

# Notice of Meeting 2012

CSR LIMITED ABN 90 000 001 276

## 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 CIVIC PAVILION, THE CONCOURSE, 409 VICTORIA AVENUE, CHATSWOOD, NSW AT 10.00 AM ON THURSDAY 12 JULY 2012.**

Managing director, Rob Sindel, and I will present to shareholders our yearly reviews of CSR's financial position, operations, prospects and growth strategy. The notice of meeting (following pages) details the business to be dealt with at the AGM. Briefly, this will be:

1. to receive and consider the formal reports for the financial year;
2. election of directors – I will be standing for re-election, and shareholders will also be given the opportunity to ratify the appointment of our new directors, Michael Ihlein and Rebecca McGrath;
3. to adopt the remuneration report;
4. to approve the issue of long term incentives to the managing director; and
5. to renew the proportional takeover provisions under CSR's constitution for a further three years.

As in recent years, we are also inviting shareholders to submit questions in advance of the meeting on the form attached to the notice of meeting.

If you choose to attend the meeting, please bring the enclosed proxy form with you to assist with 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 enclosed proxy form.


Proxy forms must be received by 10.00 am Sydney time on Tuesday 10 July 2012 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](http://www.csr.com.au). Also available on our internet site are:

- a link from the Share Information page to our share registry to register your e-mail address to receive all shareholder information electronically;
- the *CSR Annual Report 2012*, *CSR Annual Results Summary 2012* and *Notice of Meeting 2012*;
- a link from the Share Information page to our share registry to obtain 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



**Jeremy Sutcliffe**

Chairman

12 June 2012

## NOTICE OF MEETING 2012

**THE ANNUAL GENERAL MEETING OF CSR LIMITED ("CSR" OR THE "COMPANY") WILL BE HELD IN:**

**THE CIVIC PAVILION  
THE CONCOURSE  
409 VICTORIA AVENUE  
CHATSWOOD NSW 2067  
AT 10.00AM ON  
THURSDAY 12 JULY 2012**

### How to watch the meeting online

You can view a live webcast of the meeting on CSR's internet site, [www.csr.com.au](http://www.csr.com.au).



### How to get to the meeting

**Public transport:** The Concourse is located within a 2 minute walk from major Chatswood transportation hubs, including Chatswood train station and Chatswood bus interchange.

**Parking:** The Concourse car park entrance is on Ferguson Lane, accessed via Archer Street. Additional car parking is also available at the nearby Westfield Chatswood and Chatswood Chase shopping centres.

A copy of the CSR Annual Report 2012 (including the financial report, the director's report and the auditor's report for the year ended 31 March 2012) is available on CSR's internet site at [www.csr.com.au](http://www.csr.com.au) under Investor Centre & News / Annual Meetings & Reports.

# The Agenda

## AGENDA

### ORDINARY BUSINESS

#### 1. Financial reports and directors' and auditor's reports

To receive and consider the financial report and the reports of the directors and of the auditor for the financial year ended 31 March 2012.

#### 2. Election of directors

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

- a. *That Jeremy Sutcliffe, 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 Michael Ihlein, who was appointed in July 2011 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.*
- c. *That Rebecca McGrath, who was appointed in February 2012 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.*

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

#### 3. Remuneration report

To adopt the remuneration report for the financial year ended 31 March 2012.

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

### SPECIAL BUSINESS

#### 4. Issue of performance rights

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

*That the grant to Mr Rob Sindel of 798,497 performance rights under the terms of the company's Performance Rights Plan (the "PRP") on the terms summarised in the explanatory notes to this notice of meeting be approved for all purposes, including for the purposes of ASX Listing Rule 10.14.*

#### 5. Renewal of the proportional takeover provisions in the constitution

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

*That the existing proportional takeover approval provisions in clause 22 of the constitution of CSR Limited is renewed for a period of three years commencing on the date of the AGM pursuant to section 648G of the Corporations Act 2001 (Cth).*

### 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 7.00pm Sydney time on 10 July 2012.

#### Proxies

If you are a shareholder entitled to attend and vote, you may appoint a proxy. If you are a shareholder entitled to cast two or more votes, you may appoint two proxies and 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](http://www.csr.com.au) under Investor Centre & News/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.

#### New voting restrictions apply to the company's key management personnel (KMP) and their closely related parties, which also affect proxy voting.

Members of CSR's KMP (which includes each of the non-executive directors, the managing director and the chief financial officer) and their closely related parties will not be able to vote your proxy on resolutions 3 and 4 unless you direct them how to vote. The term "closely related party" is defined in the *Corporations Act 2001* (Cth) and includes a KMP's spouse, dependants and certain other close family members, as well as any companies controlled by the KMP or the KMP's spouse, dependants and certain other close family members.

