

# onesteel

Address all shareholder correspondence to  
OneSteel's share registry:  
Computershare Investor Services Pty Limited  
GPO Box 1486, Sydney NSW 1115 Australia

Return of proxy forms by facsimile:  
Australia 02 8235 8220  
International 61 2 8235 8220

16 October 2003

Dear Shareholder

## Annual General Meeting

I have pleasure in inviting you to the third Annual General Meeting of OneSteel to be held in Melbourne on Monday 17 November 2003 at the Melbourne Exhibition Centre, 2 Clarendon Street, Southbank at 2.30 pm. A map is provided below to assist you with directions.

The formal Notice of Meeting is set out on the following pages and a Proxy Form is enclosed separately. The Proxy Form contains a barcode to assist with the registration process at the meeting. If you are attending the meeting, please bring this barcoded form with you.

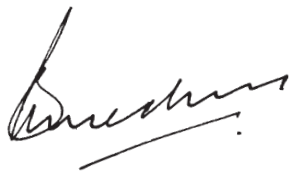
The agenda for the meeting includes Ordinary Business items to receive and consider the Financial Statements and the Directors' Declaration and Report for the year ended 30 June 2003, together with the Auditor's Report and to reappoint Mr N J Roach and Mr P J Smedley as directors.

The agenda also includes as Special Business the approval of an increase to the maximum limit on the aggregate amount which OneSteel is permitted to pay to non-executive directors by way of directors' remuneration.

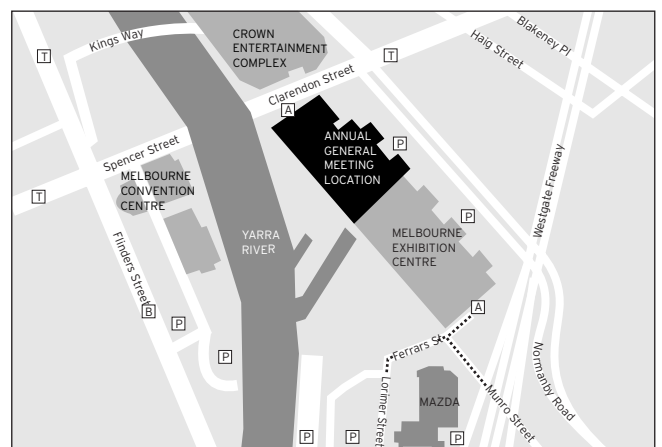
The Board recommends that shareholders vote in favour of the reappointment of Mr Roach and Mr Smedley as directors and approve the increase to the maximum limit on the aggregate remuneration which OneSteel is permitted to pay to non-executive directors.

I am looking forward to welcoming you to the first annual general meeting that OneSteel has held in Melbourne. I extend a warm invitation to you to join directors and executives for afternoon tea at the conclusion of the meeting.

Yours sincerely,



**Peter Smedley**  
Chairman



**P** Parking **A** Pedestrian access to venue  
**T** Tram Routes **B** Bus Routes

# NOTICE OF MEETING

## ONESTEEL LIMITED - NOTICE OF ANNUAL GENERAL MEETING

**The third Annual General Meeting of OneSteel Limited ("the Company") will be held at the Melbourne Exhibition Centre, 2 Clarendon Street, Southbank, Melbourne, Victoria on Monday 17 November 2003 at 2.30 pm. Registration will commence at 1.30 pm.**

### ORDINARY BUSINESS

#### 1 Financial Statements and Reports

To receive and consider the Financial Statements and the Directors' Declaration and Report for the year ended 30 June 2003, together with the Auditor's Report to the members of the Company.

#### 2 Election of Directors

To elect directors in accordance with Rule 9 of the Company's Constitution:

Mr N J Roach retires and, being eligible, offers himself for re-election;

Mr P J Smedley retires and, being eligible, offers himself for re-election;

### SPECIAL BUSINESS

#### 3 Non-Executive Directors' Remuneration

To consider and, if thought appropriate, pass the following Ordinary Resolution:

"That the maximum aggregate amount payable to non-executive directors by way of directors' remuneration be increased from \$1,000,000 to \$1,300,000 per annum."

