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The offer of shares by CSL described in these materials has not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), and those shares may not be offered or sold in the United States or to U.S. persons absent an exemption from the registration requirements of the Securities Act. Please refer to page 7 of this announcement for risk factors and other important notices and disclaimers.

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## ASX Announcement

For Immediate Release

13 August 2008

### **CSL Limited announces agreement to acquire Talecris Biotherapeutics Holdings Corp., a leading plasma therapeutics business, for US\$3,100 million (A\$3,483 million)<sup>1</sup>**

CSL Limited today announced it had signed an agreement to acquire Talecris Biotherapeutics Holdings Corp. ("Talecris"), one of the world's leading manufacturers and marketers of plasma-derived protein therapies, from Cerberus Partners, L.P. and Ampersand Ventures.

CSL's Managing Director, Dr. Brian McNamee, said, "Talecris is highly complementary to CSL's existing business. The acquisition will make CSL a stronger competitor in the highly competitive plasma therapeutics market place. It will provide CSL with the additional scale, breadth of products, geographical presence, low cost base and capacity to increase output to enhance our position in the US\$15bn<sup>2</sup> global plasma products market. This will bring considerable benefits to the patient communities that we both serve."

The purchase price comprises a cash payment of US\$3,100 million (A\$3,483 million) less any net debt that may be assumed by CSL, payable on completion of the acquisition.

Closing of the acquisition is subject to customary regulatory approvals including approval from anti-trust authorities.

#### **Strategic and Financial Rationale**

The acquisition combines Talecris' attractive products and advanced manufacturing capabilities with CSL's leading plasma collection business, commercial platform, production capabilities and product portfolio. By combining these two businesses, CSL will be in a position to provide substantial benefits to patients that rely upon these life saving medicines.

Highlights of the transaction include:

- Improved patient access to plasma products through increased supply
- Greater focus on R&D to deliver new and enhanced products to clinicians and patients
- Enhanced market reach, service and support leading to earlier identification, diagnosis and treatment of patients

<sup>1</sup> A\$1.00 = U.S.\$0.89 applied throughout this announcement, unless otherwise indicated

<sup>2</sup> CSL estimates based on company financial reports and The Marketing Research Bureau (2006), The Worldwide Plasma Fractions Market. Includes recombinant coagulation factors VIIa, VIII and IX. Excludes substitute products for albumin

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The combined business is expected to also deliver significant gains to CSL shareholders through greater output, efficiency gains, reduction of manufacturing bottlenecks and enhanced production capacity. The acquisition will make CSL a stronger competitor in the plasma products market. It is expected to deliver:

- Additional, scale-efficient manufacturing facilities with a high quality workforce operating as a further centre of excellence, strengthening CSL's manufacturing spine, and improving the balance of manufacturing capacity between the US and Europe
- Integration between all the manufacturing sites to maximise the number and yield of plasma products from each litre of plasma
- An enhanced portfolio of leading plasma and recombinant products, which have a strong market presence and broad geographical registrations, achieved by adding Talecris' liquid IVIG, Gamunex<sup>®</sup>, and Alpha1-PI therapy, Prolastin<sup>®</sup>, to CSL's existing product range
- Enhanced positions in key geographies, including the US, providing a platform to increase diversity and volume of product sales, to the benefit of patients in those markets
- A more flexible, higher capacity and highly efficient plasma collection business, closely integrated with the manufacturing spine, operating a common automated system, and capable of meeting the plasma requirements across a broad range of geographical markets
- A highly optimised supply chain to ensure timely, adequate, secure and reliable supply at lowest cost

Financial highlights of the transaction include:

- Acquisition price of US\$3,100 million (A\$3,483 million) implies an historical adjusted EBIT multiple of 12.7x and adjusted EBITDA multiple of 12.0x before synergies<sup>3</sup>
- Synergies of approximately US\$225 per annum, to be realised progressively over the first three years from closing (weighted towards years 2 and 3)
- Accretive to EPS<sup>4</sup>
  - Pro forma EPS accretion in year 1, relative to the midpoint of CSL's FY2008/2009 standalone earnings guidance, of approximately 10% including synergies, or approximately 5% excluding synergies (pro forma EPS calculated using Talecris' results for the 12 months ended 30 June 2008)
  - Drivers of ongoing earnings accretion include full realisation of synergies, reduction of manufacturing bottlenecks, increased throughput and CSL's growth momentum
- Prudent capital structure and strong cash flow generation

### Talecris

Talecris is one of the leading manufacturers and marketers of plasma-derived protein therapies in North America. It operates 56 plasma collection centres and two manufacturing facilities in the United States. Talecris' flagship brands, Gamunex<sup>®</sup> and Prolastin<sup>®</sup>, are widely recognised in the industry. Gamunex<sup>®</sup>

<sup>3</sup> Multiple based on Talecris' adjusted EBIT and EBITDA for the 12 months ended 30 June 2008 derived from unaudited management accounts. Talecris reported audited net income of US\$124m for the year ended 31 December 2007 and unaudited net income of US\$94m for the 12 months ended 30 June 2008. EBITDA is adjusted to reverse the effects of transition and non-recurring expenses, management fees, non-cash stock option expense, non-cash restricted stock expenses, special recognition bonuses, equity in earnings of affiliates, gain on sale of equipment and asset impairment charges. The full definition of adjusted EBITDA is provided under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations - Non-GAAP Financial Measure" in Talecris' Form S-1/A filed with the Securities and Exchange Commission ("SEC") on 23 July 2008 ("Talecris' S-1/A"). EBITDA and adjusted EBITDA are not measures under US or Australian generally accepted accounting principles and should not be considered as substitutes for net income, cash flow from operations or other measures of operating performance or liquidity determined in accordance with GAAP. Adjusted EBIT equals to adjusted EBITDA less depreciation and amortisation

<sup>4</sup> Talecris earnings for the 12 months ended 30 June 2008 are based on Talecris' unaudited management accounts. Key assumptions for pro-forma accretion analysis: assumes full-year impact of acquisition (i.e., acquisition closed on 1 July 2008); excludes transaction costs of US\$80m (A\$90m) and one-off restructuring costs to achieve synergies of US\$120m (A\$135m); funding mix as set out in this announcement, including an equity raising of US\$1,500m (A\$1,685m)

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was the world's first liquid 10% IVIG and Prolastin<sup>®</sup> was the world's first treatment for Alpha1-PI deficiency.<sup>5</sup>

For the 12 months ended 30 June 2008, Talecris generated sales of approximately US\$1.2 billion (A\$1.4 billion) and adjusted EBITDA of US\$258 million (A\$290 million). Talecris is headquartered in Research Triangle Park, North Carolina, United States.

Dr McNamee said, "CSL is confident that there is significant scope to increase output and improve the efficiency, profitability and cash flows of Talecris by optimising plasma supply, production flows and removing duplication between the businesses."

Based on thorough due diligence, CSL estimates that profit improvement initiatives will generate synergy benefits of approximately US\$225 million per annum, which CSL expects to realise progressively over three years following completion (weighted towards years 2 and 3). CSL expects that one-off restructuring costs of implementing these initiatives will be approximately US\$120 million (A\$135 million), to be incurred over 12 to 15 months following completion. In addition, CSL expects to incur transaction costs of approximately US\$80 million (A\$90 million), with approximately US\$25 million (A\$28 million) to be booked in the current financial year and US\$55 million (A\$62 million) to be booked on completion.

### Regulatory Review and Timetable

The transaction will require regulatory approvals including, among others, approval by US anti-trust authorities. CSL will work diligently to assist all the relevant agencies in their reviews of the acquisition.

If CSL does not receive anti-trust approval to complete the acquisition within twelve months, the acquisition may be terminated, resulting, under certain circumstances, in CSL incurring a US\$75 million (A\$84 million) break fee to be paid to the vendors.

### Consideration and Funding

The purchase consideration comprises a cash payment of US\$3,100 million (A\$3,483 million) less any net debt that may be assumed by CSL, payable on completion of the acquisition. As consideration for entering into the transaction, CSL has also agreed to continue to supply on commercial terms approximately 500kL of plasma per annum to Talecris commencing in 2009. The volume which CSL has agreed to supply is not anticipated to impact its ability to satisfy the plasma requirements for its existing operations.

