



## Dear Shareholder

I have much pleasure in inviting you to our 2012 Annual General Meeting (*AGM*), a 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, 17 October, 2012. The AGM is scheduled to commence at 10.00am and will also be webcast live on CSL's website at [www.csl.com.au](http://www.csl.com.au). Refreshments will be available before and after the AGM. Registration will commence from 9.00am.

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.

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](http://www.investorvote.com.au) or using the enclosed proxy form (which may be returned in the envelope provided).

The Managing Director and I will be reviewing the operations and performance of the Group over the year to 30 June 2012.

Shareholders will be asked to consider the election of two Directors, Mr Maurice Renshaw and Mr David Anstice, both of whom are eligible and are seeking to be re-elected as Directors of the Company.

Shareholders will be asked to adopt the Remuneration Report relating to remuneration of key management personnel. This Report is detailed in the Directors' Report published in the Company's 2012 Annual Report and outlines the Board's policies for determining the remuneration of key management personnel and, amongst other things, the relationship between those policies and CSL's performance.

Shareholders will also be asked to adopt a new Constitution. The Company's current constitution is largely in the form as originally adopted in 1994, when CSL was floated and listed on the ASX. Since 1994, there have been a number of substantial changes to Australian corporate law and practice, and your Board considers that it is an appropriate time to put a new Constitution to shareholders.



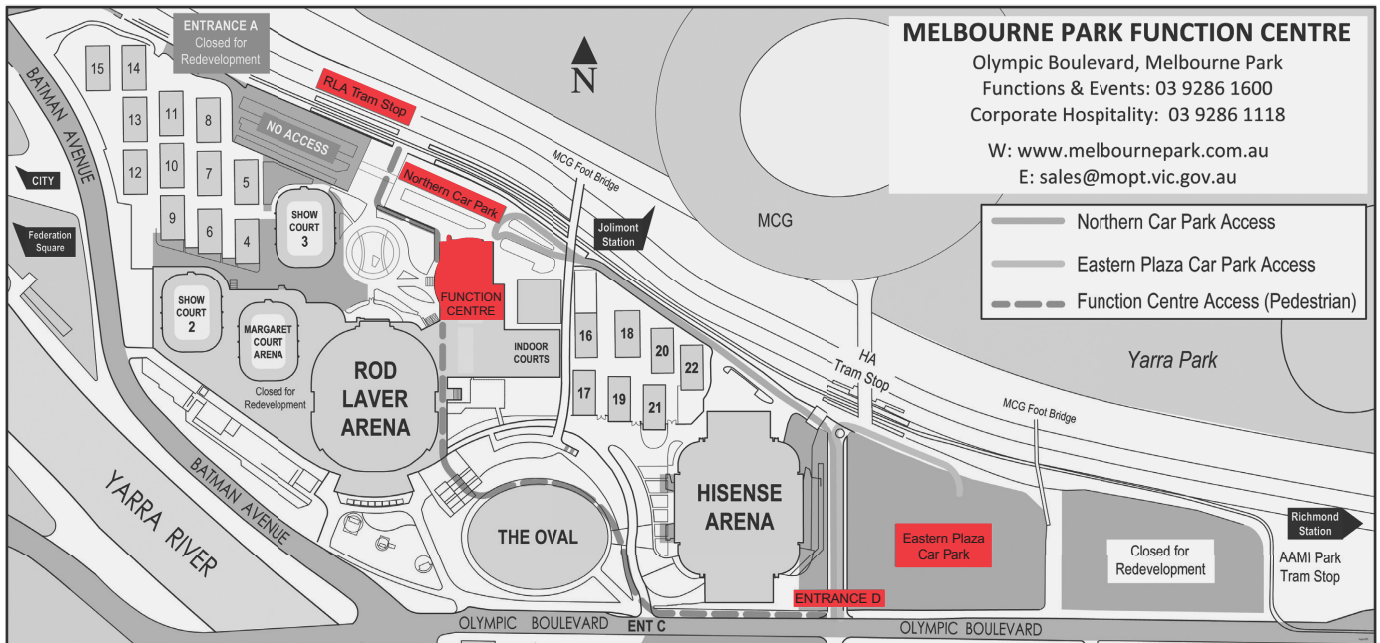
We are again providing the opportunity for shareholders to submit questions in advance of the AGM with the aim that as many of the more frequently asked questions as is practicable can be addressed in my or the Managing Director's addresses at the AGM.

