



**Metcash Limited**

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**ASX RELEASE**

**METCASH TO ACQUIRE 50.1% OF MITRE 10 AND BECOME CHAMPION  
OF THE INDEPENDENT HARDWARE RETAILER**

Metcash Trading Limited (“Metcash”) today signed an Investment and Implementation Agreement with Mitre 10 Australia Limited (“M10L”) and Mitre 10 Limited (“M10A”) (together “Mitre 10”), whereby Metcash has agreed to inject an estimated \$55 million of new capital into the Mitre 10 Group in return for the issue of a 50.1% interest in the Mitre 10 Group.

The injection of new capital by a strong and supportive shareholder will substantially strengthen Mitre 10 and enhance the ability of its customers to compete more effectively in the future. The transaction has the full support of the directors of both M10L and M10A.

The amount of equity invested by Metcash is based on estimated earnings for the financial year ending 30 June 2010 and estimated net debt at completion and may be adjusted following finalisation of Mitre 10’s audited accounts for the year ending 30 June 2010. The adjusted amount payable by Metcash will be based on actual 2010 earnings and actual net debt at completion.

Metcash will have the right to acquire the remaining 49.9% of the equity in the Mitre 10 Group following the finalization of Mitre 10’s audited accounts in either 2012 or 2013, based on an agreed multiple of earnings.

Mr Andrew Reitzer, CEO of Metcash, said “We are delighted to have been selected as the preferred partner for Mitre 10, and believe we can add significant value to Mitre 10’s customers in an increasingly competitive marketplace.

“Our discussions with Mitre 10’s customers in recent weeks have confirmed that independent hardware operators strongly support an experienced, well capitalized wholesaler such as Metcash, being chosen as the long term partner for Mitre 10.”

“We can become the ‘champion of the independent hardware retailer’ and help them lift their revenue and profit through Metcash’s strong brand management, logistics and merchandising skills developed over many years”, added Mr Reitzer.

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The transaction will be effected by way of inter-conditional schemes of arrangement involving M10A, M10L and their respective shareholders. M10A and M10L are each currently unlisted public companies with different shareholders.

The transaction is conditional on, inter alia, all necessary approvals from the M10A shareholders and the M10L shareholders, Court approval of the schemes of arrangement, regulatory approvals and no prescribed occurrences or material adverse changes occurring. Subject to the fulfillment or waiver of the conditions, the transaction is expected to be completed around 31 March 2010.

Metcash will have four directors out of seven on the board of the new holding company of the Mitre 10 Group. Lance Collins, current Chairman of M10A will be appointed Chairman and Mark Burrowes, the current CEO of Mitre 10, will remain as CEO.

Metcash has negotiated exclusivity arrangements with Mitre 10 including no talk and no shop obligations. Mitre 10 has also agreed to pay a break fee of \$500,000 to Metcash if Mitre 10 directors withdraw or adversely modify their support (unless the independent expert concludes transaction not in best interests of shareholders) or the Mitre 10 shareholders do not approve the transaction or a competing transaction is announced and completed.

Metcash was advised by Momentum Corporate and Freehills on this transaction.

For Further Information Call:

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