The acquisition is being funded through a mix of equity and debt. The equity funding comprises an underwritten institutional placement to raise US\$1,500 million (A\$1,685 million) and a non-underwritten share purchase plan ("SPP") to eligible shareholders. ASX trading in CSL shares will be halted for up to two days from 13 August 2008 while the institutional placement is undertaken.

The SPP will give CSL's shareholders with registered addresses in Australia or New Zealand 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 eligible registered holders of fully paid ordinary CSL shares at the close of business on 22 August 2008 (Record Date) with a registered address in Australia or New Zealand. Applications will close on 16 September 2008. 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 prior to the close of the SPP offer. Further details regarding the SPP will be mailed to eligible shareholders.

Shares issued in the institutional placement and under the SPP will be eligible to receive CSL's fully franked final dividend of 23 cents per share for FY2007/2008, for which the Record Date is 22 September 2008 and which is payable on 10 October 2008.

CSL's dividend payout ratio is expected to remain unchanged following the acquisition, at approximately 35%.

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<sup>5</sup> Source: Talecris' S-1/A

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The balance of the cash consideration and transaction costs will be funded through existing cash balances, undrawn bank facilities and a bridge facility from Merrill Lynch International (Australia) Limited ("Merrill Lynch"). CSL expects to replace the bridge facility with longer term debt financing within the next 12 months.

Refer to Attachment B for more detail on transaction consideration and funding.

### Integration and Management

CSL has undertaken thorough due diligence on the growth and efficiency opportunities available through integrating Talecris. These opportunities include reduction of bottlenecks to allow increased production, a more efficient plasma procurement and manufacturing network, overhead reduction and elimination of duplicate structures between Talecris and CSL Behring.

Drawing on the experience gained through the successful integration of previous acquisitions, CSL has established a dedicated team, including experienced CSL managers, to focus on implementation of the integration plan. Once the transaction has received all relevant approvals and is completed, Talecris team members are expected to form an important part of the integration effort.

### Full Year Results

CSL also announced today its results for the full year ended 30 June 2008. Please refer to the separate ASX announcement for details.

CSL is being advised on the acquisition of Talecris by Merrill Lynch, Simpson Thacher & Bartlett LLP and Allens Arthur Robinson.

For further information, please contact:

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## Attachment A: About Talecris<sup>6</sup>

The business to be acquired by CSL includes:

- Manufacturing facilities located at:
  - Clayton, North Carolina, United States (fractionating 2.5 million plasma equivalent litres (“PEQ”) per annum)
  - Melville, New York, United States (front end fractionation capacity of approximately 1.0 million PEQ per annum and specialty products)
- Plasma collection business in the United States, Talecris Plasma Resources (“TPR”):
  - 56 centres operated by Talecris
  - Estimated collection volume from TPR centres of approximately 1.65 million litres in 2008

Between 2005 and 31 March, 2008, Talecris has invested approximately US\$563 million (A\$633 million) on the acquisition of plasma collection centres and on upgrading its facilities to support a platform for future growth and efficiency improvements

- All of Talecris’ inventory and other working capital
- Regional offices in Canada and Germany
- Research & development pipeline
- Approximately 4,300 full-time employees worldwide
- Headquarters located at Research Triangle Park, North Carolina, United States

### Talecris’ Products

Products	Description
IVIG – Gamunex <sup>®</sup>	Liquid IVIG product
Alpha1-PI – Prolastin <sup>®</sup>	A leading Alpha1-PI product in the US, and the only Alpha1-PI product licensed in Canada, Germany, Italy and Austria
Hyperimmunes	Talecris has one of the broadest lines of FDA approved hyperimmunes for hepatitis, rabies, tetanus and treatment of Rh negative women pregnant with Rh positive children
Albumin	Licensed to produce and market albumin under a variety of brand names, including Plasbumin <sup>®</sup> albumin and Plasmanate <sup>®</sup>
Plasma-Derived Hemostasis Products	Factor VIII products under Koate <sup>®</sup> DVI Antihemophilic Factor (Human) brand. ATIII products, produced by Bayer pursuant to a manufacturing agreement, under Thrombate III <sup>®</sup> antithrombin III brand, the only product licensed in the US to treat patients suffering from ATIII deficiency

<sup>6</sup> Source: Talecris’ S-1/A

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## Attachment B: Consideration & Funding

### Consideration

The consideration to acquire Talecris will comprise a cash payment of US\$3,100 million (A\$3,483 million) less any net debt that may be assumed by CSL, payable on completion of the acquisition. As consideration for entering into the transaction, CSL has also agreed to continue to supply on commercial terms approximately 500kL of plasma per annum to Talecris commencing in 2009.

### Funding

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

- an underwritten institutional placement of US\$1,500 million (A\$1,685 million); and
- a non-underwritten share purchase plan ("SPP")

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

The balance of the cash consideration and transaction costs will be funded through existing available cash balances, undrawn bank facilities and a bridge facility from Merrill Lynch. Within the next 12 months, CSL expects to replace the bridge facility with longer term debt financing, including a syndicated bank facility and possibly other forms of credit instruments.

The funding mix has been designed to ensure CSL retains a robust capital structure and reduces its cost of capital. CSL has appointed Merrill Lynch as sole lead manager and bookrunner for the institutional placement, which Merrill Lynch has underwritten at a minimum issue price. ASX trading in CSL shares will be halted for up to two days from 13 August 2008 while the institutional placement is undertaken. Trading is expected to recommence shortly after the announcement of the outcome of the institutional placement.

The SPP will give CSL's shareholders with registered addresses in Australia or New Zealand 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 eligible registered holders of fully paid ordinary CSL shares at the close of business on 22 August 2008 (Record Date) with a registered address in Australia or New Zealand. Applications will close on 16 September 2008. 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 prior to the close of the SPP offer. Further details regarding the SPP will be mailed to eligible shareholders.

Although the intended use of proceeds of the equity funding is to pay a portion of the purchase price for the acquisition, the equity funding is not conditional upon the completion of the acquisition, and CSL will be permitted to use the proceeds for general corporate purposes if the acquisition is not consummated.

Shares issued in the institutional placement and under the SPP will be eligible to receive CSL's fully franked final dividend of 23 cents per share for FY2007/2008, for which the Record Date is 22 September 2008 and which is payable on 10 October 2008.

CSL's dividend payout ratio is expected to remain unchanged following the acquisition, at approximately 35%.

CSL estimates that the acquisition under the proposed funding structure will result in pro forma Net Debt / EBITDA of approximately 1.5x and pro forma gearing (Net Debt / Net Debt + Equity) of approximately 33% as of 30 June 2008<sup>7</sup>. The combined business is expected to generate strong cash flows, providing CSL with additional capacity to repay acquisition-related debt and fund profit improvement initiatives.

<sup>7</sup> Pro forma as at 30 June 2008. EBITDA based on unaudited adjusted EBITDA for 12 months ended 30 June 2008 provided by Talecris' management and CSL's FY2008 EBITDA, excluding synergies, transaction costs of US\$80m (A\$90m) and one-off restructuring costs to achieve synergies of US\$120m (A\$135m). Assumes equity raising of US\$1,500m (A\$1,685m).

**RISK FACTORS**

**Risks Associated with the Acquisition**

CSL is subject to a number of risks associated with the acquisition of Talecris. 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, including anti-trust authorities before it is able to complete the acquisition of Talecris, and those approvals may not be forthcoming or may be delayed. A delay in the closing of the acquisition may have a material impact on the financial outcome of the acquisition in any particular financial year
- If anti-trust approval is not obtained within 12 months, CSL may be subject to a US\$75m break fee
- CSL's contract to purchase Talecris, although consistent with US market practice for acquisitions from financial sponsors, contains fewer contractual protections than CSL would expect if it were acquiring a business from a corporate vendor. Without limitation, these include limitations on representations and warranties, indemnity claims and time periods for making claims
- CSL is at risk that the operations of Talecris may not perform as CSL expects, particularly in the interim period between announcing and completing the acquisition when CSL is not in control of the business
- Talecris has stated in its S-1/A that it has limited experience in operating plasma collection centres, and it may be unable to obtain adequate quantities of source plasma from its own collection centres in the interim period between announcing and completing the acquisition, as a result of, among other things, contamination or failure to follow Good Manufacturing Practice or, even if it obtains adequate quantities from its own collection centres, it may not be on a cost-effective basis. Additionally, certain of the collection centres Talecris has acquired and opened will require greater than expected time and expense to obtain licensure or may lose licensure in the future, which will have a material impact on the business and/or financial condition of Talecris
- 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 Talecris business may be more difficult than expected
- Historical information regarding Talecris contained herein has been sourced from Talecris' S1/A or Talecris' management and has not been independently audited or verified 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
- Talecris' 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 Talecris, including legal and regulatory liabilities and obligations for which it may not be indemnified
- Although the intended use of proceeds of the equity funding is to pay a portion of the purchase price for the acquisition, the equity funding is not conditional upon the completion of the acquisition, and CSL will be permitted to use the proceeds for general corporate purposes if the acquisition is not consummated