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**

14 September 2012





# CSL LIMITED NOTICE OF ANNUAL GENERAL MEETING 2011-2012

NOTICE IS GIVEN that the 2012 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 17 October 2012 at 10.00am (AEDT).



**CSL**<sup>™</sup>

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# 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 2012, and to note the final dividend in respect of the financial year ended 30 June 2012 declared by the Board and paid by the Company.

### 2. RE-ELECTION OF DIRECTORS

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

*'That Mr Maurice Renshaw, a Director retiring from office by rotation in accordance with Rule 99(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 Mr David Anstice, a Director retiring from office by rotation in accordance with Rule 99(a) of the Constitution, being eligible, is re-elected as a Director of the Company.'*

For information about the candidates for 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 2012 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 pages [\*] below).

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

## SPECIAL BUSINESS

### 4. ADOPTION OF NEW CONSTITUTION

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

*'That the existing Constitution of the Company be repealed and the new Constitution in the form tabled at the meeting (excluding Rule 98), and signed by the Chair of the meeting for the purposes of identification, be adopted as the Constitution of the Company, with effect from the close of the meeting.'*

For information on the proposed new Constitution, see the Explanatory Notes.

### 5. INSERTION OF PROPORTIONAL TAKEOVER APPROVAL PROVISIONS

- (a) If the resolution proposed under item 4 is passed, to consider and, if thought fit, to pass the following resolution as a special resolution:

*'That, with effect from the close of the meeting, the Constitution of the Company be altered by inserting Rule 98 in the form of the new Constitution tabled at the meeting for the purposes of the resolution under item 4 and signed by the Chair of the meeting for the purposes of identification.'*

- (b) If the resolution proposed under item 4 is not passed, to consider and, if thought fit, to pass the following resolution as a special resolution:

*'That, with effect from the close of the meeting, the Constitution of the Company be altered by inserting and adopting as Rule 147 the proportional takeover approval provisions in the form they took as Rule 147 of the Constitution immediately before they ceased to apply on 14 October 2012.'*

For information about the proportional takeover approval provisions and this item 5, 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 15 October 2012.

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

### VOTING EXCLUSIONS

#### Voting exclusions relating to item 2(a) ('Re-election of Directors')

In relation to the resolution proposed in item 2(a), the *Commonwealth Serum Laboratories Act 1961* (Cth) 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 resolution proposed in item 2(a).

#### Voting exclusions relating to item 3 ('Adoption of the Remuneration Report')

In relation to the resolution proposed in item 3 (**Resolution 3**), the *Corporations Act 2001* (Cth) (**Corporations Act**) requires that certain persons must not vote, and the Company must disregard any votes cast by such persons, on Resolution 3. These voting exclusions are described below.

The following persons may not vote, and the Company will disregard any votes cast by or on behalf of the following persons, on Resolution 3:

- (a) 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.

- (b) 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.

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 2012 are listed in the Remuneration Report contained in the Directors' Report for the year ended 30 June 2012.

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.

# NOTICE OF ANNUAL GENERAL MEETING

## 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).

**Authorisation of Chair for Remuneration Report:** *If the Chair of the Meeting is appointed, or taken to be appointed, as a proxy, the shareholder can direct the Chair of the Meeting to vote for or against, or to abstain from voting on, Resolution 3 ('Adoption of the Remuneration Report') by marking the appropriate box opposite item 3 in the proxy appointment form. However, if the Chair of the Meeting is a proxy and the relevant shareholder does not mark any of the boxes opposite item 3, the relevant shareholder will be directing and expressly authorising the Chair to vote in favour of Resolution 3, even though Resolution 3 is connected directly or indirectly with the remuneration of a KMP.*

- 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:

- o online by visiting the following address:  
[www.investorvote.com.au](http://www.investorvote.com.au)

