

BlueScope

Notice of Meeting

2014



OFFICE OF THE CHAIRMAN

13 October 2014

Dear Shareholder

I am pleased to invite you, as a shareholder, to attend BlueScope Steel Limited's 2014 Annual General Meeting.

The meeting will be held on **Thursday, 13 November 2014** at the **Melbourne Convention and Exhibition Centre, 2 Clarendon Street, Southbank, Victoria** commencing at 2.00pm (Melbourne time). Registration desks will be open from 1.00pm.

Enclosed is your Notice of 2014 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 on-line 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 2014 Annual Report (including the Financial Statements and the reports of the Directors and the auditor for the year ended 30 June 2014) was posted to shareholders who had elected to receive a hard copy and made available on-line at www.bluescope.com/investors/annual-reports on 22 September 2014.

The ordinary business of the 2014 Annual General Meeting is to consider the 2014 Annual Report, Remuneration Report and election of Directors. I am retiring, by rotation, together with Ms Bingham-Hall. We are both seeking re-election. Mr Bevan and Ms Dee-Bradbury are seeking election, having been appointed as Directors since the 2013 Annual General Meeting.

The special business to be considered at the 2014 Annual General Meeting is the grant of share rights to the Managing Director and Chief Executive Officer and the renewal of proportional takeover provisions in the Company's Constitution.

The Board ask shareholders to support these resolutions.

I look forward to welcoming you to the meeting.

Yours sincerely,

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

GRAHAM KRAEHE AO CHAIRMAN

NOTICE OF MEETING AND INFORMATION FOR SHAREHOLDERS

Notice is given that the 2014 Annual General Meeting of BlueScope Steel Limited (the **Company**) will be held at the Melbourne Convention and Exhibition Centre, 2 Clarendon Street, Southbank, Victoria on Thursday, 13 November 2014 at 2.00pm (Melbourne 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 2014.

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 2014, 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 Graham Kraehe retires by rotation in accordance with the Company's Constitution and, being eligible, offers himself for re-election.
- (b) Ms Penny Bingham-Hall retires by rotation in accordance with the Company's Constitution and, being eligible, offers herself for re-election.
- (c) Mr John Bevan, having been appointed as a Director since the 2013 Annual General Meeting vacates office in accordance with the Company's Constitution and, being eligible, offers himself for election.
- (d) Ms Rebecca Dee-Bradbury, having been appointed as a Director since the 2013 Annual General Meeting vacates office in accordance with the Company's Constitution and, being eligible, offers herself for election.

SPECIAL BUSINESS

4. Renewal of proportional takeover provisions

To consider and, if thought fit, to pass the following resolution as a special resolution:

“That the proportional takeover provisions in the form of rules 6.12 to 6.17 (inclusive) of the Constitution are renewed for a period of 3 years commencing immediately.”

5. 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:

“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 2014 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 ended 30 June 2014.

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 5 – voting restrictions

The Company will disregard any votes cast on Item 5 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 5), 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 5.

If you do not wish to appoint the Chairman of the Meeting to vote on Item 5 in the manner indicated above, the Company encourages you to complete the voting directions in respect of Item 5 in Step 2 of the proxy form.

Proxy information

- A member who is entitled to attend and cast a vote at the 2014 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 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, 11 November 2014.

By order of the Board

Michael Barron, Company Secretary
Melbourne, 13 October 2014

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 2014 will be presented for consideration.

These documents are accessible on the Company's website 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 2014. The Remuneration Report is also available on the Company's website 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 shareholders vote in favour of this advisory resolution.

ITEM 3. CANDIDATES FOR ELECTION AS DIRECTORS

Mr Kraehe and Ms Bingham-Hall retire by rotation, and being eligible, offer themselves for re-election.

Mr Bevan and Ms Dee-Bradbury having been appointed by the Directors in March 2014 and April 2014, respectively, vacate office in accordance with the Company's Constitution and, being eligible, offer themselves for election.

Biographical information on the Directors seeking election or re-election is set out below. Additionally, information on the process and criteria for determining the independence of these Directors 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.

