

ASX RELEASE

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PAPERLINX CHIEF EXECUTIVE OFFICER

The Board of PaperlinX Limited advises that Mr Toby Marchant, CEO of PaperlinX Europe, has been appointed as Managing Director and Chief Executive Officer of PaperlinX Limited effective 1 November 2010 to replace Mr Thomas Park. Mr Park will step down from PaperlinX on 31 October 2010.

“The Board acknowledges the commitment that Tom has shown as Managing Director and CEO over the past 6 years”. PaperlinX Chairman Mr David Meiklejohn said. “The recent exit from manufacturing, the \$1.2 billion reduction of debt in the last 18 months, and refinancing away from the historical lender group have resulted in a more focused, streamlined and flexible organisation. It is now an appropriate time to make this organisational change.”

Mr Marchant has over 30 years experience in the Paper merchanting industry. He was Managing Director of the Robert Horne Group in the UK when PaperlinX acquired Buhrmann in 2003, was appointed Regional President of PaperlinX UK in 2005 and became CEO of PaperlinX Europe in 2008.

Mr Marchant will continue to be based in the United Kingdom, whilst the statutory head office will remain in Mt Waverley, Victoria. The role of CEO Europe will not be replaced.

“Toby’s appointment follows a lengthy succession planning process by the Board. Toby will be leading a very strong management team and is well qualified to lead PaperlinX as the focus shifts towards operational management following the resolution of these major strategic issues.”

“On behalf of the Board and the shareholders I thank Tom for his substantial contribution to PaperlinX and for leaving a strong management team in place. We welcome Toby to his new role and the Board looks forward to working with him.”

These changes will reduce corporate costs, will further streamline the organisation following the exit from manufacturing, and will remove a layer of management as reflected in recent announcements.

In accordance with the terms of Mr Park's employment contract his termination payment will comprise 12 months total fixed remuneration in lieu of notice plus outstanding leave entitlements.

Details of Mr Marchant's remuneration package are attached.

For further information, please contact:

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SUMMARY OF MR MARCHANT'S EMPLOYMENT CONTRACT

After receiving advice from independent remuneration consultants, Ernst and Young, Mr Marchant's remuneration comprises a fixed component of £530,000 per annum which is reviewable annually. In addition, there is a significant "at risk" proportion comprising a potential short-term incentive award, and a potential long-term incentive share arrangement.

The short-term incentive for Mr Marchant under the PaperlinX incentive plan comprises both a cash and an equity component and provides for an on-target payment of 60% (42% cash and 18% equity) of fixed remuneration if performance criteria determined by the Board are met. For substantial outperformance a maximum annual reward of up to 100% (70% cash and 30% equity) will be payable. These performance criteria include financial targets, development and implementation of business and strategic plans, and effective leadership and management.

The equity component is deferred for a further two year service period following measurement of performance and reward is provided in the form of shares in PaperlinX Limited.

The maximum payment will only be paid if outstanding performance is achieved by both PaperlinX and Mr Marchant and the percentage will be pro-rated as appropriate.

The long-term incentive comprises both performance rights and performance options. Performance will be measured over a 3 year period from 1 July 2010 and reward will be in the form of shares in PaperlinX Limited. The maximum potential entitlement of performance rights will be based on 20% of his fixed remuneration and maximum potential entitlement of performance options will be based on 10% of his fixed remuneration. These rights and options will only vest and provide Mr Marchant with shares if relevant performance criteria are met.

These performance criteria comprise 2 components, each of which rank equally and apply to half of Mr Marchant's total performance rights and performance options. The first relates to total shareholder return over the 3 year period measured against the performance of the ASX 200 companies. If PaperlinX performs in the bottom 50% of the ASX 200 group, Mr Marchant will not receive any shares in respect of this criterion. PaperlinX's total shareholder return will need to be in the top 20% when measured against the ASX 200 companies for all of his performance rights and performance options (that are subject to this criterion) to vest and for him to obtain the maximum benefit. Pro-rata arrangements will apply for a ranking between the 50th and 80th percentiles.

The second criterion relates to growth in earnings per share and applies to half of Mr Marchant's performance rights and performance options. For Mr Marchant to obtain the maximum benefit of this criterion, earnings per share growth over the 3 years must equal or exceed 15% compound per year. No performance rights or performance options (that are subject to this criterion) will vest if the growth over the period is less than 10% compound per year. Pro-rata arrangements will apply for performances equal to or greater than 10% compound per year, but less than 15% compound per year.

The company will seek shareholder approval for any equity entitlement under either the short-term or long-term incentive plans. Subsequent to shareholder approval, any shares which vest to Mr Marchant may be newly issued shares or shares purchased on-market at the discretion of the Company.

Mr Marchant's employment arrangements do not contain a fixed term and can be terminated by PaperlinX on 12 months notice or payment in lieu of notice. His employment may be terminated immediately and without notice on the grounds of misconduct, dishonesty or breach of duty.

Mr Marchant can terminate his employment on 6 months notice.

Relevant details of these remuneration arrangements will be included in the PaperlinX Annual Report.
