

WOOLWORTHS GROUP



2019

Notice of Annual
General Meeting

Location and venue

The AGM and EGM will be held at the International Convention Centre (ICC) Sydney in the Pyrmont Theatre, 14 Darling Drive, Sydney, New South Wales. The location is shown on the map below. Registration will commence at 9.00am.

The ICC Sydney can be reached by any of the following transport options:

By train

The closest train stations are Town Hall and Central Stations, both a 10 minute walk from the ICC Sydney.

By bus

The closest bus stops are located on Harris Street near Allen Street.

By ferry

Direct ferry services operate to Darling Harbour from Circular Quay, King Street Wharf and Pyrmont Bay Wharf.

By light rail

The closest light rail stops are Convention Centre and Exhibition Centre.

By taxi

Taxi drop off and pick up locations include Iron Wharf Place next to Harbourside Shopping Centre and Zollner Circuit at the southern end of the ICC Sydney. Both are accessible via Darling Drive.

Walking

The Pyrmont Theatre is located on Level 2 and is accessible from the ground level by lift, escalators or stairs.

More information can also be found online at www.iccsydney.com.au/visit-icc-sydney



Agenda

Woolworths Group Limited (Woolworths or the Group) will hold its Annual General Meeting (AGM) at 10.00am (AEDT) on Monday 16 December 2019 at the International Convention Centre Sydney in the Pyrmont Theatre, 14 Darling Drive, Sydney, New South Wales, to transact the business set out in this Notice.

Items of business

1. Receive financial and other reports

To receive the financial statements, Directors' Report and Auditor's Report for the financial year ended 30 June 2019.

Note: No resolution is required for this item of business.

2. Election of Directors

- (a) To re-elect Ms Holly Kramer as a Director
- (b) To re-elect Ms Siobhan McKenna as a Director
- (c) To re-elect Ms Kathryn (Kathee) Tesija as a Director
- (d) To elect Ms Jennifer Carr-Smith as a Director

Note: Each resolution will be voted on separately.

3. Adopt Remuneration Report

To adopt the Remuneration Report for the financial year ended 30 June 2019.

Note: This resolution is advisory only and does not bind the Group. The Directors will consider the outcome of the vote and feedback from shareholders at the meeting when considering the Group's remuneration policies.

4. Approve Managing Director and CEO F20 LTI grant

To approve the grant of performance share rights to the Managing Director and Chief Executive Officer under the Woolworths Incentive Share Plan.

5. Approve US Non-Executive Director Equity Plan

To approve the grants of NED Rights to US resident Non-Executive Directors under the US Non-Executive Director Equity Plan for the next three years.

6. Approve amendment to the Constitution

To approve an amendment to the Constitution of Woolworths Group Limited.

Note: This resolution is a special resolution and requires approval by 75% of votes cast.

Marcin Firek
Company Secretary

4 November 2019

Restructure Scheme Meeting (EGM)

A Restructure Scheme Meeting (EGM) to seek shareholder approval for a proposed internal Restructure of Woolworths Group via a scheme of arrangement will be held concurrently with the AGM. The items of business of the AGM will be considered first, followed by the item of business of the EGM.

Further details are set out in the Restructure Booklet and Notice of Meeting.

Voting information

Key Dates

Eligibility to vote

You are entitled to vote at the AGM if you are a Woolworths shareholder at 7.00pm (AEDT) on Saturday 14 December 2019.

Last date to submit Proxy Form

10.00am (AEDT) on Saturday, 14 December 2019.
Proxy Forms received after this time will be invalid.

How to Vote

Vote in person

You can attend the AGM beginning at 10.00am AEDT on **Monday 16 December 2019**.

Vote by proxy

If you are unable to attend the AGM and you want to appoint a proxy to vote on your behalf:

- record your proxy voting instructions at www.linkmarketservices.com.au. You will need to login using the holding details printed on the enclosed Proxy Form, or
- sign and return the enclosed proxy form by no later than 10.00am (AEDT) on **Saturday 14 December 2019**.

You can lodge the proxy form:

- online via the electronic proxy voting instructions at linkmarketservices.com.au
- by mail to the share registry (using the enclosed reply paid envelope) or hand delivered to Link Market Services at 1A Homebush Bay Drive, Rhodes NSW (Monday to Friday 9.00am-5.00pm), or
- by fax to the Share Registry on +61 2 9287 0309.

A proxy does not need to be a shareholder. They may be an individual or a company. A company that is a proxy must appoint an individual to exercise its powers at the AGM.

