



NOTICE OF ANNUAL GENERAL MEETING 2005

NOTICE OF MEETING AND
INFORMATION FOR SHAREHOLDERS



BLUESCOPE STEEL LIMITED ABN 16 000 011 058

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Office of the Chairman

10 October 2005

Dear Shareholder

We have just completed an outstanding year for BlueScope Steel. I am delighted to invite you, as a shareholder, to attend BlueScope Steel Limited's 2005 Annual General Meeting.

The meeting will be held on **Friday, 11 November 2005** at **The Grand Hyatt, 123 Collins Street, Melbourne, Victoria**, commencing at 2.00 pm (Melbourne time). Registration desks will be open from 12.30 pm. I suggest that you arrive early to avoid queues and minimise any delays.

Enclosed are your 2005 Annual Report (unless requested otherwise) and Notice of 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 can lodge your proxy on-line at the BlueScope Steel website www.bluescopesteel.com/investors;
- A form to elect to receive information on BlueScope Steel (including your Annual Report, meeting documents and dividend advices) by electronic means (e-mail) and dividend payments by direct credit (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 and electronic communications form.

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

The ordinary business to be conducted at the 2005 Annual General Meeting will involve considering the 2005 Annual Report, adoption of the remuneration report and election of directors (Mr Graham Kraehe and Mr Tan Yam Pin are retiring by rotation). Special business includes an increase in the non-executive directors' remuneration, approval of an award of Share Rights to the Managing Director and CEO, Mr Kirby Adams, modifications to the Constitution and reinsertion of the proportional take-over provisions.

I look forward to welcoming you to the meeting.

Yours sincerely,

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

GRAHAM KRAEHE, AO
CHAIRMAN

NOTICE OF MEETING AND INFORMATION FOR SHAREHOLDERS

Notice is given that the 2005 Annual General Meeting of BlueScope Steel Limited ('the Company') will be held at The Grand Hyatt Melbourne, 123 Collins Street, Melbourne on Friday 11 November 2005 at 2.00 pm (Melbourne time).

ORDINARY BUSINESS

1. ANNUAL REPORT

To receive and consider the Annual Report, Financial Statements and the reports of the Directors and the auditor for the year ended 30 June 2005.

2. REMUNERATION REPORT

To adopt the Remuneration Report (which is contained in the Directors' Report) for the year ended 30 June 2005.

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

3. ELECTION OF DIRECTORS

- (a) Messrs Graham Kraehe and Tan Yam Pin retire by rotation in accordance with the Company's Constitution and, being eligible, offer themselves for re-election.
- (b) Ms Karen Dynon, who has given notice of her candidature, offers herself for election.

As Mr Kraehe is standing for re-election, Mr Ron McNeilly will chair the meeting for this item.

SPECIAL BUSINESS

4. NON-EXECUTIVE DIRECTORS' REMUNERATION

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

'That the total amount or value of the remuneration payable to Non-Executive Directors for the purpose of rule 11.9 of the Company's Constitution be increased from a maximum amount of \$1,750,000 per annum (inclusive of superannuation contributions) to a maximum amount of \$2,250,000 per annum (inclusive of superannuation contributions).'

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

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

'That the grant of share rights to the Managing Director and Chief Executive Officer, Mr Kirby Adams, under the Long Term Incentive Plan as described in the Explanatory Notes to this Notice of 2005 Annual General Meeting be approved for all purposes, including for the purpose of ASX Listing Rule 10.14.'

Voting exclusion statement

The Company will disregard any votes cast on resolutions 4 or 5 by Mr Adams, any other Director of the Company, or any of their associates, unless:

- the vote is cast as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form; or
- the vote is cast by a person chairing the meeting as proxy (or its corporate representative), for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

6. MODIFICATIONS TO THE CONSTITUTION

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

'That the Constitution of BlueScope Steel Limited be modified with immediate effect, in the manner set out in the Explanatory Notes included in this Notice.'

