



Dear Shareholder

I have much pleasure in inviting you to our 2013 Annual General Meeting (*AGM*), the Notice of which is attached.

The AGM will be held at the Function Centre at the National Tennis Centre, Melbourne Park, Batman Avenue, Melbourne on Wednesday, 16 October 2013. The AGM is scheduled to commence at 10.00 a.m. and will also be webcast live on CSL's website at www.csl.com.au. Refreshments will be available before and after the AGM. Registration will commence from 9 a.m.

Trams from Flinders Street stop at the Rod Laver Arena tram stop. Please proceed through the car park to the ramp leading to the Function Centre. If driving, take Entrance D off Olympic Boulevard and proceed to the Northern Car Park. At Entrance D, you will be given a validated ticket from the gate on arrival. You can then use the validated ticket to exit the venue after the AGM. In the event that the Northern Car Park is full and you are redirected to the Eastern Plaza Car Park on arrival, exit tickets will be issued from the Registration Desk. Both arrival and exit tickets are required when vacating the Eastern Plaza Car Park.

If you are unable to attend the meeting, I invite you to appoint a proxy to attend and vote on your behalf, either online using the share registry's website at www.investorvote.com.au or using the enclosed proxy form (which may be returned in the envelope provided).

The Managing Director, Mr Paul Perreault, and I will be reviewing the operations and performance of the Group over the year to 30 June 2013.

In addition, Shareholders will be asked to:

- consider the election of two Directors, Mr John Akehurst and Ms Marie McDonald;
- adopt the Remuneration Report relating to remuneration of key management personnel;
- approve the grant of performance rights to CSL's Managing Director over the next twelve month period; and
- approve certain benefits proposed to be provided to Dr Brian McNamee AO in connection with his retirement from office as Managing Director.

Mr Ian Renard AM, who has been a Director since 1998, will be retiring as of the conclusion of the AGM.

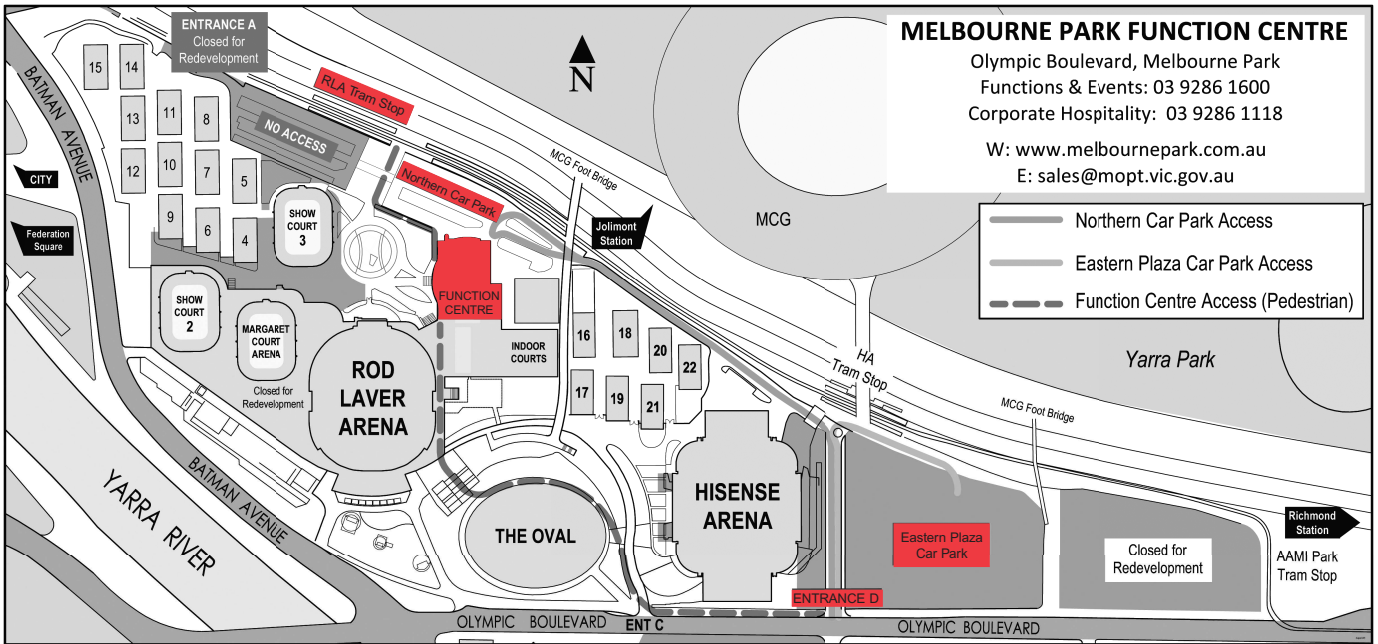
We are again providing the opportunity for shareholders to submit questions in advance of the AGM. We hope that as many of the more frequently asked questions as is practicable can be addressed in my or the Managing Director's addresses at the AGM.

Your participation at the Meeting will be both welcome and appreciated by your Directors who look forward to presenting an informative programme.

Yours sincerely

Professor John Shine AO
CHAIRMAN

13 September 2013



CSL LIMITED
NOTICE OF 2013
ANNUAL GENERAL MEETING

NOTICE IS GIVEN that the 2013 Annual General Meeting (**AGM**) of CSL Limited (ABN 99 051 588 348) will be held in the Function Centre, National Tennis Centre, Melbourne Park, Batman Avenue, Melbourne on 16 October 2013 at 10.00am (AEDT).

