

21 October 2011

The Manager Companies  
Australian Securities Exchange Limited  
Company Announcements Office  
Level 4 20 Bridge Street  
SYDNEY NSW 2000

Dear Sir/Madam

**RE: Woolworths Limited – Listing Rules 3.17 and 4.7**


Woolworths Limited advises that the following documents will be lodged with Australia Post for dispatch to shareholders today, 21 October 2011:

- Chairman's letter
- Proxy Form
- Notice of Annual General Meeting
- Questions from Shareholders Form
- Woolworths Limited 2011 Annual Report

The Annual General meeting will be held on Thursday 24 November 2011 at the Parkside Auditorium, Sydney Convention and Exhibition Centre, Darling Harbour, Sydney, New South Wales commencing at 11am (Sydney time) and will be broadcast live on the Woolworths Limited website at [www.woolworthslimited.com.au](http://www.woolworthslimited.com.au) for those shareholders who are unable to attend the meeting.

Copies of the Chairman's letter, Proxy Form, Notice of Annual General Meeting and Questions from Shareholders form are enclosed. The Woolworths Limited 2011 Annual Report was lodged with ASX on 26 September 2011.

**For and on behalf of  
WOOLWORTHS LIMITED**



**PETER J HORTON  
GROUP GENERAL COUNSEL AND COMPANY SECRETARY**

# WOOLWORTHS LIMITED

ABN 88 000 014 675

000001 000 WOW  
MR SAM SAMPLE  
FLAT 123  
123 SAMPLE STREET  
THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE VIC 3030

Dear Securityholder,

I have pleasure in inviting you to attend the eighty-sixth Annual General Meeting of Woolworths Limited. Your Notice of Meeting and Proxy Form are enclosed, and a copy of the 2011 Annual Report may be viewed on our website at [www.woolworthslimited.com.au](http://www.woolworthslimited.com.au). A hard copy of the report is enclosed if you have requested a copy by mail.

The Annual General Meeting will be held on Thursday, 24 November 2011 at the Parkside Auditorium, Sydney Convention and Exhibition Centre, Darling Harbour, Sydney, New South Wales commencing at 11.00am (Sydney time).

For those who have difficulty in accessing Darling Harbour, buses will be provided from Central station to transport shareholders to and from the meeting. In addition the Metro Monorail and Metro Light Rail both service Convention station which is adjacent to the Sydney Convention and Exhibition Centre. Further details and a map showing the location of the venue have been included on the back page of your Notice of Meeting.

We are inviting shareholders who are unable to attend the meeting to submit questions. A "Questions from Shareholders" form is enclosed in your AGM pack for use if you wish to submit a question. The most frequently asked questions will be posted on our website [www.woolworthslimited.com.au](http://www.woolworthslimited.com.au), together with responses, and we will endeavour to address as many questions as possible at the meeting itself.

I take this opportunity of thanking you for your continued support of Woolworths, and I hope you are able to join us at the meeting and use the opportunity to meet with Directors and Senior Executives of the Company.

Yours sincerely,



JAMES STRONG  
Chairman

# WOOLWORTHS LIMITED

ABN 88 000 014 675

MR JOHN SAMPLE  
FLAT 123  
123 SAMPLE STREET  
THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE VIC 3030

## Appoint your Proxy:



**Online:**  
www.investorvote.com.au



**By Mail using the return addressed envelope:**  
Computershare Investor Services Pty Limited  
GPO Box 242 Melbourne  
Victoria 3001 Australia

### In Person:

Computershare Investor Services Pty Limited  
Level 4, 60 Carrington Street  
Sydney, NSW, 2000

Alternatively you can fax your form to  
(within Australia) 1800 783 447  
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only  
(custodians) www.intermediaryonline.com

## For all enquiries call:

(within Australia) 1300 368 664  
(outside Australia) +61 3 9415 4055

## Proxy Form



Appoint your proxy\* online or view the annual report, 24 hours a day, 7 days a week:

**www.investorvote.com.au**

- Appoint your proxy**
- Access the annual report**
- Review and update your securityholding**

### Your secure access information is:

**Control Number:** 123456

**SRN/HIN:** I1234567890

**PLEASE NOTE:** For security reasons it is important that you keep your SRN/HIN confidential.

**You may appoint your Proxy using one of the methods described above. Your proxy appointment will not be valid if it is received after 11.00 am (Sydney time) on Tuesday 22 November 2011.**

### Appointment of Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box on the form overleaf, or as instructed online. If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the full name of that individual or body corporate in the space provided on the form overleaf or by following the instructions online. If you leave this section blank, or your named proxy does not attend the meeting, the Chairman of the Meeting will be your proxy.

