Capital Raising Presentation

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ASX Code: BSL

Important information

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Important information (cont'd)

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Important information (cont’d)

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Agenda

Equity raising

- **Rationale and use of proceeds**
- **Details of the offer and timetable**

Business update

- **Recap on 1H FY2012 trading update and outlook**
- **Overview of BlueScope's business segments and key initiatives**

- Risk factors
- Important notices regarding foreign jurisdictions
- Appendix – supporting business and financial information

Executive summary

- BlueScope Steel is undertaking a fully underwritten 4 for 5 accelerated renounceable entitlement offer with rights trading to raise approximately $600 million
- Purpose is to strengthen BlueScope Steel's balance sheet and financial flexibility
- Results in a more appropriate capital structure and lowers interest expense
- Expecting further debt reduction by end of FY2012 through release of working capital
- In addition the Company remains focused on achieving further debt reduction through maximising operating cash flow generation and potential realisation of non-core assets

Equity raising

Overview

BlueScope is raising $600 million to strengthen its balance sheet

Entitlement Offer Structure and Size	▪ Fully underwritten 4 for 5 accelerated renounceable Entitlement Offer with rights trading to raise approximately $600 million(1) ▪ Approximately 1,500 million new ordinary shares to be issued ("New Shares") ▪ Record date 7pm on Friday 25 November 2011
Offer Price	▪ $0.40 per share – 34.4% discount to BlueScope's closing price of $0.61 on Monday 21 November 2011 – 22.5% discount to theoretical ex-rights price(2)
Institutional Entitlement Offer	▪ Institutional Entitlement Offer of approximately 825 million shares ▪ Institutional Entitlement Offer is accelerated over Tuesday 22 to Wednesday 23 November 2011 ▪ Institutional shortfall bookbuild on Thursday 24 November 2011
Retail Entitlement Offer	▪ Retail Entitlement Offer of approximately 675 million shares ▪ Retail Entitlements trade on the ASX from Thursday 24 November to Wednesday 7 December 2011 ▪ Retail Entitlement Offer period from Tuesday 29 November to Wednesday 14 December 2011 ▪ Retail shortfall bookbuild on Monday 19 December 2011

Note: (1) $600 million raising size consists of a 4 for 5 entitlement offer to raise $591.7 million and a placement to raise $8.3 million
(2) Based on the market closing price on Monday 21 November 2011 of $0.61/share

Rationale

The proceeds of the Entitlement Offer will be applied to debt reduction

More appropriate capital structure; increases balance sheet strength	■ Results in a more appropriate capital structure – Reduction in 30 June 2011 pro-forma net debt from $1,068 million to $491 million[1] – Reduction in 30 June 2011 pro-forma Net Debt / underlying EBITDA from 4.20x to 1.93x[2] – Reduction in 30 June 2011 pro-forma gearing from 19.5% to 9.0%[1,3] – Reduction in 31 October 2011 pro-forma net debt from $1,555 million to $978 million[1] before benefits from the release of working capital ■ Increase in pro-forma liquidity at 31 October 2011 from $575 million to $1,152 million[1,4]
Focussed on further debt reduction	■ Debt reduction is a priority for BlueScope – $400 million to $500 million working capital release expected by 30 June 2012 – BlueScope has delivered substantial cost savings over the last three financial years - $696m cumulative to the end of FY2011 compared with the FY2008 cost base – Fixed cost savings associated with the CIPA restructure estimated at a further $315 million[5] – In addition, a further group-wide review of potential cost reductions has been initiated – Continuing to assess a range of potential non-core asset realisation opportunities

Note: (1) Assumes Entitlement Offer proceeds of approximately $600 million based on the offer price less assumed transaction costs of $23 million
(2) Based on FY2011 underlying EBITDA of $254 million (which includes significant losses on the Company's export business prior to the restructure of CIPA)
(3) Gearing calculated as Net Debt / (Net Debt + Total Equity)
(4) Liquidity defined as undrawn capacity under BlueScope's existing debt facilities pro-forma for the Entitlement Offer proceeds less assumed transaction costs. Refer to the summary of debt facilities on page 42 for balances at 31 October 2011
(5) Management estimate assuming that the CIPA restructure had been in place for the whole of FY2011

Additional reasons to support the offer

Positioned to benefit from any recovery in the steel cycle	■ BlueScope has undertaken a significant restructuring of its operations to reduce operating costs and better position the Company to benefit from future recovery in the steel cycle – Restructuring of Australian steelmaking operations announced 22 August 2011 is well advanced – Continued strong performance of businesses in Asia, New Zealand and the Company's North American mini-mill joint venture North Star – Buildings business in North America continues to improve and was profitable in October 2011 through both cost reduction and volume improvements implemented over the last two years ■ A group wide review of further potential cost reductions has been initiated
Opportunity to invest in BlueScope on attractive terms	■ BlueScope is a leading international steel solutions company ■ The Offer allows shareholders to increase their investment at an offer price of $0.40 per new share – 34.4% discount to BlueScope's closing price of $0.61 on Monday 21 November 2011 – 22.5% discount to theoretical ex-rights price(1)

Note: (1) Based on the market closing price on Monday 21 November 2011 of $0.61/share

Increased balance sheet strength

Net debt has increased to $1,555 million at 31 October from $1,068 million at 30 June 2011 primarily due to

- CIPA restructuring costs spent of ~$110 million
- Working capital increase of ~$230 million (including ~$120 million increase in inventory in the non CIPA businesses)
- Capital expenditure, tax and interest of ~$160 million
- Cash profits from the non CIPA businesses have offset underlying cash losses in CIPA (excluding restructuring costs but including the losses associated with exports pre-completion of the restructure)

Net debt (excluding the impacts of the equity raising) is expected to decline between 31 October 2011 and 30 June 2012 due to:

- Working capital reduction of $400 million to $500 million between 31 October and 30 June 2012 including the benefits of the restructure
- Partially offset by further CIPA cash restructuring costs expected in the range of $240 to $260 million[5]

Equity raising will strengthen the balance sheet and lower interest expense

- Estimated net debt reduction of $577 million (net of fees and expenses), before the benefit of the restructure
- Pro-forma liquidity post equity raising of $1,152 million as at 31 October 2011[1,6]

$ millions	**30 June 2011**	**Pro-forma post raising[1]**
Cash	172	172
Interest bearing liabilities	1,240	663
Net debt[2]	1,068	491
Equity	4,396	4,973
Gearing [3]	19.5%	9.0%
Net Debt / FY2011 Underlying EBITDA[4]	4.20x	1.93x

Note: (1) Assumes Entitlement Offer proceeds of approximately $600 million based on the offer price less assumed transaction costs of $23 million
(2) Calculated as interest bearing liabilities less cash
(3) Calculated as Net debt / (Net debt + Total Equity)
(4) Based on FY2011 underlying EBITDA of $254 million (which includes significant losses on the Company's export business prior to the restructure of CIPA)
(5) Excludes $80 million of future costs estimated post 30 June 2012
(6) Liquidity defined as undrawn capacity under BlueScope's existing debt facilities pro-forma for the Entitlement Offer proceeds less assumed transaction costs. Refer to the summary of debt facilities on page 42 for balances at 31 October 2011

BlueScope Steel is a leading international steel solutions company

Global	▪ A leading international steel solutions company with a geographically diverse manufacturing and marketing footprint across Australia, New Zealand, the US and Asia ▪ Producer of higher margin downstream products with well known, highly recognised and respected brands such as COLORBOND® and ZINCALUME® ▪ Steel construction solutions including a leading pre-engineered buildings business with strong market positions in key markets in the US and China
Australia	▪ Supplies 70–80% of the total tonnage of flat steel products sold in the Australian domestic markets(1) ▪ Controls its own distribution channels to market; low cost supply chain ▪ Production capacity now better aligned with domestic market demand
New Zealand and Pacific	▪ Vertically integrated flat steel producer with captive source of iron units for production ▪ Network of roll-forming businesses across the Pacific region ▪ Growing iron sands export business
Asia	▪ Exposure to higher growth Asian markets ▪ Growing China operations – expansion of PEB/Lysaght capacity ▪ Strong footprint across Thailand, Indonesia, Malaysia, Vietnam and India (50% JV) ▪ Positioned to leverage BlueScope's global pre-engineered buildings expertise
North America	▪ Leading pre-engineered buildings business – ~30% market share in North America, integration of operations/supply chain and cost reductions recently completed ▪ High performing North Star mini mill (50% JV) – voted #1 for the past 9 years in Jacobson survey of customer satisfaction

Note: (1) BlueScope Steel has estimated its market share based on data available from ABS. This calculation does not take into account segments of the market for which BlueScope Steel does not make products or for which import data is not available. For example, information on HRC thicker than 4.75mm is not reported in ABS figures, BlueScope Steel does not produce electro-galvanised products or aluminised steel

Entitlement Offer timetable

Key dates

Institutional Entitlement Offer period	Tuesday 22 November – Wednesday 23 November 2011
Institutional Bookbuild	8:00am, Thursday 24 November 2011
Ordinary Shares re-commence trading Retail Entitlements begin trading on a deferred basis	12:00pm, Thursday 24 November 2011
Record Date	7:00pm, Friday 25 November 2011
Retail Entitlement Offer period	Tuesday 29 November – Wednesday 14 December 2011
Institutional settlement date	Thursday 1 December 2011
Institutional allotment and trading date	Friday 2 December 2011
Retail Entitlements trade on a normal settlement basis	Friday 2 December 2011
Retail Entitlements cease trading	Wednesday 7 December 2011
Announce results of Retail Entitlement Offer and Retail Bookbuild	Monday 19 December 2011
Retail settlement date	Wednesday 28 December 2011
Despatch of Transaction Confirmation Statements	Tuesday 3 January 2012

