

# WOOLWORTHS LIMITED

A.B.N. 88 000 014 675

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## 2002 Notice of Annual General Meeting

Notice is hereby given that the seventy-seventh Annual General Meeting of members of Woolworths Limited will be held on Friday, 22 November 2002 at Melbourne Convention & Exhibition Centre, John Batman Theatre, Cnr Flinders and Spencer Streets, Melbourne, Victoria, commencing at 10.00am.

## Agenda

### Ordinary Business

#### 1. Financial Statements and Reports

To receive and consider the Financial Reports of the Company and the consolidated entity and the Declaration by the Directors and Reports of the Directors and Auditors thereon for the financial period ended 30 June 2002.

#### 2. Election of Directors

- (a) To elect as a Director Mr John Charles Ballard who retires by rotation in accordance with Article 10.3 of the Company's Constitution and being eligible offers himself for re-election.
- (b) To elect as a Director Mr Leon Michael L'Huillier who retires by rotation in accordance with Article 10.3 of the Company's Constitution and being eligible offers himself for re-election.

### Special Business

#### 3. Executive Director's Share Options

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

'THAT shareholders approve the acquisition by Mr William Paul Renton Wavish pursuant to the Woolworths Executive Option Plan, of 200,000 options to acquire that number of ordinary fully paid shares in the Company and the acquisition of those ordinary shares in the Company in consequence of the exercise of those options, in accordance with the terms of that Plan and on the basis described in the Notes accompanying this 'Notice of Annual General Meeting'.

#### Voting exclusion statement

The Company will disregard any votes cast on Resolution 3 by a director of the Company and any associate of a director of the Company. However, the Company need not disregard a vote if:

- a. it is cast by a director of the Company as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- b. it is cast by the person who is chairing the 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.

## Notes on Ordinary Business

### **Resolution 2. Retirement and re-election of Directors**

In accordance with Article 10.3 of the Company's Constitution, which provides for the retirement by rotation at each Annual General Meeting of one-third of the Directors and in accordance with Australian Stock Exchange Limited (ASX) Listing Rule 14.4, which prohibits Directors from holding office (without re-election) past the third annual general meeting following the Director's appointment or 3 years, whichever is longer, Mr J C Ballard and Mr L L'Huillier are to retire at the Annual General Meeting on 22 November 2002 ('Annual General Meeting').

In accordance with Article 10.5, of the Company's Constitution, both Mr Ballard and Mr L'Huillier are eligible for re-election and have submitted themselves for re-election at the Annual General Meeting.

The Board's policy on Board composition is to ensure that the Board comprises an appropriate mix of skills so as to provide the necessary breadth and depth of knowledge and experience which is required to meet the Company's objectives.

**Details of the candidates are set out below:**

### John Charles Ballard

MBA, FAICD

**Non-executive Director, Chairman Board of Trustees, Woolworths Group Superannuation Scheme, Member Corporate Governance Committee**

Mr Ballard is Chairman of Wattyl Limited, a director of CSR Limited and a Trustee of the Sydney Opera House Trust. He was previously Managing Director, Asia Pacific, for United Biscuits Limited and Managing Director Snack Foods, for Amatil Limited (now Coca-Cola Amatil Limited). He was appointed a Director in September 1997.

### Leon Michael L'Huillier

B Com (Hons), MBA, M Phil

**Non-executive Director, Chairman Audit Committee, Member Corporate Governance Committee**

Mr L'Huillier is a Director and Member of the Audit Committee of the Automotive Parts Group Limited (Repcos) and Chairman of the Co-operative Research Centre for Eye Research and Technology. He is an experienced Chief Executive in the grocery manufacturing and liquor industries, most recently as the CEO of Lion Nathan Australia Pty Ltd. He has broad experience as a non-executive Director of major organisations in logistics, property and financial services. He was appointed a Director in September 1997.

## Notes on Special Business

### **Resolution 3. Executive Director's options**

ASX Listing Rule 10.14 provides that a listed company may only permit a director of the Company to acquire shares or rights to shares under an employee incentive scheme where that director's participation has been approved by shareholders.

The purpose of Resolution 3 is to approve an offer of 200,000 options ('Options') to the Company's Director, Woolworths Supermarkets Group, William Paul Renton Wavish, under the Woolworths Executive Option Plan (the 'Plan') which was approved by shareholders in November 1999. Participation in the Plan is conferred on Mr Wavish under his service arrangements with the Company.

It is therefore proposed that, subject to shareholder approval, the Options be issued to Mr Wavish, effective 1 July 2002, at an exercise price of \$12.94 being the weighted average market price of the Company's shares traded on the 5 trading days prior to 1 July 2002, which will be the effective Grant Date.

Other than the grant of 1,000,000 options to Mr R.C. Corbett, the Group Managing Director and CEO which was approved by shareholders at the 2001 Annual General Meeting, at an exercise price of \$7.84, no options have been granted to any other person referred to in Listing Rule 10.14 since 23 November, 2001, the date upon which the Company's shareholders last approved a grant of options under the Plan.

