
WOOLWORTHS LIMITED

NOTICE OF ANNUAL GENERAL MEETING
2014



Notice of Annual General Meeting 2014

woolworthslimited.com.au

Woolworths Limited ABN 88 000 014 675

Notice is given that the eighty-ninth Annual General Meeting of shareholders of Woolworths Limited (*Woolworths* or the *Company*) will be held on 27 November 2014 at the Brisbane Convention & Exhibition Centre, Corner Merivale and Glenelg Streets, South Bank, Brisbane, Queensland commencing at 11.00am (Brisbane time).

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Agenda

1. FINANCIAL AND OTHER REPORTS

To receive and consider the Financial Report of the Company and the Reports of the Directors and the Auditor for the financial year ended 29 June 2014.

2. ELECTION OF DIRECTORS

Board endorsed Director

(a) To re-elect as a Director Ms Jillian Rosemary Broadbent, a serving Director, who retires by rotation in accordance with Article 10.3 of the Company's Constitution and ASX Listing Rule 14.4 and, being eligible, offers herself for re-election.

Board endorsed Director

(b) To elect as a Director Mr Scott Redvers Perkins, a serving Director, who is eligible for election in accordance with Articles 10.3 and 10.7 of the Company's Constitution and, being eligible, offers himself for election.

Board not-endorsed candidate

(c) To elect as a Director Mr Stephen Mayne, a Board not-endorsed candidate, who is eligible for election in accordance with Articles 10.5 and 10.6 of the Company's Constitution and, being eligible, offers himself for election.

Board endorsed Director

(d) To re-elect as a Director Mr Ralph Graham Waters, a serving Director, who retires by rotation in accordance with Article 10.3 of the Company's Constitution and ASX Listing Rule 14.4 and, being eligible, offers himself for re-election.

3. LONG TERM INCENTIVE PLAN ISSUE TO MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That the grant of 67,514 Performance Rights to the Managing Director and Chief Executive Officer of the Company, Mr Grant O'Brien, under the Woolworths Long Term Incentive Plan, as described in the Explanatory Notes accompanying the Notice convening this meeting, be approved for all purposes, including for the purpose of ASX Listing Rule 10.14."

Please note that the Company will disregard any votes cast on this resolution by certain persons. Details of the voting exclusions applicable to this resolution are set out in the "Voting exclusions" section on page 6 below.

4. ADOPTION OF REMUNERATION REPORT

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That the Remuneration Report (which forms part of the Directors' Report) for the year ended 29 June 2014 be adopted."

Please note that the vote on this resolution is advisory only and does not bind the Directors or the Company.

Please also note that the Company will disregard any votes cast on this resolution by certain persons. Details of the voting exclusions applicable to this resolution are set out in the "Voting exclusions" section on page 6 below.

Dated: 20 October 2014

By order of the Board



R J E Dammary
Company Secretary

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ELIGIBILITY TO VOTE

Regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) permits the Company to specify a time, not more than 48 hours before a general meeting, at which a "snapshot" of shareholders will be taken for the purposes of determining shareholder entitlements to vote at the meeting.

The Company's Directors have determined that all shares of the Company that are on issue at 7.00pm (Sydney time) on 25 November 2014 will, for the purposes of determining voting entitlements at the Annual General Meeting, be taken to be held by the persons registered as holding the shares at that time.

This means that any person registered as the holder of an ordinary share in the capital of the Company at 7.00pm (Sydney time) on 25 November 2014 is entitled to attend and vote at the Annual General Meeting in respect of that share, subject to the other provisions of these notes.

PROXIES

A shareholder entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two proxies.

A proxy need not be a shareholder of the Company, and may be either an individual or a corporation. A corporation appointed as proxy will need to appoint an individual as its corporate representative, as outlined below, to exercise its powers at the Annual General Meeting.

A shareholder entitled to cast more than one vote on a resolution may appoint two proxies, in which case the shareholder should specify the proportion or number of votes that each proxy is appointed to exercise. If no proportions or numbers are specified, each proxy may exercise half of the shareholder's votes. An additional hard copy proxy form will be supplied by the Company's share registrar, Computershare Investor Services Pty Limited, on request for the purpose of appointing a second proxy, or the second proxy can be appointed online (as outlined below).

Shareholders are encouraged to give direction to their proxies on how to vote on each resolution. A shareholder can provide such a direction by marking the appropriate box opposite the relevant resolution in the proxy form or selecting the appropriate option for that resolution online (as outlined below). If a proxy appointment does direct the relevant proxy on how to vote on a resolution, then (subject to the other provisions of these notes, including the voting exclusions noted below):

- where the proxy is the Chairman of the Annual General Meeting, the proxy need not vote in that capacity on a show of hands on the resolution, but must do so on a poll, and in either case when voting must do so as directed;

- where the proxy is not the Chairman of the Annual General Meeting, the proxy need not vote in that capacity on a show of hands nor on a poll on the resolution, but if the proxy does vote, then the proxy must do so as directed; and
- where the proxy holds two or more appointments that provide different directions on how to vote on the resolution, the proxy must not vote any of those appointments on a show of hands on that resolution. Accordingly, any direction to such a proxy on how to vote on that resolution will not be effective on a show of hands. Similarly, if a proxy is also a shareholder, then any direction to the proxy may not be effective on a show of hands. Any directions provided to a proxy will be effective if a poll is held.

