



**ASX ANNOUNCEMENT
MEDIA RELEASE
26 June 2006**

ONESTEEL AND SMORGON STEEL TO CREATE THE PRE-EMINENT STEEL AND METALS COMPANY IN AUSTRALIA

Executive summary

- OneSteel Limited (“OneSteel”) and Smorgon Steel Group Limited (“Smorgon Steel”) have reached an agreement under which OneSteel will acquire all of the shares in Smorgon Steel (the “Proposed Transaction”).
- It is intended that the Proposed Transaction be undertaken via a scheme of arrangement, which is expected to be completed by late October 2006, subject to the Australian Competition and Consumer Commission (“ACCC”) process.
- Smorgon Steel shareholders will receive a combination of OneSteel ordinary shares and cash with an implied value of \$1.76¹ per Smorgon Steel share.
- Smorgon Steel shareholders will receive 9 shares in OneSteel for every 22 shares they hold in Smorgon Steel. In addition, Smorgon Steel shareholders will receive between 6.2 and 22.6 cents per share.
- Smorgon Steel shareholders will continue to be entitled to the final dividend that will be declared by Smorgon Steel for the 2006 financial year, which will be 5.0 cents per share, fully franked.
- The implied offer price represents a premium of 31.8% to Smorgon Steel’s one month VWAP² (or a premium of 35.6% when Smorgon Steel’s final dividend of 5.0 cents per share is included) and values Smorgon Steel’s equity at approximately \$1.6 billion.
- The combination of the businesses is expected to generate net EBITDA synergies of \$70 million per annum by the end of the third full year following completion.
- Proposed Transaction expected to be EPS accretive (pre non-recurring items and amortisation) for both OneSteel and Smorgon Steel shareholders in its first full year of operations.
- When completed, the Proposed Transaction will produce a major, more efficient and competitive Australian steel company with pro-forma annual revenue in excess of \$5.5 billion^{3,4}, EBITDA of approximately \$700 million^{3,4}, over 10,000 employees, more than 200 sites around Australia and operations in more than 10 countries outside Australia.
- In the absence of a superior offer, the Proposed Transaction is unanimously recommended by the Directors of Smorgon Steel, each of whom intends to vote all shares they personally hold in favour of the transaction.
- The Proposed Transaction is subject to a number of conditions, including clearance from the ACCC.



Details of the proposed transaction

OneSteel and Smorgon Steel today announced that they have reached an agreement under which OneSteel will acquire all of the shares in Smorgon Steel.

Under the Proposed Transaction Smorgon Steel shareholders will receive a combination of OneSteel ordinary shares and cash with an implied value of \$1.76¹ per Smorgon Steel share, representing a premium of 31.8% to Smorgon Steel's one month VWAP². Additionally, Smorgon Steel shareholders will continue to be entitled to the Smorgon Steel final dividend (of 5.0 cents per share) for the second half of the year ended 30 June 2006. This implies a premium of 35.6% to Smorgon Steel's one month VWAP² when the Smorgon Steel final dividend is taken into account.

The implied offer price values Smorgon Steel's equity at approximately \$1.6 billion⁵ and Smorgon Steel's enterprise value at approximately \$2.7 billion^{5,6}. Immediately after the Proposed Transaction is completed, Smorgon Steel shareholders will collectively hold an interest of approximately 39% in OneSteel and will therefore be in a position to share in the expected ongoing benefits of the Proposed Transaction.

The combination of the businesses is expected to generate net EBITDA synergies of \$70 million per annum by the end of the third full year following completion.

The Proposed Transaction is expected to be EPS accretive (pre non-recurring items and amortisation) for both OneSteel and Smorgon Steel shareholders in its first full year of operations.

In the absence of a superior proposal, the Proposed Transaction is unanimously recommended by the directors of Smorgon Steel, each of whom intends to vote all shares they personally hold in favour of the Proposed Transaction. Two Smorgon Steel directors, Graham Smorgon and Laurence Cox, will join the OneSteel Board of Directors if the Proposed Transaction is approved. It is intended that the Proposed Transaction be implemented by way of a scheme of arrangement to be voted on by Smorgon Steel shareholders.

