10 October 2008

Dear Shareholder

I am delighted to invite you, as a shareholder, to attend BlueScope Steel Limited’s 2008 Annual General Meeting.

The meeting will be held on Thursday, 13 November 2008 at Wesley Conference Centre, 220 Pitt Street, Sydney, New South Wales, commencing at 2.00 pm (Sydney 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 2008 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 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 and meeting documents, and dividend payment advices by electronic means (e-mail) (Electronic Communications Form); and
- A form to submit questions concerning the Company that you would like considered at the meeting; 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.

Those who have not elected to receive a hard copy of the Annual Report can obtain a copy on our website: www.bluescopesteel.com/go/investors/annual-reports.

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 resolutions to be considered at the 2008 Annual General Meeting will involve considering the 2008 Annual Report, adoption of the remuneration report, re-election of Mr Graham Kraehe and Mr Tan Yam Pin (who are retiring by rotation), election of Mr Doug Jukes as a Director appointed since the date of the 2007 Annual General Meeting, a proposed increase to the Non-Executive Directors Fee Cap and approving an award of Share Rights to the Managing Director and CEO, Mr Paul O’Malley (items 1 to 5).

Item 6 is a special resolution related to renewing the proportionate takeover provisions to the Constitution.

The Board ask shareholders to support these resolutions.

I look forward to welcoming you to the meeting.

Yours sincerely,

GRAHAM KRAEHE AO CHAIRMAN
NOTICE OF 2008 ANNUAL GENERAL MEETING

Notice of Meeting and Information for Shareholders
Notice is given that the 2008 Annual General Meeting of BlueScope Steel Limited (‘the Company’) will be held at the Wesley Conference Centre, 220 Pitt Street, Sydney, New South Wales on Thursday, 13 November 2008 at 2.00 pm (Sydney 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 2008.

2. Remuneration Report
To adopt the Remuneration Report (which is contained in the Directors’ Report) for the year ended 30 June 2008.

3. Election of Directors
(a) Mr Graham Kraehe retires by rotation in accordance with the Company’s constitution and, being eligible, offers himself for re-election;
(b) Mr Tan Yam Pin retires by rotation in accordance with the Company’s constitution and, being eligible, offers himself for re-election; and
(c) Mr Doug Jukes, having been appointed as a Director since the date of the 2007 annual general meeting, vacates office in accordance with the Company’s Constitution and, being eligible, offers himself for election.

SPECIAL 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 2008 Annual General Meeting be approved for all purposes, including for the purpose of ASX Listing Rule 10.14.”

5. 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 $2,250,000 per annum (inclusive of superannuation contributions) to a maximum amount of $2,925,000 per annum (inclusive of superannuation contributions).”

To consider and, if thought fit, to pass the following resolution as a special resolution:
“That proportional takeover provisions in rules 6.12 to 6.16 (inclusive) of the Constitution are renewed for a period of 3 years commencing immediately.”

VOTING EXCLUSION STATEMENT
The Company will disregard any votes cast on resolutions 4 and 5 by Mr O’Malley, any other Director of the Company, or any of their associates. However, the Company need not disregard a vote if:
(a) 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
(b) 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 2008 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 (0)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

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 appointing him or her as the Company’s representative, executed in accordance with the corporate shareholder’s constitution; or
(b) 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 pm (Sydney time) on Tuesday 11 November 2008.

By order of the Board
Michael Barron
Company Secretary
Melbourne, 10 October 2008
**ITEM 1. ANNUAL REPORT**

The Annual Report, Financial Statements and the reports of the Directors and the auditor for the year ended 30 June 2008 will be presented for consideration. These documents are accessible on the Company’s website www.bluescopesteel.com/go/investors/annual-reports

**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 2008. The Remuneration Report is also available on the Company’s website www.bluescopesteel.com/go/investors/annual-reports

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 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**

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

Mr Jukes, having been appointed by the Directors, vacates office in accordance with the Company’s Constitution and, being eligible, offers himself for election.

Other members of the Board support the re-election of Mr Kraehe and Mr Tan and the election of Mr Jukes.

