“Beyond the short term”
Conference call with BlueScope’s Managing Director & CEO

Paul O’Malley, Managing Director and Chief Executive Officer

30 October 2008

ASX Code: BSL

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BlueScope continues to pursue a strategy to maximise value and preserve financial flexibility

BlueScope is an outstanding business…

Corporate / Group

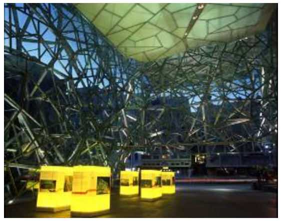
Australia | New Zealand | Asia | North America

Coated & Industrial Products Australia

- Leading supplier of flat steel products in Australia
- Global scale steel works
- Largest supplier of metal coated and painted steel in Australia

➢ *Port Kembla Steelworks, NSW*
➢ *Springhill, NSW*
➢ *Western Port, VIC*
➢ *Western Sydney Colorbond facility, NSW*
➢ *North America, Europe & Asia Export trading offices*

Australian Distribution & Solutions



- Leading supplier of flat steel solutions in Australia

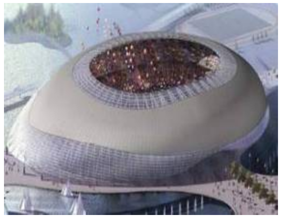
➢ *BlueScope Steel Distribution*
➢ *Lysaght Rollforming*
➢ *BlueScope Water*
➢ *Services Centres*
➢ *BlueScope Buildings*

New Zealand & Pacific Islands Products

- Only fully integrated flat steel maker in New Zealand
- Leading domestic market share of flat products

➢ *Glenbrook, NZ*
➢ *Pacific Islands*

Coated & Building Products Asia



- Pre-eminent seller of branded steel in Asia
- Lower cost "backward integration" growth strategy

➢ *Indonesian, Malaysian, Thailand and Vietnamese operations*
➢ *China, including Butler*
➢ *Lysaght Asia*
➢ *India – Tata BlueScope JV*

Hot Rolled Products North America

- 50:50 joint venture with Cargill Inc.
- Again voted no. 1 flat rolled steel supplier in North America (Jacobson Survey)

➢ *Delta, Ohio*

Coated & Building Products North America

- Pre-eminent global designer / supplier Pre-engineered buildings
- No. 2 position in North America and no. 1 in China
- IMSA assets (from Feb 2008)

➢ *Butler Buildings*
➢ *Varco Pruden Buildings*
➢ *MetlSpan*
➢ *ASC Profiles*
➢ *Steelscape*
➢ *HCI*