**Risks Associated with the Business of CSL and Talecris**

The businesses of CSL and/or Talecris 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 Talecris 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 competitors or substitute products

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## RISK FACTORS (continued)

- 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
- Potential for 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 countries where CSL and/or Talecris is sourcing, producing, distributing or selling
- Continuity of key contracts including, for CSL, renegotiation of the Plasma Products Agreement with the Australian Government, and enforcement of key intellectual property
- Government or third-party payors may decrease or otherwise limit the amount, scope or other eligibility requirements for reimbursement for the purchasers of CSL's and/or Talecris' products as a result of healthcare initiatives or other factors
- Manufacturing processes, plasma supply and products may be susceptible to contamination or production interruptions
- Plasma collection and manufacturing processes are subject to government regulation, oversight and inspection, which in the event of non-compliance could result in, among other things, closure, withdrawal of products from the market, voluntary or mandatory recall of products, product seizures or imposition of civil or criminal penalties
- The market conditions under which CSL and Talecris operate may not continue as additional competitors enter the market and other non-plasma products or sources of treatment are developed
- CSL and Talecris may be subject to product liability lawsuits inherent in the manufacturing, distribution and sale of plasma-derived therapeutic protein products.

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

### **Additional Business Risks**

In addition to the risk factors listed above there are, according to Talecris, a number of specific business risks faced by Talecris.<sup>8</sup> Without limitation, those risks include:

- Sales of Gamunex<sup>®</sup> and Prolastin<sup>®</sup> comprised approximately 75% of Talecris' total net revenue. Any significant loss in sales of Gamunex<sup>®</sup> IVIG or Prolastin<sup>®</sup> Alpha1-PI, or any litigation and/or adverse FDA ruling against these products will have a material impact on the business and/or financial condition of Talecris
- Substantially all of Talecris' revenues were derived from products manufactured, and services performed, at its plant located in Clayton, North Carolina. Any accidents or force majeure events such as earthquake, major fire or explosions, major equipment failures or power failures lasting beyond the capabilities of its backup generation will have material impact on the business and/or financial condition of Talecris

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<sup>8</sup> Source: Talecris' S-1/A



**RISK FACTORS (continued)**

- Talecris has historically been dependent on third parties to provide crucial supplies (including, in particular, FDA-approved source plasma) to service its equipment and to sell, distribute and deliver its products. Supply constraints, caused by, among other things, the closure of collections centres and a decrease in the donor pool, have caused plasma collections industry-wide to decrease during the past decade. In addition, there are a limited number of independent third-party suppliers of FDA-approved plasma and some have limited ability to supply Talecris with plasma due to arrangements with Talecris' competitors. Plasma volumes obtained under arrangements with independent third parties do not always meet expectations. If Talecris is unable to obtain adequate quantities of FDA-approved plasma due to these shortages or problems with its third-party suppliers, it will have a material impact on the business and/or financial condition of Talecris
- Shortages of plasma can prevent Talecris from meeting the needs of its customers for Gamunex<sup>®</sup> and, accordingly, cause a loss of IGIV market share, which will have a material impact on the business and/or financial condition of Talecris
- The production of Talecris' products, particularly relating to its purification process, are based upon intellectual property that Talecris owns or licenses. Any failure by Talecris to successfully enforce against potential infringers, or defend against those claiming Talecris is an infringer, its rights with respect to this intellectual property will have a material impact on the business and/or financial condition of Talecris
- A substantial portion of Talecris' historical revenues were derived from a small number of customers. The loss of one or more of those customers will have a material impact on the business and/or financial condition of Talecris
- Talecris' manufacturing process involves potential for violation of environmental laws and regulations. If Talecris were found to have violated any of such laws or regulations, it would have a material impact on the business and/or financial condition of Talecris

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## IMPORTANT NOTICE/DISCLAIMER

### **Voting Restrictions on any Significant Foreign Shareholder**

As required by the Australian Commonwealth Serum Laboratories Act, the Company's Constitution provides that if the Board becomes aware of a 'significant foreign shareholding' in the Company, the Board must be divided into two classes of directors, comprising O class and A class directors. The Constitution defines a 'significant foreign shareholder' as a foreign person who has a relevant interest in at least 5% of the voting shares of the Company, provided that a fund manager is only a foreign person for this purpose if the total interests of foreign persons in the fund represent more than 40% of the total.

The number of O class directors must be the number nearest to but not exceeding one third of the directors. Thus in a Board of 9 members, there would need to be 3 O class directors and 6 A class directors. The Managing Director must be regarded as an A class director.

All shareholders are entitled to vote on the election of an O class director. A significant foreign shareholder (including any controlled entities and nominees of the significant foreign shareholder to the extent they hold the shares which comprise the significant foreign shareholding) may not vote on the election or removal of an A class director.

### **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\$0.89. However, exchange rates may vary, and so the applicable rate at the relevant time may be different.

### **Talecris information**

Historical financial and other information regarding Talecris in these materials has been sourced from Talecris including the Talecris S-1A 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 such information.

Talecris' historical performance reflects historical production and inventory decisions that will differ materially from management practices under CSL ownership.

### **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.

### **Forward looking statements**

These materials include forward-looking statements regarding future events and the future financial performance of CSL, including statements that the transaction is expected to be accretive. Any forward looking statements involve subjective judgment and analysis and are subject to significant regulatory, business, competitive and economic uncertainties, risks, and contingencies, many of which are outside the control of, and are unknown to, CSL, and the success of CSL's business strategies.

No representation, warranty or assurance (express or implied) is given or made in relation to any forward looking statement by any person (including CSL). In particular, no representation, warranty or assurance (express or implied) is given that the occurrence of the events expressed or implied in any forward-looking statements in these materials will actually occur. Actual results, performance or achievement may vary materially from any projections and forward looking statements and the assumptions on which those statements are based. Given these uncertainties, readers are cautioned to not place undue reliance on such forward looking statements.

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## IMPORTANT NOTICE/DISCLAIMER (continued)

The forward looking statements included in these materials speak only as of the date of these materials. Subject to any continuing obligations under applicable law or any relevant listing rules of the ASX, CSL disclaims any obligation or undertaking to disseminate any updates or revisions to any forward looking statements in these materials to reflect any change in expectations in relation to any forward looking statements or any change in events, conditions or circumstances on which any such statement is based. Nothing in these materials shall under any circumstances create an implication that there has been no change in the affairs of CSL or Talecris since the date of these materials.

### **No prospectus or offer of shares**

These materials and the accompanying presentation slides are not a prospectus. These materials and the accompanying presentation slides 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 these materials and the accompanying presentation slides 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 presentation slides (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 presentation slides. CSL strongly advises any reader to make their own enquiries and to seek independent professional advice before making any investment decisions.

Neither Merrill Lynch International (Australia) Limited (ABN 31 002 892 846) or its affiliates, directors, partners, officers and employees ("Merrill Lynch Associates") take any responsibility for the contents of this announcement or anything contained in it. Merrill Lynch and/or its affiliates are acting as underwriter for the equity placement and may receive fees for acting in that capacity.

### **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 presentation slides and, if given or made, such information or representations must not be relied upon as having been authorised by CSL or its affiliates.

## Not for Release or Distribution in the United States of America

The offer of shares by CSL described in these materials has not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), and those shares may not be offered or sold in the United States or to U.S. persons absent an exemption from the registration requirements of the Securities Act.

