12 October 2005

The Company Announcements Office
Australian Stock Exchange Limited
530 Collins St
MELBOURNE VIC 3000

Dear Sir/Madam

CHAIRMAN'S ADDRESS AND MANAGING DIRECTOR'S PRESENTATION

Please find attached copies of the Chairman's Address and Managing Director's presentation slides to be presented at CSL's Annual General Meeting which commences at 10.00 a.m. today.

Yours faithfully

Peter Turvey
COMPANY SECRETARY

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CSL LIMITED

CHAIRMAN'S ADDRESS – ANNUAL GENERAL MEETING
12 OCTOBER 2005

"I am pleased to report that the ongoing integration of CSL's expanded plasma therapeutics business operations has enabled us to deliver our strongest financial result to date.

"ZLB Behring completed a very successful first full financial year with sales of $2.2 billion and substantial cost savings as a result of business restructuring and integration synergies. ZLB Behring is now a global leader in plasma therapies and a significant supplier of recombinant Factor VIII for the treatment of Haemophilia A.

"The sale of CSL's cell culture reagents business, JRH Biosciences to Sigma-Aldrich Corporation, was another major highlight this year realizing an estimated net profit of $250 million.

In February 2005 we announced an on-market buyback of 10m shares which was 5% of our issued capital which has now been completed at a total cost of $318m and at an average price of $31.75. In June 2005 we proceeded with a second on market buyback of 8m shares which is also now completed for a total cost of $281m and at an average price of $35.15.

"CSL Group net profit after tax reached $547 million including profit from the sale of JRH. Group sales revenue increased by 67% to $2.75 billion.

"The Managing Director will present a more detailed overview of the Company's operations shortly.

BUSINESS REPORTS

"Let me comment on our business activities which include the operations of ZLB Behring, CSL Bioplasma, CSL Pharmaceutical, and our globally integrated research and development activities.

"ZLB Behring offers the broadest range of plasma therapeutic products in our industry with particular strengths in immune deficiency, critical care and the treatment of haemophilia.

"Products manufactured by ZLB Behring include:

- **Coagulation therapies to treat bleeding disorders such as haemophilia;**
- **Critical care products for treatment of shock in trauma, sepsis, severe burns and cardiac surgery;**
- **Immunoglobulins to treat infections and autoimmune diseases, and to prevent haemolytic disease in the newborn;**
- **Wound treatment therapies used to minimise blood loss; and**
- **Treatment for pulmonary disease for people at risk from life shortening, inherited emphysema.**

"Based at King of Prussia in Pennsylvania, ZLB Behring has substantial markets in the US, Europe and Japan. ZLB Behring has manufacturing operations in the US, Switzerland and Germany, and regional sales offices in 19 other countries.

"ZLB Behring is well positioned to develop its global business through:

- **a broad portfolio of high quality products;**
- **global marketing that meets customer needs;**
- **a pipeline of new and improved plasma products;**
- **lower cost and higher yield manufacturing processes;**
- **and an effective balance between supply and demand.**

"ZLB Behring's plasma collection business, ZLB Plasma Services, is one of the largest collectors of human plasma in the world with operations in the US and Europe. This business sources all the plasma required by ZLB Behring through its plasma collection and commercial purchases.

"Based at Boca Raton in Florida, ZLB Plasma Services operates plasma collection centres in the US and Germany, the industry's largest testing laboratory in Tennessee, and a logistics centre in Indiana. In Germany, it also operates a high volume testing laboratory in Gottingen, and a logistics centre in Marburg.

"In a stringently regulated industry, we comply with the highest international standards and continue to explore avenues for further innovation.

"CSL Bioplasma's 17% growth in sales revenue to $209 million this year has been underpinned by the impact of merging ZLB Behring commercial activities in Asia into this business, and the increasing demand for INTRAGAM P in markets where we provide contract fractionation services.

"In January 2005, CSL signed a new Plasma Products Agreement with the National Blood Authority which now acts on behalf of all Australian State and Federal governments.

"Under the new five-year agreement, and in collaboration with the Australian Red Cross Blood Service, we will continue to provide life saving plasma-derived plasma therapeutics that meet Australia's rigorous standards for safety, security and reliability of access *to* the medical community.

