CSL

CSL creates ZLB Behring, a world-leading plasma therapeutics group through the combination of ZLB and Aventis Behring

Melbourne, Australia, 9 December 2003: CSL Limited today announced it had signed an agreement to acquire the global plasma therapeutics business of Aventis Behring from Aventis.

CSL's Managing Director, Dr Brian McNamee, said, "The acquisition creates a world-leading plasma therapeutics business by combining ZLB's outstanding IVIG business, plasma fractionation and production with Aventis Behring's leading coagulation products, haemophilia expertise and specialty products marketing reach."

"The key attributes for success in the plasma products industry include cost effective infrastructure, high yielding manufacturing processes, a broad product range and strong marketing reach. Following the acquisition of Aventis Behring, CSL will have all of these attributes."

The purchase price comprises an up-front payment of US$550 million (A$786 million), deferred payments totalling US$125 million (A$179 million) and a contingent payment. The acquisition is expected to enhance CSL's earnings per share in 2004/2005.

Closing of the acquisition is subject to approvals from regulatory authorities, with completion expected in the first half of 2004.

Strategic and Financial Highlights

The acquisition leverages the strategic attributes of ZLB Bioplasma and Plasma Services. ZLB and Aventis Behring are highly complementary in terms of product portfolio, manufacturing, geography, R&D and sales & marketing. The combined plasma operations, to be named 'ZLB Behring', will deliver enhanced economic returns and superior growth potential in a competitive market. Highlights of the transaction include –

- A more diverse and highly competitive product portfolio
- Higher profit per litre of plasma processed and efficiency of throughput, taking advantage of production efficiencies, yield optimisation and increased revenue per litre
- Complementary R&D portfolio, to be focused on life cycle management
- Global footprint with operations in Europe, the United States, Japan and other markets
- A lower cost plasma sourcing and manufacturing process through the combination of each business' manufacturing and support capabilities into one worldwide manufacturing platform
- Significant improvement in CSL's currency profile as a result of a closer currency match between the company's revenue and cost bases
- Acquired at discounts of approximately US$625 million to the estimated book value of net assets acquired and US$200 million to the estimated book value of inventory acquired[1]

[1] Aventis Behring net assets and inventory values represent estimated book values at closing, based on Aventis Behring special purpose financial statements. It is estimated that the book value of inventory at closing will be in the range of US$850 million to US$900 million.

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- Significantly accretive to EPS[2]
  - Estimated accretion to EPS in 2004/2005 in excess of 10%[3] relative to 2002/2003A, before additional earnings from sale of acquired inventory
  - Sale of acquired inventory, in the ordinary course of trading, generates additional earnings for approximately two years
    - Contributes approximately A$0.70 to A$0.80 to EPS in each year
  - Drivers of ongoing earnings accretion post the sale of acquired inventory include realisation of synergies, A1PI[4] growth and move to chromatographic IVIG
- ZLB Behring return on capital employed is expected to reach 15% by the third year post closing[5]

Aventis Behring is the 2nd largest participant in the global plasma therapeutics industry with a market share of approximately 15%. In 2002, the business generated sales of approximately US$1.0 billion (A$1.4 billion) and EBITDA of approximately US$115 million (A$164 million).[6] Aventis Behring is headquartered in King of Prussia, Pennsylvania, United States.

New products developed by Aventis Behring, such as Alpha 1-proteinase inhibitor ('A1PI'), provide CSL with opportunities to accelerate growth and expand margins. A1PI is a treatment for the prevention of emphysema (hereditary deficiency) that was approved by the US Food and Drug Administration in July 2003 after a fast-track review.

The agreed purchase price is a significant discount to estimated book value of net assets, which reflects the limited number of purchasers with synergy potential, the competitive US market and the challenges of generating profit and cash flows in a capital and inventory intensive industry.

Dr McNamee said, "CSL is confident that there is significant scope to improve the profitability and cash flows of the combined business by optimising production flows and removing duplication between the businesses."

Based on 10 months of detailed due diligence, CSL estimates that profit improvement initiatives will generate synergy benefits in excess of US$100 million (A$143 million) per annum, which CSL expects to substantially realise within 18 to 24 months following completion. CSL expects that one-off costs of implementing these initiatives will be approximately US$125 million (A$179 million), to be incurred over 12 to 18 months following completion of the acquisition. Cash flows are expected to benefit from a reduction in inventory levels in the normal course of trading by approximately US$180 million (A$257 million) over the first 15 months following completion.

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[2] Assumes the acquisition closes on 1 April 2004 and an equity raising of A$500 million. See Risk Factors on page 13 for a description of the accounting implications of a delay in closing beyond 30 June 2004.
[3] Measured against CSL's 2002/2003A EPS before amortisation of existing goodwill.
[4] Alpha 1-proteinase inhibitor
[5] EBITA (EBIT pre goodwill amortisation)/Capital Employed.
Capital Employed = Historical investments in ZLB, Nabi and Aventis Behring (approximately A$2 billion)
CSL's strategic plan assumes that, under International Accounting Standards, amortisation of goodwill will cease from 2005/2006 onwards.
[6] Source: Aventis Behring special purpose financial statements, adjusted for items identified as material and unusual or non-recurring. Aventis Behring's historical performance reflects historical production and inventory decisions that will differ materially from management practices under CSL ownership.

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Consideration and Funding

The purchase consideration comprises an up-front cash payment of US$550 million (A$786 million) and deferred payments totalling US$125 million (A$179 million) to be paid during 2006 and 2007. In addition, a contingent payment of up to US$250 million (A$357 million) may be made to Aventis on the fourth anniversary of completion of the acquisition. The contingent payment comprises US$125 million (A$179 million) if the CSL share price equals or exceeds A$28.00 and a further US$125 million (A$179 million) if the CSL share price equals or exceeds A$35.00 (share price thresholds are to be measured approximately four years after the completion of the acquisition.)

The acquisition is being funded through a mix of equity and debt. The equity funding comprises an underwritten institutional placement to raise a minimum of A$420 million and a non-underwritten share purchase plan (SPP) to raise up to A$100 million. The equity raising is being conducted pursuant to a waiver from the Australian Stock Exchange, which allows CSL to issue up to approximately 28 million new shares, without requiring shareholder approval. ASX trading in CSL shares will be halted on 9 December 2003 while the institutional placement is undertaken.

The SPP will give CSL's Australian and New Zealand shareholders the opportunity to subscribe for shares corresponding to a maximum of A$5,000 per shareholder, without incurring brokerage fees or other transaction costs. The SPP will be open to registered holders of fully paid ordinary CSL shares at the close of business on 11 December 2003 (Record Date) with a registered address in Australia or New Zealand. In other words, purchasers of CSL shares pursuant to ASX trades after trading recommences will not become entitled to participate in the SPP pursuant to those trades. The price at which shares will be issued to participants in the SPP will be the lower of the price at which the institutional placement is issued and a 5% discount to CSL's volume weighted average share price over a 15 trading day period following the close of the SPP offer. Further details regarding the SPP will be mailed to shareholders shortly.

The balance of the up-front cash payment to Aventis, transaction costs and any potential re-financing of existing bank loans is being funded through debt in the form of a committed bridge loan facility.

CSL's dividend intentions remain unchanged following the acquisition.

Refer to Attachment B for more detail on transaction consideration and funding, including underwriting arrangements.

Industry Outlook

Dr McNamee said, "Demand for both plasma-derived and recombinant products is expected to continue to grow at stable and attractive rates. Market forecasts are for the global plasma therapeutics industry to achieve growth of approximately 4-5% per annum over the next five years, although we recognise that the US market remains highly competitive.

"Global IVIG volumes are forecast to grow at 3-6% per annum over the next five years, reflecting an increase in the number of therapeutic applications for IVIG.

"Volumes in the global recombinant Factor VIII market are expected to grow at 6-8% per annum over the next five years, driven by a trend towards higher dosages, an ageing patient population and the move to prophylactic dosing", Dr McNamee said.

"Plasma derived Factor VIII is expected to experience 2% volume growth over the next five years, supported by demand growth in new markets outside the US and Europe and growth in von Willebrand's applications. In the US and Europe, use of von Willebrand's factor will not be eroded by recombinant Factor VIII."

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Integration and Management

ZLB Behring will be led by the current President of ZLB Bioplasma, Peter Turner.

CSL has undertaken extensive due diligence on the opportunities available in integrating ZLB and Aventis Behring. Although many decisions on the final structure remain, opportunities for overhead rationalisation and elimination of duplicate structures are clear. In addition, unique opportunities to optimise manufacturing processes without sacrificing product lines or growth potential are available.

A dedicated team, including experienced CSL managers and external integration specialists, has been established to focus on implementation of the integration plan. Once the transaction has received all relevant approvals and is completed, Aventis Behring team members are expected to form an important part of the integration effort.

Update on Trading

CSL also provided guidance today on the forecast trading result for the Group for the 2003/2004 financial year and the half year ending 31 December 2003.

Due to the potential sale of the Company's Animal Health business and the anticipated completion of the acquisition of Aventis Behring before financial year end, with both initiatives likely to be positive to reported profit, it is not possible to forecast with certainty the full year result.