CSL[™]

NOTICE OF ANNUAL GENERAL MEETING

ORDINARY BUSINESS

1. ACCOUNTS AND REPORTS

To receive and consider the Financial Statements and the reports of the Directors and Auditors for the year ended 30 June 2013, and to note the final dividend in respect of the financial year ended 30 June 2013 determined by the Board and paid by the Company.

2. ELECTION OF DIRECTORS

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

'That Mr John Akehurst, a Director retiring from office in accordance with rule 67(a) of the Constitution, being eligible, is re-elected as a Director of the Company.'

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

'That Ms Marie McDonald, a Director retiring from office in accordance with rule 65(c) of the Constitution, being eligible, is elected as a Director of the Company.'

For information about the candidates for election or re-election, together with information about voting by any significant foreign shareholder in the Company, see the Explanatory Notes.

3. ADOPTION OF THE REMUNERATION REPORT

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

'That the Remuneration Report (which forms part of the Directors' report) for the financial year ended 30 June 2013 be adopted.'

Voting Exclusions: The Company will disregard any votes cast on this resolution by or on behalf of certain shareholders. Details of the voting exclusions applicable to this resolution are set out in the 'Voting Exclusions' section of the Notes below (see page 3 below).

For information on the Remuneration Report, see the Explanatory Notes.

SPECIAL BUSINESS

4. GRANT OF PERFORMANCE RIGHTS TO MANAGING DIRECTOR

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

'That the Company hereby approves, for the purposes of ASX Listing Rule 10.14 and for all other purposes:

(a) the grant of up to a maximum of 25,000 performance rights in aggregate under, and in accordance with, the Company's Performance Rights Plan to Mr Paul Perreault (being the Company's Managing Director as at the date this resolution is passed), during the period of 12 months from the date this resolution is passed; and

(b) any issue of shares to him upon the exercise of any such performance rights.'

Voting Exclusions: The Company will disregard any votes cast on this resolution by or on behalf of certain shareholders. Details of the voting exclusions applicable to this resolution are set out in the 'Voting Exclusions' section of the Notes below (see page 3 below).

For information on the proposed grant of Performance Rights to the Managing Director, see the Explanatory Notes.

5. APPROVAL OF TERMINATION BENEFITS FOR DR BRIAN McNAMEE

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

'That approval be given, for the purposes of section 200E of the Corporations Act and for all other purposes, to the Company providing to Dr Brian McNamee (the Company's former Managing Director and Chief Executive Officer) the benefits described in the Explanatory Notes accompanying the Notice of Annual General Meeting in connection with his retirement from office and cessation of employment with the Company.'

Voting Exclusions: The Company will disregard any votes cast on this resolution by or on behalf of certain shareholders. Details of the voting exclusions applicable to this resolution are set out in the 'Voting Exclusions' section of the Notes below (see pages 3 and 4 below).

For information on the proposed provision of termination benefits to Dr McNamee, see the Explanatory Notes.

NOTES

ELIGIBILITY TO VOTE

For the purpose of voting at the AGM, the Directors have determined that all shares in the Company are taken to be held by the persons who are registered as holding them at 7.00 pm (Melbourne time) on 14 October 2013.

The entitlement of shareholders to vote at the AGM will be determined by reference to that time.

VOTING EXCLUSIONS

One or more of the *Commonwealth Serum Laboratories Act 1961* (Cth) (the **CSL Act**), the Company's Constitution, the *Corporations Act 2001* (Cth) (**Corporations Act**) and the ASX Listing Rules require that certain persons must not vote, and the Company must disregard any votes cast by certain persons, on several of the resolutions to be considered at the meeting. These voting exclusions are described below.

VOTING EXCLUSIONS RELATING TO ITEMS 2(A) AND (B) ('ELECTION OF DIRECTORS')

The CSL Act and the Company's Constitution require certain voting exclusions in relation to significant foreign shareholders in the Company. Information about these voting exclusions is included in the Explanatory Notes relating to the resolutions proposed in items 2(a) and (b).

VOTING EXCLUSIONS RELATING TO ITEM 3 ('ADOPTION OF THE REMUNERATION REPORT')

The following persons may not vote, and the Company will disregard any votes cast by or on behalf of the following persons, on the resolution proposed in item 3 (**Resolution 3**):

- A member of the key management personnel for the CSL consolidated group (each a **KMP**) whose remuneration details are included in the Remuneration Report (or a closely related party of any such KMP), unless that person (the **voter**) casts the vote on Resolution 3 as a proxy if the vote is not cast on behalf of a KMP whose remuneration details are included in the Remuneration Report (or a closely related party of any such KMP) and either:
 - the voter is appointed as a proxy by writing that specifies how the proxy is to vote on Resolution 3; or
 - the voter is the Chair of the meeting and the appointment of the Chair as proxy:
 - o does not specify how the proxy is to vote on Resolution 3; and

- o expressly authorises the Chair to exercise the proxy even if Resolution 3 is connected directly or indirectly with the remuneration of a KMP.

