

ITEM 4. APPROVAL OF GRANT OF SHARE RIGHTS TO THE MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER

At the Company's 2012 Annual General Meeting, shareholders approved the grant of share rights to Mr Paul O'Malley, the Managing Director and Chief Executive Officer, in September 2013 and September 2014 under the Company's Long Term Incentive Plan (**2012 Approved Awards**). Subsequent to that approval the Board has reviewed the Company's remuneration structure, including the terms of share rights under the Company's Long Term Incentive Plan for other key management personnel (**KMP**).

In light of this review and to enable the Managing Director and Chief Executive Officer to participate in the same Long Term Incentive Plan as the other KMP, it is proposed that no share rights be granted to Mr Paul O'Malley pursuant to the 2012 Approved Awards. Instead it is proposed that Mr O'Malley be awarded share rights to acquire fully paid ordinary shares in the Company (**Share Rights**) upon satisfaction of the performance hurdles under the Company's new Long Term Incentive Plan.

Further details of the terms and conditions of the offer as currently proposed are contained below including the performance criteria to be satisfied prior to the vesting of any Share Rights.

The Share Rights, if approved, will form part of Mr O'Malley's long term incentive arrangements which are designed to align Mr O'Malley's interests with those of shareholders and form part of Mr O'Malley's overall remuneration package.

Under ASX Listing Rule 10.14, shareholder approval is required before Mr O'Malley can acquire shares in the Company under the Long Term Incentive Plan.

Proposed grant of Share Rights

Shareholder approval is sought under Item 4 in respect of two grants of Share Rights to Mr O'Malley:

- 568,125 Share Rights with an effective date of 1 September 2013 (the **2013 Award**); and
- A further possible award of Share Rights with an effective date of 1 September 2014 (the **2014 Award**).

Whether the Board grants Mr O'Malley Share Rights in respect of the 2014 Award will be based on an assessment conducted by the Board taking into account Mr O'Malley's performance and that a discretionary long term incentive award for senior executives (including Mr O'Malley) is currently a key component of the Company's overall remuneration structure. The grant of Share Rights in respect of the 2014 Award is not automatic.

The number of Share Rights proposed to be granted in respect of the 2013 Award has been determined by dividing 155% of Mr O'Malley's base salary at 1 September 2013 by the volume weighted average price (**VWAP**) of the Company's shares traded on ASX for the 3 months up to and including 31 August 2013 (being \$4.9177).

If an award of Share Rights is made to Mr O'Malley in respect of the 2014 Award, the number of Share Rights awarded would be determined by dividing a specified percentage of Mr O'Malley's base salary at 1 September 2014 by the VWAP of the Company's shares traded on ASX for the 3 months up to and including 31 August 2014. The specified percentage will be determined by the Board and will not exceed 155%.

Share Rights

Subject to the rules of the Long Term Incentive Plan, each Share Right would entitle Mr O'Malley to be provided with one fully paid ordinary share in the Company upon vesting.

No amount is payable by Mr O'Malley in respect of the grant of the Share Rights, or the exercise of a Share Right, under the Long Term Incentive Plan. Mr O'Malley will be liable for income tax in respect of the Share Rights in accordance with applicable tax laws. No financial assistance is, or will be, provided by the Company to Mr O'Malley in respect of the tax liability arising from the award or exercise of the Share Rights.

Vesting of Share Rights

Except in limited circumstances mentioned below, Share Rights would vest only to the extent that the Total Shareholder Return (**TSR**) performance condition set out below is met. Vesting will depend on a comparison of the Company's TSR performance relative to the TSR performance of the comparator group over the performance period.

For the 2013 Award, the comparator group will consist of the companies in the ASX/S&P 100 index as at 1 September 2013. For the 2014 Award, regard will be had to the same index as at 1 September 2014 to determine the comparator group.