### Voting on Items of Business

You may direct your proxy how to vote by placing a mark in one of the three boxes opposite each item of business. All your securities will be voted in accordance with your directions.

**Voting 100% of your holding:** Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may, to the extent permitted by law, vote as they choose. If you mark more than one box on an item your vote on that item will be invalid.

**Voting a portion of your holding:** Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%, otherwise your vote will be invalid on that item.

**Appointing a second proxy:** You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint a second proxy online you must follow the online instructions and specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half your votes. If using this form, an additional Proxy Form may be obtained by copying this form or by telephoning Computershare on the number detailed above. To appoint a second proxy by using this form you must: (a) Indicate that you wish to appoint a second proxy by marking the box. (b) On each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded. (c) Return both forms together.

**A proxy need not be a securityholder of the Company.**

### Signing Instructions for Printed Forms

**Individual:** Where the holding is in one name, the securityholder must sign.

**Joint Holding:** Where the holding is in more than one name, all of the securityholders should sign.

**Power of Attorney:** If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held.

### Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the information tab, "Downloadable Forms".

**Comments & Questions:** If you have any comments or questions for the company, please use the accompanying "Questions from Shareholders" form included in this pack, and return as directed.

**GO ONLINE TO APPOINT YOUR PROXY,  
or turn over to complete the form →**

\* A proxy cannot be appointed online if they are appointed under a Power of Attorney or similar authority.

MR JOHN SAMPLE  
 FLAT 123  
 123 SAMPLE STREET  
 THE SAMPLE HILL  
 SAMPLE ESTATE  
 SAMPLEVILLE VIC 3030

**Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



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# Proxy Form

Please mark  to indicate your directions

## STEP 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Woolworths Limited hereby appoint

the Chairman of the Meeting **OR**

**PLEASE NOTE:** Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally on my/our behalf, including to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit), at the Annual General Meeting of Woolworths Limited to be held at the Parkside Auditorium, Sydney Convention and Exhibition Centre, Darling Harbour, New South Wales on Thursday, 24 November 2011 at 11.00 am (Sydney time) and at any adjournment or postponement of that meeting.

**Chairman to vote undirected proxies in favour:** I/We acknowledge that the Chairman of the Meeting intends to vote undirected proxy appointments in favour of each item of business, to the extent permitted by law.

**Chairman authorised to exercise proxies on remuneration related matters:** If I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman of the Meeting becomes my/our proxy by default), I/we expressly authorise the Chairman of the Meeting (to the maximum extent permitted by law) to exercise my/our proxy in respect of items 2 and 4 even though the Chairman is, and those items are connected directly or indirectly with the remuneration of, a member of the key management personnel for the Woolworths consolidated group (whether or not the details of their remuneration are included in the Remuneration Report).

## STEP 2 Items of Business

**PLEASE NOTE:** If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

		For	Against	Abstain
2	Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3(a)	Re-election of Dr Roderick Sheldon Deane as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3(b)	Election of Ms Jillian Rosemary Broadbent as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3(c)	Election of Mr Ralph Graham Waters as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4	Long Term Incentive Plan Issue to Managing Director and Chief Executive Officer	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

### Appointing a Second Proxy

I/We wish to appoint a second proxy

Mark with an "X" if you wish to appoint a second proxy **AND**  % **OR**  State the percentage of your voting rights or the number of securities for this Proxy Form

## SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name \_\_\_\_\_

Contact Daytime Telephone \_\_\_\_\_ Date \_\_\_\_/\_\_\_\_/\_\_\_\_

# Notice of Annual General Meeting 2011

Notice is given that the eighty-sixth Annual General Meeting of shareholders of Woolworths Limited (*Woolworths* or the *Company*) will be held on 24 November 2011 at the Parkside Auditorium, Sydney Convention and Exhibition Centre, Darling Harbour, Sydney, New South Wales commencing at 11.00am.

