BUTLER MANUFACTURING CO
Form PRER14A
March 16, 2004

QuickLinks -- Click here to rapidly navigate through this document

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No. 1)

Filed by the Registrant ý

Filed by a Party other than the Registrant o

Check the appropriate box:

ý Preliminary Proxy Statement

o **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

o Definitive Proxy Statement

o Definitive Additional Materials

o Soliciting Material Pursuant to §240.14a-12

BUTLER MANUFACTURING COMPANY

(Name of Registrant as Specified In Its Charter)

N/A

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

o No fee required.

ý Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

(1) Title of each class of securities to which transaction applies:
Common Stock, no par value, of Butler Manufacturing Company

(2) Aggregate number of securities to which transaction applies:
6,431,382 shares of Butler Common Stock, which includes 97,000 shares of Butler Common Stock underlying stock options that have an exercise price per share less than $22.50 that may be cashed out in connection with the merger.

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
$22.50, which represents the price per share of Butler Common Stock to be paid in the merger.

(4) Proposed maximum aggregate value of transaction:
$144,706,095

(5) Total fee paid:
$18,335

ý Fee paid previously with preliminary materials.

o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

PRELIMINARY PROXY MATERIALS

1540 Genessee Street
(P.O. Box 419917)
Kansas City, Missouri 64102

, 2004

To the Stockholders:

You are cordially invited to attend the special meeting of stockholders of Butler Manufacturing Company, a Delaware corporation ("Butler"), to be held on , , 2004, at a.m./p.m. local time, at City Stage Theater, Union Station Kansas City, 30 West Pershing Road, Kansas City, Missouri.

At the special meeting you will be asked to vote upon a proposal to approve and adopt an Agreement and Plan of Merger, dated as of February 15, 2004 (the "Merger Agreement"), pursuant to which BlueScope Steel Limited, a corporation organized under the laws of Australia, has agreed to acquire Butler. If Butler stockholders approve and adopt the Merger Agreement and the merger is completed, each of your shares of Butler common stock will be automatically canceled and converted into the right to receive $22.50 in cash without interest.

Butler's board of directors has unanimously determined that the Merger Agreement is advisable and approved the Merger Agreement and recommends that Butler stockholders vote "FOR" approval and adoption of the Merger Agreement and the transactions contemplated by the Merger Agreement.

The accompanying proxy statement provides you with detailed information about the proposed merger and the special meeting. Please give this material your careful attention. You may also obtain more information about Butler from documents it has filed with the Securities and Exchange Commission.

Butler common stock is listed on The New York Stock Exchange under the trading symbol "BBR." On the record date of , 2004, the closing price of Butler common stock was $ per share.

YOUR VOTE IS IMPORTANT REGARDLESS OF THE NUMBER OF SHARES OF BUTLER COMMON STOCK YOU OWN. BECAUSE APPROVAL AND ADOPTION OF THE MERGER AGREEMENT REQUIRES THE AFFIRMATIVE VOTE BY THE HOLDERS OF A MAJORITY OF BUTLER'S ISSUED AND OUTSTANDING SHARES OF COMMON STOCK AS OF THE RECORD DATE, A FAILURE TO VOTE WILL COUNT AS A VOTE AGAINST THE MERGER. ACCORDINGLY, YOU ARE REQUESTED TO PROMPTLY VOTE YOUR SHARES BY COMPLETING, SIGNING AND DATING THE ENCLOSED PROXY CARD AND RETURNING IT IN THE ENVELOPE PROVIDED, WHETHER OR NOT YOU PLAN TO ATTEND THE SPECIAL MEETING. Voting in this manner will not prevent you from voting your shares in person if you subsequently choose to attend the special meeting.

Thank you for your cooperation.

Sincerely,

John J. Holland
Chairman and Chief Executive Officer

THIS PROXY STATEMENT IS DATED , 2004 AND IS FIRST BEING MAILED TO STOCKHOLDERS ON OR ABOUT , 2004

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS TO BE HELD ON , , 2004

To the Stockholders of BUTLER MANUFACTURING COMPANY.

NOTICE IS HEREBY GIVEN that a special meeting of stockholders of Butler Manufacturing Company, a Delaware corporation ("Butler"), will be held on , , 2004, at a.m./p.m. local time, at City Stage Theater, Union Station Kansas City, 30 West Pershing Road, Kansas City, Missouri, for the following purposes:

1. To vote upon a proposal to approve and adopt the Agreement and Plan of Merger, dated as of February 15, 2004 (the "Merger Agreement"), among Butler, BlueScope Steel Limited, a corporation organized under the laws of Australia ("BlueScope"), and BSL Acquisition Corporation, a Delaware corporation (the "BlueScope Subsidiary") and a wholly-owned subsidiary of BlueScope. A copy of the Merger Agreement is attached as Appendix A to the accompanying proxy statement. Pursuant to the terms of the Merger Agreement, the BlueScope Subsidiary will merge with and into Butler (the "Merger"). In the Merger, Butler will be the surviving corporation (sometimes referred to herein as the "Surviving Corporation") and become a wholly-owned subsidiary of BlueScope, and each share of common stock of Butler, other than those shares held by any stockholders who properly exercise their appraisal rights under Delaware law, will be converted into the right to receive $22.50 in cash without interest.

2. To transact such other business as may properly come before the special meeting or any adjournment or postponement of the meeting.

Only stockholders of record at the close of business on , 2004 are entitled to vote at the special meeting and at any adjournment or postponement of the special meeting. All stockholders of record at such time are cordially invited to attend the special meeting in person. However, to assure your representation at the meeting in case you cannot attend, you are urged to vote your shares by completing, signing, dating and returning the enclosed proxy card as promptly as possible in the postage prepaid envelope enclosed for that purpose. If you attend the special meeting, you may vote in person even if you have previously completed and returned a proxy card.

Butler stockholders have the right to dissent from the Merger and obtain payment in cash of the fair value of their shares of common stock under applicable provisions of Delaware law. In order to perfect and exercise appraisal rights, stockholders must give a written demand for appraisal of their shares before the vote on the Merger is taken at the special meeting and must not vote in favor of the Merger. A copy of the applicable Delaware statutory provisions is included as Appendix B to the accompanying proxy statement, and a summary of these provisions can be found under "Dissenters' Rights of Appraisal" in the accompanying proxy statement.

The approval and adoption of the Merger Agreement requires the affirmative vote by the holders of a majority of the issued and outstanding shares of Butler common stock as of the record date. In the event that there are not sufficient votes to approve the proposed Merger at the time of the special meeting, the special meeting may be adjourned or postponed in order to permit further solicitation by Butler. YOUR VOTE IS IMPORTANT. WHETHER OR NOT YOU PLAN TO ATTEND THE SPECIAL MEETING IN PERSON AND REGARDLESS OF THE NUMBER OF SHARES YOU OWN, PLEASE COMPLETE, SIGN, DATE AND RETURN THE ENCLOSED PROXY CARD PROMPTLY IN THE ENCLOSED PRE-ADDRESSED ENVELOPE. NO POSTAGE IS REQUIRED IF MAILED IN THE UNITED STATES. YOU MAY, OF COURSE, ATTEND THE SPECIAL MEETING, REVOKE YOUR PROXY AND VOTE IN PERSON EVEN IF YOU HAVE ALREADY RETURNED YOUR PROXY CARD.

