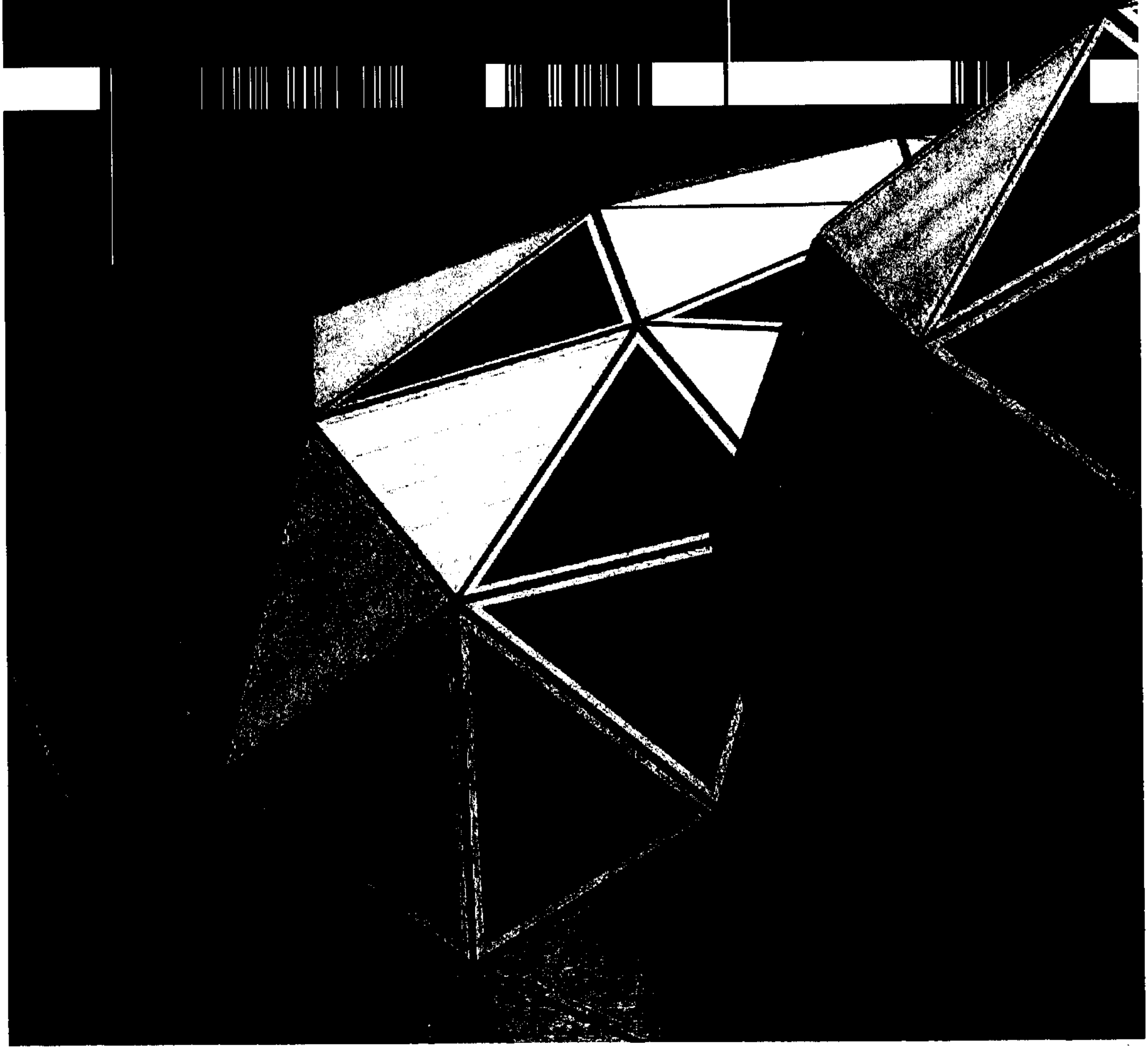
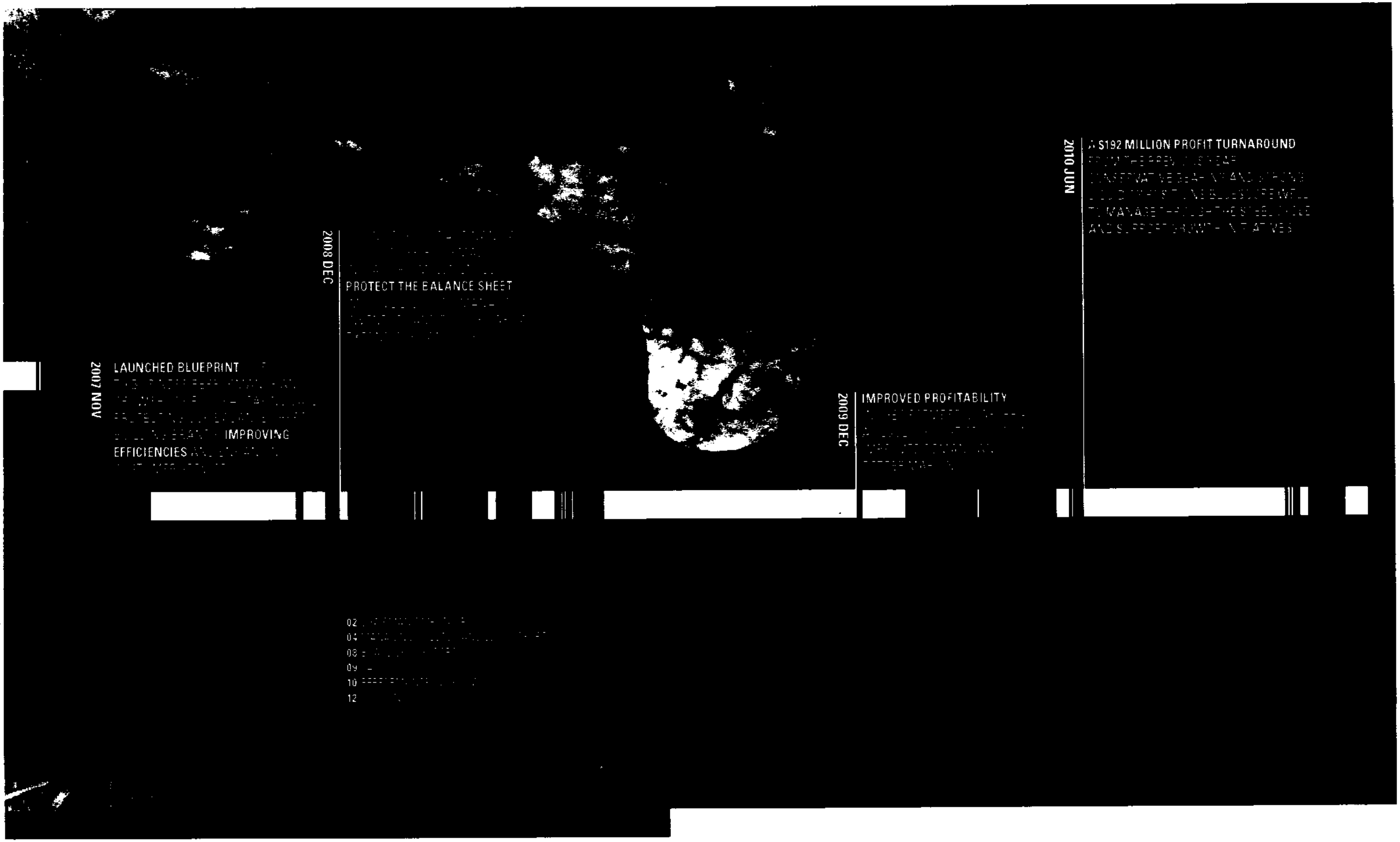
BLUESCOPE
STEEL

THE TURNAROUND
THE POTENTIAL





FIVE YEAR PERFORMANCE*

Year	REVENUE ($M)	EBIT ($M)	NET PROFIT AFTER TAX ($M)	RETURN ON INVESTED CAPITAL (%)	EARNINGS PER SHARE (CENTS PER SHARE)	ORDINARY DIVIDEND (CENTS PER SHARE)
10	8624	240	126	3.8	6.9	5
09	10329	15	-66	0.2	-7.1	5
08	10485	1063	596	18.2	66.2	49
07	8913	1099	686	19.6	78.7	47
06	8031	556	338	11.0	39.6	44

*REPORTED RESULTS

CHAIRMAN'S MESSAGE

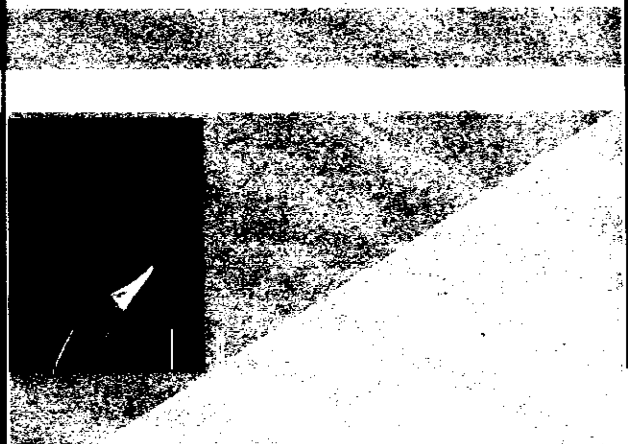
BLUESCOPE STEEL EMERGED FROM THE TOUGH TIMES OF THE GLOBAL ECONOMIC CRISIS WITH A STRONG BALANCE SHEET, STRONG LIQUIDITY AND A RETURN TO PROFIT IN 2010.

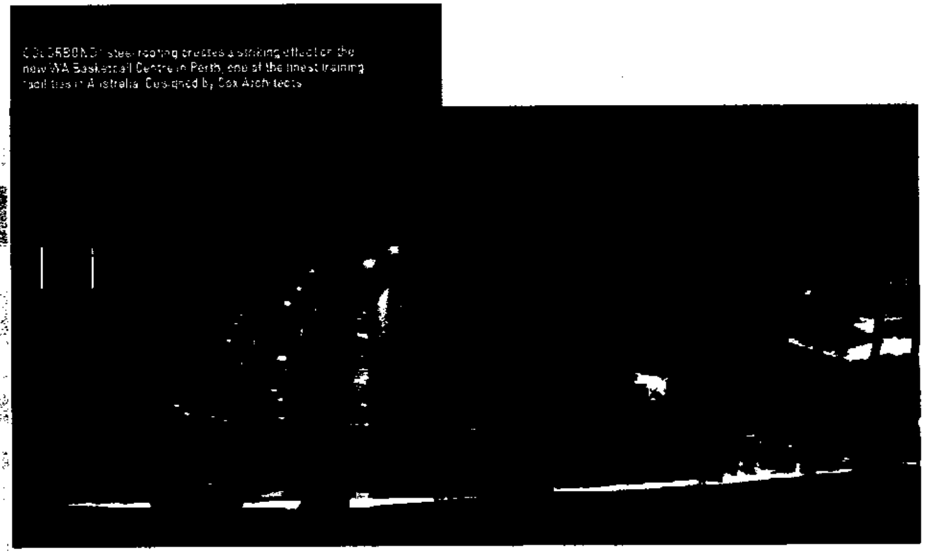
Our profit for FY2010 represents a significant turnaround on the previous year's net loss. Importantly, the Company is now well positioned to gain from continued strong Asian growth and a global economic recovery.

The strong business performance improvement came from concentrated effort and hard work by our 18,000 employees worldwide.

Everyone across the Company took effective measures to reduce costs and increase sales volumes. The Company has reduced gearing to a conservative level and BlueScope has a strong liquidity position. As a result, BlueScope now has improved its cost base and balance sheet to enable it to manage through business cycles and look at opportunities as the market improves.

Currently, we are seeing a continued, although patchy, worldwide economic recovery and strength in most of the Asian economies in which we operate.





COLORBOND® steel roofing creates a striking effect on the new WA Basketball Centre in Perth, one of the finest training facilities in Australia. Designed by Cox Architects.

ASIA POSTS STRONG IMPROVEMENT

The most pleasing result was the turnaround in the Company's Asian businesses.

Today, BlueScope has the best Asian footprint for mid and downstream products of any steel company. We have been operating in China for more than 20 years and in the Asian region for over 40 years. Our presence there gives us exposure to the most populous and fastest growing markets in the world.

The Board will be in Shanghai in October where we are scheduled to hold a Board meeting and customer function in the Australian Pavilion at the Shanghai World Expo. This Pavilion, that showcases Australian architectural vision and our steel to the world, is one of the most popular of the Expo sites. We are very proud of this unique building.

Expo has hosted more than 53 million visitors to date, including hundreds of BlueScope customers in China where we have found it a successful platform for sales and business development opportunities.

SHAREHOLDER VALUE

The Board committed to resuming dividend payments as a high priority once economic recovery became more apparent. The Board has therefore declared a 5 cent per share fully franked final ordinary dividend for FY2010. The decision to reinstate the dividend payments reflects the Company's improved financial performance following the global financial crisis, our confidence in the medium to long term outlook for BlueScope Steel and the global steel industry, and the growth in the economies where we operate.

STRATEGIC DIRECTION

During FY2010, the Company undertook a strategy review which builds on the 2007 Blueprint.

The Board has endorsed the renewed strategy which will see us leverage our existing capabilities and capitalise on our market strengths.

Managing Director and CEO Paul O'Malley discusses the strategy further, in his Report to shareholders.

CORPORATE CITIZENSHIP

BlueScope is committed to continuously improving the environmental footprint of our operations. The Company is working to improve its systems and performance through its network of environmental reviews and audits.

In April 2010, the then Australian Federal Government deferred consideration of its Carbon Pollution Reduction Scheme until 2012. Also, on 1 July 2010, the New Zealand Government introduced an Emissions Trading Scheme (ETS). BlueScope's New Zealand Steel operation will be affected by this ETS, but the New Zealand government policy recognises the global nature of the steel industry and its trade exposure so the net impact to New Zealand Steel should be minimal.

The Company has developed a set of Greenhouse Policy Principles by which it will assess environmental policies in countries where we operate. In essence, we advocate policy that reduces emissions but minimises any loss of international competitiveness. These Principles can be viewed on BlueScope's corporate website.

GOVERNANCE

Since BlueScope's inception, the Company has been committed to the highest standards of Corporate Governance and to complying with the Australian Stock Exchange Corporate Governance Principles and Recommendations.

In some cases, we have been at the forefront in key practices such as remuneration. The Board's prime objective in managing remuneration has been to ensure employee remuneration reflects the Company's performance, both in times of excellent results and in downturn years, so that they are aligned with the experience of shareholders. Directors and executives are required to personally build a holding of BlueScope shares and all employees are encouraged to become shareholders.

The Company welcomes recent changes to diversity disclosures introduced by Australia's Corporate Governance Council. BlueScope is committed to building a diverse workforce and considers that diversity, including gender diversity, is a key business issue.

The complementary skills and experience of our individual Board members is the key to its strength and I thank all of our Board members for their contribution through the past year.

On behalf of the Board, I would like to thank our 18,000 employees for the turnaround performance, and Managing Director and CEO Paul O'Malley and his team for sound leadership and guidance.

GRAHAM KRAEHE AO CHAIRMAN

MANAGING DIRECTOR AND CEO'S REPORT

LAST YEAR WAS A TURNAROUND YEAR FOR YOUR COMPANY. OUR PERFORMANCE STEADILY IMPROVED EACH QUARTER, DESPITE THE MARKET CHALLENGES REMAINING AFTER THE GLOBAL FINANCIAL CRISIS.

As the year progressed, we saw improved demand, better margins and the benefits of a substantially lower cost base.

The biggest turnaround was the performance of our Asia businesses which posted a record $116 million Earnings Before Interest and Taxes (EBIT). At a company-wide level, we delivered significant permanent cost savings. Our lower cost base provides us valuable operating leverage when demand and steel prices improve. We successfully maintained our conservative gearing and strong liquidity which positions us well to manage through the steel cycle and support growth initiatives.

Our New Zealand business delivered another solid result and despatch volumes for our Australian Coated and Industrial Products business rebounded. In North America, North Star BlueScope Steel, with its strong focus on production quality and customer service, also had a much improved performance. Overall, BlueScope achieved a good result given the unprecedented circumstances of the previous year and the challenging business environment.

GROUP PERFORMANCE OVERVIEW

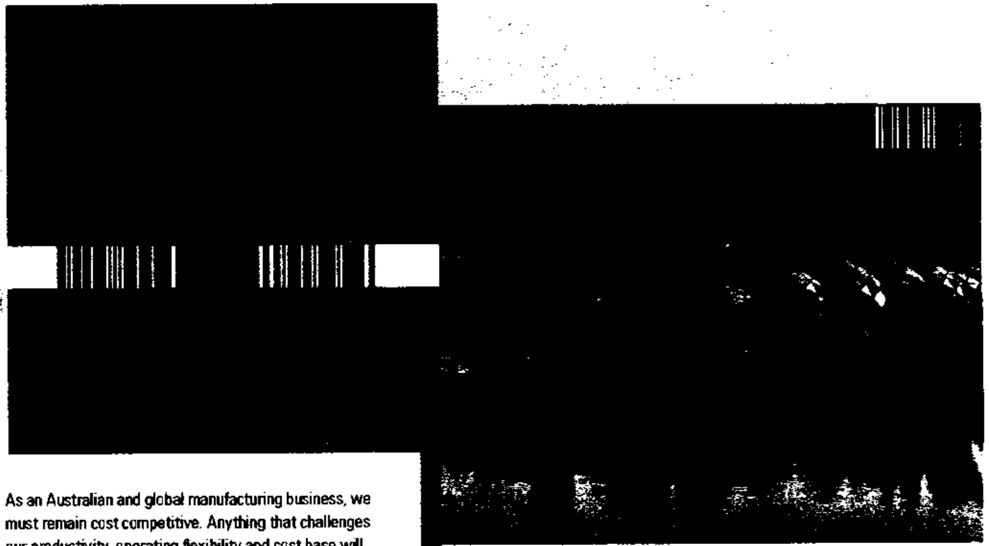
At the start of FY2010, continued weak global demand for steel meant we operated significantly below our full steel making production capability. During the half, a strong export and domestic sales campaign, on the back of improving demand in Australia and Asia, supported returning the No 5 Blast Furnace at Port Kembla Steelworks to near full production capacity, after a successful reline. Still, we reported a small loss for the first half.

Business performance improved during the second half with the benefits of cost reductions, further demand for our products and better steel margins all contributing to deliver a full year reported Net Profit After Tax (NPAT) of $126 million, a $192 million positive turnaround from the previous year. Underlying* NPAT doubled to $113 million equating to underlying earnings per share of 6.2 cents. A final ordinary dividend, fully franked, of 5 cents per share was declared.

Total revenue was $8.6 billion, lower by 17 per cent in comparison to FY2009, reflecting lower domestic pricing across all segments of our business, the higher Australian dollar, and lower domestic sales volumes for Coated and Building Products North America.

Net operating cash flow improved significantly and at the end of FY2010, was close to half a billion dollars for the year.

The focus on maintaining the strength of the balance sheet and reducing costs continued into FY2010. We have maintained our conservative approach to gearing, held at around 11 per cent, and our strong liquidity position with $1.6 billion in undrawn debt and cash.



As an Australian and global manufacturing business, we must remain cost competitive. Anything that challenges our productivity, operating flexibility and cost base will put us at a disadvantage to our global competitors.

During the financial year, $526 million in total cost savings were delivered. By the end of FY2010, $340 million of permanent savings had been achieved over our FY2008 cost base. Continuing to lower our cost base is an ongoing priority.

SAFETY

At BlueScope Steel, there's nothing more important than safety. It's our number one priority. Despite this, tragically in March, an operator at our Phu My site in Vietnam was killed while working on the coating and painting lines. Our sincere condolences go to his family, workmates, and friends.

This tragedy reminds us all that we must remain diligent in ensuring our safety and the safety of our workmates. We believe that all work can be done safely.

In our pursuit of Zero Harm, there were a number of positive safety initiatives and results for the year. The Company's injury levels remain at world's best standard with Lost Time Injury Frequency Rate (LTIFR) remaining below one incident for every million hours worked for the sixth consecutive year. The Medically Treated Injury Frequency Rate (MTIFR) ended the year at a record low level of 4.9.

BUSINESS PERFORMANCE HIGHLIGHTS

ASIA

Our Asian business performance was a highlight of FY2010, with record profits in China, Indonesia, Malaysia and Vietnam. Underlying EBIT for the year was $116 million, $31 million of that from our China business, compared to a loss of $21 million in FY2009. A new leadership team with its strong market focus, along with major cost reductions, led to improved domestic sales volumes and margins.

The Indonesian domestic market strengthened during the year, particularly in the residential segment. Construction of the second coating line is on schedule to be operational by the third quarter of this financial year.

In China, the Government's economic stimulus package aided in improving demand for our coated business and we expect it will continue to positively impact the key infrastructure segment in FY2011. Our Butler pre-engineered building (PEB) business saw improved demand.

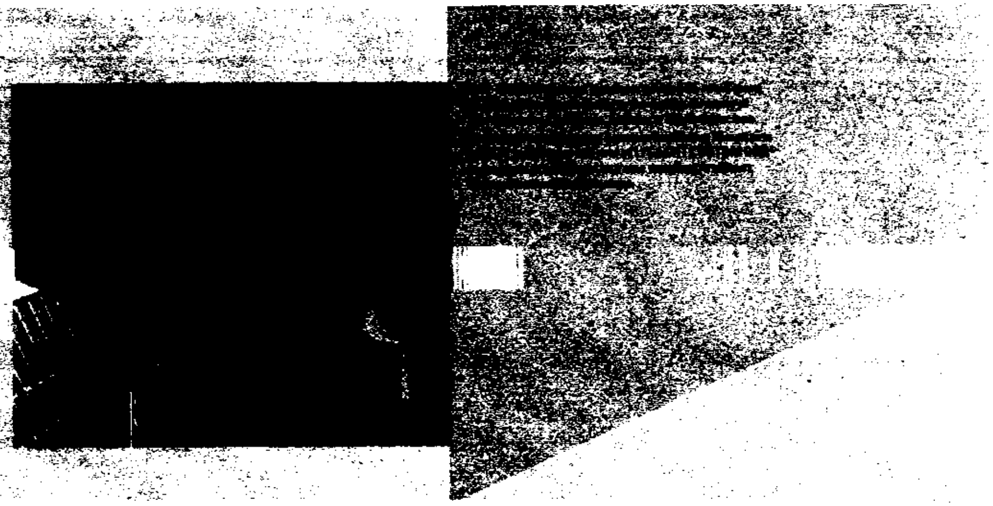
Historically, in our Buildings business many customer orders are from major international corporations. Pleasingly, half our customers in the Butler China business now come from domestic Chinese companies that see our value proposition as helping them be successful in the market. Lysaght China further grew its market share in the industrial and premium public building segments.

In Thailand, the political environment stabilised in April but customers in that market remain cautious. Our Vietnam coating and building businesses, under a new leadership team, recovered strongly with increased domestic demand, cost reductions and improved business processes.

Asia, including China, is home to the world's most populous and fastest growing economies. As they grow, demand for steel products grows. We are well placed with our business footprint in this area and plan a number of product developments to strengthen our market offer.

Over the next few years the assets we have today, and the new metal coating line which will commence operation in Indonesia next year, provide increased earnings potential in Asia.

*refer to page 17 in the Directors' Report regarding underlying earnings



AUSTRALIA

In Australia, our Coated and Industrial Products Australia business ended the year positively. Underlying EBIT was $108 million for the year, $188 million in the second half.

Global steel demand continued to improve in all regions at the beginning of the fourth quarter of the year with hot rolled coil prices increasing by 20 to 25 per cent, improving margins.

Our Australian Distribution and Solutions business, which includes BlueScope Lysaght, BlueScope Buildings Australia, BlueScope Water, our service centres and emerging businesses, struggled in an extremely competitive market segment with volumes and margins flat in the second half.

NEW ZEALAND & PACIFIC ISLANDS

Our New Zealand & Pacific Steel Products business delivered another solid performance with an underlying EBIT result of $73 million, achieving $52 million in the second half of the year. Domestic sales for the year rose by 10 per cent with higher demand from the manufacturing sector and increased government infrastructure investment.

NORTH AMERICA

North Star BlueScope Steel, our 50 per cent joint venture mini mill, delivered an impressive result with earnings for our Hot Rolled Products North America segment improving to $61 million profit for the year compared to a loss of $58 million in FY2009. For the eighth consecutive year, North Star BlueScope Steel received the highest customer satisfaction rating in the Jacobson & Associates survey of 2,000 North American steel customers.

Steelscape saw increased sales with despatches up by 37 per cent but margins softer. However, even during a challenging year, it was able to increase its market share. With the continued weakness in the US non-residential construction market, the Buildings business in our Coated and Building Products segment struggled.

A good deal of hard work has been done over the past two years to rationalise the integrated Buildings businesses in the US and lower its cost base. We are confident that when market conditions turn around we will deliver improved results given our very competitive cost structure and market offer.

STRATEGY – SCOPE TO GROW

BlueScope is a leading global provider of steel building products and solutions. We are a diverse company with over 100 manufacturing plants in 17 countries. Of our 18,000 employees around the world, over 90 per cent are shareholders.

Three years ago, we released our Blueprint to guide our business performance and growth. This encompassed:

- reinvigorating our Australian and New Zealand businesses;
- continuing the turnaround and improvement process across our Asian and North American businesses; and
- growing or acquiring new businesses that build on our distinct competitive advantage.

During the global financial crisis, our focus on the Blueprint fundamentals served us well – protecting our balance sheet, building brands, improving efficiencies through significant cost reductions, and enhancing customer service.

During this time, we also reviewed our strategy to ensure we were ready for renewed growth around the world.

As a result of this review, we have broadened our strategy to include three additional core elements:

- expand participation in our existing building and construction markets, better leveraging our current product base including custom engineered buildings, insulated panels, quality coated products and light-weight steel structures
- invest into large, high growth regions leveraging our product capability, especially through our Butler and Varco Pruden brands
- evaluate raw material opportunities that reduce our raw material cost base through the cycle

At the same time, we will continue to focus on the fundamentals of running our production lines at full capacity, reducing structural costs and managing to strict financial targets.

ENVIRONMENT

Our Company has a long standing commitment to improving our environmental footprint across all our operations. This continues today with many environmental improvement initiatives underway.

One key initiative is at our Western Port plant in Victoria where a significant water saving project under construction is expected to deliver a 65 per cent reduction in fresh water use and a 75 per cent reduction in wastewater discharge. The project is similar in design to a major recycled water initiative operating at our Port Kembla Steelworks since 2006 that has saved more than 20 billion litres of fresh water.

PEOPLE

BlueScope is committed to building a diverse, global workforce that reflects the countries, communities and cultures in which we operate. We consider gender diversity, in particular, a key business priority. We are driving initiatives to attract, develop and retain women and to improve the participation of women throughout the organisation and in management positions.

A Gender Diversity Project, commissioned by the Executive Leadership Team, has led to enhancements to our existing gender diversity programs.

Recent initiatives include establishing a Diversity Council to provide visible leadership, sponsoring and monitoring of key programs, introducing diversity educational materials, and adopting diversity objectives with measures of success and targets against which the businesses will be monitored and assessed. The Board monitors progress against these initiatives.

Our goal is to create a more diverse and inclusive workplace that will attract, encourage and develop a talented and capable workforce. We know significant improvements are needed to reach our goal and we are committed to making this happen.

LOOKING AHEAD

As we move into the first half of FY2011, we have a strong balance sheet, good liquidity and financial flexibility with low gearing. Our significantly reduced cost base positions us well for an upturn in market conditions across our footprint.

We expect to see continued strong performance from our Asian businesses and the ongoing benefit of permanent cost reductions over the course of FY2011.

BlueScope Steel is poised to benefit from a global recovery in the medium to long term. Our aim is to increase the market penetration of our products, to capitalise on improving market conditions, and grow our presence in the building and construction markets.

This financial year has proven our resilience. I would like to thank all our employees and my management team for their strong commitment to Zero Harm and their outstanding contribution to achieving this profitable result in a very challenging time. I would also like to thank you, our shareholders, and also our customers, for your continued support.

Paul O'Malley

PAUL O'MALLEY MANAGING DIRECTOR & CEO

OUR BOARD OF DIRECTORS

BLUESCOPE STEEL IS COMMITTED TO THE HIGHEST STANDARDS OF CORPORATE GOVERNANCE.

Seated, left to right: Tan Yam Pin, Diane Grady, Chairman Graham Kraehe. Back, left to right: Daniel Grollo, Ken Dean, Paul O'Malley, Kevin McCann, Ron McNeilly.
For the Directors' biographies, please refer to pages 20 and 21.

OUR COMPANY

BLUESCOPE STEEL IS AN INTERNATIONAL STEEL SOLUTIONS COMPANY WITH A MANUFACTURING AND MARKETING FOOTPRINT SPANNING AUSTRALIA, NEW ZEALAND, ASIA AND NORTH AMERICA.

Our Company is a leading supplier of premium metallic coated and painted steel building products and one of the world's largest manufacturers of pre-engineered steel buildings (PEBs).

BlueScope's brand portfolio contains many well-known and iconic names including COLORBOND®, ZINCALUME®, and XLERPLATE® steels and LYSAGHT® building products. Our BlueScope Water business has achieved a leading position as a supplier of premium steel rainwater harvesting solutions. Products such as our WATERPOINT Slimline® and WATERPOINT Classic® steel tanks have been well received by the market.

In North America, the BUTLER® brand has been part of the landscape for a century and is a premium brand in PEB systems. In our Asian markets, we have built an enviable reputation for quality with our purpose-designed Clean COLORBOND® steel which is ideal for tropical conditions. SMARTRUSS® is a well established and popular roof framing brand in Thailand and Indonesia.

BlueScope Steel employs over 18,000 people in 17 countries, with more than 100 manufacturing facilities worldwide. The Company is a recognised global leader in safety, and is engaged in a range of initiatives to improve our environmental performance and the sustainability of our products.

AT BLUESCOPE STEEL, SAFETY COMES FIRST. OUR GOAL IS ZERO HARM ACROSS OUR ORGANISATION FROM WORKING IN OUR MANUFACTURING OPERATIONS TO DISTRIBUTING OUR PRODUCTS AND IN OUR OFFICES.

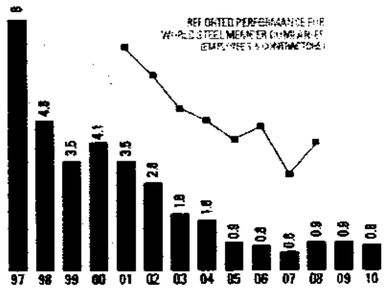
Our belief that all work can be done safely means we work continuously to improve our health and safety performance at every level.

In 2009/2010, the Company's injury levels are at world's best standard with the Lost Time Injury Frequency Rate (LTIFR) remaining below one for the sixth consecutive year. Our actual LTIFR performance of 0.8 compares with the average for the World Steel members' performance of 4.0. BlueScope Steel's Medically Treated Injury Frequency Rate (MTIFR) was below five.

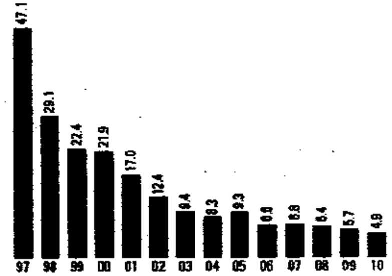
Tragically, in our Vietnam business in March 2010, an operator was fatally injured. This tragedy reminds us that we must remain diligent in ensuring our own safety and the safety of our workmates. We believe that all injuries can be prevented.

During the year, there were a number of safety improvements in many of our businesses and some were recognised by external safety awards.

All of us at BlueScope are committed to making our workplace injury free. The result is that fewer people are being injured than ever before and the Company is cited for its best practice in workplace safety. We remain focused on reaching our goal of Zero Harm.



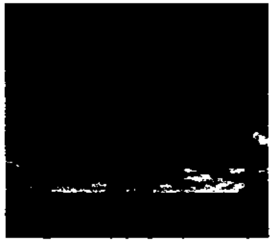
LOST TIME INJURY FREQUENCY RATE
LOST TIME INJURIES PER MILLION HOURS WORKED
Includes Contractors, Butler from 2004 and 2007/8 acquisitions



MEDICALLY TREATED INJURY FREQUENCY RATE
MEDICALLY TREATED INJURIES PER MILLION HOURS WORKED
Includes Contractors, Butler from 2004 and 2007/8 acquisitions

BLUESCOPE STEEL BUSINESS SEGMENTS

COATED AND INDUSTRIAL PRODUCTS AUSTRALIA

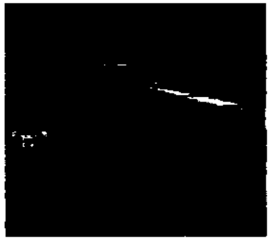


Lower result from reduced spread and strong Australian dollar

- Impacted by lower margins, but still delivered an underlying EBIT of $108 million with a 22% increase in domestic sales volume and the benefit of significant cost improvement initiatives
- External export sales volume improved 46% over FY2009 on improved customer demand, and supported by resumed production from No 5 Blast Furnace from August 2009, following its successful reline
- Pricing of COLORBOND® steel remained stable; metal coated products pricing declined compared to FY2009 largely due to the strong Australian dollar
- Western Port and Springhill production volumes increased across all lines as customer demand improved
- Second half result improved over first half particularly due to stronger international steel prices

	FY 2010	FY 2009
EXTERNAL DESPATCHES ('000s of tonnes)		
Domestic	1,870	1,535
Export	1,576	1,082
REVENUE ($M)	4,745	5,291
EBIT ($M)	84	206
UNDERLYING EBIT ($M)	108	141
NET OPERATING ASSETS (pre-tax) ($M)	3,464	3,322
RETURN ON NET ASSETS (pre-tax)	2%	6%

AUSTRALIA DISTRIBUTION AND SOLUTIONS



Lower margins reduce earnings

- Strong Australian dollar results in pricing pressure in domestic market, leading to lower margins
- Despatch volumes for BlueScope Lysaght marginally higher
- Soft market conditions continue due to lower consumer demand across most regions of Australia in residential housing sector
- Stronger demand in the building market led to higher production for the Sheet and Coil Processing business
- Pioneer Water has stronger sales activity from seasonal rural spending but building delays in West Australia reduce revenues for Highline
- Interest in BlueScope Buildings range, including pre-engineered steel buildings, remote steel framing supply, and steel building facades, is growing

	FY 2010	FY 2009
EXTERNAL DESPATCHES ('000s of tonnes)		
Domestic	754	755
Export	11	9
REVENUE ($M)	1,762	2,121
EBIT ($M)	12	(23)
UNDERLYING EBIT ($M)	2	9
NET OPERATING ASSETS (pre-tax) ($M)	881	926
RETURN ON NET ASSETS (pre-tax)	1%	(2%)

NEW ZEALAND AND PACIFIC STEEL PRODUCTS

Year of solid performance

- Domestic despatches 10% higher on improved demand, particularly driven by manufacturing end-use segment
- New steel framing brand, Axxis®, launched with total framing sales up 24%
- Export demand relatively strong but conditions remain challenging
- Markets and project work in Pacific Islands business underpinned strong coated volumes
- Production levels higher across the product range
- Iron sands exports rose by 33% and vanadium volumes up 4%

	FY 2010	FY 2009
EXTERNAL DESPATCHES ('000s of tonnes)		
Domestic	265	241
Export	241	273
REVENUE ($M)	618	695
EBIT ($M)	73	65
UNDERLYING EBIT ($M)	73	87
NET OPERATING ASSETS (pre-tax) ($M)	398	346
RETURN ON NET ASSETS (pre-tax)	19%	20%

COATED AND BUILDING PRODUCTS ASIA

Performance turnaround with record profits

- Asia business led overall results with underlying EBIT $116 million
- Strong market focus and major cost reductions resulted in improved domestic sales volumes and margins
- Improved domestic market conditions in Indonesia increased demand for residential steel roofing and steel building frames
- Construction of second metallic coating line in Indonesia on track to be operational in third quarter FY2011
- Political environment in Thailand stabilised but markets remain cautious
- Sales volumes rise for China Butler Buildings by 27% and by 29% for Lysaght from improved industrial and public sector demand

	FY 2010	FY 2009
EXTERNAL DESPATCHES ('000s of tonnes)		
Domestic	889	717
Export	89	109
REVENUE ($M)	1,349	1,543
EBIT ($M)	116	(94)
UNDERLYING EBIT ($M)	116	(21)
NET OPERATING ASSETS (pre-tax) ($M)	899	833
RETURN ON NET ASSETS (pre-tax)	14%	(8%)

HOT ROLLED PRODUCTS NORTH AMERICA

Impressive result from North Star BlueScope Steel, our US steel-making joint venture

- $119 million increase in underlying EBIT mainly due to a 33% increase in despatch volumes
- High capacity utilisation rates maintained due to reputation for on-time delivery, quality and customer responsiveness
- Recovery in auto sales and production, service centre restocking and an improved agricultural sector lifts sales volumes
- Receives highest customer satisfaction rating in Jacobson & Associates survey for eighth consecutive year

	FY 2010	FY 2009
EXTERNAL DESPATCHES ('000s of tonnes)		
Domestic	924	693
Export	–	–
REVENUE ($M)	–	–
EBIT ($M)	61	(58)
UNDERLYING EBIT ($M)	61	(58)
NET OPERATING ASSETS (pre-tax) ($M)	172	183
RETURN ON NET ASSETS (pre-tax)	34%	(22%)

COATED AND BUILDING PRODUCTS NORTH AMERICA

Challenging year in a tough market

- Steelscape increased market share with despatches up 37% due to improved demand
- Demand for new non-residential buildings weak with external despatches down 35% for BlueScope Buildings
- Integration program in Buildings business over last 2 years improves its ability to handle current market weakness and materially benefit from future market improvement
- External shipments lower for ASC Profiles and Metl-Span from continued weak economic conditions

	FY 2010	FY 2009
EXTERNAL DESPATCHES ('000s of tonnes)		
Domestic	521	553
Export	14	19
REVENUE ($M)	1,307	2,189
EBIT ($M)	(21)	(93)
UNDERLYING EBIT ($M)	(16)	9
NET OPERATING ASSETS (pre-tax) ($M)	806	919
RETURN ON NET ASSETS (pre-tax)	(3%)	(8%)

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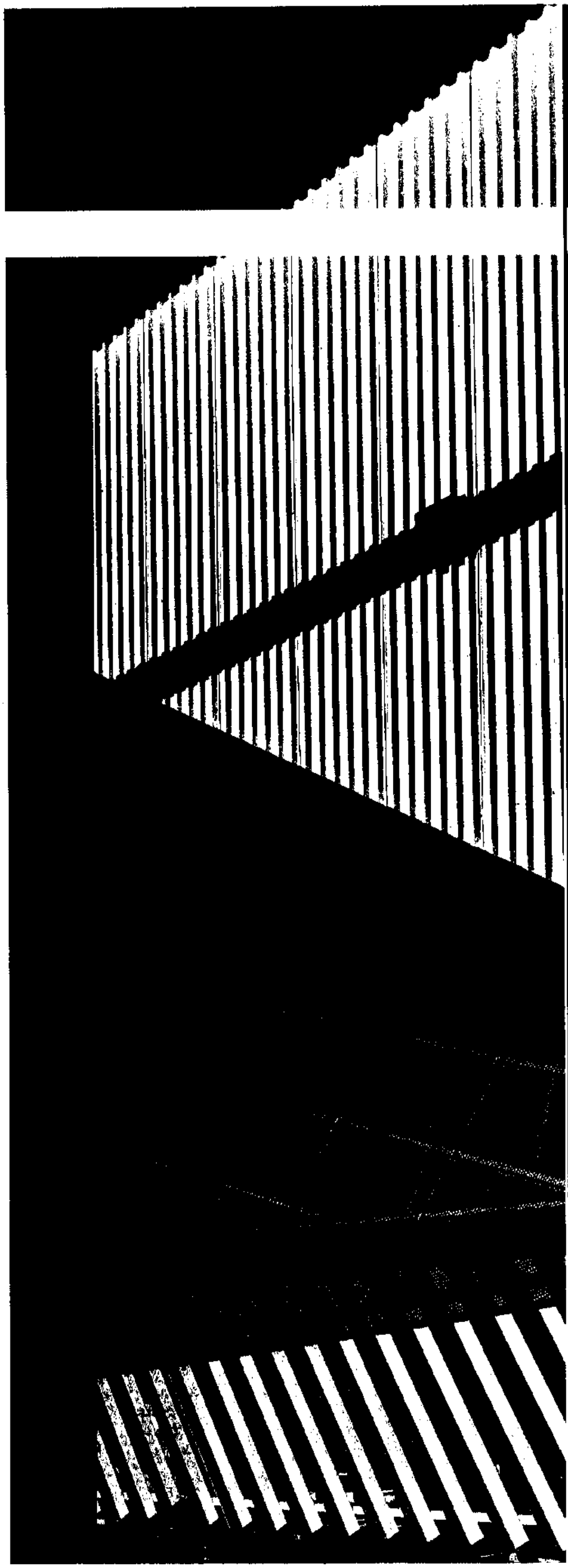
BLUESCOPE
STEEL



BLUESCOPE STEEL LIMITED
2009/2010

DIRECTORS' REPORT AND CONCISE FINANCIAL REPORT

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DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2010

The Directors of BlueScope Steel Limited ('BlueScope Steel') present their report on the consolidated entity ('BlueScope Steel Group' or 'the Company') consisting of BlueScope Steel Limited and its controlled entities for the year ended 30 June 2010.

PRINCIPAL ACTIVITIES

During the year the principal continuing activities of the BlueScope Steel Group, based principally in Australia, New Zealand, North America, China and elsewhere in Asia, were:

(a) Manufacture and distribution of flat steel products;
(b) Manufacture and distribution of metallic coated and painted steel products;
(c) Manufacture and distribution of steel building products; and
(d) Design and manufacture of pre-engineered steel buildings and building solutions.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

The following significant events occurred during the year:

The reline of its No.5 Blast Furnace (one of two at Port Kembla Steelworks). The Company completed the reline of its No. 5 Blast Furnace which was blown-in during August 2009.

Sinter plant upgrade at Port Kembla Steelworks. The sinter plant upgrade at Port Kembla Steelworks coincided with the reline of the No. 5 Blast Furnace and has been brought up to a rate consistent with the requirements of the blast furnace operations. The project increased the competitiveness of the Port Kembla Steelworks through reducing the use of more expensive iron ore pellets and using less expensive iron ore fines in the iron making process.

The Company is progressing a number of growth initiatives mainly aimed at expanding the manufacture and distribution of metallic coated and painted steel products. The status of these projects is:

— Indonesia: a second metallic coating facility (capacity: 165,000 tonnes per annum) with in-line painting at Cilegon, which was temporarily placed on hold during the year ended 30 June 2009, received Board approval to recommence construction and is now planned for completion during FY2011; and
— India: the metallic coating and painting facilities project in India which forms part of a 50/50 joint venture with Tata Steel, is planned for completion during FY2011.

MATTERS SUBSEQUENT TO THE YEAR ENDED 30 JUNE 2010

There were no material matters subsequent to the year ended 30 June 2010.

DIVIDENDS

In view of the financial performance of the Company in the second half of the year ended 30 June 2009 and the half year ended 31 December 2009 the Directors determined not to pay any dividends during the year ended 30 June 2010.

On 13 August 2010, the Directors determined to pay a final fully franked dividend of 5 cents per share, which is to be paid to shareholders on 20 October 2010 (record date 24 September 2010).

REVIEW AND RESULTS OF OPERATIONS

The BlueScope Steel Group comprises six reportable operating segments: Coated & Industrial Products Australia, Australia Distribution & Solutions, New Zealand & Pacific Steel Products, Coated & Building Products Asia, Hot Rolled Products North America and Coated & Building Products North America.

	Revenues 2010 $M	Revenues 2009 $M	Earnings 2010 $M	Earnings 2009 $M
Sales revenue/EBIT				
Coated & Industrial Products Australia	4,744.5	5,290.7	84.3	206.3
Australia Distribution & Solutions	1,761.6	2,120.7	11.9	(23.3)
New Zealand & Pacific Steel Products	618.1	694.9	72.9	65.1
Coated & Building Products Asia	1,348.6	1,542.6	115.6	(94.1)
Hot Rolled Products North America	0.0	0.0	60.7	(58.0)
Coated & Building Products North America	1,306.8	2,188.8	(21.3)	(93.2)
Discontinued operations	0.7	0.2	7.0	14.2
Segment revenue/EBIT	9,780.3	11,838.1	331.1	17.0
Inter-segment eliminations	(1,182.3)	(1,535.8)	(19.8)	126.4
Segment external revenue/EBIT	8,598.0	10,302.3	311.3	143.4
Other revenue/(net unallocated expenses)	25.8	26.6	(71.2)	(128.3)
Total revenue/EBIT	8,623.8	10,328.9	240.1	15.1
Net borrowing costs			(103.2)	(128.5)
Profit/(loss) from ordinary activities before income tax			136.9	(113.4)
Income tax (expense)/benefit			2.6	46.6
Profit/(loss) from ordinary activities after income tax expense			139.5	(66.8)
Net (profit)/loss attributable to outside equity interest			(13.5)	0.4
Net profit/(loss) attributable to equity holders of BlueScope Steel			126.0	(66.4)
Earnings per share (cents)			6.9	(7.1)

Underlying earnings

The reported earnings includes the following unusual and non-recurring items:

	EBIT 2010 $M	EBIT 2009 $M	NPAT 2010 $M	NPAT 2009 $M	EPS 2010 CPS	EPS 2009 CPS
Reported earnings	240.1	15.1	126.0	(66.4)	6.9	(7.1)
Unusual or non-recurring events						
Net (gains)/losses from businesses discontinued	(7.0)	(14.7)	(6.0)	(13.0)	(0.3)	(1.4)
Asset impairment	–	36.0	–	36.0	–	3.8
Restructure and redundancy costs	30.6	110.4	21.0	77.4	1.2	6.3
Profit on sale and leaseback of properties	(12.6)	–	(8.8)	–	(0.5)	–
Integration costs associated with IMSA Steel Corp	–	3.5	–	2.4	–	0.3
Write-off of feasibility costs on capital projects	–	22.0	–	15.0	–	1.6
New Zealand tax adjustment	–	–	(21.5)	–	(1.2)	–
Business development costs	3.7	–	2.6	–	0.1	–
Western Port fire	–	10.2	–	7.1	–	0.8
Other	–	(11.1)	–	(2.2)	–	(0.2)
Underlying earnings	254.8	171.4	113.3	56.3	6.2	6.1

GROUP REVIEW

Given the unprecedented circumstances in the year ended 30 June 2009 and the challenging business environment in the year ended 30 June 2010, we are pleased with the improvement in our overall business performance.

We delivered an outstanding improvement in our Asian businesses, including record profits in China, Indonesia, Malaysia and Vietnam. We also achieved a significant reduction in the Company's permanent cost base. Also encouraging was increasing demand in Australia, strong export sales and good earnings results both in New Zealand and at North Star BlueScope Steel, our steelmaking joint venture in the United States.

We have been successful in maintaining conservative gearing (held at around 11%, net debt over net debt plus equity) and a strong liquidity position (held at $1.6B of undrawn debt and cash). Our target gearing has been reassessed and we believe a range of 25% to 30%, down from the range of 30% to 35%, to be appropriate for a business operating in a cyclical industry whilst seeking to maintain strong investment grade metrics.

Importantly for shareholders, the Directors have decided to reinstate dividend payments. This decision reflects our view of the financial performance of the business post the global financial crisis, the medium to long-term outlook for the Company and the global steel industry, and improved conditions in economies where we operate.

During the year ended 30 June 2010 earnings improved as the year progressed.

First Half – Net underlying loss after tax of $53.2M

First Quarter: Low global demand, continuing from the previous year, resulted in a first quarter loss. The Company operated below capacity with only No. 6 Blast Furnace operating at 100%, whilst No. 5 was ramping up after being restarted in August 2009 at the Port Kembla Steelworks. Additionally, there was a carry-over of higher priced raw materials inventory from the second half of the previous year.

Second Quarter: On the back of improving global demand, the Company returned to near full production capacity by early October, following the successful re-line and ramp up of the No. 5 Blast Furnace. To support full production, a strong sales campaign resulted in improved volumes in Australia and Asia. We also saw a marked increase in capacity utilisation rates at the North Star BlueScope Steel operations. Allied to this, a material reduction in cost base enabled the Company to deliver better margins and a return to profit.

Second Half – Net underlying profit after tax of $166.5M

Third Quarter: Reinvigorated sales, including improved domestic and export sales from the Coated & Industrial Products Australia (CIPA) segment, improved export sales volumes from New Zealand Steel and improved net sales volumes in Asia, contributed to a positive result.

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Fourth Quarter: More than two-thirds of the half year result was delivered in this quarter reflecting the culmination of the hard work done earlier in the year. Collectively, the lower cost base, improved sales and better spreads (export HRC prices increased by 20-25% in Q4 vs. Q3) drove this much stronger final quarter result.

A highlight for the year was our greatly improved performance in Asia, the future growth corridor of the world, with $115.6M underlying EBIT for the year versus a loss of $21.0M in the previous year. A new leadership team is driving our product offering and sales strategy. This, combined with a significant reduction in costs, particularly from streamlining manufacturing operations and a leaner back-office structure, underpinned the turnaround. We increased domestic sales volumes, and margins improved. Our Thailand business continued to be impacted by political instability and higher imports. Elsewhere, our second coating line (with in-line painting) development in Indonesia remains on schedule for completion in early calendar year 2011.

In Australia, our CIPA segment finished the year positively having increased despatch volumes with an improved sales mix. Underlying EBIT was $107.6M for the year and $187.5M in the second half. External export despatches increased 42% in the second half (compared to the first half), and improved prices in the fourth quarter enhanced margins. We also saw second half domestic demand improve by 11% on average across our core sectors. Despite this, our Distribution business struggled in a very competitive market segment with volumes and margins flat in the second half.

Our New Zealand & Pacific Steel Products segment delivered another solid underlying EBIT result of $72.9M, of which $51.6M was achieved in the second half. Domestic sales, to the manufacturing end-use sector in particular, increased notably in this half. The team also achieved increased export margins and despatch volumes.

In North America, the North Star BlueScope Steel mini mill delivered a significantly improved result. Earnings from our Hot Rolled Products North America segment improved to $60.7M (profit), over a $58.0M loss in the prior year. The North Star team continued to produce quality products and achieve excellent delivery performance to customers. This delivered volume improvements through the year and, along with better margins, contributed to the turnaround in the second half. However in our Coated & Building Products segment the Buildings business struggled due to continued weakness in the non-residential construction market. This was partly offset by improved performance from our Steelscape coated business, with improved sales volumes but softer margins.

Significant work has been completed in the rationalisation of the integrated Buildings businesses in the US (including design, manufacturing and delivery networks) and we are confident this will deliver better results when overall market conditions improve, given our very competitive cost structure and market offers.

Turning to safety, our goal remains Zero Harm. Tragically, in March, an operator working at our Vietnam coating facility sustained a fatal injury. Following this tragedy, safety sessions were held across the entire organisation. It is only through the combined efforts and contributions of everyone that we can achieve our goal of Zero Harm.

On environment matters, we continued our focus on reducing the environmental footprint of our major manufacturing facilities, and improving our environment systems. The Company has developed eight Greenhouse Gas Policy Principles, which form the basis for responding to proposed GHG regulations. Central to our position is that such regulations must not undermine the international competitiveness of the Company's major operations. We are taking further significant steps to cut water use in our Australian operations, with a recycled water project currently under construction at the Western Port plant that will reduce its fresh water consumption by 65 per cent.

Segment Results

Coated & Industrial Products Australia

The earnings contribution from the Coated and Industrial Products Australia segment decreased significantly, primarily as a result of lower domestic selling prices across all commoditised products, lower export hot rolled coil and slab prices and a stronger Australian dollar.

These were partly offset by lower coal, iron ore and scrap costs, cost reduction initiatives, higher domestic and export despatch volumes combined with lower per unit conversion costs arising from the increased production volumes, and lower inventory net realisable value provisions.

Australia Distribution & Solutions

The earnings contribution from the Australia Distribution & Solutions segment increased compared to the previous year's loss primarily due to lower steel feed costs, cost reduction initiatives and inventory net realisable value provisions taken during the prior comparative period. These were partly offset by lower domestic selling prices.