You may appoint up to two proxies. If you do so, you should specify the proportion or number of votes for each proxy. If not specified, each proxy will exercise half of the votes.

You are encouraged to direct your proxies how to vote. You can do this by marking the appropriate box on the proxy form or online.

If your proxy does not attend the AGM (or attends, but does not vote), then the Chairman of the AGM is appointed as your proxy.

Vote by attorney

If you want to appoint up to two attorneys to attend the AGM on your behalf, the appointment must be made by a duly executed power of attorney. The power of attorney must be received by the Share Registry at the address or facsimile number above, by 10.00 AEDT on **Saturday 14 December 2019**, unless it has been previously provided.

Vote by body corporate representative

If you are a body corporate, you can appoint a corporate representative to attend and vote at the AGM on your behalf. Evidence of the appointment must be in accordance with Section 250D of the Corporations Act and be lodged with the Share Registry before the AGM or at the registration desk on the day of the AGM.

Voting exclusions

The Corporations Act and the ASX Listing Rules require that certain persons must not vote, and the Group must disregard any votes cast by or on behalf of certain persons, on certain resolutions to be considered at the AGM.

These voting exclusions apply to Resolutions 3, 4 and 5, and are described more fully in the Explanatory Notes for each Resolution.

Explanatory Notes

1 Receive financial and other reports

The Corporations Act requires the Financial Report, Directors' Report and Auditor's Report of Woolworths Group for the period ended 30 June 2019 to be laid before the AGM.

Shareholders will be able 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

Background

Ms Kramer, Ms McKenna and Ms Tesija retire by rotation at this AGM and offer themselves for re-election.

Ms Carr-Smith was appointed as a Director on 17 May 2019 and offers herself for election.

The Board's diverse range of skills, experience and backgrounds supports the effective governance and robust decision-making of Woolworths.

Woolworths has robust processes that underpin the Board's assessment whether to recommend a candidate for election to the Board. The Board, incorporating feedback from the Nomination Committee:

- Reviews the skills and experience of individual Directors and the Board as a whole, having regard to a skills matrix. An assessment of the optimum mix of skills and experience takes place periodically, taking into account the strategic positioning of the Group. A summary of the collective skills and experience of the current Directors, assessed against those identified in the skills matrix, is set out on page 37 of the 2019 Annual Report
- Evaluates the performance of each Director annually. These evaluations are facilitated by an external advisor based on feedback from other Directors and senior management. The Board expects superior performance from each Director
- Requires that appropriate background and reference checks are made before appointing a new Director. The Group operates a number of businesses that require regulatory approval before a candidate can become a Director. These checks were completed for Ms Carr-Smith, and her appointment as a Director commenced once all regulatory approvals were received
- Assesses Director independence annually. The Board considers each of Ms Kramer, Ms McKenna, Ms Tesija and Ms Carr-Smith to be independent
- Considers the workload of each Director. Prior to offering themselves for election or re-election, each of Ms Kramer, Ms McKenna, Ms Tesija and Ms Carr-Smith confirmed that they will continue to have sufficient time to fulfil their responsibilities as Directors.

Assessment of Directors standing for election at AGM

The Board and Nomination Committee assessed each Director standing for election or re-election. The assessment took into account the outcomes of their external performance assessment, the skills, experience, personal qualities and attributes of each candidate, their other commitments, potential conflicts and independence status, as well as the diversity of the overall Board. The outcome of this assessment is that each candidate has made, and is expected to continue to make, a strong contribution to the operation of the Board and its oversight of Woolworths Group.

On this basis, the Board and Nomination Committee, with each candidate abstaining in relation to their candidacy, recommends that shareholders elect Ms Kramer, Ms McKenna, Ms Tesija and Ms Carr-Smith as directors of Woolworths. Details of their skills and experience are set out overleaf.

Explanatory Notes (continued)



2(a) Re-elect Ms Holly Kramer

BA (Hons), MBA
Independent non-executive director

Ms Kramer was appointed to the Board in February 2016. She is Chair of the People Performance Committee and a member of the Nomination and Sustainability Committees.

Ms Kramer has more than 25 years' experience in executive management, marketing and sales, including roles at the Ford Motor Company (in the US and Australia), Pacific Brands and Telstra. She was Chief Executive Officer of Best & Less, a subsidiary of South African retail group Pepkor.

Ms Kramer is currently Deputy Chair of Australia Post and a non-executive Director of Abacus Property Group.

