

10 May 2011

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

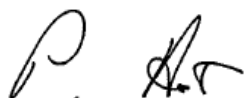
Dear Sir/Madam

Re: Woolworths Limited – Unmarketable Parcel Share Sale Facility

In accordance with Listing Rule 15.2.1 Woolworths Limited advises that documentation in relation to the above Facility is being posted to eligible shareholders today.

A copy of the documents is attached.

**For and on behalf of
WOOLWORTHS LIMITED**



PETER J HORTON
Group General Counsel and Company Secretary

WOOLWORTHS LIMITED

ABN 88 000 014 675

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MR JOHN SAMPLE

FLAT 123

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SAMPLETOWN VIC 3030



10 May 2011

Dear Shareholder

Opportunity to sell your small holding of Woolworths Limited Shares

This letter and the enclosed Terms and Conditions contain important information about your shares in Woolworths and should be read with care.

Woolworths will be entitled to have your shares sold if you take no action by the Closing Date.

Why is Woolworths offering the Facility?

Woolworths recognises that as a small shareholder, you may find it difficult or expensive to dispose of your Shares. The Facility will also assist in reducing the company's ongoing costs associated with the administration of many small shareholder accounts.

Who is eligible under the Facility?

On behalf of the Woolworths Limited Board, I am pleased to offer eligible shareholders the opportunity to sell their small shareholding without incurring any brokerage or handling costs (Facility).

The Facility is available to shareholders whose registered address is in Australia or New Zealand, and who at 7.00pm (Sydney time) on 2 May 2011 (Record Date) were holders of ordinary fully paid shares in Woolworths (Shares) valued at less than \$500 (an Unmarketable Parcel). Based on a price of \$26.51 per share, being the closing price of Shares on the Australian Securities Exchange (ASX) on the Record Date, an Unmarketable Parcel is any holding of 18 Shares or less.

Our records show that you held an Unmarketable Parcel of Shares at the Record Date, and accordingly your shareholding is eligible for this Facility. Under article 22 of the Woolworths Constitution, the Company may notify shareholders who hold an Unmarketable Parcel that it intends to sell their shares unless they correctly complete and return the Retention Form by 5.00pm (Sydney time) on 22 June 2011 (Closing Date). Alternatively, shareholders may take one of the other steps described in this letter and the enclosed Terms and Conditions so that their Shares are not sold under the Facility.

What do I have to do?

- **If you wish to sell your Shares under the Facility**, you do not need to take any action. If you do not take any action, Woolworths intends to sell your Shares following the Closing Date. Sale proceeds will be paid to you by cheque in Australian dollars as soon as practicable following the Closing Date (payment is expected to be made on or about 8 July 2011). If your Shares are held in a CHESS holding, Woolworths may, after the Closing Date, move your Shares from the CHESS holding to an issuer sponsored holding for the purpose of the Facility.

- **If you do not wish to sell your Shares you must:**

Correctly complete and return the enclosed Retention Form so that it is received by Woolworths' share registry, Computershare Investor Services Pty Limited (CIS), by 5.00pm (Sydney time) on the Closing Date; OR

Make your own arrangements outside the Facility to increase your shareholding by purchasing additional Shares (eg through a broker) so that by 7.00pm (Sydney time) on the Closing Date your registered shareholding is more than 18 Shares; OR

If you hold your Shares in multiple holdings, arrange to have those holdings merged into one holding of more than 18 Shares so that this is reflected on the Woolworths share register at 7.00pm (Sydney time) on the Closing Date. You can do this by calling CIS on 1300 368 664 (within Australia) or +61 3 9415 4055 (outside Australia).

If you successfully take one of these steps, Woolworths will not be entitled to sell your Shares.

What price will I receive for my Shares?