The Blueprint is our tool for focusing on the key performance drivers…

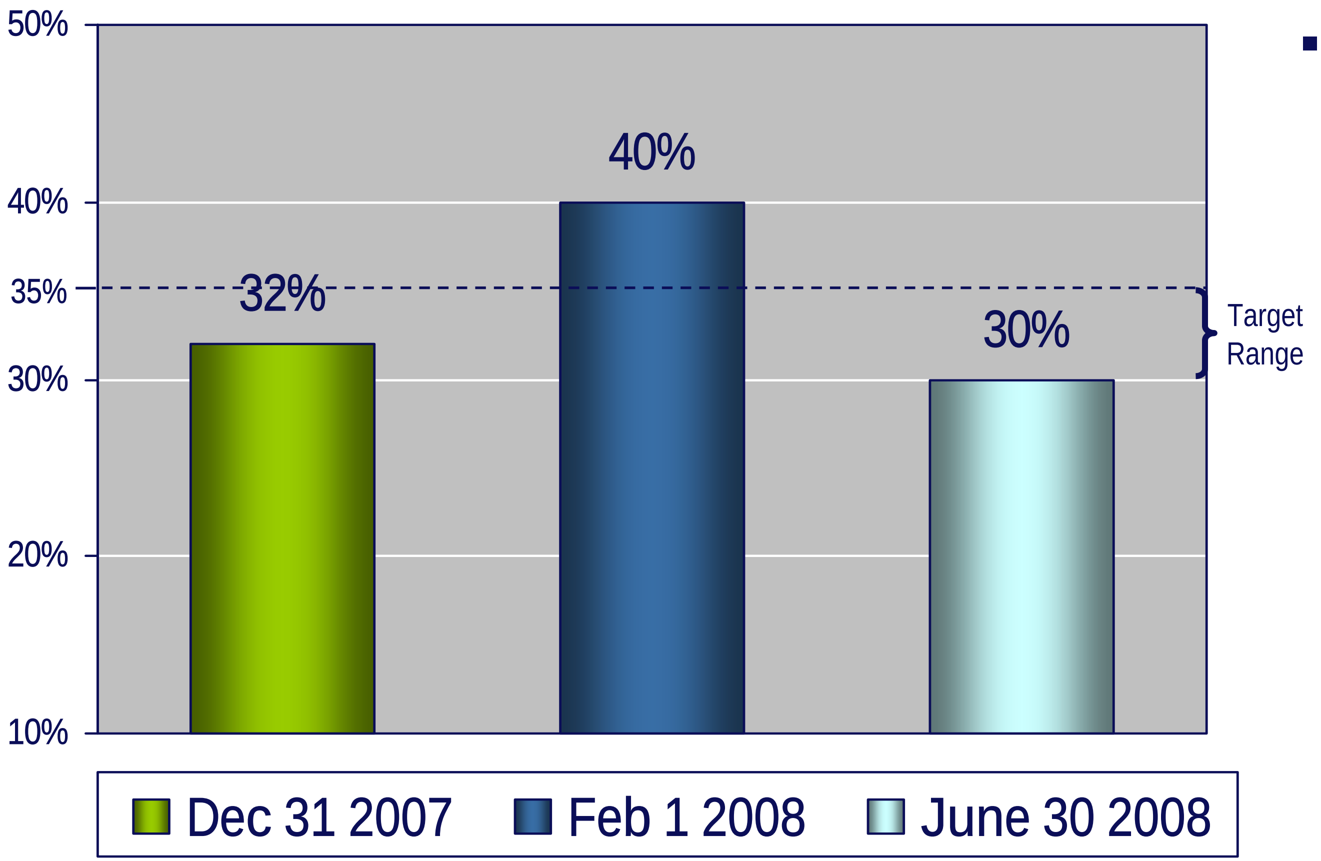
KPI Extract: Australia/New Zealand

Blueprint Basic	Key Performance Indicator	Rationale
1. Increase Customer and Market Focus	▪ Profit weighted share of steel market and growth ▪ Steel penetration in building and construction ▪ Quality premium	Key controllable drivers of revenue
2. Improve Productivity Year on Year	▪ Cost per tonne ▪ Overall Equipment Effectiveness ▪ Forecast accuracy ▪ Production planning execution	Remaining competitive with off-shore steel producers requires lowest possible cost base and full utilisation of capital assets, with maintained or improved service levels
3. Optimise Return on Capital	▪ Return on invested capital ▪ Days of inventory	Minimising unproductive capital adds shareholder value and frees resources for productive investments

With further detailed initiatives to improve cashflow & earnings…

Key Action Item		
R&M & Capex	➔	Significant reduction / slow down & deferral with focus on maintaining operational performance. Constrain growth capital.
Working capital	➔	Relentless focus on Blueprint KPI basics of inventory, creditor and debtor days.
Labour cost	➔	Reduction in overtime, casual & contractor hours. Ongoing business improvements.
Production scheduling	➔	Manufacturing production scheduled to minimise cash costs.
Plant rationalisations	➔	Fast tracking US manufacturing footprint rationalisation.
Discretionary spend	➔	Reduce consultants, travel, marketing/advertising & promotion.