Please do not send your stock certificates at this time. If the Merger Agreement is approved and adopted, you will be sent instructions regarding the surrender of your stock certificates.

BY ORDER OF THE BOARD OF DIRECTORS,

Sincerely,

John J. Holland
Chairman and Chief Executive Officer

Kansas City, Missouri
, 2004

Table of Contents

SUMMARY

The following summarizes the material information set forth in this proxy statement. It does not contain all of the information in this proxy statement. In order to fully understand the Merger, you should carefully read the entire proxy statement, the Merger Agreement attached as Appendix A to this proxy statement and the other appendices attached to this proxy statement. We encourage you to read the Merger Agreement because it is the legal document that governs the Merger.

The Parties

Butler. Butler is a corporation organized under the laws of the State of Delaware. Its principal executive offices are located at 1540 Genessee Street, Kansas City, Missouri 64102. Butler common stock is listed on The New York Stock Exchange (the "NYSE"). Through its subsidiaries, Butler is engaged in the business of producing and selling pre-engineered building systems, supplying architectural aluminum systems and components, and providing construction and real estate services for the nonresidential construction market. Butler conducts its business from offices located in Kansas City, Missouri, and other offices worldwide.

BlueScope. BlueScope is a corporation organized under the laws of Australia. Its principal executive offices are located at Level 11, 120 Collins St., Melbourne, Victoria 3000, Australia. BlueScope's ordinary shares are listed on the Australian Stock Exchange. Through its subsidiaries, BlueScope produces and sells a variety of steel products, and specializes in flat steel products. BlueScope conducts its business from its head office located in Melbourne, Australia and from other offices worldwide.

The BlueScope Subsidiary. The BlueScope Subsidiary is an indirect wholly-owned subsidiary of BlueScope formed solely to facilitate BlueScope's acquisition of Butler. The Merger Agreement provides that the BlueScope Subsidiary will not perform any activities other than those related to its formation or the consummation of the Merger.

See "The Parties to the Merger."

The Proposed Acquisition

Structure of the Merger. In the Merger, the BlueScope Subsidiary will merge with and into Butler, Butler will be the Surviving Corporation of the Merger and will become an indirect wholly-owned subsidiary of BlueScope.

Stockholder Vote. You are being asked to vote to approve and adopt the Merger Agreement.

Effectiveness of the Merger. The Merger will be effective upon the filing of a Certificate of Merger with the Secretary of State of the State of Delaware (the "Effective Time") in accordance with the DGCL. The Merger Agreement provides that such filing will be made as promptly as practicable after the conditions set forth in the Merger Agreement are satisfied or waived, unless another time is agreed to by Butler and BlueScope. See "The Merger Agreement Conditions to Consummation of the Merger."

Price for Your Stock. Unless you exercise dissenters' rights, as a result of the Merger you will receive $22.50 in cash (without interest) for each share of your Butler common stock.

Butler Stock Price

Shares of Butler are listed on the NYSE under the symbol "BBR." On October 29, 2003, the day before Butler's board of directors publicly announced that it had authorized management to explore strategic alternatives, including private investment capital, asset sales, and the sale of Butler, Butler common stock closed at $16.98 per share. The average closing price of Butler common stock for the 30 days prior to such date was $15.79. On February 13, 2004, the last full trading day immediately preceding the public announcement of the proposed Merger, Butler common stock closed at $22.10 per share. On March 15, 2004, which is the latest practicable date prior to the date of this proxy statement, Butler common stock closed at $22.48 per share. See "Recent Market Prices Of, and Dividends On, Butler Common Stock."

Conversion of Butler Stock Options

All unvested Butler stock options issued under the Butler stock option plans and outstanding at the Effective Time will vest at such time. If you are a holder of a Butler stock option with an exercise price of less than $22.50 and you confirm the termination of your option, then promptly after the Effective Time, BlueScope will pay you an amount of cash equal to the product of (A) the difference between $22.50 and the per share exercise price of your option, and (B) the number of shares of Butler common stock covered by your option, less applicable withholding taxes. Simultaneously with the Merger, the Butler stock option plans and each outstanding Butler stock option under the Butler stock option plans will be terminated. See "The Merger Agreement Butler Stock Options."

Board Recommendation

Butler's board of directors has unanimously determined that the Merger Agreement is advisable, has approved the Merger Agreement and recommends that Butler stockholders vote "FOR" approval and adoption of the Merger Agreement. See "The Merger Recommendation of Butler's Board of Directors."

Butler's Reasons for the Merger

Before reaching its decision to approve and recommend the Merger Agreement and the transactions it contemplates, Butler's board of directors consulted with senior management and Butler's financial and legal advisors and considered a number of factors, including:

- the current state of the business, operations, assets, financial condition, results of operations, and prospects of Butler;
- the current and historical market prices of Butler common stock relative to the $22.50 per share merger consideration, and the increases in the market price prior to signing the Merger Agreement;
- the analysis presented by George K. Baum Advisors LLC ("Baum") and the fairness opinion Baum delivered to Butler's board of directors, which is described below under "Opinion of Butler's Financial Advisor";
- a review of Butler's prospective financial condition, results of operations and business if it remained independent, including Butler's anticipated liquidity and capital resource needs;

the continuing defaults by Butler under its borrowing agreements, Butler's inability to date to obtain from its lenders any waivers of its defaults or agreements to forebear collection, the lenders' ability to accelerate and demand immediate repayment of all amounts owed, the lenders' requirement that Butler repay in full all amounts owed to the lenders, and the going-concern qualification to be received from Butler's independent outside accounting firm in connection with Butler's audited 2003 year-end financial statements;

the fact that the Merger will provide sufficient funds to satisfy Butler's lenders;

the adverse impact that filing for bankruptcy would have on Butler's business and the value of its common stock;

the likelihood that the Merger would be consummated, in light of the experience, reputation and financial capability of BlueScope; and

the terms of the Merger Agreement.

Butler's board of directors viewed all of these factors and the others discussed in "The Merger Butler's Reasons for the Merger" as important in reaching its conclusion. For a more detailed discussion of the board's considerations see "The Merger Background of Merger" and "The Merger Butler's Reasons for the Merger."

The Special Meeting

Place, Date and Time. The special meeting will be held at a.m./p.m. local time at City Stage Theater, Union Station Kansas City, 30 West Pershing Road, Kansas City, Missouri, on , , 2004.

What Vote is Required for Approval and Adoption of the Merger Agreement. The approval and adoption of the Merger Agreement requires

the affirmative vote by the holders of a majority of the shares of Butler common stock issued and outstanding as of the record date referred to below. Failing to vote will have the same effect as a vote "AGAINST" approval and adoption of the Merger Agreement.

Who Can Vote at the Meeting. At the special meeting you can vote all of the shares of Butler common stock you own of record as of , 2004, which is the record date for the special meeting. If you own shares that are registered in someone else's name such as a broker or nominee, you need to direct that person to vote those shares or obtain an authorization from them to vote the shares yourself at the special meeting. As of the close of business on , 2004, there were shares of Butler common stock outstanding held by approximately 2,100 holders of record.