7. REINSERTION OF PROPORTIONAL TAKEOVER PROVISIONS

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

'That proportional takeover provisions in the form of rules 6.12 to 6.16 (inclusive) of the proposed modified Constitution are reinserted into the Constitution for a period of 3 years commencing immediately.'

PROXY INFORMATION

- A member who is entitled to attend and cast a vote at the 2005 Annual General Meeting may appoint a proxy.
- A proxy need not be a member.
- A member who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise.
- The following addresses and facsimile number are specified for the purposes of receipt of proxy appointments:

ADDRESSES

By hand:

BlueScope Steel Share Registry
c/- ASX Perpetual Registrars Limited
Level 4, 333 Collins Street
Melbourne, Victoria, 3000
Facsimile: +61 2 9287 0309

By mail:

BlueScope Steel Share Registry
c/- ASX Perpetual Registrars Limited
Locked Bag A14
Sydney South, NSW, 1235

Electronic proxy voting:

www.bluescopesteel.com/investors

- 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 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.

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 7.00 pm on Wednesday, 9 November 2005.

By order of the Board

Michael Barron

Company Secretary
Melbourne, 7 October 2005

EXPLANATORY NOTES

ITEM 1. ANNUAL REPORT

The Annual Report, Financial Statements and the reports of the Directors and the auditor for the year ended 30 June 2005 will be presented for consideration.

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 2005. The Remuneration Report is also available on the Company's website www.bluescopesteel.com or by contacting the Company's share registry on 1300 855 998.

Following on from changes to the *Corporations Act 2001*, the Company is seeking the adoption of the Remuneration Report by shareholders for the first time at the 2005 Annual General Meeting. As required by applicable law, this item will also be considered at future annual general meetings.

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 specified executives of the Company; and
- explains the incentive arrangements in place for the Company's employees.

While they are not legally restrained from voting, the Directors and the executives specifically named in the Remuneration Report will not vote on the resolution, otherwise than as a proxy for another shareholder and in accordance with the directions of that shareholder.

DIRECTORS' RECOMMENDATION

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

ITEM 3. CANDIDATES FOR ELECTION AS DIRECTORS

Messrs Kraehe and Tan retire by rotation. Each of these Directors, being eligible, offers himself for re-election.

Ms Dynon has also lodged notice of her nomination for election as a Director.

Although 3 candidates are standing for election as a Director, a maximum of 2 candidates may be elected in accordance with the Company's Constitution. As the number of candidates exceeds the number of positions available, it is proposed that this item will be decided by a poll (rather than by a show of hands).

As only 2 of the candidates may be elected as Directors:

- you should vote in favour of **only 2** candidates; and
- you should vote against the remaining candidate.

To be elected, a candidate must receive more votes "for" than "against". If all candidates satisfy this criterion, then the 2 candidates with the most votes in favour of their election will be declared elected.

As Mr Kraehe is standing for re-election, Mr Ron McNeilly will chair the meeting for this item. Mr McNeilly intends to vote undirected proxies in favour of the re-election of Messrs Kraehe and Tan and against the election of Ms Dynon.

Other members of the Board support the re-election of Messrs Kraehe and Tan, and do not support Ms Dynon's candidature for election.

Biographical information on Messrs Kraehe and Tan is set out below. Additionally, information on their independence, for the purposes of the ASX Corporate Governance Council Principles of Good Corporate Governance and Best Practice Recommendations, is contained in the Corporate Governance Statement, which forms part of the Annual Report. The Board has conducted a formal assessment of

the individual contributions of Mr Kraehe and Mr Tan, who are retiring in accordance with the Company's Constitution and offer themselves for re-election.



GRAHAM KRAEHE AO

Chairman BEc

Mr Kraehe has been a member of the Board as an independent Director and Chairman since the Company listed in 2002.

He has extensive background in manufacturing and was Managing Director and Chief Executive Officer of Southcorp Limited from 1994 to February 2001. Mr Kraehe brings skills and experience in manufacturing management and in companies with substantial and geographically diverse industrial operations.

He has experience with a wide range of organisations, which is relevant in his role as Chairman.

