

20 December 2004

ONESTEEL SUCCESSION

The OneSteel Board announced today that it had concluded the process of appointing a successor to the Managing Director and Chief Executive Officer Dr Bob Every when he retires from that role on the 1st of July 2005.

The Board has appointed Mr Geoff Plummer, currently Executive General Manager Market Mills, as Deputy MD and he will join the board immediately, working with Bob to ensure a smooth transition period. This will enable him to be fully involved in all operations including the early stages of the magnetite project and develop the 2005/06 business programmes, which he will ultimately implement as CEO.

Mr Peter Smedley, OneSteel's Chairman, said "The Board was pleased to be able to select the Company's next Chief Executive from within the ranks of our strong executive management team"

"Geoff has demonstrated over his 26 years with the company, and its previous owner BHP, in both corporate and operating roles, that he is now well equipped to take over the leadership of the company", he said.

For further information, please contact:

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MR GEOFFREY J PLUMMER



Employment History

01/05/00 to present: Executive General Manager, OneSteel Market Mills

Responsible for OneSteel's Pipe & Tube, Wire, Rod & Bar and Sydney Steel Mill businesses.

01/04/99 to 30/04/00: President, BHP Rod and Bar Products

Responsible for BHP's Rod & Bar Mills in Newcastle, Sydney and Brisbane.

31/03/96 to 31/03/99: President, Australasian Logistics Services

Responsible for BHP's Australasian Transport Businesses.

20/06/93 – 31/03/96: Chief Executive Officer and General Manager, BHP-Bekaert Steel Cord Pty Ltd

Chief Executive of a joint venture, which operated as a stand-alone Company reporting to an independent Board. Company supplied steel cord to tyre companies in Australia, New Zealand, Malaysia, Taiwan, Phillipines and Indonesia and hose wire to companies in Australia, Taiwan and Malaysia.

01/12/89 to 19/06/93: Manager Sydney and Brisbane Wiremills

Operations Manager responsible for all operational aspects of Sydney and Brisbane Wiremills.

09/02/78 to 30/11/89: Human Resources

This position included a range of personnel roles covering the spectrum of responsibilities. Nearly 10 years of this period was as the Personnel Officer at Geelong Wiremill.

Tertiary Studies: Monash University

Course Studied: Economics – Bachelors Degree completed 1977.

SUMMARY OF THE KEY TERMS AND CONDITIONS OF THE SERVICE CONTRACT

1. Term

Mr Plummer will commence as Deputy Managing Director from 20 December 2004. He will be appointed Managing Director or Chief Executive Officer on 1 July 2005 or such other date earlier than this date by agreement between OneSteel and Mr Plummer ("**Commencement Date**"). The new service contract is for a fixed term of 5 years ending on 5 years after the Commencement Date ("**Expiry Date**"). The contract will be renewable annually by mutual agreement 6 months prior to its expiry date on a 12 month rolling basis.

2. Remuneration

Mr Plummer's remuneration comprises 3 components:

(a) Base remuneration

Mr Plummer will be paid a base remuneration of \$1,200,000 per annum inclusive of superannuation and novated car leases.

(b) Short term incentive payments

Mr Plummer will be entitled to annual short term incentive payments. The amount of the short term incentive payment in any year will be determined by the Board in consultation with Mr Plummer by assessment of Mr Plummer's performance against financial, business, safety and personal targets set by the Board in consultation with Mr Plummer at the start of each financial year.

If Mr Plummer achieves all short term targets set for a particular financial year, he will be entitled to an amount equal to 50% of his base remuneration. However, if Mr Plummer exceeds all short term targets set for a particular financial year, he will be entitled to an amount greater than 50% of his base remuneration. If Mr Plummer does not achieve the short term targets set for a particular financial year, he may be entitled to an amount less than 50% of his base remuneration.

Mr Plummer will be able to apportion his short term incentive payments paid each year between cash and/or shares under the Staff Share Plan - Tax Deferred Plan.

(c) Long term incentives

Mr Plummer will participate in OneSteel's Long Term Incentive Share Plan. ("**LTI Share Plan**"). The level of participation and vesting requirements, including performance hurdles, have been established for the full five year term.

Mr Plummer will be granted two separate allocations of shares during the term as follows:

- an allocation within four weeks of commencement as Managing Director and Chief Executive Officer with a fair market value intended to represent an amount equivalent to x 2 of base remuneration ("**1st Instalment**"); and

- an allocation on the second anniversary date of his commencement of as Managing Director and Chief Executive Officer with a fair market valued intended to represent an amount equivalent to x 1 1/3 base remuneration.

