21 July 2004

Company Announcements Office
Australian Stock Exchange

CESSATION OF DIRECTORS RETIREMENT ALLOWANCE

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Futuris Corporation Limited A.B.N. 34 004 336 636

FUTURIS
CORPORATION LIMITED

21 July 2004

ASX Release

CESSATION OF DIRECTORS RETIREMENT ALLOWANCE

The Company announced at its 2003 Annual General Meeting that the Remuneration Committee and the Board were reviewing the continuation of a retirement allowance to the Company's non-executive directors, as recommended by the ASX Corporate Governance Council.

The Company has determined to dispense with retirement allowances for any non-executive director appointed after 30 June 2004 and to freeze retirement allowances as at 30 June 2004 for all other current directors. Accrued entitlements will be paid at the time of retirement.

The Remuneration Committee and the Board have also concluded a review of non-executive directors' emoluments with independent remuneration specialist John V Egan Associates. The current remuneration levels have remained unchanged for three years.

The review concluded that the current level of fees paid was significantly below the levels paid by comparable companies and that the termination of retirement allowance would exacerbate the gap. Effective from 1 July it is proposed to increase non executive directors fees from $50,000 plus retirement entitlements and statutory superannuation to $75,000 plus statutory superannuation and excluding any retirement entitlement. The fees for the Chairman and Deputy Chairman would be three times and one and a half times the base director's fee respectively. Additional smaller amounts would be payable for service on Board committees.

The Company proposes to seek approval from shareholders to increase the *maximum* aggregate amount of fees that may be paid to the non-executive directors of the Company from the current approved maximum of $800,000 per annum to $1,300,000 per annum. This cap includes fees paid to non executive directors for service as directors of Futuris as well as fees for service as directors of subsidiary companies.. The Company has a policy that a non executive member of the Board is appointed to each material subsidiary of the Company to provide oversight independent of management.

The proposed new maximum aggregate amount exceeds the payments that will arise under the proposed new directors fees, thereby leaving the Company with sufficient capacity to accommodate any increase in the number of directors, should this be considered appropriate, and also be competitive in attracting and retaining directors of the necessary qualifications and experience.

Further information will be provided in the notice of meeting for the Company's 2004 Annual General Meeting.

<u>Further Information</u>

Stephen Gerlach, Chairman
Les Wozniczka, Chief Executive
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