

# INVITATION

**DEAR SHAREHOLDER,**

**IT GIVES ME GREAT PLEASURE TO INVITE YOU TO ATTEND  
CSR'S ANNUAL GENERAL MEETING TO BE HELD IN THE  
BALLROOM, THE WESTIN HOTEL, 1 MARTIN PLACE, SYDNEY,  
AT 10.00 AM ON THURSDAY 13 JULY 2006.**

The notice of meeting (following page) details 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 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 Tuesday 11 July 2006 to be valid for the meeting. Your proxy may be appointed in a variety of ways described on page 1 of the notice of meeting under 'Proxies'.

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

- a link to register your e-mail address to receive all shareholder information electronically
- the *CSR Annual Report 2006* and notice of meeting for the AGM 2006
- a link to standard shareholder forms, including a change of address advice, direct 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 2006

The annual general meeting of CSR Limited will be held in:

**The Ballroom  
The Westin Hotel  
1 Martin Place, Sydney**

at 10.00 am on Thursday  
13 July 2006

## AGENDA

### ORDINARY BUSINESS

#### 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 2006.

#### 2. TO ADOPT

the remuneration report for the financial year ended 31 March 2006.

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

#### 3. TO RE-ELECT DIRECTORS

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

- a. That Barry Jackson, 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 John Story, 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.

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

### SPECIAL BUSINESS

#### 4. 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 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.

### 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 Tuesday 11 July 2006.

### 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.

If you want to appoint one proxy, you can 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 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 Computershare's internet address below by following the instructions set out on the website. Shareholders who elected to receive their notice of meeting and proxy electronically will have received an e-mail with a link to the Computershare site.

To be effective, the proxy form or electronic proxy appointment must be received by Computershare Investor Services Pty Limited at the address, facsimile number or internet address below, or by CSR at its registered office, Level 1, 9 Help Street, Chatswood, NSW 2067, Australia, not later than 10.00 am Sydney time on Tuesday 11 July 2006.

### WHERE TO LODGE A PROXY

CSR Limited share registry  
Computershare Investor Services  
Pty Limited  
GPO Box 242  
Melbourne Victoria 8060 Australia  
*(Please use enclosed reply envelope)*

Facsimile +61 3 9473 2118

Lodge proxy electronically at:  
[www.computershare.com/au/proxy/csr](http://www.computershare.com/au/proxy/csr)

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

### ADMISSION TO MEETING

Shareholders who will be attending the CSR annual general meeting and who will not be appointing a proxy, are asked to bring the proxy form (if they have one) to the meeting to help speed admission.

Shareholders who do not plan to attend the meeting are encouraged to complete and return a proxy form or lodge a proxy online, for each of their holdings 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, or their representative, 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 preparation and content of the auditor's report must be received no later than 5.00 pm (Sydney time) on Thursday 6 July at Computershare (at the address or fax number for lodgement of proxy) or be sent to CSR at Level 1, 9 Help Street, Chatswood NSW 2067 (to the company secretary) or by e-mail to [investorrelations@csr.com.au](mailto:investorrelations@csr.com.au). A list of questions to the auditor will be available at the meeting.

## EXPLANATORY NOTES

### 1. RECEIVE AND CONSIDER THE REPORTS FOR THE YEAR ENDED 31 MARCH 2006

The *CSR Annual Report 2006* has been made available to shareholders and can be found on the company's website ([www.csr.com.au](http://www.csr.com.au)) under *Investors*. There will be an opportunity for shareholders at the meeting to comment on and ask questions about CSR's management, operations, financial position, business strategies and prospects.

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

### 2. ADOPT THE REMUNERATION REPORT FOR THE YEAR ENDED 31 MARCH 2006

There will be an opportunity for shareholders at the meeting to comment on and ask questions about the remuneration report which commences on page 33 of the *CSR Annual Report 2006*.

The vote on the proposed resolution in agenda item 2 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.

The directors recommend that shareholders vote in favour of agenda item 2.

### 3. ELECT DIRECTORS

Barry Jackson and John Story were appointed on 12 April 2003 and elected by shareholders at the annual general meeting in July 2003. Having served for three years, they retire by rotation in accordance with clause 55 of the company's constitution and the ASX Listing Rules.

Information about the two directors standing for re-election:

#### BARRY JACKSON

BCom(Hons), age 61.  
Chairs the Safety, Health and Environment Committee and member of the Remuneration and Nominations Committee.

Joined the board in 2003. An independent director, Barry is a former managing director of Pacifica Group Limited and chief executive of BTR Nylex's Building Products Group, with over 30 years' experience in manufacturing and industrial marketing. He has been a director of Alesco Corporation Limited for four years and PaperlinX Limited for six years. Barry is also a director of Equity Trustees Limited and St Vincent's Institute of Medical Research. Resides in Melbourne.

Barry has indicated that he is unlikely to serve a full three year term as he wishes to pursue other interests. He has agreed to continue to serve the company, allowing time for a new director to be appointed.

#### JOHN STORY

BA, LLB, age 60.  
Chairs the Audit Committee, member of the Remuneration and Nominations Committee and the Safety, Health and Environment Committee.

Joined the board in 2003. An independent director, John has over 30 years' experience as a senior lawyer advising in corporate and commercial law. He is the chairman of Suncorp-Metway Limited, of which he has been a director for 11 years; and a director of Tabcorp Holdings Limited since early 2004, following its merger with Jupiters Limited in late 2003 (John had been a

director of Jupiters for 12 years). He is the non-executive chairman of Corrs Chambers Westgarth Lawyers, a member of the Senate of the University of Queensland, president of the Queensland Council of the Australian Institute of Company Directors and a member of its national board. Resides in Brisbane.

Earlier this year, the board's Remuneration and Nominations Committee engaged an external consultant to review the performance of the board and each of its directors, including those seeking re-election at this meeting. The directors (in each case excluding the relevant director) recommend that shareholders vote in favour of items 3a and 3b.

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

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 after 16 July 2006 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**

A proportional takeover bid is one where the offer made to each shareholder is only for a proportion of that shareholder's shares.

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 whether or not to approve 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 shareholders be given a statement which retrospectively examines the advantages and disadvantages, for directors and shareholders, 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 (that is, clause 22 of the existing constitution) for the directors and shareholders 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 shareholders are:

- a. they give shareholders their say in determining by majority vote whether a proportional takeover bid should proceed
- b. they may assist shareholders in not being locked in as a relatively powerless minority
- c. they increase shareholders' bargaining power and may assist in ensuring that any proportional bid is adequately priced
- d. 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 shareholders of the company are:

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



GRAHAM HUGHES  
Company Secretary

9 June 2006