

## ASX RELEASE 17 DECEMBER 2012

## **ARRIUM CEO SUCCESSION**

Mining and Materials group, Arrium Limited (ASX:ARI), announced today the terms agreed with Managing Director & Chief Executive Officer, Mr Geoff Plummer, with respect to his committing to the extension of the term of his role and the relevant succession arrangements.

As foreshadowed in the Company's announcement of 19 November 2012, Mr Plummer will continue to serve as Managing Director & Chief Executive Officer until 31 December 2013 unless the Board, having identified and appointed a successor, requests Mr Plummer to stand down at an earlier date. At that time he will cease to be a Director of Arrium Limited.

As a consequence, the Company has agreed to pay Mr Plummer a deferred bonus of \$1.3 million conditional on:

- Satisfactory performance by Mr Plummer of his duties and responsibilities up to the time of termination of his appointment, and
- Satisfactory achievement of specific objectives agreed with him to secure a seamless succession of the role of Managing Director & Chief Executive Officer.

Mr Plummer's base remuneration is currently and will remain at an amount of \$2.1 million until 31 December 2013. (Mr Plummer's base remuneration was increased from \$2 million to \$2.1 million with effect from 1 July 2012 pursuant to the terms of his Service Agreement and in accordance with the Company's normal policy with respect to the review of executive remuneration.)

Mr Plummer will not be entitled to receive any further grant of long term incentives pursuant to the Company's Long Term Incentive Plans from today. However the shares and performance rights which have been allocated to him prior to today, including the performance rights granted to him with effect from 1 July 2012 and which have not vested, shall continue in existence for so long as he continues to be employed by the Company as its Managing Director & Chief Executive Officer and thereafter remains an employee of the Company or a Director of one or more subsidiary companies as described below. The vesting of such rights is to occur subject to and in accordance with the terms on which those shares or performance rights have been allocated to him and the applicable Long Term Incentive Plans.

Mr Plummer shall be entitled to continue to receive short term incentive payments in accordance with the terms of his Service Agreement at the discretion of the Board and subject to achieving performance goals set in respect of the period to which each short term incentive relates. Where his appointment as Managing Director & Chief Executive Officer terminates prior to the completion of a financial year, he is entitled to receive a pro rata short term incentive payment, the amount in proportion to the period of that financial year which has elapsed at the time when he ceases to be the Managing Director & Chief Executive Officer.

Mr Plummer will be entitled to receive his accrued statutory and other entitlements on 31 December 2013.

In the event that his appointment as Managing Director & Chief Executive Officer terminates prior to 31 December 2013 he will continue as an employee of the Company until that date to perform such services and to discharge such responsibilities as shall be determined by the Board. During this period he shall be paid at the rate of his base remuneration referred to above.

Mr Plummer has agreed to continue as a Director of certain subsidiary companies and to provide services to the Company as required by the Company for the period from 1 January 2014 to 1 July 2015. For these services Mr Plummer will be paid a consultancy fee of \$30,000 per month.

In all other respects, the terms of Mr Plummer's existing Service Agreement remain in effect.

Arrium further advises that it is proceeding with the process of selection of a successor to Mr Plummer and further advice will be provided to the market as appropriate.

Ends

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