



NOTICE OF ANNUAL GENERAL MEETING 2010

OFFICE OF THE CHAIRMAN

11 October 2010

Dear Shareholder

I am pleased to invite you, as a shareholder, to attend BlueScope Steel Limited's 2010 Annual General Meeting.

The meeting will be held on **Thursday, 11 November 2010** at the **Melbourne Convention & Exhibition Centre, 2 Clarendon Street Southbank, Victoria**, commencing at 2.00pm (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 2010 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 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/or to elect to receive dividend payment advices by electronic means (e-mail) (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/or 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 resolutions to be considered at the 2010 Annual General Meeting will involve considering the 2010 Annual Report, adoption of the remuneration report, re-election of Ms Diane Grady and Mr Ron McNeilly (who are retiring by rotation), the grant of share rights to the Managing Director and Chief Executive Officer, and the approval of benefits upon death/disability under the Company's long term incentive plan.

The special resolution to be considered at the 2010 Annual General Meeting will involve consideration of various changes to the Constitution in relation to retirement and election of directors, nomination for election as a director, dividend payments and some other small miscellaneous changes.

If the proposed constitutional changes are approved, we intend to mandate direct credit payments of dividends to assist in reducing costs and streamlining processes. You will receive further information on this in the next dividend mailing following the Annual General Meeting. In the meantime if you have not already registered your banking details, a direct credit form is enclosed for your completion and return in the envelope provided. Alternatively, you can provide your banking details online at www.linkmarketservices.com.au/public/investors.

The Board asks shareholders to support these resolutions.

I look forward to welcoming you to the meeting.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Graham Kraehe".

GRAHAM KRAEHE AO CHAIRMAN

NOTICE OF MEETING AND INFORMATION FOR SHAREHOLDERS

Notice is given that the 2010 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, 11 November 2010 at 2.00pm (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 2010.

2. Remuneration Report

To adopt the Remuneration Report (which is contained in the Directors' Report) for the year ended 30 June 2010.

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

3. Election of Directors

(a) Ms Diane Grady retires by rotation in accordance with the Company's Constitution and, being eligible, offers herself for re-election.

(b) Mr Ron McNeilly retires by rotation in accordance with the Company's Constitution and, being eligible, offers himself for re-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 2010 Annual General Meeting be approved for all purposes, including for the purpose of ASX Listing Rule 10.14."

5. Approval of benefits upon death or disability under the Long Term Incentive Plan

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That, for the purposes of Part 2D.2 of the *Corporations Act 2001* (Cth), approval is given to the provision of benefits under the Company's Long Term Incentive Plan by the Company (or any of its related bodies corporate or a prescribed superannuation fund) to a person in connection with that person ceasing to hold a managerial or executive office in the Company, as more particularly described in the Explanatory Notes to this Notice of 2010 Annual General Meeting."

6. Amendments to the Constitution

To consider and, if thought fit, to pass the following resolution as a special resolution:

"That the Company adopt as its Constitution the document tabled at the 2010 Annual General Meeting and signed by the Chairman for the purposes of identification, in substitution for, and to the exclusion of, the existing Constitution."

Voting exclusion statement

The Company will disregard any votes cast on Item 4 by Mr O'Malley, or any of his 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.
- A vote on Item 5 must not be cast (in any capacity) by or on behalf of any person the subject of Item 5 who may be entitled to receive a benefit in the event of ceasing employment upon death or disability, or an associate of that person. However, a person may cast a vote if:
- it is cast by a person as proxy appointed by writing for a person who is entitled to vote, that specifies how the proxy is to vote on the resolution; and
 - it is not cast on behalf of the person or any of their associates.

Proxy information

- A member who is entitled to attend and cast a vote at the 2010 Annual General Meeting may appoint a proxy.
- A proxy need not be a member and can be an individual or a body corporate.
- A body corporate appointed as a member's proxy may appoint a representative to exercise any of the powers the body may exercise as a proxy at the general meeting (see "**Corporate representatives**" below).
- 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 corporate shareholder'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 before the meeting (or at least 48 hours before the meeting for the appointment of a corporate representative of a proxy which is a body corporate).

