



NOTICE OF ANNUAL GENERAL MEETING 2004

NOTICE OF MEETING AND INFORMATION FOR SHAREHOLDERS

BLUESCOPE STEEL LIMITED ABN 16 000 011 058

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Office of the Chairman

13 September 2004

Dear Shareholder

We have just completed another successful year for BlueScope Steel. I am delighted to invite you, as a shareholder, to attend BlueScope Steel Limited's 2004 Annual General Meeting.

The meeting will be held on **Tuesday, 19 October 2004 at The Westin, 1 Martin Place, Sydney**, 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 2004 Annual Report (unless requested otherwise) and Notice of Annual General Meeting together with the following documents:

- A personalised proxy form. If you are not attending 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) by electronic means (e-mail).
- A business reply paid envelope, or a return address envelope (if your registered address is outside Australia) for the return of any completed documents.

If your shares are held in the name of a private company and you wish to attend and vote at the meeting, you will need to complete a **form of appointment of corporate representative**. Copies of this form can be obtained from the Company's Share Registry. Please call **1300 855 998** between 8.30 am and 5.30 pm weekdays.

If you will be attending the meeting in person and not voting by proxy, you can assist with your registration by presenting the Proxy form to enable easy identification of your holding.

The regular business to be conducted at the 2004 Annual General Meeting will involve considering the 2004 Annual Report, re-electing as Directors Mr Ron McNeilly and Ms Diane Grady (who are retiring by rotation) and approving an award of Share Rights to the Managing Director and CEO, Mr Kirby Adams (Items 1 to 3).

Items 4 to 8 are special resolutions proposed by approximately 120 shareholders affiliated with the Australian Workers' Union, in accordance with section 249N of the Corporations Act which requires a resolution to be considered at a general meeting where more than 100 shareholders give written notice of the resolution.

The Directors of BlueScope Steel do not believe that the resolutions proposed in items 4 to 8 are in the best interests of BlueScope Steel and shareholders. These resolutions will only be passed if at least 75% of the votes cast by shareholders are in favour of them. Your Directors strongly oppose the resolutions and urge you to vote against them.

I look forward to welcoming you to the meeting.

Yours sincerely,

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

GRAHAM KRAEHE, AO CHAIRMAN

NOTICE OF MEETING AND INFORMATION FOR SHAREHOLDERS

Notice is given that the Annual General Meeting of BlueScope Steel Limited ("the Company") for 2004 will be held at The Westin, 1 Martin Place, Sydney, New South Wales on Tuesday, 19 October 2004 at 2.00 pm (Sydney time).

ORDINARY BUSINESS

1. ANNUAL REPORT

To consider the annual report, financial statements and the reports of the Directors and the auditor for the year ended 30 June 2004.

2. ELECTION OF DIRECTORS

- (a) To re-elect a Director: Mr Ron McNeilly
Mr McNeilly retires in accordance with the Company's Constitution, and being eligible, offers himself for re-election.
- (b) To re-elect a Director: Ms Diane Grady
Ms Grady retires in accordance with the Company's Constitution, and being eligible, offers herself for re-election.

OTHER BUSINESS

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

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

"That the grant of share rights to the Managing Director and Chief Executive Officer, Mr Kirby Adams, under the Long Term Incentive Plan as described in the Explanatory Notes to this Notice of 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 3 by Mr Adams, any other Director of the Company, or any of their associates, unless:

- the vote is cast as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form; or
- the vote is cast by a person chairing the meeting as proxy (or its corporate representative), for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

AMENDMENTS TO THE COMPANY'S CONSTITUTION - SPECIAL RESOLUTIONS PROPOSED BY SHAREHOLDERS AFFILIATED WITH THE AUSTRALIAN WORKERS' UNION IN ORDER TO BE ADOPTED AT LEAST 75% OF THE VOTES CAST BY SHAREHOLDERS MUST BE IN FAVOUR OF ITEMS 4 TO 8

ITEMS 4 TO 8

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

"That the Company's Constitution be amended by:

- (a) inserting the words 'if that Director has been a Director of the Company for less than 10 years' after the word 're-election' in the second line of rule 11.4; and
- (b) inserting the sentence:
'Further, a person who has been a Director of the Company for 10 years or more is not eligible for election as a Director in any circumstances and is not eligible to be appointed as a Director under rule 11.8.'

as a new paragraph at the end of rule 11.7."

