

Adelaide Brighton Ltd

Notice of Annual General Meeting

The 2005 Annual General Meeting of Adelaide Brighton Ltd will be held on Thursday 19 May 2005 at 11.00am at The Ballroom, Hyatt Regency, North Terrace, Adelaide, South Australia 5000



Adelaide Brighton Ltd
ABN 15 007 596 018
Level 1
157 Grenfell Street
Adelaide
South Australia 5000

All communications to
Adelaide Brighton Ltd
GPO Box 2155 Adelaide SA 5001
Telephone (08) 8223 8000
Facsimile (08) 8215 0030
Email adelaidebrighton@adbri.com.au

Ordinary Business

Financial Report

- 1 The financial report, the Directors' report and the independent Auditor's report for the year ended 31 December 2004 will be presented for consideration.

Election of Directors

- 2 Mr GF Pettigrew, who was appointed a Director since the last Annual General Meeting, holds office only until the conclusion of this Annual General Meeting in accordance with the Company's constitution and, being eligible, offers himself for election.
- 3 Mr JD McNerney retires by rotation in accordance with the Company's constitution and, being eligible, offers himself for re-election.
- 4 Mr MA Kinnaird AO retires by rotation in accordance with the Company's constitution and, being eligible, offers himself for re-election.

Special Business

5 Directors' remuneration

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

"That the maximum aggregate amount of remuneration which may be paid out of the funds of the Company to the Directors (excluding a Managing Director or other Director in receipt of salary from the Company) for their services be increased by \$200,000 to a maximum sum of \$700,000 per annum with effect from 1 January 2005 to be divided among those Directors in such manner as they may determine."

Voting restriction on resolution 5

The Company will disregard any votes cast on resolution 5 by any Director of the Company or any of their associates unless the vote is cast by:

- a person as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form; or
- 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.

6 Issue of Awards to the Managing Director

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

"That approval be given to the grant of 900,000 Awards to Mr Mark Chellew, the Managing Director of the Company, under the Adelaide Brighton Executive Performance Share Plan on the terms set out in the Explanatory Notes to this Notice of Annual General Meeting."

Voting restriction on resolution 6

The Company will disregard any votes cast on resolution 6 by the Managing Director or any of his associates unless the vote is cast by:

- a person as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form; or
- 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.

7 Adoption of new constitution

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

"That the new constitution contained in the document submitted to the meeting and signed by the Chairman for identification is approved and adopted as the constitution of the Company in substitution for the existing constitution (comprising the existing memorandum of association and articles of association) of the Company."

By Order of the Board

Marcus Clayton
Company Secretary

14 April 2005

Voting Information

- 1 For the purposes of the meeting, shares will be taken to be held by the persons who are the registered holders at 10.00pm (Adelaide time) on 17 May 2005. Accordingly, share transfers registered after that time will be disregarded in determining entitlements to attend and vote at the meeting.
- 2 A shareholder entitled to attend and vote has a right to appoint a proxy to attend and vote instead of the shareholder. A proxy need not be a shareholder and can be either an individual or a body corporate. If a shareholder appoints a body corporate as a proxy, that body corporate will need to ensure that it:
 - appoints an individual as its corporate representative to exercise its powers at the meeting, in accordance with section 250D of the Corporations Act 2001 (Cth); and
 - provides satisfactory evidence of the appointment of its corporate representative.

If such evidence is not received, the body corporate (through its representative) will not be permitted to act as a proxy.

A form of appointment of proxy is enclosed. To be effective the document appointing the proxy (and the power of attorney, if any, under which it is signed) must be received by the Company at least 48 hours before the meeting. The documents should be lodged with the Company:

- by delivery, or by mail, to the Company's registered office at Level 1, 157 Grenfell Street, Adelaide, SA 5000; or
- by facsimile to the company on (08) 8215 0030 (international +(618) 8215 0030).

A shareholder who is entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. Where more than one proxy is to be appointed or where voting intentions cannot be adequately expressed using the enclosed proxy form, an additional form of proxy is available on request from the Company.