The Board considers that Ms Kramer's operating background running businesses in retail and consumer markets, experience in senior marketing and sales roles, and customer-centric focus contribute significantly to the mix of skills and experience on the Board. As Chair of the People Performance Committee, Ms Kramer has led the Board's design and oversight of the Group's executive remuneration arrangements.

Ms Kramer says, "It's been rewarding to have been a part of the Woolies transformation over the past three years, and to have experienced once again the powerful effect of putting customers first. And yet there have been significant learnings at Woolies and throughout the market about the importance of monitoring all non-financial measures that drive long term shareholder value. If elected, I look forward to leveraging these learnings to ensure that we are able to continue to deliver great outcomes for customers and shareholders alike."



2(b) Re-elect Ms Siobhan McKenna

BEd (Hons), MPhil
Independent non-executive director

Ms McKenna was appointed to the Board in February 2016. She is a member of the Audit, Risk Management & Compliance, Nomination and People Performance Committees.

Ms McKenna has a significant international background in strategy and policy in the public and private sectors. As an executive she has led consumer facing businesses in the media and digital sectors. She was a Commissioner of the Australian Productivity Commission and a Partner of McKinsey & Company.

Ms McKenna is currently Chairman of Foxtel, Fox Sports and Australian News Channel, a Director of Amcil Limited and a Director of Nova Entertainment. She was previously Chair of NBN Co.

The Board considers Ms McKenna's experience leading incumbent businesses through periods of digital disruption, her multi-industry insights into consumer behaviour, and her background in consulting and public policy contribute significantly to the mix of skills and experience on the Board.

Ms McKenna says, "It has been a privilege to serve the shareholders of Woolworths over the past three years as a member of the non-executive director team established by the Chairman. During this period Woolworths has significantly improved the quality of its customers' experience across all its businesses and laid the foundations for Woolworths to successfully maintain its competitive position. If I am re-elected by shareholders I will continue to contribute to the formulation and delivery of Woolworths' strategy to serve its customers and create long term shareholder value."



2(c) Re-elect Ms Kathryn (Kathee) Tesija

BSRMM (Fashion Merchandising)
Independent non-executive director

Ms Tesija was appointed to the Board in May 2016. She is a member of the Nomination, People Performance and Sustainability Committees.

Ms Tesija has extensive retail experience in the US market, particularly in product design and development, buying, merchandising and global supply chain management. During her 30 year executive career with Target Corporation in the US, she served as Chief Merchandising and Supply Chain Officer and Executive Vice President, leading the product development, sourcing, merchandising, planning and supply chain functions. Ms Tesija is a US resident.

Ms Tesija is currently a director of Verizon Communications, Inc. and a senior advisor and consultant for Simcompactful, a retail consulting agency in the US.

The Board considers that Ms Tesija's international insights into consumer behaviour across retail markets, practical operating experience leading the merchandising and supply chain functions for an international retailer, and understanding of strategy, digital and data contribute significantly to the mix of skills and experience on the Board.

Ms Tesija says, "I have been pleased to contribute to the transformation of the Group over the past three years through my deep retail expertise with customer experience in stores and online. If elected, I look forward to applying my retail, merchandising, product development and supply chain skills toward continued improvement in customer 1st brand, team and culture as well as delivering connected, personalised and convenient ways to shop."



2(d) Elect Ms Jennifer Carr-Smith

BA Economics, MBA
Independent non-executive director

Ms Jennifer Carr-Smith was appointed to the Board in May 2019. She is a member of the Nomination Committee.

Ms Carr-Smith is a seasoned digital retail executive with experience in organisations undergoing rapid growth and transformation across a number of sectors including consumer packaged goods, apparel and grocery. She was Senior Vice President, General Manager of North America Local at Groupon and President and CEO of Peapod (an Ahold Delhaize company), a leading omni-channel grocery retailer in the US. Ms Carr-Smith is a US resident with more than 25 years of digital experience with diverse organisations from start-ups to large global companies. Ms Carr-Smith is also Chair of Swap.com, an online consignment and thrift store, and a Director of Perdue Farms, a leading poultry and grain producer.

The Board considers that Ms Carr-Smith's extensive experience leading retail and consumer businesses, track record of building and scaling companies disrupting incumbent businesses, and current retail operating experience leveraging digital, data and technology contribute significantly to the mix of skills and experience on the Board. The Board identified that it was seeking a director with this experience in its 2018 Annual Report, prior to Ms Carr-Smith's appointment in May 2019.

