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## ASX Release

**Release Time:** Immediate  
**Date:** 22 November 2011

### **BLUESCOPE TO STRENGTHEN FINANCIAL POSITION ANNOUNCES \$600 MILLION ACCELERATED RENOUNCEABLE ENTITLEMENT OFFER**

BlueScope Steel Limited ("BlueScope Steel" or "the Company") today announced a fully underwritten 4-for-5 accelerated renounceable entitlement offer with rights trading of new BlueScope Steel shares ("New Shares") at an offer price of \$0.40 per New Share ("Offer Price") to raise approximately \$600 million ("Entitlement Offer").<sup>1</sup>

BlueScope Steel's ordinary shares were today placed in a trading halt and will remain in a trading halt until 12:00pm on Thursday 24 November 2011.

#### **Rationale for the Entitlement Offer**

The key reason for the Entitlement Offer is to strengthen BlueScope Steel's balance sheet with the full proceeds (net of transaction costs) being applied to the repayment of existing debt.

BlueScope Steel Managing Director and CEO, Mr Paul O'Malley said: "BlueScope Steel's earnings continue to be impacted by the ongoing environment of a high Australian dollar, low steel prices, high raw material costs and softer demand conditions in Australia. The Entitlement Offer will result in a more appropriate capital structure for the Company. Following the Entitlement Offer we will remain focussed on further reducing the Company's debt levels over time. We are actively reviewing all of our businesses for opportunities to reduce costs and optimise their cash flows. We are also continuing to assess a range of potential asset realisation opportunities across our portfolio."

#### **Details of the Entitlement Offer**

The Entitlement Offer comprises an institutional component ("Institutional Entitlement Offer") and a retail component ("Retail Entitlement Offer") with rights trading. New shares issued through the Entitlement Offer will rank equally with existing BlueScope Steel shares in all respects.

The offer price of \$0.40 per share represents a 34.4% discount to the closing price of BlueScope Steel shares on Monday 21 November 2011, being the last trading day prior to the announcement of the Entitlement Offer, and a 22.5% discount to the theoretical ex-rights price ("TERP")<sup>2</sup>.

Eligible shareholders will be able to purchase 4 New Shares for every existing 5 BlueScope Steel shares held on the Record Date of 7pm Australian Eastern Daylight Savings Time ("AEDT") on Friday 25 November 2011 ("Entitlement").

Key dates of the Entitlement Offer are provided in the Appendix to this announcement.

<sup>1</sup> \$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.

<sup>2</sup> TERP is the theoretical price at which shares in BlueScope Steel should trade immediately after the ex-date of the Entitlement Offer. TERP is a theoretical calculation only and the actual price at which shares in BlueScope Steel trade immediately after the ex-date of the Entitlement Offer will depend on many factors and may not be equal to TERP. TERP is calculated by reference to BlueScope Steel's closing price of \$0.61/share on Monday 21 November 2011, being the last trading day prior to the announcement of the Entitlement Offer.

### **Institutional Entitlement Offer**

Eligible institutional shareholders will be invited to participate in the Institutional Entitlement Offer which will take place from Tuesday 22 November 2011 to Wednesday 23 November 2011.

Eligible institutional shareholders can choose to take up all, part or none of their Entitlements.

New Shares in respect of renounced institutional Entitlements, and Entitlements of all ineligible institutional shareholders, will be sold on behalf of renouncing institutional shareholders through the institutional shortfall bookbuild on Thursday 24 November 2011, with any proceeds in excess of the Offer Price remitted proportionally to those shareholders (net of any withholding tax). Institutional Entitlements cannot be traded on ASX.

### **Retail Entitlement Offer**

Eligible retail shareholders will be invited to participate in the Retail Entitlement Offer at the same Offer Price and offer ratio as the Institutional Entitlement Offer. The Retail Entitlement Offer will open on Tuesday 29 November 2011 and close at 5.00pm AEDT on Wednesday 14 December 2011.

