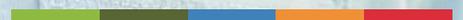


NOTICE OF ANNUAL GENERAL MEETING 2016

To be held on Thursday,
24 November 2016 at the
Wesley Conference Centre,
220 Pitt Street, Sydney, NSW 2000,
Commencing at 2.00pm (Sydney time)



Agenda

Notice is given that the ninety first Annual General Meeting of shareholders of Woolworths Limited (Woolworths or the Company) will be held on Thursday, 24 November 2016 at the Wesley Conference Centre, 220 Pitt Street, Sydney, NSW 2000, commencing at 2.00pm (Sydney time) (AGM).

ITEMS OF BUSINESS

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 2016.

2. ELECTION OF DIRECTORS

- (a) To elect as a Director Ms Holly Kramer, who is eligible for election in accordance with Article 10.3 of the Company's Constitution and ASX Listing Rule 14.4 and, being eligible, offers herself for election.
- (b) To elect as a Director Ms Siobhan McKenna, who is eligible for election in accordance with Article 10.3 of the Company's Constitution and ASX Listing Rule 14.4 and, being eligible, offers herself for election.
- (c) To elect as a Director Ms Kathee Tesija, who is eligible for election in accordance with Article 10.3 of the Company's Constitution and ASX Listing Rule 14.4 and, being eligible, offers herself for election.

3. APPROVAL OF THE MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER'S FY17 LONG-TERM INCENTIVE GRANT

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

"That for the purposes of ASX Listing Rule 10.14 and for all other purposes, approval be given for the grant of performance share rights to the Managing Director and Chief Executive Officer (**Group CEO**) of the Company, Mr Brad Banducci, under the Woolworths Transformation Long Term Incentive Plan, as described in the Explanatory Notes which form part of the Notice of Meeting."

4. ADOPTION OF REMUNERATION REPORT

To consider and, if thought fit, to pass the following resolution as a non-binding ordinary resolution:

"That the Remuneration Report (which forms part of the Directors' Report) for the financial year ended 26 June 2016 be adopted."



R J E Dammary
Chief Legal Officer and Company Secretary

ELIGIBILITY TO VOTE

The Company's Directors have determined that all shares of the Company that are on issue at 7.00pm (Sydney time) on 22 November 2016 will, for the purposes of determining voting entitlements at the AGM, be taken to be held by the persons registered as holding the shares at that time.

Any person registered as the holder of an ordinary share in the capital of the Company at that time is entitled to attend and vote at the AGM in respect of that share, subject to the other provisions of this Notice.

PROXIES

A shareholder entitled to attend and vote at the AGM is entitled to appoint up to two proxies. A proxy need not be a shareholder of the Company, and may be either an individual or a corporation. A corporation appointed as proxy will need to appoint an individual as its corporate representative to exercise its powers at the AGM.

A shareholder entitled to cast more than one vote may appoint two proxies, in which case the shareholder should specify the proportion or number of votes that each proxy is appointed to exercise. If not specified, each proxy may exercise half of the shareholder's votes.

Shareholders are encouraged to give direction to their proxies on how to vote on each resolution. A shareholder can provide such a direction by marking the appropriate box opposite the relevant resolution in the proxy form or selecting the appropriate option for that resolution online.

If an appointed proxy does not attend the AGM (or attends but, having been directed how to vote on a resolution, does not vote), then the Chairman of the AGM will be taken to have been appointed as the proxy of the relevant shareholder.

If the Chairman 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 resolution.

To appoint a proxy, a shareholder can use the hard copy proxy form accompanying this Notice. Forms can also be obtained on request from the Company's share registrar.

A shareholder can also make a proxy appointment online by visiting the website www.investorvote.com.au and following the instructions provided (note that the online proxy facility may not be suitable for all shareholders. Shareholders should read the instructions for the online proxy facility carefully to decide if the facility is suitable for them).

SENDING US YOUR PROXY FORM

To be effective, online proxy appointments must be made through the relevant website above by no later than **2.00pm (Sydney time) on 22 November 2016**. Proxy appointments will not be able to be made online after that time.

