BlueScope’s BluePrint for the future – a focus on Execution Excellence

Paul O’Malley, Managing Director & Chief Executive Officer

29 November 2007

ASX Code: BSL
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Agenda

1. Introduction
2. “Test and Refresh” process and outcomes
3. Safety, communities and sustainability
4. Global Steel Industry
5. “Test and Refresh” initiatives
   - Building & Construction
   - Execution & Manufacturing Excellence
   - Balance Sheet & Capital Management Review – Noel Cornish
6. Australian Distribution & Solutions – Mark Vassella
7. Strategy
8. Current Business Update
9. Summary
Introduction

- Purpose – inform the market of the direction and my approach to doing business at BlueScope
- “Test and Refresh” project has confirmed
  1. we have world class assets and capabilities
  2. AND have significant opportunities to improve our competitiveness and market offer, particularly in Australia
  3. WITH further opportunities to monetise non-core assets on our balance sheet
- We are further developing our capability to grasp new growth opportunities
- And we will
  - continue our clear focus on safety
  - increase our focus on sustainability; and
  - “continue to reward shareholders as we grow”
- This is a work in progress update
The process we have undertaken to date to develop our BluePrint

**COMMENCING AUGUST 21**

<table>
<thead>
<tr>
<th>Weeks: 1 – 4</th>
<th>5 – 7</th>
<th>8 – 11</th>
<th>12 – 14</th>
<th>Years 1 – 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Scope “test &amp; refresh” process</td>
<td>• Evaluate industry outlook</td>
<td>• Define organisation and staff levels 1 &amp; 2</td>
<td>• Implementation of the BluePrint</td>
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<td>• Staff review teams</td>
<td>• Evaluate market performance</td>
<td>• Deliver BluePrint work plan and confirm next steps:</td>
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<tr>
<td>• Develop improvement hypotheses</td>
<td>• Identify customer improvement opportunities</td>
<td>• Refine Business unit implementation plans and develop where gaps exist</td>
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<tr>
<td>• Continue integration of Smorgon distribution</td>
<td>• Evaluate supply chain &amp; productivity performance</td>
<td>• Review opportunities to monetise non core assets</td>
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<td></td>
<td>• Review opportunities to monetise non core assets</td>
<td>• Refine performance metrics and adjust incentives where appropriate</td>
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<td></td>
<td>• Refine plan and timetable to deliver minerals projects in New Zealand</td>
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“Test and Refresh” has sharpened our strategic areas of focus and identified more than 200 potential initiatives to significantly improve shareholder value.

**What we will do ...**

**Areas of focus**
1. Reinvigorate our Australian and New Zealand businesses
2. Continue the improvement process across our Asia and North America businesses
3. Grow, or acquire, new businesses that build on our distinct competitive advantage

**How we will do it ...**

**Execution excellence**
1. Increasing customer and market focus
2. Improving productivity year on year
3. Optimising return on capital

**Business essentials**
4. Building an integrated BlueScope operating system
5. Further develop organisational capability

**What we will be known for ...**

**Categories of Initiatives**
- Grow domestic markets and steel penetration
- Drive manufacturing excellence
- Enhance the supply chain
- Continue focus on productivity
- Procurement optimisation
- Improve capital planning and execution
- Monetise surplus assets
- Disciplined growth

**Safety**
6. Improve on our world class safety performance

**Sustainability**
7. Become a recognised leader in sustainability

**Shareholder value**
8. Increasing shareholder value
To re-iterate the BluePrint focus over the next 3 years...

Build on our existing capabilities:
Australia and New Zealand
- Continue focus on our key market segments, in particular Building & Construction; and
- Business and market excellence

Improve our businesses:
Asia and North America
- Continue focus on Building & Construction; and
- Business and market excellence

Strategy and Growth:
- Existing geographies
- Across the value chain
- Brownfields and M&A rather than greenfield
- NZ minerals
And we have reorganised the business to focus on our strategic priorities and execution.

Managing Director and CEO
Paul O’Malley

Aus/NZ Steel Manufacturing Businesses
Noel Cornish
- Oversees all manufacturing facilities in Aus/NZ; NZS; responsible for driving safety, process excellence and meeting production schedule at lowest cost.

Australian Coated and Industrial Markets
Paul O’Keefe
- Customer oriented business responsible for all Australia sales, exports (other than downstream), key account management, supply chain, strategic pricing and setting the production mix for manufacturing.

Australian Distribution and Solutions
Mark Vassella
- Combines responsibility for Australian downstream businesses (Lysaght, Distribution, Service centres, Water and Butler Buildings).

Corporate Strategy and Innovation; North America,
Brian Kruger
- Oversees North American businesses with particular emphasis on growth, as well as leading corporate strategy and innovation.

Asia
Kathryn Fagg
- Responsible for leading ASEAN businesses and Indian joint venture.

China
Bob Moore
- Direct CEO report for China to provide top management focus on turnaround effort.

Legal (Michael Barron)
CFO (TBA)
People and Organisational Performance (Ian Cummin)
Our focus on capital management continues – we will continue to “reward our shareholders as we grow”

- Share Buybacks – Public listing to 30 June 2007
  - Purchased and cancelled 116m shares
    - on market – 90m shares
    - off market – 26m shares
  - Average price paid $6.10 per share

- Shares on issue
  - As at 27 November 2007 742 million

- Dividend reinvestment scheme
  - Effective from and including final FY2006 ordinary dividend

- Dividends – All fully franked (ordinary / special)

Total return to shareholders since BSL’s public listing (July 2002):

- Share buybacks $ 707m
- Dividends paid $ 1,621m
  $ 2,328m

$3.15 per share or 77% payout ratio (NPAT)
Safety
Communities
Sustainability
Zero harm is our goal for our team and communities

Lost Time Injury Frequency Rate

Medically Treated Injury Frequency Rate

Reported performance for IISI member companies (employees & contractors)

Includes Contractor performance from 1996
Includes Butler performance from May 2004

18,000 Employees, 91 manufacturing sites, 17 countries
Our Communities - BlueScope tank a day challenge helping Australians conserve water

- Donates 200 rainwater tanks over a year at Australian primary schools
- A kick start to their water conservation and an education program
- 1850 schools registered - 28% of all primary schools
- Involves 525,000 students
- 85 tanks allocated to date

www.tankaday.com.au
Water conservation – clear focus on further reducing fresh water consumption

**Port Kembla Steel Works**

- Total Water Use (ml/day) for process and cooling

  - Waste Water: 2%
  - Fresh Water: 2%
  - Salt Water: 96%

**Western Port Operation**

- $21.5 million water recycling project with South East Water, including funding from Victorian Government.
- Project expected to be competed in 2009.