TSR is, broadly speaking, share price growth plus dividends reinvested. Accordingly, the Company's TSR performance ranking against the TSR performance of the comparator group at the end of the relevant performance periods will determine the number of Share Rights (if any) that are exercised by Mr O'Malley.

The TSR performance condition provides that no Share Rights vest until the Company's relative TSR performance reaches the 51st percentile. At the 51st percentile, 40% of Share Rights vest. Above the 51st percentile, the number of Share Rights that vest will be prorated between the 51st percentile and the 75th percentile. At the 75th percentile (or above), 100% of Share Rights vest.

Exercise and Lapse of Share Rights

If a Share Right vests, it is exercised automatically and Mr O'Malley will be provided with a fully paid ordinary share in the Company. Shares would be acquired for Mr O'Malley by the trustee of the Long Term Incentive Plan trust by way of subscription for new shares or on-market purchase with funds provided by the Company.

There are two performance periods for the Share Rights granted in respect of the 2013 Award, each starting on 1 September 2013. The Company's TSR performance will be assessed at the end of the first performance period of 3 years ending on 31 August 2016. If none, or only some, of the Share Rights vest at the end of this first performance period, then the TSR performance will be assessed again at the end of the 4 year performance period ending on 31 August 2017.

For any Share Rights granted in respect of the 2014 Award, the performance periods will commence on 1 September 2014, with the first performance period ending on 31 August 2017 and the second on 31 August 2018.

It is only where the Company's TSR performance in the second performance period of 4 years has improved from the first 3 year performance period that additional Share Rights will vest.

The inclusion of a second performance period in the Company's Long Term Incentive Share Rights Plan forms part of the overall remuneration structure put in place by the Board. The Company continues to be affected by a volatile international steel market and volatile raw material prices. It is, therefore, important that strategic initiatives to continue the Company's transition to a less volatile business portfolio are pursued by the Company's leadership team. However, this volatility introduces a level of uncertainty about the retention and incentive value of the Long Term Incentive program during this transition period. The Board proposes to recognise this fact as well as the continuation of the tougher vesting scale, and the actual vesting experience and cost of the Long Term Incentive program, through a single vesting retest. The retest will operate to extend the performance period from three years to four years, thus requiring significant outperformance in the fourth year before any vesting can occur.

Ceasing employment

Unvested Share Rights will lapse if Mr O'Malley ceases to be employed because of termination for cause.

If Mr O'Malley ceases to be employed because of death or disability, all his unvested Share Rights would vest. Vesting in these circumstances would occur without regard to performance hurdles. Shareholder approval for the vesting of Share Rights to the extent a termination benefit is provided in these circumstances, was obtained at the 2010 Annual General Meeting.

In the event of agreed retirement, redundancy or resignation of Mr O'Malley, the number of unvested Share Rights, if any, retained by Mr O'Malley will be subject to the absolute discretion of the Board in accordance with the rules of the Long Term Incentive Share Rights Plan. Any Share Rights retained by Mr O'Malley would vest only if and when the relevant performance hurdles are satisfied.

Change of control

If, at any time while there are Share Rights which have not lapsed or been exercised, a takeover bid is made to acquire the whole of the issued ordinary share capital of the Company or a transaction is announced by the Company which, if implemented, would result in a person acquiring more than 50% of the issued shares in the Company, then the Board may permit the

Share Rights to vest provided the performance hurdles have been met at that time and must permit the Share Rights to vest if a person acquires more than 50% of the issued share capital of the Company provided that the performance hurdles have been satisfied.

