



BlueScope Steel Limited
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www.bluescope.com

19 October 2015

Company Announcements
ASX Limited
20 Bridge Street
SYDNEY NSW 2000

Dear Sir,

Re: Notice of 2015 Annual General Meeting

The 2015 Annual General Meeting of BlueScope Steel Limited will be held on Thursday 19 November 2015 at the Wesley Conference Centre, 220 Pitt Street, Sydney, New South Wales commencing at 2.00pm (Sydney time).

Attached is a copy of the Notice of Annual General Meeting and accompanying documents which are being sent to shareholders today.

Yours sincerely

A handwritten signature in black ink, appearing to read "MBarron", is positioned above the typed name.

Michael Barron
Company Secretary



Notice of Meeting

2015

BlueScope Steel Limited ABN 16 000 011 058

19 October 2015

Dear Shareholder

I am pleased to invite you, as a shareholder, to attend BlueScope Steel Limited's 2015 Annual General Meeting.

The meeting will be held on **Thursday, 19 November 2015** at the **Wesley Conference Centre, 220 Pitt Street, Sydney, New South Wales** commencing at 2.00 pm (Sydney time). Registration desks will be open from 1.00pm.

Enclosed is your Notice of 2015 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, you may lodge your proxy online at <https://investorcentre.linkmarketservices.com.au/voting/BSL>;
- 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 2015 Annual Report (including the Financial Statements and the reports of the Directors and the auditor for the year ended 30 June 2015) 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 21 September 2015.

The ordinary business of the 2015 Annual General Meeting is to consider the 2015 Annual Report, Remuneration Report and election of Directors. Messrs Grollo and Dean are retiring by rotation and are seeking re-election at the meeting.

The special business to be considered at the 2015 Annual General Meeting is the grant of share rights to the Managing Director and Chief Executive Officer and approval of potential leaving benefits for executives.

The Board asks shareholders to support these resolutions.

I look forward to welcoming you to the meeting.

Yours sincerely,



GRAHAM KRAEHE AO CHAIRMAN

BlueScope Steel Limited
ABN 16 000 011 058

NOTICE OF MEETING AND INFORMATION FOR SHAREHOLDERS

Notice is given that the 2015 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, 19 November 2015 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 2015.

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 2015, be adopted."

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

3. Re-election of Directors

- (a) Mr Daniel Grollo retires by rotation in accordance with the Company's Constitution and, being eligible, offers himself for re-election.
- (b) Mr Ken Dean retires by rotation in accordance with the Company's Constitution and, being eligible, offers himself for re-election.

SPECIAL BUSINESS

4. Approval of grant of share rights to the Managing Director and Chief Executive Officer under the Company's Short Term Incentive Plan

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 Company's Short Term Incentive Plan as described in the Explanatory Notes to this Notice of 2015 Annual General Meeting, be approved for all purposes, including for the purpose of ASX Listing Rule 10.14."

5. Approval of grant of share rights to the Managing Director and Chief Executive Officer under the Company's Long Term Incentive Plan

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 Company's Long Term Incentive Plan as described in the Explanatory Notes to this Notice of 2015 Annual General Meeting, be approved for all purposes, including for the purpose of ASX Listing Rule 10.14."

6. Approval of Potential Termination Benefits

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

"That, for the purposes of sections 200B and 200E of the Corporations Act, approval is given for the giving of benefits to any current and future holder of a managerial or executive office in the Company or a related body corporate in connection with the person ceasing to hold that office, as described in the Explanatory Notes to this Notice of 2015 Annual General Meeting."

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 (e.g. 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 2015. 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.

Items 4, 5 & 6 – voting restrictions

The Company will disregard any votes cast on Items 4 & 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.

As required by the Corporations Act, no votes on Item 6 may be cast (in any capacity) by or on behalf of an eligible executive who may, as a retiree, receive a benefit approved by Item 6, or any associate of such a person. 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 6, provided that the person who appointed the proxy is not a retiree or an associate of the retiree.