"The successful integration of ZLB Behring's regional commercial operations with CSL Bioplasma has created a strong platform for business growth in the Asia Pacific region by adding a diverse portfolio to our existing plasma-derived therapeutic products.

"By taking advantage of the complementary strengths of CSL Bioplasma and ZLB Behring, we now provide an extensive range of life saving therapeutic products and services to governments, medical professionals and patients. We offer the broadest range of products in our industry, customised contract fractionation for blood services throughout our region, and enhanced client support through our direct presence in key markets.

"CSL Pharmaceutical sales revenue of $205 million compared favourably with our result for the previous year given a reduction in pharmaceutical distribution activities.

"In May 2005, CSL's new influenza vaccine centre was officially opened in Melbourne. Australia's first line of defence against influenza, the new centre includes an expanded and upgraded manufacturing facility and a new vaccine seed preparation laboratory.

"The new centre has significantly increased CSL's ability to supply the Australian public with influenza vaccine and the benefit of this position has already been demonstrated in the first few months of operation. Owing to a shortage of vaccine from other suppliers, CSL provided all Australian Federal Government requirements for the 2005 season to vaccinate people aged 65 and over, and also made up part of the shortfall in New Zealand.

"There also has been much talk recently in the press about an influenza pandemic. CSL is conducting a clinical study on a prototype vaccine which Dr McNamee will talk more about later.

"New Product Development investment continues to focus on new protein-based products to treat serious human diseases. These medicines are derived from our core technologies in plasma fractionation, vaccinology, recombinant proteins and our ISCOMATRIX® adjuvant.

"Some of you will have read the announcement made by the Company last week in respect to the most recent results from Merck's Phase III clinical development program on their HPV cervical cancer vaccine. These results are very exciting and we are therefore still expecting Merck to file for a product licence with the US FDA before the end of this calendar year. The Managing Director in his address will provide more detail of Merck's Phase III clinical data.

"During the year, we have successfully integrated our global research and development activities. In the Northern Hemisphere, we now have centres of excellence in Germany, Switzerland and the US supporting the manufacture of plasma products. Our centre in Bern supports immunoglobulins while Marburg supports coagulation and specialty products. Kankakee supports Alpha 1 Proteinase Inhibitor, our treatment for pulmonary disease for people at risk from inherited emphysema. In Melbourne, we support our Australian plasma and influenza vaccine products, and conduct new product development activities.

"In Canada, we are carrying out Phase II clinical trials of our plasma-derived reconstituted high density lipoprotein (rHDL) which is aimed at reducing the volume of plaque in the coronary arteries of patients with acute coronary syndrome.

"The clinical development for ZLB Behring's new liquid IVIG is also under way.

"Consistent with our focus on protein-based medicines, we are developing a number of earlier stage recombinant opportunities with Australian academic partners, including new ways to potentially treat myeloid leukemia and a

technology to achieve topical delivery of antibody fragments for treating serious eye diseases

"In recent years, we have invested significantly in our proprietary ISCOMATRIX adjuvant technology. When formulated with an antigen, an adjuvant increases the quality and strength of the immune response to that antigen.

"Our commercialisation strategy is to broadly license the ISCOMATRIX adjuvant technology to partners who have an interest in enhancing the immune response of their own product candidates. We recently announced an important collaboration with Merck & Co who have taken a broad based license and options on a range of vaccines that address both infectious and non-infectious diseases. We believe that our ISCOMATRIX adjuvant has unique properties that will enable it to be part of a new range of potential immunotherapeutic products and vaccines.

AUSTRALIAN SHAREHOLDERS' ASSOCIATION

"I would now like to address certain matters raised by the Australian Shareholders' Association in a recent letter to the Company.

"The ASA's first concern relates to the inclusion of the surplus from the sale of JRH in the Company's net profit after tax number not being separately shown in the Statement of Financial Performance. The Statement of Financial Performance does contain relevant information in accordance with applicable accounting standards. However, we do acknowledge that this year's results are again a little complex and as such we have tried to address this issue in a number of forums. This included the Notes to the Accounts, the Directors' Report, the announcement of the results to the Australian Stock Exchange, the presentation by the Managing Director to analysts and institutional investors, all of which are available on CSL's website. This includes referring to "underlying profit" which adjusts for items that will not continue into the future including the sale of the businesses over the past two years. It was also clearly identified in the Year in Review section of the Company's Annual Report which has recently been distributed.