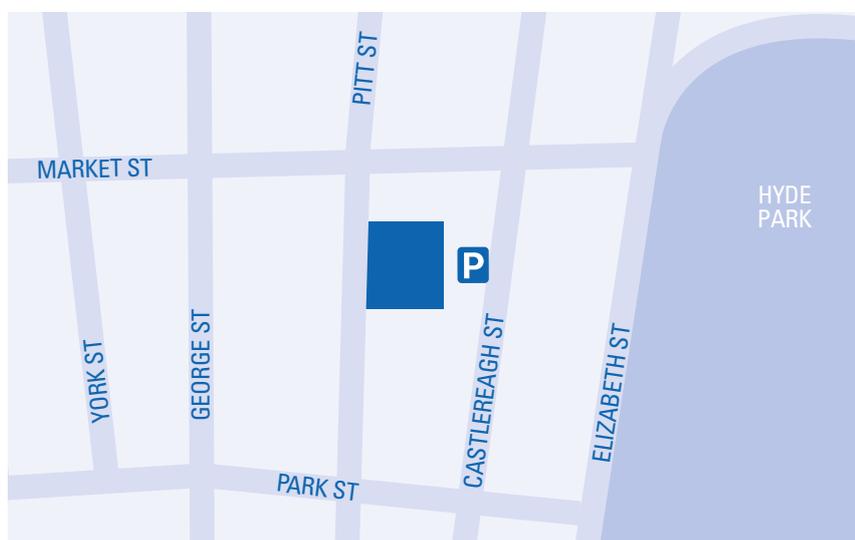
Additional Information

In accordance with the ASX Listing Rules and the Corporations Act, the following additional information is provided concerning the Share Rights to be awarded to Mr O'Malley under the Company's Long Term Incentive Plan:

- Mr O'Malley is the only Director who is entitled to participate in the Long Term Incentive Plan. Mr O'Malley was awarded 1,367,464 Share Rights in September 2012 pursuant to shareholder approval obtained at the 2010 Annual General Meeting.
- There is no loan scheme in relation to the Long Term Incentive Plan (or Share Rights awarded under it).
- The Share Rights to be granted to Mr O'Malley in respect of the 2013 Award will be granted shortly after the date of the Annual General Meeting. Any Shares Rights to be granted to Mr O'Malley in respect of the 2014 Award will be granted no later than 13 November 2016.
- Details of any Share Rights awarded and provided to Mr O'Malley under the Long Term Incentive Plan will be published in each annual report of the Company relating to a period in which Share Rights have been issued, including noting that approval for the issue of securities was obtained under ASX Listing Rule 10.14.
- Any additional person who becomes entitled to participate in the Long Term Incentive Plan after this resolution is passed and who was not named in the Notice of Meeting will not participate until approval is obtained under ASX Listing Rule 10.14.

Directors' Recommendation

The Directors (other than Mr O'Malley) recommend that shareholders vote in favour of Item 4. Being the recipient of the proposed award, it is not appropriate for Mr O'Malley to make a recommendation.



ANNUAL GENERAL MEETING LOCATION

Wesley Conference Centre,
220 Pitt Street, Sydney,
New South Wales
at 2.00pm (Sydney time) on
Thursday 14 November 2013.

BLUESCOPE STEEL LIMITED

ABN 16 000 011 058
LEVEL 11, 120 COLLINS STREET
MELBOURNE, VICTORIA 3000 AUSTRALIA
WWW.BLUESCOPE.COM

BlueScope Notice of Meeting

2013



OFFICE OF THE CHAIRMAN

14 October 2013

Dear Shareholder

I am pleased to invite you, as a shareholder, to attend BlueScope Steel Limited's 2013 Annual General Meeting.

The meeting will be held on **Thursday, 14 November 2013** at the **Wesley Conference Centre, 220 Pitt Street, Sydney, New South Wales** commencing at 2.00pm (Sydney time). Registration desks will be open from 1.00pm.

Enclosed is your Notice of 2013 Annual General Meeting together with the following documents:

- A personalised proxy form. If you do not intend to attend the meeting, you should complete and return this form in the envelope provided, or fax it to the number noted at the top of the form. Alternatively, instructions on how to lodge your proxy online can be found at the BlueScope Steel website www.bluescope.com/investors;
- A form to elect to receive information on BlueScope Steel including your annual report and meeting documents and/or to elect to receive dividend payment advices by electronic means (e-mail) (Electronic Communications Form); and
- A business reply paid envelope, or a return address envelope (if your registered address is outside Australia) for the return of any completed proxy form and/or Electronic Communications Form.