CSL anticipates that the full year net profit after tax (NPAT) will be affected by a negative impact of currency movements to the extent of approximately A$10 million, assuming the six month average exchange rates continue. It is noted, however, that this impact is consistent with the table, showing the sensitivity of earnings to changes in foreign exchange rates, which CSL released in its results presentation to analysts in August this year, and which was posted on the Company's website. In addition, the delay in the launch of CSL's liquid IVIG product, as advised in this announcement, is likely to have an adverse impact on full year NPAT of approximately A$5 million.

Turning to the half year result, the Company advised at its Annual General Meeting, that NPAT for the half year would be similar to the second half of last financial year. However the currency impact noted above, coupled with the continued strength of the Australian dollar, has translated into a likely negative impact of A$5 million. Furthermore, due to a continuing highly competitive market in the US, product pricing has been unstable, particularly for Albumin, with a likely negative impact of A$3 million, the effect of which is anticipated to be offset in the full year due to the forecast better performance by the Group in the second half of the financial year.

Liquid IVIG

CSL also advised today that following acceptance by the FDA in October 2002 of the application for registration of ZLB's liquid IVIG for review as a Biological License Application supplement, the FDA has now requested additional clinical data to support registration of ZLB's liquid product.

Discussions with the FDA concerning its request for further clinical data will now begin. A written response to the FDA supporting the case for registration of the product based on currently available data will be submitted without delay, although the outcome of these submissions cannot be predicted with any certainty.

The Company confirmed that registration of ZLB's liquid IVIG in Switzerland and the U.K. is still anticipated in the first quarter of 2004 and expansion of registrations to certain other European countries is anticipated in the second half of 2004.

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CSL further advised that ZLB's second generation chromatographically purified liquid IVIG program remained on track with the filing of the IND targeted for early 2004 and the clinical program meeting current USA and European guidelines commencing in mid 2004.

Strategic Review of Animal Health

CSL also provided today an update on progress relating to the strategic review of its Animal Health business, which it announced at the Company's Annual General Meeting. Negotiations on a possible sale of the business have now begun with a number of interested industry parties with a view to trying to reach a conclusion shortly. The Company advised that indicative prices for the business were so far encouraging.

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A copy of the investor presentation slides relating to this announcement is available at www.csl.com.au under the "Investors" menu.

About CSL

The CSL Group of companies develops, manufactures and markets pharmaceutical products of biological origin. Our business is health care:

- Life-saving products derived from human plasma;
- Pharmaceuticals and diagnostics essential to health;
- Cell culture reagents for the pharmaceutical industry;
- Veterinary vaccines and diagnostics to protect livestock and companion animals.

CSL has substantial manufacturing facilities in Europe, the US and Australia. The Group operates globally through four businesses:

- Human Health
- JRH Biosciences
- Animal Health
- ZLB Plasma Services

CSL's Human Health business includes the operations of ZLB Bioplasma, CSL Bioplasma and CSL Pharmaceutical, as well as our global new product development activities.

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Attachment A: Description of Aventis Behring

The business to be acquired by CSL includes:

- Manufacturing facilities located at -
  - Kankakee, Illinois, United States (capacity of 2.0m plasma equivalent litres ("PEQ"));
  - Marburg, Germany and Vienna, Austria (combined capacity of 1.2m PEQ)

  Aventis Behring's Barcelona plant is to be closed, with all closure costs being borne by Aventis.

  Between 1997 and 2002, Aventis Behring has invested approximately US$462 million (A$660 million) on upgrading its key manufacturing facilities, including approximately US$105 million (A$150 million) spent at Kankakee on the new A1PI plant.
- All of Aventis Behring's inventory and other working capital
- Recombinant Factor VIII assets, including the Helixate distribution contract with Bayer
- Share in Freudenberg patents associated with stabilisation of recombinant Factor VIII – Aventis and ZLB Behring to jointly prosecute this intellectual property
- Plasma collection business, Aventis Bio-Services, comprising 58 collection centres in the United States and 10 collection centres in Germany with an estimated collection volume of 2.5m litres per annum
- 28 regional sales offices
- Research & development pipeline
- Approximately 5,800 employees worldwide
- Headquarters located at King of Prussia, Pennsylvania, USA

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Attachment B: Consideration & Funding

Consideration

The consideration to acquire Aventis Behring will comprise the following:

	US$ million[7]	A$ million equivalent
Payment on completion	**550**	**786**
Deferred payments		
• July, 2006 settlement	30	43
• December, 2006 settlement	30	43
• December, 2007 settlement	65	93
	125	**179**
Total Non-Contingent Payment	**675**	**965**
Contingent Payment[8]		
Payable 4 years after completion		
• If CSL share price ≥ A$28.00 in 4 years after completion	125	179
• If CSL share price ≥ A$35.00 in 4 years after completion	125	179
Total Maximum Contingent Payment	**250**	**358**

CSL will have the option of settling up to half of the third deferred payment (December, 2007 settlement) and all or part of the contingent payment in either cash or shares. There is no interest payable on either the deferred or contingent payments.

The trigger prices at which the contingent payment becomes payable (ie the A$28 or A$35 threshold prices) are subject to adjustment upon certain share capital related transactions being undertaken by CSL, which could have a dilutive or accretive impact on CSL's share price (such as share splits or consolidations, bonus issues, extraordinary distributions etc).

Further, if a third party acquires at least 75% of CSL's voting shares prior to the 4th anniversary of completion (a Change of Control):

- the time for determining whether a contingent payment is to be made, and the date for payment (if any), will be brought forward to the Change of Control;
- the consideration paid for the CSL shares will be the relevant CSL share price used for determining if the contingent payment is payable;
- the trigger prices will be reduced by certain amounts if the Change of Control occurs before the 3rd anniversary of completion; and

[7] These are the amounts payable on the dates for payment, and are not present value amounts.
[8] In the event that the contingent payment is triggered, the amount of the payment will be accounted for as an expense

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- the amount of the contingent payment will be discounted from the 4th anniversary of completion to its present value at the date of the Change of Control.

If a third party acquires at least 50%, but less than 75%, of CSL's voting shares prior to the 4th anniversary of completion, but a Change of Control does not occur prior to the 4th anniversary, the trigger prices will each be reduced by 10%.

Funding

The acquisition is being funded through a mix of equity and debt. The equity funding comprises:

- an underwritten institutional placement to raise a minimum of A$420 million; and
- a non-underwritten share purchase plan (SPP) of up to A$100 million.

The structure of the equity raising will enable both CSL's institutional and retail shareholders to participate in the share offering.

The balance of the up-front cash payment to Aventis, transaction costs and any potential re-financing of existing bank loans is being funded through debt in the form of a committed bridge loan facility.

The funding mix, as well as the structure of the purchase consideration, has been designed to ensure CSL retains a robust capital structure and minimises its cost of capital. CSL has appointed Merrill Lynch International (Australia) Limited (Merrill Lynch) and UBS Advisory and Capital Markets Australia Limited (UBS) as joint lead managers and bookrunners for the institutional placement, which Merrill Lynch and UBS have underwritten at a minimum issue price of A$14.95. ASX trading in CSL shares will be halted on 9 December 2003 while the institutional placement is undertaken. Trading is expected to recommence on 10 December 2003, shortly after an announcement on the outcome of the institutional placement.

The SPP will give CSL's Australian and New Zealand shareholders the opportunity to subscribe for shares corresponding to a maximum of A$5,000 per shareholder, without incurring brokerage fees or other transaction costs. The maximum amount that may be raised under the SPP is A$100 million. In the event that applications exceed A$100 million, applications will be scaled back. The SPP will be open to registered holders of fully paid ordinary CSL shares at the close of business on 11 December 2003 (Record Date) with a registered address in Australia or New Zealand. In other words, purchasers of CSL shares pursuant to ASX trades after trading recommences will not become entitled to participate in the SPP pursuant to those trades. The price at which shares will be issued to participants in the SPP will be the lower of the price at which the institutional placement is issued and a 5% discount to CSL's volume weighted average share price over a 15 trading day period following the close of the SPP offer. Further details regarding the SPP will be mailed to shareholders shortly.

A dividend reinvestment plan (DRP) was first implemented in connection with the recent final dividend paid in October 2003. CSL has put in place arrangements that enable it, at its election, to have the next four dividend payments (due in April and October of 2004 and 2005) underwritten by Merrill Lynch (up to a maximum amount of A$65 million per dividend payment, and A$100 million in respect of a financial year).

The bridge facility has been committed in its entirety by Merrill Lynch. While CSL intends to eventually refinance the bridge facility with permanent financing, the bridge facility provides sufficient funds to also refinance CSL's existing bank facilities, should that become preferable. The refinancing of the bridge is expected to involve a combination of a syndicated debt facility and possibly other forms of credit instruments.

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CSL estimates that the acquisition under the proposed funding structure will result in pro forma gearing (net debt/net debt + equity) of approximately 34.9% (pro forma at 30 June 2003)[9], as compared with 27.8% as at 30 June 2003. The combined business is expected to generate strong cash flows, providing CSL with financial flexibility to repay acquisition-related debt and fund profit improvement initiatives.

CSL's dividend policy is expected to remain unchanged following the acquisition.

