



DuluxGroup Limited
ABN 42 133 404 065
Registered Office:
1956 Dandenong Road
Clayton Victoria 3168
Australia

Friday 18 November 2011

Dear Shareholder

ANNUAL GENERAL MEETING

On behalf of the Board of Directors, it is my pleasure to invite you to attend our Annual General Meeting which is to be held on **Monday, 19 December 2011, at 10.30am at DuluxGroup's Head Office, 1956 Dandenong Road, Clayton, Victoria.**

Enclosed with this letter is a Notice of Meeting which sets out the business to be dealt with at the meeting and directions to attend the meeting.

If you are unable to attend, but wish to vote on any of the resolutions to be put to the meeting, a personalised proxy form is enclosed. You can lodge your proxy on-line at www.investorvote.com.au. Alternatively, you can complete the enclosed proxy form and return it using the reply paid envelope or by facsimile on 1800 783 447 (within Australia) or +61 3 9473 2555 (outside Australia).

I am also pleased to advise that you can now access and download a copy of the DuluxGroup 2011 Annual Report from www.duluxgroup.com.au. If you elected not to receive a printed copy of our Annual Report and would like to now receive one, please call our Share Registry on 1300 090 835.

We look forward to seeing you at the Annual General Meeting and welcome you to join us afterwards for light refreshments.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Peter Kirby". The signature is written in a cursive, flowing style.

Peter Kirby
Chairman



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Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of DuluxGroup Limited ('the Company') will be held at DuluxGroup's Head Office at 1956 Dandenong Road, Clayton, Victoria 3168 on Monday, 19 December 2011 at 10.30am.

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

To receive and consider the financial report, directors' report and auditor's report for the year ended 30 September 2011.

2. Election of Directors

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

- 2.1. "That Ms Judith Swales, appointed by the Directors pursuant to Rule 8.1(b) of the Company's Constitution, and who retires in accordance with Rule 8.1(c) of the Company's Constitution and the ASX Listing Rules, and being eligible, offers herself for election, be elected as a Director."
- 2.2. "That Mr Peter Kirby, who retires in accordance with Rule 8.1(d) of the Company's Constitution, and being eligible, offers himself for re-election, be elected as a Director."

Details of the persons seeking election are set out in the Explanatory Notes to this Notice of Meeting.

3. Adoption of Remuneration Report

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

"To adopt the Remuneration Report for the year ended 30 September 2011."

The Remuneration Report is set out in the Annual Report.

Voting exclusion statement (Corporations Act):

Following recent amendments, the Corporations Act now prohibits any votes being cast on resolution 3 by or on behalf of any of the Company's key management personnel (as named in the Remuneration Report) or their closely related parties. However, the restrictions will not apply where a vote is cast by a person if he or she does so as a proxy for a person who is permitted to vote, in accordance with a direction on the proxy form.

4. Grant of shares to Patrick Houlihan, Managing Director, under the Long Term Equity Incentive Plan 2011 offer

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

“That approval be given to the grant of shares in DuluxGroup Limited to Mr Patrick Houlihan up to a maximum value of \$2,058,615 under the Company’s Long Term Equity Incentive Plan 2011 offer, on the terms summarised in the Explanatory Notes to this Notice of Meeting.”

5. Grant of shares to Stuart Boxer, Executive Director, under the Long Term Equity Incentive Plan 2011 offer

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

“That approval be given to the grant of shares in DuluxGroup Limited to Mr Stuart Boxer up to a maximum value of \$520,000 under the Company’s Long Term Equity Incentive Plan 2011 offer, on the terms summarised in the Explanatory Notes to this Notice of Meeting.”

Voting exclusion statement (ASX Listing Rules and Corporations Act) applicable to resolutions 4 and 5:

The Company will disregard any votes cast on resolutions 4 and 5 by Mr Houlihan and Mr Boxer or any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or cast by a person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

In addition, the Company’s key management personnel and their closely related parties may only cast a vote on resolutions 4 and 5 if that person does so as a proxy for a person who is permitted to vote, in accordance with a direction on the proxy form.

**By order of the Board
Simon Black
General Counsel & Company Secretary
18 November 2011**

Notes

Important note regarding proxies:

The laws that that apply to voting on resolutions relating to the remuneration of key management personnel have changed.

Certain categories of persons (including directors and the Chairman of the Meeting) are now prohibited from voting on such resolutions, including as proxy, in some circumstances.

