

# REMUNERATION REPORT

## 1. REMUNERATION & HUMAN RESOURCES COMMITTEE

The Remuneration & Human Resources Committee (the Committee) operates under the delegated authority of the Board of Directors (the Board) of Rinker Group Limited (Rinker). The Committee's charter is available on Rinker's website ([www.rinkergroup.com](http://www.rinkergroup.com)).

The Committee is comprised solely of independent non-executive directors. On 18 March 2004 John Morschel stood down from the Committee and was succeeded as its chair by John Ingram. John Arthur and Marshall Criser are the other members of the Committee.

The Committee met five times during the year, with all members attending each meeting.

The Committee's primary responsibility is to assist the Board in fulfilling its corporate governance and oversight responsibilities with respect to:

- providing sound remuneration and employment policies and practices that enable Rinker group companies to attract and retain high quality executives and directors who are dedicated to the interests of Rinker's shareholders;
- fairly and responsibly rewarding executives, having regard to the interests of shareholders, Rinker's performance, the performance of the relevant executive and employment market conditions; and
- evaluating potential candidates for executive positions, including the Chief Executive, and overseeing the development of executive succession plans.

The Committee has the resources and authority appropriate to discharge its duties and responsibilities, including the authority to engage external professionals, on terms it determines are appropriate, without seeking approval of the Board or management.

Rinker has engaged external advisors during the year on matters relating to remuneration. All information relevant to matters being considered by the Committee has been made available to the Committee. The Committee did not determine it necessary to separately retain any additional advisors.

The table below lists those advisors who have been retained during the year. All advisors are independent and were engaged solely on the basis of their competency in the relevant field.

Advisor	Services Provided
Compensation Strategies Inc.	US Non-Executive Director Compensation and Benchmarking US Executive Compensation and Benchmarking
Deloitte & Touche <sup>1</sup>	401(k) and Pension Plan Audits Long Term Incentive Plan Audit
John V. Egan Associates	Australian Non-Executive Director Compensation and Benchmarking Australian Executive Compensation and Benchmarking
Stern Stewart <sup>2</sup>	Short Term Incentive Plan Design Long Term Incentive Plan Review
Towers Perrin	Long Term Incentive Plan Design US Executive Compensation and Benchmarking

<sup>1</sup> Services provided by Deloitte and Touche were approved in advance by the Audit Committee

<sup>2</sup> Stern Stewart has provided additional services to Rinker's Strategic Planning department

## 2. REMUNERATION PRINCIPLES

The Board recognises that Rinker's performance is dependent on the quality of its people. To successfully achieve its financial and operating objectives, Rinker must be able to attract, retain, and motivate highly skilled executives who are dedicated to the interests of its shareholders.

Rinker's remuneration principles are:

- Competitive remuneration arrangements are provided to attract, retain and motivate executive talent.
- A significant portion of rewards to executives are linked to performance - as measured by the creation of shareholder value.
- The Chief Executive and other Senior Executives are encouraged to adhere to Rinker's Share Ownership Guidelines.
- Severance payments due to executives on termination are limited to pre-established contractual arrangements which do not require Rinker to make any unjustified payments in the event of termination for cause. (See section 5.1.3 for termination benefits for the Chief Executive. Section 6, footnotes 5, 6, and 7, outline termination benefits for Senior Executives)
- Full legal compliance and transparent disclosure of executive remuneration.

The Board and the Committee also recognise that although remuneration is a major factor in recruiting and retaining highly talented and effective people, other factors play a substantial role, including Rinker's corporate reputation, its ethical culture and business values, its executive leadership, and its other human resources policies.

## 3. REMUNERATION STRUCTURE

Remuneration of senior management is comprised of policies and programs under two general categories:

- **Fixed remuneration** which is made up of base salary and welfare benefits, retirement benefits, and other incidental benefits.
- **Variable remuneration** which is made up of an annual short term incentive plan, and long term incentives.

The remuneration structure is designed to strike an appropriate balance between fixed and variable remuneration. Variable remuneration is tied to performance and is at risk. Rinker's policy is to pay at median levels for achievement of target performance, while providing the opportunity for above market variable remuneration for exceptional performance.

Details of each component are set out below.

All remuneration received by the Chief Executive and Senior Executive team is detailed in sections 5 and 6 of this report.

### 3.1 BASE SALARY

Base salaries are determined by reference to appropriate benchmark information, taking into account an individual's responsibilities, performance, qualifications, experience and geographic location.

### 3.2 VARIABLE REMUNERATION

The Board believes that well designed and managed short term and long term incentive plans are important elements of employee remuneration, providing tangible incentives for employees to strive to improve Rinker's short term and long term performance to the benefit of shareholders. Participation in these plans encourages employees within the Rinker group to enjoy a greater involvement and share in the future growth, prosperity and profitability of the company in a way which gives them a community of interest with shareholders.

The proportions of variable remuneration opportunity vary for senior managers within the Rinker group and are consistent with local country practices, and take into account an individual's responsibilities, performance and experience.