Business update

Trading update and 1H FY2012 outlook

Trading Update – Summary

- Capacity utilisation internationally remains below 80%, a sign that steel-making margins will be low
- As a result, in recent months major steel companies have followed BlueScope's lead and either shut or mothballed blast furnaces, particularly across Europe
- Australia: continuing weak trading conditions with lower sales volumes
  - Domestic sales marginally weaker in the current half than in the second half of FY11 as a result of a softer pipe and tube sector and weak building markets
  - Lower margins in Distribution business due to soft domestic demand and high A$ increasing import competitiveness
- Asia: China, Vietnam and Malaysia performing well, although performance constrained due to Thailand floods and delays on new painting system for the second metal coating line in Indonesia
- New Zealand: dampened 1H performance due to gas supply disruptions to New Zealand Steel, a short melter outage and a softer domestic market
- Coated & Building Products North America: slow improvements through cost reduction and volume improvements; profitable in month of October
- Hot Rolled Products North America: continuing to produce at close to 100% capacity with strong customer demand

1H FY2012 Outlook

- On 17 November 2011 the company reaffirmed its outlook for first half FY2012, being an expectation of:
  - A significant reported Net Loss After Tax including restructuring costs (excluding year end NRVs and/or impairments)
  - A small underlying Net Loss After Tax (excluding restructure costs, year end NRVs and/or impairments)
- The Board has resolved not to pay an interim dividend for the half year ended 31 December 2011

Trading update – Coated & Industrial Products Australia ("CIPA")

CIPA restructure *(exit from export business announced 22 August 2011)*	■ Restructure and closure of major plant and equipment well advanced ■ All major plant closures completed successfully in the first two weeks of October ■ Total cash costs of the restructuring expected of \$430 million to \$450 million – \$110 million incurred to 31 October 2011 – Estimated \$240 to \$260 million expected to 30 June 2012 – \$80 million beyond 30 June 2012 ■ Negotiations on raw material contracts and other supply contracts well advanced ■ Significant working capital release of \$400 to \$500 million by 30 June 2012 across the entire business – Benefits of the restructure – Reduction in other working capital which has increased by \$230 million between 30 June 2011 and 31 October 2011 – Release of working capital has been intentionally slowed due to low demand in the domestic market and low international steel prices ■ BlueScope expects to achieve the fixed cost reduction targets that it set for the restructure
Spread	■ Global steel industry capacity utilisation remains below 80% - impact on steel prices – Decline in Asian Hot Rolled Coil prices of approximately US\$100/t in recent months ■ Raw materials – Iron ore fines prices up nearly 40% during FY2011 relative to FY2010 and hard coking coal up nearly 70% – Consistent with a supplier-led trend in iron and coking coal markets towards shorter term, particularly monthly pricing, BlueScope expects to see some benefit in the upcoming quarter as a result of lower iron ore costs given that the iron ore index price has recently declined to US\$140-150/t from the US\$170-180/t levels experienced during most of CY2011 – Hard coking coal now around US\$240/t, also down from peaks of over US\$300/t
Volumes	■ Sustained weak trading conditions with marginally weaker volumes in the current half compared with 2H FY11 – Softer pipe & tube sector and weak building markets

Coated & Industrial Products Australia

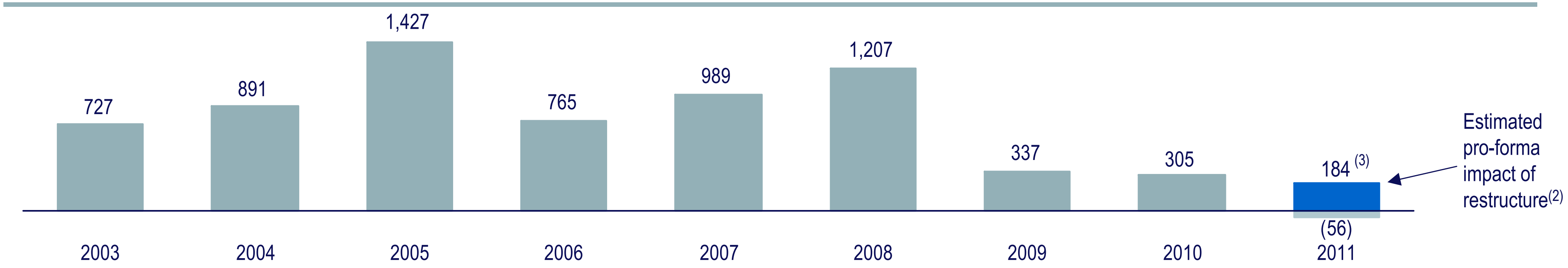
Business overview

- Leading supplier of flat steel products in Australia
- Largest supplier of metal coated and painted steel in Australia
- 2.6 Mt raw steelmaking capacity
- Leveraged to any recovery in domestic volume, depreciation of the A$/US$ and improvement in spread (selling prices less raw materials costs)
  - Regional steel prices and A$/US$ have more recently influenced most domestic prices (other than painted product)
- $2,754m net operating assets[1]

Key initiatives

- Reduced raw steelmaking capacity from 5.3mtpa to 2.6mtpa to reduce exposure to loss making export markets and increase focus on profitable domestic markets
- Key asset closures implemented in October 2011
- Impact of restructure estimated at $240m uplift to FY11 underlying EBITDA[2]
- Initiating review of further cost reductions

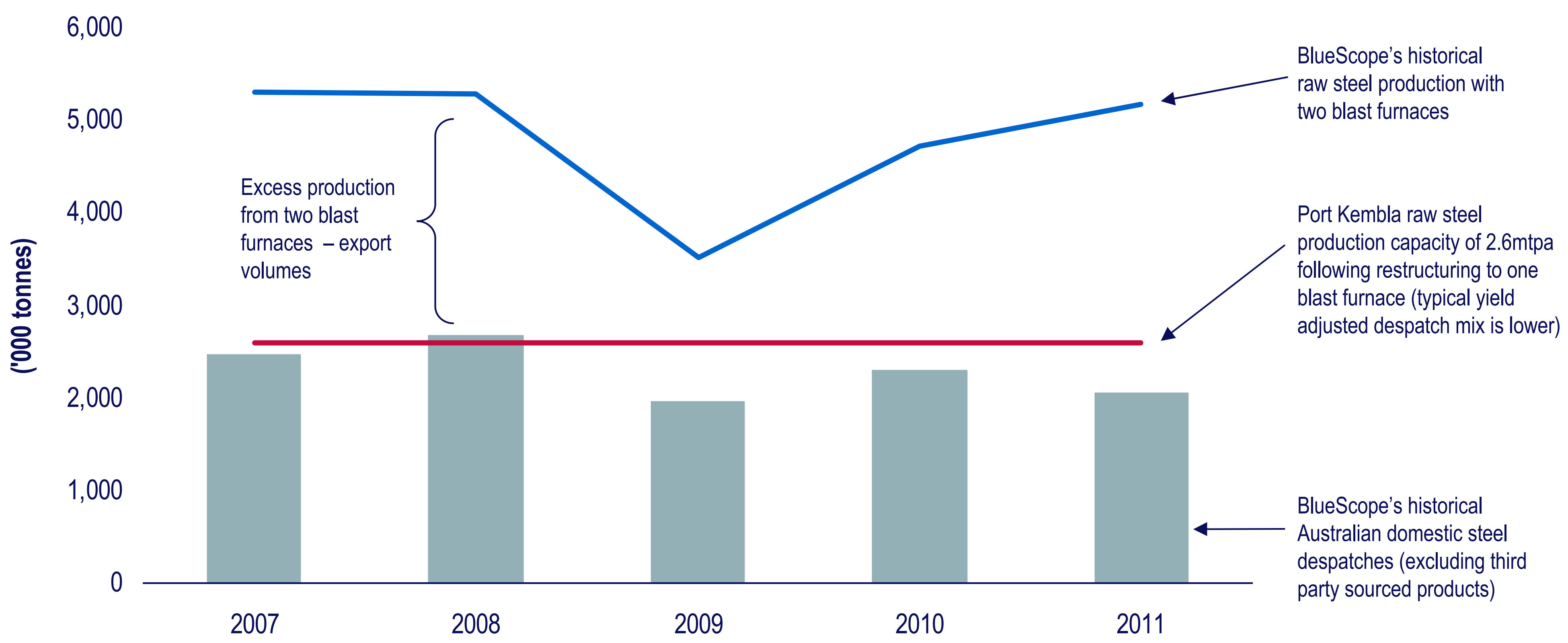
Segment Underlying EBITDA ($m)



Note: (1) As at 30 June 2011. Segmental net operating assets do not include tax and financing net assets
(2) Refer to page 22 of BlueScope's FY11 results presentation for a detailed breakdown of management's assessment of the pro-forma impact of the restructure
(3) ProForma for restructure, includes a pro-forma net realisable value charge of $2m

Production capacity from one blast furnace is now better aligned with Australian steel demand

Port Kembla Raw Steel Production Capacity and Domestic Steel Despatches



Australian Distribution & Solutions

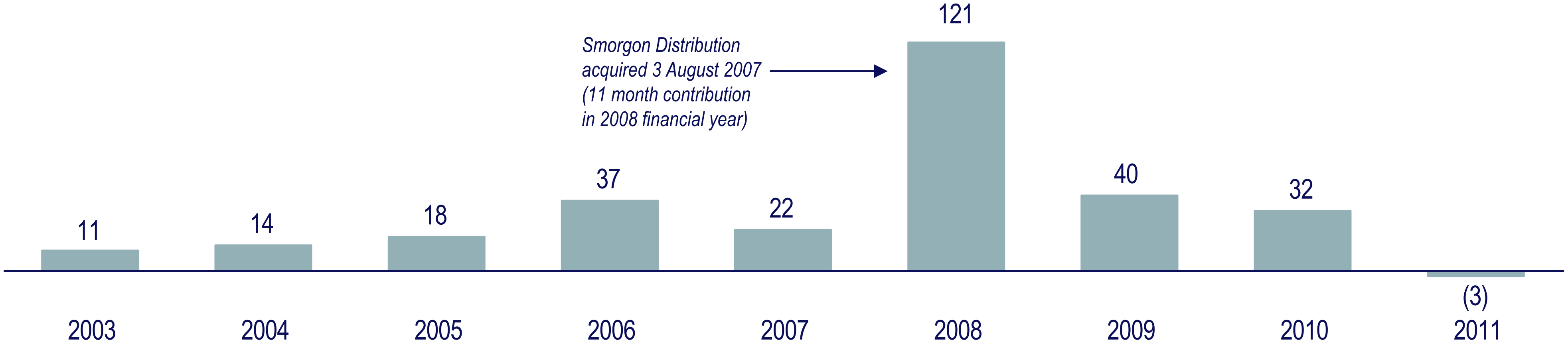
Business overview

- Leading supplier of flat steel solutions in Australia
- Key operations include Steel Distribution, Lysaght rollforming, Service Centres, Highline, Pioneer, BlueScope Water and BlueScope Buildings
- Services more than 20,000 customers
- $689m net operating assets[(1)]