Ms Carr-Smith says, "I appreciate the opportunity to join the Woolworths Group Board during this time of growth and transformation. I am excited to apply my knowledge and experience in online strategy, retail operations and digital disruption to the Group."

Board recommendation

The Directors (other than each candidate in respect of their candidacy) recommend that shareholders vote **FOR** the re-election of Ms Kramer, Ms McKenna and Ms Tesija, and the election of Ms Carr-Smith.

Explanatory Notes (continued)

3 Adopt Remuneration Report

Woolworths' Remuneration Report for the financial year ended 30 June 2019 is set out on pages 44 to 65 of the F19 Annual Report. The Annual Report is available on Woolworths' website at www.woolworthsgroup.com.au

What is Woolworths' remuneration framework?

The Remuneration Report includes an explanation of the Woolworths remuneration framework and the remuneration arrangements in place for the Directors, the Managing Director and CEO, and other Key Management Personnel (KMP).

The changes to the Group's remuneration framework outlined in last year's Remuneration Report and AGM have applied throughout F19. Full details are set out on pages 50 to 52 of the Remuneration Report.

The Board is satisfied that this remuneration framework continues to be aligned to the Group's business strategy and is delivering the desired result. Based on the input of the People Performance Committee, the Board will continue to review these arrangements so that they support the business.

What is the Board's assessment of the Group's F19 performance and link to remuneration?

A detailed summary of the Board's assessment of the Group's performance is set out on pages 48 and 49 of the Remuneration Report.

Long-Term Incentive Plan (LTI Plan)

The F17-19 LTI Plan was introduced at the outset of the Group's transformation journey (1 July 2016) to:

- Reward executives should they be successful in significantly reversing a period of business underperformance versus competitors
- Address the key drivers of past underperformance by refocusing the new incentive program on sales productivity (Sales per Square Metre) and disciplined capital investment (Return on Funds Employed)
- Set challenging targets, aligned with the results achieved by other successful global retail turnarounds.

As a result of excellent progress on the Group's transformation over the three year performance period, 78.4% of the performance rights awarded under the F17-F19 LTI Plan vested, with an aggregate outcome between target and stretch.

The Board is particularly pleased with the significant value that has been delivered to shareholders over this period, with TSR growth of 64% (and 60% share price growth), reflecting top quartile relative total shareholder returns. This will be the first time in five years that an LTI award has vested at Woolworths.

Short-Term Incentive Plan (STI Plan)

The Group's performance against the F19 STI Plan was also positive, although below target, with a Group business outcome of 68.09% of target. For all Executive KMP, 50% of their F19 STI award will be deferred into share rights for two years (Deferred STI), and the remaining 50% will be paid as cash.

Are any changes to executive remuneration proposed for F20?

No changes are proposed to the Long-Term Incentive (LTI) plan for F20. The Board is seeking shareholder approval for a grant of LTI to Mr Banducci for F20. Full details are set out in Resolution 4.

Two changes have been made to the Short Term Incentive (STI) measures for F20:

- First, the Working Capital STI measure will be replaced with an Inventory (days) STI measure. This will sharpen the focus on productive inventory management throughout the Group
- Second, the weighting of on-line customers in the customer satisfaction measure will increase from 25% to 30%. This reflects the importance of the digital e-commerce strategy for the Group's future success.

Shareholder approval is not sought for the grant of Deferred STI to Mr Banducci on the basis that these share rights represent payment for past performance, the underlying shares will be bought on-market, and the Deferred STI remains subject to the Group's malus policy.

This resolution is advisory only. The Board will take the outcome of the vote and shareholder feedback into consideration when reviewing the remuneration framework for future years.

Board recommendation

The Directors recommend shareholders vote **FOR** Resolution 3.

Voting exclusions

Woolworths will disregard any votes cast on this resolution:

- by or on behalf of a member of KMP whose remuneration is disclosed in the Remuneration Report or their closely related parties (any spouse, dependent or company they control), or
- by a member of KMP or their closely related parties as a proxy, unless the vote is cast as a proxy for a person entitled to vote on this resolution:
 - in accordance with a direction as to how to vote on the proxy form, or
 - by the Chairman of the meeting pursuant to an express authorisation on the proxy form to vote as he sees fit.

4 Approve Managing Director and CEO F20 LTI Grant

Mr Banducci's F20 LTI grant is subject to Woolworths meeting performance conditions that have been determined by the Board, and that are designed to align the Group and Mr Banducci's interests with those of shareholders. Details of the performance conditions are on page 10 of this Notice.