To be effective, a hard copy proxy form must be received no later than 2.00pm (Sydney time) on 22 November 2016 at the registered office of Woolworths, 1 Woolworths Way, Bella Vista NSW 2153, or by the Company's share registrar as set out below. Proxy forms received after that time will be invalid.

Agenda

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 2000, Australia

By facsimile

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

CORPORATE REPRESENTATIVES

A shareholder, or proxy, that is a body corporate and entitled to attend and vote at the AGM 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 AGM or at the registration desk on the day of the AGM.

ATTORNEYS

A shareholder entitled to attend and vote at the AGM is entitled to appoint an attorney to attend and vote at the AGM 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 shareholder, the Company and the attorney, and also specify the meetings at which the appointment may be used. The appointment may be a standing one.

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

EVIDENCE OF SIGNING AUTHORITY

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

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 certain resolutions to be considered at the AGM. These voting exclusions are described as follows.

ITEM 3

Item 3 is a resolution connected directly or indirectly with the remuneration of Key Management Personnel (**KMP**).

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

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

ITEM 4

Item 4 is a resolution connected directly with the remuneration of KMP.

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

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

Agenda

For the purposes of these voting exclusions:

- The KMP (or Key Management Personnel) are those persons having authority and responsibility for planning, directing and controlling the activities of the Woolworths consolidated group, either directly or indirectly. The KMP for the Woolworths consolidated group during the year ended 26 June 2016 are listed in section 2.1 of the Remuneration Report on page 36 of the Company's 2016 Annual Report.
- A closely related party of a KMP shareholder means:
 - a spouse or child of the shareholder; or
 - a child of the shareholder's spouse; or
 - a dependant of the shareholder or of the shareholder's spouse; or
 - anyone else who is one of the shareholder's family and may be expected to influence the shareholder, or be influenced by the shareholder, in the shareholder's dealings with the entity; or
 - a company the shareholder controls.

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

Explanatory Notes

1. FINANCIAL AND OTHER REPORTS

As required by Section 317 of the *Corporations Act 2001* (Cth) 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 2016) will be laid before the AGM. Shareholders will be provided with the opportunity to ask questions.

There is no requirement for a formal resolution on this item. Accordingly, there will be no formal resolution put to the AGM.

2. ELECTION OF DIRECTORS

Details of each of the candidates for election as a Director, and the Board recommendations in relation to their candidacies, are set out below. The Board considers each of Ms Kramer, Ms McKenna and Ms Tesija to be independent, non-executive directors.

BOARD RECOMMENDATION

The Board recognises that having a range of different skills, backgrounds and experience represented amongst its Directors is important to ensure robust decision-making processes with a diversity of viewpoints and the effective governance of the Woolworths group.

The range of skills, backgrounds and experience represented on the Board is set out in the Company's Corporate Governance Statement (available on the Company's website at www.woolworthslimited.com.au).

The Directors recommend that shareholders vote **FOR** each of Ms Kramer, Ms McKenna and Ms Tesija. Details regarding the Directors' recommendations are as follows:

- (a) *Holly Kramer* – the Directors, having appointed Ms Kramer a director effective 8 February 2016, believe that it is in the interests of shareholders that she be elected as a member of the Board and recommend (with Ms Kramer abstaining) that shareholders vote **FOR** the corresponding resolution.

- (b) *Siobhan McKenna* – the Directors, having appointed Ms McKenna a director effective 8 February 2016, believe that it is in the interests of shareholders that she be elected as a member of the Board and recommend (with Ms McKenna abstaining) that shareholders vote **FOR** the corresponding resolution.

- (c) *Kathee Tesija* – the Directors, having appointed Ms Tesija a director effective 9 May 2016, believe that it is in the interests of shareholders that she be elected as a member of the Board and recommend (with Ms Tesija abstaining) that shareholders vote **FOR** the corresponding resolution.

The Chairman of the AGM intends to vote all undirected proxies in favour of the election of Ms Kramer, Ms McKenna and Ms Tesija.

