

**TRADE PRACTICES ACT 1974**

**UNDERTAKING TO THE AUSTRALIAN COMPETITION AND CONSUMER  
COMMISSION**

**GIVEN UNDER SECTION 87B**

**BY SMORGON STEEL GROUP LTD (ACN 082 181 726)**

**BACKGROUND**

In October 1998, Smorgon Steel Group Ltd ("Smorgon") approached the Australian Competition and Consumer Commission ("Commission") to seek its view about the effect of the proposed acquisition by Smorgon of Australian National Industries Limited ("ANI") under section 50 of the *Trade Practices Act 1974* ("the Act").

After conducting market enquiries, the Commission concluded that the proposed acquisition by Smorgon of ANI was likely to be in breach of section 50 of the Act. The Commission formed the view that the proposed acquisition would be likely to substantially lessen competition in the national market for the manufacture and supply of reinforcement bar.

On 25 January 1999, Smorgon advised that if the Commission required Smorgon to abstain from voting on the proposed Australian Standard for reinforcement bar so as to allow the proposed acquisition of ANI to proceed, Smorgon would comply with that requirement.

On 27 January 1999, the Commission decided that an undertaking pursuant to section 87B of the Act from Smorgon to abstain from voting on the proposed Australian Standard for reinforcement bar would be necessary to remove its concerns about the effect of the proposed acquisition on competition in the manufacture and supply of reinforcement bar, particularly in relation to the continued availability of imported reinforcement bar.

#### DEFINITIONS

"**Act**" means the *Trade Practices Act 1974* (Cth)

"**ANI**" means Australian National Industries Limited (000 066 071)

"**Commission**" means the Australian Competition and Consumer Commission

"**Committee BD/84**" means Committee BD/84 – Reinforcing and Prestressing Materials Reinforcing and Prestressing Materials

"**proposed Australian Standard**" means DR98119 Steel Reinforcing Materials (Revision and Amalgamation of AS 1302-1991, AS 1303-1991, AS 1304-1991, NZS 3402: 1989, NZS 3421: 1975 and NZS 3422:1975)

"**Smorgon**" means Smorgon Steel Group Ltd (082 181 726)

"**Tempcore patent**" means the quench and self tempered (QST) reinforcement bar process licensed to BHP Limited, by Centre de Recherches Metallurgiques (CRM) (Australian Patent No. 536703) and sub-licensed to Smorgon in March 1990

## COMMENCEMENT OF UNDERTAKINGS

1. This undertaking comes into effect when:
  - (a) the undertaking is executed by Smorgon; and
  - (b) the Commission executes this instrument.

## 2. Execution of Undertakings

Smorgon is to execute these undertakings prior to the announcement of the closure of Smorgon's takeover offer for ANI.

## UNDERTAKINGS

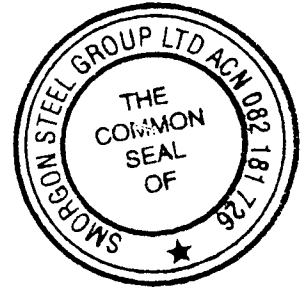
3. Smorgon undertakes for the purposes of section 87B of the Act that it will direct its current and future representatives, agents, or employees on Committee BD/84, including Mr D. Wyncherley, Chief Metallurgist, Smorgon Steel and Mr F. Rizzotto, National Marketing Manager, Smorgon ARC, to abstain from exercising their votes on Committee BD/84 in relation to the proposed Australian Standard until either:
  - the expiry of the Tempcore patent; or
  - released by the Commission in writing;whichever event occurs first.

**ACKNOWLEDGMENTS**

Smorgon acknowledges that the Commission will make this Undertaking available for public inspection.

Smorgon further acknowledges that the Commission will from time to time publish and publicly refer to this Undertaking at its discretion.

IN WITNESS OF THESE UNDERTAKINGS )  
AND ITS AGREEMENT THE COMMON )  
SEAL OF SMORGON STEEL GROUP LTD) )  
(ACN 082 181 726) was hereto affixed by )  
authority of the Board of Directors )  
in the presence of: )



*[Handwritten signature]*  
.....  
Director / Secretary

*[Handwritten signature]*  
.....  
Director

This 28<sup>th</sup> day of JANUARY 1998 *[Handwritten initials]*

**ACCEPTED BY THE AUSTRALIAN COMPETITION AND CONSUMER COMMISSION  
PURSUANT TO SECTION 87B OF THE TRADE PRACTICES ACT 1974.**

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Chairman

Dated: October 1998