

BLUESCOPE STEEL LIMITED ANNUAL GENERAL MEETING

**14 NOVEMBER 2007
CROWN TOWERS, SOUTHBANK, MELBOURNE**

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's Annual General Meeting for 2007.

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 and proxy holders have been given yellow cards. Non-voting shareholders have been given blue cards, which mean that you can ask questions but not vote. Visitors have received white cards.

Only shareholders and proxy holders may ask questions and speak to resolutions.

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
- Then Tan Yam Pin
- Paul Rizzo, Chairman of the Audit and Risk Committee
- Then Kevin McCann
- Then Diane Grady, Chair of the Remuneration and Organisation Committee
- On my immediate right is Paul O'Malley, our new Managing Director & CEO
- Then Ron McNeilly, Deputy Chairman and Chairman of the Health, Safety and Environment Committee

And then a member of our executive team:

- Michael Barron, Chief Legal Officer and Company Secretary

Details about The Board of Directors are contained in the Annual Report.

Finally, let me introduce Mr Bruce Meehan 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.

You might also have an opportunity to chat with some of BlueScope Steel's young graduates who are spending some time with us today. Welcome and thank you for attending.

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 2007.

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.

You will hear from me followed by our CEO Paul O'Malley, 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 written questions we received from shareholders in the weeks leading up to this meeting. I will then open the floor to general questions.

CHAIRMAN'S KEY ADDRESS

The 2006/07 financial year was an excellent year for BlueScope Steel. It was our Company's second best year and a significant improvement on the previous year's results.

Performance

Let's take a brief look at that performance.

Revenue for the year was nearly \$9 billion, an increase of 11 per cent on the previous year.

Net Profit After Tax was \$686 million, an increase of 103% on the previous year's result of \$338 million.

Earnings Per Share nearly doubled, increasing by 47 cents to 95 cents, and every business segment was profitable.

This strong performance was due to improved pricing and sales, better performance from our established Asian operations, and profit from the divestiture of the Vistawall business in North America.

It was achieved despite the negative impact on margins from higher raw material costs and adverse foreign exchange rates.

Our Asian investments position us in the world's fastest growing economies. Our established operations in Thailand and Malaysia showed marked improvement during 2006/07, and the Indonesian business continues to exceed expectations.

In contrast, our new Chinese and Vietnamese coating line investments, now on-stream and operating very well, are experiencing difficulties in very tough market conditions – this is despite the good work done in ramping up these facilities according to plan.

I know that Paul and his team have a very clear focus and plans to address these specific markets.

Shareholders

What do these strong overall results mean for the shareholder? BlueScope Steel has always had a strong focus on shareholder returns, and this year was no exception.

We paid a total ordinary dividend of 47 cents per share, fully franked, up 7 per cent over the previous year.

In total, in our first five years we have returned a tax effective \$3.15 per share, or a total of \$2.3 billion, to shareholders.

BlueScope Steel's TSR Index for the full five years since listing is nearly double the TSR Index for the Top 100 companies on the Australian Stock Exchange.

Asset management

During the year, the Company generated significant value through effective asset management.

This included the sale of Vistawall, a non-core aluminium business that we acquired as part of the USA-based Butler Manufacturing Company in 2004. After revitalising Vistawall, we sold it for US\$190 million - an excellent result for shareholders when compared with the US\$206 million paid for Butler and Vistawall three years back. So, in effect, we acquired Butler US and Butler China for a net US\$16 million.

During the year, we closed our loss making business in Taiwan, and ceased our tin mill operations in Port Kembla.

BlueScope Steel also participated in the consolidation of the Australian steel industry. In August 2006, the Company purchased 19.9 per cent of Smorgon Steel. By the end of the financial year, it had been agreed that BlueScope Steel would acquire the Smorgon Steel Distribution business for \$700 million.

As part of this transaction, we sold our 19.9 per cent shareholding, realising a gain of \$128 million, pre tax, including dividends, which will be reflected in the FY2008 earnings.

Smorgon Steel Distribution, which has since changed its name to BlueScope Distribution, will provide a new channel to market for our products, and will build upon our downstream market presence by more than 90 sites throughout metro and regional Australia.

Capital projects

During the year, capital projects were completed in Asia and Australia.

This included our new Western Sydney COLORBOND® steel facility, which commenced operations just after the end of the financial year.

In May, we announced our intention to double our capacity in Indonesia through a US\$101 million investment in a second metallic coating line. This new facility will produce thin gauge coil to meet the strong residential demand.

The Board recently visited our established operation in Thailand - which is our largest and most successful Asian business – and our new joint venture in India. I can confirm we are excited by the opportunities from our association with Tata in India.

Corporate and Social Responsibility

Let me now turn to other important business issues.

The Company's values statement - Our Bond - emphasises respect for the communities in which we do business. Accordingly, we take our environmental responsibilities very seriously.

