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BLUESCOPE STEEL LIMITED 2009 SHARE PURCHASE PLAN OFFER

THIS IS AN IMPORTANT DOCUMENT. THE SHARE PURCHASE PLAN OFFER DOES NOT TAKE INTO ACCOUNT THE INDIVIDUAL INVESTMENT OBJECTIVES, FINANCIAL SITUATION OR PARTICULAR NEEDS OF EACH ELIGIBLE SHAREHOLDER. IF YOU ARE IN ANY DOUBT ABOUT THE ACTION YOU SHOULD TAKE, PLEASE CONSULT YOUR FINANCIAL, TAXATION OR OTHER ADVISER ACCORDINGLY.

This Share Purchase Plan Offer is not being made and will not be made directly, indirectly, in or into the United States of America.

BlueScope Steel Limited ABN 16 000 011 058

IMPORTANT DATES

FRIDAY, 9 JANUARY 2009	Record Date
FRIDAY, 16 JANUARY 2009	Documents mailed to Eligible Shareholders
MONDAY, 19 JANUARY 2009	Offer opens
FRIDAY, 6 FEBRUARY 2009	Offer closes
	Application Forms or BPAY ^{® 1} payments must be received by the Registry no later than 5.00 pm (AEDT)
FRIDAY, 13 FEBRUARY 2009	Allotment of New Shares
TUESDAY, 17 FEBRUARY 2009	Dispatch of holding statements / confirmation advices

IMPORTANT INFORMATION FOR SHAREHOLDERS OUTSIDE OF AUSTRALIA AND NEW ZEALAND

BlueScope Steel has determined that it is not practical for holders of BlueScope Steel shares with registered addresses in jurisdictions outside of Australia and New Zealand to participate in the Share Purchase Plan Offer.

To the extent that you hold shares on behalf of another person resident outside Australia or New Zealand, it is your responsibility to ensure that any acceptance complies with all applicable foreign laws.

The New Shares to be issued under this Share Purchase Plan Offer have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the Securities Act), or the securities laws of any state or other jurisdiction of the United States.

In order to comply with relevant securities laws, the New Shares to be issued under this Share Purchase Plan Offer may not be offered to shareholders located in the "United States" or to shareholders who are, or who are acting for the account or benefit of, "U.S. persons". As used herein, the terms "United States" and "U.S. persons" are as defined in Regulation S under the Securities Act.

Because of these legal restrictions, you must not send copies of the Share Purchase Plan Terms and Conditions or any other material relating to the Share Purchase Plan Offer to any person resident in the United States or who is, or is acting for the account or benefit of, "U.S. persons".

Consistent with the warranties contained in these Share Purchase Plan Terms and Conditions and Share Purchase Plan Application Form (the Application Form) included with these Share Purchase Plan Terms and Conditions, you may not submit any completed Application Forms for any person resident in the United States or who is, or is acting for the account or benefit of, "U.S. persons". Failure to comply with these restrictions may result in violations of applicable securities laws.

1. BPAY[®] Registered to BPAY Pty Ltd ABN 69 079 137 518

LETTER FROM THE CHAIRMAN



16 January 2009

Dear Shareholder,

2009 BlueScope Steel Share Purchase Plan Offer

On behalf of the Board of Directors, I am pleased to invite you to subscribe for New Shares² in BlueScope Steel Limited under the 2009 Share Purchase Plan Offer.

By participating in this Share Purchase Plan Offer, you can enhance your shareholding by acquiring up to A\$5,000 worth of New Shares at a discount and free of brokerage or other transaction costs.

This Share Purchase Plan Offer follows on from the successful A\$300 million placement to institutions in early December 2008 and was initiated particularly to allow our non-institutional shareholders to participate.

Participation in the Share Purchase Plan Offer is optional and is open to Eligible Shareholders who, at 7.00 pm (AEDT) on Friday, 9 January 2009, were holders of fully paid ordinary shares in BlueScope Steel and whose registered address is in Australia or New Zealand.

Under the Share Purchase Plan Offer, Eligible Shareholders will have an opportunity to subscribe for a minimum of A\$1,000 and up to A\$5,000 worth of New Shares at an offer price being the lesser of:

- A\$3.10 per share (the offer price under the institutional placement conducted on 10 December 2008); and
- a 5 per cent discount to the volume weighted average price of shares traded in the ordinary course on ASX in the five trading days up to, and including, the day on which the Share Purchase Plan Offer is scheduled to close (Friday, 6 February 2009), rounded up to the nearest cent.