#### **OR**

- o 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**

- o 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](http://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

14 September 2012

# EXPLANATORY NOTES

## RESOLUTION 2 – RE-ELECTION OF DIRECTORS

### CANDIDATES FOR RE-ELECTION TO THE OFFICE OF DIRECTOR

**Mr Maurice A Renshaw**, B.Pharm – (age – 64)

*International Pharmaceutical Industry (resident in NSW)*

Mr Renshaw was appointed to the CSL Board in July 2004. Formerly, he was Vice President of Pfizer Inc, USA, Executive Vice President, Pfizer Global Consumer Group and President of Pfizer's Global Consumer Healthcare Division. Prior to his positions in Pfizer, Mr Renshaw was Vice President of Warner Lambert Co. and President of Parke-Davis USA. He has had more than 30 years' experience in the international pharmaceutical industry. Mr Renshaw is Chairman of the Innovation and Development Committee.

**Mr David Anstice**, BEc – (age – 63)

*International Pharmaceutical Industry  
(Resident in Pennsylvania, USA)*

Mr Anstice was appointed to the CSL Board in September 2008. Mr Anstice was a long-time member of the Board of Directors and Executive Committee of the US Biotechnology Industry Organisation, and has over 40 years' experience in the global pharmaceutical industry. Until August 2008, Mr Anstice was for many years a senior executive of Merck & Co. Inc. serving at various times as President of Merck Human Health for US/ Canada/Latin America, Europe, Japan and Asia; and upon retirement was an Executive Vice President. He is a Director of Alkermes, Plc, Dublin, Ireland and a Director of the United States Studies Centre at the University of Sydney. Mr Anstice is a member of the Human Resources and Remuneration Committee and the Innovation and Development Committee.

### RECOMMENDATION

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

### RETIRING DIRECTOR

Mr Peter Turner, who has been a Director on the CSL Board since December 2009, will be retiring from the Board by rotation at the conclusion of this year's AGM, and will not be seeking re-election.

### VOTING RESTRICTIONS ON ANY SIGNIFICANT FOREIGN SHAREHOLDER

As required by the *Commonwealth Serum Laboratories Act 1961* (Cth), 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 determined that Mr Ian Renard, Professor John Shine and Mr David Anstice 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 Peter Turner at the close of the AGM, Mr Ian Renard will be re-designated as an A class Director in order to satisfy the requirements of the Company's Constitution.

Accordingly, at the 2012 AGM, 1 A class Director will stand for re-election (being Mr Maurice Renshaw) and 1 O class Director will stand for re-election (being Mr David Anstice).

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 the date of this notice. If there is any significant foreign shareholder at the time of the 2012 AGM, the relevant shares comprising the significant foreign shareholding will be prohibited from voting on the re-election of Mr Maurice Renshaw at the 2012 AGM.

## RESOLUTION 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 2012 contains such a Remuneration Report. A copy of the report is set out on pages 44 to 65 of the 2012 Annual Report and can also be found on the CSL website at [www.csl.com.au](http://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 2011 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 Board recommends that shareholders vote in favour of the resolution to adopt the Remuneration Report.**

## RESOLUTION 4 – ADOPTION OF NEW CONSTITUTION BACKGROUND

The Company's current constitution was originally adopted in 1994, when CSL was floated and listed on the ASX. The Company's constitution was then replaced in 1998 by a new constitution (the **Existing Constitution**), but in effect, only a limited number of changes were made to reflect certain technical changes to the Corporations Law at the time. While certain further technical changes have been made to the Existing Constitution since 1998, many of the provisions of the Existing Constitution have not been subject to a comprehensive review or update since first being introduced in 1994.

Since 1994, there have been a number of substantial changes to Australian corporate law and practice including, among other things, the introduction of and various amendments to the *Corporations Act*, a number of changes to the ASX Listing Rules, the introduction (and subsequent revision) of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations, and the widespread adoption by other listed companies of electronic forms of communication and conduct.