Following implementation of the Proposed Transaction, OneSteel will become the pre-eminent domestic manufacturer and distributor of steel and metal products. With pro-forma revenue for the year ending 30 June 2006 in excess of \$5.5 billion^{3,4} and EBITDA of approximately \$700 million^{3,4}, the company will enjoy a large regional footprint with more than 10,000 employees over 200 sites across Australia and more than 10 offshore offices and operations.

OneSteel Chairman Peter Smedley and Smorgon Steel Chairman Graham Smorgon said the Proposed Transaction will generate significant benefits for the shareholders and customers of both companies.

Mr Smedley said, "The transaction represents the next step in the restructuring of the Australian steel industry. It will further consolidate the sector leading to a lower cost and more efficient steel industry providing a platform from which to effectively compete in the world steel market for years to come."

"OneSteel and Smorgon Steel are largely complementary operations. The combination will allow OneSteel to provide a more comprehensive and competitive product and service offering to customers of both companies, greater security of raw material supply and material cost savings, thereby providing significant benefits for our shareholders."



“We look forward to Graham Smorgon and Laurence Cox joining the OneSteel Board when the Proposed Transaction becomes effective. Their experience and knowledge will not only assist in the integration of the two organisations, but also assist in shaping the long-term strategic direction of the company”, Mr Smedley added.

Mr Smorgon said, “Smorgon Steel has had a proud history as an independent Australian steel company. From 1999 to 2000, Smorgon Steel was the only stand-alone listed steel company on the Australian Stock Exchange. The Company has made a number of substantial achievements and OneSteel’s offer which, when added to Smorgon Steel’s final dividend of 5.0 cents per share means that our shareholders will receive value of \$1.81 per share.”

“Although I will be sad to see the end of Smorgon Steel’s existence as a separate company, I am delighted that the offer from OneSteel reflects the inherent value of the company and also provides Smorgon Steel’s shareholders with the opportunity to continue to be owners of a great Australian enterprise.”

The Proposed Transaction is subject to the approval of Smorgon Steel shareholders, the Court, the ACCC and certain other conditions. OneSteel and Smorgon Steel have commenced discussions with the ACCC.

Significant benefits for Smorgon Steel and OneSteel shareholders

The Proposed Transaction is expected to generate significant benefits for both Smorgon Steel and OneSteel shareholders, including:

Growth – Both OneSteel and Smorgon Steel have recently announced exciting and complementary growth options, including Project Magnet, the LiteSteel™ beam and expansions in metal recycling that offer shareholders diverse sources of potential earnings growth into the future.

Stronger company – With pro-forma revenue in excess of \$5.5 billion^{3,4}, EBITDA of approximately \$700 million^{3,4} and more than 10,000 employees, the combined entity will become the pre-eminent domestic manufacturer and distributor of steel and metal products.

More competitive business – Various long-term strategic benefits are expected to be realised through efficiencies in manufacturing operations, improved facility utilisation, improved supply chain management, production, distribution and other savings providing benefits to customers and enabling improved ability to compete against imports.

Increased ability to service customers – A more diverse geographical manufacturing footprint and wider range of products and services provides the ability to streamline and improve the efficiency of the combined supply chains of the companies. In addition, it is also expected to increase the products and services being offered to customers.

Diversity and size of operations – Following the Proposed Transaction, OneSteel is expected to have an enhanced regional footprint with more than 200 sites across Australia and more than 10 offshore offices and operations. This presence is expected to provide a solid platform for growth in new and existing markets.

Expected synergies – The combination of the businesses is expected to generate net EBITDA synergies of \$70 million per annum by the end of the third full year after completion of



the Proposed Transaction. These synergies are net of expected asset disposals and potential sales leakage from combining the two businesses.

