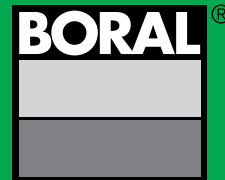
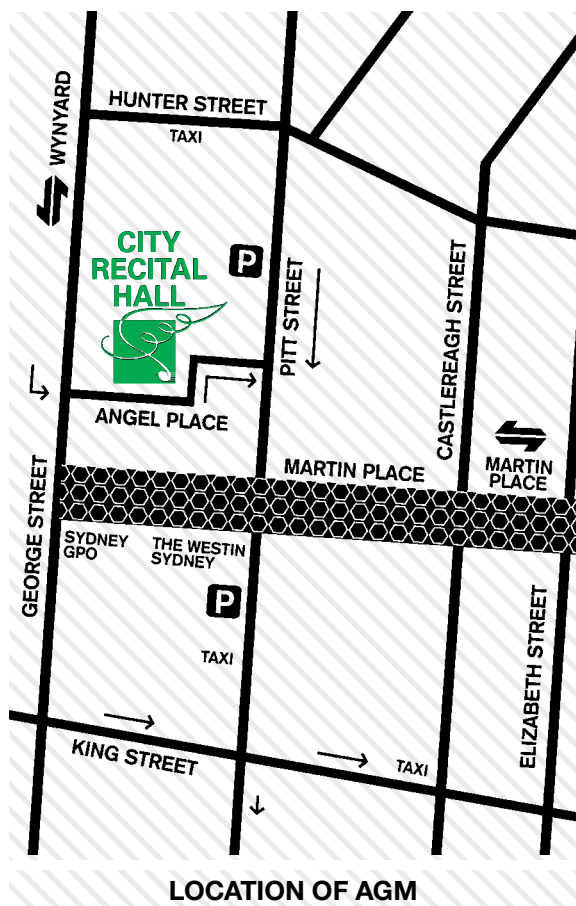


# Boral Limited 2012 Annual General Meeting



ABN 13 008 421 761

17 September 2012



Dear Shareholder

It is my pleasure to invite you to attend the 2012 Annual General Meeting of Boral Limited.

The Meeting will be held in the City Recital Hall, Angel Place, Sydney on Thursday, 1 November 2012 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, 30 October 2012 to be valid for the Meeting.

The full AGM will be webcast live on the internet at [www.boral.com.au](http://www.boral.com.au).

The Chairman's Address and the Chief Executive's Address to the AGM will be placed on Boral's website on the day of the Meeting.

Yours sincerely

A handwritten signature in black ink that reads "Bob Every".  
Dr Bob Every, AO  
Chairman

**BORAL**

Level 39, AMP Centre  
50 Bridge Street, Sydney  
GPO Box 910, Sydney NSW 2001  
T (02) 9220 6300 F (02) 9233 6605

# 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, 1 November 2012 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 2012.

### **Item 2: Remuneration Report**

To adopt the Remuneration Report for the year ended 30 June 2012.

### **Voting Exclusion Statement**

The Company will disregard any votes cast (in any capacity) on Item 2 by or on behalf of:

- a member of the key management personnel of the Company ("KMP") as disclosed in the Remuneration Report, and
- a closely related party of those persons (such as close family members and any companies the person controls),

unless the vote is cast as proxy for a person who is entitled to vote, 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 (see Note 4).

### **Item 3: Election of Directors**

3.1 To re-elect John Marlay as a Director.

3.2 To re-elect Catherine Brenner as a Director.

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

### **Item 4: Proportional Takeover Approval Provisions**

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

"That the proportional takeover approval provisions currently contained in Schedule 5 of the Constitution of the Company be included as Schedule 5 in the Constitution of the Company for a further period of three years from the date of the Meeting convened by this Notice of Meeting."