New Zealand & Pacific Steel Products

The earnings contribution from the New Zealand & Pacific Steel Products segment increased principally as a result of higher domestic despatch volumes and shipments of Taharoa iron sands, cost reduction initiatives, one-off costs incurred during the prior comparative year relating to the write-off of feasibility costs previously capitalised on capital projects placed on hold and lower inventory net realisable value provisions. These were partly offset by lower domestic and export selling prices and an unfavourable movement in the US dollar relative to the NZ dollar.

Coated & Building Products Asia

The earnings contribution from the Coated & Building Products Asia segment improved significantly compared to the prior year loss as a result of higher sales volumes, lower steel feed costs, cost reduction initiatives and one-off costs incurred during the prior comparative year relating to asset impairment charges and internal restructuring costs. These were partly offset by lower domestic and export prices and unfavourable foreign exchange movements in China, Thailand and Malaysia.

Hot Rolled Products North America

The earnings contribution from the Hot Rolled Products North America segment increased significantly compared to the previous year's loss primarily due to higher despatch volumes, lower per unit conversion costs driven by the increased volumes, cost reduction initiatives and inventory net realisable value provisions taken during the comparative period. These were partly offset by reduced spread at North Star BlueScope Steel driven by lower hot rolled coil prices partly offset by lower average scrap and pig iron prices.

Coated & Building Products North America

The earnings contribution from the Coated & Building Products North America segment increased primarily due to cost reduction initiatives and lower inventory net realisable value provisions. These were partly offset by lower sales volumes and unfavourable exchange rate translation movements.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

Steel Industry

In the second half of June 2010, global steel prices fell in response to reduced demand and concern about increased exports from China. A prompt response from global steel producers to reduce production and continued supply discipline in China, have contributed to steel prices stabilising in the mid-US$600's/tonne as at mid August. Global capacity utilisation is currently around 80% (or around 75% ex-China). We need to see a return to mid-80% capacity utilisation (including China) to achieve a sustained improvement in the steel pricing environment.

Other major global steel influences are the continued high cost of raw materials and concern about a slowing Chinese economy due to credit tightening and softer demand. The Chinese Government is taking the appropriate action to move their economy back to a more sustainable growth path. Our businesses in China continue to see robust physical activity through their order books.

Strategy

We recently undertook a review of our strategy to position us for growth, following the end of the global financial crisis. Building on the strategy detailed in our November 2007 Blueprint, the review reinforced our focus on:

1. reinvigorating our Australian and New Zealand businesses;
2. continuing the turnaround and improvement process across our Asian and North American businesses; and
3. growing or acquiring, new businesses that build on our distinct competitive advantage.

The review also concluded that we should broaden our strategic activities to include three additional core elements. These are to:

- expand participation in our existing building and construction markets: better leveraging our current product base including custom engineered buildings, insulated panels, quality coated products and light-weight steel structures;
- invest into large, high growth regions leveraging our product capability, especially through our Butler and Varco Pruden brands; and
- evaluate raw material opportunities that reduce our raw material cost base through the cycle.

We will, of course, continue to pursue the fundamentals of maximum asset utilisation, structural cost reductions and management to strict financial targets – both with regard to the operation of our existing business and in our expansion and growth initiatives.

Outlook

In the first half of the year ended 30 June 2011 we expect continued strong performance from our Asian businesses and the ongoing benefit of permanent cost reductions. However, in the first quarter we currently see:

- significant spread contraction (recent fall in export steel prices by more than USD$100/tonne, coupled with higher raw material costs);
- softer demand where customers, particularly distributors, buy less during periods of price pessimism;
- continued demand weakness in the US; and
- an ongoing drag due to the strong AUD vs. USD.

We are seeing a modest real-time increase in export steel prices in our region for second quarter delivery.

Overall, we are planning for significantly improved market conditions over the medium to long term, despite short term concerns. Over the last couple of years we have strengthened the balance sheet and improved the effectiveness of the global BlueScope operations, both in terms of reduced cost base and improved productivity. The strategic imperative now is to increase market penetration in our footprint to enable our company to profitably capitalise on improving market conditions and grow our presence in global building and construction markets.

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DIRECTORS' BIOGRAPHIES

BOARD COMPOSITION

The following were Directors for the year ended 30 June 2010: Graham John Kraehe AO (Chairman), Ronald John McNeilly (Deputy Chairman), Diane Jennifer Grady AM, Daniel Bruno Grollo, Harry Kevin (Kevin) McCann AM, Kenneth Alfred Dean, Paul Francis O'Malley (Managing Director and Chief Executive Officer) and Tan Yam Pin.

Particulars of the skills, experience, expertise and special responsibilities of the Directors are set out below.

GRAHAM KRAEHE AO

Chairman
(Independent)
Age 67, BEc
Director since: May 2002

Extensive background in manufacturing and was Managing Director and Chief Executive Officer of Southcorp Limited from 1994 to February 2001. Chairman of Brambles Industries Limited since February 2008 and a Non-Executive Director since December 2000. Member of the Board of the Reserve Bank of Australia since February 2007. Djerriwarrh Investments Limited since July 2002. Member of the Board of Governors of CEDA and a Director of European Australian Business Council. Mr Kraehe was a Non-Executive Director of National Australia Bank Limited from August 1997 to September 2005 and Chairman from February 2004 to September 2005, and was a Non-Executive Director of News Corporation Limited from January 2001 until April 2004.

He brings skills and experience in manufacturing management and in companies with substantial and geographically diverse industrial operations. Mr Kraehe's experience with a wide range of organisations is relevant for his role as Chairman of the Board.

RON McNEILLY

Deputy Chairman
(Independent)
Age 67, BCom, MBA, FCPA
Director since: May 2002

Deputy Chairman of the Board with over 30 years experience in the steel industry. He joined BHP in 1962, and until December 2001 held various positions with the BHP Group (now BHP Billiton), including Executive Director and President BHP Minerals, Chief Operating Officer and Executive General Manager, and was Chief Executive Officer BHP Steel until 1997. The latter role developed his knowledge of many of the businesses comprising BlueScope Steel today.

Chairman of Worley Parsons Limited and a Director since October 2002 and a Director of Alumina Ltd since December 2002. Vice President of the Australia Japan Business Cooperation Committee and a Member of the Council on Australia Latin America Relations until December 2009. Chairman of Melbourne Business School Limited until May 2010.

DIANE GRADY AM

Non-Executive Director
(Independent)
Age 62
BA (Hons), MA (Chinese Studies), MBA
Director since: May 2002

Director of Woolworths Ltd since July 1996 and Goodman Group from September 2007. Wattyl Ltd from December 1994 until October 2006 and Senior Adviser to McKinsey & Co. Has served on the boards of a number of public and not-for-profit organisations including Lend Lease Corporation, Greengrocer.com (Chair), Sydney Opera House Trust, Ascham School (current Chair) and as President of Chief Executive Women. Formerly a partner of McKinsey & Co. serving clients in a wide range of industries on strategic growth and change initiatives.

Diane is an experienced director who brings valuable strategic and business expertise to the Board and to her role as Chair of the Remuneration and Organisation Committee.

KEVIN McCANN AM

Non-Executive Director
(Independent)
Age 69, BA LLB (Hons), LLM, FAICD
Director since: May 2002

Chairman of Origin Energy Limited since February 2000, the Sydney Harbour Federation Trust and the Corporate Governance Committee of the Australian Institute of Company Directors since May 2009. Lead independent director of Macquarie Bank Limited and Macquarie Group Limited. Director of the Sydney Harbour Conservancy. Member of the Board and NSW President of the Australian Institute of Company Directors. Member of the Council of the National Library of Australia, the Evans and Partners Advisory Board and the University of Sydney Senate.

Chairman of Healthscope Ltd from May 1994 to October 2006. Chairman of Triako Resources Limited from April 1999 until September 2006. Member of the Takeovers Panel from 2001 to March 2010. Member of the Defence Procurement Advisory Board from March 2004 until March 2008 and has served on the Boards of Pioneer International Limited, Ampol Limited and the State Rail Authority of New South Wales. Acting Chairman of Macquarie Bank Limited and Macquarie Group Limited from November 2008 to August 2009.

Former Chairman of Partners of Allens Arthur Robinson, a national and international Australian law firm, and a partner of the firm from 1970 until June 2004, specialising in mergers and acquisitions, mineral and resources law and capital markets transactions. He brings extensive legal expertise, commercial experience as a director and former director of a number of major listed companies and experience in corporate governance to the Board.

TAN YAM PIN

Non-Executive Director
(Independent)
Age 69, BEc (Hons), MBA, CA
Director since: May 2003

A chartered accountant by profession, formerly Managing Director of Fraser and Neave Group, one of South-East Asia's leading public companies, and Chief Executive Officer of its subsidiary company, Asia Pacific Breweries Ltd. A member of the Public Service Commission of Singapore since 1990 and a Director of the Board of Keppel Land Limited (Singapore), Singapore Post Limited, Great Eastern Holdings Limited, Leighton Asia Limited and The Lee Kuan Yew Scholarship Fund. Mr Tan previously served as Chairman of PowerSeraya Limited (Singapore) from 2004 to 2009, as Director of Certis CISCO Security Pte. Ltd from 2005 to 2009, as Director of The East Asiatic Company Limited A/S (Denmark) from 2003 to 2006, as Director of International Enterprise Singapore from 2004 to 2008 and as a Director of Singapore Food Industries Ltd from 2005–2009.

Mr Tan resides in Singapore. He brings extensive knowledge of Asian markets, an area of strategic importance to BlueScope Steel. His financial and leadership skills complement the skills on the Board.

DANIEL GROLLO

Non-Executive Director
(Independent)
Age 40
Director since: September 2006

Chief Executive Officer of Grocon Pty Ltd, Australia's largest privately owned development and construction company. He is a Director of the Green Building Council of Australia and a Director and National President of the Property Council of Australia. Mr Grollo was appointed a Director of CPI Limited in June 2007.

He brings extensive knowledge of the building and construction industry to the Board.

PAUL O'MALLEY

Managing Director and
Chief Executive Officer
Age 46, BCom, M. App Finance, ACA
Director since: August 2007

Appointed Managing Director and Chief Executive Officer of BlueScope Steel on 1 November 2007.

Joined BlueScope Steel as its Chief Financial Officer in December 2005. Formerly the CEO of TXU Energy, a subsidiary of TXU Corp based in Dallas, Texas, and held other senior management roles within TXU including Senior Vice President and Principal Financial Officer and based in Melbourne, Chief Financial Officer of TXU Australia. Before joining TXU, he worked in investment banking and consulting.

KEN DEAN

Non-Executive Director
(Independent)
Age 57, BCom (Hons), FCPA, FAICD
Director since: April 2009

Mr Dean has been a Director of Santos Limited since February 2005 and has held past directorships with Alcoa of Australia Limited, Woodside Petroleum Limited and Shell Australia Limited.

Mr Dean spent more than 30 years in a variety of senior management roles with Shell in Australia and the United Kingdom. His last position with Shell, which he held for five years, was as Chief Executive, Officer of Shell Finance Services based in London. Upon his return to Australia in 2005, he was Chief Financial Officer of Alumina Limited, a position from which he resigned in 2009 to focus on non-executive directorship roles.

He brings extensive international financial and commercial experience to the Board.

COMPANY SECRETARIES

Michael Barron, Chief Legal Officer and Company Secretary, BEc, LLB, ACIS
Responsible for the legal affairs of BlueScope Steel and for company secretarial matters. Joined the Company as Chief Legal Officer and Company Secretary in January 2002. Prior to that occupied position of Group General Counsel for Orica.

Darren Mackenzie, BA, LLB (Hons)
Corporate counsel with BlueScope Steel. A lawyer with over 10 years experience in private practice and corporate roles.

Clayton McCormack, BCom, LLB
Corporate counsel with BlueScope Steel. A lawyer with over 10 years experience in private practice and corporate roles.

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PARTICULARS OF DIRECTORS' INTERESTS IN SHARES AND OPTIONS OF BLUESCOPE STEEL LIMITED

As at the date of this report the interests of the Directors in shares and options of BlueScope Steel are:

Directors	Ordinary shares	Share rights
G J Kraehe	286,276	–
R J McNeilly	1,321,502	–
P F O'Malley	227,613	1,477,5[illegible]
D J Grady	128,382	–
H K McCann	152,720	–
Y P Tan	157,116	–
D B Grollo	128,156	–
K A Dean	26,624	–

MEETINGS OF DIRECTORS

The attendance of the current Directors at Board and Board Committee meetings from 1 July 2009 to 30 June 2010 is as follows:

	Board meetings		Audit and Risk Committee		Remuneration and Organisation Committee		Health, Safety and Environment Committee		Nomination Committee		Other Sub-Committees	
	A	B	A	B	A	B	A	B	A	B	A	B
G J Kraehe	11	11	–	4	6	6	4	4	2	2	3	3
R J McNeilly	11	11	4	4	6	6	4	4	2	2	1	1
P F O'Malley	11	11	–	4	–	6	4	4	–	2	3	3
D J Grady	11	9	–	–	6	6	4	4	2	2	–	–
H K McCann	11	11	4	4	–	–	4	4	2	2	–	–
Y P Tan	11	10	–	–	6	6	4	4	2	2	–	–
D B Grollo	11	11	4	4	–	1	4	4	2	2	–	–
K A Dean	11	11	4	4	–	1	4	4	2	2	[illegible]	[illegible]

[illegible]

REMUNERATION REPORT

REMUNERATION SUMMARY (UNAUDITED)

BlueScope's remuneration strategy is designed to support the delivery of long-term shareholder returns and to ensure executive rewards reflect achievements during the year. As a company in a highly cyclical industry, financial results vary significantly from year to year reflecting factors such as price and spread, foreign exchange and volume variations on international markets. It is important that the remuneration policy enables the Company to retain and motivate its executive talent to manage through these cycles.

KEY REMUNERATION DECISIONS DURING THE YEAR

In the past year the Board has, with management support, remained focused on ensuring remuneration practices reflect the current operating environment, are consistent with good governance practices and take account of the potential risks to the Company. Key decisions taken by the Board include:

- **Freezing fixed remuneration for all executives and managers for the year ended 30 June 2010;**
- **Declining to pay Short Term Incentive (STI) Plan bonuses for the year ended 30 June 2009, notwithstanding that many employees achieved their non-financial targets during the year;**
- **Awarding moderate STI bonuses for the year ended 30 June 2010 for significant achievements in responding to the challenges of the global financial crisis;**
- **Freezing Directors' fees for the years ended 30 June 2009 and 30 June 2010. The base fee for both the Chairman and Non-Executive Directors has not been increased since January 2006;**
- **Deferring the annual salary review for salaried employees until January 2010; and**
- **Determining there would be no vesting of the 2006 Long Term Incentive Plan Award.**

The following table shows the remuneration actually earned by each member of the Executive Leadership Team during FY2010 with comparatives for FY2009. The amounts required under accounting disclosures are set out on pages 36 – 37.

Name	Year	Base pay $	Superannuation[1] $	Total Fixed pay $	STI awarded[2] $	LTIP vested[3] $	Total $
Executive Director							
P F O'Malley	2010	1,680,000	235,200	1,915,200	806,400	–	2,721,600
	2009	1,666,667	233,333	1,900,000		411,947	2,311,947
KMP executives – current							
N H Cornish	2010	752,500	105,350	857,850	302,505		1,160,355
	2009	743,750	104,125	847,875	–	549,790	1,397,665
M R Vassella[4]	2010	725,792	101,611	827,403	310,800		1,138,203
	2009	723,333	101,267	824,600	–	–	824,600
P E O'Keefe	2010	551,250	77,175	628,425	198,450	–	826,875
	2009	546,875	76,563	623,438		–	623,438
I R Cummin	2010	556,400	77,896	634,296	221,336	–	855,632
	2009	550,334	77,047	627,381	–	429,357	1,056,738
M G Barron	2010	556,400	77,896	634,296	221,336	–	855,632
	2009	550,334	77,047	627,381		413,426	1,040,807
S R Elias	2010	645,000	90,300	735,300	256,581		991,881
	2009	637,500	89,250	726,750	–	–	726,750
S Dayal[5]	2010	630,000	88,200	718,200	378,000	–	1,096,200
	2009	630,000	88,200	718,200	–		718,200
K A Mitchelhill[6]	2010	718,769	100,628	819,397	306,600		1,125,997
	2009	740,000	103,600	843,600	–	–	843,600
Total 2010		6,816,111	954,256	7,770,367	3,002,009	–	10,772,375
Total 2009		6,788,793	950,431	7,739,224		1,804,520	9,543,744

1 [illegible] 2 [illegible] 3 [illegible] 4 [illegible] 5 [illegible] 6 [illegible] 7 [illegible]

Specific comments in relation to amounts included in the table are:

Base Pay has not been increased since 1 September 2008.

No STI payments for FY2009 substantially reduced Total Remuneration earned for that period from prior years. The decision to award STI payments for FY2010 has seen remuneration levels for FY2010 increase on FY2009. However, STI payments are moderate and at less than 50% of the maximum available opportunity.

Importantly, the Board's decision, with the support of management, to withhold payments under the STI Plan for FY2009, even though many participants had achieved their non-financial objectives, was evidence of the strong desire to align the experience of management with that of shareholders. Excellent performance of management in delivering on a range of initiatives to improve the Company's financial position in FY2010 has resulted in the approval of payments under the STI Plan. These included cost savings of $526 million, balance sheet and liquidity improvement initiatives, the successful reline of Blast Furnace No 5, and improved Asian segment performance.

No LTI vesting for KMP under the LTI Plan during FY2010 even though awards made in 2006 were tested on two occasions during the year. At both times, the performance did not meet the hurdle and therefore the award did not vest. This is consistent with the general performance of the Company and its share price. The last vesting occurred in September 2008 (FY2009) in respect of awards under the 2004 and 2005 LTI Plans. LTI Plans will continue to be tested in accordance with the Terms of Issue.

BlueScope shareholding policy

We believe the shareholding policy clearly demonstrates the personal commitment of all Directors and executives to align their interests with those of all shareholders.

- All Non-Executive Directors are required to build over time and maintain a shareholding equal to one year's total annual fees.
- The Managing Director and Chief Executive Officer and the Executive Leadership Team (ELT) are required to build and hold a shareholding equal to 100% of their annual base pay from participation in the Long Term Incentive Plan, net of tax obligations; and
- All other executives, a group of approximately 200 senior people, are required to build and hold a minimum of 50% of their annual base pay in Company shares.

This policy results in this group having significant personal financial exposure to the value of BlueScope Steel shares.

Stringent corporate governance standards

The Remuneration and Organisation Committee (the Committee) is responsible for the Company's remuneration practices and policies on behalf of the Board. The Committee is comprised entirely of independent Non-Executive Directors and adheres to stringent corporate governance standards.

For example, prior to the release of the Productivity Commission recommendations on Executive Termination payments BlueScope had already reviewed its executive redundancy policy and limited payments to a maximum of 12 months pay.

The Board notes that existing policies and practices at BlueScope Steel are consistent with the recommendations arising from the Productivity Commission Report on Executive and Director Remuneration in Australia.

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REMUNERATION REPORT (AUDITED)

The Directors of the Company present the Remuneration Report prepared in accordance with section 300A of the *Corporations Act 2001* for the Company and the consolidated entity for the year ended 30 June 2010. The information provided in this Remuneration Report has been audited as required by section 308(3c) of the Corporations Act 2001. This Remuneration Report forms part of the Directors' Report.

Structure of this Report

1. Remuneration and Organisation Committee
2. Non-Executive Directors' Remuneration
3. Remuneration Policy and Structure
4. Relationship between Company Performance and Remuneration
5. Specific Remuneration Details

1. REMUNERATION AND ORGANISATION COMMITTEE

The Board oversees the BlueScope Steel Human Resources Strategy, both directly and through the Remuneration and Organisation Committee of the Board (the Committee). The Committee consisted entirely of independent non-executive directors.

The members of the Committee during the year were:

Ms Diane Grady – Independent Director and Chairman of the Committee

Mr Graham Kraehe – Chairman of the Board and Committee Member

Mr Ron McNeilly – Deputy Chairman and Committee Member

Mr Tan Yam Pin – Independent Director and Committee Member

The purpose of the Committee is to assist the Board in overseeing that the Company:

— Has a human resources strategy aligned to the overall business strategy, which supports 'Our Bond';
— Has coherent remuneration policies that are observed and that enable it to attract and retain executives and Directors who will create value for shareholders;
— Fairly and responsibly rewards executives having regard to the performance of the Company, the creation of value for shareholders, the performance of the executive and the external remuneration environment; and
— Plans and implements the development and succession of executive management.

The Committee has responsibility for remuneration strategy, policies and practices applicable to Non-Executive Directors, the Managing Director and Chief Executive Officer, senior managers and employees generally. The Committee focuses on the following activities in its decision making on the Company's remuneration arrangements:

— Approving the terms of employment of the Executive Leadership Team, including determining the levels of remuneration;
— Ensuring a robust approach to performance management through approving the STI objectives and reviewing performance of members of the Executive Leadership Team;
— Considering all matters relating to the remuneration and performance of the Managing Director and Chief Executive Officer prior to Board approval;
— Approving awards of equity to employees; and
— Ensuring the Company's remuneration policies and practices operate in accordance with good corporate governance standards, including approval of the Remuneration Report and communications to shareholders on remuneration matters.

The Committee seeks input from the Managing Director and Chief Executive Officer and the Executive General Manager, People and Organisation Performance, who attend Committee meetings except where matters relating to their own remuneration are considered. In addition, advice is obtained by the Committee from external specialist remuneration advisers in a number of areas including:

— Remuneration benchmarking;
— Short-term incentives;
— Long-term incentives; and
— Contract terms.

The Company's approach to remuneration recognises that BlueScope Steel operates in a highly cyclical and competitive global environment and that the performance of the Company is affected by the quality of its people.

2. NON-EXECUTIVE DIRECTORS' REMUNERATION

The Committee, on behalf of the Board, seeks the advice of expert external remuneration consultants to ensure that fees and payments reflect the duties of Board Members and are in line with the market. The Chairman and the Deputy Chairman of the Board do not participate in any discussions relating to the determination of their own fees.

Non-Executive Directors do not receive share rights or other performance-based rewards. Non-Executive Directors are expected to accumulate over time a shareholding in the Company at least equivalent in value to their annual remuneration. Non-Executive Directors have previously been required to salary sacrifice a minimum of 10% of their fees each year to acquire BlueScope Steel shares. Changes to the taxation of employee share plans introduced by the Federal Government effective 1 July 2009 made the operation of this plan impractical and the Board resolved to cease operation of this plan with effect from 1 July 2009.

The schedule of fees and payments of Non-Executive Directors are reviewed each January. There were no fee increases in 2009 or 2010. Some committee fees were revised in 2008. The schedule of fees effective 1 January 2008 and which currently applies is as follows:

Role	Fees effective 1 Jan 2008
Chairman[1]	$[illegible]50,000
Deputy Chairman	$260,000
Non-Executive Director[2]	$1[illegible]0,000
Chairman of Audit and Risk Committee	$35,000
Member of Audit and Risk Committee	$18,000
Chairman of Remuneration and Organisation Committee	$25,000
Member of Remuneration and Organisation Committee	$13,000
Chairman of Health, Safety and Environment Committee	$25,000
Member of Health, Safety and Environment Committee	$13,000
Travel and Representation Allowance[3]	$20,000

[illegible]

The maximum fee pool limit is currently $2,925,000 per annum (inclusive of superannuation) as approved by shareholders at the Annual General Meeting in 2008. Total fees paid to Directors for the year ended 30 June 2010 amounted to $1,765,039.

Compulsory superannuation contributions capped at $15,199 per annum (commencing 1 July 2010) are paid on behalf of each Director. Compulsory superannuation contributions for the year ended 30 June 2010 were $14,461 per annum. Non-Executive Directors do not receive any other retirement benefits.

3. REMUNERATION POLICY AND STRUCTURE

3.1 Key Principles

BlueScope Steel's remuneration and reward practices aim to attract, motivate and retain employees of the highest calibre as well as supporting Our Bond by rewarding performance through remuneration.

The Company's salaried remuneration framework is designed to:

— Link employee remuneration with the creation of a sustainable business and value for shareholders;
— Recognise and reward individual performance and accountability for key job goals;
— Provide distinguishable remuneration differences between levels; and
— Maintain a competitive remuneration level relative to the markets in which the Company operates.

The framework is built on an appropriate mix of base pay and variable pay comprising short-term incentives and long-term equity incentives.

The remuneration structure encourages a balanced approach to managing risk by:

— The requirement of the Board to approve the performance targets and the measurement of performance for the STI;
— The imposition of a cap of 150% of target on STI awards;
— The incorporation of a significant component of remuneration for achievement of longer term targets through the long term incentive plan; and
— The requirement for executives to build a prescribed shareholding in the Company.

The Company is satisfied that its remuneration strategies and outcomes remain appropriate in the current economic environment.

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3.2 Fixed Remuneration

Fixed remuneration is determined by reference to the scope and nature of each individual's role, performance, experience, work requirements and remuneration level for comparable roles in companies of similar complexity, size and geographical spread. Market data is obtained from external sources to establish appropriate guidelines for comparable roles. Remuneration reviews are usually conducted on an annual basis. There are no guaranteed remuneration increases for executives and all increases are based on individual contribution, competitive and fair market positioning and performance. The Committee reviews proposed executive increases and approves increases for each Executive Leadership Team member. The Committee obtains market data from external advisers. No general increases were paid to executives and senior managers for the year ending 30 June 2010. The September 2009 salary review for other salaried employees was withheld until January 2010 and a modest increase was approved for a limited group of salaried employees.

3.2.1 Superannuation

BlueScope Steel operates superannuation funds in Australia, New Zealand and North America for its employees. In these locations there are a combination of defined benefit and defined contribution type plans. The defined benefit schemes are closed to new members. Contributions are also made to other international retirement benefit plans for employees outside of Australia, New Zealand and North America.

3.2.2 Other Benefits

Additionally, executives are eligible to participate in an annual health assessment program designed to safeguard the Company against loss or long-term absence for health-related reasons. Employees engaged on international assignments are also provided with relocation benefits including housing, relocation costs and other living adjustments under the Company's international assignment policy.

3.3 Short Term Incentives (Variable Pay)

All senior managers and many salaried employees participate in the Short Term Incentive Plan (STI).

The STI is:

- An annual 'at risk' cash bonus scheme, which is structured to deliver total remuneration in the upper quartile for the respective market group when stretch performance is attained;
- STI awards are not an entitlement but rather the reward for overall Company results and the individual or team contribution to performance;
- The scheme is applied at the discretion of the Board which has established policies to ensure that STI payments are aligned with the organisation and individual performance outcomes;
- Target STI levels are set having regard to appropriate levels in the market and range from 10% of base salary through to 60% at CEO level. These levels are reviewed annually. For outstanding results, participants may receive a further 50% of their target bonus amount.
- Goals for each participant are drawn from the following categories:
  - Financial Measures – performance measures include Net Profit After Tax, Cash Flow, Return on Invested Capital, and Earnings Before Interest and Tax;
  - Zero Harm – safety and environment performance measures, including Lost Time Injury Frequency Rates, Medically Treated Injury Frequency Rates and environmental measures;
  - Business Excellence – performance measures for the year ended 30 June 2010 included operational targets such as long-term structural reductions to the cost base of the Company, balance sheet and liquidity initiatives and improvements to the performance of business units; and
  - Strategy – implementation of specific longer-term strategic initiatives.

STI plans are developed using a balanced approach to financial measures and key performance indicator ('KPI') metrics. At the senior executive level, 60% of the STI award is based on financial measures with 40% based on KPI metrics. For other participants, 50% of the STI award is based on financial measures and 50% is based on KPI metrics.

Performance conditions, including threshold, target and stretch hurdles, are set for each plan and these conditions are assessed using quantified and verifiable measures or an assessment of value contribution. If the threshold level is not reached, no payment is made in respect of that goal. The Board retains the discretion to adjust any STI payments in exceptional circumstances, including determining that no award is paid.

The Committee oversees the objective setting process and approves the targets and performance measures for all members of the Executive Leadership Team. The Board approves the targets and performance measures of the Managing Director and Chief Executive Officer.

3.4 Equity-Based Opportunities

The Company encourages employee share ownership. This is achieved in the following ways:

- for all employees, through the General Employee Share Plan, and
- for executives, through the Long Term Incentive Plan.

3.4.1 General Employee Share Plan

The Company operates a General Employee Share Plan with more than 97% of eligible employees participating in the plan.

The allocation of shares to employees under such schemes and the form of the offer are determined by the Board on a year-by-year basis taking account of Company performance. No plan was offered for the year ending 30 June 2010.

3.4.2 Long Term Incentive Plan

Awards of share rights are made to senior managers under the Long Term Incentive Plan ('LTIP'). The LTIP is designed to reward senior managers for long-term value creation. It is part of the Company's overall recognition and retention strategy, having regard to the long-term incentives awarded to senior managers in the markets in which the Company operates.

The decision to make an award of share rights is made annually by the Board. Awards are based on a percentage of the relevant executive's Base Pay and individual performance including living 'Our Bond'.

The number of share rights awarded to participants is calculated on a conservative basis by using the share price averaged over three months to 31 August ('face value') rather than the accounting 'fair value' of the rights. Details of awards under the LTIP are set out below. In summary, the main features of the LTIP are as follows:

- Awards are generally made as a right to acquire an ordinary share for no consideration on vesting;
- Vesting requires sustained performance over at least three years with a hurdle based on Total Shareholder Return ('TSR') relative to the TSR of the companies in the S&P/ASX 100 index at the award commencement date.
- The minimum ranking required for vesting being the 51st percentile against the peer group at which point 52% of an award vests. Maximum vesting (100% of a participant's share rights) occurs at the 75th percentile or above.
- In view of the cyclical nature of the markets in which the Company operates, there are up to four retests at six monthly intervals following the initial three-year performance period. This helps moderate short-term share price volatility that may arise due to a market view of future Hot Rolled Coil prices, which is not reflective of actual Company performance. At each retest period, shares only vest if they have reached the hurdles for the total period from the date of the initial grant.
- Unvested share rights lapse on resignation or termination for cause or at the expiry of the relevant performance period, whichever comes first; and
- 'Change of Control' conditions may result in early vesting provided the relevant performance hurdles are satisfied.

3.4.3 Share Ownership Guidelines

Long-term equity incentives are tied to Company performance as experienced by shareholders. Employees who participate in the LTIP are excluded from selling, assigning, charging or mortgaging their share rights. Share rights are personal to the employee. Employees are excluded from transferring any risk or benefit from the unvested share rights to any other party. So called 'cap and collar' transactions cannot be made in respect of BlueScope Steel share rights. Employees are required to provide an annual confirmation that they are in compliance with this policy.

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Summary Table of Long Term Incentive Plan Awards

	September 2004	September 2005	September 2006	September 2007	September 2008	September 2009
Grant Date	31 August 2004 [illegible]	18 November 2005 [illegible]	18 November 2006 [illegible]	5 November 2007 [illegible]	28 November 2008 [illegible]	30 November 2009 [illegible]
Exercise Date	From 1 September 2007	From 1 September 2008	From 1 September 2009	From 1 September 2010	From 1 September 2011	From 1 September 2012
Expiry Date	31 October 2009	31 October 2010	31 October 2011	31 October 2012	31 October 2013	31 October 2014
Total Number of Share Rights Granted	2,306,400	1,938,100	2,310,950	1,934,845	2,248,246	8,090,480
Total Number of Cash Rights Granted						138,000
Number of Participants at Grant Date	201	228	206	217	253	313
Number of Current Participants	0	3	134	199	244	312
Exercise Price	Nil	Nil	Nil	Nil	Nil	Nil
Fair Value Estimate at Grant Date	$11,143,602	$7,086,856	$12,012,780	$11,468,263	$2,765,343	$10,516,812
Fair Value per Share Right at Grant Date	$5.14	$3.89	$5.53	$6.37 (5 Nov 2007) $6.42 (14 Nov 2007)	$1.64	$1.70
Share Rights Lapsed since Grant Date	437,978	413,780	987,569	307,788	272,928	78,349
Vesting Schedule						
TSR Hurdle – 75th–100th percentile	100%	100%	100%	100%	100%	100%
TSR Hurdle – 51st–<75th percentile	There is no vesting until the 51st percentile, at which point 52% vests increasing on a linear basis to 100% vesting at the 75th percentile. Any unvested Share Rights will be carried over for assessment at subsequent performance periods.					
TSR Hurdle – <51st percentile	All Share Rights will be carried over for assessment at subsequent performance periods.					
Vesting Outcome 1st Performance Period	38.00%	100%	0.00%	–	–	–
Vesting Outcome 2nd Performance Period	62.82%		0.00%	–	–	–
Vesting Outcome 3rd Performance Period	100%			–	–	–
Vesting Outcome 4th Performance Period			–	–	–	
Vesting Outcome 5th Performance Period				–	–	

[illegible]

4. RELATIONSHIP BETWEEN COMPANY PERFORMANCE AND REMUNERATION

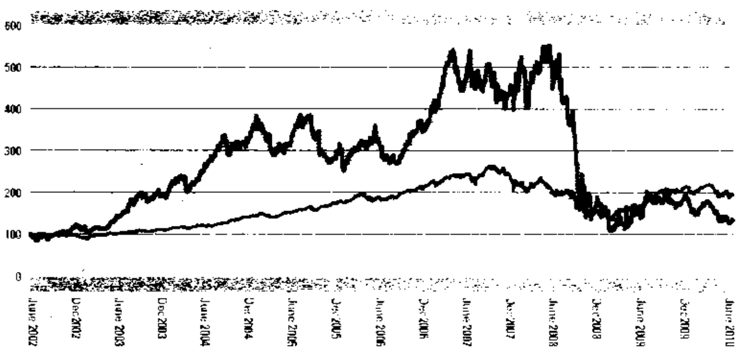
The short-term and long-term incentive components of the remuneration strategy reward achievement against Company and individual performance measures over short-term and long-term timeframes.

The graph below shows the Total Shareholder Return (TSR) performance of BlueScope Steel compared to the performance of the S&P/ASX 100 for the eight-year period to 30 June 2010. The TSR Index for BlueScope Steel as at 30 June 2010 was 126.68 compared to 190.50 for the S&P/ASX 100.

The use of a relative TSR measure as the Company's performance hurdle for the Long Term Incentive Plan ensures that vesting of long-term incentives will only occur when the Company has delivered superior share price and dividend returns to shareholders over the performance period. Vesting can only occur when the Company outperforms against the companies in the S&P/ASX 100 index.

For existing unvested LTIP grants to vest, the Company's relative TSR performance over the remainder of the relevant performance periods will firstly need to recover its relative performance against the companies in the S&P/ASX 100 and then to outperform those companies in order to generate superior returns by reversing the decline in share price and dividend performance of recent times.

BLUESCOPE STEEL LIMITED
TOTAL SHAREHOLDER RETURN INDEX COMPARED TO S&P/ASX 100
15/7/02 to 30/6/10 Source RBS



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An analysis of other Company performance and performance-related remuneration data relating to the nominated senior corporate executives set out in Section 3 over the same period is set out below.

BlueScope Steel Performance Analysis

Measure	30 June 2004	30 June 2005	30 June 2006	30 June 2007	30 June 2008	30 June 2009	30 June 2010	Change Increase from 30/6/04 to 30/6/10
Share Price	$6.74	$8.23	$7.95	$10.34	$11.34	$2.53	$2.10	
Change in Share Price ($)	$3.02	$1.49	-$0.28	$2.39	$1.00	-$8.81	-$0.43	$4.64
Change in Share Price (%)	81.2	22.1	-3.4	30.1	9.7	-77.7	-17.0	-68.8
Dividend per Share:								
Ordinary (cents)	30	42	44	47	49	[illegible]	[illegible]	N/A
Special (cents)	10	20	0	0	0	0	0	N/A
Earnings per Share (cents)	77.8	134	47.9	95.3	80.[illegible]	-7.[illegible]	6.9	N/A
REPORTED								
NPAT $ million	$584	$987	$338	$686	$596	-$66	$126	$458
% movement	–	68.2	65.6	103.0	-13.1	[illegible]	290.9	78.4
EBIT $ million	$818	$1,388	$556	$1,099	$1,063	$15	$240	$578
% movement	–	69.7	59.0	97.7	-3.3	98.6	1,500.0	-70.7
EBITDA $ million	$1,105	$1,696	$850	$1,423	$1,420	$380	$590	$515
% movement	–	53.5	49.9	67.4	-0.2	-73.2	55.3	46.6
UNDERLYING								
NPAT $ million	$578	$1,129	$555	$643	$816	$56	$113	$465
% movement	–	95.3	50.8	15.9	26.9	-93.1	101.8	-80.4
EBIT $ million	$822	$1,559	$840	$1,057	$1,273	$171	$255	$567
% movement	–	89.7	46.1	25.6	20.5	86.6	49.1	-69.0
EBITDA $ million	$1,109	$1,856	$1,127	$1,374	$1,630	$536	$605	-$504
% movement	–	67.3	-39.3	21.9	18.7	-67.1	12.9	-45.4

[illegible]

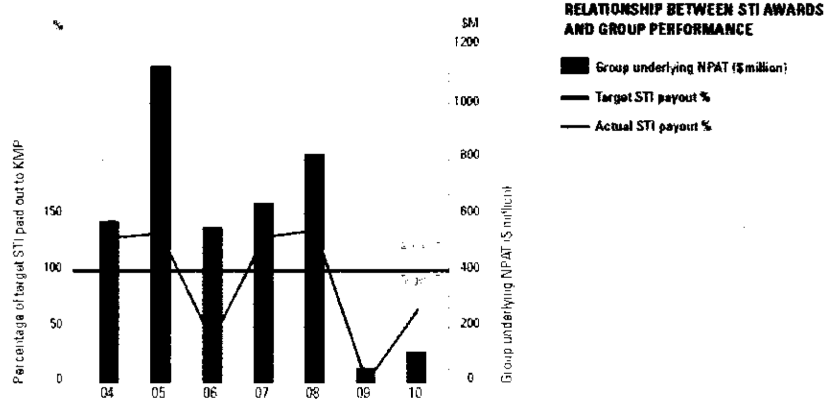
4.1 Performance-Related Remuneration Analysis

In setting financial targets, the Board takes a number of factors into account, including market consensus on future earnings, forecast movements in steel prices, exchange rate and other external factors likely to impact financial performance. The Board aims to align executive remuneration to business outcomes and shareholder experience.

No short-term incentive payments were made for the year ended 30 June 2009 although many employees had achieved their non-financial targets during the year. The graph below shows the actual STI outcomes against target for the Executive Leadership Team over the past seven years overlaid against the changes to Group Underlying NPAT over the same period. This clearly illustrates the relationship between Company performance and awards made under the STI Plan and demonstrates that the STI awards payable to executives reflect the financial results for the year and overall Company performance.

For 2010, demanding non-financial objectives were achieved to deliver immediate and long-term value to shareholders. These included cost savings of $526 million, balance sheet and liquidity initiatives, and improved performance in the Asian segment. Notwithstanding these achievements, STI payments will be below target, reflecting the Company's financial performance.

RELATIONSHIP BETWEEN STI AWARDS AND GROUP PERFORMANCE



5. SPECIFIC REMUNERATION DETAILS

5.1 Key Management Personnel – Directors' Remuneration

Details of the audited remuneration for the year ended 30 June 2010 for each Non-Executive Director of BlueScope Steel are set out in the following table

Name	Year	Short-term employee benefits: Fees $	Non-monetary $	Sub-total $	Post-employment benefits $	Total $
Directors – current						
G J Kraehe	2010	450,000	12,362	462,362	14,461	476,823
	2009	450,000	14,413	464,413	13,745	478,158
R J McNeilly	2010	260,000	–	260,000	14,461	274,461
	2009	260,000	–	260,000	13,745	273,745
D J Grady	2010	188,000	–	188,000	14,461	202,461
	2009	188,000	–	188,000	13,745	201,745
H K McCann	2010	181,000	–	181,000	14,461	195,461
	2009	196,000	–	196,000	13,745	209,745
Y P Tan	2010	196,000	–	196,000	14,461	210,461
	2009	196,000	–	196,000	13,745	209,745
D B Grollo	2010	181,000	–	181,000	14,461	195,461
	2009	172,554	–	172,554	13,745	186,299
K A Dean	2010	195,450	–	195,450	14,461	209,911
	2009	30,631	–	30,631	2,326	32,957
Total 2010		1,651,450	12,362	1,663,812	101,227	1,765,039
Total 2009		1,493,185	14,413	1,507,598	84,796	1,592,394

[illegible]

5.2 Key Management Personnel – Executives' (including Managing Director and Chief Executive Officer's) remuneration

The Key Management Personnel of BlueScope Steel Limited include those members of the Executive Leadership Team who have the authority and responsibility for planning, directing and controlling the activities of the Company. These executives also represent the five most highly remunerated executives within the organisation.

The following table shows the current composition of the Executive Leadership Team, who all held their positions during the year.

Key Management Personnel

Current KMP	Position	Dates Executive Leadership Team position held during year ended 30 June 2010
P F O'Malley	Managing Director and Chief Executive Officer	1 July 2009 – 30 June 2010
N H Cornish	Chief Executive, Australian & New Zealand Steel Manufacturing Businesses	1 July 2009 – 30 June 2010
M R Vassella	President, North America	1 July 2009 – 30 June 2010
P E O'Keefe	Chief Executive, Australian Coated & Industrial Markets	1 July 2009 – 30 June 2010
I R Cummin	Executive General Manager, People and Organisation Performance	1 July 2009 – 30 June 2010
M G Barron	Chief Legal Officer and Company Secretary	1 July 2009 – 30 June 2010
S R Elias	Chief Financial Officer	1 July 2009 – 30 June 2010
S Daval	Chief Executive, Asia	1 July 2009 – 30 June 2010
K A Mitchelhill	Chief Executive, Australian Distribution & Solutions	1 July 2009 – 30 June 2010

The audited information contained in the following tables represent the annual remuneration for the year ended 30 June 2010 for the Key Management Personnel – Executives.

The aggregate remuneration of the Key Management Personnel – Executives of the Company is set out below.

	2010 $	2009 $
Short-term employee benefits	10,898,772	8,409,538
Post-employment benefits	412,329	530,027
Other long-term benefits	72,432	243,320
Termination benefits	–	–
Share-based payments	2,253,122	2,00[illegible]
TOTAL	13,636,655	11,18[illegible]255

[illegible]

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The remuneration of each member of the Key Management Personnel – Executives of the Company is set out in the following tables:

KMP Remuneration

		Short-term employee benefits									Share-based payments			
Name	Year	Salary and fees $	Movement in annual leave provision[1] $	Bonus $	Non-monetary $	Other[2] $	Sub-total $	Post-employment benefits[3] $	Other long-term employee benefits[4] $	Termination benefits $	Shares and units $	Options and rights $	Total $	% of Remuneration that is performance related[10] %
Executive Director														
P F O'Malley[5]	2010	1,680,000	-32,308	806,400	940	204,526	2,659,558	30,674	41,993	0	136,826	825,343	3,694,400	44.2
	2009	1,666,667	-10,178	0	60,878	183,333	1,900,700	50,000	47,986	0	168,000	621,586	2,788,272	22.3
KMP Executives – current														
N H Cornish	2010	752,500	26,049	302,505	0	0	1,081,054	123,410	-79,592	0	0	265,638	1,390,510	40.9
	2009	743,750	-74,918	0	0	0	668,832	89,250	58,362	0	59,974	281,529	1,157,947	24.3
M R Vassella[6]	2010	725,792	22,470	310,800	425,021	78,694	1,517,837	22,917	18,500	0	116,128	154,351	1,829,733	25.4
	2009	723,333	26,114	0	889,009	51,267	1,689,723	50,000	51,443	0	253,020	92,451	2,136,637	4.3
P E O'Keefe	2010	551,250	4,241	198,450	0	46,131	791,650	30,984	13,781	0	0	120,930	957,345	33.4
	2009	546,875	8,890	0	0	26,563	582,328	50,000	15,028	0	0	74,819	722,175	10.4
I R Cummin	2010	556,400	-23,540	221,336	0	8,066	762,262	69,830	13,911	0	0	199,738	1,045,741	40.3
	2009	550,334	-13,026	0	0	0	537,308	77,047	18,607	0	44,552	211,072	889,486	23.8
M G Barron	2010	556,400	-23,540	221,336	0	37,620	791,816	40,276	13,911	0	0	120,838	966,841	35.4
	2009	550,334	7,284	0	0	0	557,618	77,047	19,963	0	0	74,296	728,924	10.2
S R Elias	2010	645,000	7,447	256,581	0	62,551	971,574	27,749	16,125	0	0	139,735	1,155,183	34.3
	2009	637,500	7,164	0	0	39,250	683,914	50,000	16,841	0	0	85,781	836,536	10.3
S Davall[7, 8]	2010	630,000	16,751	378,000	68,378	42,367	1,135,496	45,833	15,750	0	16,067	63,283	1,276,429	34.6
	2009	693,000	20,934	0	167,335	0	881,269	44,100	7,639	0	7,810	9,107	949,925	1.0
K A Mitchelhill[7, 9]	2010	718,769	10,614	306,600	71,570	79,972	1,187,525	20,656	18,047	0	19,833	74,412	1,320,473	28.9
	2009	842,167	22,923	0	42,756	0	907,846	42,583	7,451	0	8,154	9,319	975,353	1.0
Total 2010		6,816,111	-45,243	3,002,008	565,909	559,987	10,898,772	412,329	72,432	0	288,854	1,964,268	13,636,655	
Total 2009		6,953,960	-4,813	0	1,159,978	300,413	8,409,538	530,027	243,320	0	541,510	1,460,860	11,185,255	

1 [illegible]
2 [illegible]
3 [illegible]
4 [illegible]
5 [illegible]
6 [illegible]
7 [illegible]
8 [illegible]
9 [illegible]
10 **The % of remuneration that is performance related recognises STI payouts at below target. LTI is based on accounting values rather than the amounts actually received.**

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5.3 Cash Bonuses

For the year ended 30 June 2010, below-target STI payments will be made, resulting in outcomes for executives averaging less than 50% of the maximum STI. Eligibility to receive a bonus is subject to the terms and conditions of the plan, including a minimum of six months performance during the plan year and employment during the period is not terminated for resignation or performance-related reasons.

Under the Company's Short Term Incentive Plan each executive can earn between 0% and 150% (maximum) of the STI target award.

The table below shows the STI opportunity, actual percentage outcome achieved and percentage forfeited for the year ended 30 June 2010.

Name	Target of annual base pay %	Actual STI as a % of maximum STI for year ended 30 June 2010 %	% of maximum STI forfeited for year ended 30 June 2010 %
Executive Director			
P F O'Malley	80	40	60
KMP executives – current			
N H Cornish	60	45	55
M R Vassella	60	47	53
P E O'Keefe	60	40	60
I R Cummin	60	44	56
M G Barron	60	44	56
S R Elias	60	44	56
S Dayal	60	67	33
K A Mitchelhill	60	47	53

5.4 Share Rights Holdings

Share Rights granted, exercised and forfeited by the Key Management Personnel during the year ended 30 June 2010 were as follows:

Value of Share Rights Holdings

Name	Remuneration consisting of share rights[1] %	Value of share rights granted during the year at grant date[1] $	Value of share rights exercised during the year $	Value of share rights at lapse date, that lapsed during the year $	Total value of share rights granted, exercised and lapsed during the year $
Executive Director					
P F O'Malley	43	1,381,000	–	–	1,381,000
KMP Executives – current					
N H Cornish	26	365,500	–	–	365,500
M R Vassella	20	359,431	–	–	359,431
P E O'Keefe	28	267,750	–	–	267,750
I R Cummin	26	270,249	–	–	270,249
M G Barron	28	270,249	–	–	270,249
S R Elias	27	313,293	–	–	313,293
S Dayal	24	306,000	–	–	306,000
K A Mitchelhill	27	354,569	–	–	354,569

[1] [illegible]

The Share Rights awarded to executives under the September 2006 Award were tested after the first (31 August 2009) and second (28 February 2010) performance periods and no vesting occurred. They will be tested after the conclusion of the third performance period on 31 August 2010.

Details of the audited Share Rights holdings for year ended 30 June 2010 for the Key Management Personnel are set out in the following table. Refer to the Summary Table of Long Term Incentive Plan Awards (on page 30) for details with respect to fair values, exercise price and key dates.

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Share Rights holdings for the financial year ended 30 June 2010

2010	Balance at 30 June 2009	Granted in year ended 30 June 2010	Exercised in year ended 30 June 2010	Lapsed in year ended 30 June 2010	Balance at 30 June 2010	Vested and not yet exercised in year ended 30 June 2010	Unvested at 30 June 2010	Total share rights vested in year ended 30 June 2010
Executive Director								
P F O'Malley	547,511	930,000	–	–	1,477,511	–	1 477 511	–
KMP Executives – current								
N H Cornish	178,810	215,000	–	–	393,810	–	393 810	–
M R Vassella	103 328	211,430	–	–	314,758	–	314 758	–
P E O'Keefe	92 039	157,500	–	–	249,539	–	249,539	–
I R Cummin	134,459	158,970	–	–	293,429	–	293,429	–
M G Barron	130,159	158,970	–	–	289,129	–	289,129	–
S R Elias	93,179	184,290	–	–	277 469	–	277,469	–
S Dayal	45,400	180,000	–	–	225,400	–	225,400	–
K A Mitchelhill	55,250	208,570	–	–	263,820	–	263,820	–

Share Rights holdings for the financial year ended 30 June 2009

2009	Balance at 30 June 2008	Granted in year ended 30 June 2009	Exercised in year ended 30 June 2009	Lapsed in year ended 30 June 2009	Balance at 30 June 2009	Vested and not yet exercised in year ended 30 June 2009	Unvested at 30 June 2009	Total share rights vested in year ended 30 June 2009
Executive Director								
P F O'Malley	352,153	246,358	51,000	–	547 511	–	547,511	51,000
KMP Executives – current								
N H Cornish	190,900	56,954	69,044	–	178,810	–	178,810	69,044
M R Vassella	47,320	56,008	–	–	103,328	–	103,328	–
P E O'Keefe	50,317	41,722	–	–	92,039	–	92,039	–
I R Cummin	144,952	42,112	52,605	–	134,459	–	134,459	52,605
M G Barron	139,966	42,112	51,919	–	130,159	–	130,159	51,919
S R Elias	44,362	48,817	–	–	93,179	–	93,179	–
S Dayal	–	45,400	–	–	45,400	–	45 400	–
K A Mitchelhill	–	55,250	–	–	55,250	–	55,250	–

The table below sets out the details of each specific share right tranche and awards granted and vested during the year ended 30 June 2010 for each KMP.

Share Rights Award Summary

2010	Number of share rights awarded	Date of Grant	% Vested in year ended 30 June 2010	% Forfeited in year ended 30 June 2010	Share rights yet to vest	Financial year in which awards may vest	Value of share rights not vested 30 June 2010 $ Min	Value of share rights not vested 30 June 2010 $ Max
Executive Director								
P F O'Malley	70,100	18-Nov-06	–	–	70,100	2011	–	387,653
	231 053	14-Nov-07	–	–	231,053	2011	–	1 463 360
	246,358	28-Nov-08	–	–	246,358	2012	–	404 027
	930,000	30-Nov-09	–	–	930,000	2013	–	1,581,000
KMP Executives – current								
N H Cornish	70,100	18-Nov-06	–	–	70,100	2011	–	387,653
	51,756	05-Nov-07	–	–	51,756	2011	–	329,686
	56,954	28-Nov-08	–	–	56,954	2012	–	93,405
	215,000	30-Nov-09	–	–	215 000	2013	–	365 500
M R Vassella	47 320	05-Nov-07	–	–	47,320	2011	–	301 428
	56 008	28-Nov-08	–	–	56 008	2012	–	91 853
	211 430	30-Nov-09	–	–	211 430	2013	–	359,431
P E O'Keefe	11 500	18-Nov-06	–	–	11 500	2011	–	63,595
	38,817	05-Nov-07	–	–	38 817	2011	–	247,264
	41,722	28-Nov-08	–	–	41 722	2012	–	68,424
	157,500	30-Nov-09	–	–	157,500	2013	–	267 750
I R Cummin	53,900	18-Nov-06	–	–	53,900	2011	–	298 067
	38 447	05-Nov-07	–	–	38 447	2011	–	244 907
	42 112	28-Nov-08	–	–	42,112	2012	–	69 064
	158 970	30-Nov-09	–	–	158,970	2013	–	270 249
M G Barron	49 600	18-Nov-06	–	–	49,600	2011	–	274,288
	38 447	05-Nov-07	–	–	38,447	2011	–	244,907
	42 112	28-Nov-08	–	–	42 112	2012	–	69 064
	158 970	30-Nov-09	–	–	158,970	2013	–	270,249
S R Elias	44 362	05-Nov-07	–	–	44,362	2011	–	282,586
	48 817	28-Nov-08	–	–	48,817	2012	–	80 060
	184,290	30-Nov-09	–	–	184,290	2013	–	313,293
S Dayal	45,400	28-Nov-08	–	–	45,400	2012	–	74 456
	180 000	30-Nov-09	–	–	180,000	2013	–	306,000
K A Mitchelhill	55,250	28-Nov-08	–	–	55,250	2012	–	90,6[illegible]
	208,570	30-Nov-09	–	–	208 570	2013	–	354,5[illegible]

5.5 Shares Awarded as Remuneration

In the year ended 30 June 2008 a number of senior executives were awarded shares under the Special Share Retention Plan. Some of those shares vested in the year ended 30 June 2010.