New revenue streams developed – The combination of OneSteel's and Smorgon Steel's operations will allow OneSteel to offer an extended product offering to customers and will facilitate the development of new business structures (e.g. a "rail infrastructure" business unit covering wheels and bogeys, rails, sleepers etc) generating greater value for customers and the potential for new revenue opportunities.

Improved security of raw material supply – The combined business will enjoy improved security of raw material supply via OneSteel's long-term iron ore resources through Project Magnet and Smorgon Steel's scrap recycling business. It is also expected to be more competitive, through the natural hedges associated with these improved raw material supply arrangements.

Increased liquidity – Following the Proposed Transaction, OneSteel will be a stronger Australian company which is expected to rank well inside the top 100 companies on the Australian Stock Exchange. This should provide greater liquidity for investors and facilitate greater interest from domestic and international investors.

Proposed Transaction details

The offer provides Smorgon Steel shareholders with a fixed value of \$1.76 per share, provided that OneSteel's volume weighted average price during the 10 trading days immediately following the effective date of the scheme of arrangement ("OneSteel VWAP") is between \$3.75 and \$4.15.

Under the Proposed Transaction, Smorgon Steel shareholders will receive 9 OneSteel shares and between \$1.37 and \$4.97 cash for every 22 Smorgon Steel shares that they own. On a per share basis, this equates to approximately 0.4091 OneSteel shares and between 6.2 and 22.6 cents cash ("Cash Component") for every Smorgon Steel share. Smorgon Steel shareholders will also be entitled to receive the Smorgon Steel final dividend for the year ended 30 June 2006 which will be 5.0 cents per share, fully franked.

The size of the Cash Component will vary with the OneSteel VWAP as follows:

- If the OneSteel VWAP is between \$3.75 and \$4.15 per share, the Cash Component will be equal to \$1.76 less the value of the share component (calculated as 0.4091 multiplied by the OneSteel VWAP). Within this OneSteel VWAP range, Smorgon Steel shareholders will receive a fixed value of \$1.76 per share, comprised of approximately 0.4091 OneSteel shares plus the Cash Component.
- If the OneSteel VWAP is less than \$3.75, Smorgon Steel shareholders will receive approximately 0.4091 OneSteel shares plus a Cash Component of 22.6 cents per Smorgon Steel share.
- If the OneSteel VWAP is greater than \$4.15, Smorgon Steel shareholders will receive approximately 0.4091 OneSteel shares plus a Cash Component of 6.2 cents per Smorgon Steel share.



The implied value of the offer under a range of OneSteel VWAPs is shown below.

OneSteel VWAP	OneSteel shares issued per Smorgon Steel share	Value of share component	Value of Cash Component	Implied value of Proposed Transaction
\$3.55	0.4091	\$1.45	\$0.23	\$1.68
\$3.75	0.4091	\$1.53	\$1.76 - \$1.53 = \$0.23	\$1.76
\$3.95	0.4091	\$1.62	\$1.76 - \$1.62 = \$0.14	\$1.76
\$4.15	0.4091	\$1.70	\$1.76 - \$1.70 = \$0.06	\$1.76
\$4.35	0.4091	\$1.78	\$0.06	\$1.84

Note: Some numbers in the above table have been rounded

Substantial value for Smorgon Steel shareholders

The Proposed Transaction offers a number of direct benefits for Smorgon Steel shareholders.

Smorgon Steel shareholders will continue to be entitled to the Smorgon Steel final dividend for the 2006 financial year, which is expected to be no more than 5.0 cents per share, fully-franked.

The implied value of OneSteel's offer of \$1.76¹ per Smorgon Steel share represents:

- a 31.8% premium to Smorgon Steel's one month volume weighted average share price of \$1.34².
- a 35.6% premium to Smorgon Steel's one month volume weighted average share price of \$1.34², if the value of the Smorgon Steel final dividend (of 5.0 cents per share) is included.