If an appointed proxy does not attend the Annual General Meeting, then the Chairman of the Annual General Meeting will be taken to have been appointed as the proxy of the relevant shareholder in respect of the Annual General Meeting. In addition, if a proxy attends the Annual General Meeting and has been directed how to vote on a resolution, but the proxy does not vote on that resolution on a poll, then the Chairman of the Annual General Meeting will be taken to have been appointed as the proxy of the relevant shareholder in respect of that poll.

If the Chairman of the Annual General Meeting is appointed, or taken to be appointed, as a proxy, but the appointment does not direct how to vote on a resolution, then the Chairman intends to exercise the relevant shareholder's votes in favour of the relevant resolution (subject to the other provisions of these notes, including the voting exclusions noted below), with the exception of the resolution on item 2(c), in respect of which the Chairman intends to exercise the relevant shareholder's votes against the resolution.

To appoint a proxy, a shareholder can use the hard copy proxy form accompanying this notice (as applicable). Hard copy proxy forms can also be obtained on request from the Company's share registrar.

A shareholder can also make a proxy appointment online by visiting the website www.investorvote.com.au and following the instructions provided. To use this online facility, the shareholder will need their six digit control number, their Shareholder Reference Number (SRN) or Holder Identification Number (HIN), and their postcode, as shown on the proxy form accompanying this notice. The shareholder will be taken to have signed the proxy form if they lodge it in accordance with the instructions on the website.

Note that a proxy cannot be appointed online by a person acting on behalf of a shareholder under a power of attorney or similar authority. The online proxy facility may also not be suitable for some shareholders who wish to split their votes on a resolution or appoint two proxies with different voting directions. Shareholders should read the instructions for the online proxy facility carefully before making a proxy appointment using the facility.

In the case of certain intermediaries (such as custodians, nominees, non-broker participants and some financial advisers) who participate in the Intermediary Online system of the Company's share registrar, proxy appointments can also be submitted online by visiting the website www.intermediaryonline.com and following the instructions provided.

To be effective, online proxy appointments must be made through the relevant website above by no later than **12.00 noon (Sydney time) or 11.00 am (Brisbane time) on 25 November 2014**. Proxy appointments will not be able to be made online after that time.

To be effective, a hard copy proxy form must be received no later than **12.00 noon (Sydney time) or 11.00am (Brisbane time) on 25 November 2014** at the registered office of Woolworths, or by the Company's share registrar using the return-addressed envelope (reply-paid for mailing in Australia) enclosed with this notice or at an address or facsimile number below:

By mail

Woolworths Limited
c/- Computershare Investor Services Pty Limited
GPO Box 242, Melbourne, Victoria 3001, Australia

By hand

Computershare Investor Services Pty Limited
Level 4, 60 Carrington Street, Sydney 2000
New South Wales, Australia

By facsimile

(within Australia) 1800 783 447 or (outside Australia)
+61 3 9473 2555

Proxy forms received after that time will be invalid.

CORPORATE REPRESENTATIVES

A shareholder, or proxy, that is a corporation and entitled to attend and vote at the Annual General Meeting may appoint an individual to act as its corporate representative.

Evidence of the appointment of a corporate representative must be in accordance with section 250D of the *Corporations Act 2001* (Cth) and be lodged with the Company before the Annual General Meeting or at the registration desk on the day of the Annual General Meeting.

ATTORNEYS

A shareholder entitled to attend and vote at the Annual General Meeting is entitled to appoint an attorney to attend and vote at the Annual General Meeting on the shareholder's behalf.

An attorney need not be a shareholder of the Company.

The power of attorney appointing the attorney must be duly signed and specify the name of each shareholder, the Company and the attorney, and also specify the meetings at which the appointment may be used. The appointment may be a standing one.

To be effective, the power of attorney must also be returned in the same manner, and by the same time, as outlined above for proxy forms.

EVIDENCE OF SIGNING AUTHORITY

If a proxy form or appointment of a corporate representative is signed on behalf of an individual or a corporation under power of attorney or other authority, the power of attorney or other authority under which the relevant instrument is signed, or a copy of that power of attorney or other authority, certified as a true copy by statutory declaration, must accompany the instrument unless the power of attorney or other authority has previously been noted by the Company's share registrar.

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VOTING EXCLUSIONS

The *Corporations Act 2001* (Cth) and the ASX Listing Rules require that certain persons must not vote, and the Company must disregard any votes cast by or on behalf of certain persons, on two of the resolutions to be considered at the Annual General Meeting. These voting exclusions are described below.

Item 3

The following persons may not vote, and the Company will disregard any votes cast by the following persons, on the resolution on item 3:

1. Any Director who is eligible to participate in the Woolworths Long Term Incentive Plan, and any associate of such a Director. However, the Company need not disregard a vote if:
 - it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
 - it is cast by the Chairman of the Annual General Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.
2. Any KMP member (and any closely related party of a KMP member) that is appointed as a proxy where the proxy appointment does not specify the way the proxy is to vote on the relevant resolution, unless:
 - the proxy is the Chairman of the Annual General Meeting; and
 - the proxy appointment expressly authorises the Chairman to exercise the proxy even if that resolution is connected directly or indirectly with the remuneration of a KMP member.