Biographical information on Messrs Kraehe, Tan and Jukes is set out below. Additionally, information on the process and criteria for determining the independence of Messrs Kraehe and Tan for the purposes of the ASX Corporate Governance Council Corporate Governance Principles and Recommendations, is contained in the Company’s Corporate Governance Statement, which forms part of the Annual Report. The Board has conducted a formal assessment of the individual contributions of Messrs Kraehe and Tan.

The Directors appointed Mr Jukes as a Director with effect from 20 October 2008 as part of the Board’s succession planning and renewal process. The Board believes Mr Jukes is independent in terms of the criteria applied by the Board in assessing the independence of all other Directors.

**Graham Kraehe AO**
Chairman, BEc Director since: May 2002

He brings skills and experience in manufacturing management and in companies with substantial and geographically diverse industrial operations. Mr Kraehe’s experience with a wide range of organisations is relevant for his role as Chairman of the Board.

**Doug Jukes**
Non-Executive Director (Independent)
BSc (Hons), FCA
Director since: October 2008
A chartered accountant by profession, Mr Jukes has had a distinguished career with leading international firm KPMG, the last 23 years as a partner. Mr Jukes has been Global Head of People for KPMG and a member of the International Executive Team of the firm. From 2001 to 2007 he was National Chairman (Australia), Member of the International Board and International Council and Chair of the International People, Performance and Culture Group. In addition, he is a member of the Advisory and Executive Board and Chairman of the Development Committee of the Australian School of Business, Board Member and immediate past Chairman of the Starlight Children’s Foundation, Chairman of the Qantas Foundation, and a Councillor of the Australian Business Community Network. Mr Jukes is also a member of the Sydney Advisory Council of the Centre for Social Impact.

Mr Jukes brings extensive experience in the fields of finance, accounting and global talent management relevant to the international operations of the Company.
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 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.

Proposed grant of Share Rights

It is proposed that Mr O’Malley be granted one tranche of Share Rights shortly after the date of the 2008 Annual General Meeting (the 2008 Award tranche). It is also proposed that, subject to the Board being satisfied that a further grant is appropriate, Mr O’Malley will be awarded an additional tranche of Share Rights, with an effective date of 1 September 2009 – (the 2009 Award tranche).

The number of Share Rights awarded under the 2008 Award tranche will be 246,358. This number was determined by dividing 51% of Mr O’Malley’s base pay at 1 September 2008, by the volume weighted average price (VWAP) of the Company’s shares traded on ASX for the 3 months up to and including 31 August 2008 (the day before the start of the relevant performance period).

Subject to the Board determining (in its absolute discretion) that a 2009 Award tranche is appropriate, the number of Share Rights to be awarded under the 2009 Award tranche will be determined by dividing a specified proportion of Mr O’Malley’s base pay as at 1 September 2009 by the VWAP of the Company’s shares traded on ASX for the 3 months up to and including 31 August 2009. The specified proportion for the 2009 Award tranche will be determined by the Board, and will not exceed the percentage applied in calculating the 2008 Award tranche.

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 2008 and for the 2009 Award tranche, will be the entities in that index as at 1 September 2009.

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 relevant 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. For the 2008 Tranche Award, Share Rights that vest can be exercised at any time before 31 October 2013. 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.

For the 2008 Tranche Award, there are 5 performance periods, each starting on 1 September 2008. 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 2011, then the TSR performance will be assessed in the following 4 performance periods measured. The subsequent performance periods are the periods from 1 September 2008 to 28 February 2012, 31 August 2012, 28 February 2013 and 31 August 2013, 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.

The Share Rights awarded under the 2008 Award tranche (if granted) will have performance periods of similar frequency, commencing on 1 September 2009.
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 during the relevant performance period. 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 2013.

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.

2009 Award tranche
If the Board determines that it is appropriate for Mr O’Malley to be awarded the 2009 Award tranche, the terms of the award will be at least as stringent as the performance conditions and terms applying to the 2008 Award tranche.

