

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notice is given that an Extraordinary General Meeting of shareholders of Woolworths Limited (Woolworths or the Company) will be held on 22 November 2012 at Adelaide Convention Centre, North Terrace, Adelaide, South Australia commencing at 8.30am (Adelaide time). The Extraordinary General Meeting precedes the Annual General Meeting of the Company that is scheduled to commence at 11.00am on the same day.

The meeting has been called following a request pursuant to section 249D of the Corporations Act 2001 (Cth) (the Corporations Act) by at least 100 shareholders entitled to vote at the meeting.

AGENDA

Shareholders are being asked to consider and, if thought fit, to pass as a special resolution the following resolution proposed by activist group GetUp Ltd and included in the section 249D request.

Your Board unanimously recommends shareholders vote AGAINST the resolution.

The resolution proposed by GetUp Ltd is as follows:

"That the Company's Constitution be altered by inserting the following new clause 1A:

1A Objects and Purposes of the Company

1A.1 Subject only to clause 1A.2, the objects and purposes of the Company are not limited in any way.

1A.2 With effect from 1 January 2016, excluded from the objects and purposes of the Company are (whether directly or indirectly, including through any entity over which it is capable of exercising control):

(a) the ownership of any electronic gaming machine offering games to the public:

- i. at a cost of more than \$1 per button push; and/or
- ii. by which the machine is capable of generating net revenue at an average rate of more than \$120 per hour; and/or
- iii. for more than 18 consecutive hours in a 24 hour period; and/or

(b) the operation of any electronic gaming machine offering games to the public:

- i. at a cost of more than \$1 per button push; and/or
- ii. by which the machine is capable of generating net revenue at an average rate of more than \$120 per hour; and/or
- iii. for more than 18 consecutive hours in a 24 hour period; and/or

(c) the derivation of any income, revenue, or benefit from, any electronic gaming machine offering games to the public:

- i. at a cost of more than \$1 per button push; and/or
- ii. by which the machine is capable of generating net revenue at an average rate of more than \$120 per hour; and/or
- iii. for more than 18 consecutive hours in a 24 hour period.

1A.3 Each dollar amount in clause 1A.2 is taken to be adjusted, from time to time, in line with any adjustment in the All Groups Consumer Price Index that is the weighted average of the eight capital cities published by the Australian Statistician each quarter after 1 January 2016.

1A.4 Notwithstanding anything to the contrary in this Constitution, the Company may not exercise the powers in section 124(1) of the Corporations Act 2001 (Cth) for any object or purpose excluded from the objects and purposes of the Company by clause 1A.2."

Further information is available in the Explanatory Notes accompanying this Notice.

Dated: 5 October 2012

By order of the Board



P J Horton
Company Secretary

APPENDIX

Statement from GetUp to Woolworths Shareholders

Section 2.49P Statement to Members from GetUp

Dear fellow Woolworths Limited member,

Extraordinary General Meeting and Constitutional Amendment

We are calling an Extraordinary General Meeting (EGM) and proposing an amendment to Woolworths' constitution. If passed, the amendment will prohibit our company from making more than \$1 per button push and from making more than \$120 per hour (on average) from each poker machine owned or operated by it. It would also prohibit our company from running poker machines for more than 18 consecutive hours in a 24 hour period.¹ This prohibition would take effect from 1 January 2016, giving our company ample time to update machine software.

Background

Australia has more high loss poker machines per capita than any other country in the world. Our company owns or operates more poker machines than any other entity in Australia. Presently, our company's machines can take as much as \$10 per button push and can easily take \$1500 in an hour.² According to the Productivity Commission, \$1 bet limits would help mitigate the consequences of poker machines for problem gamblers without reducing the enjoyment of recreational gamblers, 88% of whom rarely bet more than \$1 per button push, rarely losing more than \$120 per hour.³

Why are we doing this?

An EGM to propose a constitutional amendment is a measure we only take because efforts to engage with our company's board of directors have been to no avail.

The Ethical Case

We are taking this measure because we are opposed to the company we own taking sizable amounts of money from problem gamblers. These people suffer from a damaging addiction and can least afford to lose their money.⁴ On the best estimates of economists, Woolworths collected over \$130 million from problem gamblers in the 2010-2011 financial year.

