

Dated: May 2008

Woolworths Employee Share Purchase Plan

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Details

These are the rules of the Woolworths Employee Share Purchase Plan.

Interpretation – definitions are at the end of the general terms

Company	Name	Woolworths Limited
	ABN	88 000 014 675
	Address	1 Woolworths Way BELLA VISTA NSW 2153
Business Day place	Sydney	
Governing law	New South Wales	

General terms

1. Introduction

1.1 Purpose

The Plan provides eligible Employees with an opportunity to acquire an ownership interest in the Company.

1.2 Commencement

The Plan commences on the date that the Company determines.

1.3 Rules are binding

The Company, each Group Company and each Participant are bound by these rules.

2. Invitation, application and acceptance

2.1 Eligibility

The Board may determine the Employees who are eligible to participate in the Plan from time to time.

2.2 Invitation may be made

From time to time the Company may make an Invitation to participate in the Plan to an Employee who is eligible to participate in the Plan in accordance with rule 2.1.

2.3 Form of Application

The Invitation to an Employee must be accompanied by an Application Form.

2.4 Invitation to acquire Shares

Subject to rule 6.3, an Invitation to an Employee to subscribe for or acquire Shares may be on such terms and conditions as the Board decides from time to time, including as to:

- (a) the number of Shares for which that Employee may subscribe or acquire;
- (b) the amount payable (if any) for the subscription or acquisition of a Share or how it is calculated; and
- (c) any Salary Sacrifice and/or Bonus Sacrifice arrangement.

2.5 No loans to the Company

Without limiting rule 2.4 and unless the Board determines otherwise, the Company will not invite and no Employee will be permitted to:

- (a) save money, through regular deductions from the Employee's remuneration, towards paying for Shares offered under the Plan;
- (b) deposit money with, or lend money to, any person in connection with an acquisition of Shares under the Plan; or
- (c) contribute money or money's worth as consideration to acquire rights of any nature in connection with the Plan.

2.6 Salary or bonus sacrifice

- (a) The Board may decide that an Invitation will involve a Salary Sacrifice or Bonus Sacrifice, and if so, the terms and conditions of the Salary Sacrifice or Bonus Sacrifice and the maximum dollar amount of the remuneration or bonus for which Shares are offered in lieu of that remuneration or bonus.
- (b) Where an Invitation is made which will involve a Salary Sacrifice or Bonus Sacrifice by a Participant, the Invitation is conditional on the Participant and the Employer entering into an agreement setting out the terms and conditions of the Salary Sacrifice or Bonus Sacrifice arrangement.
- (c) Participants will only have the opportunity to amend their Salary Sacrifice and/or Bonus Sacrifice or other monetary sacrifice amounts at the times set out in the Invitation or at any other date and time as determined by the Board from time to time.

2.7 Participant agrees to be bound

Each Participant is, by submitting a completed Application Form, deemed to have agreed to be bound by:

- (a) the terms of the Invitation and Application Form;
- (b) the provisions of these rules, as amended from time to time; and
- (c) the constitution of the Company, as amended from time to time.

2.8 Acceptance of Application

The Application must be in the form included with the Invitation, and may not be made on the basis that it is subject to any terms and conditions other than those specified in the Invitation.

The method of acceptance of an Application must be set out in the Application Form, including:

- (a) the name or title of the person to whom the Application must be sent; and
- (b) the date and time by which the Application must be received by or on behalf of the Company.

2.9 When Company must receive the Application

For an Application to be effective, it must be received by or on behalf of the Company by the time and date specified in the Invitation, unless otherwise determined by the Board.

2.10 Who may apply

- (a) An Invitation is personal to the Employee to whom that Invitation is addressed and may not be transferred or renounced in favour of any other person.
- (b) On receipt of an Invitation, the Employee may apply for the Shares described in that Invitation by sending to the person designated by the Company an Application duly completed and signed in accordance with rule 2.9.

2.11 When applications will not be accepted

An Application under rule 2.10 will not be accepted if, at the date the Application would otherwise be accepted:

- (a) he or she is not an Employee;
- (b) the Application is not from the Employee to whom the relevant Invitation was addressed;
- (c) he or she has given their Employer notice of his or her resignation as an Employee; or
- (d) he or she has been given notice of termination of employment as an Employee or if, in the opinion of the Board, he or she has tendered his or her resignation to avoid such dismissal.

2.12 Board's discretion

The Board may determine that an Application under this rule 2 by an Employee who would otherwise be eligible to participate under these rules will not be accepted.

2.13 Cessation of membership

A person ceases to be a Participant when all other property or moneys to which the Participant is entitled under the Plan have been transferred or paid in accordance with these rules.