Share Award Summary

2010	Number of shares awarded	Date of grant	% vested in year ended 30 June 2010	% forfeited in year ended 30 June 2010	Shares yet to vest	Financial year in which awards may vest	Value of shares not vested 30 June 2010[1] $ Min	Value of shares not vested 30 June 2010[1] $ Max
Executive Director								
P F O'Malley	15,000	06-Aug-07	–	–	15,000	2011	–	159,600
	17,000	06-Aug-07	–	–	17,000	2012	–	180,880
	18,000	06-Aug-07	–	–	18,000	2013	–	191,520
KMP Executives – current								
N H Cornish	–	–	–	–	–	–	–	–
M R Vassella	25,000	03-Aug-07	–	–	25,000	2011	–	266,000
	32,000	01-Sep-07	100	–	–	–	–	–
P E O'Keefe	–	–	–	–	–	–	–	–
I R Cummin	–	–	–	–	–	–	–	–
M G Barron	–	–	–	–	–	–	–	–
S R Elias	–	–	–	–	–	–	–	–
S Daval[2]	20,000	10-Mar-09	–	–	20,000	2012	–	48,200
K A Mitchelhill[2]	25,000	27-Feb-09	–	–	25,000	2012	–	59,500

[1] [illegible]
[2] [illegible]

5.6 Share Holdings in BlueScope Steel Limited

The following table details the shares held by Key Management Personnel as well as any related-party interests in BlueScope Steel Limited as at 30 June 2010.

Share Holdings[1] in BlueScope Steel Limited

Name	Ordinary shares held as at 30 June 2010	Ordinary shares held as at 30 June 2009
Non-Executive Directors – current		
G J Kraehe	286,276	286,276
R J McNeilly	1,321,502	1,321,502
D J Grady	128,382	128,382
H K McCann	152,720	152,720
Y P Tan	157,116	157,116
D B Grollo	128,156	128,156
K A Dean	26,624	11,624
Executive Director		
P F O'Malley	227,613	227,613
KMP executives – current		
N H Cornish	68,584	68,584
M R Vassella	57,303	57,303
P E O'Keefe	15,303	15,303
I R Cummin	338,292	338,292
M G Barron	191,924	191,924
S R Elias	–	–
S Daval	20,000	20,000
K A Mitchelhill	77,666	77,666

[1] [illegible]

5.7 Managing Director and Chief Executive Officer – Outline of Employment Contract

Paul O'Malley was appointed to the position of Managing Director and Chief Executive Officer effective from 1 November 2007.

Mr O'Malley's current annual base pay is $1,680,000. This has not changed since 1 September 2008.

Remuneration is reviewed annually in accordance with the Board's senior executive salary review policy. In addition, Mr O'Malley is eligible to participate in the Short Term Incentive Plan and, subject to shareholder approval, Long Term Incentive Plan awards.

In a year where financial performance was adversely affected by the economic downturn, the Managing Director and Chief Executive Officer received no payment for financial outcomes. His strong leadership in cost reduction, financial restructuring and driving the strategic initiatives of Global PEB and Asian restructure resulted in an STI bonus of $806,400 which is 40% of his maximum total bonus available.

Upon appointment Mr O'Malley was provided with 50,000 BlueScope Steel Limited shares (purchased on-market) to be held subject to certain restrictions. Some or all of these shares will be forfeited by Mr O'Malley if his employment with BlueScope Steel is terminated within the restriction period specified, other than as a result of fundamental change in his employment terms.

The employment of Mr O'Malley may be terminated in the following circumstances:

- **by notice:** on six months' notice by either party. If BlueScope Steel terminates Mr O'Malley's employment by notice, it may provide payment in lieu of notice and must make an additional payment of 12 months' annual base pay.
- **with cause:** immediate termination by BlueScope Steel if, among other things, Mr O'Malley wilfully breaches his Service Contract, is convicted of various offences for which he can be imprisoned or is disqualified from managing a corporation, or engages in conduct which is likely to adversely impact the reputation of BlueScope Steel. In this circumstance, Mr O'Malley will be entitled to his annual base pay up to the date of termination.
- **illness or disablement:** BlueScope Steel may terminate Mr O'Malley's employment if he becomes incapacitated by physical or mental illness, accident or any other circumstances beyond his control for an accumulated period of six months in any 12-month period and, in this circumstance, will make payment of six months' notice based on annual base pay.
- **fundamental change:** Mr O'Malley may resign if a fundamental change in his employment terms occurs and within three months of the fundamental change Mr O'Malley gives notice to BlueScope Steel. In this event, the Company will provide Mr O'Malley with six months' notice or a payment in lieu of that notice, and a termination payment of 12 months' annual base pay.

The rules governing the Company's Long Term Incentive Plan and Short Term Incentive Plan will apply to his LTIP and STI awards on termination of his employment including the STI and LTIP rules which provide that STI and LTIP awards will be forfeited if Mr O'Malley's employment is terminated for cause. Provision has also been made for early vesting (subject to testing) of LTIP awards on a change of control.

Mr O'Malley is subject to a 12-month non-compete restriction after his employment ceases with BlueScope Steel. Mr O'Malley cannot solicit or entice away from BlueScope Steel any supplier, customer or employee or participate in a business that competes with BlueScope Steel during the 12-month period.

5.8 Other Key Management Personnel – Executives

Remuneration and other terms of employment for the disclosed Key Management Personnel are formalised in employment contracts that can be terminated with notice. Each of these agreements provide for an annual review of annual base pay, provision of performance-related cash bonuses, other benefits, including annual health assessment, and participation, when eligible, in the Long Term Incentive Plan. The contracts provide for notice of six months for resignation by the executive or termination by the Company. In the event of termination by the Company other than for cause, a termination payment of 12 months' pay or the Company Redundancy Policy, whichever is the greater, will apply.

No annual salary reviews have been made to Key Management Personnel since September 2008 and as a result there was no increase in fixed remuneration for the year ended 30 June 2010.

Agreements are also in place for Key Management Personnel detailing the approach the Company will take with respect to payment of their termination payments and with respect to exercising its discretion on the vesting of share rights in the event of a 'Change of Control' of the organisation.

ENVIRONMENTAL REGULATION

The BlueScope Steel Group Health, Safety, Environment and Community ('HSEC') Policy provides the foundation for the way in which the environment is managed at all levels of the organisation. The BlueScope Steel Environment Principles and Standards detail the requirements for implementation of the policy throughout the Company.

An environment compliance system is in operation across the Company to promote compliance with all relevant laws. In addition to our compliance obligations, the Company has undertaken a range of initiatives that focus on five main areas: reducing greenhouse gas emissions; reducing pollution to land, air and water; reducing waste to landfill; optimisation of material reuse and recycling and conserving energy and fresh water. The reline of Port Kembla's No. 5 Blast Furnace included major projects to reduce fresh water usage, reduce water discharged into Allens Creek and reduce emissions to air. The furnace was recommissioned in September 2009. A significant water saving project is being planned for the Western Port plant, which is expected to deliver a 65% reduction in fresh water use and a 75% reduction in wastewater discharged. BlueScope Steel, South East Water and the Victorian Government will jointly fund the project.

BlueScope Steel Group notified relevant authorities of 42 statutory non-compliances with environmental regulations during the year ended 30 June 2010. During the year the Company did not receive any environment-related fines.

Energy Efficiency and Greenhouse Gas Regulation

The production of greenhouse gases is inherent in the primary chemical process used to produce iron and steel. The opportunities to reduce direct emissions from these processes are therefore very limited. Despite this, BlueScope Steel is committed to reducing the greenhouse gas intensity of its operations. The Company is also playing an active role in the global steel industry's efforts to reduce greenhouse gas emissions.

We also believe BlueScope's steel products will play an integral role in reducing society's greenhouse gas emissions, including as components in renewable energy infrastructure (e.g. wind towers; gas pipelines; solar power plants), in more sustainable transport infrastructure (e.g. trains, buses; lighter, more efficient steel products for cars), and in greener, more energy efficient buildings. Steel is 100% recyclable and its life is potentially infinite.

A range of BlueScope Steel's operations, particularly iron and steelmaking in Australasia and the US, are emissions intensive and trade exposed, and consequently the Company remains acutely aware of the ongoing national and international debate about the regulation of greenhouse gas emissions, including carbon taxes and emissions trading schemes.

In Australia, the Federal Government announced in April 2010 (and subsequently reconfirmed) that consideration of its Carbon Pollution Reduction Scheme would be deferred until 2012, implying the scheme is unlikely to commence before 2013. In July 2010, the Government announced that if re-elected, an interim carbon policy will include investment in renewable energy infrastructure, energy efficiency measures, and the establishment of a Citizens' Assembly to advise the government. The policy is not expected to impose a carbon price directly on the steel industry, though it is likely to increase the cost of electricity.

The Victorian Government also announced a new climate change policy in July 2010, with a target of a 20 per cent reduction in greenhouse gas emissions by 2020 compared to year 2000 levels. It is not expected that a carbon price will be imposed directly on the steel industry, however, the policy is also likely to lead to an increase in electricity costs.

The New Zealand emissions trading scheme (ETS) commenced on 1 July 2010. New Zealand Steel is a liable entity and expects to be allocated a proportion of permits as an emissions-intensive trade-exposed entity. It is expected to bear some carbon costs from suppliers (Scope 3 costs) for which it will not receive allocated permits. The New Zealand Government will review the ETS in 2011, including the arrangements for allocation of permits, and will take into account whether comparable carbon regulation has been introduced by major trading partners. The company will continue to put its view to the government in the lead up to this review that the ETS must not impose costs that adversely affect New Zealand Steel's competitiveness.

BlueScope's steelmaking plants are world competitive, and around half the steel products we make each year in our Australian plants are exported. The Company works hard to maintain its competitiveness. In contrast, many overseas steelmakers receive subsidies and other support to help them export. Policy that puts higher costs on us but not on overseas steelmakers risks undermining BlueScope's competitiveness.

Accordingly, the Company has developed eight Greenhouse Policy Principles by which it will assess the policies of political parties and governments, and advocate policy that minimises any loss of competitiveness.

1) Reducing greenhouse gas emissions is a global problem that requires a global approach.
2) Australia should adopt policy that achieves emissions targets at least cost. Putting a price on carbon which is visible to consumers and producers, through a market mechanism (emissions trading or carbon tax), is likely to drive least cost abatement.
3) The competitiveness and financial viability of Australia's trade exposed steel industry must not be eroded. We cannot place our industries at a disadvantage to the rest of the world. Transitional measures for trade exposed industries – including the steel industry – will be essential for as long as our global competitors (including India, China, US, Japan, Korea and Taiwan) do not face comparable carbon costs.
4) A single national carbon policy should be the goal of governments. Complementary policy measures adopted by Federal and State governments must be effective and least cost, and address recognised market failures. These policies must avoid market distortions or perverse incentives, overlap and unnecessary compliance costs and regulatory burden.
5) Revenue raised by a carbon price should be earmarked for investment in greenhouse gas abatement and assistance for households and industry. Policy should provide incentives for research and development and investment in abatement, including appropriate recognition for early movers.
6) Policy must not lead to carbon leakage, by which Australian production is simply replaced by foreign production that may, in fact, be less carbon efficient.
7) Policy should be comprehensive, including all sectors of the economy (and imports where appropriate) and be transparent.
8) Policy must recognise the very long time horizons for investment in the steel industry, including for potential next generation lower emissions iron and steelmaking technology.

INDEMNIFICATION AND INSURANCE OF OFFICERS

BlueScope Steel has entered into directors' and officers' insurance policies and paid an insurance premium in respect of the insurance policies, to the extent permitted by the *Corporations Act 2001*. The insurance policies cover former Directors of BlueScope Steel along with the current Directors of BlueScope Steel (listed on page 6x). Executive officers and employees of BlueScope Steel and its related bodies corporate are also covered.

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In accordance with Rule 21 of its Constitution, BlueScope Steel to the maximum extent permitted by law:

— must indemnify any current or former Director or Secretary; and
— may indemnify current or former executive officers,

of BlueScope Steel or any of its subsidiaries, against all liabilities (and certain legal costs) incurred in those capacities to a person, including a liability incurred as a result of appointment or nomination by BlueScope Steel or its subsidiaries as a trustee or as a director, officer or employee of another corporation.

The current Directors of BlueScope Steel have each entered into an Access, Insurance and Indemnity Deed with BlueScope Steel. The Deed addresses the matters set out in Rule 21 of the Constitution and includes, among other things, provisions requiring BlueScope Steel to indemnify a Director to the extent to which they are not already indemnified as permitted under law, and to use its best endeavours to maintain an insurance policy covering a Director while they are in office and seven years after ceasing to be a Director.

The Directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of the directors' and officers' liability insurance contract, as (in accordance with normal commercial practice) such disclosure is prohibited under the terms of the contract.

PROCEEDINGS ON BEHALF OF BLUESCOPE STEEL

As at the date of this report, there are no leave applications or proceedings brought on behalf of BlueScope Steel under section 237 of the *Corporations Act 2001*.

ROUNDING OF AMOUNTS

BlueScope Steel is a company of a kind referred to in Class Order 98/0100, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the Directors' Report. Amounts in the Directors' Report have been rounded off in accordance with that Class Order to the nearest hundred thousand dollars.

AUDITOR

Ernst & Young was appointed as auditor for BlueScope Steel at the 2002 Annual General Meeting.

AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES

The Auditor's Independence Declaration for the year ended 30 June 2010 has been received from Ernst & Young. This is set out at page 47 of the Directors' Report. Ernst & Young provided the following non-audit services during the year ended 30 June 2010:

Audit related assurance services

— $724,124 acquisition related investigating accountants assurance;
— $63,749 greenhouse gas emissions related assurance.

Other services

— $133,681 taxation compliance services; and
— $53,906 other advisory services.

The Directors are satisfied that the provision of these non-audit services is compatible with the general standard of independence for auditors in accordance with the *Corporations Act 2001*. The nature, value and scope of each type of non-audit service provided is considered by the Directors not to have compromised auditor independence.

This report is made in accordance with a resolution of the Directors.

G J KRAEHE AO
Chairman

P F O'MALLEY
Managing Director and Chief Executive Officer

Melbourne
13 August 2010

AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS OF BLUESCOPE STEEL LIMITED

In relation to our audit of the financial report of BlueScope Steel Limited for the financial year ended 30 June 2010, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

ERNST & YOUNG

B R MEEHAN
Partner

13 August 2010

CORPORATE GOVERNANCE STATEMENT

Introduction

As a global organisation with businesses operating in many countries, the BlueScope Steel Group must comply with a range of legal, regulatory and governance requirements.

The Board places great importance on the proper governance of the Group.

The Board operates in accordance with a set of corporate governance principles that take into account relevant best practice recommendations. These include the Corporate Governance Principles and Recommendations of the ASX Corporate Governance Council (2nd edition) ('ASX Principles and Recommendations').

The Company complies with each of the recommendations in the ASX Principles and Recommendations. A summary of BlueScope Steel's compliance with the recommendations follows, including details of specific disclosures required by a recommendation.

Further information on the Company's corporate governance policies and practices can be found on the Company's website.

Principle 1 – Lay solid foundations for management and oversight

The Board has adopted a Charter which sets out, among other things, its specific powers and responsibilities and the matters delegated to the Managing Director and Chief Executive Officer and those specifically reserved for the Board.

A statement of the matters reserved for the Board and the areas of delegated authority to senior management is available on the Company's website.

As part of the Board's oversight of senior management, all Company executives are subject to annual performance review and goal planning. This involves evaluation of the executives by their immediate superior. Each executive is assessed against a range of criteria, including achievement of financial, safety, business excellence and strategic goals, and adherence to the Company's values as expressed in 'Our Bond'. All senior executives participated in a performance evaluation on this basis during the year ended 30 June 2010.

Principle 2 – Structure the Board to add value

The Board is structured to bring to its deliberations a range of commercial, operational, financial, legal and international experience relevant to the Company's global operations.

Pages 20 to 21 set out the qualifications, expertise and experience of each Director in office at the date of this Directors' Report, and their period of office.

The Board considers all of its Non-Executive Directors to be independent. In making this assessment, the Board considers whether the Director is free of any business or other relationship that could, or could reasonably be perceived to, materially interfere with the exercise by the Director of an independent judgement in the interests of the Company as a whole.

In determining whether a relationship between the Company and a Director is material and would compromise the Director's independence, the Board has regard to all the circumstances of the relationship including, where relevant:

— the proportion of the relevant class of expenses or revenues that the relationship represents to both the Company and the Director; and
— the value and strategic importance to the Company's business of the goods or services purchased or supplied by the Company.

Further details regarding the circumstances considered by the Board in making assessments of independence are contained on the Company's website under 'Directors' Independence Policy'.

The Board seeks to achieve a Board composition with a balance of diverse attributes including skill sets, background, gender, geography, and industry experience.

The Board (and Board Committees and individual Directors) may obtain independent professional advice, at the Company's cost, in carrying out their responsibilities. Independent advice can be obtained without the involvement of the Company's management where the Board or the Director considers it appropriate to do so. Procedures have been adopted by the Board setting out the practical steps by which independent advice may be obtained.

All Non-Executive Directors are members of the Nomination Committee. Their attendance at meetings of the Committee are set out on page 22.

The Board reviews its effectiveness and the performance of each Director regularly.

The Board completed an internal review of its effectiveness in August 2010 involving distribution of a questionnaire to Directors and senior management. Confidential responses were collated by the Company's auditors and discussed by the Board. The review concluded that the Board is functioning well with an appropriate mix of skills and experience and that an effective working relationship exists among Board members and between Board and management.

In addition, each Committee reviews its performance and effectiveness periodically through a confidential questionnaire completed by members of the Committee and relevant management attendees. The results of these reviews are discussed by the Committee. Each Board Committee has conducted a review on this basis in the last 12 months. A formal review of the performance of individual Directors takes place periodically, involving completion of an evaluation questionnaire by other Board members, the results of which are collated and discussed by the Chairman with the Director concerned and by the Board as a whole. In addition, the performance of the Chairman and other Directors are reviewed regularly through other informal mechanisms such as meeting critiques, discussions between Directors and the Chairman, and as part of Board and Committee evaluations.

The Nomination Committee has reviewed the performance of Directors seeking election in 2010 and endorses their candidature.

Principle 3 – Promote ethical and responsible decision making

The Company welcomes recent changes announced to this Principle around diversity disclosures. BlueScope is committed to building a diverse workforce and considers that diversity (including gender diversity) is a key priority contributing to the success of our business. In addition to programs currently in place and others which are being developed to promote diversity, the Company's policies and disclosures will be developed consistent with the requirements of the ASX Principles and Recommendations.

The Company has a set of values known as 'Our Bond' and a 'Guide to Business Conduct', which provides an ethical and legal framework for all employees. The Guide defines how the BlueScope Steel Group relates to its customers, employees, shareholders and the community. Information relating to the Guide and 'Our Bond' is available on the Company's website.

In addition, the Board has established a Securities Trading Policy which governs dealing in the Company's shares and derivative securities. A summary of the policy is available on the Company's website.

Principle 4 – Safeguard integrity in financial reporting

The Board has established an Audit and Risk Committee which assists the Board in the effective discharge of its responsibilities for financial reporting, internal controls, risk management, internal and external audit, and insurance (with the exception of directors and officers' liability insurance). The Committee's Charter is set out in full on the Company's website.

Separate discussions are held with the external and internal auditors without management present.

The composition and structure of the Audit and Risk Committee complies with the requirements of the ASX Principles and Recommendations.

The names of the members of the Audit and Risk Committee and their attendance at meetings of the Committee are set out on page 22 of this Directors' Report. The qualifications of the members are set out on pages 20 to 21.

Principle 5 – Make timely and balanced disclosure

The Company is subject to continuous disclosure obligations under the ASX Listing Rules and Australian corporations legislation. Subject to limited exceptions, the Company must immediately notify the market, through ASX, of any information that a reasonable person would expect to have a material effect on the price or value of its securities. As part of its continuous disclosure responsibilities, the Company has established market disclosure protocols to promote compliance with these requirements and to clarify accountability at a senior executive level for that compliance.

A summary of the Company's Continuous Disclosure Policy is included on the Company's website.

Principle 6 – Respect the rights of shareholders

Respecting the rights of shareholders is of fundamental importance to the Company and a key element of this is how we communicate with our shareholders. In this regard, the Company recognises that shareholders must receive high-quality, relevant information in a timely manner in order to be able to properly and effectively exercise their rights as shareholders. The Company's communications policy is summarised on the Company's website.

Principle 7 – Recognise and manage risk

The Board has required management to design and implement a risk management and internal control system to manage the Company's material business risks and management has reported that these risks are being managed effectively.

For the annual and half-year accounts released publicly, the Board has received assurance from the Managing Director and Chief Executive Officer and the Chief Financial Officer that, in their opinion:

— the financial records of the Group have been properly maintained;
— the financial statements and notes required by accounting standards for external reporting:
  (i) give a true and fair view of the financial position and performance of the Company and the consolidated BlueScope Steel Group; and
  (ii) comply with the accounting standards (and any further requirements in the Corporations Regulations) and applicable ASIC Class Orders; and
— the above representations are based on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

Information relating to the Company's policies on risk oversight and management of material business risks is available on the Company's website.

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Principle 8 – Remunerate fairly and responsibly

The Remuneration Report (on pages 23 to 44) sets out details of the Company's policy and practices for remunerating Directors, key management personnel and senior executives.

The names of the members of the Remuneration and Organisation Committee and their attendance at meetings of the Committee are set out on page 22.

Information relating to:

- the role, rights, responsibilities and membership requirements for the Remuneration and Organisation Committee, and
- the Company's Securities Trading Policy, which prohibits entering into transactions in associated products that limit the economic risk of participating in unvested entitlements under any equity-based remuneration schemes;

is also available on the Company's website.

Other than superannuation, there are no schemes for retirement benefits for Non-Executive Directors.

All information referred to in this Corporate Governance Statement as being on the Company's website is included under the 'Responsibilities/Corporate Governance' section of the website.

BLUESCOPE STEEL LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2010

		CONSOLIDATED	
	Notes	2010 SM	2009 SM
Revenue from continuing operations	5	8,623.1	[illegible]
[illegible]		11.4	60.5
[illegible]		100.5	[illegible]
[illegible]		(4,963.2)	[illegible]
[illegible]		(1,526.0)	[illegible]
[illegible]		(349.8)	[illegible]
[illegible]		(0.1)	[illegible]
[illegible]		(544.5)	[illegible]
[illegible]		(917.3)	[illegible]
[illegible]		(112.1)	[illegible]
[illegible]		(254.6)	[illegible]
[illegible]		62.9	[illegible]
Profit (loss) before income tax		130.3	[illegible]
[illegible]		3.5	[illegible]
[illegible]		133.8	[illegible]
[illegible]	6	5.7	[illegible]
Net profit (loss) for the year		139.5	[illegible]
Other comprehensive income			
[illegible]		(0.5)	[illegible]
[illegible]			
[illegible]		(11.1)	[illegible]
[illegible]		(17.5)	[illegible]
[illegible]		(33.0)	[illegible]
[illegible]		14.7	91.9
Other comprehensive income for the year		(47.4)	161.5
Total comprehensive income for the year		92.1	94.7
[illegible]			
[illegible]		126.0	[illegible]
[illegible]		13.5	[illegible]
		139.5	[illegible]
[illegible]			
[illegible]		77.7	84.2
[illegible]		14.4	10.5
		92.1	94.7
Earnings per share for profit (loss) from continuing operations attributable to the ordinary equity holders of the Company		Cents	[illegible]
[illegible]	8	6.6	[illegible]
[illegible]	8	6.6	[illegible]
Earnings per share for profit (loss) attributable to the ordinary equity holders of the Company		Cents	[illegible]
[illegible]	8	6.9	[illegible]
[illegible]	8	6.9	[illegible]

[illegible]

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BLUESCOPE STEEL LIMITED
STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2010

	CONSOLIDATED 2010 $M	CONSOLIDATED 2009 $M
ASSETS		
Current assets		
[illegible]	251.4	[illegible]
[illegible]	1,169.5	976.8
[illegible]	1,762.5	1,628.9
[illegible]	66.9	54.4
	3,250.3	[illegible]
[illegible]	14.9	26.8
[illegible]	3,265.2	[illegible]
Non-current assets		
[illegible]	29.1	[illegible]
[illegible]	66.8	72.9
[illegible]	248.4	262.4
[illegible]	4,258.3	4,261.6
[illegible]	84.9	79.5
[illegible]	1,041.1	1,089.4
[illegible]	3.8	[illegible]
[illegible]	5,732.4	5,806.5
Total assets	8,997.6	8,864.6
LIABILITIES		
Current liabilities		
[illegible]	1,111.6	[illegible]
[illegible]	140.9	[illegible]
[illegible]	7.4	7.7
[illegible]	408.8	[illegible]
[illegible]	132.1	108.6
[illegible]	0.5	–
[illegible]	1,801.3	1,680.1
Non-current liabilities		
[illegible]	8.5	19.9
[illegible]	853.0	888.2
[illegible]	134.3	[illegible]
[illegible]	210.2	[illegible]
[illegible]	230.1	260.6
[illegible]	4.5	–
[illegible]	1,440.6	1,571.2
Total liabilities	3,241.9	[illegible]
Net assets	5,755.7	[illegible]
EQUITY		
[illegible]	4,032.4	[illegible]
[illegible]	(118.4)	[illegible]
[illegible]	1,747.3	1,651.7
[illegible]	5,661.3	5,579.5
[illegible]	94.4	[illegible]
Total equity	5,755.7	[illegible]

[illegible]

BLUESCOPE STEEL LIMITED
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2010

CONSOLIDATED 30 JUNE 2010	Contributed equity $M	Reserves $M	Retained earnings $M	Non-controlling interest $M	Total $M
Balance at 1 July 2009	4,032.6	(104.8)	1,651.7	83.8	5,663.3
[illegible]			106.0	[illegible]	[illegible]
[illegible]		[illegible]	[illegible]	0.9	[illegible]
Total comprehensive income for the year		(26.5)	104.2	14.4	92.1
Transactions with owners in their capacity as owners:					
[illegible]					
[illegible]	[illegible]				[illegible]
[illegible]	0.2	[illegible]	–	–	[illegible]
[illegible]					
[illegible]		4.7			[illegible]
[illegible]					
[illegible]	0.5		–	–	0.5
[illegible]		8.6	[illegible]		
[illegible]	[illegible]	12.9	[illegible]	[illegible]	[illegible]
Balance at 30 June 2010	[illegible]	[illegible]	[illegible]	94.4	5,755.7

CONSOLIDATED 30 JUNE 2009	Contributed equity $M	Reserves $M	Retained earnings $M	Non-controlling interest $M	Total $M
Balance at 1 July 2008	2,151.2	(281.6)	1,997.5	74.7	3,941.8
[illegible]			[illegible]	[illegible]	[illegible]
[illegible]		178.2	[illegible]	10.9	161.5
Total comprehensive income for the year		178.2	(94.0)	10.5	94.7
Transactions with owners in their capacity as owners					
[illegible]					
[illegible]	1,626.1				1,626.1
[illegible]	[illegible]			–	[illegible]
[illegible]	20.2	[illegible]			19.5
[illegible]	[illegible]	[illegible]			–
[illegible]	–	5.6			5.6
[illegible]			[illegible]	[illegible]	[illegible]
[illegible]	69.6				69.8
[illegible]	22.4				[illegible]
[illegible]	–		[illegible]	10.2	
	1,881.2	[illegible]	[illegible]	[illegible]	1,855.8
Balance at 30 June 2009	[illegible]	[illegible]	1,651.7	[illegible]	[illegible]

[illegible]

BLUESCOPE STEEL LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2010

	Notes	CONSOLIDATED 2010 $M	2009 $M
Cash flows from operating activities			
Receipts from customers		8,873.4	11,420.9
Payments to suppliers and employees		(8,503.8)	(10,669.2)
		369.6	751.7
Dividends received		6.5	7.1
Joint venture partnership distributions received		64.4	–
Interest received		9.5	5.9
Other revenue		21.8	24.7
Finance costs paid		(102.1)	(160.4)
Income taxes (paid) received		7.2	(204.5)
Net cash (outflow) inflow from operating activities		376.9	424.5
Cash flows from investing activities			
Payment for subsidiaries, net of cash acquired			(2.7)
Payments for property, plant and equipment		(365.3)	(733.0)
Payments for intangibles		(8.0)	(12.2)
Payments for investment in joint venture partnership		(1.3)	(11.9)
Payments for investment in business assets		(0.4)	(2.0)
Proceeds from sale of property, plant and equipment		43.4	29.7
Repayment of loans by related parties		5.0	4.4
Net cash (outflow) inflow from investing activities		(326.6)	(727.7)
Cash flows from financing activities			
Proceeds from issues of shares		–	1,832.2
Capital share raising costs		(0.9)	(66.4)
Proceeds from borrowings		2,157.1	19,117.9
Repayment of borrowings		(2,312.3)	(20,061.1)
Dividends paid to Company's shareholders	7(d)	–	(182.0)
Dividends paid to minority interests in subsidiaries		(3.7)	(1.7)
Net cash inflow (outflow) from financing activities		(159.8)	638.9
Net increase (decrease) in cash and cash equivalents		(109.5)	335.7
Cash and cash equivalents at the beginning of the financial year		363.8	19.6
Effects of exchange rate changes on cash and cash equivalents		(5.0)	8.5
Cash and cash equivalents at end of financial year		249.3	363.8
Non-cash investing and financing activities	10		

1. BASIS OF PREPARATION OF THE CONCISE FINANCIAL REPORT

The concise financial report relates to the consolidated entity consisting of BlueScope Steel Limited and the entities it controlled at the end of, or during, the year ended 30 June 2010. The accounting policies adopted have been consistently applied to all years presented.

The full financial report on which this concise financial report is based complies with Australian Accounting Standards issued by the Australian Accounting Standards Board (AASB) and International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB). This concise financial report has been prepared in accordance with the Corporations Act 2001 and Accounting Standard 1039 *Concise Financial Reports*.

The concise financial report is an extract from the full financial report for the year ended 30 June 2010. The concise financial report cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities as the full financial report. Further financial information can be obtained from the full financial report.

Rounding of Amounts

The Company is of a kind referred to in Class order 98/0100 issued by the Australian Securities and Investments Commission (ASIC) relating to the rounding off of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that Class Order to the nearest hundred thousand dollars.

2. CORPORATE INFORMATION

The full financial report of BlueScope Steel Limited for the year ended 30 June 2010 was authorised for issue in accordance with a resolution of the Directors on 13 August 2010.

BlueScope Steel Limited is a Company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange. The registered office of the Company is Level 11, 120 Collins Street, Melbourne, Victoria, Australia 3000.

The nature of the operations and principal activities of the Group are described in note 4 and the Directors' Report.

3. FULL FINANCIAL REPORT

Further financial information can be obtained from the full financial report which is available from the Company, free of charge, on request. A copy may be requested by contacting the Company's share registrar whose details appear in the Corporate Directory. Alternatively, both the full financial report and the concise financial report can be accessed via the internet at www.bluescopesteel.com

4. SEGMENT INFORMATION

(a) Description of segments

The Group has six reportable operating segments: Coated & Industrial Products Australia, Australia Distribution & Solutions, New Zealand & Pacific Steel Products, Coated & Building Products Asia, Hot Rolled Products North America and Coated & Building Products North America.

Coated & Industrial Products Australia

Coated & Industrial Products Australia includes the Port Kembla Steelworks, a steel making operation with an annual production capacity of approximately 5.2 million tonnes of crude steel. The Port Kembla Steelworks is the leading supplier of flat steel in Australia manufacturing slab, hot rolled coil and plate products. The segment also comprises two main metallic coating and painting facilities located in Springhill, New South Wales and Western Port, Victoria together with steel painting facilities in western Sydney and Acacia Ridge, Queensland. Steel from the Port Kembla Steelworks is processed by these facilities to produce a range of COLORBOND pre-painted steel and ZINCALUME zinc/aluminium branded products. Export offices are also incorporated within this segment to trade steel manufactured at these facilities on global markets.

Australia Distribution & Solutions

Australia Distribution & Solutions contains a network of service centres and distribution sites from which it forms a key supplier to the Australian building and construction industry, automotive sector, major white goods manufacturers and general manufacturers. The operating segment also holds the Lysaght steel solutions business providing a range of LYSAGHT branded products to the building and construction sector and BlueScope's water business containing rain storage tank solutions.

New Zealand & Pacific Steel Products

The New Zealand Steel operation at Glenbrook, New Zealand produces a full range of flat steel products for both domestic and export markets. It has an annual production capacity of approximately 0.6 million tonnes. The segment also includes facilities in New Caledonia, Fiji and Vanuatu which manufacture and distribute the LYSAGHT range of products.

Coated & Building Products Asia

Coated & Building Products Asia manufactures and distributes a range of metallic coated, painted steel products and pre-engineered steel building systems primarily to the building and construction industry and to some sections of the manufacturing industry across Asia.

4. SEGMENT INFORMATION (CONTINUED)

Hot Rolled Products North America

Hot Rolled Products North America includes a 50% interest in the North Star BlueScope Steel joint venture, a steel mini mill in the United States and a 47.5% shareholding in Castrip LLC.

Coated & Building Products North America

Coated & Building Products North America includes the North American Buildings Group, which designs, manufactures and markets pre-engineered steel buildings and component systems; Steelscape, producer of metal coated and painted steel coils; Metl-Span, manufacturer of insulated steel panels for commercial, industrial and cold storage buildings; and ASC Profiles, manufacturer of building components including architectural roof and wall systems and structural roof and decking.

Geographical information

The Group's geographical regions are determined based on the location of markets and customers. The Group operates in four main geographical regions being Australia, New Zealand, Asia and North America.

(a) Reportable segments

The segment information provided to the Managing Director and Chief Executive Officer for operating segments for the year ended 30 June 2010 is as follows:

30 June 2010	Coated & Industrial Products Australia $M	Australia Distribution & Solutions $M	New Zealand & Pacific Steel Products $M	Coated & Building Products Asia $M	Hot Rolled Products North America $M	Coated & Building Products North America $M	Discontinued Operations $M	Total $M
[illegible]	4,744.5	1,761.6	618.1	[illegible]	–	[illegible]	0.7	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	–	[illegible]	–	[illegible]
Revenue from external customers	3,672.0	1,758.6	528.5	1,339.7	–	1,298.5	0.7	8,598.0
Segment EBIT	84.3	11.9	72.9	115.6	60.7	(21.3)	7.0	331.1
[illegible]	197.2	[illegible]	34	41.4	–	44.9	–	[illegible]
[illegible]	–	[illegible]	[illegible]	–	[illegible]	–	–	0.1
[illegible]	–	0.1	[illegible]	[illegible]	62.5	0.5	–	62.9
Total segment assets	[illegible]	1,241.9	607.4	1,720.2	[illegible]	[illegible]	[illegible]	8,848.9
[illegible]	–	[illegible]	6.7	64.6	7 10	[illegible]	–	248.4
[illegible]	226.2	[illegible]	[illegible]	48.0	–	25.0	–	[illegible]
Total segment liabilities	969.0	[illegible]	209.2	[illegible]	–	[illegible]	[illegible]	2,740.1

4. SEGMENT INFORMATION (CONTINUED)

(a) Reportable segments (continued)

30 June 2009	Coated & Industrial Products Australia $M	Australia Distribution & Solutions $M	New Zealand & Pacific Steel Products $M	Coated & Building Products Asia $M	Hot Rolled Products North America $M	Coated & Building Products North America $M	Discontinued Operations $M	Total $M
[illegible]	5,290.7	2,120.7	694.9	1,547.8	–	2,186.6	0.2	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	–	[illegible]	–	[illegible]
Revenue from external customers	3,915.0	2,114.5	598.6	1,488.0		2,186.0	0.2	10,302.3
Segment EBIT	206.3	(23.3)	65.1	(94.1)	(58.0)	(93.2)	14.2	17.0
[illegible]	195.9	[illegible]	[illegible]	49.5	–	[illegible]	–	[illegible]
[illegible]	[illegible]	8.1	19.8	[illegible]	[illegible]	–	[illegible]	64.1
[illegible]	–	–	2.8	[illegible]	[illegible]	4.1	–	[illegible]
Total segment assets	[illegible]	[illegible]	[illegible]	1,074.0	187.6	1,772.5	4.5	[illegible]
[illegible]	–	[illegible]	5.9	69.2	180.0	[illegible]	–	267.4
[illegible]	576.4	24.8	[illegible]	[illegible]	–	62.6	–	759.2
Total segment liabilities	865.5	[illegible]	187.2	241.1	–	[illegible]	16.9	1,979.[illegible]

(b) Geographical information

	Segment revenues from sales to external customers		Non-current assets	
	2010 $M	2009 $M	2010 $M	2009 $M
Australia	4,515.3	5,130.2	3,601.9	556.9
New Zealand	331.1	390.0	324.6	317.5
Asia	1,858.7	1,878.7	688.8	698.6
North America	1,431.6	2,374.7	1,027.7	112.9
Other	461.3	528.7	4.6	4
	8,598.0	10,302.3	5,647.5	690

Segment revenues are allocated based on the country in which the customer is located.

Segment non-current assets excludes deferred tax assets and are allocated based on where the assets are located.

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4. SEGMENT INFORMATION (CONTINUED)

(c) Other segment information

(i) Segment revenue

Sales between segments are carried out at arm's length and are eliminated on consolidation. The revenue from external parties is measured in a manner consistent with that in the statement of comprehensive income

Segment revenue reconciles to total revenue from continuing operations as follows:

	CONSOLIDATED 2010 $M	CONSOLIDATED 2009 $M
Total segment revenue	9,780.3	11,838.1
Intersegment eliminations	(1,182.3)	(1,535.8)
Revenue attributable to discontinued operations	(0.7)	(0.2)
Other revenue (note 5)	25.8	26.6
Total revenue from continuing operations	8,623.1	10,328.7

(ii) Segment EBIT

Performance of the operating segments is based on EBIT. This measurement basis excludes the effects of interest and taxes. Interest income and expense are not allocated to segments, as this type of activity is driven by the central treasury function, which manages the cash position of the Group.

A reconciliation of total segment EBIT to operating profit before income tax is provided as follows:

	CONSOLIDATED 2010 $M	CONSOLIDATED 2009 $M
Total segment EBIT	331.1	17.0
Intersegment eliminations	(19.8)	26.4
Interest income	9.4	6.2
Finance costs	(112.1)	(134.4)
EBIT (gain) loss attributable to discontinued operations	(7.0)	(14.2)
Corporate operations	(71.3)	(128.3)
Profit (loss) before income tax from continuing operations	130.3	(127.3)

4. SEGMENT INFORMATION (CONTINUED)

(iii) Segment assets

Segment assets are measured in a manner consistent with that of the financial statements. These assets are allocated based on the operations of the segment and the physical location of the asset.

Cash is not considered to be a segment asset as it is managed by the Group's centralised treasury function

As the segment information is focused on EBIT deferred tax assets, which by their nature do not contribute towards EBIT, are not allocated to operating segments

Reportable segment assets are reconciled to total assets as follows

	CONSOLIDATED 2010 $M	CONSOLIDATED 2009 $M
Segment assets	8,848.9	8,493.4
Intersegment eliminations	(220.4)	(109.5)
Unallocated		
Deferred tax assets	84.9	79.5
Cash	[illegible]	369.2
Corporate operations	32.8	32.0
Total assets as per the statement of financial position	8,997.6	8,864.6

(iv) Segment liabilities

Segment liabilities are measured in a manner consistent with that of the financial statements. These liabilities are allocated based on the operations of the segment

Liabilities arising from borrowing and funding initiatives are not considered to be segment liabilities due to these being managed by the Group's centralised treasury function. As the segment information is focused on EBIT, tax liabilities, which by their nature do not impact EBIT, are not allocated to operating segments

Reportable segment liabilities are reconciled to total liabilities as follows

	CONSOLIDATED 2010 $M	CONSOLIDATED 2009 $M
Segment liabilities	2,240.1	1,979.7
Intersegment eliminations	(192.5)	(101.4)
Unallocated		
Current interest bearing liabilities	140.9	[illegible]
Non-current interest bearing liabilities	853.0	[illegible]
Current tax liabilities	7.4	[illegible]
Deferred tax liabilities	134.3	[illegible]
Accrued borrowing costs payable	16.9	[illegible]
Corporate operations	41.8	[illegible]
Total liabilities as per the statement of financial position	3,241.9	[illegible]

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5. REVENUE

	CONSOLIDATED 2010 $M	CONSOLIDATED 2009 $M
From continuing operations		
SALES REVENUE		
Sale of goods	8,575.6	10,283.0
Services	21.7	19.1
	8,597.3	10,302.1
OTHER REVENUE		
Interest external	7.6	3.7
Interest related parties	1.8	2.5
Royalties external	1.6	1.8
Rental external	6.8	6.8
Other revenue	8.0	11.8
	25.8	26.6
Total revenue from continuing operations	8,623.1	10,328.7
From discontinued operations		
Sales revenue	0.7	0.2
Total revenue from discontinuing operations	0.7	0.2

6. DISCONTINUED OPERATIONS

(a) Description

In June 2007, the Group closed its loss-making tinplate manufacturing operation which was the major component of its Packaging Products cash-generating unit.

Following a series of construction contract losses in the financial year 2006, the Group closed down and sold the assets of its Lysaght Taiwan business.

The financial information for these operations identified as discontinued operations is set out below and is reported in this financial report as discontinued operations.

(b) Financial performance of discontinued operations

The results of discontinued operations for the year are presented below.

	CONSOLIDATED 2010 Packaging $M	2010 Lysaght Taiwan $M	2010 TOTAL $M	2009 Packaging $M	2009 Lysaght Taiwan $M	2009 TOTAL $M
Revenue		0.7	0.7	–	0.2	0.2
Other income – insurance recovery		4.0	4.0	–	3.1	3.1
Expenses other than finance costs		(0.7)	(0.7)	(0.3)	–	(0.3)
Unutilised provisions written back	3.1		3.1	–	5.6	5.6
Impairment reversal (i)				5.6	–	5.6
Finance costs	–	(0.5)	(0.5)	–	(0.3)	(0.3)
Profit/(loss) before income tax	3.1	3.5	6.6	5.3	8.6	13.9
Income tax (expense) benefit	(0.9)		(0.9)	(1.6)	–	(1.6)
Profit/(loss) after income tax from discontinued operations	2.2	3.5	5.7	3.7	8.6	12.3

(i) Reversal of impairment loss

In March 2009, Packaging Products recognised an impairment reversal for $5.6M against property, plant and equipment after securing a contract for the sale of the previously impaired No 2 Temper Mill.

(c) Cash flow information – discontinued operations

The net cash flow of discontinued operations held are as follows:

	CONSOLIDATED 2010 Packaging $M	2010 Lysaght Taiwan $M	2010 TOTAL $M	2009 Packaging $M	2009 Lysaght Taiwan $M	2009 TOTAL $M
Net cash inflow (outflow) from operating activities	(2.8)	3.0	0.2	(10.3)	(11.3)	(21.6)
Net cash inflow (outflow) from investing activities	4.0	–	4.0	1.6	–	[illegible]
Net cash inflow (outflow) from financing activities	(1.2)	(3.0)	(4.2)	8.7	11.3	20[illegible]
Net increase in cash generated by the operation				–	–	

7. DIVIDENDS

	PARENT 2010 $M	PARENT 2009 $M
(a) Ordinary shares		
No final dividend was declared for the year ended 30 June 2009. In the comparative period, a final dividend for the year ended 30 June 2008 of 27 cents per fully paid share was paid on 22 October 2008		
Final fully franked based on tax paid @ 30%	-	206.3
No interim dividend was declared for the year ended 30 June 2010. In the comparative period, an interim dividend for the year ended 30 June 2009 of 5 cents per fully paid share was paid on 31 March 2009		
Fully franked based on tax paid @ 30%	-	45.3
Total dividends provided for or paid		251.6

(b) Dividends not recognised at year end

	PARENT 2010 $M	PARENT 2009 $M
For the year ended 30 June 2010 the directors recommended the payment of a final dividend of 5 cents per fully paid ordinary share, fully franked based on tax paid at 30%. No dividends were declared at 30 June 2009. The amount not recognised at 30 June 2010 in relation to this dividend was:	91.2	-

(c) Franked dividends

	PARENT 2010 $M	PARENT 2009 $M
Actual franking account balance as at the reporting date	124.7	145.0
Franking credits that will arise from the payment (receipt) of income tax payable as at the reporting date	(17.3)	(20.3)
Franking credits available for subsequent financial years based on a tax rate of 30%	107.4	124.7

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:

(a) franking credits (debits) that will arise from the payment (receipt) of the amount of the provision for income tax
(b) franking debits that will arise from the payment of dividends recognised as a liability at the reporting date, and
(c) franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date.

(d) Dividend cash flows

The total cash paid to shareholders in respect of dividends during the period is $Nil (2009: $182.0M) as presented in the statement of cash flows. In the comparative period, dividend amounts of $57.8M and $12.0M were reinvested through the Company's dividend reinvestment plan for the respective 2008 final and 2009 interim dividends.

8. EARNINGS PER SHARE

	CONSOLIDATED 2010 Cents	CONSOLIDATED 2009 Cents
(a) Basic earnings (loss) per share		
From continuing operations attributable to the ordinary equity holders of the Company	6.6	(8.5)
From discontinued operations	0.3	1.4
Total basic earnings (loss) per share attributable to the ordinary equity holders of the Company	6.9	(7.1)
(b) Diluted earnings (loss) per share		
From continuing operations attributable to the ordinary equity holders of the Company	6.6	(8.5)
From discontinued operations	0.3	1.4
Total diluted earnings (loss) per share attributable to the ordinary equity holders of the Company	6.9	(7.1)

	CONSOLIDATED 2010 $M	CONSOLIDATED 2009 $M
(c) Reconciliation of earnings used in calculating earnings (loss) per share		
Basic and diluted earnings per share		
Profit (loss) attributable to the ordinary equity holders of the Group used in calculating earnings per share:		
From continuing operations	120.3	(78.7)
From discontinued operations	5.7	12.3
	126.0	(66.4)

	CONSOLIDATED 2010 Number	CONSOLIDATED 2009 Number
(d) Weighted average number of shares used as the denominator		
Weighted average number of ordinary shares used in calculating basic earnings per share	1,823,309,479	930,570,633
Adjustments for calculation of diluted earnings per share:		
Weighted average number of share rights	36,926	570,909
Weighted average number of ordinary shares and potential ordinary shares used in calculating diluted earnings per share	1,823,346,405	931,141,542

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8. EARNINGS PER SHARE (CONTINUED)

(e) Information concerning the calculation of earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing net profit (loss) attributable to the ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the period.

(ii) Diluted earnings per share

Diluted earnings per share is calculated by dividing the net profit (loss) attributable to the ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued upon the conversion of all dilutive potential ordinary shares into ordinary shares.

Share rights granted to eligible senior managers under the Long Term Incentive Plan are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share to the extent that they are expected to vest based on current TSR (Total Shareholder Return) ranking as per the 30 June 2010 Remuneration Report.

There are 13,083,887 share rights relating to the 2006, 2007, 2008 & 2009 LTIPs that are not included in the calculation of diluted earnings per share because they are not dilutive for the year ended 30 June 2010. These share rights could potentially dilute basic earnings per share in the future.

9. CONTINGENCIES

(a) Contingent liabilities

The Company had contingent liabilities at 30 June 2010 in respect of:

Outstanding legal matters

	CONSOLIDATED 2010 $M	CONSOLIDATED 2009 $M
Contingencies for various minor legal disputes	2.1	2.5
	2.1	2.5

A range of outstanding legal matters exist that are contingent on court decisions, arbitration rulings and private negotiations to determine amounts required for settlement. It is not practical to provide disclosure requirements relating to each and every case.

In addition to the above minor contingencies, the following material litigation cases are outstanding:

- Two suppliers have commenced legal proceedings seeking damages for alleged breaches of contract totalling approximately USD 137M (approximately AUD 160M). As the Group believes there has been no breach of contract in either case, no provision has been raised in the accounts.

Guarantees

In Australia, BlueScope Steel Limited has given $138.8M (2009: $139.1M) in guarantees to various state workers' compensation authorities as a prerequisite for self insurance. An amount, net of recoveries, of $90.6M (2009: $88.3M) has been recorded in the consolidated financial statements as recommended by independent actuarial advice.

Bank guarantees have been provided to customers in respect of the performance of goods and services supplied. Bank guarantees outstanding at 30 June 2010 totalled $25.2M (2009: $17.5M).

9. CONTINGENCIES (CONTINUED)

Taxation

The BlueScope Steel Group operates in many countries across the world, each with separate taxation authorities, which results in significant complexity. At any point in time there are tax computations which have been submitted but not agreed by those tax authorities and matters which are under discussion between Group companies and the tax authorities. The Group provides for the amount of tax it expects to pay taking into account those discussions and professional advice it has received. While conclusion of such matters may result in amendments to the original computations, the Group does not believe that such adjustments will have a material adverse effect on its financial position, though such adjustments may be significant to any individual year's income statement.

(b) Contingent assets

No assets have been booked in relation to the recovery of any of the following claims due to the inherent uncertainty surrounding these amounts:

- The Group has lodged a claim for the cumulation of workers compensation in insurance recoveries on old 'pre-demerger' policies. The insurance company's position is unclear and therefore recoveries remain uncertain.

10. NON-CASH INVESTING AND FINANCING ACTIVITIES

	CONSOLIDATED 2010 $M	CONSOLIDATED 2009 $M
Acquisition of property, plant and equipment by means of finance leases (i)	49.0	–
Dividend reinvestment plan (ii)		69.8
	49.0	69.8

(i) Port Kembla entered into a finance lease agreement for $35.6M in relation to plant and machinery during the period. Additionally, the Group entered into several property sale and finance leaseback transactions within Australia during the period for $12.9M. The lease periods range from 15 to 25 years, with the Group reserving the right to purchase the properties at the expiration date or renegotiate new lease terms.

(ii) The Company has a formal dividend reinvestment plan that enables participating shareholders to receive dividends as ordinary BlueScope Steel Limited shares instead of cash. No dividends were paid during the year ending 30 June 2010. In the comparative period a total of 13,833,380 shares were issued under the dividend reinvestment plan instead of cash.

11. EVENTS OCCURRING AFTER THE BALANCE DATE

There were no significant events occurring between the end of the financial year 30 June 2010 and the date this report was authorised for issue.

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DIRECTORS' DECLARATION

The directors declare that in their opinion, the concise financial report of the consolidated entity for the year ended 30 June 2010 as set out in pages 51–65 complies with Accounting Standard AASB 1039 *Concise Financial Reports*.

The concise financial report is an extract from the full financial report for the year ended 30 June 2010. The financial statements and specific disclosures included in the concise financial report have been derived from the full financial report.

The concise financial report cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report, which is available on request.

This declaration is made in accordance with a resolution of the directors.

G J KRAEHE AO
Chairman

P F O'MALLEY
Managing Director & CEO

Melbourne
13 August 2010

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BLUESCOPE STEEL LIMITED

Report on the Concise Financial Report

The accompanying concise financial report of BlueScope Steel Limited comprises the statement of financial position as at 30 June 2010, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and related notes, derived from the audited financial report of BlueScope Steel Limited for the year ended 30 June 2010. The concise financial report does not contain all the disclosures required by the Australian Accounting Standards.

Directors' Responsibility for the Concise Financial Report

The Directors are responsible for the preparation and presentation of the concise financial report in accordance with Accounting Standard AASB 1039 *Concise Financial Reports*, and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation of the concise financial report; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on the concise financial report based on our audit procedures. We have conducted an independent audit, in accordance with Australian Auditing Standards, of the financial report of BlueScope Steel Limited for the year ended 30 June 2010. Our audit report on the financial report for the year was signed on 13 August 2010 and was not subject to any modification. The Australian Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report for the year is free from material misstatement.

