

**BLUESCOPE STEEL LIMITED
ANNUAL GENERAL MEETING**

**15 NOVEMBER 2006
SHERATON ON THE PARK, SYDNEY**

CHAIRMAN'S OPENING REMARKS AND ADDRESS

Ladies and gentlemen - good afternoon.

My name is Graham Kraehe.

As your Chairman, it is my pleasure to welcome you to BlueScope Steel Limited's Annual General Meeting for 2006.

QUORUM

As the necessary quorum is present, I declare this Annual General Meeting of shareholders open.

ADMISSION CARDS

When you came in this afternoon, you were given an admittance card.

Shareholders, proxy holders, attorneys and corporate representatives have been given yellow cards.

Non-voting shareholders have been given blue cards.

The blue cards mean that you can ask questions but not vote at today's meeting.

Visitors will have received white cards.

May I remind visitors that this is a Shareholder Meeting and only shareholders, proxy holders, attorneys and corporate representatives may ask questions and speak to resolutions.

I remind you that recording and broadcasting devices are not permitted at this meeting.

If you are in possession of any such devices, will you please take them to the registration desk.

Board Introduction

Before we start the Official Business of the meeting let me introduce to you my fellow Directors.

Beginning on my far left is Daniel Grollo, recently appointed to the Board and who is standing for election as a Director this afternoon.

Next is Tan Yam Pin.

Then Paul Rizzo, Chairman of the Audit and Risk Committee.

Next, Kevin McCann.

Then Diane Grady, Chair of the Remuneration and Organisation Committee.

On my immediate right is Kirby Adams, Managing Director & CEO.

Then Ron McNeilly, Deputy Chairman and Chairman of the Health, Safety and Environment Committee.

Next, we have two members of our executive team.

Michael Barron, Chief Legal Officer and Company Secretary.

And on my far right Paul O'Malley, Chief Financial Officer.

Details about the Directors are contained in the Annual Report, or in the case of Daniel Grollo, in the Notice of Meeting.

Finally, let me introduce Alan Beckett from Ernst & Young – the Company's independent external auditor.

There are also a number of BlueScope Steel executives in the audience today.

I encourage you to introduce yourself to them and Directors as we mingle for a cup of coffee after the meeting.

Notice Of Meeting

You will have had an opportunity to read the Notice of Meeting and accompanying explanatory notes.

They were sent to all shareholders in October.

With your consent I propose to take them as read.

(Pause to see if any disagreement - if not, proceed. If there is disagreement, the notice will need to be read)

Thank you.

Agenda For Meeting

An important item of business at this meeting is for shareholders to consider the annual report, financial statements and the reports of the directors and auditor for the year ended 30 June 2006.

We will give a summary account of BlueScope Steel's performance for the past year, the returns we've delivered to shareholders and the capital investments we've undertaken.

We will give you our views on the steel industry outlook in the years ahead and re-iterate how our long-term investment strategy – to build our high value-added downstream businesses across our regional footprint, while maintaining a cost competitive steelmaking capability - will drive BlueScope's success.

You will hear from me followed by our CEO Kirby Adams and then Diane Grady, the Chair of the Remuneration and Organisation Committee will give you an update.

Following these three addresses, I will cover the most frequently asked questions we received from shareholders before the meeting.

I will then open the floor to general questions.

Chairman's Key Address

BlueScope Steel has around 190,000 shareholders.

Over 50% of these are private individual shareholders – like most of you in the audience.

18,000 shareholders are BlueScope employees.

The Board appreciates the support it receives from all of its stakeholders - employees, customers, the community and of course you – our shareholders.

SAFETY

Safety performance is our number one priority at BlueScope Steel.

In terms of overall safety performance, the Company posted another world-class result, as measured against International Iron and Steel Industry standards.

We again averaged less than one lost time injury (in fact 0.8) per million hours worked.

It is to the credit of our employees and contractors that most of our businesses set safety records during the year.

Regrettably, however, there were two fatalities – one in our New Zealand operation, and the second at our Suzhou construction site in China.

These were tragic for us, and reconfirm our commitment to Zero Harm, which is the only acceptable safety goal.

