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21 April 2016

The Manager
ASX Market Announcements
Australian Securities Exchange Limited
Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam

We attach the Notice of Meeting and Proxy Form for Adelaide Brighton Limited's 2016 Annual General Meeting. These documents accompany Adelaide Brighton Limited's 2015 Annual Report which is being dispatched to shareholders today.

Yours faithfully

Marcus Clayton
Company Secretary

Notice of Annual General Meeting

Notice is given that the 2016 Annual General Meeting of Adelaide Brighton Ltd (the Company) will be held at the Ballroom, Lower Level, InterContinental, North Terrace, Adelaide, South Australia 5000, on Wednesday 25 May 2016 at 10.00am Adelaide time, for the purpose of transacting the business set out in this Notice



Adelaide Brighton Ltd
ABN 15 007 596 018

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All communications to:
Adelaide Brighton Ltd
GPO Box 2155
Adelaide SA 5001

Business

1 Financial Report, Directors' Report and Auditor's Report

To receive and consider the financial report, directors' report and the auditor's report for the financial year ended 31 December 2015.

Note: There is no requirement for shareholders to vote on this item

2 Re-election of Mr GF Pettigrew

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

"That Mr GF Pettigrew, being a Director of the Company who retires by rotation under rule 7.1(d) of the Company's constitution and, being eligible, is re-elected as a Director of the Company."

3 Issue of Awards to the Managing Director

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

"That, for the purposes of ASX Listing Rule 10.14 and section 200B of the *Corporations Act*, approval be given to the grant of 325,482 Awards to Mr M Brydon, 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 exclusion statement

In accordance with the *Corporations Act* and the ASX Listing Rules the Company will disregard any votes cast on Item 3 by or on behalf of the Managing Director, Mr M Brydon or his associates. However, the restrictions will not apply where the vote is cast by:

- (a) a person as proxy for a person who is permitted to vote, in accordance with the directions on the proxy form; or
- (b) a person chairing the meeting as a proxy for a person who is permitted to vote, and the appointment expressly authorises the Chairman to exercise the undirected proxies as the Chairman decides.

The *Corporations Act* also provides that a Key Management Personnel or a closely related party cannot cast a vote as a person for a person who is entitled to vote on Item 3 if the proxy is not directed how to vote on the resolution on the proxy form.

4 Adoption of Remuneration Report

To consider and, if thought fit, pass the following resolution as a non-binding resolution:

"To adopt the Remuneration Report for the financial year ended 31 December 2015."

The Remuneration Report is set out on pages 43 to 57 of the 2015 Annual Report.

Note: This resolution is advisory only and does not bind the Directors of the Company.

Voting exclusion statement

The *Corporations Act* prohibits any votes being cast on Item 4 by or on behalf of any member of the Company's Key Management Personnel (as disclosed in the Remuneration Report) and their closely related parties. However, the restrictions will not apply where the vote is cast by:

- (a) a person as proxy for a person who is permitted to vote, in accordance with the directions on the proxy form; or
- (b) a person chairing the meeting as a proxy for a person who is permitted to vote, and the appointment expressly authorises the Chairman to exercise the undirected proxies as the Chairman decides.

The *Corporations Act* also provides that a Key Management Personnel or a closely related party cannot cast a vote as a person for a person who is entitled to vote on Item 4 if the proxy is not directed how to vote on the resolution on the proxy form.

By order of the Board
Marcus Clayton
Company Secretary

21 April 2016

Explanatory notes to shareholders

Item 1: Financial Report, Directors' Report, Auditor's Report

The *Corporations Act* requires the financial report (which includes financial statements, notes to the financial statements and directors' declaration), the directors' report and the auditor's report to be laid before the Annual General Meeting.

There is no requirement for a formal resolution on this matter. Accordingly, there will be no formal resolution put to the meeting.

Shareholders will be given a reasonable opportunity at the meeting to raise questions on these reports and to make comments on the business, operations and management of the Company.

Item 2: Re-election of Mr Graeme Pettigrew

Mr Graeme Pettigrew *FPNA, FAIM, FAICD*

Mr Pettigrew, 67 years of age, joined the Board as an independent non-executive Director in August 2004. He is Chair of the Audit, Risk and Compliance Committee and a member of the Safety, Health and Environment Committee, Nomination and Remuneration 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 through his former positions as Managing Director of Chubb Australia Limited and Wormald Security Australia Pty Ltd. Mr Pettigrew is a Director of Capral Limited.