Disposal of Smorgon Steel's distribution businesses

Following the Proposed Transaction, OneSteel will divest (anticipated to be by way of demerger) the steel and metals merchandising arm of Smorgon Steel's distribution businesses. It is not intended that the demerger will include the Pipe and Tube manufacturing business, the reinforcing businesses conducted by Smorgon Steel Distribution, the LiteSteel™ beam business or Smorgon Steel Coil Coaters, all of which are currently managed as part of Smorgon Steel Distribution.

Upon demerger, the independent Australian distribution business will be a major player in steel products distribution with sales of approximately \$1,400 million⁴ and EBITDA of approximately \$90 million⁴.

OneSteel will enter into an undertaking with the ACCC to complete this divestment within an agreed time period.



Merger Implementation Agreement and Process

OneSteel has entered into a Merger Implementation Agreement with Smorgon Steel which sets out the terms on which the scheme of arrangement will be implemented and the proposed timetable.

The scheme of arrangement will be conditional, in particular, upon:

- ACCC clearance
- Independent expert's report
- Smorgon Steel shareholder approval, Court approval and other regulatory consents
- No Smorgon Steel or OneSteel "Prescribed Occurrences" or "Material Adverse Change".

Key terms of the Merger Implementation Agreement are set out in Attachment A.

It is expected that the Explanatory Memorandum in relation to the scheme of arrangement will be sent to Smorgon Steel shareholders by early September and Smorgon Steel shareholders will have the opportunity to vote on the scheme of arrangement at a shareholders meeting expected to be held in October, in each case subject to the ACCC process.

UBS is acting as financial adviser to OneSteel and Allens Arthur Robinson is acting as legal adviser to OneSteel.

Goldman Sachs JBWere is acting as financial adviser to Smorgon Steel and Clayton Utz is acting as legal adviser to Smorgon Steel.

For further information please contact:

At OneSteel

Mark Gell
GM Corporate Development
Phone: +61 2 9239 6616
Mobile: +61 419 440 533
Email: gellm@onesteel.com

At Cannings

Martin Debelle
Phone: +61 2 9284 9901 / Mobile: +61 409 911 189

At Smorgon Steel

Bruce Loveday
Executive GM, Corporate & Investor Relations
Phone: +61 3 8671 4414
Mobile: +61 413 808 027
Email: bloveday@smorgonsteel.com.au

At Hintons

Tim Duncan
Phone: +61 3 9600 1979 / Mobile: +61 408 441 112

Scott Hinton
Mobile: +61 419 114 057



About OneSteel

OneSteel is an Australian integrated mining, steel manufacturing, and steel and metals products distribution company. It manufactures and distributes structural steel, pipe and tube, reinforcing steel, rod, bar and wire, as well as distributing sheet, coil and aluminium on behalf of other manufacturers. OneSteel is primarily focussed on the Australasian market, employing more than 7,000 people in over 150 centres across Australia and New Zealand. OneSteel has in excess of 30,000 customers ranging from large construction and mining companies to automobile component suppliers through to small farm owners. OneSteel has approximately 95,000 shareholders, primarily residing in Australia. OneSteel produces approximately 1.7 million tonnes per annum of steel and sells a total of approximately 2.2 million tonnes per annum of steel and metal products and is expected to sell approximately 2.5 million tonnes of iron ore (in the 2007 financial year).

About Smorgon Steel

Smorgon Steel is an Australian-based steel recycling, manufacturing and distribution business. Since listing on the ASX in 1999, Smorgon Steel has completed a series of strategic acquisitions aimed at pursuing product and end market diversification and now has operations throughout Australia, Asia and North America. The company's fully integrated activities extend from collecting and processing steel scrap to steel making, steel tube manufacturing, processing and distributing a wide range of metal products. Smorgon Steel is one of the world's leading manufacturers of grinding media, and also occupies a leading market position in scrap metal recycling and railway wheels. Smorgon Steel employs approximately 5,800 employees and has approximately 36,000 customers within Australia and overseas. For the year ended 30 June 2005, Smorgon Steel collected and processed over 1.4 million tonnes of scrap metal, produced 923,000 tonnes of new steel from recycled scrap and distributed over 1.8 million tonnes of metal products to its customers.