# CSL Limited

## Acquisition of Talecris Biotherapeutics Holdings Corp.

Enhancing a World Leading Plasma Therapeutics Business

13 August 2008

**Brian McNamee**  
CEO and Managing Director

**Tony Cipa**  
Finance Director



# Important Notice

- This presentation has been solely prepared by CSL Limited ("CSL") and contains information regarding the proposed acquisition by CSL of Talecris Biotherapeutics Holdings Corp. ("Talecris") and the offer of fully paid ordinary shares ("Shares") as part of a proposed institutional placement ("Placement") in connection therewith.
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Please refer to pages 37 - 43 for important information and risk factors

# Agenda

1. Transaction Overview
2. Strategic Rationale
3. Operations and Integration
4. Financial Effects
5. Conclusion



# 1. Transaction Overview

# Acquisition Summary

- Agreement signed to acquire Talecris, a leading manufacturer and marketer of plasma-derived protein therapies, from current owners, Cerberus and Ampersand
  - Cash purchase price of US\$3,100m (A\$3,483m)<sup>(1)</sup> less any net debt that may be assumed by CSL
  - Extension of plasma supply agreement
  - Agreement reached after thorough due diligence and exclusivity period
- Closing of the acquisition is subject to customary regulatory approvals including approval from anti-trust authorities

**Complementary Acquisition that Makes CSL a Stronger Competitor and Delivers Substantial Benefits to Patients**

(1) A\$1.00 = U.S.\$0.89 applied throughout these materials, unless otherwise indicated

# Strategic Rationale

## Substantial Benefits to Patients

- Improved patient access to plasma products through increased supply
- Enhanced focus on R&D
- Improved market reach, service and support leading to earlier identification, diagnosis and treatment of patients

## Significant Gains to CSL Shareholders

*Making CSL a stronger competitor*

- Reduction of manufacturing bottlenecks and enhanced production capacity
- Additional, scale-efficient manufacturing facilities
  - A further centre of excellence
  - Improve balance of manufacturing between US and Europe
- Integration between manufacturing sites
  - Maximise products/yield per litre
- Enhanced portfolio of leading plasma and recombinant products
  - Liquid IVIG, Gamunex<sup>®</sup>, and Alpha1-PI therapy, Prolastin<sup>®</sup>
- Enhanced positions in key geographies, including the US
- More flexible, higher capacity and highly efficient plasma collection business
- A highly optimised supply chain to ensure timely, adequate, secure and reliable supply at lowest cost

# Financial Highlights

- Synergies of approximately US\$225m p.a. realised progressively over 3 years from closing (weighted towards years 2 and 3)
- Combined business plan based on 2008 Q1 actual selling prices reported by CMS<sup>(1)</sup>
- Accretive to EPS<sup>(2)</sup>
  - Pro forma EPS accretion in year 1, relative to the midpoint of CSL's FY2008/2009 standalone earnings guidance (pro forma EPS calculated using Talecris' results for the 12 months ended 30 June 2008):
    - ~10% including synergies
    - ~5% excluding synergies
  - Drivers of ongoing earnings accretion include full realisation of synergies, reduction of manufacturing bottlenecks, increased throughput and CSL's growth momentum
- Strong cash flow generation
- Prudent capital structure

(1) Centers for Medicare and Medicaid Studies

(2) Talecris earnings for the 12 months ended 30 June 2008 are based on Talecris' unaudited management accounts. Key assumptions for pro-forma accretion analysis: assumes full-year impact of acquisition (i.e., acquisition closed on 1 July 2008); excludes transaction costs of US\$80m (A\$90m) and one-off restructuring costs to achieve synergies of US\$120m (A\$135m); funding mix as set out in this announcement, including an equity raising of US\$1,500m (A\$1,685m)

# Historical Financials and Multiples

<i>(US\$ million)</i>	<b>Talecris CY2007<sup>(1)</sup></b>	<b>Talecris 12 months ended 30 June 2008<sup>(1)</sup></b>
Sales	1,219	1,241
Gross Profit	430	410
<i>Margin (%)</i>	35.3%	33.0%
Adjusted EBITDA <sup>(2)</sup>	257	258
<i>Margin (%)</i>	21.1%	20.8%
Adjusted EBIT <sup>(3)</sup>	246	244
<i>Margin (%)</i>	20.2%	19.6%

- Acquisition multiples based on Talecris financials for the 12 months ended 30 June 2008, before synergies<sup>(1)</sup>:
  - EV / adjusted EBIT of 12.7x
  - EV / adjusted EBITDA of 12.0x

(1) Source: CY2007 figures from Talecris' Form S-1/A filed with the Securities and Exchange Commission ("SEC") on 23 July 2008 ("Talecris' S-1/A"). Figures for the 12 months ended 30 June 2008 are derived from Talecris' unaudited management accounts

(2) Talecris reported audited net income of US\$124m for the year ended 31 December 2007 and unaudited net income of US\$94m for the 12 months ended 30 June 2008. EBITDA is adjusted to reverse the effects of transition and non-recurring expenses, management fees, non-cash stock option expense, non-cash restricted stock expenses, special recognition bonuses, equity in earnings of affiliates, gain on sale of equipment and asset impairment charges. The full definition of adjusted EBITDA is provided under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations - Non-GAAP Financial Measure" in Talecris' S-1/A. EBITDA and adjusted EBITDA are not measures under US or Australian generally accepted accounting principles and should not be considered as substitutes for net income, cash flow from operations or other measures of operating performance or liquidity determined in accordance with GAAP

(3) Adjusted EBITDA less depreciation and amortisation

# Profit Improvement Initiatives

Overview	Breakdown of Synergies	
<ul style="list-style-type: none"> <li>Detailed integration plan developed</li> <li>Synergies expected to be realised progressively over three years from closing (weighted towards years 2 and 3)</li> <li>Associated one-off restructuring costs of approximately US\$120m to be incurred over 12 to 15 months from closing</li> </ul>	<b>Plasma Collection</b> (1/3)	<ul style="list-style-type: none"> <li>Creating a more efficient combined plasma collection network</li> </ul>
	<b>Optimised Manufacturing</b> (1/3)	<ul style="list-style-type: none"> <li>Optimise manufacturing operations via intermediates transfers</li> <li>Maximise yield of plasma proteins from each litre of plasma</li> </ul>
	<b>Other Functions</b> (1/3)	<ul style="list-style-type: none"> <li>Consolidate corporate functions</li> <li>Creating the optimum structure for the combined commercial effort</li> <li>Enhanced R&amp;D portfolio and opportunities</li> </ul>
<p align="center"><b>Synergies And Improved Operational Execution Expected to Contribute approximately US\$225m p.a.</b></p>		

# Funding

- Up-front cash purchase price and transaction costs funded through mix of equity ~47%<sup>(1)</sup>, available cash/existing undrawn bank facility ~17% and new debt ~36%
  - Underwritten institutional equity placement to raise US\$1,500m (A\$1,685m)
  - Non-underwritten share purchase plan<sup>(2)</sup>
  - Available cash / existing undrawn debt of approximately US\$550m (A\$618m)
  - Bridge facility covers balance of purchase price and transaction costs
- Results in pro forma gearing of 33%<sup>(3)</sup> and Net Debt/EBITDA of 1.5x<sup>(4)</sup>, before any synergies

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(1) Before taking into account any equity raised through the SPP

(2) Based on 64,000 shareholders in Australia and New Zealand, if 20-30% takeup, this would raise additional equity of A\$64m to A\$96m

(3) Pro forma as at 30 June 2008. See pages 31 and 36 for further details

(4) Pro forma as at 30 June 2008. EBITDA based on unaudited adjusted EBITDA for 12 months ended 30 June 2008 provided by Talecris' management and CSL's FY2008 EBITDA, excluding synergies, transaction costs of US\$80m (A\$90m) and one-off restructuring costs to achieve synergies of US\$120m (A\$135m). Assumes equity raising of US\$1,500m (A\$1,685m). See pages 31 and 36 for further details

# Regulatory Process

- Merger between two of the larger global manufacturers of plasma therapies
  - The transaction will require regulatory approvals including, among others, approval by US anti-trust authorities
- US\$75m break fee (approximately A\$0.14 per CSL share) may be payable to the vendors, under certain circumstances, if anti-trust approvals are not forthcoming within 12 months
- CSL will work diligently to assist all the relevant agencies in their reviews of the acquisition



## 2. Strategic Rationale

# Substantial Benefits to Patients

- Combination will provide substantial benefits to patients that rely on these life-saving medicines
  - Improved access to plasma products through increased supply
- Enhanced market reach, service and support leading to earlier identification, diagnosis and treatment
- Stronger R&D pipeline
  - A number of complementary programs across the two R&D pipelines
  - Extension of the CSL Behring “centre of excellence” approach to multi-site R&D model to maximise sense of ownership and responsibility across the group for key disease areas
  - Continuation and expansion of existing product R&D aimed at enhancements, improved ease of use and market availability