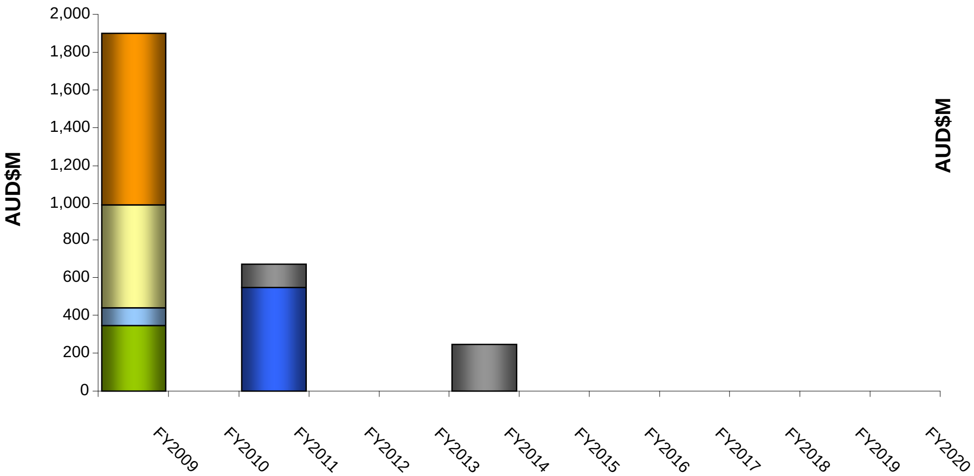
Balance Sheet – Gearing (net debt to net debt + equity) remains strong…



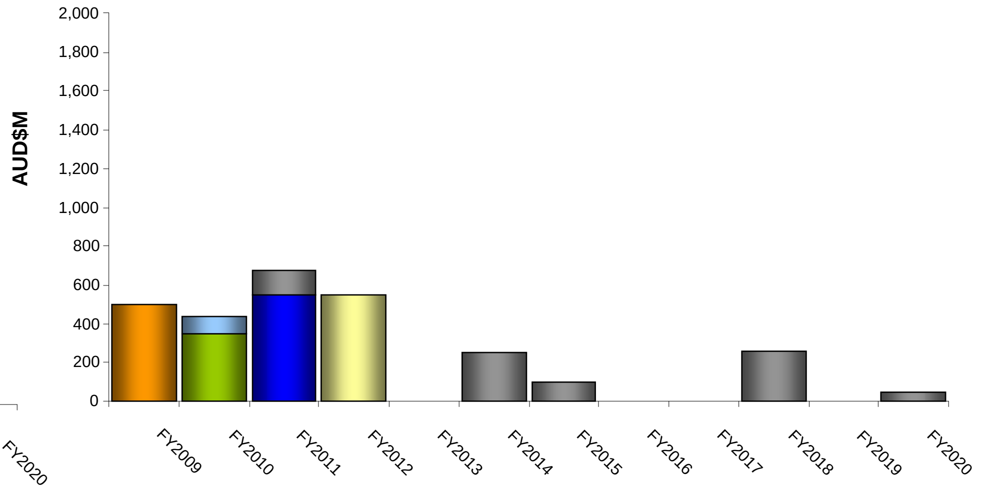
- Currently expect gearing to be within target range as at 31 December 2008

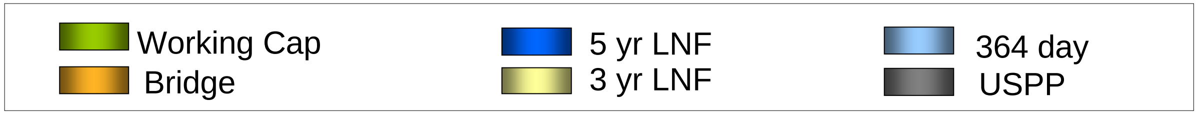
Debt maturity profile significantly improved…with sizeable committed and undrawn lines available