3. Delivery of Shares

3.1 Issue or transfer

Subject to rules 4.2 and 4.3, as soon as practicable after an Application has been accepted, the Company will issue or cause to be transferred to a Participant the number of Shares applied for by the Participant pursuant to the Application.

3.2 Shares to rank pari passu

All Shares issued or transferred to a Participant under rule 3.1 will rank pari passu in all respects with the Shares of the same class for the time being on issue except for any rights attaching to the Shares by reference to a record date prior to the date of their allotment or transfer.

3.3 Shares to be quoted on ASX

If Shares of the same class as those issued to a Participant under rule 3.1 are quoted on the ASX, the Company will apply to the ASX as required by the Listing Rules for those Shares to be quoted.

4. Restrictions on dealing with Participant Shares

4.1 Restriction on dealing

Except as provided in these rules, a Participant may not dispose of, deal in, or grant a Security Interest over, any interest in a Participant Share until the earlier of:

- (a) the end of the period of three years (or any longer period specified by the Board in the Invitation) commencing on the date of the issue or transfer of that Participant Share;
- (b) the date on which the Participant is no longer employed by the Employer or a Group Company; and
- (c) the end of any other period determined by the Board in accordance with relevant law.

4.2 Arrangements to enforce restriction

The Company is entitled to make any arrangements it considers necessary to enforce the restriction in rule 4.1, and Participants are bound by those arrangements and must take any steps reasonably required by the Company. Without limiting this rule 4.2, the Company may require that Shares to be acquired for a Participant under the Plan are to be registered in the name of a trustee, or a nominee of a trustee, as determined from time to time, and are to be held by that trustee or nominee on behalf of that Participant in accordance with the terms of a trust which binds that trustee. The Company must ensure that a Participant is notified when Shares are acquired and registered in the name of a trustee on behalf of that Participant pursuant to an arrangement under this rule 4.2.

4.3 Participant's agreement

By applying for and being issued or transferred Shares under these rules, each Participant undertakes that while the Shares so acquired by the Participant are subject to the restriction in rule 4.1, the Participant will not take any action or permit another person to take any action to remove the arrangements made under rule 4.2.

4.4 Expiry of restriction

Upon the expiry of any restriction over a Participant Share, the Company will take all actions necessary to ensure that the Participant can deal with that Participant Share.

5. Administration of Plan

5.1 Board to administer Plan

The Plan is to be administered by the Board in accordance with these rules. The Board may make further provisions for the operation of the Plan which are consistent with these rules.

5.2 Board powers and discretions

Any power or discretion which is conferred on the Board by these rules must be exercised by the Board in the interests or for the benefit of the Company, and the Board is not, in exercising any power or discretion, under any fiduciary or other obligation to any other person.

5.3 Delegation of Board powers and discretions

Any power or discretion which is conferred on the Board by these rules including the power to invite Employees to participate in the Plan may be delegated by the Board to:

- (a) a committee consisting of such directors, other officers or employees of the Company, or any combination of such persons as the Board thinks fit;
- (b) a related body corporate of the Company; or
- (c) a third party,

for such periods and on such conditions as the Board thinks fit.

5.4 Documents

The Company may from time to time require a person invited to participate in the Plan or a Participant to complete and return such other documents as may be required by law to be completed by that person or Participant, or such other documents which the Company considers should, for legal, taxation or administrative reasons, be completed by that person or Participant.

5.5 Board decision: final and conclusive

The decision of the Board as to the interpretation, effect or application of these rules and all calculations and determination made by the Board under these rules are final, conclusive and binding in the absence of manifest error.

5.6 Suspension of Plan

The Board may from time to time suspend the operation of the Plan and may at any time cancel the Plan. The suspension or cancellation of the Plan must not prejudice the existing rights (if any) of Participants.

6. Restrictions on the Plan

6.1 Compliance with Corporations Act and Listing Rules

Despite any other provision of these rules or any term or condition of the participation of any Participant in the Plan, no Share may be issued to, or acquired by a Participant or other person:

- (a) if to do so would contravene the Corporations Act or the Listing Rules; or

- (b) where compliance with any applicable law would in the opinion of the Board be unduly onerous.

