



9 October 2008

The Manager - Listings
Australian Securities Exchange Limited
Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

Via electronic lodgement

Dear Sir

CHEP USA REACHES AGREEMENT WITH WALMART

Attached is an announcement relating to the above.

Yours faithfully
Brambles Limited

Robert Gerrard
Group Company Secretary

Encl.

CHEP USA REACHES AGREEMENT WITH WALMART

Sydney, 9 October 2008

Brambles announced today that CHEP USA (CHEP) has reached formal agreement with Walmart in relation to CHEP's continued participation in Walmart's logistics network in the USA at limited ongoing cost to Brambles. The agreement maintains the benefits of Total Pallet Management (TPM) for CHEP and the supply chain overall.

Operating arrangements

Under the new agreement, Walmart third party service providers will inspect and quality sort CHEP pallets at the service providers' facilities or, in some cases, at Walmart distribution centres (DCs). Pallets meeting CHEP's quality criteria will be available for re-issue directly to CHEP manufacturer customers thereby maintaining the supply chain benefits of TPM.

CHEP pallets requiring repair will continue to be processed at CHEP service centres before being re-issued to CHEP manufacturer customers. These service centres are or will be located in close proximity to the Walmart service provider facilities in order to minimise transportation costs to CHEP and the overall supply chain. The new arrangements are expected to be implemented by June 2009.

There is no impact on sales revenue or issue volumes from the new arrangements.

Details of the agreement between CHEP and Walmart are subject to confidentiality.

Financial impact

The impact on CHEP's net annual operating costs from FY10 will be limited to approximately US\$5 million (cost neutral previously). This is primarily due to the net impact of:

- CHEP no longer receiving income from the sale of white wood pallets that were previously collected from the Walmart DCs;
- CHEP no longer incurring costs associated with the inspection and sorting of empty whitewood and other pallets in Walmart DCs; and
- CHEP reducing transportation costs by optimising its service centre network such that a higher proportion of pallets requiring repair are relocated shorter distances.

Other elements of the previous arrangements remain the same. Importantly, TPM and the transportation benefits of TPM are maintained. Significant quantities of CHEP pallets will continue to be re-issued directly from the Walmart network to CHEP manufacturer customers. As previously, CHEP will incur costs for the inspection and quality sort of CHEP pallets, the fees for which remain competitive with market conditions and reflect the comprehensive nature of the relationship between CHEP and Walmart.

As previously disclosed, CHEP will incur total costs for the 2009 financial year of approximately US\$30 million before tax, reflecting the transition to the new arrangements.

The Chief Executive Officer of Brambles, Mike Ihlein, said: "The relationship between Walmart and CHEP is a very important one for both companies and I am pleased that together we have been able to develop a solution that maintains the benefits of Total Pallet Management for the overall supply chain."

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Further enquiries:

Investors:

Michael Roberts
Vice President Investor Relations
+61 2 9256 5216
+61 418 263 199

Media:

Michael Sharp
Vice President Corporate Affairs
+61 2 9256 5255
+61 439 470 145

For further information on Brambles and all company announcements, presentations and webcasts, please visit the company website www.brambles.com.