

ANNUAL GENERAL MEETING

24 NOVEMBER 2006

CHAIRMAN'S ADDRESS

WOOLWORTHS SHAREHOLDERS,

THE YEAR'S RESULTS

I AM DELIGHTED TO REPORT ANOTHER OUTSTANDING YEAR FOR WOOLWORTHS, WITH RECORD RESULTS ACHIEVED ACROSS A WIDE RANGE OF PERFORMANCE CRITERIA. THIS IS HIGHLIGHTED BY THE ACHIEVEMENT OF A NET PROFIT AFTER TAX OF IN EXCESS OF \$1BILLION FOR THE FIRST TIME, A REAL LANDMARK FOR THE COMPANY. THIS RECORD RESULT FEATURED MANY SIGNIFICANT HIGHLIGHTS INCLUDING:

- SALES UP 20.4% TO \$37734 BILLION
- EARNINGS BEFORE INTEREST AND TAXATION UP 32.3% TO \$1722 BILLION
- NET OPERATING PROFIT AFTER TAX UP 24.3% TO \$1014 BILLION

AND EXCELLENT RETURNS FOR SHAREHOLDERS:

- EARNINGS PER SHARE INCREASING BY 14.8% TO 90.9 CENTS
- A TOTAL DIVIDEND OF 59 CENTS PER SHARE, UP 15.7%

THIS RESULT REAFFIRMS THE QUALITY OF THE COMPANY'S OPERATIONS AND PEOPLE, ITS ABILITY TO COPE WITH CHANGE AND ITS ABILITY TO DELIVER CONSISTENTLY IN A COMPETITIVE MARKET. TWO KEY PRIORITIES HAVE DRIVEN CONTINUED IMPROVEMENT OVER RECENT YEARS:

- A FOCUS ON COST REDUCTIONS AND EFFICIENCY
- HEALTHY INTERNAL GROWTH AND ACQUISITIONS

PROJECT REFRESH HAS PROVIDED HUGE IMPROVEMENTS IN BUILDING A NEW SUPPLY CHAIN SYSTEM, ENSURING THAT WOOLWORTHS IS AT WORLD STANDARDS IN TERMS OF EFFICIENCY AND COST-EFFECTIVENESS. CREDIT MUST GO TO THE TEAMS THROUGHOUT THE GROUP WHO HAVE PLANNED, IMPLEMENTED AND REFINED THESE COMPLEX ARRANGEMENTS. THEIR EFFORTS HAVE BEEN A SIGNIFICANT CONTRIBUTOR TO THE RESULTS ACHIEVED BY WOOLWORTHS OVER RECENT YEARS AND ESTABLISHED A SUBSTANTIAL PLATFORM FOR THE FUTURE OF THE BUSINESS FOR MANY YEARS AHEAD.

SUCCESSFUL ACQUISITIONS

SIMILARLY, ACQUISITIONS AND THE INTEGRATION OF MAJOR NEW ASSETS, INCLUDING THE SUPERMARKET OPERATIONS OF PROGRESSIVE ENTERPRISES LIMITED IN NEW ZEALAND, THE TAVERNER HOTEL GROUP, THE BRUCE MATHIESON GROUP AND THE AUSTRALIAN LEISURE AND HOSPITALITY GROUP, PROVIDE AN ENLARGED BASE FOR GROWTH OPPORTUNITIES.

THE SUCCESSFUL INTEGRATION OF PROGRESSIVE ENTERPRISES IS PARTICULARLY PLEASING – AN OUTSTANDING RESULT WAS ACHIEVED IN CHALLENGING CONDITIONS AND WITHOUT ANY STAFF REDUNDENCIES, ENABLING US TO BRING THE BENEFITS OF WOOLWORTHS' LOW PRICES TO OUR NEW ZEALAND CUSTOMERS.

“WOOLWORTHS CONTINUES TO EVALUATE STRATEGIC OPTIONS IN RELATION TO THE GENERAL MERCHANDISE SECTOR IN NEW ZEALAND. WE DO NOT ANTICIPATE ANY IMMEDIATE FURTHER STEPS UNDER CURRENT CONDITIONS, AND WILL RETAIN OUR 10% SHAREHOLDING IN THE WAREHOUSE.”

AFTER CONSIDERABLE EFFORT BY MANY PEOPLE OUR HOTEL BUSINESS IS NOW INTEGRATED AS A SINGLE UNIT UNDER ALH. WE ARE PLEASED WITH ITS PERFORMANCE AND CONTRIBUTION TO THE COMPANY.

NEW INTERNATIONAL INITIATIVES

IN ADDITION TO OUR OFF-SHORE INITIATIVES IN NEW ZEALAND, WOOLWORTHS HAS BEEN ACTIVE IN INDIA AND HONG KONG.

