



NOTICE OF MEETING AND INFORMATION FOR SHAREHOLDERS 2019

1 October 2019

Dear Shareholder

I am pleased to invite you to attend BlueScope Steel Limited's 2019 Annual General Meeting.

The meeting will be held on **Thursday 21 November 2019** at the **Stamford Plaza Brisbane, 39 Edward Street, Brisbane** commencing at 10.00am Brisbane time (11.00am Melbourne time). Registration desks will be open from 9.00am (Brisbane time).

Enclosed is your Notice of 2019 Annual General Meeting together with a personalised proxy form. If you do not intend to attend the meeting in person, you should complete and return your proxy 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 are at www.linkmarketservices.com.au.

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.

The 2019 Annual Report (including the Financial Statements and the reports of the Directors and the auditor for the year ended 30 June 2019) was posted to shareholders who elected to receive a hard copy on 24 September 2019 and made available online at www.bluescope.com/investors/annual-reports.

The ordinary business of the 2019 Annual General Meeting is to consider:

- ▶ the 2019 Annual Report;
- ▶ adoption of the 2019 Remuneration Report;
- ▶ the re-election of Mr Ewen Crouch, who having been on the Board for a three-year term, must retire by rotation and is standing for re-election;
- ▶ approval for the grant of share rights to the Managing Director & Chief Executive Officer; and
- ▶ approval to provide the Company with the ability to buy back up to an additional 70,000,000 of its ordinary shares on-market, should the Board decide that buying back additional shares is in the best interests of shareholders.

Further detail on each of the resolutions is contained in the attached Explanatory Notes. The Board asks shareholders to support these resolutions.

I look forward to welcoming you to the meeting.

Yours sincerely,

John Bevan, Chairman

Notice of meeting and information for shareholders

Notice is given that the 2019 Annual General Meeting of BlueScope Steel Limited (the **Company**) will be held at the Stamford Plaza Brisbane, 39 Edward Street, Brisbane on Thursday 21 November 2019 at 10.00am Brisbane time (11.00am Melbourne time).

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 2019.

2. Remuneration Report

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

“That the Remuneration Report, which forms part of the report of the Directors for the year ended 30 June 2019, be adopted.”

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

3. Re-election of Director

To consider and, if thought fit, pass the following resolution as a separate ordinary resolution:

“That Mr Ewen Crouch, who retires by rotation in accordance with the Company’s Constitution and, being eligible, offers himself for re-election, be re-elected as a Director of the Company.”

4. Approval of grant of Share Rights to Mark Vassella under the Company’s Short Term Incentive Plan

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

“The grant of Share Rights to Mark Vassella, under the Company’s Short Term Incentive Plan as described in the Explanatory Notes to this Notice of 2019 Annual General Meeting be approved for all purposes, including for the purpose of ASX Listing Rule 10.14.”

5. Approval of grant of Alignment Rights to Mark Vassella under the Company’s Long Term Incentive Plan

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

“That the grant of Alignment Rights to Mark Vassella, under the Company’s Long Term Incentive Plan as described in the Explanatory Notes to this Notice of 2019 Annual General Meeting be approved for all purposes, including for the purpose of ASX Listing Rule 10.14.”

6. Approval to undertake possible further on-market share buy-backs

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

“That, for the purposes of section 257C of the Corporations Act, and for all other purposes, the Company be authorised to conduct on-market buy-backs of ordinary shares in the Company (**Shares**)

in the 12 month period following the approval of this resolution, provided that the number of Shares bought back during that 12 month period does not exceed 70,000,000, in accordance with the terms and on the basis described in the Explanatory Notes to the Notice of Meeting convening this meeting.”