50% REDUCTION IN FRESHWATER CONSUMPTION

PLANNED 60% REDUCTION IN FRESHWATER USAGE
$200 million already spent to reduce energy demand. For example:

- 60% of our New Zealand operations electricity needs produced on-site by co-generation from captured process gasses.

Other sustainability initiatives include:

- 100% of metallic scrap and slag material is recycled.
- Funding research in lower carbon steel technology.
Proposed Port Kembla Steelworks Co-Generation Plant

- 12 months feasibility study underway
- Reduce approximately 800,000 tpa CO₂ equivalent
- Largest Greenhouse Gas reduction project in Australia equivalent to taking 185,000 cars off the road
- Total investment in the range of $700m - $1,000m
- A workable Government policy for trade exposed industries is a critical part of assessing this major investment
- We will continue to look for projects that will reduce CO₂ emissions
It is all about supply & demand

Global Steel Industry

Global Steel Industry

Industry Consolidation

Crude Steel Production (MT)  Revenue (US$m)
Chinese growth is driving the current steel super cycle

Global steel consumption

Mt

CAGR 2000–07
Percent

World Average
5.0

China
17.0

Other developing**
8.0

Developed*
0.5

*Western Europe, NAFTA, Japan, South-Korea, Taiwan, Australia
**ASEAN, India, MEND, South America, Africa, Central Europe

Source: John F King, ISI
Previous super cycle (fuelled by Japan’s industrialisation) resulted in 30 years of 5-8% growth in demand

Historic world steel production evolution*

<table>
<thead>
<tr>
<th>World steel demand</th>
<th>Tonne</th>
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<tr>
<td></td>
<td>1944-46</td>
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<td>0</td>
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</table>

Industrialisation fuelled by Japan

“5-8% Growth”

Post industrialisation

“No Growth”

Chinese growth era

“5% Growth”

Steel production growth

Percent

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<tbody>
<tr>
<td>0</td>
<td>5</td>
<td>5</td>
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<tr>
<td>0</td>
<td>5</td>
<td>5</td>
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* World steel production as taken from the numbers recorded in USGS Mineral Year Book 1945–2000

Source: USGS; BSL
China is at a very early stage in steel intensity providing significant upside potential…

Crude steel intensity
Kg/capita

USA (1900-2006)
Japan (1955-2006)
South Korea (1970-2006)
Taiwan (1970-2006)
China (1970-2006)

Source: Global Insight, IMF, OECD, IISI, USGS, John F King, BSL
...and it should reach peak in crude steel intensity at earliest in 10 years time.

China following Japan intensity curve

China following slope of US intensity curve

China reaches maximum steel intensity by 2017

China reaches maximum steel intensity by 2024

Source: Global Insight, IMF, OECD, IISI, USGS, John F King, BSL
China's continued urbanisation and industrialisation are the key enablers for continued steel demand growth

<table>
<thead>
<tr>
<th>Real GDP growth</th>
<th>Urbanisation</th>
<th>Industry and service output</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Annual GDP growth rate</strong></td>
<td><strong>Urbanisation rate</strong></td>
<td><strong>GDP structure %</strong></td>
</tr>
<tr>
<td><img src="image" alt="Graph of Real GDP growth" /></td>
<td><img src="image" alt="Graph of Urbanisation rate" /></td>
<td><img src="image" alt="Graph of Industry and service output" /></td>
</tr>
<tr>
<td><strong>2006</strong></td>
<td><strong>2006</strong></td>
<td><strong>2006</strong></td>
</tr>
<tr>
<td>10.7%</td>
<td>43.9%</td>
<td>11</td>
</tr>
<tr>
<td><strong>2012</strong></td>
<td><strong>2012</strong></td>
<td><strong>2012</strong></td>
</tr>
<tr>
<td>7.7%</td>
<td>51.5%</td>
<td>51</td>
</tr>
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</table>

**Rationale**
- China GDP will continue to grow at a high CAGR in the next 5 years
- Percentage increase rate expected to decrease as the central government intends to avoid overheating

**Urbanisation**
- Urbanisation is driven by GDP growth
- More 2–3 tier cities will develop
- 100 million people will urbanise by 2012 and 300 million by 2020 (current USA population)

**Industry and service output**
- Urbanisation will drive industry and service GDP to occupy a larger portion of total GDP at the expense of agriculture
- Industrialisation will continue to increase the share of industry in the GDP, while the service sector will grow with GDP

Source: Global Insight; NPC planning; BSL
... and during periods of demand growth, healthy spreads have prevailed, noting spreads are not at historic highs in real terms.

Historic global steel spreads** over raw materials

Real spreads **
1945 = 100

Industrialisation fuelled by Japan

Post industrialisation

China growth

Once demand growth slowed abruptly in the 70s the industry experienced a long period of decline in spreads as capacity additions failed to foresee the sustained demand slowdown.