- A KMP whose remuneration details are not included in the Remuneration Report (or a closely related party of any such KMP) to the extent that they are appointed as a proxy and where the proxy appointment does not specify the way the proxy is to vote on Resolution 3, unless:
 - the proxy is the Chair of the meeting at which Resolution 3 is voted on; and
 - the proxy appointment expressly authorises the Chair to exercise the proxy even if Resolution 3 is connected directly or indirectly with the remuneration of a KMP.

VOTING EXCLUSIONS RELATING TO ITEM 4 ('GRANT OF PERFORMANCE RIGHTS TO MANAGING DIRECTOR')

The following persons may not vote, and the Company will disregard any votes cast by the following persons, on the resolution proposed in item 4 (**Resolution 4**):

- A director of the Company or any associate of a director of the Company. However, the Company 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
 - it is cast by the Chair of the meeting 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 (and the acknowledgement box on the proxy form in relation to Resolution 4 is marked).
- A KMP (or a closely related party of any such KMP) to the extent that they are appointed as a proxy and where the proxy appointment does not specify the way the proxy is to vote on Resolution 4, unless:
 - the proxy is the Chair of the meeting at which Resolution 4 is voted on; and
 - the proxy appointment expressly authorises the Chair to exercise the proxy even if Resolution 4 is connected directly or indirectly with the remuneration of a KMP.

VOTING EXCLUSIONS RELATING TO ITEM 5 ('APPROVAL OF TERMINATION BENEFITS FOR DR BRIAN McNAMEE')

The following persons may not vote, and the Company will disregard any votes cast by the following persons, on the resolution proposed in item 5 (**Resolution 5**):

- Dr Brian McNamee or any associate of Dr Brian McNamee. However, the Company need not disregard a vote if:
 - it is cast by a person as a proxy if the proxy form directs how the vote is to be cast and the vote is cast in accordance with those directions; and
 - it is not cast on behalf of Dr McNamee or any of his associates.
- A KMP (or a closely related party of any such KMP) to the extent that they are appointed as a proxy and where the proxy appointment does not specify the way the proxy is to vote on Resolution 5, unless:
 - the proxy is the Chair of the meeting at which Resolution 5 is voted on; and
 - the proxy appointment expressly authorises the Chair to exercise the proxy even if Resolution 5 is connected directly or indirectly with the remuneration of a KMP.

For the purposes of these voting exclusions:

The **'key management personnel for the CSL consolidated group'** (or **KMPs**) are those persons having authority and responsibility for planning, directing and controlling the activities of the CSL consolidated group either directly or indirectly. It includes all Directors (Executive and Non-Executive). The KMPs during the year ended 30 June 2013 are listed in the Remuneration Report contained in the Directors' Report for the year ended 30 June 2013.

A **'closely related party'** of a KMP means:

- a spouse or child of the KMP; or
- a child of the KMP's spouse; or
- a dependant of the KMP or of the KMP's spouse; or
- anyone else who is one of the KMP's family and may be expected to influence the KMP, or be influenced by the KMP, in the KMP's dealings with the CSL consolidated group; or
- a company the KMP controls.

The Company will also apply these voting exclusions, on an equivalent basis, to persons appointed as attorney by a shareholder to attend and vote at the AGM under a power of attorney.

INFORMATION ON PROXIES, CORPORATE REPRESENTATIVES AND ATTORNEYS

VOTING BY PROXY

Please note that:

- a shareholder of the Company entitled to attend and vote at the AGM is entitled to appoint a proxy. A shareholder who is entitled to cast two or more votes may appoint not more than two proxies;
- a proxy may be either an individual or a corporation, and need not be a shareholder of the Company;
- a single proxy exercises all voting rights of the relevant shareholder;
- where two proxies are appointed, the shareholder may specify the proportion or number of that shareholder's votes that each proxy is appointed to exercise. If a shareholder appoints two proxies and does not specify each proxy's voting rights, the rights are deemed to be 50% each. Fractions of votes are to be disregarded. Where two proxies are appointed, neither may vote on a show of hands;
- a proxy need not vote in that capacity on a show of hands on any resolution nor (unless the proxy is the Chair of the AGM) on a poll. However, if the proxy's appointment specifies the way to vote on a resolution, and the proxy decides to vote in that capacity on that resolution, the proxy must vote the way specified (subject to the other provisions of these Notes, including the voting exclusions noted above);
- if a proxy does not attend the AGM then the Chair of the AGM will be taken to have been appointed as the proxy of the relevant shareholder in respect of the AGM; and
- if the Chair of the AGM is appointed, or taken to be appointed, as a proxy, but the appointment does not specify the way to vote on a resolution, then the Chair intends to exercise the relevant shareholder's votes in favour of the relevant resolution (subject to the other provisions of these Notes, including the voting exclusions noted above).

To be valid, the appointment of a proxy must be received **at least 48 hours prior to the AGM** using one of the following methods:

- online by visiting the following address:
www.investorvote.com.au

OR

- faxing the proxy appointment form, along with the power of attorney or other authority (if any) under which the form is signed, to one of the following numbers:

(within Australia) 1800 783 447

(outside Australia) +61 3 9473 2555

OR

- lodging the proxy appointment form in person or by mail, along with the power of attorney or other authority (if any) under which the form is signed (or a certified copy thereof), at one of the following addresses:

BY HAND:

Computershare Investor Services Pty Limited

Yarra Falls, 452 Johnston Street
Abbotsford, Victoria 3067

or

BY MAIL:

Computershare Investor Services Pty Limited

GPO Box 242
Melbourne, Victoria 3001

Relevant custodians may lodge their proxy forms online by visiting www.intermediaryonline.com.