PERFORMANCE

Let me now make a few comments on the past year ending June 2006.

The Company's financial performance for the year was impacted by extreme volatility within the global steel industry and raw material costs.

In the financial year 2006, we absorbed a further \$500 million of raw material costs in iron ore, coal, zinc and aluminium at a time of significantly lower steel prices.

These factors were really felt by our Port Kembla Steelworks, which had a significant fall in earnings, despite an excellent operational performance - including yet again record production levels and best ever delivery performance.

The major fire that closed western port's hot strip mill for 12 weeks last year, caused logistical and supply issues across our business, affecting our results – as did the continuing decline of the Australian manufacturing industry, which reduced our sales volumes to this sector by 25%.

And the overall performance of our Asian business last year was – frankly – disappointing.

Higher operating costs, start-up costs associated with the Company's many growth projects, extended supply lines and increased volatility in market demand and pricing, lower volumes, and losses in the Taiwan operations all contributed.

These factors made business very tough for us, particularly in the second half.

At the same time, there were many positive achievements.

Our New Zealand Steel operations put in a solid performance, with its second best performance ever, despite being adversely affected by softer demand, lower steel prices, and much higher electricity costs due to drought.

In North America, our steelmaking joint venture, North Star BlueScope Steel, had a record year of steel production and despatches, showing a pre-tax return on net assets of over 60%.

This business was again voted the number one flat rolled steel supplier in the US, in the prestigious Jacobson Survey.

Moving downstream, still in the U.S., we are delighted that the effort we have put into turning around the acquired Butler Buildings business is beginning to reap returns and that the performance of the Vistawall business continues to improve.

The North American business reported its best financial performance since 2001.

The results from this business demonstrate the value of the deal we made to acquire Butler back in 2004.

In advance of the increasing raw material prices, BlueScope Steel took swift and decisive cost-cutting action through a number of initiatives.

In June, the Company announced closure of our Taiwan operation and the loss-making Tin Mill at Port Kembla.

We also announced further efficiencies through the planned reduction of 250 staff and management positions.

And we made managerial changes to improve the overall performance of our Asian businesses.

These actions were vital business interventions that are already delivering results.

For the reasons I have just outlined, last year's earnings before interest and tax – EBIT - was \$556 million which, if we look at our full four year EBIT history, is more or less in line with previous results.

Our net profit after tax last year was \$338 million.

Operationally, the Company achieved 67 cents underlying earnings per share, which was within the guidance provided to the market in February, but after one-time restructuring charges, the final earnings per share for the year was 48 cents.

So in summing up performance, we had a disappointing year in a very difficult operating environment.

SHAREHOLDER RETURNS

Now, a few comments about shareholder returns...

Throughout our 4 and a half-year history, we have continued to give a high priority to rewarding shareholders.

This year, we increased the ordinary dividend payment by 5 per cent, resulting in a total ordinary dividend of 44 cents per share fully franked, compared with 42 cents per share for ordinary dividends last year.

Since listing, we've returned close to \$2 billion to shareholders through ordinary and special dividends, as well as share buybacks.

Last year, our total shareholder return – TSR – was (not surprisingly) affected by the global market pressures we faced.

However, I remind you that BlueScope Steel's TSR Index for the full four years since listing is more than double the TSR Index for the Top 100 companies on the Australian Stock Exchange.

On another measure of shareholder return, the current yield is around 6% fully franked.

In response to shareholder request, a Dividend Reinvestment Plan (DRP) was introduced for shareholders in Australia and New Zealand. This plan offers an efficient and cost-effective way for you to increase your investment in your Company.

Long-term Investment Strategy

We have made major progress in our long-term investment strategy - a strategy that differentiates us and will transform BlueScope Steel from Australia's global steel company into a world leader in steel solutions.

We have invested significantly in our downstream businesses, moving further into high value-added, branded steel products such as COLORBOND, focusing particularly on the building and construction markets in the fastest growing economies and largest populations in the world.

This investment strategy will enable us to capture profit margins that accumulate as we add greater value to our steel, and as we expand our global portfolio.