"The second issue raised relates to the amount of the discount released on the sales of inventory acquired in the Aventis Behring acquisition. As we indicated in our response to the Australian Shareholders' Association last year, under Accounting Standards CSL is not required to disclose any information separately regarding the discount on acquisition. In addition, the discount itself is merely a reflection of the true cost at which the inventory was purchased and ultimately reflects the true trading margin of that inventory acquired. The discount on acquisition should not be considered an item that is highlighted separately in the accounts but a part of the normal ongoing business operations that will continue into the 2005-06 financial year and be progressively replaced by more cost effective manufacturing processes.

"The Company did however choose to discuss this matter during the results presentation to analysts and institutional investors which presentation was provided as a live webcast on the day of the announcement and is available on the CSL website for all investors to access. The Company provided information that

the after-tax amount of the discount related to inventory in the 2004-05 financial year was USD117m and the value of the anticipated release for the 2005-06 year was also provided being approximately USD40m.

"The ASA were also interested in understanding why there appeared to be a disproportionate increase in selling and marketing expenses (127%) compared to the increase in sales (67%) and gross profit (83%). Although it may appear that the increase in selling and marketing expenses is disproportionate, this reflects the timing of contract closures on various legal entities in relation to the acquisition of Aventis Behring, now within the ZLB Behring Group and their prior year comparisons. Given the date of closure of the Aventis Behring acquisition, year on year comparisons of this nature are difficult to make.

"The ASA also inquired about what was the main cause for the foreign currency translation loss in the past year and what actions were taken to prevent this loss re-occurring. The Company remains unclear which amount was being referred to in that question. If the reference is to Note 3 in the Accounts there was a net foreign currency related gain of $0.5m. The Company now has a top line of $2.8b and 80% of revenue is derived offshore so there will be currency adjustments as a normal part of ongoing operations. If on the other hand, the ASA were referring to "the net exchange difference on translation of financial statements of self-sustaining foreign operations", the Company would like it clearly noted that this is not a cash or profit charge. This amount relates to the translation of overseas entity balance sheets to Australian dollars and will move up and down according to the current rate of the Australian dollar compared to the rate of the Australian dollar at the time the acquisition was made. To mitigate these movements, CSL does have a policy which is to create natural hedges by trying to match overseas assets and debt.

"The ASA also inquired why income tax paid increased by only $60m as against a pre-tax net profit increase of some $387m over the prior year. The ASA wished to understand whether these benefits would continue in any material way beyond the end of last financial year. The benefit related to restructuring costs will be immaterial on a go forward basis. The inventory cost base differences will vary from year to year but will generally also be immaterial moving forward.

"The Company does operate in various tax jurisdictions which range from 12% to 42% and consequently the Company has tried to address this issue by advising a forward looking effective tax rate of between 30% and 35%.

"In respect to the adoption of the International Financial Reporting Standards in this financial year, the ASA inquired as to whether the 2004-2005 income tax expense will need to be retrospectively increased by some $138m thereby eliminating the earlier tax benefits that had been brought to account. The impact of the adoption of Australian International Financial Reporting Standards (AIFRS) to CSL is that shareholders' funds have only gone down by a net $22m. The tax adjustment referred to in the Accounts does offset the benefits mentioned which were accrued both this year and last year. There is a residual $33m tax expense which will run through the profit and loss account with no cash effect in 2005-06. This is the only remaining material AIFRS adjustment to run through the Accounts.

"Finally, in respect to the Company's Remuneration Report, the ASA has asked the Company to make a statement regarding its position on whether it allows executives to hedge their share and option plans through price protection mechanisms currently being offered by a number of banks. I am able to state that the Company has a policy which prevents executives from entering into any price protection mechanism which in any way grants an interest in or encumbers or otherwise disposes of any rights in shares or options issued under such plans.

DIVIDEND

"The Board has declared a final fully franked dividend of 30 cents per share, and a special dividend of 10 cents per share franked to 1.78 cents. Your final dividend cheques were mailed to you on 10 October.