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

"That the Company's Constitution be amended by inserting the sentence:

'Such retirement benefit or compensation shall not exceed twice the total remuneration paid to that Director in the 12 months prior to retirement, loss of office or death, unless approved by an ordinary resolution of the members of the Company.'

immediately prior to the sentence commencing 'A retirement benefit' in the ninth line of rule 11.11."

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

"That the Company's Constitution be amended by:

- (a) deleting the word "or" at the end of rule 11.14(b);
- (b) deleting the period at the end of rule 11.14(c) and inserting in its place "; or";
- (c) inserting a new paragraph (d) in rule 11.14 as follows:
'(d) is director of more than three other publicly listed companies or, if chairperson of another publicly listed company, if director of more than two, or chairperson of any, additional publicly listed companies. With respect to the Company's chairman, the office of Director becomes vacant if the chairman is chairperson of any other publicly listed company, or director of more than two other publicly listed companies.'

- (d) inserting the sentence:

'A Director who is a director of more than two other publicly listed companies, or the chairman of any other publicly listed company, is ineligible to be elected chairman of the Company.'

after the first sentence in rule 13.17."

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

"That the Company's Constitution be amended by adding the sentence 'The total remuneration of a Managing Director or an Executive Director, including any non-statutory termination or retirement payments, must not exceed 20 times the average remuneration of all other employees of the Company, unless approved by an ordinary resolution of the members of the Company,' as a new paragraph after the final sentence of rule 12.11."

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

"That the Company's Constitution be amended by inserting a new rule 12.14 as follows:

'12.14 Executive Remuneration

The total remuneration, including any non-statutory termination or retirement payments, of any officer or employee of the Company, other than a Director or Managing or Executive Director, must not exceed 20 times the average remuneration of all other employees of the Company unless approved by an ordinary resolution of the members of the Company.

The Company must disclose in its Annual Report to members the total remuneration received by each of the Company's ten highest paid officers.' "

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/- ASX Perpetual Registrars Limited
Level 4, 333 Collins Street
Melbourne, Victoria, 3000
Facsimile: (61 3) 9615 9744

By mail:

BlueScope Steel Share Registry
c/- ASX Perpetual Registrars Limited
GPO Box 1736
Melbourne, Victoria, 3000

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.

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 on Sunday, 17 October 2004.

By order of the Board

Michael Barron

Company Secretary

Melbourne, 23 August 2004

EXPLANATORY NOTES

Items 2(a) and (b)

CANDIDATES FOR RE-ELECTION AS DIRECTORS

Information on the independence of the candidates for re-election as Directors, 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 Mr McNeilly and Ms Grady, who are retiring in accordance with the Company's Constitution and offer themselves for re-election.

Other members of the Board support the re-election of Mr McNeilly.

Other members of the Board support the re-election of Ms Grady.



RON MCNEILLY

Deputy Chairman (Independent),
Age 61, BCom, MBA, FCPA
Director since: May 2002

Mr McNeilly is a member of the Audit and Risk Committee, the Remuneration and Organisation Committee, the Nomination Committee and the Health, Safety and Environment Committee. Mr McNeilly contributes to the Board, broad business experience and detailed knowledge of the international steel and resources industries.

Mr McNeilly is Deputy Chairman of the Board and has over 30 years' experience in the steel industry. He joined BHP in 1962 and has held positions with BHP Billiton, including Executive Director and President BHP Minerals, Chief Operating Officer, Executive General Manager and Chief Executive Officer BHP Steel, General Manager Transport, General Manager Long Products Division and General Manager Whyalla Works. He is the Chairman of Melbourne Business School Limited and Ausmelt Limited, Deputy Chairman of Worley Group Limited, a Director of Alumina Ltd and a former Director of OCT Resources Limited and Tubemakers of Australia Limited. Mr McNeilly is also Vice President of the Australia Japan Business Cooperation Committee and a member of the Council on Australia Latin America Relations.