#### 3.2.1 SHORT TERM INCENTIVE PLAN

The Short Term Incentive Plan (STI) is designed to directly link variable remuneration to financial performance. The STI is an integral part of the Rinker high performance culture and the STI is designed to drive continuous performance improvement in each business in the Rinker group.

The Chief Executive's STI is based on Rinker achieving specific financial goals, reinforcing a culture that is ethical and values based, and the safety, health and environmental performance of the organisation. Senior Executives have their STI's based on achieving financial goals within their business units, total Rinker results, as well as their safety, health and environmental performance. In all instances, the Board has discretion to adjust individual STI awards, as explained in "Step 2" below.

The STI program has been modified with effect from the fiscal year starting in April 2004 to include a “banking” mechanism in which some portion of the STI may be deferred and at risk. Under the banking mechanism, if performance well in excess of specified targets occurs, a portion of the STI will be deferred. The deferred amounts will be paid in future years if performance is maintained at or above acceptable levels. Should performance fall below acceptable levels, amounts deferred in the bank may be forfeited. This new component is intended to further motivate STI participants to sustain and improve results into future years.

The Rinker STI process works as follows:

#### Step 1

At the beginning of the fiscal year, the Committee recommends to the Board the performance targets for the Chief Executive and Senior Executives.

The actual entitlement is based on the achievement of financial goals, as well as consideration of performance related to safety, health and environmental issues, and overall compliance with policies, including commitment to Rinker’s Code of Business Ethics and its organisational values.

#### Step 2

At the end of the fiscal year, the Committee compares the audited financial results to the performance targets and determines what levels, in relation to those targets, have been achieved. The Committee then makes appropriate recommendation to the Board.

The Chief Executive and Senior Executives are measured against;

- “Contract Performance” – the minimum necessary to qualify for an STI award;
- “Target Performance” – the level at which challenging goals set at beginning of the year have been met; and
- “Stretch Performance” – the level at which challenging goals set at the beginning of the year have been greatly exceeded.

The Committee reviews the proposed STI awards in aggregate and determines their appropriateness having regard to Rinker’s overall financial results.

The Chief Executive is not eligible for an STI award if financial results are below Contract Performance. He is eligible for an STI award of up to 75% of his base salary at Target Performance, increasing up to 100% of his base salary for results exceeding Target Performance.

Senior Executives have their results based on related business units as well as Rinker in total. Their potential awards are determined by reference to a proportion of their base salary. That proportion is based in part on their level of responsibility and performance.

The Board reviews the calculated awards and considers the variables that Senior Executives are able to manage and influence, as well as their performance related to safety, health and environmental issues, overall compliance with policies, and commitment to the Code of Business Ethics and organisational values. Adjustments to the calculated awards may be made after reviewing the above factors.

#### Step 3

Once approved by the Board, the STI awards are paid to participants in cash. Many participants are eligible to invest a portion of their awards in plans which offer Rinker shares as an investment option or measurement fund. These plans are a means for participants to accumulate holdings to meet the Share Ownership Guidelines.

Based on the excellent performance of Rinker during the past year, as measured by financial results, the incentive awards approved by the Board for the Chief Executive and Senior Management were based on achievement of near Stretch Performance.

### 3.2.2 LONG TERM INCENTIVES

Prior to the current year, Rinker had the following active Long Term Incentive Plans

- Cash Award Share Plan (CASP)
- Shareholder Value Added Plan (SVAP)

A new plan, the Performance Share Plan (PSP) is being introduced with effect from 1 April 2004 to supersede CASP and SVAP.

These plans are described in the following subsections and summarised at the end of this section.

#### 3.2.2A PERFORMANCE SHARE PLAN

The Performance Share Plan (PSP) is a long term equity incentive plan for the Rinker Chief Executive, senior management and key contributor employees in both Australia and the United States. The PSP replaces the SVAP in the United States and replaces any new issues under CASP in Australia. The PSP is designed to promote the Total Shareholder Return (TSR) of Rinker shares.

Eligible participants are offered the opportunity to qualify for Rinker shares based on the achievement of TSR goals. The value of the potential share award is based on Rinker’s financial performance, as well as level of responsibility and individual performance. Shares are acquired on market, on behalf of the participant. The shares only vest if the performance and time qualifications are met.

The total value of the potential award is applied to the PSP to purchase Rinker shares (and/or ADRs) on market in the ordinary course of trading on the Australian Stock Exchange (ASX) and/or the New York Stock Exchange (NYSE). All dividends from those shares are distributed to participants up to the vesting date. Each participant may direct how any shares held on the participant’s behalf are to be voted. In the absence of those directions the shares will not be voted.

The first offering under the PSP is during fiscal year 2005. The vesting hurdle for these shares is the Rinker TSR percentile ranking versus a comparator group of peer companies between 1 April 2004 and 31 March 2007. A portion of the award will vest at 25th percentile performance and increase up to 100% vesting at 75th percentile performance versus the peer group (see table “Summary of Long Term Incentive Plans” that follows).

Participants will be encouraged to make progress toward achieving full compliance with the Share Ownership Guidelines by retaining at least 25% of vested shares towards satisfaction of the guidelines.