# Robust Industry

- Global plasma therapies industry estimated to be about US\$15bn in 2007, showing a CAGR<sup>(1)</sup> in excess of 10% over the past decade<sup>(2)</sup>
- US plasma products sales growing at a CAGR of 9% over the last decade<sup>(3)</sup>

- Competitive North American and EU markets
  - Investment in new capacity
  - New entrants into the US likely
- Acquisition allows CSL to better compete and increase supply
  - Enhanced capacity, reduced bottlenecks
  - Lower cost base
  - Scale efficiency
  - Improved portfolio and reach
  - More products from each litre

(1) Compounded Annual Growth Rate

(2) CSL estimates based on company financial reports and The Marketing Research Bureau (2006), The Worldwide Plasma Fractions Market. Includes recombinant coagulation factors VIIa, VIII and IX. Excludes substitute products for albumin

(3) The Plasma Fractions Market in the United States 2007 (MRB)

# Strengthens CSL's Manufacturing Spine

- Important complementarities in manufacturing assets
  - Efficient and accelerated utilisation of unused IVIG capacity at Clayton
  - Improves the yield of plasma products from each litre of plasma processed
- Increased plasma availability from reconfigured and optimised combined collection fleet
  - Improved capability to support further growth
  - Substantial reductions in plasma collection costs from combined fleet

**Increased Output at Lower Cost**

# Substantial Manufacturing Efficiencies

- Near term plan to secure operational efficiencies
- Medium-term output maximisation plan to transfer intermediates between manufacturing facilities
  - Clayton to Marburg and Broadmeadows for Factor VIII/vWf intermediates
  - Kankakee to Clayton for Alpha1-PI intermediates
  - Kankakee to Clayton for IVIG intermediates
  - Improves the yield of plasma products from each litre of plasma processed
- Focus on transferring fractionation across most efficient global plant network
- Manufacturing throughput to be optimised compared to standalone operations

## Enhanced Portfolio of Products

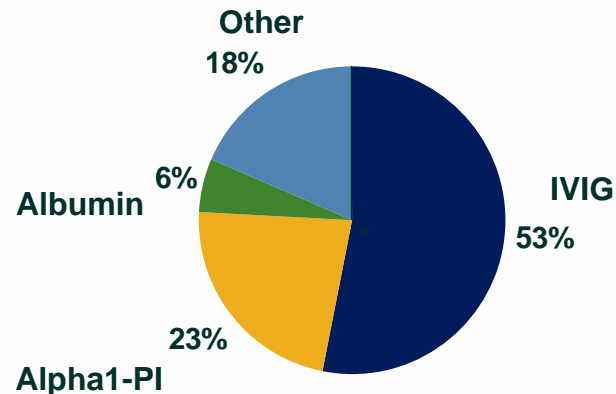
- 10% liquid IVIG (Gamunex<sup>®</sup>)
  - A leading product in the liquid IVIG market
  - Fits well with CSL's broadening IVIG range
  - Strong brand in the US market
- Alpha1-PI (Prolastin<sup>®</sup>)
  - First treatment for Alpha1-PI deficiency
  - Strong brand recognition
  - A leading Alpha1-PI product in the US
  - The only licensed Alpha1-PI product in Canada, Germany, Italy and Austria
  - Significant growth potential through CSL Behring's extensive distribution network
- Significant other products include pdFVIII (Koate<sup>®</sup>) and a number of hyperimmune products as well as Albumin (Plasbumin<sup>®</sup>)

### 3. Operations and Integration

# Talecris Products

- Strong portfolio with a number of significant products
- Key products are the liquid IVIG, Gamunex<sup>®</sup>, and the first treatment for Alpha1-PI deficiency, Prolastin<sup>®</sup>

**Talecris Sales by Products  
(US\$1,219m CY2007)**

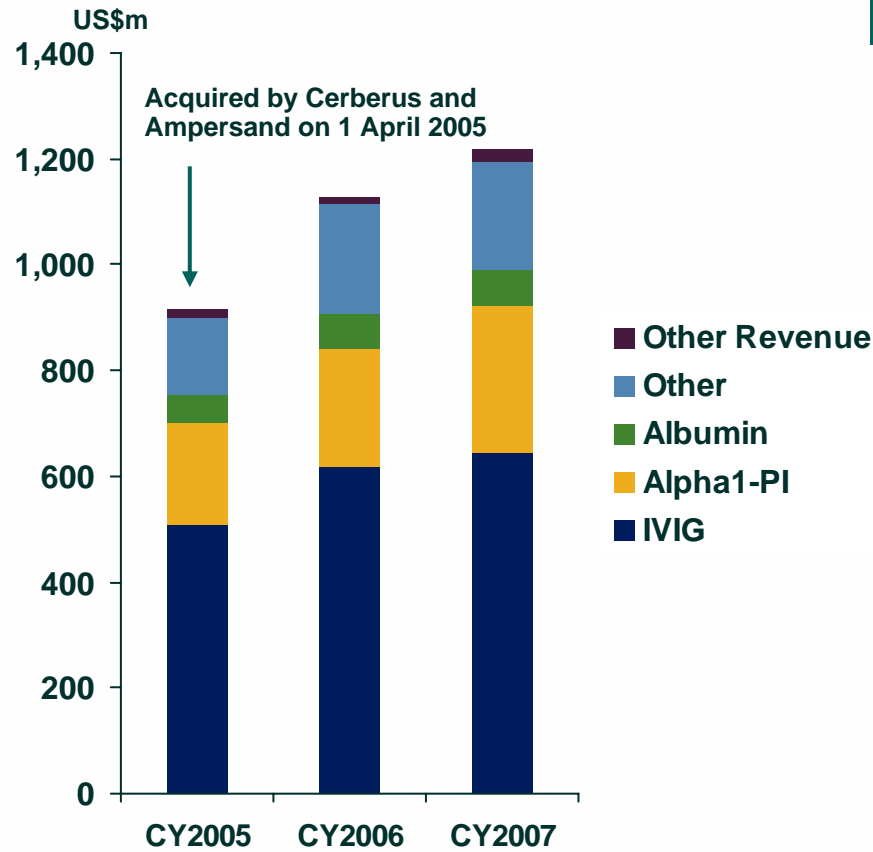


Key Products	Description
IVIG – Gamunex <sup>®</sup>	Liquid IVIG product
Alpha1-PI – Prolastin <sup>®</sup>	A leading Alpha1-PI product in the US, and the only Alpha1-PI product licensed in Canada, Germany, Italy and Austria
Hyperimmunes	Talecris has one of the broadest lines of FDA approved hyperimmunes for hepatitis, rabies, tetanus and treatment of Rh negative women pregnant with Rh positive children
Albumin	Licensed to produce and market albumin under a variety of brand names, including Plasbumin <sup>®</sup> albumin and Plasmanate <sup>®</sup>
Plasma-Derived Hemostasis Products	Factor VIII products under Koate <sup>®</sup> DVI Antihemophilic Factor (Human) brand. ATIII products, produced by Bayer pursuant to a manufacturing agreement, under Thrombate III <sup>®</sup> antithrombin III brand, the only product licensed in the US to treat patients suffering from ATIII deficiency



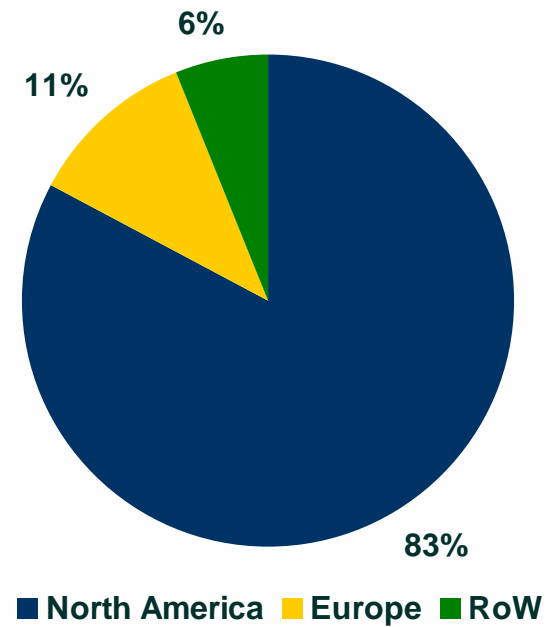
# Talecris Historical Sales

**Talecris Sales Evolution<sup>(1)</sup>**



Source: Talecris' S-1/A

**Talecris Sales by Geography  
(US\$1,219m in CY2007)**



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# Talecris Manufacturing Facilities And Plasma Collection Centres