Voting restrictions for key management personnel and closely related parties

Item 2 – voting restrictions

No member of the key management personnel of the Company’s consolidated group (**Group**) whose remuneration details are included in the Remuneration Report (or a closely related party of any such member), may vote in any capacity, and the Company will disregard the votes cast by or on behalf of such persons, on Item 2, unless the vote is cast as proxy for a person entitled to vote on Item 2:

- ▶ in accordance with a direction on the proxy form; or
- ▶ by the Chairman of the meeting if the Chairman has received express authority to vote undirected proxies as the Chairman sees fit, even though Item 2 is connected with the remuneration of the Group’s key management personnel.

Items 4 & 5 – voting restrictions

Items 4 and 5 are resolutions connected directly or indirectly with the remuneration of key management personnel.

The Company will disregard:

- ▶ any votes cast in favour of Items 4 and 5 by or on behalf of Mark Vassella and any of his associates, in any capacity; and
- ▶ any votes cast on Items 4 and 5 by a person who is a member of the Group’s key management personnel or their closely related parties as proxy.

However, the Company does not need to disregard votes cast by such persons on Items 4 and 5 as proxy for another person who is entitled to vote on those Items if the vote is cast:

- ▶ in accordance with the directions on the proxy form; or
- ▶ by the Chairman of the meeting pursuant to an express authority on the proxy form to vote undirected proxies as the Chairman sees fit, even though Items 4 and 5 are connected with the remuneration of the Group’s key management personnel.

The Chairman of the meeting and undirected proxies

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

If a shareholder appoints the Chairman of the meeting as their proxy and the shareholder does not direct him how to vote on Items 2, 4 or 5, the shareholder 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 Group’s key management personnel.

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

Proxy information

- ▶ A shareholder who is entitled to attend and cast a vote at the 2019 Annual General Meeting may appoint a proxy.
- ▶ A proxy need not be a shareholder and can be an individual or a body corporate.
- ▶ A body corporate appointed as a shareholder'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 shareholder who is entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise.
- ▶ The following addresses and fax number are specified for the purposes of receipt of proxy appointments:

By hand:*

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

*During business hours (Monday to Friday, 9:00am-5:00pm)

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 Australia

Electronic proxy voting:

www.linkmarketservices.com.au

- ▶ To be effective, the instrument by which a proxy is appointed by a shareholder and, if the instrument is signed by the shareholder'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 meeting.
- ▶ Shareholders should consider directing their proxy as to how to vote on each resolution by marking either the "For", "Against" or "Abstain" box when completing their proxy form to ensure that their proxy is permitted to vote on their behalf in accordance with their instructions.
- ▶ Under the Corporations Act, if the appointment of a proxy specifies the way the proxy is to vote on a particular resolution:
 - the proxy is not required to vote on a show of hands, but if the proxy does so, the proxy must vote as directed (subject to any applicable voting exclusions);
 - if the proxy has two or more appointments that specify different ways to vote on the resolutions, the proxy must not vote on a show of hands;
 - if the proxy is not the Chairman, the proxy need not vote on a poll but if the proxy does so, the proxy must vote as directed (subject to any applicable voting restrictions); and
 - if the proxy is the Chairman, the proxy must vote on a poll and must vote as directed.

- ▶ In addition, there are some circumstances where the Chairman will be taken to have been appointed as a shareholder's proxy for the purposes of voting on a resolution even if the shareholder has not expressly appointed the Chairman as their proxy. This will be the case where:
 - the appointment of the proxy specifies the way the proxy is to vote on a resolution;
 - the appointed proxy is not the chairman of the meeting;
 - a poll is called on the resolution; and
 - either of the following applies:
 - the proxy is not recorded as attending the meeting; or
 - the proxy attends the meeting but does not vote on the resolution.
- ▶ 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 body corporate's representative, executed in accordance with the body corporate's constitution or the Corporations Act; 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 Method

- ▶ The Chairman has determined that voting on Items 2 to 6 will only be by way of a poll to facilitate participation by all shareholders.

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 (Brisbane time) on Tuesday 19 November 2019.

By order of the Board

Debra Counsell, Company Secretary
Melbourne, **1 October 2019**

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 2019 will be presented for consideration.