Our procedures in respect of the concise financial report included testing that the information in the concise financial report is derived from, and is consistent with, the financial report for the year, and examination on a test basis, of evidence supporting the amounts and other disclosures which were not directly derived from the financial report for the year. These procedures have been undertaken to form an opinion whether, in all material respects, the concise financial report complies with Accounting Standard AASB 1039 *Concise Financial Reports*.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's Opinion

In our opinion, the concise financial report of BlueScope Steel Limited for the year ended 30 June 2010 complies with Accounting Standard AASB 1039 *Concise Financial Reports*.

Report on the Remuneration Report

The following paragraphs are copied from our Report on the Remuneration Report for the year ended 30 June 2010.

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2010. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the Remuneration Report of BlueScope Steel Limited for the year ended 30 June 2010, complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

ERNST & YOUNG

B R MEEHAN
Partner

Melbourne
13 August 2010

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SHAREHOLDER INFORMATION

DISTRIBUTION SCHEDULE (AS AT 3 SEPTEMBER 2010)

Ranges	No. of holders	No. of shares	% of Issued Capital
1 to 1,000	37,222	38,965,690	2.14
1,001 to 5,000	63,692	171,036,940	9.38
5,001 to 10,000	19,173	141,346,036	7.75
10,001 to 50,000	12,374	237,583,962	13.03
50,001 to 100,000	930	58,243,872	3.19
100,001 and Over	469	1,176,090,497	64.50
Total	**183,700**	**1,823,322,017**	**100.00**

The number of shareholders holding less than a marketable parcel of 223 securities ($2.24 on 3/09/2010) is 23,905 and they hold 3,069,846.

TWENTY LARGEST REGISTERED (AS AT 3 SEPTEMBER 2010)

Rank	Name of shareholder	Total Units	% Issued Capital
1	NATIONAL NOMINEES LIMITED	270,605,569	14.84%
2	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	249,968,005	13.71%
3	J P MORGAN NOMINEES AUSTRALIA LIMITED	249,914,576	13.71%
4	CITICORP NOMINEES PTY LIMITED	76,123,079	4.17%
5	ANZ NOMINEES LIMITED	42,156,734	2.31%
6	COGENT NOMINEES PTY LIMITED	41,174,233	2.26%
7	RBC DEXIA INVESTOR SERVICES AUSTRALIA NOMINEES PTY LIMITED	17,655,387	0.97%
8	UBS NOMINEES PTY LTD	17,039,935	0.93%
9	AUSTRALIAN REWARD INVESTMENT ALLIANCE	13,346,085	0.73%
10	TASMAN ASSET MANAGEMENT LTD	12,005,149	0.66%
11	AMP LIFE LIMITED	11,271,036	0.62%
12	QUEENSLAND INVESTMENT CORPORATION	11,023,790	0.60%
13	RBC DEXIA INVESTOR SERVICES AUSTRALIA NOMINEES PTY LIMITED	7,907,824	0.43%
14	UBS WEALTH MANAGEMENT AUSTRALIA NOMINEES PTY LTD	6,734,569	0.37%
15	CITICORP NOMINEES PTY LIMITED	5,230,000	0.29%
16	CITICORP NOMINEES PTY LIMITED	5,113,199	0.28%
17	UCA GROWTH FUND LIMITED	3,000,000	0.16%
18	RBC DEXIA INVESTOR SERVICES AUSTRALIA NOMINEES PTY LIMITED	2,825,739	0.15%
19	CITICORP NOMINEES PTY LIMITED	2,786,330	0.15%
20	RBC DEXIA INVESTOR SERVICES AUSTRALIA NOMINEES PTY LIMITED	2,444,579	0.13%
	Total	**1,048,353,906**	**57.50%**
	Balance of Register	**774,968,111**	**42.50%**
	Grand TOTAL	**1,823,322,017**	**100.00%**

SUBSTANTIAL SHAREHOLDERS (AS AT 3 SEPTEMBER 2010)

As at 3 September 2010, BlueScope Steel has not been notified of any substantial shareholdings.

VOTING RIGHTS FOR ORDINARY SHARES

The Constitution provides for votes to be cast:

(a) on a show of hands, one vote for each shareholder; and
(b) on a poll, one vote for each fully paid ordinary share.

CORPORATE DIRECTORY

DIRECTORS	G J Kraehe AO *Chairman*
	R J McNeilly Deputy *Chairman*
	P F O'Malley *Managing Director and Chief Executive Officer*
	D J Grady AM
	H K McCann AM
	Y P Tan
	D B Grollo
	K A Dean
SECRETARY	M G Barron
EXECUTIVE LEADERSHIP TEAM	P F O'Malley *Managing Director and Chief Executive Officer*
	M G Barron *Chief Legal Officer and Company Secretary*
	N H Cornish *Chief Executive, Australian & New Zealand Steel Manufacturing Businesses*
	I R Cummin *Executive General Manager, People and Organisation Performance*
	S Dayal *Chief Executive, Asia*
	S R Elias *Chief Financial Officer*
	K Mitchelhill *Chief Executive, Australian Distribution & Solutions*
	P E O'Keefe *Chief Executive, Australian Coated & Industrial Markets*
	M R Vassella *President, North America*
NOTICE OF ANNUAL GENERAL MEETING	The Annual General Meeting of BlueScope Steel Limited will be held at Melbourne Convention and Exhibition Centre, 2 Clarendon Street, Southbank, Victoria at 2.00 pm on Thursday 11 November 2010
REGISTERED OFFICE	Level 11, 120 Collins Street, Melbourne, Victoria 3000 Telephone: +61 3 9666 4000 Fax: +61 3 9666 4111 Email: bluescopesteel@linkmarketservices.com.au Postal Address: PO Box 18207, Collins Street East, Melbourne, Victoria 8003
SHARE REGISTRAR	Link Market Services Limited Level 12, 680 George Street, Sydney, NSW 2000 Postal address: Locked Bag A14, Sydney South, NSW 1235 Telephone (within Australia): 1300 855 998 Telephone (outside Australia): +61 2 8280 7760 Fax: +61 2 9287 0303 Email: bluescopesteel@linkmarketservices.com.au
AUDITOR	Ernst & Young 8 Exhibition Street, Melbourne, Victoria 3000
STOCK EXCHANGE	BlueScope Steel Limited shares are quoted on the Australian Securities Exchange (ASX code: BSL)
WEBSITE ADDRESS	www.bluescopesteel.com

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BLUESCOPE STEEL LIMITED
ANNUAL REPORT 2010/2011

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CHAIRMAN'S MESSAGE FROM GRAHAM KRAEHE

Dear Fellow Shareholder,

At our recent full year results, I announced the Board's approval of a major restructure of the Company's Australian operations to reposition it for improved profit and growth. The restructure includes shutting down the No 6 Blast Furnace at Port Kembla and closing the Western Port Hot Strip Mill to better align Australian steelmaking production with Australian domestic demand.

The restructure will deliver a material improvement in future earnings and cash flow. It reduces export losses, earnings volatility through the economic cycle and long-term capital investment requirements at Port Kembla. The EBIT improvement in the Australian steel manufacturing business is expected to deliver around $225 million[1] per annum.

This decision was taken against the background that the Australian steel industry has experienced an unprecedented combination of economic challenges:

- a record high Australian dollar
- low steel prices
- record high raw material prices
- low Australian steel demand

The rate of structural change in the steel industry has been massive and rapid. Your Board came to the view that the economic conditions for export steelmaking from Australia are unlikely to improve in the foreseeable future and continued exposure to the export market was unsustainable. However, the blast furnace closure will be implemented in a way which enables it to be re-opened if conditions change.

BlueScope remains committed to making steel in Australia and the Company can now prioritise resources and efforts to better service our domestic customers.

OUR PEOPLE

Regrettably, the restructure will see a total workforce reduction of approximately 1,000 employees. BlueScope prides itself on the calibre of its employees and it is heartening to see that more than 20 Australian and international companies promptly registered interest in employing highly skilled BlueScope employees in other industrial and resources projects following our announcement. The Company has established job centres at Western Port and Port Kembla to assist employees and is examining alternatives including job substitution, flexible work patterns and retraining.

SAFETY

Safety is the number one priority at BlueScope Steel.

Tragically, an operator at our Butler Shanghai operation in China was killed in March. Our condolences go to his family, friends and work colleagues. We must learn from this terrible incident and stay focussed every day on safety.

Overall, the Company's Lost Time Injury Frequency Rate (LTIFR) lowered to 0.6. The Medically Treated Injury Frequency Rate was also reduced to a record 4.4.

REMUNERATION

The Board takes its responsibility to remunerate fairly and responsibly very seriously. I have noted recent ill-informed public comments on aspects of the Company's executive remuneration. I encourage all shareholders to review the Company's remuneration report (commencing on page 11 of the Directors' Report) which provides a full explanation of the Company's remuneration strategy and individual management remuneration.

[1] management estimate on a pro forma FY2011 basis

FY2011 ACHIEVEMENTS

A significant risk to BlueScope Steel was the Federal Government's proposed carbon tax. Over the last four years, Management and Board have worked diligently on this issue. The Company worked to ensure the Government understood that the vast majority of the steel industry's carbon emissions are derived from the chemical process in steel-making, that no viable alternative exists and that our global competitors all use this same process.

In July, BlueScope concluded its carbon tax negotiations with the Federal Government, and secured a sectoral deal for steel with the $300 million Steel Transformation Plan (STP) for the first four years of the tax. After that time, there will be an independent review to monitor the carbon tax position of our international competitors. Our aim was to minimise the impact of the carbon tax on BlueScope's business and we are confident this will be achieved through the STP.

One of BlueScope's core growth strategies has been to expand its participation in the global building and construction markets. During the year, the Company restructured its buildings business and appointed Pat Finan, formerly President BlueScope Buildings North America, as Executive General Manager, Global Building and Construction Markets and a member of the Executive Leadership Team. His main task is to promote the Company's world class pre-engineered building (PEB) capability and assist country Presidents in growing the building and construction markets. Early trends are encouraging.

BOARD RENEWAL

The BlueScope Board has a great breadth of experience but the regeneration of the Board's expertise is a necessary and ongoing process. In March, we were pleased to announce the appointment of Ms Penny Bingham-Hall as a non-executive director. She brings to the Board extensive experience in the building and construction and mining industries in Australia and Asia.

ANNUAL REPORT FORMAT

This year the Company has changed the format and timing of the Annual Report, to reduce costs and enable earlier distribution to shareholders. The Report also now includes a copy of the Investor Presentation lodged with ASX. This presentation contains additional detailed information on Company performance. This initiative means all shareholders will receive more current information.

THE FUTURE

Our decision to restructure the Australian business was carefully considered and is the best decision to return the Australian business to profit and growth.

There are many opportunities to continue to grow our Asian businesses and build on recent excellent performance. Following the successful transformation of the Coated & Building Products Asia division in FY2010, the division contributed a record underlying EBIT of $108 million last financial year, in constant currency terms, with impressive contributions from our businesses in China and Malaysia in particular.

We will also continue to focus on growing our presence in building and construction markets, particularly in PEBs where we are a world leader. Our metallic coating and painting technologies provide a strong competitive advantage and BlueScope is recognised for its world-class brands of ZINCALUME® and COLORBOND® steel products. Through a collaborative partnership with Nippon Steel, we are creating the next generation of coated products for our customers, initially in Australia and subsequently across our global footprint.

Finally, I'd like to thank my fellow directors for their support and contribution, and the senior management and BlueScope Steel employees for their hard work during a challenging year in very tough trading conditions.

GRAHAM KRAEHE, AO
CHAIRMAN

ANNUAL RESULTS ASX MEDIA RELEASE

BLUESCOPE
STEEL

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ASX Media Release

Release Time: Immediate
Date: 22 August 2011

BLUESCOPE ANNOUNCES MAJOR RESTRUCTURE TO AUSTRALIAN OPERATIONS AND REINFORCES COMMITMENT TO STEEL PRODUCTION IN AUSTRALIA

BlueScope Steel Chairman, Mr Graham Kraehe, today announced the Board has approved a major restructure of Australian operations to reposition the Company for improved profit and growth.

"We are experiencing significant economic challenges and structural change in the global steel industry. The restructure, which includes shutting down the No.6 Blast Furnace at Port Kembla and closing the Western Port Hot Strip Mill, will better align Australian steelmaking production with Australian domestic demand and see BlueScope exit the Australian export business.

"The restructure announced today will produce a more viable and sustainable Australian steel business and allow us to focus clearly on domestic markets and international growth opportunities. It will also lower fixed costs at our major facilities at Port Kembla (NSW) and Western Port (Victoria).

"We are committed to making steel in Australia and can now prioritise our resources and efforts towards even better service for our domestic customers," Mr Kraehe said.

BlueScope Managing Director and CEO, Mr Paul O'Malley said: "There is a compelling business case underpinning this decision. It will deliver a material improvement in future earnings and cashflow. It materially reduces export losses, reduces earnings volatility through the economic cycle and reduces long-term capital investment requirements at Port Kembla.

"For the Coated and Industrial Products Australia (CIPA) reporting segment, if the restructure had been in place for the full year, the Earnings Before Interest and Tax (EBIT) improvement would have been around $225 million (management estimate on a pro forma FY2011 basis).

"It's the right decision for the long-term viability of our business. The Company has the support of its lenders to undertake the restructure. We will now enter a consultation process with our employees and affected stakeholders, including customers, unions, contractors, suppliers, governments and local communities," said Mr O'Malley.

Economic Conditions Drive Restructure

Mr O'Malley said the Company is experiencing an unprecedented combination of economic challenges in the form of a record high Australian dollar, low steel prices and high raw material costs and these challenges are compounded by low domestic steel demand in the wake of the GFC.

"This is evidenced by the $487 million underlying EBIT loss experienced in FY2011 on our export sales. The economic conditions for export steelmaking from Australia appear unlikely to become favourable in the foreseeable future and our continued exposure to this market is clearly unsustainable. Our decision is a direct response to the economic factors affecting our business and is not related to the Federal Government's proposed carbon tax."

When fully implemented, the restructure plan will result in:

- Shut-down of No.6 Blast Furnace at Port Kembla, with production reduced to 2.6 mtpa. The shut down process will be completed in a manner that facilitates re-start of the furnace in the future should that be desirable.
- Closure of No. 4 cokemaking battery, No. 3 BOS steelmaking furnace and No. 1 slab caster. The PKSW hot strip and cold rolling mills, metal coating and paint lines will continue to operate.
- Closure of the Western Port Hot Strip Mill and mothballing of a metal coating line (MCL5).

Commitment to Australia and to Growth
"The restructure will better position us for profit and growth in Australia and allow us to grow our presence in building construction markets, in particular Pre-Engineered Buildings, where we are a world leader. We will also focus on growth opportunities, particularly in Asia.

"The Company has a strong competitive advantage in coated steel with its world class ZINCALUME® and COLORBOND® steel products. In collaboration with Nippon Steel Corporation, we will develop the next generation of coated products for our customers. We expect these products to be launched initially in Australia and then rolled out across the Company's global footprint," said Mr O'Malley.

Consultation Before Implementation
Mr O'Malley said: "In managing the transition out of exports we will take a careful and considered approach. Regrettably, these changes will see a workforce reduction of around 1,000 people, with approximately 800 at Port Kembla and 200 at Western Port. There will be flow-on impacts for contractors and suppliers.

"The actual size of the workforce reduction will be the subject of discussions with employees and unions and we will examine alternatives, including flexible work patterns, retraining, voluntary redundancies and job substitution. There will be programs and local job centres to assist employees to transition into the next phase of their careers either within or external to BlueScope, or to early retirement," Mr O'Malley said.

The FY2011 Result – Performance In Line with Previous Guidance

The Company reported a Net Loss After Tax (NLAT) of A$1,054 million for FY2011 (underlying NLAT of A$118 million, in line with previous guidance). The reported NLAT includes the previously announced one-off impairment cost of A$922 million, mainly relating to write-downs of the carrying value of two businesses; Coated and Industrial Products Australia and BlueScope Distribution.

The Board has decided there will be no final ordinary dividend. This follows the 2 cent per share interim dividend (fully franked) announced in February 2011.

Reflecting on the FY2011 Company performance, Mr O'Malley said, "The underlying result is in line with expectations and results from the tough economic challenges and structural changes our business faces.

Asia
"Following the successful transformation of our Coated and Building Products Asia division in FY2010, the segment delivered another excellent result, contributing $108 million in underlying EBIT, a record result in constant currency. Highlights included another impressive contribution from our businesses in China and Malaysia.

New Zealand
"New Zealand and Pacific Products again provided a profitable contribution, with $82 million underlying EBIT in FY2011, and over recent years has been a consistent performer. This business continues to benefit strongly from the sale of iron sands from Taharoa.

North America
"Our North American businesses have delivered an overall positive contribution of $52 million in underlying EBIT in FY2011. This result was largely driven by an excellent second half performance by the North Star joint venture, leading to a $72 million underlying EBIT result for Hot Rolled Products North America, which more than offset the $20 million underlying EBIT loss for Coated and Building Products North America. More broadly, the US building business continues to remain subdued, given the state of the US economy.

Australia
"The Australian businesses delivered a poor result in FY2011, with the Coated and Industrial Products Australia business, which includes sales to the loss-making export market, accounting for $258 million underlying EBIT loss and Australian Distribution and Solutions continuing to underperform with a $34 million underlying EBIT loss," Mr O'Malley said.

Significant Initiatives
Mr O'Malley said: "BlueScope has undertaken several significant initiatives over the last 12 months that will help underpin the Company's future, these include:

1) Carbon Tax – Steel Transformation Plan
"The announcement of the Government's *Steel Transformation Plan* (STP) on 10 July 2011, effectively shields BlueScope from any material cost of the Carbon Tax for the first four years of the scheme.

2) BlueScope Australia & New Zealand (BANZ) Restructure
"Following the announcement to restructure the Australian and New Zealand businesses on 10 March 2011 from three businesses into one consolidated business (BANZ), the design and implementation of the restructure is now well advanced and will deliver a more efficient and effective customer interface.

3) Further Fixed Cost Reductions
"In FY2011, the Company has been able to achieve a further $38 million in fixed cost reductions, whilst successfully maintaining the cumulative savings of $696 million ($340 million in permanent savings and $356 million in temporary savings), based on FY2008 base levels.

"Cost reductions remain an ongoing focus for the business and we expect further improvements, once the BANZ restructure and the implementation of today's announcement are completed," said Mr O'Malley.

BlueScope's Outlook
Turning to the first half Outlook, Mr O'Malley said: "Three key drivers will continue to have a material influence on 1HFY2012 financial performance:
- A$/US$;
- Steel spread (function of HRC and raw material prices); and
- Demand.

"Restructure costs will have a material impact on financial performance in this half. We expect continued good performance from Asia, New Zealand and our 50% interest in North Star.

"Currently we expect:
- A significant reported Net Loss After Tax (NLAT) including restructuring costs (excluding NRV's and/or impairments); and
- A small underlying NLAT (excluding restructure costs, NRV's and/or impairments).

"We will update the market at the AGM in November."

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INVESTOR PRESENTATION

BLUESCOPE STEEL

FY2011 Results and Business Update Presentation

Paul O'Malley, Managing Director and Chief Executive Officer
Charlie Elias, Chief Financial Officer

22 August 2011

ASX Code: BSL

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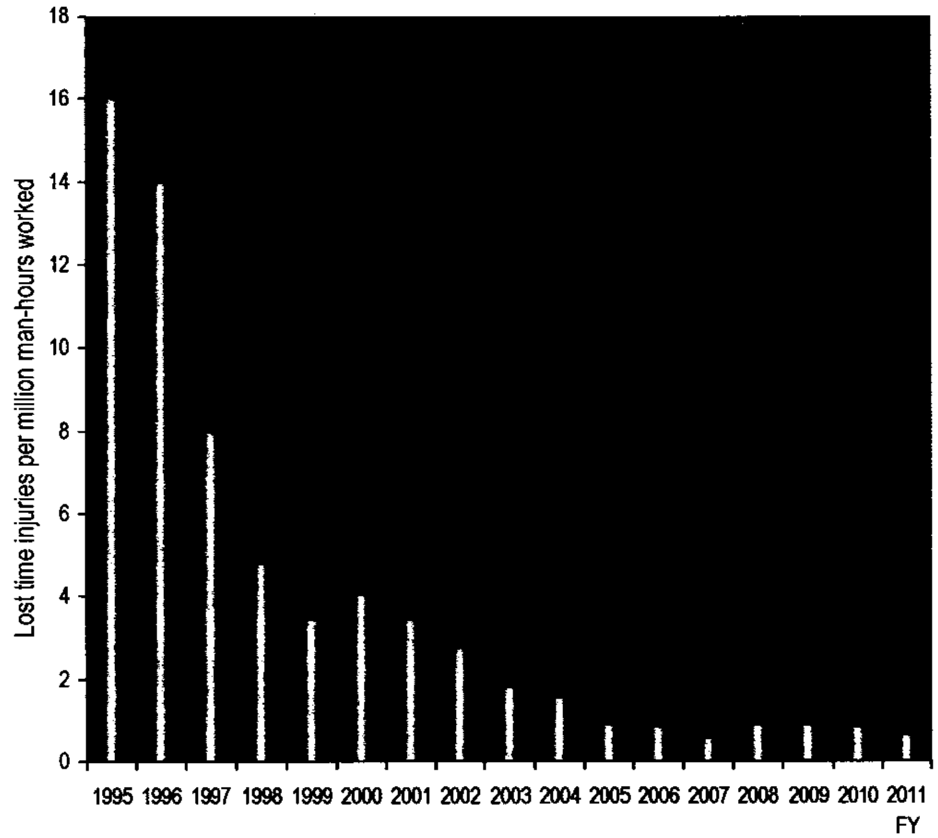
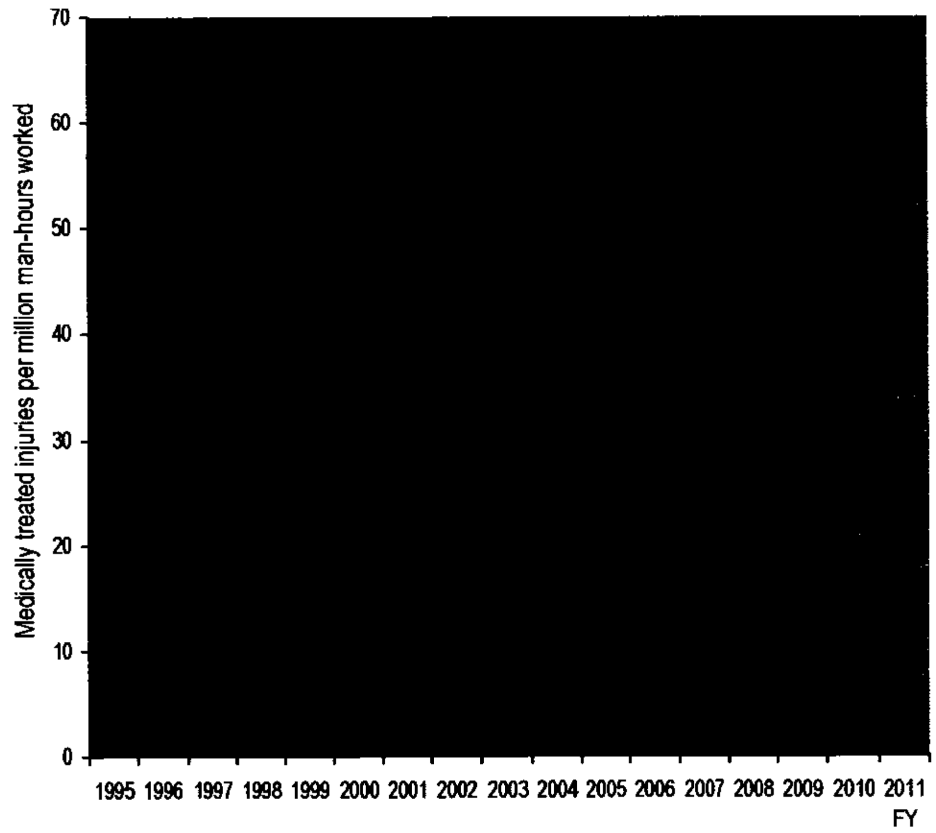
Safety – our target remains Zero Harm

Lost Time Injury Frequency Rate



Includes Contractors from 1996
Includes Butler from May 2004
Includes 2007/8 acquisitions

Medically Treated Injury Frequency Rate



Includes Contractors from 2004
Includes Butler from May 2004
Includes 2007/8 acquisitions

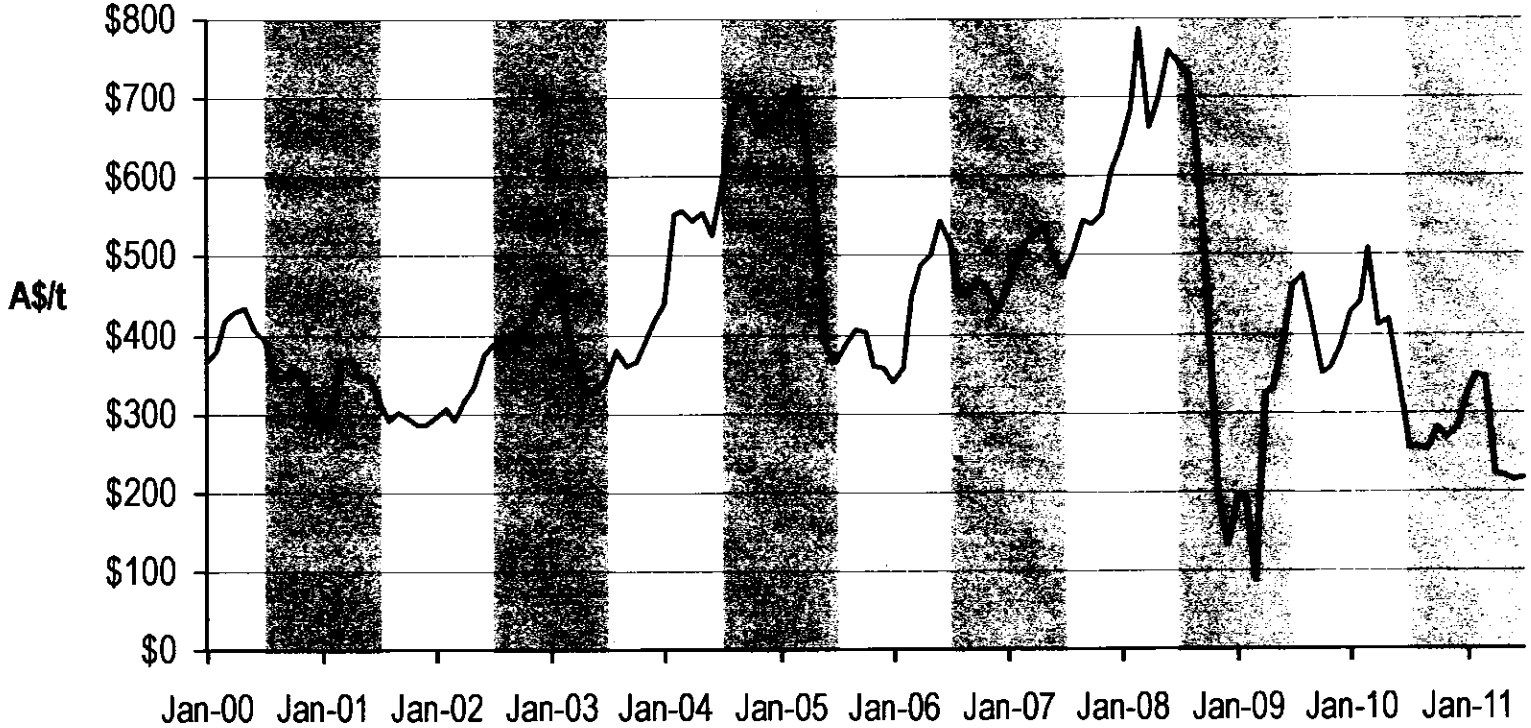
Introduction – Business performance

- Structural change in macro-economic factors have driven an unacceptable result from our Australian business, leading to today's announcement
  - In addition asset carrying value assessments resulted in net impairment write downs of $922m (principally Australian assets).
- Another strong Asian performance, with further growth expected
- 50% interest in North Star BlueScope Steel's mini-mill, USA, had a strong second half
- New Zealand continues to deliver solid results supported by iron sands sales.
- Significant work has been undertaken to improve the earnings potential of the Coated North American business
- Maintained the cost reductions achieved in prior years

Steel spread – rising raw material costs and highly volatile steel prices

Indicative Steelmaker HRC Spread (A$/t)

SBB East Asia HRC price less cost of 1.5t iron ore fines and 0.71t hard coking coal



Source: SBB, CRU, Platts, TSI, Reserve Bank of Australia, BlueScope Steel calculations

Note:

- 'Indicative steelmaker HRC spread' representation based on simple input blend of 1.5t iron ore fines and 0.71t hard coking coal per output tonne of steel. Chart is not a specific representation of BSL realised export HRC spread (eg does not account for iron ore blends, realised steel prices etc), but rather is shown primarily to demonstrate movements from period to period arising from the prices / currency involved.
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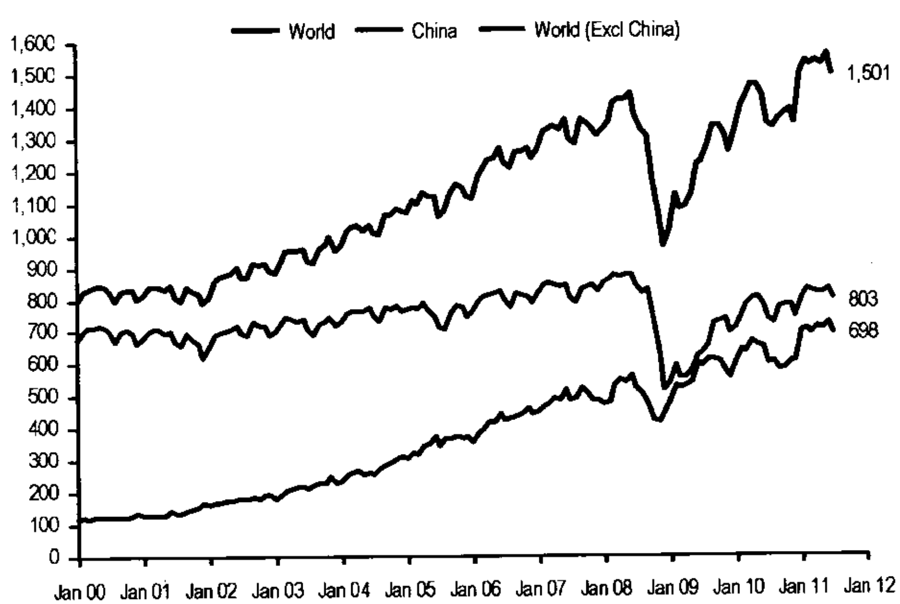
- Re hard coking coal price used: industry annual benchmark prices up to March 2010; quarterly industry prices thereafter.

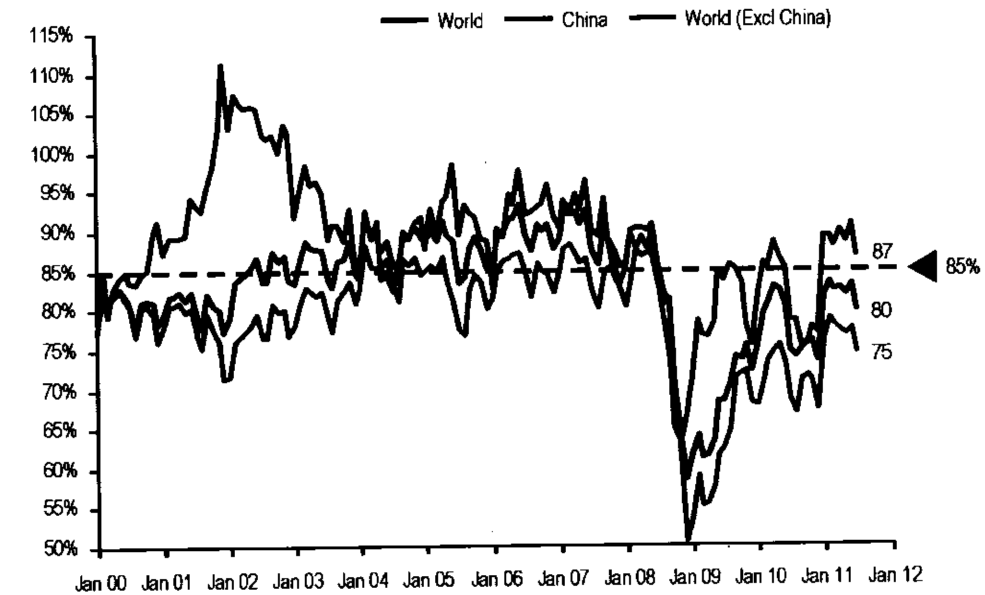
Steel spread - global steel market dynamics remain challenging oversupply, China is operating at around 700mt p.a., however ROW utilisation remains subdued…

Annualised Monthly World Crude Steel Production^

(M Tonnes)



Monthly Crude Steel Capacity Utilisation*



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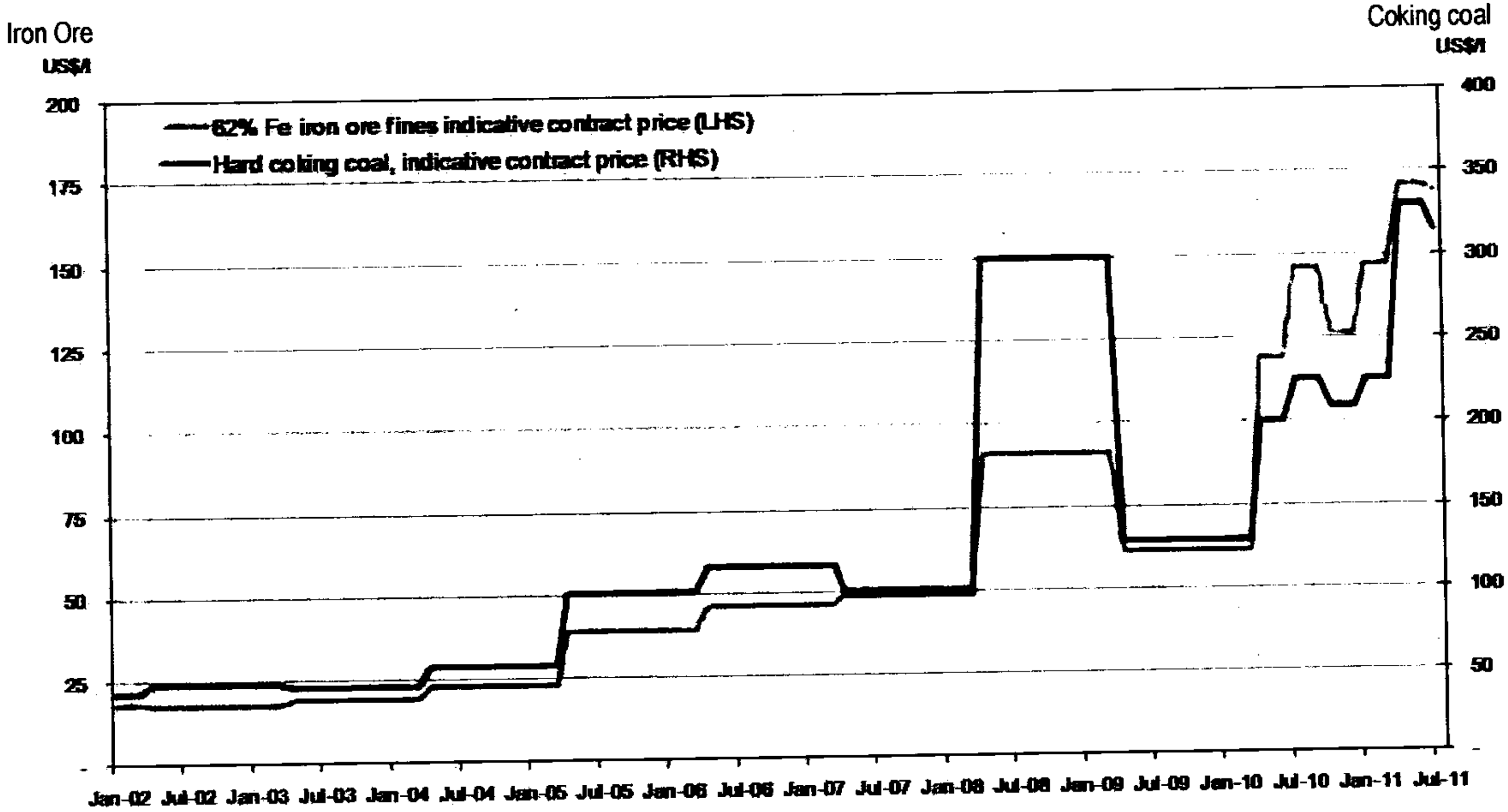
* **Notes** – Crude steel capacity utilisation is calculated based on the WSA 66 reporting countries, representing approx 96% of global crude steel capacity; At 85% pricing power shifts towards supplier; *Year to date annualised

-Source: WSA ^ Based on the daily production rate for the month

-Data to July 2011

… with a quantum jump in iron ore and coal prices over the last three years when price setting also moved from annual to quarterly



Source: CRU, Platts, TSI, BlueScope Steel

Note:

- Iron ore pricing used: 62% Fe iron ore fines price assumed. Industry annual benchmark prices up to March 2010. Quarterly index average prices from April 2010, lagged by one quarter; FOB estimate deducts appropriate freight cost from CFR China price.
- Hard coking coal price used: industry annual benchmark prices up to March 2010; quarterly industry prices thereafter. FOB Australia

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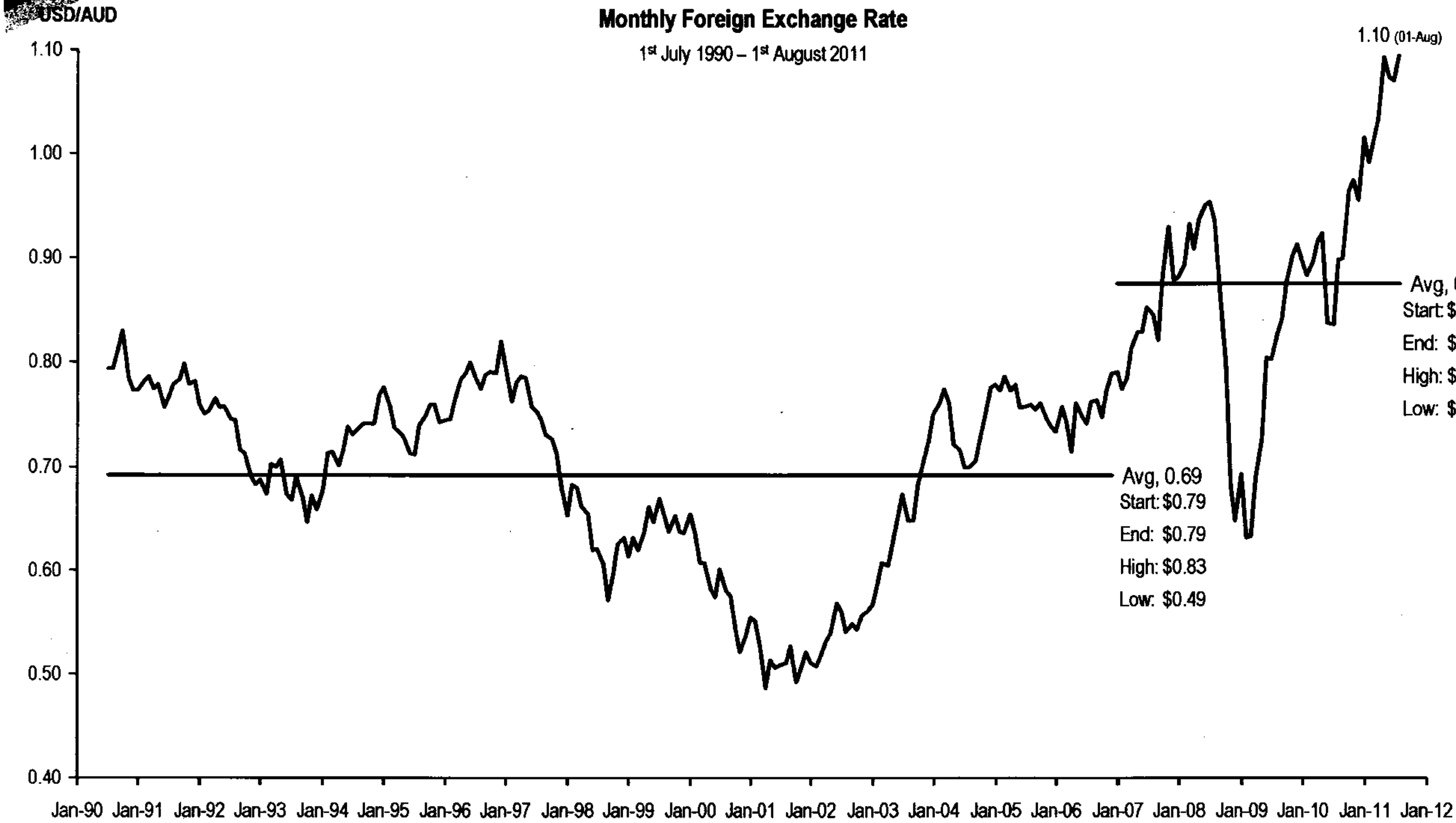
Foreign Exchange – stronger A$ exacerbates the contraction of USD spread and leads to increased import competition in Australia



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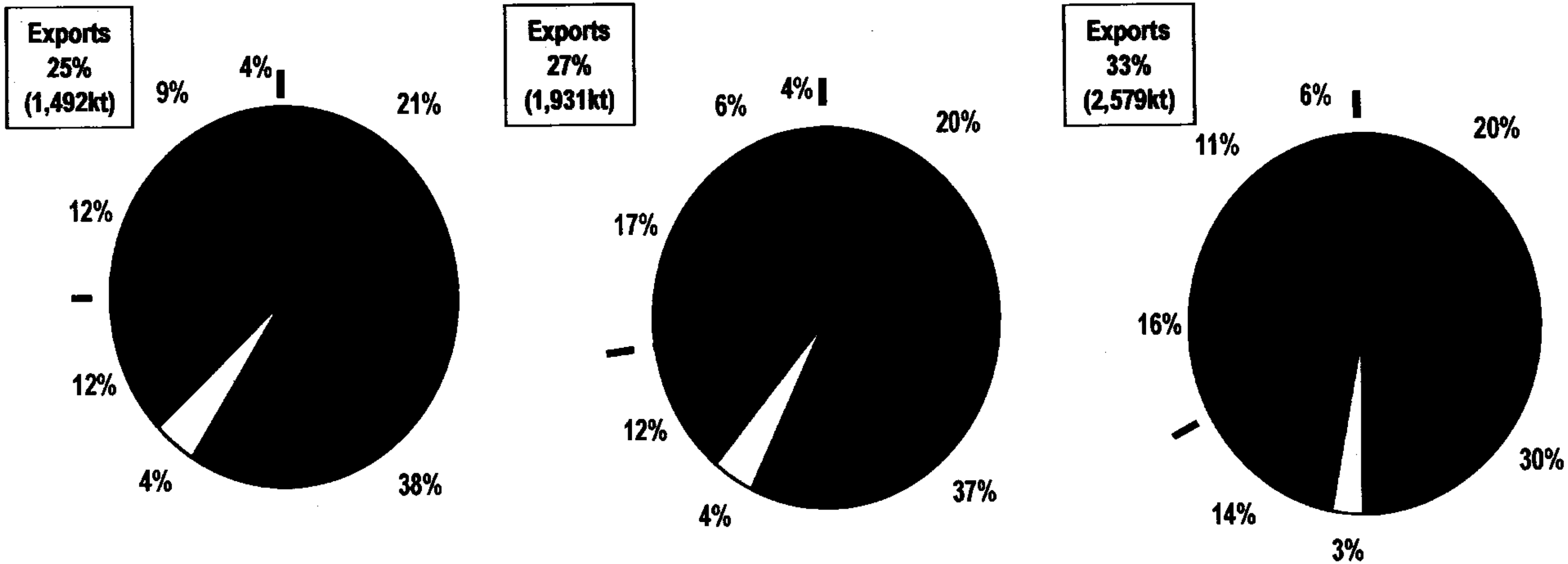
… and our export mix has grown off soft Australian sales

Total BlueScope Group External Despatches

[redacted] [redacted] [redacted]



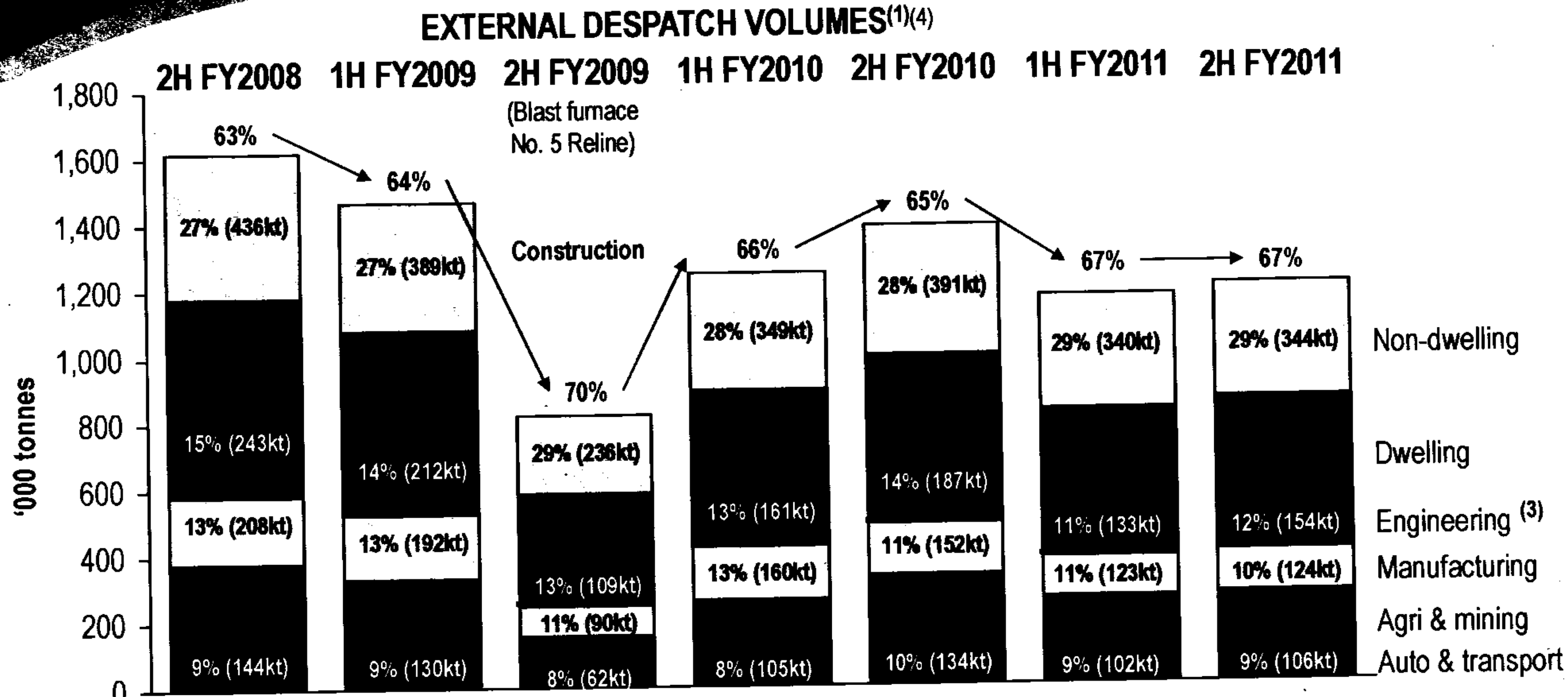
Total External Sales [redacted] —— 20% increase ——> [redacted] —— 9% increase ——> [redacted]

Key

Exports - Americas	Domestic sales (produced and sold within country)
Exports - Asia	NA (HRPNA + C&BPNA)
	New Zealand/Pacific
Exports – Europe/Med/Middle East/India	Australia
	Asia

Note: Percentages have been rounded.

... with Australian external sales volumes falling 11% (FY2011 on FY 2010)



	2H FY2008		1H FY2009		2H FY2009		1H FY2010		2H FY2010		1H FY2011		2H FY2011
Gross Despatches	1,614kt	(9%)	1,466kt	(44%)	824kt	51%	1,243kt	11%	1,381kt	(15%)	1,168kt	3%	1,198kt
Less[2]	(246kt)		(192kt)		(140kt)		(164kt)		(166kt)		(161kt)		(160kt)
Normalised Despatches	1,368kt	(7%)	1,274kt	(46%)	684kt	58%	1,079kt	13%	1,215kt[4]	(17%)	1,007kt	3%	1,038kt
					FY2009 1,958kt	– 17% –			FY2010 2,294kt	– (11%) –			FY2011 2,045kt

Notes:
(1) Percentages have been rounded.
(2) Normalised despatches exclude third party sourced products, incl long products.
(3) Engineering includes infrastructure such as roads, power, rail, water, pipes, communications and some mining-linked use
(4) The work to get closer to our customers has resulted in greater insight on how our domestic sales are being converted into end use sales

Decision to balance **Australian** steelmaking production capacity with **Australian** demand

- Today we announced our decision to exit the business of exporting steel manufactured at Port Kembla, whilst remaining fully committed to our Australian domestic business
  - ➢ This decision to exit exports will involve the shut down of No. 6 Blast Furnace and closure of other assets, including one coke oven, and the Hot Strip Mill at Western Port.
  - ➢ The restructure is expected to deliver approximately A$225M[1] EBIT improvement , based on pro-forma adjustments to FY2011 results.
  - ➢ Anticipate restructure costs will be in the order of A$400-500M[1] (funded by an equivalent working capital release).
- We will engage with our employees, customers, suppliers, unions, communities, and government to ensure an effective outcome
- BlueScope has also obtained lender support to implement this value-adding restructure.

