

13 FEBRUARY 2008

# Boral

## \$100m Off-Market Buy-Back

### Key Features



## Disclaimer

### Important Notice

#### **NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES OR CANADA**

This document is not and does not form part of any offer, invitation or recommendation in respect of Boral securities. The off-market buy-back offer referred to herein ("Buy-Back") will be made only by the Buy-Back booklet, which will be mailed to eligible shareholders on or about 27 February 2008. No indications of interest in the Buy-Back are sought by this document. Shareholders who are (or who are acting for the account or benefit of persons who are) in the United States, US Persons (within the meaning of the United States Securities Act of 1933), residents of Canada or who are otherwise excluded foreign persons will not be eligible to participate in the Buy-Back. Restricted employee shares may not be tendered in the Buy-Back.

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### Forward looking statements

This document contains forward looking statements, including statements regarding the implementation of the Buy-Back and its effects on Boral's business and securities. The results and effects of the Buy-Back may differ materially from those expressed in, or implied by, these forward looking statements. Factors that could cause or contribute to such differences include the number of shares bought back, the Buy-Back price and the general trading and economic conditions affecting Boral's business.

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## Key Features of the Buy-Back

Buy-Back size	<ul style="list-style-type: none"> <li>Approximately \$100 million, representing approximately 3% of Boral's ordinary shares<sup>1</sup>.</li> <li>However, Boral may vary the size of the Buy-Back if it wishes to do so.</li> </ul>
Tender discount range	<ul style="list-style-type: none"> <li>Range of discounts of between 5% to 14% inclusive (at 1% intervals) to the Market Price<sup>2</sup>.</li> <li>Market Price will be calculated as the VWAP<sup>3</sup> of Boral's ordinary shares over the five trading days up to and including the Buy-Back closing date (4 April 2008).</li> </ul>
Buy-Back Price	<ul style="list-style-type: none"> <li>Calculated by applying the final tender discount selected by Boral (called the "Buy-Back Discount") to the Market Price.</li> <li>For Australian tax purposes the Buy-Back Price will comprise a \$2.84 capital component with the balance of the Buy-Back Price treated as a dividend which will be fully franked<sup>4</sup>.</li> </ul>
Key dates	<ul style="list-style-type: none"> <li>Tender period opens on 3 March 2008 and closes at 7pm (Sydney time) on 4 April 2008.</li> <li>The results of the Buy-Back will be announced on 7 April 2008.</li> </ul>

1. Assuming a \$100 million Buy-Back and a Market Price of \$6.00 within the discount range of 5% to 14%.

2. Refer to Mechanics on slide 7 for further details on the tender process.

3. VWAP means the volume weighted average price of shares in Boral traded on ASX, adjusted for certain "at market" trades as set out in the Buy-Back booklet.

4. Refer to Australian Income Tax Implications on slide 9.



## Buy-Back Timetable

18 February 2008	<p>Ex-Entitlement Date. Shares acquired on ASX on or after this date will not confer an entitlement to participate in the Buy-Back.</p> <p>Australian resident shareholders who acquire shares before this date will generally be entitled to franking credits under the '45 Day Rule'<sup>1</sup>.</p>
22 February 2008	Buy-Back Record Date. Determination of eligible shareholders entitled to participate in the Buy-Back.
3 March 2008	The tender period opens at 9.00am, Sydney time.
4 April 2008	Closing Date. Tenders must be received by no later than 7.00pm, Sydney time.
7 April 2008	Buy-Back Date. Announcement of Buy-Back Price, number of shares being bought back and details of any scale back.
11 April 2008	Buy-Back proceeds despatched to successful participants.