The Corporations Act also prohibits the Company's key management personnel and their closely related parties voting as a proxy (for a person entitled to vote) on resolutions connected directly or indirectly with the remuneration of key management personnel (such as Items 4, 5 and 6), 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 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 member appoints the Chairman of the Meeting as their proxy and the member does not direct him how to vote on any of Items 2, 4, 5 and 6, 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.

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 member who is entitled to attend and cast a vote at the 2015 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:*

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 Limited
c/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia

Electronic proxy voting:

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

- 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 (Sydney time) on Tuesday, 17 November 2015.

By order of the Board

Michael Barron, Company Secretary
Melbourne, 19 October 2015

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 2015 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 2015. 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

Messrs Grollo and Dean retire by rotation, and being eligible, offer themselves for re-election.

Biographical information on the Directors seeking 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 can be found on the Company's website www.bluescope.com/about-us/governance.

The Board (in each case excluding the relevant candidate) supports the re-election of Messrs Grollo and Dean.

Daniel Grollo, Non-Executive Director (Independent)

Age 45

Director since: September 2006

Mr Grollo is Executive Chairman of Grocon Pty Ltd, Australia's largest privately owned development and construction company, Non-Executive Director of UBS Grocon Real Estate and Member of the Prime Minister's Business Advisory Council. He brings extensive knowledge of the building and construction industry to the Board.

Mr Grollo is former Chairman of the Green Building Council of Australia and former National President of the Property Council of Australia.

Mr Grollo is also Chair of the Health, Safety and Environment Committee.

Ken Dean, Non-Executive Director (Independent)

Age 62, BCom (Hons), FCPA, FAICD

Director since: April 2009

Mr Dean is a Director of Santos Limited, Energy Australia Holdings Ltd and Mission Australia. He has held directorships with Alcoa of Australia Limited, Woodside Petroleum Limited and Shell Australia Limited. He spent more than 30 years in a variety of senior management roles with Shell in Australia and the United Kingdom. His last position with Shell, which he held for five years, was Chief Executive Officer of Shell Finance Services based in London.

Mr Dean was Chief Financial Officer of Alumina Limited from 2005 to 2009. He brings extensive international financial and commercial experience to the Board.

Mr Dean is also Chair of the Audit and Risk Committee.

ITEMS 4 AND 5 – APPROVAL OF GRANT OF SHARE RIGHTS TO THE MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER

Background to Items 4 and 5

BlueScope's remuneration structures play an important role in motivating executives to realise the business strategy and deliver results that reward shareholders. The Board therefore takes great care to ensure that, as the business priorities evolve, so too do BlueScope's remuneration arrangements.

Over recent years, BlueScope has successfully navigated the challenges of a global steel industry undergoing fundamental change. In the years ahead it will be even more critical for BlueScope to deliver game-changing cost and revenue improvements. A strategic review of steelmaking in Australia and New Zealand is underway, as announced to ASX on 24 August 2015. The Company's remuneration arrangements have also been reviewed. As a result, a number of special arrangements are proposed at this time to maximise alignment of remuneration for key management personnel with the interests of shareholders and to underpin an unrelenting focus by executives on the next wave of the Company's strategic priorities. The new reward arrangements have shifted the performance emphasis to strategic outcomes over the next two years with vesting linked to share price performance and earnings growth from this time forward. Key features of the new reward arrangements for the MD&CEO include:

- no fixed pay increases and no cash Short Term Incentives in FY2016 and FY2017;
- the FY2016 and FY2017 Short Term Incentive opportunities will be merged into a single incentive and be delivered entirely as share rights. The rights will be awarded up-front and may vest subject to performance conditions assessed over 2 years;
- the Long Term Incentive Plan will be amended to introduce a second performance condition. Half of the share rights will continue to be subject to a relative Total Shareholder Return (TSR) condition and the other half will now be subject to a compound annual growth rate of Earnings per Share (EPS) condition; and
- the FY2017 Long Term Incentive Plan award will be brought forward to coincide with the FY2016 award. The performance period will commence one year early on 1 September 2015, with a four year term to 31 August 2019 (plus retesting on the relative TSR component only).

Together, the above changes seek to emphasise the delivery of strategic outcomes and share price growth over the coming years, without increasing the overall award value.