In light of the period of time since the last comprehensive review of the Constitution, and the number of proposed changes which are considered appropriate, the Board is proposing that a new constitution be adopted (the **New Constitution**). Many of the significant differences between the Existing Constitution and the New Constitution are described below.

A copy of the proposed New Constitution can be obtained by shareholders prior to the AGM as follows:

- from the Company's website at [www.csl.com.au](http://www.csl.com.au)
- at no charge by written request to the Company Secretary at 45 Poplar Road, Parkville, Victoria, 3052, Australia.

A copy of the New Constitution will also be available for inspection at the AGM.

### GENERAL APPROACH

With the aim of simplifying the Company's constitution and of minimising repetition or future inconsistency between the constitution and either the *Corporations Act* or the ASX Listing Rules, the general approach taken has been that where the

## EXPLANATORY NOTES

*Corporations Act* or the Listing Rules expressly require or provide for something, the New Constitution has (where appropriate) refrained from repeating that requirement or provision. For example:

- the *Corporations Act* provisions relating to the removal of a Director (eg, by reason of bankruptcy or shareholder resolution) have not been repeated in the New Constitution;
- proposed new rule 32 confirms that the Company may alter or reduce its share capital in any way permitted by the *Corporations Act*; and
- proposed new rule 27 confirms that the Board can only refuse to register a transfer of shares if it would result in a breach of law or the Listing Rules, if the shares have been forfeited or if permitted by the Listing Rules.

### **CSL Act - Mandatory provisions**

The *Commonwealth Serum Laboratories Act 1961 (Cth)* (the **CSL Act**) requires the Company to include certain provisions in its constitution in connection with the national interest restrictions imposed on the Company at the time of its privatisation.

Where a provision is included in the Existing Constitution because of such a requirement in the CSL Act, the provision has also been included in the New Constitution in substantially the same form (subject to the comments below). A table that refers to each mandatory requirement of the CSL Act, and the references to the corresponding provisions of the Existing Constitution and the New Constitution, can be obtained from the Company's website [www.csl.com.au](http://www.csl.com.au).

Under the CSL Act, CSL must maintain a register of "foreign-held voting shares". The CSL Act also requires the Directors to take reasonable steps to find out whether there are "significant foreign shareholdings". These are holdings where a foreign person has relevant interests in at least 5% of CSL shares. The purpose of the register is to monitor foreign interests in CSL shares for the purposes of the restrictions on voting of significant foreign shareholdings, and accordingly it relates predominantly to significant foreign shareholdings.

In light of the above requirements, and the Company's experience and practice since listing, the Company's information gathering powers in the New Constitution for this purpose have been refined so that they still provide sufficient powers for the Board (such as the ability to require statutory declarations from shareholders) but do not automatically require the Board or shareholders to pursue or provide information about immaterial or irrelevant holdings.

### **Directors**

#### **Maximum number of Directors**

Rule 56 of the New Constitution has been brought into line with the new "no vacancy" provisions of the *Corporations Act*, which came into effect on 1 July 2011. In essence, those provisions state that the Board cannot set the maximum size of the Board at a number below the maximum number specified in the constitution without shareholder approval.

The specified maximum number of Directors in the Existing Constitution is 12, and the specified maximum number in the New Constitution is also proposed to be 12. For many years the actual number of directors of the Company has been 9 (apart from some short term transitional differences).

#### **Remuneration**

The provisions relating to the remuneration of Directors are proposed to be updated in rules 68 and 70 of the New Constitution.

Rule 68 of the New Constitution allows for remuneration to be paid to Directors in a form other than cash, provided that such payments do not exceed in value the amounts that the Directors would otherwise be entitled to receive if the remuneration was paid in cash. Any remuneration paid in a form other than cash would need to be disclosed in the usual way.

Rule 68 of the New Constitution also:

- provides for shareholder approval of the aggregate remuneration cap for non-executive Directors as required by the Listing Rules (CSL shareholders last approved \$2.5 million for this purpose at the 2010 AGM); and
- clarifies that, unless otherwise required by the Listing Rules, the aggregate remuneration cap excludes payments for extra services performed with the approval of the Board, reimbursement of out-of-pocket expenses, any retirement related benefits and any payments under the general indemnity.

