

BORAL LIMITED ANNUAL GENERAL MEETING

2013

16 SEPTEMBER 2013

Dear Shareholder

It is my pleasure to invite you to attend the 2013 Annual General Meeting of Boral Limited.

The Meeting will be held in the City Recital Hall, Angel Place, Sydney on Thursday, 31 October 2013 at 10.30am. The plan opposite shows the location of the City Recital Hall.

The Notice of Meeting which follows sets out the business to be dealt with at the Meeting.

If you are able to attend the Meeting, please bring the enclosed Proxy Form with you to facilitate your registration.

If you do not plan to attend the Meeting, you may wish to appoint a proxy to attend and vote on your behalf by completing and lodging the enclosed Proxy Form. Instructions on how to appoint a proxy and lodge the form are on the back of the form. Proxy Forms must be received by 10.30am on Tuesday, 29 October 2013 to be valid for the Meeting.

The full AGM will be webcast live on the internet at www.boral.com.au.

The Chairman's Address and the CEO & Managing Director's Address to the AGM will be placed on Boral's website on the day of the Meeting.

Yours sincerely



Dr Bob Every AO
Chairman



Notice of Meeting

Notice is given that the Annual General Meeting of Shareholders of Boral Limited will be held in the City Recital Hall, Angel Place, Sydney on Thursday, 31 October 2013 at 10.30am.

BUSINESS

Item 1: Financial Reports

To consider the financial reports, the Directors' Report and the Auditor's Report for the year ended 30 June 2013.

Item 2: Remuneration Report

To adopt the Remuneration Report for the year ended 30 June 2013.

Voting Exclusion Statement

The Company will disregard any votes cast on Item 2:

- by or on behalf of a member of the key management personnel of the Company (**KMP**) named in the Remuneration Report or a closely related party of those persons (such as close family members and any companies the person controls), regardless of the capacity in which the vote is cast, or
- as a proxy by a member of the KMP at the date of the AGM or a closely related party of those persons,

unless the vote is cast as proxy for a person who is entitled to vote on Item 2, and:

- the vote is cast in accordance with a direction on the Proxy Form, or
- in the absence of a direction on the Proxy Form, the vote is cast by the Chairman of the Meeting and the Chairman has received express authority to vote undirected proxies as the Chairman decides (see Note 4).

Item 3: Re-election of Directors

3.1 To re-elect Bob Every as a Director.

3.2 To re-elect Eileen Doyle as a Director.

3.3 To re-elect Richard Longes as a Director.

Separate resolutions will be put to the Meeting in respect of each Director seeking re-election.

Item 4: Award of Rights to Mike Kane, CEO & Managing Director

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

"That approval is given for the award to Mike Kane, the CEO & Managing Director, of rights to fully paid ordinary shares in the Company on the terms described in the explanatory notes to this Notice of Meeting."

Voting Exclusion Statement

The Company will disregard any votes cast on Item 4:

- by or on behalf of Mr Kane or another Director (other than a Director who is not eligible to participate in any of the Company's employee incentive schemes) or their associates, regardless of the capacity in which the vote is cast, or
- as a proxy by a member of the KMP at the date of the AGM or a closely related party of a member of the KMP,

unless the vote is cast as proxy for a person who is entitled to vote on Item 4, and:

- the vote is cast in accordance with a direction on the Proxy Form, or
- in the absence of a direction on the Proxy Form, the vote is cast by the Chairman of the Meeting and the Chairman has received express authority to vote undirected proxies as the Chairman decides (see Note 4).