FOOTNOTES

1. The implied value of OneSteel's offer is \$1.76 assuming a OneSteel VWAP of between \$3.75 and \$4.15. The OneSteel VWAP will be the volume weighted average share price of OneSteel shares traded in the ordinary course of trading on the ASX over the 10 trading days following the effective date of the scheme of arrangement.
2. The Smorgon Steel one month VWAP was \$1.34 as at 23 June 2006 (the last trading day prior to this announcement).
3. Sales and EBITDA are based on the average of current broker estimates for OneSteel and Smorgon Steel for the year ending 30 June 2006 less sales and EBITDA from the steel and merchandising arm of the Smorgon Steel distribution business. EBITDA includes full pro-forma synergies of \$70 million. For details of the calculation of the average of current broker estimates please refer to footnote 7.
4. Approximation only, further detail will be provided in the Explanatory Memorandum to the scheme of arrangement.
5. Smorgon Steel's ordinary equity value is based on diluted shares outstanding (including Smorgon Steel Senior Executive Performance Shares) of 904 million.
6. Smorgon Steel's enterprise value is calculated using net debt of \$1,073 million as at 31 December 2005.
7. The average of current broker estimates for OneSteel for the year ending 30 June 2006 is calculated from nine broker research reports available to OneSteel and Smorgon Steel dated over the period 21 February 2006 to 21 June 2006 (based on the most recent available report for each broker where more than one report has been released over this period). The range of broker sales estimates was \$3,936 million – \$4,313 million, with an average of \$4,068 million. The range of broker EBITDA estimates was \$396 million – \$414 million, with an average of \$408 million. The average of current broker estimates for Smorgon Steel for the year ending 30 June 2006 is calculated from nine broker research reports available to OneSteel and Smorgon Steel dated over the period 4 April 2006 to 21 June 2006 (based on the most recent available report for each broker where more than one report has been released over this period). The range of broker sales estimates was \$2,895 million – \$3,289 million, with an average of \$3,127 million. The range of broker EBITDA estimates was \$294 million – \$329 million, with an average of \$312 million. No other broker reports from that period of which OneSteel is aware (other than any which were not available to OneSteel and Smorgon Steel) were omitted from the calculation of this average. The Directors of OneSteel and Smorgon Steel do not adopt this average as their own forecast in relation to OneSteel or Smorgon Steel, and are not providing any such forecast.



ATTACHMENT A – Key terms of the Merger Implementation Agreement

Scheme

- Smorgon Steel agrees to propose the ordinary scheme (ordinary shares in Smorgon Steel transferred to OneSteel) for the provision of scrip and cash consideration by OneSteel described in the announcement.

Conditions to the scheme

- Implementation of the schemes is subject to fulfilment of the following conditions:
 - a) ACCC approval on terms which are acceptable to OneSteel
 - b) Other regulatory consents or approvals (including ASIC and ASX) on terms acceptable to both parties
 - c) No temporary restraining order, preliminary or permanent injunction or other order is issued by any court and no other legal restraint or prohibition is imposed
 - d) ASX approval to listing of OneSteel shares to be issued under scheme
 - e) No Smorgon Steel or OneSteel "Prescribed Occurrence" or "Material Adverse Change" (each being defined terms under the agreement¹)
 - f) S&P/ASX 200 Industrials index not falling below 4,500
 - g) Independent expert concluding that the scheme is in the best interests of Smorgon Steel shareholders
 - h) Shareholder approval of the scheme by requisite thresholds
 - i) Court approval of the scheme
 Parties to use best endeavours to satisfy conditions.

Smorgon Steel Senior Executive Performance Shares

- Remaining Smorgon Steel Senior Executive Performance Shares will be vested in relevant executives, such that they are issued with Smorgon Steel shares ahead of the scheme meetings and will be entitled to additional remuneration in lieu of (and equivalent post-tax to) the final Smorgon Steel 2006 dividend.