#### 3.2.2B CASH AWARD SHARE PLAN

The Cash Award Share Plan (CASP) is a long term equity incentive plan for Australian Senior Executives and key contributor employees that was also designed to promote the TSR of Rinker shares. As mentioned above, it is being superseded by the Performance Share Plan effective from 1 April 2004.

Under CASP, eligible participants were offered the opportunity to qualify for Rinker shares based on the achievement of TSR goals. The value of the potential incentive was based on level of responsibility and performance. The shares were acquired on behalf of a participant by the plan trustee and are being held by the trustee subject to performance and time qualifications being met. The performance hurdle for shares offered in August 2003 (the only offer made under CASP) was for the percentage increase in Rinker TSR to exceed the percentage increase in the ASX 200 TSR between 11 August 2003 and any time between 11 August 2006 and 11 August 2008. Each offer was also subject to a minimum holding period. Shares cannot be withdrawn from CASP until 10 years from the date of vesting, or until the participant is no longer an employee of any member of the Rinker group, whichever occurs first.

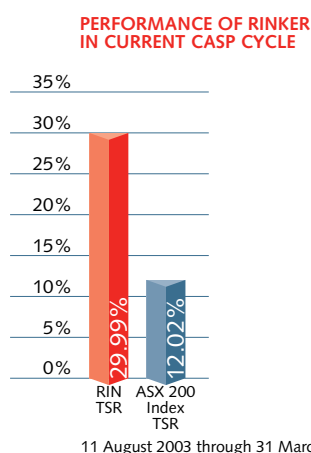
Except as provided in the plan rules, participants are entitled to any dividend, return of capital or other distribution made in respect of Rinker shares held on their behalf, prior to vesting. The plan rules specify the basis on which any bonus shares issued in respect of shares held under CASP, or shares received on behalf of a participant on exercise of rights issues, will be held.

Each participant may direct the trustee how to vote any shares held on the participant's behalf. In the absence of those directions, the shares will not be voted.

A proportion of the CASP award grant related to fiscal year 2004, has been included in the remuneration table under the heading "CASP Long Term Incentive" for Australian based Senior Executives.

### PERFORMANCE OF RINKER IN CURRENT CASP CYCLE

The TSR performance of Rinker relative to the ASX 200 is depicted in the chart below. (11 August 2003 through 31 March 2004)



### 3.2.2C SHAREHOLDER VALUE ADDED PLAN

The Shareholder Value Added Plan was a long term cash incentive plan for the Chief Executive, Senior Executives and key employees of Rinker Materials within the United States. The objective of this plan was to link a significant element of remuneration to the creation of shareholder value. Under the plan, participants could earn cash awards for the achievement of established performance targets, measured as the achievement of shareholder value added.

The Plan ended on 31 March 2004 to be replaced by the Performance Share Plan. During the two-year cycle of the plan ended 31 March 2004, the performance goals were met, and awards were paid at target amounts. The Committee reviewed the correlation between the awards and actual Rinker Total Shareholder Return, and concluded that the award amounts were appropriate in relation to value returned to shareholders.

Awards under the plan have been included in the remuneration tables under the heading "Long Term Incentive Plan" for the Chief Executive and the US based Senior Executives. The awards paid represent performance over a two-year period. Participants in the plan are aware of the Share Ownership Guidelines and may apply some or all of their awards to obtain Rinker shares or ADRs, as a means of making progress toward those guidelines. Payments of this award will be made in late May 2004, during a period when participants are permitted to purchase shares under Rinker's policy on dealings in shares by directors and employees.

### 3.2.2D RINKER OPTION PLAN (INACTIVE)

This plan was created prior to the demerger from CSR in anticipation of granting share options in Rinker. However, no options have been issued under this plan and it is not currently envisaged that the plan will be activated.

### 3.3 OTHER BENEFITS

Rinker provides senior executives with other benefits commonly provided at their peer management level. These may include: life insurance, pay in lieu of unused leave, vehicle allowance, and club memberships. Additionally, it may include relocation and expatriate related expenses.

### SUMMARY OF LONG TERM INCENTIVE PLANS

Feature	Cash Award Share Plan (CASP)	Shareholder Value Added Plan (SVAP)	Performance Share Plan (PSP)
Offered to	Australian-based Executives	US-based Executives	Australian and US-based Executives
Measurement From	11 August 2003	1 April 2002	1 April 2004
To	11 August 2006	31 March 2004	31 March 2007
Expiry Date	11 August 2008	31 March 2004	31 March 2007
Performance Condition	TSR compared to ASX 200	Shareholder Value Added (Internal Measurement)	TSR Compared to Peer Group
Vesting Schedule	TSR ≤ ASX200 = 0% TSR > ASX200 = 100%	Percent of target achieved up to 100%	<25th percentile = 0% 25th – 50% percentile = 20% – 40% 50th – 75th percentile = 40% – 100% >75th percentile = 100%
Plan Status	Legacy plan. Performance period not yet concluded	Legacy plan. Performance period concluded 31 March 2004	To be effective from April 2004
Comparatory Group	ASX 200	Internal measurement of shareholder value created	Aggregate Industries PLC Boral Limited CRH PLC Florida Rock Industries Hanson PLC Heidelberg Cement AG Holcim Ltd. Lafarge NA Lafarge SA Martin Marietta Materials RMC Group PLC St. Lawrence Cement US Concrete Vulcan Materials