### **Item 5: Award of Rights to Mike Kane, Chief Executive Officer Designate**

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 Chief Executive Officer and Managing Director designate, 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**

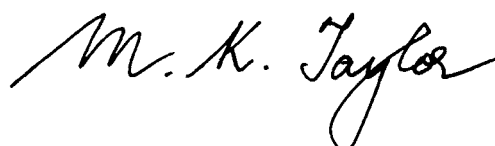
The Company will disregard any votes cast on Item 5:

- by a Director (other than a Director who is not eligible to participate in any of the Company's employee incentive schemes) or an associate of such a Director, and
- as a proxy by a member of the KMP or a closely related party of a member of the KMP,

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

- the vote is cast in accordance with a direction on the Proxy Form, or
- 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



**Margaret Taylor**  
Company Secretary  
Sydney  
17 September 2012

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## 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 30 October 2012. 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 5 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 5, 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, 30 October 2012. The Proxy Form may be sent by fax to Link Market Services Limited on (02) 9287 0309 or lodged online: [www.linkmarketservices.com.au](http://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, 25 October 2012) 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 – Adoption of Remuneration Report

The Remuneration Report is part of the Directors’ Report for the year and is set out on pages 51 to 64 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 key management personnel.

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 2013 Annual General Meeting if a ‘second strike’ were to occur at the 2013 Annual General Meeting.

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

### ITEM 3 – Election of Directors

While no Directors are required to retire by rotation at the 2012 Annual General Meeting (each of the Directors having been last elected at either the 2010 Annual General Meeting or the 2011 Annual General Meeting), the ASX Listing Rules require an election of Directors to be held each year. In accordance with that requirement, and so as to provide for a more structured Board renewal programme for the future (in terms of the number of Directors retiring by rotation each year), John Marlay and Catherine Brenner, who were each re-elected at the 2010 Annual General Meeting, offer themselves for re-election.

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:

#### JOHN MARLAY, AGE 63



John Marlay joined the Boral Board in December 2009. He is a Director of Incitec Pivot Limited, Chairman of Cardno Limited, a Director of Alesco Corporation Limited and a member of the board of the Climate Change Authority (a Government Statutory Authority).

He was the Chief Executive Officer and Managing Director of Alumina Limited from December 2002 until his retirement from that position in 2008. Previously, he held senior executive positions and directorships with Esso Australia Limited, James Hardie Industries Limited, Pioneer International Group Holdings and Hanson plc.

He has a Bachelor of Science degree from the University of Queensland and a Graduate Diploma from the Australian Institute of Company Directors. He is a Fellow of The Australian Institute of Company Directors.

Mr Marlay is a member of the Remuneration & Nomination Committee and of the Health, Safety & Environment Committee.

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

## CATHERINE BRENNER, AGE 41



Catherine Brenner was appointed to the Boral Board in September 2010.

Ms Brenner is a Director of Coca-Cola Amatil Limited and AMP Limited.

She was previously a Director of Centennial Coal Limited and the Australian Brandenburg Orchestra.

She is a member of the Takeovers Panel and a Trustee of the Sydney Opera House Trust. She has extensive experience in corporate finance and capital markets, previously holding the position of Managing Director, Investment Banking of ABN Amro Australia. She holds an MBA from the Australian Graduate School of Management, and a Bachelor of Laws and Bachelor of Economics from Macquarie University.

Ms Brenner is a member of the Audit Committee and of the Remuneration & Nomination Committee.

The Board (with Ms Brenner abstaining) recommends the re-election of Ms Brenner.

### ITEM 4 – Proportional Takeover Approval Provisions

This item of business involves the re-insertion in the Constitution of the provisions currently contained in Schedule 5 of the Company's Constitution relating to proportional takeovers.

Under the Act, such provisions must be renewed every three years. The provisions were last approved at the 2009 Annual General Meeting. However, the three year period from the date of the 2009 Annual General Meeting will elapse, and the provisions currently contained in Schedule 5 will expire, just prior to this year's Annual General Meeting. It is for this reason that the resolution seeks shareholder approval for the re-insertion of those provisions into the Constitution (rather than their renewal).

The Act requires that the following information be provided with a notice proposing the adoption or renewal of the proportional takeover provisions:

#### Effect

The effect of the proportional takeover approval provisions is to require the Directors to convene a meeting of shareholders in the event that a proportional takeover bid is made for the Company.