CSL Pro Forma Capital Structure

A$ million	CSL Standalone June 03	Pro-forma Capitalisation
Net Interest-Bearing Debt	495	817
Present value of deferred payments	-	139
Net Debt	495	956
Equity	1,283	1,783
Total	**1,778**	**2,739**
Net Debt / Net Debt + Equity	*27.8%*	*34.9%*

Pro forma adjustments assume the following: up-front payment of US$550m (A$786m); present value of deferred payments of US$97m (A$139m) (discount rate of 7%); transaction costs of US$26m (A$37m) and equity raising of A$500m (US$350m)

[9] Assumes an equity raising of A$500 million.

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Attachment C: Aventis Behring Product and Financial Information

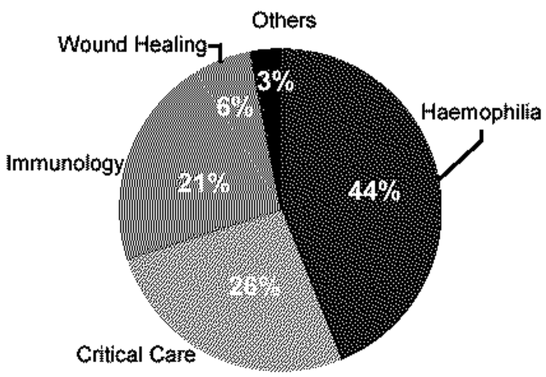
Key Products

Haemophilia	IVIG	Critical Care	Wound-Healing	Respiratory Diseases
Recombinant F VIII • Helixate®FS/NexGen ***Plasma-derived F VIII*** • Beriate® P • Haemate® P • Humate-P® ***Plasma-derived F IX*** • Mononine®	***Non-Specific*** • Beriglobin® P • Gammar®-P IV ***Specific*** *Several*	***Albumin*** ***Inhibitors*** • Kybernin® P (ATIII)	• Beriplast® P	• ZeMaira™ (A1PI launched in 2003)

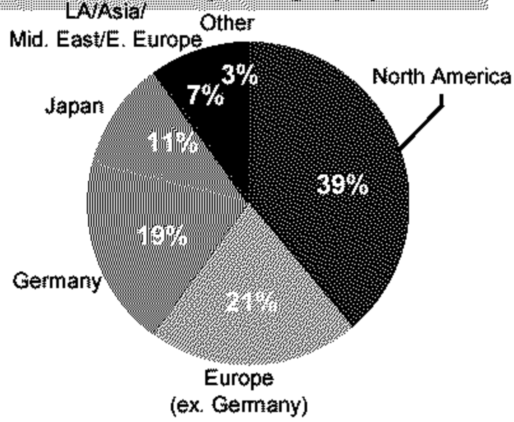
Sales Mix

Aventis Behring maintains a very broad product offering with world-leading positions in haemophilia and plasma products for critical care.

2002 Sales by Therapeutic Category



2002 Sales by Geography



Source: Aventis Behring. Note, critical care includes Albumin, ATIII, Streptase and other products.

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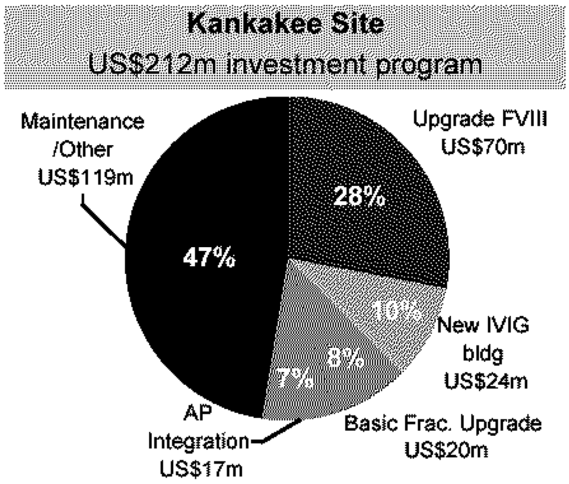
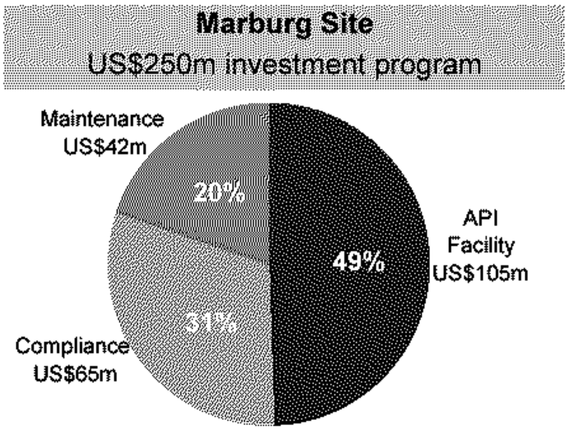
Historical Investment in Manufacturing Facilities from Aventis Behring (1997 – 2002)





Source: Aventis Behring
The Kankakee site has been the subject of a consent decree from the FDA since January 1997. The site has recently undergone an inspection by the FDA, resulting in a number of observations. See Risk Factors for further information

Current Plasma R&D Projects

Research and Development Programs

	ZLB and CSL	Aventis Behring

Immunology	• Liquid Intravenous IgG
	• Anti D Immunoglobulin
	  • Rhophylac
	  • MonoRho (Recombinant for HDN)
		• Subcutaneous IgG
		• Hyperimmune IgGs

Haemophilia	• Biostate (vWf)
	  • Clinical Phase
		• Humate/Haemate P (vWf)
		  • New formulation and VI step
		• Mononine (haemophilia B)
		  • New reconstitution system and size

Haemostasis/ Wound healing/ Critical Care	• Haemostatic Dressing
	  • Clinical Phase - major arterial bleeding
	  • Partner: American Red Cross
	• Reconstituted HDL
	  • Preclinical phase - stroke
		• Liquid Fibrin Sealant

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Key Historical Financials [10]

(US$ Million)	CY2002	Jan - Sep 2003
Revenue	1,003	789
R&D Spend	79	49
% of Sales	*7.9%*	*6.2%*
EBITDA	115	77
Margin (%)	*11.5%*	*9.8%*
EBIT	45	25
Margin (%)	*4.5%*	*3.2%*

[10] Source: Aventis Behring special purpose financial statements, adjusted for items identified as material and unusual or non-recurring. Aventis Behring's historical performance reflects historical production and inventory decisions that will differ materially from management practices under CSL ownership.

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RISK FACTORS

Risks Associated with the Acquisition

CSL is subject to a number of risks associated with the acquisition of Aventis Behring. Without limitation, those risks include:

- The proposed acquisition may not be consummated or may be delayed. For example, CSL must obtain approvals from regulatory authorities before it is able to complete the acquisition of Aventis Behring, and those approvals may not be forthcoming or may be delayed. A delay in closing of the acquisition later than CSL's assumption of 1 April 2004 may have a material impact on the financial outcome of the acquisition in any particular financial year
- Accounting information in this announcement, including the measurement of earnings per share, has been determined on the assumption that CSL's accounts are prepared in accordance with current Australian generally accepted accounting principles (GAAP). In the event that the acquisition closes after 30 June 2004, CSL will publish its accounts for the 2004/2005 financial year under Australian GAAP. For the 2005/2006 year, CSL will publish its accounts under International Accounting Standards (IAS) including a restatement of its 2004/2005 results under IAS. The impact of the change from Australian GAAP to IAS on the 2004/2005 results, if the acquisition of Aventis Behring closes in the 2004/2005 financial year, is that
  - Discount on acquisition will be accounted for as revenue in the year of the acquisition
  - Restructuring costs will not be provisioned, and will be recognised as expenses when paid
- CSL may not realise the benefits it expects from the proposed acquisition or may incur higher than expected operating and/or restructuring costs
- CSL's successful funding of the acquisition depends upon certain conditions. Failure to meet any of those conditions could adversely affect its financial condition
- The proposed integration of the Aventis Behring business may be more difficult than expected
- Historical information regarding Aventis Behring contained herein has been sourced from Aventis Behring and/or Aventis and has not been independently audited by CSL. CSL makes no representation as to its accuracy
- The pro forma combined financial information presented herein is preliminary in nature and may be subject to change
- Aventis Behring's historical performance reflects historical production and inventory decisions that will differ materially from management practices under CSL ownership
- On completion of the acquisition, CSL will assume certain liabilities and obligations of Aventis Behring, including legal and regulatory liabilities and obligations for which it may not be indemnified

Risks Associated with the Businesses of CSL and Aventis Behring

The businesses of CSL and/or Aventis Behring are subject to a number of risks affecting ordinary operating activities, many of which are outside their control. Without limitation, those risks include:

- Developments in the various businesses and markets in which CSL and/or Aventis Behring operate, including changes in: competition; pricing; product supply; manufacturing capacity; customer demand and market acceptance for new and existing products; research and development; regulatory approval of newly developed products; and technological innovation including the emergence of new competitive or substitute products
- Developments or changes in relevant legislation or regulations; labour relations; the economic environment; foreign currency exchange rates; interest rates and credit spreads; the state of the capital markets, which may affect CSL's ability to raise debt or equity; the availability and/or cost of insurance; and the risk of regulatory action or litigation