* Un weighted average
** HRC Prices (Western Europe Export FOB) less raw materials (Iron ore & coal) indexed to 1945 prices
Source: USGS, BSL
Steel supply - global steel industry consolidation continues

Crude Steel Production (MT)

Revenue (US$m)

Europe
Europe / Americas
Asia
Australia, Asia, Americas
Europe
Americas

Note: Above analysis completed for calendar year 2006
Sources: IISI, company reports
In summary – the outlook is

**China**
- Steel demand remains strong
- Raw steel production growth slowing
- Evidence of higher spot raw material costs making some provincial steel plants uneconomic
- China’s industrialisation process steaming ahead

**Rest of World**
- Consolidation to continue
- Continued production discipline
- Russian economy using more steel
- Middle East demand strong

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Raw material outlook a concern. Steel prices are reacting. High freight costs.
“Test & Refresh” initiatives
Building & Construction
BlueScope Steel will continue its focus on the Building and Construction Markets whilst concurrently looking after all of its customers in all segments.

- Residential and commercial construction is a large and growing market for BlueScope.
- However, there is a high degree of variability of overall steel penetration (and BSL’s market share) across those countries in which BlueScope has a presence.
- BlueScope will focus on the key themes of organic growth (increase in share, steel penetration and overall market development) and inorganic growth through acquisition, principally within its current global footprint.
BlueScope’s primary market sector focus will continue to be the attractive building and construction sector

The building and construction sector is the largest sector for which BlueScope has differentiated capability …

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<thead>
<tr>
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<tbody>
<tr>
<td>Automotive</td>
<td>2,042</td>
<td>420</td>
<td></td>
</tr>
<tr>
<td>Oil and gas</td>
<td>1,046</td>
<td>125-165</td>
<td></td>
</tr>
<tr>
<td>Machinery</td>
<td>598</td>
<td>60-80</td>
<td></td>
</tr>
<tr>
<td>Construction</td>
<td>3,996</td>
<td>75 - 85</td>
<td></td>
</tr>
<tr>
<td>Ship building</td>
<td>146</td>
<td>20-25</td>
<td></td>
</tr>
<tr>
<td>White/brown goods</td>
<td>45</td>
<td>10-15</td>
<td></td>
</tr>
<tr>
<td>Packaging</td>
<td>225</td>
<td>10</td>
<td></td>
</tr>
</tbody>
</table>

... with steel intensity / capita and flat steel penetration varying by market leading to different opportunities for BlueScope in each market

<table>
<thead>
<tr>
<th></th>
<th>Flat steel intensity(^1) Kg/capita</th>
<th>Flat steel penetration of building materials 2007E Percent of spending</th>
<th>Total building materials 2007E US$ Billion</th>
</tr>
</thead>
<tbody>
<tr>
<td>US</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>36</td>
<td>Non residential 7</td>
<td>157</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Residential 3</td>
<td>233</td>
</tr>
<tr>
<td>Australia</td>
<td>53</td>
<td>Non residential 24</td>
<td>4</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Residential 8</td>
<td>13</td>
</tr>
<tr>
<td>China</td>
<td>10</td>
<td>Non residential 4</td>
<td>159</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Residential 1</td>
<td>65</td>
</tr>
<tr>
<td>ASEAN</td>
<td>4</td>
<td>Non residential 19</td>
<td>17</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Residential 10</td>
<td>15</td>
</tr>
</tbody>
</table>

1. Construction sector metallic coated and painted flat steel intensity

Source: UK National statistics; Bank of Thailand; MPMA; Global Insight, BSL
In Australia BlueScope has further opportunity to increase steel penetration in the very large building and construction market.

2006/2007 Australian building market size, A$ billions

The Australian Building & Construction segment is large......

... and the opportunity for BlueScope is also significant

THE OPPORTUNITY

Source: IBIS reports; BSL
Australia - Residential framing is one opportunity to increase steel penetration

Framing and roofing can pull through most tonnes (2007E)...

<table>
<thead>
<tr>
<th>Item</th>
<th>Potential tonnes/home</th>
</tr>
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<tbody>
<tr>
<td>Framing</td>
<td>2.7</td>
</tr>
<tr>
<td>Roofing</td>
<td>1.5</td>
</tr>
<tr>
<td>Fencing</td>
<td>0.8</td>
</tr>
<tr>
<td>Rain Water goods</td>
<td>0.2</td>
</tr>
<tr>
<td>Garage doors</td>
<td>0.2</td>
</tr>
<tr>
<td>Water tank</td>
<td>0.1</td>
</tr>
<tr>
<td><strong>Total potential tonnnes/home</strong></td>
<td><strong>5.5</strong></td>
</tr>
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...and will make a step-change in overall steel penetration per home (2007E)

Steel usage on new detached homes

- **Main difference in the top quartile is framing**
- Avg= 2 tonnes / home

- Residential Building remains an attractive end market for BlueScope
- Organisation aligned to this segment
- Strategic marketing function now created
- Investment in channel development planned

Source: BlueScope Estimates
Increasing steel penetration in commercial buildings is another opportunity and has successfully occurred in other markets.

Steel penetration in structural framing of commercial multistorey buildings, percent

<table>
<thead>
<tr>
<th>Country</th>
<th>Steel penetration 2005 (%)</th>
<th>Driver</th>
</tr>
</thead>
<tbody>
<tr>
<td>UK</td>
<td>70</td>
<td>• Market development from local steel companies</td>
</tr>
<tr>
<td>Netherlands</td>
<td>33</td>
<td>• Local cement companies are more influential</td>
</tr>
<tr>
<td>Germany</td>
<td>~10</td>
<td>• Steel market channels relatively immature</td>
</tr>
<tr>
<td>Australia</td>
<td>~7-10</td>
<td></td>
</tr>
</tbody>
</table>

Source: European Convention for Constructional Steelwork 2006 Report

Evolution of steel penetration in UK commercial multi-storey buildings (%)

- Steel penetration in the Commercial Building sector is higher where local steel companies invest in market development.
- Design/construct & fabrication capability were key to UK success.

Source: Corus UK
Flat steel penetration across the Asia building and construction markets varies presenting different opportunities by country.

