

27 July 2010

Shareholder and Mitre 10 Member Update from the Chairman



Dear Mittenmet Shareholder and Mitre 10 Member,

Since the historic transaction between the Mitre 10 Group companies and Metcash Limited was implemented on 25 March 2010 much work has been completed and evidence of positive changes will be soon noticed at store level.

The Board of Mittenmet has conducted a complete strategic review of operations, led by Mitre 10's new CEO, Mark Laidlaw and his executive team. Mark is providing details of all operational activities on a monthly basis by way of a newsletter to all stores.

As per the details of the two schemes of arrangement that formed the transaction between the Mitre 10 Group companies and Metcash Trading, Metcash agreed to pay a Subscription Amount for their initial 50.1% share based on a combination of the full year's EBITDA of the Mitre 10 Group to 30 June, 2010 and the Group's nett debt at the effective date.

Whilst the audited figures for the Financial Year to June 2010 will not be finalised until September, I am pleased to report that the unaudited result places the purchase amount to be paid by Metcash Limited well within the range outlined in the Scheme Booklet.

The expected Subscription Amount payable by Metcash Trading to Mittenmet for the 50.1% share is approximately \$59.1m.

The key figures that produce this result are an unaudited \$22.7m Actual EBITDA for the year to 30 June 2010 and an unaudited Nett Debt of \$66.1m at 25 March, 2010.

The reason Mitre 10 was able to deliver such a strong EBITDA result in the face of a very weak market and challenging trading conditions was the fact that the 2009 restructure of the company has allowed the operational cost base to follow the sales performance down and in so doing, protecting the financial performance of the company.

All Mittenmet Shareholders and especially those who are Mitre 10 and True Value store owners have much to look forward to as our partnership with Metcash brings to us a solid financial base, a very committed management team and a commitment to the success of independent operators in a way that the Australian hardware market has not enjoyed previously.

I thank you for the support you have shown and look forward to working with you as we move forward.

Lance Collins
Chairman
Mittenmet

National Support Centre

12 Dansu Court
Hallam VIC 3803
Locked Bag 10
Doveton VIC 3177
Tel 61 3 9703 4200
Fax 61 3 9703 4222

VIC/TAS/ SA DC

34 Australis Drive
Derrimut VIC 3030

Tel 61 3 9394 3900
Fax 61 3 9394 3916

South Australia

1367 Main North Road
Para Hills West SA 5096
P O Box 56
Para Hills SA 5096
Tel 61 8 8285 0600
Fax 61 8 8281 3177

New South Wales

122 Newton Road
Wetherill Park NSW 2164
Locked Bag 122
Wetherill Park NSW 2164
Tel 61 2 9725 3222
Fax 61 2 9725 4017

Queensland

131 Beenleigh Rd
Acacia Ridge QLD 4110
PO Box 1151
Archerfield BC Qld 4109
Tel 61 7 3323 4800
Fax 61 7 3323 4888

Western Australia

32 Gauge Circuit
Canning Vale WA 6155
PO Box 1534
Canning Vale DC WA 6970
Tel 61 8 9455 9777
Fax 61 8 9455 3657