During the year, BlueScope Steel launched major water saving programs at Port Kembla Steelworks and Western Port.

Through recycling, these programs will save a combined total of nearly eight billion litres of fresh water per year, equivalent to the annual water consumption of 29,000 households.

BlueScope Steel is also committed to reducing its energy use and greenhouse gas emissions.

The Company is actively considering a major project to significantly reduce greenhouse gas emissions at Port Kembla Steelworks by recycling waste gases for use in electricity generation. This project, which will involve an investment of nearly \$1 billion, requires an appropriate federal policy framework, similar to that which we have negotiated with the NSW State government.

So we are actively contributing to the debate to establish national policy frameworks in Australia and in New Zealand – which will balance environmental sustainability with economic development, jobs and exports while, at the same time, acknowledging the need for global solutions for trade-exposed industries – such as steel.

Another major federal policy issue that potentially affects our competitiveness is workplace relations.

We have made great strides in creating more stable and harmonious workplaces, direct engagement with employees and flexible enterprise based employment arrangements. Direct engagement involves the cooperative and productive relationship our supervisors have fostered with their teams, with a common aim of producing better and safer performance.

Just to demonstrate how far we have come - in FY2001, BlueScope Steel lost 180,000 hours due to industrial action. In FY2007, this reduced to just over one per cent of this figure – to just 2,500 hours. The benefits of this dramatic improvement to shareholders – as well as employees, customers and communities – are obvious.

Therefore, BlueScope Steel supports the key aspects of the current workplace relations system and has actively communicated this to both the federal government and opposition.

And now to our Company's number one priority – safety. During the year, our employees achieved another safety performance record. The Company's lost time injury rate for the 12-month period was 0.4 injuries per million hours worked, compared to last year's 0.8.

This continues to be world class by any standard. It is well below the Australian average and the international steel industry – something we're very proud of.

Corporate Governance

Looking to the area of corporate governance, The Board ensures we comply with the ASX Corporate Governance Principles and Recommendations. During the year, the ASX upgraded its corporate governance recommendations, and I can report to you that BlueScope Steel complies with these latest enhancements.

Events since year end

Since year end, we have had continued strong operational performance across all of our businesses and there has been a positive contribution to earnings from the sale of shares in Smorgon Steel. The new Smorgon Distribution business is being integrated successfully.

I'm pleased to report that the established Asian businesses continue to produce stable earnings. Indonesia continues to perform well. The Thai election, scheduled for December, should see improved business sentiment and stronger construction activity in the second half in Thailand. The financial performance of our new midstream operations in China has been affected by margin squeeze and intense competition. We have identified specific opportunities to improve our downstream businesses in

China. The recent organisation restructure indicates the additional focus Paul O'Malley will place on Asia and, in particular, China.

In our steelmaking businesses, Kembla Steelworks traded in line with our expectations, but was negatively impacted by a higher export mix and an increase in raw material costs, while the hot rolled coil to scrap spread at North Star in the United States declined to lower levels.

In summary, the first four months of FY08 have been in line with our expectations and consistent with our comments in August (at the FY07 results presentation).

Performance for the full year will be influenced by hot rolled coil prices and the exchange rate.

We don't provide forecasts for either of these factors, but we do outline the earnings sensitivities to these factors when we report our half-year and full-year results.

We are excited by the business improvement opportunities being developed by Paul O'Malley and his team. Paul will make some further comments at an analyst presentation scheduled for 29th November. This information will be available to all shareholders via our website.

Succession

May I take this opportunity to recognise our previous Managing Director and CEO. Last year, Kirby Adams announced his retirement from BlueScope Steel, effective at the end of October 2007. The long notice period has enabled a smooth succession process and in August 2007, we were pleased to announce the then Chief Financial Officer Paul O'Malley as the Company's new CEO.

On behalf of the Board of Directors, employees and shareholders, I thank Kirby for his leadership and guidance since the founding of BlueScope Steel. His leadership has been a major contributor to our world-class safety performance. We wish Kirby well in his future endeavours.

Conclusion

In summing up, can I - on behalf of the Board of Directors - thank BlueScope Steel's management team, and our 18,000 employees for their commitment, focus and initiative in producing the Company's second best ever, financial result.

Introduce Paul O'Malley

I'd now like to introduce you to BlueScope Steel's new Managing Director and CEO.

Paul O'Malley joined BlueScope Steel as Chief Financial Officer in 2005. In the past two years, Paul has led a number of major value creation initiatives within the company, and he has played a key role in keeping stakeholders updated with the progress of the Company.

Paul is an experienced global executive, having spent a number of years in senior positions within TXU in North America and Australia.

Since starting in his new CEO job on November 1, just under two weeks ago, Paul has already announced a new senior management team with a renewed focus on shareholder value, customer service, sustainability and safety.

The Board is confident that Paul has the qualities to take BlueScope Steel from strength to strength.

Please now welcome to the lectern Paul O'Malley.

(END)