Item 4

The following persons may not vote, and the Company will disregard any votes cast by the following persons, on the resolution on item 4:

1. Any KMP member whose remuneration details are included in the Remuneration Report (and any closely related party of such a KMP member, and any person voting on behalf of such a KMP member or closely related party), unless the person does so as a proxy and:
 - the vote is not cast on behalf of any KMP member whose remuneration details are included in the Remuneration Report (or any closely related party of such a KMP member); and
 - either:
 - that person is appointed as a proxy by writing that specifies how the proxy is to vote on the resolution; or
 - that person is the Chairman of the Annual General Meeting and the proxy appointment expressly authorises the Chairman to exercise the proxy even if that resolution is connected directly or indirectly with the remuneration of a KMP member.

2. Any KMP member whose remuneration details are not included in the Remuneration Report (and any closely related party of such a KMP member) that is appointed as a proxy where the proxy appointment does not specify the way the proxy is to vote on the resolution, unless:
 - the proxy is the Chairman of the Annual General Meeting; and
 - the proxy appointment expressly authorises the Chairman to exercise the proxy even if that resolution is connected directly or indirectly with the remuneration of a KMP member.

For the purposes of these voting exclusions:

- The **KMP** (or **key management personnel**) are those persons having authority and responsibility for planning, directing and controlling the activities of the Woolworths consolidated group, either directly or indirectly. The KMP for the Woolworths consolidated group during the year ended 29 June 2014 are listed in section 1.1 of the Remuneration Report on page 45 of the Company's 2014 Annual Report.
- A **closely related party** of a KMP member means:
 - a spouse or child of the member; or
 - a child of the member's spouse; or
 - a dependant of the member or of the member's spouse; or
 - anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealings with the entity; or
 - a company the member controls.

The Company will also apply these voting exclusions to persons appointed as attorney by a shareholder to attend and vote at the Annual General Meeting under a power of attorney, as if they were appointed as a proxy.

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Explanatory Notes

1. FINANCIAL AND OTHER REPORTS

As required by section 317 of the *Corporations Act 2001* (Cth) (**Corporations Act**), the Financial Report, Directors' Report and Auditor's Report of the Company and the consolidated entity for the most recent financial year (namely the period ended 29 June 2014) will be laid before the Annual General Meeting. Shareholders will be provided with the opportunity to ask questions about the reports.

There is no requirement for a formal resolution on this item. Accordingly, there will be no formal resolution put to the Annual General Meeting in respect of the 2014 Financial Report and other reports.

2. ELECTION OF DIRECTORS

Details of each of the candidates for election or re-election as a Director and the Board recommendations in relation to their candidacies are set out below. The Board considers each of Ms Broadbent, Mr Perkins and Mr Waters to be independent Directors, and that they will continue to qualify as such if elected or re-elected, as applicable. Based on the information that has been provided by Mr Mayne (and that the Board has been otherwise able to obtain), the Board also considers that Mr Mayne will qualify as an independent Director, if elected.

Board recommendation:

The following summarises the Directors' recommendations in relation to voting on the election and re-election of candidates to the Board, as detailed below.

The Directors recommend that shareholders vote **FOR** the following candidates:

- Jillian Broadbent
- Scott Perkins
- Ralph Waters

The Directors recommend that shareholders vote **AGAINST** the following candidate:

- Stephen Mayne

The Board recognises that having a range of different skills, backgrounds and experience represented amongst its Directors is important to ensure robust decision-making processes with a diversity of viewpoints and the effective governance of the Woolworths group. The range of skills, backgrounds and experience currently represented on the Board includes experience in senior roles in retail, building products, white goods manufacturing, engineering, consumer goods, property, banking and finance, food manufacturing, aviation, construction, management consultancy, accounting and investment banking, as well as qualifications across a range of fields including business management, economics, accounting and the humanities.

Details regarding the Directors' recommendations are as follows:

- (a) *Jillian Broadbent* – the Directors, having conducted an assessment of the performance of Ms Broadbent (in her absence), believe that it is in the interests of shareholders that she be re-elected as a member of the Board and recommend (with Ms Broadbent abstaining) that shareholders vote **FOR** the corresponding resolution.
- (b) *Scott Perkins* – the Directors, having conducted an assessment of the skills and experience of Mr Perkins (in his absence), believe that it is in the interests of shareholders that he be elected as a member of the Board and recommend (with Mr Perkins abstaining) that shareholders vote **FOR** the corresponding resolution.
- (c) *Stephen Mayne* – the Directors do not believe that it is in the best interests of shareholders that Mr Mayne be elected as a member of the Board and recommend that shareholders vote **AGAINST** the corresponding resolution. The reasons for the Directors' recommendation are as follows:
 - The Directors do not consider that Mr Mayne has the same extensive knowledge, experience and skills to meet the Board's responsibilities and objectives as do the current Directors of Woolworths. All of the Company's current Directors have demonstrated credentials and experience to understand all facets of the business, industry and environment in which the Company operates and to provide the Board with the appropriate mix of skills required to meet the Company's responsibilities and objectives.
 - The Directors categorically reject the suggestion by Mr Mayne that the Board is not attuned to corporate social responsibility issues. Woolworths is already – both domestically and globally – earning respect and recognition for the integrity and depth of its corporate responsibility programs, across all aspects of its business. In particular, the Directors note that the Company's Hotel business (conducted through its ALH joint venture) is committed to providing responsible gaming in its venues, as well as safe and supportive environments where its customers make informed decisions about gaming. This is backed by a Hotel and Gaming Charter that addresses, among other things, voluntary pre-commitment for gaming (the Charter is available at www.alhgroup.com.au). As provided for in the Charter, a voluntary pre-commitment system is being implemented throughout the Hotel business and is expected to be completed by the end of calendar year 2015.
 - The Directors note that Mr Mayne stood for election as a Director of the Company in 2010 on a similar platform, but his candidacy was overwhelmingly rejected by shareholders with more than 93% of votes cast against the relevant resolution. Restrictions of the type propounded by Mr Mayne on the operation of gaming by the Company's Hotel business were also considered in detail by shareholders at the extraordinary general meeting held in November 2012. Those restrictions were also overwhelmingly rejected by shareholders, with more than 97% of votes cast against the relevant resolution.

