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AUST. COMPETITION &
CONSUMER COMMISSION
SYDNEY

- 7 SEP 2006

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5 September 2006

Ms Annette Salmon
Australian Competition and Consumer
Commission
GPO Box 3648
SYDNEY NSW 2000

YOUR REF:

OUR REF: MRH:EZK:5572398

WRITER'S TEL: (02) 9334 8806

WRITER'S NAME: Michael Hodgson

Dear Annette

CIT GROUP (AUSTRALIA) LIMITED

We act for CIT Group (Australia) Limited and refer to your discussions with Eric Koh of our office on 4 September 2006.

Please find enclosed a Form G Exclusive Dealing Notification together with an Explanatory Statement Annexure for review by the Commission. As discussed, we understand that a cheque in favour of the Commission of \$1,000 has been provided to you separately.

Should you have any queries, please do not hesitate to contact Eric Koh on 9334 8891 or myself.

Yours faithfully

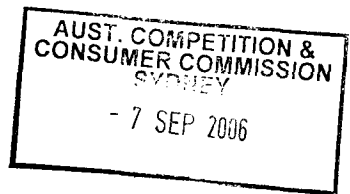
ABBOTT TOUT LAWYERS



MICHAEL HODGSON

Partner

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Form G

Commonwealth of Australia
Trade Practices Act 1974 ---- Sub-section 93(1)

H31727

EXCLUSIVE DEALING NOTIFICATION

To the Australian Competition and Consumer Commission:

Notice is hereby given, in accordance with sub-section 93(1) of the Trade Practices Act 1974, of particulars of conduct or of proposed conduct of a kind referred to in sub-section 47(2), (3), (4), (5), (6) or (7), or paragraph 47 (8) (a), (b) or (c) or (9) (a), (b), (c) or (d) of that Act in which the person giving notice engages or proposes to engage.

1. (a) **Name of person giving notice**

CIT Group (Australia) Limited ABN 56 065 745 735 (CIT Group).

(b) **Short description of business carried on by that person**

Supply of finance services to commercial and consumer customers, including the provision of commercial hiring, leasing and rental services for AGFA photographic processing and printing equipment.

(c) **Address in Australia for service of documents on that person**

c/- Michael Hodgson
Partner
Abbott Tout Lawyers
Level 14, Australia Square
264 - 278 George Street
SYDNEY NSW 2000

2. (a) **Description of the goods or services in relation to the supply or acquisition of which this notice relates**

Lease, rental and commercial hire purchase of photographic processing and printing equipment of Agfa Finance Pty Limited and AgfaPhoto Finance Australia Pty Limited.

(b) **Description of the conduct or proposed conduct**

Refer to attached Annexure - Explanatory Statement

Under existing Rental Agreements between the "Renters" and either of Agfa Finance Pty Limited or AgfaPhoto Finance Australia Pty Limited, the Renters must use "consumables" that are manufactured, retailed or approved by the relevant Agfa company. "Consumables" include such items as photographic colour paper, photographic chemicals, graphic art film paper, printing plates, inks printing blankets and processing chemicals.

3. (a) **Class or classes of persons to which the conduct relates**

Renters who rent photographic processing and printing equipment from Agfa Finance Pty Limited and AgfaPhoto Finance Australia Pty Limited.

(b) Number of those persons:

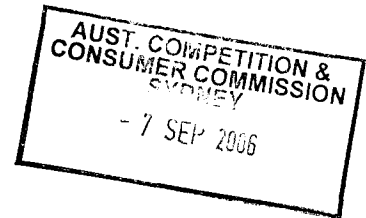
- (i) At present time: Approximately 54
- (ii) Estimated within the next year: The number is likely to be significantly reduced - refer attached annexure.

(c) Where number of persons stated in item 3 (b) (i) is less than 50, their names and addresses

N/A


4. Name and address of person authorised by the person giving this notice to provide additional information in relation to this notice

c/- Michael Hodgson
Partner
Abbott Tout Lawyers
Level 14, Australia Square
264 - 278 George Street
SYDNEY NSW 2000



Dated: 18 August 2006

Signed on behalf of
CIT Group (Australia) Limited



(Signature)

Garson Haree

(Full Name)

FINANCE DIRECTOR

(Description)

CIT Group (Australia) Limited

Annexure to Form G Exclusive Dealing Notification Explanatory Statement in Support of Notification

1. BACKGROUND

The “AGFA Business” currently consists of two distinct and separate corporate groups with different management and ultimate offshore owners. These two separate corporate groups arose due to the sale of part of the “AGFA business” to an unrelated third party in 2004. This has resulted in two AGFA corporate groups operating independently of each other. One corporate group is headquartered in Belgium (of which Agfa Finance Pty Ltd forms a part) and the other corporate group is headquartered in Germany (which AgfaPhoto Finance Australia Pty Ltd forms a part).

Agfa Finance Pty Ltd (“**Agfa Finance**”) and AgfaPhoto Finance Australia Pty Ltd (“**AgfaPhoto**”) offer similar services such as the provision of leasing and financial services in relation to the supply of equipment that is manufactured by a related company in each of their respective corporate groups

For the purposes of this Explanatory Statement, the term “**AGFA Entity**” refers to each of Agfa Finance and AgfaPhoto. “**AGFA**” and “**AGFA Business**” refers to the branding and businesses of the respective corporate groups.