A proxy appointment form accompanies this Notice of AGM.

VOTING BY CORPORATE REPRESENTATIVES

A shareholder, or proxy, that is a corporation and entitled to attend and vote at the AGM may appoint an individual to act as its corporate representative. Evidence of the appointment of a corporate representative must be in accordance with the *Corporations Act* and must be lodged with the Company before the AGM or at the registration desk on the day of the AGM.

VOTING BY ATTORNEY

A shareholder entitled to attend and vote at the AGM is entitled to appoint an attorney to attend and vote at the AGM on the shareholder's behalf.

An attorney need not be a shareholder of the Company.

The power of attorney appointing the attorney must be duly executed and specify the name of each of the shareholder, the Company and the attorney, and also specify the meetings at which the appointment may be used. The appointment may be a standing one.

To be effective, the power of attorney must also be returned in the same manner, and by the same time, as outlined above for proxy appointment forms.

EVIDENCE OF EXECUTION

If any instrument (including a proxy appointment form or appointment of corporate representative) returned to the Company is completed by an individual or a corporation under power of attorney, the power of attorney under which the instrument is signed, or a certified copy of that power of attorney, must accompany the instrument unless the power of attorney has previously been noted by the Company or the Company's share registry.

BY THE ORDER OF THE BOARD

Edward Bailey – Company Secretary

13 September 2013

EXPLANATORY NOTES

ITEM 2 – ELECTION OF DIRECTORS

CANDIDATE FOR RE-ELECTION TO THE OFFICE OF DIRECTOR

Mr John Akehurst, MA (Oxon), FIMechE – (age 64)

Engineering and Management (Resident in WA)

Mr Akehurst was appointed to the CSL Board in April 2004. He had 30 years' executive experience in the international hydrocarbon industry, including seven years as Managing Director and CEO of Woodside Petroleum Ltd. Mr Akehurst is a member of the Board of the Reserve Bank of Australia and is also a Director of Origin Energy Limited and Transform Exploration Pty Ltd. He was formerly Chairman of Alinta Limited and of Coogee Resources Limited and is a former Director of Oil Search Limited. Mr Akehurst is Chairman of the National Centre for Asbestos Related Diseases and the Fortitude Foundation and a Director of the University of Western Australia's Business School. Mr Akehurst is Chairman of the Human Resources and Remuneration Committee.

CANDIDATE FOR ELECTION TO THE OFFICE OF DIRECTOR

Ms Marie McDonald, BSc (Hon), LLB (Hon) – (age 57)

Law (resident in Victoria)

Ms McDonald was appointed to the CSL Board in August 2013. For many years she has practised in company and commercial law and is a partner of Ashurst (formerly Blake Dawson). Ms McDonald is currently Chair of the Corporations Committee of the Law Council of Australia, having previously been the Deputy Chair, and was also a member of the Australian Takeovers Panel from 2001 to 2010. Ms McDonald will be a member of the Audit and Risk Management Committee from 1 October 2013.

Recommendation

The Board (in each case excluding the relevant candidate) recommends that shareholders vote in favour of the re-election or election of each of the above candidates.

RETIRING DIRECTOR

Mr Ian Renard, who has been a Director on the CSL Board since August 1998, will be retiring from the Board at the conclusion of this year's AGM, and will not be seeking re-election. Mr Renard has been a valuable contributor to the Board, especially in his capacity as a member of the Audit and Risk Management Committee, which he has chaired since October 2008. The Board would like to express their sincere gratitude for his exceptional service as a Director.

VOTING RESTRICTIONS ON ANY SIGNIFICANT FOREIGN SHAREHOLDER

As required by the CSL Act, the Company's Constitution provides that if the Board becomes aware of a 'significant foreign shareholding' in the Company, the Board must be divided into two classes of Directors, comprising O class and A class Directors. The Constitution defines a 'significant foreign shareholder' as a foreign person who has a relevant interest in at least 5% of the voting shares of the Company.

The number of O class Directors must be the number nearest to but not exceeding one third of the Directors. Thus in a Board of 9 members, there would need to be 3 O class Directors and 6 A class Directors. Under the Constitution, the Managing Director must be regarded as an A class Director.

All shareholders are entitled to vote on the election of an O class Director. A significant foreign shareholder (including any controlled entities and nominees of the significant foreign shareholder to the extent they hold the shares which comprise the significant foreign shareholding) may not vote on the election, re-election or removal of an A class Director.

In accordance with the Constitution, the Board of Directors has previously determined that (if it becomes aware of a significant foreign shareholding) Professor John Shine, Mr David Anstice and Mr Ian Renard be classified as O class Directors, with the rest of the Directors being classified as A class Directors. With effect from the retirement from the Board of Mr Ian Renard at the close of the AGM, and given the resulting reduction in the number of Directors to 8, none of the A class Directors would need to be re-designated as an O class Director in order to satisfy the requirements of the Company's Constitution.

Accordingly, at the 2013 AGM, 1 A class Director will stand for re-election (being Mr John Akehurst) and 1 A class Director will stand for election (being Ms Marie McDonald).