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.

Approval is sought to grant Mr Banducci performance share rights under the Woolworths Incentive Share Plan (LTI Plan).

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 sought to preserve flexibility in case it is considered in Woolworths' best interests to issue shares rather than source them on-market when the performance share rights vest.

If shareholder approval is not obtained, then, subject to the achievement of the performance and service conditions described in this Notice, Mr Banducci will receive 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 CEO's proposed F20 LTI grant?

The proposed F20 grant to Mr Banducci is 133,050 performance share rights. This is the maximum number of performance share rights that will be granted to Mr Banducci, and represents the LTI component of his F20 remuneration package.

This maximum number of performance share rights has been calculated based on 170% of Mr Banducci's total fixed remuneration as at 1 July 2019, which was \$2,600,000, and the grant price of \$33.2207, which was the 5 day weighted average share price (VWAP) up to and including 1 July 2019 (the start of the performance period).

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, the number of dividend equivalent rights allocated on vesting, and the Woolworths share price at the time of vesting.

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

How was the number of performance share rights calculated?

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

$$\text{Number of performance share rights} = \frac{170\% \times \$2,600,000}{\text{VWAP of Woolworths shares } \$33.2207^1}$$

¹ VWAP is the volume weighted average price of Woolworths Group Limited shares traded in the five days up to and including the effective date of grant (1 July 2019).

Explanatory Notes (continued)

What are the key terms of the CEO's proposed F20 LTI grant?

TERM	DETAIL																				
Entitlements	<p>Each performance share right is a right to acquire one 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. They are non-transferable, except with the express approval of the Board or its delegate or by force of law on death or legal incapacity. They do not carry any dividend or voting rights prior to vesting.</p>																				
Grant date	<p>If shareholder approval is obtained, the performance share rights will be granted to Mr Banducci as soon as practicable after the 2019 AGM, but in any event, within 12 months of the 2019 AGM, and will have an effective grant date of 1 July 2019. This is consistent with the effective grant date for the other team members participating in the LTI Plan.</p>																				
Performance measures	<p>The performance share rights are subject to three equally weighted independent performance measures that will be tested separately:</p> <ol style="list-style-type: none"> Relative total shareholder return (Relative TSR): 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 provides alignment with shareholder value creation Sales per square metre (Food Group and Endeavour Drinks Group): Measured by dividing annual reported turnover by the average market reported trading square metres at the end of the performance period. This condition was chosen because a key driver of a successful transformation is the ability to drive sales on trading space Return on funds employed (ROFE): Lease Adjusted: Measured by dividing Woolworths' earnings before interest and tax (EBIT) by average funds employed (lease adjusted). Lease-adjusted ROFE uses a simplified lease adjustment to ensure consistency and transparency over the plan period. 																				
Performance targets	<p>Relative TSR (33.33%) This measure requires minimum performance at or above the 50th percentile of the comparator group over the performance period before vesting commences. Stretch performance is reached at the 75th percentile of the comparator group.</p> <p>Sales per square metre (33.33%) and ROFE (33.33%) The targets are based on the Group's strategic plan and reflective of the Group's continued growth objectives and market conditions.</p> <p>The Sales per square metre and ROFE targets are published following the end of the performance period given the commercial sensitivity of this information.</p>																				
Vesting schedule	<p>The vesting schedule for each performance measure is:</p> <table border="1"> <thead> <tr> <th>F20-22 LTI PERFORMANCE</th> <th>RELATIVE TSR</th> <th>SALES PER SQUARE METRE</th> <th>ROFE</th> </tr> </thead> <tbody> <tr> <td>Below Entry</td> <td>0%</td> <td>0%</td> <td>0%</td> </tr> <tr> <td>At Entry</td> <td>16.66%</td> <td>6.66%</td> <td>6.66%</td> </tr> <tr> <td>At Target</td> <td>n/a</td> <td>20%</td> <td>20%</td> </tr> <tr> <td>At or above stretch</td> <td>33.33%</td> <td>33.33%</td> <td>33.33%</td> </tr> </tbody> </table> <p>Vesting between each performance level will be on a straight-line basis. Each performance measure operates independently and will be tested separately.</p>	F20-22 LTI PERFORMANCE	RELATIVE TSR	SALES PER SQUARE METRE	ROFE	Below Entry	0%	0%	0%	At Entry	16.66%	6.66%	6.66%	At Target	n/a	20%	20%	At or above stretch	33.33%	33.33%	33.33%
F20-22 LTI PERFORMANCE	RELATIVE TSR	SALES PER SQUARE METRE	ROFE																		
Below Entry	0%	0%	0%																		
At Entry	16.66%	6.66%	6.66%																		
At Target	n/a	20%	20%																		
At or above stretch	33.33%	33.33%	33.33%																		
Performance period	<p>The performance period is three years, commencing on 1 July 2019 and ending 1 July 2022.</p>																				