6.2 Restriction on the size of the Plan

The Board must not issue an Invitation to apply for Shares by way of issue, if the number of Shares the subject of the Invitation, when added to:

- (a) the number of Shares which would be issued were all outstanding options acquired pursuant to an Incentive Scheme, and all options which may be granted pursuant to the acceptance of any outstanding invitation to apply for options made pursuant to an Incentive Scheme, exercised; and
- (b) the number of Shares issued during the previous 5 years pursuant to an Incentive Scheme,

but disregarding any offer made, or option acquired or share issued, by way of or as a result of:

- (c) an offer to a person situated outside Australia at the time of receipt of the offer;
- (d) an offer that did not require disclosure to investors because of section 708 of the Corporations Act; or
- (e) an offer made under a disclosure document (within the meaning of the Corporations Act),

would exceed 5% of the total number of issued Shares at the date on which the Board propose to make the Invitation.

6.3 Exemption conditions

- (a) The Plan, and any scheme for the provision of financial assistance in respect of the acquisition of Shares under the Plan, must be operated on a Non-Discriminatory Basis.
- (b) An Invitation must not have any conditions that could result in a Participant forfeiting ownership of Shares acquired under the Plan.

7. Amendment of the Plan

7.1 Board may amend

Subject to rules 7.2 and 7.3, the Board may at any time by written instrument, amend all or any of the provisions of these rules, including this rule 7.

7.2 No reduction of existing rights

Any amendment to the provisions of these rules must not materially reduce the rights of any Participant as they existed before the date of the amendment, unless the amendment is introduced primarily:

- (a) for the purpose of complying with or conforming to present or future State, Territory or Commonwealth legislation or the Listing Rules governing or regulating the maintenance or operation of the Plan or like plans;
- (b) to correct any manifest error or mistake;

- (c) to enable contributions or other amounts paid by a Group Company to the Plan to qualify as income tax deductions for that or another Group Company;
- (d) to enable any Employer to reduce the amount of fringe benefits tax under the *Fringe Benefits Tax Assessment Act 1986* (Cwlth), the amount of tax under the Tax Acts, or the amount of any other tax or impost that would otherwise be payable by the Employer in relation to the Plan;
- (e) for the purpose of enabling the Participants generally (but not necessarily each Participant) to receive a more favourable taxation treatment in respect of their participation in the Plan; or
- (f) to enable the Plan or any Group Company to comply with the Corporations Act, the Listing Rules or its constitution.

7.3 Retrospective amendment possible

Subject to rule 7.2, any amendment made under rule 7.1 may be given retrospective effect as specified in the written instrument by which the amendment is made.

8. Termination of the Plan

The Plan terminates and is to be wound up (as provided below) on the occurrence of any of the following events:

- (a) if an order is made or an effective resolution is passed for the winding up of the Company other than for the purpose of amalgamation or reconstruction; or
- (b) if the Board determines that the Plan is to be wound up.

9. Miscellaneous provisions

9.1 Rights of Participants

Nothing in these rules:

- (a) confers on any person any expectation to become a Participant;
- (b) confers on any Employee the right to be invited to apply for, to be offered or to receive any Share;
- (c) confers on any Participant the right to continue as an employee of any Employer;
- (d) affects any rights which any Employer may have to terminate the employment of any Employee; or
- (e) may be used to increase damages in any action brought against any Employer in respect of any termination of employment.

No person, whether a Participant or otherwise, has any claim, right or interest in respect of the Plan or any Shares or other property of the Plan, whether against the Company or any other person, as a consequence of termination of the Employee's employment or appointment or otherwise, except under and in accordance with these rules.

9.2 Instructions by Participants

For the purposes of these rules, the Board, the Company and any Employer is entitled to regard any notice, direction or other communication given or purported to be given by or on behalf of a Participant (or a legal personal representative of a Participant) as valid, whether given orally or in writing. Any notice, direction or other communication given or purported to be given by or on behalf of a Participant (or a legal personal representative of a Participant) or any other person under these rules to the Company or the Employer is duly given only if actually received by the Company or Employer (as the case may be).

9.3 Notices

Any notice, certificate, consent, approval, waiver or other communications given by the Board the Company or the Employer is deemed to have been duly given if:

- (a) sent by electronic mail or delivered by hand; or
- (b) sent by ordinary prepaid mail,

and is deemed to have been served:

- (c) if sent by electronic mail or delivered by hand, at the time of sending or delivery; or
- (d) if posted, three Business Days (or, if posted to a Participant's address outside Australia, seven Business Days) after the date of posting.

Delivery, transmission and postage is to the address of any Participant as indicated on the Application Form, any other address as the Board or any Participant may notify to the other or in the case of a Participant who is an Employee, the address of the place of business at which the Participant performs the whole or substantially the whole of the duties of his or her office or employment.

9.4 Governing law

These rules are governed by the laws in force in the place specified in the Details and is construed and takes effect in accordance with those laws.