By order of the Board



**John M Krenich**  
Company Secretary

16 October 2003

### VOTING EXCLUSIONS

As required by the Listing Rules of the Australian Stock Exchange Limited, the Company will disregard any votes cast on business item 3 by any of the directors of the Company or an associate of any of the directors of the Company.

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

### PROXIES

A member entitled to attend and vote is entitled to appoint not more than two proxies. A proxy form accompanies this notice. A proxy need not be a shareholder.

Where a member appoints two proxies and the appointment does not specify the proportion or number of the member's votes each proxy may exercise, each proxy may exercise half the votes.

A member wishing to register a proxy should complete the Proxy Form accompanying this notice and ensure that it is received by

2.30 pm Sydney time on Saturday 15 November 2003 at the Company's share registry:

**Computershare Investor Services Pty Limited**  
Level 3, 60 Carrington Street, Sydney, NSW 2000, Australia  
(Postal address: GPO Box 1486, Sydney, NSW 1115)

Facsimile: Australia (02) 8235 8220;  
International 61 2 8235 8220

**or at the Company's registered office:**

Level 23, 1 York Street, Sydney, NSW 2000, Australia  
Facsimile: Australia (02) 9251 3042;  
International 61 2 9251 3042

If you are returning your proxy by post, you should note that there will be no postal deliveries on Saturday 15 November 2003.

### VOTING

For the purposes of voting at the meeting, the Directors have determined that all shares of the Company that are quoted securities at 2.30 pm on Saturday 15 November 2003 are taken to be held by the persons who are registered as holding them at that time. The entitlement of members to vote at the meeting will be determined by reference to that time.

### EXPLANATORY NOTES

#### Item 2 – Election of Directors

The Company's Constitution requires that one-third of the directors retire from office at each annual general meeting. As a consequence Mr N J Roach and Mr P J Smedley retire at this annual general meeting and both offer themselves for re-election.

Relevant details for the retiring directors are as follows:-

#### **N J (NEVILLE) ROACH AO, BA (Hons), DSc (HC), FACS**

##### **Independent Non-Executive Director**

Age 64. Appointed a director in October 2000 and is the Chairman of the Remuneration Committee and a Member of the Occupational Health Safety & Environment Committee. He is also Chairman of Fujitsu Australia Limited, Smart Internet Cooperative Research Centre, National ICT Centre for Excellence, Intelligent Island Board and Australia India Business Council, Deputy Chairman of SBS, Director of Fujitsu Asia, TAFE Global, Australian Academic and Research Network, UNSW Foundation. Mr Roach was previously the Chief Executive Officer of Fujitsu Australia Limited, Chairman of Council for Multicultural Australia, Business (Migration) Advisory Panel, Australian Information Industry Association and President Asian Oceania Computing Industry Organisation.

#### **P J (PETER) SMEDLEY, BCom, MBA, FAICD, Chairman**

##### **Independent Non-Executive Director**

Age 60. Appointed a director and Chairman in October 2000 and is a member of the Governance & Nominations Committee and the Remuneration Committee. He is a director of CARE Australia Ltd and the Colonial Foundation. His previous roles included Managing Director and Chief Executive Officer of Mayne Group Limited, Managing Director & Chief Executive Officer of the Colonial Group, Chairman of the State Bank of New South Wales, Executive Director, Downstream Oil and Chemicals and Executive Director, Coal and Metals for Shell Australia Limited, Deputy Chairman of Newcrest Mining Limited and director of Austen Butta Limited.

The Board recommends that shareholders vote in favour of their re-election.

# NOTICE OF MEETING

## ONESTEEL LIMITED - NOTICE OF ANNUAL GENERAL MEETING

### Item 3 – Non Executive Directors' Fees

#### 1. Approval

Article 9.8 of the Constitution of the Company provides that the total amount or value of the remuneration of non-executive directors must not exceed \$1 million per annum or any other amount per annum as the Company in general meeting determines.

ASX Listing Rule 10.17 also requires shareholder approval prior to an increase in the total amount of fees payable to non-executive directors by the Company.

Pursuant to both Article 9.8 of the Constitution and to Listing Rule 10.17 shareholders are being asked to approve an increase to the maximum limit on the remuneration of non-executive directors from \$1 million to \$1.3 million.