OUTLOOK

"In respect to the results for the first quarter of this financial year, I am pleased to be able to advise that the Company's performance is consistent with both our expectations and as anticipated at the time of the announcement of our full year results.

"Looking forward, we expect the Company's financial performance to be broadly similar to last financial year in respect to sales at a Group level and earnings per share from continuing operations are expected to grow by approximately 10%.

"I also advise that with an increased proportion of our earnings derived from our offshore operations and with an increasing level of research and development being undertaken in Australia, we do not expect the dividends to be significantly franked for this current year. We do, however, expect that this is a temporary situation with anticipated royalty flows from the sale of the human papillomavirus vaccine by Merck.

CSL BOARD

"There have been no changes to your Board since the last Annual General Meeting but I thought I would take this opportunity to explain my decision to seek re-election at this Annual General Meeting.

"Our Constitution requires that not less than one-third of the Directors retire each year. This implies a three year term. Last year in accordance with Australian Stock Exchange Guidelines, we sought to amend the Constitution at the Annual General Meeting to provide for each Director to be appointed for fixed three year terms. This did not meet with the approval of certain Institutions and you may recall I withdrew the Resolution at the Annual General Meeting. At today's meeting, two Directors have completed their three year appointments and offer themselves for re-election. In order to meet the Constitutional requirement of not less than one-third of Directors offering themselves for re-election, to make up the numbers I offer myself for re-election. However, it is appropriate that I advise that it is my intention to retire after the end of this fiscal year. During this next year there will be a transfer of the Chairman's responsibilities to Elizabeth Alexander who will become the new Chairperson of the Company.

OUR THANKS TO MANAGEMENT AND STAFF

"Fundamental to our delivering CSL's best ever financial result has been the successful integration of two plasma therapeutics businesses during the year. Many people have been directly involved in this process, and many others have played their part in making it happen at grass roots level.

"There have also been significant achievements in other areas of our business – in research and development, in manufacturing activities, and in bringing the highest quality products to our customers.

"The CSL Board would like to take this opportunity to thank both our management and employees for the commitment shown in a landmark year that has strengthened our position as a global specialty biopharmaceutical company."

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Biopharmaceuticals for Life™

Annual General Meeting

Highlights

NPAT up 149% Operating cashflow up 174% EPS up 126% Final dividend 30cps + special 10cps	Reported Results
Capital management initiatives Sale of JRH Biosciences	Corporate
HPV cross licence settlement	R & D
ZLB Behring integration substantially complete US market improving Influenza vaccine facility expansion Plasma Products Agreement	Operational