Implementation

- Each party has discrete implementation obligations, including:
 - Preparation and despatch of scheme booklet, including appointment of an independent expert and the appointment of other experts
 - Court applications and convening of shareholder meetings
 - Conduct by Smorgon Steel of its business prior to merger in the ordinary course
 - The establishment and role of an integration committee.
- Unanimous recommendation by the Smorgon Steel Board unless:
 - Superior competing transaction(s)
 - Independent expert does not conclude that scheme is in the best interest of Smorgon Steel shareholders
 - VWAP of OneSteel shares for the 15 day trading day period up to the scheme meeting ("**Pre-Meeting VWAP**") is less than \$3.75, or
 - Fiduciary duties require change in recommendation.

¹ See the Schedule to this document for descriptions of Smorgon Steel Prescribed Occurrence, Smorgon Steel Material Adverse Change, OneSteel Prescribed Occurrence and OneSteel Material Adverse Change



Warranties and Indemnities

- Mutual warranties and indemnities in relation to capacity, authorisation, no breach of or default under constitution and other material documents, financial statements give true and fair view, no breach of continuous disclosure obligations and the accuracy of information provided in the scheme documentation to be dispatched to Smorgon Steel shareholders.

Exclusivity

- No-shop conditions: until the earlier of the date of termination of the agreement and 31 December 2006 ('**exclusivity period**') each party must ensure that neither it nor any of its representatives take any actions with a view to obtaining any expression of interest or proposal from any person in relation to a competing proposal.
- No-talk conditions: subject to a fiduciary duties exception, during the exclusivity period, each party must ensure that neither it nor any of its representatives negotiates or enters into any negotiations or discussions with any person regarding a competing proposal.
- No-due diligence: subject to a fiduciary duties exception, during the exclusivity period, each party must not undertake or permit due diligence investigations on it or any of its subsidiaries where this would involve a breach of the no-shop conditions, or make available to any other person any non-public information relating to it or any of its subsidiaries.
- Notice of approach: subject to a fiduciary duties exception, during the exclusivity period, if it is approached by another person to engage in any activity that might lead to a breach of the no-shop, no-talk or no due diligence prohibitions, each party must notify the other of that fact, and if it responds to such an approach, of that fact also.
- Fiduciary duties exception: none of the above restrictions (other than the no-shop condition) apply in respect of unsolicited superior proposal where the Smorgon Steel Board reasonably determines that failing to respond would constitute a breach of fiduciary duties.

Termination Rights:

- by either party for a failure of a Condition Precedent
- by either party for a material breach by the other party of the agreement, including representation or warranty
- by Smorgon Steel if the Smorgon Steel board endorses a competing proposal
- by Smorgon Steel if a majority of Smorgon Steel directors are unable to continue recommending the scheme because, based on appropriate advice, to do so would be a breach of their fiduciary duties
- by Smorgon Steel if the independent expert concludes the scheme is not in the best interests of Smorgon Steel shareholders
- by Smorgon Steel if the VWAP of OneSteel shares for the 15 trading day period up to the scheme meeting is less than \$3.75
- by OneSteel if the Smorgon Steel board endorses a competing proposal
- by OneSteel if any Smorgon Steel director is unable to continue recommending the scheme because, based on appropriate advice, to do so would be a breach of their fiduciary duties
- by OneSteel if the independent expert concludes the scheme is not in the best interests of Smorgon Steel shareholders
- by OneSteel if the VWAP of OneSteel shares for the 15 trading day period up to the scheme meeting is less than \$3.75.