Apart from his extensive commercial experience with a range of businesses within the BHP Billiton Group, Mr McNeilly gained practical experience of the Company's business when he occupied the position (within the BHP Group) of Executive General Manager and Chief Executive Officer of the BHP Steel division between May 1991 and September 1997.



DIANE GRADY

Non-executive director (Independent),
Age 56, BA (Hons), MA (Chinese Studies), MBA
Director since: May 2002

Ms Grady is the Chairman of the Remuneration and Organisation Committee and a member of the Nomination Committee and the Health, Safety and Environment Committee. Ms Grady contributes expertise to the Board in the areas of strategy and organisational performance and development.

Ms Grady has been a full time Non-Executive Director of various companies since 1994. She is currently a Director of Woolworths Limited and Wattyl Limited. She is also a Trustee of the Sydney Opera House, a Director of the Australian Institute of Management (New South Wales) and a Governor of Ascham School. Previously, Ms Grady was a Partner with McKinsey & Co where she spent 15 years consulting to clients in a broad range of industries on strategic and organisational issues. In Australia, she led the firm's Marketing, Retailing and Consumer Goods practice and was a global leader of McKinsey's Change Management Centre.

Item 3

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

It is proposed that Mr Kirby Adams, 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. The award will be made effective 31 August 2004.

The number of Share Rights to be awarded, subject to shareholders approving the grant of Share Rights to Mr Adams under resolution 3, will be determined by dividing Mr Adams' base salary of \$1,425,000 by the volume weighted average price of the Company's shares traded on ASX for the 5 trading days up to and including 31 August 2004. As an indication, at a volume weighted average share price of \$7.60 the number of Share Rights awarded to Mr Adams would be 187,500.

SHARE RIGHTS

Subject to the rules of the Long-Term Incentive Plan, each Share Right will entitle Mr Adams to be provided one fully paid ordinary share in the Company upon exercise after they vest. No amount is payable by Mr Adams in respect of the award of Share Rights.

Mr Adams 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 Adams 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 performance conditions determined by the Board are met. For the present award, the vesting will depend on the percentile ranking of the Company relative to a comparator group (namely, the companies comprised in the ASX/S&P 100 index as at 31 August 2004, the effective date of grant of the Share Rights), based on total shareholder return over a performance period.

Total shareholder return is, broadly speaking, share price growth plus dividends reinvested. Relative performance is measured by comparing the respective total shareholder returns of the Company and the members of the comparator group of the performance period.

Accordingly, the Company's performance ranking against the comparator group at the end of the performance period will determine whether Mr Adams may exercise his Share Rights and, if so, the number of them. No Share Rights vest until the relative total shareholder return performance, as measured by comparing the respective total shareholder returns of the Company and the members of the comparator group for the performance period, reaches the 51st percentile. At the 51st percentile 52% of Share Rights vest. Above the 51st percentile the number of Share Rights that may be exercised will be pro rated between the 51st percentile and the 75th percentile. At the 75th percentile (or above), 100% of Share Rights vest. The following table provides an overview of the percentage of Share Rights which vest at various percentile outcomes.

IF THE PERCENTILE RANKING OF THE COMPANY AT THE END OF THE PERFORMANCE PERIOD IS	THEN THE PERCENTAGE OF SHARE RIGHTS WHICH VEST IS
50TH PERCENTILE OR BELOW	NO SHARE RIGHTS VEST
51ST PERCENTILE	52% OF SHARE RIGHTS VEST
60TH PERCENTILE	70% OF SHARE RIGHTS VEST
70TH PERCENTILE	90% OF SHARE RIGHTS VEST
75TH OR ABOVE	100%

The initial performance period will be 1 September 2004 to 31 August 2007.