PRE REFINANCING



POST REFINANCING

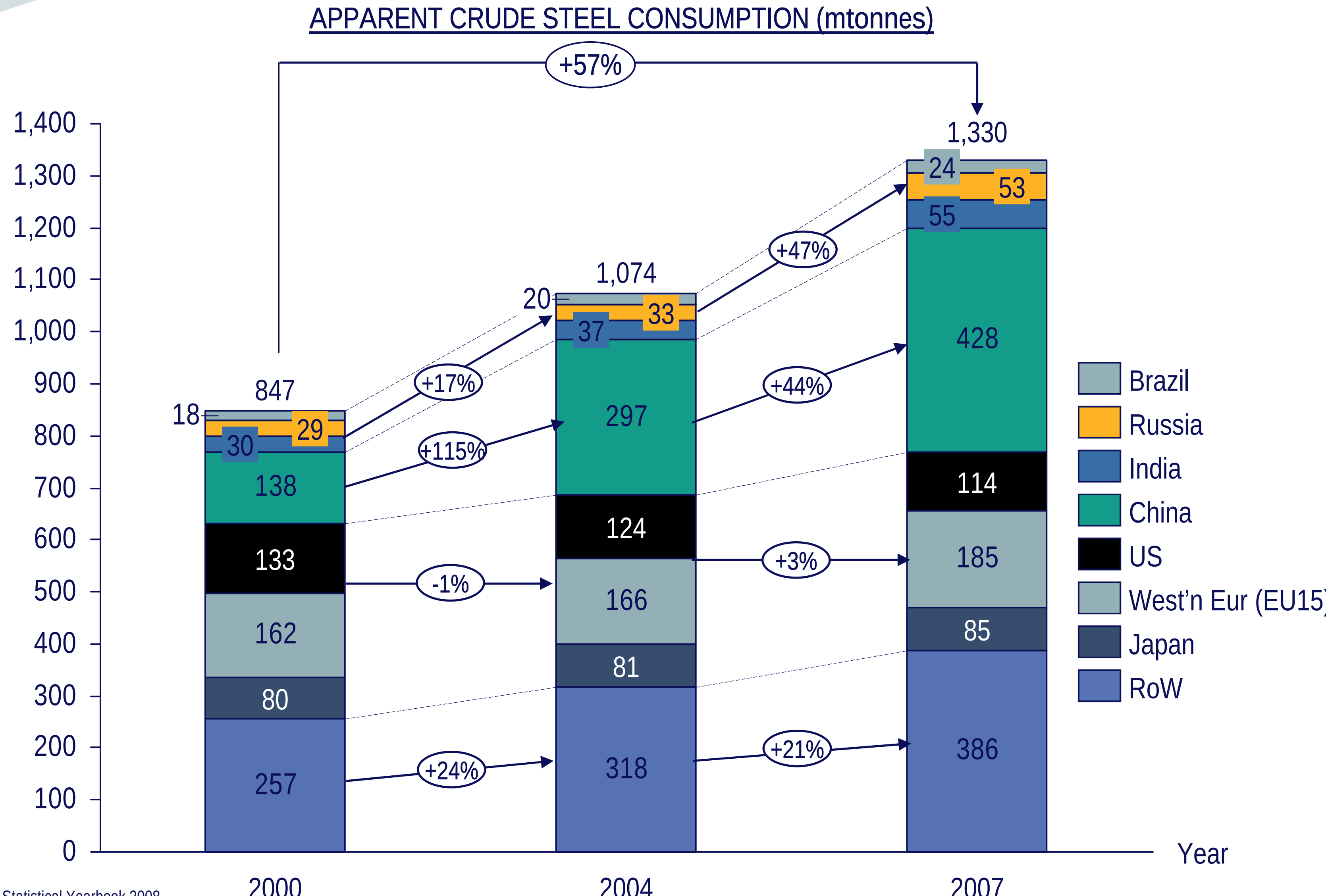




1 AUD = 0.7991 USD (30 September 2008)

