

WOOLWORTHS LIMITED

A.B.N. 88 000 014 675

10 May 2006

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

Dear Sir

OFFER OF WOOLWORTHS NOTES – INITIAL MARGIN

On 3 April 2006, Woolworths announced an offer of perpetual, unsecured, subordinated, cumulative notes at \$100 each (**Woolworths Notes**) to raise up to \$600 million (**Offer**) and lodged with the Australian Securities and Investments Commission a prospectus for the Offer (**Prospectus**). A copy of the Prospectus was released to the ASX on that date and has been made available at www.woolworthslimited.com.au. The full terms of the Woolworths Notes are set out in Appendix B to the Prospectus.

Initial Margin

Floating rate unfranked distributions on the Woolworths Notes are scheduled to be paid on a quarterly basis at the 3 month bank bill rate, plus a Margin. Following a bookbuild conducted on 8-9 May 2006, the Initial Margin, applying from allotment of the Woolworths Notes until 15 September 2011, has been set at **1.10% per annum**.

Woolworths Notes are scheduled to be allotted on 5 June 2006 and the first distribution is scheduled to be paid on 15 September 2006.

Eligible WINs Holder Offer

The Eligible WINs Holder Offer has closed. Woolworths will not be accepting any further applications under the Eligible WINs Holder Offer.

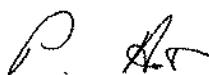
Broker Firm Offer

The Broker Firm Offer under the Prospectus opens on 10 May 2006 and is scheduled to close on 26 May 2006. Only persons receiving a Broker Firm Allocation from a Syndicate Broker are eligible to apply under the Broker Firm Offer. There is no offer to the general public.

Any person receiving a Broker Firm Allocation who wishes to apply for Woolworths Notes will need to complete the red Broker Firm Application Form that accompanies the Prospectus and return it, along with their Application Payment, to their Syndicate Broker in accordance with the broker's instructions. Broker Firm Applicants should read the whole of the Prospectus carefully before deciding whether to apply for Woolworths Notes.

Terms defined in the Prospectus have the same meaning in this notice.

For and on behalf of
WOOLWORTHS LIMITED



PETER J. HORTON
COMPANY SECRETARY

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