Key initiatives

- Initiating operating model review to drive profitability
  - Cost structure
  - Site rationalisation
- Cost reductions intended to position the business for a stronger earnings profile when market conditions and domestic demand recover

Segment Underlying EBITDA ($m)



Note: (1) As at 30 June 2011. Segmental net operating assets do not include tax and financing net assets

New Zealand & Pacific Steel Products

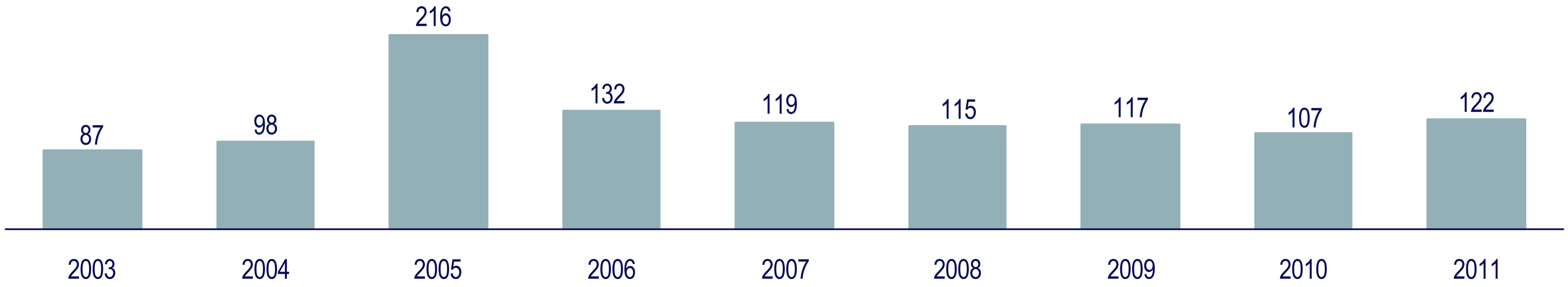
Business overview

- Only fully integrated flat steel maker in New Zealand – captive source of iron units
- Leading domestic market share of flat products
- Leveraged to any recovery in domestic volume, depreciation of the NZ$/US$ and improvement in spread (selling prices less raw materials costs)
- Three Pacific Islands rollforming operations and steel distribution throughout the Pacific Islands
- Growing iron sands export business – Taharoa
- $406m net operating assets(1)

Key initiatives

- Expansion of Taharoa iron sands export capacity by 400ktpa to 1.2Mtpa
  - Larger charter vessel expected to commence operations in CY2012, replacing the existing vessel
  - Supported by new contracts with existing customers
- Low cost capital expansion of Taharoa iron sands to double production to 2.4Mtpa being progressed – contract signed for sale of 100% of additional production conditional on (among other things) customer freight arrangements

Segment Underlying EBITDA ($m)



Note: (1) As at 30 June 2011. Segmental net operating assets do not include tax and financing net assets

Coated & Building Products Asia

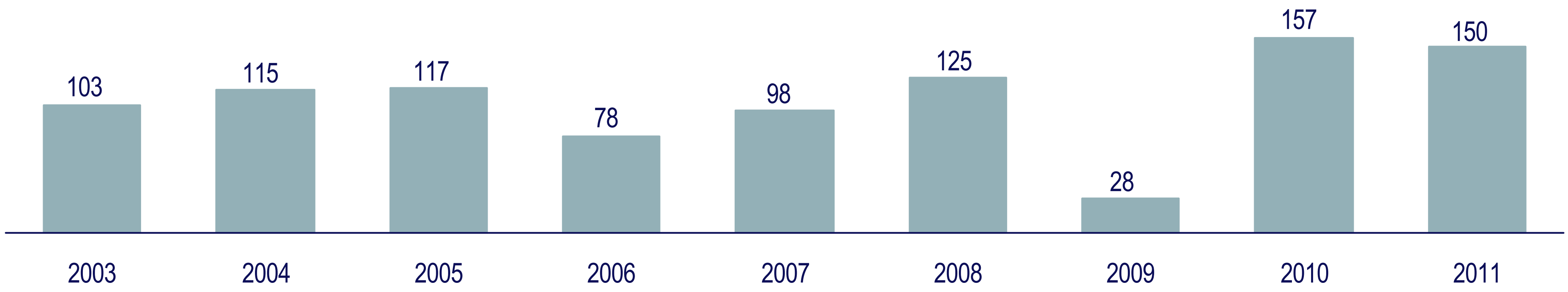
Business overview

- Pre-eminent seller of branded steel in Asia – coating, painting, rollforming and PEB facilities throughout the region
- Operations in China, Indonesia, Malaysia, Thailand, Vietnam and a Joint venture with Tata Steel in India
- Unutilised capacity on metallic coating and paint lines provides potential scope for growth
- $814m net operating assets[(1)]

Key initiatives

- Restructured the business in 2009
  - now continuing to deliver strong returns
  - growing sales from existing investments
- China: construction of Butler PEB / Lysaght rollforming plant in Xi'an to capitalise on strong market demand in central China and leverage BlueScope's global PEB capability. Expected to be operational by end of CY2012
- Further incremental investments in capacity and efficiency across ASEAN

Segment Underlying EBITDA ($m)



Note: (1) As at 30 June 2011. Segmental net operating assets do not include tax and financing net assets

Hot Rolled Products North America

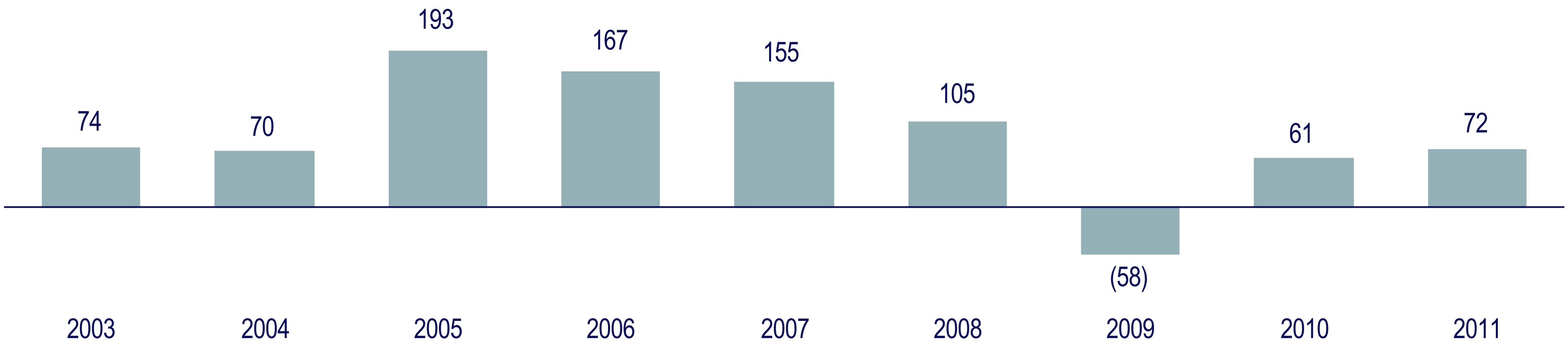
Business overview

- 2.1 Mtpa North Star steel mini-mill in Delta, Ohio
- 50/50 joint venture with Cargill Inc.
- Voted #1 in customer satisfaction in North American flat rolled steel supplier for the 9th consecutive year (Jacobson Survey)
- Segment also includes BlueScope's 47.5% shareholding in the Castrip thin strip casting technology venture
- $82m net operating assets (equity accounted share of investment)(1)

Key initiatives

- Potential upgrade in production capacity from ~2.1 million to ~2.5 million tons per annum
- Involves installing a second steel slab caster, enhancing the existing electric arc furnace, installing a new shuttle furnace and undertaking general reconfiguration of associated infrastructure
- Under consideration by the JV partners with feasibility studies largely complete; project subject to finalising agreement and various approvals

Segment Underlying EBITDA ($m)(2)



Note: (1) As at 30 June 2011. Segmental net operating assets do not include tax and financing net assets
(2) Includes BlueScope's 50% share of net profit before tax from North Star BlueScope Steel

Coated & Building Products North America

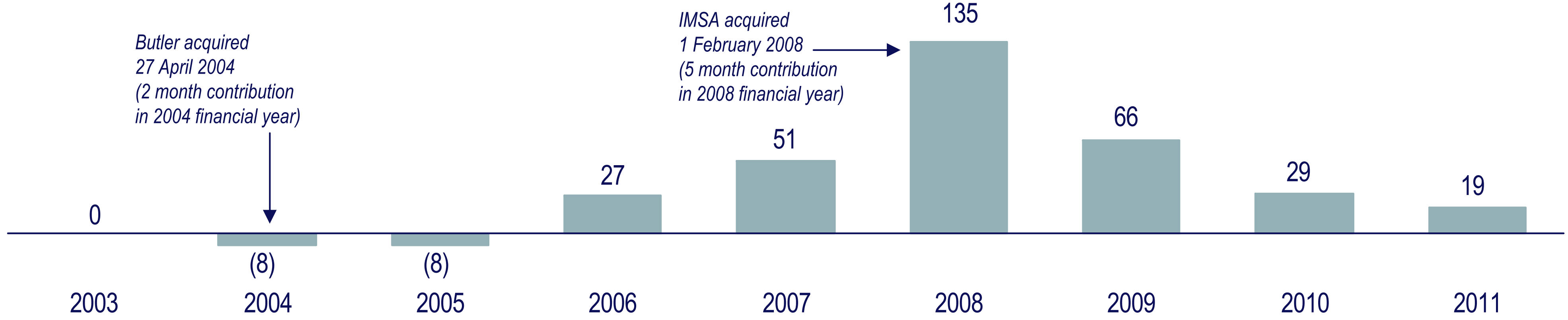
Business overview

- Pre-eminent global designer / supplier of Pre-Engineered Buildings: no 1 position in North America
- Operations encompass PEB, metal coating and painting, insulated metal panels, steel building components
- $690m net operating assets(1)

Key initiatives

- Buildings business has been restructured over 2009 to 2011 period – cost reductions and supply chain improvements
- Now well positioned to capture earnings growth when the US economy and non-residential building cycle recovers
  - ultimately need a return of construction activity in the US to achieve sustained profitability

Segment Underlying EBITDA ($m)



Note: (1) As at 30 June 2011. Segmental net operating assets do not include tax and financing net assets

Risk factors and important notices regarding foreign jurisdictions

Risk factors

Key risks
A number of risks and uncertainties, some of which are specific to the Company and others of a more general nature, may affect the business, financial position and results of operations of the Company, the value of its Shares and its funding requirements. You should carefully consider the following risk factors, as well as the other information in this Presentation, and consult your financial and legal advisers before deciding whether to invest in the New Shares.