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, 9 November 2010.

By order of the Board

Michael Barron, Company Secretary
Melbourne, 11 October 2010

EXPLANATORY NOTES

This information forms part of the Notice of Meeting.

ITEM 1. ANNUAL REPORT

The Annual Report, Financial Statements and the reports of the Directors and the auditor for the year ended 30 June 2010 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 2010. 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

Ms Grady and Mr McNeilly retire by rotation. Each of these Directors, being eligible, offers themselves 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 the process and criteria for determining their independence for the purposes of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations, is contained in the Company's Corporate Governance Statement, which forms part of the Annual Report and is available 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 Ms Grady and Mr McNeilly.

Diane Grady AM

Non-Executive Director (Independent)
BA (Hons), MA (Chinese Studies), MBA
Director since: May 2002

Director of Woolworths Ltd since July 1996 and Goodman Group from September 2007, Watty Ltd from December 1994 until October 2006 and Senior Adviser to McKinsey & Co. Has served on the boards of a number of public and not-for-profit organisations including Lend Lease Corporation, Greengrocer.com (Chair), Sydney Opera House Trust, Ascham School (current Chair) 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.

Diane 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

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 Group (now BHP Billiton), including Executive Director and President BHP Minerals, Chief Operating Officer and 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.

Chairman of Worley Parsons Limited and a Director since October 2002 and a Director of Alumina Ltd since December 2002. Vice President of the Australia Japan Business Cooperation Committee and a Member of the Council on Australia Latin America Relations until December 2009. Chairman of Melbourne Business School Limited until May 2010.

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 Share Rights pursuant to this resolution 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 currently a key component of the Company's overall remuneration structure. The grant of Share Rights is not automatic.

Proposed grant of Share Rights

Subject to the Board considering (in its absolute discretion) that a grant is appropriate, Mr O'Malley may be granted the following Share Rights:

- Share Rights with an effective date of 1 September 2011 (**2011 Award**);
- Share Rights with an effective date of 1 September 2012 (**2012 Award**).

If an award of Share Rights 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 of the relevant year (ie 2011, or 2012), 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 of the relevant year (the day before the start of the relevant performance period). The specified percentage 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 vesting.

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 of the relevant year of the award.

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 the number of Share Rights (if any) that are exercised by him.

No Share Rights vest until the Company's relative TSR performance reaches the 51st percentile. At the 51st percentile, 52% 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, it is exercised automatically and Mr O'Malley will be provided with a fully paid ordinary share in the Company. 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 2011 Award, if made, there would be 5 performance periods, each starting on 1 September 2011. 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 2014, then the TSR performance would be assessed in the following 4 performance periods measured. The subsequent performance periods are the periods from 1 September 2011 to 28 February 2015, 31 August 2015, 29 February 2016 and 31 August 2016, 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.

Any Shares Rights awarded under the 2012 Award will have performance periods of the same length and frequency, commencing on 1 September of the year of award.

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 and when 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.

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 2010 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 for shareholders as appropriate for any resultant change to the terms of the proposed award of Share Rights for Mr O'Malley.

Additional Information

In accordance with the ASX Listing Rules and the Corporations Act, 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 930,000 Share Rights in September 2009 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 will be granted at the time referred to above, and in any event will be no later than 10 November 2012.
- 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 a period in which Share Rights have been issued, and that approval for the issue of securities was obtained under ASX Listing Rule 10.14.
- Any additional person who becomes entitled to participate in the Long Term Incentive Plan after this resolution is passed and who was not named in the 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. APPROVAL OF BENEFITS UPON DEATH OR DISABILITY UNDER THE LONG TERM INCENTIVE PLAN

Following recent changes to the Corporations Act, subject to a number of exemptions, shareholder approval must be obtained before the Company (or a related body corporate or a prescribed superannuation fund in relation to the Company) can give a person a "benefit" in connection with the person's retirement from a managerial or executive office.