- 3 A representative of a company attending the meeting must present satisfactory evidence of his or her appointment to attend on its behalf, unless previously lodged with the Company.
- 4 Please refer to other notes appearing on the enclosed form of proxy.

Explanatory Notes to Shareholders

Ordinary Business

Resolutions 2, 3 and 4: Election of Directors

Mr GF Pettigrew has been appointed a Director since the last Annual General Meeting. Under the constitution, he holds office only until the conclusion of this meeting and therefore offers himself for election.

Mr JD McNerney and Mr MA Kinnaird AO retire by rotation and offer themselves for re-election.

The experience, qualifications, competencies and other information about the candidates appear below:

GF Pettigrew *FPNA, FAIM, FAICD*

Mr Pettigrew, 56 years of age, joined the Board as an independent non-executive Director on 27 August 2004. He is Chair of the OH&S Committee and a member of the Audit, Risk and Compliance Committee and Independent Directors' Committee.

Mr Pettigrew has extensive experience in the building materials industry and previously held the position of Chief Executive Officer of CSR Building Products. He has broad management experience gained in South East Asia and the United Kingdom and through his former position as Managing Director of Chubb Australia Limited and Wormald Security Australia Pty Ltd.

The Board has reviewed the performance of Mr Pettigrew and confirmed its support for his election as a Director of the Company.

JD McNerney *BE, Meng Sc, MIE, MBA, CEng, F.I.E.I*

Mr McNerney, 60 years of age, joined the Board in June 2002 as an RMC Group plc nominee Director. Mr McNerney ceased to be a nominee of RMC Group plc at the end of April 2004 and continues as an independent non-executive Director. He is a member of the Independent Directors' Committee and OH&S Committee.

Mr McNerney has over 35 years experience in the construction materials industry and was formerly a Director of Readymix plc, a listed construction materials company based in Ireland. He retired from Readymix plc as Managing Director at the end of 2003.

The Board has reviewed the performance of Mr McNerney and confirmed its support for his re-election as a Director of the Company.

MA Kinnaird *AO, DUniv, BE, Hon FIEAust, FTS*

Mr Kinnaird, 71 years of age, has longstanding experience on the Board, having been elected Deputy Chairman in September 1996 and Chairman in January 1997. He is Chairman of the Independent Directors' Committee and a member of the Nomination and Remuneration Committee, Corporate Governance Committee and OH&S Committee.

Mr Kinnaird, a civil engineer, is founder and past Executive Chairman of the former engineering firm Kinhill Pty Ltd, now known as KBR (Kellogg Brown & Root Pty Ltd). He is retained as a consultant to KBR and has involvement in the wider professional and business community. Among Mr Kinnaird's other board membership are Chairman of Asia Pacific Transport Pty Ltd and Freight Link Pty Ltd, a Director of the National Electricity Market Management Company Limited, United Water International Pty Ltd and Macmahon Holdings Ltd and member of the Defence Procurement Advisory Board.

In 1991 Mr Kinnaird was made an Officer in the General Division of the Order of Australia for his services to engineering and the community.

The Board has reviewed the performance of Mr Kinnaird and confirmed its support for his re-election as a Director of the Company.

Special Business

Resolution 5: Directors' Remuneration

Under the Company's constitution, the fees payable to non-executive Directors for their services as Directors are determined by the Board within a maximum aggregate amount approved by shareholders for that purpose. The present maximum of \$500,000 per annum was approved by shareholders at the May 2003 Annual General Meeting.

Currently, the Chairman is paid an annual fee of \$182,060. Other non-executive Directors are each paid an annual base fee of \$48,870 plus the following remuneration for additional committee workload:

- Non-executive Directors who act as a Chairman of any of the Board Committees are paid an additional annual fee of \$6,000 and
- Non-executive Directors who are members of any of the Board Committees are paid an additional annual fee of \$4,750.