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- Heightened regulatory risk as a result of the Kankakee plant operating under a consent decree from the FDA since January 1997. The Kankakee site has recently undergone an inspection by the FDA, resulting in a number of observations
- Significant volatility in product pricing and demand
- Emergence of previously unknown viruses or other illnesses, giving rise to legal liabilities, increased testing requirements, product obsolescence or other adverse consequences
- Developments in the plasma products industry, including changes in collection and fractionation capacity, yields among industry participants, and competitors' actions
- Changes in healthcare regulations/arrangements and reimbursement policies in various economies where CSL is sourcing, producing, distributing or selling
- Continuity of key contracts including, for CSL, renegotiation of the Plasma Fractionation Agreement with the Commonwealth, and enforcement of key intellectual property

Any of these risks could have a material impact on the businesses and/or financial condition of CSL and/or Aventis Behring

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Additional Business Risks

In addition to the previous points, there are three other specific business risks faced by Aventis Behring

- Genentech has initiated litigation against Bayer which aims to have Bayer's rights to produce recombinant factor VIII cancelled. If successful, this may adversely impact Aventis Behring's ability to source and sell Helixate. Helixate is a key product for Aventis Behring and its loss would have significant implications for Aventis Behring's business.
- Aventis and Aventis Behring are currently involved in litigation with both Bayer and Baxter over alleged infringement of Aventis Behring's interest in the Freudenberg patent covering technology involved in the production of rFVIII. Bayer has filed a counter suit against Aventis Behring, claiming breach of the Helixate supply agreement. There is no guarantee that Aventis and/or Aventis Behring will be successful in their defence of this patent. Bayer's counter suit against Aventis Behring represents a threat to the continued supply of Helixate from Bayer.
- The acquisition of Aventis Behring's business in Japan will require a carve-out of the business from other subsidiaries in the Aventis Group. This involves, among other things, the transfer of manufacturing/product rights and the entering into of agreements with third parties relating to manufacturing, distribution and logistical services.

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CSL

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NOT FOR RELEASE OR DISTRIBUTION IN THE UNITED STATES

ZLB Behring

A World Leading Plasma Therapeutics Business Created Through The Combination of ZLB and Aventis Behring

December 9, 2003

Disclaimer

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Agenda

1.	Overview of ASX Announcement	Brian McNamee
2.	Strategic Rationale	Brian McNamee
3.	Operations and Integration	Peter Turner
4.	Financial Effects	Tony Cipa
5.	Conclusion	Brian McNamee

1. Overview of ASX Announcement

ASX Announcement

- General trading
- Animal Health
- Merck R&D Briefing
- Transaction Overview

CSL

Acquisition Summary

- Sale & Purchase Agreement signed to acquire Aventis' plasma therapeutics division, Aventis Behring
  - Agreement reached after extensive due diligence and exclusivity period
  - Acquisition includes manufacturing facilities, inventory, rFVIII assets, plasma collection business, access to "Behring" name, R&D pipeline, sales offices, employees and headquarters
- Completion expected first half of calendar 2004
  - Subject to approvals from regulatory authorities
  - Financial effects disclosed assume completion on 1 April 2004

A Highly Complementary Acquisition That Leverages The Strategic Attributes of ZLB Bioplasma and Plasma Services

CSL

Purchase Price

	US$m	A$m equiv(1)
Up-front Payment	550	786
Deferred Payments		
July '06 settlement	30	43
Dec '06 settlement	30	43
Dec '07 settlement	65	93
	125	179
Total Non-Contingent Consideration	**675**	**965**
Contingent Payment (2)		
If CSL share price ≥ A$28 in 4 years	125	179
If CSL share price ≥ A$35 in 4 years	125	179
Total Maximum Contingent Consideration	***250***	***358***

- Deferred payment schedule allows time for realisation of synergies
- Aventis participates in merger synergies through Contingent Payment
- Contingent payment share price thresholds represent premiums of 69% and 112% to one month VWAP(3)

(1) Based on exchange rate of A$1.00=US$0.70
(2) Payable in cash or shares, at CSL's election
(3) Based on CSL's one month volume weighted average share price up to 6 December 2003 of A$16.52.

Strategic and Financial Highlights

Strategic Position	▪ Improved competitive position ▪ Breadth of product portfolio – adds leadership in haemophilia and specialty products (eg. A1PI) to CSL's strength in immunology ▪ Improved profit per litre and efficiency of throughput – through production efficiencies, yield optimisation and increased revenue per litre ▪ Complementary R&D portfolio ▪ True global capability in operations, market reach and balance
Financial Impact	▪ Significantly accretive to EPS ▪ Enhances Group return on invested capital ▪ Ability to generate strong cash flows ▪ Acquired at a significant discount to book value of inventory and net assets ▪ Significant improvement in currency matching of revenues and costs
Operations / Synergies	▪ Synergies in plasma procurement, production, R&D, sales & marketing and corporate overheads ▪ ZLB Behring business plan based on conservative pricing and volume assumptions ▪ Experienced integration team (ZLB, Nabi, JRH, Biocor)

Historical Financials and Multiples

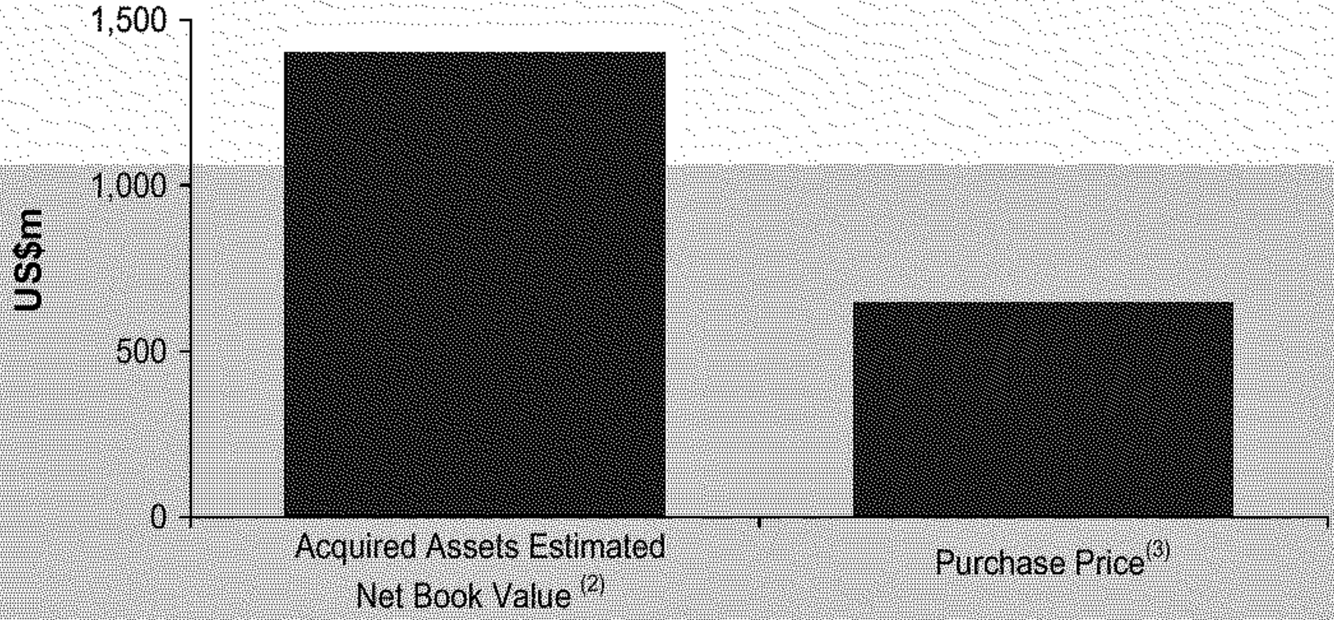
(US$ Million)	CY2002(1)	Jan - Sep 2003(1)
Sales	1,003	789
R&D Spend	79	49
% of Sales	7.9%	6.2%
EBITDA	115	77
Margin (%)	11.5%	9.8%
EBIT	45	25
Margin (%)	4.5%	3.2%

- Acquisition multiples, based on Aventis Behring 2002 standalone financials, before synergies(2):
  - 0.65x Sales
  - 3.3x EBITDA + R&D
  - 5.6x EBITDA
  - 14.4x EBIT

(1) *Source: Aventis Behring special purpose financial statements, adjusted for items identified as material and unusual or non-recurring. Aventis Behring's historical performance reflects historical production and inventory decisions that will differ materially from management practices under CSL ownership.*
(2) *Based on present value of non-contingent purchase consideration of US$647m (discount rate of 7%).*

Discount to Book Value

- Purchase price represents a discount of approximately US$625m to estimated book value of net assets acquired and US$200m to estimated book value of inventory acquired[(1)]



(1) After one-off restructuring costs
(2) Estimated book value of net assets and inventory at closing, based on Aventis Behring special purpose financial statements. It is estimated that the book value of inventory at closing will be in the range of US$850m to US$900m
(3) Based on present value of non-contingent purchase consideration of US$647m (discount rate of 7%)

Profit Improvement Initiatives

Overview	Sources of Synergies

- Synergies from profit improvement initiatives to exceed US$100m pa
  - Integration plan developed over 10 months of due diligence
  - Synergies expected to be substantially realised within 18 to 24 months, post closing
  - Associated one-off costs of approximately US$125m to be incurred over 12 to 18 months, post closing