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

At the meeting, the Chairman will allow a reasonable opportunity for shareholders to ask questions about, or make comments on, the management of the Company. The auditor of the Company, EY, will be available to take questions about the preparation and content of its report, the accounting policies adopted by the Company in relation to the preparation of the financial statements and the independence of the auditor in relation to the conduct of the audit.

The Company is required by law to forward all questions received prior to the meeting to the auditor and the auditor is required to prepare a list of questions that the auditor considers are relevant to the conduct of the audit and the content of the auditor's report. At the meeting, the Chairman will give the auditor a reasonable opportunity to answer questions on the question list. The list of questions prepared by the auditor will be available on the Company's website <https://www.bluescope.com/investors/annual-meetings/> immediately prior to the meeting. In addition, copies of the list of questions will be available at the meeting.

Please submit any questions that you would like the Company or its auditor to respond to at the meeting. To do this please log on to your holding at www.linkmarketservices.com.au, select "Voting" and complete the online Shareholder Questions form. To allow time to collate questions and prepare answers, submitted written questions need to be received by no later than 5.00pm (Melbourne time) on Thursday 14 November 2019.

The Chairman will endeavour to address as many of the more frequently raised questions as possible during the meeting. However, there may not be enough time to address all questions raised. Please note that individual responses will not be sent to shareholders.

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 2019. 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.

Directors' Recommendation

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

Item 3. Candidate for re-election as a Director

Mr Ewen Crouch retires by rotation and, being eligible, offers himself for re-election. Biographical information on Mr Crouch is set out below. Additionally, information on the process and criteria for determining the independence of Mr Crouch for the purposes of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations is contained in the Company's 2019 Corporate Governance Statement, which can be found on the Company's website: www.bluescope.com/about-us/governance.

The Board (excluding Mr Crouch) supports the re-election of Mr Crouch.

Ewen Crouch AM, Non-executive Director (Independent)
Age 63, BEc (Hons) LLB, FAICD

Director since: March 2013

Directorships of other Australian listed entities in the past three years: Non-executive director of Westpac Banking Corporation (February 2013 to date), Corporate Travel Management Limited (March 2019 to date)

Mr Crouch is a Director of Westpac Banking Corporation and a Director and Chairman of Corporate Travel Management Limited. He is a member of the Commonwealth Remuneration Tribunal, a Fellow of the Australian Institute of Company Directors and a member of its Law Committee. Mr Crouch is also a board member of Sydney Symphony Orchestra and Jawun.

Mr Crouch was a Partner at Allens from 1998 to 2013 where his roles included Chairman of Partners, Co-Head Mergers and Acquisitions and Equity Capital Markets, Executive Partner – Asian Offices and Deputy Managing Partner, as well as 11 years' service on its board.

He was a member of the Takeovers Panel from 2010 to 2015 and served as a Director of Mission Australia between 1995 and 2016, including 7 years as its chairman.

Mr Crouch brings to the Board the breadth of his experience in service industries, financial markets, governance and risk management together with his knowledge of strategic mergers, acquisitions and capital markets transactions.

Mr Crouch is Chair of the Risk & Sustainability Committee and is a member of the Audit Committee, the Health, Safety and Environment Committee and the Nomination Committee.

Items 4. and 5. Approval of grant of Share Rights and Alignment Rights to Mark Vassella

Background to Items 4 and 5

Overview of proposed grants of Share Rights and Alignment Rights

As outlined in the Remuneration Report, as part of Mark Vassella's remuneration package it is proposed that, subject to shareholder approval, he be granted:

- ▶ share rights to acquire fully paid ordinary shares in the Company in respect of the Company's Short Term Incentive Plan (Share Rights); and
- ▶ alignment rights to acquire fully paid ordinary shares in the Company in respect of the Company's Long Term Incentive Plan (Alignment Rights).

Items 4 and 5 seek shareholder approval for those grants for FY2020.