The Chairman receives no additional fees for Committee work.

Non-executive Directors generally also have the benefit of an additional contribution of 10% of fees towards superannuation. This additional 10% is not made available for Messrs Kinnaird, Barro and McNerney, for whom no superannuation contributions are made.

Details of non-executive Directors' remuneration is disclosed on page 62 of the 2004 annual report.

For the purposes of clause 107 of the Company's constitution and ASX Listing Rule 10.17, shareholder approval is sought to increase the maximum aggregate amount which can be paid as remuneration to the non-executive Directors, by \$200,000 from \$500,000 to \$700,000 per annum.

Adelaide Brighton undertakes regular reviews of the fees paid to non-executive Directors to ensure that the fees paid by Adelaide Brighton are competitive and enable the Company to attract and retain high calibre Directors. This review includes consideration of fees paid to non-executive Directors of comparable Australian listed companies. Particular Director's performance, duties and responsibilities, the market comparison and independent advice are all considered as part of the review process.

Increasing the maximum amount of non-executive Directors' remuneration payable does not mean that the whole of the new maximum aggregate will be used immediately. However, it will provide the Board with the ability over time to increase non-executive Directors' fees in line with market conditions, in order that the Company can continue to attract high quality directors, and if appropriate, modestly increase its numbers of Board members.

It should be noted that the number of Directors receiving Directors' fees has increased. RMC Group plc previously appointed two nominee Directors to the Board, who did not receive Directors' fees. Mr McNerney was an RMC Group plc nominee who did not receive fees. Following RMC Group plc's disposal of its interest in Adelaide Brighton, Mr McNerney has continued as an independent non-executive Director, and from June 2004 he received the remuneration as disclosed on page 62 of the 2004 annual report. Subsequent to the resignation of the other nominee director of RMC Group plc, Mr Brooks, who did not receive Directors' fees, the Board appointed Mr Pettigrew as an additional independent non-executive Director during 2004. Mr Pettigrew receives Directors' fees according to the Company's usual practices.

Shareholders should note that the proposed increase in Directors' remuneration does not relate to salaries paid to executive Directors in their capacity as executives of the Company. Executive Directors do not receive remuneration in the form of Directors' fees in addition to their salaries.

Resolution 6: Issue of Awards to the Managing Director

Shareholder approval is sought for the grant of Awards to the Managing Director, Mr Mark Chellew, under the Company's long term incentive arrangements.

During 2004, the Company issued Awards to members of the senior executive team on similar terms to those set out below. As the Company was required to seek shareholder approval of the issue of Awards to the Managing Director, the Company was unable to grant Awards to the Managing Director at that time. The Board considers that it is important that the remuneration of the Managing Director and members of the senior executive team, including any long term incentive, be on the same terms to ensure a co-ordinated and consistent approach to remuneration.

If approval is obtained, Mr Chellew will be issued with 900,000 Awards (at no cost to the Managing Director) under the Executive Performance Share Plan (**Plan**).

The maximum number of shares in respect of which the Awards may be exercised is 900,000 shares, subject to the satisfaction of exercise conditions, which are outlined below.

The 900,000 Awards will be divided into 3 tranches of shares as follows:

- Tranche 1: 300,000 - earliest exercise date is 1 May 2006;
- Tranche 2: 300,000 - earliest exercise date is 1 May 2007; and
- Tranche 3: 300,000 - earliest exercise date is 1 May 2008.

These Awards will be granted no later than 30 days after the date of the meeting and will expire on 28 May 2008.

The exercise conditions comprise two performance hurdles, one based on Total Shareholder Return (**TSR**), the other on Earnings Per Share (**EPS**). The Board considers these performance hurdles to be appropriate because they link a proportion of the Managing Director's remuneration to company performance and the generation of shareholder value. The Board will apply and evaluate either or both of these performance hurdles (as it deems appropriate in light of all relevant factors relating to the Company, including the impacts of any takeover bid) in order to determine whether the Managing Director is entitled to exercise a tranche or any part of a tranche on the relevant date.