Reasons for seeking shareholder approval

Under the Company's Long Term Incentive Plan, eligible employees are provided performance rights to acquire fully paid ordinary shares in the Company (**Share Rights**) upon satisfaction of performance hurdles. Details of the Long Term Incentive Plan are included in the Company's remuneration report and in Item 4 of this Explanatory Memorandum.

In the event of a participant ceasing to be employed because of death or disability, he or she is no longer able to contribute to company performance. In these circumstances all of his or her unvested Share Rights would vest (and fully paid ordinary shares in the Company would be provided for the benefit of the participant) without regard to performance hurdles.

Providing shares in the Company in these circumstances, may constitute a termination benefit regulated by Part 2D.2 of the Corporations Act. Shareholder approval may be required if the benefit is provided to a person following their retirement (upon their death or disability) from a managerial or executive office with the Company (or a related body corporate). Accordingly, shareholder approval to permit the Company to provide a benefit in these circumstances, to a person who holds a managerial or executive office, is sought for the purposes of sections 200B and 200E of the Corporations Act.

The Company adopted its Long Term Incentive Plan in 2002, upon its establishment as an ASX listed company. It has been a feature of the Long Term Incentive Plan since its adoption to permit Share Rights to vest upon a participant ceasing to be employed because of death or disability. If approved by shareholders, Item 5 will permit the Company to continue to extend this feature of the Long Term Incentive Plan to current and new participants in the plan who hold a managerial or executive position, without the need for further shareholder approval.

In the circumstances described above, unvested Share Rights will vest automatically only in the rare event of a participant ceasing employment following death or disability.

Amount of the benefit

For a person who holds a managerial or executive office with the Company (or a related body corporate), if Share Rights vest because that person ceases to be employed due to death or disability, the person will receive a benefit in connection with retirement from an office, or position of employment, regulated by Part 2D.2 of the Corporations Act. The value of the benefit received will be the market price of the fully paid ordinary shares that are received following the exercise of the vested Share Rights (which would be 100% of the Share Rights held by the person if vesting results from the person's death or disability).

Directors' Recommendation

The Directors (other than Mr O'Malley) recommend that shareholders vote in favour of Item 5. As a participant in the Long Term Incentive Plan, it is not appropriate for Mr O'Malley to make a recommendation.

ITEM 6. AMENDMENTS TO THE CONSTITUTION

Amendments are proposed to the Company's Constitution dealing with the matters described below.

Retirement and election of Directors

Existing rule 11.3 provides that one third of the Directors (who have not been appointed to fill a casual vacancy) are required to retire by rotation each year. This rule has the practical effect that from time to time Directors may be required to retire by rotation at intervals of less than 3 years. It is proposed that rule 11.3(a) be amended to remove the requirement for one third of the Directors to retire at each annual general meeting. The amended rule will require that at each annual general meeting, any Director who has held office for three years or more must retire at that meeting. This is consistent with ASX Listing Rule 14.4. A Director who retires will be eligible to stand for re-election.

Rule 11.3(c) will also require that an election of Directors must be held at each annual general meeting. If an election is not scheduled to occur as a result of amended rule 11.3(a) (or under rule 11.8 relating to the election of a Director appointed to fill a casual vacancy) then one Director must retire from office at the annual general meeting and may seek re-election (new rule 11.3(c)).

To provide flexibility to the sequence of three year terms for the Directors, the amended rule 11.3(b) will also permit Directors to voluntarily retire and seek re-election before the end of their three year term.

Also, rule 11.1 is to be amended (and rule 11.2 deleted) to clarify that the maximum number of directors is ten, or such other number as the Company may resolve in general meeting. This change is sought to clarify the operation of those rules.