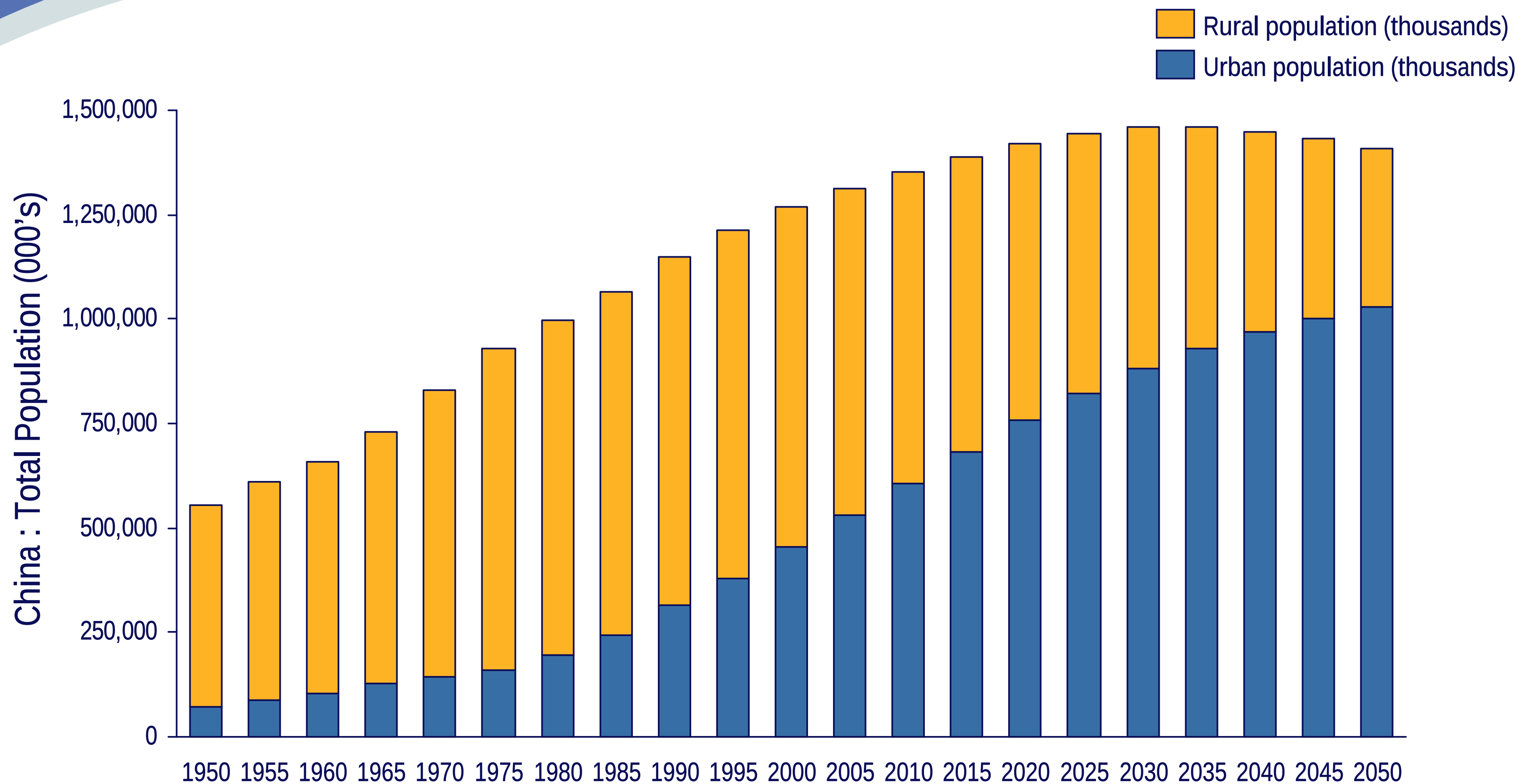
“Industry Overview”

Long term growth in steel demand…



Source: IISI Steel Statistical Yearbook 2008.