Note: (1) Based on management's internal assessment

Growth focus

- Delivering on our investment in Asia
  - ➢ Restructured the business
  - ➢ Now delivering strong returns
  - ➢ With material upside as we grow sales from our existing investments
- Continue to grow our global presence in building construction markets
  - ➢ In particular steel Pre-Engineered Buildings
- Continue to focus capability in Australia on our domestic market and coated steel product development
- North America business
  - ➢ Expansion opportunity at North Star
  - ➢ Buildings restructured - material earnings upside when US economy recovers
- Cash release and redeployment program to capture growth opportunities


FY 2011 Headlines

Group financial headlines FY2011 vs. FY2010

		Twelve MONTHS ENDED 30 June		VARIANCE
		2010	2011	%
Revenue		8,624M	9,153M	+6%
External despatches		7.2M tonnes	7.8M tonnes	+9%
EBITDA	– Reported	590M	(687M)	-
	– Underlying	[redacted]	[redacted]	[redacted]
EBIT	– Reported	240M	(1,043M)	-
	– Underlying	[redacted]	[redacted]	[redacted]
NPAT	**– Reported**	**126M**	**(1,054M)**	-
	– Underlying	[redacted]	[redacted]	[redacted]
EPS	**– Reported**	**6.9¢**	**(57.4¢)**	-
	– Underlying	[redacted]	[redacted]	[redacted]
EBIT Return on Invested Capital		3.8%/[redacted]	(16.2%)/[redacted]	-
Return on Equity		2.3%/[redacted]	(19.6%)/[redacted]	-
Net Operating Cashflow				
– From operating activities		A$463M	A$142M	-69%
– After capex / investments		A$136M	(A$218M)	-260%
Final ordinary dividend (fully franked)		5cps	0cps	
Gearing (net debt)		11.4%	19.5%	Below 25-30% target & 16.7% pre-impairment

Note: * Underlying Returns

Reconciliation between FY2011 reported NLAT and underlying NLAT

	FY2011 NLAT A$M
Reported	(1,054)
Net (gains) / losses from discontinued businesses	(1)
Reported earnings from continuing businesses	(1,055)
Restructuring & redundancy costs	10
Asset impairment	922
Business development costs	5
Underlying operational NLAT	(118)

Note: Please refer to Table 2b of the ASX Earnings Release for twelve months ended 30 June 2011 (document under listing rule 4.3a)

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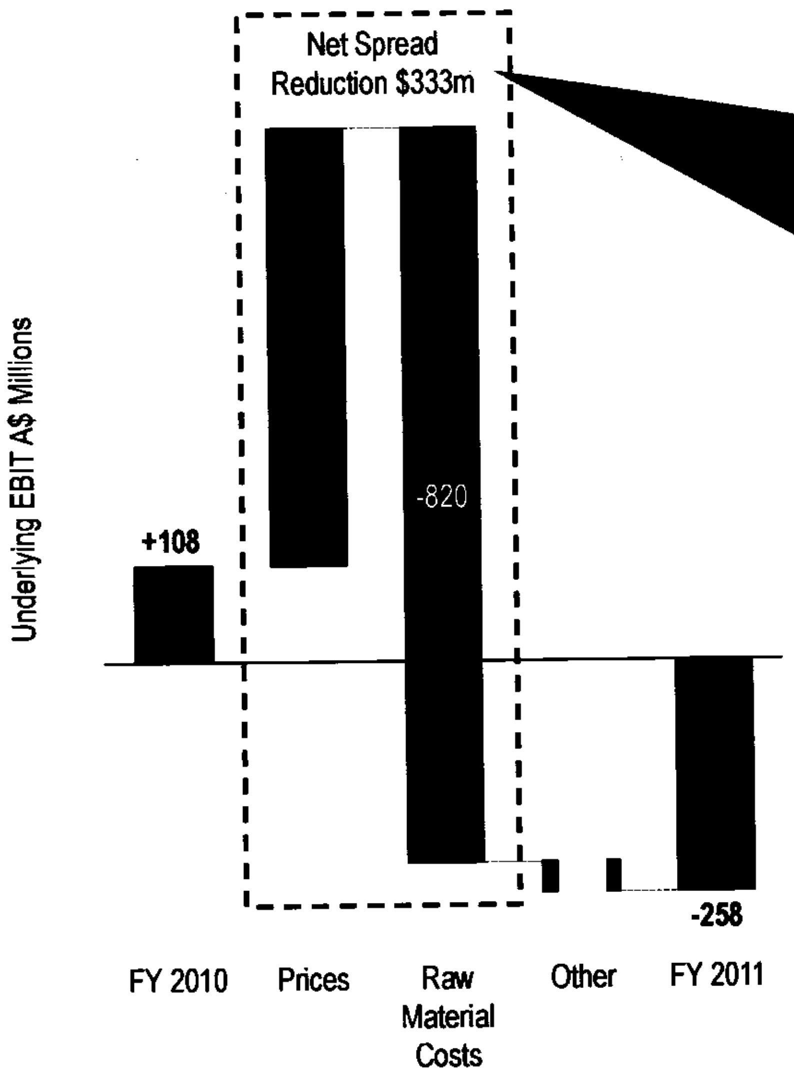
Segment EBIT summary

	Underlying EBIT, A$M				Comments
	FY2010	FY2011	1H FY2011	2H FY2011	2H FY2011 (vs 1H)
Coated & Industrial Products Australia	108	(258)	(97)	(161)	Further spread contraction; soft domestic demand and prices; NRV adjustments
- Indicative HRC Spread * (US$/tonne)	365	269	252	286	
- Indicative HRC Spread * (A$/tonne)	414	273	266	279	
- A$ / US$ FX	0.88	0.99	0.95	1.03	
Australia Distribution & Solutions	2	(34)	(15)	(19)	Import competition & margin contraction
New Zealand Steel and Pacific Steel Prod.	73	82	49	33	Reduced spread in 2H; lower iron sands despatch timing
Coated & Building Products Asia	116	108	46	62	Good performance notwithstanding weak 1H in Thailand and FX translation.
Coated & Building Products North America	(16)	(20)	(16)	(4)	Modest improvement in market conditions
Hot Rolled Products North America	61	72	8	64	Improved spreads
Corporate & inter-segment	(89)	(51)	(16)	(35)	Slightly lower corporate costs in 2H, but profit in stock adjustment greater in 1H
TOTAL GROUP	**255**	**(101)**	**(41)**	**(60)**	

Note: * see footnotes concerning indicative Asian steelmaker spread on a subsequent page

Spread: drives over 90% of the decline in performance of Coated & Industrial Products Australia FY2011 vs. FY2010

Coated & Industrial Products Australia – Underlying EBIT

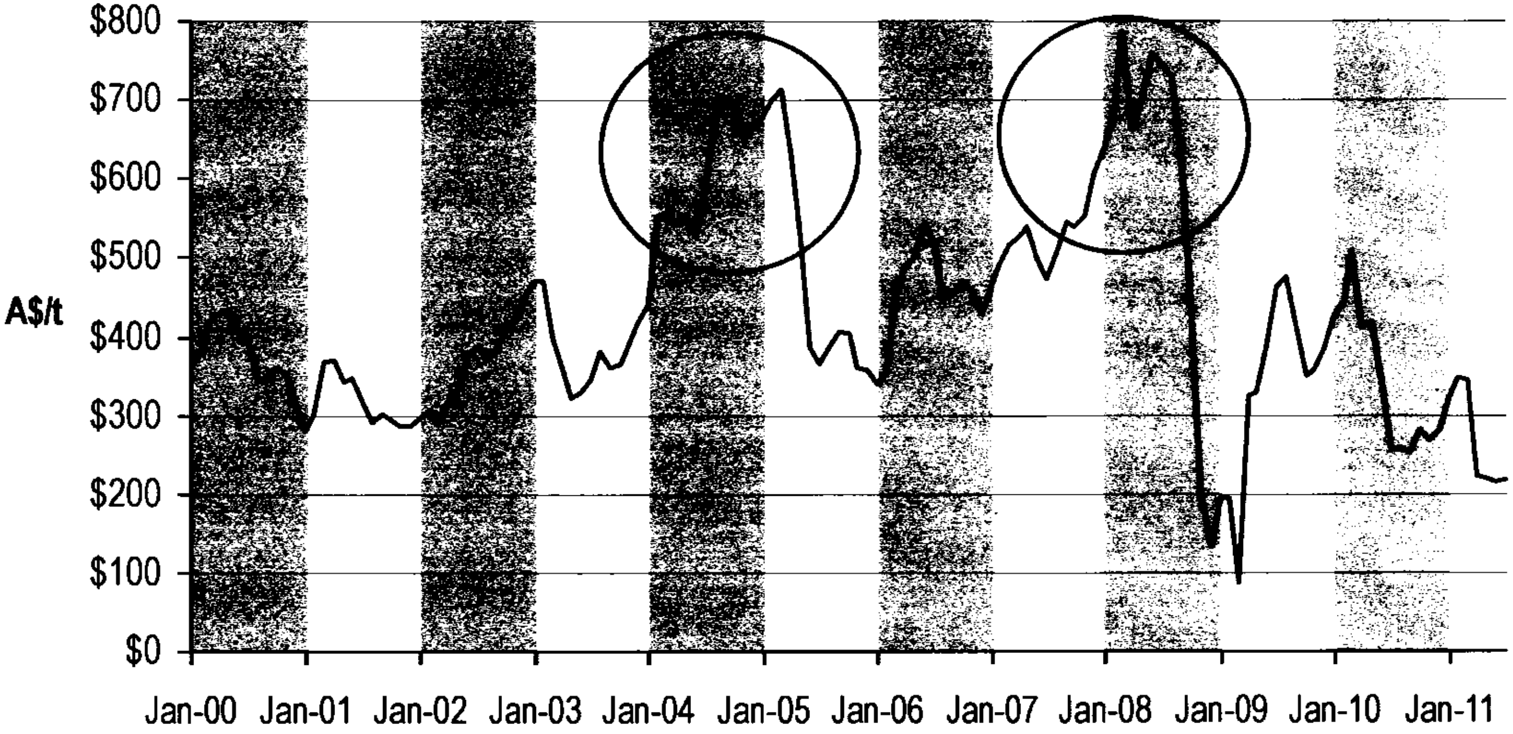


[redacted]

Export losses – since 2000 BlueScope's export sales have made a strong contribution to profits in only two years

Indicative Steelmaker HRC Spread (A$/t)

SBB East Asia HRC price less cost of 1.5t iron ore fines and 0.71t hard coking coal



Source: SBB, CRU, Platts, TSI, Reserve Bank of Australia, BlueScope Steel calculations

Note:

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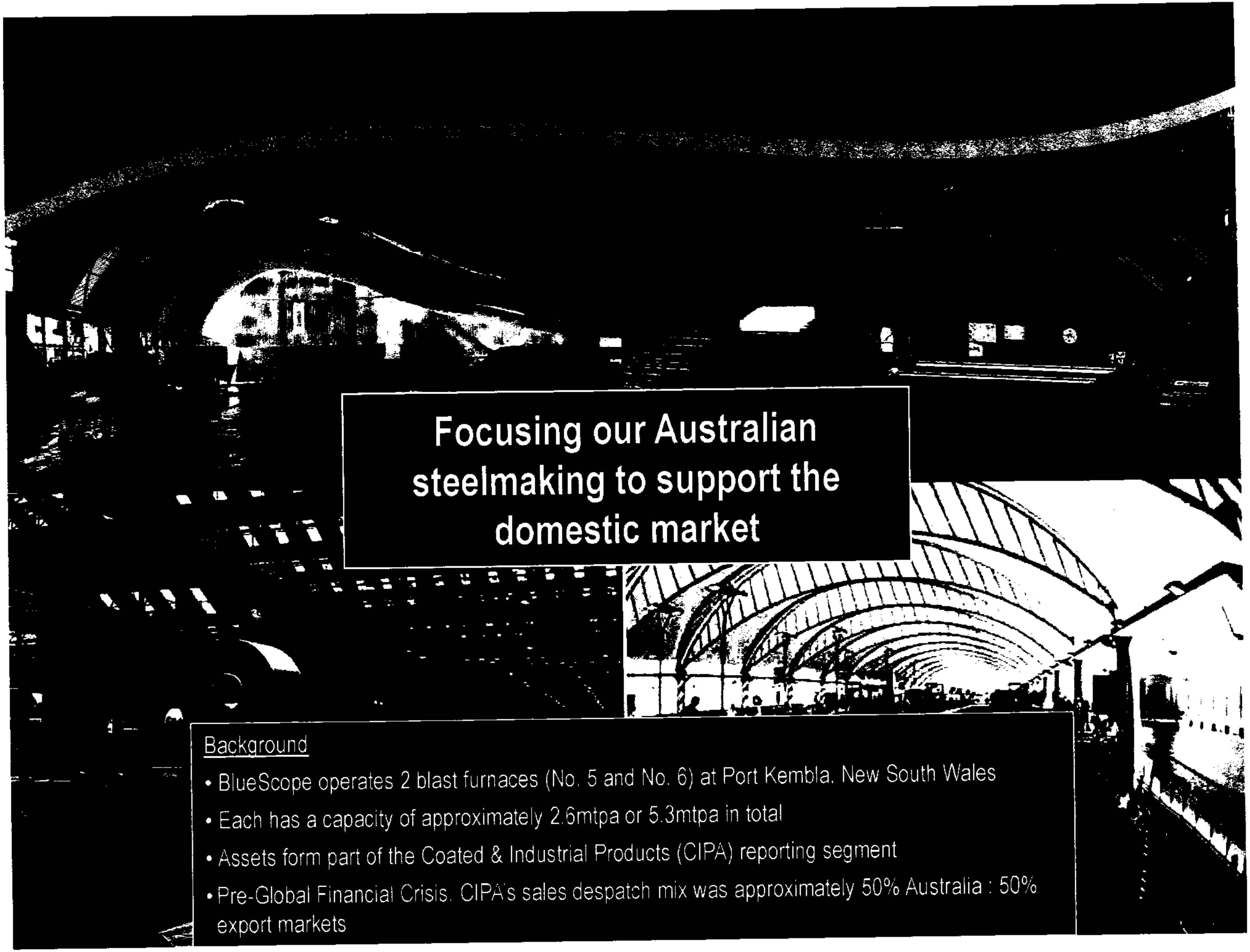
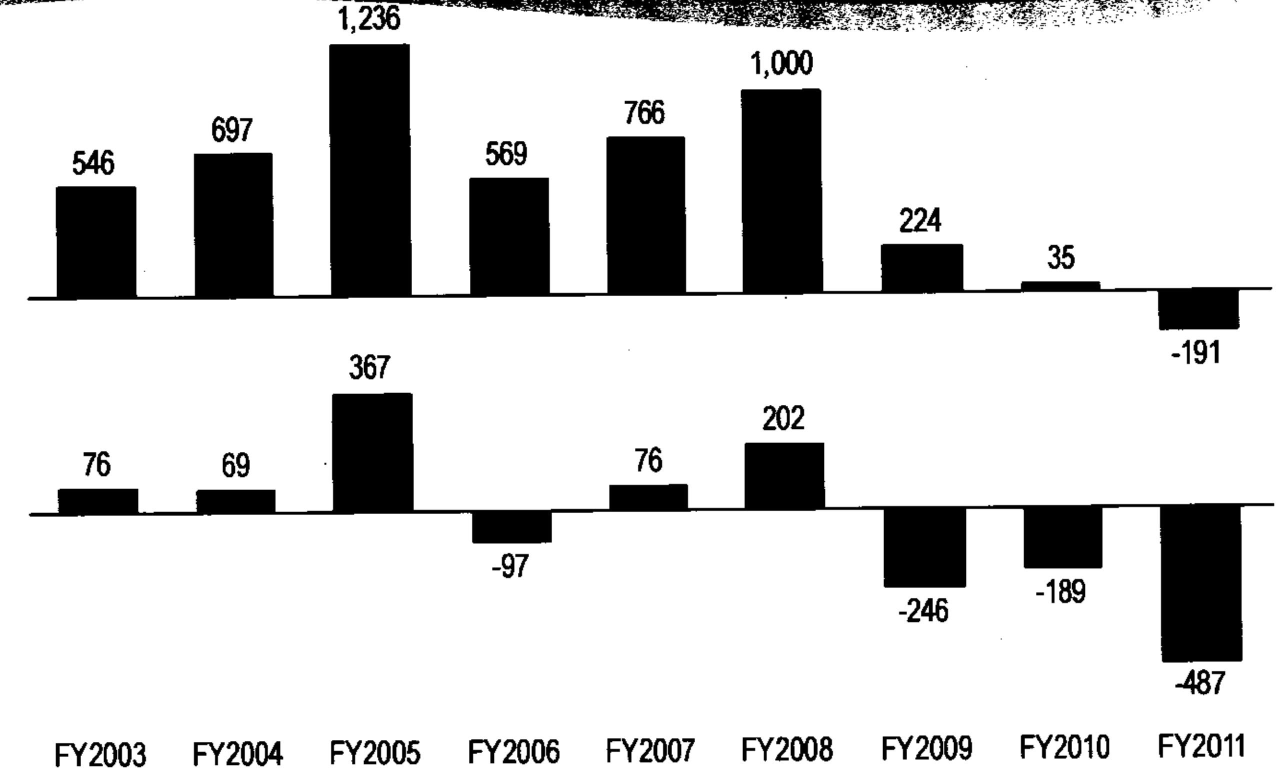

Focusing our Australian steelmaking to support the domestic market
Background
• BlueScope operates 2 blast furnaces (No. 5 and No. 6) at Port Kembla, New South Wales
• Each has a capacity of approximately 2.6mtpa or 5.3mtpa in total
• Assets form part of the Coated & Industrial Products (CIPA) reporting segment
• Pre-Global Financial Crisis, CIPA's sales despatch mix was approximately 50% Australia : 50% export markets

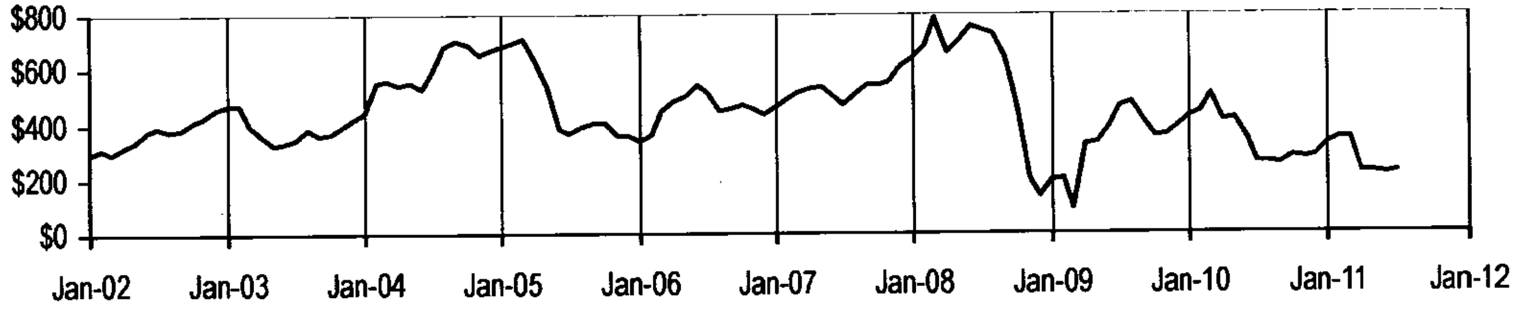
Macro environment and poor returns are driving this decision

Historical CIPA total segment underlying EBIT (pre-NRV charge) (A$m)

Indicative historical CIPA Export underlying EBIT (pre-NRV charge) (A$m)

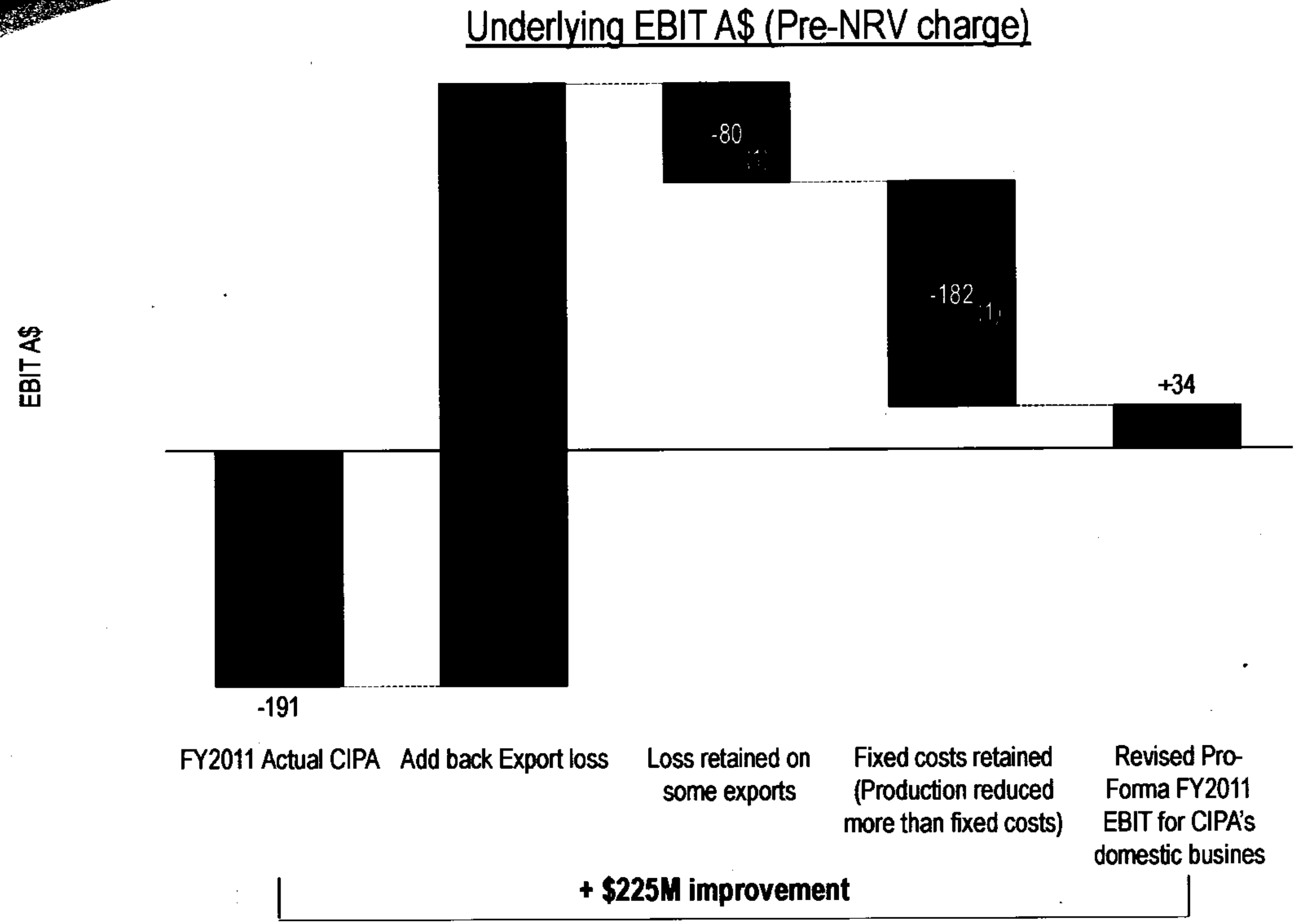


Indicative Raw Steel Spread (*)



Note: (*) Please refer to "Notes" supporting Indicative Steelmaker HRC Spread chart on earlier page

BlueScope is better off under this restructure by an estimated $225M [1] (pro-forma impact on FY 2011)



Note: (1) Based on management's internal assessment

Proforma impact of restructure on 2011 CIPA income statement

A$m; year to 30 June	2011A	*Impact of restructure* (1)	2011 proforma for restructure
Revenue	5,196	(1,550)	3,646
Variable cost	(3,696)	+1,410	(2,286)
Variable contribution	1,500	(140)	1,360
Fixed cost & other	(1,490)	+315	(1,175)
EBITDA (pre NRV charge)	**10**	**+175**	**185**
Depreciation & amortisation	(202)	+50	(152)
EBIT (pre NRV charge)	**(194)**	**+225**	**34**
Net realisable value charge	(67)	+65	(2)
[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]

Comprised of:
- Raw materials, including assumption of raw materials mix improvement to lower price (greater proportional utilisation of iron fines to use latent capacity created at sinter plant
- Variable conversion costs

Comprised of reduction in:
- Utilities & services
- Repairs & maintenance
- Direct labour
- Refractories & consumables
- Overheads
- SG&A & other

Comprised of:
- Loss of $170m export sales contribution
- Favourable domestic contribution estimate of $30m predominantly from improvement in raw materials blend

Note: Despatch figures represent internal and external prime tonnes and exclude non-prime sales and tonnage sold on behalf of other business units

Note: (1) Based on management's internal assessment

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Indicative EBIT sensitivities for FY2012 (reflecting FY2011 CIPA asset base) compared to FY2012 (reflecting the one Blast Furnace announcement)

Assumption	Estimated impact on FY2012 EBIT A$m (1): 2 Blast Furnaces	1 Blast Furnace
+/– US$25 / tonne movement in BlueScope's average realised export HRC price(2)	110	42
+/– 1¢ movement in Australian dollar / US dollar exchange rate(3)	7	2
+/– US$10 / tonne movement in coal costs	29	14 (4)
+/– US$10 / tonne movement in iron ore costs	79	39 (4)

(1) - Full year base exchange rate is US$1.02.
- Sensitivities assume respective 2BF or 1BF operations annualised

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

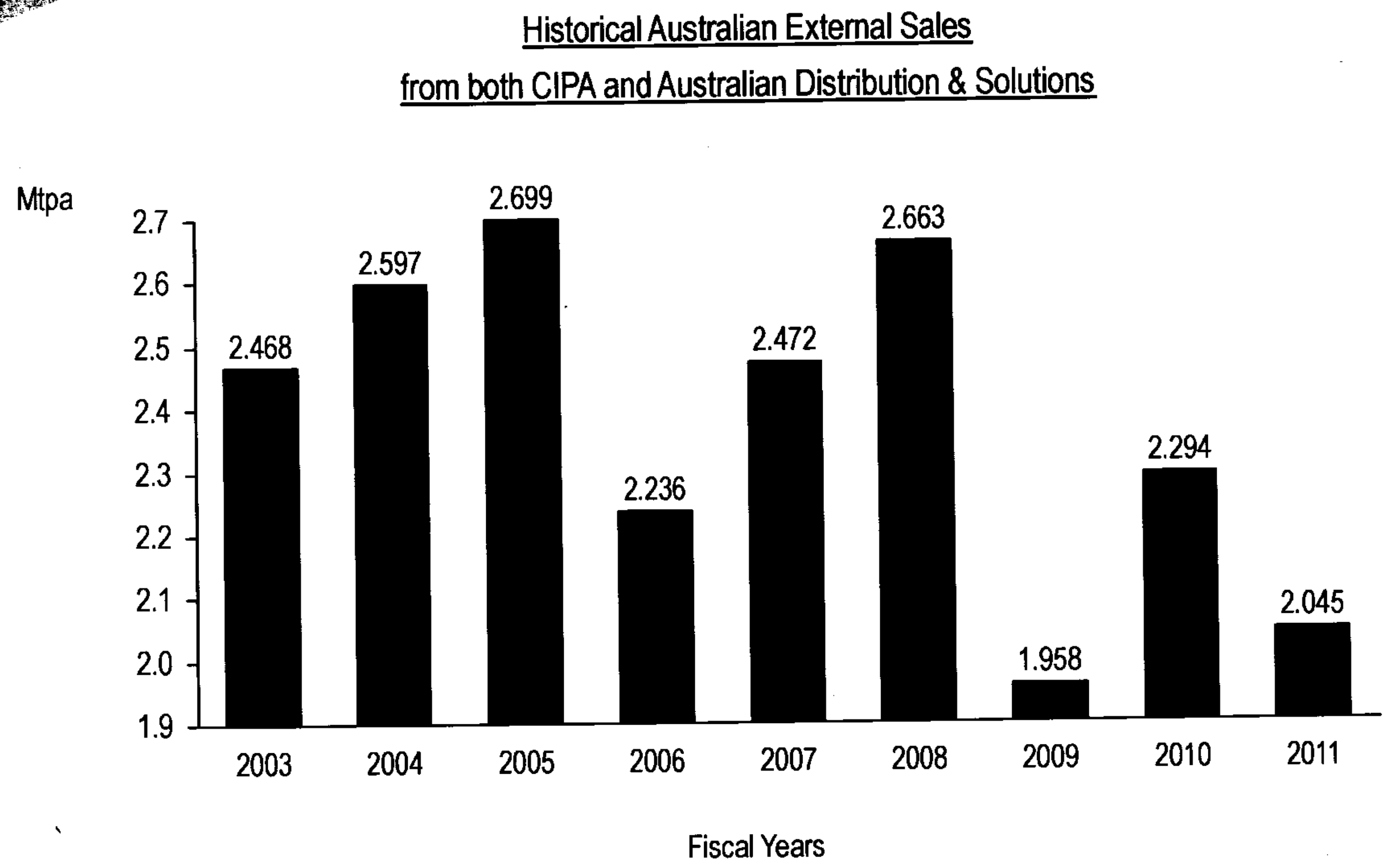
(3) The movement in the Australian dollar/US dollar exchange rate includes the restatement of US dollar denominated receivables and payables and the impact of translating the earnings of offshore operations to A$. Does not reflect impact on Australian domestic pricing.

(4) 1 blast furnace sensitivities assume raw material consumption at a rate of 50% of 2 blast furnaces

Fixed cost reductions will be achieved through the closure of certain assets

		5.3mtpa asset base	2.6mtpa asset base
Port Kembla	Cokemaking	Operating 4 batteries	Operate 3 batteries (closing No. 4) and 21/22 Blowers
	Sinter Plant	Full Capacity	Reduce production through reduced shifts to 5day/week
	Blast Furnaces	Two: No. 5 and No. 6	Shut down No. 6; potential rationalisation of raw materials handling
	BOS	All 3 Vessels operating	Operate 2 vessels (Close No. 3)
	Steel Treatment	Normal shift	Reduced shifts
	Slab Casting	Operate three continuous casters	Operate 2 casters (Close No.1)
	Hot Strip Mill	At full capacity	Reduced shift operation
	Skin Mill	At full capacity	Reduced shift operation
	Plate Mill	No change	No change
Springhill	Cold Rolling	No change	Reduced load (no export)
	MCL's	Full capacity (3 lines)	No change
Western Port	Hot Strip Mill	Operates at reduced capacity (normal)	Closed
	Cold Rolling	At full capacity	Reduced load
	MCL's	Operate 3 metal coating lines	Mothball MCL5 and transfer domestic production to MCL 1 and 3 (Springhill)

At 2.6mtpa, capacity sufficient to meet all domestic demand, with continued investment in next generation Zincalume and Colorbond (in JV with Nippon Steel)



Note: External sales EXCLUDE long products sourced from OneSteel by Australian Distribution & Solutions reporting segment

Questions associated with the transition plan

1. What is the expected cost to transition to one blast furnace (2.6mtpa) and how will it be funded?

   - The bulk of the transition activity will take place between now and March 2012.

   - Anticipate restructure cash costs will be met from release of working capital, both in the order of A$400-500m[1]

   - BlueScope will continue to operate at the site and will undertake appropriate make-safe and other requirements

Note: (1) Based on management's internal assessment

Questions associated with the transition plan

2. Will BlueScope be able to cost effectively restart BF No. 6?

- Intention is to
  - Tap the salamander to drain the molten iron
  - Then keep the BF on a basic "care and maintenance" mode
- The company will have the ability to restart BF No.6, however the time and cost will be dependent upon:
  - When a decision is taken to restart, noting a "later than sooner" decision may impact both cost and time due to the potential requirement for increased level of refurbishment
  - The planned capacity for iron and steelmaking post starting No. 6 Blast Furnace would also influence cost and time to complete
- Currently, best estimate of time and cost would be in the order of 6-12 months and in range A$40-100m

Questions associated with the transition plan

3. What is the Group's ongoing "stay in business" capital expenditure after the restructure?

- Previously reported annual "stay in business" capital for the BlueScope group was approximately 75% of group depreciation.

- Over next few years expect this level will hold, ie. 75% of reduced group depreciation base after the impairment adjustment

Safety, our people, community and our customers

- Safety
  - ➢ During the implementation process we will not compromise BlueScope's focus on safety

- Our people and our community
  - ➢ Treat our employees, contractors, suppliers and our communities with respect

- Customers
  - ➢ Domestic customers
    - In the process of contacting customers to assure them of BlueScope's increased commitment to meet their requirements
  - ➢ Overseas customers
    - Working with them to enable a smooth transition to alternative suppliers
  - ➢ Overseas affiliates
    - Well advanced on investigating alternative steel feed suppliers

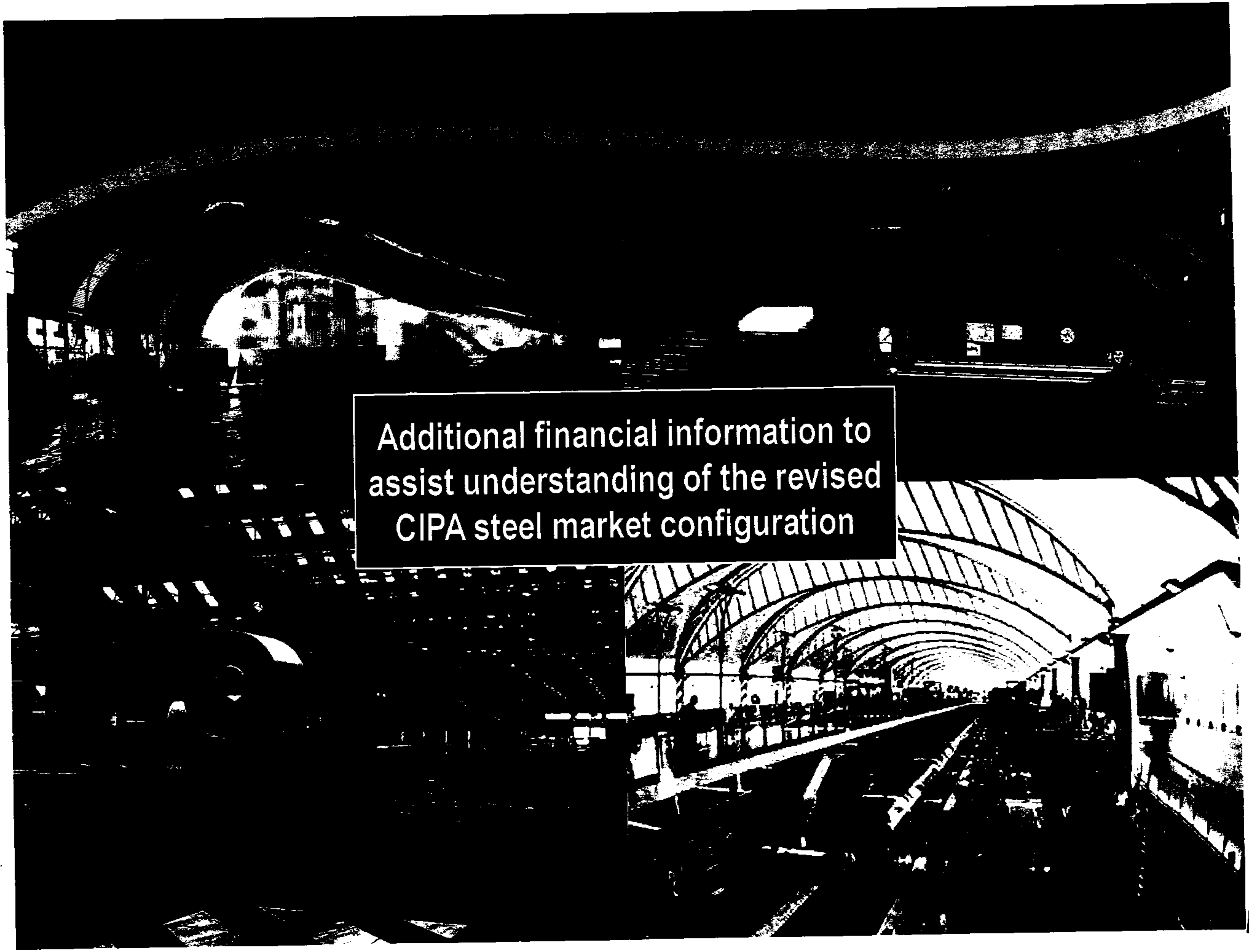
BlueScope has lender support for the restructuring

- Discussions have been concluded with BlueScope's principal lending groups
  - Bank Syndicate
  - US Private Placement Noteholders

- BlueScope's objective in these negotiations was to obtain lender support to implement this value-adding restructure. This has been achieved.

Summary

- Restructuring is imperative given:
  - Industry and macro economic structural changes
  - Resulting in loss making export business; and
  - History shows we are only giving up a small amount of upside whilst materially reducing the downside
- We have demonstrated an ability to deliver "change", eg:
  - Profitable turn around in Asia
  - BF No. 5 reline and sinter plant upgrade
  - Delivered substantial cost savings, ie. A$696m by end of FY2011 (vs. FY08 cost base)
  - Materially restructured the North American business
- Key benefits of restructure:
  - Improved alignment between BlueScope's Australian steelmaking production capacity and Australian demand
  - Removal of significant losses on export sales in the current environment
  - Lower long-term capital investments at Port Kembla
  - Reduction in volatility of earnings through the cycle


Additional financial information to
assist understanding of the revised
CIPA steel market configuration

Proforma impact of restructure on 2011A CIPA income statement

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[redacted]			
[redacted]			

Note: Despatch figures represent internal and external prime tonnes and exclude non-prime sales and tonnage sold on behalf of other business units

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- Raw materials, including assumption of raw materials mix improvement to lower price (greater proportional utilisation of iron fines to use latent capacity created at sinter plant
- Variable conversion costs

Please refer to next slide

Comprised of:
- Loss of $170m export sales contribution
- Favourable domestic contribution estimate of $30m predominantly from improvement in raw materials blend

Note: (1) Based on management's internal assessment

Components of fixed cost reduction estimate ($315M)[1]

Utilities & services	• Utilities includes electricity, natural gas, internal gases, cryogenic gases, water, steam, compressed air and hot blast • Includes contracted services for management of slag and other materials handling (movement of materials, waste streams), PCI plant and site rail services
Repairs & maintenance	• Includes direct maintenance labour, contractors, materials / spares – considered highly fixed (~80%) • Key driver of reductions is shut down of BF No. 6 and closure of facilities – a coke battery, #3BOS and no.1 slab caster
Direct labour	• Includes direct labour from the plant areas that are closed and a portion of support and management labour from each plant area
Refractories & consumables	• Includes refractory materials & labour • Key driver of reductions is shut down of BF No. 6 and closure of facilities – a coke battery, #3BOS and no.1 slab caster • Typically a variable cost but ~30% considered fixed due to wear & repair not aligned with production level
Overheads, SG&A & other	• Overheads include plant area support costs (labour & facilities) and sitewide allocated costs (eg security, rates, land taxes, fees, technical support, environment support, warehousing etc) • SG&A: predominantly driven through removal of duplicated roles and costs, as an extension of the existing BlueScope ANZ restructure. Additional estimated savings are envisaged through simplification and standardisation of business processes

Note: (1) Based on management's internal assessment

Relevant factors for CIPA in FY2012

- When considering variable contribution, bear in mind:
  - Q1 FY11 benefited from domestic price (and spread) lag from strong Q4 FY10
  - FY2011 benefited from an opening stock adjustment (c.$100M)
  - Escalation of retained variable conversion costs

- Estimated fixed cost base to benefit from restructure:
  - ~$315M[1] annualised savings rate from full restructure (pre-escalation)
  - ~$120M[1] annualised savings rate from 80% (2BF) operating rate (pre-escalation)

- Depreciation reduction of $50M[1] to apply throughout full year given impairment taken at 30 June 2011

Note: (1) Based on management's internal assessment

Working capital release and cost to achieve

[redacted]

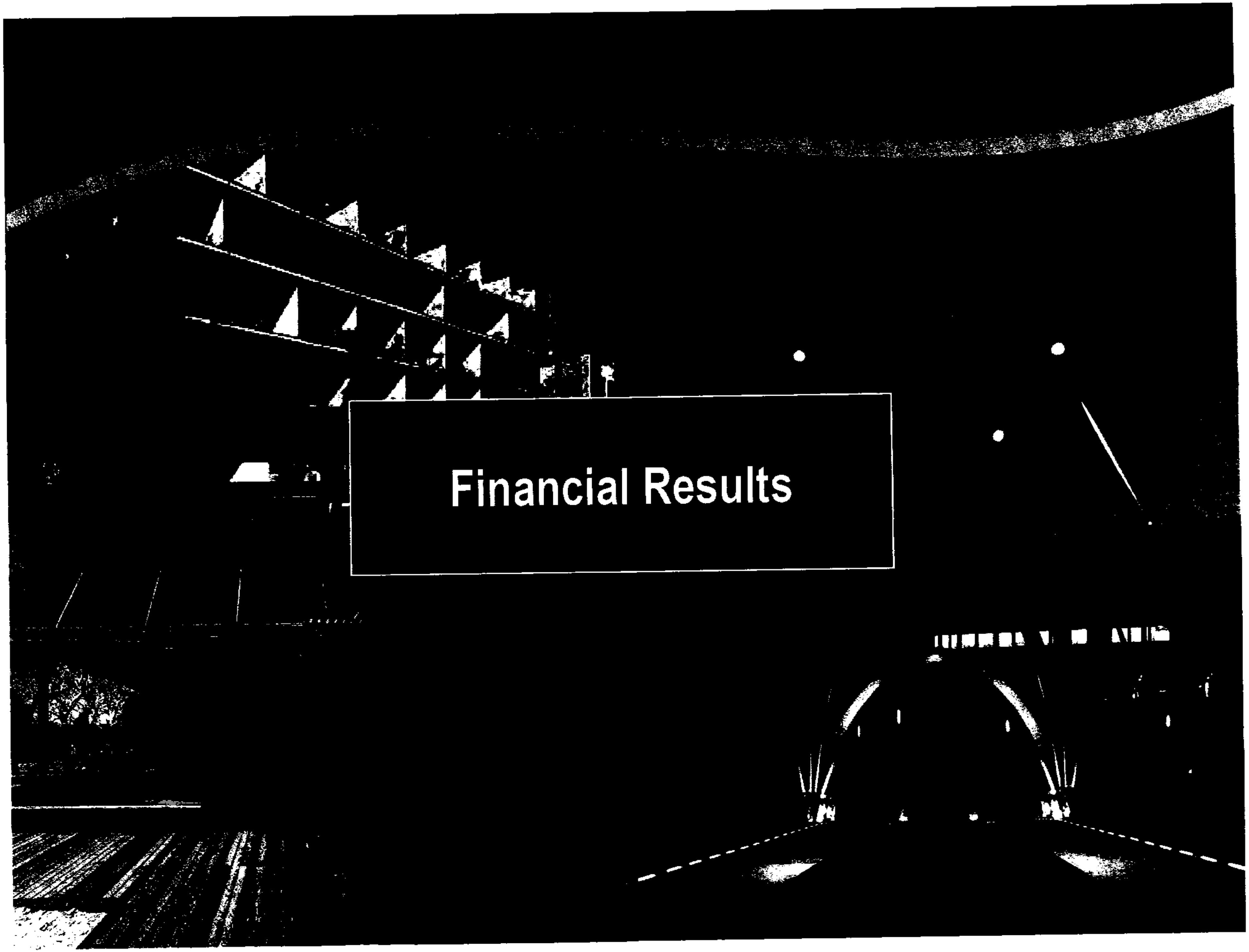
Working capital release

- Main working capital accounts were net ~$1bn in CIPA at 30 June 2011
- Balances will depend on embedded costs, but currently anticipate $400-500M[1] drop from June 2011 level to June 2012, due to:
  - Lower debtors. Domestic business WC slightly higher than export due to value of domestic debtors
  - Lower inventory with expected pro-rata inventory volume reduction, but for assumption of some additional iron ore held as buffer
  - Lower creditors given lower levels of raw materials purchases and other supply contracts

Cash costs (by estimated size)

- Redundancies and employee related costs (including payment of leave provisions)
- Operational changes / restructure costs
- Site closure and make-good costs
- Liquidation of export inventory

Note: (1) Based on management's internal assessment


Financial Results

Historical earnings performance

A$ Millions	FY2007	FY2008[3]	FY2009	FY2010	1H FY11	2H FY11	FY11
Revenue[1]	8,913	10,495	10,329	8,624	4,622	4,531	9,153
EBITDA – Reported[2]	1,423	1,420	380	590	127	(814)	(687)[6]
EBIT[2] – Reported	1,099	1,063	15	240	(48)	(995)	(1,043)[6]
– Underlying[4]	1,057	1,273	[redacted]				
NPAT – Reported	686	596	(66)	126	(55)	(999)	(1,054)[6]
– Underlying[4]	643	816	[redacted]				
EPS[5](cps) – Reported	95.3	80.1	(7.1)	6.9	(3.0)	(54.4)	(57.4)[6]
– Underlying[4]	89.3	109.6	[redacted]				

Notes:

(1) Does not include North Star BlueScope Steel revenue, which was A$697M (FY2011) vs. A$626M (FY2010).
(2) Includes 50% share of North Star BlueScope Steel net profit before tax.
(3) Includes eleven months of BlueScope Distribution financial results and five months IMSA steel businesses financial results.
(4) Underlying numbers represent Reported numbers adjusted for unusual or non-recurring events to reflect underlying financial performance from ongoing operations.
(5) EPS for periods prior to the May / June 2009 entitlement offer have not been restated for the bonus element of the entitlement offer.
(6) Includes asset impairment write downs:
1H 11 – $9M - Distribution $77M partly offset by China write-back of $68M.
2H 11 – $913M CIPA $797M, Distribution $100M & Steelscape $16M

Asset carrying value assessments result in net impairment write downs of A$922m

- As a normal part of finalising its accounts each half year BlueScope reviews the carrying value of its non-current assets.
- Given ongoing macroeconomic challenges of high AUD:USD, low spreads (selling price less raw material cost) and low domestic demand, BlueScope made the following non-current asset impairment write downs during FY2011:
  - 2H FY2011 (A$913m asset impairment write down)

    –Coated & Industrial Products Australia A$797m (of which $68m relates to goodwill)

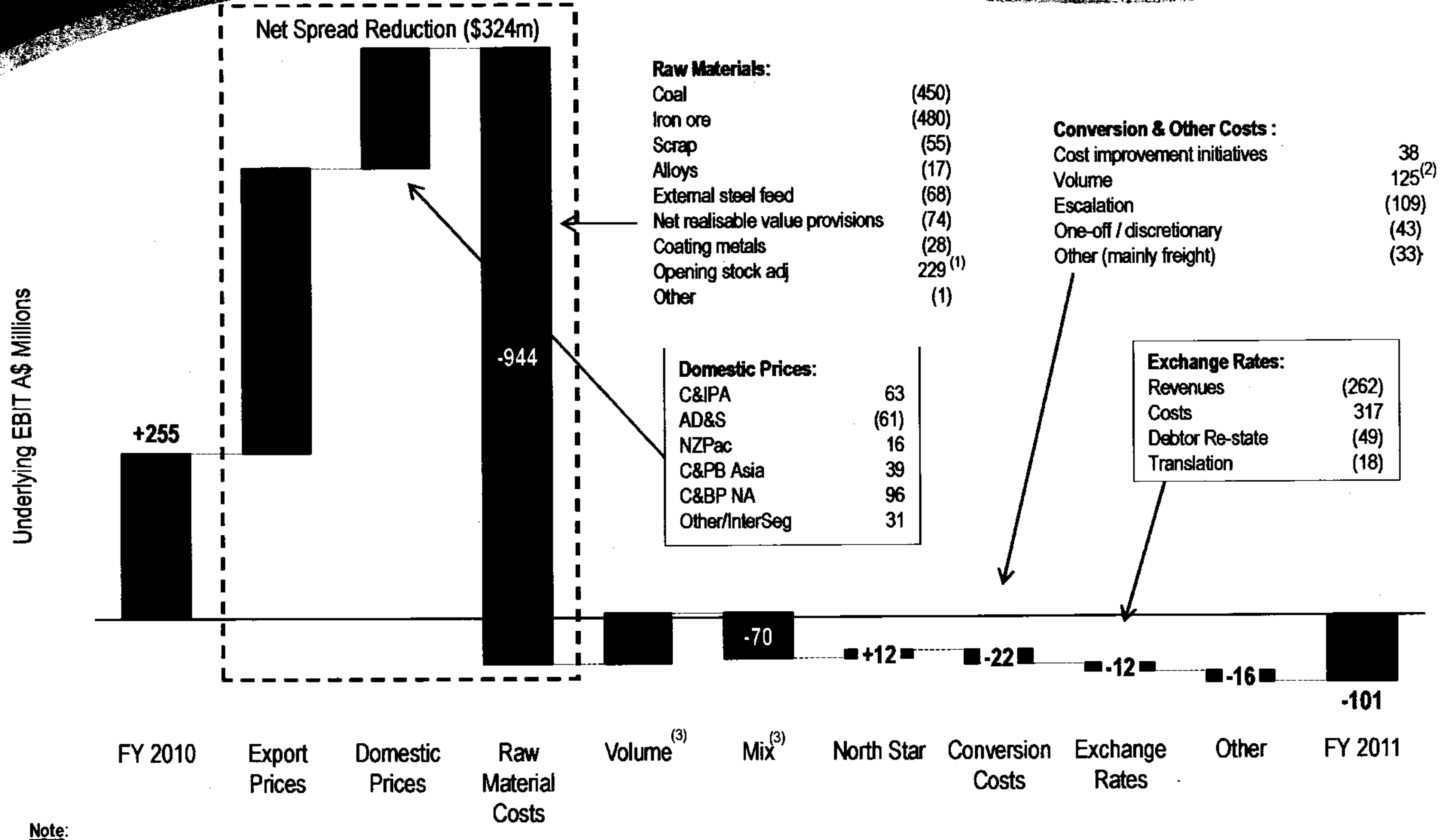
    –BlueScope Distribution A$100m (all goodwill)

    –Steelscape, USA (part of Coated & Building Products, North America segment) A$16m (all goodwill).
  - 1H FY2011 (net A$9m asset impairment write down)

    –BlueScope Distribution A$77m (all goodwill)

    –Partly offset by China Metal Coating line write back of A$68m, as a result of improved earnings performance over the past two years

Underlying EBIT variance FY2010 to FY2011 by major item



Raw Materials:	
Coal	(450)
Iron ore	(480)
Scrap	(55)
Alloys	(17)
External steel feed	(68)
Net realisable value provisions	(74)
Coating metals	(28)
Opening stock adj	229 (1)
Other	(1)

Domestic Prices:	
C&IPA	63
AD&S	(61)
NZPac	16
C&PB Asia	39
C&BP NA	96
Other/InterSeg	31

Conversion & Other Costs :	
Cost improvement initiatives	38
Volume	125 (2)
Escalation	(109)
One-off / discretionary	(43)
Other (mainly freight)	(33)

Exchange Rates:	
Revenues	(262)
Costs	317
Debtor Re-state	(49)
Translation	(18)

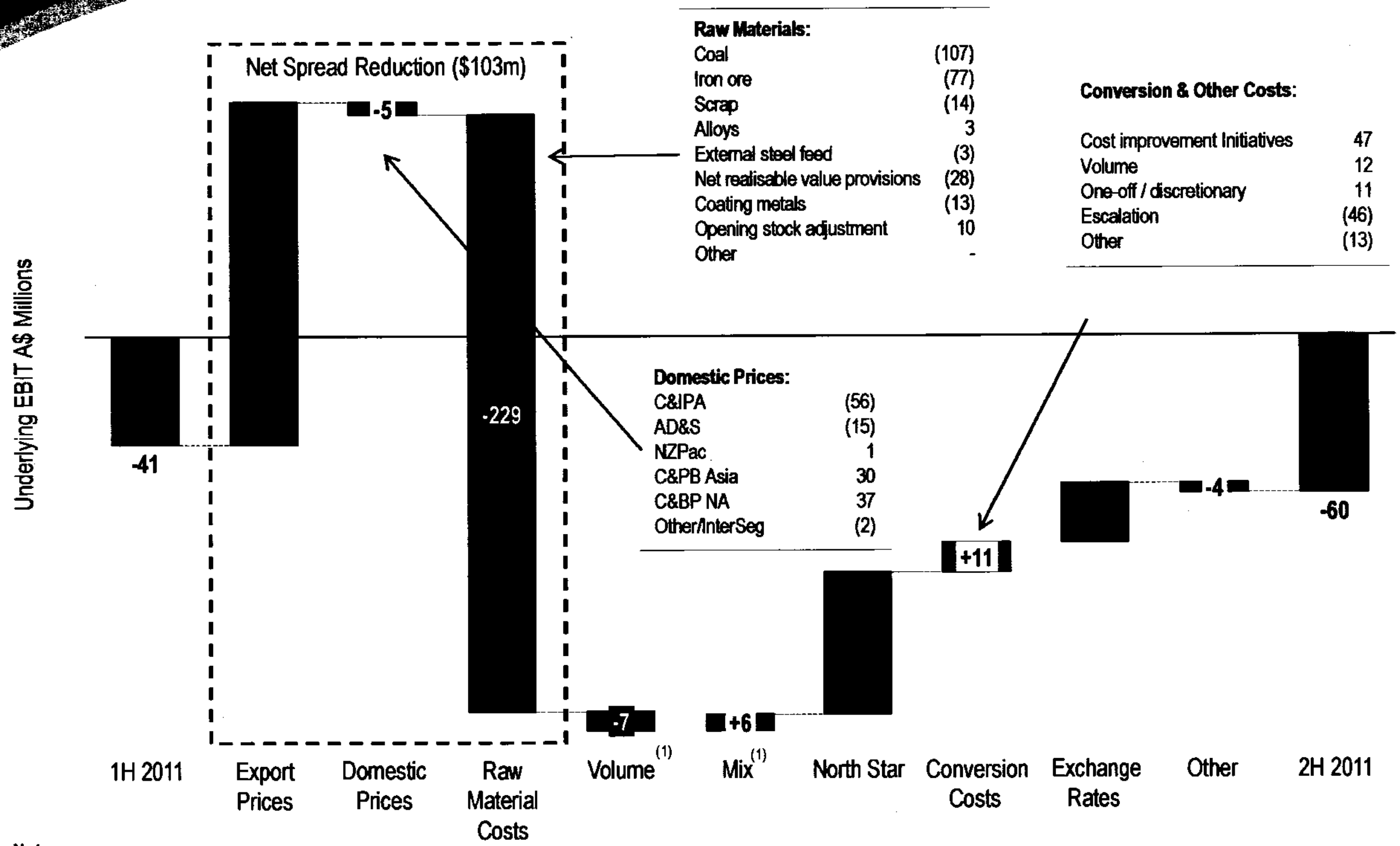
Note:

1) Opening stock adjustment reflects the net movement comparing: - the bleed-out of lower priced inventory at the start of FY2011 ; and
- the bleed-out of higher priced inventory at the start of FY2010

2) Volume impact on costs reflects the effect of lower unit costs as a result of higher production / sales volumes in FY2011.