#### **Indemnities, insurance and access**

Rule 146 of the Existing Constitution would be updated by rule 95 of the New Constitution.

There are extensive provisions in the *Corporations Act* regulating indemnities, insurance and access, and the proposed amendments incorporated in rule 95 of the New Constitution are consistent with those provisions, as well as with modern constitutions and current practice.

New rule 95 includes a common form of indemnity for current and former directors, secretaries, “senior managers” (as defined in the *Corporations Act*) and trustees of CSL or its wholly owned subsidiaries. It also expressly permits the Company to bind itself by contract to:

- pay for insurance policies for the benefit of any such officers against any liability incurred in or arising out of the business of the Company or its subsidiaries or the discharge of the officers’ duties, to the extent permitted by law; and
- give Directors access, subject to the appropriate constraints, to relevant Company documents after they cease to hold office. For example, access may be given to a former Director in connection with a regulatory investigation or litigation that relates to their time as a Director.

These types of contract are standard practice for listed companies today.

## RETIREMENT OF DIRECTORS

Rule 99 of the Existing Constitution provides that Directors (not including the Managing Director) must retire from office at the conclusion of the third AGM following their last election or re-election, and that a minimum of one-third of the Directors (not including the Managing Director) must retire from office at each AGM. This latter “one third” requirement is not required by law or the Listing Rules and, therefore, has not been included in the New Constitution. This is consistent with the approach taken by other listed companies in recent years.

Rule 67 of the New Constitution now reflects the requirements of the Listing Rules, that Directors (not including the Managing Director) must not hold office without re-election for more than three years or past the third AGM following their last election or re-election (whichever is longer), and that there must be an election of at least one Director at each AGM. Rule 65 also provides that a Director appointed during the year by the Board only holds office until, and is eligible to seek election at, the next AGM.

## MEETINGS OF DIRECTORS

To provide maximum flexibility, rule 75 of the New Constitution will provide that meetings of Directors may be held using any electronic means, including video, telephone or any other technology that permits the Directors to communicate with one another, except to the extent that a Director withdraws their consent.

## GENERAL MEETINGS

### CONDUCT OF GENERAL MEETINGS

Rule 37 of the New Constitution is intended to codify the broad authority of the Chair of a general meeting, to ensure the appropriate conduct of the meeting. It is consistent with the terms of many other listed company constitutions.

Rule 37 of the New Constitution would, for example, authorise the Chair of a general meeting to require attendees to comply with security arrangements before they are admitted to the meeting, to determine that a vote cast in contravention of the *Corporations Act* or the ASX Listing Rules is to be disregarded, and to make rulings without putting a matter to the vote if that action is considered to be required to ensure orderly conduct of the meeting.

Rule 40(a) of the New Constitution simplifies voting procedures by allowing the Chair the flexibility to decide that a question may be determined by a poll without first submitting the question to a show of hands.

### VALIDITY OF PROXIES

The *Corporations Act* now allows for the electronic lodgement of proxy appointments, and permits such appointments to be authenticated by means other than signature in writing.

Rule 45 of the New Constitution would allow the Directors to determine the form of proxy appointment (which may include electronic means), and provide for the notice of meeting to which the proxy appointment relates to specify requirements for the lodgement of appointments.

Rule 47 of the New Constitution also sets out minimum notice periods regarding changes to proxy appointments or voting prior to a general meeting.

### ELECTRONIC AND DIRECT VOTING

The ASX Corporate Governance Council has encouraged listed companies to consider ways to facilitate shareholder participation in general meetings.

This potentially includes facilitating voting by shareholders (or proxies) at meetings by electronic or other means, in order to streamline the voting process. In addition, a number of listed companies have amended their constitutions to allow the company to implement direct voting in the future. Direct voting would enable shareholders to vote on resolutions which are ultimately put to a poll without the need to attend the meeting or to appoint a proxy (such as by submitting a direct vote electronically before the meeting).

## EXPLANATORY NOTES

Rules 40(e), 43(e), 46 and 48 of the New Constitution will allow the Company to implement direct voting for its general meetings in future where the Board considers it appropriate.