As required by the Constitution, the Board conducts periodic reviews of the Company's share register with a view to determining whether or not there are any significant foreign shareholders. For example, the Company reviews the underlying

ownership of substantial shareholders of the Company who, in accordance with Chapter 6C of the *Corporations Act*, must give notice to the Company and the ASX if they and their associates have relevant interests in 5% or more of the voting shares in the Company. In most cases to date, where the substantial shareholder is a foreign company or a member of a foreign company's group, it has been in its capacity as a fund manager. The Constitution provides that a fund manager is only a foreign person for this purpose if the total interests of foreign persons in the fund represent more than 40% of the total.

As a result of those periodic reviews, the Board is not aware of any significant foreign shareholder as at 1 September 2013. If there is any significant foreign shareholder at the time of the 2013 AGM, the relevant shares comprising the significant foreign shareholding will be prohibited from voting on the re-election of Mr John Akehurst, or on the election of Ms Marie McDonald, at the 2013 AGM.

ITEM 3 – ADOPTION OF THE REMUNERATION REPORT

Under the *Corporations Act*, the Company is required to include, in the Directors' Report, a detailed Remuneration Report setting out certain prescribed information relating to Directors' and Executives' remuneration, and submit this for adoption by resolution of shareholders at the AGM.

The Directors' Report for the year ended 30 June 2013 contains such a Remuneration Report. A copy of the report is set out on pages 47 to 69 of the 2013 Annual Report and can also be found on the CSL website at www.csl.com.au.

The Remuneration Report discusses matters including (but not limited to):

- Board policies in relation to the nature and amount of the remuneration of the key management personnel;
- the relationship between such policies and CSL's performance;
- if an element of the remuneration of the key management personnel is performance based, details relating to these performance conditions;
- certain 'prescribed details' in relation to the remuneration of the key management personnel for the CSL group; and
- certain prescribed information regarding any remuneration consultants who made a remuneration recommendation in relation to any of the key management personnel for the CSL group.

Shareholders are asked to adopt the Remuneration Report. The shareholder vote is advisory only and does not bind the Directors of the Company. However, pursuant to the *Corporations Act*, if the resolution to adopt the Remuneration Report receives a "no" vote of at least 25% of the votes cast at two consecutive AGMs, a resolution must then be put to shareholders at the second AGM as to whether another general meeting of the Company should be held within 90 days at which all Directors (other than the Managing Director), who were in office at the time the Board approved the second Remuneration Report, would need to stand for re-election. The resolution to adopt the Remuneration Report at the 2012 AGM did not receive such a "no" vote.

Recommendation

Noting that each Director has a personal interest in their own remuneration from the Company (as such interests are described in the Remuneration Report) and, as described above in the voting exclusions, that each Director (or any closely related party of a Director) is excluded from voting their shares on this resolution, the Directors recommend that shareholders vote in favour of the resolution to adopt the Remuneration Report.

ITEM 4 – GRANT OF PERFORMANCE RIGHTS TO MANAGING DIRECTOR

Item 4 seeks approval, for the purposes of ASX Listing Rule 10.14 (and all other purposes), for the grant of up to a maximum aggregate of 25,000 Performance Rights under the Company's Performance Rights Plan (the **Plan**) to Mr Paul Perreault, the Managing Director of the Company as at the date the resolution is passed, during the period of 12 months from the date the resolution is passed (ie, until 16 October 2014). Shares may subsequently be issued to him upon the exercise of such Performance Rights without the need for further shareholder approval.

BACKGROUND

The Plan was approved by shareholders at the 2003 Annual General Meeting. A summary of the current terms and operation of the Plan (including performance hurdles and vesting periods) can be found in the Remuneration Report on page 55 of the Company's 2013 Annual Report.

Mr Perreault was appointed as an Executive Director of the Company with effect from 13 February 2013, and as the Managing Director and Chief Executive Officer of the Company with effect from 1 July 2013. A summary of the key terms of Mr Perreault's appointment, including the components of his remuneration package, was disclosed in an ASX announcement on 8 March 2013. He is currently the only Executive Director of the Company, and accordingly is currently the only Director entitled to participate in the Plan.

DETERMINATION OF AWARD TO MR PERREAUULT

The participation of Mr Perreault in the Plan is a result of the Company's current remuneration strategy that all senior and strategic employees (including the Managing Director) receive a large proportion of their long term incentives in the form of an annual award of Performance Rights. Historically the Company has granted either (or a combination of) Performance Rights with no exercise price (**Rights**) or with an exercise price based on the market price for the Company's shares at or about the start of the performance period (**Options**). The current remuneration strategy would involve the Managing Director receiving only Rights (and no Options) under the Plan in his 2013 award.

The methodology for determining the number of Rights to be awarded to Mr Perreault in 2013 will be as follows:

- As announced by the Company to the ASX on 8 March 2013, the "Target Value" for his initial annual award of Rights as Managing Director in October 2013 will be 60% of his base salary. Mr Perreault's initial base salary is US\$1.7m, and accordingly the Target Value (in US\$ terms) is US\$1.02m.
- Rights with a value equivalent to that Target Value will be offered to Mr Perreault.
- For this purpose, the value of the Rights to be offered will be the value as at the time of offer as assessed in accordance with accounting standards (the **Assessed Value**), which is based on standard option valuation methodology (in this case a combination of the Binomial and Black-Scholes methodologies) taking into account such factors as the prevailing share price, historical price volatility, the performance hurdles and the vesting periods.

