



MEDIA RELEASE

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ROD PEARSE RE-APPOINTED AS CHIEF EXECUTIVE OFFICER

Boral Limited today announced that Mr Rod Pearse has entered a new service contract under which he has been re-appointed as Chief Executive Officer and Managing Director for a further five years.

Mr Pearse has been Boral's chief executive officer since 1 January 2000, when the demerger took effect, and his current service contract expires on 31 December 2004. The new service contract will see Mr Pearse continue in the role until 31 December 2009.

Dr Ken Moss, Boral's Chairman, said: "The Board is pleased that Rod Pearse has agreed to continue as Boral's CEO.

"Under Mr Pearse's leadership, there has been an outstanding improvement in Boral's operational performance. Net profit has more than doubled over the five years from the proforma result of \$169 million in the 1999/2000 demerger year to \$370 million in 2003/04.

"Shareholders have received substantial benefits from the Company's strong performance under Mr. Pearse. The total shareholder return from share price appreciation and dividends has been 32% per annum, which is the top quartile of ASX 100 companies", said Dr Moss.

Under the new contract, the majority of Mr Pearse's total potential remuneration is at risk and subject to strict performance criteria.

In addition, the payout to Mr Pearse is limited to 12 months' base remuneration if the Board terminates the contract for poor performance.

The contract is conditional upon shareholders approving certain termination payments at Boral's 2004 Annual General Meeting which will be held on 21 October. At the Meeting, shareholder approval will also be sought for grants of options and share performance rights as Mr Pearse's long term incentives during the five year period of the contract.

A summary of the key terms and conditions of Mr Pearse's new service contract is attached.

For further information, please contact:

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BORAL LIMITED

SUMMARY OF THE KEY TERMS AND CONDITIONS OF THE SERVICE CONTRACT RE-APPOINTING ROD PEARSE AS CHIEF EXECUTIVE OFFICER AND MANAGING DIRECTOR

TERM

Subject to shareholders approving the termination payments referred to below, Mr Pearse's new service contract will commence on 1 January 2005 for a fixed term of five years ending on 31 December 2009. On expiry, the service contract may be extended by mutual agreement for a period of up to 12 months.

REMUNERATION

Mr Pearse's remuneration comprises three components:

BASE REMUNERATION

Mr Pearse will be paid a base remuneration of \$2,000,000 per annum inclusive of superannuation and fringe benefits.

SHORT TERM INCENTIVE PAYMENTS

Mr Pearse will be entitled to annual short term incentive payments of up to 100% of base remuneration.

The amount of the short term incentive payment in any year will be determined by the Board in consultation with Mr Pearse by assessment of Mr Pearse's performance against financial and non-financial targets agreed by the Board in consultation with Mr Pearse at the start of each financial year. At least 50% of the maximum amount of the incentive payment will payable if the Company's profit is equal to or greater than the budgeted profit target determined by the Board.

Boral will use reasonable endeavours to provide Mr Pearse with the opportunity to take up 50% of any short term incentive payment in the form of shares under a salary sacrifice arrangement. If Mr Pearse elects to take up any part of the short term incentive payment in the form of shares, the acquisition of those shares will be conditional upon approval of shareholders at the annual general meeting next following the election. If the acquisition of shares is not approved by shareholders, the short term incentive payment will be paid in cash.

LONG TERM INCENTIVES

Mr Pearse will be entitled to long term incentives in the form of options granted under the Boral Senior Executive Option Plan ("**Option Plan**") or share acquisition rights granted under the Boral Senior Executive Performance Share Plan ("**Share Plan**") with a fair market value intended to represent, so far as practicable, 75% of the aggregate base remuneration payable over the 5 year term of the contract.