Sources of Synergies

- Optimise production facilities – centres of excellence / yield enhancement
- Enhance R&D portfolio, focused on life cycle management
- Integrated approach to the market / consolidate corporate functions / eliminate duplication

Benefits from Acquired Inventory

- Inventory acquired with Aventis Behring provides a number of benefits[(1)]
  - Includes raw materials, WIP and finished goods
  - Enables CSL to implement manufacturing optimisation plans between plants, without risk of causing disruption in sales
  - Provides benefit to earnings over approximately two years
    - Sale of inventory generates additional earnings as a result of being acquired at a discount
    - Discount estimated at approximately US$200m
  - Allows generation of cash flow benefit, by:
    - Tailoring production to match demand and
    - Reducing inventory levels in the normal course of trading by approximately US$180m over the first 15 months

(1) Estimated book value of inventory at closing is in the range of US$850m to US$900m

Financial Impact

- Up-front cash purchase price and transaction costs funded through mix of equity ~60% and debt ~40%(1)
  - Underwritten institutional placement to raise a minimum of A$420m
  - Non-underwritten share purchase plan to raise up to A$100m
  - Committed bridge facility
- Arrangements in place to underwrite future DRPs, at CSL's election
  - Unlikely to be required
- Results in pro forma gearing of 34.9%(2)
- Significantly accretive to EPS(3)
  - Estimated accretion to EPS in 2004/2005 in excess of 10%(4) relative to 2002/2003A, before additional earnings from sale of acquired inventory
  - Sale of acquired inventory generates additional earnings for approx. two years
    - Contributes approximately A$0.70 – A$0.80 to EPS in each year
  - Drivers of ongoing earnings accretion post sale of acquired inventory include realisation of synergies, A1PI growth and move to chromatographic IVIG

(1) Assumes equity raising of A$500m
(2) Pro forma as at 30 June 2003. Assumes equity raising of A$500m. See page 29 for further details
(3) Assumes the acquisition closes on 1 April 2004 and equity raising of A$500m. See Risk Factors on page 32 for a description of the accounting implications of a delay in closing beyond 30 June 2004.
(4) Measured against CSL 2002/2003A EPS before existing amortisation of existing goodwill

Financial Impact

- ZLB Behring return on capital employed[(1)] expected to reach 15% by the third year post closing
- Ability to generate strong cash flows
  - Cash flow enhanced by profit improvement initiatives
  - ZLB Behring moderate capex needs
    - Combined capex approximately US$70m pa
    - Benefits from Aventis Behring's US$462m investment in Kankakee and Marburg facilities between 1997 and 2002
    - Only major planned initiative is chromatographic IVIG plant at Bern
    - Maintenance capex approximately $^2/_3$ of depreciation
  - CSL Group capex approximates depreciation over life of strategic plan

(1) EBITA (EBIT pre goodwill amortisation)/Capital Employed.
Capital Employed = Historical investments in ZLB, Nabi and Aventis Behring (approximately A$2 billion)
CSL's strategic plan assumes that, under International Accounting Standards, amortisation of goodwill will cease from 2005/2006 onwards

2. Strategic Rationale

Summary Strategic Rationale

- Plasma industry offers attractive economic returns
- Highly complementary product portfolios and pipeline
- Strong growth potential in recombinant Factor VIII
- More efficient manufacturing platform and plasma sourcing
- Enhanced revenue per litre processed
- Strengthened global marketing reach

Strengthened Strategic Position –
Well Placed On Cost Curve (Post Synergies), Higher Revenue Per Litre
And Efficiency of Throughput

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Plasma Industry Offers Attractive Economic Returns

- Essential, life-saving products
- Many markets with significant under-treatment
- Incremental benefits from additional plasma products (eg. A1PI, wound healing)
- New products (eg. rHDL)
- Growing focus on profitable litres

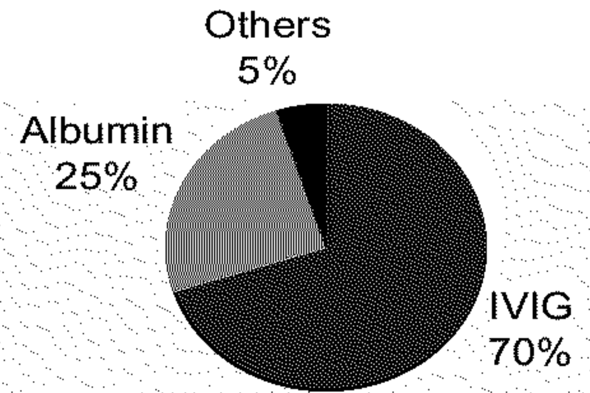
Volume Growth	CAGR(1) '98 – '02	Estimated CAGR(2) '04 – '09
IVIG	12%	3-6%
pdFVIII	4%	2%(3)
rFVIII	10%	6-8%
Albumin	Flat	Flat(4)

(1) Source: Market Research Bureau
(2) Estimates based on industry sources and internal analysis
(3) Growth (except vWf) expected to occur in second-tier markets
(4) Maintained by growth in second-tier markets

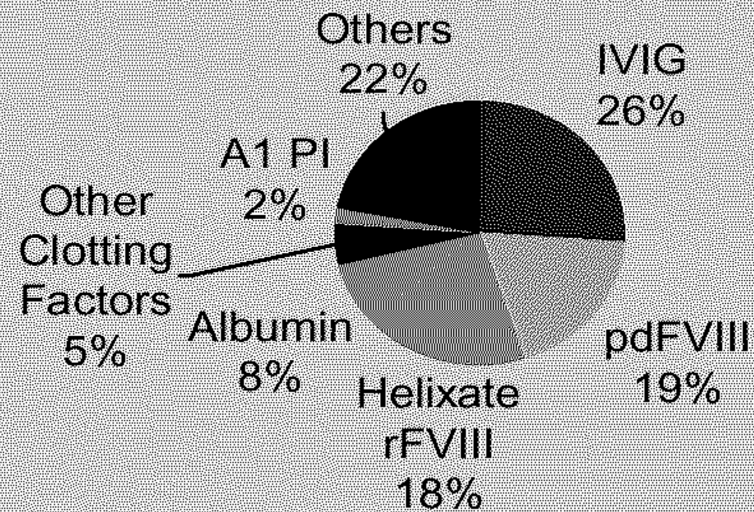
Highly Complementary Product Portfolios

- Total plasma product sales approximately A$2 billion
- Decreased relative dependence on IVIG and Albumin
- Aventis Behring strength in haemophilia and specialty products
  - vWf, rFVIII (Helixate), A1PI
- Plasma product portfolio enhancement
  - Liquid IVIG[(1)], subcutaneous IgG, liquid fibrin sealant
- CSL expertise in recombinant proteins

ZLB Standalone Sales



ZLB Behring Indicative Sales Split[(2)]



(1) ZLB product

(2) Indicative sales split for ZLB Behring, assuming ZLB and Aventis Behring are combined for a full year

Strong Growth Potential in Recombinant Factor VIII

- **Helixate - recombinant Factor VIII**
  - rFVIII market volumes expected to grow at 6-8% pa[1]
    - ZLB Behring expects to regain market share lost during Bayer supply interruption
    - Higher dosages, patients ageing, prophylactic treatment
  - Supply contract with Bayer until December 2009
  - Agreement with Aventis provides some protection against potential risks associated with current Genentech litigation
- **rFVIII Patents (Freudenberg)**
  - Patents associated with stabilisation of rFVIII
  - Aventis and ZLB Behring to jointly prosecute this intellectual property

(1) Estimate based on industry sources and internal analysis

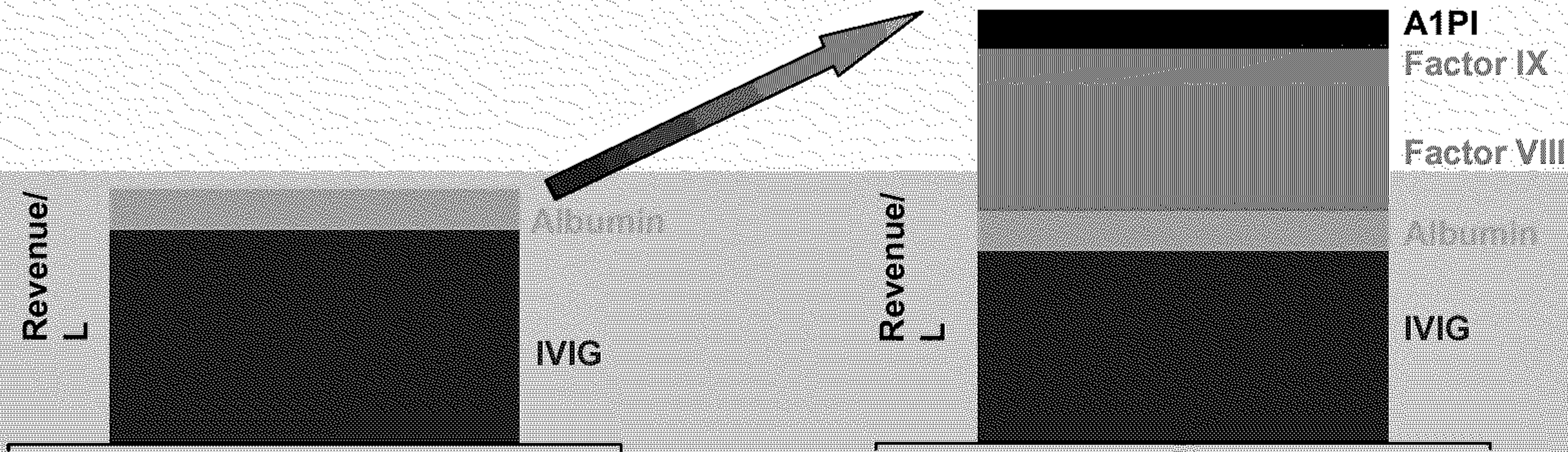
More Efficient Manufacturing Platform and Plasma Sourcing

