

WOOLWORTHS LIMITED

WOOLWORTHS LIMITED 2012 ANNUAL GENERAL MEETING SHAREHOLDER QUESTIONS 22 NOVEMBER 2012

1. EXECUTIVE REMUNERATION

We have received a number of questions and concerns surrounding CEO and Executive remuneration packages, long term incentive packages and performance measures.

Remuneration for senior executives is set by the People Policy Committee and they receive a mix of fixed pay and short and long term incentives. The mix is designed to reward performance without encouraging excessive risk taking or focusing on short term gains at the expense of longer term performance. Overall, pay increases across the company were around 3% on average for this financial year.

The CEO's remuneration is approved by the Board and is well below average for an ASX top 100 company.

In terms of Directors' remuneration, the fee structure is based on independent research and external professional advice. Fee levels are commensurate with the size and complexity of an organisation like Woolworths as well as the relative workload and responsibilities of each Director. The current fee levels were approved by shareholders at the 2007 AGM.

2. GAMING OPERATIONS

This year we also received questions concerning Woolworths' involvement in the gaming industry.

An Extraordinary General Meeting has been held on this issue and we refer interested shareholders to the Chairman's letter for a more expansive explanation of Woolworths' position on these issues. I also refer shareholders to the outcome of the vote by shareholders to the resolution that was voted against at this morning's meeting.

However, in summary, we acknowledge shareholder concern about the impact of problem gambling in our society.

We also note that many shareholders acknowledged that the resolution put by GetUp would not significantly address the issue of problem gambling more broadly because, as the operator of only 6% of Australia's electronic gaming machines, the changes would apply to Woolworths only. These shareholders appreciate the fact that as a large company, Woolworths brings a great deal of integrity and operational responsibility to gaming

3. SHAREHOLDER DISCOUNT CARD

Once again, several shareholders asked why Woolworths does not offer a store discount to shareholders.

This company has more than 416,000 shareholders – more than double the amount of staff who receive a 5% discount. Given that Woolworths makes less than 4 cents in the dollar profit after tax, any shareholder discount scheme would be a significant cost to the bottom line. We prefer to return profits to shareholders in the form of increased dividends.

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4. CREATION OF SCA PROPERTY GROUP

Several shareholders raised concerns about the creation of SCA Property Group, particularly in relation to value to shareholders and SCA being independent of Woolworths and therefore a limited influence on SCA.

The creation of SCA is in line with our strategy to act on the Company's portfolio to maximise shareholder value. The Board unanimously recommends shareholders vote in favour of the capital reduction resolution as the best option to reduce the quantum of property held on the balance sheet and make better use of capital.

Historically, Woolworths has not been a holder of property assets and prefers to enter into long term leases over its premises. During the Global Financial Crisis, Woolworths increased its involvement in the development of retail centres using its own balance sheet. We believe the creation of SCA will better enable us to focus on the core business of retailing while also releasing value to shareholders.

5. COMPETITION

This year many shareholders raised questions surrounding the competition between the Coles and Woolworths supermarkets. These questions focused on our pricing and marketing strategies.

It is one of Woolworths' strategic priorities to extend our fresh food leadership and many steps have been taken in this direction over the last 12 months. We have launched a new brand campaign as Australia's Fresh Food People and introduced many new and exciting promotions, ranges and community activities to complement this. Results from these activities have been positive with increasing market share, basket size and customer visits being recorded.

6. SOURCING AUSTRALIAN PRODUCTS / AUSTRALIAN FARMING

Australian sourced products and Australian farming have once again been of concern. We do appreciate the fact that there is a proportion of customers who do seek out Australian made products and for our Own Brand products, we do positively discriminate in favour of Australian suppliers.

In our Fresh food category, 100% of our fresh meat and 96% of our fruit and vegetables are sourced from Australia. We have 3,490 large and small Australian businesses that supply Woolworths with fresh food.

In Own Brand groceries by sales in July 2012, 76% of Homebrand, 59% of Select and 92% of Macro products were sourced from Australia.

We pride ourselves on our relationships with Australian farming communities and will continue to work with them to ensure our products are of the highest standard.