TERM	DETAIL
Allocation of shares on vesting	<p>On vesting, each performance share right will convert into one Woolworths share. 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.</p>
Dividend Equivalent Rights	<p>At the time of vesting, Mr Banducci will be allocated additional share rights based on an amount equivalent to any dividends that would have been paid and reinvested on the shares underlying his vested performance share rights during the performance period (Dividend Equivalent Rights). These Dividend Equivalent Rights will immediately convert into shares upon vesting of Mr Banducci's performance share rights. These shares are expected to be purchased on-market, however the Board may, in its discretion, decide to make a cash payment in lieu of vested Dividend Equivalent Rights.</p>
Cessation of employment	<p>If Mr Banducci ceases employment with the Group before the end of the performance period, the Board will assess the treatment of any unvested performance share rights.</p> <p>Shareholders approved the instances where the Board could exercise its discretion on cessation of employment for KMP at the 2017 AGM. A summary of how the Board would expect to exercise this discretion is set out on page 58 of the 2019 Remuneration Report.</p>
Lapse of performance share rights	<p>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.</p>
Change of control	<p>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' (ie remain subject to the original performance/vesting period and performance conditions) or lapse, having regard to all relevant circumstances.</p>
Hedging policy	<p>Mr Banducci may not hedge equity instruments that are unvested or subject to restrictions.</p>
Other details	<p>Further information in accordance with ASX Listing Rules 10.14 and 10.15</p> <ul style="list-style-type: none"> ▪ No Director other than Mr Banducci is currently eligible to participate in the LTI Plan ▪ No Directors other than Mr Banducci have received a grant of any equity securities under the LTI Plan since the last approval given by shareholders under ASX Listing Rule 10.14 at the 2018 AGM ▪ Mr Banducci was granted 195,278 and 140,194 performance share rights under the LTI Plan in the F18 and F19 years respectively ▪ No loan will be provided by the Group 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 Mr Banducci under the LTI Plan in F20 will be set out in future Remuneration Reports.

Board recommendation

The Directors (with Mr Banducci abstaining) recommend that shareholders vote **FOR** Resolution 4. Mr Banducci does not make a recommendation in respect of the resolution in view of his personal interest in the resolution.

Voting exclusions

Woolworths will disregard any votes cast on this resolution:

- by or on behalf of Mr Banducci or any of his associates (if in favour of the resolution), and
- by a member of KMP or their closely related parties (as a proxy), unless the vote is cast as a proxy for a person entitled to vote on this resolution:
 - in accordance with a direction as to how to vote on the proxy form, or
 - by the Chairman of the meeting pursuant to an express authorisation on the proxy form to vote as he sees fit.

Explanatory Notes (continued)

5 Approve US Non-Executive Director Equity Plan

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.

Shareholder approval under Listing Rule 10.14 would not be required if the shares to be allocated on vesting of US NED Rights were purchased on-market (as opposed to being issued). The Board wishes to retain flexibility to issue or purchase on-market the shares that will be issued to satisfy any vesting of US NED Rights under the US Non-Executive Director Equity Plan (US NED Plan).

If shareholder approval is not obtained, Woolworths will acquire shares on-market to satisfy the vesting of US NED Rights.

Why has the US NED Plan been introduced?

At the 2018 AGM, shareholders approved a Non-Executive Director Equity Plan (NED Plan) to further encourage and facilitate share ownership by Australian Non-Executive Directors (NEDs).

The proposed US NED Plan extends this opportunity to the Group's US NEDs in a manner that complies with both US and Australian rules for directors' fees tax deferral.

How does the US NED Plan operate?

US resident NEDs may voluntarily elect to sacrifice up to 100% of their NED fees into US NED Rights on a calendar year basis. Elections are made on an annual basis and are binding for the duration of the following year.

US NED Rights are allocated quarterly based on the fees sacrificed in that quarter. They vest and convert into ordinary shares at the end of the Restriction Period.

How is the number of US NED Rights allocated determined?