- Manufacturing flows optimised by focusing on "centres of excellence"
  - Yield uplift in IVIG
  - Enhanced utilisation of cryo precipitate
- Acquired inventory and manufacturing efficiency gains allow production of required output at lower cost and plasma throughput
- Allows optimisation of plasma collection centre network to reflect reduced raw materials requirements
- Following integration period, production levels to be matched to market demand

Centres Of Excellence in Manufacturing Enables Maximisation of Value Extraction From Plasma Inputs

Enhanced Revenue Contribution Per Litre of Plasma Processed

ZLB Standalone(1) | **Indicative ZLB Behring(2)**

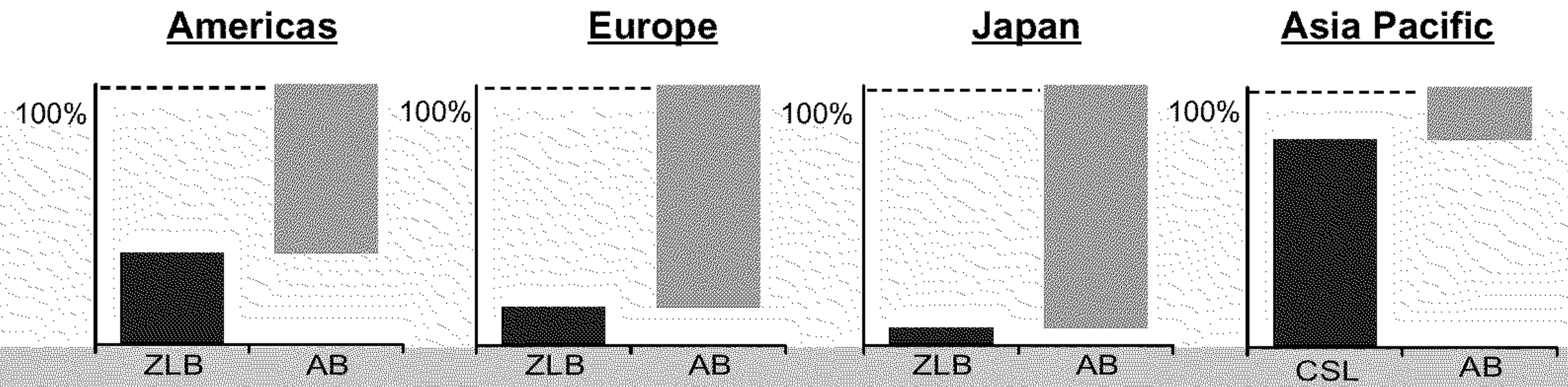


Enhanced Revenue Per Litre Processed And Efficiency Of Throughput

(1) Key products only shown

(2) Indicative revenue per litre for ZLB Behring, assuming ZLB and Aventis Behring are combined for a full year. Key products only shown

Strengthened Global Marketing Reach



	Americas	Europe	Japan	Asia Pacific
ZLB	▪ Product marketing ▪ Hospital sales force	▪ Product marketing ▪ Hospital sales force	▪ Distributor	▪ CSL contract fractionation ▪ Relationships with Blood Services
Aventis Behring	▪ Product marketing ▪ Hospital and haemophilia sales force ▪ Specialty sales force ▪ Healthcare policy reimbursement team	▪ Product marketing ▪ Hospital and haemophilia sales force ▪ Healthcare policy reimbursement team	▪ Hospital sales force ▪ Surgical sealants	▪ Commercial products ▪ Distribution network

Complements CSL Bioplasma

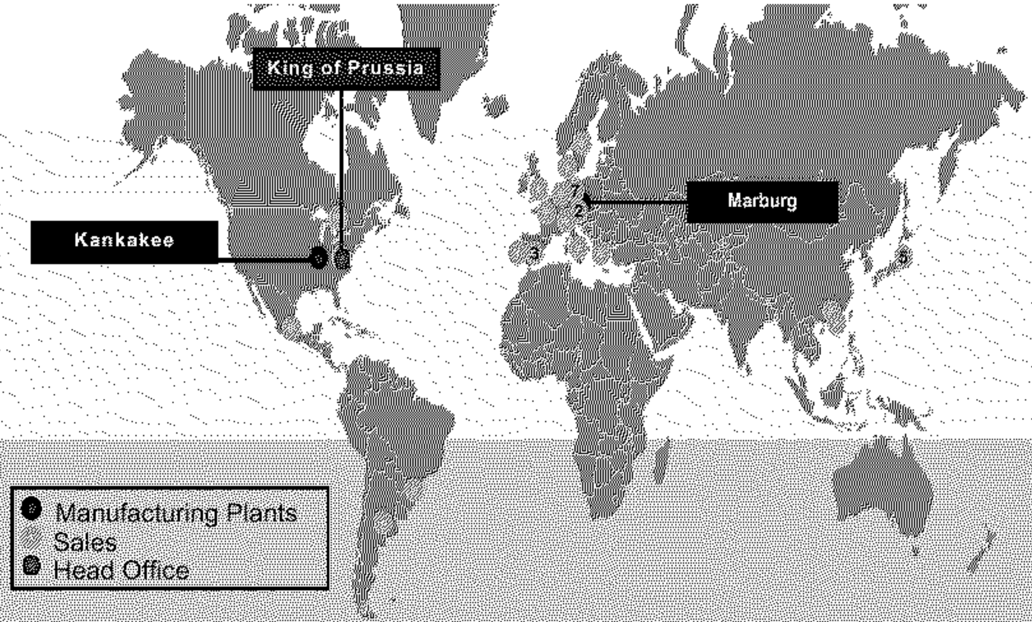
- ZLB Behring's strong commercial sales network complements CSL Bioplasma's position as a leading contract fractionator in the region
  - Extensive regional sales network
  - Extensive product range
- Shared product development will strengthen both

3. Operations and Integration

Overview of Assets Acquired

- Manufacturing facilities
  - Kankakee (Illinois, USA)
  - Marburg (Germany)
    - Vienna (Austria)

  (Barcelona plant to be closed by Aventis)
- rFVIII assets
  - Helixate supply contract
  - Freudenberg patent
- US and German plasma collection business (including 68 collection centres)
- 28 regional sales offices
- Japanese bio-pharmaceutical operations of Aventis Pharma
- Headquarters (King of Prussia, PA, USA)
- R&D pipeline
- Approximately 5,800 employees



Note: Numbers indicate sales office within one country if greater than 1

Strength of Combined Product Portfolio

- Global market shares and rankings

	CSL/ZLB(1)		Aventis Behring(2)	
	Share	Rank	Share	Rank
Haemophilia (FVIII & FIX)	2%	#10	16%	#2
Plasma	4%	#10	33%(3)	#1
Recombinant	-	-	7%	#4
Critical Care(4)	6%	#5	22%	#1
Immunoglobulin	16%	#3	9%	#4
Wound Healing	-	-	20%	#2

(1) Source: CSL management estimates
(2) Source: Aventis Behring
(3) Includes vWf, which contributes approximately 40% of Aventis Behring's pdFVIII sales value
(4) Includes Albumin, ATIII, Streptase and other critical care products

Improved Manufacturing and Plasma Sourcing Platform

- Manufacturing[1]

Plant	Capacity (m PEQ)	Current Throughput (m PEQ)
Bern	2.0	1.6
Kankakee	2.0	1.9
Marburg / Vienna	1.2	0.7
Total	5.2	4.2

- Plasma Sourcing

	ZLB	Aventis Behring
Number of Centres	42	68
Collection Volume (litres)	1.3m	2.5m[2]

- Manufacturing plans to exploit "centres of excellence"
- Allows reduction of inputs due to enhanced efficiencies, **while matching production to meet market demand**
  - Transfer of cryo precipitate and other pastes

(1) Excludes CSL Bioplasma and Aventis Behring's Barcelona plant, which is to be closed by Aventis
(2) Effectively all for internal use

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Thorough Due Diligence / Integration Planning

Feb 2003	June 2003	Dec 2003
Preliminary Due Diligence	Due Diligence	Confirmatory Due Diligence

CSL/ZLB Due diligence teams

25 people		*50 people*		*12 people*
▪ *Manuf. Ops* ▪ *Quality* ▪ *R&D, Clinical*	▪ *Plasma* ▪ *HR, IT* ▪ *Sites*	▪ *Commercial:* ▪ *US, Europe* ▪ *Latam*	▪ *Legal* ▪ *Finance* ▪ *Tax, Risk*	▪ *Confirm Manufacturing model*