The risks and uncertainties described below are not the only ones facing the Company. Additional risks and uncertainties that the Company is unaware of, or that it currently considers to be immaterial, may also become important factors that adversely affect the Company's business, financial position and results of operations.

General business risks

Economic activity, steel demand and production capacity
Steel demand is linked to global economic activity. Steel prices are linked to regional and global steel demand and production capacity together with fluctuations in steel imports/exports and tariffs. Worldwide demand for steel since the global financial crisis in 2008-2009, particularly in more developed nations, has been comparatively weak and the recovery has been slow and uncertain. This has a negative effect on the Company's business, financial position and results of operations.
Ongoing or further excess capacity in major steel exporting nations, particularly in the Asian region, may result in continuing depressed or deteriorating prices and margins and industry weakness, which could have a negative impact on the Company's business, results of operations and financial condition.

Steel price fluctuations and steelmaking raw materials price risk
The Company's revenues and earnings are strongly influenced by movements in international steel prices, which fluctuate significantly over time, are cyclical, difficult to forecast and outside the Company's control. Short-term price decreases would typically have a direct adverse impact on the profitability of the Company's commodity product businesses, such as slab, hot rolled coil and cold rolled coil production, and a lesser impact on the Company's value-added domestic metallic coated and painted steel businesses overall. Sustained international steel price reductions have had and could continue to have an overall material adverse impact on the Company's financial results.
The Company is impacted by the long-term price trajectory of steel making raw materials, i.e. mainly iron ore and coking coal, as well as short-term fluctuations. The price of steel as compared to the cost of steelmaking raw materials may change unfavourably. An increase in raw material prices without a commensurate rise in steel prices could have an adverse effect on the Company's costs and earnings. Alternatively, a decrease in steel prices without a commensurate decrease in raw material prices could have an adverse effect on the Company's revenues and earnings.

The Company operates in industries which are cyclical
The Company's revenues and earnings are sensitive to the level of activity in a number of industries, but principally the building, construction and manufacturing industries given the nature of the Company's steel products. These industries are sensitive to a number of factors outside of the Company's control, including general economic conditions. The Company is not able to predict the timing, extent and duration of the economic cycles in the markets in which it operates. Because many of the Company's costs are fixed, it may not readily be able to reduce its costs in proportion to the extent of an economic downturn. Any significant or extended downturn in the building, construction or manufacturing industries will negatively affect the Company's revenues, profits and financial position, as would the permanent closure of significant manufacturing operations if such closures became necessary due to a sustained weak economic outlook.

Risk factors (cont'd)

Exit from the Coated & Industrial Products Australia ("CIPA") export business

On 22 August 2011, the Company announced its decision to exit the export business of the CIPA division. This involves the closure of the Port Kembla No. 6 Blast Furnace, one coke battery, one slab caster, one BOS vessel and the Western Port hot strip mill, together with other associated operating changes. In general, adverse outcomes in relation to actions associated with the restructure could either impact earnings, reduce cashflow, or a combination of both. There is no guarantee that the estimated financial benefits of the restructure will be at the level expected (if at all).

a) Earnings impact

The Company may not achieve some or all of the estimated earnings benefits of the restructure. For example, the reduction in export exposure of the CIPA segment will increase the Company's dependence on domestic steel customers for a substantial portion of its revenues. Future economic developments in Australia will therefore have a greater effect on the Company's business, financial position and results of operations. To the extent that Australian domestic steel demand declines in the future and is not sufficient to consume the majority of the CIPA division's steel production, the Company's exposure to export markets may increase.

b) Working capital

The Company expects that the restructure will result in a significant release of working capital by 30 June 2012 However, given the Company wants to achieve the best possible prices for its products, it has intentionally slowed the working capital release due to low demand in the domestic market and low international steel prices. The Company may be unable to reduce its working capital to the extent originally expected within FY2012. This could result in the Company having a higher level of indebtedness post completion of the restructure than expected.

c) Restructuring of contracts

Delivery of an ongoing cost effective business model for the CIPA segment following restructuring requires a renegotiation of various supply and purchase commitments under a number of contracts with third parties. The Company may not be able to secure appropriate renegotiated or other terms of supply under these contracts, or to otherwise make arrangements to dispose of inputs that are surplus to requirements. This could result in higher costs than initially estimated and a short term impact on working capital.

d) Workforce changes

The restructure has involved considerable workforce changes including the redundancy of around 1,000 employees, and changes to shift patterns and duties for some other employees. Adverse impacts for the Company may arise from these changes, either through disputes leading to lost productivity, or higher entitlement or compensation claims.

e) Operational risks

The restructure involves considerable change to product flows through the Company's Australian manufacturing base. The new structure may not be as efficient as anticipated and, to the extent that there is a substantial increase in demand for the Company's product in the Australian market, the Company may not be able to meet such demand in full. This could have an adverse impact on the Company's financial performance and position. Should a major operational failure occur involving the remaining facilities, the Company will have less capacity to ameliorate the impact of any shutdowns or outages. The restructure will involve alterations to the blend of raw materials used by the Company in its remaining blast furnace at Port Kembla. There is a risk that the change in the blend of raw materials may adversely impact production efficiency and reliability. This could adversely affect the Company's revenues, profits and financial position.

Risk factors (cont'd)

Exit from the Coated & Industrial Products Australia ("CIPA") export business (cont'd)

f) Competitive position

Under normal business conditions, the Company operates its facilities at production levels at or near capacity. Generally, high levels of production are important to the Company's financial results because they enable the Company to spread its fixed costs over a greater number of tonnes of production (provided the Company can at least recover the variable costs of incremental production). The closure of some of the Company's steelmaking facilities as a result of the restructure will increase its reliance on its remaining facilities and will increase the average cost per tonne of its steel products as the reduction in fixed costs will not be directly proportional to the reduction in production capacity. That is, fixed costs will be spread over a lower steel production volume. As a result, the restructure may adversely impact the Company's cost structure and, consequently, its competitive position.

Exchange rate fluctuations

The Company operates and transacts in multiple currencies and reports financial results in A$. As a result, the Company's earnings and equity are exposed to risk associated with foreign exchange rate movements.

The Company's primary exposure is to movements in the A$/US$ exchange rate. This occurs because:

- export sales and raw materials purchases are typically denominated in US$;
- a material proportion of the Company's operating costs are denominated in A$; and
- the Company has significant operations in the U.S. and earnings from these operations must be translated into A$ for financial reporting purposes.

In addition to the direct exposures outlined above, the Company's earnings will also be impacted by changes in export and import price competitiveness brought about by exchange rate fluctuations. A strong Australian dollar (and the Australian dollar has in recent times been at record highs against the U.S. dollar) makes imported steel products less expensive, potentially resulting in more imports of steel products into Australia by the Company's foreign competitors and typically has an adverse effect on the Company's earnings. Similarly, a strong Australian dollar affects the pricing of steel products in some domestic market segments where pricing is linked to international steel prices, typically having an adverse effect on the Company's earnings.

The Company is also exposed to foreign exchange rate movements on translation of foreign currency denominated assets and liabilities. For example, depreciation in the Australian dollar relative to the U.S. dollar will increase the value of the Company's U.S. dollar-denominated borrowings in Australian dollar terms.

Operational risks

Steel manufacturing processes are dependent on critical steelmaking equipment and such equipment may incur downtime as a result of planned outages, reduced demand due to economic conditions, unanticipated plant outages or equipment failures or other events, such as fires, furnace breakdowns or loss of external energy supply or other services. Production could also be adversely impacted by transportation or raw material disruptions, poor quality of raw materials, adverse weather conditions (as recently experienced in Thailand), interruptions in the supply of essential services (as recently experienced in New Zealand) and the bedding down of new systems (such as the new inline painting system on the second metal coating line in Indonesia). This could adversely affect the Company's revenues, profits and financial position.

The Company's reliance on its Port Kembla facility, which accounted for 76% of the Company's raw steel production in the year ended 30 June 2011, means that the Company could be significantly and adversely affected by a major operational failure at that facility, which could also lead to negative impacts on the Company's other downstream operations.

Long-term raw material supply arrangements

Steel production requires substantial amounts of raw materials and energy, including iron ore, coking coal and coke, scrap steel, electricity and natural gas. The loss of key raw material contracts could have a material adverse effect on the Company. In particular, the Company considers the supply under the long-term coking coal supply contracts as essential to its operations due to a lack of low cost alternative sources of suitable coal. If coal ceases to be supplied to the Company under these contracts, this could be expected to have a material adverse impact on the costs of producing steel at the Company's Port Kembla Steelworks facility and, hence, on the Company's financial performance and position.