Mr Kraehe is currently a board member of Djerriwarrh Investments Limited and a member of the Business Council of Australia. He was Chairman of the National Australia Bank Limited until he resigned as a Director in September 2005 and is a former Non-Executive Director of News Corporation Limited and Brambles Limited.

Mr Kraehe resides in Victoria. Age: 63



TAN YAM PIN

Non-Executive Director (Independent),
BEc (Hons), MBA, CA

Director since: May 2003.

Mr Tan is a chartered accountant by profession, formerly the Managing Director of Fraser and Neave Group, one of South-East Asia's leading public companies, and Chief Executive Officer of its subsidiary company, Asia Pacific Breweries Limited. He has been a Member of the Public Service Commission of Singapore since 1990. He is Chairman of PowerSereya Limited (Singapore) and is also a member of the Supervisory Board of The East Asiatic Company Limited A/S (Denmark), Keppel Land Limited (Singapore), Singapore Post Limited, Great Eastern Holdings Limited, CISCO Security Pte Ltd and International Enterprise Singapore. He resigned as director of FHTK Holdings Ltd (Singapore) in 2004.

Mr Tan brings extensive knowledge of Asian markets, an area of strategic importance to the Company and has financial and leadership skills that complement the existing Board.

Mr Tan resides in Singapore. Age 64.

KAREN DYNON

Biographical information for Ms Dynon was not available for inclusion.

ITEM 4. NON-EXECUTIVE DIRECTORS' REMUNERATION

Under the Company's Constitution and in accordance with the ASX Listing Rules, shareholders in general meeting determine the aggregate sum payable by way of fees to Non-Executive Directors from time to time.

Rule 11.9 of the Constitution provides that the maximum aggregate value or payment to Non-Executive Directors is \$1,750,000 per annum (inclusive of superannuation) unless otherwise determined by shareholders by ordinary resolution. This maximum aggregate value has applied since the Company's listing in July 2002 and was set in the Company's Constitution adopted prior to its listing. The proposal is to increase the maximum aggregate amount of fees to \$2,250,000 per annum (inclusive of superannuation).

Currently, the Chairman and the Deputy Chairman are paid an annual fee which is inclusive of Board Committee fees. Other Non-Executive Directors are entitled to an additional annual fee where they perform other Board duties by serving on Board Committees or representing

the Board in Company business activities. All Non-Executive Director fees are inclusive of retirement benefits. It is the policy of the Board that Non-Executive Directors do not receive Company funded retirement benefits, apart from superannuation payments guaranteed by statute. Further details of the fees paid to Non-Executive Directors are set out in the Company's Remuneration Report.

Based on the current levels of remuneration set for Non-Executive Directors the total aggregate remuneration is approximately \$1,360,000 (based on 6 Non-Executive Directors).

Mr John Crabb retired as a Director on 28 July 2004. Appointment of another director, would increase the current annualised remuneration for Non-Executive Directors to an amount in excess of \$1,500,000.

The Board believes it appropriate to seek shareholder approval to raise the maximum remuneration payable to \$2,250,000 per annum (inclusive of superannuation).

Approval of this revised limit will give the Board the flexibility to appoint new Directors and scope to expand the membership of Board Committees. It is envisaged that any increase in the cap would only be used to meet the remuneration requirements of any new Directors and to take account of increases in current levels of remuneration over the foreseeable future. Reviews of Non-Executive Directors' fees are conducted annually, with reference to external consultants and industry information. Specific increases in the remuneration paid to Non-Executive Directors reflect not only market rates, but also the growth in the demands placed on Non-Executive Directors.

For example, in the last financial year, the Board travelled extensively to the Company's operations throughout Australasia and North America. In the current year, they have visited operations in Asia and will visit operations throughout Australia. In addition, changes to the law and the increased regulatory requirements mean that Directors are spending more time on governance issues to oversee effectively the efficient and proper management of the affairs of the Company.

