



## BORAL LIMITED

**20 September 2010**

Dear Shareholder

It is my pleasure to invite you to attend the 2010 Annual General Meeting of Boral Limited. The Meeting will be held in the City Recital Hall, Angel Place, Sydney on Thursday, 4 November 2010 at 10:30am.

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.**

The plan opposite shows the location of the City Recital Hall.

Shareholders are encouraged to arrive before the starting time of 10:30am to avoid any last minute congestion.

If you do not plan to attend the AGM, 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 it. Proxy Forms must be received by 10:30am on Tuesday, 2 November 2010 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". The signature is written in a cursive, flowing style.

**Bob Every**  
Chairman



LOCATION OF ANNUAL GENERAL MEETING

# 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, 4 November 2010 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 2010.

### Item 2: Election of Directors

- 2.1 To re-elect Bob Every as a Director.
- 2.2 To re-elect Brian Clark as a Director.
- 2.3 To re-elect Richard Longes as a Director.
- 2.4 To elect Eileen Doyle as a Director.
- 2.5 To elect John Marlay as a Director.
- 2.6 To elect Catherine Brenner as a Director.

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

*In accordance with the Company's Constitution, Roland Williams retires by rotation. Dr Williams is not seeking re-election.*

### Item 3: Remuneration Report

To adopt the Remuneration Report for the year ended 30 June 2010.

### Item 4: Award of Rights to Mark Selway, Chief Executive

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

"That approval is given for the award to Mark Selway, the Chief Executive, of rights to fully paid ordinary shares in the Company on the terms described in the explanatory notes to this Notice of Meeting."

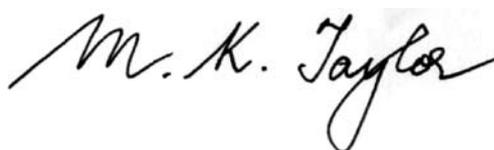
### Voting exclusion statement

In accordance with the ASX Listing Rules, the Company will disregard any votes cast on item 4 by a Director of the Company or an associate of a Director.

However, the Company need not disregard a vote cast on the resolution if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

By order of the Board



**Margaret Taylor**  
Company Secretary

Sydney  
20 September 2010

## 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 2 November 2010. 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.
3. The proxy of a member does not need to be a member of the Company.
4. 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.
5. If a member appoints the Chairman of the Meeting as proxy and does not direct the Chairman how to vote on the proposed resolutions as set out in the Notice, then the Chairman intends to vote all available proxies in favour of each of the proposed resolutions (if a poll is called on the relevant resolution).
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, 2 November 2010. 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 is 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 its representative at the Annual General Meeting by providing that person with:
- a letter or certificate, executed in accordance with the body corporate's constitution or the *Corporations Act 2001*, authorising the person as a representative, or
  - a copy of the resolution, certified by the secretary or a director of the body corporate, appointing 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, 28 October 2010) to allow time to collate questions and prepare answers.

## EXPLANATORY NOTES:

### ITEM 1 – Financial Reports

While the *Corporations Act 2001* 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 that 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 audit 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 – 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, Brian Clark and Richard Longes were last elected as Directors at the 2007 Annual General Meeting. They therefore retire and, being eligible, 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.

Since the 2009 Annual General Meeting, three new Directors have been appointed to the Board. They are John Marlay, Eileen Doyle and Catherine Brenner. In accordance with the Company's Constitution, they will cease to hold office following the 2010 Annual General Meeting and, being eligible, offer themselves for election to the Board.

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



#### Bob Every, age 65

Bob Every joined the Boral Board in September 2007 and became Chairman of Directors on 1 June 2010. He is also the Chairman of Wesfarmers Limited, as well as being on the Board of Malcolm Sargeant Cancer Fund for Children Limited, known as 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 Engineers. He has a science degree (honours) and a doctorate of philosophy (metallurgy) from the University of New South Wales. As well as being Chairman of Directors, Dr Every is a member of the Board's Remuneration & Nomination Committee.

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



#### Brian Clark, age 61

Brian Clark joined the Boral Board in May 2007. He has experience as a non-executive Director in Australia and overseas. He is a Director of AMP Limited. In South Africa, he was President of the Council for Scientific and Industrial Research (CSIR) and CEO of Telkom SA. He also spent 10 years with the UK's Vodafone Group as CEO Vodafone Australia, CEO Vodafone Asia Pacific and Group Human Resources Director. He has a doctorate in physics from the University of Pretoria, South Africa and completed the Advanced Management Program at the Harvard Business School. Dr Clark is Chairman of the Board's Remuneration & Nomination Committee.