Please present your proxy form to assist with your registration at the meeting if you will be attending in person and not voting by proxy.

Your 2013 Annual Report (including the Financial Statements and the reports of the Directors and the auditor for the year ended 30 June 2013) was posted to shareholders who had elected to receive a hard copy and made available online at www.bluescope.com/investors/annual-reports on 16 September 2013.

The ordinary business of the 2013 Annual General Meeting is to consider the 2013 Annual Report, Remuneration Report and election of Directors. Mr Ron McNeilly will be retiring by rotation and seeking re-election at the meeting. Mr Ewen Crouch AM and Mr Lloyd Jones, having been appointed as Directors since the 2012 Annual General Meeting, vacate office in accordance with the Company's Constitution and, being eligible, offer themselves for election.

The special business to be considered at the 2013 Annual General Meeting is the grant of share rights to the Managing Director and Chief Executive Officer.

The Board ask shareholders to support these resolutions.

I look forward to welcoming you to the meeting.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Graham Kraehe".

GRAHAM KRAEHE AO CHAIRMAN

NOTICE OF MEETING AND INFORMATION FOR SHAREHOLDERS

Notice is given that the 2013 Annual General Meeting of BlueScope Steel Limited (the **Company**) will be held at the Wesley Conference Centre, 220 Pitt Street, Sydney, New South Wales on Thursday, 14 November 2013 at 2.00pm (Sydney time).

ORDINARY BUSINESS

1. Annual Report

To receive and consider the Annual Report, Financial Statements and the reports of the Directors and the auditor for the year ended 30 June 2013.

2. Remuneration Report

To consider and, if thought fit, pass the following resolution:

“That the Remuneration Report, which forms part of the report of the Directors for the year ended 30 June 2013, be adopted.”

Note: The vote on this resolution is advisory only and does not bind the directors or the Company.

3. Election of Directors

- (a) Mr Ron McNeilly retires by rotation in accordance with the Company’s Constitution and, being eligible, offers himself for re-election.
- (b) Mr Ewen Crouch, having been appointed as a Director since the 2012 Annual General Meeting vacates office in accordance with the Company’s Constitution and, being eligible, offers himself for election.
- (c) Mr Lloyd Jones, having been appointed as a Director since the 2012 Annual General Meeting vacates office in accordance with the Company’s Constitution and, being eligible, offers himself for election.

SPECIAL BUSINESS

4. Approval of grant of share rights to the Managing Director and Chief Executive Officer

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“That the grant of share rights to the Managing Director and Chief Executive Officer, Mr Paul O’Malley, under the Long Term Incentive Plan as described in the Explanatory Notes to this Notice of 2013 Annual General Meeting be approved for all purposes, including for the purpose of ASX Listing Rule 10.14.”

Voting restrictions for key management personnel and closely related parties

Item 2 – voting restrictions

The Corporations Act 2001 (Cth) (**Corporations Act**) imposes restrictions on:

- Directors and other key management personnel (as defined in the Corporations Act) of the Company; and
- their closely related parties (as defined in the Corporations Act), voting in any capacity (eg as a shareholder, proxy or corporate representative) on Item 2. These restrictions do not apply if the person has been appointed as a proxy by writing that specifies how the proxy is to vote on Item 2, provided that the person who appointed the proxy is not themselves a person subject to the restriction. The Remuneration Report identifies the Company’s key management personnel for the financial year to 30 June 2013.

Also, the restrictions do not apply to the Chairman of the Meeting as proxy where the proxy appointment expressly authorises the Chairman of the Meeting to exercise an undirected proxy. If a member appoints the Chairman of the Meeting as their proxy and the member does not direct him how to vote on Item 2, the member authorises the Chairman of the Meeting to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the Company’s key management personnel.