3) Volume / mix based on FY2010 margins

Underlying EBIT variance 2H FY2011 to 1H FY2011 by major item



Note:

(1) Volume/mix impact based on 1H FY2011 margins.

Fixed cost and overhead reductions

- During FY2011 an additional $38M reduction in the cost base was achieved, before escalation.
- $696M cumulative savings were achieved by the end of FY2011 (vs. FY2008 cost base)
  - $340M permanent savings
  - $356M temporary savings
- Cost reductions remain an ongoing focus

Notes:

- Permanent savings are long-term structural cost reduction initiatives such as improved scheduling techniques, efficiency of supply chain & freight activities, consolidation of operating sites (Australian Distribution and North America) and consolidation of support services.
- Temporary savings are short-term 'belt tightening' initiatives (not including direct volume related variable costs) which may return as business conditions improve. Examples include reduced use of contractors, consultants, travel, renegotiation of procurement of services and supplies spend, deferral of non-essential maintenance and engineering spend.
- Excludes impact of cost escalation.

Cashflow

A$ millions	FY2007	FY2008	FY2009	FY2010	1H FY11	2H FY11	FY2011
Cash from operations	1,364	1,579	534	596	166	142	308
Working capital movement	(21)	69	250	(133)	(182)	16	(166)
Net operating cash flow	1,343	1,648	784	463	(16)	158	142
Net investing cash flows							
- Capital & investment exp	(493)	(1,979)	(762)	(375)	(180)	(217)	(397)
- Smorgon shareholding(1)	(319)	447	-	-	-	-	-
- Other	271	22	34	48	4	33	37
Net cash flow before financing & tax	802	138	56	136	(192)	(26)	(218)
Financing costs	(156)	(143)	(161)	(102)	(66)	(49)	(115)
Interest received	6	7	6	9	5	2	7
(Payment)/refund of income tax	(229)	(208)	(205)	7	4	(16)	(12)
Net drawing / (repayment) of borrowings	(356)	331	(943)	(155)	145	221	366
Equity issues	221	229	1,836	-	-	-	-
Dividends	(321)	(357)	(253)	(4)	(51)	(42)	(93)
Other	2	-	-	-	-	-	-
Net increase/(decrease) in cash held	(31)	(3)	336	(109)	(155)	90	(65)

In general weaker steel spreads reduced cash from operations

Increase in WC: see balance sheet (next page)

Includes steam infrastructure, steel injection, Indonesian expansion and stay in business

Predominantly interest costs & commitment fees. Lower 2H reflects lower spread and fees

Australian tax consolidated group has carried forward tax losses (2)

(1) Purchased 19.9% shareholding in Smorgon Steel in August 2006, disposal in August 2007.

(2) The BlueScope Steel Australian tax consolidated group is estimated to have carried forward tax losses, as at 30 June 2011, in excess of $1.2b. There will be no Australian income tax payments until these losses are recovered.

Balance Sheet

A$ Millions	30 June 2010	31 Dec 2010	30 June 2011
		As at	
Assets			
Cash	251	86	172
Receivables	1,199	987	1,050
Inventory	1,829	1,962	2,029
Other Assets	1,446	1,198	1,041
Net Fixed Assets	4,273	4,175	3,501
Total Assets	**8,998**	**8,408**	**7,793**
Liabilities			
Creditors	1,120	973	1,163
Interest Bearing Liabilities	994	999	1,240
Provisions & other Liabilities	1,128	929	994
Total Liabilities	**3,242**	**2,901**	**3,397**
Net Assets	**5,756**	**5,507**	**4,396**
▪ **Net Debt / (Net Debt + Equity)**	**11.4%**	**14.2%**	**19.5%**

Refer previous slide

Higher than Dec 2010 largely due to higher selling prices over first half.

Refer next slide

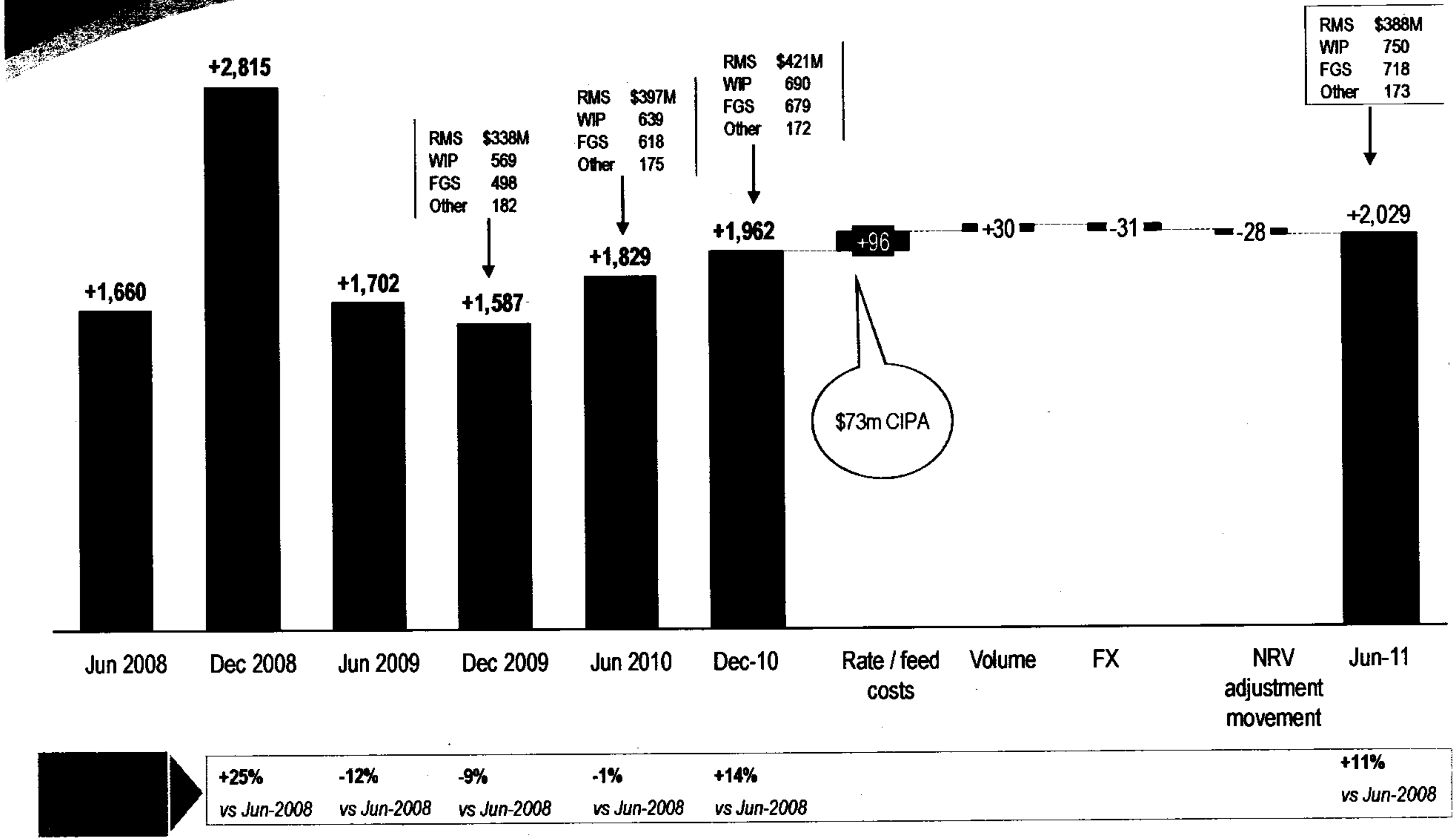
Asset impairment write down

Timing of raw material purchases

Further drawdowns on loan note facility

Largely actuarial review of super/pension fund balances

Balance Sheet … $67M increase in inventory since December 2010 predominantly on account of prices and volumes at C&IPA, offset in part by foreign exchange benefits



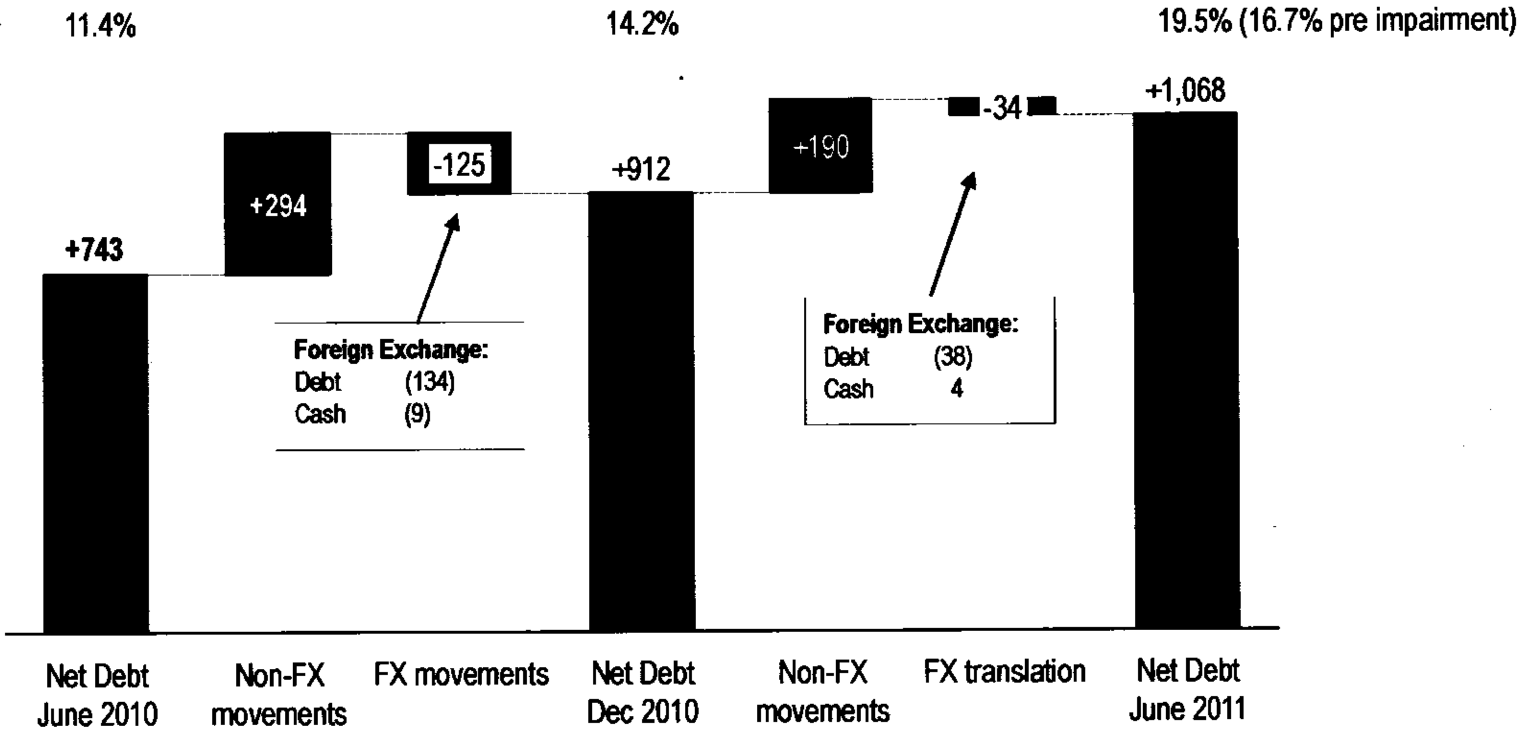
Note: "RMS" – Raw Materials (including externally sourced steel feed to BSL businesses)
"WIP" – Work in Progress
"FGS" – Finished Goods

Balance Sheet
...keeping gearing below target levels

- Gearing at 19.5% (ND/ND+E). Target range 25-30%
- Net debt at 30 June 2011 of $1,068M (rounded), comprised of $1,240m of drawn debt less $172m cash
- 30 June total undrawn facilities and cash of A$1,137m vs. $A1,332m at 31 December 2011 and A$1,620m at 30 June 2010

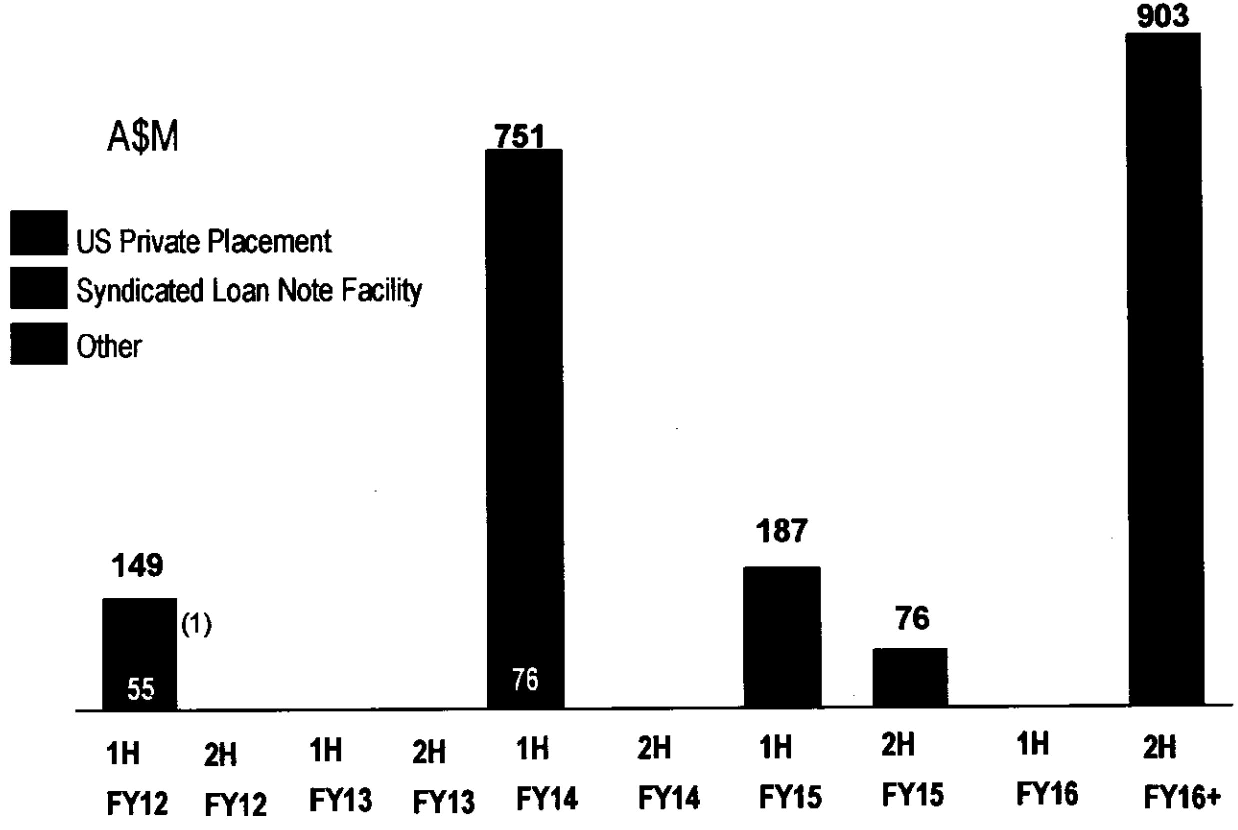
[redacted]

[redacted]



Debt Facilities and Maturity Profile as at 30 June 2011

- Refinanced the Syndicated Facility in December 2010 to improve debt maturity profile and reduce financing costs



Cost of Debt

- Effective average cost of drawn debt in FY2011 was 7.30%
- Plus:
  - ➢ Commitment fees on undrawn bank facilities average 1.1%pa
  - ➢ other related costs

Notes:
- Assumes AUD/USD at 1.0693
- (1) USD$ 100m (A$94m) of USPP notes repaid 1st July 2011

PUBLIC FILE 157

Indicative EBIT sensitivities for FY2012 (reflecting FY2011 CIPA asset base) compared to FY2012 (reflecting the one Blast Furnace announcement)

Estimated impact on FY2012 EBIT A$m [(1)]

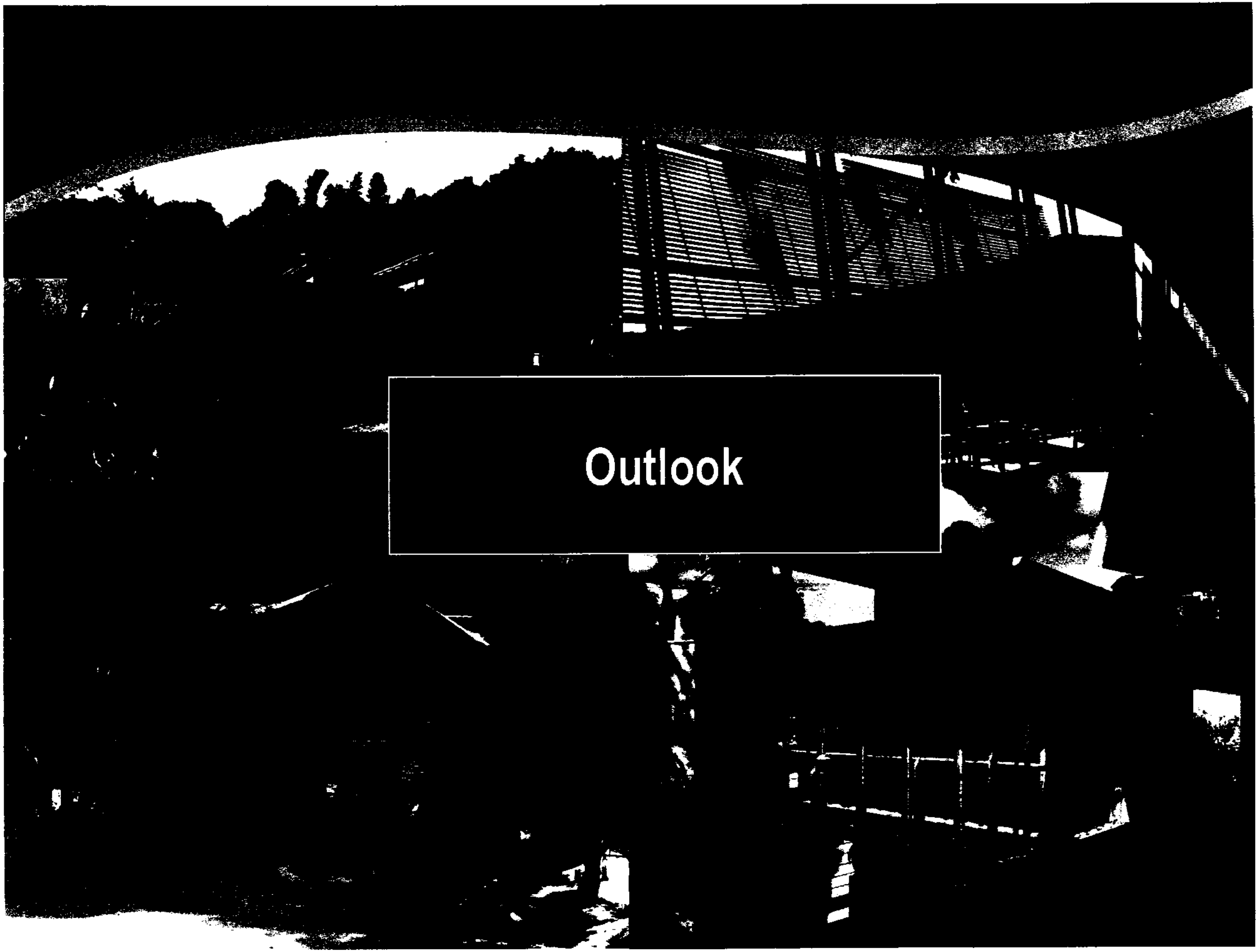
Assumption	2 Blast Furnaces	1 Blast Furnace
+/– US$25 / tonne movement in BlueScope's average realised export HRC price[(2)]	110	42
+/– 1¢ movement in Australian dollar / US dollar exchange rate[(3)]	7	2
+/– US$10 / tonne movement in coal costs	29	14 [(4)]
+/– US$10 / tonne movement in iron ore costs	79	39 [(4)]

(1) - Full year base exchange rate is US$1.02.
- Sensitivities assume respective 2BF or 1BF operations annualised

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

(3) The movement in the Australian dollar/US dollar exchange rate includes the restatement of US dollar denominated receivables and payables and the impact of translating the earnings of offshore operations to A$. Does not reflect impact on Australian domestic pricing.

(4) 1 blast furnace sensitivities assume raw material consumption at a rate of 50% of 2 blast furnaces


Outlook

First half FY 2012 outlook

- Three key drivers will continue to have a material influence on our 1H12 financial performance:
  - A$/US$
  - Steel spread (function of HRC and raw material prices)
  - Demand
- Restructure costs will also have a material impact on financial performance in this half
- We expect continued good performance from Asia, New Zealand and our 50% interest in North Star
- Currently we expect:
  - A significant reported NLAT including restructuring costs (excluding NRV's and/or impairments)
  - A small underlying NLAT (excluding restructure costs, NRV's and/or impairments)
- We will update the market at the AGM in November.

DIRECTORS' REPORT

BlueScope Steel Limited

ABN 16 000 011 058

Directors' Report for the year ended 30 June 2011

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CORPORATE DIRECTORY

Directors	G J Kraehe AO *Chairman* R J McNeilly *Deputy Chairman* P F O'Malley *Managing Director and Chief Executive Officer* D J Grady AM H K McCann AM Y P Tan D B Grollo K A Dean P Bingham-Hall
Secretary	M G Barron
Executive Leadership Team	P F O'Malley Managing Director and Chief Executive Officer M G Barron Chief Legal Officer and Company Secretary N H Cornish Chief Executive, Australian & New Zealand Steel Manufacturing Businesses I R Cummin Executive General Manager, People and Organisation Performance S Dayal Chief Executive, Asia S R Elias Chief Financial Officer P Finan Executive General Manager, Global Building and Construction Markets K Mitchelhill Chief Executive, Australian Distribution & Solutions R Moore President China P E O'Keefe Chief Executive, Australian Coated & Industrial Markets M R Vassella President, North America
Notice of Annual General Meeting	The Annual General Meeting of BlueScope Steel Limited will be held at Wesley Conference Centre, 220 Pitt Street, Sydney, New South Wales at 2.00 pm on Thursday 17 November 2011
Registered Office	Level 11, 120 Collins Street, Melbourne, Victoria 3000 Telephone: +61 3 9666 4000 Fax: +61 3 9666 4111 Email: bluescopesteel@linkmarketservices.com.au Postal Address: PO Box 18207, Collins Street East, Melbourne, Victoria 8003
Share Registrar	Link Market Services Limited Level 12, 680 George Street, Sydney, NSW 2000 Postal address: Locked Bag A14, Sydney South, NSW 1235 Telephone (within Australia): 1300 855 998 Telephone (outside Australia): +61 2 8280 7760 Fax: +61 2 9287 0303 Email: bluescopesteel@linkmarketservices.com.au
Auditor	Ernst & Young 8 Exhibition Street, Melbourne, Victoria 3000
Stock Exchange	BlueScope Steel Limited shares are quoted on the Australian Securities Exchange (ASX code: BSL)
Website Address	www.bluescopesteel.com

DIRECTORS' REPORT FOR THE YEAR ENDED 30 June 2011

The Directors of BlueScope Steel Limited ('BlueScope Steel') present their report on the consolidated entity ('BlueScope Steel Group' or 'the Company') consisting of BlueScope Steel Limited and its controlled entities for the year ended 30 June 2011.

PRINCIPAL ACTIVITIES

During the year the principal continuing activities of the BlueScope Steel Group, based principally in Australia, New Zealand, North America, China and elsewhere in Asia, were:

(a) Manufacture and distribution of flat steel products;

(b) Manufacture and distribution of metallic coated and painted steel products;

(c) Manufacture and distribution of steel building products; and

(d) Design and manufacture of pre-engineered steel buildings and building solutions.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

The Company is progressing a number of growth initiatives mainly aimed at expanding the manufacture and distribution of metallic coated and painted steel products. The status of these projects is:

- Indonesia: a second metallic coating facility (capacity: 165,000 tonnes per annum) with in-line painting at Cilegon, was commissioned in May 2011; and
- India: the metallic coating and painting facilities project in India, which forms part of a 50/50 joint venture with Tata Steel, remains on track for completion during 2011.

MATTERS SUBSEQUENT TO THE YEAR ENDED 30 JUNE 2011

1. **Major Restructure to Australian Operations**

The Company announced the Board has approved a major restructure of Australian operations to reposition the Company for improved profit and growth.

The Company has been experiencing significant economic challenges and structural change in the global steel industry. The restructure, which includes shutting down the No.6 Blast Furnace at Port Kembla and closing the Western Port Hot Strip Mill, will better align Australian steelmaking production with Australian domestic demand and see BlueScope exit the Australian export business.

The restructure will produce a more viable and sustainable Australian steel business and allow the Company to focus clearly on domestic markets and international growth opportunities. It will also lower fixed costs at major facilities at Port Kembla (NSW) and Western Port (Victoria).

BlueScope is committed to making steel in Australia and can now prioritise its resources and efforts to better service domestic customers.

There is a compelling business case underpinning this decision. It will deliver a material improvement in future earnings and cashflow. It materially reduces export losses, reduces earnings volatility through the economic cycle and reduces long-term capital investment requirements at Port Kembla.

For the Coated and Industrial Products Australia (CIPA) reporting segment, if the restructure had been in place for the full year, the Earnings Before Interest and Tax (EBIT) improvement would have been around $225 million (management estimate on a pro forma FY2011 basis).

It's the right decision for the long-term viability of the business. The Company has the support of its lenders to undertake the restructure. It will now enter a consultation process with employees and affected stakeholders, including customers, unions, contractors, suppliers, governments and local communities.

<u>Economic Conditions Drive Restructure</u>
The Company is experiencing an unprecedented combination of economic challenges in the form of a record high Australian dollar, low steel prices and high raw material costs and these challenges are compounded by low domestic steel demand in the wake of the GFC.

This is evidenced by the $487 million underlying EBIT loss experienced in FY2011 on export sales. The economic conditions for export steelmaking from Australia appear unlikely to become favourable in the foreseeable future and continued exposure to this market is clearly unsustainable. The decision is a direct response to the economic factors affecting the business and is not related to the Federal Government's proposed carbon tax.

When fully implemented, the restructure plan will result in:

- Shut-down of No.6 Blast Furnace at Port Kembla, with production reduced to 2.6 mtpa. The shut down process will be completed in a manner that facilitates re-start of the furnace in the future should that be desirable.
- Closure of No. 4 cokemaking battery, No. 3 BOS steelmaking furnace and No. 1 slab caster. The PKSW hot strip and cold rolling mills, metal coating and paint lines will continue to operate.
- Closure of the Western Port Hot Strip Mill and mothballing of a metal coating line (MCL5).

Commitment to Australia and to Growth
The restructure will better position the Company for profit and growth in Australia and allow it to grow its presence in building construction markets, in particular Pre-Engineered Buildings, where BlueScope is a world leader. It will also focus on growth opportunities, particularly in Asia.

The Company has a strong competitive advantage in coated steel with its world class ZINCALUME® and COLORBOND® steel products. In collaboration with Nippon Steel Corporation, it will develop the next generation of coated products for our customers. These products are expected to be launched initially in Australia and then rolled out across the Company's global footprint.

Consultation Before Implementation
In managing the transition out of exports BlueScope will take a careful and considered approach.
Regrettably, these changes will see a workforce reduction of around 1,000 people, with approximately 800 at Port Kembla and 200 at Western Port. There will be flow-on impacts for contractors and suppliers.

The actual size of the workforce reduction will be the subject of discussions with employees and unions to examine alternatives, including flexible work patterns, retraining, voluntary redundancies and job substitution. There will be programs and local job centres to assist employees to transition into the next phase of their careers either within or external to BlueScope, or to early retirement.

2. **Australian Federal Government's proposed carbon tax**
During July 2011 the Australian Federal Government announced the key features of its proposed Clean Energy Future Scheme (CEFS), which is intended to be introduced from 1 July 2012 with a starting price of $23 per tonne of carbon dioxide equivalent emissions.

The government also announced a sector-specific assistance package for Australian steelmakers, the Steel Transformation Plan (STP) which will effectively shield the Company from a carbon tax for four years. The proposed STP:

- Provides $300 million funding to minimise the impact of the carbon tax on Australian steelmakers for the first four years of the tax (BlueScope Steel will receive approximately 60% of this funding);
- Provides an independent review mechanism to monitor the carbon tax position of our international competitors; and
- Signals the government's intention to limit the potential pass-through of carbon emission costs from coal miners onto steelmakers.

3. **Potential impact of global share market performance on Retirement Benefit Obligations**
During August 2011 global share markets declined significantly. This decline would materially increase the Company's liability; refer note 33 of the Financial Report for details of the Company's Retirement Benefit Obligations as at 30 June 2011.

DIVIDENDS

BlueScope Steel paid a fully franked dividend for the year ended 30 June 2010 of 5 cents per share in October 2010 and a fully franked interim dividend of 2 cents per share in April 2011 to its shareholders.

In view of the financial performance of the Company in the second half of the year ended 30 June 2011 the Directors determined not to pay a final dividend for the year ended 30 June 2011.

REVIEW AND RESULTS OF OPERATIONS

The BlueScope Steel Group comprises six reportable operating segments: Coated & Industrial Products Australia, Australia Distribution & Solutions, New Zealand & Pacific Steel Products, Coated & Building Products Asia, Hot Rolled Products North America and Coated & Building Products North America.

	REPORTED				UNDERLYING	
	REVENUES 2011 $M	REVENUES 2010 $M	EARNINGS 2011 $M	EARNINGS 2010 $M	EARNINGS 2011 $M	EARNINGS 2010 $M
Sales revenue/EBIT						
Coated & Industrial Products Australia	5,193.0	4,744.5	(1,062.5)	84.3	(257.8)	107.6
Australian Distribution & Solutions	1,675.4	1,761.6	(217.9)	11.9	(34.2)	1.7
New Zealand & Pacific Steel Products	672.1	618.1	82.5	72.9	82.5	72.9
Coated & Building Products Asia	1,486.8	1,348.6	175.6	115.6	107.8	115.6
Hot Rolled Products North America	0.0	0.0	72.3	60.7	72.3	60.7
Coated & Building Products North America	1,312.2	1,306.8	(35.6)	(21.3)	(20.0)	(16.4)
Discontinued operations	0.0	0.7	1.8	7.0	-	-
Segment revenue/EBIT	10,339.5	9,780.3	(983.8)	331.1	(49.4)	342.1
Inter-segment eliminations	(1,227.1)	(1,182.3)	15.7	(19.8)	15.7	(19.8)
Segment external revenue/EBIT	9,112.4	8,598.0	(968.1)	311.3	(33.7)	322.3
Other revenue/(net unallocated expenses)	40.7	25.8	(74.6)	(71.2)	(67.6)	(67.5)
Total revenue/EBIT	9,153.1	8,623.8	(1,042.7)	240.1	(101.3)	254.8
Net borrowing costs			(98.9)	(103.2)	(98.6)	(103.2)
Profit/(loss) from ordinary activities before income tax			(1,141.6)	136.9	(199.9)	151.6
Income tax (expense)/benefit			101.2	2.6	95.3	(24.8)
Profit/(loss) from ordinary activities after income tax expense			(1,040.4)	139.5	(104.6)	126.8
Net (profit)/loss attributable to outside equity interest			(13.8)	(13.5)	(13.8)	(13.5)
Net (profit)/loss attributable to equity holders of BlueScope Steel			(1,054.2)	126.0	(118.4)	113.3
Earnings per share (cents)			(57.4)	6.9	(6.4)	6.2

Underlying earnings

The reported earnings includes the following unusual and non-recurring items:

Reported Earnings	(1,042.7)	240.1	(1,054.2)	126.0	(0.57)	0.07
Net (gains)/losses from businesses discontinued	(1.8)	(7.0)	(1.2)	(6.0)	(0.00)	(0.00)
Reported earnings (from continuing operations)	(1,044.5)	233.1	(1,055.4)	120.0	(0.57)	0.07
Unusual or non-recurring events:						
Restructure and redundancy costs	14.0	30.6	9.8	21.0	0.01	0.01
Profit on sale and leaseback of properties	0.0	(12.6)	0.0	(8.8)	0.00	(0.01)
Asset impairment	922.3	0.0	922.3	0.0	0.50	0.00
Business development costs	6.9	3.7	4.9	2.6	0.00	0.00
New Zealand tax adjustment	0.0	0.0	0.0	(21.5)	0.00	(0.01)
Underlying earnings	(101.3)	254.8	(118.4)	113.3	(0.06)	0.06

Group Review

The Company reported a Net Loss After Tax (NLAT) of $1,054.2 million for FY2011 (underlying NLAT of $118.4 million, in line with previous guidance). The reported NLAT includes the previously announced one-off impairment cost of $922.3 million, mainly relating to write-downs of the carrying value of two businesses; Coated and Industrial Products Australia and BlueScope Distribution.

The Board has decided there will be no final ordinary dividend. This follows the 2 cent per share interim dividend (fully franked) announced in February 2011.

Asia

Following the successful transformation of the Coated and Building Products Asia division in FY2010, the segment delivered another excellent result, contributing $107.8 million in underlying EBIT, a record result in constant currency. Highlights included another impressive contribution from our businesses in China and Malaysia.

New Zealand

New Zealand and Pacific Products again provided a profitable contribution, with $82.5 million underlying EBIT in FY2011, and over recent years has been a consistent performer. This business continues to benefit strongly from the sale of iron sands from Taharoa.

North America

The North American businesses have delivered an overall positive contribution of $52.3 million in underlying EBIT in FY2011. This result was largely driven by an excellent second half performance by the North Star joint venture, leading to a $72.3 million underlying EBIT result for Hot Rolled Products North America, which more than offset the $20.0 million underlying EBIT loss for Coated and Building Products North America. More broadly, the US building business continues to remain subdued, given the state of the US economy.

Australia

The Australian businesses delivered a poor result in FY2011, with the Coated and Industrial Products Australia business, which includes sales to the loss-making export market, accounting for $257.8 million underlying EBIT loss and Australian Distribution and Solutions continuing to underperform with a $34.2 million underlying EBIT loss.

Significant Initiatives

BlueScope has undertaken several significant initiatives over the last 12 months that will help underpin the Company's future, these include:

1) Carbon Tax – Steel Transformation Plan

The announcement of the Government's Steel Transformation Plan (STP) on 10 July 2011, effectively shields BlueScope from any material cost of the Carbon Tax for the first four years of the scheme.

2) BlueScope Australia & New Zealand (BANZ) Restructure

Following the announcement to restructure the Australian and New Zealand businesses on 10 March 2011 from three businesses into one consolidated business (BANZ), the design and implementation of the restructure is now well advanced and will deliver a more efficient and effective customer interface.

3) Further Fixed Cost Reductions

In FY2011, the Company has been able to achieve a further $38 million in fixed cost reductions, whilst successfully maintaining the cumulative savings of $696 million ($340 million in permanent savings and $356 million in temporary savings), based on FY2008 base levels.

Cost reductions remain an ongoing focus for the business and we expect further improvements, once the BANZ restructure and the implementation of today's announcement are completed.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

Three key drivers will continue to have a material influence on 1HFY2012 financial performance:

- A$/US$;
- Steel spread (function of HRC and raw material prices); and
- Demand.

Restructure costs will have a material impact on financial performance in this half. The Company expects continued good performance from Asia, New Zealand and our 50% interest in North Star.

Current expectations are:

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

The Company will update the market at the AGM in November.

BOARD COMPOSITION

The following were Directors for the full year ended 30 June 2011: Graham John Kraehe AO (Chairman), Ronald John McNeilly (Deputy Chairman), Diane Jennifer Grady AM, Daniel Bruno Grollo, Harry Kevin (Kevin) McCann AM, Kenneth Alfred Dean, Paul Francis O'Malley (Managing Director and Chief Executive Officer) and Tan Yam Pin. Ms Penny Bingham-Hall was appointed as a Director on 29 March 2011.

Particulars of the skills, experience, expertise and special responsibilities of the Directors are set out below.

DIRECTORS' BIOGRAPHIES

Graham Kraehe AO, Chairman (Independent)
Age 68, BEc
Director since: May 2002

Extensive background in manufacturing and was Managing Director and Chief Executive Officer of Southcorp Limited from 1994 to February 2001. Chairman of Brambles Industries Limited since February 2008 and a Non-Executive Director since December 2000, Member of the Board of the Reserve Bank of Australia since February 2007, Djerriwarrh Investments Limited since July 2002, Member of the Board of Governors of CEDA and a Director of European Australian Business Council. Mr Kraehe was a Non-Executive Director of National Australia Bank Limited from August 1997 to September 2005 and Chairman from February 2004 to September 2005, and was a Non-Executive Director of News Corporation Limited from January 2001 until April 2004.

He brings skills and experience in manufacturing management and in companies with substantial, geographically diverse, industrial operations. Mr Kraehe's experience with a wide range of organisations is relevant for his role as Chairman of the Board.

Ron McNeilly Deputy Chairman (Independent)
Age 68, BCom, MBA, FCPA
Director since: May 2002

Deputy Chairman of the Board with over 30 years experience in the steel industry. He joined BHP in 1962, and until December 2001 held various positions with the BHP Group (now BHP Billiton), including Executive Director and President BHP Minerals, Chief Operating Officer and Executive General Manager, and was Chief Executive Officer BHP Steel until 1997. The latter role developed his knowledge of many of the businesses comprising BlueScope Steel today.

Chairman of Worley Parsons Limited and a Director since October 2002. Director of Alumina Ltd from December 2002 to March 2011, Vice President of the Australia Japan Business Cooperation Committee until November 2010. He also served as a Member of the Council on Australia Latin America Relations and as Chairman of Melbourne Business School.

Diane Grady AM, Non-Executive Director (Independent)
Age 63, BA (Hons), MA (Chinese Studies), MBA
Director since: May 2002

Director of Macquarie Group Limited and Macquarie Bank Limited since May 2011 and Member of the Advisory Board of McKinsey & Co. Director of Woolworths Ltd from July 1996 until November 2010 and Goodman Group from September 2007 to October 2010. Has served on the boards of a number of other public and not-for-profit organisations including Lend Lease Corporation, Wattyl Limited, Greengrocer.com (Chair), Sydney Opera House Trust, Ascham School (current Chair), The Hunger Project Australia (current Chair) and as President of Chief Executive Women. Formerly a partner of McKinsey & Co. serving clients in a wide range of industries on strategic growth and change initiatives.

Diane is an experienced director who brings valuable strategic and business expertise to the Board and to her role as Chair of the Remuneration and Organisation Committee.

Kevin McCann AM, Non-Executive Director (Independent)
Age 70, BA LLB (Hons), LLM, FAICD
Director since: May 2002

Chairman of Origin Energy Limited since February 2000, Chairman of Macquarie Group Limited and Macquarie Bank Limited since March 2011 and a Director since August 2007 and December 1996 respectively. Member of the Corporate Governance Committee of the Australian Institute of Company Directors. Member of the Board and NSW President of the Australian Institute of Company Directors, Member of the Council of the National Library of Australia and the University of Sydney Senate, and a Director of the United States Studies Centre at the University of Sydney.

Former Chairman of the Sydney Harbour Federation Trust, Chairman of ING Management Limited from September 2010 to June 2011 and Director of the Sydney Harbour Conservancy from January 2010 to September 2010. He also served as Chairman of Healthscope Ltd from May 1994 to October 2008 and as a Member of the Takeovers Panel and the Defence Procurement Advisory Board. He has served on the Boards of Pioneer International Limited, Ampol Limited and the State Rail Authority of New South Wales.

Former Chairman of Partners of Allens Arthur Robinson, a national and international Australian law firm, and a partner of the firm from 1970 until June 2004. He brings extensive commercial experience as a director and former director of a number of major listed companies, experience in corporate governance and legal expertise to the Board.

Tan Yam Pin, Non-Executive Director (Independent)
Age 70, BEc (Hons), MBA, CA
Director since: May 2003

A chartered accountant by profession, formerly Managing Director of Fraser and Neave Group, one of South-East Asia's leading public companies, and Chief Executive Officer of its subsidiary company, Asia Pacific Breweries Ltd. A member of the Public Service Commission of Singapore since 1990 and a Director of the Board of Keppel Land Limited (Singapore) since June 2003, Singapore Post Limited since February 2005, Great Eastern Holdings Limited since January 2005, Leighton Asia Limited since January 2009 and The Lee Kuan Yew Scholarship Fund since January 2010. Mr Tan previously served as Chairman of PowerSeraya Limited (Singapore) from January 2004 to June 2009, as a Director of Certis CISCO Security Pte. Ltd from July 2005 to January 2009, The East Asiatic Company Limited A/S (Denmark) from 2003 to 2006, International Enterprise Singapore from January 2004 to June 2008 and Singapore Food Industries Ltd from December 2005 to December 2009.

Mr Tan resides in Singapore. He brings extensive knowledge of Asian markets, an area of strategic importance to BlueScope Steel. His financial and leadership skills complement the skills on the Board.

Daniel Grollo, Non-Executive Director (Independent)
Age 41
Director since: September 2006

Chief Executive Officer of Grocon Pty Ltd, Australia's largest privately owned development and construction company. He was appointed a Director of CP1 Limited in June 2007 and is a Director of the Green Building Council of Australia. He has previously been a Director and National President of the Property Council of Australia.

He brings extensive knowledge of the building and construction industry to the Board.

Paul O'Malley, Managing Director and Chief Executive Officer
Age 47, BCom, M. App Finance, ACA
Director since: August 2007

Appointed Managing Director and Chief Executive Officer of BlueScope Steel on 1 November 2007.

Joined BlueScope Steel as its Chief Financial Officer in December 2005. Formerly the CEO of TXU Energy, a subsidiary of TXU Corp based in Dallas, Texas, and held other senior management roles within TXU including Senior Vice President and Principal Financial Officer and, based in Melbourne, Chief Financial Officer of TXU Australia. Before joining TXU, he worked in investment banking and consulting.

Ken Dean, Non-Executive Director (Independent)
Age 58, BCom (Hons), FCPA, FAICD
Director since: April 2009

Mr Dean has been a Director of Santos Limited since February 2005 and has held past directorships with Alcoa of Australia Limited, Woodside Petroleum Limited and Shell Australia Limited.

Mr Dean spent more than 30 years in a variety of senior management roles with Shell in Australia and the United Kingdom. His last position with Shell, which he held for five years, was as Chief Executive Officer of Shell Finance Services based in London. Upon his return to Australia in 2005, he was Chief Financial Officer of Alumina Limited, a position from which he resigned in 2009 to focus on non-executive directorship roles.

He brings extensive international financial and commercial experience to the Board.

Penny Bingham-Hall, Non-Executive Director (Independent)
Age 51, BA (Ind.Des) FAICD, SA(Fin)

Penny Bingham-Hall was appointed a Director of BlueScope Steel in March 2011. She has spent more than 20 years in a variety of roles with Leighton Holdings prior to retiring from that company at the end of 2009. Senior positions held by her with Leighton include Executive General Manager Strategy, responsible for Leighton Group's overall business strategy and Executive General Manager Corporate, responsible for business planning and corporate affairs. Ms Bingham-Hall is the inaugural Chairman of Advocacy Services Australia (the fiduciary company for the Tourism & Transport Forum and Infrastructure Partnerships Australia) and is a Director of Australia Post (since May 2011), The Global Foundation and SCEGGS Darlinghurst School. She is a former Director of the Australian Council for Infrastructure Development and former Member of the Vis Asia Council, Art Gallery of NSW.

She brings extensive knowledge of the building and construction industry in both Australia and Asian markets.

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COMPANY SECRETARIES

Michael Barron Chief Legal Officer and Company Secretary, BEc, LLB, ACIS
Responsible for the legal affairs of BlueScope Steel and for company secretarial matters. Joined the Company as Chief Legal Officer and Company Secretary in January 2002. Prior to that occupied position of Group General Counsel for Orica.

Darren Mackenzie, BA, LLB (Hons)
Corporate Counsel with BlueScope Steel. A lawyer with over 10 years experience in private practice and corporate roles.

Clayton McCormack, BCom, LLB
Corporate Counsel with BlueScope Steel. A lawyer with over 10 years experience in private practice and corporate roles.

PARTICULARS OF DIRECTORS' INTERESTS IN SHARES AND OPTIONS OF BLUESCOPE STEEL LIMITED

As at the date of this report the interests of the Directors in shares and options of BlueScope Steel are:

Director	Ordinary shares	Share rights
Director - Current		
G J Kraehe	286,276	-
R J McNeilly	1,321,502	-
P F O'Malley	227,613	2,677,731
D J Grady	128,382	-
H K McCann	152,720	-
Y P Tan	157,116	-
D B Grollo	128,156	-
K A Dean	41,624	-
P Bingham-Hall	-	-

MEETINGS OF DIRECTORS

The attendance of the current Directors at Board and Board Committee meetings from 1 July 2010 to 30 June 2011 is as follows:

	Board meetings		Audit and Risk Committee		Remuneration and Organisation Committee		Health, Safety and Environment Committee		Nomination Committee		Other Sub-Committees		Annual General Meeting	
	A	B	A	B	A	B	A	B	A	B	A	B	A	B
G J Kraehe	11	10[3]	-	4[1]	6	6	4	4	4	4	-	-	1	1
R J McNeilly	11	10[4]	4	3[4]	6	4[4]	4	3[4]	4	3[4]	1	1	1	1
P F O'Malley	11	11	-	4[2]	-	6[2]	4	4	-	4[2]	-	-	1	1
D J Grady	11	11	-	-	6	6	4	4	4	4	-	-	1	1
H K McCann	11	11	4	4	-	-	4	4	4	4	2	2	1	1
Y P Tan	11	11	-	-	6	6	4	4	4	4	-	-	1	1
D B Grollo	11	11	4	4	-	-	4	4	4	4	-	-	1	1
K A Dean	11	11	4	4	-	-	4	4	4	4	2	2	1	1
P Bingham-Hall	4	4	-	-	-	-	2	2	2	2	-	-	-	-

All Directors have held office for the entire year ended 30 June 2011 with the exception of Ms Bingham-Hall who became a Director on 29 March 2011.

A = number of meetings held during the period 1 July 2010 to 30 June 2011 during the time the Director was a member of the Board or the Committee, as the case may be.

B = number of meetings attended by the Director from 1 July 2010 to 30 June 2011.

1 The Chairman of the Board is not a Committee member and attends as part of his duties as Chairman.

2 The Chief Executive Officer is not a Committee member and attends by invitation as required.

3 An unscheduled meeting was missed due to illness.

4 Mr McNeilly was granted a leave of absence from these meetings due to an illness in his family.

There were a number of unscheduled meetings held during the year. They are as follows:

Board meetings: 3

Nomination Committee meetings: 1

The Non-Executive Directors have met once during the year ended 30 June 2011 (without the presence of management). Non-Executive Directors meetings are chaired by the Chairman of the Board.

REMUNERATION SUMMARY (UNAUDITED)

BlueScope's approach to remuneration strategy is to support the delivery of long-term shareholder returns and to ensure executive rewards reflect achievements during the year. As a company undergoing structural change, it is important that the remuneration practices enable the Company to retain and motivate its executive talent in a different business environment.

Key remuneration decisions during the year

In the past year the Board has, with management support, remained focussed on ensuring remuneration practices reflect the current operating environment of the businesses, are consistent with good governance practices and take account of the potential risks to the Company. Key remuneration decisions taken by the Board include:

- Following a year in which there was an executive pay freeze, average increases in remuneration of less than 4% were paid to executives for the year ended 30 June 2011;
- Below target Short Term Incentive (STI) bonuses were assessed for the year ended 30 June 2011 for significant achievements in responding to the challenges facing the steel industry since the onset of the global financial crisis;
- Base fees for the Chairman and Directors were increased for the first time since 1 January 2006 by 5%;
- Determining there would be no vesting of the 2006 or 2007 Long Term Incentive Plan (LTIP) Awards; and
- Awarding a special share based retention plan to support the restructure of the business. Further details of these awards are contained in the Remuneration Report at page 16.

The table below shows the remuneration actually earned by or in the case of STI assessed for each member of the Executive Leadership Team (ELT) during FY2011 with comparatives for FY2010. The amounts required under accounting disclosures are disclosed at page 24.

Specific comments in relation to amounts included in the table are:

- **Moderate Base Pay** increases were awarded to executives from 1 September 2010. These were the first increases in fixed pay since 1 September 2008 as executives had been subject to a pay freeze in FY 2009.
- **STI assessments** for FY 2011 are moderate and other than executives in the Asian business, are less than 50% of the maximum available opportunity. No executive has achieved stretch performance on non financials. Commentaries on the basis of STI assessments are included in the Remuneration Report at page 20.
- **No LTI vesting for Key Management Personnel (KMP)** under the LTI Plan during FY2011. The last vesting occurred in September 2008 (FY 2009) in respect of awards under the 2004 and 2005 LTI Plans.
- As a result of the **reduced STI payments and the failure of LTI to vest**, the total actual remuneration received by KMP executives during the past three years has been significantly lower than the remuneration available under their employment contracts. For example, the MD & CEO has only received 20% of his total variable pay (both STI and LTI at target opportunity) in year ended 30 June 2010 and 18% in year ended 30 June 2011 and the other KMP executives have on average received 26% of total variable pay.

BlueScope shareholding Policy

We believe the shareholding policy clearly demonstrates the personal commitment of all Directors and executives to align their interests with those **of all shareholders.**

- All Non-Executive Directors (NED) are required to acquire over time a shareholding equal to one year's total annual fees;
- The Managing Director and Chief Executive Offer and the Executive Leadership Team are required to accumulate and hold a shareholding equal to 100% of their annual base pay from participation in the Long Term Incentive Plan, net of tax obligations; and
- All other executives, a group of approximately 200 senior people, are required to accumulate and hold a minimum of 50% of their annual base pay in Company shares.

This policy results in this group having significant personal financial exposure to the value of BlueScope Steel shares.

Stringent corporate governance standards

The Remuneration and Organisation Committee (the Committee) is responsible for the Company's remuneration practices and policies on behalf of the Board. The Committee is comprised entirely of independent NED and adheres to stringent corporate governance standards. The Remuneration Report at page 13 provides a complete review of the Committee's responsibilities.

KMP REMUNERATION - ADDITIONAL INFORMATION

Name	Year	Base Pay	Super-annuation [1]	Total Fixed Pay	STI Assessed	LTIP Vested [2]	Shares Vested [3]	Total
		$	$	$	$	$	$	$
Executive Director								
P F O'Malley	2011	1,702,346	238,404	1,940,750	720,865	-	36,300	2,697,915
	2010	1,680,000	235,200	1,915,200	806,400	-	-	2,721,600
KMP executives - current								
N H Cornish [4]	2011	770,560	107,878	878,438	254,845	-	-	1,133,283
	2010	752,500	105,350	857,850	302,505	-	-	1,160,355
M R Vassella	2011	762,600	106,764	869,364	269,361	-	60,000	1,198,725
	2010	725,792	101,611	827,403	310,800	-	-	1,138,203
P E O'Keefe	2011	573,298	80,262	653,560	182,325	-	-	835,885
	2010	551,250	77,175	628,425	198,450	-	-	826,875
I R Cummin	2011	569,752	79,765	649,517	196,341	-	-	845,858
	2010	556,400	77,896	634,296	221,336	-	-	855,632
M G Barron	2011	569,752	79,765	649,517	196,341	-	-	845,858
	2010	556,400	77,896	634,296	221,336	-	-	855,632
S R Elias	2011	683,708	95,719	779,427	237,554	-	-	1,016,981
	2010	645,000	90,300	735,300	256,581	-	-	991,881
S Dayal	2011	680,973	95,336	776,309	300,623	-	-	1,076,932
	2010	630,000	88,200	718,200	378,000	-	-	1,096,200
KA Mitchelhill	2011	747,520	104,653	852,173	236,849	-	-	1,089,022
	2010	718,769	100,628	819,397	306,600	-	-	1,125,997
Total 2011 - same KMP executives		**7,060,508**	**988,547**	**8,049,055**	**2,595,104**	**-**	**96,300**	**10,740,459**
Total 2010 - same KMP executives		**6,816,111**	**954,256**	**7,770,367**	**3,002,008**	**-**	**-**	**10,772,375**
P J Finan [5]	2011	454,959	17,639	472,598	155,869	-	-	628,467
	2010	-	-	-	-	-	-	-
R J Moore [5]	2011	575,000	80,500	655,500	300,840	-	-	956,340
	2010	-	-	-	-	-	-	-
Total 2011 - all KMP executives		8,090,467	1,086,686	9,177,153	3,051,813	-	96,300	12,325,266
Total 2010 - all KMP executives		6,816,111	954,256	7,770,367	3,002,008	-	-	10,772,375

[1] For Australian executives, superannuation entitlement of 14% of Annual Base Pay. KMP may have elected to have received some of this amount as a cash allowance. Superannuation Guarantee obligations will have been met to remit amount to a complying superannuation fund. For non-Australian Executives, pension contributions were made under local requirements.

