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ANNOUNCEMENT
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NATIONAL FOODS WINS THREE-YEAR SUPPLY CONTRACT

National Foods Limited said today that the company was pleased to be awarded the contract for the supply of house brand milk to Woolworths supermarkets throughout Australia.

"It is very pleasing that the new contract is for a period of three years, from 2004 to 2007", Managing Director Peter Margin said today. "This gives us the confidence and security to continue to invest in our business to further strengthen our current processing cost advantage.

"It is a credit to our people and our suppliers that we have performed well and met the customers' expectations throughout the current two year contract, sufficient to give Woolworths the confidence to award us this new contract.

"It needs to be remembered that when the current contract was awarded, it was the first ever national milk supply contract, as well as the largest food contract ever in Australia. The size and scope of the contract posed a number of challenges that we were able to meet successfully.

"This new three year contract will allow us to look at entering longer term contracts with our own suppliers, providing them with greater certainty for the future," Mr Margin concluded.

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National Foods Limited is one of Australia's largest dairy companies, listed on the Australian Stock Exchange with leading brands and market shares in all categories. It is Australia's only national milk company with brands such as the Pura™ range of milks, and Classic, Farmers Union™, Big M and Masters™ flavoured milks. It is the market leader in fresh dairy foods where its brands include Yoplait, Le Rice, Fruche™, Divine Classic and YoGo™. National Foods also operates in the specialty cheese and gourmet foods market through brands such as King Island Dairy, Timboon, Tilba, South Cape and Superior Gold.

The company employs 2300 people and has operations in every State and in New Zealand.