Procedure for Voting. You can vote your shares by attending the special meeting and voting in person or by mailing the enclosed proxy card. If you submit a proxy, you may revoke it at any time before the vote is taken at the special meeting. To revoke your proxy, you must either advise the Secretary of Butler in writing, deliver a proxy dated after the date of the proxy you wish to revoke, or attend the meeting and vote your shares in person. Merely attending the special meeting will not constitute revocation of your proxy. See "The Special Meeting of Butler Stockholders Vote by Proxy."

Opinion of Butler's Financial Advisors

Baum, Butler's financial advisor, delivered to Butler's board of directors its verbal opinion on February 11, 2004, and its written opinion, dated February 15, 2004, to the effect that, as of those dates and based upon and subject to the matters and assumptions stated in the written opinion, the merger consideration of $22.50 in cash per share was fair from a financial point of view to Butler stockholders. See "The Merger Opinion of Butler's Financial Advisor."

Interests of Directors and Executive Officers in the Merger that Differ from Your Interests

Some of Butler's directors and officers have interests in the Merger that are different from, or are in addition to, their interests as stockholders in Butler. Butler's board of directors knew about these additional interests and considered them when it approved the Merger Agreement. See "The Merger Interests of Butler's Directors and Officers in the Merger."

Material United States Federal Income Tax Consequences

The Merger will be a taxable transaction to you. In general, for United States federal income tax purposes, your receipt of cash in exchange for your shares of Butler common stock will cause you to recognize a gain or loss measured by the difference, if any, between the cash you receive in the Merger and your adjusted tax basis in your shares of Butler common stock. Tax matters are very complicated, and the tax consequences of the Merger to you will depend on the facts of your particular situation. We urge you to consult your own tax advisor as to the specific tax consequences to you of the Merger, including the applicable federal, state, local and foreign tax consequences.

Regulatory Filings and Approvals

The Merger is subject to review by the Antitrust Division of the Department of Justice and the Federal Trade Commission (the "Federal Antitrust Agencies"). On February 27, 2004, Butler and BlueScope each filed the required information and materials with the Federal Antitrust Agencies. Early termination of the applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the "HSR Act"), was granted effective March 11, 2004. These agencies, state antitrust authorities or a private person or entity could challenge the Merger at any time before or after its completion. See "The Merger Regulatory Filings and Approvals."

Dissenters' Rights of Appraisal

The DGCL provides you with appraisal rights in the Merger. This means that if you are not satisfied with the amount you would receive in the Merger, you are entitled to have the value of your shares determined by the Delaware Court of Chancery (the "Chancery Court") and to receive payment based on that valuation. The ultimate amount you receive as a dissenting

stockholder in an appraisal proceeding may be more or less than, or the same as, the amount you would have received in the Merger. To exercise your appraisal rights, you must deliver a written objection to the Merger to the Secretary of Butler at or before the vote is taken at the special meeting and you must not vote in favor of approval and adoption of the Merger Agreement. Your failure to follow exactly the procedures specified under the DGCL will result in the loss of your appraisal rights. See "The Merger Dissenters' Rights of Appraisal."

When the Merger will be Completed

We are working to complete the Merger as soon as possible. We anticipate completing the Merger immediately following the special meeting, subject to receipt of stockholder approval and satisfaction of other requirements, including the conditions described immediately below. See "The Merger Agreement Effective Time of the Merger."

Conditions to Completing the Merger

The completion of the Merger depends on a number of conditions being satisfied, including the following, among others:

- approval and adoption of the Merger Agreement by the stockholders of Butler in accordance with the DGCL;
- no Company Material Adverse Change having occurred with respect to Butler. See "The Merger Agreement Material Adverse Effect/Material Adverse Change and First Quarter 2004 Financial Statements";
- the absence of any legal action or restraint blocking or seeking to block the Merger;
- Butler and BlueScope having performed in all material respects all of their requisite obligations under the Merger Agreement (and each party having received the certificate of appropriate executive officers of the other party to that effect);

the representations and warranties of Butler which are qualified by materiality in the Merger Agreement being true and correct in all respects when made and as of the closing date (and BlueScope having received the certificate of the CEO and the CFO of Butler to that effect), provided that this condition will be deemed satisfied unless failure of such representations and warranties to be so true and correct is, or is reasonably likely to be, a Company Material Adverse Effect;

the representations and warranties of BlueScope which are qualified by materiality in the Merger Agreement being true and correct in all respects when made and as of the closing date (and Butler having received the certificate of an executive officer of BlueScope to that effect);

the representations and warranties of each of Butler and BlueScope which are not qualified by materiality in the Merger Agreement being true and correct in all material respects when made and as of the closing date (and each party having received the certificate of appropriate executive officers of the other party to that effect); and

obtaining all necessary regulatory approvals.

If law permits, either Butler or BlueScope could choose to waive a condition to its obligation to complete the Merger even though that condition has not been satisfied. See "The Merger Agreement Conditions to Consummation of the Merger", and "The Merger Agreement Material Adverse Effect/Material Adverse Change and First Quarter 2004 Financial Statements."

Failure to Approve and Complete the Merger

It is possible the Merger will not be completed. This would happen if the Butler stockholders do not approve and adopt the Merger Agreement or if certain other conditions are not satisfied or waived. See "The Merger Conditions to Consummation of the Merger", and "The Merger Agreement Material Adverse Effect/Material Adverse Change and First Quarter 2004 Financial Statements." If the Merger is not completed, none of BlueScope, Butler or any other person will be under any

---

obligation to make or consider any alternate proposal regarding the acquisition of Butler. If the Merger is not completed, Butler will have to pursue alternate transactions in order to resolve its continuing defaults under its borrowing agreements, preserve the value of its assets and continue its operations as a going concern. These alternate transactions could include restructurings, recapitalizations, an alternate sale or merger, disposals of assets, procurement of new equity or any combination of these and may or may not involve a filing under Chapter 11 of the U.S. Bankruptcy Code. Butler's board of directors and management believe that if the Merger is not completed it will be difficult to obtain a workable arrangement with its lenders to continue existing operations as currently conducted.

Termination of the Merger Agreement

Butler and BlueScope can mutually agree in writing to terminate the Merger Agreement whether before or after approval and adoption by the Butler stockholders. Each of Butler and BlueScope may terminate the Merger Agreement unilaterally if certain events occur, including, among other things, breaches by the other party, the Merger not being consummated by August 1, 2004, and the Butler stockholders not adopting the Merger Agreement. In addition, BlueScope may unilaterally terminate the agreement if Butler's board of directors withdraws or adversely modifies its recommendation of the Merger. See "The Merger Agreement Termination of Merger Agreement."

Termination Fees and Expenses

Butler will be required to pay a termination fee of $5.5 million to BlueScope and reimburse BlueScope for expenses of up to $1.5 million if the Merger Agreement is terminated under certain circumstances. See "The Merger Agreement Termination of Merger Agreement" and "The Merger Agreement Termination Fees and Expenses."

Accounting Treatment

The Merger will be accounted for as a "purchase" as such term is used under U.S. generally accepted accounting principles ("GAAP"), for accounting and financial reporting purposes. See "The Merger Accounting Treatment of Merger."

Procedure for Receiving Merger Consideration

BlueScope will appoint a paying agent to coordinate the payment of the cash merger consideration following the Merger. The paying agent will send you written instructions for surrendering your certificates and obtaining the cash merger consideration after Butler and BlueScope have completed the Merger. Do not send in your Butler stock certificates now. See "The Merger Agreement Exchange Procedures."