[2] Share Rights vested and exercised during the year ended 30 June 2011 are valued at market value on date of exercise.

[3] Shares vested during the year ended 30 June 2011 are valued at market value on date of release.

[4] Mr Cornish is a member of the Defined Benefit Division of the BlueScope Steel Superannuation Fund. Amounts disclosed are notionally 14% of Base Pay.

[5] Base Pay for 2011 has been annualised at the rate upon appointment.

REMUNERATION REPORT (AUDITED)

The Directors of the Company present the Remuneration Report prepared in accordance with section 300A of the *Corporations Act 2001* for the Company and the consolidated entity for the year ended 30 June 2011. The information provided in this Remuneration Report has been audited as required by section 308(3C) of the *Corporations Act 2001*. This Remuneration Report forms part of the Directors' Report.

Structure of this report

1. Remuneration and Organisation Committee
2. Non-Executive Directors' Remuneration
3. Remuneration Policy and Structure
4. Relationship between Company Performance and Remuneration
5. Specific Remuneration Details

1 REMUNERATION AND ORGANISATION COMMITTEE

The Board oversees the BlueScope Steel Human Resources Strategy, both directly and through the Remuneration and Organisation Committee of the Board (the Committee). The Committee consisted entirely of independent non-executive directors.

The members of the Committee during the year were:

Ms Diane Grady - Independent Director and Chairman of the Committee

Mr Graham Kraehe - Chairman of the Board and Committee Member

Mr Ron McNeilly - Deputy Chairman and Committee Member

Mr Tan Yam Pin - Independent Director and Committee Member

The purpose of the Committee is to assist the Board in overseeing that the Company:

- Has a human resources strategy aligned to the overall business strategy, which supports 'Our Bond';
- Has coherent remuneration policies that are observed and that enable it to attract and retain executives and directors who will create value for shareholders;
- Fairly and responsibly rewards executives having regard to the performance of the Company, the creation of value for shareholders, the performance of the executives and the external remuneration environment; and
- Plans and implements the development and succession of executive management.

The Committee has responsibility for remuneration strategy, policies and practices applicable to Non-Executive Directors, the Managing Director and Chief Executive Officer, senior managers and employees generally. The Committee focuses on the following activities in its decision making on the Company's remuneration arrangements:

- Approving the terms of employment of the Executive Leadership Team, including determining the levels of remuneration;
- Ensuring a robust approach to performance management through approval of the STI objectives and awards and reviewing performance of members of the Executive Leadership Team;
- Considering all matters relating to the remuneration and performance of the Managing Director and Chief Executive Officer prior to Board approval;
- Approving awards of equity to employees; and
- Ensuring the Company's remuneration policies and practices operate in accordance with good corporate governance standards, including approval of the Remuneration Report and communications to shareholders on remuneration matters.

The Committee seeks input from the Managing Director and Chief Executive Officer and the Executive General Manager People and Organisation Performance, who attend Committee meetings except where matters relating to their own remuneration are considered. In addition, advice is obtained by the Committee from external specialist remuneration advisers in a number of areas including:

- Remuneration benchmarking;
- Short-term incentives;
- Long-term incentives; and
- Contract terms.

The Company's approach to remuneration recognises that BlueScope Steel operates in a cyclical and highly competitive global environment and that the delivery of long-term shareholder returns is directly impacted by the quality of its people.

2 NON-EXECUTIVE DIRECTORS' REMUNERATION

The Committee, on behalf of the Board, seeks the advice of expert external remuneration consultants to ensure that fees and payments reflect the duties of Board Members and are in line with the market. The Chairman and the Deputy Chairman of the Board do not participate in any discussions relating to the determination of their own fees.

Non-Executive Directors do not receive share rights or other performance-based rewards. Non-Executive Directors are expected to acquire over time a shareholding in the Company at least equivalent in value to their annual remuneration. Non-Executive Directors have previously been required to salary sacrifice a minimum of 10% of their fees each year to acquire BlueScope Steel shares. Changes to the taxation of employee share plans introduced by the Federal Government effective 1 July 2009, made the operation of this plan impractical and the Board resolved to cease operation of this plan with effect from 1 July 2009.

The schedule of fees and payments of Non-Executive Directors' are reviewed each January. A 5% increase was applied effective 1 January 2011 to all fees. This was the first increase in base fees since 1 January 2006. There were no increases to committee fees in 2009 and 2010. The schedule of fees effective 1 January 2011, and which currently applies, is as follows:

Role	Fees effective 1 Jan 2011
Chairman[1]	$472,500
Deputy Chairman[1]	$273,000
Non-Executive Director	$157,500
Chairman of Audit and Risk Committee	$36,750
Member of Audit and Risk Committee	$18,900
Chairman of Remuneration and Organisation Committee	$26,250
Member of Remuneration and Organisation Committee	$13,650
Member of Health, Safety and Environment Committee	$13,650
Travel and Representation Allowance[2]	$21,000

[1] Additional fees are not payable to the Chairman and Deputy Chairman for membership of Committees.

[2] Allowance paid to Tan Yam Pin who is based in Singapore.

The maximum fee pool limit is currently $2,925,000 per annum (inclusive of superannuation) as approved by shareholders at the Annual General Meeting in 2008. Total fees paid to Directors for the year ended 30 June 2011 amounted to $1,851,347.

Compulsory superannuation contributions per director capped at $15,775 per annum (commencing 1 July 2011) are paid on behalf of each Director. Compulsory superannuation contributions for the year ended 30 June 2011 were $15,199 per annum. Non-Executive Directors do not receive any other retirement benefits.

3 REMUNERATION POLICY AND STRUCTURE

3.1 Key Principles

BlueScope Steel's remuneration and reward practices aim to attract, motivate and retain employees of the highest calibre, as well as supporting 'Our Bond' by rewarding performance through remuneration.

The Company's salaried remuneration framework is designed to:

- Link employee remuneration with the creation of a sustainable business and value for shareholders;
- Recognise and reward individual performance and accountability for key job goals;
- Provide distinguishable remuneration differences between levels; and
- Maintain a competitive remuneration level relative to the markets in which the Company operates.

The framework is built on an appropriate mix of base pay and variable pay comprising short-term incentives and long-term equity incentives.

The remuneration structure encourages a balanced approach to managing risk by:

- Requiring the Board to approve the performance targets and the measurement of performance for the STI;
- Imposing a cap of 150% of target on STI awards;
- Incorporating a significant component of remuneration for achievement of longer term targets through the long term incentive plan; and

- Requiring executives to accumulate a prescribed shareholding in the Company from participation in the Long Term Incentive Plan.

The Remuneration and Organisation Committee reviews the Company's remuneration strategy annually. External factors impacting on financial performance such as the strong Australian dollar, high raw material costs and excess global steel industry capacity and competitive pressures for talent arising from Australia's 'two-speed economy' have given rise to the need for a fundamental review this coming year. The Board is currently considering a number of alternatives aimed at aligning remuneration strategies more effectively with the Company's business needs after the restructuring.

The following describes the Company's remuneration strategy that was in place for the year ended 30 June 2011.

3.2 Fixed Remuneration

Fixed remuneration is determined by reference to the scope and nature of each individual's role, performance, experience, work requirements and remuneration level for comparable roles in companies of similar complexity, size and geographical spread. Market data is obtained from external sources to establish appropriate guidelines for comparable roles. Remuneration reviews are usually conducted on an annual basis. There are no guaranteed remuneration increases for executives and all increases are based on individual contribution and performance and having regard to developments in the market. The Committee reviews proposed remuneration increases and approves increases in remuneration for ELT members. The Committee obtains market data from external advisers. No increases were awarded for the year ended 30 June 2010 and average increases of less than 4% were paid to executives and senior managers for the year ended 30 June 2011.

3.2.1 Superannuation

BlueScope Steel operates superannuation funds in Australia, New Zealand and North America for its employees. In these locations there is a combination of defined benefit and defined contribution type plans. The defined benefit schemes are closed to new members. Contributions are also made to other international retirement benefit plans for employees outside of Australia, New Zealand and North America.

3.2.2 Other Benefits

Additionally, executives are eligible to participate in an annual health assessment program designed to safeguard the Company against loss or long-term absence for health-related reasons. Employees engaged on international assignments are also provided with relocation benefits including housing, relocation costs and other living adjustments under the Company's international assignment policy.

3.3 Short Term Incentives (Variable Pay)

All senior managers and many salaried employees participate in the Short Term Incentive Plan ('STI').

The STI is:

- An annual 'at risk' cash bonus scheme, which is structured to deliver total remuneration in the upper quartile for the respective market group when stretch performance is attained;
- STI awards are not an entitlement but rather the reward for performance;
- The scheme is applied at the discretion of the Board, which has established policies to ensure that STI payments are aligned with the organisation and individual performance outcomes;
- Target STI levels are set having regard to appropriate levels in the market and range from 10% of base salary through to 80% at CEO level. These levels are reviewed annually. For outstanding results, participants may receive up to a further 50% of their target bonus amount;
- Goals for each participant are drawn from the following categories:
  - Financial Measures – performance measures include Net Profit After Tax, Cash Flow, Return on Invested Capital, and Earnings Before Interest and Tax;
  - Zero Harm – safety and environment performance measures, including Lost Time Injury Frequency Rates, Medical Treatment Injury Frequency Rates and environmental measures;
  - Business Excellence – performance measures for the year ended 30 June 2011 included operational targets such as long-term structural reductions to the cost base of the Company, balance sheet and liquidity initiatives and improvements to the performance of business units; and
  - Strategy – implementation of specific longer-term strategic initiatives.

STI plans are developed using a balanced approach to financial measures and key performance indicator ('KPI') metrics. At the senior executive level, approximately 60% of the target STI award is based on financial measures with approximately 40% based on KPI metrics. For other participants, approximately 50% of the STI award is based on financial measures and approximately 50% is based on KPI metrics. At Board discretion, the weighting between financial and KPI metrics can vary depending on business circumstances and the individual's role.

Performance conditions, including threshold, target and stretch hurdles, are set for each plan and these conditions are assessed using quantified and verifiable measures or an assessment of value contribution. If the threshold level is not reached, no payment is made in respect of that goal. The Board retains the discretion to adjust any STI payments in exceptional circumstances, including determining that no award is paid, as was decided for the year ended 30 June 2009 and to pay below target STI awards as was decided in 2010 and 2011.

The Committee oversees the objective setting process and approves the targets and performance measures for all members of the Executive Leadership Team. The Board approves the targets and performance measures of the Managing Director and Chief Executive Officer.

3.4 Equity-Based Opportunities

The Company encourages employee share ownership. This is achieved in the following ways:

- for all employees, through the General Employee Share Plan; and
- for executives, through the Long Term Incentive Plan.

3.4.1 General Employee Share Plan

The Company operates a General Employee Share Plan. The allocation of shares to employees under such schemes and the form of the offer are determined by the Board on a year-by-year basis taking account of Company performance. The plan has been very effective in enabling employees to become shareholders with more than 97% of eligible employees participating in the last plan offered in 2008.

In view of the impact of current business conditions on the financial performance of the Company, no shares were offered under the plans for the years ended 30 June 2010 and 2011.

3.4.2 Long Term Incentive Plan

Awards of share rights are made to senior managers under the Long Term Incentive Plan ('LTIP'). The LTIP is designed to reward senior managers for long-term value creation. It is part of the Company's overall recognition and retention strategy having regard to the long-term incentives awarded to senior managers in the markets in which the Company operates.

No LTI vesting occurred for KMP under the LTI Plan during FY2011. The last vesting occurred in September 2008 (FY 2009) in respect of awards under the 2004 and 2005 LTI Plans.

The decision to make an award of share rights is made annually by the Board. Awards are based on a percentage of the relevant executive's Base Pay and individual performance including living 'Our Bond'.

The number of share rights awarded to participants is calculated using the share price, averaged over three months to 31 August. Details of awards under the LTIP are set out below. In summary, the main features of the LTIP are as follows:

- Awards are generally made as a right to acquire an ordinary share for no consideration on vesting;
- Vesting requires sustained performance over at least three years with a hurdle based on Total Shareholder Return ('TSR') relative to the TSR of the companies in the S&P/ASX 100 index at the award commencement date;
- The minimum ranking required for vesting is the 51st percentile against the peer group, at which point 52% of an award vests. Maximum vesting (100% of a participant's share rights) occurs at the 75th percentile or above;
- In view of the cyclical nature of the markets in which the Company operates, there is up to four retests at six monthly intervals following the initial three-year performance period. This helps moderate the impact of short-term share price volatility that may arise due to a market view of future Hot Rolled Coil prices, which is not reflective of actual Company performance. At each retest period, shares only vest if they have reached the hurdles for the total period from the date of the initial grant;
- Unvested share rights lapse on resignation or termination for cause or at the expiry of the relevant performance period, whichever comes first; and
- 'Change of Control' conditions may result in early vesting provided the relevant performance hurdles are satisfied at that time.

3.4.3 Retention Share Plan

The Board approves the use of retention plans in exceptional circumstances and on a targeted basis for specific purposes. These types of arrangements are not used in lieu of performance-related remuneration.

During the year ended 30 June 2011 the Board approved an award of shares in a share based retention plan. Invitations to participate in this plan for executives were determined on the basis of rewarding, recognising and retaining key individuals, whose contributions are crucial to delivery of BlueScope Steel's strategy for the next three years including restructuring the Australian business, changes to operating assets to drive improved earnings associated with a significant reduction in steel production, improving the performance of the North American business and expanding the Asian businesses. Offers of retention shares to ELT members are expected to be made in late August 2011 (with details to be included in the Remuneration Report for the year ending 30 June 2012). The shares will be issued pursuant to awards that are expected to be accepted during September 2011.

Shares awarded under the Retention Share Plan will be subject to the following conditions:

- It will be a condition of acceptance of an award, that a recipient must agree to a variation of their employment contract which removes the ability of the company to make termination payments of more than 12 months fixed pay without shareholder consent other than as required by law;

- Shares awarded will be forfeited in the event of cessation of employment for any reason in the restricted period other than where employment ceases due to death or disability;
- Shares cannot be sold, mortgaged, transferred, or otherwise encumbered at any time in the restriction period;
- The restriction period generally applies for a period of three years. The Board has discretion to allow vesting prior to the end of the restriction period; and
- In the event of a change in control during this time the shares will vest.

The Board is satisfied that similar plans operated in the past have been successful in achieving their reward and retention objectives.

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SUMMARY TABLE OF LONG TERM INCENTIVE PLAN AWARDS

	September 2005	September 2006	September 2007	September 2008 [1]	September 2009[1]	September 2010[1]
Grant Date	18 November 2005	18 November 2006	5 November 2007 (all executives excluding MD & CEO)	28 November 2008	30 November 2009	30 November 2010
	(The grant to the MD & CEO was subject to shareholder approval at the 2005 AGM)	(The grant to the MD & CEO was subject to shareholder approval at the 2006 AGM)	14 November 2007 (MD & CEO)	(The grant to the MD & CEO was subject to shareholder approval at the 2008 AGM)	(The grant to the MD & CEO was subject to shareholder approval at the 2008 AGM)	(The grant to the MD & CEO was subject to shareholder approval at the 2009 AGM)
Exercise Date	From 1 September 2008	From 1 September 2009	From 1 September 2010	From 1 September 2011	From 1 September 2012	From 1 September 2013
Expiry Date	31 October 2010	31 October 2011	31 October 2012	31 October 2013	31 October 2014	31 October 2015
Total Number of Share Rights Granted	1,938,100	2,310,950	1,934,845	2,248,246	8,090,480	10,536,550
Total Number of Cash Rights Granted[2]					158,000	166,000
Number of Participants at Grant Date	228	206	217	255	313	285
Number of Current Participants	0	123	152	234	300	279
Exercise Price	Nil	Nil	Nil	Nil	Nil	Nil
Fair Value Estimate at Grant Date	$7,086,856	$12,012,780	$11,468,263	$2,765,343	$10,516,812	$9,723,180
Fair Value per Share Right at Grant Date	$3.89	$5.53	$6.37 (5 Nov 2007) $6.42 (14 Nov 2007)	$1.64	$1.70	$1.20
Share Rights Lapsed since Grant Date	421,780	1,068,176	517,401	310,095	485,210	210,000
Cash Rights Lapsed since Grant Date	-	-	-	-	13,000	18,000
Vesting Schedule						
TSR Hurdle - 75th-100th percentile	100%	100%	100%	100%	100%	100%
TSR Hurdle - 51st-<75th percentile	There is no vesting until the 51st percentile, at which point 52% vests increasing on a linear basis to 100% vesting at the 75th percentile. Any unvested Share Rights will be carried over for assessment at subsequent performance periods.					
TSR Hurdle - < 51st percentile	All Share Rights will be carried over for assessment at subsequent performance periods.					
Vesting Outcome 1st Performance Period	100%	0.00%	0.00%	-	-	-
Vesting Outcome 2nd Performance Period		0.00%	0.00%	-	-	-
Vesting Outcome 3rd Performance Period		0.00%	-	-	-	-
Vesting Outcome 4th Performance Period		0.00%	-	-	-	-
Vesting Outcome 5th Performance Period		-	-	-	-	-

[1] These grants are within the first performance period and are yet to be tested.

[2] For some countries, where there are additional restrictions relating to awards of equity, a 'Cash Rights' award is made which delivers a cash payment on vesting.

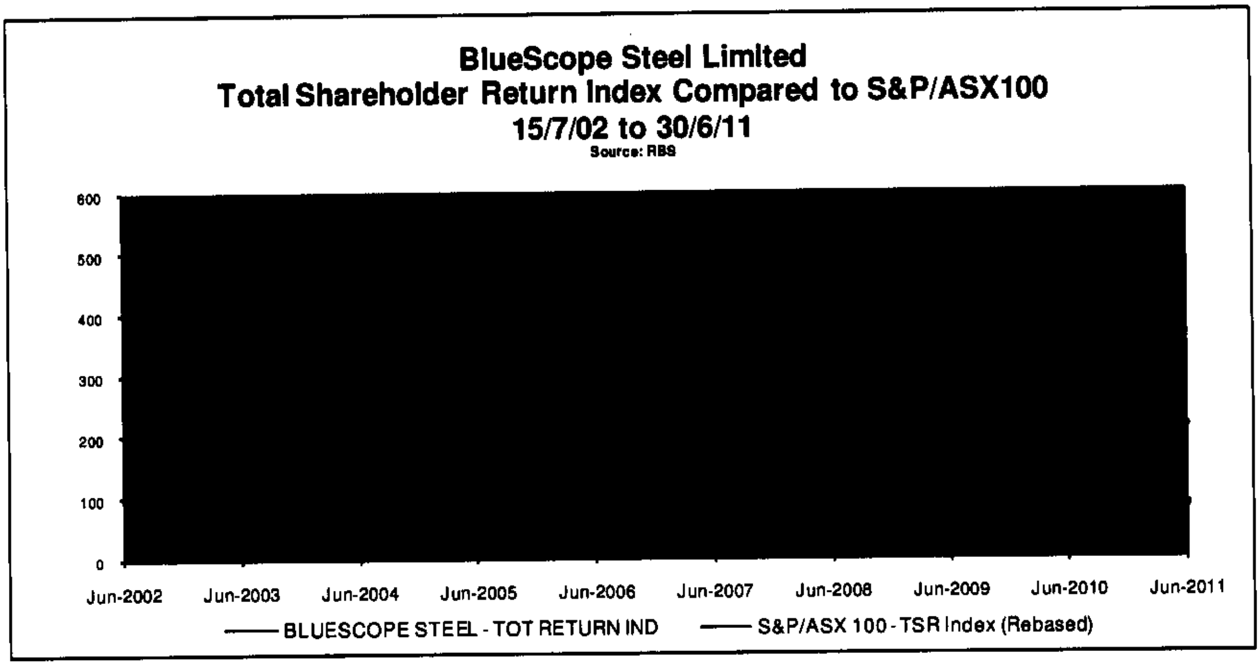
3.4.4 Share Ownership Guidelines

Long-term equity incentives are tied to Company performance as experienced by shareholders. Employees who participate in the LTIP are prohibited from selling, assigning, charging or mortgaging their share rights. Share rights are personal to the employee. Employees are also prohibited from transferring any risk or benefit from the unvested share rights to any other party. So called 'cap and collar' transactions cannot be made in respect of BlueScope Steel share rights. Employees are required to provide an annual confirmation that they are in compliance with this policy.

4 RELATIONSHIP BETWEEN COMPANY PERFORMANCE AND REMUNERATION

The short-term and long-term incentive components of the remuneration strategy reward achievement against Company and individual performance measures over short-term and long-term timeframes.

The graph below shows the Total Shareholder Return ('TSR') performance of BlueScope Steel compared to the performance of the S&P/ASX 100 for the eight-year period to 30 June 2011. The TSR Index for BlueScope Steel as at 30 June 2011 was 74.9 compared to 212.4 for the S&P/ASX 100.



The use of a relative TSR measure as the Company's performance hurdle for the LTIP ensures that vesting of long-term incentives will only occur when the Company has delivered superior share price and dividend returns to shareholders over the performance period.

For existing unvested LTIP grants to vest, the Company's relative TSR performance over the remainder of the relevant performance periods will need to recover its relative performance and by reversing the decline in share price and dividend performance, perform at least at the 51st percentile of those companies in the ASX 100 comparator group.

An analysis of other Company performance and performance-related remuneration data relating to the nominated senior corporate executives in Section 3 over the same period are set out below.

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BlueScope Steel Performance Analysis

Measure	30 June 2004	30 June 2005	30 June 2006	30 June 2007	30 June 2008	30 June 2009	30 June 2010	30 June 2011	Change from 30/6/04 to 30/6/11
Share Price	$6.74	$8.23	$7.95	$10.34	$11.34	$2.53	$2.10	$1.21	
Change in Share Price ($)	$3.02	$1.49	-$0.28	$2.39	$1.00	-$8.81	-$0.43	-$0.89	-$5.53
Change in Share Price (%)	81.2	22.1	-3.4	30.1	9.7	-77.7	-17.0	-42.4	-82.0
Dividend per Share:									
Ordinary (cents)	30	42	44	47	49	5	5	2	N/A
Special (cents)	10	20	0	0	0	0	0	0	N/A
Earnings per Share (cents)	77.8	134	47.9	95.3	80.1	-7.1	6.9	-57.4	N/A
REPORTED									
NPAT $ million	$584	$982	$338	$686	$596	-$66	$126	-$1,054	-$1,638
% movement	-	68.2	-65.6	103.0	-13.1	-111.1	-290.9	-936.5	-280.5
EBIT $ million	$818	$1,388	$556	$1,099	$1,063	$15	$240	-$1,043	-$1,860
% movement	-	69.7	-59.0	97.7	-3.3	-98.6	1,500.0	-534.2	-227.4
EBITDA $ million	$1,105	$1,696	$850	$1,423	$1,420	$380	$590	-$687	-$1,792
% movement	-	53.5	-49.9	67.4	-0.2	-73.2	55.3	-216.4	-162.2
UNDERLYING									
NPAT $ million	$578	$1,129	$555	$643	$816	$56	$113	-$118	-$696
% movement	-	95.3	-50.8	15.9	26.9	-93.1	101.8	-204.4	-120.4
EBIT $ million	$822	$1,559	$840	$1,057	$1,273	$171	$255	-$101	-$923
% movement	-	89.7	-46.1	25.8	20.5	-86.6	49.1	-139.6	-112.3
EBITDA $ million	$1,109	$1,856	$1,127	$1,374	$1,630	$536	$605	$254	-$854
% movement	-	67.3	-39.3	21.9	18.7	-67.1	12.9	-57.9	-77.0

Note: From 1 July 2004 financial information is based on International financial reporting standards (IFRS).

[1] Prior period earnings per share has been restated for the bonus element of the one for one share rights issue undertaken in May and June 2009 using a factor of 1.21.

4.1 Performance Related Remuneration Analysis

In setting financial targets, the Board takes a number of factors into account, including market consensus on future earnings, forecast movements in steel prices, exchange rate and other external factors likely to impact financial performance. The Board aims to align executive remuneration to business outcomes and shareholder experience.

BSL Performance Related Remuneration Analysis for Executive Leadership Team

Measure	Year ended 30 June 2007	Year ended 30 June 2008	Year ended 30 June 2009	Year ended 30 June 2010	Year ended 30 June 2011
Average % change in Short Term Incentive Payments[1]	294%	36%	-100%	100%	-13%
% change in underlying NPAT	15.9	26.9	-93.1	101.8	-204.4

[1]Calculations are based on KMP executives who were employed for the current and prior financial years.

For 2011, all STI payments to ELT are below target and no amount is being paid for Group financial performance. Where bonuses are being paid for business unit financial performance, they are to be paid for results in Asia, New Zealand and Lysaght Australia and on a limited basis, for cash flow management. STIs for achievement of non financial objectives are being paid for reorganisation of the BlueScope Australian and New Zealand businesses, implementation of global Pre-Engineered Building marketing and engineering systems, improving the sourcing of raw materials, cost reduction, financial restructuring and improvements to the succession pipeline and talent capability.

5 SPECIFIC REMUNERATION DETAILS

5.1 Key Management Personnel – Directors' Remuneration

Details of the audited remuneration for the year ended 30 June 2011 for each Non-Executive Director of BlueScope Steel are set out in the following table.

KMP Remuneration – Non Executive Directors

		Short-term employee benefits				
Name	**Year**	**Fees**	**Non-monetary**	**Sub-Total**	**Post-employment benefits [1]**	**Total**
		$	$	$	$	$
Director - Current						
G J Kraehe	2011	460,385	10,498	470,883	15,199	486,082
	2010	450,000	12,362	462,362	14,461	476,823
R J McNeilly	2011	266,000	-	266,000	15,199	281,199
	2010	260,000	-	260,000	14,461	274,461
D J Grady	2011	192,339	-	192,339	15,199	207,538
	2010	188,000	-	188,000	14,461	202,461
H K McCann	2011	185,177	-	185,177	15,199	200,376
	2010	181,000	-	181,000	14,461	195,461
Y P Tan	2011	200,523	-	200,523	15,199	215,722
	2010	196,000	-	196,000	14,461	210,461
D B Grollo	2011	185,177	-	185,177	15,199	200,376
	2010	181,000	-	181,000	14,461	195,461
K A Dean	2011	202,569	-	202,569	15,199	217,768
	2010	195,450	-	195,450	14,461	209,911
P Bingham-Hall[2]	2011	38,838	-	38,838	3,449	42,287
	2010	-	-	-	-	-
Total 2011		1,731,007	10,498	1,741,505	109,842	1,851,347
Total 2010		1,651,450	12,362	1,663,812	101,227	1,765,039

[1] Post-employment benefits relate to superannuation arrangements.

[2] Appointed to Non-Executive Director on 29 March 2011.

5.2 Key Management Personnel – Executives (including Managing Director and Chief Executive Officer's) remuneration

The Key Management Personnel of BlueScope Steel Limited includes those members of the Executive Leadership Team who have the authority and responsibility for planning, directing and controlling the activities of the Company. These executives also represent the five most highly remunerated executives within the organisation.

The following table shows the current composition of the Executive Leadership Team, who all held their positions during the year.

Key Management Personnel - Executives		
Current KMP	**Position**	**Dates Executive Leadership Team position held during year ended 30 June 2011**
P F O'Malley	Managing Director and Chief Executive Officer	1 July 2010 – 30 June 2011
N H Cornish[1]	Chief Executive, Australian & New Zealand Steel Manufacturing Businesses	1 July 2010 – 30 June 2011
I R Cummin	Executive General Manager, People and Organisation Performance	1 July 2010 – 30 June 2011
M R Vassella	President, North America	1 July 2010 – 30 June 2011
S R Elias	Chief Financial Officer	1 July 2010 – 30 June 2011
M G Barron	Chief Legal Officer and Company Secretary	1 July 2010 – 30 June 2011
P E O'Keefe	Chief Executive, Australian Coated & Industrial Markets	1 July 2010 – 30 June 2011
K A Mitchelhill	Chief Executive, Australian Distribution & Solutions	1 July 2010 – 30 June 2011
S Dayal	Chief Executive, Asia	1 July 2010 – 30 June 2011
R Moore	President, China	1 December 2010 – 30 June 2011
P Finan	Executive General Manager, Global Building & Construction Markets	1 November 2010 – 30 June 2011

[1] Noel Cornish retired from the Company on 31 July 2011.

The audited information contained in the following tables represents the annual remuneration for the year ended 30 June 2011 for the Key Management Personnel - Executives.

The aggregate remuneration of the Key Management Personnel - Executives of the Company is set out below:

	2011	2010
	$	$
Short-term employee benefits[1]	12,009,504	10,898,772
Post-employment benefits	432,438	412,329
Other long-term benefits	231,934	72,432
Termination benefits	578,810	-
Share-based payments[2,3]	2,452,180	2,253,122
Total	15,704,866	13,636,655

[1] This includes base salary, annual leave accruals, non-monetary benefits, superannuation received as cash allowance and bonus payments.

[2] This relates to awards of share rights that can only vest when performance hurdles are achieved.

[3] For some countries, where there are additional restrictions relating to awards of equity, a 'Cash Rights' award is made which delivers a cash payment on vesting.

The remuneration of each member of the Key Management Personnel - Executives of the Company is set out in the following tables.

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KMP REMUNERATION - Executives

Name	Year	Short-term employee benefits: Salary and fees	Short-term employee benefits: Movement in annual leave provision [1]	Short-term employee benefits: Bonus	Short-term employee benefits: Non-monetary	Short-term employee benefits: Other [2]	Sub-total	Post-employment benefits [3]	Other long-term employee benefits [4]	Termination benefits	Share-based payments: Shares and units	Share-based payments: Options and rights	Total	% of remuneration that is performance related [9]
		$	$	$	$	$	$	$	$	$	$	$	$	%
Executive Director														
P F O'Malley [5]	2011	1,702,346	-11,903	720,865	980	213,404	2,625,692	25,000	51,079	0	88,754	997,804	3,788,328	45.4
	2010	1,680,000	-32,308	806,400	940	204,526	2,659,558	30,674	41,999	0	136,826	825,343	3,694,400	44.2
KMP executives - current														
N H Cornish [11]	2011	770,560	-16,284	254,845	1,869	0	1,010,990	109,526	34,386	0	0	213,279	1,368,181	34.2
	2010	752,500	26,049	302,505	0	0	1,081,054	123,410	-79,592	0	0	265,638	1,390,510	40.9
M R Vassella [6,9]	2011	762,600	-39,619	269,361	261,105	81,190	1,334,637	25,000	27,849	0	7,889	188,745	1,584,120	28.9
	2010	725,792	-22,470	310,800	425,021	78,694	1,517,837	22,917	18,500	0	116,128	154,351	1,829,733	25.4
P E O'Keefe [10]	2011	573,298	19,587	182,325	0	55,291	830,502	25,000	16,840	578,810	0	145,355	1,596,506	20.5
	2010	551,250	-4,241	198,450	0	46,191	791,650	30,984	13,781	0	0	120,930	957,345	33.4
I R Cummin [5]	2011	569,752	4,639	196,341	980	53,659	825,371	26,106	17,176	0	0	158,411	1,027,064	34.5
	2010	556,400	-23,540	221,336	0	8,066	762,262	69,830	13,911	0	0	199,738	1,045,741	40.3
M G Barron	2011	569,752	13,599	196,341	0	29,765	809,457	50,000	17,798	0	0	145,261	1,022,516	33.4
	2010	556,400	-23,540	221,336	0	37,620	791,816	40,276	13,911	0	0	120,838	966,841	35.4
S R Elias	2011	683,708	38,148	237,554	0	70,771	1,030,181	25,000	20,149	0	0	169,706	1,245,036	32.7
	2010	645,000	7,442	256,581	0	62,551	971,574	27,749	16,125	0	0	139,735	1,155,183	34.3
S Dayal [6]	2011	680,973	23,713	300,623	-90,007	45,550	960,852	50,000	18,917	0	16,067	115,210	1,161,045	35.8
	2010	630,000	16,751	378,000	68,378	42,367	1,135,496	45,833	15,750	0	16,067	63,283	1,276,429	34.6
K A Mitchelhill [5,8]	2011	747,520	9,686	236,849	50,452	54,653	1,099,160	50,000	19,563	0	19,833	131,694	1,320,250	27.9
	2010	718,769	10,614	306,600	71,570	79,972	1,187,525	20,656	18,047	0	19,833	74,412	1,320,473	28.9
P J Finan [6,7,8]	2011	302,823	-5,706	155,869	198,902	0	651,888	17,639	0	0	0	26,466	695,993	26.2
	2010	0	0	0	0	0	0	0	0	0	0	0	0	-
R J Moore [6,7]	2011	334,283	16,317	300,840	161,543	17,792	830,775	29,167	8,179	0	0	27,706	895,826	36.7
	2010	0	0	0	0	0	0	0	0	0	0	0	0	-
Total 2011		7,697,615	52,176	3,051,813	585,824	622,076	12,009,504	432,438	231,934	578,810	132,543	2,319,637	15,704,866	
Total 2010		6,816,111	-45,243	3,002,008	565,909	559,987	10,898,772	412,329	72,432	0	288,854	1,964,268	13,636,655	

[1] Negative movement in annual leave provision indicates leave taken during the year exceeded leave accrued during the current year. The reduction in annual leave balances has been a key initiative to reduce employment costs, with members of the ELT setting an example.

[2] Due to changes in the superannuation legislation resulting in maximum contribution levels, members of the Defined Contribution Division can elect to receive a proportion of their superannuation as a cash allowance.

[3] Post-employment benefits relate to superannuation arrangements. There are no other post-employment benefits.

[4] This shows movement in long service leave benefits during the year.

[5] Non-monetary includes executive health check.

[6] Non-monetary includes benefits provided under the Company's international assignment policy eg. accommodation, tax equalisation, and medical coverage.

[7] KMP appointed to ELT during year ended 30 June 2011. Amounts disclosed for year ended 30 June 2011 are for part year only.

[8] Non-monetary includes relocation expenses.

[9] The % of remuneration that is performance related recognises STI payouts at below target. LTI is based on accounting values rather than the amounts actually received.

[10] As a result of the restructure of the Company's business operations in Australia, Mr O'Keefe's role has been made redundant. He will be leaving the Company during the year ending 30 June 2012, at which time he will be entitled to a termination payment of 12 months base pay, under the terms of his employment contract.

[11] Noel Cornish retired from the Company on 31 July 2011. No payments other than statutory entitlements were paid.

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5.3 Cash Bonuses

For the year ended 30 June 2011, below-target STI payments will be made, resulting in outcomes for executives averaging less than 50% of the maximum STI that can be awarded. Eligibility to receive a bonus is subject to the terms and conditions of the plan, including a minimum of six months performance during the plan year and employment during the period is not terminated for resignation or performance-related reasons.

Under the Company's Short Term Incentive Plan each executive can earn between 0% and 150% (maximum) of the STI target award. The table below shows the STI opportunity, actual percentage outcome achieved and percentage forfeited for the year ended 30 June 2011.

Name	**Target of annual base pay**	**Actual STI as a % of maximum STI for year ended 30 June 2011**	**% of maximum STI forfeited for year ended 30 June 2011**
	%	%	%
Executive director			
P F O'Malley	80	35	65
KMP executives - current			
N H Cornish	60	37	63
M R Vassella	60	39	61
P E O'Keefe	60	35	65
I R Cummin	60	38	62
M G Barron	60	38	62
S R Elias	60	38	62
S Dayal	60	48	52
K A Mitchelhill	60	35	65
P J Finan[1]	60	38	62
R J Moore[2]	60	58	42

[1] Appointed to ELT on 1 November 2010.
[2] Appointed to ELT on 1 December 2010.

5.4 Share Rights Holdings

Share Rights granted, exercised and forfeited by the Key Management Personnel during the year ended 30 June 2011 were as follows:

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VALUE OF SHARE RIGHTS HOLDINGS

Name	Remuneration consisting of share rights[1]	Value of share rights granted during the year at grant date[2]	Value of share rights exercised during the year	Value of share rights at lapse date, that lapsed during the year	Total value of share rights granted, exercised and lapsed during the year
	%	$	$	$	$
Executive Director					
P F O'Malley	38	1,440,264	-	-	1,440,264
KMP executives - current					
N H Cornish	24	329,232	-	-	329,232
M R Vassella	20	323,772	-	-	323,772
P E O'Keefe	15	245,868	-	-	245,868
I R Cummin	24	243,432	-	-	243,432
M G Barron	24	243,432	-	-	243,432
S R Elias	24	294,540	-	-	294,540
S Dayal	25	294,372	-	-	294,372
K A Mitchelhill	24	319,392	-	-	319,392
P J Finan[3]	30	210,252	-	-	210,252
R J Moore[4]	25	220,104	-	-	220,104

[1] This figure is calculated on the value of share rights awarded in the year ended 30 June 2011 as a percentage of the total value of all remuneration received in that same year.

[2] External valuation advice from PricewaterhouseCoopers Securities Limited has been used to determine the value of share rights awarded in the year ended 30 June 2011. The valuation has been made using the Black-Scholes Option Pricing Model (BSM) that includes a Monte Carlo simulation analysis.

[3] Apointed to ELT on 1 November 2010.

[4] Apointed to ELT on 1 December 2010.

The Share Rights awarded to executives under the September 2006 Award were tested after the third (31 August 2010) and fourth (28 February 2011) performance periods and no vesting occurred. The September 2007 Award were tested after the first (31 August 2010) and second (28 February 2011) performance periods and no vesting occurred. Both the September 2006 and 2007 Awards will be tested after the conclusion of the fifth and third performance period respectively on 31 August 2011.

Details of the audited Share Rights holdings for year ended 30 June 2011 for the Key Management Personnel are set out in the following table. Refer to the Summary Table of Long Term Incentive Plan Awards (section 3.4.3) for details with respect to fair values, exercise price and key dates.

Share Rights holdings for the financial year ended 30 June 2011

2011	Balance at 30 June 2010	Granted in year ended 30 June 2011	Exercised in year ended 30 June 2011[1]	Lapsed in year ended 30 June 2011	Balance at 30 June 2011	Vested and not yet exercised in year ended 30 June 2011	Unvested at 30 June 2011	Total Share Rights vested in year ended 30 June 2011
Executive Director								
P F O'Malley	1,477,511	1,200,220	-	-	2,677,731	-	2,677,731	-
KMP executives - current								-
N H Cornish	393,810	274,360	-	-	668,170	-	668,170	-
M R Vassella	314,758	269,810	-	-	584,568	-	584,568	-
P E O'Keefe	249,539	204,890	-	-	454,429	-	454,429	-
I R Cummin	293,429	202,860	-	-	496,289	-	496,289	-
M G Barron	289,129	202,860	-	-	491,989	-	491,989	-
S R Elias	277,469	245,450	-	-	522,919	-	522,919	-
S Dayal	225,400	245,310	-	-	470,710	-	470,710	-
K A Mitchelhill	263,820	266,160	-	-	529,980	-	529,980	-
P J Finan[2]	-	175,210	-	-	175,210	-	175,210	-
R J Moore[3]	-	183,420	-	-	183,420	-	183,420	-

[1] The number of shares issued is equal to the number of rights exercised and no amount was paid or remains unpaid for each share issued.

[2] Appointed to ELT on 1 November 2010.

[3] Appointed to ELT on 1 December 2010.

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SHARE RIGHTS holdings for the financial year ended 30 June 2010

2010	Balance at 30 June 2009	Granted in year ended 30 June 2010	Exercised in year ended 30 June 2010[1]	Lapsed in year ended 30 June 2010	Balance at 30 June 2010	Vested and not yet exercised in year ended 30 June 2010	Unvested at 30 June 2010	Total Share Rights vested in year ended 30 June 2010
Executive Director								
P F O'Malley	547,511	930,000	-	-	1,477,511	-	1,477,511	-
KMP executives - current								-
N H Cornish	178,810	215,000	-	-	393,810	-	393,810	-
M R Vassella	103,328	211,430	-	-	314,758	-	314,758	-
P E O'Keefe	92,039	157,500	-	-	249,539	-	249,539	-
I R Cummin	134,459	158,970	-	-	293,429	-	293,429	-
M G Barron	130,159	158,970	-	-	289,129	-	289,129	-
S R Elias	93,179	184,290	-	-	277,469	-	277,469	-
S Dayal	45,400	180,000	-	-	225,400	-	225,400	-
K A Mitchelhill	55,250	208,570	-	-	263,820	-	263,820	-

[1] The number of shares issued is equal to the number of rights exercised and no amount was paid or remains unpaid for each share issued.

The table below sets out the details of each specific share right tranche and awards granted and vested during the year ended 30 June 2011 for each KMP - Executive.

2011	Number of Share Rights awarded	Date of grant	% vested in year ended 30 June 2011	% forfeited in year ended 30 June 2011	Share Rights yet to vest	Financial year in which awards may vest	Value of Share Rights not vested 30 June 2011[1]	
							$ Min	$ Max
Executive Director								
P F O'Malley	70,100	18-Nov-06	-	-	70,100	2011	-	387,653
	231,053	14-Nov-07	-	-	231,053	2011	-	1,483,360
	246,358	28-Nov-08	-	-	246,358	2012	-	404,027
	930,000	30-Nov-09	-	-	930,000	2013	-	1,581,000
	1,200,220	30-Nov-10	-	-	1,200,220	2014	-	1,440,264
KMP executives - current								
N H Cornish	70,100	18-Nov-06	-	-	70,100	2011	-	387,653
	51,756	05-Nov-07	-	-	51,756	2011	-	329,686
	56,954	28-Nov-08	-	-	56,954	2012	-	93,405
	215,000	30-Nov-09			215,000	2013		365,500
	274,360	30-Nov-10	-	-	274,360	2014	-	329,232
M R Vassella	47,320	05-Nov-07	-	-	47,320	2011	-	301,428
	56,008	28-Nov-08	-	-	56,008	2012	-	91,853
	211,430	30-Nov-09			211,430	2013	-	
	269,810	30-Nov-10	-	-	269,810	2014	-	323,772
P E O'Keefe[2]	11,500	18-Nov-06	-	-	11,500	2011	-	63,595
	38,817	05-Nov-07	-	-	38,817	2011	-	247,264
	41,722	28-Nov-08	-	-	41,722	2012	-	68,424
	157,500	30-Nov-09			157,500	2013	-	
	204,890	30-Nov-10	-	-	204,890	2014	-	245,868
I R Cummin	53,900	18-Nov-06	-	-	53,900	2011	-	298,067
	38,447	05-Nov-07	-	-	38,447	2011	-	244,907
	42,112	28-Nov-08	-	-	42,112	2012	-	69,064
	158,970	30-Nov-09	-	-	158,970	2013	-	270,249
	202,860	30-Nov-10	-	-	202,860	2014	-	243,432

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M G Barron[2]	49,600	18-Nov-06	-	-	49,600	2011	-	274,288
	38,447	05-Nov-07	-	-	38,447	2011	-	244,907
	42,112	28-Nov-08	-	-	42,112	2012	-	69,064
	158,970	30-Nov-09	-	-	158,970	2013	-	270,249
	202,860	30-Nov-10	-	-	202,860	2014	-	243,432
S R Elias	44,362	05-Nov-07	-	-	44,362	2011	-	282,586
	48,817	28-Nov-08	-	-	48,817	2012	-	80,060
	184,290	30-Nov-09	-	-	184,290	2013	-	313,293
	245,450	30-Nov-10	-	-	245,450	2014	-	294,540
S Dayal	45,400	28-Nov-08	-	-	45,400	2012	-	74,456
	180,000	30-Nov-09			180,000	2013	-	306,000
	245,310	30-Nov-10	-	-	245,310	2014	-	294,372
K A Mitchelhill	55,250	28-Nov-08	-	-	55,250	2012	-	90,610
	208,570	30-Nov-09	-	-	208,570	2013	-	354,569
	266,160	30-Nov-10	-	-	266,160	2014	-	319,392
P J Finan[3]	28,000	18-Nov-06	-	-	28,000	2011	-	154,840
	19,000	14-Nov-07	-	-	19,000	2011	-	121,030
	25,000	28-Nov-08	-	-	25,000	2012	-	41,000
	100,000	30-Nov-09	-	-	100,000	2013	-	170,000
	175,210	30-Nov-10	-	-	175,210	2014	-	210,252
R J Moore[3]	24,000	18-Nov-06	-	-	24,000	2011	-	132,720
	24,000	14-Nov-07	-	-	24,000	2011	-	152,880
	28,013	28-Nov-08	-	-	28,013	2012	-	45,941
	105,750	30-Nov-09	-	-	105,750	2013	-	179,775
	183,420	30-Nov-10	-	-	183,420	2014	-	220,104

[1] External valuation advice from PricewaterhouseCoopers Securities Limited has been used to determine the value of Share Rights held by KMP at 30 June 2011

[2] Award granted 2006 prior to appointment to ELT.

[3] Award granted 2006, 2007, 2008 & 2009 prior to appointment to ELT.

5.5 Shares Awarded as Remuneration

In the year ended 30 June 2008 a number of senior executives were awarded shares under the Special Share Retention Plan. Some of those shares vested in the year ended 30 June 2011.

Share Award Summary

2011	Number of Shares awarded	Date of grant	% vested in year ended 30 June 2011	% forfeited in year ended 30 June 2011	Shares yet to vest	Financial year in which awards may vest	Value of Shares not vested 30 June 2011[1] $ Min	Value of Shares not vested 30 June 2011[1] $ Max
Executive Director								
P F O'Malley	15,000	06-Aug-07	100	-	-	-	-	-
	17,000	06-Aug-07	-	-	17,000	2012	-	180,880
	18,000	06-Aug-07	-	-	18,000	2013	-	191,520
KMP executives - current								
N H Cornish	-	-	-	-	-	-	-	-
M R Vassella	25,000	03-Aug-07	100	-	-	-	-	-
P E O'Keefe	-	-	-	-	-	-	-	-
I R Cummin	-	-	-	-	-	-	-	-
M G Barron	-	-	-	-	-	-	-	-
S R Elias	-	-	-	-	-	-	-	-
S Dayal[2]	20,000	10-Mar-09	-	-	20,000	2012	-	48,200
K A Mitchelhill[2]	25,000	27-Feb-09	-	-	25,000	2012	-	59,500
P J Finan[3]	-	-	-	-	-	-	-	-
R J Moore[4]	-	-	-	-	-	-	-	-

[1] Share price at grant date has been used to determine the value of Shares held by KMP at 30 June 2011.
[2] Granted on appointment to BlueScope Steel Limited.
[3] Appointed to ELTeam on 1 November 2010.
[4] Appointed to ELTeam on 1 December 2010.

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5.6 Share Holdings in BlueScope Steel Limited

The following table details the shares held by KMP – Non Executive Directors and Executives, as well as any related-party interests in BlueScope Steel Limited as at 30 June 2011.

SHARE HOLDINGS[1] IN BLUESCOPE STEEL LIMITED

Name	Ordinary shares held as at 30 June 2011	Ordinary shares held as at 30 June 2010
Non-Executive Directors - current		
G J Kraehe	286,276	286,276
R J McNeilly	1,321,502	1,321,502
D J Grady	128,382	128,382
H K McCann	152,720	152,720
Y P Tan	157,116	157,116
D B Grollo	128,156	128,156
K A Dean	41,624	26,624
P Bingham-Hall [2]	-	-
Executive Director		
P F O'Malley	227,613	227,613
KMP executives - current		
N H Cornish	67,199	68,584
M R Vassella	57,303	57,303
P E O'Keefe	15,303	15,303
I R Cummin	336,679	338,292
M G Barron	191,924	191,924
S R Elias	10,000	-
S Dayal	20,000	20,000
K A Mitchelhill	77,666	77,666
P J Finan[3]	63,695	-
R J Moore[4]	355,315	-

[1] Including related party interests.
[2] Appointed to NED on 29 March 2011.
[3] Appointed to ELT on 1 November 2010.
[4] Appointed to ELT on 1 December 2010.

5.7 Managing Director and Chief Executive Officer – Outline of Employment Contract

Paul O'Malley was appointed to the position of Managing Director and Chief Executive Officer effective from 1 November 2007.

Mr O'Malley's current annual base pay is $1,750,000. He received a 4% increase from 1 September 2010. Prior to this his base salary had not changed since 1 September 2008.

Remuneration is reviewed annually in accordance with the Board's senior executive salary review policy. In addition, Mr O'Malley is eligible to participate in the Short Term Incentive Plan and, subject to shareholder approval, Long Term Incentive Plan awards.

In a year where financial performance was adversely affected by the economic downturn, the Managing Director and Chief Executive Officer received no payment for financial outcomes. His strong leadership during the year ended 30 June 2011 in delivering a pragmatic solution to the carbon tax for the Company, establishing Global Pre-Engineered Buildings (PEB) business, maintaining the cost reductions achieved in year ended 30 June 2010, achieving a strong contribution from the Asian business and driving the initiatives to restructure the Australian business has resulted in an STI bonus of $720,865 which is 35% of his maximum total bonus available.

Upon appointment Mr O'Malley was provided with 50,000 BlueScope Steel Limited shares (purchased on-market) to be held subject to certain restrictions. Some or all of these shares will be forfeited by Mr O'Malley if his employment with BlueScope Steel is terminated within the restriction period specified, other than as a result of fundamental change in his employment terms.

The employment of Mr O'Malley may be terminated in the following circumstances:

- **by notice**: on six months' notice by either party. If BlueScope Steel terminates Mr O'Malley's employment by notice, it may provide payment in lieu of notice and must make an additional payment of 12 months' annual base pay.
- **with cause**: immediate termination by BlueScope Steel if, among other things, Mr O'Malley wilfully breaches his Service Contract, is convicted of various offences for which he can be imprisoned or is disqualified from managing a corporation, or engages in conduct which is likely to adversely impact the reputation of BlueScope Steel. In this circumstance, Mr O'Malley will be entitled to his annual base pay up to the date of termination.
- **illness or disablement**: BlueScope Steel may terminate Mr O'Malley's employment if he becomes incapacitated by physical or mental illness, accident or any other circumstances beyond his control for an accumulated period of six months in any 12-month period and, in this circumstance, will make payment of six months' notice based on annual base pay.
- **fundamental change**: Mr O'Malley may resign if a fundamental change in his employment terms occurs and within three months of the fundamental change Mr O'Malley gives notice to BlueScope Steel. In this event, the Company will provide Mr O'Malley with six months' notice, or a payment in lieu of that notice, and a termination payment of 12 months' annual base pay.

The rules governing the Company's Long Term Incentive Plan and Short Term Incentive Plan will apply to his LTIP and STI awards on termination of his employment. These rules which provide that STI and LTIP awards will be forfeited if Mr O'Malley's employment is terminated for cause. Provision has also been made for early vesting (subject to satisfying performance testing requirements) of LTIP awards on a change of control.

Mr O'Malley is subject to a 12-month non-compete restriction after his employment ceases with BlueScope Steel. Mr O'Malley cannot solicit or entice away from BlueScope Steel any supplier, customer or employee or participate in a business that competes with BlueScope Steel during the 12-month period.

5.8 Other Key Management Personnel - Executives

Remuneration and other terms of employment for the disclosed Key Management Personnel are formalised in employment contracts that can be terminated with notice. Each of these agreements provide for an annual review of annual base pay, provision of performance-related cash bonuses, other benefits, including annual health assessment, and participation, when eligible, in the Long Term Incentive Plan. The contracts provide for notice of six months for resignation by the executive or termination by the Company. In the event of termination by the Company other than for cause, a termination payment of 12 months' pay applies.

Agreements are also in place for Key Management Personnel detailing the approach the Company will take with respect to payment of their termination payments and with respect to exercising its discretion on the vesting of share rights in the event of a 'Change of Control' of the organisation.

ENVIRONMENTAL REGULATION

BlueScope Steel's Australian manufacturing operations are subject to significant environmental regulation. Throughout its Australian operations, the Company notified relevant authorities of 30 incidents resulting in statutory non-compliances with environmental licensing requirements during the financial year. During the period there were no serious environmental incidents. In September 2010 BlueScope Steel received a fine of $1,500 from an incident in May 2010 pertaining to localised dust emissions caused by vehicle movement in the recycling area of Port Kembla Steelworks. The NSW regulator has also indicated that BlueScope Steel will receive a fine of $1500 for an incident in May 2011 which resulted in process water being discharged into a drain and then to Port Kembla Harbour, with exceedances of concentration limits for ammonia.