This will be achieved by the Company granting to Mr Pearse in each of November 2005, November 2006 and November 2007 a combination of options under the Option Plan and/or share acquisition rights under the Share Plan in such numbers as are determined by the Board following consultation with Mr Pearse so that the aggregate fair market value of the options and share acquisition rights granted to Mr Pearse is equal to 125% of the base remuneration payable in respect of the period ending on 31 August immediately prior to the date of grant. In effect Mr Pearse will therefore receive 3 long term incentive grants

worth 125% of base remuneration in each of years 1, 2 and 3 of the contract, instead of 5 long term incentive grants worth 75% of base remuneration in each of years 1 to 5 of the contract.

If the service contract is terminated before the expiry of the 5 year term other than for breach by the Company, fundamental change or termination by the Company without notice then part of the long term incentives granted to Mr Pearse will be cancelled so that the aggregate incentives which Mr Pearse retains following termination represents 75% of base remuneration received over the term for which Mr Pearse actually served.

The fair market value of options and share acquisition rights will be measured in accordance with the accounting standards.

Shareholder approval of each proposed grant of options or share acquisition rights will be sought at the Company's Annual General Meeting to be held on 21 October 2004. If shareholder approval is not obtained, the Board and Mr Pearse will negotiate in good faith to provide alternative long term incentives of equivalent value to Mr Pearse.

Exercise of the options and vesting of the share acquisition rights is subject to performance hurdles to be set by reference to the maximum Total Shareholder Return ("TSR") of the Company relative to the TSR of the companies from time to time comprising the ASX 100.

Determination of the TSR will be made on the basis of movements in the share price and dividends, calculated in a similar manner to the Accumulation Index of ASX.

The period over which the TSR of the Company is compared with the TSR of the ASX 100 commences on the date of grant of the options or share acquisition rights, as the case may be, and is measured at any time during the exercise period of the options or the vesting period for the share acquisition rights, as the case may be.

The percentage of options capable of exercise or shares which vest, as the case may be, is based on a sliding scale as follows:

<i>If at any time during the exercise period of the options or the vesting period of the share acquisition rights, as the case may be, the TSR of the Company:</i>	<i>The percentage of options which become exercisable or share acquisition rights which vest is:</i>
Does not reach the 50th percentile of the TSR of the ASX 100	0%
Reaches the 50th percentile of the TSR of the ASX 100	50%
Reaches or exceeds the 75th percentile of the TSR of the ASX 100	100%

The percentage of options which become exercisable or share acquisition rights which vest increases from the 50th percentile up to the 75th percentile by 2% for each 1% increase in the percentile of the TSR of the Company compared to the TSR of the ASX 100.

REVIEW OF BASE REMUNERATION

Mr Pearse's base remuneration will be reviewed by the Board annually taking into account the performance of Mr Pearse in the preceding year and a comparison against the remuneration payable to chief executives of an appropriate comparator group of companies determined by the Board and drawn from the ASX top 50 companies and international companies of appropriate size and industry.

ARRANGEMENTS UPON TERMINATION

Set out below are the circumstances in which Mr Pearse's contract may be terminated and details of any payments and other benefits that Mr Pearse will receive as a result of such termination. For these purposes, the "total annual reward" in respect of any year is the base remuneration payable in that year plus the amount of any short term incentive payable in that year, as determined under the service contract.

EXPIRY OF TERM

If the employment of Mr Pearse terminates at the end of the fixed term then in consideration of Mr Pearse entering into the restraint described below, the Company will pay Mr Pearse on each of the dates which is 3 months, 6 months, 9 months, 12 months and 15 months after the termination date an amount equal to one quarter of the total annual reward.

RESIGNATION

Mr Pearse may resign by giving 6 months written notice, or such lesser period of notice as may be agreed. If Mr Pearse resigns, the Company can at its option, in lieu of all or part of the notice period, pay to Mr Pearse his total annual reward for the balance of the notice period. In consideration of Mr Pearse entering into the restraint described below, the Company will also pay Mr Pearse on each of the dates which is 3 months, 6 months, 9 months, 12 months and 15 months after the termination date an amount equal to one quarter of the total annual reward.