Shares Held by Directors and Executive Officers

As of January 31, 2004, approximately 4.1% of the outstanding shares of Butler common stock were held by directors and executive officers of Butler and its affiliates and entities controlled by them, and no shares of Butler common stock were held by BlueScope. Each of those persons has advised Butler that he, she or it will vote the shares held by him, her or it in favor of the proposal to approve and adopt the Merger Agreement. See "Security Ownership by Certain Beneficial Owners and Management."

Questions

If you have questions about the special meeting, where to send your proxy or other matters with respect to voting after reading this proxy statement, you should contact:

MacKenzie Partners, Inc.
105 Madison Avenue
New York, New York 10016
Telephone: (212) 929-5500

If you have additional questions about the Merger, you should contact:

Butler Manufacturing Company
1540 Genessee Street
Kansas City, Missouri 64102
Attn: Secretary
Telephone: (816) 968-3000

QUESTIONS AND ANSWERS ABOUT THE MERGER

Q:

WHY ARE BLUESCOPE AND BUTLER PROPOSING THE MERGER?

A:

Butler believes that the Merger will provide immediate and fair value to its stockholders for their interest in Butler and will provide Butler with the ability to satisfy its financial obligations to its creditors. BlueScope believes the Merger will enhance its growth opportunities in two important markets the United States and China. To review the reasons for the Merger in greater detail, see "The Merger Background of Merger," "The Merger Butler's Reasons for the Merger," and "The Merger Recommendation of Butler's Board of Directors."

Q:

WHEN DO YOU EXPECT TO COMPLETE THE MERGER?

A:

The Merger cannot be completed until certain conditions have been satisfied or waived. See "The Merger Agreement Conditions to Consummation of the Merger." However, we anticipate that all such conditions will be satisfied prior to or shortly after the special meeting.

Q:

WHAT WILL I RECEIVE IN THE MERGER?

A:

You will receive $22.50 in cash (without interest) for each share of Butler common stock that you own. See "The Merger General Description of the Merger."

Q:

WHAT SHOULD I DO NOW IN ORDER TO VOTE ON THE MERGER?

A:

After carefully reading this document, please indicate on your proxy card how you want to vote and sign and mail it in the enclosed return envelope as soon as possible, so that your shares may be represented at the special meeting.

Q:

WHAT HAPPENS IF I DO NOT VOTE?

A:

Because the affirmative vote by the holders of a majority of the outstanding shares of Butler common stock is required to approve and adopt the Merger Agreement and the Merger, if you fail to vote, it will have the same effect as if you voted "AGAINST" the Merger.

Q:

IF MY BROKER HOLDS MY SHARES IN "STREET NAME", WILL MY BROKER VOTE MY SHARES FOR ME?

A:

Your broker will vote your shares only if you direct him or her to do so.

Q:

WHAT DO I DO IF I WANT TO CHANGE MY VOTE AFTER I HAVE MAILED MY SIGNED PROXY CARD?

A:

You may revoke or change your proxy at any time prior to its use at the special meeting by giving Butler a new proxy, giving a written direction to the Secretary of Butler to revoke your proxy, or attending the special meeting and voting in person. See "The Special Meeting of Butler Stockholders Voting by Proxy."

Q:

HOW DO I GET THE CASH IN EXCHANGE FOR MY SHARES OF BUTLER COMMON STOCK?

A:

After the Merger is completed, BlueScope will send Butler stockholders written instructions for surrendering their shares. If you hold Butler shares in physical form, please do not send in your stock certificates now.

Q:

HOW WILL THE MERGER AFFECT HOLDERS OF OPTIONS TO ACQUIRE BUTLER COMMON STOCK?

A:

BlueScope will distribute cash to holders of outstanding stock options with exercise prices less than $22.50. The amount of cash will be determined by reference to the spread between $22.50 and the exercise price, as provided in the Merger Agreement. See "The Merger Agreement Butler Stock Options."

Q:

WILL I GET APPRAISAL RIGHTS IN THE MERGER?

A:

Yes. Under the Delaware General Corporation Law (the "DGCL"), Butler stockholders are entitled to appraisal rights

---

in connection with the Merger. Any Butler stockholder who wants to exercise appraisal rights must strictly comply with the rules governing the exercise of appraisal rights or else it will lose those appraisal rights. If a Butler stockholder returns a signed proxy card not marked "AGAINST" or "ABSTAIN" with respect to the approval and adoption of the Merger Agreement, such proxy will be voted

"FOR" the approval and adoption of the Merger Agreement and will result in such stockholder waiving their appraisal rights. We have described the procedures for exercising appraisal rights in this proxy statement and have attached the provisions of the DGCL that govern appraisal rights as Appendix B. See "The Merger Dissenters' Rights of Appraisal."

Q:

WHO CAN ANSWER MY QUESTIONS?

A:

You can find more information about Butler from various sources described under "Where You Can Find More Information." If you have questions about the special meeting, where to send your proxy or other matters with respect to voting after reading this proxy statement, you should contact:

MacKenzie Partners, Inc.
105 Madison Avenue
New York, New York 10016
Telephone: (212) 929-5500

If you have additional questions about the Merger, you should contact:

Butler Manufacturing Company
1540 Genessee Street
Kansas City, Missouri 64102
Attn: Secretary
Telephone: (816) 968-3000

CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING INFORMATION

This proxy statement, and the documents to which you are referred in this proxy statement, contain forward-looking statements based on estimates and assumptions. Forward-looking statements include information concerning possible or assumed future results of operations of each of BlueScope and Butler as well as information relating to the Merger. There are forward-looking statements throughout this proxy statement, including, among others, under the headings "Summary," "The Merger" and "Opinion of Butler's Financial Advisor," and in statements containing the words "believes," "expects," "anticipates," "intends," "estimates" or other similar expressions. For each of these statements, Butler claims the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995.

You should be aware that forward-looking statements involve known and unknown risks and uncertainties. Although we believe that the expectations reflected in these forward-looking statements are reasonable, we cannot assure you that the actual results or developments we anticipate will be realized, or even if realized, that they will have the expected effects on the business or operations of each of Butler and BlueScope. These forward-looking statements speak only as of the date on which the statements were made.

In addition to other factors and matters contained or incorporated in this document, we believe the following factors could cause actual results to differ materially from those discussed in the forward-looking statements:

- uncertainties relating to general economic, industry, business and social conditions;

- actions by Butler's lenders to accelerate Butler's debt due to its ongoing defaults and the potential that such an acceleration would force Butler to file for protection under Chapter 11 of the U.S. Bankruptcy Code;

- changes in the willingness of vendors or trade creditors to deal with Butler or in the credit or other commercial terms on which they are willing to do so;

changes in customer confidence in Butler and its products;

the timing of, and legal, regulatory and other conditions associated with, the completion of the Merger;

competitive pressures in the markets in which Butler competes;

other consolidations, restructurings or other ownership changes in the construction or steel industries;

the loss of key employees;

the supply and price of materials used by Butler;

the demand and price for Butler's products and services; and

other trends affecting Butler's financial condition or results of operations including changes in manufacturing capacity utilization and corporate cash flow in both domestic and international markets.