The price that you receive for Shares sold through the Facility will be the volume weighted average price achieved by the broker for the sale of all Shares sold by the broker on ASX through the Facility (Sale Price). The Sale Price will be calculated by dividing the total sale proceeds for all Shares sold under the Facility by the total number of Shares sold under the Facility. As the price payable is an average, it may be more or less than the actual price at which your individual Shares are sold.

All participants who have their Shares sold under the Facility will receive the same Sale Price per Share. The sale proceeds to which you will be entitled will be calculated by multiplying the Sale Price by the number of Shares you held, rounded to the nearest cent.

Important Information

Woolworths does not make any recommendation or give any advice to you regarding whether to participate in the Facility. You may of course wish to elect to maintain your existing shareholding, in which case you should correctly complete and return the Retention Form (or take one of the other steps described in this letter). However, if you wish to sell your shares, there are advantages to participating in the Facility compared to using your own broker as no brokerage and handling fees are payable by you under the Facility.

If you are in any doubt, or if you require further information regarding possible taxation implications from participating in the Facility, please consult your legal, financial or taxation adviser.

Further Information

Please refer to the enclosed Terms and Conditions for further information.

If you have any questions concerning the contents of this letter, please refer to the "Unmarketable Parcel Share Sale Facility" website page under the Shareholder Centre section of the Woolworths Limited website (www.woolworthslimited.com.au) or contact our registrar, CIS on 1300 368 664 (within Australia) or +61 3 9415 4055 (outside Australia).

Yours sincerely,



JAMES STRONG
Chairman

Woolworths Limited (ABN 88 000 014 675)
Share Sale Facility for Unmarketable Parcels
Terms and Conditions

1 What is the Woolworths Share Sale Facility for Unmarketable Parcels?

Woolworths Limited (ABN 88 000 014 675) (**Woolworths**) is offering the Woolworths Share Sale Facility for Unmarketable Parcels (**Facility**) (under article 22 of the Woolworths constitution). The Facility provides you with a convenient and cost-effective way to sell all of your fully paid ordinary shares in Woolworths (**Shares**).

This document, in conjunction with the attached letter from the Chairman (together, the **Divestment Notice**) and the Retention Form, satisfies the notice requirements set out in the Woolworths constitution.

If you are the holder of an Unmarketable Parcel (see section 2 below) and you do not wish to sell your Shares in the Facility, you must return your Retention Form by 5.00pm (Sydney time) on 22 June 2011 (Closing Date) (see section 6 below). Alternatively, you may acquire additional Shares or consolidate multiple holdings of Shares so you no longer hold an Unmarketable Parcel (see section 6 below).

The Woolworths Board makes no recommendation as to whether you should use the Facility. The Facility is not the only way to sell your Shares. You can also sell your Shares through the Australian Securities Exchange (**ASX**) by contacting a broker or by selling your Shares off-market if you can find a buyer.

Woolworths will pay the brokerage and handling fees (if any) in relation to the sale of Shares under the Facility.

You should seek independent legal and financial advice (including tax advice) specific to your circumstances when determining whether or not to participate in the Facility or otherwise sell your Shares.

2 What is an Unmarketable Parcel?

An Unmarketable Parcel is a holding of Shares which is worth less than \$500 as at 7.00pm (Sydney time) on 2 May 2011 (**Record Date**). Based on the closing price of \$26.51 per Share on ASX on the Record Date, an Unmarketable Parcel is any holding of 18 Shares or less.

3 Why is Woolworths offering the Facility?

Woolworths values all of its shareholders, however, Woolworths incurs significant administrative costs in maintaining many small shareholders (for example, the costs of processing dividends, preparing and mailing shareholder statements, annual reports and all forms of communications). The cost of maintaining small shareholder accounts can be disproportionately high.

In addition, Woolworths recognises that small shareholders may find it difficult or expensive to dispose of their Shares. The Facility is an easy, convenient and cost-effective way to sell all of your Shares.