1. Refer to Australian Income Tax Implications on slide 9 for an explanation of the '45 Day Rule'.



## Key Shareholder Benefits

Benefits all shareholders	<ul style="list-style-type: none"> <li>All shareholders are expected to benefit regardless of whether they choose to participate: <ul style="list-style-type: none"> <li>Shareholders who retain shares are expected to benefit from modestly enhanced EPS and ROE in 2008 and later years.</li> <li>Depending on their tax status, shareholders who participate may receive greater after-tax returns than selling shares on ASX.</li> </ul> </li> </ul>
Earnings per share ("EPS") and return on equity ("ROE")	<ul style="list-style-type: none"> <li>The precise impact of the Buy-Back on EPS and ROE cannot be determined until the Buy-Back Price and size are finalised.</li> <li>The Buy-Back is expected to modestly improve EPS, particularly as shares will be bought back at a discount of at least 5% to the Market Price.</li> <li>ROE is also expected to be modestly enhanced.</li> </ul>
Choice and flexibility	<ul style="list-style-type: none"> <li>Eligible shareholders may choose whether to participate, the number of shares to tender and the discount at which to tender shares.</li> <li>Shareholders can choose to lodge a Final Price Tender<sup>1</sup>, increasing the likelihood that at least a portion of their tender will be successful.</li> <li>Tenders can be made subject to a Minimum Price<sup>1</sup> condition, providing certainty to participating shareholders on the lowest price at which their shares may be bought back.</li> </ul>
No broker required	<ul style="list-style-type: none"> <li>Shareholders will not need to appoint a broker and no brokerage should be payable.</li> </ul>

1. Refer to Mechanics on slide 7 for details.



## Impact on Boral

Balance sheet	<ul style="list-style-type: none"> <li>The Buy-Back will be funded from existing credit facilities.</li> <li>Issued capital and retained earnings will be debited in proportion to the capital/dividend ratio of the Buy-Back<sup>1</sup>.</li> </ul>
Dividends and franking credits	<ul style="list-style-type: none"> <li>The amount of franking credits that will be utilised by Boral in the Buy-Back will not be known until the Buy-Back Price and size are finalised.</li> <li>By way of illustration, if \$100 million worth of shares are bought back in the Buy-Back at a Buy-Back Price of \$5.46<sup>2</sup>, approximately \$22.5 million of franking credits would be utilised.</li> <li>The Buy-Back will not constrain Boral's capacity to continue to pay fully franked dividends.</li> </ul>

1. Refer to Australian Income Tax Implications on slide 9 for details on the capital / dividend split.  
2. Assumes a 9% Buy-Back Discount to an assumed Market Price of \$6.00.



## Mechanics

Eligibility	<ul style="list-style-type: none"> <li>Eligible shareholders who have acquired shares before 18 February 2008 and who hold those shares on 22 February 2008 will be invited to tender those shares in the Buy-Back.</li> <li>Shareholders who are in the United States, a US Person (within the meaning of the US Securities Act), any Canadian resident, any person whose participation in the Buy-Back is illegal, and persons whose participation in the Buy-Back would be excessively onerous, costly and/or time consuming (in Boral's opinion) are not eligible to participate.</li> <li>Restricted employee shares are not eligible to be tendered in the Buy-Back.</li> </ul>
Participation	<ul style="list-style-type: none"> <li>Participation is voluntary.</li> <li>Eligible shareholders who hold 800 shares or fewer must tender all of their shares (at a single specified Tender Discount or as a Final Price Tender) to participate.</li> <li>Other eligible shareholders must tender a minimum of 800 shares.</li> </ul>
Tender options	<ul style="list-style-type: none"> <li>Tenders can be lodged at discounts of between 5% to 14% inclusive, at 1% intervals, (called "Tender Discounts") to the Market Price or as a Final Price Tender.</li> </ul>
Final Price Tender	<ul style="list-style-type: none"> <li>By submitting a Final Price Tender shareholders can elect to receive the final Buy-Back Price as determined through the tender process.</li> </ul>
Minimum Price	<ul style="list-style-type: none"> <li>Acceptance of tenders can be made conditional on the Buy-Back Price being no less than one of four specified Minimum Prices (as set out on the tender forms).</li> <li>If the Buy-Back Price is lower than the Minimum Price condition selected by a shareholder the tender will not be successful.</li> </ul>