In each case, the shares will be purchased over five consecutive trading days. The allocation price of the shares purchased by the Plan Trustee will be the volume weighted average price of all shares purchased by the Plan Trustee over the relevant 5 day period.

The shares granted under the LTI Share Plan may vest over a three to five year period (the "**Test Period**") but only if Mr Plummer achieves certain performance hurdles. The performance hurdles will be set by comparing OneSteel's Total Shareholder Return ("**TSR**") relative to:

- the Australian Consumer Price Index for the performance period plus 5% ("**Base Index**"); and
- the S&P/ASX 200 Index (excluding banks, media and telecommunications) ("**Comparator Index**").

For each instalment, 50% of the shares granted will vest subject to OneSteel's TSR performance to the Base Index and the remaining 50% of shares will vest subject to OneSteel's TSR performance to the Comparator Index.

Base Index (50% of shares in each instalment)

If during the Test Period for a particular instalment the TSR of OneSteel is:

- up to and including the 60% of the Base Index, Mr Plummer will not be entitled to any of the above shares;
- between the 61% and 80% of the Base Index, Mr Plummer will be entitled to 60% of the above shares;
- between the 81% and 99% of the Base Index, Mr Plummer will be entitled to 80% of the above shares; and
- equivalent to or more than the Base Index, Mr Plummer will be entitled to the entire 50% of shares that may vest.

Comparator Index (50% of shares in each instalment)

If during the Test Period for a particular instalment, OneSteel's TSR ranks:

- below the 50th percentile, Mr Plummer will not be entitled to any of the above shares;
- at the 50th percentile, 50% of the above shares may vest;
- between the 51st and 75th percentile, shares will vest progressively, that is, for each 1% increase above the 51st percentile, an additional 2% of shares will vest with 100% of the above shares vesting when OneSteel ranks at or above the 75th percentile.

Test Dates

Test dates for each instalment will occur at annual intervals during the Test Period ("**Test Dates**"). The first Test Date for each instalment will occur at the commencement of the Test Period (that is, at the 3rd anniversary of the grant) and the final Test Date will occur at the conclusion of the Test Period (that is, at the 5th anniversary of the grant). Any shares purchased as part of an instalment which have not vested by the end of the last applicable Test Period will be forfeited. Shares under each instalment may vest progressively. This means that if on a particular Test Date during a Test Period the TSR of OneSteel relative to the Base Index or the Comparator Index is higher than as measured on a previous Test Date during that Test Period, a further number of shares in that instalment may vest in addition to those shares that have already vested. For example:

- The first Test Date for the 1st instalment will be the third anniversary of the commencement date of the contract (based upon a three-year performance period starting from the commencement date). Up to 50% of the shares purchased as part of the 1st instalment will vest on the first Test Date depending on the performance of OneSteel's TSR relative to the Base Index. Up to 50% of the shares purchased as part of the 1st instalment will vest on the first Test Date according to the performance of OneSteel's TSR relative to the Comparator Index. If all the shares purchased as part of the 1st instalment do not vest on the first Test Date, the shares will be re-tested after a further 12 months and, if still not satisfied, they will be retested one final time after a further 12 months. Any shares which are not vested at the final Test Date will be forfeited. In any re-test of unvested shares which form part of the 1st instalment, the performance period will start from the commencement date of the contract and end on the applicable Test Date.
- The first Test Date for the 2nd instalment will be the fifth anniversary of the commencement date of the contract which is the current expiry date of the contract (based upon a three-year performance period starting from the second anniversary of the commencement date). Up to 50% of the shares purchased as part of the 2nd instalment will vest depending on the performance of OneSteel's TSR relative to the Base Index. Up to 50% of the shares purchased as part of the 2nd instalment will vest according to the performance of the OneSteel's TSR relative to the Comparator Index. If all the shares purchased as part of the 2nd instalment do not vest on the first Test Date, the shares will be re-tested (but only if the contract is extended) after a further 12 months and, if still not satisfied, they will be retested one final time after a further 12 months. Any shares which are not vested at the final Test Date will be forfeited. In any re-test of unvested shares which form part of the 2nd instalment, the performance period will start from the second anniversary of the commencement date of the contract and end on the applicable Test Date.