A proportional takeover bid is a takeover offer made to all shareholders, but only in respect of a specified portion of each shareholder's shares. The purpose of the meeting of shareholders is to vote on a resolution

to approve the takeover bid. If the resolution is rejected by shareholders, then the bid will be deemed to be withdrawn and registration of any transfer of shares resulting from the bid will be prohibited. Acceptances will be returned and any contracts formed by acceptances will be rescinded.

If the resolution is approved, transfers of shares to the bidder will be registered provided they comply with other provisions of the Company's Constitution.

If the resolution is not voted on at least 14 days before the closure of the bid, then the resolution will be deemed to have been approved.

The bidder and associates will be precluded from voting on the resolution.

Provided the proportional takeover approval provisions are adopted at the Annual General Meeting, they will expire after three years, unless renewed by shareholders by special resolution.

#### Reasons for Inclusion

The reason Schedule 5 was included in the Constitution previously, and is proposed to be adopted, is that a proportional takeover bid may result in effective control of the Company changing hands without shareholders having the opportunity to dispose of all their shares.

Shareholders could be at risk of passing control to the bidder without payment of an adequate control premium for all their shares, while leaving themselves as part of minority interests in the Company.

The provisions give shareholders the opportunity to decide whether a proportional takeover bid is acceptable and should be allowed to proceed.

#### Present Acquisition Proposals

As at the date of this statement, no Director of the Company is aware of any proposal by a person to acquire, or to increase the extent of, a substantial interest in the Company.

#### Potential Advantages and Disadvantages

The proposed provisions will enable the Directors to ascertain the views of shareholders on a proportional takeover bid. Apart from this, there is no specific advantage or disadvantage for the Directors of inserting the proportional takeover approval provisions.

The provisions ensure that shareholders will have an opportunity to study a proportional takeover bid proposal and vote on whether it should be permitted to proceed. As a consequence, the terms of any future proportional bids are likely to be structured to be attractive to a majority of non-associated shareholders.

As to the possible disadvantages of the provisions for shareholders, it could be argued that they make a proportional takeover more difficult to achieve and therefore proportional bids will be discouraged. This in turn may reduce opportunities which shareholders may have to sell some of their shares at an attractive price to persons seeking control of the Company and may reduce any element of takeover speculation in the Company's share price. It may also be argued that the provisions constitute an additional restriction on the ability of shareholders to deal freely with their shares.

While the Company's Constitution has included proportional takeover approval provisions for many years, the provisions have not been used. Accordingly, the experience to date has no bearing or impact on the advantages or disadvantages discussed in these explanatory notes.

The resolution to adopt the proportional takeover approval provisions is a special resolution and, to be passed, requires a 75% majority of the votes cast by shareholders entitled to vote on the resolution.

The Board recommends that shareholders vote in favour of the resolution to adopt the proportional takeover approval provisions in Schedule 5 of the Company's Constitution for a further three years.

## **ITEM 5 – Award of Rights to Mike Kane, Chief Executive Officer Designate**

### **Background**

On 10 September 2012, the Board announced that Mr Mike Kane would assume the role of Chief Executive Officer of Boral, effective 1 October 2012.

The announcement included a summary of the key terms of Mr Kane's employment agreement. Under that employment agreement, Mr Kane's remuneration consists of the following components:

- fixed annual remuneration;
- short-term incentive payable in cash; and
- long-term incentive (LTI) to be awarded in the form of options or rights to acquire ordinary shares in Boral if specific performance hurdles are met.

Mr Kane's employment agreement provides for him to participate in the Boral LTI Plan (LTI Plan) on terms to be determined by the Board.

The award to be made in respect of FY2013 (FY2013 Grant):

- is to be based on Mr Kane's total fixed annual remuneration as at commencement of his employment agreement – namely, \$1.6 million per annum; and

- is to take account of the fact that rights have already been granted to Mr Kane in respect of FY2013. Those rights were granted on 1 September 2012, the value of those rights having been based on Mr Kane's salary as at 1 September 2012 (that is, his salary as President Boral USA).

The awards are to be in the form of rights to fully paid ordinary shares in the Company under the LTI Plan.

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 the FY2013 Grant to Mr Kane.

Shareholder approval is required under Chapter 10 of the ASX Listing Rules because Mr Kane will be receiving the FY2013 Grant at a time when he is a director of the Company.