The Board (in each case excluding the relevant candidate) supports the re-election of Mr Kraehe and Ms Bingham-Hall and the election of Mr Bevan and Ms Dee-Bradbury.

Graham Kraehe AO, Chairman (Independent)

Age 71, BEd

Director since: May 2002

Mr Kraehe is Chairman of the Company and a Director of Djerriwarrh Investments. He was previously Chairman of Brambles, Chairman of National Australia Bank and a Director of News Corporation and the Reserve Bank of Australia.

Mr Kraehe's executive career spanned 30 years as CEO of a number of businesses in the diversified industrial and wine sectors including Pacific BBA and Southcorp. In these roles he obtained extensive experience in manufacturing management and in companies with substantial, geographically diverse, industrial operations.

He has had many business and community roles including National President of the Australian Industry Group and Chairman of the Future Directions Forum. In December 2013, he was appointed to the Australian Prime Minister's Business Advisory Council. In 2003 he was made a member of the Order of Australia for services to industry and the environment.

Penny Bingham-Hall, Non-Executive Director (Independent)

Age 54, BA (Ind.Des), FAICD, SF(Fin)

Director since: March 2011

Ms Bingham-Hall spent more than 20 years in a variety of roles with Leighton Holdings prior to retiring from the company at the end of 2009. Senior positions held with Leighton include Executive General Manager Strategy, responsible for Leighton Group's overall business strategy and Executive General Manager Corporate, responsible for business planning and corporate affairs. She brings extensive knowledge of the building and construction industry in both Australia and Asian markets.

Ms Bingham-Hall is a director of DEXUS Funds Management Limited, the Sydney Ports Corporation, Newcastle Port Corporation, Port Kembla Port Corporation and is a former director of Australia Post and The Global Foundation. She is a director of Taronga Conservation Society Australia and has previously held non-executive directorships with other industry and community organisations, including the Art Gallery of NSW, the Australian Council for Infrastructure Development and as the inaugural Chairman of Advocacy Services Australia.

Ms Bingham-Hall is Chair of the Remuneration and Organisation Committee.

John Bevan, Non-Executive Director (Independent)

Age 57, BCom (Mkt)

Director since: March 2014

Mr Bevan was CEO of Alumina Limited from 2008 to 2013. Before joining Alumina Limited in 2008 Mr Bevan spent 29 years in a variety of senior management roles with BOC Group, including as a director on The BOC Group plc Board, Chief Executive Process Gas Solutions with responsibility for the bulk and tonnage business for the entire BOC group, Chief Executive Asia and country lead roles in the United Kingdom, Thailand and Korea. Mr Bevan is also a non-executive director of Ansell Limited.

He brings to the Board extensive experience in international business and heavy industrial operations.

Rebecca Dee-Bradbury, Non-Executive Director (Independent)

Age 46, BBus (Mkt)

Director since: April 2014

Ms Dee-Bradbury was Chief Executive Officer/President Developed Markets Asia Pacific and ANZ for Kraft/Cadbury from 2010 to 2014, leading the business through significant transformational change. Before joining Kraft/Cadbury Ms Dee-Bradbury was Group CEO of the global Barbeques Galore group, and has held other senior executive roles in organisations including Maxxium, Burger King Corporation and Lion Nathan/Pepsi Cola Bottlers.

Ms Dee-Bradbury is a Non-Executive Director of TOWER Limited and until recently was a member of the Australian Federal Government's Asian Century Strategic Advisory Board.

She brings to the Board significant experience in strategic brand marketing, customer relationship management and innovation.

ITEM 4. RENEWAL OF PROPORTIONAL TAKEOVER PROVISIONS

Under the Corporations Act, a company may include provisions in its constitution that enable it to refuse to register shares acquired under a proportional takeover bid unless a resolution approving the bid is passed by shareholders.

