



Metcash Limited

ABN 32 112 073 480
50 Waterloo Road
Macquarie Park
NSW 2113 Australia

PO Box 6226
Silverwater Business Centre
NSW 1811 Australia
Ph: 61 2 9751 8200
Fax: 61 2 9889 1557

17 December 2009

The Manager, Companies
Australian Stock Exchange
Company Announcements Office
Level 4
20 Bridge Street
SYDNEY NSW 2000

Dear Sir/ Madam

Re: Metcash clarifies position regarding Franklins judgment

Please find attached announcement.

Yours faithfully

A handwritten signature in black ink, appearing to read "John Randall". The signature is written in a cursive, flowing style.

John Randall
Company Secretary



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Media Release

Metcash clarifies position regarding Franklins judgment

Metcash wishes to clarify and correct media articles that have arisen from the decision by the NSW Court of Appeal regarding a contractual dispute between the company and Franklins.

The parties entered into a Supply Agreement in 2001 which was based on Metcash's standard wholesale trading term arrangements. These terms were listed and transferred to a "laminated list" used by Metcash and Franklins buyers to manage the trading terms relationship between the parties and suppliers.

The key issue in the dispute related to Metcash's right to retain certain discounts and allowances negotiated with suppliers. The Court ordered that the Supply Agreement be rectified, consistent with the laminated list, to specifically state that the following discounts and allowances were to be retained by Metcash and not passed to Franklins;

"any allowance or discount that is;

- (a) A direct
- (b) Cross docking
- (c) Early payment discount
- (d) Centralisation / redistribution allowance; or
- (e) Slow moving rebate"

This means the Supply Agreement is consistent with the manner in which Metcash conducted the trading relationship with Franklins.

Throughout the term of the agreement, Metcash's charges to Franklins were audited by Ernst & Young to ensure that Franklins were receiving all discounts and allowances to which they were entitled. No issues emerged from these audits.

Metcash is firmly of the view that there will be no material financial consequences arising from the decision

For Further Information Call:

Andrew Reitzer
Metcash Limited
(02) 9741 3060

Tim Allerton
City Public Relations
(02) 9267 4511
(0412) 715 707