An annual valuation of the long term incentives payable to Mr Plummer will be completed by independent specialists for inclusion in Annual Reports.

(d) **Review of base remuneration**

Mr Plummer's base remuneration will be reviewed by the Board's Remuneration Committee on or before 1 September each year and any alteration to the Executive's remuneration shall have effect from 1 July each year. The base remuneration may be increased or remain unchanged (but not be decreased) as a result of this review..

(e) **Relocation Expenses**

OneSteel will reimburse to Mr Plummer all reasonable relocation costs incurred by him in connection with his relocation from Newcastle to Sydney. This will include agents fees in relation to the sale of his current primary residence in Newcastle, stamp duty payable on a residential property purchased by him in Sydney and transport of household goods.

3. Arrangements upon termination

Set out below are the circumstances in which Mr Plummer's contract may be terminated before the Expiry Date. In accordance with Recommendation 9.1 of Principle 9 of the ASX Corporate Governance Council *Principles of Good Corporate Governance and Best Practice Recommendations*, Mr Plummer's termination entitlements have been agreed in advance.

(a) **Expiry of term**

If the employment of Mr Plummer terminates at the end of the fixed term or the end of an extension period, the following applies:

- (i) Mr Plummer will be paid his base remuneration until the termination date;
- (ii) Mr Plummer will be entitled to any accrued untaken statutory leave entitlements calculated to the termination date;
- (iii) Mr Plummer will be entitled to be paid any amount of short term incentive payments which have accrued from the previous financial year but have not been otherwise paid;
- (iv) the Board, in its absolute discretion, will determine the amount of the short term incentives payable for the financial year in which termination occurs, if any; and
- (v) the Board in its absolute discretion will determine whether Mr Plummer may be able to withdraw some or all of the shares granted under the LTI Share Plan which have not vested.

(b) **Summary Dismissal**

OneSteel may summarily terminate Mr Plummer's employment with immediate effect in the following circumstances:

- (i) Mr Plummer engaging in any act or omission justifying summary dismissal at common law; or

- (ii) misconduct of Mr Plummer;
- (iii) wilful neglect in the discharge of his duties;
- (iv) serious or persistent breach of the provisions of service contract;
- (v) Mr Plummer being charged with a criminal offence which in the reasonable opinion of the Board brings the OneSteel group or any group company into serious disrepute;
- (vi) Mr Plummer becoming bankrupt or insolvent or making an arrangement with his creditors generally; or
- (vii) Mr Plummer becoming ineligible to hold office as a director of OneSteel.

If termination occurs by summary dismissal, the following applies:

- (viii) Mr Plummer will be paid his base remuneration until the termination date; and
- (ix) Mr Plummer will be entitled to any accrued untaken statutory leave entitlements calculated to the termination date.

(c) **Death**

If termination is upon death, the following applies:

- (i) Mr Plummer will be paid his base remuneration until the termination date;
- (ii) Mr Plummer will be entitled to any accrued untaken statutory leave entitlements calculated to the termination date;
- (iii) Mr Plummer will be entitled to be paid any amount of short term incentive payments which have accrued from the previous financial year but have not been otherwise paid;
- (iv) the Board, in its absolute discretion, will determine the amount of the short term incentives payable for the financial year in which termination occurs, if any; and
- (v) the Board in its absolute discretion will determine whether Mr Plummer may be able to withdraw some or all of the shares granted under the LTI Share Plan which have not vested.

(d) **Illness or incapacity**

Either Mr Plummer or OneSteel may, by giving 6 months written notice to the other party, terminate Mr Plummer's employment by reason of illness or incapacity if Mr Plummer is unable to perform his duties for a total of 13 weeks in any consecutive 52 weeks period or if Mr Plummer becomes permanently incapable of performing his duties. In this event, the following applies:

- (i) Mr Plummer will be paid his base remuneration until the termination date;

- (ii) Mr Plummer will be entitled to any accrued untaken statutory leave entitlements calculated to the termination date;
- (iii) Mr Plummer will be entitled to be paid any amount of short term incentive payments which have accrued from the previous financial year but have not been otherwise paid;
- (iv) the Board, in its absolute discretion, will determine the amount of the short term incentives payable for the financial year in which termination occurs, if any; and
- (v) the Board in its absolute discretion will determine whether Mr Plummer may be able to withdraw some or all of the shares granted under the LTI Share Plan which have not vested.