If you are appointing a proxy, to ensure that your vote counts, please read the following notes and the instructions on the Proxy Form carefully.

1. For the purpose of determining a person's entitlement to vote at the Meeting, a person will be recognised as a member and the holder of Shares if that person is registered as a holder of Shares at 10.30am (Melbourne time) on Saturday, 17 December 2011.
2. A shareholder entitled to attend and vote at this meeting is entitled to appoint not more than two proxies to attend and vote instead of the shareholder.
3. Where two proxies are appointed, each proxy may be appointed to represent a specific proportion of the member's voting rights on a poll. If the appointment does not specify the proportion or number of votes, each proxy may exercise half of the votes (in which case any fraction of votes will be disregarded). Neither proxy is entitled to vote on a show of hands if more than one proxy attends.
4. If your proxy chooses to vote, he/she must vote in accordance with your directions. If you have directed your proxy to vote, and they fail to attend the meeting or they choose to not vote on a poll, then the Chairman of the Meeting will vote your proxies as directed by you.
5. If you do not mark a box in Step 2 of the proxy form, your proxy may vote as they choose on that item. However, if the Chairman of the Meeting is your proxy, your vote will only be able to be cast in relation to resolutions 3, 4 or 5 if you tick the box in Step 1 of the proxy form. The Chairman of the Meeting intends to vote all available proxies in favour of each item of business.
6. The proxy form (and the power of attorney or other authority, if any, under which a proxy form is signed) must be completed and returned to the Company no later than 10.30am (Melbourne time) on Saturday, 17 December 2011 by:
 - (a) lodging electronically via www.investorvote.com.au and then inputting the shareholder's secure access information or;
 - (b) for Intermediary Online subscribers only (custodians) www.intermediaryonline.com;
 - (c) lodging it with Computershare Investor Services Pty Limited (452 Johnston Street, Abbotsford, Vic 3067) or the Company at its registered office (1956 Dandenong Road, Clayton, Victoria);
 - (d) posting it in the reply paid envelope to Computershare Investor Services Pty Limited (GPO Box 242, Melbourne, Vic 3001); or
 - (e) faxing it to Computershare Investor Services Pty Limited facsimile (within Australia) 1800 783 447, (outside Australia) +613 9473 2555.
7. Any proxy form received after that time will not be valid for the scheduled meeting.
8. The proxy form must be signed by the member or his/her attorney duly authorised in writing or, if the member is a corporation, in a manner permitted by the Corporations Act. A proxy given by a foreign corporation must be executed in accordance with the last of that corporation's place of incorporation. The proxy may, but need not, be a member of the Company. A proxy form is included with this Notice of Meeting.

Explanatory Notes to Shareholders

Item 1 – Financial Report

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

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

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

Item 2 – Election of Directors

The Board has considered the skills, knowledge and experience of each of the Directors standing for election and recommends to shareholders the election of Ms Judith Swales and Mr Peter Kirby. The Board considers both Ms Swales and Mr Kirby to be independent Directors.

Profiles of the candidates for election as Directors are set out below:

Judith Swales

Non-executive Director since April 2011. Member of the Safety and Sustainability Committee and the Audit and Risk Committee.

Ms Swales has more than 20 years' experience in strategic leadership roles in high profile, global, consumer facing companies. Ms Swales is currently a director of Foster's Group Limited and the Chief Executive Officer of Heinz Australia. Previously, she was CEO and Managing Director of Goodyear Dunlop, Australia and New Zealand, and Managing Director of Angus and Robertson Australia.

Ms Swales is a retail, sales and marketing professional who is experienced in leading major business transformation.

Peter Kirby

Chairman and Non-executive Director since July 2010. Chairman of the Remuneration and Nominations Committee and member of the Audit and Risk Committee.

Mr Kirby is a director of Macquarie Group Limited. He was also a former director of Orica Limited, chairman of Medibank Private, Managing Director and Chief Executive Officer of CSR Limited, member of the Board of the Business Council of Australia, Chief Executive Officer of ICI Paints and member of the Executive Board of ICI plc.

Item 3 – Remuneration Report (non-binding advisory vote)

Shareholders are asked to adopt, by way of a non-binding resolution, the Company's Remuneration Report for the year ended 30 September 2011. The Remuneration

Report is set out in the Directors' Report of the 2011 Annual Report. In particular, the Remuneration Report discusses the:

- remuneration policy adopted by the Board;
- links between the Board's policy and the Company's performance;
- remuneration details of each Director and certain members of the Group Executive team; and
- the performance conditions that must be met prior to Executives deriving any value from the 'at risk' components of their remuneration.