Proposed grant of Share Rights under the Company's Short Term Incentive Plan

Under the Company's short term incentive arrangements Mark Vassella may elect to receive nil, 50% or 100% of his potential short term incentive for each performance year in Share Rights. For the 2020 performance year, Mark Vassella has elected to receive 100% of his short term incentive award in Share Rights, i.e. he will not receive any cash incentive.

The maximum number of Share Rights Mark Vassella is entitled to be granted in the 2020 performance year is 100,309. That number was determined by:

- ▶ dividing \$1,200,000 (being Mark Vassella's maximum STI opportunity for the 2020 performance year) 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 2019 which was \$11.9630; and
- ▶ multiplying the result by 100%, being the percentage of Mark Vassella's potential 2020 short term incentive award that he has elected to receive in Share Rights.

Vesting of Share Rights

Except in limited circumstances mentioned below, Share Rights would vest only to the extent that the relevant performance conditions are satisfied. The performance conditions are designed to:

- ▶ provide specific Company financial performance targets for Mark Vassella. Targets have been selected by the Board and include measures for return on invested capital and free cash flow for the performance year. The Company's policy is not to provide earnings guidance and accordingly the details of the relevant financial conditions will not be disclosed in advance; and
- ▶ incentivise Mark Vassella to achieve targets relating to safety and specific business strategy priorities. The Company considers the conditions relating to execution of the strategy initiatives to be commercial-in-confidence with the result that publication of that information prior to the end of the performance period may be prejudicial to the interests of the Company.

The specific measures will be disclosed in the FY2020 Remuneration Report.

The number of Share Rights that vest will be determined in accordance with the vesting schedule below and will depend on the extent to which the performance conditions are satisfied:

Satisfaction of performance conditions	% of Share Rights that vest
Below threshold	0%
Threshold	33%
Target	67%
Maximum or greater	100%

Between "threshold" and "maximum" the number of Share Rights that vest will be determined on a straight-line basis.

"Threshold", "target" and "maximum" performance levels will be determined by the Board and notified to Mark Vassella. The Board will disclose, in the FY2020 Remuneration Report, the outcome against the performance conditions, including the rationale for the relevant performance outcome.

Proposed grant of Alignment Rights under the Company's Long Term Incentive Plan

Subject to shareholder approval, it is proposed that Mark Vassella be granted Alignment Rights with a performance period start date of 1 July 2019 (2020 Alignment Rights Award) on the basis described below.

The maximum number of Alignment Rights to be granted to Mark Vassella is 150,463. That number was determined by dividing \$1,800,000 (being Mark Vassella's LTI opportunity for the performance period commencing 1 July 2019) by the VWAP of the Company's shares traded on ASX for the 3 months up to and including 31 August 2019 which was \$11.9630. These Alignment Rights will be subject to the conditions described below.

Vesting of Alignment Rights

For the 2020 Alignment Rights Award, the performance period starts on 1 July 2019 and ends on 30 June 2022.

Except in limited circumstances mentioned below, Alignment Rights would only vest if:

- ▶ the Company's average annual "Underlying EBIT ROIC" over the relevant three year performance period is greater than 10%. "Underlying EBIT ROIC" is the ratio of the Company's consolidated underlying earnings before interest and tax (EBIT) to the Company's average net operating assets (defined as net assets minus future income tax benefits and net cash plus provision for deferred tax plus provision for income tax). The Company's average net operating assets for the period is calculated as the average of the opening balance and each of the 12 months in the relevant period (i.e. a 13 month average); and
- ▶ the ratio of the Company's average annual "Leverage" calculated at 6 monthly intervals over the relevant three year performance period is less than 1. "Leverage" is the ratio of the Company's consolidated current and non-current external borrowings less cash and cash equivalents as at the relevant balance date to the Company's consolidated underlying earnings before interest, tax, depreciation and amortisation (EBITDA) for the relevant period.