Rules 6.12 to 6.17 of the Constitution currently contain provisions dealing with proportional takeover bids in accordance with the Corporations Act. These provisions were reinserted into the Constitution at the 2011 Annual General Meeting and will automatically cease to have effect after 16 November 2014, unless the resolution in Item 4 is passed. The Directors consider it in the interests of shareholders to renew these provisions. If the resolution in Item 4 is passed, the proportional takeover provisions will apply for a further 3 years from the time the resolution is passed.

A copy of the Company's Constitution, containing the proportional takeover provisions in rules 6.12 to 6.17, is available on the Company's website at www.bluescope.com/about-us/governance.

Where the approval of members is sought to renew proportional takeover provisions, the Corporations Act requires certain information to be included in the notice of meeting. That information is set out below.

Proportional takeover bid

A proportional takeover bid is a takeover bid where the offer made to each shareholder is only for a proportion of that shareholder's shares in the Company.

Effect of proportional takeover provisions

If a proportional takeover bid is made, the Directors must ensure that a resolution of shareholders to approve the takeover bid is voted on before the fourteenth day before the last day of the bid period. The vote is decided on a simple majority and each person (other than the bidder and its associates) who, as at the end of the day on which the first offer under the bid was made, held bid class securities, is entitled to vote. If the resolution is not passed, transfers giving effect to takeover contracts for the bid will not be registered and the offer will be taken to have been withdrawn. If the resolution is not voted on within the required time, the bid will be taken to have been approved.

If the bid is approved (or taken to have been approved), the transfers must be registered (provided they comply with other provisions of the Corporations Act and the Constitution).

The proportional takeover approval provisions do not apply to full takeover bids and will only apply for 3 years from the date of renewal. The provisions may be renewed for a further term, but only by a special resolution of shareholders.

Reasons for proportional takeover provisions

A proportional takeover bid may result in control of the Company changing without shareholders having the opportunity to dispose of all their shares. Shareholders are exposed to the risk of being left as a minority in the Company and the risk of

the bidder being able to acquire control of the Company without payment of an adequate control premium.

In order to deal with this possibility, a company may provide in its constitution that:

- in the event of a proportional takeover bid being made for shares in the company, shareholders are required to vote by ordinary resolution and collectively decide whether to accept or reject the offer; and
- the majority decision of the company's shareholders will be binding on all individual shareholders.

These provisions allow shareholders to decide whether a proportional takeover bid is acceptable in principle, and assist in ensuring that any partial bid is appropriately priced.

Knowledge of any acquisition proposals

As at the date this notice of meeting was prepared, no Director of the Company is aware of any proposal by any person to acquire or to increase a substantial interest in the Company.

Potential advantages and disadvantages

The Directors consider that the proportional takeover provisions have no potential advantages or disadvantages for the Directors and that they remain free to make a recommendation as to whether an offer under a proportional takeover bid should be accepted.

The potential advantages for shareholders of the proportional takeover provisions include:

- shareholders – as a collective – have the right to consider the terms of the proportional takeover bid and to decide by majority vote whether an offer under a proportional takeover bid should proceed;
- they may help shareholders to avoid being locked in as a minority;
- they increase shareholders' bargaining power and may assist in ensuring that any proportional takeover bid is adequately priced; and
- knowing the view of the majority of shareholders may help each individual shareholder assess the likely outcome of the proportional takeover bid and decide whether to accept or reject an offer under the bid.

The potential disadvantages for shareholders include:

- proportional takeover bids for shares in the Company may be discouraged;
- shareholders may lose an opportunity to sell some of their shares at a premium; and
- the likelihood of a proportional takeover succeeding may be reduced.

While the previous proportional takeover provisions were in effect, there were no full or proportional takeover bids for the Company. Therefore there has been no example against which

to review the advantages or disadvantages of the provisions for the Directors and shareholders respectively, however, the Directors are not aware of any potential takeover bid that was discouraged by these provisions.

The Directors believe that the potential advantages outweigh the potential disadvantages of renewing the proportional takeover provisions for a further 3 years.

Directors' Recommendation

The Directors recommend that shareholders vote in favour of Item 4.