### DIVIDENDS AND DISTRIBUTIONS

Rules 87 to 91 of the New Constitution would give the Board a general discretion and flexibility as to the form of dividends and the way in which they are paid.

The *Corporations Act* now contemplates that dividends can be either 'declared' or 'determined'. Where a dividend is 'declared', the dividend constitutes a debt incurred by the company from that time. By contrast, if a company's board 'determines' that a dividend is payable, the dividend does not become a debt owed by the company until the time fixed for payment. Accordingly, rule 87 of the New Constitution provides that the Directors may either 'declare' or 'determine' that a dividend is payable and fix the amount of the dividend, the time for payment and the method of payment.

Following recent amendments to the *Corporations Act*, the New Constitution will not restrict the Board to only paying dividends out of profits. The source of dividends, and any pre-requisites for their payment, will be regulated by the *Corporations Act*.

Rule 91 will provide the Company with greater flexibility regarding the form and manner of payment of cash distributions. For example, it contains more detailed provisions enabling the Company to:

- withhold payment of a distribution unless and until a bank account for electronic funds transfer purposes is provided; and
- pay distributions in currencies other than Australian dollars, if and when the Board considers that to be appropriate and at exchange rates determined by the Board.

Rule 90 of the New Constitution provides the Directors with broader powers to facilitate dividends or other distributions in kind (such as by the distribution to shareholders of shares in another company).

## SHARES

### PREFERENCE SHARES AND OTHER SECURITIES

The provisions of the New Constitution regarding the Board's powers and discretion in respect of the issue and terms of preference shares or other classes of share (rules 8 and 9) are substantially the same as the corresponding provisions in the Existing Constitution.

A number of provisions in the Existing Constitution that address only shares in the Company have been expanded so that they also apply to other securities (such as securities with rights of conversion to equity). This change recognises the variety of instruments that, like other listed companies, might be issued by the Company, and gives the Board more flexibility in managing those other securities.

### FORFEITURE AND LIENS ON SHARES

The New Constitution updates the forfeiture provisions (relating to the power of the Company to forfeit a share where the shareholder has failed to pay any amount payable on the share (eg. a call on a partly paid share that is due)), and does not contain provisions regarding liens on shares given the prohibition on a company taking security over shares in itself in the *Corporations Act*.

### EMPLOYEE SHARE PLANS

The provisions in the Existing Constitution relating to employee share plans have been updated in the New Constitution to provide Directors with flexibility to implement and manage these plans. Rule 97 of the New Constitution will give the Board powers to implement employee share plans, subject to the ASX Listing Rules. The rule is only intended to be facilitative, and does not limit the powers of the Company or the Board to establish and operate such plans, subject to the *Corporations Act* and the ASX Listing Rules.

### DIVIDEND REINVESTMENT PLANS

The provisions in the Existing Constitution relating to dividend reinvestment plans have been updated in the New Constitution to provide Directors with discretion and greater flexibility to implement and manage these plans. Rule 96 of the New Constitution will, among other things, allow for the possibility of issuing bonus shares with no amount credited to the share capital of the Company as part of any dividend plan.

### OFF-MARKET TRANSFER FEES

Rule 28(d) of the New Constitution permits the Company to charge a securities transfer fee for off-market transfers where permitted by the Listing Rules. This is consistent with recent amendments to the Listing Rules, and current practice by other listed companies.

### PROPORTIONAL TAKEOVER PROVISIONS

Rule 147 of the Existing Constitution deals with proportional takeover bids.

It is a requirement of the *Corporations Act* that proportional takeover bid approval rules in a constitution apply for a maximum period of three years unless renewed. As rule 147 was last renewed at the 2009 AGM on 14 October 2009, it will cease to apply on 14 October 2012 (prior to the 2012 AGM).

Proposed rule 98 of the New Constitution is a proportional takeover bid approval rule which would replace existing rule 147. However, given that the resolution proposed in item 5 (and its related explanatory notes) deals separately with the adoption of a new proportional takeover rule, the resolution in item 4 to adopt the New Constitution excludes the adoption of proposed new rule 98.

