

20 August 2007

CHANGES TO MANAGING DIRECTOR'S EXECUTIVE SERVICE AGREEMENT

The OneSteel Board announced today that it had agreed amendments to the executive service agreement of the Managing Director and Chief Executive Officer, Mr. Geoff Plummer. A summary of the key terms of Mr. Plummer's executive service agreement was released to the market on 20 December 2004. These changes will take effect from today.

The key amendments to Mr. Plummer's executive service agreement include:

- the agreement will not terminate at the end of the initial five year period (arising on 2 May 2009), but instead, will continue on an ongoing basis until terminated by either OneSteel or Mr. Plummer in accordance with the termination rights presently included in the agreement.
- Mr Plummer will be granted a third instalment of shares under the company's Long Term Incentive Plan equal to 133 1/3% of Mr Plummer's current base remuneration. The price at which these shares are allocated is designed to reflect the value today, being the implementation date under the Smorgon Steel scheme of arrangement, of each OneSteel share received by Smorgon Steel shareholders under the scheme. Therefore the share price for the allocation will be the volume weighted average price of OneSteel shares during the 10 consecutive trading days immediately following the court approval of the scheme. The shares will be acquired on market in the next four weeks.

All other key terms and conditions of the agreement remain unchanged.

OneSteel's Chairman Mr. Peter Smedley said the changes represent a very pleasing and positive outcome for shareholders. "They position Geoff to continue as Managing Director and Chief Executive Officer beyond 2009 and ensure a focus on the realisation of benefits available from the Smorgon Steel transaction."

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