ITEM 5. APPROVAL OF GRANT OF SHARE RIGHTS TO THE MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER

It is proposed that, subject to Board approval, Mr Paul O'Malley, the Managing Director and Chief Executive Officer of the Company, be awarded performance rights to acquire fully paid ordinary shares in the Company (**Share Rights**) upon satisfaction of the performance hurdles under the Company's Long Term Incentive Plan. Full 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 5 in respect of a grant of Share Rights to Mr O'Malley with an effective date of 1 September 2015 (the **2015 Award**).

Whether the Board grants Mr O'Malley Share Rights in respect of the 2015 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 2015 Award is not automatic.

The number of Share Rights proposed to be granted in respect of the 2015 Award will be determined by dividing a specified percentage of Mr O'Malley's base salary at 1 September 2015 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 2015. This 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 2015 Award, the comparator group will consist of the companies in the ASX/S&P 100 index as at 1 September 2015. 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 vest.

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 2015 Award, each starting on 1 September 2015. The Company's TSR performance will be assessed at the end of the first performance period of 3 years ending on 31 August 2018. 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 2019.

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 may vest. The retest operates to extend the performance period from 3 years to 4 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.

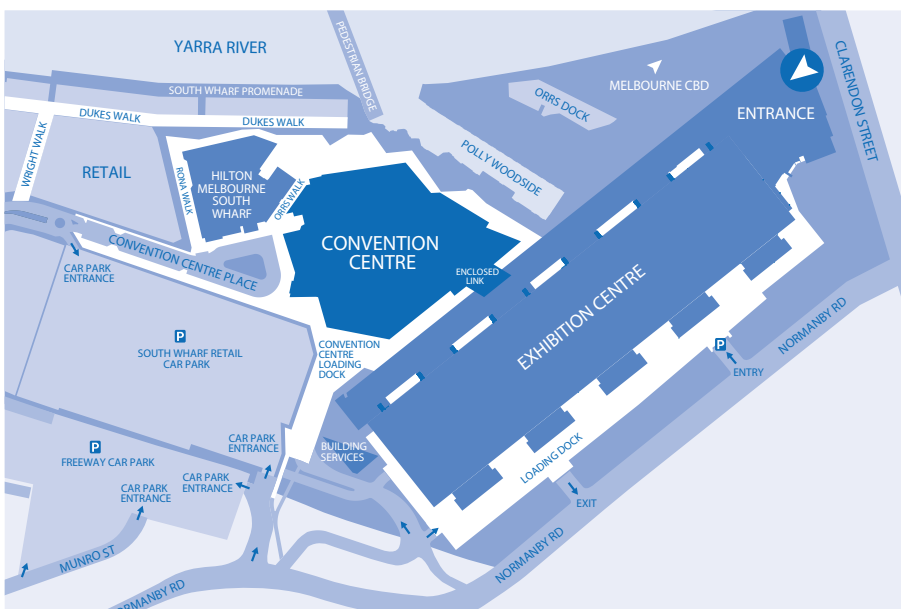
Additional Information

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 568,125 Share Rights in October 2013 and 500,885 Share Rights in September 2014, pursuant to shareholder approval obtained at the 2013 Annual General Meeting. No amount was payable for those Share Rights.
- There is no loan scheme in relation to the Long Term Incentive Plan (or Share Rights awarded under it).
- It is expected that the Share Rights to be granted to Mr O'Malley in respect of the 2015 Award will be granted in September 2015 and in any event no later than 12 months after the 2014 Annual General Meeting.

Directors' Recommendation

The Directors (other than Mr O'Malley) recommend that shareholders vote in favour of Item 5. Being the recipient of the proposed award, it is not appropriate for Mr O'Malley to make a recommendation.



ANNUAL GENERAL MEETING LOCATION

Melbourne Convention and Exhibition Centre, 2 Clarendon Street, Southbank, Victoria at 2.00pm (Melbourne time) on Thursday, 13 November 2014

BLUESCOPE STEEL LIMITED

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