#### RECOMMENDATION

**The Board recommends that shareholders vote in favour of the resolution proposed in item 4.**

### RESOLUTION 5 – INSERTION OF PROPORTIONAL TAKEOVER APPROVAL PROVISIONS

#### BACKGROUND

As mentioned in the explanatory notes for resolution 4 above, rule 147 of the Existing Constitution deals with proportional takeover bids, and provides that the Company can prohibit the registration of a transfer of shares resulting from a proportional takeover bid unless shareholders in a general meeting approve the bid.

A proportional takeover bid would involve a bidder conducting an off-market takeover bid for a specified proportion of the shares in the Company held by each shareholder.

It is a requirement of the *Corporations Act* that proportional takeover bid approval rules apply for a maximum period of three years unless renewed. As rule 147 of the Existing Constitution was last renewed at the 2009 AGM on 14 October 2009, it will cease to apply (and be taken to have been omitted from the Existing Constitution) on 14 October 2012.

Accordingly, a special resolution is being put to shareholders under section 648G of the *Corporations Act* that:

- if the resolution in item 4 is passed, the New Constitution be altered by inserting proposed rule 98 of the New Constitution; or
- if the resolution in item 4 is not passed, the Existing Constitution be altered by re-inserting rule 147 of the Existing Constitution in the form it took prior to it ceasing to apply,

(each a **Proportional Takeover Rule**).

While the drafting of rule 98 of the New Constitution is more concise than the drafting of existing rule 147, the substance of those two sets of provisions is the same.

If approved by shareholders at the meeting, the Proportional Takeover Rule will operate for three years from the date of the meeting (i.e. until 17 October 2015), unless earlier renewed.

The Board considers that the insertion of a Proportional Takeover Rule is in the interests of shareholders as it allows shareholders (excluding the bidder and its associates) to have a continuing right to vote on any proportional takeover and to determine whether a proportional takeover bid should proceed

#### EFFECT OF PROPORTIONAL TAKEOVER APPROVAL RULE

The *Corporations Act* requires that, if a proportional takeover bid is made and the Company's constitution includes a proportional takeover provision like a Proportional Takeover Rule, the Directors must convene and hold a meeting of shareholders to vote on a resolution to approve the bid. The meeting must be held, and the resolution voted on, before the approving resolution deadline, which is defined in the *Corporations Act* as the 14<sup>th</sup> day before the last day of the bid period.

The Proportional Takeover Rule provides that for a resolution to be approved it must be passed by a majority of votes at the meeting, excluding votes by the bidder and its associates.

If no resolution to approve the bid has been voted on in accordance with the Proportional Takeover Rule as at the end of the 14<sup>th</sup> day before the end of the bid period, a resolution approving the bid will be deemed by the *Corporations Act* to have been passed, thereby allowing the bid to proceed.

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 be withdrawn.

If the resolution is approved, the relevant transfers of shares will be registered, provided they comply with the other provisions of the Company's constitution and the *Corporations Act*.

The Proportional Takeover Rule would not apply to full takeover offers.

#### REASONS FOR PROPOSING THE RESOLUTION

The Board considers that shareholders should continue to have the opportunity to vote on a proposed proportional takeover bid. A proportional takeover bid for the Company may enable control of the Company to be acquired by a person holding less

## EXPLANATORY NOTES

than a majority interest and without shareholders having the opportunity to dispose of all their shares. This could mean that shareholders could be at risk of being left as part of a minority interest in the Company. This could place shareholders under pressure to accept the bid. If a Proportional Takeover Rule is adopted, it will minimise the risk to shareholders by enabling shareholders to decide whether a proportional takeover bid should be permitted to proceed.

### PRESENT ACQUISITION PROPOSALS

At the date of this notice, no Director 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 APPROVAL PROVISIONS

The *Corporations Act* requires these explanatory notes to discuss retrospectively the advantages and disadvantages, for directors and members, of the proportional takeover provision proposed to be renewed.