Shareholders will be given the opportunity to comment on and ask questions about the Remuneration Report.

The vote on this item is advisory only and will not bind the Directors or the Company. The Board will take into account the discussion on this resolution and the outcome of the vote when considering the future remuneration arrangements of the Company.

However, shareholders should also note that, following recent amendments to the Corporations Act (known generally as the "two strikes rule"), the result of the vote on this item may affect how next year's annual general meeting is conducted. That is, if 25% or more of the votes cast are "against" this resolution, a resolution to spill the Board will be included in the 2012 Notice of Annual General Meeting as required by the Corporations Act. Therefore, the Directors encourage shareholders to apply the same level of diligence as for the binding resolutions when casting their vote on resolution 3.

The Board recommends that shareholders vote in favour of the resolution.

Items 4 and 5 – Grant of shares to Patrick Houlihan and Stuart Boxer under the 2011 LTEIP offer

The Company operates a long term equity incentive plan (**LTEIP**) as part of its long term executive remuneration strategy. Under the LTEIP, eligible executives are provided with a non-recourse loan for the sole purpose of acquiring shares in the Company.

The LTEIP is designed to facilitate immediate share ownership by executives, thereby aligning their interests with those of shareholders, and linking a significant portion of executive remuneration to the Company's share price and returns generated for shareholders.

Grants were made under the LTEIP to eligible executives at the time of the Company's demerger from Orica Limited in July 2010. No offer was made during the financial year ended 30 September 2011 so as to enable the alignment of future offers with annual financial reporting periods.

Under ASX Listing Rule 10.14, shareholder approval is required in order for a director to be issued securities under an employee incentive scheme. The Board expects to acquire the shares to be allocated under the LTEIP on-market, which does not require shareholder approval as the holdings of other shareholders will not be diluted. However, in the interest of good governance, DuluxGroup has determined to seek shareholder approval for Mr Houlihan's and Mr Boxer's participation in the 2011 LTEIP offer as if the provisions of ASX Listing Rule 10.14 applied.

Accordingly, shareholders are asked to approve the grant of shares under the 2011 LTEIP offer up to a maximum value of \$2,058,615 to Mr Houlihan and \$520,000 to

Mr Boxer as part of their long term incentive arrangements on the terms set out in these Explanatory Notes.

The maximum number of DuluxGroup shares to be issued to Mr Houlihan and Mr Boxer cannot currently be calculated, as it is dependent upon the price of DuluxGroup shares at the time of grant.

If shareholder approval of Mr Houlihan and Mr Boxer to participate in the LTEIP is not obtained, the Company will provide Mr Houlihan and Mr Boxer with a cash benefit that will place them, as far as possible, in the same after tax financial position as they would have been had they participated in the LTEIP.

