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BLUESCOPE STEEL MOVES TO BOOST BALANCE SHEET STRENGTH **Announces equity raising and major debt restructuring**

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BlueScope Steel Limited ("BlueScope Steel") today announced a comprehensive capital restructure, establishing new debt facilities and launching an accelerated non-renounceable pro-rata entitlement offer (the "Offer") that has been underwritten to A\$825 million. The initiatives will significantly improve the Company's financial flexibility with no material refinancing event for at least two years from the date of the Offer, and a substantial reduction in gearing.

BlueScope Steel's Managing Director and CEO, Mr Paul O'Malley, said: "Our focus is to reduce debt and maintain a robust balance sheet and liquidity position. The capital restructure announced today will enable us to achieve this."

Mr Paul O'Malley, said: "With a stronger balance sheet and the extension of all our material loan maturities for at least two years, we are well positioned for current market conditions and to take advantage of opportunities as conditions improve."

Consistent with BlueScope Steel's other actions to strengthen its balance sheet and maintain financial flexibility in light of current market conditions, BlueScope Steel does not believe it would be appropriate to propose a final dividend for the year ending 30 June 2009.

The capital restructure in summary

BlueScope Steel has launched an equity raising that has been underwritten to A\$825 million. The Offer is structured as a 1-for-1 accelerated pro-rata non-renounceable entitlement offer, at an offer price of A\$1.55 per share (the "Offer Price"). The Offer comprises an Institutional Offer (the "Institutional Offer") and a Retail Offer (the "Retail Offer"). The maximum gross proceeds of the Offer, assuming 100% take-up of the Retail Offer, is A\$1,413 million.

BlueScope Steel has also established a new A\$1,275 million syndicated loan note facility which will comprise a A\$200 million tranche maturing in more than two years from the date of this announcement and a A\$1,075 million tranche maturing in more than three years from the date of this announcement.

The new loan facility and proceeds from the Offer will be used to refinance A\$2,094 million of existing loan facilities. These existing facilities have maturity commitments ranging from December 2009 to January 2012.

Accelerated non-renounceable entitlement offer

Under the Offer, eligible shareholders are invited to subscribe for 1 new BlueScope Steel share (the "New Shares") for each existing BlueScope Steel share held as at the Record Date at a price of A\$1.55 per share (the "Entitlement"). The Record Date for the Offer will be 7.00pm on Friday 8 May 2009 (AEST).

The Institutional Offer will be conducted on Tuesday 5 May and Wednesday 6 May 2009. BlueScope Steel will remain in a trading halt until completion of the Institutional Offer period. The Retail Offer will be conducted between Monday 11 May 2009 and Friday 29 May 2009.

The Entitlements are non-renounceable and will not be tradeable on the ASX or be otherwise transferable. Shareholders who do not take up their full Entitlement will not receive any value in respect of Entitlements they do not take up. Shareholders who are not eligible to receive Entitlements will not receive any value in respect of Entitlements they would have received had they been eligible.

New Shares will rank equally with existing shares from allotment.

Further details of the Offer are included in Appendix A to this announcement.

Debt restructuring

Debt reduction

The proceeds of the Offer will principally be used to retire debt. The net underwritten Offer proceeds result in a reduction of pro-forma gearing from 35.9% to 24.0%¹ as at 31 December 2008 and committed undrawn debt facilities of A\$775 million as at March 2009. Proceeds from the non-underwritten portion of the Retail Offer (maximum A\$588 million) will be applied to further increase liquidity.

The Offer and associated debt reductions and maturity extensions will achieve what the Board believes to be an appropriate gearing and liquidity level and debt maturity profile in light of current market conditions. This should better position BlueScope Steel to take advantage of opportunities as market conditions improve.

New debt facilities and extension of maturity profile

BlueScope Steel's total debt facilities as at 31 March 2009 comprised the following:

- US\$625 million in U.S. private placement notes with the first maturity of US\$100 million in July 2011 and the balance of the maturities ranging from 2014 to 2020;
- A\$1,192 million loan note facility with A\$92 million maturing in December 2009, A\$550 million maturing in December 2010 and A\$550 million maturing in December 2011;
- US\$425 million in bilateral facilities of which US\$50 million was cancelled on 4 May 2009 and the balance maturing between December 2009 and February 2010;
- A\$350 million working capital facility with A\$100 million maturing in January 2010, A\$125 million maturing in January 2011 and A\$125 million maturing in January 2012; and

¹ Pro forma gearing includes adjustments for the Share Purchase Plan and 1H 2009 dividend. Gearing is calculated as net debt over net debt plus book value of equity.

- a range of other facilities of approximately A\$350 million including various sale and leaseback and financing facilities at the subsidiary level.

Following the capital restructure BlueScope Steel will have raised a minimum of A\$2,100 million (gross) in committed funding from:

- approximately A\$825 million from the underwritten portion of the Offer (before fees and expenses);
- A\$1,275 million syndicated loan note facility of which A\$200 million maturing more than two years from the date of this announcement and A\$1,075 million maturing more than three years from the date of this announcement.