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(d) *Ralph Waters* – the Directors, having conducted an assessment of the performance, skills and experience of Mr Waters (in his absence), believe that it is in the interests of shareholders that he be re-elected as a member of the Board and recommend (with Mr Waters abstaining) that shareholders vote **FOR** the corresponding resolution.

Re-election of Board endorsed serving Director, Ms Jillian Broadbent

ASX Listing Rule 14.4 provides that a director must not hold office past the third annual general meeting following the director's appointment or last election, or three years, whichever is the longer, but the director is eligible to stand for re-election. Accordingly, Ms Jillian Broadbent retires at the Annual General Meeting and, in accordance with Article 10.3 of the Company's Constitution, being eligible for re-election has submitted herself for re-election at the Annual General Meeting.

Each of the Directors intends to vote undirected proxy appointments given to them "**FOR**" the re-election of Ms Broadbent.

Jillian Rosemary Broadbent, AO Non-executive Director

Member: Audit, Risk Management and Compliance Committee and Nomination Committee.

BA, HonDLitt (UWS)

Ms Broadbent is a member of the Audit, Risk Management and Compliance Committee and the Nomination Committee.

Ms Broadbent has a Bachelor of Arts degree (economics and maths majors) from the University of Sydney and an Honorary PhD from the University of Western Sydney.

Ms Broadbent has extensive experience in corporate banking and finance in both Australia and internationally, primarily with Bankers Trust Australia. She is Chair of the Board of Swiss Re Life & Health Australia Limited, Chair of the Clean Energy Finance Corporation and Chancellor of the University of Wollongong.

Ms Broadbent was a Member of the Board of the Reserve Bank of Australia (1998 to 2013). She was a Director of ASX Limited (2010 to 2012), Coca-Cola Amatil Limited (1999 to 2010), Special Broadcasting Service Corporation (SBS), Qantas Airways Limited, Westfield Property Trusts and Woodside Petroleum Ltd. Ms Broadbent was appointed a Director of the Company in January 2011.

Age: 66.

Election of Board endorsed serving Director, Mr Scott Perkins

In accordance with Article 10.7 of the Company's Constitution, Mr Scott Perkins has been appointed as a Director and holds office until the conclusion of the Annual General Meeting. In accordance with Articles 10.3 and 10.7 of the Company's Constitution, Mr Perkins is eligible for election and has submitted himself for election at the Annual General Meeting.

Each of the Directors intends to vote undirected proxy appointments given to them "**FOR**" the election of Mr Perkins.

Scott Redvers Perkins Non-executive Director

Member: Audit, Risk Management and Compliance Committee and Nomination Committee.

BCom, LLB (Hons)

Mr Perkins is a member of the Audit, Risk Management and Compliance Committee and the Nomination Committee.

Mr Perkins has a Bachelor of Commerce degree and a Bachelor of Laws with Honours degree from Auckland University.

Mr Perkins has extensive Australian and international experience as a leading corporate adviser. He was most recently Head of Corporate Finance for Deutsche Bank Australia and New Zealand and a member of the Executive Committee with overall responsibility for the Bank's activities in this region. He was also a member of the Asia Pacific Corporate and Investment Bank Management Committee. Prior to that he was Chief Executive Officer of Deutsche Bank New Zealand and Deputy CEO of Bankers Trust New Zealand. Mr Perkins' experience encompasses advising leading local and international companies across a broad range of markets on strategy, mergers and acquisitions and capital markets matters.

Mr Perkins is an active participant in the not for profit communities in Australia and New Zealand. He has a long-standing commitment to breast cancer causes, the visual arts and public policy development.

Mr Perkins is also a Director of the Museum of Contemporary Art in Sydney and was a Director of Meridian Energy (1999 to 2002).

Mr Perkins was appointed a Director of the Company in September 2014.

Age: 50.

Election of Board not-endorsed candidate and self nominee, Mr Stephen Mayne

In accordance with Articles 10.5 and 10.6 of the Company's Constitution, Mr Stephen Mayne is eligible for election and has submitted himself for election at the Annual General Meeting.

Each of the Directors intends to vote undirected proxy appointments given to them "**AGAINST**" the election of Mr Mayne.

The following statement was provided by Mr Mayne with his nomination and is reproduced in full without endorsement or independent verification by the Company.

Stephen Mayne
Self Nominee

BCom

"Stephen Mayne is a Walkley award winning business journalist and professional shareholder advocate, who publishes the corporate governance ezine www.maynereport.com. He is a City of Melbourne councillor where he chairs the Finance and Governance Committee and is deputy chair of the Planning Committee. Until recently, he was Policy and Engagement Coordinator for the Australian Shareholders' Association and previously served as an ASA director.

Mr Mayne's business experience includes launching, building and later successfully selling Australia's best known independent ezine, Crikey.com.