1. Total Construction Market less Civil, non material, labour, overheads etc. Based on Global Insights construction data
2. Includes flat steel in target segments, and some long steel used in PEBs

**China** - large market with low flat steel penetration. Inter-material growth opportunity

**Indonesia** - flat steel share of non-residential relatively low. Inter-material growth opportunity

**Thailand** - flat steel penetration is high. Opportunity to grow share

**Malaysia** - strong penetration in non residential. Opportunity to grow market share

**Vietnam** - market size is small although steel penetration is reasonable. Opportunity to grow with the market

---

1. Total Construction Market less Civil, non material, labour, overheads etc. Based on Global Insights construction data
2. Includes flat steel in target segments, and some long steel used in PEBs

Source: Global Insights, BSL
But India and China’s relative consumption of steel in construction is low

Total steel and cement consumption, 2004

Percent

- India's total cement and construction steel consumption has been far below China
- Tata BlueScope Steel joint venture - an early mover in a very attractive growing market in India
- China uses approx 1 billion tonnes of cement vs approx. 100 million tonnes of steel in construction
- Korea and Japan - higher share of steel products vs cement compared to China

Source: James F. King, Cemnet,
... and being a global leader in steel product innovation will greatly enhance our growth opportunities. We will invest more in this area...

- **CASTRIP®**
  - Is a technology that allows steel makers to produce thin flat-rolled products in far fewer process steps, saving money on both capital outlay and operating expenses

- **LYSAGHT TRIMDEK®**
  - Is a modern ribbed roofing profile with subtle fluting in the pans to provide strength and long spanning capabilities

- **Colorbond®**
  - Is a specially designed pre-painted steel with a unique paint system designed to resist tropical staining

- **Butler®**
  - Is a world leading brand for Pre-Engineered steel building systems and components designed for the non-residential construction industry

- **TrueCore™**
  - Is a specially design residential framing product with protective zinc/aluminium coating and blue resin surface finish
...and innovation is not just new product development

<table>
<thead>
<tr>
<th>Description</th>
<th>Product/Service</th>
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<tbody>
<tr>
<td>Involves the introduction of goods or services that are new or substantially improved. This might include improvements in functional characteristics, technical abilities, ease of use or any other dimension, e.g. Clean COLORBOND®</td>
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</tr>
</tbody>
</table>

| Process/Technology | Involves the implementation of a new or significantly improved production or delivery method, e.g. Castrip® |

| Marketing | The development of new marketing methods with improvement in product design or packaging, product promotion or pricing, e.g. Truecore™ |

| Business Model | Fundamental shift in the way a product or service goes to market, e.g. SURELINE® |
Using innovation and with an increasing focus on our customer service, we will match customers’ needs with steel solutions.

**From customer’s needs to design**

- **Customer Needs**
  - Fast construction
  - Improved safety
  - Reduced risk to overall project delivery

- **Customer Concerns**
  - Steel supply chain can be complex and hard to manage compared to concrete
  - Delivery method does not fit with hi-rise construction
  - Industry experience by customers is lacking

- **BlueScope Solution**
  - Lysaght Design and Construct to manage the entire steel supply chain
  - Design services to improve buildings use of steel
  - Project management to deliver large, rapid, efficient construction
  - Manufacture of modules off site

- **Customer Outcome**
  - **Shorten** construction time
  - **Remove** risk related to interfaces between different work phases and parties
  - **Improve** working safety at site
  - **Modularise** and move work from site to controlled factory
  - **More** steel based projects under construction

**Examples…**
“Test & Refresh” initiatives
Execution & Manufacturing Excellence
“Manufacturing excellence” - BSL will execute against key manufacturing outcomes at all operations

BlueScope’s Operating System

Key Outcomes

- Improve total cost per tonne produced
- Decrease variable costs
- Increase uptime
- Optimise changeovers
- Optimise inventory
- Grow ESVA

All three dimensions of the operating system need to be addressed to sustain improvements

Source: PMO, BSL
As an example, there is further opportunity to improve uptime performance even relative to internal best practice...

BSL has significantly lifted its production levels over time...

... with further potential to meet benchmark uptime performance

Indexed production (Australian manufacturing facilities)

Source: BSL.
...and we have already identified areas to improve uptime, e.g. reducing unscheduled breakdowns...

Average losses (BlueScope’s Australian manufacturing facilities), percent of total time

- A reduction in breakdowns presents an improvement opportunity
- Even relative to our own internal best practice
- Our new Chief Manufacturing Officer function, along with line managers will drive this improvement
Improving our delivery performance will better position us to improve cost efficiency and customer service…

Customers note “delivery performance as the second most important reason for switching to imports”
…and we will support this supply chain improvement, using more comprehensive processes and performance metrics…

### Currently assessed performance metrics across 2 of our businesses

<table>
<thead>
<tr>
<th>Measure</th>
<th>Indicative Benchmark</th>
<th>Business Unit 1</th>
<th>Business Unit 2</th>
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<tbody>
<tr>
<td>Delivery Performance (to first promise, date and quantity)</td>
<td>95%</td>
<td><img src="#" alt="Green square" /></td>
<td><img src="#" alt="Yellow square" /></td>
</tr>
<tr>
<td>Aggregate Demand Plan (Sales Tonnes by Family)</td>
<td>-/+ 5%</td>
<td><img src="#" alt="Green square" /></td>
<td><img src="#" alt="Yellow square" /></td>
</tr>
<tr>
<td>Master Schedule Performance</td>
<td>95%</td>
<td><img src="#" alt="Green square" /></td>
<td><img src="#" alt="Yellow square" /></td>
</tr>
<tr>
<td>Manufacturing Schedule Performance</td>
<td>95%</td>
<td><img src="#" alt="Green square" /></td>
<td><img src="#" alt="Yellow square" /></td>
</tr>
<tr>
<td>Supplier Delivery Performance</td>
<td>95%</td>
<td><img src="#" alt="Green square" /></td>
<td><img src="#" alt="Yellow square" /></td>
</tr>
<tr>
<td>Item Master Data Accuracy</td>
<td>95%</td>
<td><img src="#" alt="Green square" /></td>
<td><img src="#" alt="Yellow square" /></td>
</tr>
<tr>
<td>Inventory Record Accuracy (Correct Quantity, Location, Batch ID)</td>
<td>95%</td>
<td><img src="#" alt="Green square" /></td>
<td><img src="#" alt="Yellow square" /></td>
</tr>
</tbody>
</table>