Risk factors (cont'd)

Growth objectives and project development

The Company's growth strategy includes a number of potential greenfield and brownfield projects that are inherently subject to completion and financing risks. The Company cannot guarantee that it will be able to execute on its projects, and to the extent that they proceed, that it will be able to complete them on schedule, within budget, or achieve an adequate return on its investment. To the extent that the Company's growth plans proceed, such projects could potentially require significant expenditure over extended periods of time and their timely completion and successful operation may be affected by factors beyond the control of the Company. Project development is subject to risks, including technical risks, funding requirements, obtaining or renewing required regulatory approvals and licenses, execution issues and delays, local opposition to project development, demand for the Company's products and general economic conditions. Any of these factors may cause the Company to delay, modify or forego some or all aspects of its growth objectives. Project development may require additional funding and the Company may need to seek additional capital in order to progress such projects. There is no guarantee that the Company could obtain such additional funds at a cost that is economic for the Company.

Transportation and distribution

The Company depends on roadways, railways, ports and ocean-going vessels to deliver its products to its customers, and supply its plants with raw materials. Any unavailability or increased cost of transportation, including those caused by weather-related problems, infrastructure damage, strikes, lock-outs, fuel shortages or other events, could impair the Company's ability to supply its products to its customers, or the customers' desire to purchase products from the Company. This could have a material adverse effect on the Company's business, financial position and results of operations.

Environmental laws and regulations

The Company's business is subject to environmental laws and regulations that require specific operating licences and impose various requirements and standards. These laws and regulations provide for penalties and other liabilities for the violation of such laws and regulations and establish, in certain circumstances, obligations to remediate current and former facilities and locations where operations are or were conducted. They could also restrict the Company's ability to conduct its business economically or restrict some activities altogether. The Company incurs costs to comply with these environmental laws and regulations and violation of them, or changes to such laws and regulations, including changes to operating licence conditions, could result in penalties and other liabilities and could have a significant adverse impact on the Company's operations and financial position.

The Company cannot eliminate the risk of accidental contamination or discharge and any resultant injury from hazardous materials. Additionally, environmental laws and regulations may become more stringent in the future, and the Company may incur greater costs in complying with the increased regulation, which could have an adverse effect on its operating results and financial performance.

Competition risk

In many applications, steel competes with other materials that may be used as steel substitutes, such as aluminium, concrete, composites, plastic and wood. Improvements in the technology, production, pricing or acceptance of these competitive materials relative to steel or other changes in the industries for these competitive materials could result in a significant loss of the Company's market shares or margins and hence reduce the Company's cash flow and profitability. The extent of risk from steel substitutes varies by market segment and geography.

The Company faces competition from imports and also from countries that are growing their internal manufacturing base by adding new steel-making capacity. There can be no assurance that the Company will be able to maintain its current market position. The global steel industry is currently characterised by excess capacity. Increases in steel imports could negatively impact demand or pricing of the Company's steel products.

Risk factors (cont'd)

Proposed Australian Carbon Pricing Mechanism

The production of greenhouse gases is inherent in the iron and steelmaking processes and there is currently no technology capable of substantially reducing or mitigating emissions of these greenhouse gases. The Australian Government is implementing a national greenhouse gas emissions trading scheme through a proposed Carbon Pricing Mechanism ("CPM"). The CPM will come into operation on 1 July 2012.

The CPM will require the Company to annually obtain and surrender emission units to cover the Company's direct greenhouse gas emissions from facilities within Australia (Scope 1 emissions). The CPM will also increase the costs of electricity (Scope 2 emissions) and is likely to increase the cost of inputs of other goods and services to the Company's operations (Scope 3 emissions). The CPM will begin with a three-year escalating price phase, before converting to a flexible price, cap-and-trade emissions trading scheme. During the fixed price phase prices will be set by the Australian Government. For the first three years of the flexible price phase the price of emission units will be determined by the market but will be subject to regulated floor and ceiling prices. From 1 July 2018, the price cap and floor will be removed and the emission unit price will be determined wholly by the market.

The Australian Government has announced a program to allocate some permits to emissions-intensive trade exposed activities, including integrated iron and steelmaking. This will involve the allocation of permits at the maximum rate (94.5% in the first year of the CPM) to iron and steelmaking activities up to and including hot rolled activities. The permit allocation will decrease by 1.3% per annum, with the Australian Productivity Commission to review arrangements for emissions-intensive trade exposed industries in 2014/2015 with a minimum three years' notice of any changes. This review is expected to take into account a range of factors, including whether 70% of international sectoral competitors face comparable carbon constraints.

The Australian Government has also announced a Steel Transformation Plan ("STP"), to reduce the impact of the CPM on the Australian steel industry (including BlueScope Steel) for the first four years following the commencement of the CPM. The STP will provide $300 million of funding to the Australian steel industry over a four year period for eligible expenditure on innovation, investment and production. The Company expects to receive approximately 60% of this funding. The Government has committed to an independent review mechanism to monitor the impact of the CPM and other factors on the economic circumstances of the Australian steel industry. It will also provide BlueScope Steel with a 10% increase in permit allocation relating to slab production commencing in the financial year ending 30 June 2017, for a minimum of two years. The legislation to enact the CPM and STP has passed both Houses of the Australian Parliament and is expected to shortly receive Royal Assent.

The Company will incur significant additional costs as a result of the introduction of the CPM. However, the STP is expected to offset the direct cost of the CPM on the Company for the first four years of the CPM. The potential impact of the CPM beyond the first four years is difficult to assess and will depend on a range of factors, including the outcome of the proposed Productivity Commission review, and the government of the day's response to this review.

New Zealand Emissions Trading Scheme

Legislation was passed in October 2008 implementing an Emissions Trading Scheme ("ETS") for greenhouse gas emissions in New Zealand and was subsequently modified by the National led Government that was elected in November 2008. New Zealand Steel is subject to the present ETS and emits approximately two million tonnes of carbon emissions per annum. The activity of Iron and steel manufacturing from iron sand as undertaken by New Zealand Steel has been assessed to be highly emissions trade exposed and New Zealand Steel therefore qualifies for the free allocation of permits at the maximum rate (90%). Under the modified scheme permit allocation is based on the production of prescribed products (Tonnes of molten iron, Tonnes of cast carbon steel products, Tonnes of vanadium bearing materials and Tonnes of hot-rolled carbon steel).

The ETS is currently in a 'transition period'. During this period participants must surrender one emission unit for two tonnes of carbon dioxide equivalent emissions, with free allocation of units to energy-intensive and trade-exposed activities also halved, and an unlimited number of units priced at NZ$25 are available from the Government. A review of the scheme was undertaken in 2011 and among its recommendations were: phasing out the one permit for two tonnes surrender obligation from 2013-2015; keeping the $25 fixed price cap until at least 2015; and that assistance provided to entities undertaking EITE activities would begin to decay by 1.3 percentage points per annum from 2013. A General election will be held on New Zealand on Saturday 26 November 2011. The incoming government will need to make decisions as to which of the review's recommendations will be enacted. Phasing out of the 50% surrender obligation and the introduction of a decay rate could materially increase the costs faced by New Zealand Steel.

Risk factors (cont'd)

Carbon / Emissions Schemes in other Jurisdictions

In addition to Australia and New Zealand, it is possible that other countries in which the Company operates may introduce regulations which impose a cost on greenhouse gas emissions and energy intensive assets with application to the Company's operations. Subject to the terms of these regulations (including whether certain trade-exposed industries qualify for certain exemptions), these regulations could materially impact the Company's operations, directly or indirectly.

Political, social and economic risks

The Company currently operates in a number of developing countries. Some of the countries in which it currently operates have been undergoing substantial political transformations from centrally controlled command economies to pluralist market-oriented democracies. Political, economic and legal reforms necessary to complete such transformation may not continue. On occasion, ethnic, religious, historical and other divisions have given rise to tensions and, in certain cases, civil disturbances and military conflict. In the various sectors of the economies where the Company operates, the risk of insolvency, unemployment and political instability increased following the global financial crisis. The political systems in these sectors and developing countries generally are vulnerable to the populations' dissatisfaction with reforms. Social and ethnic unrest, changes in governmental policies and any slowdown in the development of the economies or the modernization of physical infrastructure in such countries could have a material adverse effect on the Company's business, financial position, results of operations or prospects. In addition, the legal systems in some of the countries in which the Company operates remain less than fully developed, particularly with respect to property rights, the protection of foreign investment and bankruptcy proceedings, generally resulting in a lower level of legal certainty or security than in more developed countries. Moreover, the Company may encounter difficulties in enforcing its judgments or arbitral awards in some countries in which it operates or transacts, among other reasons, because those countries may not be parties to treaties that recognize the mutual enforcement of the Company's judgments.

Key customer relationships

Globally, the Company relies on a number of key customer relationships, such as Worthington in the U.S. and OneSteel in Australia. The loss or impairment of significant relationships could have a material adverse effect on the Company's revenues and profitability. Any financial difficulty or insolvency encountered by a key customer could have a material adverse effect on the Company's results of operations, financial position and prospects, including where it results in an inability to recover moneys owed or delay or deferral of major projects to which the Company is supplying, or intends to supply, steel products.

Key personnel

The departure of key personnel could adversely affect the Company's business, its ability to properly implement the restructure of the Company's Australian CIPA business as planned and the future ability to pursue its growth strategies. The Company's success depends on its ability to retain key senior executives and key employees. If any key senior executives or key employees were to leave, the Company could face difficulty replacing them. Their departure and the Company's failure to replace such key personnel could have a negative impact on the business, as well as on its ability to meet its earnings and profitability targets and to pursue its growth strategies.

Risk factors (cont'd)

Insurance risk

Not all of the Company's risks are insured or insurable (and may have significant deductibles on policies). The Company's insurance policies do not provide coverage for all losses related to the Company's business, and the occurrence of losses, liabilities or damage not covered by such insurance policies could have a material adverse effect on the Company's business, financial position and results of operations. Due to changeable insurance market conditions, there can be no assurance that the insurance that the Company carries will continue to be available, will be available at economically acceptable premiums or will be adequate to cover any resulting liability. In some cases, coverage is not available or is considered too expensive relative to the perceived risk. If the Company experiences a loss in the future, the proceeds of the applicable insurance policies, if any, may not be adequate to cover replacement costs, lost revenues, increased expenses and/or liabilities to third parties. The Company is self-insured for workers' compensation claims in a number of regions where the minimum qualification requirements are met, including Victoria, New South Wales, Western Australia and South Australia. The effect of this arrangement is that the Company funds its own risks associated with workers compensation claims to the level of the Excess of Loss Workers' Compensation Insurance policy.

