASX Listing Rules.) At present at least two non-executive directors must retire by rotation each year. As a result, in every three year period at least one non-executive director will not be able to serve a full three year term.

An additional clause affirms that, for these purposes, the number and identity of non-executive directors to retire shall be determined by the composition of the board of directors at the date of the notice of meeting. Directors appointed to fill a casual vacancy or as an addition to the existing directors and who hold office until the end of the next annual general meeting, are not counted for these purposes.

The directors unanimously recommend that shareholders vote in favour of this item of special business.



GRAHAM HUGHES  
Company secretary  
15 June 2003

#### 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 members as at 7.00 pm Sydney time on Tuesday 15 July 2003.

#### PROXIES

If you are a member 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 member of the company.

If you want to appoint one proxy, please use the form provided. If you want to appoint two proxies, please follow the instructions in point 4 on the reverse of the proxy form.

The company's constitution 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 member or is also a proxy for another member, 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.

To be effective, the proxy form must be received by Computershare Investor Services Pty Limited, at the address or facsimile number below, or by the company at its registered office, Level 1, 9 Help Street, Chatswood, New South Wales, not later than 10.00 am Sydney time on Tuesday 15 July 2003.

CSR Limited share registry  
Computershare Investor Services  
Pty Limited  
GPO Box 242  
Melbourne Victoria 8060 Australia  
Facsimile + 61 2 8235 8220

#### ADMISSION TO MEETING

Members who will be attending the meeting and who will not be appointing a proxy, are asked to bring the proxy form to the meeting to help speed admission.

Members who do not plan to attend the meeting are encouraged to complete and return a proxy form for each of their holdings of CSR shares.

A replacement proxy form may be obtained from the company's external share registrar:

Computershare Investor Services  
Pty Limited  
GPO Box 4195  
Sydney NSW 2001 Australia

Telephone within Australia  
1800 676 061  
International + 61 3 9615 5970  
Facsimile (02) 8235 8220  
International + 61 2 8235 8220

#### QUESTIONS AND COMMENTS BY MEMBERS AT THE MEETING

In accordance with the *Corporations Act 2001* and the company's past practice, a reasonable opportunity will be given to members – as a whole – to ask questions about or make comments on the management of the company at the meeting. Similarly, a reasonable opportunity will also be given to members – as a whole – to ask the auditor, or their representative, questions relevant to the conduct of the audit and the preparation and content of the auditor's report.

#### ANNEXURE A

It is proposed that the constitution be amended and varied in the manner set out below.

##### PART 1

1. By inserting the following new clause 21A after clause 21:

##### "21A SALE OF NON-MARKETABLE PARCELS 21A.1 Procedure for sale of non-marketable parcels

The Directors may cause the Company to sell a Member's Shares if they hold less than a Marketable Parcel of Shares and the following procedures are observed:

- a. The Directors send a Member who on the date of the notice holds less than a Marketable Parcel of Shares, a notice which:
  - i. explains the effect of this **clause 21A.1**;
  - ii. allows the Member to elect to be exempt from this **clause 21A.1**, (a form of election for that purpose must be sent with the notice); and
  - iii. specifies a date at least 6 weeks from the date the notice is sent by which the Member can make the election in **clause 21A.1(a)(iii)**.
- b. If at 5.00pm Sydney time, on the date specified in the notice:
  - i. the Company has not received a form from the Member electing to be exempt from the provisions of this **clause 21A.1**; and
  - ii. the Member has not increased his or her parcel to a Marketable Parcel,then, the Member is taken to irrevocably appoint the Company as agent to do anything in **clause 21A.1(c)**.
- c. The Company may:
  - i. sell the Shares which make up the less than Marketable Parcel as soon as practicable at a price which the Directors consider to be the best price reasonably obtainable for the Shares at the time they are sold; and
  - ii. send to the Member the proceeds of sale after the Company receives any certificate relating to the Shares (or is satisfied that the certificate is lost or destroyed).
- d. The costs and expenses of a sale under this **clause 21A.1**, including brokerage and stamp duty, if any, are payable by the purchaser or, if the Corporations Act permits, by the Company.
- e. A notice to a Member under **clause 21A.1(a)** may only be given once in a 12 month period and may not be given during the offer period of a takeover bid for the Company.
- f. If a takeover bid for the Company is announced after a notice is given but before an agreement for sale of the Shares is entered into, this **clause 21A.1** ceases to operate for those Shares. After the offer period of the takeover bid closes, despite **clause 21A.1(e)**, a new notice under **clause 21A.1(a)** may be given.
- g. If a Member's holding becomes a Marketable Parcel after notice is given but before an agreement for sale of the Shares is entered into, the Directors may

decide that this **clause 21A.1** no longer applies to that Member.

- h. Before a sale is effected under this **clause 21A.1**, the Directors may revoke a notice or suspend or terminate the operation of this **clause 21A.1** either generally or in specific cases.

##### 21A.2 Other sales of non-marketable parcels of Shares

In addition to the powers of the Directors in **clause 21A.1**, the Directors may cause the Company to sell a Member's Shares if they hold less than a Marketable Parcel of Shares without complying with the procedures in **clause 21A.1**, and may determine that a Member's right to vote or receive dividends in respect of those Shares is removed or changed, if the following conditions are observed:

- a. a sale effected, or a removal or change in voting or dividend rights, under this **clause 21A.2** only applies to Shares in a new holding created by a transfer of a parcel of Shares in a class of Shares that was less than a Marketable Parcel at the time the transfer document was initiated or, in the case of a paper based transfer, was lodged with the Company;
- b. the proceeds of a sale under this **clause 21A.2** less the cost of the sale must be sent to the Member after the sale; and
- c. any dividends that have been withheld under this **clause 21A.2** must be sent to the Member after the sale subject to the former Member delivering to the Company proof of title acceptable to the Directors."

##### 21A.3 Definition

In this **clause 21A**, 'Marketable Parcel' has the same meaning as in the Listing Rules.

##### PART 2

2. By deleting the whole of the existing clause 22 and replacing it with a new clause 22 in identical terms to the existing clause 22.

##### PART 3

3. By:
  - a. deleting the word "two" in clause 55.1(c) and replacing it with the words "which is one-third of those Non-Executive Directors (rounded down to the nearest whole number)"; and
  - b. inserting the following new clause 55.5 after clause 55.4:

"55.5 The Directors to retire under **clause 55.1** (both as to number and identity) is decided having regard to the composition of the board of Directors at the date of the notice of meeting calling the annual general meeting. A Director is not required to retire and is not relieved from retiring because of a change in the number or identity of the Directors after the date of the notice of meeting but before the meeting closes."