BlueScope Steel reports on an annual basis to the National Pollutant Inventory and, under the National Greenhouse and Energy Reporting scheme, on its greenhouse gas emissions and energy consumption and production. BlueScope Steel also assesses and reports publicly upon its energy efficiency opportunities at the Commonwealth level and prepares and monitors progress on water and energy savings plans required under state legislation.

Each year BlueScope Steel publishes a Community Safety and Environment Report which is available on our website. The report provides further details of the Company's environmental performance and initiatives.

INDEMNIFICATION AND INSURANCE OF OFFICERS

BlueScope Steel has entered into directors' and officers' insurance policies and paid an insurance premium in respect of the insurance policies, to the extent permitted by the *Corporations Act 2001*. The insurance policies cover former Directors of BlueScope Steel along with the current Directors of BlueScope Steel (listed on page 2). Executive officers and employees of BlueScope Steel and its related bodies corporate are also covered.

In accordance with Rule 21 of its Constitution, BlueScope Steel to the maximum extent permitted by law:

- must indemnify any current or former Director or Secretary; and
- may indemnify current or former executive officers,

of BlueScope Steel or any of its subsidiaries, against all liabilities (and certain legal costs) incurred in those capacities to a person, including a liability incurred as a result of appointment or nomination by BlueScope Steel or its subsidiaries as a trustee or as a director, officer or employee of another corporation.

The current Directors of BlueScope Steel have each entered into an Access, Insurance and Indemnity Deed with BlueScope Steel. The Deed addresses the matters set out in Rule 21 of the Constitution and includes, among other things, provisions requiring BlueScope Steel to indemnify a Director to the extent to which they are not already indemnified as permitted under law, and to use its best endeavours to maintain an insurance policy covering a Director while they are in office and seven years after ceasing to be a Director.

The Directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of the directors' and officers' liability insurance contract, as (in accordance with normal commercial practice) such disclosure is prohibited under the terms of the contract.

PROCEEDINGS ON BEHALF OF BLUESCOPE STEEL

As at the date of this report, there are no leave applications or proceedings brought on behalf of BlueScope Steel under section 237 of the *Corporations Act 2001*.

ROUNDING OF AMOUNTS

BlueScope Steel is a company of a kind referred to in Class Order 98/0100, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the Directors' Report. Amounts in the Directors' Report have been rounded off in accordance with that Class Order to the nearest hundred thousand dollars, or in certain cases, the nearest thousand or the nearest dollar.

AUDITOR

Ernst & Young was appointed as auditor for BlueScope Steel at the 2002 Annual General Meeting.

AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES

The Auditor's Independence Declaration for the year ended 30 June 2011 has been received from Ernst & Young. This is set out at page 37 of the Directors' Report. Ernst & Young provided the following non-audit services during the year ended 30 June 2011:

Audit related assurance services

- $742,111 acquisition related investigating accountant's assurance.

Other services

- $236,482 taxation compliance services; and
- $160,004 other advisory services.

The Directors are satisfied that the provision of these non-audit services is compatible with the general standard of independence for auditors in accordance with the *Corporations Act 2001*. The nature, value and scope of each type of non-audit service provided is considered by the Directors not to have compromised auditor independence.

This report is made in accordance with a resolution of the Directors.

G J KRAEHE AO
Chairman

Paul O'Malley

P F O'MALLEY
Managing Director and Chief Executive Officer

Melbourne

20 August 2011

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Auditor's Independence Declaration to the Directors of BlueScope Steel Limited

In relation to our audit of the financial report of BlueScope Steel Limited for the financial year ended 30 June 2011, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

Ernst & Young

B R Meehan
Partner
20 August 2011

CORPORATE GOVERNANCE STATEMENT

Introduction
As a global organisation with businesses operating in many countries, the BlueScope Steel Group must comply with a range of legal, regulatory and governance requirements.

The Board places great importance on the proper governance of the Group.

The Board operates in accordance with a set of corporate governance principles that take into account relevant best practice recommendations. These include the Corporate Governance Principles and Recommendations of the ASX Corporate Governance Council (2nd edition) (ASX Principles and Recommendations).

The Company complies with each of the recommendations in the ASX Principles and Recommendations. A summary of BlueScope Steel's compliance with the recommendations follows, including details of specific disclosures required by a recommendation.

Further information on the Company's corporate governance policies and practices can be found on the Company's website.

Principle 1 – Lay solid foundations for management and oversight
The Board has adopted a Charter which sets out, among other things, its specific powers and responsibilities and the matters delegated to the Managing Director and Chief Executive Officer and those specifically reserved for the Board.

A statement of the matters reserved for the Board and the areas of delegated authority to senior management is available on the Company's website.

As part of the Board's oversight of senior management, all Company executives are subject to annual performance review and goal planning. This involves evaluation of the executives by their immediate superior. Each executive is assessed against a range of criteria, including achievement of financial, safety, business excellence and strategic goals, and adherence to the Company's values as expressed in 'Our Bond'. All senior executives participated in a performance evaluation on this basis during the year ended 30 June 2011.

Principle 2 – Structure the Board to add value
The Board is structured to bring to its deliberations a range of commercial, operational, financial, legal and international experience relevant to the Company's global operations.

Pages 7 to 8 set out the qualifications, expertise and experience of each Director in office at the date of this Directors' Report, and their period of office.

The Board considers all of its Non-Executive Directors to be independent. In making this assessment, the Board considers whether the Director is free of any business or other relationship that could, or could reasonably be perceived to, materially interfere with the exercise by the Director of an independent judgement in the interests of the Company as a whole.

In determining whether a relationship between the Company and a Director is material and would compromise the Director's independence, the Board has regard to all the circumstances of the relationship including, where relevant:

- the proportion of the relevant class of expenses or revenues that the relationship represents to both the Company and the Director; and
- the value and strategic importance to the Company's business of the goods or services purchased or supplied by the Company.

Further details regarding the circumstances considered by the Board in making assessments of independence are contained on the Company's website under 'Directors Independence Policy'

The Board seeks to achieve a Board composition with a balance of diverse attributes relevant to the Company's operations and markets including skill sets, background, gender, geography, and industry experience.

The Company is currently undergoing a process of Board renewal. The Nomination Committee has identified the keys skills and experience desirable on the Board as including financial / risk management, legal/governance, people management and operations management expertise; experience in the building and construction and steel or other heavy manufacturing industries; strategic and M&A/transactional experience; and experience with customers. The Board also strives for both gender and geographic diversity within these skill sets. Based on the assessment by the Nomination Committee of the particular skill profile for new appointees, a sub-committee is appointed to engage a search firm to assist in identifying appropriate candidates for consideration by the Board from a broad pool of possible candidates. Most recently, this process has resulted in the appointment of Ms Penny Bingham-Hall.

The Board (and Board Committees and individual Directors) may obtain independent professional advice, at the Company's cost, in carrying out their responsibilities. Independent advice can be obtained without the involvement of the Company's management, where the Board or the Director considers it appropriate to do so. Procedures have been adopted by the Board setting out the practical steps by which independent advice may be obtained.

All Non-Executive Directors are members of the Nomination Committee. Their attendance at meetings of the Committee are set out on page 9.

The Board reviews its effectiveness and the performance of each Director regularly.

The Board completed an internal review of its effectiveness in August 2011 involving distribution of a questionnaire to Directors and senior management. Confidential responses were collated by the Company's auditors and discussed by the Board. The review concluded that the Board is functioning well with an appropriate mix of skills and experience and that an effective working relationship exists among Board members and between Board and management.

In addition, each Committee reviews its performance and effectiveness periodically through a confidential questionnaire completed by members of the Committee and relevant management attendees. The results of these reviews are discussed by the Committee. Each Board Committee has conducted a review on this basis in the last 12 months. A formal review of the performance of individual Directors takes place periodically, involving completion of an evaluation questionnaire by other Board members, the results of which are collated and discussed by the Chairman with the director concerned (or the Deputy Chairman in the case of the review of the Chairman) and with the Board as a whole. In addition, the performance of the Chairman and other Directors are reviewed regularly through other informal mechanisms such as meeting critiques, discussions between Directors and the Chairman, and as part of Board and Committee evaluations.

The Nomination Committee has reviewed the performance of Directors seeking election in 2011 and endorses their candidature.

Principle 3 – Promote ethical and responsible decision making
BlueScope is committed to building a diverse workforce and considers that diversity (including gender diversity) will strengthen BlueScope's capability to meet its objectives. A range of programs and initiatives are in place to promote diversity including the establishment of a global Diversity Council, diversity action plans focused on recruitment, development and retention, flexible working arrangements, paid parental leave, women's networking groups, mentoring and leadership development programs and diversity awareness training. BlueScope's Diversity Policy is available on the Company's website.

The Company has a set of values known as 'Our Bond' and a 'Guide to Business Conduct', which provides an ethical and legal framework for all employees. The Guide defines how the BlueScope Steel Group relates to its customers, employees, shareholders and the community. Information relating to the Guide and 'Our Bond' is available on the Company's website.

In addition, the Board has established a Securities Trading Policy which governs dealing in the Company's shares and derivative securities. A copy of the policy has been lodged with ASX and is available on the Company's website.

Principle 4 – Safeguard integrity in financial reporting
The Board has established an Audit and Risk Committee which assists the Board in the effective discharge of its responsibilities for financial reporting, internal controls, risk management, internal and external audit, and insurance (with the exception of directors' and officers' liability insurance). The Committee's Charter is set out in full on the Company's website.

Separate discussions are held with the external and internal auditors without management present.

The composition and structure of the Audit and Risk Committee complies with the requirements of the ASX Principles and Recommendations.

The names of the members of the Audit and Risk Committee and their attendance at meetings of the Committee are set out on page 9 of this Directors' Report. The qualifications of the members are set out on pages 7 to 8.

Principle 5 – Make timely and balanced disclosure
The Company is subject to continuous disclosure obligations under the ASX Listing Rules and Australian corporations legislation. Subject to limited exceptions, the Company must immediately notify the market, through ASX, of any information that a reasonable person would expect to have a material effect on the price or value of its securities. As part of its continuous disclosure responsibilities, the Company has established market disclosure protocols to promote compliance with these requirements and to clarify accountability at a senior executive level for that compliance.

A summary of the Company's Continuous Disclosure Policy is included on the Company's website.

Principle 6 – Respect the rights of shareholders
Respecting the rights of shareholders is of fundamental importance to the Company and a key element of this is how we communicate with our shareholders. In this regard, the Company recognises that shareholders must receive high-quality relevant information in a timely manner in order to be able to properly and effectively exercise their rights as shareholders. The Company's communications policy is summarised on the Company's website.

Principle 7 – Recognise and manage risk
The Board has required management to design and implement a risk management and internal control system to manage the Company's material business risks and management has reported that those risks are being managed effectively.

For the annual and half-year accounts released publicly, the Board has received assurance from the Managing Director and Chief Executive Officer and the Chief Financial Officer that, in their opinion:

- the financial records of the Group have been properly maintained;
- the financial statements and notes required by accounting standards for external reporting:
  - (i) give a true and fair view of the financial position and performance of the Company and the consolidated BlueScope Steel Group; and
  - (ii) comply with the accounting standards (and any further requirements in the Corporations Regulations) and applicable ASIC Class Orders; and

- the above representations are based on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

Information relating to the Company's policies on risk oversight and management of material business risks is available on the Company's website.

Principle 8 – Remunerate fairly and responsibly
The Remuneration Report (on pages 11 to 34) sets out details of the Company's policy and practices for remunerating Directors, key management personnel and senior executives.

The names of the members of the Remuneration and Organisation Committee and their attendance at meetings of the Committee are set out on page 9.

Information relating to:

- the role, rights, responsibilities and membership requirements for the Remuneration and Organisation Committee; and
- the Company's Securities Trading Policy, which prohibits entering into transactions in associated products that limit the economic risk of participating in unvested entitlements under any equity-based remuneration schemes,

is also available on the Company's website.

Other than superannuation, there are no schemes for retirement benefits for Non-Executive Directors.

All information referred to in this Corporate Governance Statement as being on the Company's website is included under the 'Responsibilities/Corporate Governance' section of the website.

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CONCISE FINANCIAL REPORT

BlueScope Steel Limited ABN 16 000 011 058
Concise Financial Report - 30 June 2011

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BlueScope Steel Limited
Statement of comprehensive income
For the year ended 30 June 2011

	Notes	Consolidated 2011 $M	Consolidated 2010 $M
Revenue from continuing operations	5	9,153.1	8,623.1
Other income		0.8	11.4
Changes in inventories of finished goods and work in progress		222.9	100.5
Raw materials and consumables used		(5,877.7)	(4,963.2)
Employee benefits expense		(1,517.3)	(1,526.0)
Depreciation and amortisation expense		(365.6)	(349.8)
Impairment of non-current assets	6	(925.9)	(0.1)
Freight on external despatches		(595.1)	(544.5)
External services		(939.0)	(917.3)
Finance costs		(105.7)	(112.1)
Other expenses		(276.9)	(254.6)
Share of net profits (losses) of associates and joint venture partnerships accounted for using the equity method		73.3	62.9
Profit (loss) before income tax		(1,143.1)	130.3
Income tax (expense) benefit		101.5	3.5
Profit (loss) from continuing operations		(1,041.6)	133.8
Profit from discontinued operations after income tax	7	1.2	5.7
Net profit (loss) for the year		(1,040.4)	139.5
Other comprehensive income			
Gain (loss) on cash flow hedges taken to equity		(0.6)	(0.5)
(Gain) loss on cash flow hedges transferred to inventory		1.1	-
Net gain (loss) on hedges of subsidiaries		(13.0)	(11.1)
Exchange differences on translation of foreign operations		(218.8)	(17.5)
Actuarial gain (loss) on defined benefit superannuation plans		(4.9)	(33.0)
Income tax (expense) benefit on items of other comprehensive income		3.4	14.7
Other comprehensive income for the year		(232.8)	(47.4)
Total comprehensive income for the year		(1,273.2)	92.1
Profit (loss) is attributable to:			
Owners of BlueScope Steel Limited		(1,054.2)	126.0
Non-controlling interests		13.8	13.5
		(1,040.4)	139.5
Total comprehensive income is attributable to:			
Owners of BlueScope Steel Limited		(1,272.1)	77.7
Non-controlling interests		(1.1)	14.4
		(1,273.2)	92.1
		Cents	Cents
Earnings per share for profit (loss) from continuing operations attributable to the ordinary equity holders of the Company			
Basic earnings per share	11	(57.5)	6.6
Diluted earnings per share	11	(57.5)	6.6
		Cents	Cents
Earnings per share for profit (loss) attributable to the ordinary equity holders of the Company			
Basic earnings per share	11	(57.4)	6.9
Diluted earnings per share	11	(57.4)	6.9

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

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BlueScope Steel Limited
Statement of financial position
As at 30 June 2011

	Consolidated 2011 $M	2010 $M
ASSETS		
Current assets		
Cash and cash equivalents	172.2	251.4
Receivables	1,026.8	1,169.5
Inventories	1,947.4	1,762.5
Intangible assets	18.2	-
Other	57.5	66.9
	3,222.1	3,250.3
Non-current assets classified as held for sale	-	14.9
Total current assets	3,222.1	3,265.2
Non-current assets		
Receivables	22.7	29.1
Inventories	81.4	66.8
Investments accounted for using the equity method	142.0	248.4
Property, plant and equipment	3,500.6	4,258.3
Deferred tax assets	160.8	84.9
Intangible assets	660.7	1,041.1
Other	2.7	3.8
Total non-current assets	4,570.9	5,732.4
Total assets	7,793.0	8,997.6
LIABILITIES		
Current liabilities		
Payables	1,156.6	1,111.6
Borrowings	165.7	140.9
Current tax liabilities	23.1	7.4
Provisions	399.3	408.8
Deferred income	133.5	132.1
Derivative financial instruments	-	0.5
Total current liabilities	1,878.2	1,801.3
Non-current liabilities		
Payables	6.9	8.5
Borrowings	1,074.2	853.0
Deferred tax liabilities	69.1	134.3
Provisions	193.5	210.2
Retirement benefit obligations	170.7	230.1
Deferred income	4.3	4.5
Total non-current liabilities	1,518.7	1,440.6
Total liabilities	3,396.9	3,241.9
Net assets	4,396.1	5,755.7
EQUITY		
Contributed equity	4,073.8	4,032.4
Reserves	(324.8)	(118.4)
Retained profits	559.8	1,747.3
Parent entity interest	4,308.8	5,661.3
Non-controlling interest	87.3	94.4
Total equity	4,396.1	5,755.7

The above statement of financial position should be read in conjunction with the accompanying notes.

BlueScope Steel Limited
Statement of changes in equity
For the year ended 30 June 2011

Consolidated - 30 June 2011	Contributed equity $M	Reserves $M	Retained earnings $M	Non-controlling interest $M	Total $M
Balance at 1 July 2010	**4,032.4**	**(118.4)**	**1,747.3**	**94.4**	**5,755.7**
Profit (loss) for the period	-	-	(1,054.2)	13.8	(1,040.4)
Other comprehensive income	-	(212.6)	(5.3)	(14.9)	(232.8)
Total comprehensive income for the year	**-**	**(212.6)**	**(1,059.5)**	**(1.1)**	**(1,273.2)**
Transactions with owners in their capacity as owners:					
Shares issued					
-Dividend Reinvestment Plan	41.3	-	-	-	41.3
- transaction costs on share issues	(0.3)	-	-	-	(0.3)
- General Employee Share Plan	0.3	(0.3)	-	-	-
- exercise of share rights	-	-	-	-	-
Share-based payment expense	-	6.6	-	-	6.6
Dividends declared	-	-	(128.0)	(6.0)	(134.0)
Tax credits recognised directly in equity	0.1	-	-	-	0.1
Other	-	(0.1)	-	-	(0.1)
	41.4	6.2	(128.0)	(6.0)	(86.4)
Balance at 30 June 2011	**4,073.8**	**(324.8)**	**559.8**	**87.3**	**4,396.1**

Consolidated - 30 June 2010	Contributed equity $M	Reserves $M	Retained earnings $M	Non-controlling interest $M	Total equity $M
Balance at 1 July 2009	**4,032.6**	**(104.8)**	**1,651.7**	**83.8**	**5,663.3**
Profit (loss) for the period	-	-	126.0	13.5	139.5
Other comprehensive income	-	(26.5)	(21.8)	0.9	(47.4)
Total comprehensive income for the year	**-**	**(26.5)**	**104.2**	**14.4**	**92.1**
Transactions with owners in their capacity as owners:					
Shares issued					
- transaction costs on share issues	(0.9)	-	-	-	(0.9)
- General Employee Share Plan	0.2	(0.4)	-	-	(0.2)
- exercise of share rights	-	-	-	-	-
Share-based payment expense	-	4.7	-	-	4.7
Dividends declared	-	-	-	(3.8)	(3.8)
Tax credits recognised directly in equity	0.5	-	-	-	0.5
Transfer to undistributable profits reserve	-	8.6	(8.6)	-	-
	(0.2)	12.9	(8.6)	(3.8)	0.3
Balance at 30 June 2010	**4,032.4**	**(118.4)**	**1,747.3**	**94.4**	**5,755.7**

The above statement of changes in equity should be read in conjunction with the accompanying notes.

BlueScope Steel Limited
Statement of cash flows
For the year ended 30 June 2011

	Notes	Consolidated 2011 $M	2010 $M
Cash flows from operating activities			
Receipts from customers		9,616.9	8,873.4
Payments to suppliers and employees		(9,630.1)	(8,503.8)
		(13.2)	369.6
Associate dividends received		3.3	6.5
Joint venture partnership distributions received		131.9	64.4
Interest received		7.2	9.5
Other revenue		19.9	21.8
Finance costs paid		(115.3)	(102.1)
Income taxes (paid) received		(12.5)	7.2
Net cash (outflow) inflow from operating activities		21.3	376.9
Cash flows from investing activities			
Payments for property, plant and equipment		(380.2)	(365.3)
Payments for intangibles		(14.8)	(8.0)
Payments for investment in joint venture partnership		(1.7)	(1.3)
Payments for investment in business assets		(0.4)	(0.4)
Proceeds from sale of property, plant and equipment		31.9	43.4
Repayment of loans by related parties		5.7	5.0
Net cash (outflow) inflow from investing activities		(359.5)	(326.6)
Cash flows from financing activities			
Capital share raising costs		(0.3)	(0.9)
Proceeds from borrowings		9,347.5	2,157.1
Repayment of borrowings		(8,981.5)	(2,312.3)
Dividends paid to Company's shareholders	8(d)	(86.7)	-
Dividends paid to minority interests in subsidiaries		(6.0)	(3.7)
Net cash inflow (outflow) from financing activities		273.0	(159.8)
Net increase (decrease) in cash and cash equivalents		(65.2)	(109.5)
Cash and cash equivalents at the beginning of the financial year		249.3	363.8
Effects of exchange rate changes on cash and cash equivalents		(12.9)	(5.0)
Cash and cash equivalents at end of financial year		171.2	249.3
Non-cash investing and financing activities	10		

The above statement of cash flows should be read in conjunction with the accompanying notes.

Contents of the notes to the consolidated financial statements

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1 Basis of preparation of the concise financial report

The concise financial report relates to the consolidated entity consisting of BlueScope Steel Limited and the entities it controlled at the end of or during the year end 30 June 2011. The accounting policies adopted have been consistently applied to all years presented.

The full financial report on which this concise financial report is based complies with the Australian Accounting Standards issued by the Australian Accounting Standards Board (AASB) and the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB). This concise financial report has been prepared in accordance with the *Corporations Act 2011* and Accounting Standard 1039 *Concise Financial Reports.*

The concise financial report is an extract from the full financial report for the year ended 30 June 2011. The concise financial report cannot be expected to provide as full understanding of the financial performance, financial position and financing and investing activities as the full financial report. Further financial information can be obtained from the full financial report.

Presentation currency

The presentation currency used in this concise financial report is Australian dollars.

Rounding of amounts

The Company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with that Class Order to the nearest hundred thousand dollars.

2 Corporate information

The financial report of BlueScope Steel Limited for the year ended 30 June 2011 was authorised for issue in accordance with a resolution of the directors on 20 August 2011.

BlueScope Steel Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange. The registered office of the Company is Level 11, 120 Collins Street, Melbourne, Victoria, Australia 3000.

The nature of the operations and principal activities of the Group are described in note 4 and the directors' report.

3 Full financial report

Further financial information can be obtained from the full financial report which is available from the Company, free of charge, on request. A copy may be requested by contacting the Company's share registrar whose details appear in the Corporate Directory. Alternatively, both the full financial report and the concise financial report can be accessed via the internet at www.bluescopesteel.com.

4 Segment information

(a) Description of segments

The Group has six reportable operating segments: Coated & Industrial Products Australia, Australia Distribution & Solutions, New Zealand & Pacific Steel Products, Coated & Building Products Asia, Hot Rolled Products North America, and Coated & Building Products North America.

Coated & Industrial Products Australia
Coated & Industrial Products Australia includes the Port Kembla Steelworks, a steel making operation with an annual production capacity of approximately 5.2 million tonnes of crude steel. The Port Kembla Steelworks is the leading supplier of flat steel in Australia, manufacturing slab, hot rolled coil and plate products. The segment also comprises two main metallic coating and painting facilities located in Springhill, New South Wales and Western Port, Victoria together with steel painting facilities in western Sydney and Acacia Ridge, Queensland. Steel from the Port Kembla Steelworks is processed by these facilities to produce a range of COLORBOND® pre-painted steel and ZINCALUME® zinc/aluminium branded products. Export offices are also incorporated within this segment to trade steel manufactured at these facilities on global markets.

4 Segment information (continued)

Australia Distribution & Solutions
Australia Distribution & Solutions contains a network of service centres and distribution sites from which it forms a key supplier to the Australian building and construction industry, automotive sector, major white goods manufacturers and general manufacturers. The operating segment also holds the Lysaght steel solutions business, providing a range of LYSAGHT® branded products to the building and construction sector and BlueScope's water business containing rain-storage tank solutions.

New Zealand & Pacific Steel Products
The New Zealand Steel operation at Glenbrook, New Zealand, produces a full range of flat steel products for both domestic and export markets. It has an annual production capacity of approximately 0.6 million tonnes. The segment also includes facilities in New Caledonia, Fiji and Vanuatu, which manufacture and distribute the LYSAGHT® range of products.

Coated & Building Products Asia
Coated & Building Products Asia manufactures and distributes a range of metallic coated, painted steel products and pre-engineered steel building systems primarily to the building and construction industry and to some sections of the manufacturing industry across Asia.

Hot Rolled Products North America
Hot Rolled Products North America includes a 50% interest in the North Star BlueScope Steel joint venture, a steel mini mill in the United States and a 47.5% shareholding in Castrip LLC.

Coated & Building Products North America
Coated & Building Products North America includes the North American Buildings Group, which designs, manufactures and markets pre-engineered steel buildings and component systems; Steelscape, producer of metal coated and painted steel coils; Metl-Span, manufacturer of insulated steel panels for commercial, industrial and cold-storage buildings; and ASC Profiles, manufacturer of building components including architectural roof and wall systems and structural roof and decking.

Geographical information
The Group's geographical regions are determined based on the location of markets and customers. The Group operates in four main geographical regions being Australia, New Zealand, Asia and North America.

4 Segment information (continued)

(b) Reportable segments

The segment information provided to the Managing Director and Chief Executive Officer for operating segments for the year ended 30 June 2011 is as follows:

30 June 2011	Coated & Industrial Products Australia $M	Australia Distribution & Solutions $M	New Zealand & Pacific Steel Products $M	Coated & Building Products Asia $M	Hot Rolled Products North America $M	Coated & Building Products North America $M	Discontinued Operations $M	Total $M
Total segment sales revenue	5,193.0	1,675.4	672.1	1,486.8	-	1,312.2	-	10,339.5
Intersegment revenue	(1,084.2)	(3.5)	(122.8)	(6.2)	-	(10.4)	-	(1,227.1)
Revenue from external customers	4,108.8	1,671.9	549.3	1,480.6	-	1,301.8	-	9,112.4
Segment EBIT	(1,062.5)	(217.9)	82.5	176.6	72.3	(35.6)	1.8	(983.8)
Depreciation and amortisation	201.9	31.1	39.3	42.3	-	39.3	-	353.9
Impairment (write-back) of non-current assets	797.3	179.1	-	(67.8)	1.7	15.6	(1.0)	924.9
Share of profit (loss) from associates and joint venture partnerships	-	-	2.9	(4.1)	74.3	0.2	-	73.3
Total segment assets	3,837.5	1,000.2	623.0	1,132.2	82.3	940.7	0.2	7,616.1
Total assets includes:								
Investments in associates and joint venture partnerships	-	2.9	8.0	49.2	81.0	0.9	-	142.0
Additions to non-current assets (other than financial assets and deferred tax)	253.0	36.1	85.1	60.4	-	19.8	-	454.4
Total segment liabilities	1,083.3	311.2	217.5	318.1	-	251.2	10.8	2,192.1

30 June 2010	Coated & Industrial Products Australia $M	Australia Distribution & Solutions $M	New Zealand & Pacific Steel Products $M	Coated & Building Products Asia $M	Hot Rolled Products North America $M	Coated & Building Products North America $M	Discontinued Operations $M	Total $M
Total segment sales revenue	4,744.5	1,761.6	618.1	1,348.6	-	1,306.8	0.7	9,780.3
Intersegment revenue	(1,072.5)	(3.0)	(89.6)	(8.9)	-	(8.3)	-	(1,182.3)
Revenue from external customers	3,672.0	1,758.6	528.5	1,339.7	-	1,298.5	0.7	8,598.0
Segment EBIT	84.3	11.9	72.9	115.6	60.7	(21.3)	7.0	331.1
Depreciation and amortisation	197.2	30.7	34.1	41.4	-	44.9	-	348.3
Impairment (write-back) of non-current assets	-	(0.2)	(1.0)	-	1.3	-	-	0.1
Share of profit (loss) from associates and joint venture partnerships	-	0.1	3.0	(3.2)	62.5	0.5	-	62.9
Total segment assets	4,423.4	1,241.9	607.4	1,220.2	172.3	1,183.4	0.3	8,848.9
Total assets includes:								
Investments in associates and joint venture partnerships	-	3.0	6.7	64.6	171.0	3.1	-	248.4
Additions to non-current assets (other than financial assets and deferred tax)	228.2	23.2	37.3	48.0	-	25.0	-	361.7
Total segment liabilities	959.0	360.4	209.2	321.0	-	377.3	13.2	2,240.1

4 Segment information (continued)

(c) Geographical information

	Segment revenues from sales to external customers		Non-current assets	
	2011	2010	2011	2010
	$M	$M	$M	$M
Australia	4,006.7	4,515.3	2,664.3	3,601.8
New Zealand	336.0	331.1	372.9	324.6
Asia	2,482.9	1,858.7	641.7	688.8
North America	1,525.5	1,431.6	727.1	1,027.7
Other	761.3	461.3	4.1	4.6
	9,112.4	8,598.0	4,410.1	5,647.5

Segment revenues are allocated based on the country in which the customer is located.

Segment non-current assets exclude deferred tax assets and are allocated based on where the assets are located.

(d) Other segment information

(i) Segment revenue
Sales between segments are carried out at arm's length and are eliminated on consolidation. The revenue from external parties is measured in a manner consistent with that in the statement of comprehensive income.

Segment revenue reconciles to total revenue from continuing operations as follows:

	Consolidated	
	2011	2010
	$M	$M
Total segment revenue	10,339.5	9,780.3
Intersegment eliminations	(1,227.1)	(1,182.3)
Revenue attributable to discontinued operations	-	(0.7)
Other revenue	40.7	25.8
Total revenue from continuing operations	9,153.1	8,623.1

(ii) Segment EBIT

Performance of the operating segments is based on EBIT. This measurement basis excludes the effects of interest and taxes. Interest income and expense are not allocated to segments, as this type of activity is driven by the central treasury function, which manages the cash position of the Group.

A reconciliation of total segment EBIT to operating profit before income tax is provided as follows:

	Consolidated	
	2011	2010
	$M	$M
Total segment EBIT	(983.8)	331.1
Intersegment eliminations	15.7	(19.8)
Interest income	7.1	9.4
Finance costs	(105.7)	(112.1)
EBIT (gain) loss attributable to discontinued operations	(1.8)	(7.0)
Corporate operations	(74.6)	(71.3)
Profit (loss) before income tax from continuing operations	(1,143.1)	130.3

4 Segment information (continued)

(iii) Segment assets

Segment assets are measured in a manner consistent with that of the financial statements. These assets are allocated based on the operations of the segment and the physical location of the asset.

Cash is not considered to be a segment asset as it is managed by the Group's centralised treasury function.

As the segment information is focused on EBIT, deferred tax assets, which by their nature do not contribute towards EBIT, are not allocated to operating segments.

Reportable segment assets are reconciled to total assets as follows:

	Consolidated 2011 $M	Consolidated 2010 $M
Segment assets	**7,616.1**	8,848.9
Intersegment eliminations	**(186.0)**	(220.4)
Unallocated:		
Deferred tax assets	**160.8**	84.9
Cash	**172.2**	251.4
Corporate operations	**29.9**	32.8
Total assets as per the statement of financial position	**7,793.0**	8,997.6

(iv) Segment liabilities

Segment liabilities are measured in a manner consistent with that of the financial statements. These liabilities are allocated based on the operations of the segment.

Liabilities arising from borrowing and funding initiatives are not considered to be segment liabilities due to these being managed by the Group's centralised treasury function. As the segment information is focused on EBIT, tax liabilities, which by their nature do not impact EBIT, are not allocated to operating segments.

Reportable segment liabilities are reconciled to total liabilities as follows:

	Consolidated 2011 $M	Consolidated 2010 $M
Segment liabilities	**2,192.1**	2,240.1
Intersegment eliminations	**(173.7)**	(192.5)
Unallocated:		
Current borrowings	**165.7**	140.9
Non-current borrowings	**1,074.2**	853.0
Current tax liabilities	**23.1**	7.4
Deferred tax liabilities	**69.1**	134.3
Accrued borrowing costs payable	**11.0**	16.9
Corporate operations	**35.4**	41.8
Total liabilities as per the statement of financial position	**3,396.9**	3,241.9

5 Revenue

	Consolidated	
	2011	2010
	$M	$M
Revenue from operating activities		
Sales revenue		
Sale of goods	**9,090.4**	8,575.6
Services	**22.0**	21.7
Total sales revenue	**9,112.4**	8,597.3
Other revenue		
Interest external	**5.9**	7.6
Interest related parties	**1.2**	1.8
Royalties external	**1.6**	1.6
Rental external	**5.3**	6.8
Carbon permit (government grant)	**19.0**	-
Other	**7.7**	8.0
Total other revenue	**40.7**	25.8
Total revenue from ordinary activities	**9,153.1**	8,623.1
From discontinued operations		
Sales revenue	**-**	0.7
Total revenue from discontinuing operations	**-**	0.7

6 Impairment of non-current assets for continuing operations

	Consolidated 2011 $M	Consolidated 2010 $M
Coated & Industrial Products Australia PP&E (i)	728.7	-
CGU Goodwill (ii)	261.4	-
BlueScope Water (iii)	1.9	0.1
Castrip joint venture	1.7	1.3
Reversal of impairment loss (iv)	(67.8)	(1.3)
	925.9	0.1

The Group tests for impairment and measures recoverable amount based on value in use based on the discounted future cash flows derived from continued use of assets. Refer to note 22(b) of the full financial report for the testing methodology and details of assumptions, including discount rates used. Impairment losses are included in the line item 'impairment of non current assets' in the profit or loss.

(i) Coated and Industrial Products Australia (CIPA)
At 30 June 2011, a total of $728.7M of property, plant and equipment impairments were recorded against CIPA assets due to economic factors including the strength of the AUD:USD, low spread (selling price less raw material cost) and low domestic demand.

A deferred tax asset of $218.6M has not been recognised on the $728.7M write down of CIPA property, plant and equipment due to the existence of significant tax losses in the Australian tax consolidated Group.

(ii) Goodwill impairment charges
At 30 June 2011, a total of $184.4M of goodwill impairments were recognised. The goodwill impairments were recorded against Coated and Industrial Products ($68.6M) due to economic factors including the strength of the AUD:USD, low spread (selling price less raw material cost) and low domestic demand, BlueScope Distribution ($100.2M) due to the strength of the AUD:USD which improved the affordability of imports resulting in margin compression and Steelscape ($15.6M) due to to a reduction in forecast margins.

At 31 December 2010, the Australia Distribution & Solutions segment impaired $77.0M of goodwill in relation to its Distribution business acquired from Smorgon Steel in August 2007. The impairment was due to a revised medium term outlook influenced by reduced market demand and increased import competition driving margins lower.

(iii) BlueScope Water
The BlueScope Water business, included in the Australia Distribution & Solutions segment, impaired $1.8M of property, plant and equipment and $0.1M in other intangible due to restructuring of the business.

(iv) Impairment Reversals

China coating line
The Coated & Building Products Asia segment has partially reversed impairments previously recognised for plant and equipment at the metallic coating and painting facility in Suzhou, China. Previously booked impairment losses have been reversed to the extent of $67.8M following the material improvement in financial performance and positive outlook of the business.

Prior period reversal of impairment loss
Lysaght Pacific (Fiji) recognised an impairment reversal for $0.6M against property, plant and equipment following improved economic conditions in the region. This reversal resides within the New Zealand & Pacific Steel Products segment.

Australia Distribution & Solutions' 'Trustek' business recognised an impairment reversal for $0.3M against property, plant and equipment following revised estimates from its closure in June 2009.

7 Discontinued operations

(a) Description

In June 2007, the Group closed its loss-making tinplate manufacturing operation, which was the major component of its Packaging Products cash-generating unit.

Following a series of construction contract losses in the financial year 2006, the Group closed down and sold the assets of its Lysaght Taiwan business.

The financial information for these operations identified as discontinued operations is set out below and is reported in this financial report as discontinued operations.

(b) Financial performance of discontinued operations

The results of discontinued operations are presented below.

	Consolidated					
	2011			2010		
	Packaging $M	Lysaght Taiwan $M	Total $M	Packaging $M	Lysaght Taiwan $M	Total $M
Revenue	-	-	-	-	0.7	0.7
Other income - insurance recovery	-	-	-	-	4.0	4.0
Expenses other than finance costs	-	0.7	0.7	-	(0.7)	(0.7)
Unutilised provisions written back	0.1	-	0.1	3.1	-	3.1
Impairment reversal (i)	1.0	-	1.0	-	-	-
Finance costs	-	(0.3)	(0.3)	-	(0.5)	(0.5)
Profit (loss) before income tax	1.1	0.4	1.5	3.1	3.5	6.6
Income tax (expense) benefit	(0.3)	-	(0.3)	(0.9)	-	(0.9)
Profit (loss) after income tax from discontinued operations	0.8	0.4	1.2	2.2	3.5	5.7

(i) Reversal of impairment loss

Packaging Products recognised an impairment reversal for $1M against property, plant and equipment after selling previously impaired assets.

(c) Cash flow information - discontinued operations

The net cash flows of discontinued operations held are as follows:

	Consolidated					
	2011			2010		
	Packaging $M	Lysaght Taiwan $M	Total $M	Packaging $M	Lysaght Taiwan $M	Total $M
Net cash inflow (outflow) from operating activities	(1.7)	0.1	(1.6)	(2.8)	3.0	0.2
Net cash inflow (outflow) from investing activities	1.0	-	1.0	4.0	-	4.0
Net cash inflow (outflow) from financing activities	0.7	(0.1)	0.6	(1.2)	(3.0)	(4.2)
Net increase in cash generated by the operation	-	-	-	-	-	-

8 Dividends

	Parent entity 2011 $M	Parent entity 2010 $M
(a) Ordinary shares		
A final dividend of 5 cents per fully paid share was paid on 20 October 2010 in relation to the year ended 30 June 2010. In the comparative period, there was no final dividend declared in relation to the year ended 30 June 2009.		
Final fully franked based on tax paid @ 30%	91.2	-
An interim dividend of 2 cents per fully paid share was paid on 4 April 2011 in relation to the year ended 30 June 2011. In the comparative period, there was no interim dividend declared for the year ended 30 June 2010.		
Fully franked based on tax paid @ 30%	36.8	-
Total dividends provided for or paid	128.0	-
(b) Dividends not recognised at year-end		
For the year ended 30 June 2011 the directors recommended that there will be no final dividend declared (June 2010: 5 cents).	-	91.2

(c) Franked dividends

	Parent entity 2011 $M	Parent entity 2010 $M
Actual franking account balance as at the reporting date	52.6	124.7
Franking credits that will arise from the payment (receipt) of income tax payable as at the reporting date	-	(17.3)
Franking credits available for subsequent financial years based on a tax rate of 30%	52.6	107.4

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:

(a) franking credits (debits) that will arise from the payment (receipt) of the amount of the provision for income tax
(b) franking debits that will arise from the payment of dividends recognised as a liability at the reporting date, and
(c) franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date.

(d) Dividend cash flows

The total cash paid to shareholders in respect of dividends during the period is $86.7M (2010: $Nil) as presented in the statement of cash flows. Dividend amounts of $41.3M were reinvested through the Company's Dividend Reinvestment Plan for the 2010 final dividend.

9 Contingencies

(a) Contingent liabilities

Outstanding legal matters

	Consolidated	
	2011 $M	2010 $M
Contingencies for various minor legal disputes	1.0	2.1
	1.0	2.1

A range of outstanding legal matters exist that are contingent on court decisions, arbitration rulings and private negotiations to determine amounts required for settlement. It is not practical to provide disclosure requirements relating to each and every case.

In addition to the above minor contingencies, the following material litigation cases are outstanding:

- Two suppliers have commenced legal proceedings seeking damages for alleged breaches of contract totalling approximately USD 137M (approximately AUD 128M). As the Group believes there has been no breach of contract in either case, no provision has been raised in the accounts.

Guarantees
In Australia, BlueScope Steel Limited has provided $140.3M (2010: $138.8M) in guarantees to various state workers compensation authorities as a prerequisite for self-insurance. An amount, net of recoveries, of $92.8M (2010: $90.6M) has been recorded in the consolidated financial statements as recommended by independent actuarial advice.

Bank guarantees have been provided to customers in respect of the performance of goods and services supplied. Bank guarantees outstanding at 30 June 2011 totalled $23.3M (2010: $25.2M).

Taxation
The BlueScope Steel Group operates in many countries across the world, each with separate taxation authorities, which results in significant complexity. At any point in time there are tax computations which have been submitted but not agreed by those tax authorities and matters which are under discussion between Group companies and the tax authorities. The Group provides for the amount of tax it expects to pay taking into account those discussions and professional advice it has received. While conclusion of such matters may result in amendments to the original computations, the Group does not believe that such adjustments will have a material adverse effect on its financial position, although such adjustments may be significant to any individual year's income statement.

(b) Contingent assets

No assets have been booked in relation to the recovery of any of the following claims due to the inherent uncertainty surrounding these amounts:

- The Group has lodged a claim for the cumulation of workers compensation in insurance recoveries on old 'pre-demerger' policies. The insurance company's position is unclear and therefore recoveries remain uncertain.

10 Non-cash investing and financing activities

	Consolidated 2011 $M	2010 $M
Acquisition of property, plant and equipment by means of finance leases (i)	56.0	49.0
Dividend Reinvestment Plan (ii)	41.3	-
	97.3	49.0

(i) New Zealand Steelworks entered into a finance lease agreement for NZD 61.9M ($47.5M) in relation to plant and machinery. In addition a property sale and finance leaseback transaction occurred within Australia for $8.5M.

(ii) The Company had a formal Dividend Reinvestment Plan (DRP) in relation to the June 2010 final dividend, enabling participating shareholders to receive dividends as ordinary BlueScope Steel Limited shares instead of cash. A total of 18,839,253 shares were issued under the DRP connected to the June 2010 final dividend. There was no DRP attached to the December 2010 interim dividend. There were no dividends paid in the comparative period.

11 Earnings per share

	Consolidated 2011 Cents	2010 Cents
(a) Basic earnings (loss) per share		
From continuing operations attributable to the ordinary equity holders of the Company	(57.5)	6.6
From discontinued operations	0.1	0.3
Total basic earnings (loss) per share attributable to the ordinary equity holders of the Company	(57.4)	6.9
(b) Diluted earnings (loss) per share		
From continuing operations attributable to the ordinary equity holders of the Company	(57.5)	6.6
From discontinued operations	0.1	0.3
Total diluted earnings (loss) per share attributable to the ordinary equity holders of the Company	(57.4)	6.9

(c) Reconciliation of earnings used in calculating earnings (loss) per share

	Consolidated 2011 $M	2010 $M
Basic and diluted earnings per share		
Profit (loss) attributable to the ordinary equity holders of the Group used in calculating earnings per share:		
From continuing operations	(1,055.4)	120.3
From discontinued operations	1.2	5.7
	(1,054.2)	126.0

11 Earnings per share (continued)

(d) Weighted average number of shares used as the denominator

	Consolidated	
	2011	2010
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	**1,836,463,357**	1,823,309,479
Adjustments for calculation of diluted earnings per share:		
Weighted average number of share rights	**7,015**	36,926
Weighted average number of ordinary shares and potential ordinary shares used in calculating diluted earnings per share	**1,836,470,372**	1,823,346,405

(e) Information concerning the calculation of earnings per share

(i) Basic earnings per share
Basic earnings per share is calculated by dividing net profit (loss) attributable to the ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the period.

(ii) Diluted earnings per share
Diluted earnings per share is calculated by dividing the net profit (loss) attributable to the ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued upon the conversion of all dilutive potential ordinary shares into ordinary shares.

Share rights granted to eligible senior managers under the Long Term Incentive Plan are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share to the extent that they are expected to vest based on current TSR (Total Shareholder Return) ranking as per the 30 June 2011 Remuneration Report.

There are 22,468,189 share rights relating to the 2006, 2007, 2008, 2009 and 2010 LTIPs that are not included in the calculation of diluted earnings per share because they are not dilutive for the year ended 30 June 2011. These share rights could potentially dilute basic earnings per share in the future.

12 Events occurring after the balance date

(i) Major restructure to Australian Operations

The Company has announced it will restructure its Australian operations to better align Australian steelmaking production with Australian domestic demand. This move will involve exiting export markets and lowering fixed costs at major facilities at Port Kembla (NSW) and Western Port (Victoria).

The Company has the support of its lenders to undertake the restructure.

The restructure will result in:

- Shut-down of No.6 Blast Furnace at Port Kembla, with production reduced to 2.6 mtpa. The shut down process will be completed in a manner that facilitates re-start of the furnace in the future should that be desirable;
- Closure of No. 4 cokemaking battery, No. 3 BOS steelmaking furnace and No. 1 slab caster. The PKSW hot strip and cold rolling mills, metal coating and paint lines will all continue to operate;
- Closure of the Western Port Hot Strip Mill and mothball of a metal coating line (MCL5); and
- Regrettably a workforce reduction of approximately 1,000 people, with 800 at Port Kembla and 200 at Western Port. There will be flow-on impacts for contractors and suppliers.

12 Events occurring after the balance date (continued)

The change will have the following financial effects:

- A write-down of approximately $460 million of redundant plant and equipment that is already covered by the impairment of CIPA non-current assets included in the financial statements for the year ended 30 June 2011;
- Restructuring costs totalling approximately $400 - $500 million including; employee redundancy, contract re-negotiation, redundant equipment make-safe and environmental compliance; and
- Release of working capital totalling approximately $400 - $500 million associated with the withdrawal from export markets.

(ii) Australian Federal Government's proposed Carbon Tax

During July 2011 the Australian Federal Government announced the key features of its proposed Clean Energy Future Scheme (CEFS), which is intended to be introduced from 1 July 2012 with a starting price of $23 per tonne of carbon dioxide equivalent emissions.

The government also announced a sector-specific assistance package for Australian steelmakers, the Steel Transformation Plan (STP), which will effectively shield the Company from a carbon tax for four years. The proposed STP:

- Provides $300 million funding to minimise the impact of the carbon tax on Australian steelmakers for the first four years of the tax (it is expected BlueScope will receive approximately 60% of this funding);
- Provides an independent review mechanism to monitor the carbon tax position of our international competitors; and

Signals the government's intention to limit the potential pass-through of carbon emission costs from coal miners onto steelmakers.

Carbon tax assumptions used for non-current asset impairment testing purposes is provided in note 22(b) of the full financial report.

(iii) Potential impact of global share market performance on Retirement Benefit Obligations

During August 2011 global share markets declined significantly. This decline would materially increase the Company's liability, refer note 33 of the full financial report for details of the Company's Retirement Benefit Obligations as at 30 June 2011.

Directors' declaration

The directors declare that in their opinion, the concise financial report of the consolidated entity for the year ended 30 June 2011 as set out in pages 1 -19 complies with Accounting Standard AASB 1039 *Concise Financial Reports.*

The concise financial report is an extract from the full financial report for the year ended 30 June 2011. The financial statements and specific disclosures included in the concise financial report have been derived from the full financial report.

The concise financial report cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report, which is available on request.

This declaration is made in accordance with a resolution of the directors.

G J Kraehe, AO
Chairman

Paul O'Malley

P F O'Malley
Managing Director & CEO

Melbourne
20 August 2011

AUDITOR'S REPORT

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Independent auditor's report to the members of BlueScope Steel Limited

Report on the Concise Financial Report

We have audited the accompanying concise financial report of BlueScope Steel Limited which comprises the consolidated statement of financial position as at 30 June 2011, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and related notes, derived from the audited financial report of BlueScope Steel Limited for the year ended 30 June 2011. The concise financial report also includes the directors' declaration. The concise financial report does not contain all the disclosures required by the Australian Accounting Standards.

Directors' Responsibility for the Concise Financial Report

The Directors are responsible for the preparation of the concise financial report in accordance with Accounting Standard AASB 1039 *Concise Financial Reports*, and the *Corporations Act 2001*, and for such internal controls as the directors determine are necessary to enable the preparation of the concise financial report.

Auditor's Responsibility

Our responsibility is to express an opinion on the concise financial report based on our audit procedures which were conducted in accordance with ASA 810 *Engagements to Report on Summary Financial Statements*. We have conducted an independent audit, in accordance with Australian Auditing Standards, of the financial report of BlueScope Steel Limited for the year ended 30 June 2011. We expressed an unmodified audit opinion on the financial report in our report dated 19 August 2011. The Australian Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report for the year is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the concise financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the concise financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation of the concise financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. Our procedures included testing that the information in the concise financial report is derived from, and is consistent with, the financial report for the year, and examination on a test basis, of audit evidence supporting the amounts and other disclosures which were not directly derived from the financial report for the year. These procedures have been undertaken to form an opinion whether, in all material respects, the concise financial report complies with AASB 1039 *Concise Financial Reports*.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's Opinion

In our opinion, the concise financial report and the directors' declaration of BlueScope Steel Limited for the year ended 30 June 2011 complies with Accounting Standard AASB 1039 *Concise Financial Reports*.

Report on the Remuneration Report

The following paragraphs are copied from our Report on the Remuneration Report for the year ended 30 June 2011.

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2011. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion, the Remuneration Report of BlueScope Steel Limited for the year ended 30 June 2011, complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

Ernst & Young

B R Meehan
Partner
Melbourne
20 August 2011

SHAREHOLDER INFORMATION

SHAREHOLDER INFORMATION

DISTRIBUTION SCHEDULE (AS AT 12 AUGUST 2011)

Ranges	No. of holders	No. of shares	% of Issued Capital
1 to 1,000	81,777	35,605,475	1.93
1,001 to 5,000	62,450	153,828,741	8.35
5,001 to 10,000	17,522	128,260,934	6.96
10,001 to 50,000	12,386	242,140,207	13.14
50,001 to 100,000	947	66,698,840	3.62
100,001 and Over	520	1,215,673,188	66.00
Total	**175,602**	**1,842,207,385**	**100.00**

The number of shareholders holding less than a marketable parcel of 552 securities ($0.905 on 12/08/2011) is 56,049 and they hold 15,255,417 securities.

TWENTY LARGEST REGISTERED (AS AT 12 AUGUST 2011)

Rank	Name of shareholder	Total Units	% Issued Capital
1	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	321,108,105	17.43%
2	NATIONAL NOMINEES LIMITED	262,800,236	14.27%
3	J P MORGAN NOMINEES AUSTRALIA LIMITED	234,679,378	12.74%
4	CITICORP NOMINEES PTY LIMITED	129,446,776	7.03%
5	COGENT NOMINEES PTY LIMITED	47,366,850	2.57%
6	QUEENSLAND INVESTMENT CORPORATION	18,018,799	0.98%
7	JP MORGAN NOMINEES AUSTRALIA LIMITED	12,797,387	0.69%
8	AUSTRALIAN REWARD INVESTMENT ALLIANCE	9,239,809	0.50%
9	UBS WEALTH MANAGEMENT AUSTRALIA NOMINEES PTY LTD	8,418,620	0.46%
10	RBC DEXIA INVESTOR SERVICES AUSTRALIA NOMINEES PTY LIMITED	7,642,582	0.41%
11	AMP LIFE LIMITED	7,067,561	0.38%
12	UBS NOMINEES PTY LTD	6,072,424	0.33%
13	CITICORP NOMINEES PTY LIMITED	4,197,390	0.23%
14	MR KIRBY CLARKE ADAMS	2,600,000	0.14%
15	CITICORP NOMINEES PTY LIMITED	2,442,318	0.13%
16	CREDIT SUISSE SECURITIES (EUROPE) LTD	2,310,000	0.13%
17	COMSEC NOMINEES PTY LIMITED	2,302,811	0.13%
18	M F CUSTODIANS LTD	2,285,176	0.12%
19	CITICORP NOMINEES PTY LIMITED	2,100,170	0.11%
20	RBC DEXIA INVESTOR SERVICES AUSTRALIA NOMINEES PTY LIMITED	2,067,511	0.11%
	TOTAL	**1,084,963,903**	**58.89%**
	Balance of Register	**757,243,482**	**41.11%**
	Grand TOTAL	**1,842,207,385**	**100.00%**

SUBSTANTIAL SHAREHOLDERS (AS AT 12 AUGUST 2011)

As at 12 August 2011, BlueScope Steel has not been notified of any substantial shareholdings.

VOTING RIGHTS FOR ORDINARY SHARES

The Constitution provides for votes to be cast:

(a) On a show of hands, one vote for each shareholder; and

(b) On a poll, one vote for each fully paid share

BLUESCOPE
STEEL

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