ELECTION OF MS HOLLY KRAMER



Independent Non-executive Director

Chair: People Policy Committee

Member: Sustainability Committee and Nomination Committee

Holly Kramer has a BA with Honours in Economics and Political Science from Yale University and an MBA from Georgetown University. Ms Kramer is currently a non-executive director of Nine Entertainment Corporation (since May 2015), AMP Limited (since October 2015), Australia Post (since November 2015), as well as regional community-owned telco, Southern Phone Company Limited and the Alannah and Madeleine Foundation. She is also a member of Chief Executive Women. Ms Kramer has more than 20 years' experience in general management, marketing and sales including roles at the Ford Motor Company (in the US and Australia), Pacific Brands and Telstra. Whilst at Telstra, her roles included Group Managing Director, Telstra Product Management and Chief of Marketing. Her most recent position was chief executive officer of Best & Less, a subsidiary of South African retail group Pepkor.

ELECTION OF MS SIOBHAN MCKENNA



Independent Non-executive Director

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

Siobhan McKenna has a Bachelor of Economics (Honours) degree from the Australian National University as well as a Master of Philosophy (International Relations) from Cambridge University. Ms McKenna is currently a director of Ten Network Holdings Limited (since 2012), Amcil Limited (since March 2016), Nova Entertainment, The Australian Ballet, and a Trustee of the MCG Trust. Ms McKenna is a former Commissioner of the Australian Productivity Commission, a former Chairman and Board Member of NBN Co Limited, and a former partner of McKinsey & Company.

Explanatory Notes

ELECTION OF MS KATHEE TESIJA



Independent Non-executive Director

Member: Nomination Committee

Kathee Tesija has a Bachelor's Degree in Fashion Merchandising from the University of Wisconsin, USA. Ms Tesija has extensive retailing experience in the US market, particularly in merchandising and supply chain management. In her executive career, she led the merchandising and supply chain functions at Target Corporation in the US from 2008, and was the Chief Merchandising and Supply Chain Officer and Executive Vice President when she left the company in 2015. After leaving, Kathee became a Strategic Advisor to Target Corporation until 2016 and had held various senior leadership positions at Target Corporation within merchandising since joining the business in 1986. Ms Tesija, a US resident, is also an independent director of the US telecommunications company, Verizon Communications, Inc., and is a senior advisor and consultant for Simpectful, a retail consulting agency in the US.

3. APPROVAL OF THE MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER'S FY17 LONG-TERM INCENTIVE GRANT

WHAT IS THE GROUP CEO'S PROPOSED FY17 REMUNERATION PACKAGE?

Under his service agreement with Woolworths, Mr Banducci's remuneration comprises:

- Total fixed remuneration
- Short-term incentive (STI) (50% is paid as cash and 50% is deferred into share rights for two years)
- Long-term incentive (LTI)

It is proposed that 75% of the Group CEO's remuneration for FY17 comprises variable remuneration (i.e., 'at-risk' components (STI and LTI)). Vesting of the Group CEO's FY17 LTI grant is subject to Woolworths meeting challenging performance conditions which have been determined by the Board and are designed to align the Company and the Group CEO's interests with those of shareholders. Details of the performance conditions are on page 6 of this notice.

Further details of Mr Banducci's remuneration package are set out in the FY16 Remuneration Report (pages 33 to 54 of the Annual Report).

WHY IS SHAREHOLDER APPROVAL BEING SOUGHT?

ASX Listing Rule 10.14 requires shareholder approval for the acquisition of securities by a director under an employee incentive scheme.

The approval sought is to grant Mr Banducci, the Woolworths Group CEO appointed on 26 February 2016, performance share rights under the Company's Transformation Long Term Incentive Plan (LTI Plan). Performance share rights are relevant securities for the purposes of Listing Rule 10.14.

Shareholder approval under Listing Rule 10.14 would not be required if the shares to be allocated on vesting of the performance share rights were purchased on market (as opposed to being issued). While it is not currently intended that shares will be issued to satisfy any award under the LTI Plan, shareholder approval is nonetheless being sought (both for good governance reasons and to preserve flexibility in case for any reason it is considered in Woolworths' best interests to issue shares rather than source them on market).

If shareholder approval is not obtained, then, subject to the achievement of the performance and service conditions described in the Explanatory Notes, Mr Banducci would receive either shares (purchased on-market) or a cash payment at the end of the performance period, in each case equivalent in value to the LTI he would have received had shareholder approval been obtained.