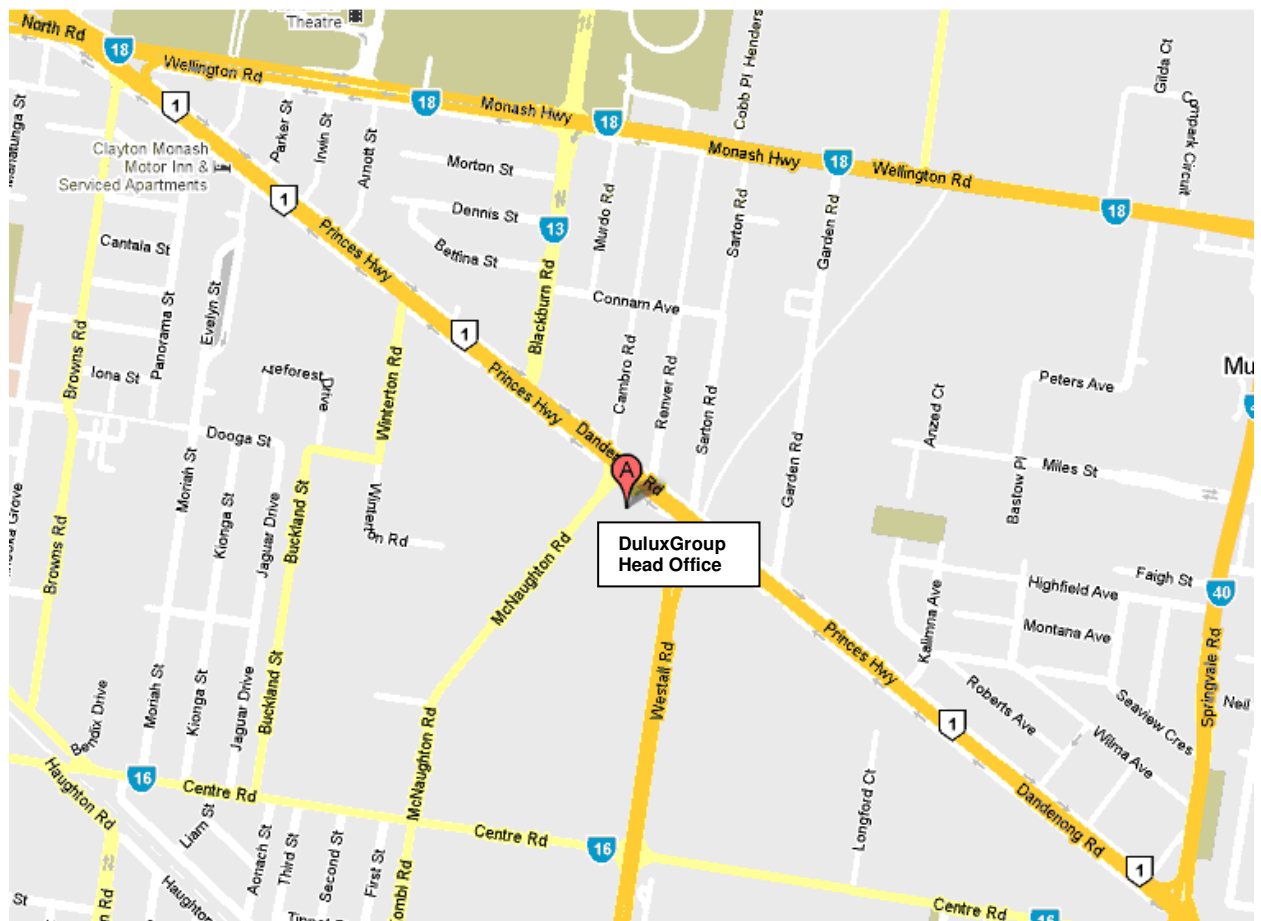
A brief overview of the details of the proposed grants is set out below. Further details of Mr Houlihan's and Mr Boxer's remuneration packages, and the LTEIP, are set out in the Remuneration Report on pages 43 to 47 of the Annual Report.

<p>Entitlement under 2011 LTEIP offer</p>	<p>If shareholder approval is obtained, Mr Houlihan and Mr Boxer will be granted an LTEIP loan of \$2,058,615 and \$520,000, respectively, under the 2011 LTEIP offer.</p> <p>The amount of the LTEIP loan is calculated based on the relevant long term incentive component target amount of their remuneration multiplied by an externally determined 'value' (calculated using an adjusted Black-Scholes option pricing valuation model) of the LTEIP loan.</p>
<p>Key terms of the loan</p>	<p>The LTEIP loan is a non-recourse loan from the Company for the sole purpose of acquiring shares in the Company. There is no annual interest charge to the executive on the loan, however, an interest component is taken into account in determining the level of performance based debt forgiveness benefit that may be awarded.</p> <p>Any dividends paid on the shares while the shares are restricted are applied (on an after-tax basis) towards repaying the loan.</p> <p>Following the end of the three year performance period, if the 'gateway' condition is met, the LTEIP shares will vest and the executives must repay the LTEIP loan, either directly or by applying the proceeds from the sale of some or all of their shares to repay the loan.</p> <p>In order to reward superior performance, part of the loan may be forgiven at the end of the performance period if the performance condition is achieved.</p> <p>As this is a non-recourse loan, if the value of the shares is less than the outstanding loan balance at the end of the performance period, the shares will be surrendered and forfeited in full settlement of the loan balance and no benefit accrues to the executive.</p>
<p>Number and price of LTEIP shares</p>	<p>The number of DuluxGroup Limited shares to be allocated to Mr Houlihan and Mr Boxer will be determined by dividing the value of their respective LTEIP loans by the volume weighted average price of DuluxGroup Limited shares purchased on market during the purchasing period (expected to be from 2 December 2011 to 20 December 2011).</p> <p>If shareholder approval is obtained, it is expected that DuluxGroup Limited shares will be allocated to Mr Houlihan and Mr Boxer on 20 December 2011, but in any event no later than 30 days after the AGM.</p>
<p>Vesting and performance period</p>	<p>The performance period is three years. The performance condition is only tested once at the end of the performance period.</p>

