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Media Release

IGA SUPERMARKETS AND METCASH SIGN LANDMARK TRADING TERMS AGREEMENT

The IGA National Council, representing more than 1,270 independent IGA retailers has signed a landmark deal with their principal supplier and owner of the IGA brand, Metcash Ltd, to share the proceeds of growth and major expansion projects.

On top of their established base trading terms with Metcash, IGA supermarkets will share equally with Metcash the \$10-20 million worth of expected annual improvements in profits to be generated through the expansion of the IGA chain, refurbishments of stores, brand compliance and improvements in stores' "teamwork" and performance over the next three years.

The new deal, to be back dated to May 1, 2009, was struck following negotiations between Metcash and IGA at the IGA National Conference and Expo in Surfer's Paradise this week, attended by more than 5,000 store owners and staff, as well as suppliers to the IGA network, Australia's fastest growing supermarket chain.

National Board Chairman of IGA, Mr Mick Daly, said "This is a historic deal for independent supermarkets in Australia, where we will share the proceeds of IGA's continued expansion across Australia with our supplier for the first time.

"We are delighted that Metcash has confirmed its position as the champion of the independent retailer by striking this historic agreement with IGA, whose network we continue to expand despite competition from the national chains", he added.

The agreement is one of the outcomes of the two year, multi-million dollar project Lion, which involved extensive work by IGA and Metcash to identify and generate greater operational efficiencies, technology upgrades, brand compliance and store standards, as well as the creation of growth targets.

Project Lion has identified that IGA will develop more than 225 new stores by 2012, with 43 opened last financial year and a further 60 new openings expected in 2009-2010.

Chief Executive of Metcash, Mr Andrew Reitzer, said "We have also targeted \$110 million in savings over the period that can be generated through greater operational efficiencies in stores and within our distribution system.

“We are working very closely with our retailers to achieve aggressive growth targets during tough times and believe our interests are perfectly aligned with IGA owners, who should share the rewards of our market-leading supply system”, he added.

Mr Reitzer said that the new scheme would encourage other independent retailers to join the IGA banner, as historical data shows they gain on average an immediate 20 per cent lift in sales as a member of the brand that now has 19 per cent of the total grocery market.

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