You should not place undue reliance on any forward-looking statements. Except as expressly required by the federal securities laws, Butler undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, changed circumstances or any other reason after the date of this proxy statement.

THE PARTIES TO THE MERGER

The parties to the Merger Agreement are Butler, BlueScope and the BlueScope Subsidiary, an indirect wholly-owned subsidiary of BlueScope.

Butler

Butler was founded as a partnership in 1901, incorporated in Missouri in 1902, and later reincorporated in Delaware in 1969. Its corporate headquarters are located in Kansas City, Missouri. Butler operates manufacturing facilities, engineering offices and service centers at various places in the continental United States and 15 foreign countries. Principal international operations are conducted through two Chinese wholly-owned subsidiaries, Butler (Shanghai) Inc., and Butler (Tianjin) Inc., and through Saudi Building Systems Ltd. and Vistawall International (UAE) Ltd., minority-owned joint ventures in Saudi Arabia and the United Arab Emirates.

Butler is primarily engaged in the design, production and marketing of building systems and components for nonresidential structures. Products and services fall into five principal business segments:

North American Building Systems, consisting primarily of custom designed and pre-engineered steel and wood frame building systems for commercial, community, industrial, governmental, and agricultural uses;

International Building Systems, consisting primarily of custom designed and pre-engineered steel buildings for commercial, community, industrial, and governmental use;

Architectural Products, consisting primarily of curtain wall and storefront framing systems, standard and custom window systems, skylights, and roof vents for low-rise, medium-rise, and high-rise nonresidential buildings;

Construction Services, providing construction management services for purchasers of large, complex, or multiple site building projects; and

Real Estate, providing build-to-suit-to-lease development services for corporations that prefer to lease rather than own their facilities.

Butler's products are sold, installed, and serviced through over 4,000 independent dealers or contractors that serve the commercial, community, industrial, agricultural, and governmental markets.

BlueScope

BlueScope is the largest steel company in Australia and New Zealand. It is the only producer of flat steel in these countries and has a significant presence in the Asian steel industry. BlueScope produces about 60% of Australia's overall steel production, and supplies around 80% of all flat steel products sold in Australia and New Zealand. BlueScope serves customers primarily in the building and construction, packaging, pipe and tube, automotive and general manufacturing industries. Its focus is on supplying value-added metallic coated, painted and roll-formed steel products, and other flat steel products like slab, hot rolled coil and plate. BlueScope conducts its business from its head office located in Melbourne, Australia and from several other offices worldwide.

BlueScope Subsidiary

The BlueScope Subsidiary is an indirect wholly-owned subsidiary of BlueScope formed solely to facilitate BlueScope's acquisition of Butler. The Merger Agreement provides that the BlueScope Subsidiary will not perform any activities other than of those related to its formation or the consummation of the Merger.

THE SPECIAL MEETING OF BUTLER STOCKHOLDERS

Time, Place and Purpose of the Special Meeting

The special meeting will be held at a.m./p.m. local time at City Stage Theater, Union Station Kansas City, 30 West Pershing Road, Kansas City, Missouri, on , , 2004. The purpose of the special meeting is (1) to vote on the proposal to approve and adopt the Merger Agreement, pursuant to which, upon the terms and subject to the conditions of the Merger Agreement, (a) the BlueScope Subsidiary will be merged with and into Butler, with Butler being the Surviving Corporation and becoming an indirect wholly-owned subsidiary of BlueScope; and (b) each share of Butler common stock outstanding at the Effective Time (other than shares held by Butler or its subsidiaries, any shares held by BlueScope or its subsidiaries, or stockholders who perfect their statutory appraisal rights under the DGCL) will be converted into the right to receive $22.50 in cash, without interest; and (2) to transact such other business as may properly come before the special meeting.

Butler's board of directors has unanimously determined that the Merger Agreement is advisable, and approved the Merger Agreement and recommends that Butler stockholders vote "FOR" approval and adoption of the Merger Agreement.

Who Can Vote at the Special Meeting

The holders of record of Butler common stock as of the close of business on , 2004, which is the record date for the special meeting, are entitled to receive notice of, and to vote at, the special meeting. If you own shares that are registered in someone else's name, such as a broker or nominee, you need to direct that person to vote those shares or obtain an authorization from them to vote the shares yourself at the special meeting. On , 2004, there were shares of Butler common stock outstanding held by approximately 2,100 holders of record.

Vote Required for Approval of Merger

The approval and adoption of the Merger Agreement requires the affirmative vote by the holders of a majority of the shares of Butler common stock issued and outstanding on the record date. Each share of common stock is entitled to one vote. Failure to return a properly executed proxy card or to vote in person will have the same effect as a vote "AGAINST" approval and adoption of the Merger Agreement.

Under the rules of the NYSE, brokers who hold shares in street name for customers have the authority to vote on "routine" proposals when they have not received instructions from beneficial owners. However, brokers are precluded from exercising their voting discretion with respect to the approval of non-routine matters such as the approval and adoption of the Merger Agreement. As a result, without specific instructions from the beneficial owner of shares they hold in street name, brokers are not empowered to vote those shares (referred to generally as "broker non-votes"). Abstentions and broker non-votes will be treated as shares that are present and entitled to vote at the special meeting for purposes of determining whether a quorum exists and will have the same effect as votes "AGAINST" approval and adoption of the Merger Agreement.

The holders of a majority of the shares of Butler common stock issued and outstanding on the record date, represented in person or by proxy, will constitute a quorum for purposes of the special meeting. A quorum is necessary to hold the special meeting. Once a share is represented at the special meeting, it will be counted for the purpose of determining a quorum and any adjournment of the special meeting, unless the holder is present solely to object to the special meeting. However, if a new record date is set for an adjourned meeting, then a new quorum will have to be established.

Voting By Proxy

This proxy statement is being sent to you on behalf of Butler's board of directors for the purpose of requesting that you allow your shares of Butler common stock to be represented at the special meeting by the persons named in the enclosed proxy card. All shares of Butler common stock represented at the meeting by properly executed proxy cards will be voted in accordance with the instructions indicated on that proxy. If you sign and return a proxy card without giving voting instructions, your shares will be voted "FOR" approval and adoption of the Merger Agreement.

The persons named in the proxy card will use their own judgment to determine how to vote your shares regarding any matters not described in this proxy statement that are properly presented at the special meeting. Butler does not know of any matter to be presented at the meeting other than the proposal to approve and adopt the Merger Agreement.

You may revoke your proxy at any time before the vote is taken at the meeting. To revoke your proxy, you must either advise the Secretary of Butler in writing, deliver a proxy dated after the date of the proxy you wish to revoke or attend the meeting and vote your shares in person. Merely attending the special meeting will not constitute revocation of your proxy.

If your shares are held in "street name" by your broker, you should instruct your broker on how to vote your shares using the instructions provided by your broker. If you do not instruct your broker to vote your shares, they will not be voted and this will have the same effect as if they were voted "AGAINST" approval and adoption of the Merger Agreement.