- An Integrated Planning and Control process capability will be developed
- New Australia/New Zealand wide supply & operations planning function will be accountable for driving this improvement
- Metrics will be refined to better measure and improve supply chain performance

Source: BSL.
“Test & Refresh” initiatives
Balance Sheet & Capital
Investment Review
Balance sheet – we have identified a number of initiatives to free up cash and maintain a lean balance sheet

<table>
<thead>
<tr>
<th></th>
<th>31 December 2006</th>
<th>30 June 2007</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>58</td>
<td>36</td>
</tr>
<tr>
<td>Receivables</td>
<td>1,207</td>
<td>1,269</td>
</tr>
<tr>
<td>Inventory</td>
<td>1,409</td>
<td>1,271</td>
</tr>
<tr>
<td>Other Assets</td>
<td>1,143</td>
<td>1,259</td>
</tr>
<tr>
<td>Net Fixed Assets</td>
<td>3,736</td>
<td>3,671</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td><strong>7,553</strong></td>
<td><strong>7,506</strong></td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Creditors</td>
<td>833</td>
<td>881</td>
</tr>
<tr>
<td>Interest Bearing Liabilities</td>
<td>1,983</td>
<td>1,538</td>
</tr>
<tr>
<td>Provisions &amp; other Liabilities</td>
<td>1,249</td>
<td>1,222</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td><strong>4,065</strong></td>
<td><strong>3,641</strong></td>
</tr>
<tr>
<td><strong>Net Assets</strong></td>
<td><strong>3,488</strong></td>
<td><strong>3,865</strong></td>
</tr>
</tbody>
</table>

- Net Debt / (Net Debt + Equity) 35.6% 28.0%
### Assessment

<table>
<thead>
<tr>
<th>Property</th>
<th>Potential opportunities</th>
</tr>
</thead>
<tbody>
<tr>
<td>BlueScope has an extensive property portfolio associated with its manufacturing locations which has not been optimised for value</td>
<td>Sale, lease or development of under utilised or not required properties</td>
</tr>
<tr>
<td>Large amounts of cash invested in working capital on the BlueScope balance sheet</td>
<td>Extension of existing processes to minimise levels of working capital</td>
</tr>
<tr>
<td>Over time some contracts have become ineffective with implications on operational security, flexibility and/or cost structure</td>
<td>Improve contractual positions through improved contract management processes</td>
</tr>
</tbody>
</table>
### Current future major capital projects focused on stay in business capital

<table>
<thead>
<tr>
<th>Projects completed</th>
<th>Total Est. Capex / Cost</th>
<th>Actual to 30/6/07</th>
<th>FY2008</th>
<th>FY2009</th>
<th>FY2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Thailand – Coating expansion</td>
<td>80</td>
<td>80</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Vietnam – Coating / Painting</td>
<td>136</td>
<td>136</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>China - Coating and Painting Facility</td>
<td>274</td>
<td>274</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>- Guangzhou Butler / Lysaght</td>
<td>33</td>
<td>33</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>India - Butler / Lysaght facilities (50% interest)</td>
<td>44</td>
<td>41</td>
<td>3</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Australia - Port Kembla (PKSW) - HSM expansion</td>
<td>102</td>
<td>102</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>- Sinter Plant Emissions</td>
<td>100</td>
<td>100</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>- WA Service Centre</td>
<td>21</td>
<td>21</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Western Sydney Colorbond®</td>
<td>150</td>
<td>147</td>
<td>3</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Projects to be completed</th>
<th>Total Est. Capex / Cost</th>
<th>Actual to 30/6/07</th>
<th>FY2008</th>
<th>FY2009</th>
<th>FY2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>India - Coating / Painting (50% interest)</td>
<td>135</td>
<td>5</td>
<td>82</td>
<td>39</td>
<td>9</td>
</tr>
<tr>
<td>Indonesia – Coating / Painting</td>
<td>134</td>
<td>14</td>
<td>71</td>
<td>43</td>
<td>6</td>
</tr>
<tr>
<td>PKSW – Blast Furnace No. 5 Reline</td>
<td>330</td>
<td>106</td>
<td>51</td>
<td>168</td>
<td>5</td>
</tr>
<tr>
<td>– Sinter plant upgrade</td>
<td>134</td>
<td>11</td>
<td>50</td>
<td>71</td>
<td>2</td>
</tr>
</tbody>
</table>

### INVESTMENTS

<table>
<thead>
<tr>
<th></th>
<th>Total Est. Capex / Cost</th>
<th>Actual to 30/6/07</th>
<th>FY2008</th>
<th>FY2009</th>
<th>FY2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Smorgon Steel's Distribution business</td>
<td>700</td>
<td>319(1)</td>
<td>253(2)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Butler Manufacturing</td>
<td>277</td>
<td>277</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Lysaght and water acquisitions</td>
<td>110</td>
<td>129</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total capital spending(4)</td>
<td>2,760</td>
<td>1,795</td>
<td>513</td>
<td>321</td>
<td>22</td>
</tr>
</tbody>
</table>

Notes:  
(1) Cost of 19.98% holding in Smorgon Steel (SSX).  
(2) Net cost to BlueScope on sale of SSX shares excluding tax payable on sale of SSX shares. Gross cost of $700M less pre-tax profit on SSX shares of $128M leaves $572M.  
(3) US$190M (A$226M) recovered following the sale of Vistawall in June 2007.  
(4) In addition, a Cogeneration feasibility study being undertaken over next 12 months and the capital cost of the project, will likely be in the range of A$700 – 1,000M.
1. **Blast Furnace No. 5 Reline (CURRENT EXPECTATION)**
   - Total capital cost A$330m ($106m spent by end of FY2007). Depreciated over 20 years
   - The project will take approx. 100 days, commencing in March 2009 and finishing June 2009
   - Expected lost slab production (shutdown and ramp up) is approx 680kt, reflecting part offset from increased BF No. 6 production and higher scrap use in basic oxygen steelmaking
   - At this stage a number of export customers will be affected during this exercise. Have contacted our customers who will make alternative arrangements during the reline project.
   - Domestic external sales are not expected to be materially affected
   - Major raw materials impact:
     - expect to purchase approx 700kt less iron ore (principally fines and pellets) than the 7,700kt purchased in 2007 and expected in 2008;
     - approx 65kt of additional scrap purchased; and
     - present intention is not to change coal consumption and to export excess coke (approx 240kt). However, if coke margins don’t meet our requirements at the time then we would reduce our coking coal purchases by up to 300kt.