4 Who can use the Facility?

Any Woolworths shareholder whose registered address is in Australia or New Zealand and who is the registered holder of an Unmarketable Parcel as at 7.00pm (Sydney time) on the Record Date is eligible to participate in the Facility. Eligible shareholders will be sent a Divestment Notice advising them of their eligibility, a copy of these Terms and Conditions and a Retention Form.

5 What do I have to do to use the Facility?

If you wish to **sell** your Shares under the Facility, you do not need to take any action or respond to this correspondence.

6 What do I have to do to retain my Shares?

If you wish to **retain** your Shares you must do one of the following:

- correctly complete and return the enclosed Retention Form so that it is received by the Woolworths' share registry, Computershare Investor Services Pty Limited (**CIS**), by 5.00pm (Sydney time) on the Closing Date; OR
- make your own arrangements outside the Facility to increase your shareholding so that by 7.00pm (Sydney time) on the Closing Date your registered shareholding is more than 18 Shares. For your additional purchase of Shares to be an effective notice to Woolworths that you wish to retain your Shares, the additional Shares purchased must be held in the same holding as your current Shares (in particular, under the same securityholder reference number (**SRN**) or holder identification number (**HIN**), name and address as shown on the Retention Form) and must be registered by 7.00pm (Sydney time) on the Closing Date; OR
- if you hold your Shares in multiple holdings, by arranging to have those holdings merged into one holding of more than 18 Shares so that this is reflected on the Woolworths share register at 7.00pm (Sydney time) on the Closing Date. You can do this by calling CIS on 1300 368 664 (within Australia) or +61 3 9415 4055 (outside Australia).

If you successfully take one of these steps, Woolworths will not be entitled to sell your Shares.

7 What happens if I do not return my Retention Form or purchase additional Shares and/or consolidate my Shares (as described in section 6)?

Woolworths intends to, and will be entitled to, sell your Shares under the Facility in accordance with article 22 of its constitution.

8 What happens if my holding increases?

If your holding increases to above 18 Shares prior to 7.00pm (Sydney time) on the Closing Date as a result of your acquisition of additional Shares, your Shares will not be sold under the Facility.

However, if your holding remains at 18 Shares or less but increases in value to above \$500 as at 7.00pm (Sydney time) on the Closing Date (based on the Woolworths' Share price on the Closing Date), your Shares will still be sold, unless you have correctly completed and returned the Retention Form prior to 5.00pm (Sydney time) on the Closing Date.

9 What if my Shares are held on the CHESSE sub register?

If your Shares are held on the CHESSE sub-register and you wish to keep your Shares, you must return the Retention Form to CIS by 5.00pm (Sydney time) on the Closing Date or take one of the other steps described in the Divestment Notice otherwise your Shares will be sold via a broker appointed by Woolworths.

10 Can I withdraw my Retention Form?

Yes. If you would like to withdraw your Retention Form, please send a written request which:

- details your name, address and shareholder reference number (SRN) or holder identification number (HIN);
- states that you would like to withdraw your Retention Form; and
- is signed by all holders,

to Computershare Investor Services Pty Limited, GPO Box 2115, Melbourne VIC 8060, Australia. Your written request must be received before 5.00pm (Sydney time) on the Closing Date in order to be effective.

11 What costs will I incur?

Woolworths will bear the costs of sale of the Shares under the Facility. The costs of sale of the Shares include all stamp duty, brokerage and government taxes and charges (except for tax on income or capital gains).

12 Can I sell some but not all of my Shares in the Facility?

No. You cannot sell part of your shareholding in the Facility.

13 When and how will my Shares be sold?

The sale of Shares is expected to take place as soon as practicable after the Closing Date. You cannot specify the date on which your Shares will be sold.

If your Shares are not sold within six weeks of the Closing Date, Woolworths' right to sell your Shares lapses. Woolworths will inform you if this occurs.

Woolworths is appointed to arrange the sale of Shares under the Facility. Any sales are expected to take place between 24 June 2011 and 30 June 2011 inclusive. Shares will be sold on ASX in the ordinary course of business.