- Talecris operates 56 plasma collection centres and two manufacturing facilities
  - Clayton site: fully integrated, fractionation and manufacturing plant fractionating 2.5m plasma equivalent litres (“PEQ”) p.a.
  - Melville site: front end fractionation capacity of approximately 1.0m PEQ p.a. and specialty products
- Ramping up in-house plasma collection capacity with regular new openings
  - Estimated collection volume from Talecris Plasma Resources (“TPR”) centres of approximately 1.65 million litres in 2008
- Total plasma manufacturing throughput of approximately 2.7 million litres in 2007

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Source: Talecris' S-1/A

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# Other Functions

- **Sales and Marketing**

- Sales and marketing department of approximately 150 employees
- Distribution network comprised of both direct and indirect channels
  - Direct marketing in US supported by 50 Talecris sales representatives managed by five regional sales managers

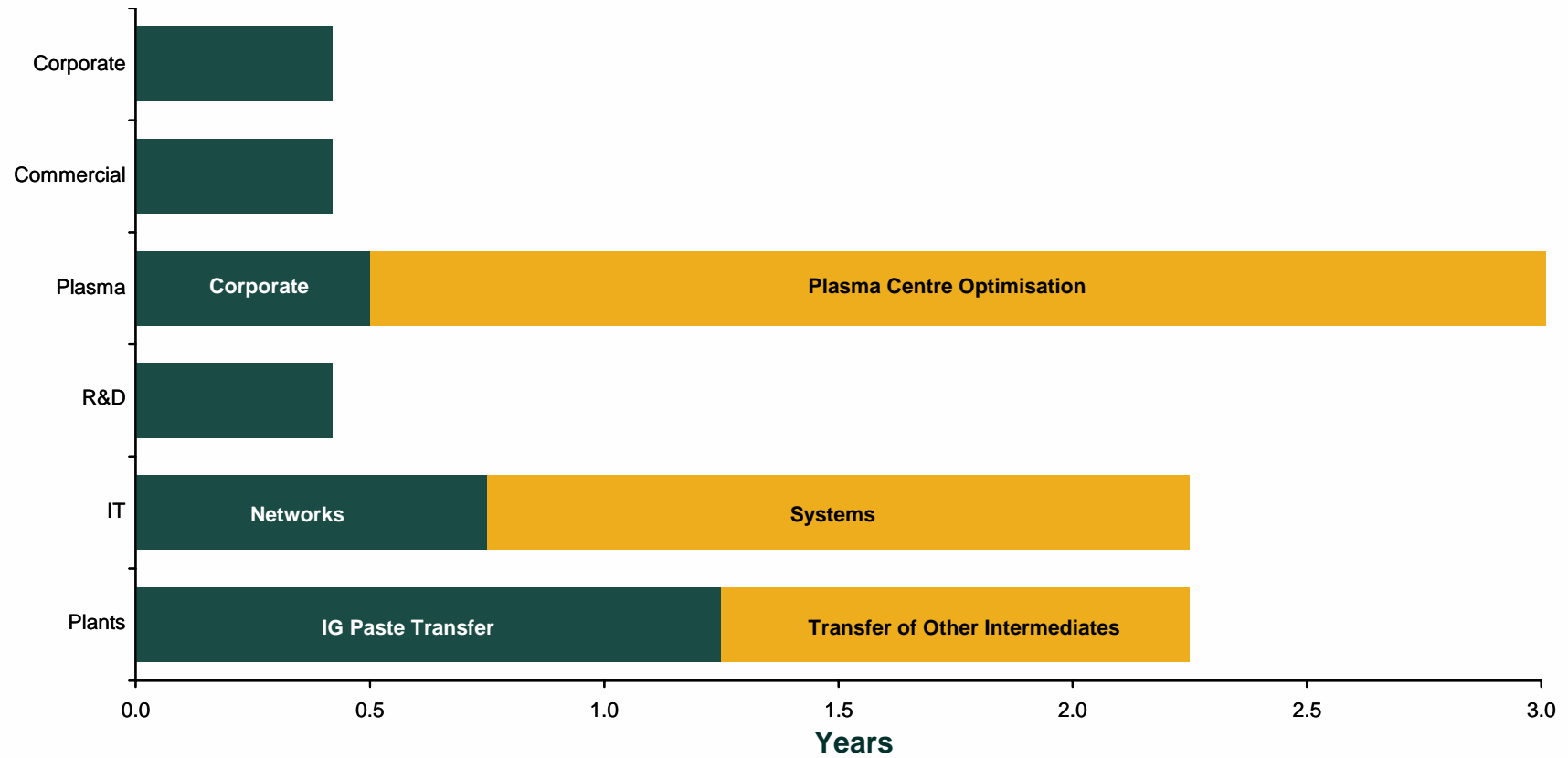
- **Research and Development**

- Approximately 250 employees
- A number of complementary projects strengthening CSL Behring's portfolio

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Source: Talecris' S-1/A

# Integration– Key Milestones and Timeline



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## 4. Financial Impact

# Key Acquisition Metrics

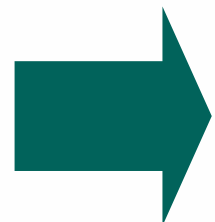
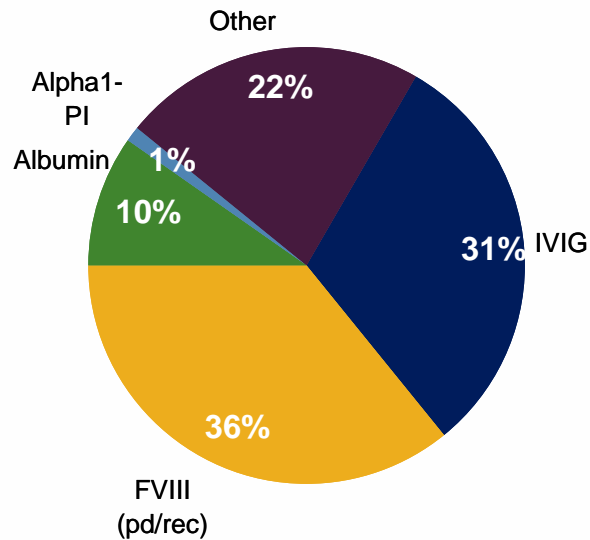
- Acquisition multiple of 12.7x EV/ LTM adjusted EBIT and 12.0x EV/ LTM adjusted EBITDA<sup>(1)</sup>
- Accretive to EPS<sup>(2)</sup>
  - Pro forma EPS accretion in year 1, relative to the midpoint of CSL's FY2008/2009 standalone earnings guidance, of approximately 10% including synergies, or approximately 5% excluding synergies (pro forma EPS calculated using Talecris' results for the 12 months ended 30 June 2008)
- Incremental D&A expected from recognition of assets at fair value on acquisition
- Synergies of approximately US\$225m p.a.
  - Expected to be realised progressively over 3 years from closing (weighted towards years 2 and 3)
- Combined Group capex expected to be A\$250m – A\$300m p.a.
- Associated one-off restructuring costs expected to be approximately US\$120m (A\$135m) to be incurred over 12 to 15 months from closing
- Transaction costs of approximately US\$25m (A\$28m) pre closing and US\$55m (A\$62m) on closing