Whether the Board awards Mr O’Malley the 2009 Award tranche will be based on an assessment conducted around the time of the proposed effective date of the award (outlined above). In making that assessment the Board will take into account that a discretionary long term incentive award is a component of Mr O’Malley’s overall remuneration package along with a number of other factors, including Mr O’Malley’s performance, the Company’s share performance and the benefits that have been delivered to shareholders. The award of the 2009 Award tranche is not automatic, however if an award is made, it is expected that the award would be a similar proportion of base pay as the 2008 Award tranche.

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 in the 2008 Award tranche, and the 2009 Award tranche (if made) will be granted at the times referred to above, and in any event will be before 13 November 2011.

Details of any Share Rights awarded and provided to Mr O’Malley under the Long Term Incentive Plan will be published in each annual report of the Company relating to the period in which the Share Rights have been issued, and that approval for the issue of securities was obtained under ASX Listing Rule 10.14.

Any person referred to in 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.

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

ITEM 5. NON-EXECUTIVE DIRECTORS’ REMUNERATION
Under the Company’s Constitution and in accordance with the ASX Listing Rules, the aggregate sum payable by way of fees to Non-Executive Directors is determined from time to time by general meeting.

The maximum aggregate value or payment to Non-Executive Directors is currently $2,250,000 per annum (inclusive of superannuation). This amount was approved by shareholders at the 2005 Annual General Meeting. The proposal is to increase the maximum aggregate amount of fees to $2,925,000 per annum (inclusive of superannuation).

Currently, the Chairman and the Deputy Chairman are paid an annual fee which takes into account their role and duties. They are not paid any Board Committee fees. Other Non-Executive Directors who act as a Chairman of a Board Committee or participate as a member of a Board Committee are paid an additional annual fee.

Further details of the fees paid to Non-Executive Directors are set out in the Company’s Remuneration Report.

In light of the recent appointment of Mr Jukes as an additional Director, and in order to ensure that the Board has the ability to appoint and retain Non-Executive Directors as the need arises, shareholder approval is being sought to increase the limit to $2,925,000 per annum.

The revised cap will give the Board the flexibility to appoint new directors and review the membership of Board Committees as part of succession planning and renewal of the existing Board. It is envisaged that any increase in the cap will be used to meet the remuneration requirements of any new Directors (including Mr Jukes) and to take account of increases in current levels of remuneration over the foreseeable future. There is no current plan to increase individual director fees, however 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 the growth in the demands placed on Non-Executive Directors.

For example, in the last financial year, the Board travelled to the Company’s operations throughout Australia and Asia. In addition, on-going regulatory and legal changes mean that Directors are spending more time keeping up to date with those changes to ensure that the affairs of the Company are managed efficiently and properly.

Any increase in the maximum aggregate value or payment to Non-Executive Directors will not affect the current arrangements under which Non-Executive Directors are required to salary sacrifice a minimum of 10% of their remuneration each year in consideration for shares in the Company (which are purchased on-market). These arrangements will continue to apply.

ITEM 6. RENEWAL 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.

At the 2005 Annual General Meeting, provisions requiring shareholder approval of a proportional takeover bid were reinserted as rules 6.12 to 6.16 of the Constitution. These provisions have effect for 3 years.

The Directors consider it in the interests of shareholders to renew these provisions. If the resolution in Item 6 is passed, the proposed proportional takeover provisions (in rules 6.12 to 6.16 of the Constitution) will be reinserted for a further 3 years from the time the resolution is passed.

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

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.

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, 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 renewal. The provisions may be renewed for a further term, but only by a special resolution of shareholders.

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.

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.

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.

Since the proportional takeover provisions were adopted, 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 renewing the proportional takeover provisions for a further 3 years.

Directors’ recommendation

The Directors unanimously recommend that shareholders vote in favour of the special resolution set out in Item 6.
ANNUAL GENERAL MEETING LOCATION

Wesley Conference Centre
220 Pitt Street, Sydney, New South Wales
on Thursday, 13 November 2008 at 2.00 pm
(Sydney time).