Industrial relations

The majority of the Company's production and maintenance employees in Australia and New Zealand are members of trade unions. These employees are generally covered by collective bargaining agreements, which are periodically renegotiated and renewed. Collective bargaining agreements covering the Company's employees at its Port Kembla and Western Port operations have recently, or will soon, pass their stated expiry date resulting in a formal bargaining process that could involve industrial action (however, unless and until a new agreement is negotiated, the existing agreements will remain in effect). In the past, the Company has experienced industrial disputes at its Australian operations, particularly as a result of the outsourcing of certain functions. The Company will continue to restructure operations and pursue other workplace change initiatives designed to improve the performance of its businesses, including in response to the market downturn. Disputes with trade unions could lead to strikes or other forms of industrial action that could disrupt the Company's operations, increase costs and reduce the Company's revenues and profits. The outcome of these disputes could also limit the Company's ability to implement desired initiatives, resulting in a loss of relative global competitiveness.

Occupational health and safety risks

New harmonised work health and safety laws are due to commence in most States in Australia on 1 January 2012. The new requirements impose a broader range of safety duties on the Company and maximum penalties under the legislation have increased significantly. The exact impact of the new health and safety laws are not yet known, however they have the potential to result in increased cost to, and obligations on, the Company, which may have an impact on the Company's financial performance and position.

The Company has been granted self-insurance status for workers' compensation in a number of states. The Company's continued safety performance and compliance with occupational health and safety systems and practices is a key component to maintaining self-insurance status. If the Company fails to maintain adequate occupational health and safety systems and practices, the Company may lose its self-insurance status, which may have a material adverse effect on the business, financial position and results of operations of the Company.

In common with all industrial companies, the Company faces the risk of workplace injuries (including dust diseases), which may result in production or industrial stoppages, workers' compensation claims, related common law claims and potential occupational health and safety prosecutions.

Risk factors (cont'd)

Joint venture arrangements

Some of the Company's activities in Asia, the U.S., New Zealand and the Pacific Islands are conducted through joint ventures. A number of these joint ventures are not controlled by the Company and, while the Company is represented on the board of those entities, the day-to-day operations of those joint ventures are not managed by the Company.

The governing documents for some of the Company's joint ventures provide that key matters and decisions require the agreement of the Company's joint venture partners. The Company may be unable to reach agreement with its joint venture partners concerning these matters and any disagreements may affect the ability of a joint venture to function properly or distribute income to the Company. In some cases, the Company's arrangements with its joint venture partners may require the Company to make an additional investment in the venture or to provide additional financing. Various provisions contained within the governing documents for some of these entities restrict the Company's ability to sell or transfer its interests.

Litigation

The Company is exposed to potential legal and other claims or disputes in the course of its business, including contractual disputes, property damage and personal liability claims, with respect to its operations and in relation to the operations of the businesses that it has acquired. It may also have exposure to claims in connection with its various joint venture interests.

In addition, due to the nature of its operations, it is possible that claims against the Company could arise from defects in material or products manufactured or supplied by the Company. Purchasers and third parties could make claims against the Company based on the Company's delivery of defective materials or products, or for damage or loss arising from the use of these defective materials or products. If any claims of this type are determined against the Company, it could have an adverse effect on the financial performance and position of the Company.

Government regulation

The Company's steel production operations are subject to regulation under a wide variety of federal, state and local laws, regulations and policies in the markets in which it operates or transacts business. Such laws, regulations and policies can significantly influence the Company's operating environment and there can be no assurance that such laws and regulations will not be changed in ways that will require the Company to modify its business models and objectives or affect its returns on investment by making existing practices more restricted, subject to escalating costs or prohibited outright. As a result, such changes in regulations or the imposition of additional regulations could have an adverse impact on the Company's business, financial position and results of operations.

Taxation

The Company is subject to taxation and other imposts in Australia and the other jurisdictions in which it operates. Future changes in taxation laws, including changes in interpretation or application of existing laws by the courts or taxation authorities in those jurisdictions, could materially affect taxation treatment of the Company or the Company's securities or the holding or disposal of those securities.

The determination of the taxation treatment of investments, activities or transactions requires an interpretation of the relevant taxation laws and significant judgment in circumstances where there may be differing but reasonable interpretations which may be adopted. Consistent with other companies of the size and diversity of BlueScope Steel, the Company may be subject to periodic information requests, taxation audits or investigations by the Australian Tax Office ("ATO") and tax authorities in other jurisdictions in which the Company operates which may result in the Company having to pay additional tax and associated penalties. Such payments could have an impact on the Company's financial performance and position.

The ATO is conducting a specific issue audit on a sale and leaseback financing transaction that was entered into by the Company in August 2006. While the final outcome of the audit is uncertain, the ATO has formed a preliminary view that the general anti-avoidance provisions of the Australian tax laws (Part IVA) apply to the transaction. No liability, contingent liability nor provision was recognised in the Company's financial statements in relation to this audit for FY2011 and an assessment has not been undertaken for the purposes of the Company's 1H FY2012 accounts. There is a risk that this matter could have a material adverse effect on the Company's financial position in future.

Risk factors (cont'd)

International trade restrictions

The Company has significant exposure to the effects of trade actions and barriers. Various countries have in the past instituted, or are currently contemplating the institution of, trade actions and barriers. The Company cannot predict the timing and nature of similar or other trade actions. Because of the international nature of the Company's operations, it may be affected by any trade actions or restrictions introduced by any country in which it sells, or has the potential to sell, its products. Any such trade actions could materially and adversely affect the Company's business by reducing or eliminating the Company's access to steel markets. In addition, the Company may be exposed to the effects of "dumping" and other unfair trade and pricing practices by competitors.

Other business risks

Debt and refinancing

The Company is required under the terms of its principal debt facilities to comply with a number of covenants including the following financial covenants: a leverage ratio, a gearing ratio, a debt service coverage ratio and consolidated net worth test. Failure to comply with these covenants could enable the lenders to accelerate the Company's repayment obligations. Restrictions and covenants in the Company's existing debt agreements may impair its ability to finance future operations or capital needs or to engage in other business activities.

The Company's ability to obtain debt or equity financing on acceptable terms depends on a variety of factors that are beyond the Company's control, including market conditions, investors' and lenders' perception of, and demand for, securities offered by the Company, credit availability and interest rates. As such, there can be no assurances that the Company will be able to obtain sufficient financing from external sources as required or on terms satisfactory to the Company.

The Company remains focussed on debt reduction through the Offer, the release of working capital and maximising operating cash flow generation and potential realisation of non-core assets. The Company's ability to achieve these objectives could be impacted by the types of risks described in this Key Risks section. To the extent that some or all of these initiatives are adversely impacted, then the Company may not achieve the level of debt reduction sought with the result that, among other things, the Company could fail to comply with the covenants described above.

Interest rate risk

A significant proportion of the Company's current borrowings is subject to variable rates of interest and thereby exposes it to interest rate risk. For instance, if interest rates rise, the Company's debt service obligations on its variable rate indebtedness would increase. The Company does not currently manage its interest rate risk by using interest rate swaps or options or other derivative instruments. Movements in interest rates could have an adverse effect on the business, financial position or results of operations of the Company.

Pension plan liabilities

The Company's principal subsidiaries in Australia, New Zealand and the U.S. provide defined benefit pension plans to a portion of the Company's labour force, although defined benefit plans are closed to new employees of the Company. These plans are currently underfunded. At 30 June 2011, the fair value of the Company's defined benefit pension plan assets was $922.8 million, while the present value of defined benefit obligations was $1,093.5 million, resulting in a deficit of $170.7 million.

Because of the large number of variables that determine pension funding requirements, which are difficult to predict, as well as any legislative action, future cash funding requirements for the Company's pension plans could be significantly higher than currently estimated amounts. If so, these funding requirements could have a material adverse effect on the Company's business, financial position, results of operations or prospects.

Risk factors (cont'd)

Asset impairment
At each reporting date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that the carrying amount of those assets may not be recoverable through continuing use (excluding goodwill, which is reviewed at least annually). If any such indication exists, the recoverable amount of the asset is reviewed in order to determine the amount of the impairment, if any. The carrying value of inventory is also assessed for impairment at each reporting date with reference to expected future selling prices for the inventory. The carrying value of deferred tax assets are also assessed at each reporting date and recognised on the balance sheet to the extent that it is probable that future taxable profits will be available to utilise the unused assets. No assurance can be given as to the absence of significant impairment charges in future periods, particularly if weak market conditions persist.

Changes in accounting or financial reporting standards
Changes in accounting or financial reporting standards may adversely impact the reported financial performance of the Company. For example, the International Accounting Standards Board ("IASB") is currently considering potential changes to leasing, revenue recognition and employee benefits accounting standards. Such changes, if implemented, could adversely affect the reported financial performance and position of the Company.

Risks related to the shares

Share price risk
There are general risks associated with an investment in the share market and such risks may affect the value of the Company shares. The value of the shares may rise above or fall below the Offer Price, depending on the financial position and operating performance of the Company, including the price of the Company's steel products. In addition, further share issuances or the perception that such issuances may occur could reduce the Company's share price in the future.

Inability to pay dividends
The Company did not declare a final dividend for the financial year ended 30 June 2011. The payment of dividends, if any, is determined by the Board from time to time at its discretion, and is dependent upon the profitability and cash flow of the Company's business at the time. If the earnings and cash flows of the Company do not improve or are further reduced, the Company may not be in a position to pay dividends.

Important notices regarding foreign jurisdictions

International Offer Restrictions

This document does not constitute an offer of new ordinary shares ("New Shares") of the Company in any jurisdiction in which it would be unlawful. New Shares may not be offered or sold in any country outside Australia except to the extent permitted below.