The maximum number of Rights that may be acquired by Mr Perreault over the 12 month approval period without further shareholder approval is 25,000 in aggregate. The actual number of Rights issued will depend on the Company's share price, the applicable exchange rate and the valuation of Rights closer to the time of issue (expected to be shortly after the date of the AGM).

By way of illustrative example only, assuming a US\$:A\$ exchange rate of 0.89, and an Assessed Value per Right of A\$55, the number of Rights offered would be 20,837.

Each Right that is granted to Mr Perreault will:

- be granted for no consideration payable by Mr Perreault; and
- represent the right (if and when it vests and is exercised) to subscribe for or acquire one Share for nil consideration.

OTHER INFORMATION

As a result of Mr Perreault holding senior executive positions within the CSL Group for many years, he is currently the holder of 55,612 Rights and 75,300 Options. These Rights and Options were granted to him prior to his appointment as a Director.

No loans were provided (in relation to previous grants) or will be provided by the Company in relation to the grant of Performance Rights to, or exercise of Performance Rights by, Mr Perreault under the Plan.

Details of the number of Rights issued to Mr Perreault under the Plan will be published in the 2014 annual report. As required by accounting standards, the assessed value of the Rights at the time of issue will be recognised and expensed on a pro rata basis over the course of the relevant vesting period.

Recommendation

Noting that each Non-Executive Director (and each of their associates) is excluded from voting their shares on this resolution, the Non-Executive Directors recommend that shareholders vote in favour of the resolution to approve the grant of Performance Rights to Mr Perreault on the basis outlined above.

ITEM 5 – APPROVAL OF TERMINATION BENEFITS FOR DR BRIAN McNAMEE

Item 5 seeks approval, for the purposes of the termination benefit provisions in Part 2D.2 of the *Corporations Act 2001* (Cth) (the **Corporations Act**) (and all other purposes), of the provision by the Company to Dr Brian McNamee of certain benefits in connection with his retirement from office and cessation of employment with the Company.

BACKGROUND

As many shareholders will be aware, Dr McNamee was Managing Director and Chief Executive Officer of the Company from 1990 until 30 June 2013. During that period:

- the Company transformed from a small domestic-focused government enterprise to one of the world's largest manufacturers of plasma therapeutics; and
- the market capitalisation of the Company increased from approximately A\$300 million at the time of its privatisation in 1994 to approximately A\$29.5 billion as at 30 June 2013.

Dr McNamee's leadership, drive and strategic vision over that period were instrumental in building the Company into the exceptional global biopharmaceutical enterprise it is today, and in delivering exceptional growth in shareholder value.

Dr McNamee has worked collaboratively with the Board and his successor Mr Perreault over an extended period to ensure a smooth transition in the best interests of the Company. This included Dr McNamee's agreement to continue employment with, and remain available to, the Company from 1 July to 15 October 2013. Other than for an agreed period of ten days, Dr McNamee has been and will be on long service leave during that period of continued employment, and payment is drawn from his previously accrued long service leave entitlement.

In view of the above, the Board believes it is appropriate to seek, and recommend, shareholder approval of the provision of certain termination related benefits to Dr McNamee.

DR McNAMEE'S ENTITLEMENTS

The details of Dr McNamee's benefits in connection with the cessation of his employment with the Company were disclosed in an ASX announcement on 28 June 2013.

As at Dr McNamee's cessation of employment with the Company on 15 October 2013, he will be entitled to the following payments or benefits:

- a cash payment for any accrued but unpaid fixed remuneration in respect of his employment by the Company;
- a cash payment in lieu of accrued but untaken annual leave and long service leave entitlements. These amounts are estimated to be \$1,136,670 (or 102.50 days) for annual leave, and \$959,738 (or 86.55 days) for long service leave;
- cash payments in future related to the outstanding deferred cash component of his short term incentive (or bonus) earned in respect of the financial years ended 30 June in each of 2011, 2012 and 2013. As disclosed in the relevant Remuneration Reports, that deferred cash component is:
 - effectively converted to 'notional shares' based on the CSL share price at the end of the relevant performance year; and
 - to be paid in cash after the end of the 3rd financial year following the relevant performance year (or earlier at the Board's discretion), based on the CSL share price at the end of that 3 year period.

The Board does not propose to reduce that 3 year deferral period, and accordingly those deferred cash components (which are already fully earned based on past performance) will be paid shortly after the end of the financial years ended 30 June in each of 2014, 2015 and 2016 (as applicable);

- a severance payment equal to the average annual fixed remuneration received by Dr McNamee from the Company during the last 3 years of his employment with the Company. This is expected to be an amount of A\$2,819,880.33; and
- any benefits which Dr McNamee receives from his retention of outstanding vested or unvested Rights and Options under the Company's Performance Rights Plan (as those terms are defined in the Explanatory Notes for Item 4 above). The number of those Rights and Options which will be retained is discussed in more detail below.

DR McNAMEE'S UNVESTED RIGHTS AND OPTIONS

Set out below in Tables 1 and 2 are details of Dr McNamee's outstanding and unvested Rights and Options as at the date of this notice of meeting.