Non-Executive Directors will continue to be required to salary sacrifice a minimum of 10% of their remuneration each year to be utilised to acquire BlueScope Steel shares and it is expected that over time each Director will accumulate a shareholding in BlueScope Steel equivalent in value to the annual amount of their Director's fees.

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

It is proposed that Mr Kirby Adams, the Managing Director and Chief Executive Officer of the Company, be awarded rights to be provided fully paid ordinary shares in the Company ("Share Rights") under the Company's Long Term Incentive Plan. Under ASX Listing Rule 10.14, shareholder approval is required before Mr Adams can acquire shares in the Company under the Long Term Incentive Plan.

The Share Rights are proposed to be granted to Mr Adams as part of his long term incentive arrangements and to ensure that Mr Adams' interests are aligned with those of shareholders, with the effect that rewards will be provided to Mr Adams in line with the Company's long term performance.

PROPOSED GRANT OF SHARE RIGHTS

It is proposed that Mr Adams be granted one tranche of Share Rights shortly after the date of the 2005 Annual General Meeting (the 2005 Award tranche). It is also proposed that, subject to the Board being satisfied that further grants are appropriate, Mr Adams will be awarded up to 2 additional tranches of Share Rights, with an effective date of:

- 31 August 2006 – (2006 Award tranche); and
- 31 August 2007 – (2007 Award tranche).

The number of Share Rights under the 2005 Award tranche will be 163,900. This number was determined by dividing Mr Adams' base salary at 1 September 2005, by the volume weighted average price (VWAP) of the Company's shares traded on ASX for the 5 trading days up to and including 31 August 2005. Subject to the Board determining (in its absolute discretion) that a 2006 Award tranche and a 2007 Award tranche are appropriate, the number of Share Rights to be awarded in each of these tranches will be determined by dividing a specified proportion of Mr Adams' base salary as at 1 September 2006 (or 2007, as the case may be) by the VWAP of the Company's shares traded on ASX for the 5 trading days up to and including 31 August 2006 (or 2007, as the case may be). The specified proportion will not exceed 100% of Mr Adams' base salary.

SHARE RIGHTS

Subject to the rules of the Long Term Incentive Plan, each Share Right will entitle Mr Adams to be provided one fully paid ordinary share in the Company upon exercise after they vest.

No amount is payable by Mr Adams in respect of the award of Share Rights, or the exercise of a Share Right.

Mr Adams will be liable for income tax in respect of the Share Rights in accordance with applicable tax laws. No financial assistance is, or will be, provided by the Company to Mr Adams in respect of the tax liability arising from the award or exercise of the Share Rights.

THE 2005 AWARD TRANCHE

Set out below is a summary of the terms that apply to the 2005 Award tranche.

Vesting Of Share Rights 2005 Award tranche

Except in certain circumstances mentioned below, Share Rights in the 2005 Award tranche will vest only to the extent that the Total Shareholder Return (TSR) performance condition is met. Vesting will depend on a comparison of the Company's TSR performance relative to the TSR performance of the comparator group over the performance period. The performance period for the 2005 Award tranche will be 1 September 2005 to 31 August 2008.

The comparator group for the 2005 Award tranche consists of the companies in the ASX/S&P 100 index as at 31 August 2005. 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 performance period for the 2005 Award tranche will determine whether Mr Adams may exercise his Share Rights and, if so, the number of them.

No Share Rights vest in the 2005 Award tranche until the Company's relative TSR performance reaches the 51st percentile. At the 51st percentile, 52% of Share Rights vest. Above the 51st percentile, the number of Share Rights that may be exercised will be pro rated between the 51st percentile and the 75th percentile.

At the 75th percentile (or above), 100% of Share Rights vest.

The following table provides an overview of the percentage of Share Rights, which vest at various percentile outcomes.