The Chairman of the Meeting intends to vote undirected proxies (where he has been appropriately authorised) in FAVOUR of Item 2.

If you do not wish to appoint the Chairman of the Meeting to vote on Item 2 in the manner indicated above, the Company encourages you to complete the voting directions in respect of Item 2 in Step 2 of the proxy form.

Item 4 – voting restrictions

The Company will disregard any votes cast on Item 4 by Mr O'Malley, or any of his associates. However, the Company need not disregard a vote if the vote is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form.

The Corporations Act also prohibits the Company's key management personnel and their closely related parties voting as a proxy on resolutions connected directly or indirectly with the remuneration of key management personnel (such as Item 4), if the proxy appointment does not specify the way the person is to vote. The prohibition does not apply to the Chairman of the Meeting as proxy where the proxy appointment expressly authorises the Chairman of the Meeting to exercise an undirected proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the key management personnel.

The Chairman of the Meeting intends to vote undirected proxies (where the Chairman has been appropriately authorised) in FAVOUR of Item 4.

If you do not wish to appoint the Chairman of the Meeting to vote on Item 4 in the manner indicated above, the Company encourages you to complete the voting directions in respect of Item 4 in Step 2 of the proxy form.

Proxy information

- A member who is entitled to attend and cast a vote at the 2013 Annual General Meeting may appoint a proxy.
- A proxy need not be a member and can be an individual or a body corporate.
- A body corporate appointed as a member's proxy may appoint a representative to exercise any of the powers the body corporate may exercise as a proxy at the meeting (see "Corporate representatives" below).
- A member who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise.
- The following addresses and facsimile number are specified for the purposes of receipt of proxy appointments:

Addresses

By hand:

BlueScope Steel Share Registry
c/- Link Market Services Limited
Level 12, 680 George Street
Sydney, NSW, 2000

By Fax:

Facsimile: +61 (0)2 9287 0309

By mail:

BlueScope Steel Share Registry
c/- Link Market Services Limited
Locked Bag A14, Sydney South, NSW, 1235

Electronic proxy voting:

<https://investorcentre.linkmarketservices.com.au>

- To be effective, the instrument by which a proxy is appointed by a member and, if the instrument is signed by the member's attorney, the authority under which the instrument is signed or a certified copy of the authority, must be received by the Company at least 48 hours before the commencement of the meeting.
- For more information concerning the appointment of proxies and the addresses to which proxy forms may be sent, please refer to the proxy form.

Corporate representatives

- A body corporate that is a shareholder (or which is appointed as a proxy) may appoint a person to act as its representative. The representative should bring to the meeting:
 - a letter or certificate authorising him or her as the Company's representative, executed in accordance with the body corporate's constitution; or
 - a copy of the resolution appointing the representative, certified by a secretary or director of the body corporate.
- To be effective, the instrument appointing a person as the representative of a body corporate that has been appointed as a proxy must be received by the Company at least 48 hours before the meeting.

VOTING ENTITLEMENTS

- The Board has determined that for the purposes of the meeting, shares will be taken to be held by those persons recorded on the Company's share register as at 7.00pm (Melbourne time) on Tuesday, 12 November 2013.

By order of the Board

Michael Barron, Company Secretary
Melbourne, 14 October 2013

EXPLANATORY NOTES

This information forms part of the Notice of Meeting.

ITEM 1. ANNUAL REPORT

The Annual Report, Financial Statements and the reports of the Directors and the auditor for the year ended 30 June 2013 will be presented for consideration.

These documents are accessible on the Company's website <http://www.bluescope.com/investors/annual-reports>.

ITEM 2. REMUNERATION REPORT

The Remuneration Report forms part of the Directors' Report, and is included in the Company's Annual Report for the year ended 30 June 2013. The Remuneration Report is also available on the Company's website <http://www.bluescope.com/investors/annual-reports>.