It is proposed that the Company's Managing Director and Chief Executive Officer, Paul O'Malley will be granted share rights in respect of both the Company's Short Term Incentive Plan and Long Term Incentive Plan. Items 4 and 5 seek shareholder approval for each of those grants.

SHARE RIGHTS TO THE MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER UNDER THE COMPANY'S SHORT TERM INCENTIVE PLAN

Shareholder approval is sought under Item 4 for the grant of share rights to Mr O'Malley under the Company's Short Term Incentive Plan (STI Award) which will entitle him to a maximum of 1,305,685 shares if he achieves the maximum outcome against all targets set by the Board. The number was determined by dividing 120% of Mr O'Malley's base salary as 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. The resulting number was then multiplied by two (reflecting that the grant is in respect of a two year performance period and that no additional short term incentive grant will be made in respect of FY2017). The maximum number of share rights, to be granted at face value, is equivalent to the maximum amount of cash and deferred equity available under the current scheme.

Vesting of share rights

Except in limited circumstances mentioned below, share rights would vest only to the extent that the relevant performance condition is satisfied. For the STI Award, 50% of the share rights will be subject to the Financial Measures performance condition. The other 50% would be subject to the Strategic Initiatives performance condition.

For each performance condition the number of share rights that vest will be determined as follows:

Performance condition target	% of share rights that vest
Below threshold	0%
Threshold	33%
Target	67%
Maximum	100%

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

The two performance conditions will be assessed independently. They are described further below.

"Threshold", "target" and "maximum" performance levels for the Financial Measures and the Strategic Initiatives performance conditions will be determined by the Board and notified to Mr O'Malley. The Board will disclose, in the Remuneration Report for the year ending 30 June 2017, the outcome against each performance condition, including the rationale for the relevant vesting percentage. The Board will retain discretion to limit the vesting of share rights in the event that threshold net profit after tax (NPAT) performance is not achieved.

Financial Measures performance condition

The Financial Measures performance condition is designed to provide specific targets for Mr O'Malley in respect of the Company's underlying NPAT and the Company's free cash flow (FCF) as measured in respect of the year ending 30 June 2017. The underlying NPAT measure will be given a two-thirds weighting and the FCF measure a one-third weighting in assessing the extent to which this performance condition is satisfied. The Company's policy is not to provide earnings guidance and accordingly the details of the relevant Financial Measures will not be disclosed in advance.

While this performance condition will be measured having regard to the Company's financial results for the year ending 30 June 2017, the Board will take into account the Company's underlying NPAT and FCF performance for the year ending 30 June 2016 in determining the extent to which the Financial Measures performance condition has been met.

Strategic Initiatives performance condition

The Strategic Initiatives performance condition is designed to incentivise Mr O'Malley to achieve targets set by the Board relating to safety performance measures and achievement of specific business strategy priorities. Targets for "threshold", "target" and "maximum" performance, which will deliver quantifiable benefits to the Company, are being developed. These targets will be aligned to one or more of the strategic portfolio management priorities disclosed in BlueScope's full year results presentation in August 2015 and performance will be assessed over the two year period to 30 June 2017. Vesting will occur based on the vesting scale above. The Company considers the targets 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.

Clawback

The Board has discretion to clawback awards in the event of serious misconduct by management which undermines the Company's performance, financial soundness and reputation. These events include misrepresentation or material misstatements due to errors, omissions or negligence.

GRANT OF SHARE RIGHTS TO THE MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER UNDER THE COMPANY'S LONG TERM INCENTIVE PLAN

Shareholder approval is sought under Item 5 in respect of the following grants of share rights to Mr O'Malley under the Company's Long Term Incentive Plan (LTIP Award).