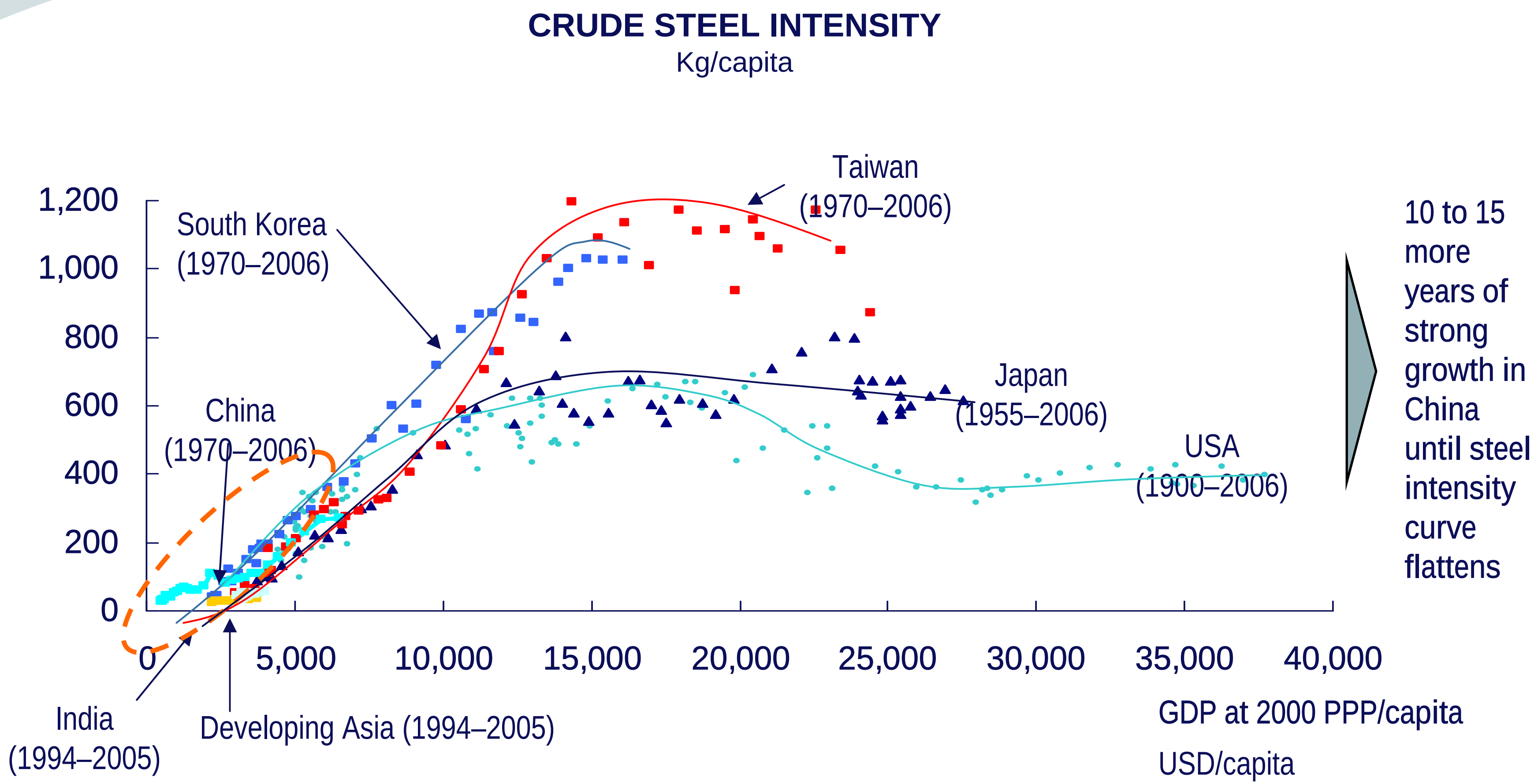
…with demand underpinned by urbanisation in China...