Butler will pay the cost of this proxy solicitation. Butler has engaged MacKenzie Partners, Inc. to assist in the solicitation of proxies for the special meeting and will pay MacKenzie Partners, Inc. a fee of $7,500 plus reimbursement of reasonable out of pocket expenses for these services. In addition to soliciting proxies by mail, directors, officers and employees of Butler may solicit proxies personally and by telephone. None of these persons will receive additional or special compensation for soliciting proxies. Butler will, upon request, reimburse brokers, banks and other nominees for their expenses in sending proxy materials to their customers who are beneficial owners and obtaining their voting instructions.

THE MERGER

General Description of the Merger

In the Merger, the BlueScope Subsidiary, an indirect wholly-owned subsidiary of BlueScope, will merge with and into Butler and Butler will be the Surviving Corporation and become an indirect wholly-owned subsidiary of BlueScope. The Merger will be effective upon the filing of a Certificate of Merger with the Secretary of State of the State of Delaware in accordance with the DGCL. The Merger Agreement provides that such filing will be made as promptly as practicable after the conditions set forth in the Merger Agreement are satisfied or waived, unless another time is agreed to by Butler and BlueScope. See "The Merger Conditions to Consummation of the Merger." As a result of the Merger, you will receive $22.50 in cash (without interest) for each share of Butler common stock that you own.

Background of the Merger

In June 2001, Butler entered into a three-year, $50 million credit agreement (the "Credit Agreement") with a group of banks and issued $50 million of related senior unsecured notes (the "2001 Notes") to institutional investors for the purpose of funding certain capital expenditures and providing additional liquidity for operations. This debt was in addition to $50 million of aggregate principal then outstanding under the senior unsecured notes that Butler issued in 1994 and 1998 (together with the 2001 Notes, the "Notes").

Principally due to general weakness in the domestic nonresidential construction industry, Butler was unable to comply with certain financial covenants set forth in the Credit Agreement for the third quarter of 2002. Butler sought and received a waiver for this non-compliance from its banks and subsequently amended the terms of the Credit Agreement to revise certain financial covenants. In exchange for this amendment to the Credit Agreement, Butler agreed to reduce the amount of credit available under the Credit Agreement to $35 million, amend certain terms under the Notes and grant equal and ratable security interests to the banks and Note holders in Butler's domestic cash, accounts receivable, inventory, equipment and subsidiary stock. The amendment process, which included revisions to terms of certain financial covenants under the Notes, was concluded in February 2003.

In March 2003, Kirby Adams, Managing Director and CEO of BlueScope, and John Holland, Chairman and CEO of Butler, first spoke regarding Butler and BlueScope by way of a telephone call initiated by Mr. Adams, which was followed by a meeting between the two on April 9, 2003 in Kansas City. At that meeting, Mr. Adams indicated that BlueScope had identified Butler as a company that would be a complementary fit with BlueScope, especially with respect to its China operations, but indicated that BlueScope had no intention of any hostile action. Mr. Holland indicated he would inform Butler's board of directors regarding the meeting and BlueScope's interest, which he did at the June 2003 board meeting. Mr. Adams subsequently left a telephone message for Mr. Holland in early July 2003 indicating he would stop in Kansas City to meet with Mr. Holland if Mr. Holland desired. Mr. Holland did not respond to this message and took no further action to initiate talks with BlueScope at that time.

On May 15, 2003, Butler announced that it had signed a letter of intent to sell substantially all the assets of its Lester Buildings Systems business to a management group headed by the current Lester division president.

On May 22, 2003, Butler engaged Baum to serve as Butler's placement agent to assist in securing a new $50 million credit facility to provide additional funding for operations and replace the current Credit Agreement that terminates on June 20, 2004. In conjunction with this process, Baum solicited and received a number of refinancing proposals from asset-based lenders. However, none of these proposals provided sufficient liquidity for Butler's anticipated needs without adversely modifying the existing security interests of the Notes, and the Note holders were not willing to consent to that modification. Accordingly, Butler was unable to move forward with any of the refinancing proposals and instead began to negotiate with its existing lenders to restructure the terms of the Credit Agreement and the Notes.

On June 17, 2003, Butler announced that it was reducing its quarterly cash dividend to $0.04 per share from $0.18 per share due to the continued downturn in the domestic nonresidential construction industry, poor financial results for the first half of 2003 and the need to maintain financial flexibility in the face of a weakening near-term outlook.

As a result of the continued decline in the domestic nonresidential construction markets, Butler's financial condition, and the difficulties experienced in securing a replacement to the current Credit Agreement, Butler's board of directors engaged Baum on July 9, 2003 to serve as Butler's financial advisor to assist the board of directors in evaluating the strategic options available to Butler, including but not limited to, private investment capital, asset sales, and the sale of Butler. Baum was selected as a financial advisor by Butler's board of directors based upon its knowledge and familiarity with Butler and its industry as well as Baum's qualifications, expertise and reputation.

In conjunction with the announcement of operating results for the second quarter of 2003, Butler stated that although it was in compliance with all provisions of the Credit Agreement and the Notes, there was uncertainty with regard to its ability to comply with the financial covenants of these debt agreements in the future. As a result of this uncertainty, Butler continued to negotiate with its lenders to restructure its debt agreements to provide more financial and operational flexibility and protect against potential covenant defaults during the prolonged downturn in the domestic nonresidential construction market.

Due to ongoing market weakness and further concern with respect to Butler's financial condition and liquidity requirements, Butler announced on September 8, 2003 that it was suspending payment of quarterly cash dividends.

On September 18, 2003 together with its bankruptcy counsel and other advisors, Butler initiated a series of discussions with representatives of the existing lenders, subsequent to which Butler made proposals regarding a multi-year restructuring of the terms of the Credit Agreement and the Notes and the extension of additional loans under new arrangements with its existing lenders. These negotiations extended into December 2003 without resulting in any arrangements that were satisfactory to both Butler and its lenders. (The absence of any agreements with the lenders to waive the continuing defaults resulted in the reclassification in the third quarter of 2003 of all of Butler's funded debt under the Notes as short term debt.)

On September 26, 2003, before Butler's board of directors had determined which strategic option to pursue and before Baum and Butler had solicited any proposals with respect to any strategic option, Butler received an unsolicited proposal from a strategic buyer interested in acquiring Butler. Butler's board of directors held a special meeting to review the unsolicited proposal and authorized its advisors to obtain further clarification of the terms of the proposal and Baum to continue the process of exploring other available strategic alternatives for Butler, particularly the solicitation of additional offers to purchase Butler.

In addition to discussions with the party making the unsolicited proposal, Baum worked with Butler's senior management during October 2003 to solicit additional offers and to explore other strategic alternatives. Baum and Butler contacted several parties they thought were reasonably likely to be interested in various strategic alternatives, including four strategic buyers and eight financial buyers.

As part of this process, on October 9, 2003, Mr. Holland, sent an e-mail to Mr. Adams to advise him of Butler's decision to explore strategic alternatives. On October 23, 2003, Mr. Holland made a follow-up telephone call to Mr. Adams. Mr. Holland and Mr. Adams determined that discussions should remain confidential and that each of Butler and BlueScope should execute a mutual confidentiality agreement. On the same day, Butler submitted a confidentiality agreement to BlueScope.