LTIP Award	FY2016 Award	FY2017 Award
Effective date of grant	1 September 2015	1 September 2015
Number of share rights	843,255 share rights. This number was determined by dividing 155% of Mr O'Malley's base salary as at 1 September 2015 by the VWAP of the Company's shares traded on ASX for the 3 months up to and including 31 August 2015	843,255 share rights. This number was determined by dividing 155% of Mr O'Malley's base salary as at 1 September 2015 by the VWAP of the Company's shares traded on ASX for the 3 months up to and including 31 August 2015
Performance conditions	Relative TSR performance condition will apply to 50% of the share rights granted under the FY2016 Award EPS performance condition will apply to 50% of the share rights granted under the FY2016 award	Relative TSR performance condition will apply to 50% of the share rights granted under the FY2017 award EPS performance condition will apply to 50% of the share rights granted under the FY2017 award
Performance periods	For the share rights subject to the relative TSR performance condition – the 3 year period commencing on 1 September 2015 and ending on 31 August 2018, with the possibility of retesting to 31 August 2019 (see "Exercise and Lapse of Share Rights" below) For the share rights subject to the EPS performance condition – the 3 year period commencing on 1 July 2015 and ending on 30 June 2018	For the share rights subject to the relative TSR performance condition – the 4 year period commencing on 1 September 2015 and ending on 31 August 2019, with the possibility of retesting to 31 August 2020 (see "Exercise and lapse of share rights" below) For the share rights subject to the EPS performance condition – the 4 year period commencing on 1 July 2015 and ending on 30 June 2019

The calculation of the number of share rights to be allocated by reference to 155% of Mr O'Malley's base salary and using the VWAP for the 3 months up to and including 31 August 2015, is consistent with past practice. The key differences are:

- the inclusion of EPS as a second performance condition; and
- the timing of the FY2017 Award has been brought forward to coincide with the FY2016 award and extended to a 4 year performance period.

Vesting of share rights

Except in limited circumstances mentioned below, share rights will vest only to the extent that the relevant performance condition is satisfied. As noted above, there are two performance conditions that apply to the FY2016 Award and the FY2017 Award, being the relative TSR performance condition and the EPS performance condition.

The two performance conditions will be assessed independently. They are described further below.

TSR performance condition

For the share rights subject to the TSR performance condition (**TSR share rights**), vesting will depend on a comparison of the Company's TSR performance relative to the TSR performance of the comparator group over the relevant performance period.

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 TSR share rights (if any) that vest.

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

EPS performance condition

For the share rights subject to the EPS performance condition (**EPS share rights**), vesting will depend on the compound annual growth rate of the Company's underlying EPS measured over the relevant performance period.

Underlying earnings reflect adjustments to eliminate unusual items that are included in the Company's statutory financial results. These adjustments are considered in relation to their size and nature, and are adjusted from the statutory financial results to reflect the financial performance of the underlying operating business. These adjustments are assessed on a consistent basis from period to period and include both favourable and unfavourable items. An explanation of each adjustment and reconciliation is provided in the Directors' Report each year.

The Board has given careful consideration to the selection of this new second performance condition recognising some shareholders have a preference for EPS measures and others for return based measures. EPS has been selected as the alternative performance condition as the Board considers that return based measures can be directly influenced by particular strategic decisions. EPS better measures financial results delivered by the Company, irrespective of particular strategy initiatives. The Board will review the appropriateness of EPS (or an alternative performance condition) for future awards.

The EPS performance condition provides that no EPS share rights vest until the Company's EPS compound annual growth rate reaches a "threshold" level. At this level, 40% of the EPS share rights vest. At a "maximum" level, 100% of the EPS share rights will vest. If the Company's EPS compound annual growth rate is between the "threshold" and "maximum" levels, the number of EPS share rights that vest will be pro-rated on a straight-line basis.

The Board will establish the "threshold" and "maximum" levels and details of those levels and the number of share rights that vest will be disclosed in the Company's Remuneration Report.

The Company has a policy not to provide earnings guidance to the market. The Board will advise details of the specific underlying EPS compound annual growth rate targets and performance against those targets following the end of the relevant performance period. Targets will be set requiring a significant uplift in the Company's earnings and will take account of the Company's long term business plans and financial projections, market practice and consensus forecasts.

The Board has discretion to adjust the EPS performance condition to ensure that Mr O'Malley is neither penalised nor provided with a windfall benefit arising from unusual items which inappropriately impact EPS (for example, one-off non-recurrent items or the impact of significant acquisitions or disposals).