If you intend to appoint a member of the KMP as your proxy, please ensure that you direct them how to vote on resolutions 3 and 4. If you intend to appoint the chairman of the meeting as your proxy, you can direct him to vote by either marking the boxes for resolutions 3 or 4, or by marking the chairman's box on the proxy form (in which case the chairman of the meeting will vote in favour of these items of business).

#### Voting Exclusions

##### Item 3

The Company will disregard any votes cast on item 3:

- by or on behalf of a member of the KMP whose remuneration is disclosed in the remuneration report and any closely related parties (such as close family members and any companies the person controls) of those persons; and
- as a proxy by a member of the KMP or a closely related party of a member of the KMP,

unless the vote is cast as proxy for a person entitled to vote on item 3 in accordance with a direction on the proxy form.

##### Item 4

The Company will disregard any votes cast on item 4:

- in any capacity by the directors of CSR and any of their associates; and
- as a proxy by a member of the KMP or a closely related party of a member of the KMP,

unless the vote is cast:

- as proxy for a person entitled to vote on item 4 in accordance with a direction on the proxy form; or
- by the chairman as proxy for a person who is entitled to vote in accordance with a direction on the proxy form to vote as the proxy decides.

### **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)

Facsimile 1800 783 447  
International +61 3 9473 2555

You may lodge a proxy online at the internet address ([www.investorvote.com.au](http://www.investorvote.com.au)) 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 e-mail with a link to the Computershare site.

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

To be effective, the proxy form or electronic proxy appointment must be received by Computershare at the postal or internet address or facsimile number above, or by CSR at its registered office, Trinit 3, Level 5, 39 Delhi Road, North Ryde, NSW 2113, Australia, no later than 10.00am Sydney time on 10 July 2012.

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 at [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 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 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 of the annual financial report 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, Trinit 3, Level 5, 39 Delhi Road, North Ryde, NSW 2113 or by e-mail to [investorrelations@csr.com.au](mailto:investorrelations@csr.com.au). In each case, the written questions must be received no later than 5.00pm (Sydney time) on 29 June 2012. A list of questions to the auditor will be available at the meeting.

## **EXPLANATORY NOTES TO NOTICE OF MEETING**

### **1. Financial report and the reports of the directors and of the auditor for the financial year ended 31 March 2012**

The CSR Annual Report 2012 (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](http://www.csr.com.au) under Investor Centre & News / Annual Meetings & Reports. As permitted by legislation, a printed copy of the CSR Annual Report 2012 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, but there will be no formal resolution put to the meeting. CSR's auditor will also be present at the meeting to answer questions in relation to the conduct of the audit (including the independence of the auditor), the preparation and content of the auditor's report and the accounting policies adopted by CSR. Shareholders may also submit questions in advance of the meeting by completing the form attached to this notice of meeting.

### **2. Election of directors**

#### **(a) Re-election of Jeremy Sutcliffe as non-executive director**

Jeremy Sutcliffe was last re-elected by shareholders at the annual general meeting in July 2009. Having served for three years since that re-election, he must retire by rotation in accordance with clause 55 of the company's constitution and the ASX Listing Rules.

Information about Jeremy Sutcliffe is set out below:

#### **Jeremy Sutcliffe**

LLB (HONS) MAICD, AGE 54.

Appointed chairman July 2011 and a member of the Risk & Audit Committee and Remuneration & Human Resources Committee. Jeremy joined the board in 2008 as an independent director. He held the position of interim CEO and managing director from 1 April to 31 December 2010. Jeremy was Group CEO of Sims Metal Management Limited from 2002 until 2008 and a director until 2009. He is a non-executive director of Amcor Limited, a member and director of The Australian Rugby League Commission Limited, holds advisory roles with Scholz AG and Veolia Environmental Australia and is a member of the Investment Committee of Lazard Australia Corporate Opportunity Fund No 2.

#### **Recommendation**

The directors (excluding Jeremy Sutcliffe) unanimously recommend that shareholders vote in favour of resolution 2a.

#### **(b) Election of Michael Ihlein as non-executive director**

Michael Ihlein was appointed a director of the company in July 2011. Michael Ihlein stands for election in accordance with clause 53.2 of the company's constitution.

Information about Michael Ihlein is set out below:

#### **Michael Ihlein**

BBus (accounting), MAICD, CPA, AGE 56.