On October 29, 2003, Butler informed its lenders that it was no longer in compliance with certain financial covenants under the Credit Agreement and the Notes. Because of this noncompliance, Butler's lenders had and continue to have the right to demand repayment of $90 million of debt recorded on Butler's balance sheet and to require cash funding for approximately $25 million of outstanding stand-by letters of credit. The lenders did not exercise these rights and Butler continued its discussions with the lenders to restructure the debt under the Credit Agreement and the Notes. In conjunction with any demand for repayment of the principal outstanding under the Notes, Butler would also be required to pay any make-whole amount due under the Notes. See "The Merger Negotiations and Agreements with the Note Holders."

On October 30, 2003, concurrent with its announcement of operating results for the third quarter of 2003, Butler publicly announced the defaults under the Credit Agreement and the Notes. In conjunction with this release, Butler also announced that its board of directors had authorized management to explore the strategic options available to Butler, including the solicitation of private investment capital, asset sales, and the sale of Butler, and its financial advisor, Baum, had been authorized to assist in the process. As a result of this announcement, Butler and Baum received and responded to a number of inquiries from strategic buyers, financial buyers and investors who were interested in exploring a variety of transactions with Butler.

On November 16, 2003, Butler and BlueScope executed a confidentiality agreement. At this time, through their financial advisors BlueScope and Butler made arrangements for BlueScope to commence due diligence during the second half of November 2003. BlueScope's due diligence review of Butler included reviewing data room materials, holding meetings with Butler management, participating in discussions with Butler's accountants, lawyers and outside consultants, and visiting Butler facilities in the United States and abroad.

In addition to BlueScope, Butler executed confidentiality agreements with seven other interested parties, including four strategic buyers that were considered to be among the most likely to express strong interest in pursuing a transaction with Butler. Each of these parties was either provided with certain financial materials or participated in meetings with Butler management and was provided access to data room materials.

On November 25, 2003, Butler announced that it had terminated the previously announced agreement to sell substantially all the assets of its Lester Building Systems business to a management group headed by the current Lester division president. Butler and the Lester management group had previously executed a definitive agreement which called for the transaction to be completed by November 21, 2003. The closing of the Lester transaction was subject to receipt of consent from Butler's lenders, which was not received by November 21, 2003. As a result, Butler and the Lester management group executed an agreement terminating the sale.

On December 1, 2003, Baum sent a letter to the various qualified prospective strategic buyers of Butler who had expressed strong interests in a transaction with Butler indicating that Butler would be accepting written indications of interest by December 12, 2003.

On or prior to December 12, 2003, Butler received indication of interest letters from several prospective strategic buyers, including BlueScope. BlueScope's letter proposed to acquire Butler in an all-cash merger at an indicative price between $23.00 and $26.00 per share following additional due diligence by BlueScope and subject to the assumptions and terms and conditions contained in the letter. In addition to proposing the highest indicative price for Butler, BlueScope's letter incorporated a willingness to work with Butler's lenders, a provision that was deemed to be material due to the ongoing defaults under the Credit Agreement and the Notes.

On the afternoon of December 14, 2003, Butler's board of directors met and discussed the indication of interest letters and authorized Butler's senior management and Baum to proceed with further negotiations with BlueScope, including an exclusivity period in return for an increased indicative price from BlueScope.

Later in the evening on December 14, 2003, the respective representatives of Baum and Credit Suisse First Boston, BlueScope's financial advisor, negotiated an exclusivity period through the end of January 2004 in return for modifying BlueScope's indicative price per share to $25.00 per share. From December 15, 2003 to December 16, 2003, the parties negotiated the terms of the letter reflecting this understanding and executed it on December 17, 2003.

On December 15, 2003, a draft merger agreement prepared by Butler's legal counsel, Katten Muchin Zavis Rosenman, was distributed to BlueScope's legal counsel, Sullivan & Cromwell LLP, for their review and comment in connection with the proposed transaction.

On December 30, 2003, Butler reached an agreement with the Note holders to defer the December 30, 2003 and March 20, 2004 principal payments due under certain of the Notes in the aggregate amount of $8.5 million (the "Noteholder Amendment Agreement"). In exchange, Butler agreed, among other things, to deposit scheduled interest payments owed under the Notes in a separate account for the benefit of the lenders and to satisfy certain milestones related to a transaction, including delivering to the Note holders a definitive merger or purchase agreement providing for a transaction that would result in the repayment in full of the Notes by April 30, 2004. The Note holders

did not otherwise waive any defaults by Butler and reserved the right to exercise all remedies for Butler's defaults. See "The Merger Negotiations and Agreements with the Note Holders."

BlueScope continued its due diligence investigation of Butler throughout January 2004. On January 26, 2004, the parties and their respective legal counsel initiated negotiations on the merger agreement.

On January 30, 2004, Butler received a revised indication of interest letter from BlueScope indicating that BlueScope was willing to acquire Butler in an all-cash merger at an indicative price of $22.50 per share, subject to the assumptions and terms and conditions contained in the letter, which included the extension of the exclusivity period through February 9, 2004.

Butler's board of directors met on the morning of January 31, 2004 and discussed the revised indication of interest letter and authorized Butler's senior management and Baum to proceed with further negotiations with BlueScope, including an extension of the exclusivity period.

Later in the evening on January 31, 2004, Butler, with its legal and financial advisors, and BlueScope, with its legal and financial advisors, held a series of negotiations on the terms of the revised indication of interest letter, which included direct telephone conversations between Mr. Holland and Mr. Adams. The parties agreed to an extension of the exclusivity period, and a letter reflecting this understanding was executed on February 1, 2004.

From February 3, 2004 to February 10, 2004, the parties and their respective legal counsel and financial advisors negotiated the terms of the Merger Agreement. Concurrently, the parties also negotiated with Butler's Note holders the amount of the make-whole amounts that become due and payable to the Note holders upon a change in control of Butler in addition to the principal and interest owed under the Notes by Butler.

On February 4, 2004, Butler received an unsolicited proposal from one of the other bidders which reconfirmed its interest in a transaction with Butler. Butler's board of directors held a special meeting on February 6, 2004 to review the status of the negotiations with BlueScope and this unsolicited proposal. After consulting with Butler's legal counsel and financial advisors, the board determined that the unsolicited proposal was not, and was not reasonably likely to result in, a proposal superior to BlueScope's current proposal. In reaching its decision, the board concluded that the unsolicited proposal equated to a price of approximately $20.25 per common share after deducting the make-whole amounts which would become payable on the Notes if the proposal was implemented. While the unsolicited proposal assumed there would be no such make-whole amounts, the board believed this assumption to be unwarranted given the terms of the Notes and the fact that the Note holders had consistently refused all prior requests for a waiver of all or any portion of those make-whole amounts (which the board estimated at that time to be equivalent to approximately $2.75 per share for these purposes, before considering the effect of income taxes). Butler's board also recognized that the unsolicited proposal did not specifically address the bidder's financing sources and contemplated an exclusivity and negotiating period which would run through March 15, 2004, significantly after the date by which Butler had to reach a definitive agreement under the Noteholder Amendment Agreement and the date by which the board believed it could reach a definitive agreement with BlueScope.

On February 11, 2004, Butler's board of directors met to consider the Merger. Baum delivered its oral opinion, which was subsequently confirmed in writing, that the consideration to be received by Butler stockholders was fair from a financial point of view to such stockholders. Subject to completion of final documentation and satisfactory agreements with the Note holders, Butler's board of directors unanimously approved the Merger.

