

CIRCULAR TO:

ALL MEMBERS

NO. 186/00

ISSUE DATE: 13 October 2000

EFFECTIVE: 24 October 2000

**BROKEN HILL PROPRIETARY LTD – PROPOSED “SPIN-OUT” OF
ONESTEEL LIMITED**

1. Introduction and Executive Summary

- 1.1 On 25 February 2000, Broken Hill Proprietary Limited (“BHP”) announced its intention to divest (“Spin-out”) certain steel businesses into a new company called OneSteel Limited (“OneSteel”). After the relevant approvals have been obtained, it is intended that OneSteel will become a separately listed public company on the Australian Stock Exchange (“ASX”).
- 1.2 The Spin-out will be effected by a capital reduction and pro rata transfer of OneSteel shares to holders of fully paid BHP shares as at 27 October 2000. Under the terms of the Spin-out, holders of fully paid Ordinary BHP shares will receive one fully paid Ordinary OneSteel share for every four fully paid Ordinary BHP shares held.
- 1.3 The Spin-out is subject to shareholder approval at the company's AGM on 17 October 2000 and Court approval on 18 October 2000. Subject to approval of the capital reduction by BHP shareholders and the Court, BHP shares will begin trading ex-entitlement on **Monday 23 October 2000**.
- 1.4 **The purpose of this Circular is to describe adjustments to be made in respect of existing BHP Individual Share Futures contracts (Commodity Code ‘BH’) and the listing of a new BHP Individual Share Futures contract (Commodity Code ‘BR’), subject to the Spin-out becoming effective.**

2. Individual Share Future Adjustments

- 2.1 Should the Spin-out become effective, the Contract Size for existing BHP Individual Share Futures contracts will be adjusted by multiplying the Contract Size by the Contract Size Multiplier (“CSM”), calculated as follows:

$$\text{CSM} = \frac{[(m \times \text{VWAP}_{\text{BHP}}) + (n \times \text{VWAP}_{\text{OST}})]}{m \times \text{VWAP}_{\text{BHP}}}$$

Where:

Ex-date = 23 October 2000.

m = Ex-date number of BHP shares held.

n = Ex-date number of OneSteel shares to be received.

$VWAP_{BHP}$ = *Ex-date volume weighted average price of BHP.*
 $VWAP_{OST}$ = *Ex-date volume weighted average price of OneSteel.*

Contract Size adjustment will occur trade date 24 October 2000. The Commodity Code will remain unchanged at 'BH'.

3. Exercise & Settlement

- 3.1 Exercise notices submitted after Monday 23 October 2000 in existing December 2000, March 2001, June 2001 and September 2001 BHP series will be satisfied by the delivery of an adjusted number of fully paid Ordinary BHP shares per lot as per 2.1. The Exchange will inform Members of the adjusted Contract Size as soon as is practicable after close of business on the ASX on 23 October 2000.

4. New Series

- 4.1 Following the Spin-out, no additional BHP series (commodity code 'BH') will be introduced.
- 4.2 Following the expiry of the December 2000 BHP series (commodity code 'BH'), a new BHP Individual Share Futures contract (Commodity Code 'BR') will be introduced on Friday 29 December 2000. On this date, a December 2001 series will be listed. Subsequent 'BR' series will be introduced as 'BH' series expire in the usual manner.

5. Further Information

- 5.1 Members seeking further information in relation to this Circular should contact Martyn Wild at SFE (02 9256 0178) or Kyrra Grunnsund (02 9256 0430) at SFECH.

BARBARA JONES
COMPANY SECRETARY

13 OCTOBER 2000