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

Item 3: Issue of Awards to the Managing Director

Under ASX Listing Rule 10.14, shareholder approval is required for securities to be granted to the Managing Director under an employee incentive scheme. Accordingly, shareholder approval is sought for a grant of Awards to the Managing Director, Mr M Brydon, pursuant to and subject to Adelaide Brighton's Executive Performance Share Plan.

Mr Brydon was appointed Chief Executive Officer in May 2014. This is the first year that shareholder approval is required for the grant of Awards to Mr Brydon, following his appointment as Managing Director of the Company in November 2015.

Approval is also sought under section 200B of the *Corporations Act* for the pro rata vesting of Awards granted to Mr Brydon upon cessation of his employment in circumstances other than where he resigns or the Company terminates his employment for cause.

This year's Awards will have a four year performance period over the period 1 January 2016 to 31 December 2019, with testing of the performance conditions and vesting available in May 2020.

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 effort to achieving the Company's goals. Following the meeting, the Company will issue Awards to members of the senior executive team on similar terms to those proposed for Mr Brydon.

The key terms of the proposed grant of Awards to the Managing Director in respect of the 2016 Awards is set out below. An overview of the Plan can be found on pages 52 and 53 of the Remuneration Report.

Number of Awards allocated	If approval is obtained, Mr Brydon will be issued with 325,482 Awards (at no cost to Mr Brydon) under the Plan. This represents the long term incentive component of his 2016 remuneration package. The number of Awards to be allocated to Mr Brydon was determined by dividing 100% of his fixed annual remuneration (being his maximum annual participation level in the Plan) by \$4.2921, being the volume weighted average price of the Company's shares over the 3 month period to 31 December 2015. Each Award is a right to one fully paid ordinary share in the Company.
Date of grant	If shareholder approval is obtained, the Awards will be formally granted to Mr Brydon no later than one month after the date of the meeting.
Performance period and vesting	The Awards are subject to a four year performance period, commencing on 1 January 2016 (which is the effective grant date) and ending on 31 December 2019. Any Awards which do not vest following testing of the performance hurdles at the end of the performance period will lapse. The earliest exercise date for those Awards which vest after the end of the performance period is 1 May 2020. Any vested but unexercised Awards will expire on 30 September 2020.
Performance hurdles	The Awards are subject to two performance hurdles which are independent and tested separately. The Board considers these performance hurdles to be appropriate as they link a proportion of Mr Brydon's remuneration to Company performance and the generation of shareholder value. Total Shareholder Return (TSR) hurdle 50% of the Awards are subject to the TSR hurdle. This hurdle requires the Company's total shareholder return over the performance period to equal or exceed the growth in the median company of the S&P/ASX 200 Accumulation Index (excluding all GICS Financial companies and selected resources companies). No Awards will vest if the Company's TSR performance over the performance period is less than the 50th percentile. If performance is at the 50th percentile, then 50% of Awards will vest. Full vesting will occur at the 75th percentile, with pro rata vesting on a straight line basis between these points.

Earnings Per Share (EPS) hurdle

50% of Awards are subject to the EPS hurdle. The EPS hurdle measures the compound annual growth in the Company's earnings per share (as disclosed in the audited accounts) over the period from 31 December 2015 (ie. the base year) to the end of the 2019 financial year.

The target growth rate over the performance period for 50% vesting is 5% per annum compound annual growth, with full vesting occurring where the growth rate equals or exceeds 10% per annum compound. The Awards vest on a straight line basis between these points.

Trading restrictions	Vested Awards may be exercised at any time prior to 30 September 2020. Shares allocated on exercise of an Award are subject to the restrictions in the Company's share trading policy.
Price payable on grant or exercise of Awards	No amount is payable in respect of the grant, or upon vesting or exercise, of Awards.
Cessation of employment	<p>If Mr Brydon ceases employment with the Company before the end of the performance period, his Award entitlements (if any) will depend on the circumstances of cessation. All unvested Awards will lapse if Mr Brydon resigns or is terminated by the Company for cause.</p> <p>If his employment otherwise terminates before 1 May 2020, the Awards will vest on a pro rata basis determined by reference to the portion of the performance period elapsed at the date of cessation. Any Awards that vest are able to be exercised for six months post termination, after which point they will lapse.</p>
Other required information - ASX Listing Rules	<p>Mr Brydon is the only Director of the Company entitled to participate in the Plan.</p> <p>Mr Brydon was appointed Chief Executive Officer of the Company in May 2014, followed by his appointment as Managing Director of the Company in November 2015. Prior to Mr Brydon's appointment as Managing Director, in accordance with the approval received from shareholders at the 2013 Annual General Meeting, 670,920 Awards were granted to the former Managing Director Mr M Chellew. Since this approval, no other Awards to a Managing Director have been made under the Plan.</p>
Other required information - section 200E Corporations Act	The potential future value of Awards which may vest upon cessation of employment cannot currently be ascertained, as this benefit is dependent upon the number of Awards that vest at the time of cessation of employment, which will depend upon the portion of the performance period that has elapsed at the time employment ceases.