### 3.4 RETIREMENT AND SUPERANNUATION BENEFITS

Rinker provides retirement and superannuation benefits for its employees, including Senior Executives. Senior Executives in Australia are members of one of the two divisions of a Rinker group sponsored superannuation pension fund. The defined benefit division (a legacy plan available to former CSR employees, which ceased accepting new members from 1989) provides lump sum benefits on withdrawal prior to the age of 52, and lump sum or pension benefits, or a combination of the two, on retirement from the age of 52. The accumulation division provides lump sum benefit equal to the balance of a member's account, which includes contributions made by the member and the relevant Rinker group entity, together with net fund earnings.

Senior Executives in the United States are eligible to participate in the 401(k) Profit Sharing Retirement Plan and the Supplemental Executive Retirement Plan (a non-qualified deferred compensation plan). The 401(k) Profit Sharing Retirement Plan and the Supplemental Executive Retirement Plan are plans under which contributions are made by both the employee and the company.

Retirement benefits for non-executive directors are discussed in section 7.1.

### 3.5 EMPLOYEE SHARE PLANS

#### 3.5.1 RINKER EMPLOYEE SHARE ACQUISITION PLAN (ESAP)

ESAP is a plan that enables directors and employees of Rinker in Australia to purchase Rinker shares with pre-tax remuneration or bonuses. Those shares are purchased on market, in the ordinary course of trading on ASX, by the ESAP trustee, and held on trust for the participant.

Eligibility to participate in ESAP is determined by the Rinker board.

Shares may be retained in Rinker ESAP for an indefinite period while a participant remains an employee of a Rinker group company. However, taxation deferral benefits only currently apply for a maximum of 10 years. If a participant ceases to be employed by any Rinker group company, the Rinker ESAP trustee must either transfer the relevant shares to the participant or sell the shares and distribute the proceeds of sale (less authorised deductions) to the participant.

Withdrawal of shares from Rinker ESAP and their transfer to a participant or sale requires the approval of the Rinker board.

Participants are entitled to any dividend, return of capital or other distribution made in respect of Rinker shares held in the plan on their behalf. The Rinker ESAP trustee may allow participants to participate in any pro rata rights and bonus issues of shares made by Rinker or sell such rights (if renounceable) or bonus shares on behalf of the participants and distribute the cash proceeds of such sale (less authorised deductions).

Each participant may direct the trustee how to vote any shares held on the participant's behalf. In the absence of such directions, the shares will not be voted.

#### 3.5.2 RINKER UNIVERSAL SHARE PLAN (USP)

This plan is open to all Australian employees who have been employed for at least one year. Those employees may annually acquire a parcel of shares at market price and receive an equal number of additional shares for no further consideration. The maximum number of shares available for each employee under the plan is set by the Board. Last year, the maximum was 150 shares, giving rise to an entitlement of up to an additional 150 shares for no further consideration. The plan enables participants to qualify for the limited favorable tax treatment available in Australia for broad-based employee share plans.

No loan facility is offered under USP.

Shares allotted under USP are ordinary shares, equivalent in all respects to, and ranking equally with, existing fully paid ordinary shares. During the fiscal year, 324,700 shares were issued in total to the 1,219 employees who participated in USP.

Shares allotted under Rinker USP may not be disposed of before the earlier of the end of three years after the time of acquisition of the shares, or the time the participant ceases to be employed by any Rinker group company. After that time, the participant may retain ownership of the shares or sell them.

### 4. SHARE OWNERSHIP

#### 4.1 SHARE OWNERSHIP GUIDELINES

The Committee recognises that the interest of shareholders is supported by the establishment of Share Ownership Guidelines. Share Ownership Guidelines have been set for the Non-Executive Directors, the Chief Executive and Senior Executives of the company to maintain a continuous link between their financial interests and those of the shareholders. A "Multiple of Salary" approach is in place, as follows:

Position	Share Ownership Guideline
Non-Executive Directors	100% of base fees
Chief Executive	300% of base salary
Senior Executives	200% of base salary

The Guidelines were established in November 2003. Executives are expected make reasonable progress toward reaching the guidelines with the expectation that guidelines are met in full by March 2008. The guidelines are based on best practices for public companies, which suggests senior management accumulate a meaningful amount of company stock on a long term basis.