## 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 26 June 2011.

### 2. 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 financial year ended 26 June 2011 be adopted."*

Note: the vote on this resolution is advisory only and does not bind the Directors or the Company.

#### Voting exclusions:

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 3 below.

### 3. Election of Directors

- a. To re-elect as a Director Dr Roderick Sheldon Deane, 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 Ms Jillian Rosemary Broadbent, who is eligible for election in accordance with Article 10.7 of the Company's Constitution and, being eligible, offers herself for election.
- c. To elect as a Director Mr Ralph Graham Waters, who is eligible for election in accordance with Article 10.7 of the Company's Constitution and, being eligible, offers himself for election.

Mr Leon L'Huillier, who also retires by rotation in accordance with Article 10.3 of the Company's Constitution, will not offer himself for re-election, and will therefore retire at the conclusion of the Annual General Meeting.

### 4. 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:

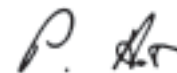
*"That the grant of 96,479 Performance Rights to the Managing Director and Chief Executive Officer of the Company, Mr Grant O'Brien, under the Woolworths Long Term Incentive Plan, as described in the Explanatory Notes accompanying the Notice convening this meeting be approved for all purposes, including for the purpose of ASX Listing Rule 10.14."*

#### Voting Exclusions:

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 3 below.

Dated: 7 October 2011

By order of the Board



**P J Horton**  
Company Secretary

### 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 'snap-shot' 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 Tuesday 22 November 2011 shall, 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 Tuesday 22 November 2011 is entitled to attend and vote at the Annual General Meeting in respect of that share, subject to the notes below.

### 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. Where a shareholder appoints a corporation as its proxy, that corporation will need to ensure that it follows the procedures set out below to appoint an individual as its corporate representative to exercise its powers at the Annual General Meeting.

Where two proxies are appointed by a shareholder, the shareholder may specify the proportion or number of votes which 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 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.

A shareholder can direct their proxy to vote for or against, or to abstain from voting on, a resolution by marking the appropriate box opposite that item in the proxy form or selecting the appropriate option for that item online (as outlined below). **Shareholders are encouraged to direct their proxies how to vote on each resolution.**

Where a proxy holds two or more appointments which provide different directions how to vote on a resolution, the proxy must not vote in that capacity 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, subject to the other provisions of these notes and the voting exclusions noted below.

A proxy need not vote in that capacity on a show of hands on any resolution nor (unless the proxy is the Chairman of the Annual General Meeting and is directed how to vote) on a poll. However, if the proxy's appointment directs the proxy how to vote on a resolution, and the proxy decides to vote in that capacity on that resolution, the proxy must vote the way directed (subject to the other provisions of these notes and the voting exclusions noted below).

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 the proxy's appointment directs 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 the poll on that resolution.

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 and the voting exclusions noted below).

To appoint a proxy, a shareholder can use the proxy form accompanying this notice. Replacement 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](http://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 an item of business 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 webpage [www.intermediaryonline.com](http://www.intermediaryonline.com) and following the instructions provided.

To be effective, online proxy appointments must be made through the relevant webpage above by no later than **11.00 am (Sydney time) on Tuesday 22 November 2011**. Proxy appointments will not be able to be made online after that time.

To be effective, a proxy form must be received no later than **11.00 am (Sydney time) on Tuesday 22 November 2011** 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, New South Wales Australia

#### *By facsimile*

(within Australia) 1800 783 447 (outside Australia) +61 3 9473 2555  
Proxy forms received after that time will be invalid.

If a proxy form 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 proxy form is signed, or a copy of that power of attorney or other authority, certified as a true copy by statutory declaration,

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must accompany the proxy form unless the power of attorney or other authority has previously been noted by the Company's share registrar.

### 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.

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

### 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 of the member, 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.

### 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 2 – Adoption of Remuneration Report*

Except to the extent otherwise permitted by law, the following persons may not vote, and the Company will disregard any votes cast by the following persons, on the resolution on item 2:

1. A member of the key management personnel for the Woolworths consolidated group whose remuneration details are included in the Remuneration Report (and any closely related party of any such member, and any person voting on behalf of any such member or closely related party), unless:
  - that person does so as a proxy appointed by writing that specifies how the proxy is to vote on the resolution on item 2; and
  - the vote is not cast on behalf of a member of the key management personnel for the Woolworths consolidated group whose remuneration details are included in the Remuneration Report (or a closely related party of any such member).
  - A member of the key management personnel for the Woolworths consolidated group (and any closely related party of any such member) that is appointed as a proxy where the proxy appointment does not specify the way the proxy is to vote on the resolution on item 2, 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 member of the key management personnel for the Woolworths consolidated group.