Performance periods

For the TSR share rights, there are, in effect, two performance periods for the share rights each starting on 1 September 2015. For the FY2016 Award, 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 three years to four years thus requiring significant out-performance in the fourth year before any vesting can occur.

For the FY2017 Award, the same principle applies, noting that the first performance period is the 4 years from 1 September 2015 to 31 August 2019 with the second performance period being the 5 year period ending on 31 August 2020.

For the EPS share rights, the FY2016 Award is tested after three years and the FY2017 Award is tested after four years. There are no further tests for EPS share rights.

ADDITIONAL INFORMATION FOR ITEMS 4 AND 5

Share rights

Subject to the rules of each Plan (as applicable), 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 either Plan.

Exercise and lapse of share rights

If a share right vests, it may be exercised by Mr O'Malley and he 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 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 does not vest, it will lapse.

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 has discretion to determine the extent to which share rights vest.

Ceasing employment

Unvested share rights will lapse if Mr O'Malley ceases to be employed because of termination for cause or as a result of Mr O'Malley 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 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.

In relation to the STI Award, if Mr O'Malley ceases employment due to retirement or redundancy within 6 months of the grant of the share rights, all unvested share rights will lapse. After the initial 6 month period, Mr O'Malley 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 two year 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 Mr O'Malley ceases employment. Any share rights that do not vest will lapse.

In relation to the awards under the Long Term Incentive Plan, if Mr O'Malley ceases employment due to retirement or redundancy, 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 Plan. Any share rights retained by Mr O'Malley would vest only if and when the relevant performance conditions are satisfied unless the Board considers it appropriate to exercise discretion to permit vesting in other circumstances.

Other information

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

- Mr O'Malley is the only Director who is entitled to participate in the Short Term Incentive Plan and Long Term Incentive Plan. Mr O'Malley was granted 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. Shareholder approval was obtained at the 2014 Annual General Meeting for an award of share rights in respect of FY2016. However, the Company will not rely on that approval to award share rights if shareholder approval is obtained under Item 5.
- There is no loan scheme in relation to the Short Term Incentive Plan or the Long Term Incentive Plan (or share rights awarded under it).
- If approval is given for the grant of the share rights to Mr O'Malley under Items 4 and 5, approval is not required for the issue of the relevant share right (or shares upon vesting of the share right) under Listing Rule 7.1.
- It is expected that the share rights the subject of Items 4 and 5 will be granted to Mr O'Malley shortly after, and in any event no later than 12 months after, the 2015 Annual General Meeting.

Directors' Recommendation

The Directors (other than Mr O'Malley) recommend that shareholders vote in favour of Items 4 and 5. Being the recipient of the proposed awards, it is not appropriate for Mr O'Malley to make a recommendation.

ITEM 6. APPROVAL OF POTENTIAL TERMINATION BENEFITS

The Company's approach to termination benefits and entitlements

The Company's policy in relation to benefits and entitlements which can be given to employees upon leaving employment (**termination benefits**) is to treat ceasing employees and key management personnel (KMP) fairly and consistently, as well as in accordance with the applicable laws and market practice. For the purposes of this approval, KMP includes each of the members of the Company's Executive Leadership Team (including the Managing Director and Chief Executive Officer) who have the authority and responsibility for planning, directing and controlling the activities of the Company. To ensure the Company is able to meet this objective, shareholder approval is sought in respect of the termination benefits outlined in these Explanatory Notes.

Shareholders have previously provided approval at the 2010 AGM

Since the Company adopted its Long Term Incentive Plan in 2002, it has been a feature of the Plan to permit share rights to vest upon a participant ceasing to be employed because of death or disability. At the 2010 Annual General Meeting, shareholders provided approval for the purposes of section 200B and 200E of the Corporations Act to authorise the Company to provide benefits of the kind contemplated by this Item. Since that time, the Company has established additional equity incentive plans that incorporate the same feature in relation to automatic vesting upon a participant ceasing to be employed because of death or disability.