By order of the Board



Dominic Millgate

Company Secretary
Sydney
16 September 2013

Notes

1. The Board has determined that a person's entitlement to vote at the Annual General Meeting will be the entitlement of that person set out in the register of shareholders as at 7.00pm (Australian Eastern Daylight Saving Time) on 29 October 2013. Accordingly, transactions registered after that time will be disregarded in determining which shareholders are entitled to attend and vote at the Annual General Meeting.
2. A member entitled to attend and vote at the Annual General Meeting has the right to appoint a proxy. The proxy of a member does not need to be a member of the Company.
3. A member who is entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of the member's votes each proxy is entitled to exercise. If the appointment does not specify the proportion or number of the member's votes, each proxy may exercise one half of those votes.
4. If a member appoints a KMP (which includes each of the Directors) as proxy, the KMP will not be able to cast the member's votes on Item 2 or Item 4 unless the member directs the KMP how to vote or the Chairman of the Meeting is the member's proxy. If a member appoints the Chairman of the Meeting as their proxy or the Chairman of the Meeting is appointed as the member's proxy by default, and the member does not mark a voting box for Item 2 or Item 4, then by signing and returning the Proxy Form the member will be expressly authorising the Chairman of the Meeting to exercise the proxy in respect of the relevant Item even though the Item is connected with the remuneration of the KMP.
5. The Chairman of the Meeting intends to vote all undirected proxies in favour of each item of business.
6. Details for completion and lodgment of proxies are on the reverse side of the Proxy Form. The Proxy Form must be received by the Company c/- Link Market Services Limited, Level 12, 680 George Street, Sydney NSW 2000 or Locked Bag A14, Sydney South NSW 1235 at least 48 hours prior to the Annual General Meeting – that is, no later than 10.30am on Tuesday, 29 October 2013. The Proxy Form may be sent by fax to Link Market Services Limited on (02) 9287 0309 or lodged online: www.linkmarketservices.com.au (go to Proxy Voting and follow the prompts).
7. A member of the Company who is a body corporate and who is entitled to attend and vote at the Annual General Meeting, or a proxy who is a body corporate and is appointed by a member of the Company entitled to attend and vote at the Annual General Meeting, may appoint a person to act as their representative at the Annual General Meeting by providing that person with:
 - (a) a letter or certificate, executed in accordance with the body corporate's constitution or the *Corporations Act 2001* (Cth), authorising the person as a representative, or
 - (b) a copy of the resolution, certified by a secretary or a director of the body corporate, appointing the person as a representative.
8. If you wish to submit a question in writing to the Chairman or the Auditor, please complete the AGM Question Form that accompanies this Notice of Meeting. AGM Question Forms must be received at least five business days prior to the Annual General Meeting (that is by Thursday, 24 October 2013) to allow time to collate questions and prepare answers.

Explanatory Notes

ITEM 1 – FINANCIAL REPORTS

While the *Corporations Act 2001* (Cth) (**Act**) requires the financial reports, the Directors' Report and the Auditor's Report of the Company for the year to be laid before the Annual General Meeting, neither the Act nor the Company's Constitution requires shareholders to vote on, approve or adopt those reports.

Shareholders will, however, have a reasonable opportunity at the Annual General Meeting to ask questions on those reports. Shareholders will also have a reasonable opportunity to ask the Auditor questions in relation to the conduct of the audit, the preparation and content of the Auditor's Report, the accounting policies adopted by the Company in relation to the preparation of the financial statements of the Company, and the independence of the Auditor in relation to the conduct of the audit.

ITEM 2 – REMUNERATION REPORT

The Remuneration Report is part of the Directors' Report for the year and is set out on pages 39 to 55 of the Annual Report.

The Remuneration Report:

- demonstrates the links between Boral's remuneration policies and Boral's performance, and
- provides the required remuneration details for each of the Directors and other members of the KMP.

The Board submits the Remuneration Report to shareholders for consideration and adoption by way of a non-binding resolution, as required by the Act.

The vote on this resolution is advisory only and does not bind the Directors or the Company. However, the Company respects the views of its shareholders and will take the outcome of the vote into account when considering remuneration policy in the future.

Shareholders should note that if 25% or more of votes cast on this resolution are against adoption of the Remuneration Report, the first element in the Board spill provisions introduced in 2011 (known generally as the 'two strikes rule') will be triggered. This would require a resolution on whether to hold a further meeting to spill the Board (a 'spill resolution') to be put to shareholders at the 2014 Annual General Meeting if a 'second strike' was to occur at the 2014 Annual General Meeting.

The Board recommends shareholders vote in favour of the resolution to adopt the Remuneration Report.

ITEM 3 – RE-ELECTION OF DIRECTORS

In accordance with the Company's Constitution, a Director must retire from office no later than the longer of the third Annual General Meeting and three years following that Director's last election or appointment. Retiring Directors are eligible for re-election.

Bob Every, Eileen Doyle and Richard Longes were last elected as Directors at the 2010 Annual General Meeting. They therefore retire and, being eligible, offer themselves for re-election. In respect of Mr Longes, it is his intention to stand for re-election on the basis that he will serve as a Director for a further term of 12 months through to Boral's 2014 Annual General Meeting. Accordingly, the Board has a process underway for the orderly selection and appointment of an additional Director during the coming year.

The Board has undertaken a review of the performance of each Director standing for re-election and the contribution they have made to the Board and to Board Committees. The Board has also considered the skills and expertise each Director brings to the Board.

Profiles of the Directors standing for re-election are set out below.



Bob Every AO, age 68

Dr Bob Every AO joined the Boral Board in September 2007 and became Chairman of Directors on 1 June 2010. He is the Chairman of Wesfarmers Limited. He is also a Director of O'Connell Street Associates Pty Limited, Western Australian Institute for Medical Research (WAIMR) and UNSW Foundation Limited, and a Patron of Redkite. He was Managing Director of Tubemakers of Australia and held senior executive positions with BHP Limited before becoming Managing Director and CEO of OneSteel Limited. He is a fellow of the Australian Academy of Technological Sciences and Engineering. He has a science degree (honours) and a doctorate of philosophy (metallurgy) from the University of New South Wales. In 2012 he was appointed an Officer of the Order of Australia for his distinguished service to business, particularly through leadership roles in the Australian steel industry, as an advocate for corporate social responsibility, and to the community as a contributor to educational, charitable and cultural organisations.