Woolworths has appointed Citigroup Global Markets Australia Pty Limited to act as broker to sell your Shares under the Facility.

By participating in the Facility, each eligible shareholder is deemed to have appointed Woolworths as the shareholder's agent to receive any notices including the Financial Services Guide (and any update of that document) Citigroup Global Markets Australia Pty Limited is required to provide under the Corporations Act. This Financial Services Guide is available on the Woolworths website (www.woolworthslimited.com.au).

You should note that the price obtained for your Shares under the Facility will depend on a number of factors including market conditions prevailing at the time. The market price for your Shares is subject to change from time to time. The price you receive may be different to the price appearing in the newspaper or quoted by ASX on any day, may not be the best execution price on the trading day or trading days that your Shares are sold, and may be more or less than the actual price at which your Shares are bought or sold. No interest will be payable to you in relation to the proceeds of sale of your Shares. Interest (if any) earned on such amounts will be retained by Woolworths.

Woolworths reserves the right to vary, delay or terminate the above process, including if market or other conditions are such that Woolworths considers that adhering to the process described above may have a material impact on the price at which Shares trade on ASX or if Woolworths' directors believe that a more favourable price can be achieved for your Shares by a different sale process.

Woolworths has appointed CIS as its agent to carry out some of its obligations under these Terms and Conditions. Woolworths and CIS are not giving, and are not obliged to give, any advice to you. These Terms and Conditions do not constitute advice or a recommendation to sell or hold your Shares, nor that the Facility is the best way to sell your Shares.

Woolworths is irrevocably authorised, without further notice, by each participating shareholder in the Facility to do all things (including to engage any third party such as a broker) and execute all documents, including to effect any holding adjustment, securities transformation, securities transfer or other transmission or transaction in relation to an eligible shareholder's Unmarketable Parcel, such as converting a CHES holding to an issuer sponsored holding to facilitate the sale of the Shares under the Facility.

14 What price will I receive?

The price that you receive for Shares sold through the Facility will be the volume weighted average price achieved by the broker for the sale of all Shares sold by the broker on ASX through the Facility (**Sale Price**).

The Sale Price will be calculated by dividing the total sale proceeds of all Shares under the Facility by the total number of Shares sold under the Facility. As the price payable is an average, it may be more or less than the actual price at which your individual Shares are sold.

All participants who have their Shares sold under the Facility will receive the same Sale Price per Share. The sale proceeds to which you will be entitled will be calculated by multiplying the Sale Price by the number of Shares you held, rounded to the nearest cent.

Neither Woolworths nor CIS provide any assurance as to what the price of the Shares on ASX will be or what price you will receive for your Shares if you use the Facility. Information on the price of Shares can be obtained from the daily press or through the ASX website (www.asx.com.au) by looking up Woolworths' code which is "WOW".

The Sale Price of the Shares will be calculated by Woolworths or a third party appointed by Woolworths and may not be challenged in the absence of manifest error.

CIS will send you a transaction confirmation statement notifying you of the number of your Shares sold through the Facility, the Sale Price and the total sale proceeds you have received. You will not receive any interest on any sale proceeds.

15 How and when will I receive the proceeds from the sale of my Shares?

Sale proceeds and a confirmation notice will be sent to you as soon as practicable following the Closing Date (payment is expected to be made on or about 8 July 2011).

Sale proceeds will be paid to you in Australian dollars by cheque and the cheque will be mailed to the address set out on the accompanying letter (which is your address as shown on Woolworths' share register). Payment of any sale proceeds to you is at your risk. An Issuer Sponsored Holder or CHES statement will be sent to you at the end of the month in which your Shares are sold.

16 What happens to the Facility if there is a takeover bid for Woolworths?

In accordance with the Woolworths constitution, the Facility will become unavailable following the announcement of a takeover bid for Woolworths, however the Facility may be recommenced after the close of the offers made under any takeover.