Eligible retail shareholders will be allotted an Entitlement which can be traded on ASX from 12:00 midday on 24 November 2011 to 7 December 2011. This means that eligible retail shareholders who do not wish to take up all or part of their Entitlement can seek to sell all or part of their Entitlement on the ASX in order to realise value for that Entitlement ahead of the retail shortfall bookbuild.

New Shares in respect of Retail Entitlements which are not exercised by the close of the Retail Entitlement Offer, including the Entitlements of all ineligible retail shareholders, will be sold through the retail shortfall bookbuild on Monday 19 December 2011. Any proceeds in excess of the Offer Price will be remitted proportionally to those holders. There is no guarantee that there will be any proceeds in excess of the Offer Price.

The Entitlements may only be exercised by eligible shareholders, persons with a registered address in Australia or New Zealand and certain categories of investors in Belgium, Canada, Denmark, France, Germany, Hong Kong, Ireland, Italy, Japan, Luxembourg, the Netherlands, Norway, Singapore, Sweden, Switzerland, and the United Kingdom. Persons in the United States and persons acting for the account or benefit of a person in the United States will not be eligible to purchase Entitlements on the ASX or take up Entitlements purchased on the ASX or otherwise.

It is the responsibility of purchasers of Entitlements to inform themselves of the eligibility criteria for exercise. If holders of Entitlements after the end of the trading period do not meet the eligibility criteria, they will not be able to exercise the Entitlements. In the event that holders are not able to take up their Entitlements, those Entitlements will lapse and holders may receive no value for them.

Further details about the Retail Entitlement Offer, including restrictions on eligibility to exercise Entitlements, will be set out in the Retail Offer Booklet, which BlueScope Steel expects to lodge with the ASX on Tuesday 29 November 2011.

### **Trading Update**

#### **1H FY2012 Outlook:**

On 17 November 2011, the Company reaffirmed that its expectation for the 1H FY2012 period was for:

- a significant reported Net Loss After Tax (NLAT) including restructuring costs (excluding NRV adjustments and/or impairments); and
- a small underlying NLAT (excluding restructuring costs, NRV adjustments and/or impairments).

The Board has resolved not to pay an interim dividend for the half year ended 31 December 2011.

## Net Debt Update

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 of ~\$110 million;
- Working capital increase of \$230 million; and
- Capital expenditure, tax and interest of ~\$160 million.

Net debt (excluding the impacts of the equity raising) is expected to decline between 31 October 2011 and 30 June 2012 due to reduction in working capital partially offset by further CIPA cash restructuring costs as explained below.

## Progress of restructure of Coated & Industrial Products Australia

The restructure of the Coated & Industrial Products Australia segment is well advanced

- The closure of the No. 6 Blast Furnace and No. 4 Coke Ovens Battery at Port Kembla Steelworks, and the Hot Strip Mill at Western Port took place in the first two weeks of October;
- Total cash costs of the restructure are expected to be in the range of \$430 million to \$450 million compared with the previous guidance of \$400 million to \$500 million:
  - \$110 million has been spent to 31 October 2011;
  - An estimated \$240 million to \$260 million is expected from 31 October 2011 to 30 June 2012; and
  - A further \$80 million is expected beyond 30 June 2012;
- Negotiations on raw material contracts and other supply contracts are well advanced;
- A significant working capital release of \$400 million to \$500 million is expected by 30 June 2012 (from 31 October 2011) arising from the restructure and other improvements in the existing operations; and
- BlueScope Steel expects to achieve the fixed cost reduction targets that it set for the restructure.

## Shareholder enquiries

Eligible retail shareholders will be sent further details about the Entitlement Offer via a retail offer booklet to be lodged with ASX and despatched on or around 29 November 2011.