EXERCISE AND LAPSE OF SHARE RIGHTS

In the event that none, or some only, of the Share Rights vest at the end of the initial performance period, there will be up to 4 subsequent performance periods commencing on the effective date of grant of the Share Rights and ending on 29 February 2008, 31 August 2008, 28 February 2009 and 31 August 2009, respectively (Retest Date). The number of outstanding Share Rights that then vest following such a retesting at the end of a subsequent performance period will be calculated by determining how many Share Rights out of the total granted would vest in accordance with the above (determined by reference to the percentile ranking of the Company at the end of the relevant subsequent performance period), and deducting the number of Share Rights that have previously vested (if any). There is a proviso that for outstanding Share Rights to vest following a subsequent performance period, the percentile ranking as at the Retest Date must be greater than the highest percentile ranking of the Company at the end of any previous performance period.

The terms of the Share Rights provide for retesting as described above 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.

If Share Rights have not vested following the last Retest Date, those Share Rights will lapse.

Share Rights that vest may be exercised at any time before 31 October 2009. Under the terms of the award, no amount is payable upon exercise by Mr Adams. However, Mr Adams will be personally liable to pay income tax in respect of the award and exercise of the Share Rights in accordance with applicable tax laws. No financial assistance is, or will be, provided by the Company to Mr Adams in respect of the tax liability arising from the award or exercise of the Share Rights. Upon exercise, shares would be acquired for Mr Adams 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.

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

Unvested Share Rights lapse if Mr Adams 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 Adams 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.

Vested share rights may be exercised for 6 months after cessation of employment or until 31 October 2009, whichever is sooner.

The Board may at its discretion cause Share Rights to become vested Share Rights, 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 owning all the issued shares in the Company.

ADDITIONAL INFORMATION

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

- Since the Company was admitted to ASX in July 2002, Mr Adams has been awarded the following Share Rights under the Long-Term Incentive Plan, as described in the scheme booklet prepared and issued by BHP Billiton Limited as part of the Company's demerger from BHP Billiton Limited:
 - 685,000 in July 2002;
 - 490,500 in September 2002.
- Pursuant to shareholder approval at the 2003 Annual General Meeting, Mr Adams was awarded 273,300 Share Rights under the Long-Term Incentive Plan.
- Mr Adams 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 Adams under the Long-Term Incentive Plan will be granted as soon as practicable after the date of the Annual General Meeting and, in any event, before 19 October 2005.

**AMENDMENTS TO THE COMPANY'S CONSTITUTION -
SPECIAL RESOLUTIONS PROPOSED BY SHAREHOLDERS
AFFILIATED WITH THE AUSTRALIAN WORKERS' UNION
("AWU RESOLUTIONS")**

**IN ORDER TO BE ADOPTED AT LEAST 75% OF THE VOTES CAST
BY SHAREHOLDERS MUST BE IN FAVOUR OF ITEMS 4 TO 8**

ITEMS 4 TO 8

In accordance with section 249N of the Corporations Act, approximately 120 shareholders — described as being affiliated with the Australian Workers' Union — submitted written notices proposing the AWU Resolutions set out in items 4 to 8. (The shareholders submitting AWU Resolutions under section 249N did not request that a statement accompany the AWU Resolutions, as permissible under section 249P of the Corporations Act.)

Your Directors do not believe that the AWU Resolutions proposed in items 4 to 8 are in the best interests of BlueScope Steel and shareholders. They strongly oppose the resolutions and urge you to vote against them. The Directors' reasons are set out below.

The Directors have received advice that some of the AWU Resolutions are not appropriate to be put to shareholders and could choose not to put those resolutions to shareholders. However, the Board has determined to let shareholders decide on the merits of the AWU Resolutions set out in items 4 to 8. If the AWU Resolutions were passed, at least 2 of your Directors would be required to immediately vacate office. The AWU Resolutions on remuneration would prevent the Company from providing competitive remuneration and limit access to talented executives.