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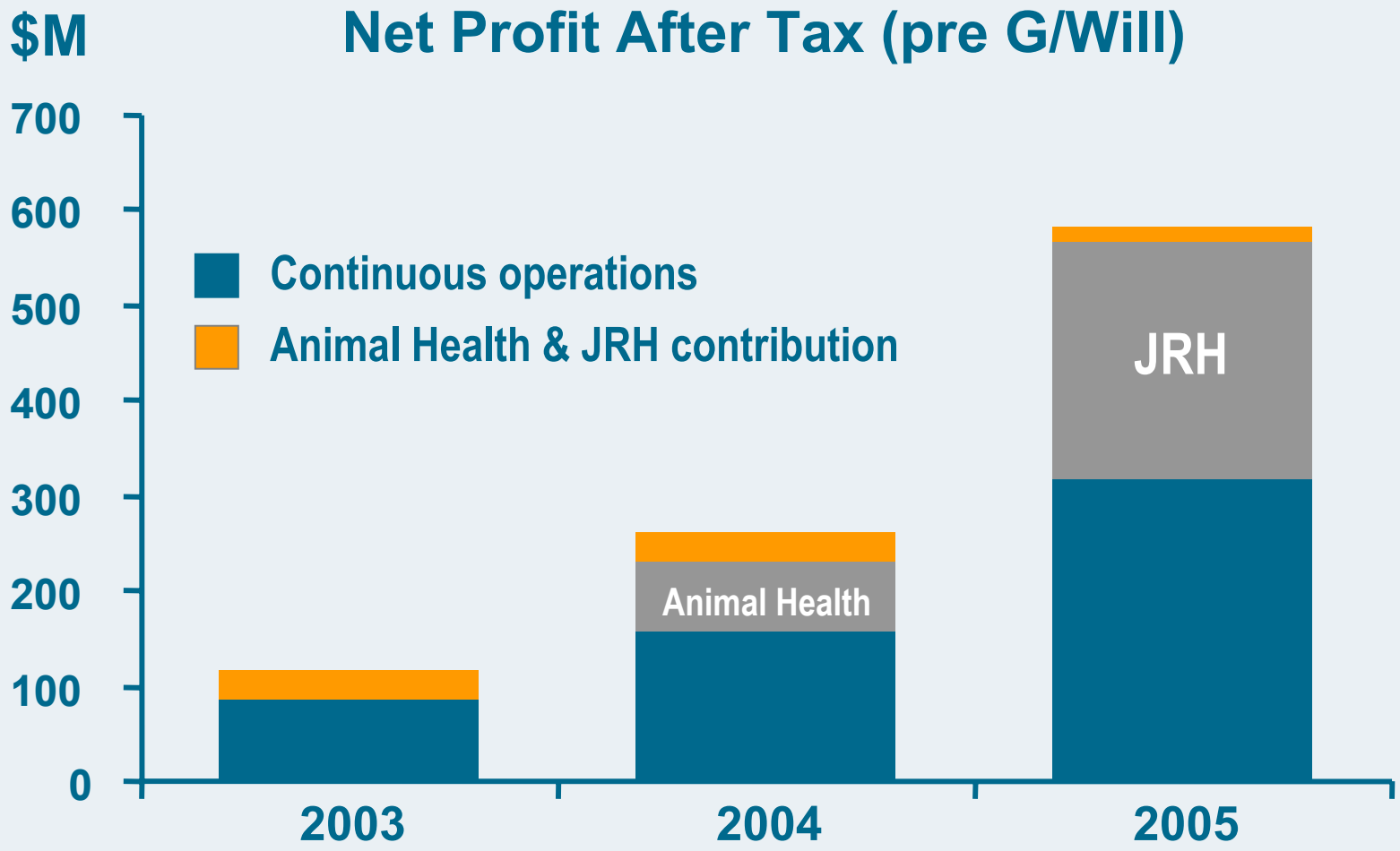
Profit Growth



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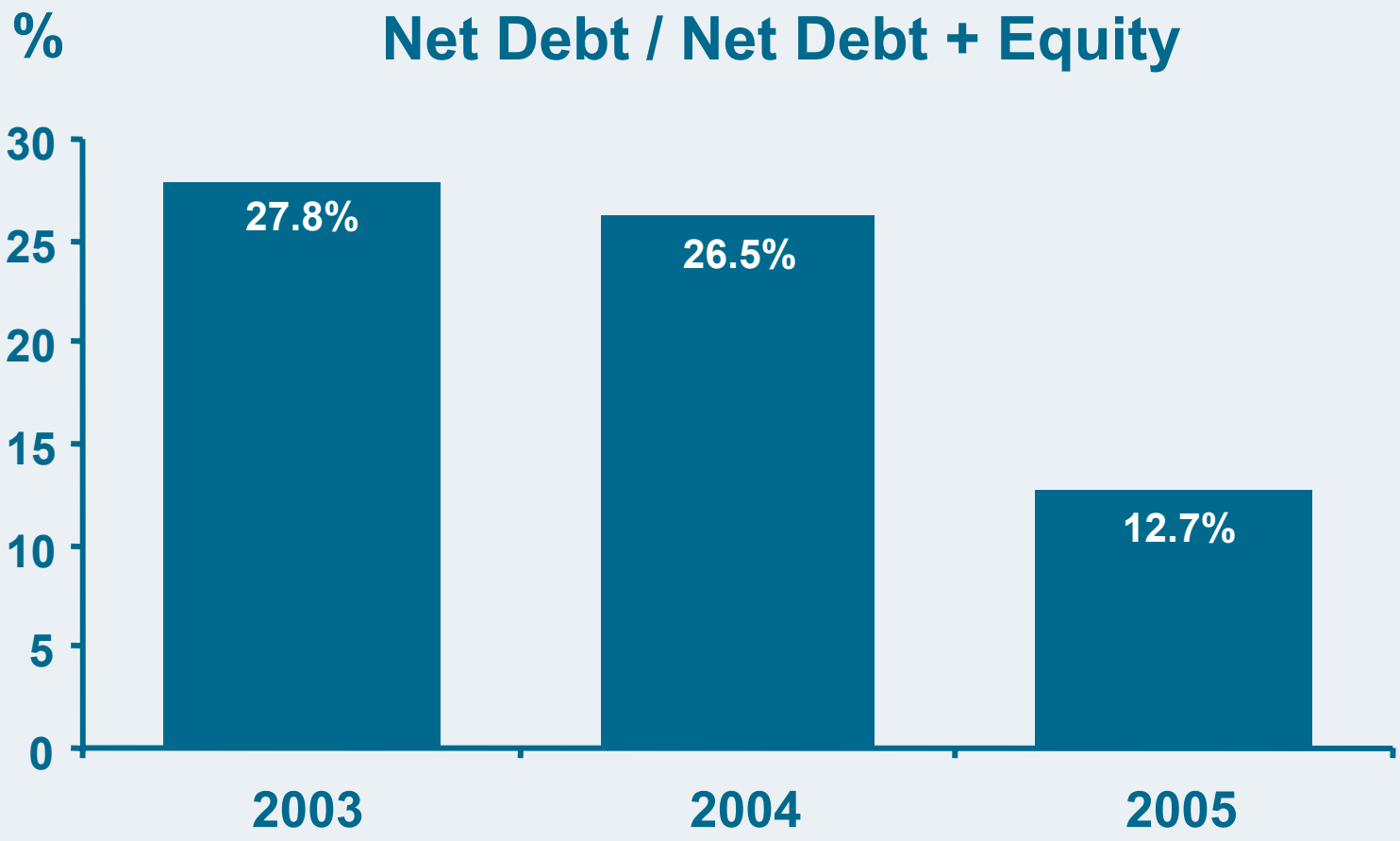
Stronger Balance Sheet