The number of US NED Rights that a NED will receive is calculated in accordance with the following formula (rounded down to the nearest whole US NED Right):

$$\text{Number of US NED Rights} = \frac{\text{Value of NED fees sacrificed (\$) for the relevant period}}{\text{Value per US NED Right}}$$

The Value per US NED Right is the volume weighted average market price of shares for the five trading days before the grant date. Shares to be allocated on vesting of the US NED Rights will be issued or sourced on-market at the end of the Restriction Period.

What are the key terms of the US NED Rights?

TERM	DETAIL
Entitlements	<p>Each US NED Right is a right to acquire one Woolworths share.</p> <p>US NED Rights have no performance conditions.</p> <p>The US NED Rights do not carry any dividend or voting rights prior to vesting. At the end of the Restriction Period, the Group will allocate to the relevant Director the underlying shares, as well as shares equivalent to the dividends that would have been paid and reinvested on those shares (as if they had been held as at each relevant record date) during the Restriction Period.</p>
No Performance Conditions	Each Director will elect a holding period of 3, 6, 9, 12 or 15 years.
Holding and Restriction Period	The Restriction Period for the US NED Rights will end the earlier of the end of the holding period elected by the Director or the NED ceasing to be a Director.
Other details	<p>Further information in accordance with ASX Listing Rules 10.14 and 10.15A</p> <ul style="list-style-type: none"> ▪ The Directors entitled to participate in the US NED Plan are Woolworths' US resident Directors, Ms Tesija and Ms Carr-Smith ▪ Any NEDs who become eligible to participate in the US NED Plan, and who are not named in this notice of meeting, will not participate without prior shareholder approval under Listing Rule 10.14 ▪ Details of the US NED Rights allocated pursuant to the US NED Plan in any financial year will be set out in the Remuneration Report for that year ▪ The maximum number of US NED Rights that could be allocated under the US NED Plan in the next three years cannot be calculated because it is subject to the Woolworths share price. The maximum potential value of US NED Rights that could be allocated in the next three years under the US NED Plan is \$1,602,000, which is three times the current Directors' fees payable to the US resident NEDs. The actual value of US NED Rights that will be allocated will be lower, as not all eligible US resident NEDs will participate or sacrifice all of their fees under the US NED Plan ▪ No Director has previously been allocated US NED Rights under the US NED Plan ▪ No loan will be provided by the Group in relation to the allocation of US NED Rights under the US NED Plan ▪ US NED Rights will be allocated no later than three years after the meeting.

Board recommendation

The Directors (with Ms Tesija and Ms Carr-Smith abstaining) recommend that shareholders vote **FOR** Resolution 5. Ms Tesija and Ms Carr-Smith do not make a recommendation in respect of the resolution in view of their personal interest in the resolution.

Voting exclusions

Woolworths will disregard any votes cast on this resolution:

- by or on behalf of Ms Tesija, Ms Carr-Smith or any of their associates (if in favour of the resolution), and
- by a member of KMP or their closely related parties (as a proxy), unless the vote is cast as a proxy for a person entitled to vote on this resolution:
 - in accordance with a direction as to how to vote on the proxy form, or
 - by the Chairman of the meeting pursuant to an express authorisation on the proxy form to vote as he sees fit.

Explanatory Notes (continued)

6 Approve amendment to the Constitution

Why is shareholder approval being sought?

Shareholder approval is sought to amend the Group's Constitution under section 136(2) of the Corporations Act.

If approved, the proposed amendment to the Constitution will provide greater flexibility for the Board to implement in specie dividends and returns of capital in the future. This would include distributing part of the Group's business to shareholders by way of an in-specie distribution such as a dividend, return of capital or both.

This amendment to the Group's Constitution is consistent with similar changes implemented by some other large listed entities.

Background to proposed amendment

On 3 July 2019, Woolworths announced its intention to combine its drinks and hospitality businesses, Endeavour Drinks and ALH Group (ALH), into a single entity, Endeavour Group (Restructure).

Details of the Restructure are set out in the Restructure Booklet for the Court ordered EGM of Woolworths Shareholders, which was distributed to shareholders together with this Notice. Shareholders will have the opportunity to vote on the Restructure after the items of business of the AGM have been considered.

If shareholders approve the Restructure, the Board intends to pursue a separation of Endeavour Group.

This is proposed to take place through a demerger or other value accretive alternative transaction.