WHY YOU SHOULD VOTE AGAINST THE AWU RESOLUTIONS

CONSTITUTIONAL CHANGE UNNECESSARY

The AWU Resolutions all take the form of amendments to the Constitution of the Company. If adopted all of these requirements would be entrenched in the Constitution for the future and could only be changed by a vote passed by more than 75% of shareholders.

Shareholders have appointed the directors to be responsible for the governance of the Company and to implement appropriate corporate governance and remuneration policies that will safeguard shareholder value and underpin a high performance organisation.

Since their appointment, the Directors of BlueScope Steel have worked hard to implement best corporate governance practice in the Company ahead of regulatory change consistent with the distinctive features of the Company's business. As shareholders would be aware, governance standards are evolving all the time — what was appropriate 10 years ago, is not appropriate today, and new standards will continue to evolve. Consequently the Board believes that it is inappropriate to use the Constitution to lock in highly prescriptive and specific governance requirements.

A comprehensive review of corporate governance standards and regulation in Australia recently has involved consultation with a wide range of interest groups and resulted in the ASX Corporate Governance Council's Principles of Good Corporate Governance and Best Practice Recommendations. BlueScope Steel has fully implemented these principles and recommendations. It is quite inappropriate for a single interest group to seek to override the outcome of this national governance review process.

The AWU Resolutions would handicap BlueScope Steel relative to its peers and competitors. The Directors and management require the flexibility to conduct business now and in future within the

framework of regulation of corporate governance that applies to all other comparable companies.

Details of the Company's policies are contained in the corporate governance statement in the Annual Report and on the Company's website, www.bluescopesteel.com.

RESOLUTION 4: LIMITS BOARD FLEXIBILITY

If the resolution in item 4 is passed, Directors who have held office as a Director of the Company for more than 10 years would be required to resign from the Board. Upon appointment to the Board, new Non-Executive Directors are informed in their letter of appointment that it is the Board's practice to encourage a person to hold office for no more than 10 years. This is a policy decision made by the Board.

All of the current Non-Executive Directors (excluding Mr Tan) were appointed at the same time shortly before the Company's demerger from BHP Billiton. If the resolution in item 4 is passed, it would have the effect that all of those directors would be required to retire at the same time (and not be able to seek re-election) or would be required to begin retiring progressively much earlier than 10 years so as to avoid the Company losing all of its Non-Executive Directors at the same time. Imposing this requirement on the Company would result in a rigid framework that prevents any Director serving longer than 10 years in appropriate circumstances, such as where it would be in the interests of the Company for them to do so.

**RESOLUTION 5: LIMITS RETIREMENT BENEFITS WHICH
THE COMPANY DOES NOT HAVE**

Item 5 seeks to impose a limit on retirement benefits payable to Directors retiring from office, unless shareholder approval is obtained. It is the Company's stated policy (as set out in the 2002, 2003 and 2004 Annual Reports) that the Company does not pay retirement benefits to Non-Executive Directors. The Corporations Act has provisions dealing with obtaining shareholder approval if the Company wishes to pay a retirement benefit to a Director. Generally, under the Corporations Act, shareholder approval is required if the retirement benefit will exceed the remuneration received in the last 12 months multiplied by the years in office (capped at 7 years).

**RESOLUTION 6: WOULD LEAD TO IMMEDIATE LOSS
OF DIRECTORS**

Item 6 seeks to limit the number of directorships a Director of BlueScope Steel may hold on the boards of other listed companies. If this resolution is passed, Mr Kraehe and Mr McCann (and, possibly, Mr McNeilly depending on the interpretation of some anomalies in the wording of Resolution 6) would vacate their positions as Directors of BlueScope Steel (by operation of the proposed resolution in item 6) effective at the end of the 2004 Annual General Meeting. The second paragraph in item 6 would prohibit a person who holds directorships of other listed companies exceeding the limit specified in the proposed resolution from becoming a Director of BlueScope Steel. This would substantially reduce the pool of qualified candidates eligible to become Directors of the Company.