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ZLB Behring

- Sales A$2,195m (US$1,656m)
- EBITA A$366m
- Integration substantially complete
- Strong Helixate sales
- US IVIG pricing environment improving

ZLB Behring Strategy

Strategy

- Broad Product Portfolio & Continuing Innovation
- Low Cost High Yield Manufacturing
- Balancing Cashflow & Market Demands
- Maximising Profitable Litres
- Global Marketing Reach

Update

- Managing plasma throughput to match:
- Run down in inventory benefit
- Reduction of inventory levels
- Demand

- Infra-marginal products growth
- - Zemaira
- - Critical Care (Haemostatics)

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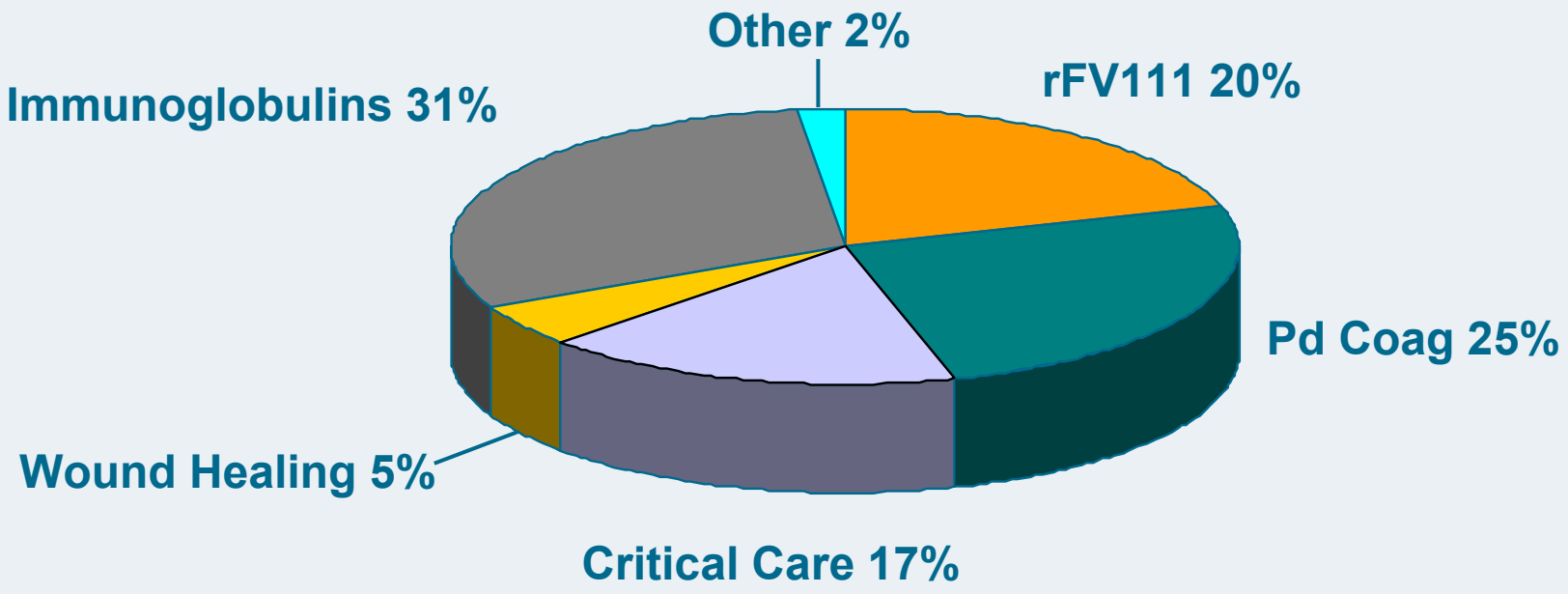
ZLB Behring FY2005 Sales - Therapy Group