Dr Every is a member of the Remuneration & Nomination Committee and of the Health, Safety & Environment Committee.

The Board (with Dr Every abstaining) recommends the re-election of Dr Every.



Eileen Doyle, age 58

Dr Eileen Doyle joined the Boral Board in March 2010. She is a Director of GPT Group Limited and Bradken Limited. She is also a Director of a number of private companies and Government boards including being Deputy Chairman of CSIRO. Dr Doyle was previously a Director of OneSteel Limited and Ross Human Directions Limited and Chairman of Port Waratah Coal Services Limited. Her executive career was in the materials and water industries in Australia, with CSR Limited, BHP Limited and Hunter Water Corporation. She has a PhD in Applied Statistics from the University of Newcastle, is a Fulbright Scholar and has an Executive MBA from Columbia University Business School. She is a Fellow of the Australian Institute of Company Directors.

Dr Doyle is Chairman of the Health, Safety & Environment Committee and a member of the Audit Committee.

The Board (with Dr Doyle abstaining) recommends the re-election of Dr Doyle.



Richard Longes, age 68

Richard Longes joined the Boral Board in 2004. He is the Chairman of Austbrokers Holdings Limited and a Director of Investec Bank (Australia) Limited and Voyages Indigenous Tourism Australia Pty Ltd. He was previously a Director of Metcash Limited, a founding principal of Wentworth Associates, the corporate advisory and private equity group, and a partner of the law firm, Freehills. He has arts and law degrees from the University of Sydney and an MBA from the University of New South Wales.

Mr Longes is a member of the Audit Committee.

The Board (with Mr Longes abstaining) recommends the re-election of Mr Longes.

ITEM 4 – AWARD OF RIGHTS TO MIKE KANE, CEO & MANAGING DIRECTOR

Background

Mr Kane's employment agreement provides that he is eligible to participate in the Company's long-term incentive (LTI) arrangements from time to time on terms to be decided by the Board.

The Board believes that LTIs form a key part of remuneration for senior management and assist to align the interests of participating executives with the longer term interests of shareholders.

Approval Sought

The resolution is being put to shareholders to seek approval for an award of rights to fully paid ordinary shares in the Company to Mr Kane under the Company's Equity Incentive Plan (LTI Plan) in respect of FY2014 (FY2014 Grant).

As Mr Kane is a Director of the Company, shareholder approval is required under Chapter 10 of the ASX Listing Rules.

Any required or appropriate shareholder approval for LTI awards to be made to Mr Kane in respect of FY2015 and beyond will be sought at future annual general meetings.

Overview of Grant

It is proposed that the terms of the FY2014 Grant be broadly consistent with the terms of the LTI grant made to Boral senior executives in September 2013 under the LTI Plan. For the purposes of that grant to Boral senior executives, the Company commissioned an independent valuer to determine the fair value of a right subject to the relative TSR hurdle as at 1 September 2013 (Fair Value). The Fair Value is the Boral share price discounted for the possibility that the TSR performance hurdle will not be met. The Fair Value has been used to determine the number of rights making up the FY2014 Grant as outlined overleaf.

The proposed FY2014 Grant consists of 732,456 rights. That number has been derived in accordance with the following formula:

$\frac{A}{B}$

Where:

'A' is \$1.67 million, being Mr Kane's total fixed annual remuneration as at 1 September 2013, and

'B' is \$2.28, being the Fair Value, as determined by the independent valuer.

Assuming that shareholder approval is forthcoming, the Company intends to award the FY2014 Grant rights immediately after the Annual General Meeting and in any event no later than 12 months after approval is obtained. If not approved, the remuneration intended to be delivered by way of rights may be delivered in cash on similar terms, but only if the performance hurdles which would otherwise have applied are satisfied.

No amount will be payable by Mr Kane for the rights in respect of the FY2014 Grant as the FY2014 Grant forms part of his total remuneration package.

The rights will vest to the extent that the applicable performance hurdles outlined below are satisfied. Subject to achievement of the performance hurdles, the rights may be converted (on a one-for-one basis) to fully paid ordinary shares in the Company or, at the Board's discretion, Mr Kane may instead receive a cash-equivalent payment. Any shares issued to or transferred to Mr Kane on vesting of his rights may be purchased on-market or issued by the Company. No amount will be payable by Mr Kane for those shares.