If the percentile ranking of the Company at the end of the performance period is...	...then the percentage of Share Rights which vest is...
50th percentile or below	No Share Rights vest
51st percentile	52% of Share Rights vest
60th percentile	70% of Share Rights vest
70th percentile	90% of Share Rights vest
75th or above	100%

Exercise and Lapse of Share Rights 2005 Award tranche

If a Share Right vests, Mr Adams can exercise the Share Right and be provided with a fully paid ordinary share in the Company. Share Rights that vest can be exercised at any time before 31 October 2010. Upon exercise, shares would be acquired for Mr Adams by the trustee of the Long Term Incentive Plan trust by way of subscription for new shares or on-market purchase with funds provided by the Company.

If none, or only some, of the Share Rights vest at the end of the initial performance period, there will be up to 4 subsequent performance periods measured from 31 August 2005. The subsequent performance periods for the 2005 Award tranche are the periods from 31 August 2005 to 28 February 2009, 31 August 2009, 28 February 2010 and 31 August 2010, respectively.

The end of a subsequent performance period is referred to as a Retest Date. The number of outstanding Share Rights in the 2005 Award tranche that then vest following retesting at the end of a subsequent performance period will be calculated by:

- determining how many Share Rights out of the total granted would vest after testing the Company's TSR percentile ranking at the end of the relevant subsequent performance period; and
- deducting the number of Share Rights that have previously vested (if any).

There is a proviso that for outstanding Share Rights to vest following a subsequent performance period, the percentile ranking as at the Retest Date must be greater than the highest percentile ranking of the Company at the end of any previous performance period.

The terms of the 2005 Award tranche provide for retesting against the performance condition as described above to recognise that the Company operates in a cyclical industry and the Company's share price reflects, to some degree in the short term, the market's forward looking view of global steel prices rather than Company performance.

The performance of the Company's share price relative to the share prices of companies in the comparator group is a key determinant of the Company's TSR percentile ranking.

If Share Rights have not vested following the last Retest Date, those Share Rights will lapse.

Ceasing employment 2005 Award tranche

Unvested Share Rights in the 2005 Award tranche will lapse if Mr Adams ceases to be employed because of termination for cause.

Unvested Share Rights in the 2005 Award tranche lapse if Mr Adams resigns, subject to the discretion of the Board to decide that the number of unvested Share Rights that are to lapse is to be pro rated to reflect his period of service during the relevant performance period and that those Share Rights will vest only if the relevant performance hurdles are satisfied.

If Mr Adams ceases to be employed because of death or disability, all his unvested Share Rights will vest. Vesting in these circumstances would occur without regard to performance hurdles.

In the event of agreed retirement or redundancy, the number of unvested Share Rights would be reduced pro rata to reflect the period of service. That reduced number of Share Rights would vest only if and when the relevant performance hurdles are satisfied.

Where Mr Adams holds vested Share Rights at the time of ceasing employment, or unvested Share Rights vest upon ceasing employment in the circumstances described above, Mr Adams can exercise those Share Rights at any time before the earlier of 6 months after cessation of employment or 31 October 2010.

Change of control 2005 Award tranche

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 would permit the Share Rights to vest provided the performance hurdles have been met at that time.

2006 AWARD TRANCHE AND 2007 AWARD TRANCHE

If the Board determines that it is appropriate for Mr Adams to be awarded a 2006 Award tranche and a 2007 Award tranche, the terms of these awards will be at least as stringent as the performance conditions and terms applying to the 2005 Award tranche.

Whether the Board awards Mr Adams a 2006 Award tranche or a 2007 Award tranche will be based on an assessment conducted around the time of the proposed effective dates of the awards (outlined above). The Board will take into account a number of factors at that time, including Mr Adams' performance, the Company's performance and the benefits that have been delivered to shareholders. The award of a 2006 Award tranche and a 2007 Award tranche is not automatic.