THROUGH OUR CLOSE ASSOCIATION WITH THE TATA GROUP, WOOLWORTHS HAS ENTERED INTO ARRANGEMENTS TO DEVELOP A CONSUMER ELECTRONICS WHOLESALE BUSINESS IN INDIA. WOOLWORTHS WILL PROVIDE SOURCING, WHOLESALING AND SOME MANAGEMENT SUPPORT, WHILST THE TATA GROUP WILL OWN AND MANAGE THE RETAIL OPERATIONS.

WE HAVE ALSO ESTABLISHED A BUYING OFFICE IN HONG KONG TO DIRECTLY SOURCE PRODUCTS FOR DISTRIBUTION IN OUR OPERATIONS, AND TO ALLOW US TO PROVIDE VALUE TO OUR CUSTOMERS.

TRIBUTE TO ROGER CORBETT

ON BEHALF OF THE BOARD, I WOULD LIKE TO PAY TRIBUTE TO ROGER CORBETT FOR AN OUTSTANDING CONTRIBUTION AS MANAGING DIRECTOR AND CHIEF EXECUTIVE. OVER THE EIGHT YEARS OF HIS LEADERSHIP, ROGER'S REMARKABLE DEDICATION, ENERGY AND PASSION HAS PROPELLED WOOLWORTHS TO THE FOREFRONT OF RETAILERS WORLDWIDE, TAKING THE MARKET CAPITALISATION OF THE COMPANY FROM \$6 BILLION IN 1998 TO IN EXCESS OF \$25 BILLION TODAY. [ACKNOWLEDGE ROGER].

CEO, MICHAEL LUSCOMBE

FOLLOWING ROGER'S RETIREMENT AT THE END OF SEPTEMBER THE BOARD WAS DELIGHTED TO APPOINT MICHAEL TO BECOME CEO AND MANAGING DIRECTOR FROM WITHIN THE RANKS OF OUR TALENTED SENIOR MANAGEMENT TEAM, ENSURING A SMOOTH TRANSITION AND CONTINUITY OF LEADERSHIP. MICHAEL IS A LONG-TERM EMPLOYEE OF WOOLWORTHS - A "HOMEGROWN" SUCCESS STORY - HIS CAREER EXTENDING OVER TWENTY-EIGHT YEARS WITH THE COMPANY, FROM HIS START AS

A MANAGEMENT TRAINEE, THROUGH HIS RISE TO DIRECTOR OF SUPERMARKETS, TO HIS APPOINTMENT AS CEO. MICHAEL'S INTIMATE KNOWLEDGE OF THE COMPANY AND HIS LONG-TERM EXPERIENCE WILL ENSURE OUR VISION AND FOCUS CONTINUE.

CAPITAL MANAGEMENT

WOOLWORTHS' CAPITAL MANAGEMENT STRATEGY HAS ENHANCED EARNINGS PER SHARE GROWTH WHILE RETAINING THE FLEXIBILITY TO PURSUE GROWTH AND CAPITAL MANAGEMENT OPPORTUNITIES, SUCH AS THE AUSTRALIAN LEISURE & HOSPITALITY AND FOODLAND ACQUISITIONS. WE HAVE TARGETED, ACHIEVED AND MAINTAINED A CREDIT RATING OF A - FROM STANDARD AND POOR'S AND A3 FROM MOODY'S INVESTOR SERVICES.

FOUR SIGNIFICANT DEBT TRANSACTIONS WERE UNDERTAKEN DURING THE YEAR IN BOTH THE US BOND MARKET AND THE DOMESTIC MARKET WITH LOW LEVELS OF INTEREST RATES AND STAGED MATURITY DATES ACHIEVED. WOOLWORTHS INCOME NOTES WERE REDEEMED IN JUNE 2006, AND AN OFFER OF NEW SECURITIES CALLED WOOLWORTHS NOTES WAS MADE IN THE SAME MONTH WHICH RAISED A\$600 MILLION. WOOLWORTHS NOTES ARE QUOTED ON THE AUSTRALIAN STOCK EXCHANGE UNDER THE ASX CODE "WOWHB".

ARRANGEMENTS WERE MADE IN JUNE 2006 FOR THE SALE AND LEASEBACK OF ELEVEN DISTRIBUTION CENTRES FOR \$846 MILLION. THIS TRANSACTION PROVIDES WOOLWORTHS WITH THE FLEXIBILITY TO ALTER AND ADAPT ITS DCs TO MEET CHANGING OPERATIONAL REQUIREMENTS OVER TIME.