Mr Mayne believes Woolworths needs more directors in tune with the global focus on corporate social responsibility. In particular, Mr Mayne is concerned about potential damage to the Woolworths brand and franchise from its operation of more than 11,000 pokies at its pubs and clubs through the ALH joint venture with Bruce Mathieson.

Mr Mayne believes Woolworths should exit the gambling business or, at the very least, conduct its pokies business in a way that minimises customer harm, such as by implementing the Productivity Commission recommendations for a maximum \$1 bet and mandatory pre-commitment.

If not, Woolworths potentially risks being unfavourably screened by professional investors who are signatories to the United Nations Principles for Responsible Investment.

If elected, Mr Mayne undertakes to work constructively and collegially with the board and management team to maximise shareholder value in an environment of heightened governance, transparency and corporate social responsibility."

Age: 45.

Re-election of Board endorsed serving Director, Mr Ralph Waters

ASX Listing Rule 14.4 provides that a director must not hold office past the third annual general meeting following the director's appointment or last election, or three years, whichever is the longer, but the director is eligible to stand for re-election. Accordingly, Mr Ralph Waters retires at the Annual General Meeting and, in accordance with Article 10.3 of the Company's Constitution, being eligible for re-election has submitted himself for re-election at the Annual General Meeting.

Each of the Directors intends to vote undirected proxy appointments given to them "**FOR**" the re-election of Mr Waters.

Ralph Graham Waters

Non-executive Director and Chairman

Member: People Policy Committee, Audit, Risk Management and Compliance Committee and Nomination Committee.

CPEng, HonFIEAust, M Bus

Mr Waters is a member of the People Policy Committee, the Audit, Risk Management and Compliance Committee and the Nomination Committee.

Mr Waters has a Master of Business degree from Curtin University, is a Chartered Professional Engineer and an Honorary Fellow of the Institution of Engineers Australia. He has had extensive experience in the Australasian building products industry, including as Managing Director of Email Limited and as Chief Executive of Fletcher Building Limited, as well as engineering and management experience in London and the Middle East.

Mr Waters is currently Chairman of Fletcher Building Limited (Director since 2001; retiring October 2014) and Chairman of Cricket World Cup 2015 Ltd. He is also a Director of Asciano Limited (since 2012). In the past, Mr Waters was Chairman and Director of Fisher and Paykel Appliances Holdings Limited (Director 2001 to 2011), Director of Fonterra Co-operative Group Limited (2006 to 2013) and Westpac New Zealand Limited (2006 to 2012).

Mr Waters was appointed a Director of the Company in January 2011 and Chairman in November 2012.

Age: 65.

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Why shareholder approval is being sought

ASX Listing Rule 10.14 states that a listed company must not permit a Director to acquire securities under an employee incentive scheme without the approval of shareholders by ordinary resolution.

The purpose of the resolution on item 3 is to have shareholders approve the proposed grant under the Woolworths Long Term Incentive Plan (**Plan** or **LTIP**) to the Company's Managing Director and Chief Executive Officer, Mr Grant O'Brien, of rights to receive fully paid ordinary shares in the Company (**Shares**) by issue or transfer for no cash payment (**Performance Rights**).

Subject to approval by shareholders, the Board proposes that under the LTIP in respect of the 2015 financial year, the grant will comprise the issue of 67,514 Performance Rights to Mr O'Brien.

Performance hurdles will apply to the Performance Rights, as outlined in Appendix A.

In the Board's view, the performance hurdles that must be satisfied before Performance Rights are exercisable link the ultimate value of the Performance Rights to the continued growth of the Company's earnings and shareholder returns and therefore provide a major incentive for Mr O'Brien to ensure the Company continues its superior performance.

Issuing Performance Rights (and other forms of equity securities) to senior executives is a well established and standard component of the Company's remuneration structures and the Directors, other than Mr O'Brien (in view of his personal interest in the resolution), believe it is appropriate for shareholders to approve the grant of Performance Rights as contemplated by the resolution on item 3.

Terms of the Performance Rights

Set out below is a summary of the key rules of the LTIP (including the Sub-Plan of the LTIP under which Performance Rights will be delivered, if approved by shareholders).

The Performance Rights Sub-Plan delivers a contractual right to a grant of a Share to the holder at a future date, subject to performance hurdles being met and any other vesting conditions being satisfied. No payment is required to be made by the holder in respect of the exercise of Performance Rights. Upon exercise, each Performance Right entitles the holder to the issue or transfer of one Share (subject to adjustment in certain circumstances as permitted by the ASX Listing Rules).

- **Performance hurdles and other vesting conditions** – the Board has determined that, subject to the terms of the LTIP, the vesting and exercise of Performance Rights is conditional on the achievement of the performance hurdles, and the satisfaction of any other vesting conditions, as set out in the terms and conditions of the specific grant. The performance hurdles for the Performance Rights proposed to be granted to Mr O'Brien are described below in Appendix A (no other vesting conditions will apply).
- **Exercise** – the Board will prescribe a date or dates on which Performance Rights become exercisable. Subject to the LTIP, on or after the prescribed date, and provided all other vesting and exercise conditions prescribed by the Board have been achieved and the Performance Rights have not otherwise lapsed, the relevant holder of Performance Rights may acquire Shares by exercising the Performance Rights.
- **Early exercise** – early exercise of Performance Rights may be permitted at the discretion of the Board, if the relevant holder ceases employment with any participating Woolworths group company in circumstances such as death, retirement, ceasing employment because of illness, incapacity or redundancy or where otherwise permitted by the Board or its delegate (such as on a transfer of business). Such early exercise, however, is subject to the satisfaction of the applicable performance hurdles and any other vesting conditions at the time of cessation and is pro-rated for the time served. Early exercise may also be permitted on a takeover, scheme of arrangement, or winding up of Woolworths, subject to the Board or its delegate's approval. Early exercise of Performance Rights of persons whose employment is terminated for cause may only occur if permitted at the discretion of the Board or its delegate (and again subject to the satisfaction of the applicable performance hurdles and any other vesting conditions at that time).