Performance Hurdles

The FY2014 Grant will be divided into two components, which will each be subject to a separate performance hurdle. The FY2014 Grant will be split as follows:

- two-thirds is subject to a relative Total Shareholder Return (TSR) hurdle (TSR Component), and
- one-third is subject to a Return on Funds Employed (ROFE) hurdle (ROFE Component).

Each component of the FY2014 Grant will be tested on 1 September 2016 and there will be no re-testing of either performance hurdle.

TSR Performance Hurdle

The performance hurdle for the vesting of the TSR Component will be measured by comparing the TSR of the Company with the TSRs of a comparator group comprising the companies in the

S&P/ASX 100 Index on 1 September 2013. The period over which the TSR of the Company is compared with the TSRs of companies in the comparator group is the three year period commencing on 1 September 2013 (**Performance Period**).

For the purposes of calculating TSR, share prices will be determined by reference to:

- for the opening share price, the volume weighted average share price during the 60 trading days ending on the first day of the Performance Period, and
- for the closing share price, the volume weighted average share price during the 60 trading days ending on the last day of the Performance Period.

The Board has the discretion to adjust the comparator group to take into account events including but not limited to takeovers, mergers or de-mergers that might occur during the Performance Period.

The percentage of the TSR Component which may vest is based on a sliding scale as follows:

If at the end of the Performance Period, the TSR of the Company:	The percentage of the TSR Component which will vest is:
Does not reach the 50th percentile of the TSRs of the S&P/ASX 100	0%
Reaches the 50th percentile of the TSRs of the S&P/ASX 100	50%
Exceeds the 50th percentile of the TSRs of the S&P/ASX 100 but does not reach the 75th percentile	Progressive pro rata vesting from 50% to 100% (i.e. on a straight line basis)
Reaches or exceeds the 75th percentile of the TSRs of the S&P/ASX 100	100%

The percentage of the TSR Component that does not vest following the end of the Performance Period will lapse (i.e. there will be no further testing).

ROFE Performance Hurdle

ROFE tests the efficiency and profitability of the Company's capital investments. ROFE will be determined by the Board based on earnings before interest and tax (EBIT) as a percentage of average Funds Employed (where Funds Employed is the sum of net assets and net debt).

The ROFE performance hurdle and relevant targets as determined

by the Board are intended to reward achievement linked to improving the Company's ROFE performance through the cycle. Our longer term goal is to exceed the cost of capital, which equates to a ROFE of 15%.

In determining the Company's ROFE performance, the Board may make adjustments where it considers it necessary or appropriate in order to accurately reflect the ROFE outcomes in a manner that rewards performance that is consistent with shareholder expectations and the intent and purpose of the relevant ROFE target.

In regard to the FY2014 Grant, the percentage of the ROFE Component which may vest will be determined by the Board based on ROFE performance for the financial year ending 30 June 2016 in accordance with the following vesting schedule:

If the Company's ROFE performance for FY2016 is:	The percentage of the ROFE Component which will vest is:
Less than 7.6%	0%
7.6%	50%
Greater than 7.6% and less than 8.0%	Progressive pro rata vesting from 50% to 100% (i.e. on a straight line basis)
8.0% or above	100%

The percentage of the ROFE Component that does not vest in accordance with this schedule will lapse (i.e. there will be no further testing). For each subsequent year's LTI grant new ROFE targets will be set.

The Company's ROFE performance will be reported annually in the Company's Remuneration Report.

Takeover or Scheme of Arrangement

Under the LTI Plan, if a takeover bid is made for Boral or there is a scheme of arrangement involving Boral, the Board may, in its discretion, determine that a number of the rights will vest, having regard to all relevant circumstances (including Mr Kane's and the Company's performance).

Circumstances in which Rights will Lapse

If Mr Kane resigns or his employment is terminated for performance reasons (for example, as a consequence of serious and willful misconduct or breach of duty), any unvested rights will lapse unless the Board determines otherwise.

If Boral terminates Mr Kane's employment without cause on Mr Kane's part, then the rights that have been granted but which remain unvested will continue beyond termination and will vest in due course to the extent that the performance hurdles are

satisfied. The Board has a discretion to determine that a different treatment should apply.

Additional Information Provided for Shareholders in Accordance with ASX Listing Rules

Since shareholder approval was obtained for Mr Kane's FY2013 Grant at the 2012 Annual General Meeting, 554,655 rights have been granted to Mr Kane in accordance with that approval. No consideration was payable by Mr Kane in respect of the rights granted to him. No other Director of the Company is entitled to participate in the LTI Plan or any of the Company's other employee incentive schemes.

No loan will be made by Boral in connection with the award of rights or the allocation to Mr Kane of any shares on vesting of those rights.

Directors' Recommendation

The Board (with Mr Kane abstaining) recommends that shareholders vote in favour of the resolution to approve the grant to Mr Kane of rights to Boral shares.

Boral Limited

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