Canada (British Columbia, Ontario and Quebec provinces)

This document constitutes an offering of New Shares only in the Provinces of British Columbia, Ontario and Quebec (the "Provinces") and to those persons to whom they may be lawfully distributed in the Provinces, and only by persons permitted to sell such New Shares. This document is not, and under no circumstances is to be construed as, an advertisement or a public offering of securities in the Provinces. This document may only be distributed in the Provinces to persons that are "accredited investors" within the meaning of NI 45-106 – Prospectus and Registration Exemptions, of the Canadian Securities Administrators.

No securities commission or similar authority in the Provinces has reviewed or in any way passed upon this document, the merits of the New Shares or the offering of New Shares and any representation to the contrary is an offence.

No prospectus has been, or will be, filed in the Provinces with respect to the offering of New Shares or the resale of such securities. Any person in the Provinces lawfully participating in the offer will not receive the information, legal rights or protections that would be afforded had a prospectus been filed and receipted by the securities regulator in the applicable Province. Furthermore, any resale of the New Shares in the Provinces must be made in accordance with applicable Canadian securities laws which may require resales to be made in accordance with exemptions from dealer registration and prospectus requirements.

The Company, and the directors and officers of the Company, may be located outside Canada, and as a result, it may not be possible for Canadian purchasers to effect service of process within Canada upon the Company or its directors or officers. All or a substantial portion of the assets of the Company and such persons may be located outside Canada, and as a result, it may not be possible to satisfy a judgment against the Company or such persons in Canada or to enforce a judgment obtained in Canadian courts against the Company or such persons outside Canada.

Any financial information contained in this document has been prepared in accordance with Australian Accounting Standards and also comply with International Financial Reporting Standards and interpretations issued by the International Accounting Standards Board. Unless stated otherwise, all dollar amounts contained in this document are in Australian dollars.

Statutory rights of action for damages or rescission

Securities legislation in certain of the Provinces may provide purchasers with, in addition to any other rights they may have at law, rights of rescission or to damages, or both, when an offering memorandum that is delivered to purchasers contains a misrepresentation. These rights and remedies must be exercised within prescribed time limits and are subject to the defenses contained in applicable securities legislation. Prospective purchasers should refer to the applicable provisions of the securities legislation of their respective Province for the particulars of these rights or consult with a legal adviser.

The following is a summary of the statutory rights of rescission or to damages, or both, available to purchasers in Ontario. In Ontario, every purchaser of the New Shares purchased pursuant to this document (other than (a) a "Canadian financial institution" or a "Schedule III bank" (each as defined in NI 45-106), (b) the Business Development Bank of Canada or (c) a subsidiary of any person referred to in (a) or (b) above, if the person owns all the voting securities of the subsidiary, except the voting securities required by law to be owned by the directors of that subsidiary) shall have a statutory right of action for damages and/or rescission against the Company if this document or any amendment thereto contains a misrepresentation. If a purchaser elects to exercise the right of action for rescission, the purchaser will have no right of action for damages against the Company. This right of action for rescission or damages is in addition to and without derogation from any other right the purchaser may have at law. In particular, Section 130.1 of the Securities Act (Ontario) provides that, if this document contains a misrepresentation, a purchaser who purchases the New Shares during the period of distribution shall be deemed to have relied on the misrepresentation if it was a misrepresentation at the time of purchase and has a right of action for damages or, alternatively, may elect to exercise a right of rescission against the Company, provided that (a) the Company will not be liable if it proves that the purchaser purchased the New Shares with knowledge of the misrepresentation; (b) in an action for damages, the Company is not liable for all or any portion of the damages that the Company proves does not represent the depreciation in value of the New Shares as a result of the misrepresentation relied upon; and (c) in no case shall the amount recoverable exceed the price at which the New Shares were offered.

Section 138 of the Securities Act (Ontario) provides that no action shall be commenced to enforce these rights more than (a) in the case of any action for rescission, 180 days after the date of the transaction that gave rise to the cause of action or (b) in the case of any action, other than an action for rescission, the earlier of (i) 180 days after the purchaser first had knowledge of the fact giving rise to the cause of action or (ii) three years after the date of the transaction that gave rise to the cause of action. These rights are in addition to and not in derogation from any other right the purchaser may have.

Certain Canadian income tax considerations. Prospective purchasers of the New Shares should consult their own tax adviser with respect to any taxes payable in connection with the acquisition, holding, or disposition of the New Shares as any discussion of taxation related maters in this document is not a comprehensive description and there are a number of substantive Canadian tax compliance requirements for investors in the Provinces.

Language of documents in Canada. Upon receipt of this document, each investor in Canada hereby confirms that it has expressly requested that all documents evidencing or relating in any way to the sale of the New Shares (including for greater certainty any purchase confirmation or any notice) be drawn up in the English language only. Par la réception de ce document, chaque investisseur canadien confirme par les présentes qu'il a expressément exigé que tous les documents faisant foi ou se rapportant de quelque manière que ce soit à la vente des valeurs mobilières décrites aux présentes (incluant, pour plus de certitude, toute confirmation d'achat ou tout avis) soient rédigés en anglais seulement.

European Economic Area - Belgium, Denmark, Germany, Luxembourg and Netherlands

The information in this document has been prepared on the basis that all offers of New Shares will be made pursuant to an exemption under the Directive 2003/71/EC ("Prospectus Directive"), as implemented in Member States of the European Economic Area (each, a "Relevant Member State"), from the requirement to produce a prospectus for offers of securities.

An offer to the public of New Shares has not been made, and may not be made, in a Relevant Member State except pursuant to one of the following exemptions under the Prospectus Directive as implemented in that Relevant Member State:

(a) to legal entities that are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;

(b) to any legal entity that has two or more of (i) an average of at least 250 employees during its last fiscal year; (ii) a total balance sheet of more than €43,000,000 (as shown on its last annual unconsolidated or consolidated financial statements) and (iii) an annual net turnover of more than €50,000,000 (as shown on its last annual unconsolidated or consolidated financial statements);

(c) to fewer than 100 natural or legal persons (other than qualified investors within the meaning of Article 2(1)(e) of the Prospectus Directive) subject to obtaining the prior consent of the Company or any underwriter for any such offer; or

(d) in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of New Shares shall result in a requirement for the publication by the Company of a prospectus pursuant to Article 3 of the Prospectus Directive.

Important notices regarding foreign jurisdictions (cont'd)

France

This document is not being distributed in the context of a public offering of financial securities (offre au public de titres financiers) in France within the meaning of Article L.411-1 of the French Monetary and Financial Code (Code monétaire et financier) and Articles 211-1 et seq. of the General Regulation of the French Autorité des marchés financiers ("AMF"). The New Shares have not been offered or sold and will not be offered or sold, directly or indirectly, to the public in France.

This document and any other offering material relating to the New Shares have not been, and will not be, submitted to the AMF for approval in France and, accordingly, may not be distributed or caused to distributed, directly or indirectly, to the public in France.

Such offers, sales and distributions have been and shall only be made in France to (i) qualified investors (investisseurs qualifiés) acting for their own account, as defined in and in accordance with Articles L.411-2-II-2° and D.411-1 to D.411-3, D. 744-1, D.754-1 and D.764-1 of the French Monetary and Financial Code and any implementing regulation and/or (ii) a restricted number of non-qualified investors (cercle restreint d'investisseurs) acting for their own account, as defined in and in accordance with Articles L.411-2-II-2° and D.411-4, D.744-1, D.754-1 and D.764-1 of the French Monetary and Financial Code and any implementing regulation.

Pursuant to Article 211-3 of the General Regulation of the AMF, investors in France are informed that the New Shares cannot be distributed (directly or indirectly) to the public by the investors otherwise than in accordance with Articles L.411-1, L.411-2, L.412-1 and L.621-8 to L.621-8-3 of the French Monetary and Financial Code.

Hong Kong

WARNING: This document has not been, and will not be, registered as a prospectus under the Companies Ordinance (Cap. 32) of Hong Kong (the "Companies Ordinance"), nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the "SFO"). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the New Shares have not been and will not be offered or sold in Hong Kong by means of any document, other than (i) to "professional investors" (as defined in the SFO) or (ii) in other circumstances that do not result in this document being a "prospectus" (as defined in the Companies Ordinance) or that do not constitute an offer to the public within the meaning of that ordinance.

No advertisement, invitation or document relating to the New Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to New Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors (as defined in the SFO and any rules made under that ordinance). No person allotted New Shares may sell, or offer to sell, such shares in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such shares.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

Ireland

The information in this document does not constitute a prospectus under any Irish laws or regulations and this document has not been filed with or approved by any Irish regulatory authority as the information has not been prepared in the context of a public offering of securities in Ireland within the meaning of the Irish Prospectus (Directive 2003/71/EC) Regulations 2005 (the "Prospectus Regulations"). The New Shares have not been offered or sold, and will not be offered, sold or delivered directly or indirectly in Ireland by way of a public offering, except to (i) qualified investors as defined in Regulation 2(l) of the Prospectus Regulations and (ii) fewer than 100 natural or legal persons who are not qualified investors.

Important notices regarding foreign jurisdictions (cont'd)

Italy

The offering of the New Shares in the Republic of Italy has not been authorized by the Italian Securities and Exchange Commission (Commissione Nazionale per le Società e la Borsa, "CONSOB") pursuant to the Italian securities legislation and, accordingly, no offering material relating to the New Shares may be distributed in Italy and such securities may not be offered or sold in Italy in a public offer within the meaning of Article 1.1(t) of Legislative Decree No. 58 of 24 February 1998 ("Decree No. 58"), other than:

- to Italian qualified investors, as defined in Article 100 of Decree no.58 by reference to Article 34-ter of CONSOB Regulation no. 11971 of 14 May 1999 ("Regulation no. 1197l") as amended ("Qualified Investors"); and
- in other circumstances that are exempt from the rules on public offer pursuant to Article 100 of Decree No. 58 and Article 34-ter of Regulation No. 11971 as amended.

Any offer, sale or delivery of the New Shares or distribution of any offer document relating to the New Shares in Italy (excluding placements where a Qualified Investor solicits an offer from the issuer) under the paragraphs above must be:

- made by investment firms, banks or financial intermediaries permitted to conduct such activities in Italy in accordance with Legislative Decree No. 385 of 1 September 1993 (as amended), Decree No. 58, CONSOB Regulation No. 16190 of 29 October 2007 and any other applicable laws; and
- in compliance with all relevant Italian securities, tax and exchange controls and any other applicable laws.