#### *Item 4 – Long Term Incentive Plan Issue to Managing Director and Chief Executive Officer*

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 Director who is eligible to participate in any Woolworths employee incentive scheme (and any of their respective associates). However, the Company need not disregard a vote if:
  - it is cast by a person as 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. A member of the key management personnel for the Woolworths consolidated group (and any closely related party of any such member) that is appointed as a proxy where the proxy appointment does not specify the way the proxy is to vote on the resolution on item 4, 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 member of the key management personnel for the Woolworths consolidated group.

For the purposes of these voting exclusions:

- The **key management personnel for the Woolworths consolidated group** are those persons having authority and responsibility for planning, directing and controlling the activities of the Woolworths consolidated group, either directly or indirectly. It includes all Directors (executive and non-executive) and all members of the Management Board reporting to the Managing Director and Chief Executive Officer. The key management personnel for the Woolworths consolidated group during the year ended 26 June 2011 are listed in Note 24 to the Financial Statements for the year ended 26 June 2011 contained in the Company's 2011 Annual Report.
- A **closely related party** of a member of the key management personnel for the Woolworths consolidated group 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 – on the basis that references to persons attending and voting as proxy are read as references to persons attending and voting as attorney and references to an instrument under which the proxy is appointed are read as references to the power of attorney under which the attorney is appointed.

## 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 26 June 2011) 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 2011 Financial Report and other reports.

### 2. Adoption of Remuneration Report

The Company's Remuneration Report for the period ended 26 June 2011 is set out on pages 45 to 66 of the 2011 Annual Report. The Remuneration Report is also available on Woolworths' website at [www.woolworthslimited.com.au](http://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 certain senior executives and other key management personnel whose remuneration arrangements are required by law to be disclosed.

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 which 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 non-financial 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 conditions applicable to the remuneration of Directors and certain senior executives and other key management personnel of the Company; and
- sets out remuneration details for each Director and certain senior executives and other key management personnel of the Company (including the value of any options 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.

#### Recommendation:

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

### 3. Election of Directors

In accordance with Article 10.3 of the Company's Constitution, which provides for the retirement of each Director who has held office without re-election beyond the third annual general meeting following the Director's appointment or last election or for at least three years, and in accordance with ASX Listing Rule 14.4, which prohibits a Director from holding office (without re-election) past the third annual general meeting following the Director's appointment or three years, whichever is the longer, Dr Roderick Deane is to retire at the Annual General Meeting.

In accordance with Article 10.3 of the Company's Constitution, Dr Deane is eligible for re-election and has submitted himself for re-election at the Annual General Meeting.

In accordance with Article 10.7 of the Company's Constitution, both Ms Jillian Broadbent and Mr Ralph Waters have been appointed as a Director, as an addition to the existing Directors.

In accordance with Article 10.3 of the Company's Constitution, both Ms Broadbent and Mr Waters are eligible for election and have submitted themselves for election at the Annual General Meeting.

Details of the candidates are set out below.

#### **Roderick Sheldon Deane, PhD, BCom (Hons), HonLLD (Well), FCA, FCIM, FNZIM**

##### **Non-executive Director**

Chairman of the People Policy Committee and Member of the Nomination Committee

Dr Deane has an honorary LLD from Victoria University of Wellington.

Dr Deane is the Chairman of the New Zealand Seed Fund (2000 to date) and the IHC Foundation (2006 to date) and is Chairman and a director of Pacific Road Group Pty Limited (2010 to date). Dr Deane is Patron of New Zealand's largest charitable organisation, the IHC. He was appointed to the Board of the Anaesthesia and Pain Medicine Foundation in May 2011. He was previously Chairman and a director of Fletcher Building Limited (2001 to 2010), Telecom Corporation of New Zealand Limited (1999-2006, having been CEO 1992-1999), Te Papa Tongarewa, The Museum of New Zealand (2000-2006) and ANZ National Bank Limited (1999-2006), a director of ANZ Banking Group Limited (1994-2006) and TransAlta Corporation (2000-2003), Chief Executive of the Electricity Corporation of NZ Limited (1987-2002), Chairman of the State Services Commission (1986-87), Deputy Governor of the Reserve Bank of NZ (1982-86), Chairman of the City Gallery Wellington Foundation (1998-2006) and Professor of Economics & Management at Victoria University of Wellington (2000-2003).