If the performance hurdle for a particular tranche is met (in whole or in part), then on exercise of the Award in respect of that tranche, the relevant number of shares will be issued to the Managing Director for no payment. The value of the Award will be accounted for by the Company in accordance with the relevant accounting standards. A trustee may acquire shares for the purposes of the Plan by subscription or on market.

The two performance hurdles are outlined in greater detail below:

TSR - This performance hurdle compares the TSR performance of Adelaide Brighton (broadly, growth in share price plus dividends reinvested) with the TSR performance of entities in a comparator group of entities. Specifically, the TSR of Adelaide Brighton must equal or exceed the median TSR of the companies listed in at least 2 of the 3 following indices plus the applicable percentage premium set out after the name of each index:

- S&P/ASX Small Ordinaries Accumulation Index (AS 38) plus 2% premium;
- S&P/ASX 200 Materials Accumulation Index (AS 51 MATL) plus 2% premium; and
- S&P/ASX 200 Accumulation Index (AS 51) plus 3% premium.

EPS - This performance hurdle measures the average annual growth in EPS of Adelaide Brighton from 1 January 2004 until the end of the financial year in which performance is measured. The EPS of Adelaide Brighton must equal or exceed the percentage rate per annum compound growth selected by the Board for the relevant financial year for a tranche (or any part of it as the Board determines) to be exercised.

The Board will adjust the applicable performance hurdles as necessary to reduce the effect of fluctuations in share price resulting from the Boral Limited takeover offer made on 30 January 2004.

Any shares allocated to the Managing Director on exercise of an Award will not be subject to any restrictions on dealing.

If the Managing Director ceases employment with the Company, the Awards in respect of any tranche that is not exercisable will be forfeited, except in limited circumstances. These circumstances include death, retirement and redundancy and, in the case of voluntary cessation of employment, where the Board consents to the exercise. In these circumstances, where an Award is permitted to be exercised at an earlier date, in respect of any tranche, the number of shares available will be reduced in accordance with a formula to reflect the shorter performance period.

The Managing Director's entitlement to Company shares under an Award may also be adjusted to take account of capital reconstructions and bonus issues.

In the event of a takeover bid (or other transaction likely to result in a change in control of the Company), the Managing Director will only be allowed to exercise his Awards to the extent determined by the Board as provided for in the Plan Rules.

In order to safeguard shareholders' interests, the Awards (to the extent that they have not been exercised) will lapse if the Board considers that the Managing Director has acted fraudulently, dishonestly or in breach of his obligations to the Company.

Since the last shareholder approval on 29 May 2002, no other Awards have been made under the Plan to any director.

Mr Mark Chellew is the only director entitled to participate in the Plan.

Details of the number of Awards issued under the Plan, and the extent to which they have vested and been exercised, are disclosed by the Company in the Annual Report in accordance with the requirements of the Corporations Act and relevant accounting standards. Additional information is also set out in the Annual Report regarding the remuneration of the Managing Director.

A copy of the Plan Rules is available (at no cost) to any shareholder on request to the Group Corporate Affairs Adviser, Luba Przedworski, on (08) 8223 8005.

The Board, excluding Mr Chellew, recommends that shareholders vote in favour of Resolution 6.

Resolution 7: Adoption of new constitution

Extensive changes have been made to companies and securities legislation since the Company last adopted a new set of articles of association in 1987. As a result of the changes:

- (a) the Company's memorandum and articles of association are now taken to be the Company's constitution;
- (b) the Company's memorandum of association is no longer necessary or relevant and, accordingly, it is proposed to repeal it; and
- (c) many aspects of the Company's articles of association have become inconsistent with the new requirements of the Corporations Act.

It is proposed that a new constitution be adopted to take account of the many changes to the Corporations legislation and the Listing Rules of the Australian Stock Exchange, and generally to modernise the drafting of some of the existing provisions and make them accord with current corporate practice.

