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ASX Release

Release Time: Immediate
Date: 1 June 2012

BLUESCOPE STEEL TO DISPUTE AMENDED TAX ASSESSMENTS

BlueScope Steel Limited ("BSL") has been advised by the Australian Taxation Office ("ATO") that it intends issuing BSL with amended assessments in relation to a sale and leaseback transaction entered into by BSL in the 2007 income year for the purpose of raising funding of approximately \$270 million in connection with its general business operations.

The ATO has indicated that the amended assessments will be issued in respect of the 2007 and 2008 income tax years for a total amount of approximately \$174 million, including primary tax of \$109 million and penalties and interest of \$65 million.

These assessments are based on two alternative determinations by the ATO relating, firstly, to the assessment of the gain made on the sale of the equipment and, secondly, to the denial of the deduction for lease rentals paid to the new owner of the equipment.

If BSL is unsuccessful, BSL's maximum liability in relation to the first assessment would be approximately \$140 million (including penalties and interest of \$53 million) and BSL's maximum liability in relation to the second assessment (after appropriate compensatory adjustments) would be approximately \$51 million to \$63 million (including penalties and interest of \$18 million to \$22 million). BSL considers that these assessments involve mutually exclusive outcomes and that the real amount of tax in dispute relates to the second assessment.

BSL believes that its treatment of the transaction is correct and is supported by both the existing case law and the ATO's published ruling on sale and leaseback transactions. BSL will defend the assessments and pursue all necessary avenues of objection. However, resolution of this matter is likely to take some time.

In accordance with ATO guidelines, BSL intends to apply to the ATO for part payment of the amended assessments pending determination of the dispute. Any amount paid will be fully refundable in the event that the matter is resolved in favour of BSL.

For further information about BlueScope Steel Limited: www.bluescopesteel.com

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