On February 13, 2004, the parties reached substantive agreement with the Note holders and on February 15, 2004, the parties signed the definitive Merger Agreement and other transaction

documents, exchanged signatures with the Note holders (described below) and issued press releases announcing the Merger.

Negotiations and Agreements with the Note Holders

As described above, Butler has been in continuing default with its lenders since October 28, 2003, and despite repeated attempts, Butler has been unable to obtain any waivers or cures of the defaults. Consequently, the lenders have maintained their right to at any time accelerate and demand payment in full of all amounts owed by Butler to the lenders. On December 30, 2003, Butler and the Note holders executed the Noteholder Amendment Agreement which included the following arrangements:

The Note holders agreed to allow Butler to defer principal payments otherwise regularly payable by Butler on December 30, 2003 and March 20, 2004, provided there were no new defaults by Butler and Butler otherwise performed its obligations under the Noteholder Amendment Agreement.

On or before December 30, 2003, Butler would deposit $2,580,500 in a blocked account (which represents the interest otherwise regularly payable on the Notes on December 30, 2003), and on or before March 19, 2004, Butler would deposit $1,412,250 into a blocked account (which represents the interest otherwise regularly payable on March 20, 2004).

Butler agreed to provide to the Note holders no later than February 9, 2004, definitive merger documentation which provided for a merger which at closing would result in Butler's immediate repayment in full of all obligations to the Note holders, including principal, interest, default interest and make-whole amounts (as defined in the Notes) and fees. The purchaser was required to have financial qualifications acceptable to the Note holders and the merger agreement was required to be reasonably satisfactory to the Note holders with respect to the treatment of the Notes at closing of the merger and the conditions to the closing.

Butler agreed that the merger transaction contemplated by a definitive merger agreement (to be delivered by February 9, 2004) would close no later than April 30, 2004.

As a result of the understandings in the Noteholder Amendment Agreement, Butler's continuing defaults under the Notes, and the complexity of the make-whole amount calculations, BlueScope, Butler and the Note holders were engaged in extensive and lengthy negotiations during the weeks of February 2, 2004 and February 9, 2004, and reached mutually acceptable agreements among the parties to (1) provide the Note holders assurance from BlueScope that the Notes would be immediately paid in full if BlueScope closed the Merger, (2) provide BlueScope and Butler assurance that the Merger Agreement between BlueScope and Butler satisfied the requirements of the Noteholder Amendment Agreement, and (3) agree among BlueScope, Butler and the Note holders regarding the proper calculation of the make-whole amount. The make-whole amount calculated as agreed upon is approximately $18 million, assuming a closing on April 30, 2004, and a reference interest rate for U.S. Treasuries as in effect during the week of February 9, 2004. Butler estimates that a 25 basis points change in the reference rates would cause the make-whole amount to increase or decrease, as applicable, by approximately $1.5 million. Contemporaneously with the execution of the Merger Agreement, a Noteholder Acknowledgement Agreement, dated as of February 15, 2004, was entered into by Butler and the Note holders (the "Noteholder Acknowledgement Agreement"); and Payout Arrangement Agreements, dated as of February 15, 2004, were entered into by Butler, BlueScope, the Note holders and others (the "Payout Arrangement Agreements"), documenting these new agreements.

Butler's Reasons for the Merger

The terms of the Merger Agreement and the transactions contemplated by the Merger Agreement are a result of Butler's board of directors and senior management conducting a comprehensive search

for Butler's strategic alternatives following continuing weakness in the nonresidential commercial construction industry and Butler's non-compliance with the terms and conditions of the Credit Agreement and the Notes. These alternatives included raising private investment capital, selling Butler assets, and the sale of Butler. Butler's board of directors consulted with senior management and Butler's financial and legal advisors in conducting this evaluation of strategic alternatives and considered a number of other factors, including those set forth below, in reaching its decision to approve the Merger Agreement and the transactions contemplated by the Merger Agreement, and to recommend that Butler's stockholders vote "FOR" approval and adoption of the Merger Agreement. Following is a summary of the factors considered material by Butler's board of directors when making its determination to approve and recommend the Merger Agreement and the transactions contemplated by the Merger Agreement.

The following factors were considered that are supportive of the determination by Butler's board of directors:

- the consideration to be received by Butler stockholders, which represented a 32.5% premium over the $16.98 per share price of Butler common stock on October 29, 2003, the day before Butler's board of directors publicly announced that it had authorized management to explore strategic alternatives, a 47.2% premium over $15.29, the volume weighted average price of Butler common stock for the three-month period ending on October 29, 2003, a 37.6% premium over $16.35, the volume weighted average price of Butler common stock for the six-month period ending on October 29, 2003, and a 9.2% premium over $20.61, the volume weighted average price of Butler common stock from October 30, 2003 through February 19, 2004;

- the process undertaken by Butler to evaluate strategic alternatives, including remaining independent, soliciting additional private investors in Butler, a sale of Butler assets or business units, a sale of Butler and refinancing Butler's credit facilities. In pursuing these strategic alternatives, and ultimately choosing the sale of Butler as the best strategic alternative, Butler's board of directors considered the following:

  - Butler's defaults under the Credit Agreement and the Notes had made it exceedingly difficult to borrow additional money to continue to operate the company as an independent going concern and the prolonged economic slump in the domestic non-residential construction industry made it necessary that Butler obtain additional capital to continue its operations independently;

  - Raising private capital would further dilute the value of the Butler common stock and, while immediately addressing the financial situation of Butler, would not present a long-term solution to Butler's operating budget deficits and the continuing weakness in the industry; and

  - Butler's continuing dialogue with its banks and Note holders throughout the second half of 2003 had not resulted in any productive solutions which would allow Butler to continue to operate as an independent company while receiving relief from these lenders.

- the Louisiana-Pacific litigation in which Butler has been awarded approximately $29.6 million is currently in the appeals process. While Butler's board of directors feels this award will ultimately be decided favorably for Butler, the continuing appeals process provides no assurances regarding the ultimate resolution, timing and amount of the payment of such award. As such, Butler is unable to rely on this payment to continue its operations as an independent company. Furthermore, while such award would partially address the immediate financial difficulties of Butler, it would not present a long-term solution to Butler's operating budget deficits and the continuing weakness in the industry. Butler's board of directors was aware of and considered the

possibility that a ruling on this matter could be issued shortly following the board's approval of the Merger Agreement and the transactions contemplated by the Merger Agreement.

Subsequent to the board's determination, a Minnesota Court of Appeals, on February 17, 2004, affirmed the award, except for $11.2 million of the award which a federal district court in Oregon had previously enjoined from being collected. Louisiana-Pacific has publicly disclosed its intent to appeal this judgment, and Butler is currently appealing the injunction in the Federal Ninth Circuit Court of Appeals. If this favorable ruling is upheld after further appeal, it would only provide limited assistance to Butler in addressing its immediate financial difficulties and it would not represent a solution to Butler's immediate or longer term financial requirements. Butler's board of directors has not and does not expect to reevaluate its recommendation that Butler stockholders approve and adopt the Merger Agreement as a result of this judgment, or any future decision in the appeals process, or settlement of this litigation before the special meeting of Butler stockholders;

Butler's board of directors' knowledge of the current state of the business, operations, assets, financial condition, results of operations, and prospe