An outline of the principal changes from the Company's current constitution is set out below:

Definitions

It is proposed that some definitions in the constitution be updated to reflect changes and terminology in the Corporations Act and the Listing Rules. These include references to the Corporations Act 2001, ASTC Settlement Rules in place of SCH Business Rules and proper ASTC Transfer in place of proper SCH Transfer.

Dividends

The power of the Directors to pay interim and final dividends is maintained in the new rules. To permit maximum flexibility, the decision to pay a dividend could be rescinded if the financial position changes before the payment date and the Directors consider that payment of the dividend is no longer appropriate.

New rule 4.3(b) clarifies that, if the Company was to distribute shares or securities in another entity to members (whether as a dividend or in a capital reduction), the Company can act as agent of each shareholder to do all things necessary to give effect to that distribution.

Sale of non-marketable parcels

The proposed new rules contain a power which will enable the Directors to sell shares held by a member which constitute less than a marketable parcel (currently a shareholding with a market value less than \$500) unless the member notifies the Company that he or she does not wish the shares to be sold. The provisions comply with the Listing Rules and many other leading listed companies have adopted similar provisions.

If implemented, the new **rule 5.4** will benefit those shareholders who do not wish to retain small holdings as they will be able to sell their shares without incurring brokerage or other transaction costs which can be significant in the context of a small parcel of shares. From the Company's perspective, sale of non-marketable parcels can provide cost savings by reducing share registry and other costs.

The Company will give as much advance notification to shareholders of its intention to dispose of small parcels of shares as is practicable.

It is important to note that a sale can only be effected under the new **rule 5.4** if the Directors send a notice to the relevant shareholders explaining the effect of the rule and advising them that they may choose to be exempt from the provisions. A minimum of 6 weeks must elapse after the notice is sent before a sale can be made so that each shareholder has enough time to decide whether he or she wishes to be exempt or to increase his or her shareholding to a marketable parcel.

Under the rule, the shares must be sold at a price which the Directors consider is the best price reasonably available for them when they are sold. The shareholder will not bear any costs involved in the sale if the Corporations Act permits the Company to bear those costs. The Corporations Act currently permits the Company to do so if it would not materially prejudice the interests of the Company or its shareholders or the Company's ability to pay its creditors. The provisions of the rule may be used in relation to each relevant shareholder only once in a 12 month period and the sale procedure must be stopped if a takeover bid for the Company is announced before a sale is effected.

As permitted by the Listing Rules, proposed new **rule 5.5** also allows the Company to divest small holdings where the small holdings were created as the result of a transfer of less than a marketable parcel of shares and to remove or change voting or dividend rights in respect of those small holdings.

General meetings

To recognise changes in the Corporations Act, it is proposed in new **rule 6.1** that shareholder meetings may be convened by Directors' resolution or as otherwise permitted under the Corporations Act which, for example, currently allows a Director or members with at least 5% of the votes that may be cast at a general meeting to call a meeting.

New **rule 6.1** introduces a power for the Directors to change the venue for, postpone or cancel a shareholder meeting if they consider that the meeting has become unnecessary or the venue would be unreasonable or impractical or a change is necessary in the interests of conducting the meeting efficiently. However, a meeting called by members directly or called by the Directors following a requisition by members cannot be postponed or cancelled without the prior written consent of the persons who called or requisitioned the meeting.

Linked with this provision is the proposed inclusion of a provision to assist if it emerges on the day of a meeting that the meeting room is inadequate to accommodate the number of shareholders seeking to attend the meeting. New **rule 6.3(c)** will clarify the ability of the Company to follow the practice of some other companies and arrange for some people to observe or attend a meeting in a separate room if that is necessary because of an unexpectedly large number of persons attending. The provision is included to ensure, subject to Corporations Act requirements, that the meeting remains validly held even if this unusual step is required to be taken and persons in the other room cannot participate in the meeting and to save the Company incurring unnecessary expenses.