### 4.2 SHAREHOLDINGS

#### SHAREHOLDINGS OF DIRECTORS

INTERESTS IN SHARES <sup>a</sup>	SHARES ACQUIRED ON DEMERGER <sup>e</sup>	SUBSEQUENTLY ACQUIRED	HOLDINGS AS AT 31 MARCH 2004	NOTIONAL SERP HOLDINGS <sup>b</sup>	ECONOMIC INTEREST
<b>Rinker Group Limited</b>					
John Arthur	17,663	6,396	24,059	0	24,059
John Ballard <sup>b</sup>	20,000	0	20,000	0	20,000
David Clarke	188,694	71,720	260,414	245,026	505,440
Marshall Criser <sup>c</sup>	0	34,000	34,000	0	34,000
John Ingram <sup>d</sup>	0	15,000	15,000	0	15,000
John Morschel	39,640	9,594	49,234	0	49,234
Walter Revell <sup>c</sup>	0	20,000	20,000	0	20,000

## SHAREHOLDINGS OF SENIOR EXECUTIVES

INTERESTS IN SHARES <sup>a</sup>	SHARES ACQUIRED ON DEMERGER <sup>b</sup>	SUBSEQUENTLY ACQUIRED	CASP SHARES <sup>f</sup>	HOLDINGS AS AT 31 MARCH 2004	NOTIONAL SERP HOLDINGS <sup>g</sup>	ECONOMIC INTEREST
Peter Abraham	233,173	4,385	27,796	265,354	0	265,354
David Berger	0	35,860	0	35,860	50,840	86,700
Tom Burmeister	20,000	0	0	20,000	32,518	52,518
Sharon DeHayes	10,500	0	0	10,500	31,500	42,000
Ira Fialkow	16,200	5,340	0	21,540	42,650	64,190
Duncan Gage	0	0	0	0	0	0
Chris Murphy	0	0	0	0	0	0
Debra Stirling	213,577	36,098	18,531	268,206	0	268,206
Karl Watson Jr.	3,200	113,190	53,368	169,758	0	169,758
Karl Watson Sr.	10,500	0	0	10,500	42,650	53,150

a Including ADRs

b Resigned 1 October 2003. Balance shown at date of resignation

c Took office on 12 April 2003

d Took office on 1 October 2003

e Issued as a result of holding CSR Limited shares – holders were entitled to receive one Rinker Group Limited share for each share in CSR Limited as a result of the demerger

f Represents shares granted under CASP during the fiscal year. Shares are at risk and will be eligible to vest if performance criteria are met

g In addition to their above holdings of shares and ADRs, directors and executives are exposed to movements in the Rinker share price by virtue of notional Rinker shares held under the SERP. The SERP is a plan under which contributions are made by both the employee and the company. All SERP holdings at year end were acquired during the year

## 5. EXECUTIVE DIRECTORS

At the date of this Report there is one Executive Director on the Board of Directors, Mr David Clarke, age 60, Chief Executive.

### 5.1 EMPLOYMENT CONTRACT

On 1 April 2003 David Clarke was appointed by the Board as President and Chief Executive Officer of Rinker. Prior to the demerger, David had been an executive director of CSR since 1996. He has been chief executive officer of Rinker Materials since 1992 and a director of Rinker Materials since 1987. David's entire career has been based in the heavy building materials industry, and he has worked extensively in the US, Australia and South East Asia.

Mr Clarke has a three year employment contract with the company that automatically extends the employment term by one year on the anniversary date of the contract. Under the contract, Mr Clarke receives an annual salary, participation in both short and long term incentive plans, regular company retirement, health and welfare plans, and reasonable perquisites that are similar to those of comparable Chief Executive Officers. The details of Mr Clarke's remuneration are displayed below. A copy of Mr Clarke's employment contract is available on the Rinker's internet site.

#### 5.1.1 REMUNERATION

The remuneration paid to Mr Clarke for the year ended 31 March 2004 is set out in the table below. (Amounts shown in US\$ with A\$ equivalents also shown.)

#### 5.1.2 SHARE OWNERSHIP GUIDELINES

At the time of this report Mr Clarke was in full compliance with the Share Ownership Guidelines.

#### 5.1.3 TERMINATION

After considering independent advice, the Board is satisfied that Mr Clarke's termination benefits, as set out below, are reasonable, having regard to current US employment practices.

If Mr Clarke resigns from his employment, he is entitled to the full amount of his salary through his termination date and any unpaid amounts accrued for unused leave. The Board may, in its sole discretion, also elect to pay Mr Clarke a pro rata portion of his short term incentive for the period of his active employment during the financial year.

If during the Employment Period (as defined in Mr Clarke's employment contract), the company terminates the employment of Mr Clarke other than for Cause (as defined in Mr Clarke's employment contract), or Mr Clarke resigns from his employment for Good Reason (as defined in Mr Clarke's employment contract) the company is required to:

- Pay Mr Clarke, in a lump sum, a pro rata portion of his short term incentive, a pro rata share of his long term incentive (in accordance with plan rules) and amounts accrued for unused leave.
- Pay Mr Clarke amounts he would have received in the following 24 months, at the times indicated in his employment contract, for his base salary and short term incentive at target performance. Additionally, Mr Clarke would continue to receive any other benefits he was entitled to at time of termination for the following 24 months.
- Provide Mr Clarke with professional outplacement services valued up to US\$15,000.