MANAGEMENT AND LEADERSHIP

IT IS IMPORTANT TO UNDERSTAND IN RELATION TO WOOLWORTHS THAT STRATEGIES FOLLOWED BY WOOLWORTHS ARE DEVELOPED JOINTLY BY THE BOARD, THE CEO AND THE SENIOR MANAGEMENT TEAM IN AN INTEGRATED AND CO-OPERATIVE WAY.

THE WOOLWORTHS' VISION IS TO CONTINUE TO DRIVE OUR CORE RETAIL BUSINESS, BRINGING GREATER CONVENIENCE, QUALITY, VALUE, RANGE, FRESHNESS AND SERVICE TO OUR CUSTOMERS. WOOLWORTHS' FOCUS IS ON MAXIMISING THE BENEFITS FROM OUR NEW TECHNOLOGY, SUPPLY CHAIN AND ACHIEVING THE SYNERGIES FROM OUR RECENT ACQUISITIONS WHICH ARE READILY ACHIEVABLE OVER THE NEXT THREE YEARS. WE WILL CONTINUE TO LAY FOUNDATIONS FOR SUSTAINABLE PROFITABLE GROWTH, AND TO USE OUR BUSINESS CAPABILITIES AND SCALE, WHICH ARE CLEAR DRIVERS OF GROWTH.

THE BOARD AND GOVERNANCE

AS SET OUT IN THE NOTICE OF MEETING, THIS YEAR WE WELCOMED MICHAEL LUSCOMBE ONTO THE BOARD OF DIRECTORS.

PRESENTING HIMSELF FOR ELECTION AT THIS ANNUAL GENERAL MEETING IS TOM POCKETT. TOM JOINED WOOLWORTHS AS CHIEF FINANCIAL OFFICER IN AUGUST 2002, AND HAS BEEN A KEY PLAYER IN IMPLEMENTING OUR FINANCIAL AND ACQUISITION STRATEGY OVER THAT PERIOD.

WOOLWORTHS HAS A SMALL BUT DEDICATED BOARD OF DIRECTORS, WHO WORK CLOSELY WITH THE CEO AND SENIOR MANAGEMENT, AND I THANK THEM FOR THEIR CONTINUED CONTRIBUTION TO OUR GROUP'S SUCCESS.

PROPER AND CAREFUL CORPORATE GOVERNANCE IS CENTRAL TO THE COMPANY'S AND THE BOARD'S APPROACH TO BUILDING SHAREHOLDER VALUE, AND MANAGING RISK. WOOLWORTHS HAS RELEASED ITS FIRST CORPORATE SOCIAL RESPONSIBILITY REPORT (WHICH IS AVAILABLE FOR VIEWING ON OUR WEBSITE). WE ARE CONSCIOUS OF WOOLWORTHS' ENVIRONMENTAL RESPONSIBILITIES AND WE ARE SEEKING WAYS TO REDUCE ENERGY CONSUMPTION, FOR EXAMPLE THROUGH THE DEVELOPMENT OF ENERGY EFFICIENT REFRIGERATION. WE HAVE ALSO RECENTLY RELEASED OUR COMMUNITY REPORT, WHICH PROVIDES SOME DETAIL OF THE WORK THAT WE DO AND THE CONTRIBUTION WE MAKE TO THE COMMUNITIES IN WHICH WE OPERATE. COPIES OF THIS ARE AVAILABLE AT THE CUSTOMER SERVICE DESK.

ACKNOWLEDGEMENTS

FINALLY, I WISH TO ACKNOWLEDGE THE MANY PEOPLE ASSOCIATED WITH OUR COMPANY'S SUCCESS OVER THE PAST YEAR:

- THE BOARD OF DIRECTORS WHOSE DEDICATION AND SKILL ENSURE OUR STRATEGIC DEVELOPMENT CONTINUES APACE
- OUR 175,000 EMPLOYEES WHO WORK TIRELESSLY TO ENSURE THE DELIVERY OF OUTSTANDING SERVICE TO OUR CUSTOMERS
- THE LARGE NUMBER OF SUPPLIERS TO THE GROUP WHO WORK WITH US TO PROVIDE OUR CUSTOMERS WITH THE BEST AND MOST COMPETITIVELY PRICED PRODUCTS AVAILABLE
- YOU AND OUR OTHER SHAREHOLDERS, FOR THEIR CONTINUED SUPPORT OF WOOLWORTHS.
- AND OUR MILLIONS OF CUSTOMERS. TO EACH AND EVERY ONE OF OUR VALUED CUSTOMERS, BE ASSURED THAT WE WILL CONTINUE TO FOCUS ON BRINGING YOU THE VERY BEST PRODUCTS AT THE MOST COMPETITIVE PRICES.

James Strong

**JAMES STRONG
CHAIRMAN
WOOLWORTHS LIMITED**