The Board (excluding Mr Brydon) recommends that shareholders vote in favour of Item 3.

Item 4: Adoption of Remuneration Report – non-binding advisory vote

As required by the *Corporations Act*, the Board is presenting the Company's Remuneration Report for the financial year ended 31 December 2015 to shareholders for consideration and adoption by a non-binding advisory vote.

The Remuneration Report is set out on pages 43 to 57 of the 2015 Annual Report.

The Remuneration Report discusses the:

- > remuneration policy adopted by the Board;
- > remuneration details of Key Management Personnel (KMP) (comprising each Director and certain members of the senior executive team);
- > how the Company's performance has driven remuneration outcomes for the 2015 financial year; and
- > the performance conditions that must be met prior to KMP executives deriving any value from the 'at risk' components of their remuneration.

The vote on Item 4 to adopt the Remuneration Report relates to the Company's remuneration policy and outcomes for the 2015 financial year. The substance of the Company's remuneration policy and approach for the 2015 financial year remains largely unchanged from the one that received endorsement in 2014. However, some changes have been made to the Remuneration Report this year to ensure that it continues to communicate both its remuneration policies and outcomes clearly.

As set out in the Annual Report, a thorough review of our remuneration structure was carried out in 2015 and as a result of this review, for the 2016 financial year, the following changes have been made to the Company's remuneration policy and approach:

- > the measure to be used for the annual incentive program will be Net Profit After Tax (NPAT), rather than Profit Before Tax (PBT).
- > a deferred element will be incorporated into our annual incentive program. The deferred element of any Award made will be in the form of rights over Adelaide Brighton shares. Those rights (and any shares allocated upon exercise of the rights) will be released from restriction progressively - half after 2 years and the remainder after 3 years. This design is intended to emphasise the need for management to continue to make decisions that deliver our annual targets in a manner that is consistent with delivering sustainable growth in value for our shareholders over the longer term. For 2016, 25% of any Award will be deferred, increasing to 50% from 2017.
- > to further align the remuneration outcomes of executives with the longer term interests of shareholders, a formal Clawback Policy has been adopted, which provides the Board with the ability to reduce or forfeit incentives from 2016 in the case of a material misstatement in Company financial results or serious misconduct by an executive.

The vote on this resolution is advisory only and does not bind the Directors or the Company. Nevertheless, there will be a reasonable opportunity for discussion of the Remuneration Report at the meeting, and the Board will take into account this discussion and the outcome of the vote on this resolution when considering the future remuneration arrangements of the Company.

(continued overleaf)

As a result of the provisions in the *Corporations Act* known generally as the 'two strikes rule', shareholders should note that the result of the vote on this resolution may impact the voting process at the Annual General Meeting next year. If 25% or more of the votes cast on this resolution are against the adoption of the 2015 Remuneration Report, this will be considered the 'first strike'. If a 'second strike' is cast against the 2015 Remuneration Report at next year's Annual General Meeting, this will trigger a vote on a resolution to spill the Board. Consequently, the Directors may need to stand for re-election.

The Board, therefore, encourages shareholders to apply the same level of diligence in relation to voting on this resolution as they do with the binding resolutions.

The Board recommends that shareholders vote in favour of Item 4.

Voting Information

Voting Entitlement

For the purposes of the meeting, shares will be taken to be held by the persons who are the registered holders at close of business on Monday 23 May 2016. Accordingly, share transfers registered after that time will be disregarded in determining entitlements to attend and vote at the meeting.

Methods of Voting

Shareholders can vote in the following ways:

- > by attending the meeting and voting either in person, by attorney or, in the case of corporate shareholders, by corporate representative; or
- > by appointing a proxy to vote on their behalf using the form of appointment of proxy enclosed or online (refer below).

All your securities will be voted in accordance with your directions.