If, during the Employment Period, Mr Clarke is terminated for Cause, Rinker will have no further obligations, other than the amount of base pay due to Mr Clarke through his termination date and any unpaid amounts of accrued leave.

Upon termination of Mr Clarke's employment for any reason, Mr Clarke is prohibited from engaging in any activity that would compete with Rinker for a period of 24 months.

## REMUNERATION DAVID CLARKE (CEO)

	PRIMARY			POST EMPLOYMENT		TOTAL 2004
	BASE SALARY	SHORT TERM INCENTIVE	LONG TERM INCENTIVE <sup>1</sup>	OTHER BENEFITS <sup>2</sup>	RETIREMENT BENEFITS <sup>3</sup>	
US\$	\$740,661	\$644,400	\$1,541,736	\$120,461	\$378,647	\$3,425,905
A\$	\$1,061,575	\$923,606	\$2,209,741	\$172,654	\$542,707	\$4,910,283

1 Long Term Incentive amount was earned for the 2-year period ended 31 March 2004

2 Other Benefits comprise the costs of executive life insurance, basic life insurance, pay in lieu of unused leave, vehicle allowance, and club membership fees

3 Retirement Benefits include the company matching and profit sharing contributions relating to retirement plans and increase in value of defined benefit superannuation plan

# REMUNERATION REPORT

## CONTINUED

### 6. SENIOR EXECUTIVES

In anticipation of proposals for enhanced executive remuneration disclosures, the Board has chosen to provide remuneration details for all members of the key management team. This includes the five most highly remunerated executives in both Rinker and the consolidated Rinker group, together with executives holding equal authority with those executives.

### SENIOR EXECUTIVE REMUNERATION

Amounts in US\$ with A\$ equivalents also shown

NAME	PRIMARY			POST EMPLOYMENT		EQUITY	
	FIXED REMUNERATION OR BASE SALARY	SHORT TERM INCENTIVE	LONG TERM INCENTIVE <sup>1</sup>	OTHER BENEFITS <sup>2</sup>	RETIREMENT BENEFITS <sup>3</sup>	CASP <sup>4</sup> LONG TERM INCENTIVE	TOTAL 2004
Karl Watson, Sr. President and Chief Operating Officer, US Construction Materials <sup>5</sup>	\$320,004 A\$458,656	\$292,500 A\$419,235	\$388,304 A\$556,549	\$50,868 A\$72,908	\$46,031 A\$65,975	\$0	\$1,097,707 A\$1,573,323
Thomas Burmeister VP and Chief Financial Officer <sup>5</sup>	\$320,004 A\$458,656	\$292,500 A\$419,235	\$387,679 A\$555,653	\$33,971 A\$48,690	\$40,919 A\$58,648	\$0	\$1,075,073 A\$1,540,882
David Berger VP Strategy and Development <sup>5</sup>	\$290,004 A\$415,657	\$255,942 A\$366,837	\$393,120 A\$563,451	\$21,943 A\$31,450	\$12,080 A\$17,314	\$0	\$973,089 A\$1,394,709
Christopher Murphy Previous President Rinker Materials West <sup>6</sup>	\$345,019 A\$494,509	\$450,000 A\$644,976	\$0	\$117,623 A\$168,587	\$0	\$0	\$912,642 A\$1,308,072
Duncan Gage President Hydro Conduit <sup>5</sup>	\$275,000 A\$394,152	\$209,160 A\$299,785	\$378,000 A\$541,780	\$23,895 A\$34,248	\$16,277 A\$23,330	\$0	\$902,332 A\$1,293,295
Sharon DeHayes Chief Executive Readymix <sup>5</sup>	\$275,004 A\$394,158	\$247,464 A\$354,685	\$283,929 A\$406,950	\$37,012 A\$53,049	\$37,894 A\$54,313	\$0	\$881,303 A\$1,263,155
Karl Watson, Jr. President Rinker Materials West <sup>5</sup>	\$297,504 A\$426,407	\$247,656 A\$354,960	\$0	\$248,390 A\$356,013	\$35,163 A\$50,398	\$43,921 A\$62,951	\$872,634 A\$1,250,729
Ira Fialkow VP Shared Services <sup>5</sup>	\$265,000 A\$379,819	\$234,252 A\$335,749	\$248,049 A\$355,524	\$32,727 A\$46,907	\$29,112 A\$41,726	\$0	\$809,140 A\$1,159,725
Peter Abraham General Counsel and Company Secretary <sup>7</sup>	\$262,510 A\$376,251	\$155,695 A\$223,155	\$0	\$0	\$149,717 A\$214,586	\$23,142 A\$33,169	\$591,064 A\$847,161
Debra Stirling Vice President Corp. Affairs and Investor Relations <sup>7</sup>	\$255,009 A\$365,499	\$151,324 A\$216,890	\$0	\$0	\$30,066 A\$43,093	\$15,421 A\$22,102	\$451,820 A\$647,584

1 Represents cash payments to US executives earned under the Shareholder Value Added Plan for the 2-year period ended 31 March 2004