Retail shareholders who have questions relating to the Entitlement Offer should call the BlueScope Steel shareholder information line on 1300 855 998 (within Australia) or +61 2 8280 7760 (outside Australia) from 8.30am to 5.30pm AEDT Monday to Friday, prior to 5pm AEDT 14 December 2011 or go to our website: [www.bluescopesteel.com](http://www.bluescopesteel.com).

Further information in relation to the matters described in this announcement including important notices, key risks and key assumptions in relation to certain forward looking information in this document is set out in an investor presentation released today to the ASX by BlueScope Steel. The information in the Important Notices section of that presentation applies to this announcement as if set out in full in this announcement.

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For further information about BlueScope Steel Limited: [www.bluescopesteel.com](http://www.bluescopesteel.com)

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## Important Notice

This notice 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. 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. This announcement may not be distributed or released in the United States.

This announcement includes "forward-looking statements" within the meaning of securities laws. These forward-looking statements can generally be identified by the use of forward-looking terminology such as "may", "will", "expect", "anticipate", "estimate", "plan", "intend", "believe", "continue", "objective", "outlook", "guidance" or other similar words and include statements regarding certain plans, strategies and objectives of management and expected financial performance. Any forward-looking statements involve known and unknown risks, uncertainties and other factors including significant regulatory, business, competitive and economic uncertainties, risks and contingencies, many of which are outside the control of BlueScope Steel and its officers, employees, agents or associates, and may involve significant elements of subjective judgement and assumptions as to future events which may or may not be correct.

No representation, warranty or assurance (express or implied) is given or made in relation to any forward looking statement by any person (including BlueScope Steel). In particular, no representation, warranty or assurance (express or implied) is given that the occurrence of the events expressed or implied in any forward-looking statements in this announcement will actually occur. Actual results, performance or achievement may vary materially from any projections and forward-looking statements and the assumptions on which those statements are based. Given these uncertainties, readers are cautioned to not place undue reliance on forward-looking statements and BlueScope Steel assumes no obligation to update such information.

The forward-looking statements in this announcement speak only as of the date of this announcement. Subject to any continuing obligations under applicable law or any relevant ASX listing rules, BlueScope Steel disclaims any obligation or undertaking to provide any updates or revisions to any forward-looking statements in this announcement to reflect any change in expectations in relation to any forward-looking statements or any change in events, conditions or circumstances on which any such statement is based. Nothing in this announcement will under any circumstances create an implication that there has been no change in the affairs of BlueScope Steel since the date of this announcement.

## Appendix – Key dates for the Entitlement Offer

Event	Date
Trading halt commences on ASX Entitlement Offer announced Institutional Entitlement Offer opens	Tuesday, 22 November 2011
Institutional Entitlement Offer closes	Wednesday, 23 November 2011
Institutional Bookbuild	Thursday, 24 November 2011
Trading halt lifted following announcement of results of institutional bookbuild Existing shares recommence trading on ASX Retail Entitlements trading on ASX begins on a deferred basis	12pm on Thursday, 24 November 2011
Record Date	7pm on Friday, 25 November 2011
Retail offer booklet lodged and despatched Retail Entitlement Offer opens	Tuesday, 29 November 2011
Institutional Settlement Date Retail Entitlements in respect of Eligible Retail Shareholders allotted	Thursday, 1 December 2011
Issue and quotation of new shares under the Institutional Entitlement Offer Retail Entitlements trade on a normal settlement basis	Friday, 2 December 2011
Retail Entitlements trading ends	Wednesday, 7 December 2011
Retail Entitlement Offer closes	Wednesday, 14 December 2011
Announce results of Retail Entitlement Offer Retail Bookbuild opens	Monday, 19 December 2011
Retail Bookbuild closes	Tuesday, 20 December 2011
Retail Settlement Date	Wednesday, 28 December 2011
Retail Allotment Date	Thursday, 29 December 2011
Retail Trading Date (normal settlement basis)	Friday, 30 December 2011
Despatch of holding statement Retail Cash Return despatched (if any)	Tuesday, 3 January 2012