Voting by Proxy

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 at least 48 hours before the meeting, 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 a certified copy of 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).
- > **Vote online:** Shareholders can also cast their votes online at www.investorvote.com.au and follow the prompts. To use this facility you will need your Shareholder Reference Number (SRN) or Holder Identification Number (HIN), postcode and control number as shown on the proxy form. You will have taken to have signed the proxy form if you lodge it in accordance with the instructions on the website.
- > **Custodian voting:** For Intermediary Online subscribers only (custodians) please visit www.intermediaryonline.com to submit your voting intentions.

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.

A proxy may choose whether or not to vote on a show of hands or on a poll. If the proxy chooses to vote, the proxy must vote in accordance with the directions of a shareholder on the proxy form. If the proxy chooses not to vote on a poll, the Chairman of the Meeting must exercise the proxy in accordance with the directions of the shareholder on the proxy form (if any).

If a shareholder does not indicate on the proxy form the manner in which a proxy is to vote, then the proxy may vote as he thinks fit. Shareholders will be informed of the proxy position and the manner in which the Chairman of the Meeting intends to vote undirected proxies at the meeting (and which is also set out in the proxy form).

Corporate shareholders

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.

Annual Report

Adelaide Brighton Ltd's 2015 Annual Report is available at: www.adbri.com.au/investors#reports



Adelaide Brighton Ltd

Adelaide Brighton Ltd

ABN 15 007 596 018

Lodge your vote:

Online:
www.investorvote.com.au

By Mail:
Adelaide Brighton Ltd
GPO Box 2155 Adelaide
South Australia 5001 Australia

Alternatively you can fax your form to
(within Australia) (08) 8215 0030
(outside Australia) +61 8 8215 0030

For Intermediary Online subscribers only
(custodians) www.intermediaryonline.com

For all enquiries call:
(within Australia) 1800 339 522
(outside Australia) +61 3 9415 4031

Proxy Form

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<p>Vote and view the annual report online</p> <ul style="list-style-type: none"> • Go to www.investorvote.com.au or scan the QR Code with your mobile device. • Follow the instructions on the secure website to vote. 	
<p>Your access information that you will need to vote:</p> <p>Control Number:</p> <p>SRN/HIN:</p> <p>PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.</p>	

For your vote to be effective it must be received by 10:00am (Adelaide time) Monday 23 May 2016

How to vote on items of business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business in Step 2. If you mark more than one box on an item your vote will be invalid on that item.

If your proxy chooses to vote, then he/she must vote in accordance with your direction. If you have directed your proxy to vote, and they do not attend the meeting or choose to not vote on a poll, then the Chairman of the Meeting will vote your proxies in accordance with your directions (if any).

If you do not mark a box your proxy may vote as they choose on that item. However, note that if the Chairman of the Meeting is your proxy, he will vote your undirected proxy in accordance with the voting intentions set out in Step 2.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against, or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement of 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1.

Appointing a member of the key management personnel: If you appoint a member of the key management personnel (other than the Chairman of the Meeting) or a closely related party of such a person as your proxy, you must direct him/her how to vote on Items 3 and 4 in Step 2 or your votes will not be counted.

A proxy need not be a securityholder of the Company.

Signing instructions for postal forms

Individual: Where the holding is in one name, the securityholder must sign.

Joint holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

Attending the meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the information tab "Downloadable Forms".

Comments and questions

If you have any comments or questions for the Company, please write them on a separate sheet of paper and return with this form

**GO ONLINE TO VOTE,
or turn over to complete the form**



Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.

Proxy Form

Please mark to indicate your directions

STEP 1 Appoint a Proxy to vote on your behalf

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I/We being a member/s of Adelaide Brighton Ltd hereby appoint

the Chairman of the Meeting **OR**

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting as my/our proxy to act generally at the meeting on my/on our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Adelaide Brighton Limited to be held at the Ballroom, Lower Level, InterContinental, North Terrace, Adelaide, 5000 on Wednesday 25 May 2016 at 10.00 am (Adelaide time) and any adjournment or postponement of that meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Items 3 and 4 (except where I/we have given a different voting intention below) even though Items 3 and 4 are connected with the remuneration of the Company's key management personnel (which includes the Chairman).

Important note: If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Items 3 and 4 by marking the appropriate box in step 2 below.

STEP 2 Items of business

Please note: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority

		For	Against	Abstain
2	Re-election of Mr GF Pettigrew	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3	Issue of Awards to the Managing Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4	Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote all available proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his voting intention on any resolution, in which case an ASX announcement will be made.

SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name _____

Contact Daytime Telephone _____

Date ____ / ____ / ____