Proceeds from the capital restructure will be used to replace the following:

- US\$375 million (A\$550 million) of bilateral facilities;
- A\$1,192 million existing loan note facility; and
- A\$350 million working capital facility.

Following the capital restructure, BlueScope Steel's debt maturity profile will improve significantly.

Pro-forma debt maturities, as at 31 March 2009, following the completion of the Offer, retirement of the bilateral facilities, loan note facility and working capital facility are shown below:

Maturity	Existing (A\$m)	% Total	Pro-forma (A\$m)	% Total
FY 2009	103	3.0%	29	1.1%
FY 2010	744	21.6%	-	-
FY 2011	800	23.3%	125	4.9 %
FY 2012+	1,791	52.1%	2,391	94.0%

Note: Assumes that the syndicated loan note facility is effective after 1 July 2009.

The committed undrawn debt facilities are A\$775 million.

Exchange rate at 31 March 2009 of A\$/US\$ of 0.6798.

Cost of debt

BlueScope Steel estimates that, following the Offer, its pro-forma weighted average all-in cost of funds at 31 March 2009 is between 7.1% to 7.7%, assuming no proceeds from the non-underwritten portion of the Retail Offer.

Trading update

Global market conditions remain challenging, although BlueScope Steel has seen the deterioration in domestic sales volumes that emerged towards the end of 2008 level out in March and April of 2009 at low levels, with de-stocking abating. Current domestic and export prices are generally below those in the six months ended 31 December 2008.

BlueScope Steel continues to reduce its inventory levels. The Company had inventory at 31 December 2008 of A\$2,816 million, including A\$219 million of pre-tax net realisable value provisions as a result of the significant decline in realised prices. While the Company continues to actively reduce its inventory levels, based on current steel selling prices an additional A\$100 to A\$140 million of after-tax net realisable provisions may be required in the six months ending 30 June 2009.

Given current market conditions, it is expected that pricing of raw materials supplies, principally coking coal and iron ore, will be lower upon these raw material prices being reset from July 2009.

Progress on the No. 5 blast furnace reline is proceeding to schedule and budget. Consistent with BlueScope Steel's focus on optimising production to meet demand and target inventory levels, it is likely that BlueScope Steel will defer the start-up of the No. 5 blast furnace following completion of the reline, subject to market conditions. It will take one to two months to commission the furnace prior to re-start.

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Important Information

This announcement does not constitute an offer for subscription, invitation, recommendation or sale with respect to the purchase or sale of any shares in any jurisdiction. This announcement does not constitute an offer to sell, or a solicitation of an offer to buy, any shares in the United States, or to any person that is, or is acting for the account or benefit of, any "U.S. persons" (as defined in Regulation S under the United States Securities Act of 1933, as amended (the "Securities Act"), ("U.S. Persons"), or in any other jurisdiction in which such an offer would be illegal. Neither the Entitlements nor the New Shares have been, nor will be, registered under the Securities Act or any securities laws of any state or other jurisdiction of the United States and may not be offered or sold except in a transaction exempt from, or not subject to, the registration requirements of the Securities Act.

This news release includes "forward-looking statements" within the meaning of securities laws of applicable jurisdictions. Forward-looking statements can generally be identified by the use of forward-looking words such as "may", "will", "expect", "intend", "plan", "estimate", "anticipate", "believe", "continue", "objectives", "outlook", "aim", "target", "guidance" or other similar words, and include statements regarding certain plans, strategies and objectives of management and expected financial performance. These forward-looking statements involve known and unknown risks, uncertainties and other factors, many of which are outside the control of BlueScope Steel, and its officers, employees, agents or associates, including risks associated with a reduction in worldwide demand for steel; material and sustained steel price deterioration in the absence of corresponding raw materials price declines; material and sustained increases in the prices of raw materials, including iron ore and coal, in the absence of corresponding steel price increases; increased input, labour, environmental or other costs; fluctuations in the Australian dollar against the US dollar; major operational failures at its principal operating facilities; unsuccessful execution of major capital expenditure programs; a

loss, change or other adverse event relating to its relationships with key customers, suppliers or contractors; increased costs associated with changes to laws and regulations, including environmental and carbon reduction regulations; inability to find financing to fund capital expenditure program or to refinance maturing debt; business interruption from industrial disputes, work stoppages, equipment breakdowns and accidents; imposition of international trade restrictions; and global and regional economic conditions. Actual results, performance or achievements may vary materially from any projections and forward looking statements and the assumptions on which those statements are based. Readers are cautioned not to place undue reliance on forward-looking statements, and should refer to the Prospectus for further information on the proposed offering of securities, including those risk factors. BlueScope Steel assumes no obligation to update such information.

APPENDIX A –OFFER DETAILS

Offer structure

The Offer is structured as an accelerated non-renounceable pro-rata entitlement offer consisting of an Institutional Offer and a Retail Offer. Gross proceeds of A\$825 million will be underwritten.