9.5 Payments net of tax

If, when the Board or Company makes or is deemed to make a payment to a Participant under these rules, the Board or the Company is obliged to deduct or withhold any amount of tax or other government levy or impost, the payment to the Participant is to be made net of the deduction or withholding.

9.6 Stamp duty on transfers to Participants

The Board may, when the Company transfers Shares to a Participant under these rules, require the Participant to provide the Board with an amount of money which the Board estimates is necessary to meet the Participant's liability (if any) to pay stamp duty or other taxes in respect of the transfer. Where the Board is provided with funds for that purpose, the Board must apply the funds in payment of the stamp duty or other tax, arrange for registration of the transfer on the Participant's behalf and return any excess funds to the Participant.

10. Definitions and interpretation

10.1 Definitions

The following words and expressions have the following meanings unless the contrary intention appears:

Application means an application for Shares made by an Employee under the terms of an Invitation.

Application Form means an application form attached to an Invitation.

ASX means ASX Limited.

Board means all or some of the directors of the Company acting as a board, and includes a committee of the Board and a delegate of the Board.

Bonus means the gross amount of the aggregate of all cash bonuses (whether discretionary or guaranteed) to which the recipient may become entitled in respect of their employment.

Bonus Sacrifice means where the Employee agrees to contractually forgo part of their future pre-tax Bonus.

Business Day means a day other than a Saturday, Sunday or public holiday in the place set out in the Details under "Business Day place".

Company means Woolworths Limited ABN 88 000 014 675.

Corporations Act means the *Corporations Act 2001* (Cwlth).

Details means the section of these rules headed "Details".

Employee means a person who is in the full time or part time employment of a Group Company.

Employer means any Group Company, and in relation to any particular Participant means the company by which that Participant is for the time being employed.

Group means the Company and each of its Subsidiaries.

Group Company means the Company or any of its Subsidiaries.

Incentive Scheme means an employee share or option scheme extended to either or both employees and directors of Group Companies, and includes the Plan.

Invitation means an invitation to apply for Shares under the Plan made in accordance with rule 2.2.

Listing Rules means the Listing Rules of ASX, except to the extent of any express waiver by ASX.

Non-discriminatory Basis has the meaning given to that term in section 139GF of the *Income Tax Assessment Act 1936* (Cwlth).

Participant means:

- (a) an Employee to whom a Share has been issued or transferred under the Plan; or

- (b) an Employee in respect of whom a Share has been issued or transferred to a trustee on behalf of the Employee under the Plan,

and who (in either case) has not ceased to be a Participant under rule 2.13 and includes a legal personal representative of the Participant.

Participant Share means, in relation to a Participant, a Share issued or transferred to that Participant under the Plan.

Plan means the Woolworths Employee Share Purchase Plan, the rules of which are set out in this document.

Salary Sacrifice means where the Employee agrees to contractually forgo part of their future pre-tax remuneration that they would otherwise receive as salary, wages or any other monetary amount in return for a benefit of a similar value.

Security Interest means a mortgage, charge, pledge, lien or other encumbrance of any nature.

Shares means fully paid ordinary shares in the capital of the Company.

Subsidiary has the same meaning as in Division 6 of Part 1.2 of the Corporations Act.

Tax Act means the *Income Tax Assessment Act 1936* (Cwlth) and the *Income Tax Assessment Act 1997* (Cwlth), as the context requires.

10.2 Interpretation

In these rules, unless the contrary intention appears:

- (a) words importing the singular include the plural and vice versa;
- (b) references to these rules, or any particular rule or paragraph of these rules, means these rules, or the relevant rule or paragraph, as amended from time to time;
- (c) references to a statute or other law include regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them;
- (d) references to the exercise of a power or discretion include a decision not to exercise the power or discretion;
- (e) references to a "year" mean any period of 12 months;
- (f) the words "include", "including" or "such as" are not used as, nor are they to be interpreted as words of limitation, and when introducing a list of items does not exclude a reference to other items whether of the same class or genus or not;
- (g) "Australian dollars", "dollars", "A\$" or "\$" is a reference to the lawful currency of Australia;
- (h) law means common law, principles of equity, and laws made by parliament (and laws made by parliament include State, Territory and Commonwealth laws and regulations and other instruments under them, and consolidations, amendments, re-enactments or replacements of any of them);
- (i) a group of persons or things is a reference to any two or more of them jointly and to each of them individually;

- (j) if a period of time dates from a given day or the day of an act or event, it is to be calculated exclusive of that day;
- (k) if an act under this agreement to be done by a party on or by a given day is done after 5.30pm on that day, it is taken to be done on the next day.

10.3 Heading

Headings are for convenience only and, except where they are inserted as a means of cross-reference, do not affect the interpretation of these rules.