New **rule 6.6(d)** confirms the power of a Chairman to postpone a meeting to another time or place before the meeting commences if the Chairman considers that is necessary to avoid over-crowding or if it appears that the meeting may not be able to properly carry out its business due to the behaviour of persons present or for some other reasons. The postponement may be to a time on another day or later the same day and to the same or a different place. The Company will, of course, continue to endeavour to arrange for meetings to be held at places where there will be ample room for all shareholders who wish to attend. These powers are proposed to be introduced to cover extreme and unexpected circumstances and to save the Company incurring unnecessary expenses.

The ability of a general meeting to deal with matters not covered by the notice of meeting is clarified by new **rule 6.2(c)**. This provides that no business can be transacted unless the general nature of it has been stated in the notice of meeting and, unless the Directors or the Chairman permit, no amendments can be moved on resolutions which are contained in the notice of meeting. This is intended to protect the interests of shareholders who, having read the notice of meeting, decide not to attend and instead send a proxy based on the original notice.

Conduct at general meetings

New **rule 6.3(a)** gives the Chairman of a meeting limited power to refuse the admission of persons to general meetings or require them to leave in certain circumstances. The power can only be used if the Chairman considers it appropriate for the safety of persons attending a meeting and the orderly conduct of the meeting. This is a provision now commonly found in the constitutions of listed companies.

New **rule 6.6** provides that the Chairman is responsible for the conduct of a general meeting and for the procedures to be adopted at the meeting. The rule gives the Chairman a discretion whether to seek the consent of members to an adjournment, rather than being required to do so. If there is an adjournment, notice must be given to the Australian Stock Exchange, but otherwise need not be given, although the Company would try to give appropriate notice whenever possible. The Directors will also have power to postpone or cancel, or change the venue of, an adjourned meeting.

New **rule 6.7(d)** now reflects the Corporations Act in relation to the rights of persons to demand a poll.

New **rule 6.8(a)** reflects the current Listing Rules relating to proportional voting rights attaching to partly paid shares.

To assist the orderly counting of votes, new **rule 6.9** enables the Chairman to require evidence that a person purporting to act as a proxy, attorney or a representative is in fact the person so appointed. The new rule will also provide flexibility for appointments of proxies to be notified electronically.

A corporation may now be appointed as a member's proxy. A corporation appointed as a proxy for a member will be able to nominate an individual to exercise its powers at meetings. It is proposed that a provision be included in **rule 6.9(i)** to clarify any evidentiary requirements that must be produced to the Company by the corporate representative of the "corporate proxy" of their appointment (such as requiring that the corporate representative appointment by the corporate proxy be received by the Company 48 hours before the meeting).

Directors

Under new **rule 7.1(a)** the minimum number of Directors is three. The maximum number is to be fixed by the Directors but may not be more than ten unless the Company in general meeting resolves otherwise. The Directors must not determine a maximum which is less than the number of Directors in office at the time the determination takes effect.

Under new **rules 7.1(d) and (e)** the number of Directors to retire by rotation is in general a third or the number nearest to but not exceeding a third but no Director who is not the Managing Director may hold office without re-election beyond the third AGM following the meeting at which the Director was last elected or re-elected.

New **rule 7.1(h)** clarifies the position in relation to re-election of Directors where there is a change in the number or identity of Directors after the date of the notice calling the annual general meeting but before the meeting closes. In these circumstances, the relevant Directors who retire by rotation (both as to number and identity) are to be decided having regard to the composition of the board of Directors at the date of the notice.

New **rule 7.1(i)** provides that, other than a Director in office immediately before a meeting of members or a person nominated by the Directors for election at the meeting, no person is eligible for election to the office of Director at any meeting of members unless appropriate notice of nomination is given to the Company at least 45 business days before the meeting. It is considered that this will allow sufficient time to include in the notice of annual general meeting the nomination of a candidate for election as a Director received late in the nomination period and avoid potential substantial costs in providing a supplemental notice to shareholders.