Dividends

The Corporations Act was amended in June 2010 with the introduction of a new test for payment of dividends by a company. The former "profits test" was replaced with a new test for paying dividends which requires a company to assess, among other things, the extent to which a company's assets exceed its liabilities. Rules 17.4 and 17.5 are to be amended to align these rules with the amended Corporations Act.

Payment of dividends

Rule 17.9 is to be amended to clarify that the Directors may determine the method by which dividend payments are made to members. This could include payment of dividends by direct credit of a member's bank account by way of electronic funds transfer. Direct credit of dividends to members provides a fast and more secure method of dividend payment for members and generates cost savings for the Company. For these reasons, the Company currently encourages members to receive their dividends by direct credit rather than by cheque. Following the change to the Constitution, the Company intends to require that all members receive their dividend payment by direct credit (where practicable).

Rule 17.13 is to be amended to expand the ways in which the Company may deal with payments to a member if a cheque is not presented, or in the case of electronic funds transfer, a payment cannot be made to a particular member (because no acceptable bank account has been nominated or the transfer has been rejected). If a cheque is not presented or an electronic funds transfer cannot proceed (for the reasons stated above), in each case for 5 calendar months, the Board may reinvest the amount, after deducting reasonable

expenses, into fully paid ordinary shares in the Company on behalf of, and in the name of, the member concerned. The shares may be acquired on market or by way of a new issue at a price the Board determines as market price at the time. The rule will also provide that any residual amount left over after the reinvestment may be carried forward for the benefit of the member or donated to charity on behalf of the member, as the Directors determine.

Miscellaneous changes

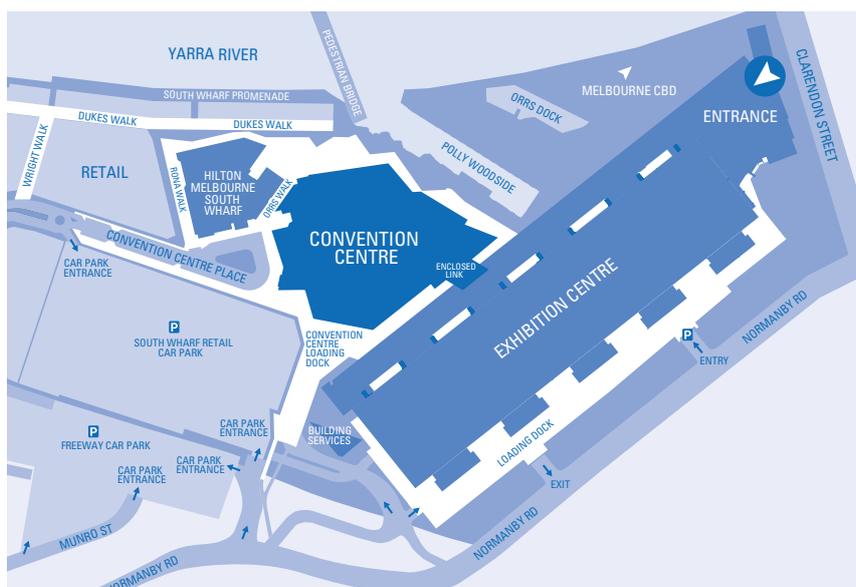
A number of minor amendments are proposed to the Constitution to address typographical and definitional matters.

Copy of proposed amendments

A marked copy of the Company's Constitution showing the proposed changes is available at www.bluescopesteel.com/investors/annual-general-meeting. Copies are also available for inspection until the close of the Annual General Meeting at the Company's registered office: Level 11, 120 Collins Street, Melbourne, Victoria.

Directors' Recommendation

The Directors recommend that shareholders vote in favour of Item 6.



ANNUAL GENERAL MEETING LOCATION

Melbourne Convention & Exhibition Centre
2 Clarendon Street Southbank, Victoria on
Thursday, 11 November 2010 at 2.00 pm
(Melbourne time).

BLUESCOPE STEEL LIMITED

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