A member of the Workplace Health, Safety & Environment Committee and the Risk & Audit Committee. Michael joined the board in 2011 as an independent director. He is a highly experienced corporate and finance executive. He joined Brambles Limited as chief financial officer in 2004 and held the position of chief executive officer from 2007 until November 2009. Michael also had a long career with Coca-Cola Amatil Limited including seven years as chief financial officer and executive director and a number of senior operational, finance, business development and treasury roles including managing director of Coca-Cola Amatil Poland. Michael is currently a non-executive director, Chair of the Audit & Risk Committee and a member of the Conflicts Committee of Westfield Retail Trust. He is also a member of the Australian Institute of Company Directors, CPA Australia, Financial Executives Institute of Australia and the Financial Services Institute of Australasia. He is also Chair of the Australian Theatre for Young People.

#### **Recommendation**

The directors (excluding Michael Ihlein) unanimously recommend that shareholders vote in favour of resolution 2b.

# The Agenda (continued)

## (c) Election of Rebecca McGrath as non-executive director

Rebecca McGrath was appointed a director of the company in February 2012. Rebecca McGrath stands for election in accordance with clause 53.2 of the company's constitution.

Information about Rebecca McGrath is set out below:

### Rebecca McGrath

BTP (HONS), MASC, GAICD, AGE 47.

A member of the Workplace Health, Safety & Environment Committee and Remuneration & Human Resources Committee. Rebecca joined the board in 2012 as an independent director. She was formerly chief financial officer and executive director of BP Australasia, a position held until January 2012, prior to which she was vice president operations and executive director, Australia & Pacific for BP Australasia and general manager group marketing performance, for BP Plc (London). Rebecca's management career with BP spanned 22 years. Rebecca is currently a non-executive director of Goodman Group, Oz Minerals Limited and Incitec Pivot Limited and was previously a non-executive director of Big Sky Credit Union. She is also a member of Chief Executive Women, and a graduate of the Australian Institute of Company Directors.

### Recommendation

The directors (excluding Rebecca McGrath) unanimously recommend that shareholders vote in favour of resolution 2c.

## 3. Remuneration report

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 23 to 38 of the *CSR Annual Report 2012*. (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 2012;
- 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 2012.

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

The vote on resolution 3 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.

For the voting exclusions applicable to this resolution 3, please refer to page 2 of this Notice of Meeting.

### Recommendation

The directors unanimously recommend that shareholders vote in favour of resolution 3.

## 4. To approve the issue of Performance Rights

The board recognises that it is desirable for the managing director and other executives to be incentivised and remunerated on a consistent basis and in a manner that focuses their efforts on delivering long-term value for shareholders.

Pursuant to ASX Listing Rule 10.14, the acquisition of securities by a director under an employee incentive scheme requires shareholder approval.

Accordingly, approval is now sought for Rob Sindel to be granted 798,497 performance rights under the CSR Performance Rights Plan ("PRP") on the terms set out below and, subject to the satisfaction of the performance and service vesting conditions below (and to adjust for any bonus issue of shares which may be made to the company's shareholders), for the issue of one fully paid ordinary share in CSR for each performance right that vests to Rob Sindel. The grant of performance rights will be at no cost to Rob Sindel and no amount will be payable by Rob Sindel on vesting of the performance rights.

The key terms of the performance rights to be granted to Rob Sindel are set out below. Details of the PRP are contained in the remuneration report and, as relevant, are summarised below.

### Number of Performance Rights to be granted to Rob Sindel

It is proposed that 798,497 performance rights be issued to Rob Sindel. This quantum has been determined in conjunction with an analysis of Rob Sindel's total target remuneration referenced against external market benchmarks. The share price used to calculate the number of performance rights allocated to Rob Sindel is the 10 day Volume Weighted Average Price of CSR shares leading up to 23 May 2012 which was \$1.647.

### Performance conditions and vesting periods

Following testing of the performance conditions at the end of the performance periods (described below), if the service and performance conditions are satisfied Rob Sindel's performance rights automatically vest and CSR will issue or procure the transfer to Rob Sindel of one CSR share for each performance right which vests, for no further consideration.

The PRP rules give the board the discretion to determine the performance conditions attaching to a grant of performance rights. The board has determined that the following performance hurdles apply to the grant of Performance Rights to Rob Sindel:

#### 1. Total Shareholder Return ("TSR")

50% of Rob Sindel's performance rights ("Tranche A") will be subject to a performance condition based on the relative performance of CSR's Total Shareholder Return ("TSR") over the performance period.