- **Delivery of Shares** – the Board can decide whether to purchase Shares on-market or to issue new Shares to satisfy exercise of Performance Rights.
- **Reorganisations and bonus issues** – a holder’s entitlement to Shares under a Performance Right will be adjusted to take account of bonus issues as if the Performance Right had been exercised before the determination of entitlements in respect of those issues. In the case of reorganisation of the issued capital of the Company, the entitlement to Shares under a Performance Right will be adjusted as required by the ASX Listing Rules from time to time.
- **Lapse** – a Performance Right will lapse if it is not exercised within the exercise period determined by the Board on grant. However, in the case of death or cessation of employment of the relevant Plan participant, the lapse date may be brought forward. Subject to the Board determining an earlier lapse date, a Performance Right lapses at the latest of:
 - the expiry of 12 months after the relevant Plan participant’s death, if death occurs before the Performance Right lapses in accordance with the below;
 - the expiry of 3 months after the relevant Plan participant ceases to be employed by the Woolworths group for any other reason; and
 - if the Board extends the time during which the Performance Right may be exercised, the expiry of that time.

Lapse may also occur in other circumstances, including where there is dishonesty, fraud or breach of duty by a Plan participant.

- **Restrictions on transfer** – a Performance Right granted to a Plan participant is only exercisable by the participant or their legal personal representative. Performance Rights are not transferable, except with express approval of the Board or its delegate or by force of law on death or legal incapacity.
- **Restriction on disposal of Shares** – the Board may impose a restriction on disposal of Shares acquired on exercise of a Performance Right.

Number of equity incentives issued under the LTIP

Under the LTIP, options to acquire Shares (**Options**), Performance Rights, and beneficial interests in Shares (**Performance Shares**) may be issued to employees of the Woolworths group.

Since the initial approval by shareholders of the LTIP in 2004, the following Options, Performance Rights and Performance Shares have been issued under the LTIP:

- 41,640,200 Options;
- 16,429,258 Performance Rights; and
- no Performance Shares.

Maximum number of Performance Rights to be issued to Mr O’Brien

The maximum number of Performance Rights that may be acquired by Mr O’Brien if shareholder approval is provided at the Annual General Meeting is 67,514.

Price of Performance Rights

The Performance Rights will be issued at no cost to Mr O’Brien. Once the performance hurdles are met (or waived), the Performance Rights will be exercisable at nil cost.

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Other information relating to the potential grants of Performance Rights

In accordance with ASX Listing Rules 10.14 and 10.15, the following additional information is provided for shareholders.

- No Director other than Mr O'Brien is currently eligible to participate in the grant of Options, Performance Rights or Performance Shares under the LTIP.
- No Directors have received Options or Performance Shares under the LTIP since the last approval given by shareholders under ASX Listing Rule 10.14 (namely, at the 2013 Annual General Meeting).
- No Directors other than Mr O'Brien have received Performance Rights under the LTIP since the last approval given by shareholders under ASX Listing Rule 10.14. Mr O'Brien has received 161,780 Performance Rights (as approved at the 2013 Annual General Meeting) and the acquisition price for the Performance Rights was nil.
- Upon satisfaction (or waiver) of the relevant performance hurdles as referred to above, Mr O'Brien will be entitled to exercise each Performance Right granted to him and be issued with one Share (subject to the terms of the issue of the Performance Rights relating to bonus issues and capital reorganisations of the Company).
- No loan will be provided by the Company in relation to the grant or exercise of the Performance Rights proposed to be provided to Mr O'Brien.
- If shareholders approve the resolution on item 3, 67,514 Performance Rights will be issued to Mr O'Brien at nil cost by no later than 12 months after the passing of the resolution.

Board recommendation:

The Directors (with Mr O'Brien abstaining) recommend that shareholders vote in favour of the resolution on item 3.

Mr O'Brien does not make a recommendation in respect of the resolution in view of his personal interest in the resolution.

Copies of the Woolworths Long Term Incentive Plan Rules are available on Woolworths' website at www.woolworthslimited.com.au and at Woolworths' registered office at 1 Woolworths Way, Bella Vista, NSW 2153, or may be obtained by shareholders at no charge by writing to the Company Secretary at that address.

4. ADOPTION OF REMUNERATION REPORT

The Company's Remuneration Report for the period ended 29 June 2014 is set out on pages 44 to 70 of the 2014 Annual Report. The Remuneration Report is also available on Woolworths' website at www.woolworthslimited.com.au.

The Remuneration Report includes an explanation of the Company's remuneration policy and the remuneration arrangements in place for Directors and other key management personnel.

At Woolworths, all employees play an important role in delivering the Company's financial performance, and remuneration policies have been developed to provide market competitive remuneration in order to sustain Woolworths' competitive advantage and protect the interests of shareholders.