As previously announced, BlueScope Steel will cap accepted applications at a total of A\$250 million. To the extent applications are received in excess of this amount, applications will be scaled back and excess funds returned to shareholders.

Shareholders will be aware that BlueScope Steel is scheduled to release its half year results on 23 February 2009. At that time, the Board will announce its decision in relation to the payment of an interim dividend which will take into account the additional shares issued as a result of this offering and the recent placement completed by the Company, along with the business outlook and credit markets at the time.

Full details of the 2009 Share Purchase Plan Offer are set out in the attached Terms and Conditions which I encourage you to read and consider carefully. If you are in any doubt as to the action you should take, please contact your professional adviser.

Our retail shareholders are very important to the Company and we are therefore pleased to extend this offer to you.

Yours sincerely,



Graham Kraehe AO
Chairman

2. The New Shares to be issued under this Share Purchase Plan have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the Securities Act), or the securities laws of any state or other jurisdiction of the United States.

FREQUENTLY ASKED QUESTIONS

Q: WHAT IS THE 2009 SHARE PURCHASE PLAN OFFER?

A: The 2009 Share Purchase Plan Offer provides Eligible Shareholders the opportunity to acquire up to A\$5,000 worth of New Shares in BlueScope Steel at a discount and free of brokerage or other transaction costs.

Q: AM I ELIGIBLE TO PARTICIPATE?

A: If you are a holder of BlueScope Steel shares whose registered address is in Australia or New Zealand, you will be eligible to participate in the Share Purchase Plan Offer if you fulfill the criteria set out on page 3 of this document.

Q: HOW DO I APPLY?

A: To apply for New Shares under the Share Purchase Plan Offer, you can either:

- complete the enclosed Application Form and return it together with your cheque, bank draft or money order made payable to "BlueScope Steel SPP Account" as shown on the Application Form; or
- make a BPAY® payment as shown on the Application Form. If you make a BPAY® payment, you do not need to return the Application Form.

Please note: New Zealand shareholders are not able to make a BPAY® payment.

Q: WHAT IF I DO NOTHING?

A: Participation in the Share Purchase Plan Offer is optional. If you choose to do nothing, you will not participate in the Share Purchase Plan Offer to acquire New Shares.

Q: HOW MANY SHARES WILL I RECEIVE IF I PARTICIPATE IN THE SHARE PURCHASE PLAN OFFER?

A: Under the Share Purchase Plan Offer, you may apply for a parcel of New Shares valued at A\$1,000, A\$2,000, A\$3,000, A\$4,000 or A\$5,000. The number of shares you receive will depend on the value of the parcel of New Shares you apply for, and the offer price. The offer price is the lesser of:

- A\$3.10 per share (the offer price under the institutional placement conducted on 10 December 2008); and
- a 5 per cent discount to the volume weighted average price of shares traded in the ordinary course on ASX in the five trading days up to and including the scheduled offer closing date of Friday, 6 February 2009.

Any fraction of a New Share will be rounded up to the nearest whole number of New Shares.

Q: WHEN DOES THE OFFER CLOSE?

A: The Share Purchase Plan Offer closes at 5.00 pm (AEDT) on Friday, 6 February 2009.

Q: WHEN WILL I RECEIVE MY SHARES?

A: New Shares will be allotted on Friday, 13 February 2009. Your holding statement will be dispatched on Tuesday, 17 February 2009.

Q: WHEN CAN I TRADE ALLOCATED SHARES?

A: There is no restriction on the trading of New Shares once allocated. You should confirm your share holding on or after the allotment date of Friday, 13 February 2009 before trading any New Shares you believe you have acquired under the Share Purchase Plan Offer.

Q: WHY IS THERE A MAXIMUM OF A\$5,000 INVESTMENT PER SHAREHOLDER?

A: The offer under the Share Purchase Plan Offer needs to comply with the conditions of Class Order 02/831 issued by the Australian Securities and Investments Commission (ASIC). Under that Class Order, Eligible Shareholders may only acquire a maximum of A\$5,000 of New Shares under a share purchase plan in any 12 month period. BlueScope Steel has not conducted a share purchase plan in the preceding 12 months.

Q: HOW WILL BLUESCOPE STEEL USE THE FUNDS RAISED THROUGH THIS SHARE OFFER?

A: The proceeds from the Share Purchase Plan Offer will be used to reduce BlueScope Steel's net debt. BlueScope Steel's Board and management believe this Share Purchase Plan Offer, together with the equity capital raising completed in December 2008, will strengthen BlueScope Steel's balance sheet, and provide financial flexibility and further strengthen the Company's liquidity position.

