



DEPARTMENT OF INDUSTRY
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Secretary of State for Industry

Ian K MacGregor Esq
2 Broad Road
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29th April 1980

Dear Mr MacGregor,

I have today formally appointed you part-time non executive Deputy Chairman of the British Steel Corporation ("BSC") with effect from 2 May next and as full-time Chairman for the period of three years beginning on 1st July next. We both contemplate that BSC will appoint you as Chief Executive upon your assuming the Chairmanship. A related agreement has today been entered into between myself and Lazard Freres & Company ("LFNY") who have agreed to release you from your present commitments to them. A number of points arise from these arrangements which we have agreed should be recorded in a separate letter.

You and I are agreed on the objective that under your chairmanship BSC shall achieve enduring profitability. I assure you of my fullest support. It is my intention that BSC shall have as free a hand as practicable in the attainment of this objective. Various powers and duties are conferred and imposed on me by the Iron and Steel Act 1975 as amended. In exercising them I will try to give effect to all reasonable proposals which you may make, particularly with regard to the membership of the Board and the appointment of the auditors.

I should be surprised - and disappointed - if any serious and lasting disagreement were to arise between us on these matters. If, nevertheless, this were to occur I recognise that you might wish to exercise your right of immediate resignation. In this event, I would think it reasonable for BSC's performance up to the date of your resignation to be assessed by the Performance Review Committee set up under my agreement with LFNY and the appropriate payment, if any, made under that agreement. The Committee should, in making its determination under the criteria provided for in the agreement, consider in addition whether it would be appropriate to make any adjustment in either direction on account of the circumstances leading to your resignation.

/I ...



I appreciate that it was fundamental to your acceptance of the Chairmanship that the tax position should be and remain as you are at present advised. If there should be some unexpected and substantial change in this respect, we would consider together how the new position might be handled. If it proved impossible to deal with this aspect satisfactorily, I recognise that you might wish to resign on less than six months notice. In any event the provisions relating to the final payment under the agreement between myself and LFNY would apply.

I further appreciate that if agreement cannot be reached under that agreement on the criteria to be used by the Performance Review Committee under that agreement, you will, of course, be at liberty to resign but will in that case give at least 14 days notice. If you should resign for any other reason, it is envisaged that you should give at least six months notice of your intention.

The salary attaching to your appointment as Chairman is contained in the minute of appointment. This will, of course, be subject to review along with the salary attaching to other similar appointment

I confirm that I do not consider your remaining a limited partner in LFNY to be incompatible with your holding office as Chairman of BSC but if you should wish to enter into any other contractual relationship with LFNY I would expect you to seek my prior agreement as would, under the Iron and Steel Act 1975, be necessary in respect of the acquisition of any other potentially conflicting interest.

I have agreed that you should retain the appointments set out in the list attached to this letter and also keep any fees or other emoluments to which these appointments may entitle you. I recognise that it may take some little time for you to relinquish other appointments which you presently hold and I have no doubt that you will take the necessary steps within a reasonable time.

I am glad we have reached the agreements and understandings which have enabled me to appoint you as Chairman of BSC. I have every hope of its success under your leadership and I envisage that we may be able to reach new agreement on the terms on which you might continue as Chairman after your present appointment comes to an end.

Yours sincerely,

Kenn Joseph