Dr Deane was appointed a Director of the Company in April 2000. Age: 70.

#### **Jillian Rosemary Broadbent AO, BA, HonDLitt (UWS)**

##### **Non-executive Director**

Member of the Audit, Risk Management and Compliance Committee and Member of the Nomination Committee



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Ms Broadbent has a Bachelor of Arts degree (economics and maths majors) from the University of Sydney and an Honorary PhD in Literature 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 a Member of the Board of the Reserve Bank of Australia (since 1998), a Non-executive director of ASX Limited (since 2010) and Chancellor of the University of Wollongong. She is Chairman of the Sydney Theatre Company Foundation.

In the past, Ms Broadbent has been a director of Special Broadcasting Service Corporation (SBS) (2002 to June 2011), Qantas Airways Limited, Westfield, Woodside Petroleum and Coca-Cola Amatil.

Ms Broadbent was appointed a Director of the Company in January 2011. Age: 63.

#### **Ralph Graham Waters, CPEng, FIE Aust, MBus**

##### **Non-executive Director**

Member of the People Policy Committee and Member of the Nomination Committee

Mr Waters has a Master of Business from Curtin University of Technology, is a Chartered Professional Engineer and a 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 also a director of Fonterra Co-operative Group Limited (since 2006) and Westpac New Zealand Limited (since 2006) and is Chairman of Fletcher Building Limited (director since 2001). In the past, Mr Waters has been Chairman and director of Fisher and Paykel Appliances Holdings Limited (director 2001 to February 2011).

Mr Waters was appointed a Director of the Company in January 2011. Age: 62.

*Recommendations The Directors, having conducted an assessment of the performance of Dr Deane (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 Dr Deane abstaining from voting) that shareholders vote in favour of the corresponding resolution.*

*The Directors, having conducted an assessment of the skills and experience of Ms Broadbent and Mr Waters (in each case in the relevant Director's absence), believe that it is in the interests of shareholders that each candidate be elected as a member of the Board and recommend (with Ms Broadbent and Mr Waters abstaining from voting in respect of their own election) that shareholders vote in favour of the corresponding resolution.*

#### **4. Long Term Incentive Plan Issue to Managing Director and Chief Executive Officer**

##### **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 4 is to have shareholders approve the proposed grant under the Woolworths Long Term Incentive Plan (**Plan**) 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 Plan in respect of the 2012 financial year, the grant to Mr O'Brien will be in two tranches, comprising:

- 54,977 Performance Rights in the first tranche (**LTIP 5**); and
- 41,502 Performance Rights in the second tranche (**LTIP 3**).

Separate performance hurdles and other vesting conditions will apply to each tranche, 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 4.

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

##### **Summary of the Performance Rights Sub-Plan**

The Performance Rights Sub-Plan delivers a contractual right to a grant of a Share to the right holder at a future date, subject to the performance hurdles and other vesting conditions being met. Each Performance Right can be exercised for no monetary payment and, upon exercise, each Performance Right entitles the right holder to the issue or transfer of one Share (subject to adjustment in certain circumstances).

- **Performance Hurdles and other vesting conditions** – the Board has determined that the vesting or exercise of Performance Rights is conditional on the achievement of performance hurdles, and the satisfaction of other vesting conditions, set out in the terms and conditions of the specific grant. The performance hurdles and other vesting conditions for the Performance Rights proposed to be granted to Mr O'Brien are described below in Appendix A.
- **Exercise of Performance Rights** – the Board will prescribe a date or dates on which Performance Rights become exercisable. On or after the prescribed date, and provided all other vesting and exercise conditions prescribed by the Board have been achieved, the relevant holder of Performance Rights may acquire Shares by exercising the Performance Rights.
- **Early exercise of Performance Rights** – early exercise of the Performance Rights may be permitted at the discretion of the Board, if the relevant holder ceases employment with any participating Woolworths group company (**Participating 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 at the time of cessation. Early exercise of Performance Rights 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 at that time).