TSR is the percentage growth in shareholder value, which measures the changes in share price, taking into account dividends and capital returns. The TSR performance condition measures CSR's ability to deliver superior shareholder returns relative to its peer companies by ranking the TSR performance of CSR against the TSR performance of companies in a comparator group.

The proportion of the Tranche A performance rights that vest will be determined based on the ranking of CSR's TSR, relative to the TSR of each of the companies in a comparator group over the performance period, as set out in the vesting schedule below.

The comparator group comprises the constituents of the S&P/ASX 200 Index, defined at the start of the performance period ("Peer Group"). The board has the discretion to adjust the Peer Group to take into account events including, but not limited to, takeovers, mergers, de-mergers and similar transactions that might occur over the performance period.

The TSR vesting schedule is as follows:

TSR OF CSR RELATIVE TO THE PEER GROUP	PROPORTION OF TRANCHE A 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%

## 2. Earnings per share ("EPS")

The other 50% of Rob Sindel's performance rights ("Tranche B") will be subject to an Earnings Per Share ("EPS") hurdle, which measures CSR's annual compound EPS growth over the performance period. EPS is defined as basic core earnings per share from continuing operations.

The proportion of the Tranche B performance rights that vest will be determined in accordance with the vesting schedule below. The Board may adjust EPS to exclude the effects of material business acquisitions or divestments and for certain one-off costs. The EPS hurdle assesses the success of the business in generating continued growth in earnings.

The EPS vesting schedule is as follows:

EPS GROWTH PER ANNUM	PROPORTION OF TRANCHE B VESTING
Below 7% compound EPS target	0%
Equal to 7% compound EPS target	50%
Between 7% and 12% compound EPS target	Between 50% and 100% increasing on a straight line basis
Greater than 12% compound EPS target	100%

## 3. Performance periods

Performance of each Tranche of performance rights against the applicable performance hurdle will initially be measured over the following three year performance periods:

- The initial performance period for Tranche A (i.e. the 50% of the PRP grant that is subject to the relative TSR hurdle) will commence on 23 July 2012 and finish on or around 22 July 2015; and
- The initial performance period for Tranche B (i.e. the 50% of the PRP grant that is subject to the compound EPS hurdle) will extend for the three CSR financial years from 1 April 2012 until the year ending 31 March 2015.

To the extent any performance rights under either of Tranche A or Tranche B remain unvested at the end of the initial three-year performance period the performance period will be extended for a fourth year (i.e. performance will be re-tested at the end of the four year period to determine if any additional vesting is available for the remaining unvested Performance Rights). The re-testing done at the end of the four year period will be done based on performance over the entire applicable four year period (in the case of the retest of Tranche B, the EPS targets will be compounded for four years rather than three years). CSR's TSR hurdles are measured over this period to ensure that the long term measurement of performance under the PRP is not distorted, for example by business and commodity cycles or capital investment decisions. Accordingly:

- the extended testing period for Tranche A will commence on 23 July 2012 and finish on or around 22 July 2016; and
- The extended testing period for Tranche B will extend for the four CSR financial years from 1 April 2012 until the year ending 31 March 2016.

If the performance conditions for performance rights under either of Tranche A or Tranche B are not met by the fourth anniversary of the date of the grant of performance rights, Rob Sindel will forfeit his interest in any unvested performance rights.

### Rights attaching to Performance Rights

Performance rights carry no voting or dividend entitlements.

The PRP rules contain provisions in relation to the adjustment of performance rights in certain circumstances, including in the event of any other capital reorganisation (such as a subdivision or consolidation), a capital return or a bonus issue of shares to members.

### Change of control

The board has discretion to allow all or a part of unvested performance rights to vest on a change of control of CSR (e.g. a takeover, merger, compromise or arrangement).

### Treatment of performance rights on cessation of employment

If Rob Sindel ceases to be employed prior to the performance conditions being met, generally this will result in Rob Sindel forfeiting his interest in the unvested performance rights under the PRP.

However, if Rob Sindel's cessation of employment is the result of redundancy, total or permanent disablement, death or such other circumstances as determined by the board at its discretion, the board may determine that all or a portion of the unvested performance rights following his cessation of employment, may vest in the usual course subject to the satisfaction of the applicable performance hurdles, (i.e. performance rights remain "on foot").

### Shares allocated on vesting of performance rights

Shares allocated to Rob Sindel upon vesting of the performance rights will rank equally with other ordinary shares on issue.

### Prohibition of hedging arrangements

Consistent with the requirements under the *Corporations Act 2001* (Cth) CSR prohibits participants in the PRP from entering into any arrangement to hedge or otherwise affect their economic exposure to their performance rights. It is the board's policy to require participants to forfeit their interest in the performance rights if they enter into any hedging transaction.