<p>‘Gateway’ condition</p>	<p>The Company must achieve a minimum level of acceptable performance before any awards will vest under the LTEIP. Where the gateway is met at the end of the performance period, there is potentially value to the executive if the value of the LTEIP shares is greater than the outstanding LTEIP loan balance that must be repaid.</p> <p>For the 2011 grant, compound annual growth in the Company’s earnings per share (EPS) over the vesting period from 30 September 2011 to 30 September 2014 must equal or exceed 4% per annum.</p> <p>EPS is calculated by dividing the Company’s net profit after tax by the weighted average number of ordinary shares on issue during the relevant period. The Board has retained discretion to adjust EPS for individually material items on a case by case basis when determining whether the EPS performance gateway condition has been met.</p>										
<p>Performance hurdles (for loan forgiveness)</p>	<p>Relative total shareholder return (TSR) is used to determine the level of loan forgiveness under the plan (‘the forgiveness amount’).</p> <p>There is no loan forgiveness amount if the Company’s relative TSR is below the 51st percentile against a comparator group of peer companies in the ASX200, excluding those companies which operate in very different markets (such as mining, financial services and listed property trusts). If the Company’s relative TSR is greater than or equal to the 51st percentile, a proportion of the initial loan balance (up to a maximum of 30%) is forgiven on a ‘sliding scale’ as shown below.</p> <table border="1" data-bbox="464 992 1211 1330"> <thead> <tr> <th>Relative TSR ranking</th> <th>Loan forgiveness</th> </tr> </thead> <tbody> <tr> <td>Less than 51st percentile</td> <td>0%</td> </tr> <tr> <td>51st percentile</td> <td>10%</td> </tr> <tr> <td>Between 51st percentile and 75th percentile</td> <td>Percentage of loan forgiveness increases on a straight line basis between 10% and 30%</td> </tr> <tr> <td>75th percentile or above</td> <td>30%</td> </tr> </tbody> </table>	Relative TSR ranking	Loan forgiveness	Less than 51st percentile	0%	51st percentile	10%	Between 51st percentile and 75th percentile	Percentage of loan forgiveness increases on a straight line basis between 10% and 30%	75th percentile or above	30%
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<p>Trading restrictions</p>	<p>The shares are restricted until the end of the vesting / performance period and while the loan remains outstanding.</p>										
<p>Cessation of employment</p>	<p>In general, all shares are forfeited and surrendered if a participant ceases employment prior to the end of the performance period. However, the Board has discretion to determine that some or all of a participant’s LTEIP shares may vest and some or all of the loan forgiveness amount is granted in appropriate circumstances.</p>										
<p>Other required information – ASX Listing Rules</p>	<p>Mr Houlihan and Mr Boxer are the only directors entitled to participate in the LTEIP scheme.</p> <p>During the 2010 financial year, Mr Houlihan received 1,145,655 securities (including the one-off demerger grant) and Mr Boxer received 317,873 securities (including the one-off demerger grant) under the LTEIP. The issue price of the securities was \$2.57 per share.</p>										

The Board, other than Mr Houlihan and Mr Boxer who have an interest in resolutions 4 and 5, recommends that shareholders vote in favour of resolutions 4 and 5.

Location of Annual General Meeting



Transport Options

Trains

Westall Station on the Pakenham Line or Syndal Station on the Glen Waverley Line. Bus transfers will depart both Westall Station and Syndal Station to the meeting venue at 9.45am. Return bus transfers to both Westall Station and Syndal Station will also be available departing approximately 30 minutes after the meeting concludes.

If you intend to travel by train and require a bus transfer to and from the meeting venue, please register by calling DuluxGroup Reception on (03) 9263 5678 by no later than 5.00pm on Monday, 12 December 2011.

Buses

Bus route 631 (operating between Southland Shopping Centre and Waverley Gardens Shopping Centre) or bus route 800 (operating between Dandenong Station and Chadstone Shopping Centre).

Car Parking

Car parking is available on site. Entry to the site is via McNaughton Road if travelling from Centre Road, Blackburn Road or Dandenong Road (from the city). Entry to the site is via Dandenong Road if travelling from Westall Road or Dandenong Road (from Dandenong).