TERMINATION FOR ILLNESS OR INCAPACITY

Either Mr Pearse or the Company may, by giving 6 months written notice to the other party, terminate Mr Pearse's employment by reason of illness or incapacity if Mr Pearse is unable to perform his duties for a total of 26 weeks in any consecutive 52 weeks period or if Mr Pearse becomes permanently incapable of performing his duties. In this event the Company can at its option, in lieu of all or part of the notice period, pay to Mr Pearse his total annual reward for the balance of the notice period.

TERMINATION FOR CAUSE

The Company may dismiss Mr Pearse for misconduct, wilful neglect serious or persistent breach of the service contract or other serious causes. No termination payment is payable to Mr Pearse in these circumstances.

TERMINATION BY COMPANY FOR POOR PERFORMANCE

The Company may terminate the employment of Mr Pearse if Mr Pearse's performance of his duties under the contract is not at the level reasonably required by the Board and Mr Pearse does not improve his performance to the required level within the period specified by the Board (being a minimum of 6 months). In this situation the Company will pay Mr Pearse an amount equal to Mr Pearse's base remuneration in the year of termination.

TERMINATION FOR BREACH BY THE COMPANY OR FUNDAMENTAL CHANGE

Mr Pearse may terminate his employment if the Company is in breach of its obligations under the service contract and does not remedy the breach within a reasonable time after notice from Mr Pearse. Either party may terminate the employment if there is a fundamental change which removes or diminishes Mr Pearse's status, duties or authority consequent upon a reorganisation, merger or change of control of the Company. In either situation, the Company will pay Mr Pearse an amount equal to twice the total annual reward in the year of termination.

TERMINATION BY COMPANY WITHOUT NOTICE

The Company may at any time during the term of the service contract terminate the employment of Mr Pearse without notice. In this situation, the Company will pay Mr Pearse:

- (i) an amount equal to one half of Mr Pearse's total annual reward in the year of termination (in lieu of 6 months' notice); and
- (ii) an amount equal to total annual reward in the year of termination or where there is less than one year between the date of termination and the agreed expiry date, that amount multiplied by the number of days remaining until the expiry date divided by 365;

and in consideration of Mr Pearse entering into the restraint described below, the Company will also pay Mr Pearse on each of the dates which is 3 months, 6 months, 9 months, 12 months and 15 months after the termination date an amount equal to one quarter of the total annual reward.

RESTRAINT

If Mr Pearse's employment terminates by expiry of the term of the contract or where Mr Pearse resigns or the Company terminates his employment without notice then, for a period of 15 months from the date of termination or expiry of the executive service contract, Mr Pearse must not without the prior consent of the Board directly or indirectly in any capacity, carry on or be engaged, concerned or interested in or associated with any business or activity which is competitive with any business carried on by the Company within Australia, the United States of America or Asia at the date of the termination. For a period of 15 months from the date of termination or expiry of the service contract Mr Pearse must not solicit any client, customer, supplier or employee of the Company. The restraints described above do not apply to holdings of listed shares where the holding is less than 5% of issued capital, certain personal and family companies and trusts or cultural, charitable and non-profit organisations.

LONG TERM INCENTIVES FOLLOWING TERMINATION

Following the termination of Mr Pearse's employment:

- (i) if the employment was terminated for breach by the Company, fundamental change or termination by the Company without notice or by expiry of the 5 year period, the Company must procure that no options or share acquisition rights granted to Mr Pearse before the date of termination shall be permitted to lapse by reason of Mr Pearse ceasing to be employed by the Company; and
- (ii) if the employment was terminated in any other circumstances before the expiry of the 5 year term then part of the long term incentives

granted to Mr Pearse will be cancelled so that the aggregate long term incentives which Mr Pearse retains following termination represent 75% of base remuneration received over the term for which Mr Pearse actually served but no other options or share acquisition rights granted to Mr Pearse before the date of termination shall be permitted to lapse by reason of Mr Pearse ceasing to be employed by the Company.

In each case, all other terms and conditions applying to the exercise of options and the vesting of share acquisition rights including any exercise period or vesting period and any exercise hurdle, will in all circumstances continue to apply to the exercise of those options and the vesting of those share acquisition rights.

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