

# onesteel

## FACSIMILE MESSAGE

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COMPANY: ASX

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**OneSteel Limited Letter and Notice to Shareholders of Change in Dividend Reinvestment Plan Rules.**

John Krenich



AUSTRALIAN STOCK EXCHANGE



OST000142



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17 October 2002

Dear Shareholder

Your Board of Directors has resolved to amend the rules of the OneSteel Dividend Reinvestment Plan (DRP) in relation to dealing with residual balances of former shareholders. Individually the residual balances are all for less than the market value of a single OneSteel share.

Previously the DRP Rules required OneSteel to pay the residual balances to former shareholders when they ceased to be on the share register. In view of the very small value of each residual balance this administrative process is costly and ineffective as a means of managing the company's share register. The amended Rules will now enable OneSteel to aggregate the residual balances and donate the total amount to a Board approved charity.

We have selected the Westmead Children's Hospital Cancer Research Fund as the initial recipient of a donation. I trust you will agree that this is a very worthy organization for OneSteel shareholders to support.

The Board has also decided to apply the same changes to the DRP when dealing with residual balances of existing shareholders in the event that OneSteel terminates the DRP or suspends the DRP for a period of two years.

On the reverse of this letter is the detailed notice of the changes to the DRP which you should read. Please note that the amendments will take effect one month after the date of this notice.

Yours sincerely

Peter J Smedley  
Chairman

## NOTICE TO SHAREHOLDERS

Under the current rules of the OneSteel Dividend Reinvestment Plan ("DRP"), where the number of shares that a shareholder participating in the DRP would be entitled to is not a whole number, the number of shares is rounded down to the nearest whole number and a residual positive balance is carried forward to the determination of the next dividend entitlement. The Board has amended the DRP Rules in relation to the manner in which this residual balance is dealt with when a shareholder terminates participation in the DRP or transfers their shares, as well as when the DRP is terminated or suspended for 2 years or more.

The Board of Directors of OneSteel gives you notice that it has resolved to amend the DRP Rules pursuant to Rule 2.1 as follows:

1. Delete the final paragraph of Rule 4.2.2, and replace it with the following.

"Upon the termination of the participation of a shareholding account in the DRP, any residual positive balance remaining in respect of that shareholding account at the time of termination is transferred to the DRP Charity Account kept by the Company to be dealt with as provided in Rule 4.2.3."

2. Insert Rule 4.2.3

### **4.2.3. DRP Charity Account**

The Company must keep a separate memorandum of account (in these Rules called a "DRP Charity Account") into which will be recorded transfers of residual positive balances as and when required by operation of these Rules.

The Company must, over time, donate an amount of money that is equal to the sum of all residual positive balances transferred into the DRP Charity Account to a charity or charities. Such charity or charities must at the time of the donation be endorsed by the Commissioner of Taxation as a Deductible Gift Recipient (or future equivalent endorsement). The Board shall have an absolute discretion as to when and as to which charity or charities it will make the donation or donations to, and as to the size of such donation or donations."

3. Delete Rule 5.8.5 and replace it with the following.

### **5.8.5 Transfer of residual positive balances**

Where a transfer of shares results in the termination of the participation of the shareholding account in the DRP, any amount which remains as a residual positive balance is transferred to the DRP Charity Account pursuant to Rule 4.2.2."

4. Below Rule 6, sub-rule (c), insert the following.

"Upon either of:

- (i) a termination of the DRP in accordance with this rule; or
- (ii) a suspension of the DRP in accordance with this rule for a period of not less than 2 years;

the amounts recorded as residual positive balances in the DRP Plan Accounts of each participating shareholder account will be transferred to the DRP Charity Account to be dealt with as provided in Rule 4.2.3."

These amendments have the following effect.

1. Where a shareholder terminates their participation in the DRP, or participation is terminated as a result of a share transfer, the Company currently must go to the expense of making payment of the residual amount to the shareholder or transferor.  
  
The amendment to the Rules will now result in any residual amounts of any terminating shareholder being transferred to an internal company account ("DRP Charity Account"), from which the Board of Directors shall make tax deductible donations to charity.
2. Where the Board of Directors either terminates the DRP or suspends the DRP for a continuous period of at least 2 years, the residual balances of all participating shareholders will be transferred to the internal charity account, for donation to charity.
3. These amendments will take effect one month after the date of this notice and will therefore be effective at the time of OneSteel's next dividend payment. Unless your shares are transferred or your participation in the DRP is terminated in accordance with the DRP Rules before (one month after date of notice), the amendments will apply to any residual positive balance currently held on your behalf.
4. The residual balance credited to any particular shareholder at any time is not more than the market value of 1 OneSteel share at the time of the last dividend payment. These amendments will not affect the carrying forward of residual amounts of shareholders who continue to be shareholders and continue to participate in the DRP, unless the Board terminates or suspends the DRP for more than 2 years.

By the order of the Board  
John M Krenich, Secretary, OneSteel Limited  
17 October 2002  
Sydney, NSW.