External Support

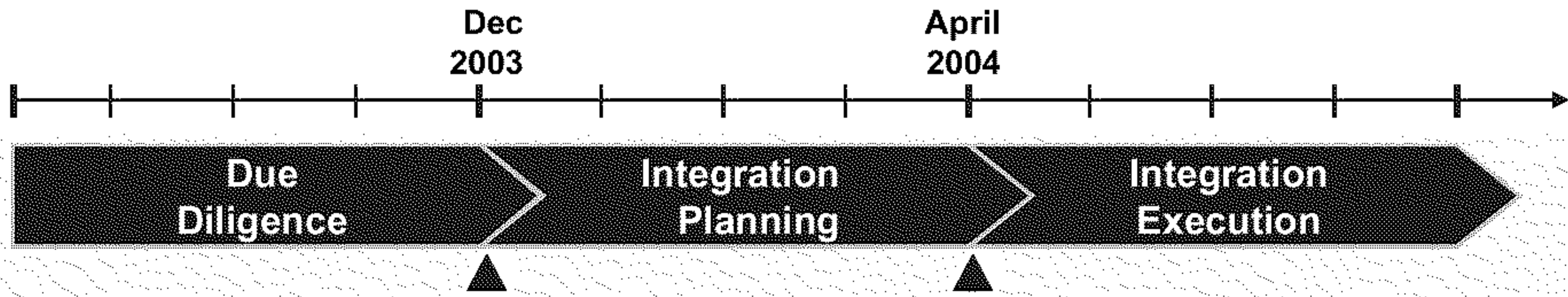
- Merrill Lynch – financial
- Bain – Marburg
- McKinsey – US

- Merrill Lynch – financial
- Bain – efficiencies
- Ernst & Young
  - Accounting
  - HR
- PWC Tax Group
- Simpson Thacher – Legal & Antitrust
- Hyman Phelps – FDA

- Merrill Lynch – financial
- Bain – manufacturing reconfiguration
- Marsh – Risk management
- Hengeler Mueller & Beiten Burkhardt – German Legal
- Nagashima & Hashimoto – Japan Legal and regulatory

Material Risk Factors Analysed And Taken Into Consideration

Integration Will Be Accomplished in Two Steps



Time Frame (Indicative)

- Signing December
- Closing 1H 2004

Key Activities

Integration Planning:

- Project office (tools/systems)
- Integration planning
  - Tasks, rules and responsibilities of integration team
  - Activities (timing/ responsibilities)
- Steering Committee
- Initiatives for synergy realisation

Integration Execution:

- Integration project office
- Integration teams, tasks
- Integration progress/ results/hurdles
- Principles/progress
  - Internally
  - Externally
- Inventory release and plasma collection
- Synergies realisation
- New combined organisational structure

4. Financial Effects

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Funding Structure

Equity

- Approximately A$500m (US$350m) equity raising, comprising:
  1. Institutional placement to raise a minimum of A$420m
     - ASX waiver allows issue of approx 28m shares
     - Fully underwritten at a minimum price of A$14.95
     - Executed during one day trading halt
  2. Share Purchase Plan
     - Up to A$5,000 per shareholder[1], raising up to A$100m
     - Applications close 30 January 2004
     - Issue price is lower of placement price or a 5% discount to VWAP over 15 day pricing period
- Arrangements in place to underwrite future DRPs, at CSL's election
  - Unlikely to be required

Debt

- Fully committed bridge facility for remaining funding need
  - Includes revolver facility
- Bridge take-out expected to be through syndicated bank facility

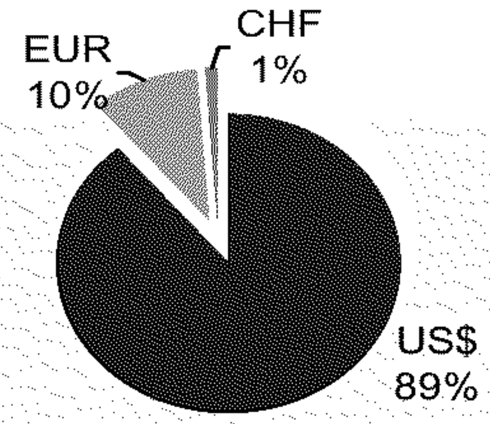
Funding Mix Designed to Maximise EPS Accretion While Minimising Financial Risks

(1) Open to shareholders with registered addresses in Australia or New Zealand

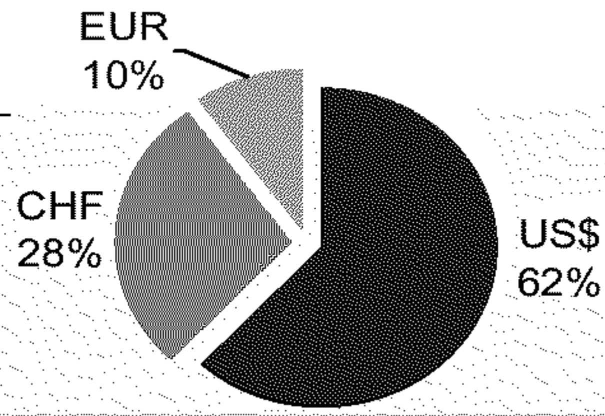
Improved Currency Matching of Revenues and Costs

ZLB Standalone

Revenues

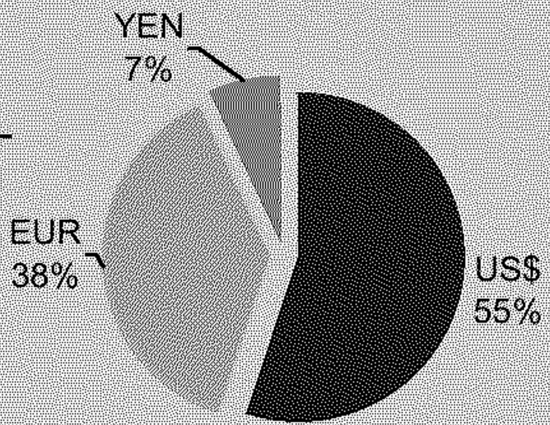


Operating Costs

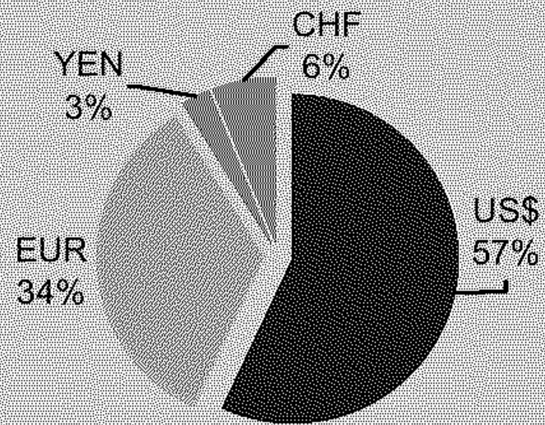


Indicative ZLB Behring(1)

Revenues



Operating Costs



(1) Indicative currency breakdown, assuming ZLB and Aventis Behring are combined for a full year

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Key Acquisition Metrics

- **Significantly accretive to EPS[1]**
  - Estimated accretion to EPS in 2004/2005 in excess of 10%[2] relative to 2002/2003A, before additional earnings from sale of acquired inventory
  - Sale of acquired inventory generates additional earnings for approx. two years (contributes approximately A$0.70 – A$0.80 to EPS in each year)
  - Post sale of acquired inventory, realisation of synergies, A1PI growth and move to chromatographic IVIG drives ongoing earnings accretion
- **Synergies from profit improvement initiatives to exceed US$100m pa**
- **ZLB Behring return on capital employed[3] expected to reach 15% by the third year post closing**

---

(1) Assumes the acquisition closes on 1 April 2004 and A$500m equity raising

(2) Measured against CSL 2002/2003A EPS before existing amortisation of existing goodwill

(3) EBITA (EBIT pre goodwill amortisation)/Capital Employed. Capital Employed = Historical investments in ZLB, Nabi and Aventis Behring (approximately A$2 billion)

Discount on Acquisition

- Discount on acquisition represents the difference between fair value of net assets acquired and the purchase price(1)
- Discount allocated across all of Aventis Behring's non-monetary assets
- Majority of discount allocated to inventory
- Earnings benefit from discount is largely non-taxable(2)

(1) Including one-off restructuring costs

Capital Structure

- Funding mix optimised to:
  - Maximise earnings benefit, and
  - Minimise credit risk
- Strong post-integration cash flow profile
  - Provides flexibility to repay acquisition debt and fund integration plans
- No material reduction in interest cover vs historical levels
- Dividend intentions remain unchanged following the acquisition

A$ million	CSL Standalone June 03	Pro-forma Capitalisation[1]
Net Interest-Bearing Debt	495	817
PV of Deferred Payments	-	139
Net Debt	**495**	**956**
Equity	1,283	1,783
Total	**1,778**	**2,739**
Net Debt / (Net Debt & Equity)	*27.8%*	*34.9%*

(1) Pro forma adjustments assume the following: Upfront payment of US$550m (A$786m); present value of deferred payments of US$97m (A$139m); transaction costs of US$26m (A$37m) and equity raising of A$500m (US$350m)