Broad portfolio of products



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CSL Bioplasma

- Sales $208m (+17%)
- Australian business
  - Plasma Products Agreement now in place
  - rFVIII policy
    - Impact on pdFVIII & pdFIX sales
    - Kogenate distribution agreement in place ahead of Government tender process
- Asian business
  - Strong demand for ZLB Behring Albumin in China
  - $35m sales

CSL Pharmaceutical

- Sales $205m
  - Sales steady compared with 2004
  - Boosted by additional sale of Fluvax
- Expanded influenza vaccine facility
  - Only facility of its kind in the southern hemisphere
  - Opportunity to expand presence in northern hemisphere markets
  - Capacity Approx. 15 - 20m doses

CSL Pharmaceutical - Pandemic Preparedness

- **Facilities and resources in place to provide pandemic vaccines for Australia**
  - **3 year contract with Govt. for pandemic preparedness**
  - **First pandemic prototype vaccine clinical trials started in Australia**
  - **Results Feb 2006. Depending on results, proceed to second trial and potentially file dossier with TGA by August 2006.**

GARDASIL® - First Phase III Efficacy Study

- Prevented 100% of HPV 16 + 18 Cervical pre + non-invasive cancers
- 2 years of data
- 12,200 women in study aged 16 - 26 years
- Key part of full Phase III program
- Merck anticipates FDA submission in 4th Qtr 2005
- Merck has been granted “fast track submission status” by FDA

Cervical Cancer

- Second most common cancer affecting women
- Virtually all cases associated with HPV
- Greater than $^{2}/_{3}$ due to types 16 + 18
- Globally 500,000 cases diagnosed each year, 300,000 deaths
- Prevalence of Cx Cancer 1.4 million cases world wide
- Every year in Australia 100,000 women have a pap test (that detects a cervical abnormality) requiring medical follow up

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Merck & CSL

- 1991 CSL initiated research collaboration with Prof. Ian Frazer, University of Queensland.
- 1995 CSL & Merck entered a licence and collaboration agreement
- In February 2005 CSL entered into a cross licensing and settlement agreement with GlaxoSmithKline (GSK)
- Gardasil will be marketed by CSL in Australia and New Zealand

Group Outlook

- **Financial Outlook FY2006(1)**
  - Sales revenue maintained in 2006
  - R&D increasing approx. 5%
  - Effective tax rate between 30 & 35%
  - EBITA growth approx. 10%
  - EPS from continuing operations (NPAT pre-goodwill) up approx. 10%
    - Driven by operations and capital management
    - Excludes IFRS tax adjustments (approx. $33m)
  - 2005/06 dividends not significantly franked
- **FY2006 outlook subject to currency fluctuation and material price movements in core plasma products**