The calculation of "Underlying EBIT ROIC" and "Leverage" is to be as determined by the Board, after such adjustments (if any) as the Board determines. As specified in the Company's FY2019 Remuneration Report, the Board has exercised its discretion to exclude the approved capital spend for the North Star expansion project from the assessment of underlying EBIT ROIC for the period of the approved build and ramp up, to ensure participants (including Mark Vassella) are not penalised for undertaking an investment which is expected to deliver long-term profitable growth. Any earnings associated with the ramp up period will also be excluded until full ramp up is achieved.

If one or both performance conditions is not satisfied, all of the Alignment Rights will lapse (unless the Board exercises its discretion to allow them to vest which it will only do in exceptional circumstances).

Additional information for Items 4 and 5

Under ASX Listing Rule 10.14, shareholder approval is required before Mark Vassella can acquire shares in the Company under the Company's Short Term Incentive Plan and Long Term Incentive Plan.

Share Rights and Alignment Rights

Subject to the rules of the Company's Short Term Incentive Plan, each Share Right would entitle Mark Vassella to be provided with one fully paid ordinary share in the Company upon vesting. Subject to the rules of the Company's Long Term Incentive Plan, each Alignment Right would entitle Mark Vassella to be provided with one fully paid ordinary share in the Company upon vesting.

No amount is payable by Mark Vassella in respect of the award of Share Rights or Alignment Rights, or the exercise of a Share Right or an Alignment Right. Mark Vassella will be liable for income tax in respect of the Share Rights and Alignment Rights in accordance with applicable tax laws. No financial assistance is, or will be, provided by the Company to Mark Vassella in respect of the tax liability arising from the award or exercise of the Share Rights or Alignment Rights.

Exercise and lapse of Share Rights and Alignment Rights

If a Share Right or an Alignment Right vests, it may be exercised by Mark Vassella and he will be provided with a fully paid ordinary share in the Company. Shares would be acquired for Mark Vassella by the trustee of the Company's share plan trust by way of subscription for new shares or on-market purchase with funds provided by the Company. If a Share Right or an Alignment Right does not vest, it will lapse.

Ceasing employment

Unvested Share Rights and Alignment Rights will lapse if Mark Vassella ceases to be employed because of termination for cause or as a result of him resigning. If it considers it appropriate, the Board has discretion to treat a resignation as if it was a retirement or redundancy (as described below).

If Mark Vassella ceases to be employed because of death or disability, all his unvested Share Rights and Alignment Rights would vest. Vesting in these circumstances would occur without regard to performance conditions.

In relation to the Share Rights, if Mark Vassella ceases employment due to retirement or redundancy within 6 months of the performance period start date of the Share Rights, all unvested Share Rights will lapse. After the initial 6 month period, Mark Vassella will retain a pro-rated number of Share Rights in proportion to the performance period that has elapsed at the time he ceases employment. Whether those Share Rights vest will depend upon an assessment of the performance conditions at the end of the performance period. However, the Board has discretion to determine that pro-rating will not apply and/or that the performance conditions are to be assessed at the time Mark Vassella ceases employment. Any Share Rights that are not retained will lapse.

In relation to the Alignment Rights, if Mark Vassella ceases employment due to retirement or redundancy, he will retain a pro-rated number of Alignment Rights in proportion to the

service period that has elapsed at the time he ceases employment. Whether those Alignment Rights vest will depend upon an assessment of the performance conditions at the end of the performance period. However, the Board has discretion to determine that pro-rating will not apply and/or that the performance conditions are to be assessed at the time Mark Vassella ceases employment. Any Alignment Rights that are not retained will lapse.

Malus/Clawback

The Board has discretion to determine that Share Rights and Alignment Rights lapse if it determines that Mark Vassella has not adhered to all of the Company's policies that apply to him, he has not conducted himself in accordance with the Company's values, his conduct has otherwise been unsatisfactory or in the event of serious misconduct by Mr Vassella which undermines the Company's performance, financial soundness and reputation. These events could include misrepresentation or material misstatements due to errors, omissions or negligence.