Woolworths has an achievement and performance oriented culture that the Company's remuneration policies serve to drive and support. In recognising the importance of its people to the Company's success, over 45,000 current Woolworths group employees hold shares in the Company or participate in various equity based schemes, sharing in the Company's success and aligning their interests with that of other shareholders. The Company's remuneration policy is aligned with both its financial and strategic business objectives and recognises that people are a major contributor to sustained improvements in performance.

Woolworths' remuneration policy for all executives ensures:

- remuneration is market competitive and designed to attract, motivate and retain key executives;
- demanding performance measures are applied to both short and long term "at risk" remuneration;
- short term performance is linked to both financial and individual performance measures; and
- long term performance is measured through shareholder value creation.

In summary, the Remuneration Report:

- explains the Board's policy for determining the nature and amount of remuneration of Directors and other key management personnel of the Company;
- explains the relationship between the Board's remuneration policy and the Company's performance;
- details and explains any performance hurdles applicable to the remuneration of Directors and other key management personnel of the Company; and
- sets out remuneration details for each Director and other key management personnel of the Company (including the value of any options and performance rights granted to those persons).

As required by the Corporations Act, a non-binding resolution to adopt the Remuneration Report is to be put to shareholders at the Annual General Meeting. The vote on this resolution is advisory only and does not bind the Directors or the Company.

Board recommendation:

The Directors recommend that shareholders vote in favour of the resolution to adopt the Remuneration Report.

Notice of Annual General Meeting 2014

Appendix A

PERFORMANCE HURDLES FOR GRANT TO BE MADE TO MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER

Under the LTIP, Performance Rights are granted but only vest subject to the achievement (or waiver in certain circumstances) of specific performance hurdles (and, if applicable, satisfaction of any other applicable vesting conditions).

The performance hurdles (**Performance Hurdles**) set by the Board for the proposed grant of Performance Rights to Mr O'Brien are as follows:

- for 50% of the Performance Rights granted (**EPS tranche**), an Earnings Per Share (**EPS**) Performance Hurdle; and
- for 50% of the Performance Rights granted (**TSR tranche**), a market comparative Total Shareholder Return (**TSR**) Performance Hurdle.

In each case, satisfaction of the Performance Hurdle is subject to the vesting scale outlined below. The EPS and TSR Performance Hurdles are measured over a three year period from the effective grant date (i.e. 1 July 2014). The Performance Hurdle is not retested if not met and any Performance Rights will lapse, subject to the waiver of Performance Hurdles to the extent permitted under the LTIP.

As detailed in section 2.3 of the Remuneration Report on page 54 of the Company's 2014 Annual Report, the performance period for grants under the LTIP in respect of the 2015 financial year has been reduced to three years from the five years that applied to grants in previous financial years. This change will importantly bring performance measures under the LTIP in line with the Company's three year business strategy, is consistent with the practices followed by the majority of ASX 100 companies, and allows sufficiently challenging targets to be set while assisting in the Company attracting and retaining key talent. In moving from a five year to a three year performance period, the transition approach that has been adopted involves three year grants being made under the LTIP immediately in respect of the 2015 financial year but at the 50% grant level for that year and the following financial year for all executives previously participating in five year grants. This effectively 'smoothes' the move to the three year performance period and is expense neutral to the Company over four years.

EPS Performance Hurdle

EPS is the non-dilutive EPS, which is measured as the net profit after income tax expense of the consolidated entity after non-controlling interests, divided by the weighted average number of shares on issue (including Shares and dividend reinvestment allotments and adjusted to remove treasury shares held by Woolworths Custodian Pty Ltd) over the relevant measurement period.

In relation to the proposed grant of Performance Rights to Mr O'Brien, the EPS tranche will vest (wholly or in part) upon Woolworths attaining a compound annual EPS growth rate of equal to or greater than 6% over the performance period, relative to the 2014 financial year. A compound annual EPS growth rate equal to or greater than 8% over the performance period will result in 100% of the Performance Rights in the EPS tranche vesting. Vesting will occur progressively on the basis determined by the Board up to 100% of the EPS tranche for a compound annual EPS growth rate between 6% and 8% over the performance period.

TSR Performance Hurdle

Broadly, TSR measures the return received by shareholders from holding shares in a company over a particular period. TSR is calculated by taking into account the change in a company's share price over the relevant measurement period as well as the dividends received (and assumed to be reinvested back into the company's shares) during that period.

The TSR Performance Hurdle for the proposed grant of Performance Rights to Mr O'Brien compares the Company's TSR performance over the performance period against the TSR performance over the same period of a group of comparator companies. The group of comparator companies comprises S&P/ASX 100 companies, but excludes any non-comparable companies such as financial services and resources sector companies, trusts and any companies in the comparator group that are under takeover or takeover speculation, have merged, had a share reconstruction or been de-listed as at the measurement date.

