Responses to Shareholder Questions 2013 AGM

This year we gave shareholders the opportunity to submit written questions prior to the AGM. We received a considerable number of questions and, whilst we indicated that we would not be replying on an individual basis, set out below is our response to the five most common themes.

1. What is the difference between Reported and Constant Currency?

Reported results are prepared in accordance with Australian Accounting standards and other authoritative pronouncement of the Australian Accounting Standards Board and Corporations Act 2001.

In order to help shareholders understand the operational performance of CSL, certain key numbers are also provided on a constant currency basis.

Constant currency removes the impact of exchange rate movements to facilitate comparability by restating the current year's results at the prior year's rates, This is done in two parts: 1) by converting the current year net profit of entities in the group that have reporting currencies other than US Dollars at the rates that were applicable to the prior year ("translation currency effect") and comparing this with the actual profit of those entities for the current year; and 2) by restating material transactions booked by the group that are impacted by exchange rate movements at the rate that would have applied to the transaction if it had occurred in the prior year ("transaction currency effect") and comparing this with the actual transaction recorded in the current year. The sum of translation currency effect and transaction currency effect is the amount by which reported net profit is adjusted to calculate the result at constant currency.

2. How does CSL determine remuneration for Key Management Personnel (KMP)?

CSL's remuneration philosophy is explained on p.47 of the CSL Annual Report 2012-2013. It is underpinned by a rigorous approach to performance management which is applied to senior executives throughout the organisation. CSL is a global company in terms of ownership, operations and employees. As a consequence, our remuneration strategy takes into consideration the local markets in which we operate, at the same time applying a degree of consistency to ensure our people work together for common goals, aligned to create value to shareholders. The CSL Board considers the reasonable expectations of shareholders, noting that over 40% of CSL's shares were held beneficially outside Australia as at 30 June 2013. The CSL Board is also mindful of the need to attract, retain and reward executives in the many geographic locations in which they are employed. The CSL Board believes that they have addressed these considerations in a balanced way.

Further details of the manner in which remuneration for KMP is determined and the details of that remuneration are set out in the Remuneration Report contained within pages 47 to 69 of CSL's Annual Report for 2012-2013, which can be viewed or downloaded from CSL's website at www.csl.com.au/investors/financial-reports.htm.

3. Why was CSL's dividend unfranked?

The reason CSL's recent dividends have been unfranked is that there have been insufficient Australian franking credits available. Australian franking credits are dependent on the Australian profits earned and Australian tax paid. As CSL's business continues to grow successfully offshore our ability to provide franked dividends declines. During FY2012 approximately 90% of the CSL Group's sales were made offshore. It remains CSL's present intention that available franking credits will be passed on to shareholders as and when they are generated.

4. Why does CSL keep announcing on-market buybacks rather than increasing dividends?

Efficient capital management is a significant focus for the CSL Board. The CSL Board considers various means of returning excess capital to shareholders from time to time, including share buybacks, capital returns and increased or special dividends. The CSL Board has determined that a further on-market buyback is the most efficient process that benefits all shareholders equally. Through these buybacks, all our shareholders benefit from improved investment return ratios, including earnings per share and return on equity.

5. Why is the AGM always held in Melbourne?

Whilst CSL is an international company, our head office is located in Melbourne and Victoria is where we have the largest concentration of shareholders (Victoria 34%, NSW 29%, Queensland 12% and Western Australia 12%). The venue used has a number of features that meet our needs, for example, ample parking, convenient to public transport, suitable for our audio visual requirements and has the seating capacity that we require.

The AGM is also webcast live, allowing shareholders elsewhere to view the meeting.