- **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.
- **Restriction on disposal of Shares** – the Board may impose a restriction on disposal of Shares acquired on exercise of a Performance Right.
- **Lapse** – A Performance Right will lapse if it is not exercised within the life of the Performance Right. The normal exercise period for a Performance Right is determined by the Board on grant. However, in the case of cessation of employment, 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 holder’s death, if death occurs before the Performance Right lapses in accordance with the below;
  - the expiry of 3 months after the relevant holder ceases to be employed by the Woolworths group by reason of retirement or any other reason; and
  - if the Board extends the time during which the Performance Right may be exercised, the expiry of that time.

#### Number of instruments issued under the Plan

Under the Plan, options to acquire Shares (**Options**) may be issued to full-time or part-time employees of the Woolworths group (**Employees**) under the Option Sub-Plan, Performance Rights may be issued to Employees under the Performance Rights Sub-Plan, and beneficial interests in Shares (**Performance Shares**) may be issued to Employees under the Performance Shares Sub-Plan (together, **Plan Incentives**).

Since the initial approval by shareholders of the Plan in 2004, the following Plan Incentives have been issued to Employees:

- 41,736,300 Options;
- 7,237,805 Performance Rights; and
- no Performance Shares.

#### Maximum Number of Plan Incentives 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 96,479.

#### Price of Performance Rights

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

#### Other information relating to the potential Grant 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 and the Company’s Finance Director, Mr Tom Pockett, is currently eligible to participate in the issue of Performance Rights (or other forms of equity securities) under the Plan. At the 2008 Annual General Meeting, shareholders gave approval for the participation by Mr Pockett in the Plan during each of the 2010, 2011 and 2012 financial years.
- No Directors other than Mr O’Brien, Mr Pockett and the previous

Managing Director and Chief Executive Officer of the Company, Mr Michael Luscombe, have received Options under the Plan since the last approval given by shareholders under ASX Listing Rule 10.14 (namely, at the 2008 Annual General Meeting). Mr O’Brien, Mr Pockett and Mr Luscombe have received 45,000, 125,000 and 250,000 Options, respectively, and the acquisition price for the Options was nil. In the case of Mr O’Brien, those Options were issued to him before he was a Director. Mr Luscombe is no longer a Director.

- Similarly, no Directors other than Mr O’Brien, Mr Pockett and Mr Luscombe have received Performance Rights under the Plan since the last approval given by shareholders under ASX Listing Rule 10.14. Mr O’Brien, Mr Pockett and Mr Luscombe have received 30,600, 91,685 and 183,369 Performance Rights, respectively, and the acquisition price for the Performance Rights was nil. Again, in the case of Mr O’Brien, those Performance Rights were issued to him before he was a Director.
- Upon satisfaction (or waiver) of the relevant vesting conditions 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 capital reconstructions of the Company and other matters required by the ASX Listing Rules).
- 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 4, 96,479 Performance Rights will be issued to Mr O’Brien at nil cost by no later than 12 months after the passing of the resolution.

#### Acceleration of vesting

Under sections 200B and 200E of the Corporations Act, a company may only give a person a benefit in connection with their ceasing to hold a managerial or executive office in the company or a related body corporate if it is approved by shareholders or an exemption applies (for example, where the benefit does not exceed the payment limits set out in the Corporations Act, including where a benefit does not exceed one year’s average base salary).

The term ‘benefit’ has a wide operation and may include the early vesting of Performance Rights under the Plan. As discussed above, early vesting may occur upon the death of a participant under the Plan, or upon the participant otherwise ceasing to be employed by the Company (including by way of retirement, incapacity, redundancy, or transfer of business), or upon a takeover or change of control of the Company.

Early vesting of Mr O’Brien’s Performance Rights in the circumstances outlined above may amount to the giving of a termination benefit, requiring shareholder approval in accordance with the Corporations Act. Accordingly, shareholder approval is also sought for any such benefit which Mr O’Brien may receive under the Plan on cessation of his employment with the Woolworths group.

If shareholders approve the resolution on item 4, the maximum number of Performance Rights that may vest upon cessation of employment of Mr O’Brien will be 96,479.