(e) **By Mr Plummer**

Mr Plummer may resign in the following circumstances:

- (i) the expiration of 6 months' notice given by Mr Plummer to OneSteel or such lesser period of notice as may be agreed;
- (ii) the expiration of 1 months' notice in writing of termination of employment given by Mr Plummer to OneSteel within 6 months after the occurrence of a fundamental change;
- (iii) Mr Plummer giving to OneSteel notice in writing of termination of employment where OneSteel is in breach or default of its obligations under the service contract and such breach or default is not rectified within a reasonable time after notice in writing of the breach or default is given by Mr Plummer to OneSteel.

If termination is upon resignation of Mr Plummer, the following applies:

- Mr Plummer will be paid his base remuneration until the termination date;
- Mr Plummer will be entitled to any accrued untaken statutory leave entitlements calculated to the termination date;
- Mr Plummer will be entitled to be paid any amount of short term incentive payments which have accrued from the previous financial year but have not been otherwise paid;
- the Board, in its absolute discretion, will determine the amount of the short term incentives payable for the financial year in which termination occurs, if any; and
- only where termination occurred by Mr Plummer due to the occurrence of a fundamental change will the Board in its absolute discretion determine whether Mr Plummer may be able to withdraw some or all of the shares granted under the LTI Share Plan which have not vested.
- In addition, if Mr Plummer terminates his employment within 6 months after the occurrence of a fundamental change, he will be entitled to a payment equivalent to the aggregate base remuneration paid to him over the previous 12 months, in addition to the payments referred to above.

(f) **By OneSteel**

OneSteel may at any time during the term of the service contract terminate the employment of Mr Plummer by giving 12 months' notice in writing. If termination is with 12 months' notice by OneSteel, the following applies:

- (i) Mr Plummer will be paid his base remuneration until the termination date;
- (ii) Mr Plummer will be entitled to any accrued untaken statutory leave entitlements calculated to the termination date;
- (iii) Mr Plummer will be entitled to be paid any amount of short term incentive payments which have accrued from the previous financial year but have not been otherwise paid;
- (iv) the Board, in its absolute discretion, will determine the amount of the short term incentives payable for the financial year in which termination occurs, if any; and
- (v) the Board in its absolute discretion will determine whether Mr Plummer may be able to withdraw some or all of the shares granted under the LTI Share Plan which have not vested.

(g) **Illness or incapacity, by Mr Plummer or OneSteel**

In the event that termination occurs by either Mr Plummer or OneSteel giving notice under 3(d), 3(e) or 3(f) above, OneSteel may require Mr Plummer to:

- (i) work out all of the notice period;
- (ii) not work any part of the notice period and not attend work during the notice period;
- (iii) work during such parts of the notice as required by OneSteel; or
- (iv) terminate the service contract at any time during the notice period (including at its commencement) by providing Mr Plummer a payment in lieu of notice (such payment not to exceed the aggregate base remuneration paid to Mr Plummer over the previous 12 months) for the balance of the notice period then remaining.

(h) **Equivalent position on reconstruction**

Subject to the Executive's rights to terminate due to the occurrence of a fundamental change, if in connection with a reorganisation, takeover by or of OneSteel, merger, scheme of arrangement or change of control of OneSteel or the demerger, reconstruction or amalgamation of all or part of OneSteel's business the employment of Mr Plummer is terminated and Mr Plummer is offered employment with a group company or another entity on terms and conditions not less favourable than the terms of the service contract and with status, duties, functions and responsibilities equivalent to those vested in Mr Plummer as at the date of service contract (and irrespective of whether the location of that employment is in Sydney or in any other

part of Australia), then Mr Plummer has no claim against OneSteel in respect of such termination.

4. Restraint and Non-solicitation

For a period of 12 months from the date of termination or expiry of the executive service contract, Mr Plummer must not directly or indirectly in any capacity (whether as principal, agent, partner, employee, shareholder, unitholder, joint venturer, director, trustee, beneficiary, manager, consultant or otherwise) carry on, advise, provide services to or be engaged, concerned or interested in or associated with any business competing with the business carried on by any group company at the date of the termination of Mr Plummer's employment. For a period of 12 months from the date of termination or expiry of the service agreement Mr Plummer must not solicit any client, customer, supplier or employee of OneSteel. The restraints described above do not apply to holdings of listed shares where the holding is less than 1% of issued capital or holdings of unlisted shares where the holding is less than 5% of issued capital, certain personal and family companies and trusts, and the business and investments of those companies and trusts.