Entitlements cannot be traded on the ASX or otherwise transferred.

1. Institutional Offer

The Institutional Offer is being conducted from Tuesday 5 May 2009 until 4:00pm (AEST) Wednesday 6 May 2009.

Over the Institutional Offer period, eligible institutional shareholders will be invited to participate in the Institutional Offer at the Offer Price under the Prospectus when lodged. Eligible institutional shareholders can choose to take up their Entitlement in whole, in part or not at all. Eligible institutional shareholders will receive not less than their Entitlement under the Institutional Offer if they wish to take up such New Shares at the Offer Price. Eligible institutional shareholders who do not confirm their demand at the Offer Price by the close of the Institutional Offer will be deemed to have renounced their Entitlement and will not receive any value in respect of their Entitlement.

New Shares equal in number to those attributable to such Entitlements not taken up by eligible institutional shareholders at the Offer Price, together with New Shares attributable to Entitlements which would otherwise have been offered to ineligible institutional shareholders if they had been eligible to participate in the Institutional Offer (and potentially some New Shares not expected to be taken up by eligible retail shareholders under the Retail Offer), will also be offered for subscription to eligible institutional shareholders and selected institutional investors through a volume bookbuild process over the Institutional Offer period at the Offer Price.

All participants under the Institutional Offer will pay the same price for their New Shares, being the Offer Price.

2. Retail Offer

Eligible retail shareholders in Australia and New Zealand will be invited to participate in the Retail Offer under the Prospectus when it is lodged on the same terms as the Institutional Offer. The Retail Offer will open on 11 May 2009 and close at 5.00pm (AEST) on 29 May 2009.

Full details of the Retail Offer will be set out in the Prospectus. Eligible retail shareholders who wish to acquire New Shares under the Retail Offer will need to complete their personalised entitlement and acceptance form that will be mailed to them accompanying a copy of the Prospectus.

3. Stock lending and other transactions

Eligible shareholders will be entitled to apply under the Offer for 1 New Share for each existing BlueScope Steel share held as at the Record Date. BlueScope Steel has been granted a waiver by ASX so that, in determining Entitlements for the Institutional Offer or the Retail Offer, it may ignore any changes in shareholdings that occur after the trading halt preceding the announcement of the Offer (other than registrations of transactions that were effected through ITS before commencement of the trading halt).

Accordingly, a person who is a registered BlueScope Steel shareholder at the Record Date as a result of a dealing after the announcement of the trading halt preceding the announcement of the Offer (other than the registration of a transaction effected through ITS before that announcement) may not be entitled to receive an Entitlement under the Offer.

In the event that a shareholder has existing shares out on loan at the Record Date, the borrower will be regarded as the shareholder for the purposes of determining the Entitlement (provided that those borrowed shares have not been on-sold).

Key offer dates

Key dates for the Offer are provided below:

Record Date for Entitlements	7.00pm, Friday 8 May 2009
Institutional Offer	
Institutional Offer opens:	Tuesday 5 May 2009
Institutional Offer close:	4:00pm, Wednesday 6 May 2009
Settlement of the Institutional Offer (via DvP in CHES):	Thursday 14 May 2009
Issue of New Shares under the Institutional Offer and trading of those securities expected to commence on ASX	Friday 15 May 2009
Retail Offer	
Retail Offer opens:	Monday 11 May 2009
Retail Offer closes:	5:00pm, Friday 29 May 2009
Issue of New Shares under the Retail Offer	Thursday 4 June 2009
Despatch of confirmation of allotment for New Shares issued under the Retail Offer and normal trading of those securities expected to commence on ASX	Thursday 11 June 2009

These dates are indicative only and are subject to change without notice. References to time and date are references to Australian Eastern Standard Time (AEST) in Sydney, Australia. Subject to the requirements of the Corporations Act 2001 (Cth) ("**Corporations Act**"), the ASX Listing Rules and any other applicable laws, BlueScope Steel has the right, with the consent of the underwriter, to amend the timetable including to extend the closing date for the Retail Offer, to close the Retail Offer early, to withdraw the Offer at any time prior to the allotment of New Shares under the Retail Offer and/or to accept late applications either generally or in specific cases. If the closing date is extended, the subsequent dates may also be extended.

Full details of the Retail Offer will be set out in the Prospectus which will be made available to eligible retail shareholders when offers of new BlueScope Steel ordinary shares are made under the Retail Offer. The Prospectus is expected to be lodged with ASIC on Tuesday 5 May 2009, and will be sent to eligible retail shareholders and be made available to eligible retail shareholders on BlueScope Steel's website when the offer is made. Any eligible retail shareholder who wishes to acquire New Shares under the Retail Offer will need to complete, or otherwise apply in accordance with, the personalised entitlement and acceptance form that will be in or will accompany the Prospectus, and should consider the Prospectus in deciding whether to subscribe for New Shares.