These are not new benefits

The Company's remuneration strategy and arrangements are described in the Remuneration Report and this Notice of Meeting. Shareholders are not being asked to approve any increase or changes in the employment arrangements, remuneration, individual entitlements, benefits or incentive plans for Relevant Persons (defined below). Rather, shareholders are being asked to approve the Company's existing policy and practices to enable the Company to continue to operate its remuneration programs to support its strategy.

The Board has proposed this Item 6 as it considers it appropriate to refresh the previous shareholder approval at the 2015 Annual General Meeting and to extend it to all of the Company's remuneration arrangements where the Company's ability to discharge its obligations to ceasing employees may otherwise be restricted by the termination benefits provisions of the Corporations Act.

Which employees are covered by the approval?

Approval is being sought in respect of:

- any current or future employees who are (or become) members of the Company's KMP; and
- any current or future employees who hold (currently or in the future) a managerial or executive office in the Company or a related body corporate (this includes individuals who are directors of the Company's subsidiaries),

and either hold that role at the time of their termination or were in the role within the three years prior to their termination (**Relevant Persons**).

This approval does not apply to Non-Executive Directors. The Company's policy is that Non-Executive Directors do not receive retirement benefits other than in accordance with the Company's superannuation obligations.

What is the Company seeking approval for?

The Company is seeking shareholder approval for any potential termination benefits that may be provided to a Relevant Person (including as a result of the exercise of Board discretion) under:

- their employment or service agreement;
- the Company's various incentive plans; and
- applicable laws and regulations.

Approval by shareholders does not guarantee that a Relevant Person will receive termination benefits, but rather preserves the discretion of the Board to determine the most appropriate termination package in accordance with the relevant employment agreement and plan rules.

Termination benefits and entitlements

The potential termination benefits or entitlements for which shareholder approval is sought (including the various discretions that may be exercised by the Board (or its delegate)) are described below.

Company's Equity Incentive Plans

The Company currently operates long term and short term incentive plans, being the Long Term Incentive Plan, the Deferred Equity Incentive Plan and the Short Term Incentive Plan (where part of a Short Term Incentive Plan award is delivered as share rights). These plans are described in the Company's Remuneration Report. In addition, and as described at Items 4 and 5 above, the Company is proposing changes to its Long Term Incentive Plan awards for FY2016 and the Short Term Incentive Plan for FY2016 and FY2017. For this Item 6, the Company's long term and short term equity incentive plans are referred to as the **Equity Incentive Plans**.

Under the Equity Incentive Plans, in summary, unvested share rights granted pursuant to the Company's Equity Incentive Plans:

- **termination for cause / resignation:** will lapse if the participant ceases to be employed because of termination for cause or as a result of the participant resigning (subject to the discretion described below);
- **death or disability:** will vest if the participant ceases to be employed because of death or disability, without regard to relevant performance hurdles or the expiry of any applicable retention periods;
- **retirement or redundancy:** do not lapse if employment ceases due to retirement or redundancy. However the number of share rights that remain available for vesting at the end of the relevant performance or retention period may, depending upon the terms of the specific awards, be reduced pro-rata to reflect the proportion of the performance period or retention period served. The Board has discretion to determine that pro-rating should not apply, that applicable performance conditions should be assessed at the time of cessation and/or vesting should occur without regard to applicable performance hurdles; and
- **agreed resignation:** do not lapse as a result of a participant resigning, where the Board determines to treat cessation of employment as if it was a retirement or redundancy for the purpose of the relevant Equity Incentive Plan.

Other arrangements

Other potential termination benefits may be provided in the following circumstances:

- **employment agreements:** as described in the Remuneration Report, all members of KMP are employed under agreements which include a 6 month notice period and a 12 month service payment in the event of termination by the Company other than for cause.

The Company may make a payment in lieu of some or all of the notice period in accordance with the terms of the relevant contract. This payment can include other allowances or entitlements as contemplated in the employment contract including but not limited to non-monetary benefits, relocation expenses and superannuation benefits; and
- **other payments to Relevant Persons (including amounts payable at law):** Other benefits may be payable upon cessation of employment in accordance with policies, market practice or local law. As BlueScope has employees in a number of countries outside Australia, it is not possible to succinctly describe each benefit and its treatment in advance for each Relevant Person who this may affect.