## Mechanics (continued)

Successful tenders	<ul style="list-style-type: none"> <li>Tenders at Tender Discounts greater than or equal to the Buy-Back Discount and Final Price Tenders will be successful (subject to any scale back and Minimum Price condition).</li> <li>All successful tenders will receive the Buy-Back Price.</li> <li>Shares tendered at Tender Discounts smaller than the Buy-Back Discount will not be bought back.</li> </ul>
Scale back	<ul style="list-style-type: none"> <li>Some tenders will be scaled back if the total number of shares tendered at Tender Discounts greater than or equal to the Buy-Back Discount, and as Final Price Tenders, is greater than the total number of shares Boral determines to buy back.</li> <li>The scale back will not apply to tenders at a Tender Discount greater than the Buy-Back Discount, or to Final Price Tenders where the Buy-Back Discount is less than 14%. All remaining successful tenders will be scaled back pro-rata subject to Priority Parcels and Small Residual Holdings.</li> </ul>
Priority Parcel	<ul style="list-style-type: none"> <li>Boral will buy back up to 800 shares from each shareholder whose tender is successful before a scale back is applied.</li> </ul>
Small Residual Holding	<ul style="list-style-type: none"> <li>Shareholders tendering all of their shares at a Tender Discount greater than or equal to the Buy-Back Discount or as a Final Price Tender, and who would otherwise be left with 300 shares or fewer as a result of a scale back will have their tender accepted in full (except where the shareholder became the registered holder of more shares in Boral at the Closing Date than they held on the Buy-Back Record Date).</li> </ul>



# Australian Income Tax Implications

Buy-Back Price composition	<ul style="list-style-type: none"> <li>Boral has received a draft class ruling from the ATO outlining the Australian income tax implications of the Buy-Back. Boral anticipates the final class ruling will confirm that the Buy-Back Price will comprise:             <ul style="list-style-type: none"> <li>A capital component of \$2.84; and</li> <li>A dividend component, which is fully franked, representing the excess of the Buy-Back Price over \$2.84.</li> </ul> </li> <li>For Australian income tax purposes, the sale consideration will be the greater of the Deemed Market Value less the dividend component, and \$2.84.</li> </ul>
Deemed Market Value	<ul style="list-style-type: none"> <li>\$5.54<sup>1</sup> adjusted for movements of the S&amp;P/ASX200 Index from the commencement of trading on 13 February 2008 to the close of trading on 4 April 2008.</li> <li>Boral will not set the Buy-Back Discount at a Tender Discount that will result in the Buy-Back Price exceeding the Deemed Market Value.</li> </ul>
'45 Day Rule'	<ul style="list-style-type: none"> <li>The '45-day Day Rule' generally requires that shares must be held "at risk" for a minimum of 45 days to qualify for franking credits and tax offsets.</li> <li>Under the '45 Day Rule', Australian resident shareholders who acquired shares before the ex-entitlement date (18 February 2008) and have held those shares "at risk" will generally be entitled to franking credits received under the Buy-Back.</li> <li>In addition, where the economic benefit of the dividend is passed on to another person, the benefit of the franking credits received by the shareholder under the Buy-Back may be denied unless certain rules are satisfied.</li> </ul>
"Last in First Out"	<ul style="list-style-type: none"> <li>It is expected the ATO will confirm that shares in Boral acquired on ASX on or after 18 February 2008 will not jeopardise a participating shareholder's ability to claim franking credits on shares tendered in the Buy-Back.</li> </ul>

1. \$5.54 is the VWAP of shares in Boral traded on ASX over the 5 days prior to announcement of the Buy-Back, adjusted for the impact of the 2008 interim dividend.