It will help us generate higher revenue and earnings and reduce cyclicality.

During 2005/06, seven major investment projects were completed and commissioned:

- The second metallic coating line in Thailand
- The new coating and painting facility in Vietnam
- In Tennessee, USA, the new Butler specialty product plant at Jackson
- And in the same State, the expansion of the Vistawall Greeneville plant;
- The Lysaght plant and Butler Pre-engineered Building (PEB) manufacturing facility and design centre in India;
- The PEB and Lysaght facilities in Guangzhou, China; and
- The hot strip mill expansion in Port Kembla.

These projects represent \$816 million (or 40%) of our \$2 billion growth program. They are essentially all on time and on budget, which is a major achievement.

We officially opened our new facility in Suzhou last month during a Board visit to China. This is BlueScope's largest facility and single largest investment in Asia – in fact Australia's largest manufacturing investment in China.

And other major investments will come on stream this coming year.

Your Directors remain confident that the Asian downstream strategy is on track and will deliver long-term value for shareholders.

BlueScope Steel is Australia's largest manufacturing investor in Asia and we have the largest downstream Asian presence of any steel company.

Our Asian footprint is truly impressive but, unfortunately, many Australian investors take a short-term view and do not yet recognise the long-term value we're building through this investment.

Corporate Governance

The Board ensures we comply with the ASX principles of good corporate governance and Best practice recommendations.

Through their complementary skills and experience, your directors continue to provide leadership and strategic direction of a high quality.

The Board believes that independence is one important attribute of an effective non-executive director and assesses the independence of each non-executive Director at least annually.

Apart from the CEO, the Board is comprised entirely of independent Directors.

Current Trading

Let me now turn to current trading.

The first four months trading for BlueScope has been encouraging, continuing the positive July performance.

All business reporting segments have been profitable, in particular:

- Our Asian businesses in total are trading profitably, notwithstanding continuing start up costs in China, India & Vietnam and a weaker Thai economy.
- Australian coated products returned to profitability.
- Positive results continue from the turnaround in Butler North America.
- And an excellent performance from all upstream steelmaking businesses.

After the first 4 months our revenues grew nearly \$3 billion, while net profit after tax for the 4 months exceeded \$250 million.

As you know, we have little visibility in prices post December, and therefore some caution should be exercised with regard to the full year.

In summary, we've had a very good start to the year. And we'll have full details in February, at half year.

Australian industry restructure

Shareholders will be aware that, following the announcement earlier this year of a proposed scheme of arrangement between OneSteel and Smorgon, BlueScope Steel made an on-market purchase of 19.9% of Smorgon shares for approximately \$320 million.

We did this to ensure that any proposed restructuring of the Australian steel industry would benefit BlueScope shareholders (you) as well as those of the other two companies.

The issues are complex and negotiations are continuing.

We will of course advise the Australian stock exchange of any conclusions which may be reached.

CEO Retirement

Managing Director and CEO Kirby Adams has announced his intention to retire in October 2007. By then, he will have been CEO for more than seven years, including five years as Managing Director and CEO of BlueScope Steel as a publicly registered company.

By the time he retires, Kirby will have largely achieved the key strategic goals agreed with the Board at the time of the de-merger – and on behalf of the Board and all associated with the Company, I take this opportunity to thank you Kirby for your outstanding leadership of BlueScope Steel.

BlueScope is fortunate to have a very capable management team, with Kirby at the helm. We look forward to working with you all over the next year.

Be assured, we have a detailed succession planning process that is reviewed regularly by the Board. The 14 months notice Kirby has given us will enable a smooth succession process.

Summing Up

In summing up, on behalf of the Board of Directors, I again say thank you to Kirby and his management team, and to our 18,000 employees, for their commitment, focus and initiative during a challenging year.

Next year, when we hope to have largely implemented our overseas investment strategy, the transformation of BlueScope Steel into a world leader in steel solutions will be significantly advanced.

Introduce CEO

Please now welcome to the lectern Kirby Adams, Managing Director and CEO, who would like to share his perspectives on the Company's progress.

Thank you.