WHAT IS THE GROUP CEO'S PROPOSED FY17 LTI GRANT?

The actual value (if any) that Mr Banducci will receive from this grant cannot be determined until the end of the three-year performance period and will depend on the extent to which the performance conditions are achieved and the share price at the time of vesting.

The proposed FY17 LTI grant to Mr Banducci is for 241,220 performance share rights. The grant represents the LTI component of the Group CEO's FY17 remuneration package.

The maximum number of performance share rights have an initial face value of 200% of his total fixed remuneration as at 1 July 2016. Mr Banducci's total fixed remuneration as at 1 July 2016 is \$2,500,000. Based on 200% of his total fixed remuneration, Woolworths proposes to grant a maximum of \$5,000,000 worth of performance share rights. For achieving the transformation targets, half of the maximum LTI award will vest. The remaining half (or pro-rata portion thereof) is available only if transformation targets are exceeded.

The maximum grant value was set by the Board having regard to Mr Banducci's overall remuneration package, the nature of the position, the purpose of the LTI component in Woolworths' remuneration strategy and independent advice received regarding current market practice.

Number of performance share rights

The formula used to calculate the total number of performance share rights to be granted to the Group CEO is:

$$\text{Number of performance share rights} = \frac{200\% \times \$2,500,000}{\text{VWAP of Woolworths shares } (\$20.7280^1)}$$

1 VWAP is the volume weighted average price of Woolworths Limited shares traded in the five days up to and including the effective date of grant (1 July 2016).

Explanatory Notes

What are the key terms of the Group CEO's proposed FY17 LTI grant?

Set out below is a summary of the key terms of the LTI Plan.

TERM	DETAIL
Entitlements	<p>Each performance share right is a right to acquire one ordinary share in Woolworths, subject to the achievement of the performance conditions set out below.</p> <p>Performance share rights are granted at no cost to the participant. The performance share rights do not carry any dividend or voting rights prior to vesting. Performance share rights are non-transferrable, except with the express approval of the Board or its delegate or by force of law on death or legal incapacity.</p>
Grant date	If shareholder approval is obtained, the performance share rights will be granted to Mr Banducci as soon as practicable after the 2016 AGM, but in any event, within 12 months of the 2016 AGM and will have an effective grant date of 1 July 2016.
Performance measures	<p>The performance share rights are subject to three equally weighted performance measures which are independent and will be tested separately.</p> <ol style="list-style-type: none"> 1. Relative total shareholder return (Relative TSR) with a minimum share price gateway: Relative TSR is measured by taking into account the change in the Woolworths share price over the relevant performance period as well as the dividends received (and assumed to be reinvested into Woolworths' shares). The comparator group is the ASX30 excluding metals and mining companies. This condition was chosen as it continues to ensure alignment with shareholder value creation. 2. Sales per trading square metre (Food Group and Endeavour Drinks Group): Sales per trading square metre is measured by dividing annual reported turnover by the average market reported trading square metres. This condition was chosen because a key driver of a successful transformation is the ability to drive sales on trading space. 3. Return on funds employed (ROFE): ROFE is measured by dividing Woolworths' earnings before interest and tax (EBIT) by average funds employed (lease adjusted). This condition was chosen because a key driver of a successful transformation is the ability to achieve a higher return on capital.

Performance targets and vesting schedule

Performance targets

Relative TSR (33.33%)

The performance targets for the relative TSR performance conditions are:

- *Gateway:* Share price equal to or greater than \$20.8482 (the ten-day VWAP up to and including the effective date of grant (1 July 2016))
- *Minimum:* 50th percentile
- *Target:* 60th percentile
- *Stretch:* 90th percentile

Sales per trading square metre (33.33%) and ROFE (33.33%)

In setting the performance condition targets, the Board has taken into account both the agreed transformation objectives, and other successful retail business transformations, to ensure that payout at maximum only occurs if very demanding stretch objectives are achieved.