Any subsequent distribution of the New Shares in Italy must be made in compliance with the public offer and prospectus requirement rules provided under Decree No. 58 and the Regulation No. 11971 as amended, unless an exception from those rules applies. Failure to comply with such rules may result in the sale of such New Shares being declared null and void and in the liability of the entity transferring the New Shares for any damages suffered by the investors.

Japan

The New Shares have not been and will not be registered under Article 4, paragraph 1 of the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948), as amended (the "FIEL") pursuant to an exemption from the registration requirements applicable to a private placement of securities to Qualified Institutional Investors (as defined in and in accordance with Article 2, paragraph 3 of the FIEL and the regulations promulgated thereunder). Accordingly, the New Shares may not be offered or sold, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan other than Qualified Institutional Investors. Any Qualified Institutional Investor who acquires New Shares may not resell them to any person in Japan that is not a Qualified Institutional Investor, and acquisition by any such person of New Shares is conditional upon the execution of an agreement to that effect.

New Zealand

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Securities Act 1978 (New Zealand).

The New Shares in the entitlement offer are not being offered to the public in New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand to whom the offer of New Shares is being made in reliance on the Securities Act (Overseas Companies) Exemption Notice 2002 (New Zealand).

Other than in the entitlement offer, New Shares may be offered and sold in New Zealand only to:

- persons whose principal business is the investment of money or who, in the course of and for the purposes of their business, habitually invest money; or
- persons who are each required to (i) pay a minimum subscription price of at least NZ$500,000 for the securities before allotment or (ii) have previously paid a minimum subscription price of at least NZ$500,000 for securities of the Company ("initial securities") in a single transaction before the allotment of such initial securities and such allotment was not more than 18 months prior to the date of this document.

Important notices regarding foreign jurisdictions (cont'd)

Norway

This document has not been approved by, or registered with, any Norwegian securities regulator pursuant to the Norwegian Securities Trading Act of 29 June 2007. Accordingly, this document shall not be deemed to constitute an offer to the public in Norway within the meaning of the Norwegian Securities Trading Act of 2007.

The New Shares may not be offered or sold, directly or indirectly, in Norway except:

(a) to "professional investors" (as defined in Norwegian Securities Regulation of 29 June 2007 no. 876);

(b) any natural person who is registered as a professional investor with the Norwegian Financial Supervisory Authority (No. Finanstilsynet) and who fulfils two or more of the following: (i) any natural person with an average execution of at least ten transactions in securities of significant volume per quarter for the last four quarters; (ii) any natural person with a portfolio of securities with a market value of at least €500,000; and (iii) any natural person who works, or has worked for at least one year, within the financial markets in a position which presuppose knowledge of investing in securities;

(c) to fewer than 100 natural or legal persons (other than "professional investors", as defined in clauses (a) and (b) above); or

(d) in any other circumstances provided that no such offer of New Shares shall result in a requirement for the registration, or the publication by the Company or an underwriter, of a prospectus pursuant to the Norwegian Securities Trading Act of 29 June 2007.

Singapore

This document and any other materials relating to the New Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of New Shares, may not be issued, circulated or distributed, nor may the New Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This document has been given to you on the basis that you are (i) an existing holder of the Company's shares, (ii) an "institutional investor" (as defined in the SFA) or (iii) a "relevant person" (as defined under section 275(2) of the SFA). In the event that you are not an investor falling within any of the categories set out above, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the New Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

Sweden

This document has not been, and will not be, registered with or approved by Finansinspektionen (the Swedish Financial Supervisory Authority). Accordingly, this document may not be made available, nor may the New Shares be offered for sale in Sweden, other than under circumstances that are deemed not to require a prospectus under the Swedish Financial Instruments Trading Act (1991:980) (Sw. lag (1991:980) om handel med finansiella instrument). Any offering of New Shares in Sweden is limited to persons who are "qualified investors" (as defined in the Financial Instruments Trading Act). Only such investors may receive this document and they may not distribute it or the information contained in it to any other person.

Important notices regarding foreign jurisdictions (cont'd)

Switzerland

The New Shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange ("SIX") or on any other stock exchange or regulated trading facility in Switzerland. This document has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art. 27 ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the New Shares may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this document nor any other offering or marketing material relating to the New Shares have been or will be filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with, and the offer of New Shares will not be supervised by, the Swiss Financial Market Supervisory Authority (FINMA).

This document is personal to the recipient only and not for general circulation in Switzerland.

United Kingdom

Neither the information in this document nor any other document relating to the offer has been delivered for approval to the Financial Services Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended ("FSMA")) has been published or is intended to be published in respect of the New Shares. This document is issued on a confidential basis to "qualified investors" (within the meaning of section 86(7) of FSMA) in the United Kingdom, and the New Shares may not be offered or sold in the United Kingdom by means of this document, any accompanying letter or any other document, except in circumstances which do not require the publication of a prospectus pursuant to section 86(1) FSMA. This document should not be distributed, published or reproduced, in whole or in part, nor may its contents be disclosed by recipients to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of FSMA) received in connection with the issue or sale of the New Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of FSMA does not apply to the Company.

In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 ("FPO"), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together "relevant persons"). The investments to which this document relates are available only to, and any invitation, offer or agreement to purchase will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

United States

This presentation does not constitute an offer to sell, or the solicitation of an offer to buy, securities in the United States or in any other jurisdiction in which such an offer would be illegal. This presentation may not be distributed or released in the United States.

The shares referred to herein have not been, and will not be, registered under the U.S. Securities Act of 1933 (the "U.S. Securities Act") or the securities laws of any state or other jurisdiction of the United States. Accordingly, the shares may not be offered or sold in the United States, except pursuant an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws.

Appendix – supporting business and financial information

Balance sheet impact of equity raising

The table below presents the pro forma impact of the equity raising as if it had occurred on 30 June 2011

Pro-forma BlueScope Steel Balance Sheet

$ millions	30 June 2011	Adjustments [1]	Pro-forma post raising
Cash	172	—	172
Receivables	1,050	—	1,050
Inventory	2,029	—	2,029
Other assets	1,042	—	1,042
Net fixed assets	3,501	—	3,501
Total assets	**7,793**	**—**	**7,793**
Creditors	1,164	—	1,164
Interest bearing liabilities	1,240	(577)	663
Provisions and other liabilities	994	—	994
Total liabilities	**3,397**	**(577)**	**2,820**
Net Assets	**4,396**	**577**	**4,973**
Contributed equity	4,074	577	4,651
Reserves	(325)	—	(325)
Retained profits	560	—	560
Non-controlling interest	87	—	87
Total Equity	**4,396**	**577**	**4,973**
Net Debt[2]	1,068	(577)	491

Key credit metrics

	30 June 2011	Pro-forma post raising
Net Debt / (Net Debt + Equity)	19.5%	9.0%
Net Debt / FY11 EBITDA[3]	4.20x	1.93x

Note: (1) Assumes Entitlement Offer proceeds of approximately $600 million based on the offer price less assumed transaction costs of $23 million

(2) Calculated at interest bearing liabilities less cash

(3) Based on FY2011 underlying EBITDA of $254 million

Debt facilities as at 31 October 2011

	Currency	Maturity	Committed facility size USDm/THBm/MYRm	Committed facility size $m	Amount drawn $m	Amount undrawn $m
Syndicated Facility Agreement						
Tranche 1	Multi	Dec-13		675	664	**11**
Tranche 2	Multi	Dec-15		675	176	**499**
2004 USPP Notes						
Series B	USD	Jul-14	200	187	187	**-**
2008 USPP Notes						
Series A	USD	Jun-15	81	76	76	**-**
Series B	USD	Jun-18	204	191	191	**-**
Series C	USD	Jun-20	40	37	37	**-**
Other Facilities						
Sale & leaseback	AUD			-	-	**-**
Trade Loans	AUD $50m			50	44	**6**
BSD Securitisation	AUD $150m			150	150	**-**
US Line of Credit	USD		5	5	3	**1**
BSM Loans	MYR		100	31	11	**20**
BST Loans	THB	Jul-13	2,500	77	40	**36**
Finance Leases/Insurance	Various			111	111	**-**
Total Committed Facilities				**2,264**	**1,690**	**575**
Other Debt / Amortised Borrowing costs					(8)	
Corporate Gross Debt					**1,681**	
Cash					(126)	
Net debt at 31 October 2011					**1,555**	

Note: Assumes conversion rates of A$/US$ 1.0681; A$/MYR 3.2786 and A$/THB 32.6400

Segment business drivers

Corporate / Group

Australia | **New Zealand** | **Asia** | **North America**

Coated & Industrial Products Australia

- Selling prices of steel
- Material costs – including iron ore, coal, fluxes, alloys, and coating substances
- Conversion costs
- Foreign exchange (eg AUD/USD)
- Despatch volumes
- Domestic / export and product mix

Australia Distribution & Solutions

- Despatch volumes
- Product mix
- Margins
- Foreign exchange (eg AUD/USD)

New Zealand & Pacific Steel Products

- Selling prices of steel
- Material costs – mainly coal, fluxes, alloys, and coating substances
- Low cost iron units sourced from New Zealand Steel's own iron sands resource
- Conversion costs
- Foreign exchange
- Despatch volumes
- Domestic / export and product mix
- Iron sands and vanadium revenue

Coated & Building Products Asia

- Despatch volume
- Margins
- Political developments
- Foreign exchange (USD, Thai baht, RMB, MYR)

Hot Rolled Products North America

- Selling prices of steel
- Material costs – including scrap steel, pig iron, fluxes and alloys
- Conversion costs
- Foreign exchange (eg AUD/USD)
- Despatch volume
- Energy costs

Coated & Building Products North America

- Despatch volumes
- Margins
- Foreign exchange (eg AUD/USD)

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Capital Raising Presentation

Paul O’Malley, Managing Director and Chief Executive Officer
Charlie Elias, Chief Financial Officer
22 November 2011

ASX Code: BSL