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



**Richard Longes, age 65**

Richard Longes joined the Boral Board in 2004. He is Chairman of Austbrokers Holdings Limited and a Director of Metcash Limited and Investec Bank (Australia) Limited. He was previously an executive of Investec Bank, a principal of Wentworth Associates, the corporate advisory and private equity group, and a partner of Freehills, a leading law firm. 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 Board's Audit Committee.

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



**Eileen Doyle, age 55**

Eileen Doyle was appointed to the Boral Board on 16 March 2010. She is a Board member of the CSIRO and a non-executive Director of OneSteel Limited, GPT Group Limited and Ross Human Directions Limited. She is also on the Board of two non-profit organisations, Hunter Valley Research Foundation (Chairman) and Hunter Founders Forum (Director). During her distinguished career in the materials and water industries, Dr Doyle spent five years in senior operational roles with CSR Limited, including as CEO of CSR's Panels Division. Prior to that, Dr Doyle spent 13 years with BHP Limited in various senior operational, marketing and planning roles and four years with Hunter Water with responsibilities for planning and policy development. Dr Doyle has a doctorate in applied statistics from the University of Newcastle. She is a Fulbright Scholar and has an executive MBA from Columbia University Business School. Dr Doyle is a member of the Board's Audit Committee.

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



**John Marlay, age 61**

John Marlay was appointed to the Boral Board on 1 December 2009. He is a non-executive Director of Incitec Pivot Limited. Mr Marlay has had a distinguished career in the building and construction materials sector in Australia and overseas, including six years as the CEO of Alumina Limited from 2002 to 2008. Mr Marlay has also held senior roles with Hanson PLC in the UK, Pioneer International in the UK and Australia, and James Hardie Industries in Australia. He has a bachelor of science degree and has completed management studies at the University of Virginia. Mr Marlay is a member of the Board's Remuneration & Nomination Committee.

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



**Catherine Brenner, age 39**

Catherine Brenner was appointed to the Boral Board on 15 September 2010. She is a non-executive Director of Coca-Cola Amatil Limited, Centennial Coal Company Limited, AMP Limited and the Australian Brandenburg Orchestra. She is also a member of the Takeovers Panel and a Trustee of the Sydney Opera House Trust. Ms Brenner has extensive experience in corporate finance, previously holding the position of Managing Director, Investment Banking of ABN Amro Australia. Ms Brenner 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 Board's Audit Committee.

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

### ITEM 3 – Adoption of Remuneration Report

The Remuneration Report is part of the Directors' Report for the year and is set out on pages 45 to 60 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, the Chief Executive 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 *Corporations Act 2001*.

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.

While there is no legal requirement to abstain from voting, Boral believes it is appropriate that neither the Directors, the named key management personnel nor their associates should vote on this advisory resolution, except as directed by any proxies.

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

### ITEM 4 – Award of Rights to Mark Selway, Chief Executive Background

Under his employment agreement with Boral, the remuneration of Boral's Chief Executive, Mark Selway, consists of the following components:

- fixed 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.

The annual awards (**Grants**) of LTI for 2010, 2011 and 2012 are to be in the form of rights to fully paid ordinary shares in the Company under the Boral Long Term Incentive Plan (**LTI Plan**).

The Board believes that long-term incentives 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

This resolution is being put to shareholders to seek approval for the Grant to be made to Mr Selway each year for the next three years. As Mr Selway is a Director of the Company, shareholder approval is required under Chapter 10 of the ASX Listing Rules.

#### Overview of the Grant

It is proposed that Mr Selway be granted rights with a value of 100% of his total fixed annual remuneration, provided that in respect of the 2010 financial year, Mr Selway will receive rights with a value equivalent to one-half of his total fixed annual remuneration (that is, one-half of \$1.75 million), to reflect the fact that he was appointed to the position of Chief Executive on 1 January 2010.

Mr Selway's total fixed annual remuneration is reviewed annually. In respect of the 2011 and 2012 financial years, Mr Selway will receive rights with a value equivalent to 100% of his fixed annual remuneration at the end of the relevant financial year. No amount will be payable by Mr Selway for the rights.

The terms of each of the annual Grants will be consistent with the terms of the LTI Plan. The number of rights to be granted is not known at this stage but will be determined by dividing the salary at the relevant time by the Boral share price at the time of the Grants in 2010, 2011 and 2012 discounted for the probability that the performance hurdle will not be met. This is explained further below.