The only director of the Company who is entitled to participate in the Plan, in addition to Mr Wavish, is Mr Corbett.

#### Terms of the options

The Options are to be issued under the Plan by 20 December, 2002 in consideration of the entry by Mr Wavish of a Service Agreement. The Options have the same vesting and exercise conditions to those currently being offered to other Executives under the Plan, also effective 1 July, 2002. These conditions are described below.

#### Price

The Options will be issued effective 1 July, 2002 (Grant Date) and will be exercisable, subject to the vesting and exercise conditions described below being met, at a price per option of \$12.94 which is the weighted average market price of the Company's shares traded on the ASX on the 5 trading days prior to the Grant Date.

#### Conditions of vesting

The Options will vest in five tranches. (a 'tranche' means a number of options which have the same vesting and exercise conditions). Generally, provided the selected performance hurdles are achieved and the relevant Options have vested, each tranche of Options may be exercised in accordance with the following exercise conditions:

Tranche	Percentage of Options in total grant that may be exercised	Performance hurdle to be achieved	Exercise period
Tranche 1	12.5%	4 year 10% EPS	5 years from the effective date (ie. 1 July 2002) to the expiry date (ie. 30 December 2007)
Tranche 2	12.5%	4 year 11% EPS	5 years from the effective date to the expiry date
Tranche 3	12.5%	5 year 10% EPS	5 years from the effective date to the expiry date
Tranche 4	12.5%	5 year 11% EPS	5 years from the effective date to the expiry date
Tranche 5	12.5% – 50%	TSR	5 years from the effective date to the expiry date

The performance hurdles for the Options in tranches 1 to 4 representing 50% of the total grant is based on growth in Woolworths' Earnings Per Share ('EPS') from one financial year to the next.

Of the Options in tranches 1 and 2, the number of Options that will vest at the end of four years from the effective date will be as follows:

- if the average annual EPS growth over the period from the effective date (ie. 1 July 2002) to the date 4 years after the effective date (ie. 30 June 2006) is at least 10% per annum compounded, 12.5% of the total grant of Options will vest; and
- if the average annual EPS growth over the period from the effective date to the date 4 years after the effective date (ie. 30 June 2006) is at least 11% per annum compounded, an additional 12.5% of the total grant of Options will vest.

Of the Options in tranches 3 and 4, the number of Options that will vest at the end of five years from the effective date will be as follows:

- if the average annual EPS growth over the period from the effective date (ie. 1 July 2002) to the date 5 years after the effective date (ie. 30 June 2007) is at least 10% per annum compounded, 12.5% of the total grant of Options will vest; and
- if the average annual EPS growth over the period from the effective date to the date 5 years after the effective date (ie. 30 June 2007) is at least 11% per annum compounded, an additional 12.5% of the total grant of Options will vest.

Earnings Per Share is the non-dilutive EPS which will be measured as the net profit after outside equity interests and Woolworths Income Notes ('WINS') divided by the weighted average number of shares on issue (where the closing balance of shares on issue includes ordinary share issues and Dividend Reinvestment Plan issues) over the relevant period.

The fifth tranche of the Options will vest subject to Woolworths' Accumulation Index equating or exceeding the percentile rank of the constituent companies Accumulation Indices in the S&P 100 Index over the period from 1 July 2002 to 1 July 2007 as set out below ('Total Shareholder Return Hurdle'):

12.5%	60th
Additional 12.5%	65th
Additional 12.5%	70th
Additional 12.5%	75th

Each of the five tranches of the Options will become exercisable from 1 July 2007 (subject to those options being vested). The Options will not continue to vest or be exercisable at any time beyond 31 December 2007 or if Mr Wavish is terminated for cause. In certain circumstances, including the death, permanent disability, retirement or termination, other than for cause of Mr Wavish, the Board may approve an amendment to the vesting and exercise period whether or not the conditions described above have been met.

## Proxies

A Member entitled to attend and vote is entitled to appoint not more than two proxies. A proxy need not be a Member of the Company.

If you wish to appoint a proxy, please use the Proxy Form accompanying this Notice. A Member who is entitled to cast two or more votes may appoint two persons and may specify the proportion or number of votes which each proxy is appointed to exercise.

On a show of hands, every person present and qualified to vote shall have one vote. If you have appointed a proxy and the proxy appointed is also a Member, or a proxy for another Member, any direction to the proxy on how to vote may not be effective on a show of hands. Your directions will be effective if a poll is held.

To be effective, your Proxy Form and the Power of Attorney or other authority (if any) under which it is signed or a copy of the Power of Attorney or other authority, certified as a true copy by Statutory Declaration, must be received no later than 48 hours prior to the Meeting by Woolworths' Share Registrar, Computershare Investor Services Pty Ltd, (using the reply-paid envelope enclosed) or by facsimile (02) 8234 5050 or at the Registered Office of Woolworths Limited, Level 5, 540 George Street, Sydney, 2000.

Dated: 8 October 2002

By order of the Board



**R K S Jeffs** Company Secretary