



NOTICE OF ANNUAL GENERAL MEETING

2009

OFFICE OF THE CHAIRMAN

12 October 2009

Dear Shareholder

I am pleased to invite you, as a shareholder, to attend BlueScope Steel Limited's 2009 Annual General Meeting.

The meeting will be held on **Thursday, 12 November 2009 at the Melbourne Convention & Exhibition Centre, 2 Clarendon Street Southbank, Victoria**, commencing at 2.00 pm (Melbourne time). Registration desks will be open from 12.30pm. I suggest that you arrive early to avoid queues and minimise any delays.

Enclosed are your 2008/09 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 online 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/or to elect to receive dividend payment advices by electronic means (email) (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.

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 considered at the 2009 Annual General Meeting will involve considering the 2008/09 Annual Report, adoption of the remuneration report, re-election of Mr Kevin McCann AM and Mr Daniel Grollo (who are retiring by rotation) and the election of Mr Kenneth Dean as a Director. Item 4 requests shareholder approval of the grant of share rights to the Managing Director and Chief Executive Officer.

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 Meeting and Information for Shareholders

Notice is given that the 2009 Annual General Meeting of BlueScope Steel Limited ('the Company') will be held at the Melbourne Convention & Exhibition Centre, 2 Clarendon Street Southbank, Victoria on Thursday, 12 November 2009 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 2009.

2. Remuneration Report

To adopt the Remuneration Report (which is contained in the Directors' Report) for the year ended 30 June 2009.

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

3. Election of Directors

(a) Mr Kevin McCann AM retires by rotation in accordance with the Company's Constitution and, being eligible, offers himself for re-election.

(b) Mr Daniel Grollo retires by rotation in accordance with the Company's constitution and, being eligible, offers himself for re-election.

(c) Mr Kenneth Dean, having been appointed as a Director after the 2008 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 2009 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 2009 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 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 pm (Melbourne time) on Tuesday, 10 November 2009.

By order of the Board

Michael Barron, Company Secretary
Melbourne, 12 October 2009

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 2009 will be presented for consideration.

These documents are accessible on the Company's website **<http://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 2009. The Remuneration Report is also available on the Company's website **<http://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 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

Mr McCann and Mr Grollo retire by rotation. Each of these Directors, being eligible, offers himself for re-election. Mr Dean, 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 McCann and Mr Grollo and the election of Mr Dean.

Biographical information on Messrs McCann, Grollo and Dean is set out below. Additionally, information on the process and criteria for determining the independence of Messrs McCann, Grollo and Dean for the purposes of the ASX Corporate Governance Council Principles of Good Corporate Governance and Best Practice Recommendations, is contained in the Company's Corporate Governance Statement, which forms part of the Annual Report and on the Company's website **<http://www.bluescopesteel.com/go/responsibilities/corporate-governance>**.

The Board has conducted a formal assessment of the individual contributions of Messrs McCann and Grollo. The Directors appointed Mr Dean as a Director with effect from 21 April 2009 as part of the Board's succession planning and renewal process.

Kevin McCann AM**Non-Executive Director (Independent)****BA LLB (Hons), LLM****Director since: May 2002**

Chairman of Origin Energy Limited since February 2000, the Sydney Harbour Federation Trust and the Corporate Governance Committee of the Australian Institute of Company Directors since May 2009. Lead independent director of Macquarie Bank Limited and Macquarie Group Limited. A member of the Takeovers Panel and the Council of the National Library of Australia. Mr McCann was acting Chairman of Macquarie Bank Limited and Macquarie Group Limited from 27 November 2008 to 31 August 2009.

Chairman of Healthscope Ltd from May 1994 to October 2008, Chairman of Triako Resources Limited from April 1999 until September 2006 and a member of the Defence Procurement Advisory Board from March 2004 until March 2008 and has served on the Boards of Pioneer International Limited, Ampol Limited and the State Rail Authority of New South Wales.

Former Chairman of Partners of Allens Arthur Robinson, a national and international Australian law firm, and a partner of the firm from 1970 until June 2004, specialising in mergers and acquisitions, mineral and resources law and capital markets transactions. He brings extensive legal expertise, commercial experience as a director and former director of a number of major listed companies and experience in corporate governance to the Board.

Daniel Grollo**Non-Executive Director (Independent)****Director since: September 2006**

Chief Executive Officer of Grocon Pty Ltd, Australia's largest privately owned development and construction company. He is a Director of the Green Building Council of Australia and a Director and National President of the Property Council of Australia. He brings extensive knowledge of the building and construction industry to the Board.

Kenneth Dean**Non-Executive Director (Independent)****BCom (Hons), FCPA, MAICD****Director since: April 2009**

Mr Dean has been a director of Santos Limited since February 2005 and has held past directorships with Alcoa of Australia Limited, Woodside Petroleum Limited and Shell Australia Limited.

Mr Dean spent more than 30 years in a variety of senior management roles with Shell in Australia and the United Kingdom. His last position with Shell, which he held for five years, was as Chief Executive Officer of Shell Finance Services based in London. Upon his return to Australia in 2005,

he was Chief Financial Officer of Alumina Limited, a position he recently resigned to focus on non-executive directorship roles. He brings extensive international financial and commercial experience to the Board.