Q: WHERE CAN I GET MORE INFORMATION?

A: If you would like more information about this Share Purchase Plan Offer, please contact the Share Registrar as indicated at the end of this document. If you are in any doubt about this offer, whether you should participate in the Share Purchase Plan Offer or how such participation will affect you particularly given the current volatility in financial markets, you should consider seeking independent financial and taxation advice before making a decision as to whether or not to accept this offer.

TERMS AND CONDITIONS

WHO IS AN ELIGIBLE SHAREHOLDER?

You are eligible to participate in the Share Purchase Plan Offer (an Eligible Shareholder) if you were a registered holder of BlueScope Steel shares at 7.00 pm (AEDT) on Friday, 9 January 2009 (the Record Date) with a registered address in Australia or New Zealand, unless:

- you hold shares on behalf of another person who resides outside Australia or New Zealand and do not hold shares in any other capacity; or
- you are in the United States or you are a "U.S. person" as defined in Regulation S (Regulation S) under the U.S. Securities Act of 1933 as amended (the "U.S. Securities Act"), or acting for the account or benefit of a U.S. person.

PARTICIPATION BY ELIGIBLE SHAREHOLDERS

Single holders – If you are the only registered holder of a holding of BlueScope Steel shares, but you receive more than one offer under the Share Purchase Plan Offer (for example, due to multiple registered holdings), you may only apply for one maximum parcel of New Shares.

Joint holders – If you are recorded with one or more other persons as the joint holder of a holding of BlueScope Steel shares, that joint holding is considered to be a single registered holding for the purpose of the Share Purchase Plan Offer, and the joint holders are entitled to participate in the Share Purchase Plan Offer in respect of that single holding only. If the same joint holders receive more than one offer under the Share Purchase Plan Offer due to multiple registered holdings, the joint holders may only apply for one maximum parcel of New Shares.

Trustees and nominees – If you are expressly noted on BlueScope Steel's share register as a trustee or nominee for a named beneficiary, each such beneficiary (or you as the trustee/nominee for the beneficiary) may apply for one maximum parcel of New Shares. If the BlueScope Steel share register does not record a named beneficiary in respect of your trustee or nominee holding, the rules for single holders with multiple holdings apply and you may only apply for one maximum parcel of New Shares.

HOW TO APPLY FOR NEW SHARES UNDER THE 2009 SHARE PURCHASE PLAN OFFER

The Share Purchase Plan Offer opens on Monday, 19 January 2009 and under the offer, you may apply for a parcel of New Shares valued at A\$1,000, A\$2,000, A\$3,000, A\$4,000 or A\$5,000.

If you would like to apply for New Shares under the Share Purchase Plan Offer, you can either:

- Complete the enclosed Application Form and return it together with your cheque, bank draft or money order made payable to "BlueScope Steel SPP Account" drawn on an Australian branch of a financial institution and in Australian dollars for the correct amount, in the enclosed reply-paid envelope (New Zealand holders will need to affix the appropriate postage stamp); or
- Make a BPAY® payment by using the personalised reference number shown on your Application Form which is required to identify your holding. If you make your payment using BPAY®, you do not need to return your Application Form. **Note:** New Zealand holders will not be able to make a payment using BPAY®.

Do not forward cash. Receipts for payment will not be issued.

Applications may only be made for parcels of New Shares in the amounts designated on the application. If the amount of the payment tendered with your Application Form or your BPAY® payment is:

- Less than A\$1,000 – BlueScope Steel will not allot any New Shares to you and will refund your application money to you;
- Greater than A\$5,000 – subject to scale back, BlueScope Steel will allot the maximum number of New Shares to you and will refund the excess application money to you; or
- For an amount between A\$1,000 and A\$5,000 that is not one of the designated amounts subject to scale back, BlueScope Steel will allot to you the number of New Shares that would have been allotted had you applied for the highest designated amount that is less than the amount of your cheque or BPAY® payment, and will refund the excess application money to you.

Applications must be received by **5.00 pm (AEDT) on Friday, 6 February 2009**. Applications received after that time will not be accepted.

Applications and payments under the Share Purchase Plan Offer may not be withdrawn once they have been received by BlueScope Steel. No interest will be payable on application money held by BlueScope Steel.