That jobs, homes, families, and, in some tragic cases, lives are ruined by problem gambling at our company's machines is unacceptable. We are asking for our company to do the right thing and make its dangerous poker machines safer.

The Business Case

The family friendly Woolworths brand stands to be irrevocably tarnished by association with dangerous, high loss poker machines that devastate thousands of Australian families. These machines are frowned upon by 70% of Australians.⁵ As Woolworths' relationship with such machines becomes more and more public, Australians who are uncomfortable with this involvement could choose to shop elsewhere.⁶ In the 2010-2011 financial year, a decrease in our company's 'Australian Food and Liquor' revenue of just 2% would have amounted to a loss to our company of \$723 million. That cost dwarfs the cost to our company of making its machines safer (see below).

Secondly, our company relies on its social licence to operate to be able to get development approvals for new stores, amongst other things. If our company antagonises the community and loses this social licence, running the business will be difficult.

1 This was recommended in: Productivity Commission, Gambling (26 February 2010) 14.1.

2 Ibid: 2 and 11.7

3 Ibid: 11.10-11.11.

4 17.2% of mental health patients assessed by The Alfred Hospital, Melbourne over a six month period were problem gamblers: Department of Justice, Victoria, Problem gambling in people presenting to a public mental health service (October 2011) 1.

5 Stop The Loss Coalition, Media Release: Survey Reveals Support for Stronger Poker Machine Reform (24 April 2012), <https://www.dropbox.com/s/wmcyw1fs1u5x933/STOP%20THE%20LOSS_SURVEY%20REVEALS%20MAJORITY%20SUPPORT%20FOR%20STRONGER%20POKER%20MACHINE%20REFORM.pdf> at 28 MAY 2012.

6 Steven Munchenburg, 'Reputational Risk' (2010) 124/5, in Finance - The magazine for Finsia members 24.

Thirdly, it seems that with so many Australians in favour of poker machine reform,⁷ the government will eventually legislate for safer poker machines. Our company should make the transition to safer machines on terms and a timeline set by us, the owners of the company, rather than on terms and a timeline set by the government. This will ensure the most cost effective transition possible.

Finally, research indicates that corporate social performance is positively correlated with corporate financial performance.⁸ Our constitutional amendment, if passed, would improve Woolworths' social performance.

What will be the cost to our company of making its poker machines safer?

Based on available data, economists estimate that the lost revenue from cleaning up our poker machines would represent just 0.25% of our company's 2010-2011 revenue (calculated using industry benchmarks).

According to poker machine expert Dr Charles Livingstone, industry best practice is to update software on machines every five years. That is, 20% of our company's machines most likely have their software updated each year as standard practice. By 1 January 2016, 70% of our company's machines could have their software updated to make them safer at no extra cost to the company. For the 30% of machines that may not have been naturally updated by then, The Australia Institute estimates that the maximum cost of an update would be \$4000 per machine.⁹ This is an acceptable and reasonable cost for our company to keep its social licence to operate.

This issue goes beyond facts and figures: it's about real people

GetUp member Clelia knows first hand the harm that comes from poker machine addiction. High loss poker machines across Sydney's west, including at the Granville Hotel, which our company is trying to acquire from the Laundry Group,¹⁰ consumed Clelia's son in law's earnings until he became so desperate that he saw no way out. Sacit committed suicide on the Australia Day weekend, 2008, leaving behind three young children who will never know their father.

For more stories like Clelia's, visit:
www.getup.org.au/pokiesstories.

At the EGM, we urge you to vote FOR our constitutional amendment to stop our company taking sizable amounts of money from problem gamblers and hurting people like Clelia, and to protect and advance your financial interests.

7 Above n 4.

8 Eg: Marc Orlitzky, Frank L. Schmidt and Sara L. Rynes, 'Corporate Social and Financial Performance: A Meta analysis' (2003) 24 Organization Studies 403.

9 The Australia Institute, Rubbery Figures (January 2012) 7.

10 ACCC, ALH Group Pty Ltd (75% owned by Woolworths Ltd) - proposed acquisition of Hotels and takeaway liquor stores in NSW, ACCC <<http://www.accc.gov.au/content/index.php/itemid/1018025>> at 30 May 2011.