### Disclosure for the purposes of Listing Rule 10.15

The following information sets out the disclosures required for the purposes of ASX Listing Rule 10.15:

- a) the maximum number of performance rights that can be awarded to Rob Sindel under this approval is 798,497;
- b) the price payable on the issue or exercise of each performance right is nil;
- c) Rob Sindel was granted 473,394 performance rights on 31 March 2010, 390,087 performance rights on 24 July 2010 (both grants being prior to his appointment as a director). Rob Sindel's total grant of 863,481 performance rights was adjusted to 287,827 performance rights in light of the 3:1 CSR share consolidation on 3 March 2011. On 3 March 2011, the number of shares underlying the performance rights was increased in accordance with the adjustment for capital returns approved by shareholders at the general meeting held in February 2011. As a result, each unvested right under existing PRP grants became potentially eligible for 1.337 CSR shares (rather than 1 CSR share) on vesting. Rob Sindel was also granted 426,988 performance rights on 23 July 2011. The acquisition price for the grant of performance rights to Rob Sindel was nil;
- d) the name of the person referred to in Listing Rule 10.14 entitled to participate in the PRP is Alan Robert Harold Sindel;
- e) there is no loan proposed in relation to the proposed award of performance rights to Rob Sindel; and
- f) the performance rights are intended to be awarded to Rob Sindel on or around 22 July 2012 and in any event will not be awarded later than 12 months after the annual general meeting.

For the voting exclusions applicable to this resolution 4, please refer to page 2 of this notice of meeting.

### Recommendation

The directors (excluding Rob Sindel) unanimously recommend that shareholders vote in favour of resolution 4.

# The Agenda (continued)

## 5. Renewal of the proportional takeover provisions in the constitution

The company's constitution currently contains provisions dealing with proportional takeover bids for CSR shares in accordance with the *Corporations Act 2001 (Cth)*. The provisions, which are contained in clause 22 of the constitution, 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 (Cth)*, these provisions must be renewed every three years or they will cease to have effect. The current provisions will automatically cease to have effect after 9 July 2012 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 and will have effect until 11 July 2015.

The *Corporations Act 2001 (Cth)* 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 an offer is made to each shareholder for a proportion of that shareholder's shares.

With the proportional takeover provision in the constitution, in the event of a proportional takeover bid being made, the 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 by 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 (Cth)* and the company's constitution.

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

### Reasons

Without the proportional takeover approval provisions being included in the constitution, a proportional takeover bid may enable control of the company to pass without shareholders having the opportunity to sell all their shares to the bidder. Shareholders may therefore 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 (Cth)* 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 under the company's constitution, no takeover bids for the company have been made, either proportional or otherwise. Accordingly, there are no actual examples against which the advantages or disadvantages of the existing proportional takeover provisions (that is, clause 22 of the existing constitution) could be reviewed 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 (Cth)* 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 of the company are:

- (a) they give shareholders their say in determining by majority vote whether a proportional takeover bid should proceed;
- (b) they may assist shareholders avoid 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; and
- (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) they are a hurdle to, and may therefore 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; and
- (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.

### Recommendation

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

*Debbie Schroeder*

**Debbie Schroeder**

Company Secretary

12 June 2012

### CSR LIMITED

ABN 90 000 001 276

Triniti 3, Level 5, 39 Delhi Road  
North Ryde NSW 2113 Australia

Locked Bag 1345  
North Ryde NSW 1670 Australia

Telephone (02) 9235 8000  
International +61 2 9235 8000

Facsimile (02) 8362 9013  
International +61 2 8362 9013

E-mail [investorrelations@csr.com.au](mailto:investorrelations@csr.com.au)  
Internet [www.csr.com.au](http://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 3, 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

Facsimile (03) 9473 2500  
International +61 3 9473 2500

E-mail [web.queries@computershare.com.au](mailto:web.queries@computershare.com.au)  
Internet [www.computershare.com.au](http://www.computershare.com.au)

# Shareholder questions

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## 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, Triniti 3, Level 5, 39 Delhi Road, North Ryde, NSW 2113 or by e-mail to [investorrelations@csr.com.au](mailto: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 5.00pm (Sydney time) on 29 June 2012.

Questions will be collated and, during the meeting, either the chairman or 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. Questions to the auditor must be received by no later than 5.00pm (Sydney time) on 29 June 2012. 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:**

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**Address:**

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**Question(s):**

Please tick (✓) the box if the question is directed to CSR's auditor.

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