Table 1**Unvested Performance Rights**

Grant Year & Tranche	Current Balance	Exercise Price per Right	First or next Test Date	Last Retest Date	Pro Rata	Non Pro Rata
Oct 2009 (T3)	10,664	Nil	Oct 2013	Oct 2014	10,664	Nil
Oct 2010 (T1)	30,510	Nil	Oct 2013	Oct 2014	30,510	Nil
Oct 2010 (T2)	30,510	Nil	Oct 2014	Oct 2015	22,882	7,628
Oct 2011 (T1)	36,220	Nil	Oct 2014	Oct 2015	24,146	12,074
Oct 2011 (T2)	36,220	Nil	Oct 2015	Oct 2016	18,110	18,110
Oct 2012 (T1)	32,850	Nil	Oct 2015	Oct 2016	10,949	21,901
Oct 2012 (T2)	32,850	Nil	Oct 2016	Oct 2017	8,212	24,638
TOTAL	209,824				125,473	84,351

Table 2**Unvested Performance Options**

Grant Year & Tranche	Current Balance	Exercise Price per Option	First or next Test Date	Last Retest Date	Pro Rata	Non Pro Rata
Oct 2009 (T1)	25,115	\$33.68	Oct 2013	Oct 2014	25,115	Nil
Oct 2009 (T2)	35,161	\$33.68	Oct 2013	Oct 2014	35,161	Nil
Oct 2009 (T3)	40,184	\$33.68	Oct 2013	Oct 2014	40,184	Nil
Oct 2010 (T1)	23,210	\$33.45	Oct 2013	Oct 2014	23,210	Nil
Oct 2010 (T2)	23,210	\$33.45	Oct 2014	Oct 2015	17,407	5,803
Oct 2011 (T1)	32,600	\$29.34	Oct 2014	Oct 2015	21,733	10,867
Oct 2011 (T2)	32,600	\$29.34	Oct 2015	Oct 2016	16,300	16,300
TOTAL	212,080				179,110	32,970

The applicable performance hurdles for these Rights and Options have been disclosed in Remuneration Reports in the relevant Annual Reports. In respect of those Rights and Options for which the first or next Test Date is October 2013, they will be tested against the applicable Total Shareholder Return or Earnings Per Share performance hurdles in early October 2013, and some or all of them may vest (and become exercisable) at that time prior to the 2013 AGM.

In accordance with the rules of the Plan, and given Dr McNamee's "good leaver" circumstances, on cessation of Dr McNamee's employment with the Company he will automatically retain:

- all of his **vested** but unexercised Rights and Options at that time. There are none as at the date of this notice of meeting, but further vesting may occur in early October 2013 as noted above; and
- in respect of each tranche of **unvested** Rights and Options, a pro rata portion of those Rights and Options based on the proportion of the applicable performance period (up to the first Test Date) during which Dr McNamee was employed by the Company (the **Pro Rata Rights**). The number of these Pro Rata Rights is indicated in the "Pro Rata" column in each of Tables 1 and 2 above.

All other unvested Rights and Options (indicated in the "Non Pro Rata" column in each of Tables 1 and 2 above) (the **Non Pro Rata Rights**) would lapse on cessation of employment unless the Board, in its absolute discretion, determines that they may be retained.

The Board also has discretion under the Plan rules in these circumstances to waive any applicable performance hurdles, bring forward any Test Date for potential vesting, or (in some cases) determine that they be settled in cash on vesting (rather than by the issue of CSL shares) based on the prevailing market price of CSL shares at the time of vesting.

The Board does not propose to waive any applicable performance hurdles, or bring forward any Test Date, specifically for Dr McNamee. In view of Dr McNamee's outstanding contribution to the Company, however, the Board proposes (subject to shareholders passing the resolution in Item 5) to determine that all Non Pro Rata Rights be retained by Dr McNamee (in addition to the Pro Rata Rights) following cessation of employment.

REASON FOR SEEKING SHAREHOLDER APPROVAL

The termination benefit provisions in Part 2D.2 of the Corporations Act effectively limit the benefits which the Company and its subsidiaries can give to certain current or former directors or other key management personnel, including Dr McNamee,

in connection with their retirement from that office or position, unless shareholder approval is obtained for the giving of the benefit or an exemption applies. For this purpose, "benefit" is given a broad meaning, and could include benefits arising from the Board exercising certain discretions under the Plan rules.

As a result of the operation of, or the application of certain exemptions from, those Corporations Act provisions, the only benefit which is proposed to be given to Dr McNamee which would require shareholder approval is the Board's proposal to determine that the Non Pro Rata Rights also be retained by Dr McNamee following his cessation of employment, subject to the continuing application of the Plan rules (the **Non Pro Rata Retention**).

The current money value of the proposed Non Pro Rata Retention has been calculated as approximately A\$6.5 million. This valuation was undertaken by an independent valuer using a combination of the Binomial and Black-Scholes option valuation methodologies as at 1 September 2013. These methodologies take into account various factors such as the prevailing CSL share price, historical price volatility, the relevant performance hurdles and the vesting periods, and the probability of the performance hurdles being achieved. The actual value of benefits received by Dr McNamee if and when the Non Pro Rata Rights vest may differ from that valuation.