#### 2. Reasons for Seeking Approval

Approval of an increase to the maximum limit on the remuneration of non-executive directors is being sought to implement a restructure of the overall package by which non-executive directors are compensated for their service to the Company. These new remuneration arrangements were announced by the Company on 20 May 2003. The changes are in line with emerging industry practices and guidelines and they affirm the commitment of the Company to the principles of good corporate governance.

To explain what is involved in this restructure a description of the current entitlements of non-executive directors, the planned changes to those entitlements, and an explanation as to why approval for an increase in the maximum limit on the remuneration of directors is being sought in relation to these changes, is set out below.

#### 3. Current Non-Executive Director Entitlements

Under the current arrangements non-executive directors of the Company are entitled to:

- (a) The payment of directors' fees in cash (including statutory superannuation contributions). The total amount of the directors' fees paid must be within the limit (currently \$1 million per annum) imposed by Article 9.8 of the Constitution of the Company and ASX Listing Rule 10.17.
- (b) A cash benefit of an amount determined by the length of service of the non-executive director which is to be paid upon the retirement of the director from the Board ("retirement benefit") under the terms of a retirement deed entered into with each non-executive director.

The retirement benefit was approved as an additional and separate arrangement to the payment of directors' fees as part of the process for public listing of the Company in 2000. However, under the Constitution and the ASX Listing Rules, the amount of the retirement benefit that is to be paid is excluded from the calculation of directors' remuneration to which the \$1 million maximum annual limit applies.

#### 4. Changes to Non-Executive Director Remuneration Arrangements

The OneSteel Board has decided that it should implement new and more appropriate non-executive director remuneration arrangements which are more consistent with emerging market practice and guidelines by discontinuing the ongoing accrual of benefits under the existing retirement benefits arrangements and replacing this ongoing accrual with a new long-term component to the payment of directors' remuneration.

This new long-term component of a non-executive director's fees will be shown as an increase to the total amount of annually declared directors' remuneration; this increase will not be paid directly to the director but applied (excluding any mandatory statutory superannuation contributions) to the on-market purchase of shares in the Company. The shares purchased will then be held on behalf of each respective director under the terms of the Company's existing non-executive director share plan until the retirement from the Board of the director.

Thus, the value of the entitlements under the long-term component of non-executive director fees (to be received by a non-executive director upon retirement) is tied directly to the market performance of the Company.

The cost of acquiring shares will be expensed at the time of purchase in the accounts of the Company. This will ensure the cost of providing the long-term component impacts the Company's accounts annually rather than at the time of the retirement of the non-executive director.

In summary, the new long-term component of fees for non-executive directors replaces the ongoing accrual of benefits under the existing retirement benefits arrangements. The proposed level of benefit has been set at 45% of fee base which is slightly below the annual average at which retirement allowances accumulate under the current 10 year retirement scheme.

#### 5. Reason for Seeking Approval

Unlike like its predecessor, this new long-term fee component for non-executive directors is deemed to be additional remuneration for non-executive directors for the purposes of both the Constitution and the ASX Listing Rules and so must fit within the maximum limit on the total remuneration payable to non-executive directors which is currently set at \$1 million.

Based on the existing structure of the Board, the introduction of the new long-term component would fully utilise the existing limit on total remuneration of \$1 million. The proposed increase of this limit to \$1.3 million will provide scope to appoint additional non-executive directors (in order to facilitate Board succession) and allow, as required, reviews of the fee amounts paid to non-executive directors.

#### 6. Effective Date and Transition Arrangements

It is intended that these new arrangements will apply to all non-executive directors immediately following this Annual General Meeting. The transition to the new arrangements will involve the amount of the retirement benefit accrued by each non-executive director being fixed by reference to length of service up to this date and those directors foregoing the balance of their benefits under that scheme in return for participation in the new arrangements. Any new non-executive director that is subsequently appointed will not receive any entitlements under the existing retirement benefits arrangements and will only receive entitlements under the new arrangements.

The Board recommends that shareholders approve the increase to the maximum aggregate amount payable to non-executive directors by way of directors remuneration, as set out in agenda item 3 and the explanatory notes to item 3.

# A DIFFERENT VIEW OF STEEL

ONESTEEL LIMITED NOTICE OF ANNUAL GENERAL MEETING 2003  
ABN 63 004 410 833



**onesteel**