Impact of proposed amendment

Although the Board has not made a decision which alternative it intends to pursue if shareholders approve the Restructure, it considers it prudent to seek shareholder approval to provide it the flexibility to distribute Endeavour Group to shareholders by way of in specie distribution if it considers that this would be in the best interests of shareholders.

The Board considers that the flexibility to distribute assets and cash of the Group to shareholders in the form set out in the amendment to the Constitution is appropriate even if shareholders do not approve the Restructure.

Implications if shareholders do not approve the amendment

If shareholders do not approve the amendment to the Group's Constitution but do approve the Restructure, and the Board determines to effect a separation of Endeavour Group by way of demerger, this would need to be effected by a Court ordered scheme of arrangement rather than just an in specie dividend and return of capital.

The Board believes that such an outcome would impose unnecessary complication, delay and cost on the transaction. A Court ordered scheme of arrangement would require approval by both 75% of shares voted and more than 50% of holders voting, whilst a distribution effected by just an in specie dividend and return of capital would require approval by more than 50% of shares voted (this approval requirement applies to the return of capital component). In addition, the procedural aspects of a Court ordered scheme of arrangement are more extensive and time consuming than a distribution effected by just an in specie dividend and return of capital.

This resolution is a special resolution and requires support from 75% of the votes cast.

Board recommendation

The Directors recommend that shareholders vote **FOR** Resolution 6.

Schedule

Proposed Constitutional Amendment (Resolution 6)

16.13 Powers in relation to distributions

- (a) In relation to any decision to pay a dividend or to return capital by way of a reduction of capital, a buy-back or otherwise, the Directors may settle any difficulty that arises in making the distribution as they think expedient and, in particular:
- (i) make cash payments in cases where Members are entitled to fractions of shares, debentures or other securities;
 - (ii) decide that amounts or fractions of less than a particular value decided by the Board may be disregarded in order to adjust the rights of all parties by withholding assets, cash, shares, debentures or other securities where the Company is required to make a payment in respect of the Member to a government or taxing authority in relation to the distribution and decide to make distributions by disregarding transfers of shares or aggregating parcels of shares where they form the opinion that shareholdings have been split or aggregated to obtain the benefit of rounding on fractions of shares;
 - (iii) fix the value for distribution of any specific assets;
 - (iv) pay cash or issue shares, debentures or other securities to any Member in order to adjust the rights of all parties;
 - (v) vest any of those specific assets, cash, shares, debentures or other securities in a trustee or nominee on trust for the persons entitled to the distribution on such terms that seem expedient to the Directors; and
 - (vi) authorise any person to make, on behalf of the Members or a particular Member entitled to any specific assets, cash, shares, debentures or other securities as a result of the distribution or issue, an agreement (including an agreement in writing) with the Company or another person which provides, as appropriate, for the distribution or issue to them of assets, cash, shares or other securities credited as fully paid up or for payment by the Company on their behalf of the amounts or any part of the amounts remaining unpaid on their existing shares or other securities by applying their respective proportions of the amount resolved to be distributed or capitalised.
- (b) Any agreement made under an authority referred to in rule 16.13(a)(vi) is effective and binds all Members concerned.
- (c) Instead of making a distribution or issue of specific assets, shares, debentures or other securities to a particular Member, the Directors may make a cash payment to that Member or allocate some or all of the assets, shares, debentures or other securities to a trustee to be sold on behalf of, and for the benefit of, or in respect of, that Member if:
- (i) the distribution or issue would otherwise be illegal or unlawful;
 - (ii) the distribution or issue would give rise to parcels of securities which do not constitute a marketable parcel;
 - (iii) the distribution or issue would, for any reason, be impracticable; or
 - (iv) the Member so agrees.

Any proceeds receivable by Members under this rule 16.13(c) will be net of expenses incurred by the Company and trustee in selling the relevant assets, shares or securities.

- (d) If the Company distributes to Members (either generally or to specific Members) shares, debentures, assets or securities in the Company or in another body corporate or trust (whether as a dividend in connection with or in satisfaction of a reduction of capital or buy-back or otherwise and whether or not for value), each of those Members appoints the Company and any officer of the Company nominated in that behalf by the Directors as his or her agent or attorney to do anything needed or desirable to give effect to that distribution, including without limitation agreeing to become a member, holder of shares, holder of debentures or holder of securities of the Company or that other body corporate or trust or exercising all rights and powers of the Member to agree on behalf of the Member's nominee (or to procure the Member's nominee to agree) to such nominee becoming a member, holder of shares, holder of debentures or holder of securities of the Company or that other body corporate or trust.

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