In accordance with accounting standards, and even though any Non Pro Rata Retention is subject to shareholder approval, the value of any Non Pro Rata Retention as at 30 June 2013 has already been recognised and expensed in the FY 2013 financial statements, and disclosed in the Remuneration Report for FY 2013 in respect of Dr McNamee. Accordingly, if the proposed Non Pro Rata Retention is approved by shareholders, it will not impact on the FY 2014 financial results.

If shareholders do not pass the resolution in Item 5, the Company will pay or provide to Dr McNamee all of his entitlements outlined above under the heading 'Dr McNamee's entitlements' and, in respect of his outstanding Rights and Options, as from cessation of employment he will only retain any vested Rights and Options and the Pro Rata Rights.

Recommendation

The Board recommends that shareholders vote in favour of the resolution to approve the provision of termination benefits to Dr McNamee as proposed in Item 5.

CSL Limited


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Lodge your vote:

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 **By Mail:**
Computershare Investor Services Pty Limited
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Victoria 3001 Australia



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SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Proxy Form

 <p>Vote and view the annual report online Go to www.investorvote.com.au or scan the QR Code with your mobile device. Follow the instructions on the secure website to vote.</p>	
<p>Your access information that you will need to vote:</p> <p>Control Number: 999999</p> <p>SRN/HIN: I9999999999 PIN: 99999</p> <p>PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.</p>	

 **For your vote to be effective it must be received by 10.00am (AEDT) Monday, 14 October 2013**

How to Vote on Items of Business

All your securities will be voted in accordance with your directions. You may direct your proxy how to vote by placing a mark in one of the three boxes opposite each item of business.

Appointment of Proxy

If you wish to appoint the Chair of the Meeting as your proxy, mark the box in STEP 1, or as instructed online. If you wish to appoint someone other than the Chair of the Meeting as your proxy, please write the full name of that individual or body corporate in the space provided in STEP 1, or by following the instructions online. If you leave this section blank, or your named proxy does not attend the meeting, the Chair of the Meeting will be your proxy by default.

Voting 100% of your holding: Direct your proxy how to vote by marking one of the three boxes opposite each item of business. If you do not mark a box your proxy may, to the extent permitted by law, vote as they choose. If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%, otherwise your votes will be invalid on that item.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy, write both names and the percentage of votes or number of securities for each overleaf (for the first proxy in the box in STEP 1, for the second proxy in the boxes at the end of STEP 2).

A proxy need not be a securityholder of the Company.

Signing Instructions for Postal Forms

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the information tab, "Downloadable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**GO ONLINE TO APPOINT YOUR PROXY,
or turn over to complete the form →**

MR SAM SAMPLE
 FLAT 123
 123 SAMPLE STREET
 THE SAMPLE HILL
 SAMPLE ESTATE
 SAMPLEVILLE VIC 3030

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

IND

Proxy Form

Please mark to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of CSL Limited hereby appoint

the Chair of the Meeting **OR**

PLEASE NOTE: Leave this box blank if you have selected the Chair of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chair of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of CSL Limited to be held in the Function Centre, National Tennis Centre, Melbourne Park, Batman Avenue, Melbourne on Wednesday, 16 October 2013 at 10.00am (AEDT) and at any adjournment or postponement of that Meeting.

Chair authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chair of the Meeting as my/our proxy (or the Chair becomes my/our proxy by default), I/we expressly authorise the Chair to exercise my/our proxy on Items 3, 4 and 5 (except where I/we have indicated a different voting intention below) even though Items 3, 4 and 5 are connected directly or indirectly with the remuneration of a member of key management personnel for the CSL consolidated group, which includes the Chair. I/we note that the Chair of the Meeting intends to vote undirected proxies in favour of those items of business.

Important Note: For Item 4, this express authority is also subject to you marking the box in the section below

Important for Item 4: If the Chair of the Meeting is your proxy and you have not directed him/her how to vote on Item 4 below, please mark the box in this section. If you do not mark this box and you have not directed your proxy how to vote, the Chair of the Meeting will not cast your votes on Item 4 and your votes will not be counted in computing the required majority if a poll is called on this Item. The Chair of the Meeting intends to vote undirected proxies in favour of Item 4.

I/We acknowledge that the Chair of the Meeting may exercise my proxy even if he/she has an interest in the outcome of that Item and that votes cast by him/her, other than as proxy holder, would be disregarded because of that interest.

STEP 2 Items of Business

For Against Abstain

2a.	To re-elect Mr John Akehurst as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2b.	To elect Ms Marie McDonald as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3.	Adoption of the Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.	Grant of Performance Rights to Managing Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5.	Approval of termination benefits for Dr Brian McNamee	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll in respect of that item and your votes will not be counted in computing the required majority.

IMPORTANT NOTES:

- If the Chair of the Meeting is (or becomes) your proxy you can direct the Chair to vote for or against, or abstain from voting, by marking the appropriate box in respect of each item above. If you do not direct the Chair of the Meeting how to vote on any item, the Chair of the Meeting intends to vote such undirected proxies in favour of the item.

Appointing a second Proxy

I/We wish to appoint a second proxy

AND

%

OR

 shares

Name of second proxy holder

State the percentage of your voting rights or the number of shares for this proxy

SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name

Contact Daytime Telephone

Date / /

CSL

1 6 8 5 7 0 A

Computershare +