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

It is proposed that, subject to Board approval, Mr Paul O'Malley, the Managing Director and Chief Executive Officer of the Company, be awarded performance rights to acquire fully paid ordinary shares in the Company (Share Rights) upon satisfaction of the performance hurdles under the Company's Long Term Incentive Plan. Full details of the terms and conditions of the offer as currently proposed are contained below including the performance criteria to be satisfied prior to the vesting of any Share Rights.

The Share Rights, if granted, would form part of Mr O'Malley's long term incentive arrangements which are designed to align Mr O'Malley's interests 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.

Board's discretion

Whether the Board grants Mr O'Malley the 2010 Award will be based on an assessment conducted by the Board taking into account Mr O'Malley's performance and that a discretionary long term incentive award for senior executives (including Mr O'Malley) is a key component of the Company's overall remuneration structure. The grant of the 2010 Award is not automatic.

Proposed grant of Share Rights

Subject to Board considering (in its absolute discretion) that the grant is appropriate, Mr O'Malley would be granted Share Rights, with an effective date of 1 September 2010 (the **2010 Award**). Shareholder approval is sought at the 2009 Annual General Meeting to enable any award of Share Rights to Mr O'Malley to occur prior to the next Annual General Meeting and at the same time as the 2010 Awards (if any) are made to other participants in the Company's Long Term Incentive Plan.

If the 2010 Award is made to Mr O'Malley, the number of Share Rights awarded would be the number determined by dividing a specified percentage of Mr O'Malley's base salary at 1 September 2010, 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 2010 (the day before the start of the relevant performance period). The specified percentage for the 2010 Award will be determined by the Board and will not exceed 155%.

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.

Share Rights

Subject to the rules of the Long Term Incentive Plan, each Share Right would 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, under the Long Term Incentive Plan.

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 limited circumstances mentioned below, Share Rights would 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 will consist of the companies in the ASX/S&P 100 index as at 1 September 2010.

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 prorated 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 2010 Award, Share Rights that vest can be exercised at any time before 31 October 2015. 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 2010 Award, if made, there would be 5 performance periods, each starting on 1 September 2010. 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 2013, then the TSR performance would be assessed in the following 4 performance periods measured. The subsequent performance periods are the periods from 1 September 2010 to 28 February 2014, 31 August 2014, 28 February 2015 and 31 August 2015, respectively.

It is only where the Company's relative TSR performance has improved from a previous performance period that additional Share Rights would 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 prorated 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 would 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 2015.

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 may permit the Share Rights to vest provided the performance hurdles have been met at that time and must permit the Share Rights to vest if a person acquires more than 50% of the issued share capital of the Company provided that the performance hurdles have been satisfied.

Annual Remuneration Strategy Review

Each year the Remuneration and Organisation Committee of the Board reviews the Company's remuneration structure and strategy taking into

account developments in the market to ensure that it remains consistent with the "Key Principles" of the Company's remuneration framework set out in the 2009 Remuneration Report. If this review recommends a material change to the terms of the Company's Long Term Incentive Plan, further approval would be sought at the 2010 Annual General Meeting for any resultant change to the terms of the proposed 2010 Award for Mr O'Malley.

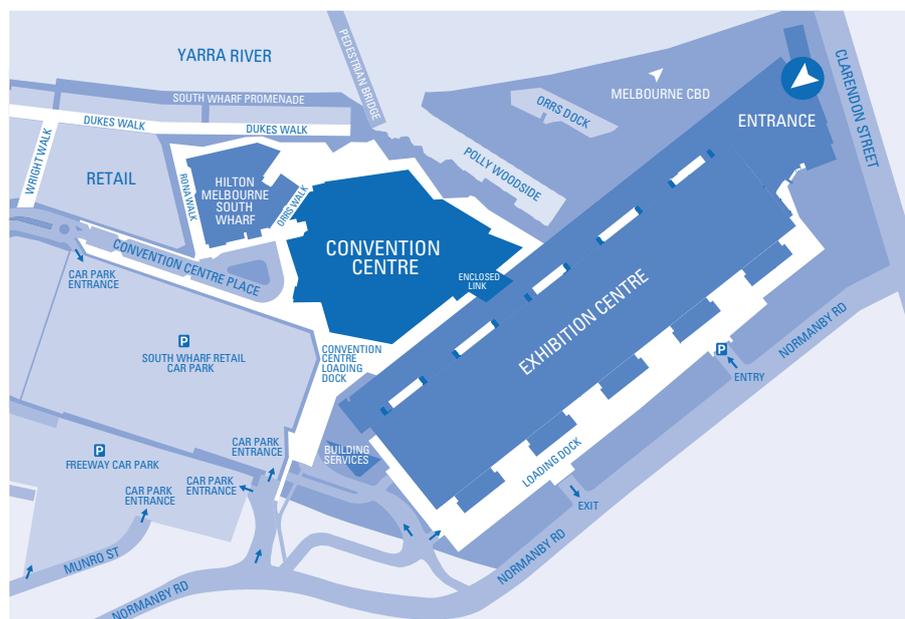
Additional Information

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 and, pursuant to shareholder approval obtained at the 2008 Annual General Meeting, Mr O'Malley was awarded 246,358 Share Rights in November 2008 under 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 2010 Award will be granted at the time referred to above, and in any event will be no later than 11 November 2010.

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.



ANNUAL GENERAL MEETING LOCATION

Melbourne Convention & Exhibition Centre
2 Clarendon Street Southbank, Victoria
on Thursday, 12 November 2009 at 2.00 pm
(Melbourne time).

BLUESCOPE STEEL LIMITED

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