The Board regularly carries out a number of internal and external review processes to monitor the effectiveness of the Board as a whole and individual Directors. These processes enable the Board to identify and address performance issues, including any related to workload attributable to other board positions. As a result, the Board is satisfied that all Directors are meeting the demands of their roles with BlueScope Steel alongside their board commitments to other organisations.

RESOLUTIONS 7 AND 8: UNWORKABLE AND COULD LEAD TO A REDUCTION IN EXECUTIVE TALENT

Items 7 and 8 seek to limit the maximum remuneration payable to the Managing Director and CEO, an Executive Director, a Company executive or any other employee. If passed, remuneration for all employees of the Company could not exceed "20 times the average remuneration of all other employees of the Company", unless approved by shareholders. As drafted, these resolutions raise a number of difficulties of interpretation that, in practice, would mean that the Company would have difficulties actually calculating the average remuneration of all other employees. For example, it is unclear from the wording of the resolution whether the remuneration is to be measured annually or how part-time employees or contractors should be treated. In addition, a large number of employees are located in countries where overall wage levels are much lower than Australia.

BlueScope Steel's remuneration policy is directed at underpinning a high performance organisation. The focus of its remuneration strategy is on performance and accountability. Executive remuneration packages are designed to support the delivery of outstanding returns for shareholders by aligning performance-related reward with the value delivered to shareholders.

To compete, BlueScope Steel must be able to attract and retain the very best talent that is available within the global steel industry, while maintaining shareholder value. Our remuneration

strategy enables BlueScope Steel to compete for executive talent by providing competitive remuneration.

Significantly, this resolution would make it difficult for the Company to attract, motivate and retain high quality executives. Restricting its ability to negotiate and agree executive salaries without shareholder approval would mean that the Company would be at a serious disadvantage in relation to other companies. It is the view of Directors that an important contributing factor to the current success of the Company is that it has excellent management who are rewarded with an appropriate mix of fixed and at risk remuneration.

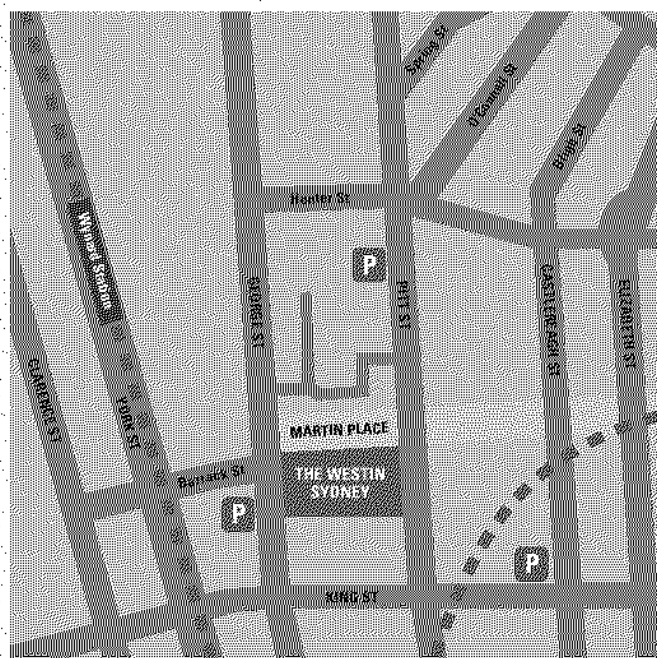
DIRECTORS' RECOMMENDATION

The Directors of BlueScope Steel do not believe that the resolutions proposed in items 4 to 8 are in the best interests of BlueScope Steel and shareholders. These resolutions will only be passed if at least 75% of the votes cast by shareholders are in favour of them. Your Directors strongly oppose the resolutions and urge you to vote against them.

COPIES OF THE COMPANY'S CONSTITUTION

Copies of the Company's Constitution can be obtained by contacting the Company's Share Registry on 1300 855 998 between 8.30am and 5.30pm weekdays.

VENUE LOCATION



BlueScope Steel Limited
Annual General Meeting
The Westin, 1 Martin Place, Sydney, New South Wales
Tuesday, 19 October 2004 at 2.00pm (Sydney time).