However, the actual number that may vest upon cessation of employment (if any) will depend on a range of factors. Accordingly, the value of any consequent benefit that may be received as a result of early vesting upon cessation of employment cannot presently be ascertained. Matters, events and circumstances that will, or are likely to, affect the calculation of that value include the following:

- the number of unvested Performance Rights held by Mr O'Brien prior to the cessation of employment;
- the extent to which the relevant performance hurdles are met at the time;
- the period that has elapsed at that time since the effective grant date of the Performance Rights;
- the reasons for cessation of employment;
- the number of Performance Rights that vest; and
- the Company's share price at the date of vesting.

The Company will calculate the value of the benefit as being equal to the value of the number of Performance Rights that vest early, where that value is determined on the basis of the prevailing share price of the Company at the time.

#### **Recommendations :**

**The Directors (with Mr O'Brien abstaining) recommend that shareholders vote in favour of the resolution on item 4.**

**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](http://www.woolworthslimited.com.au), 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.**

## **APPENDIX A**

### **Performance Hurdles and other vesting conditions for grants to be made to the Managing Director and Chief Executive Officer**

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

The performance hurdles (**Performance Hurdles**) and other vesting conditions for the proposed grant of Performance Rights to Mr O'Brien are outlined below.

#### **LTIP 5**

##### **Performance Hurdles**

The Performance Hurdles set by the Board for the proposed grant of Performance Rights to Mr O'Brien in LTIP 5 are:

- for 27,489 Performance Rights in LTIP 5 (**EPS tranche**), an Earnings Per Share (**EPS**) performance hurdle; and
- for 27,488 Performance Rights in LTIP 5 (**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 five year period from the effective grant date (i.e. 1 July 2011).

##### **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 8.0% over the performance period, relative to the 2011 financial year. A compound annual EPS growth rate equal to 8.0% over the performance period will result in 25% of the Performance Rights in the EPS tranche vesting, while a compound annual EPS growth rate equal to or greater than 12% 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 between 25% and 100% of the EPS tranche for a compound annual EPS growth rate between 8.0% and 12.0% 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 to vest. At that percentile, 25% of the TSR tranche will 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 between 25% and 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 is met as at the fifth 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 fifth anniversary of the date of grant then the applicable number of Performance Rights will vest, with the balance lapsing.

Performance Rights that vest but remain unexercised expire after 5.5 years from the date of grant, subject to earlier lapse under the Plan.

#### **LTIP 3**

##### **Performance Hurdle**

The Performance Hurdle set by the Board for the proposed grant of Performance Rights to Mr O'Brien in LTIP 3 is a Net Profit After Tax (**NPAT**) performance hurdle.

Satisfaction of the Performance Hurdle is subject to the vesting scale outlined below. The NPAT Performance Hurdle is measured by reference to the 2012 financial year.

### NPAT Performance Hurdle

NPAT is measured as the reported net profit after income tax expense of the consolidated entity after non-controlling interests.

The NPAT Performance Hurdle for the proposed grant of Performance Rights to Mr O'Brien compares the Company's NPAT for the 2012 financial year against the market guidance provided by the Company on 25 August 2011.

Growth in NPAT for the 2012 financial year, relative to the 2011 financial year, of 2.0% will result in 25% of the Performance Rights in LTIP 3 being capable of vesting, subject to the additional vesting condition outlined below being met (or waived), while growth of 6.0% will result in 100% of the Performance Rights in LTIP 3 being capable of vesting. Subject to the additional vesting condition outlined below being met (or waived), vesting will occur progressively on the basis determined by the Board between 25% and 100% of LTIP 3 for growth in NPAT for the 2012 financial year, relative to the 2011 financial year, of between 2.0% and 6.0%.