Subject to the terms of the LTI Plan, the vesting period which must elapse before shares may be issued or transferred to Mr Selway is three years from the applicable grant date of the 2010, 2011 and 2012 Grants. It is intended that the grant date will be in November of each year. The last grant will in any event be within three years of the date of this Annual General Meeting.

The shares will vest (that is, the shares will be issued or become transferable to Mr Selway) 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 Selway for those shares.

#### Performance hurdle

The performance hurdle for the vesting of the rights (and allocation of shares) will be measured by comparing the performance of the Company with the performance of other companies in which shareholders may potentially invest. Vesting will depend on the Total Shareholder Return (**TSR**) of the Company relative to 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 to 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 anniversaries of the first day of the vesting period for the relevant Grants. 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.

For each of the Grants 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 Selway's performance), even if the vesting period has not yet expired.

### Number of rights to be awarded

To give shareholders an indication of the number of rights that would be awarded to Mr Selway in respect of the 2010 financial year were the award approved, the Company has commissioned an independent valuer to assess the indicative fair value of each right. The indicative value has been assessed in accordance with Accounting Standard AASB 2 using a Monte Carlo simulation.

These values are indicative only, as the actual valuation will depend on factors including the Company's share price as at the commencement of the vesting period. If the award of the rights is approved, the actual number of rights granted as part of Mr Selway's remuneration will be disclosed each year in the Company's Annual Report.

The valuations set out below are based on the following assumptions:

- a share price of \$4.50, \$4.75 or \$5.00;
- an exercise price of zero for the rights;
- the maximum life of the rights being seven years. The valuations have been performed assuming both a five year life and a seven year life, and a midpoint valuation has been derived;
- other assumptions as to risk free interest rates, volatility and dividend yields made in accordance with accepted valuation techniques, and
- no discount has been included for forfeiture of the rights which might occur if Mr Selway ceases to be employed by the Company at the time of vesting.

Indicative values per right:

| SHARE PRICE | 5 YEAR LIFE | 7 YEAR LIFE | MIDPOINT |
|-------------|-------------|-------------|----------|
| \$4.50      | \$2.96      | \$3.17      | \$3.07   |
| \$4.75      | \$3.12      | \$3.37      | \$3.25   |
| \$5.00      | \$3.29      | \$3.57      | \$3.43   |

Based on a share price of \$4.75, and using the midpoint valuation, each right would have an indicative fair value of \$3.25. Accordingly, the number of rights to be granted in respect of the 2010 financial year would be approximately 269,231, being the number derived by dividing one-half of the salary of Mr Selway (that is, one-half of \$1.75 million) by the indicative fair value of \$3.25. As stated above, as an actual valuation can be determined only by reference to the Company's share price (and other factors) as at the commencement of the vesting period, this number is indicative only.

The number of rights to be granted in respect of the 2011 and 2012 financial years will be determined in a similar way, except that the calculation will be made by reference to Mr Selway's total fixed annual remuneration at the end of the relevant financial year.

### Circumstances in which rights will lapse

If Mr Selway 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.

### Additional information provided for shareholders in accordance with the ASX Listing Rules

Mr Selway currently holds 431,034 rights granted in January 2010 and 10,560 Boral shares.

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

The ASX Listing Rules require information to be included about other Directors who receive securities under the LTI Plan. Mr Selway is currently the only Director of the Company entitled to participate in the LTI Plan. Since approval was given at the 2009 Annual General Meeting to the grant of rights to Mr Selway under the LTI Plan, Mr Selway has been granted 431,034 rights in accordance with the terms of that approval. None of those rights has yet vested. No amount was payable by Mr Selway for those rights.

Details of any securities issued under the LTI Plan (and for which shareholder approval was given) will be published in each Annual Report relating to the period in which the securities are issued, and will state that approval for the issue of securities was obtained under Listing Rule 10.14.

Any additional persons (for whom shareholder approval is required) who become entitled to participate in the LTI Plan after the resolution was approved and who are not named in the Notice of Meeting will not participate until approval is obtained under Listing Rule 10.14.

### If the resolution is not approved by shareholders

If this resolution is not approved, the Board will seek to negotiate alternative long-term incentives to the value of those proposed for Mr Selway. This may include cash payments. Mr Selway will only be entitled to those incentives if the performance hurdles are satisfied.

### Directors' recommendation

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