Any required or appropriate shareholder approval for LTI awards to be made to Mr Kane under his employment agreement in respect of FY2014 and beyond will be sought at future annual general meetings.

### **Overview of Grant**

It is proposed that the terms of the FY2013 Grant be broadly consistent with the terms of the LTI grant made to Boral senior executives in September 2012 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 each right as at 1 September 2012 (that is, the Boral share price discounted for the possibility that the performance hurdle would not be met – see below). That fair value amount as so determined has been used to determine the number of rights making up the FY2013 Grant.

The proposed FY2013 Grant consists of 554,655 rights. That number has been derived in accordance with the following formula:

$$\frac{A - C}{B}$$

Where:

- 'A' is \$1.6 million, being Mr Kane's total fixed annual remuneration as at commencement of his employment agreement;
- 'B' is \$2.40, being the fair value of each right as at 1 September 2012, as determined by the independent valuer; and
- 'C' is 112,011, being the number of rights already granted to Mr Kane in his capacity as President Boral USA in respect of FY2013, those rights having been granted on 1 September 2012.

Assuming that shareholder approval is forthcoming, the Company intends to award the FY2013 Grant rights immediately after the Annual General Meeting and in any event no later than 12 months after approval is obtained.

No amount will be payable by Mr Kane for the rights in respect of the FY2013 Grant as the FY2013 Grant forms part of his total remuneration package.

Subject to the terms of the LTI Plan, the vesting period which must elapse before shares may be issued or transferred to Mr Kane is a minimum of three years from the grant date of the FY2013 Grant (**Vesting Period**).

The rights will vest (that is, shares will be issued or become transferable to Mr Kane) to the extent that the applicable performance hurdle outlined below is satisfied. Subject to achievement of the hurdle, the rights may be converted (on a one-for-one basis) to fully paid ordinary shares in the Company. Those shares may be purchased on-market or issued by the Company. No amount will be payable by Mr Kane for those shares.

#### **Performance Hurdle**

The performance hurdle for the vesting of the rights (and therefore the allocation of shares) will be measured by comparing the Total Shareholder Return (TSR) of the Company with the TSRs of the companies in the S&P/ASX 100 Index as at the commencement of the Vesting Period. The period over which the TSR of the Company is compared with the TSRs of companies in the S&P/ASX 100 commences on the first day of the Vesting Period and is measured at three test dates, namely the third, fifth and seventh anniversary of the first day of the Vesting Period.

For the purposes of calculating TSR, share prices will be determined by reference to the volume weighted average share price during the 60 trading days prior to the relevant test date.

The percentage of rights which may vest is based on a sliding scale as follows:

If at any of the three test dates referred to above, the TSR of the Company:	The percentage of rights 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	50%, plus 2% for every one percentile increase above the 50th percentile
Reaches or exceeds the 75th percentile of the TSRs of the S&P/ASX 100	100%

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 performance), even if the Vesting Period has not yet expired.

#### **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 wilful 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 on the next test date to the extent that the performance hurdle is satisfied. If termination occurs after the first test date, the Board has a discretion to determine that a different treatment should apply.

#### **Additional Information Provided for Shareholders in Accordance with ASX Listing Rules**

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

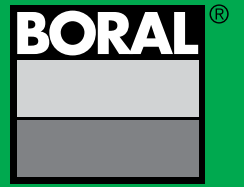
Currently no Director of the Company other than the Chief Executive Officer is entitled to participate in the LTI Plan or any of the Company's other employee incentive schemes. In his capacity as Chief Executive, Mr Mark Selway was granted 1,075,005 rights under the LTI Plan at no cost in accordance with the shareholder approval obtained at the 2010 Annual General Meeting.

#### **If the Resolution is Not Passed**

If the resolution is not passed, then under Mr Kane's employment agreement the Board may pay to Mr Kane an amount of cash equivalent to the value of the FY2013 Grant. The Board would consider making a cash payment only if the performance hurdle which would otherwise have applied were satisfied.

#### **Directors' Recommendation**

All Directors recommend that shareholders vote in favour of the resolution to approve the grant to Mr Kane of rights to Boral shares.



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