Should you require further assistance, please contact the Registry:

Share Purchase Plan Enquiry Line:

1300 855 998 (within Australia) or
+61 2 8280 7760 (international)

Email:

bluescopesteel@linkmarketservices.com.au

Share Registry website:

www.linkmarketservices.com.au

BlueScope Steel website:

www.bluescopesteel.com

TERMS AND CONDITIONS CONTINUED

BLUESCOPE STEEL 2009 SHARE PURCHASE PLAN OFFER

Eligible Shareholders have the opportunity to participate in the Share Purchase Plan by subscribing for up to A\$5,000 of new fully paid ordinary shares in BlueScope Steel without incurring brokerage or other transaction costs. Details of this offer and how to participate are further set out below.

PARTICIPATION IS OPTIONAL

Participation in the Share Purchase Plan Offer is entirely optional (subject to the eligibility criteria set out on page 3 of this booklet). The offer to acquire New Shares is not a recommendation. If you are in any doubt about this offer, whether you should participate in the Share Purchase Plan Offer or how such participation will affect you particularly given the current volatility in financial markets, you should consider seeking independent financial and taxation advice before making a decision as to whether or not to accept this offer. BlueScope Steel also recommends that you monitor the BlueScope Steel share price, which can be found on BlueScope Steel's website at www.bluescopesteel.com or in the financial pages of major Australian metropolitan newspapers, or on the Australian Securities Exchange (ASX) website at www.asx.com.au (ASX code: BSL).

APPLICATIONS MAY BE SCALED BACK

As previously announced, BlueScope Steel will cap accepted applications at a total of A\$250 million. To the extent applications are received in excess of this amount, applications will be scaled back and excess funds returned to shareholders. If applications are scaled back, each applicant will be treated equally and scaled back on a pro rata basis, based on each application size. The difference in the price you paid for your New Shares will be refunded by BlueScope Steel, without interest, following allotment.

OFFER PRICE

Under the Share Purchase Plan Offer, Eligible Shareholders have an opportunity to subscribe for up to A\$5,000 worth of BlueScope Steel shares at an offer price being the lesser of:

- A\$3.10 per share (the offer price under the institutional placement conducted on 10 December 2008); and
- a 5 per cent discount to the volume weighted average price of shares traded in the ordinary course on ASX in the five trading days up to, and including, the day on which the Share Purchase Plan Offer is scheduled to close (Friday, 6 February 2009), rounded up to the nearest cent.

Therefore, the maximum price that Eligible Shareholders will pay is A\$3.10 per New Share.

You should note that BlueScope Steel's share price may rise or fall between the date of this offer and the date when New Shares are allotted and issued to you under the Share Purchase Plan Offer.

This means that the price you pay per New Share pursuant to this offer may be either higher or lower than BlueScope Steel's share price at the time of the offer or at the time the New Shares are issued and allotted to you under the Share Purchase Plan Offer. Please refer to the information under "Participation is optional" about how to monitor current trading prices of BlueScope Steel shares.

HOW MUCH CAN YOU INVEST?

Under the Share Purchase Plan Offer, you may apply for a parcel of New Shares valued at A\$1,000, A\$2,000, A\$3,000, A\$4,000 or A\$5,000. The offer under the Share Purchase Plan Offer needs to comply with the conditions of Class Order 02/831 issued by ASIC. Under that Class Order, Eligible Shareholders may only acquire a maximum of A\$5,000 of New Shares under a share purchase plan in any 12 month period.

This limitation applies even if you receive more than one Application Form or if you hold shares in BlueScope Steel in more than one capacity, eg. if you are both a sole and joint holder of shares in BlueScope Steel, as set out on page 3 of this booklet. The A\$5,000 limit applies irrespective of the number of BlueScope Steel shares you hold on the Record Date.

By completing and submitting the Application Form (together with a cheque, bank draft or money order) or making a BPAY® payment:

- you certify that the aggregate of the application price paid by you for:
 - the New Shares the subject of such Application Form or BPAY® payment; and
 - any other New Shares applied for by you under the Share Purchase Plan Offer or any similar arrangement operated by BlueScope Steel in the 12 months prior to the date of submission of the Application Form or BPAY® payment, does not exceed A\$5,000; and
- you represent that you are an Eligible Shareholder;
- you acknowledge that the New Shares have not, and will not be, registered under the U.S. Securities Act or the securities laws of any state or other jurisdictions in the United States, or in any other jurisdiction outside Australia or New Zealand and accordingly, the New Shares may not be offered, sold or otherwise transferred except in accordance with an available exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and any other applicable securities laws; and
- you agree not to send any materials relating to the Share Purchase Plan Offer to any person in the United States or that is, or is acting for the account or benefit of a U.S. person.