2. **Co-generation plant**
   - Feasibility study continues
We continue to invest in our businesses - Port Kembla Steelworks - Blast Furnace No. 5 reline
3. **Sinter Plant Upgrade** (CURRENT EXPECTATIONS)

- Main shutdown planned for April – May 2009 (approx. 35 days)
- Coincide with BF No. 5 reline, when demand for sinter is reduced.
- Total capital cost  A$134m.
- What is planned? Principally:
  - lengthen & deepen the strand, refurbish cooler
  - install new strand feed device, ignition furnace
  - install 2 new raw material conveyor sequences
- Where? On No. 3 sinter machine at PKSW
  - is single source of 5.3mtpa of sinter for BF’s No. 5 & No. 6
  - currently the typical blast furnace burden mix is:
    - 57% sinter (fines based); 25% pellets; 18% lump
- Outcome post upgrade:
  - increased sinter production by 1.1 mtpa to 6.6mtpa (capacity is expected to be 5.5mtpa by end CY 2008)
  - this will require + 1.1 mpta of fines BUT would displace 1.0 mtpa of pellets (in FY07 the fines to pellet price differential was approx US$30/t).
  - Increased Pulverized Coal injection rates (cost saving as use more thermal and less coking coal) due to blast furnace permeability being improved by higher quality sinter.

Sinter is an agglomeration of fine ores, fluxes (limestone and sand) and fuels fused together by heat.
Port Kembla Steel Works – Sinter Plant upgrade

Exit End
- Rebuild cooler
- Increase Width
- Increase Fan Power
- Relocate Lowering wheel and extend building
- New cooler feed chute

Entry End
- New Ignition Furnace
- New Strand Feeding Device

Precipitators
- Refurbish zones 2, 3 & 4 - R&M
- New Zone 1
- Modern Electrics

Strand
- Increase Height
- Increase Length

SINTER: AGGLOMERATION OF FINE ORES, FLUXES (LIMESTONE AND SAND) AND FUELS FUSED TOGETHER BY HEAT.
NZ Iron Sands feasibility studies underway, project teams are revitalised

• The abundant iron sand resource at New Zealand Steel is an increasingly valuable asset in the BlueScope Steel portfolio

• There are a number of “brownfield” opportunities to better exploit this strategic resource to increase the production of:
  - slab and / or pig iron;
  - vanadium bearing slag / vanadium pentoxide;
  - ironsand exports; and
  - new products such as titania slag and zircon

• 2 projects currently in feasibility stage of the approval process (Vanadium converter and Taharoa iron sands expansion)

• 4 projects in concept or pre-feasibility phases (Vanadium pentoxide, Titania, Iron Make, Pig Iron)
Australian Distribution and Solutions
Mark Vassella
The outlook for Distribution and Solutions

Organisation agenda:
– Smorgon Steel Distribution integration
– Distribution & Solutions
– Significant market facing businesses
  • Approximately 150 sites
  • Different challenges - defence to growing pains!

Market agenda:
– Developing our competitiveness in distribution and channels to market
– Value-adding growth
The key messages coming out of “Test & Refresh” for Distribution and Solutions

• Downstream focus has been on integration activities:
  ➢ Customer reaction to structure change

• Key issues to be addressed in the Downstream “Test & Refresh” process:
  ➢ Re brand to BlueScope Distribution
  ➢ Steel penetration, market share and competitive with imports
  ➢ Broaden products, solutions, processes, brands, footprint, geographies
  ➢ Sales force effectiveness – customer & product profitability
  ➢ Operational Efficiency - cost, working capital
  ➢ Customer satisfaction
Key facts and the trends in Distribution and Solutions - Customer Satisfaction

![Graph showing trends in customer satisfaction from Nov-06 to Oct-07 for Distribution - DIFOT, Service Centres - DP, and Lysaght - DP.](image)

- Distribution - DIFOT
- Service Centres - DP
- Lysaght - DP
Key risks and uncertainties for Distribution and Solutions that we will manage

- Strength of AUD & impact of imports - margins, channel
- Imported fabricated steel
- Underlying economic growth
- Labour - skills shortages
- Decline in Manufacturing & Auto demand
- Systems platform & capability
The next steps for Distribution and Solutions

• Interim Structure put in place

  ➢ Integration of Distribution & Solutions

• Strategic Review – next round

  ➢ Key issues

• Organisation design & strategy

  ➢ Quarter 1 2008
Strategy
Strategy for longer term earnings growth

• **Reinvigorate our position in the Australian/NZ markets**, through ongoing focus on strengthening our customer relationships, product and service innovation and driving operational efficiency.