2 Other Benefits comprise the costs of executive life insurance, basic life insurance, pay in lieu of unused leave, vehicle allowance, and club membership fees. For Mr Murphy and Mr Watson, Jr. this column also contains relocation or expatriate related expenses

Additionally, other benefits include interest imputed on a loan to an executive. There is one outstanding loan totalling US\$59,000 that dates back to 1998. The loan relates to a relocation benefit and, at the time, was a customary benefit for relocating executives. The loan is interest free and is payable upon the executive's termination of employment

There were no loans made to the Chief Executive or any Non-Executive Director during the year and there were no loans outstanding to them at 31 March 2004

3 Retirement Benefits comprise the company matching and profit sharing contributions relating to retirement plans in the US, and the incremental increase in value of defined benefit superannuation plans during the year or company contributions made to accumulation superannuation plans in Australia

4 CASP grants are valued at the pro rata value of the total grant. Based on a grant date of 11 August 2003 and an earliest potential vesting date of 11 August 2006, the amount disclosed represents 21% of the total value of the grant as at 31 March 2004. Dividends received by participants are included in amounts. Total dividends for executives shown in the above table were A\$5,982 in the aggregate

5 After considering independent advice, the Board is satisfied that the termination benefits of the US based executives, as set out below, are reasonable, having regard to current US employment practices

If the executive resigns from his or her employment, the company shall pay the executive the full amount of his or her salary through his or her termination date and any unpaid amounts accrued for unused leave. The Board may in its sole discretion also elect to pay the executive a pro rata portion of his or her short term incentive for the period of his or her active employment during the financial year

If, during the Employment Period (as defined in the executive's employment contract), the company terminates the employment of the executive other than for Cause (as defined in the executive's employment contract), or the executive resigns from his or her employment for Good Reason (as defined in the executive's employment contract) the company is required to:

- Pay the executive, in a lump sum, a pro rata portion of his or her short term incentive, a pro rata share of his or her long term incentive (in accordance with plan rules) and amounts accrued for unused leave
- Pay the executive amounts he or she would have received in the following 24 months, at the times indicated in his or her employment contract, for his or her base salary and short term incentive at target performance. Additionally, the executive would continue to receive any other benefits he or she was entitled to at time of termination for the following 24 months
- Provide the executive with professional outplacement services valued up to US\$10,000

If, during the Employment Period, the company terminates the employment of the executive for Cause, the company shall have no further obligations to the executive except the amount of base pay due through his or her termination date and any unpaid amounts of accrued leave

Upon termination of the executive's employment for any reason, the executive is prohibited from engaging in any activity that would compete with Rinker for a period of 24 months

6 Mr Murphy's employment will terminate effective 1 August 2004. Under the terms of the employment agreement in place at the time of the acquisition of Kiewit Materials Corporation, Mr Murphy will receive a lump sum payment of US\$858,333. Under the terms of the employment agreement, Mr Murphy is prohibited from competing with any business formerly operated by Kiewit Materials Corporation through September 2005

7 Termination benefits for Mr Abraham and Ms Stirling are the greater of 12 months total remuneration (including target incentives) or 3 months base remuneration (base remuneration is equivalent to approximately 75% of fixed remuneration) plus 0.7 months base remuneration per year of service, not to exceed 24 months. As of 31 March 2004 Mr Abraham had 24 years of service and Ms Stirling had 6 years. Should Mr Abraham or Ms Stirling resign or be terminated for cause, the Company shall have no further obligations to them except the amount of base pay due through termination date and any unpaid amounts of accrued leave

## 7. NON-EXECUTIVE DIRECTORS

### 7.1 REMUNERATION POLICY

Fees for non-executive directors are based on the nature of their work and their responsibilities. In determining the level of fees, survey data on comparable companies is considered in detail. Non-executive directors' fees are recommended by the Remuneration & Human Resources Committee and determined by the Board.

For the year ended 31 March 2004, Rinker paid non-executive directors base fees of A\$80,000 per year. The Chairman received A\$240,000 per year (inclusive of committee fees) and the Deputy Chairman received a base fee of A\$170,000. Non-executive directors, other than the Chairman, who were members of committees (other than the Nominations Committee) received additional remuneration of A\$6,000 per committee, or A\$12,000 in the case of the directors who chaired those committees.

As stated in last year's Directors' Report, Rinker's non-executive directors (other than John Ingram, who joined the Board on 1 October 2003) were, prior to Rinker's demerger from CSR, previously non-executive directors of either CSR or Rinker's US subsidiary, Rinker Materials Corporation (Rinker Materials). They were entitled to retirement benefits under those companies' non-executive directors' retirement plans. Those plans provided for payment on retirement of a maximum amount equal to a director's last three years remuneration after five years of service (pro rata for a lesser period). At the time of the demerger, Rinker adopted a similar retirement plan under which periods of service as a director of CSR or Rinker Materials were treated as periods of service with Rinker for the purposes of calculating benefits under that plan. In response to the publication of the ASX Corporate Governance Council Guidelines, in April 2003 the Board closed the plan to new directors and the then current directors agreed to freeze their entitlements with effect from 31 March 2004. Rinker has accrued a provision of A\$1,362,384 (US\$1,028,873) in respect of those benefits.