### Other vesting condition

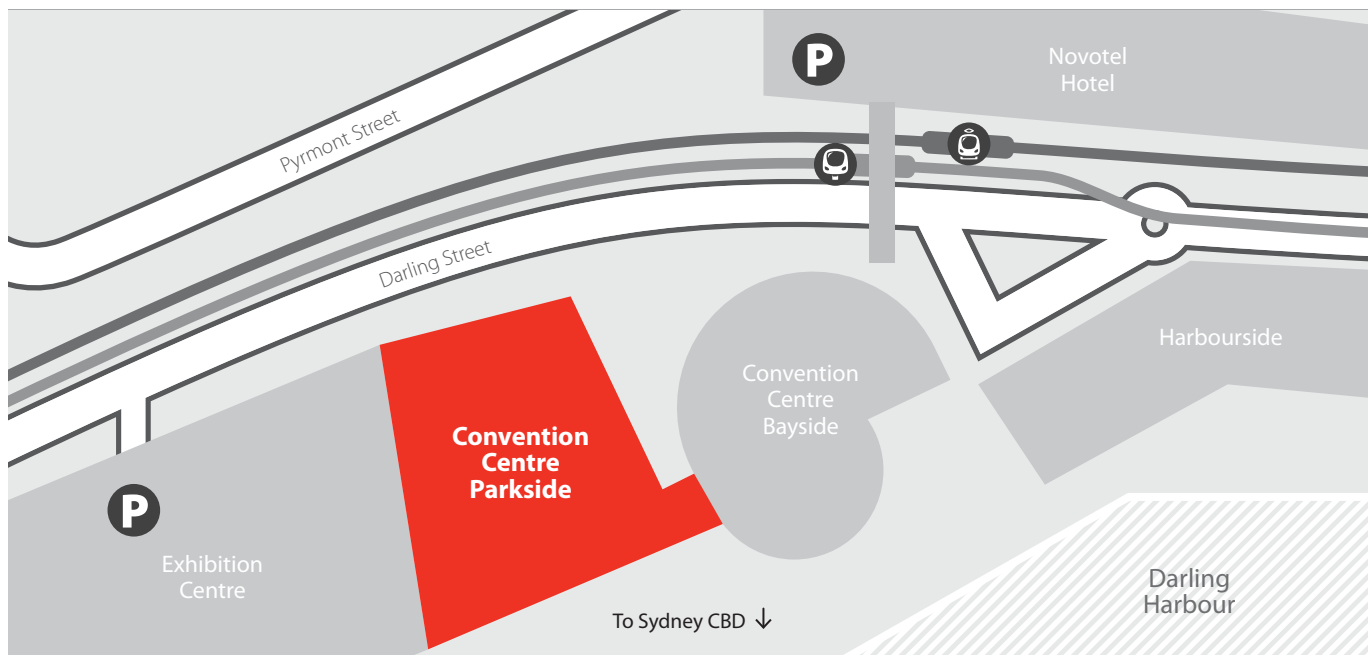
In addition to the NPAT Performance Hurdle, LTIP 3 will also be subject to a further vesting condition, requiring Mr O'Brien to remain employed by the Woolworths group of companies for a continuous period of three years from the effective grant date (i.e. 1 July 2011).

However, that vesting condition is subject to the discretion of the Board to allow early vesting upon cessation of employment, or on other events occurring, as outlined above.

### Vesting, exercise period and expiry period

If the Performance Hurdle for LTIP 3 is met, then the applicable number of Performance Rights will vest, subject to the additional vesting condition outlined above being met (or waived), with the balance lapsing.

Performance Rights that vest but remain unexercised expire after 5.5 years from the date of grant, subject to earlier lapse under the Plan.



### AGM Location

Parkside Auditorium, Sydney Convention and Exhibition Centre, Darling Harbour, Sydney, New South Wales  
24 November 2011. Commencing at 11.00am (Sydney Time)

### Public Transport

#### Monorail and Light Rail

The Metro Monorail and Metro Light Rail, both call at Convention station which is adjacent to the Convention Centre. Light Rail services depart frequently for Convention station from Central railway station, the stop is located directly in front of the country terminal platforms. The Monorail serves Convention station directly from several stops in the CBD.

#### Shuttle bus

In addition to the Light Rail connection, a Murrays charter shuttle bus service will depart from, and return to, Central station at the parking bays located on the Hay Street ramp close to the Country terminal entrance to the Central station country terminal nearest to platform 1.

#### Departing at:

9.15am  
10.15am

The journey takes up to 30 minutes. The last bus will arrive in time for the AGM start at 11.00am.

After the meeting, buses will depart from the Parkside Auditorium, Level 2, Convention Centre.

#### Departing at:

1.00pm  
2.00pm

For public transport information and help with travel plans see NSW Transport Info at [www.131500.com.au](http://www.131500.com.au) or call 131500.