Any other payments required to be made under an applicable law or statutory entitlement will also be paid by BlueScope.

Value of the potential termination benefits

The amount and value of the termination benefits for which the Company is seeking approval cannot be ascertained in advance, but will be the maximum potential benefit that could be provided under the relevant employment agreement, incentive and equity plans and other arrangements, as summarised above. Other factors which may affect the amount and value of the termination benefits and entitlements that may be provided include:

- the circumstances in which the individual ceases to hold office;
- their base salary at the time of cessation of employment;
- the length of their service with BlueScope and the portion of any relevant performance or retention periods that have expired at the time they cease employment;
- the number of share rights or other entitlements held by the individual prior to cessation of employment and the number that the Board determines to vest, lapse, forfeit or leave on foot in accordance with the relevant plans;
- the Company's share price at the relevant time;
- any factors that the Board determines to be relevant when exercising a discretion (such as its assessment of the individual's performance up to the termination date);
- the jurisdiction in which the individual is based at the time they cease employment, and the applicable laws in that jurisdiction; and
- any changes in law between the date BlueScope enters into an employment contract with the individual and the date they cease to hold office.

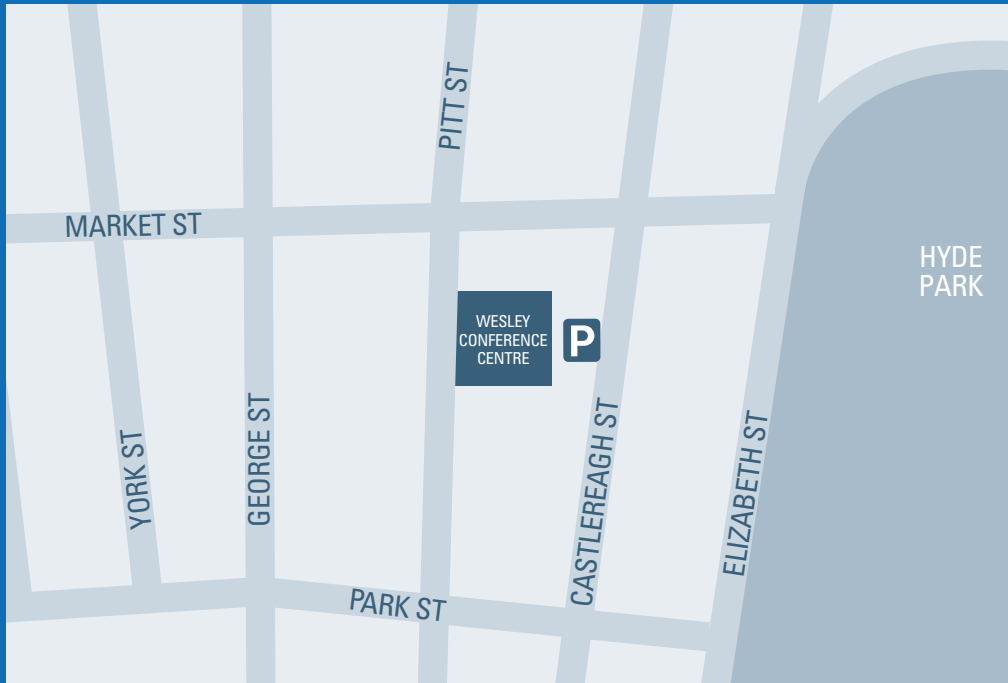
Approval is sought for a three year period

If approval is obtained, it will be effective for a period of approximately three years from the date the resolution is passed until the conclusion of the Company's 2018 Annual General Meeting. If considered appropriate, the Board will seek a new approval from shareholders at the Company's Annual General Meeting in 2018.

It can be reasonably anticipated that aspects of relevant employment agreements, the incentive and equity plans and BlueScope's policies will be amended from time to time in line with market practice and changing governance standards. Where relevant, changes in relation to KMP will be reported in the Company's future remuneration reports. However, it is intended that this approval will remain valid for as long as these agreements, plans and policies provide for the treatment on cessation of employment set out in this Notice of Meeting.