(1) Refer to footnotes (1) and (2) on page 10

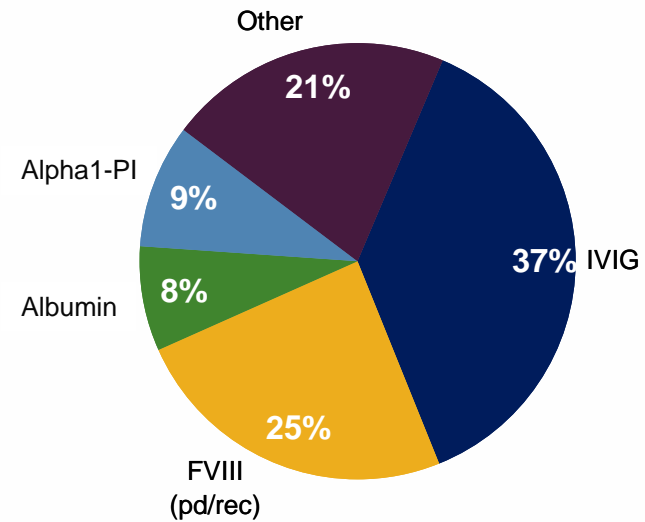
(2) Refer to footnote (2) on page 9

# Pro forma Impact on Sales by Products

**CSL Behring  
Standalone**  
(FY2008 Sales US\$2,526m)



**CSL Behring+Talecris  
Pro Forma**  
(PF2008 Sales US\$3,767m)<sup>(1)</sup>



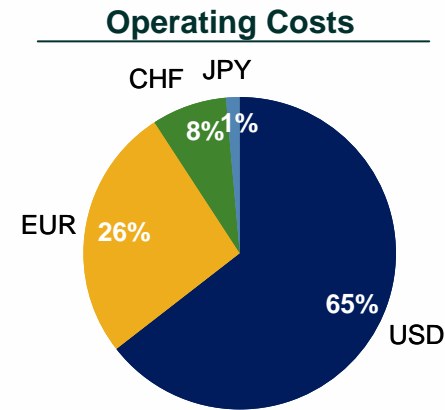
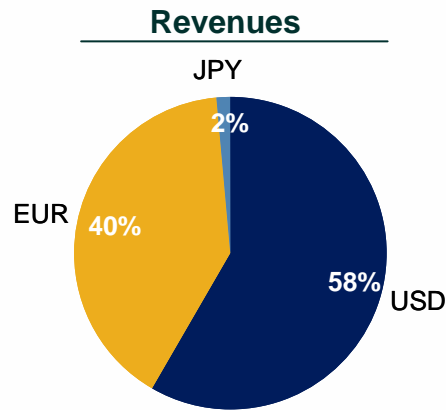
**Focus on Fast Growing Key Plasma Product Areas With the Addition of Gamunex® and Prolastin®**

(1) CSL Behring FY2008 sales plus Talecris' sales for the 12 months ended 30 June 2008 derived from Talecris' unaudited management accounts

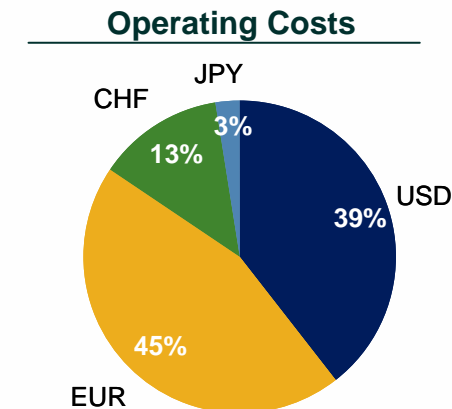
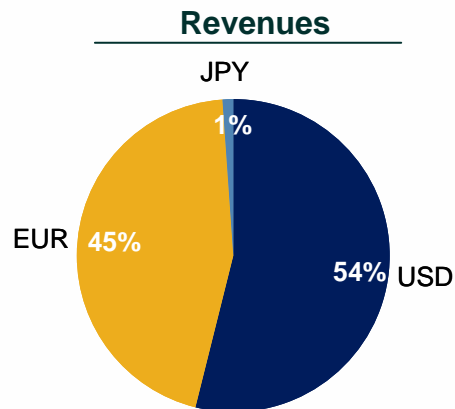


# FX Exposure Profile

## Pro Forma CSL Behring/Talecris Currency Exposure



## Standalone CSL Behring Currency Exposure





# Funding Structure

## Equity

- Equity raising comprising:
  - Institutional equity placement to raise US\$1,500m (A\$1,685m)
    - Fully underwritten at a minimum price
    - Executed during trading halt of up to 2 days
  - Share Purchase Plan (non underwritten)
    - Up to A\$5,000 per shareholder<sup>(1)</sup>
    - Applications close 16 September 2008
    - Issue price is lower of placement price or a 5% discount to VWAP over 15 day pricing period prior to the close of the SPP
  - Shares issued in the institutional placement and under the SPP will be eligible to receive CSL's fully franked final dividend of 23 cents per share for FY2007/2008, for which the Record Date is 22 September 2008 and which is payable on 10 October 2008

## Available Cash / Existing Undrawn Debt

- Available cash US\$350m (A\$393m)
- Undrawn bank debt facilities ~US\$200m (~A\$225m)

## Debt

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

**Funding Mix Designed to Balance EPS Accretion While Managing Financial Risks**

(1) Open to shareholders with registered addresses in Australia or New Zealand on the Record Date (22 August 2008)

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# Post-Acquisition Capital Structure Remains Strong

	<i>(A\$ million)</i>	<b>CSL Standalone 30 June 08</b>	<b>Pro Forma Capitalisation<sup>(1)</sup></b>
<ul style="list-style-type: none"> <li>Funding mix designed to:               <ul style="list-style-type: none"> <li>Enhance earnings benefit, and</li> <li>Manage credit risk</li> </ul> </li> </ul>	Cash and cash equivalent	702	308
<ul style="list-style-type: none"> <li>Strong post-integration cash flow profile               <ul style="list-style-type: none"> <li>Provides flexibility to repay acquisition debt and fund integration plans</li> </ul> </li> </ul>	Interest-bearing loans and borrowings	953	2,448
	<b>Net Debt</b>	<b>252</b>	<b>2,139</b>
	Equity	2,806	4,402
<ul style="list-style-type: none"> <li>Interest cover remains strong and Net Debt/EBITDA remains low</li> </ul>	<b>Total Capitalisation</b>	<b>3,058</b>	<b>6,541</b>
	<i>Net Debt / (Net Debt &amp; Equity)</i>	8%	33%
<ul style="list-style-type: none"> <li>Dividend payout ratio (~35%) unchanged following the acquisition</li> </ul>	<i>EBITDA<sup>(2)</sup>/Interest Expense</i>	22.3x	11.2x
	<i>Net Debt/EBITDA<sup>(2)</sup></i>	0.2x	1.5x

(1) Pro forma adjustments based on Talecris' S-1/A; unaudited 31 March 2008 results, adjusted to show ungeared balance sheet (no debt, no cash) and assume the following: transaction closes before 1 July 2009, cash purchase price of US\$3,100m (A\$3,483m) and transaction costs of US\$80m (A\$90m) funded by equity raising of US\$1,500m (A\$1,685m), existing cash of US\$350m (A\$394m), undrawn existing debt of US\$200m (A\$225m) and additional debt of US\$1,130m (A\$1,270m). If transaction closes after 1 July 2009, transaction costs of US\$80m (A\$90m) will be expensed rather than capitalised. See Appendix for detailed pro forma balance sheet

(2) Pro forma EBITDA excluding synergies, transaction costs of US\$80m (A\$90m) and one-off restructuring costs to achieve synergies of US\$120m (A\$135m). See footnotes (1) and (2) on page 10

## 5. Conclusion

# Strategically and Financially Compelling Transaction

- Substantial benefits to patients from increased production and supply of important life-saving medicines
- Making CSL a stronger competitor
  - Manufacture of more products from every litre of plasma
  - Economies of scale
  - Enhance capacity and reduce bottlenecks
  - Manufacturing efficiencies
  - Plasma collection efficiencies
- Enhanced product portfolio and manufacturing platform
- Attractive acquisition metrics
- Financing structure maximises accretion while balancing risks and pro forma credit strength
- Creates shareholder value

## Bookbuild Process

- Investor Participation Institutional and Sophisticated Investors
- Book Opens 12 noon Wednesday
- Book Closes 12 noon Thursday
- Book build close may be accelerated at discretion of CSL and Merrill Lynch