Post Acquisition Capital Structure Remains Strong

5. Conclusion

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Strategically and Financially Compelling Transaction

- Creates a leading player in an essential industry
- Combines complementary strengths and improves competitive position
- Improves revenue per litre and efficiency of throughput
  - Most extensive product portfolio
  - High yields
- Delivers efficient operations
  - Economies of scale
  - Manufacturing efficiencies
  - Global marketing reach
  - Excellent currency matching between revenues and costs
- Contingent payment only triggered if transaction a success
- Creates shareholder value – EPS, cash flow, ROCE accretive

Bookbuild Process

■ Price range	A$14.95 upwards
■ Investor participation	Institutional and Sophisticated Investors through Broker Firm
■ Australia / NZ preliminary book close	5.30pm
■ Fresh price range guidance	6.00pm
■ Australia / NZ book closes	7.00pm
■ International book closes	7.00am

Risks Associated with the Acquisition

CSL is subject to a number of risks associated with the acquisition of Aventis Behring. Without limitation, those risks include:

- The proposed acquisition may not be consummated or may be delayed. For example, CSL must obtain approvals from regulatory authorities before it is able to complete the acquisition of Aventis Behring, and those approvals may not be forthcoming or may be delayed. A delay in closing of the acquisition later than CSL's assumption of 1 April 2004 may have a material impact on the financial outcome of the acquisition in any particular financial year.
- Accounting information in this announcement, including the measurement of earnings per share, has been determined on the assumption that CSL's accounts are prepared in accordance with current Australian generally accepted accounting principles {GAAP}. In the event that the acquisition closes after 30 June 2004, CSL will publish its accounts for the 2004/2005 financial year under Australian GAAP. For the 2005/2006 year, CSL will publish its accounts under International Accounting Standards (IAS) including a restatement of its 2004/2005 results under IAS. The impact of the change from Australian GAAP to IAS on the 2004/2005 results, if the acquisition of Aventis Behring closes in the 2004/2005 financial year, is that
  - Discount on acquisition will be accounted for as revenue in the year of the acquisition
  - Restructuring costs will not be provisioned, and will be recognised as expenses when paid
- CSL may not realise the benefits it expects from the proposed acquisition or may incur higher than expected operating and/or restructuring costs.
- CSL's successful funding of the acquisition depends upon certain conditions. Failure to meet any of those conditions could adversely affect its financial condition.
- The proposed integration of the Aventis Behring business may be more difficult than expected.
- Historical information regarding Aventis Behring contained herein has been sourced from Aventis Behring and/or Aventis and has not been independently audited by CSL. CSL makes no representation as to its accuracy.
- The pro forma combined financial information presented herein is preliminary in nature and may be subject to change.
- Aventis Behring's historical performance reflects historical production and inventory decisions that will differ materially from management practices under CSL ownership.
- On completion of the acquisition, CSL will assume certain liabilities and obligations of Aventis Behring, including legal and regulatory liabilities and obligations for which it may not be indemnified.

Risks Associated with the Businesses of CSL and Aventis Behring

The businesses of CSL and/or Aventis Behring are subject to a number of risks affecting ordinary operating activities, many of which are outside their control. Without limitation, those risks include:

- Developments in the various businesses and markets in which CSL and/or Aventis Behring operate, including changes in: competition; pricing; product supply; manufacturing capacity; customer demand and market acceptance for new and existing products; research and development; regulatory approval of newly developed products; and technological innovation including the emergence of new competitive or substitute products
- Developments or changes in relevant legislation or regulations; labour relations; the economic environment; foreign currency exchange rates; interest rates and credit spreads; the state of the capital markets, which may affect CSL's ability to raise debt or equity; the availability and/or cost of insurance; and the risk of regulatory action or litigation
- Heightened regulatory risk as a result of the Kankakee plant operating under a consent decree from the FDA since January 1997. The Kankakee site has recently undergone an inspection by the FDA, resulting in a limited number of observations
- Significant volatility in product pricing and demand
- Emergence of previously unknown viruses or other illnesses, giving rise to legal liabilities, increased testing requirements, product obsolescence or other adverse consequences
- Developments in the plasma products industry, including changes in collection and fractionation capacity, yields among industry participants, and competitors' actions
- Changes in healthcare regulations/arrangements and reimbursement policies in various economies where CSL is sourcing, producing, distributing or selling
- Continuity of key contracts including, for CSL, renegotiation of the Plasma Fraction Agreement with the Commonwealth, and enforcement of key intellectual property

Any of these risks could have a material impact on the businesses and/or financial condition of CSL and/or Aventis Behring

Additional Business Risks

In addition to the previous points, there are three other specific business risks faced by Aventis Behring

- Genentech has initiated litigation against Bayer which aims to have Bayer's rights to produce recombinant factor VIII cancelled. If successful, this may adversely impact Aventis Behring's ability to source and sell Helixate. Helixate is a key product for Aventis Behring and its loss would have significant implications for Aventis Behring's business.
- Aventis and Aventis Behring are currently involved in litigation with both Bayer and Baxter over alleged infringement of Aventis Behring's interest in the Freudenberg patent covering technology involved in the production of rFVIII. Bayer has filed a counter suit against Aventis Behring, claiming breach of the Helixate supply agreement. There is no guarantee that Aventis Behring will be successful in their defence of this patent. Bayer's counter suit against Aventis Behring represents a threat to the continued supply of Helixate from Bayer.
- The acquisition of Aventis Behring's business in Japan will require a carve-out of the business from other subsidiaries in the Aventis Group. This involves, among other things the transfer of manufacturing/product rights and the entering into of agreements with third parties relating to manufacturing, distribution and logistical services

Important Notice/Disclaimer

Currency Conversion
Unless otherwise indicated, where references are made in these materials to an Australian dollar equivalent of a US dollar amount, the Australian dollar amount has been calculated on the basis of an exchange rate of A$1.00 = US$0.70. However, exchange rates may vary, and so the applicable rate at the relevant time may be different.

Historical Aventis Behring information
Historical information regarding Aventis Behring in these materials has been sourced from Aventis Behring and/or Aventis S.A., and has not been independently audited or verified by CSL. Accordingly, no representation, warranty or assurance (express or implied) is given by CSL in relation to that historical information. Aventis Behring's historical performance reflects historical production and inventory decisions that will differ materially from management practices under CSL ownership. Aventis and Aventis Behring make no representation as to the accuracy of the historical financial information regarding Aventis Behring contained herein, apart from certain specific representations made in the Sale & Purchase Agreement between the parties.

Pro forma information
The pro forma information contained in these materials is intended for information purposes only, and does not purport to be indicative of the results that actually would have been obtained or the financial position that actually would have existed during and for the periods presented, and is not necessarily indicative of CSL's operating results or financial position to be expected in future periods.

No prospectus or offer of shares
These materials and the accompanying ASX announcement are not a prospectus. These materials and the accompanying ASX announcement have been prepared solely for the purpose of information and do not constitute, nor are they intended to constitute, an offer or invitation to any person to buy or sell shares in CSL. CSL and its related entities and each of their respective directors, officers and agents (together, the "CSL parties") have prepared the information contained in this these materials and the accompanying ASX announcement in good faith. However, no warranty (express or implied) is made as to the accuracy, completeness or reliability of any statements, estimates or opinions or other information contained in these materials and the accompanying ASX announcement (any of which may change without notice) and, to the maximum extent permitted by law, the CSL parties disclaim all liability and responsibility (including without limitation any liability arising from fault or negligence on the part of any or all of the CSL parties) for any direct or indirect loss or damage which may be suffered by any recipient through relying on anything contained in or omitted from these materials and the accompanying ASX announcement . CSL strongly advises any reader to make their own enquiries and to seek independent professional advice before making any investment decisions.

Important Notice/Disclaimer (cont'd)

US Securities law restrictions

These materials are neither an offer to sell nor the solicitation of an offer to buy securities as those terms are defined in the U.S. Securities Act of 1933, as amended (the "Securities Act").

The offer of shares by CSL that is described in these materials has not been and will not be registered under the Securities Act or the securities laws of any U.S. state, and therefore, subject to certain exceptions, may not be made directly or indirectly, within the United States or to U.S. persons. Prospective purchasers in the offering will be required to make certain representations regarding their residency and investor status before being permitted to subscribe for shares.

No other materials authorised

No one has been authorised to give any information or to make any representations other than those contained in these materials and the accompanying ASX announcement and, if given or made, such information or representations must not be relied upon as having been authorised by CSL or its affiliates.

9 December 2003

To: Australian Stock Exchange Limited
Company Announcements Office

COMPLIANCE WITH ASIC CLASS ORDER 02/1180

Today, CSL Limited (CSL) announced that it is undertaking an institutional placement of fully paid ordinary shares via a book build process to raise a minimum of A$420 million.

In accordance with the requirements of Category 1 of ASIC Class Order 02/1180, CSL confirms that there is no information of the kind that would be required to be disclosed under sub-section 713(5) of the *Corporations Act 2001* if a prospectus were to be issued in reliance on section 713 of the *Corporations Act 2001* in relation to the offer of the securities described above.

Yours sincerely

Peter Turvey
COMPANY SECRETARY

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