The FY2020 LTI plan includes a provision which provides the Board with discretion, in certain circumstances, to clawback LTI awards, any resulting shares or the financial benefit of those shares. These circumstances include fraud or gross misconduct, breach of law, material breach of policies or standards, bringing BlueScope into disrepute, material misstatement in financial statements, certain oversight failures or any other circumstances where there would be an inappropriate benefit.

The clawback applies for a period of three years after the vesting of any share rights.

Change of control

If, at any time while there are Share Rights or Alignment Rights which have not lapsed or vested, 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 owning all of the issued shares in the Company, then the Board may permit the Share Rights or Alignment Rights to vest. The Company must permit the Share Rights and Alignment Rights to vest if a person acquires more than 50% of the issued share capital of the Company provided that the Board determines that the performance hurdles have been satisfied as assessed at that time having regard to the shorter performance period.

Annual Remuneration Strategy Review

Each year the Remuneration and Organisation Committee of the Board reviews the Company's remuneration structure and strategy taking into account developments in the market to ensure that it remains consistent with the "Key Principles" of the Company's remuneration framework (most recently set out in the 2019 Remuneration Report). If, following a review, it is proposed to materially change the terms of the proposed award of Share Rights or Alignment Rights to Mark Vassella, further approval would be sought from shareholders (if required).

Other Information

In accordance with the ASX Listing Rules and the Corporations Act, the following additional information is provided concerning the Share Rights and Alignment Rights to be awarded to Mark Vassella:

- ▶ Mark Vassella will be the only Director who is entitled to participate in the Short Term Incentive Plan and Long Term Incentive Plan for the 2020 performance year.
- ▶ There is no loan scheme in relation to the Short Term Incentive Plan (or Share Rights awarded under it) or Long Term Incentive Plan (or Alignment Rights awarded under it).
- ▶ Any Share Rights or Alignment Rights to be granted to Mark Vassella will be granted as soon as practicable after the meeting, and in any event no later than 20 November 2020.

Directors' Recommendation

The Directors (with Mr Vassella abstaining) recommend that shareholders vote in favour of Items 4 and 5.

Item 6. Approval to undertake possible further on-market share buy-backs

Background

Having considered various alternatives, the Board continues to hold the view that on-market share buy-backs (**Buy-Backs**) are the most effective method for the Company to return capital to shareholders given the Company's lack of franking credits.

Since the start of FY2017, the Company has returned over \$1 billion to shareholders through Buy-Backs. On 18 June 2019, the Company announced a \$250 million extension to its current buy-back program, as part of its 1H FY2020 capital management program. On 19 August 2019, the Company announced that it had completed a review of its target capital structure. Given the transformation of the business in recent years, with strong earnings and cash flows, the Company will now target a revised capital structure of group net debt around zero, in contrast to its previously stated target of net cash in the range of \$200 million to \$400 million.

The Company is now seeking approval for the Buy-Back of up to an additional 70,000,000 Shares, representing 13.7% of the smallest number of voting shares in the Company on issue in the 12 month period to 27 September 2019¹. This does not include any shares bought back by the Company up to the date of the meeting (undertaken without the need for shareholder approval pursuant to the Buy-Back program referred to above). If obtained, the approval will give the Company flexibility to increase the current buy-back or undertake further Buy-Backs prior to the 2020 Annual General Meeting, if the Board determines that doing so is in the best interests of shareholders. Approval of this resolution does not oblige the Company to increase or undertake further Buy-Backs, and at this stage no decision has been taken to buy-back shares beyond the amount of up to \$250 million announced on 18 June 2019.

Why Shareholder approval is required

The Corporations Act permits a company to buy-back its own shares, provided that the buy-back does not materially prejudice the company's ability to pay its creditors and provided also that the company complies with the procedures specified in the Corporations Act. A company is entitled to buy-back shares without shareholder approval, provided that the total number of voting shares bought back does not exceed 10% of the smallest number of voting shares on issue during the previous 12 months (**10/12 Limit**). Buy-backs exceeding the 10/12 Limit require shareholder approval.