New **rule 7.3** contains provisions relating to Directors' remuneration which are similar to those in the existing constitution so that the total remuneration provided to all Directors for their services as Directors must not exceed in aggregate, in any year, the amount fixed by the Company in general meeting. It is intended that there should be included in total remuneration for this purpose any amount contributed to a superannuation fund in respect of a Director to the extent that the amount is required to avoid the imposition of a superannuation guarantee charge or similar statutory charge.

The proposed rule clarifies that:

- in calculating the maximum remuneration payable to Directors for their services as Directors, there is excluded any insurance premium paid or agreed to be paid for the benefit of a Director;
- the remuneration can be provided by way of non-cash benefit (eg a contribution to a superannuation fund).

New **rule 7.4** no longer requires a Director to hold shares in the Company to qualify for appointment, in accordance with modern constitutions of many listed companies. This requirement can present difficulties if the Director, at the relevant time, is precluded from acquiring shares in the Company. In practice, Directors do hold shares in the Company.

Disclosures of interests held by Directors are governed by the Corporations Act. New **rule 7.5** empowers the Directors to make regulations, binding on all Directors, requiring the disclosure of interests that a Director, and any person deemed by the Directors to be related to or associated with the Director, may have in any matter concerning the Company or a related body corporate. Requirements in any such regulations made by the Directors could be more onerous than the Corporations Act requirements.

New **rule 8.1(b)** provides for a managing director's or other executive director's appointment to terminate automatically if he or she ceases to be a Director and new **rule 8.5(e)** provides that the office of a Director employed by the Company or a subsidiary automatically becomes vacant if the Director ceases to be so employed, unless the Directors decide differently.

Indemnification and insurance and access to company documents

The current articles contain certain mandatory indemnities in favour of every Director, Manager, Secretary or other officer of the Company.

Consistent with many other listed companies, new **rule 9** contains a mandatory indemnity by the Company in favour of each person who is or has been a Director, alternate Director or executive officer of the Company and such other officers or former officers of the Company or of its related bodies corporate as the Directors in each case decide. The indemnity covers all losses or liabilities incurred by the person as an officer of the Company or a related body corporate to the full extent permitted by law. By virtue of prohibitions in the Corporations Act, the indemnity would not indemnify any officers against liability to an Adelaide Brighton group company or to a third party that did not arise out of conduct in good faith.

New **rule 9** also contains a specific power for the Company to purchase and maintain insurance or pay, or agree to pay, premiums for insurance for officers against liability incurred as an officer of the Company or of a related body corporate, to the extent permitted by law.

The Company may enter into deeds to give effect to the rights confirmed by new **rule 9** or the exercise of a discretion under **rule 9** on terms not inconsistent with the rule.

New **rule 11** permits the Company to enter into contracts with its Directors or former Directors agreeing to provide continuing access for a specified period after the Director ceases to be a Director to board papers, books and documents of the Company which relate to the period during which the Director or former Director was a Director on such terms as the Directors think fit.

Common seal

New **rules 12.2-12.7** reflect that the Company may choose later not to have a common seal which is no longer required by the Corporations Act.

Notices

The new rules allow the Company to serve notices on members by electronic transmission where those members have supplied the Company with their relevant electronic address.

Deletion of existing articles

Several provisions in the existing constitution have been deleted because they are effectively dealt with by specific provisions in the Corporations Act. These include the power to pay brokerage or commission on share capital and to buy back shares and provisions dealing with the keeping of accounts, the audit of them and despatch of copies to members.

Inspection of constitution

Copies of the existing constitution and of the proposed new constitution are available for inspection at Level 1, 157 Grenfell Street, Adelaide, South Australia 5000 for the period of 28 days prior to the annual general meeting.

Alternatively, if you would like a copy to be sent to you, please telephone Luba Przedworski, Group Corporate Affairs Adviser, on (08) 8223 8005. Copies will also be available for inspection at the annual general meeting.

Board Recommendation

The Board recommends the adoption of the new constitution.