ADDITIONAL INFORMATION

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

- Pursuant to shareholder approval at the 2004 Annual General Meeting, Mr Adams was awarded 181,200 Share Rights under the Long Term Incentive Plan in October 2004.
- Mr Adams is the only Director who is entitled to participate in the Long Term Incentive Plan.
- There is no loan scheme in relation to the Long Term Incentive Plan (or Share Rights awarded under it).
- Details of any Share Rights awarded and shares provided to Mr Adams under the Long Term Incentive Scheme will be published in each annual report of the Company relating to the period in which the Share Rights and shares have been provided, along with a statement that approval for the provision of Share Rights and shares was obtained under ASX Listing Rule 10.14.
- Any person referred to in ASX Listing Rule 10.14 who becomes entitled to participate in the Long Term Incentive Plan after this resolution is passed and who was not named in this Notice of Meeting will not participate until approval is obtained under ASX Listing Rule 10.14.
- Any Share Rights to be granted to Mr Adams under the Long Term Incentive Plan in the 2005 Award tranche, a 2006 Award tranche (if made) and a 2007 Award tranche (if made) will be granted at the times referred to above for each tranche, and in any event, before 11 November 2008.

DIRECTORS' RECOMMENDATION

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

ITEMS 6 & 7

A copy of the Company's Constitution, marked up to show the modifications that would be effected by passing the resolutions in item 6, is available for review before the meeting on the Company's website at www.bluescopesteel.com. You can also obtain a copy free of charge by contacting the Company's Share Registry, ASX Perpetual Registrars Limited on 1300 855 998 between 8.30 am and 5.30 pm (Melbourne time) weekdays.

The proposed proportional takeover provisions being reinserted by item 7 appear (unmarked) as rules 6.12 to 6.16.

ITEM 6. MODIFICATIONS TO THE CONSTITUTION

The Company's Constitution was adopted prior to the Company becoming listed in 2002, whilst the Company was still a wholly owned subsidiary of BHP Billiton Limited. Since that time, there have been a number of amendments to the Corporations Act and the ASX Listing Rules. There have also been significant developments in corporate governance principles and general corporate and commercial practice for ASX listed companies.

The Directors propose that the Constitution be modified to take account of these changes and developments, in order to ensure it is consistent with the regulatory regimes, to ensure it can operate consistently with contemporary principles of good governance and corporate and commercial practice, and to facilitate the efficient activities of the Company.

Many of the proposed modifications are administrative or relatively minor in nature. The principal changes that are proposed are outlined below:

1.1 Changes flowing from law or Listing Rules changes

It is proposed that some definitions in the Constitution be updated to reflect changes and terminology in the Corporations Act and the ASX Listing Rules (for example, 'executive officer' in the Act has been replaced by 'senior manager'). Other amendments reflecting changes in the law include to provide for the appointment of corporate proxies, to remove the requirement that Directors over 72 years of age must retire each year, and the extension of the time for receipt of certain Director nominations.

1.2 Changes related to governance issues

These changes are designed to bring the Constitution into line with current best practice in relation to corporate governance. The proposed amendments include clarifying the provisions relating to eligibility and timing for nomination as a Director (including specifying that a partner or employee of the auditor is ineligible to be a Director, and setting a default window for receipt of external nominations of between 90 and 45 business days from the date of the meeting), and Directors' disclosure of interests (by allowing the Directors to make regulations requiring disclosure of interests of Directors and their associates).

1.3 Changes relating to streamlining general meeting procedures

A number of changes have been proposed to assist the orderly conduct of general meetings of the Company, and the protection of absent shareholders, all in accordance with contemporary corporate practices. The amendments include provisions relating to the form and receipt of notices of meeting, procedures for raising matters at a general meeting which have not been included in the notice of meeting, clarification of the provisions relating to attendance and voting entitlements of proxies, attorneys, representatives and other invitees, codifying the powers of the

Chairman in relation to the conduct of the meeting (including postponing the meeting if there is not enough room at the venue, delegating admission functions and identifying and resolving voting entitlement issues), provision for cancellation or postponement of a meeting in certain circumstances (such as where the announced arrangements would be impractical, or where this is necessary for the efficient conduct of the meeting), and clarification of the provisions relating to taking a poll (including by introducing a power to suspend a meeting to count a poll) and the resolution of disputes relating to a poll.