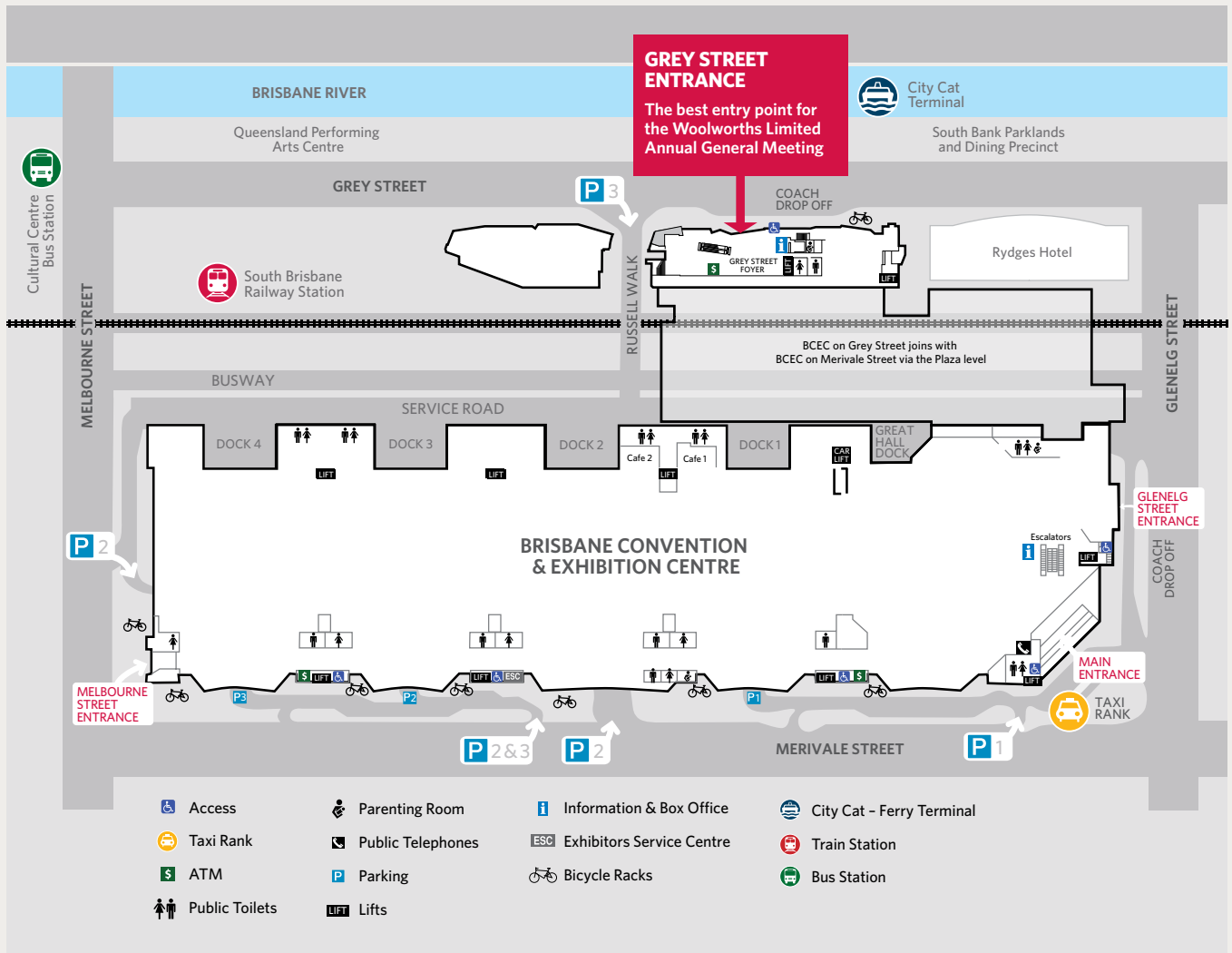
A minimum TSR ranking for Woolworths at the 51st percentile measured against the comparator companies is required for any Performance Rights in the TSR tranche for Mr O'Brien to vest. All of the TSR tranche will vest if Woolworths' TSR ranking is at or above the 75th percentile measured against the comparator companies. Vesting will occur progressively on the basis determined by the Board up to 100% of the TSR tranche for a TSR ranking for Woolworths between the 51st percentile and the 75th percentile.

Vesting, exercise period and expiry period

If the Performance Hurdle for the EPS tranche for Mr O'Brien is met as at the third anniversary of the date of grant then the applicable number of Performance Rights will vest, with the balance lapsing. Similarly, if the Performance Hurdle for the TSR tranche is met as at the third anniversary of the date of grant then the applicable number of Performance Rights will vest, with the balance lapsing.

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Getting to the Brisbane Convention & Exhibition Centre



The Brisbane Convention & Exhibition Centre is located in Brisbane's South Bank riverside precinct on the corner of Merivale & Glenelg Street. **The best entry point for the Woolworths Limited AGM is the Grey Street entrance.**

Airtrain - Catch the Airtrain from Brisbane's international and domestic airports to South Brisbane station, adjacent to the Convention Centre.

Bus Services - South Bank is serviced by two bus stations: The Cultural Centre Station on Melbourne Street and the South Bank Busway Station corner of Colchester and Tribune Streets, South Bank.

CityCats - Operate everyday and stop at the South Bank River Terminal on the Clem Jones Promenade. The inner-city ferry travels between the CBD, North Quay and Kangaroo Point, stopping at South Bank Terminal 1 and 2 on the Clem Jones Promenade.

Taxi - Taxi ranks are located outside the main entrance to the Convention Centre on Merivale Street, at Mantra South Bank on Grey Street. There is a taxi drop off located at the Convention Centre Grey Street entrance.

Trains - South Brisbane Railway Station adjacent to the Convention Centre on Grey Street.

For information about public transport visit translink.com.au for more information on go card, transfer rules and alternative services or **call 13 12 30** anytime.