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# Appendix

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# Pro Forma Balance Sheet

A\$ million	CSL Standalone 30 June 08	Talecris Standalone 31 March 08 <sup>(1)</sup>	Pro Forma Adjustments <sup>(2)</sup>	Pro Forma
<b>Current assets</b>				
Cash and cash equivalent	702	-	(393)	308
Trade and other receivables	709	132	-	841
Inventories	1,198	587	-	1,785
Other current assets	2	102	-	103
<b>Total current assets</b>	<b>2,611</b>	<b>820</b>		<b>3,038</b>
<b>Non-current assets</b>				
Property, plant and equipment	976	178	-	1,154
Intangible assets (including goodwill)	911	147	2,555	3,612
Other non-current assets	198	105	-	303
<b>Total non-current assets</b>	<b>2,084</b>	<b>430</b>		<b>5,069</b>
<b>Total assets</b>	<b>4,695</b>	<b>1,250</b>		<b>8,107</b>
<b>Liabilities</b>				
Trade and other payables	445	78	-	522
Interest-bearing loans and borrowings	953	-	1,494	2,448
Other liabilities	491	244	-	735
<b>Total liabilities</b>	<b>1,889</b>	<b>322</b>		<b>3,705</b>
<b>Total equity</b>	<b>2,806</b>		<b>1,685</b>	<b>4,402</b>
Net Debt / (Net Debt & Equity)	8%			33%
EBITDA <sup>(3)</sup> /Interest Expense	22.3x			11.2x
Net Debt/EBITDA <sup>(3)</sup>	0.2x			1.5x

(1) Source: Talecris' S-1/A; unaudited 31 March 2008 results, adjusted to show ungeared balance sheet (no debt, no cash)

(2) Pro forma adjustments assume the following: transaction closes before 1 July 2009, cash purchase price of US\$3,100m (A\$3,483m) and transaction costs of US\$80m (A\$90m) funded by equity raising of US\$1,500m (A\$1,685m), existing cash of US\$350m (A\$393m), undrawn existing debt of US\$200m (A\$225m) and additional debt of US\$1,130m (A\$1,270m). If transaction closes after 1 July 2009, transaction costs of US\$80m (A\$90m) will be expensed rather than capitalised

(3) Pro forma EBITDA excluding synergies, transaction costs of US\$80m (A\$90m) and one-off restructuring costs to achieve synergies of US\$120m (A\$135m). See footnotes (1) and (2) on page 10



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# Risks Associated with the Acquisition

CSL is subject to a number of risks associated with the acquisition of Talecris. 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, including anti-trust authorities before it is able to complete the acquisition of Talecris, and those approvals may not be forthcoming or may be delayed. A delay in the closing of the acquisition may have a material impact on the financial outcome of the acquisition in any particular financial year
- If anti-trust approval is not obtained within 12 months, CSL may be subject to a US\$75m break fee
- CSL's contract to purchase Talecris, although consistent with US market practice for acquisitions from financial sponsors, contains fewer contractual protections than CSL would expect if it were acquiring a business from a corporate vendor. Without limitation, these include limitations on representations and warranties, indemnity claims and time periods for making claims
- CSL is at risk that the operations of Talecris may not perform as CSL expects, particularly in the interim period between announcing and completing the acquisition when CSL is not in control of the business
- Talecris has stated in its S-1/A that it has limited experience in operating plasma collection centres, and it may be unable to obtain adequate quantities of source plasma from its own collection centres in the interim period between announcing and completing the acquisition, as a result of, among other things, contamination or failure to follow Good Manufacturing Practice or, even if it obtains adequate quantities from its own collection centres, it may not be on a cost-effective basis. Additionally, certain of the collection centres Talecris has acquired and opened will require greater than expected time and expense to obtain licensure or may lose licensure in the future, which will have a material impact on the business and/or financial condition of Talecris
- 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 Talecris business may be more difficult than expected
- Historical information regarding Talecris contained herein has been sourced from Talecris' S1/A or Talecris' management and has not been independently audited or verified 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

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## Risks Associated with the Acquisition (cont'd)

- Talecris' 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 Talecris, including legal and regulatory liabilities and obligations for which it may not be indemnified
- Although the intended use of proceeds of the equity funding is to pay a portion of the purchase price for the acquisition, the equity funding is not conditional upon the completion of the acquisition, and CSL will be permitted to use the proceeds for general corporate purposes if the acquisition is not consummated

# Risks Associated with the Businesses of CSL and Talecris

The businesses of CSL and/or Talecris 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 Talecris 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 competitors 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
- Potential for 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 countries where CSL and/or Talecris is sourcing, producing, distributing or selling
- Continuity of key contracts including, for CSL, renegotiation of the Plasma Products Agreement with the Australian Government, and enforcement of key intellectual property
- Government or third-party payors may decrease or otherwise limit the amount, scope or other eligibility requirements for reimbursement for the purchasers of CSL's and/or Talecris' products as a result of healthcare initiatives or other factors
- Manufacturing processes, plasma supply and products may be susceptible to contamination or production interruptions

# Risks Associated with the Business of CSL and Talecris (cont'd)

- Plasma collection and manufacturing processes are subject to government regulation, oversight and inspection, which in the event of non-compliance could result in, among other things, closure, withdrawal of products from the market, voluntary or mandatory recall of products, product seizures or imposition of civil or criminal penalties
- The market conditions under which CSL and Talecris operate may not continue as additional competitors enter the market and other non-plasma products or sources of treatment are developed
- CSL and Talecris may be subject to product liability lawsuits inherent in the manufacturing, distribution and sale of plasma-derived therapeutic protein products.

Without limitation, any of these risks could have a material impact on the businesses and/or financial condition of CSL and/or Talecris.

# Additional Business Risks

In addition to the risk factors listed above there are, according to Talecris, a number of specific business risks faced by Talecris.<sup>(1)</sup> Without limitation, those risks include:

- Sales of Gamunex® and Prolastin® comprised approximately 75% of Talecris' total net revenue. Any significant loss in sales of Gamunex® IVIG or Prolastin® Alpha1-PI, or any litigation and/or adverse FDA ruling against these products will have a material impact on the business and/or financial condition of Talecris
- Substantially all of Talecris' revenues were derived from products manufactured, and services performed, at its plant located in Clayton, North Carolina. Any accidents or force majeure events such as earthquake, major fire or explosions, major equipment failures or power failures lasting beyond the capabilities of its backup generation will have material impact on the business and/or financial condition of Talecris
- Talecris has historically been dependent on third parties to provide crucial supplies (including, in particular, FDA-approved source plasma) to service its equipment and to sell, distribute and deliver its products. Supply constraints, caused by, among other things, the closure of collections centres and a decrease in the donor pool, have caused plasma collections industry-wide to decrease during the past decade. In addition, there are a limited number of independent third-party suppliers of FDA-approved plasma and some have limited ability to supply Talecris with plasma due to arrangements with Talecris' competitors. Plasma volumes obtained under arrangements with independent third parties do not always meet expectations. If Talecris is unable to obtain adequate quantities of FDA-approved plasma due to these shortages or problems with its third-party suppliers, it will have a material impact on the business and/or financial condition of Talecris
- Shortages of plasma can prevent Talecris from meeting the needs of its customers for Gamunex® and, accordingly, cause a loss of IGIV market share, which will have a material impact on the business and/or financial condition of Talecris
- The production of Talecris' products, particularly relating to its purification process, are based upon intellectual property that Talecris owns or licenses. Any failure by Talecris to successfully enforce against potential infringers, or defend against those claiming Talecris is an infringer, its rights with respect to this intellectual property will have a material impact on the business and/or financial condition of Talecris

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Source: Talecris' S-1/A

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## Additional Business Risks (cont'd)

- A substantial portion of Talecris' historical revenues were derived from a small number of customers. The loss of one or more of those customers will have a material impact on the business and/or financial condition of Talecris
- Talecris' manufacturing process involves potential for violation of environmental laws and regulations. If Talecris were found to have violated any of such laws or regulations, it would have a material impact on the business and/or financial condition of Talecris

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Source: Talecris' S-1/A

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# Important Notice

## **Voting restrictions on any significant foreign shareholder**

As required by the Australian Commonwealth Serum Laboratories Act, the Company's Constitution provides that if the Board becomes aware of a 'significant foreign shareholding' in the Company, the Board must be divided into two classes of directors, comprising O class and A class directors. The Constitution defines a 'significant foreign shareholder' as a foreign person who has a relevant interest in at least 5% of the voting shares of the Company, provided that a fund manager is only a foreign person for this purpose if the total interests of foreign persons in the fund represent more than 40% of the total.

The number of O class directors must be the number nearest to but not exceeding one third of the directors. Thus in a Board of 9 members, there would need to be 3 O class directors and 6 A class directors. The Managing Director must be regarded as an A class director.

All shareholders are entitled to vote on the election of an O class director. A significant foreign shareholder (including any controlled entities and nominees of the significant foreign shareholder to the extent they hold the shares which comprise the significant foreign shareholding) may not vote on the election or removal of an A class director.