The targets are based on the Company's strategic plan and reflective of the Company's continued growth objectives and market conditions. Targets have been set after adjustment for the impact of significant items booked in FY16 in order to ensure the interests of Mr Banducci are not materially prejudiced or advantaged.

The actual targets cannot be disclosed, as they are commercially sensitive. The targets and performance outcomes against the targets will be published following the end of the performance period.

Vesting schedule

The vesting schedule for each performance measure is:

FY17 LTI PERFORMANCE	% OF PERFORMANCE SHARE RIGHTS TO VEST ¹			
	RELATIVE TSR	SALES PER TRADING SQUARE METRE	ROFE	TOTAL
Below minimum	0%	0%	0%	0%
At minimum	11.66%	11.66%	11.66%	35%
At target	16.66%	16.66%	16.66%	50%
At or above stretch	33.33%	33.33%	33.33%	100%

¹ Straight-line vesting between each performance level. Each performance measure operates independently and will be tested separately.

Explanatory Notes

TERM	DETAIL						
Performance period	The performance period is three years, commencing on 1 July 2016 and ending 1 July 2019.						
Allocation of shares upon vesting	<p>On vesting, each performance share right will convert into one ordinary share in Woolworths Limited. The allocation of shares on vesting may be satisfied by issuing new shares or by acquiring shares on market. However, the Board may, in its discretion, decide to satisfy performance share rights by Woolworths making a cash payment to Mr Banducci of an amount equivalent in value to the number of shares to which he would otherwise be entitled on vesting of the performance share rights.</p> <p>If the performance measures are not achieved for some or all of the performance share rights granted, those performance share rights will lapse immediately without re-testing of the performance measure.</p> <p>Shares equivalent to the value of dividends foregone during the period between the effective grant date and vesting are provided at the time of vesting. No dividend equivalents are provided on performance share rights (or portion thereof) which do not vest.</p>						
Trading restrictions	The Board may impose a restriction on the disposal of shares acquired on vesting of a performance share right.						
Cessation of employment	<p>If Mr Banducci ceases to be an employee of the Company before the end of the performance period, any unvested performance share rights will be dealt with as follows:</p> <table border="1"> <thead> <tr> <th>REASON</th> <th>TREATMENT OF UNVESTED PERFORMANCE SHARE RIGHTS</th> </tr> </thead> <tbody> <tr> <td>Resignation or termination by Woolworths (other than as set out below).</td> <td>All unvested performance share rights will lapse (unless the Board exercises discretion otherwise).</td> </tr> <tr> <td>Redundancy, retirement, death, illness, incapacity or where otherwise permitted by the Board.</td> <td>The Board has discretion to determine the amount of any unvested performance share rights (pro-rated for the time served) that will remain on-foot and will vest or lapse depending on whether the performance conditions are met.</td> </tr> </tbody> </table>	REASON	TREATMENT OF UNVESTED PERFORMANCE SHARE RIGHTS	Resignation or termination by Woolworths (other than as set out below).	All unvested performance share rights will lapse (unless the Board exercises discretion otherwise).	Redundancy, retirement, death, illness, incapacity or where otherwise permitted by the Board.	The Board has discretion to determine the amount of any unvested performance share rights (pro-rated for the time served) that will remain on-foot and will vest or lapse depending on whether the performance conditions are met.
REASON	TREATMENT OF UNVESTED PERFORMANCE SHARE RIGHTS						
Resignation or termination by Woolworths (other than as set out below).	All unvested performance share rights will lapse (unless the Board exercises discretion otherwise).						
Redundancy, retirement, death, illness, incapacity or where otherwise permitted by the Board.	The Board has discretion to determine the amount of any unvested performance share rights (pro-rated for the time served) that will remain on-foot and will vest or lapse depending on whether the performance conditions are met.						
Change of control	The Board has discretion to determine whether some or all of the unvested performance share rights held by Mr Banducci will vest, remain "on foot" (i.e., remain subject to the original performance/vesting period and performance conditions) or lapse, having regard to all relevant circumstances.						
Lapse of performance share rights	The Board may determine that any unvested performance share rights granted to Mr Banducci will lapse or be forfeited in certain circumstances such as in the case of fraud, wilful misconduct and dishonesty.						
Hedging policy	Mr Banducci cannot hedge equity instruments that are unvested or subject to restrictions.						
Further information disclosed in accordance with ASX Listing Rule 10.14 and 10.15	<ul style="list-style-type: none"> No Director other than Mr Banducci is currently eligible to participate in the grant of options, performance share rights or performance shares under the LTI Plan. No Directors have received options or performance share rights under the LTI Plan since the last approval given by shareholders under ASX Listing Rule 10.14 (namely, at the 2014 AGM). Details of the performance share rights granted to Mr Banducci, in relation to his former role as Managing Director Woolworths Food Group, are set out on pages 37 and 50 of the Remuneration Report in the 2016 Annual Report. No loan will be provided by the Company in relation to the grant or exercise of the performance share rights proposed to be provided to Mr Banducci. If shareholder approval is obtained, details of the performance share rights granted to the Mr Banducci under the LTI Plan in FY17 will be detailed in future Remuneration Reports. 						