• **Continue to improve our position in select geographies in Asia and North America** where we can develop a sustainable competitive advantage through a focus on profitable differentiated products and solutions for the Building & Construction sector
  ➢ As in Australia, we will strengthen our market offers, improve our operations and supply chain, build our downstream businesses, support growth in Indonesia and India, in particular, and focus on improving the capability of our organisation

• **Evaluate further growth opportunities** with priority on:
  ➢ Brownfield capacity expansions and M&A rather than greenfield
  ➢ Expand presence in North America building products and solution markets
  ➢ Expanding our downstream capability in Australia and Asia
  ➢ New Zealand minerals development
  ➢ Target growth opportunities
    – across our total value chain
    – within our current geographic footprint
  ➢ New products and solutions with a focus on sustainability.
Business update – solid first four months

Another strong operations performance at all facilities

UPSTREAM

• North America
  ➢ HRC price to scrap cost spread narrowed relative to previous year
  ➢ evidence of price increases from December

• Australia
  ➢ steel prices stable
  ➢ strong plate demand
  ➢ net increase in raw materials costs in FY2007

• New Zealand
  ➢ higher coal costs
    (+A$20m in FY08)

MID & DOWNSTREAM

• Australia
  ➢ increased customer focus

• Asia
  ➢ Stable, with opportunities to improve
    • Thailand – election called for 23 December
    • China – midstream margin squeeze and intense competition, improving downstream

• North America
  ➢ Continued strong performance even following sale of “Vistawall”.

STRONGER AUSTRALIAN DOLLAR
Second Half FY 2008

- Opportunities and risks for the second half will have a major bearing on our FY 2008 result

<table>
<thead>
<tr>
<th>Opportunities</th>
<th>Risks</th>
</tr>
</thead>
<tbody>
<tr>
<td>➢ Stronger global steel prices</td>
<td>➢ Continued strengthening of A$</td>
</tr>
<tr>
<td>➢ Improved domestic sales</td>
<td>➢ Zinc cost volatility</td>
</tr>
</tbody>
</table>

- Will further update market at the Half Year in February 2008.
EBIT remains sensitive to realised hot rolled coil prices, raw material costs and US$ movements

<table>
<thead>
<tr>
<th>Assumption</th>
<th>Estimated impact on forecast EBIT (A$mil)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>FY08 (current)</td>
</tr>
<tr>
<td>+/- US$25 / tonne movement in BlueScope's average realised export HRC price(^{(1)})</td>
<td>85</td>
</tr>
<tr>
<td>+/- 1¢ movement in Australian dollar / US dollar exchange rate(^{(2)})</td>
<td>14</td>
</tr>
<tr>
<td>+/- US$10 / tonne movement in NSBSL HRC price to scrap spread</td>
<td>11</td>
</tr>
<tr>
<td>+/- 2% movement in slab production in Australia, New Zealand &amp; USA</td>
<td>28</td>
</tr>
<tr>
<td>+/- US$10 / tonne movement in coal costs(^{(3)})</td>
<td>45</td>
</tr>
<tr>
<td>+/- US$10 / tonne movement in iron ore costs(^{(3)})</td>
<td>90</td>
</tr>
</tbody>
</table>

\(^{(1)}\) The change in export HRC price assumes proportional effect on export slab, and flow on to domestic pipe and tube market and to other export products. This does not include the potential impact on Australian domestic coated product prices, as the flow on effect in the short term is less certain.

\(^{(2)}\) The movement in the Australian dollar/US dollar exchange rate includes the restatement of US dollar denominated receivables and payables and the impact of translating the earnings of offshore operations to A$.

\(^{(3)}\) Coal and iron ore US dollar prices are predominantly locked in for FY2008.
BluePrint Summary

- Execution excellence within existing businesses
- Improved customer focus across all of our market segments
- Innovation
- Disciplined growth
- Continuing our focus on
  - Safety
  - Sustainability
  - Our communities
  - Shareholder value & capital management

Questions & Answers
Supporting Information
### External reporting business segments have not changed

**Corporate / Group**

<table>
<thead>
<tr>
<th>Australia</th>
<th>New Zealand</th>
<th>Asia</th>
<th>North America</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hot Rolled Products Australia</td>
<td>Coated &amp; Building Products Australia</td>
<td>New Zealand &amp; Pacific Islands Products</td>
<td>Coated &amp; Building Products Asia</td>
</tr>
<tr>
<td>Hot Rolled Products North America</td>
<td>Coated &amp; Building Products North America</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### Australia
- Leading supplier of flat steel in Australia
- Global scale
- Port Kembla Steelworks
  - Western Port
  - Springs Hill
  - Lysaght Australia
  - Service Centres
  - Smorgon Distribution

#### New Zealand
- Largest supplier of metallic coated and painted steel in Australia
- Leading market shares in most key products
- Only fully integrated flat steel maker in New Zealand
- Leading domestic market share of flat products
- Glenbrook, NZ
- Pacific Islands

#### Asia
- Pre-eminent seller of branded steel in Asia
- Lower cost “backward integration” growth strategy
- Indonesian, Malaysian, Thailand and Vietnamese operations
- China, including Butler
- Lysaght Asia
- India – Tata BlueScope JV

#### North America
- 50:50 joint venture with Cargill Inc.
- Again voted no. 1 flat rolled steel supplier in North America (Jacobson Survey)
- Delta, Ohio
- North American and European Export Trading Offices
- Pre-eminent global designer / supplier Pre-engineered buildings
- No 2 position in North America and no. 1 in China
- Butler buildings
# Leadership Team – Background

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
<th>Background</th>
</tr>
</thead>
</table>
| Noel Cornish      | Australia & New Zealand Manufacturing         | • previously President Port Kembla Steelworks and New Zealand  
• prior to that President of the Australia Coated business, including Springhill & Western Port. |
| Paul O’Keefe      | Australian Sales & Marketing                  | • worked in steel industry for approx 20 years  
• experience in a broad range of commercial & financial roles  
• acting General Manager of Smorgon’s Newcastle business prior to his move to BSL. |
| Kathryn Fagg      | Asia                                          | • previously responsible for these businesses  
• moved support team from Sydney to Singapore to be closer to the business |
| Bob Moore         | China                                         | • previously President Lysaght Australia, President OneSteel Distribution and 11 years in Executive leadership roles at BHP Steel prior to that.  
• wealth of sales and commercial experience |
| Brian Kruger      | Corporate Strategy/Innovation; North America   | • previously President Coated Australia and CFO  
• involved in Butler acquisition  
• based in USA for 4 years and had financial responsibility during construction phase of North Star BlueScope Steel |
| Mark Vassella     | Australian Distribution & Solutions           | • previously responsible for Smorgon’s distribution business and Tube Mills  
• long experience in the steel industry in many roles |
Unique production footprint in the world’s fastest growing regions