An AGFA Entity may from time to time enter into leasing agreements, rental agreements and commercial hire purchase agreements (“**Rental Agreements**”) relating to AGFA photographic processing and printing equipment (“**Equipment**”) with customers (“**Renters**”).

CIT Group (Australia) Limited (“**CIT Group**”) is in the business of supplying financial services to commercial and consumer customers. This business includes the provision of commercial rental, hiring and leasing services.

CIT Group proposes to take assignment of the Equipment and the contractual rights and assume the maintenance obligations from each of Agfa Finance and AgfaPhoto under the relevant Rental Agreements. Accordingly, CIT Group makes a Form G Exclusive Dealing Notification on the basis that conduct under the Rental Agreements may potentially constitute third line forcing and accordingly, could contravene the exclusive dealing provisions of the *Trade Practices Act 1974*.

2. RENTAL AGREEMENTS

The Rental Agreements provide the terms and conditions upon which the AGFA Entity agrees to rent, lease or hire the Equipment to the Renters (and which are proposed to be assigned to CIT Group). These generally consist of the following three different types of arrangements:

(2.1) Rental Agreements

The Rental Agreements generally provide that:

“The Renter will only use Consumables with the Equipment that are manufactured, retailed or approved by Agfa unless otherwise agreed in writing.”

“**Consumables**” are defined as “includes but is not limited to photographic colour paper, photographic chemicals, graphic art film paper, printing plates, inks, printing blankets, processing chemicals and all other items used with the equipment.”

(2.2) Leases

The Leases generally provide that:

“in relation to the Goods, the Lessee will only use Consumables that are manufactured, retailed or approved by the Lessor, which upon research and study have been found to be compatible and safe for use with the Goods”

“Consumables” include similar items as outlined in section 2.1 above.

(2.3) Commercial Hire Purchase Agreements

The Commercial Hire Purchase Agreements generally provide that:

“The Hirer must only use consumables with the Equipment that are manufactured, supplied or approved by AgfaPhoto Australia Pty Ltd.”

“Consumables” include similar items as outlined in section 2.1 above.

Accordingly, under the existing Rental Agreements between the AGFA Entity and the Renter, the Renter must use “consumables” that are manufactured, retailed, supplied or approved by AGFA.

3. PHOTOGRAPHIC FILM PROCESSING AND PRINTING MARKET

The film processing and printing market is a highly competitive market with a large number of participants. Accordingly, it is imperative that the users of AGFA photographic processing and printing equipment (the Renters) use quality products to give each AGFA corporate group a competitive edge over other film processing and printing companies such as Kodak, Fujifilm, Konica, Ilford and other generic brands. It should be noted that there has been a scaling down (and cessation in certain regions) of the provision of photographic services (including manufacture of AGFA consumables) by both AGFA corporate groups. In many regions, such as Australia, AGFA consumables are neither manufactured nor available to the market except to the extent that there are surplus stocks of which various operations are trying to dispose.

In particular, CIT Group, Agfa Finance and Agfa Photo all consider that the clauses of the Rental Agreements (as outlined in Section 2 above) were essential for the continued successful operation of the AGFA photographic processing centres (the Renters), for the following reasons:

(3.1) Effective working of Equipment

The Equipment manufactured by both AGFA corporate groups was specifically designed to operate at peak efficiency and productivity levels with the use of consumables of a certain standard and quality. The use of lower – quality consumables that were not compatible with the Equipment may have had a detrimental effect on the Equipment.

(3.2) Quality of Products

Usage of consumables that are approved by an AGFA Entity was required to maintain the same standard of quality in all of its processing centres.

(3.3) Consistency of Products

As there was a large chain of AGFA processing centres, it was important that their products were consistent and instantly recognisable by its customers, potential customers and competitors. Accordingly, there was a need to maintain a control on the quality and consistency of the consumables used.

(3.4) Reliability of Services

When photographic services were provided, both AGFA corporate groups were able to provide all consumables promptly and efficiently. This enabled the network to provide reliable services whereby consumables could be ordered at any stage.

4. PUBLIC BENEFIT

The conduct by both AGFA corporate groups is pro-competitive. The conduct offers significant benefits to all customers. CIT Group, Agfa Finance and AgfaPhoto all consider that the public benefit to be derived from their conduct outweighs any public detriment as a result of the following:

(4.1) Reduced costs

Benefits from reduced costs which were and still are ultimately passed to customers, due to the following savings:

- (i) savings from reduced costs due to effective working Equipment at peak efficiency and from not incurring unnecessary expenditure for repair and maintenance of such Equipment;
- (ii) savings arising from group discounts such that consumables could be provided to Renters at a discount to the usual wholesale price; and
- (iii) savings arising from joint advertising campaigns due to the uniformity of product by Renters.

(4.2) Higher and Consistent Quality

A higher and consistent standard quality of product can be maintained as outlined above, for the benefit of the public.

(4.3) Reliability

The public will benefit from the reliability of the provision of services by AGFA processing centres.

(4.4) Conduct

The conduct to which this Notification relates does not require the use of a particular type or brand of consumables (eg. consumables manufactured by either of the AGFA corporate groups). It requires the use of consumables approved by the AGFA Entity. If such consumables (irrespective of the branding) are of an appropriate standard, quality and compatible with the Equipment, then the AGFA Entity will approve such usage.

Dated:

Signed on behalf of
CIT Group (Australia) Limited



(Signature)

Garraon Harce

(Full Name)

FINANCE DIRECTOR

(Description)