

WOOLWORTHS LIMITED

**James Strong - Chairman's Address Annual General Meeting 2012
Adelaide Convention Centre, Adelaide
Thursday, 22 November 2012**

****CHECK AGAINST DELIVERY****

Financial Results

Welcome to the Woolworths Limited Annual General Meeting.

We are pleased to be here in Adelaide and having the opportunity to meet and talk with a number of our South Australian shareholders and others visiting Adelaide.

Thank you for taking the time to attend our meeting. I know there is a small cricket match going on at the Adelaide Oval, so I hope we can report some good progress from there later in the meeting.

The 2012 financial year was one that was marked by both tighter economic and retail market conditions.

There is no doubt we are experiencing most challenging conditions for retailers with low levels of consumer confidence and uncertainty, significant deflation in many categories, fuelled by a continuing strong Australian dollar and increased retail competition.

Against that backdrop, I am pleased to report that the strength of the Woolworths Group was again demonstrated by a solid performance across our major businesses.

The benefits of the investments in recent years in efficiency improvements, growth and innovation were clearly on display in this result.

Net profit after tax from continuing operations increased 3.6 per cent to \$2.18 billion on total group sales from continuing operations of \$55.1 billion, up 4.8 per cent, compared to the previous year.

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Our results were affected by provisioning for the disposal of the consumer electronic business Dick Smith, a category that has significantly transformed over recent years. On a one-off basis, this reduced our after-tax profits by 14.5 per cent and earnings per share by 14.9 per cent.

Shareholder returns

With the continuing solid underlying performance, Woolworths delivered strong returns for shareholders with the Board announcing a 3.3% increase in dividends per share, to 126 cents, up from 122 cents last year.

Earnings per share increased 180.1 cents per share, up 3.1%, excluding the Consumer Electronics provision.

Investing in The Future

Grant will talk to you shortly about Woolworths' strategic priorities of maximizing shareholder returns and investment for new growth. It is worth noting that during the year we opened a record number of new stores and other outlets.

We have also continued the rapid establishment of Masters, the new home improvement business which will grow to become a substantial part of the group. We are currently opening one of these stores every two and a half weeks and the Board is particularly pleased with the progress which is being made.

The Masters business has also deepened our relationship with our Joint Venture partner, The Lowes Business in the US, who have provided a tremendous advantage to our rapid entry into this category.

Woolworths are also delivering step change in productivity through the supply chain and have commenced operations in new distribution centres in New Zealand, Tasmania and the impressive Hoxton Park precinct in Sydney.

More ground work was laid for cost savings from Project Quantum initiatives that will leverage the Group's scale and incorporate global best practices. Increased global sourcing, new procurement strategies and shared services cost savings will deliver benefits well into the future.

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Management

In his first year as CEO, Grant has built on the strengths of the very solid foundations with fresh initiatives and exciting innovations in our core businesses and he will update you on progress in this regard.

He has also introduced some high quality new senior talent including:

- Tjeerd Jegen as Managing Director of the Australian Supermarkets and Petrol business who has experience in international retailers Ahold and Tesco
- Penny Winn as Director of Multi-Channel and Supply Chain returns to the fold from Myer
- Brad Banducci as Director of Liquor has been appointed following the integration of the Cellarmasters business
- Kurt Kamp, as Group Marketing Director, who also comes to us from Tesco
- And David Guise our new Human Resources Director, also from the UK.

Additionally, development of considerable internal management expertise and teams continues to take place.

I would like to acknowledge the significant contribution by our 195,000 staff members across all operations during a challenging year.

Their commitment, enthusiasm and hard work are the basis of the success of Woolworths over the years, and form the heart and soul of this business.

Board Succession

In recent years we have had several retirements of long serving Board members, and there will be more changes including my own retirement as I am not standing for re-election today. During 2012 we have continued to build skills and capabilities as part of succession planning at the Board level.

We appointed three new non-executive directors - Christine Cross, David Mackay and Michael Ullmer.

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Ms Cross and Mr Mackay both have extensive experience in international retail and consumer goods whilst Mr Ullmer brings a wealth of experience from the accounting and banking sectors.

Together they have brought impressive skills, knowledge and experience to the table and we welcome their contribution. It is a very high caliber Board.

Chair succession and farewell

This is my last AGM as Chairman of Woolworths after twelve and a half years as a Director and eleven and a half years as Chairman. It is the twelfth AGM I have chaired.

At the conclusion of this meeting I will be succeeded as Chairman by current non-executive Director, Ralph Waters. Ralph is an eminently qualified successor and brings a wide range of leadership experience to the role.

Ralph has been a significant asset to the Board since he joined in January 2011. He has served as CEO of Email and Fletcher Building Limited, and is now Chairman of Fletcher. He is Deputy Chairman of the Organising Committee for the ICC Cricket World Cup 2015, and a Director of Fonterra Co-operative Limited and Asciano Limited. He has previously been a Director of Westpac New Zealand and Chairman and Director of Fisher and Paykel Appliances Holding Limited.

It has been a privilege to have chaired this proudly iconic Australian company for the past eleven and a half years and I am delighted to be passing the role to someone of the calibre of Ralph.

I wish to record my gratitude to all of my fellow Board Directors over those years, to the great CEOs I have worked with: Roger Corbett, Michael Luscombe, and now Grant O'Brien, to Tom Pockett CFO, all the outstanding Senior Managers and every dedicated staff member of Woolworths. It has been a delight to be involved with this great business.

And thank you to our loyal shareholders.

Thank you.

I would now like to ask Grant O'Brien to please present his CEO's report.