A review of Rinker's non-executive directors' fees was conducted by John V Egan Associates (Egan) in Australia, supplemented with a review by Compensation Strategies in the US. The Egan review took particular account of the fact that no further retirement benefits would accrue to directors when comparing Rinker's non-executive directors' fees with those of comparable companies. The Egan review recommended that fees be increased by 30-35% to compensate for the lack of future retirement benefits and that a further, smaller increase would be required to maintain relativities with comparable companies which no longer provided retirement benefits.

The final recommendation of the Egan review (which was consistent with the outcome of the Compensation Strategies review) was that base non-executive directors fees be increased to A\$110,000, with the Chairman receiving a fee of A\$300,000 and the Deputy Chairman receiving a fee of A\$220,000 (in the latter two cases, such fees to be inclusive of committee fees). The Board, on the recommendation of the Remuneration & Human Resources Committee, approved increases equal to those recommended in the Egan review, as stated above.

The Board, on the recommendation of the Remuneration & Human Resources Committee, approved an increase in base committee fees to A\$12,000 in the case of the Audit Committee (A\$18,000 for the committee chair) and A\$8,000 in the case of both the Safety, Health & Environment Committee and the Remuneration & Human Resources Committee (A\$12,000 for those committee chairs). No fees are payable for membership of the Nominations Committee. As referred above, neither the Chairman nor the Deputy Chairman will receive committee fees.

Consistent with the freezing of retirement benefits, these new fees will now be inclusive of any compulsory superannuation guarantee contributions (these were previously deducted from retirement allowances). Rinker will also take those contributions into account in calculating the total amounts able to be paid to non-executive directors, even though Rinker's constitution excludes these amounts.

Although the increased fees can be paid between 1 April and the date of the 2004 annual general meeting within the maximum of A\$850,000 per year provided in Rinker's constitution, an increase in that maximum will be necessary to maintain the increased fees on an annual basis. Accordingly, and consistent with Egan's recommendations, the Board will seek shareholder approval for an increase in the maximum aggregate remuneration of non-executive directors to A\$1,250,000. Such an increase would provide future flexibility to increase the size of the board, if and when appropriate, for succession planning purposes and allow for some future increases in fees to maintain market competitiveness and to reflect increasing demands on non-executive directors. Such a maximum would also be consistent with other companies that are comparable in size and scope of operations to Rinker.

The remuneration of non-executive directors is fixed. They do not participate in any incentive plans available to executives.

### 7.2 REMUNERATION PAID - NON-EXECUTIVE DIRECTORS

Details of all fees paid to non-executive directors during the 2004 Financial Year are set out in the following table. Accrued retirement benefits are also shown (these amounts were frozen as at 31 March 2004).

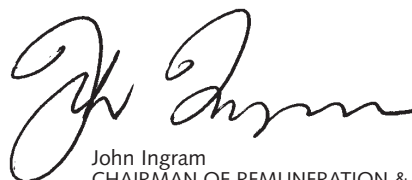
#### REMUNERATION OF NON-EXECUTIVE DIRECTORS (ALL AMOUNTS IN A\$)

A\$	BASE FEES	COMMITTEE FEES	COMPULSORY SUPERANNUATION CONTRIBUTIONS	RETIREMENT BENEFIT	TOTAL 2004	ACCRUED RETIREMENT BENEFIT AT 31 MARCH 2004
John Arthur <sup>1</sup>	\$80,000	\$18,000	\$8,820	\$0	\$106,820	\$133,919
John Ballard <sup>2</sup>	\$40,000	\$0	\$3,600	\$76,917	\$120,517	\$0
Marshall Criser	\$170,000	\$18,000	\$0	\$0	\$188,000	\$419,329
John Ingram <sup>3</sup>	\$40,000	\$2,452	\$0	\$0	\$42,452	\$0
John Morschel <sup>1</sup>	\$240,000	\$0	\$0	\$0	\$240,000	\$661,260
Walter Revell	\$80,000	\$12,000	\$0	\$0	\$92,000	\$147,876
<b>Total</b>	<b>\$650,000</b>	<b>\$50,452</b>	<b>\$12,420</b>	<b>\$76,917</b>	<b>\$789,789</b>	<b>\$1,362,384</b>

<sup>1</sup> Mr Morschel and Mr Arthur both commenced contributions to ESAP from August 2003. As at 31 March 2004, Mr Morschel had contributed at a rate of A\$7,500 per month and Mr Arthur at a rate of A\$5,000 per month. Therefore, of the above totals, Mr Morschel received A\$60,000 and Mr Arthur received A\$40,000 in the form of ESAP shares, with the balance in cash

<sup>2</sup> Mr Ballard resigned from the Board of Directors on 1 October 2003

<sup>3</sup> Mr Ingram joined the Board of Directors on 1 October 2003



John Ingram  
CHAIRMAN OF REMUNERATION &  
HUMAN RESOURCES COMMITTEE