BlueScope Steel reserves the right to reject any application for New Shares under the Share Purchase Plan Offer to the extent it considers that the application (whether alone or in conjunction with other applications) does not comply with these requirements.

CALCULATION OF THE NUMBER OF NEW SHARES TO BE ISSUED TO YOU

In the absence of a scale back, the number of New Shares to be issued to you will be calculated by dividing the value of New Shares that you apply for by the offer price, then rounding up to the nearest whole number of New Shares. For example, in the absence of a scale back, if you apply for A\$5,000 of New Shares and the offer price is A\$3.10 per New Share, you will be allotted 1,613 New Shares. Any fractions of a New Share will be rounded up to the nearest whole number of New Shares.

ALLOTMENT AND QUOTATION DATES

New Shares are expected to be allotted under the Share Purchase Plan Offer on Friday, 13 February 2009 and BlueScope Steel will apply for those New Shares to be listed for quotation on ASX. BlueScope Steel expects to dispatch a holding statement or confirmation advice in respect of the New Shares allotted to you under the Share Purchase Plan Offer on Tuesday, 17 February 2009. You should confirm your holding before trading in any New Shares you believe have been allotted to you under the Share Purchase Plan Offer.

BROKER STAMPING FEE

A stamping fee equal to 0.75% of the subscription amount (inclusive of GST) of New Shares will be paid to stockbrokers (being those entities named as full service (advisory) brokers or non-advisory brokers on the ASX website) who submit a valid claim for a broker stamping fee on successful applications.

ADDITIONAL INFORMATION

The offer to purchase New Shares under the Share Purchase Plan Offer is non renounceable. This means that you cannot transfer your right to purchase New Shares under the offer to anyone else.

No brokerage, commission or other participation costs are payable by you in respect of the acquisition of New Shares under the Share Purchase Plan Offer.

All New Shares issued under the Share Purchase Plan Offer will rank equally with existing BlueScope Steel ordinary shares from the date of issue, and therefore will carry the same voting rights, dividend rights and other entitlements as existing BlueScope Steel ordinary shares.

This offer of securities under the Share Purchase Plan Offer is made in accordance with ASIC Class Order 02/831. That Class Order grants relief from the requirement to prepare a prospectus for the offer of shares under the Share Purchase Plan.

By accepting the offer to purchase New Shares under the Share Purchase Plan Offer, you agree to be bound by these Terms and Conditions and BlueScope Steel's constitution.

For details regarding BlueScope Steel's privacy policy and how your personal information is managed, please visit www.bluescopesteel.com and click on the Privacy Policy link.

BlueScope Steel reserves the right to waive strict compliance with any provision of these Terms and Conditions, to amend or vary these Terms and Conditions and to suspend or terminate the Share Purchase Plan Offer at any time. Any such amendment, variation, suspension or termination will be binding on all Eligible Shareholders even where BlueScope Steel does not notify you of that event. BlueScope Steel may make determinations in any manner it thinks fit, including in relation to any difficulties, anomalies or disputes which may arise in connection with or by reason of the operation of the Share Purchase Plan Offer, whether generally or in relation to any participant or application. Any determinations by BlueScope Steel will be conclusive and binding on all Eligible Shareholders and other persons to whom the determination relates. BlueScope Steel's rights may be exercised by the Board or any delegate of the Board.

This offer is governed by the law in force in Victoria. By accepting this offer, you submit to the non exclusive jurisdiction of the courts of Victoria.

For personal use only

CommSec 
Lead Arranger of the
Share Purchase Plan Offer

CREDIT SUISSE  **J.P.Morgan**
Lead Managers of the Equity Offers

FOR MORE INFORMATION

KEY CONTACTS

If you have any questions about the 2009 Share Purchase Plan Offer, please call the Share Purchase Plan Enquiry Line:

Within Australia: 1300 855 998

International: +61 2 8280 7760

Email: bluescopesteel@linkmarketservices.com.au

Share Registry website: www.linkmarketservices.com.au

BlueScope Steel website: www.bluescopesteel.com

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This document does not constitute an offer of any securities for sale in the United States or in any other jurisdiction. The securities offered have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the "Securities Act") and may not be offered or sold in the United States or to, or for the account or benefit of, any "U.S. person" (as defined in Regulation S under the Securities Act) absent registration or an applicable exemption from the registration requirements under the Securities Act and any other applicable securities laws.