Directors' Recommendation

The Directors (other than Mr O'Malley) recommend that shareholders vote in favour of Item 6. Being a Relevant Person for the purpose of this Item, it is not appropriate for Mr O'Malley to make a recommendation.



**ANNUAL GENERAL
MEETING LOCATION**

Wesley Conference Centre,
220 Pitt Street, Sydney at 2.00pm
(Sydney time) on Thursday,
19 November 2015

BLUESCOPE STEEL LIMITED
LEVEL 11, 120 COLLINS STREET
MELBOURNE, VICTORIA 3000 AUSTRALIA
ABN 16 000 011 058



WWW.BLUESCOPE.COM



BlueScope Steel Limited

ABN 16 000 011 058

LODGE YOUR VOTE



ONLINE

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



BY MAIL

BlueScope Steel Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia



BY FAX

+61 2 9287 0309



BY HAND

Link Market Services Limited
Level 12, 680 George Street, Sydney NSW 2000



ALL ENQUIRIES TO

Telephone: +61 1300 855 998



X99999999999

PROXY FORM

I/We being a member(s) of BlueScope Steel Limited and entitled to attend and vote hereby appoint:

APPOINT A PROXY



the Chairman
of the Meeting
(mark box)

OR if you are NOT appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered shareholder) you are appointing as your proxy. In this case I/we appoint the Chairman of the Meeting as an alternate proxy to the person named.



If no person/body corporate is named, the Chairman of the Meeting, is appointed as my/our proxy and to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at **2:00pm (Sydney time) on Thursday, 19 November 2015 at the Wesley Conference Centre, 220 Pitt Street, Sydney, New South Wales** (the Meeting) and at any adjournment or postponement of the Meeting.

Important for Resolutions 2, 4, 5 and 6: If the Chairman of the Meeting is your proxy, either by appointment or by default, and you have not indicated your voting intention below, you expressly authorise the Chairman of the Meeting to exercise the proxy in respect of Resolutions 2, 4, 5 and 6, even though the Resolutions are connected directly or indirectly with the remuneration of a member of the Company's Key Management Personnel (KMP).

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

VOTING DIRECTIONS

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting.

Please read the voting instructions overleaf before marking any boxes with an ☒

Resolutions

2 Adoption of the Remuneration Report for the year ended 30 June 2015 (non-binding advisory vote)

For Against Abstain*

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
--------------------------	--------------------------	--------------------------

3(a) Re-election of Mr Daniel Grollo as a Director

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
--------------------------	--------------------------	--------------------------

3(b) Re-election of Mr Ken Dean as a Director

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
--------------------------	--------------------------	--------------------------

4 Approval of grant of share rights to the Managing Director and Chief Executive Officer under the Company's Short Term Incentive Plan

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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5 Approval of grant of share rights to the Managing Director and Chief Executive Officer under the Company's Long Term Incentive Plan

For Against Abstain*

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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6 Approval of Potential Termination Benefits

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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* If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Joint Shareholder 2 (Individual)

Joint Shareholder 3 (Individual)

Sole Director and Sole Company Secretary

Director/Company Secretary (Delete one)

Director

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).

BSL PRX501B



HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

APPOINTMENT OF PROXY

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that individual or body corporate in Step 1. A proxy need not be a shareholder of the Company.

DEFAULT TO CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote those proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP.

VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's share registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- (a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- (b) return both forms together.

SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, either shareholder may sign.

Power of Attorney: to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Company's share registry or online at www.linkmarketservices.com.au.

LODGEMENT OF A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed, or a certified copy of the Power of Attorney) must be received at an address given below by **2:00pm (Sydney time) on Tuesday, 17 November 2015**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Proxy Forms may be lodged using the reply paid envelope or:



ONLINE

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

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the Proxy Form).



BY MAIL

BlueScope Steel Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia



BY FAX

+61 2 9287 0309



BY HAND

delivering it to Link Market Services Limited*
Level 12
680 George Street
Sydney NSW 2000

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

**IF YOU WOULD LIKE TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING, PLEASE BRING THIS FORM WITH YOU.
THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.**