BOARD RECOMMENDATION

The Directors (with Mr Banducci abstaining) recommend shareholders vote **FOR** Resolution 3. Mr Banducci does not make a recommendation in respect of the resolution in view of his personal interest in the resolution.

The Chairman of the AGM intends to vote all undirected proxies in favour of Resolution 3.

Explanatory Notes

4. ADOPTION OF REMUNERATION REPORT

The Company's Remuneration Report for the financial year ended 26 June 2016 is set out in the FY16 Annual Report. The Annual Report is available on Woolworths' website at www.woolworthslimited.com.au.

The Remuneration Report includes an explanation of the Company's remuneration framework and the remuneration arrangements in place for the Directors and other Key Management Personnel (**KMP**). It also explains changes to Woolworths' Executive KMP remuneration framework from 1 July 2016 (FY17).

A comprehensive review of the remuneration framework was undertaken in FY16 and revised remuneration arrangements are in place for FY17. The changes reinforce the Company's strategic objectives by providing a clear link between business performance and reward outcomes. Full details of the changes are set out on pages 33 to 54 of the Remuneration Report, however the main changes can be summarised as follows:

- STI performance measures for Executive KMP were revised and comprise five key measures, namely: earnings before interest and tax (**EBIT**), working capital, sales, customer satisfaction and safety.
- STI deferral was introduced for all Executive KMP to align with current practices of ASX25 companies.
- LTI performance measures were changed to relative total shareholder return (**TSR**) with a minimum share price gateway, sales per trading square metre (Food Group and Endeavour Drinks Group) and return on funds employed (**ROFE**) to align with the transformation strategy.
- The methodology for determining the number of performance share rights to be granted under the LTI Plan changed from fair value to face value. This approach uses the actual share price at the time of grant (a five day volume weighted average price (**VWAP**)), providing shareholders with increased transparency of the maximum potential LTI vesting outcome for Executive KMP.
- The remuneration mix for Executive KMP was rebalanced towards variable remuneration in order to ensure a significant focus on achieving the transformation objectives.

Shareholders will be asked to vote on a resolution to adopt the Remuneration Report at the meeting. The vote on the resolution will be advisory only and will not bind the Directors of Woolworths, however the Board will take the outcome of the vote and any discussion into consideration when reviewing the remuneration policy for Directors and Executive KMP in the future.

BOARD RECOMMENDATION

The Directors recommend shareholders vote **FOR** Resolution 4.

The Chairman of the AGM intends to vote all undirected proxies in favour of Resolution 4.

Location and venue



Trains

The closest train station is Town Hall (all suburban lines). For information about train times, please call 131 500.

Bus

Some State Transit buses stop along George Street outside the Queen Victoria Building. For more information about bus routes and timetables, please call 131 500.

Parking

The closest parking station is Secure Parking situated beneath the Piccadilly Shopping Centre; entry is via 137 Castlereagh Street, Sydney.

Further Information

If you would like any further information regarding the AGM, please contact the Company's share registry on 1300 368 664 if calling from within Australia or +61 (0)3 9415 4055 from outside Australia, or visit the Woolworths website at www.woolworthslimited.com.au/investinus/AnnualGeneralMeeting