The Remuneration Report:

- explains the Company's remuneration policy and its relationship with the Company's performance;
- contains the remuneration details of the Directors and the other key management personnel of the Company; and
- explains the incentive arrangements in place for the Company's employees.

The Directors unanimously recommend that you vote in favour of this advisory resolution.

ITEM 3. CANDIDATES FOR ELECTION AS DIRECTORS

Mr McNeilly retires by rotation, and being eligible, offers himself for re-election.

Mr Crouch having been appointed by the Directors on 12 March 2013, vacates office in accordance with the Company's Constitution and, being eligible, offers himself for election.

Mr Jones having been appointed by the Directors on 2 September 2013, vacates office in accordance with the Company's Constitution and, being eligible, offers himself for election.

Biographical information on Messrs McNeilly, Crouch and Jones is set out below. Additionally, information on the process and criteria for determining the independence of Messrs McNeilly, Crouch and Jones for the purposes of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations is contained in the Company's Corporate Governance Statement, which forms part of the Annual Report.

Other members of the Board support the re-election of Mr McNeilly and the election of Mr Crouch and Mr Jones.

Ron McNeilly, Non-Executive Director (Independent)
Age 70, BCom, MBA, FCPA
Director since: May 2002

Mr McNeilly is Deputy Chairman of the Board with over 30 years' experience in the steel industry. He joined BHP in 1962,

and until December 2001 held various positions with the BHP Group (now BHP Billiton), including Executive Director and President BHP Minerals, Chief Operating Officer and Executive General Manager, and was Chief Executive Officer BHP Steel until 1997. The latter role developed his knowledge of many of the businesses comprising BlueScope Steel today.

Mr McNeilly has been a director of WorleyParsons Limited since October 2002, Chairman from October 2004 to March 2013 and is currently Deputy Chairman and Lead Independent Director. He was a director of Alumina Ltd from December 2002 to March 2011 and Vice President of the Australia Japan Business Cooperation Committee until November 2010. He also served as a member of the Council on Australia Latin America Relations and as Chairman of Melbourne Business School.

Ewen Crouch AM, Non-Executive Director (Independent)
Age 57, BEc (Hons), LLB, FAICD
Director since: March 2013

Mr Crouch is a former Partner at Allens (1988 to 2013), where he was one of Australia's leading M&A lawyers, having acted on some of Australia's most significant transactions. Mr Crouch held the following roles at Allens: Chairman of Partners (2009 to 2012), Co-Head Mergers and Acquisitions and Equity Capital Markets (2004 to 2010), Executive Partner – Asian Offices (1999 to 2004) (responsible for the China and South-East Asia practices of the firm) and Deputy Managing Partner (1993 to 1996). Mr Crouch is a director of Westpac Banking Corporation, Chairman of Mission Australia and a board member of Sydney Symphony Orchestra. Mr Crouch is a Fellow of the Australian Institute of Company Directors and is a member of the Takeovers Panel.

Mr Crouch brings to the Board his extensive experience as a legal adviser on significant transactions in the Australian and international markets, his knowledge of the manufacturing and construction sectors from previous non-executive directorships, as well as involvement in the China and South-East Asian markets.

Lloyd Jones, Non-Executive Director (Independent)
Age 60, BEng, MBA
Director since: September 2013

Mr Jones was appointed to the Board of the Company in September 2013. He is a director of the Myer Family Company, Deputy Chairman of Doric Group and an advisory director to a division of Deutsche Bank in Australia.

Mr Jones is a qualified engineer and spent 25 years of his career in a variety of senior management roles with Alcoa including General Manager of WA Operations, President of US Smelting and President Asia Pacific (based in Tokyo and Beijing). Most recently Mr Jones has served as President of Cerberus Capital Management's Asia Advisors Unit. His experience encompasses metals, smelting and roll forming, plant operations, energy, construction, mergers and acquisitions, corporate affairs and finance.