Asia
- 24 Lysaght and PEB Sites
- Indonesia
  - Metal Coating 100kt (+165kt)
  - Painting 40kt (+120kt)
- Western Port
  - Hot Rolling 1.43mt
  - Cold Rolling 1.0mt
  - MC (3 lines) 830kt
  - PL (2 lines) 330kt
- Sydney
  - Paint Line (1 Line) 120kt
- Port Kembla/Illawarra
  - Raw Steel 5.2mt
  - Hot Rolling 2.8mt
  - Plate 360kt
  - Cold Rolling 960kt (240kt)(1)
  - MC (3 lines) 750kt
  - PL (2 lines) 207kt
- New Zealand/Pacific
  - Iron Sand Mining
  - Raw Steel 625kt
  - Hot Rolling 750kt
  - Cold Rolling 360kt
  - Metal Coating 230kt
  - Painting 60kt
  - Hollow Sections 45kt
  - Pacific Roll forming sites 3

North America
- Coated and Building Products
- North Star BlueScope JV
  - Hot Rolling 1.80mt (100%)
  - Castrip JV w Nucor

Australia
- 7 Service Centres
- 41 Lysaght Sites
- 7 BlueScope Water
- 90 Distribution Sites

India
- Metal Coating 250kt
- Painting 150kt

Thailand
- Cold Rolling 350kt
- Metal Coating 375kt
- Painting 90kt

Malaysia
- Metal Coating 150kt
- Painting 60kt

Vietnam
- MC 125kt
- Painting 50kt

Vietnam
- MC 125kt
- Painting 50kt

China
- MC 250kt
- Painting 150kt

China
- MC 250kt
- Painting 150kt

Thailand
- Cold Rolling 350kt
- Metal Coating 375kt
- Painting 90kt

Malaysia
- Metal Coating 150kt
- Painting 60kt

Vietnam
- MC 125kt
- Painting 50kt

Vietnam
- MC 125kt
- Painting 50kt

India
- Metal Coating 250kt
- Painting 150kt

(1) CRC from packaging cold mill
BlueScope Steel China footprint

**FY 2007**
- **REVENUE:** A$407M
- **EBITDA:** (A$7M)
- **EMPLOYEES:** 1,810
- **INVESTED CAPITAL:** A$405M

BlueScope Steel in China
- 1 Metal Coating/Painting Line Facility
- 4 Lysaght Manufacturing Facilities
- 2 Butler PEB Manufacturing Facilities
- 60 Butler/CSC Sales Offices
- 24 Butler District Offices/Sales Office
BlueScope Steel North American sites

FY 2007
REVENUE: A$1,354 M
EBITDA: A$231M
EMPLOYEES: 2,403 incl. North Star
INVESTED CAPITAL: A$295M
All Include BSL’s 50% interest in North Star BlueScope Steel
On 1 November 2007 BlueScope acquired privately owned HCI Steel Building Systems Inc. (a pre-engineered steel buildings business)

- HCI designs & manufactures steel PEB’s for heavy industry, commercial and community segments
- Generated sales revenue approx US$40m in FY 2007.
- Regional focus – northwest USA and western Canada, which strengthens Butler’s position in the region

An excellent fit for our PEB business in North America.
Coated Australia – Project update

- **West Sydney Colorbond Facility**
  - Plant handed over to manufacturing team and paint on strip August 2007
  - Capital cost $150m (including land, buildings and processing equipment)
  - Nameplate capacity up to 120,000 tpa
    - technical ramp up is expected to take 2 years but will also be subject to the market.
  - Capability to meet 24hr delivering orders vs typically longer lead times at Springhill.

- **Service Centre Paint Line (Port Kembla) closure**
  - To be clear, this is not the Springhill paint line but a second line in Port Kembla
  - Oldest and most cost inefficient paint line in BSL network
  - Adopted a staged approach to closure, ie. over 12-24 months.
  - Initially change from 7 to 5 days continuous production.
  - Approx 90 employees will be affected.
Coated & Building Products Australia – new West Sydney Colorbond Facility
### Indicative FY2008 Zinc and Aluminium usage vs FY2007

<table>
<thead>
<tr>
<th></th>
<th>Zinc</th>
<th></th>
<th>Aluminium</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>FY2008(E)</td>
<td>FY2007</td>
<td>FY2008(E)</td>
<td>FY2007</td>
</tr>
<tr>
<td><strong>AUSTRALIA</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Springhill</td>
<td>21,423</td>
<td>22,787</td>
<td>11,281</td>
<td>10,632</td>
</tr>
<tr>
<td>Western Port</td>
<td>22,261</td>
<td>21,800</td>
<td>11,284</td>
<td>10,900</td>
</tr>
<tr>
<td>Sub-total</td>
<td>43,684</td>
<td>44,587</td>
<td>22,565</td>
<td>21,532</td>
</tr>
<tr>
<td><strong>NEW ZEALAND</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>7,300</td>
<td>6,800</td>
<td>3,700</td>
<td>3,500</td>
</tr>
<tr>
<td><strong>ASIA</strong></td>
<td>19,814</td>
<td>14,888</td>
<td>18,094</td>
<td>13,092</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>70,798</td>
<td>66,275</td>
<td>44,359</td>
<td>38,124</td>
</tr>
</tbody>
</table>

**Note:**

1. In future years BSL Asia’s usage will increase as new mid-stream projects ramp-up to full capacity.
BlueScope’s BluePrint for the future – a focus on Execution Excellence

Paul O’Malley, Managing Director & Chief Executive Officer

29 November 2007

ASX Code: BSL