1.4 Changes relating to officers' entitlements

These changes are intended to bring the Constitution into line with current corporate practice. The amendments proposed include provisions clarifying directors' and officers' indemnity entitlements (including to clarify that the Directors' existing right to be indemnified extends to related costs and expenses, and that it may be called upon in relation to an expense that has been incurred but is not yet payable, as well as clarifying that indemnity deeds may extend to liabilities incurred where the Director is an officer of a subsidiary of the Company).

1.5 Changes relating to the internal administration of the Company

The Company's practices and procedures have undergone significant development since the Company was listed in 2002. However, constitutional limitations on the Directors' power to delegate responsibilities and authority have in some circumstances restricted the Company's implementation of efficient corporate practice. The proposed amendments relating to internal administration include clarifying the Directors' powers of delegation (including specifying who can be a delegate and how their delegated powers may be given, changed and revoked by the Directors), as well as clarification of some of the provisions relating to Directors' office (including to provide that unless the Directors determine otherwise, a Director who ceases to be an employee of the Company or subsidiary, thereby ceases to be a Director), meetings and resolutions, notices (including introducing a specific deemed time of receipt for notices related to general meetings) and the appointment and role of an Alternate Director.

1.6 Changes related to capital management and financial matters

These changes are designed to clarify the powers of various persons in relation to shareholdings and transactions relating to shares. The changes also clarify the Directors' powers in relation to forfeiture and transfers of shares and other securities (including to clarify that the Company may participate in electronic or computerised systems or share transfers that are endorsed by ASX, to specify that a holding lock can be imposed where the Company has a lien or an employee share plan prohibits transfers, and to clarify that interest on unpaid calls on partly paid share accrues daily and may be capitalised monthly). The rights of persons in relation to liens over shares, and the Directors' power to issue preference shares are also clarified.

DIRECTORS' RECOMMENDATION

The Directors unanimously recommend that shareholders vote in favour of the resolution in item 6.

ITEM 7. REINSERTION OF PROPORTIONAL TAKEOVER PROVISIONS

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

Provisions requiring shareholder approval of a proportional takeover bid were adopted as rules 6.10 to 6.14 of the Constitution prior to the Company becoming listed on 15 July 2002. These provisions had effect for 3 years. The Directors consider it in the interests of shareholders to reinsert these provisions into the Constitution. If the resolution in item 7 is passed, the proposed proportional takeover provisions (in rules 6.12 to 6.16 of the proposed modified Constitution) will be reinserted for a further 3 years from the time the resolution is passed.

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

(a) Proportional takeover bid

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

(b) Effect of proportional takeover provisions

If a proportional takeover bid is made, the Directors must ensure that a resolution of shareholders to approve the takeover bid is voted on, in general, more than 14 days before the last day of the bid period. The vote is decided on a simple majority and each person (other than the bidder and their associates) who, as at the end of the day on which the first offer under the bid was made, held bid class securities, is entitled to vote. If the resolution is not passed, transfers giving effect to takeover contracts for the bid will not be registered and the offer will be taken to have been withdrawn. If the resolution is not voted on, the bid will be taken to have been approved.

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

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

(c) Reasons for proportional takeover provisions

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

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

(d) Knowledge of any acquisition proposals

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

(e) Potential advantages and disadvantages

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

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

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

The potential disadvantages for shareholders include:

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

While the previous proportional takeover provisions were in effect, there were no full or proportional takeover bids for the Company. Therefore there has been no example against which to review the advantages or disadvantages of the provisions for the Directors and shareholders respectively, however, the Directors are not aware of any potential takeover bid that was discouraged by these provisions.

The Directors do not believe the potential disadvantages outweigh the potential advantages of reinserting the proportional takeover provisions for a further 3 years.

DIRECTORS' RECOMMENDATION

The Directors unanimously recommend that shareholders vote in favour of the resolution in item 7.

VENUE LOCATION

BlueScope Steel Limited

Annual General Meeting

The Grand Hyatt Melbourne, 123 Collins Street, Melbourne

Friday 11 November 2005 at 2.00 pm (Melbourne time).