Reasons for seeking approval, and effect on the Company and shareholders

The Company remains committed to its clearly stated financial framework and will always invest to maintain safe and reliable operations, while seeking to retain strong credit metrics. The Company takes a disciplined approach to capital allocation, balancing investments in its businesses, mergers and acquisitions, and returns to shareholders. Undertaking additional Buy-Backs or increasing the existing Buy-Back is not expected to pose any significant disadvantage to shareholders. Rather, approval of this resolution and electing to use the additional capacity will provide the following advantages:

- ▶ it will provide the Company with enhanced flexibility to pursue its capital management strategy and a more efficient capital structure;
- ▶ the creation of added market liquidity for shareholders to sell shares on-market; and
- ▶ continuing shareholders will hold a larger proportion of shares, and as a result, all other things being equal, earnings per share will be increased.

The Company will not undertake any Buy-Back if to do so would materially prejudice its ability to pay its creditors. Additionally, the Company does not anticipate that undertaking additional Buy-Backs or increasing the current Buy-Back would result in any material increase in the level of influence or control that any individual shareholder could exert in relation to the Company.

The consideration paid under any additional Buy-Backs undertaken or increase in the existing Buy-back would be cash and all shares bought back would be cancelled, reducing the Company's share capital. Any Buy-Backs will be funded from existing cash and/or debt at the time. As shares will be purchased on-market under any Buy-Back, no part of the Buy-Back price would be treated as a dividend for taxation purposes in the hands of a shareholder and there will be no franking credits attached to the payment of the Buy-Back price.

¹ The last trading day for which complete Buy-Back data is available prior to finalisation of this Notice of Meeting.

Intentions of the Board if the resolution is not approved

In the event that this resolution is not approved by shareholders, the Board may continue buying back shares within the 10/12 Limit in accordance with its Buy-Back program, noting however that as at 27 September 2019¹, 6.2% of the Company's smallest number of voting shares on issue had been bought in the preceding 12 months.

Share price information

The price payable for any shares to be bought back will be determined by the Company from time to time in light of the then current price of shares trading on ASX. In accordance with Listing Rule 7.33, the purchase price will not be more than 5% above the average market price (as that term is defined in the ASX Listing Rules) of the Company's shares over the last five trading days on which sales were recorded on ASX before the day on which the particular shares are to be bought back.

As an indication of the recent market price of the Company shares, the closing price of shares traded on ASX on 27 September 2019¹, being the last practicable trading day prior to the date of this Notice, was \$12.01.

Related parties' right to participate in the share Buy-Backs

To the extent that a related party participates in any share Buy-Backs undertaken by the Company within the scope of this resolution, the Company considers that the purchase of shares from a related party would be at arm's length for the following reasons and, therefore, shareholder approval for any such Buy-Back would not be required:

- ▶ to the extent the related parties wish to participate in any Buy-Back, they will only be entitled to sell their shares back to the Company on the same terms (including the Buy-Back price set out above) as those that apply to other shareholders who are not related parties of the Company, and therefore the terms of the purchase of shares from the Related Parties would be reasonable in the circumstances if the Company were dealing at arm's length; and
- ▶ the impact on the proportion of shares held by continuing shareholders at completion of the Buy-Back will be the same irrespective of whether the Related Parties participate in the Buy-Back.

Directors' Recommendation

The Directors recommend that shareholders vote in favour of Item 6.

¹ The last trading day for which complete Buy-Back data is available prior to finalisation of this Notice of Meeting.

ANNUAL GENERAL MEETING LOCATION

Stamford Plaza Brisbane
39 Edward Street, Brisbane, QLD
at **10.00am** Brisbane time
(11.00am Melbourne time)
on **Thursday 21 November 2019**.

BLUESCOPE STEEL LIMITED
LEVEL 11, 120 COLLINS STREET
MELBOURNE, VICTORIA 3000 AUSTRALIA

ABN 16 000 011 058

WWW.BLUESCOPE.COM

