

#### ITEM 4. APPROVAL OF GRANT OF SHARE RIGHTS TO THE MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER

It is proposed that Mr Paul O'Malley, the Managing Director and Chief Executive Officer-elect 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 O'Malley can acquire shares in the Company under the Long Term Incentive Plan.

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

The key terms and conditions of Mr O'Malley's employment were disclosed to ASX on 6 August 2007, including his short-term and long-term incentive arrangements.

#### Proposed grant of Share Rights

It is proposed that Mr O'Malley be granted an award of Share Rights shortly after the date of the 2007 Annual General Meeting.

The number of Share Rights granted will be 231,053. This number was determined by dividing \$2,500,000 by the average price of the Company's shares traded on ASX in the 3 months prior to the start of the performance period (being 1 September 2007).

#### Share Rights

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

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

Mr O'Malley 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 O'Malley in respect of the tax liability arising from the award or exercise of the Share Rights.

#### Vesting of Share Rights

Except in certain circumstances mentioned below, Share Rights 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 periods.

The comparator group consists of the companies in the ASX/S&P 100 index as at 1 September 2007.

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 periods will determine whether Mr O'Malley may exercise his Share Rights and, if so, the number of them.

No Share Rights vest until the Company's relative TSR performance reaches the 51st percentile. At the 51st percentile, 50% of Share Rights vest. Above the 51st percentile, the number of Share Rights that vest will be pro rated between the 51st percentile and the 75th percentile. At the 75th percentile (or above), 100% of Share Rights vest.

#### Exercise and Lapse of Share Rights

If a Share Right vests, Mr O'Malley 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 2012. Upon exercise, shares would be acquired for Mr O'Malley 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.

There are 5 performance periods, each starting on 1 September 2007. The Company's TSR performance is assessed at the end of each performance period. If none, or only some, of the Share Rights vest at the end of the first performance period ending 31 August 2010, then the TSR performance will be assessed in the following 4 performance periods measured. The subsequent performance periods are the periods from 1 September 2007 to 28 February 2011, 31 August 2011, 28 February 2012 and 31 August 2012, respectively.

It is only where the Company's TSR performance has improved from a previous performance period that additional Share Rights will vest.

The performance periods of 3 to 5 years described above have been structured 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 at the end of the last performance period, those Share Rights will lapse.

#### Ceasing employment

Unvested Share Rights will lapse if Mr O'Malley ceases to be employed because of termination for cause.

Unvested Share Rights lapse if Mr O'Malley 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 O'Malley 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 O'Malley holds vested Share Rights at the time of ceasing employment, or unvested Share Rights vest upon ceasing employment in the circumstances described above, Mr O'Malley can exercise those Share Rights at any time before the earlier of 6 months after cessation of employment or 31 October 2012.

#### Change of control

If, at any time while there are Share Rights which have not lapsed or been exercised, a takeover bid is made to acquire the whole of the issued ordinary share capital of the Company or a transaction is announced by the Company which, if implemented, would result in a person acquiring more than 50% of the issued shares in the Company, then the Board would permit the Share Rights to vest provided the performance hurdles have been met at that time.

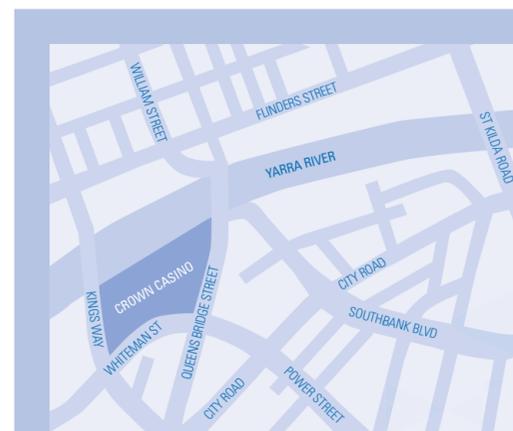
#### ADDITIONAL INFORMATION

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

- Mr O'Malley 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).
- Any Share Rights to be granted to Mr O'Malley under the Long Term Incentive Plan will be granted no later than 13 November 2008.

#### DIRECTORS' RECOMMENDATION

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



#### ANNUAL GENERAL MEETING LOCATION

Palladium Ballroom, Crown Towers  
8 Whiteman Street, Southbank, Melbourne, Vic  
on Wednesday 14 November 2007 at 2.00 p.m.  
(local time).



## NOTICE OF ANNUAL GENERAL MEETING 2007

### NOTICE OF MEETING AND INFORMATION FOR SHAREHOLDERS

BLUESCOPE STEEL LIMITED ABN 16 000 011 058  
LEVEL 11, 120 COLLINS STREET MELBOURNE VICTORIA 3000 AUSTRALIA  
TEL: +61 3 9666 4000 FAX: +61 3 9666 4111 WWW.BLUESCOPESTEEL.COM



Office of the Chairman  
12th October 2007

Dear Shareholder

I am delighted to invite you, as a shareholder, to attend BlueScope Steel Limited's 2007 Annual General Meeting.

The meeting will be held on Wednesday, 14 November 2007 at Crown Towers, Palladium Ballroom, Southbank, 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 2007 Annual Report (where you have elected to receive one) 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 online at the BlueScope Steel website [www.bluescopesteel.com/investors](http://www.bluescopesteel.com/investors);
- A form to elect to receive information on BlueScope Steel (including your Annual Report, meeting documents and dividend payment advices) by electronic means (email); 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 forms.