**Reimbursement of Costs**

- A reciprocal break fee for reimbursement of costs (including opportunity costs) of \$15 million for a material breach of the agreement
- Smorgon Steel to pay OneSteel a break fee for reimbursement of costs (including opportunity costs) of \$15 million if:
 - pursuant to a Competing Transaction another person unconditionally acquires at least 50% of Smorgon Steel
 - Smorgon Steel terminates the agreement because:
 - the Smorgon Steel board endorses a competing proposal, or
 - a majority of Smorgon Steel directors are unable to continue recommending the scheme because, based on appropriate advice, to do so would be a breach of their fiduciary duties (except in circumstances where an independent expert's report concludes that the transaction is not in the best interests of Smorgon Steel shareholders, unless in response principally to a competing transaction or solely in response to a change in a director's recommendation)
 - OneSteel terminates the agreement because:
 - the Smorgon Steel board endorses a competing proposal, or
 - any Smorgon Steel director is unable to continue recommending the scheme because, based on appropriate advice, to do so would be a breach of their fiduciary duties (except in circumstances where an independent expert's report concludes that the transaction is not in the best interests of Smorgon Steel shareholders, unless in response principally to a competing transaction or solely in response to a change in a director's recommendation)
 - the scheme does not become effective by 31 December 2006 and the Smorgon Steel board has endorsed a competing proposal; or
 - any Smorgon Steel director is unable to continue recommending the scheme because, based on appropriate advice, to do so would be a breach of their fiduciary duties (except in circumstances where an independent expert's report concludes that the transaction is not in the best interests of Smorgon Steel shareholders, unless in response principally to a competing transaction or solely in response to a change in a director's recommendation).



SCHEDULE

"OneSteel Material Adverse Change" means matters, events or circumstances (including any change in law) which individually have or are reasonably likely to:

- (a) diminish the value of net assets of the OneSteel Group by \$72 million or more; or
- (b) diminish EBITDA of the OneSteel Group, in the financial year of OneSteel in which the matter, event or circumstance occurs, by \$38 million or more, other than,
- (c) the payment of the OneSteel 2006 Final Dividend;
- (d) those required to be done or procured by OneSteel pursuant to this Agreement;
- (e) those which Smorgon Steel and OneSteel agree in writing are not a OneSteel Material Adverse Change;
- (f) those arising from changes in general economic or business conditions in Australia or overseas, including changes in rates of corporate taxation and interest rates; or
- (g) those fairly disclosed by OneSteel to Smorgon Steel in writing prior to the date of this Agreement.

"OneSteel Prescribed Occurrence" there being no "prescribed occurrence" in respect of OneSteel (broadly, the events listed in s652C of the Corporations Act) or disposal of the whole or a substantial part of the business or property, the acquisition or disposal of business or property in excess of \$10 million or analogous events, other than as previously disclosed or agreed with Smorgon Steel.

"Smorgon Steel Material Adverse Change" means matters, events or circumstances (including any change in law) which individually have or are reasonably likely to:

- (a) diminish the value of net assets of the Smorgon Steel Group by \$44 million or more; or
- (b) diminish EBITDA of the Smorgon Steel Group, in the financial year of Smorgon Steel in which the matter, event or circumstance occurs, by \$31 million or more; or

other than:

- (c) the payment of the Smorgon Steel 2006 Final Dividend and any Smorgon Steel Special Dividends, provided that the aggregate of such dividends per Smorgon Steel Share (in cents) does not exceed the amount of 11.2273 cents;
- (d) those required to be done or procured by Smorgon Steel pursuant to this Agreement;
- (e) those which OneSteel and Smorgon Steel agree in writing are not a Smorgon Steel Material Adverse Change;
- (f) those arising from changes in general economic or business conditions in Australia or overseas, including changes in rates of corporate taxation and interest rates; or
- (g) those fairly disclosed by Smorgon Steel to OneSteel in writing prior to the date of this Agreement.

"Smorgon Steel Prescribed Occurrence" there being no "prescribed occurrence" in respect of Smorgon Steel (broadly, the events listed in s652C of the Corporations Act) or disposal of the whole or a substantial part of the business or property, the acquisition or disposal of business or property in excess of \$10 million or analogous events, other than as previously disclosed or agreed with Smorgon Steel.