Urbanisation %	13%	14%	16%	17%	17%	17%	19%	23%	27%	31%	35%	40%	45%	49%	53%	56%	60%	63%	66%	70%	73%

Source : United Nations 2008

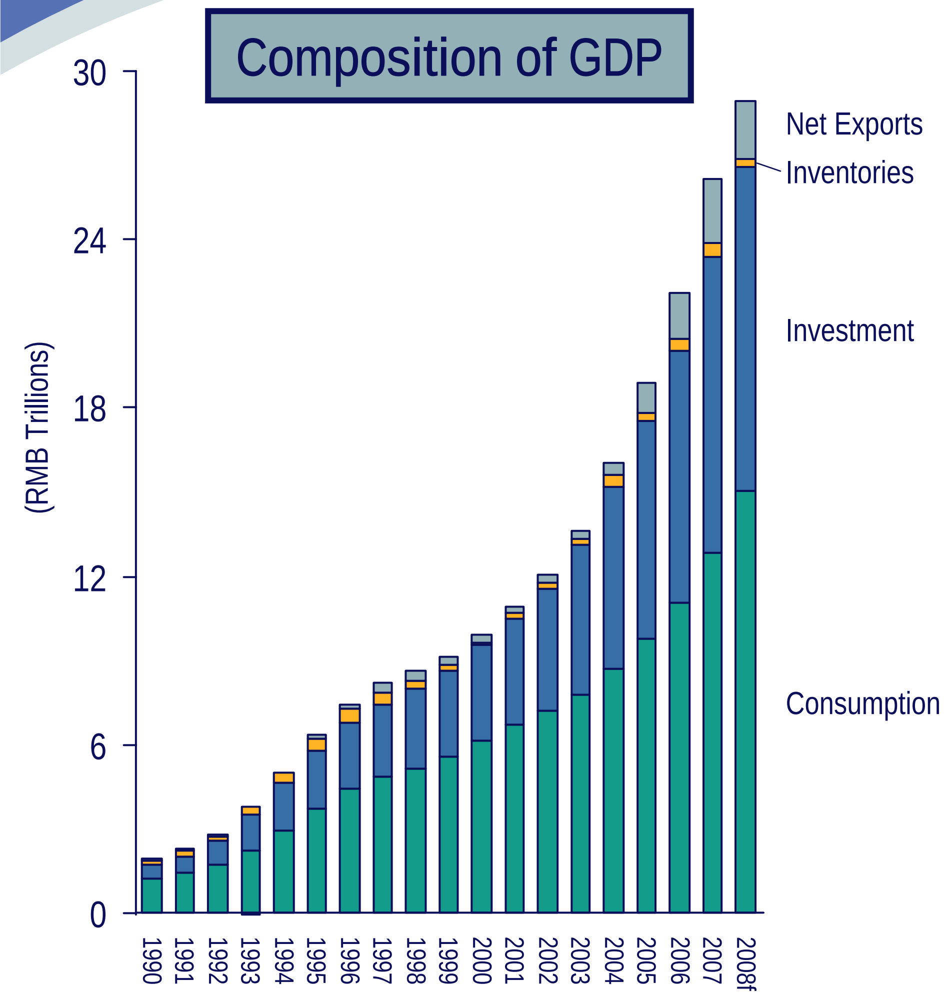
…and steel intensity likely to increase



China and India are at a very low point on thier steel intensity curve providing significant upside potential driven by industrialisation and urbanisation

