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PRODUCTION CHANGES AT BLUESCOPE'S WESTERN PORT PLANT

BlueScope announced today its intention to reconfigure its Australian cold rolling, metal coated and painted steel production. This change will reduce production levels at its Western Port facility and provide significant cost savings.

Announcing the changes, BlueScope Australia and New Zealand, Chief Executive, Mr Mark Vassella, said "Whilst domestic coated steel demand has not materially declined, this is part of our strategy to continually find better ways to do business and remain a cost effective producer. Regrettably, this change will mean a reduction in the number of employees we require to operate our lines at Western Port, with around 110 employees and 60 contractors expected to leave the business over the coming months.

"We will keep all currently operating lines and assets open at Western Port, to provide flexibility and allow for additional throughput when demand improves.

"We expect the new production configuration to commence around mid-March 2013.

"The cost to implement this change is estimated to be around \$17 million, but will be recovered within one year through ongoing improvements to the operating cost base.

"We will now enter a consultation phase with employees and with union representatives to best manage the transition. To assist employees in affected areas, a range of flexible options will be provided, including: the offer of voluntary redundancy; a job substitution process; and Outplacement Services through a dedicated Job Centre.

"We expect little or no impact to existing supply arrangements for our domestic customers. We will continue to produce the same portfolio of products and retain the capability to meet current and future demand. We remain committed to serving our customer partners with quality Australian made products and will be progressing investment at the Western Port facility to bring to the market our exciting next generation ZINCALUME® steel products during this year," said Mr Vassella.

For further information about BlueScope: www.bluescopesteel.com

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