While the proportional takeover approval provisions have been in effect, there have been no takeover bids for the Company, either proportional or otherwise. Consequently there are no actual examples against which to review the advantages or disadvantages of the existing proportional takeover provisions (contained in existing rule 147) for the directors and members of the Company. The directors are not aware of any potential takeover bid which was discouraged by existing rule 147.

### POTENTIAL ADVANTAGE AND DISADVANTAGES

In addition to a retrospective discussion of the provisions proposed to be renewed, the *Corporations Act* also requires these explanatory notes to discuss the potential future advantages and disadvantages of the proposed rule for both directors and members.

The directors consider that there are no such advantages or disadvantages for them as they remain free to make a recommendation on whether a proportional takeover bid should be accepted.

The proposed rule will ensure that all members will have an opportunity to study a proportional takeover bid and then attend or be represented by proxy at a meeting called specifically to vote on the proposal. A majority of shares voted at the meeting, excluding the shares of the bidder and its associates, is required for the resolution to be passed, following which shareholders will be able to decide whether to accept proportional takeover bids which may result in a change of control in the Company.

This will enable shareholders to prevent a proportional takeover bid proceeding if they believe that control of the Company should not be permitted to pass under the bid, and accordingly the terms of any future proportional takeover bid are likely to be structured to be attractive to the holders of a majority of the remaining shares.

It may be argued that the rule reduces the possibility of a successful proportional takeover bid and that as a result, proportional takeover bids for the Company will be discouraged. This in turn may reduce opportunities that shareholders may have to sell some of their shares at an attractive price to persons seeking control of the Company, and may reduce any 'takeover speculation' element in the Company's share price on the Australian Securities Exchange. It may also be said that the provisions constitute an additional restriction on the abilities of individual shareholders to deal freely with their shares.

### RECOMMENDATION

**The Board recommends that shareholders vote in favour of the resolution proposed in item 5(a) or (b) (as applicable).**



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**CSL Limited**

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Australia

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F 000001 000 CSL  
 MR SAM SAMPLE  
 FLAT 123  
 123 SAMPLE STREET  
 THE SAMPLE HILL  
 SAMPLE ESTATE  
 SAMPLEVILLE VIC 3030

## Lodge your vote:



**Online:**  
www.investorvote.com.au



**By Mail:**  
Computershare Investor Services Pty Limited  
GPO Box 242 Melbourne  
Victoria 3001 Australia

Alternatively you can fax your form to  
(within Australia) 1800 783 447  
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only  
(custodians) www.intermediaryonline.com

**For all enquiries call:**  
(within Australia) 1800 646 882  
(outside Australia) +61 3 9415 4178

## Proxy Form



Vote online or view the annual report, 24 hours a day, 7 days a week:

**www.investorvote.com.au**

- Cast your proxy vote**
- Access the annual report**
- Review and update your securityholding**

**Your secure access information is:**

**Control Number: 999999**

**SRN/HIN: 1999999999**

**PIN: 99999**



**PLEASE NOTE:** For security reasons it is important that you keep your SRN/HIN confidential.

 **For your vote to be effective it must be received by 10.00am (AEDT) Monday, 15 October 2012**

### 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 the enclosed Questions from Shareholders form 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

I ND

## 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, 17 October 2012 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 Item 3 (except where I/we have indicated a different voting intention below) even though Item 3 is connected directly or indirectly with the remuneration of a member of key management personnel for the CSL consolidated group, which includes the Chair.

The Chair of the Meeting intends to vote undirected proxies in favour of each item of business.

### STEP 2 Items of Business

	For	Against	Abstain
2a. To re-elect Mr Maurice Renshaw as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2b. To re-elect Mr David Anstice 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. Adoption of New Constitution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5a. Insertion of Proportional Takeover Approval Provisions in New Constitution (if Item 4 is passed)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5b. Insertion of Proportional Takeover Approval Provisions in existing Constitution (if Item 4 is not passed)	<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.
- You should provide directions in respect of both the resolution in Item 5(a) and the resolution in Item 5(b), however, the Chair will only put one of those two resolutions to shareholders at the Meeting, depending on the outcome of Item 4.

### 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 / /