Source: Global Insight; IMF; OECD; IISI; USGS; JFK

Domestic demand is a key to GDP growth in China

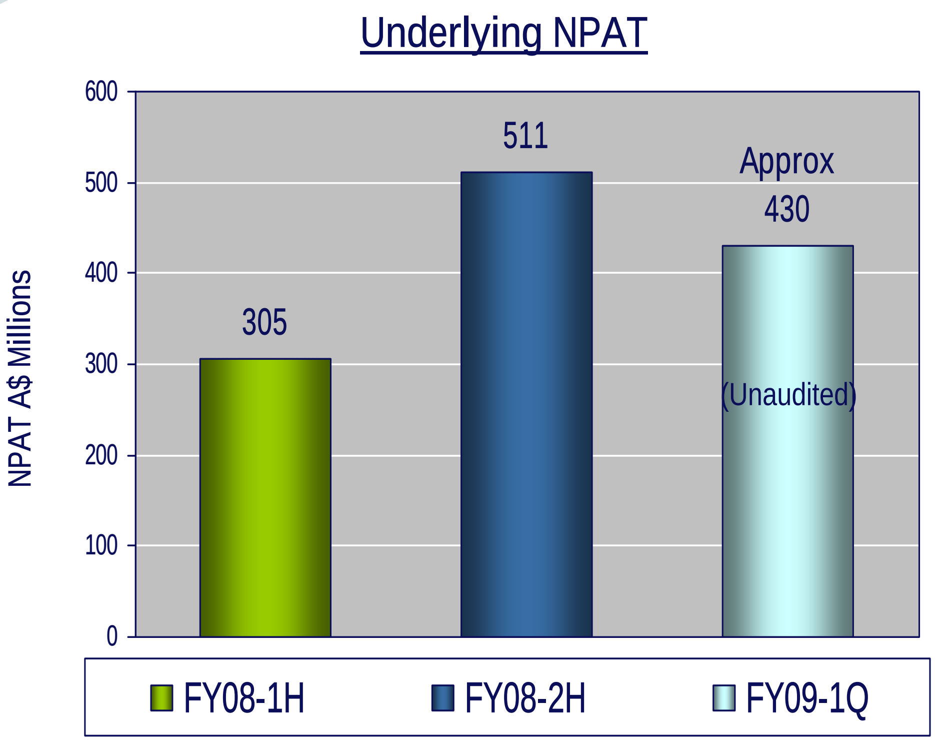


- CY 2008 could be viewed as "PAUSE" as opposed to a "CLIFF"
  - credit tightening to reduce inflation
  - Olympics – material driver of economic slowdown
- Government fiscal stimulus package to kick start growth
- Government confirmed approx 8% GDP growth required just to meet growth in domestic demand.

Strong demand to continue with a pause underway

Business Update and Outlook

BlueScope Steel – Underlying Consolidated Net Profit After Tax (NPAT) - a strong first quarter / challenging second half



	1H 08	2H 08
Underlying	305	511
Reported	116	480

1Q FY 2009 (vs 2H FY08)

Principal drivers:

- Higher global US$ export steel prices
- Improved earnings contribution from recent acquisitions (Distribution and IMSA)
- Stronger external Australian sales

2Q FY 2009 (vs 1Q 2009)

Result will be lower than 1Q largely due to:

- higher raw material costs (vs lower cost c/f into 1Q)
- softer export steel prices for some despatches
- reduced external export (principally slab) despatches
  - commenced slab inventory build to meet customer needs during reline in 3Q and 4Q
- lower contribution from
  - North Star - reduced spread and despatches
  - Asia - continued political issues in Thailand

Partly offset by:

- continued solid Australian earnings.

Business outlook - 2H FY009 & FY2010 onwards

2H – FY2009

- Lower steel spread (vs 1H09)
- BF No.5 reline and sinter plant upgrade will proceed on schedule (March – June 2009)
- Delivery of synergy benefits from FY08 acquisitions
- Challenging market conditions, particularly in USA & Asia
- Acceleration of Blueprint initiatives
- Maintain close relationships with customers

FY2010 Onwards

- Expected improvement in spread due to:
  - higher steel prices and demand relative to 2H FY2009; and
  - Expected lower raw material costs
- Long term cost benefit from sinter plant upgrade (less pellets/more fines) and blast furnace reline
- Continued delivery of
  - Acquisition synergy benefits plus
  - Blueprint initiatives
- Introduction of Emissions Trading Scheme.


Summary


Summary…

- BlueScope is an outstanding company
  - ➢ diversified business
  - ➢ low cost producer
  - ➢ strong brand & customer reach
- Operating today in a challenging environment
- Well positioned to be successful beyond the short term on the back of renewed growth in the developing world
- With a focus on cashflow and balance sheet strength
- And improving cost competitiveness

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