Comparative year of FY2005 excludes JRH sale and earnings contribution
FY2006 adjusted for a one off non cash tax expense of $33m arising from transition to AIFRS

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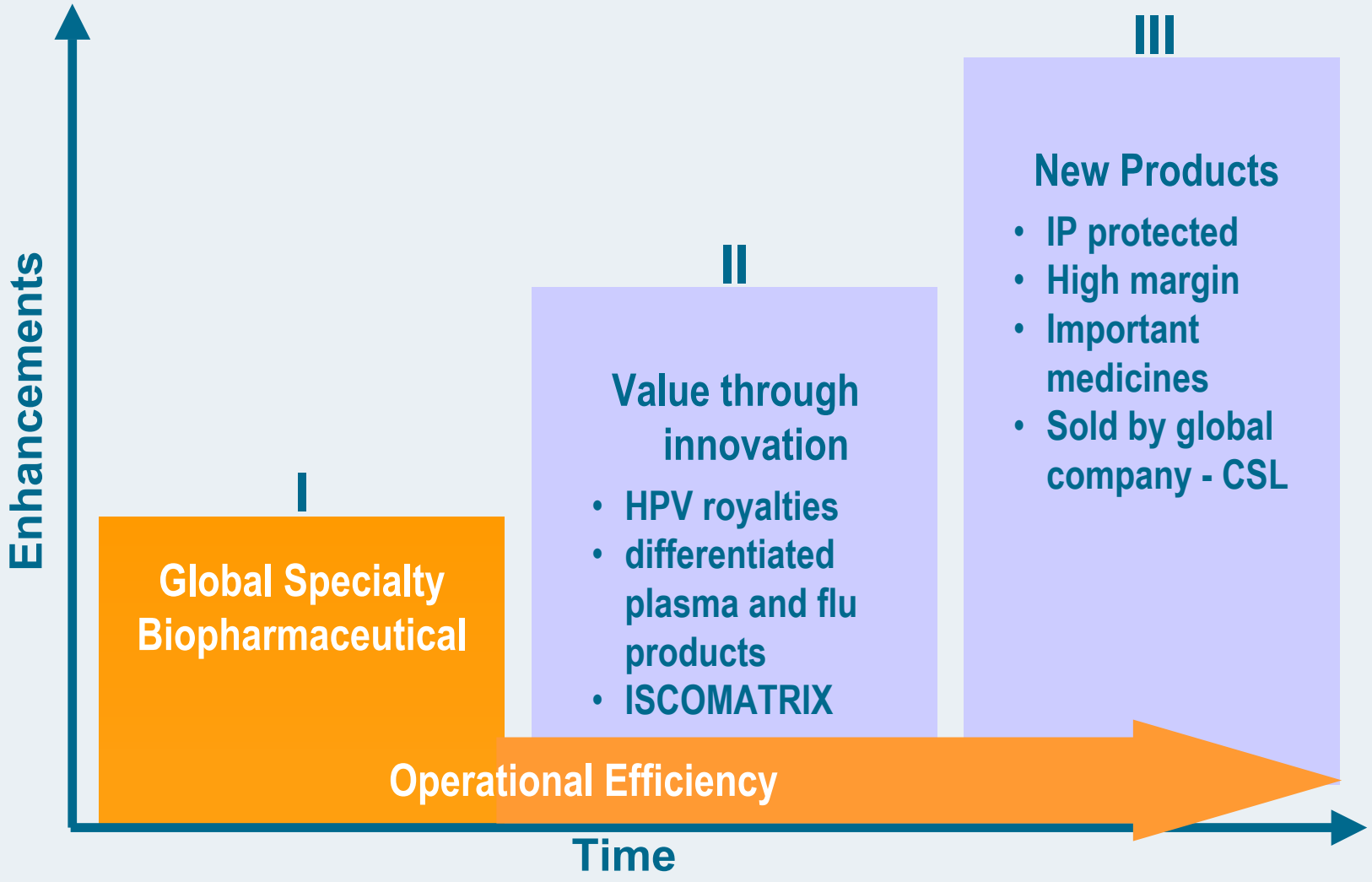
The Phased Development of CSL Limited



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Annual General Meeting