Recent legislative amendments have changed the obligations of companies regarding the provision of annual reports to security holders. BlueScope Steel Limited has decided to implement these changes for the 2007 Annual Report.

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

The ordinary business to be conducted at the 2007 Annual General Meeting will involve considering the 2007 Annual Report, adoption of the remuneration report and re-election of Ms Diane Grady and Mr Ron McNeilly (who are retiring by rotation).

The 2007 Annual General Meeting will also be an opportunity to introduce Mr Paul O'Malley as the new Managing Director and CEO of BlueScope Steel.

I look forward to welcoming you to the meeting.

Yours sincerely,

Graham Kraehe  
Chairman

## NOTICE OF MEETING AND INFORMATION FOR SHAREHOLDERS

Notice is given that the 2007 Annual General Meeting of BlueScope Steel Limited ('the Company') will be held at the Palladium Ballroom, Crown Towers, Southbank, Melbourne, Victoria on Wednesday 14 November 2007 at 2.00 p.m. (local 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 2007.
2. Remuneration Report  
To adopt the Remuneration Report (which is contained in the Directors' Report) for the year ended 30 June 2007.

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

3. Election of Directors  
The following Directors retire by rotation in accordance with the Company's constitution and, being eligible, offer themselves for re-election:

- (a) Ms Diane Grady
- (b) Mr Ron McNeilly

### OTHER BUSINESS

4. 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:

"The grant of share rights to the Managing Director and Chief Executive Officer, Mr Paul O'Malley, under the Long Term Incentive Plan as described in the Explanatory Notes to this Notice of 2007 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 resolution 4 by Mr O'Malley, any other Director of the Company, or any of their associates. However, the Company need not disregard a vote if:

- the vote is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

### PROXY INFORMATION

- A member who is entitled to attend and cast a vote at the 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/- Link Market Services Limited  
Level 12, 680 George Street  
Sydney, NSW 2000  
**Facsimile:** +61 2 9287 0309

**By mail:**  
BlueScope Steel Share Registry  
c/- Link Market Services Limited  
Locked Bag A14  
Sydney South, NSW 1235

**Electronic proxy voting:**  
[www.bluescopesteel.com/investors](http://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.

### CORPORATE REPRESENTATIVES

- A corporate shareholder may appoint a person to act as its representative at the meeting by providing the person with:
  - a letter or certificate authorising him or her as the company's representative, executed in accordance with the corporate shareholder's constitution; or
  - a copy of the resolution appointing the representative, certified by a secretary or director of the corporate shareholder.
- To be effective, the instrument by which a representative is appointed by a corporate shareholder must be received by the Company at least 48 hours before the meeting.

### VOTING ENTITLEMENTS

- The Board has determined that for the purposes of the meeting, shares will be taken to be held by those persons recorded on the Company's share register as at 7.00 p.m. (local time) on Monday 12th November 2007.

Michael Barron  
Company Secretary  
Melbourne, 12th October 2007

## 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 2007 will be presented for consideration.

These documents are accessible on the Company's website at [www.annualreport.bluescopesteel.com](http://www.annualreport.bluescopesteel.com)

### 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 2007. The Remuneration Report is also available on the Company's website at [www.bluescopesteel.com](http://www.bluescopesteel.com)

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.

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

### ITEM 3. CANDIDATES FOR ELECTION AS DIRECTORS

Ms Grady and Mr McNeilly retire by rotation. Each of these Directors, being eligible, offers himself for re-election.

#### Other members of the Board support the re-election of Ms Grady and Mr McNeilly.

Biographical information on Ms Grady and Mr McNeilly 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 Ms Grady and Mr McNeilly.



Diane Grady  
Non-Executive Director (Independent)  
Chair of the Remuneration and Organisation Committee  
BA (Hons), MA (Chinese Studies), MBA

Director since: May 2002.

Ms Grady has been a Director of Woolworths Ltd since July 1996, Wattyl Ltd from December 1994 until October 2006, Member of ASIC Business Consultative Panel and Senior Advisor to McKinsey & Co. She has served on the Board of a number of public and not-for-profit organisations including Lend Lease Corporation, MLC, Greengrocer.com (Chair), Sydney Opera House and as President of Chief Executive Women. Formerly a partner of McKinsey & Co. serving clients in a wide range of industries on strategic growth and change initiatives.

Ms Grady is an experienced Director who brings valuable strategic and business expertise to the Board and to her role as Chair of the Remuneration and Organisation Committee.



Ron McNeilly  
Deputy Chairman (Independent)  
BCom, MBA, FCPA

Director since: May 2002

Mr McNeilly is Deputy Chairman of the Board with over 30 years' experience in the steel industry. He joined BHP in 1962, and until December 2001 held various positions with the BHP (now BHP Billiton) Group, including Executive Director and President BHP Minerals, Chief Operating Officer, Executive General Manager and was Chief Executive Officer BHP Steel until 1997. The latter role developed his knowledge of many of the businesses comprising BlueScope Steel today.

He is Chairman of Melbourne Business School Limited, Chairman of Worley Parsons Limited and a Director since October 2002, and a Director of Alumina Ltd since December 2002. He is Vice President of the Australia Japan Business Cooperation Committee and a member of the Council on Australia Latin America Relations. He was a Director of Ausmelt Limited from September 2002 until November 2004.