

This circular is important and requires your immediate attention.

The definitions and interpretations commencing on page 5 of this circular have, where necessary, been used below.

If you are in any doubt as to what action you should take arising from this circular, please consult your CSDP, broker, attorney, accountant or other professional adviser immediately.

Action required

- If you have disposed of all of your ordinary shares, please forward this circular to the purchaser of such ordinary shares or to the CSDP, broker, attorney, accountant or other agent through whom the disposal was effected.
- Ordinary shareholders are referred to page 2 of this circular, which sets out the actions required of them.

WOOLWORTHS HOLDINGS LIMITED **WHL**
(Incorporated in the Republic of South Africa)
(Registration number 1929/001986/06)
Share code: WHL ISIN: ZAE000063863
("Woolworths" or "the Company")

Circular to ordinary shareholders regarding an approximate 10% shareholding for eligible Woolworths employees in terms of the proposed Black Economic Empowerment Transaction

relating to

- the creation of ESOS shares;
- the amendment to the Articles of Association of the Company;
- the specific authority to the directors to issue ESOS shares for cash to facilitate the Black Economic Empowerment Transaction;

and incorporating

- a notice convening a general meeting of ordinary shareholders; and
- a form of proxy (for use by certificated ordinary shareholders and own name dematerialised ordinary shareholders only).

21 May 2007

Corporate law and tax advisers



Merchant bank and sponsor



Independent professional expert



Reporting accountant



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Action required by ordinary shareholders

The definitions commencing on page 5 of this circular apply *mutatis mutandis* to this section.

Please take careful note of the following provisions regarding the action required by ordinary shareholders:

1. If you have disposed of all of your ordinary shares, this circular should be handed to the purchaser of such ordinary shares or the CSDP, broker or other agent who disposed of your ordinary shares for you.
2. If you are in any doubt as to what action to take, consult your CSDP, broker, or other professional adviser immediately.
3. This circular contains information relating to the BEE transaction. You should carefully read through this circular and decide how you wish to vote on the resolutions to be proposed at the general meeting.
4. The general meeting, convened in terms of the notice of general meeting incorporated in this circular, will be held in the Auditorium, 1st Floor, Woolworths House, 93 Longmarket Street, Cape Town, 8001 on Tuesday, 12 June 2007, at 09h00.
5. If you have dematerialised your ordinary shares:

5.1 Own name registration

You are entitled to attend, or be represented by proxy, at the general meeting.

If you are unable to attend the general meeting, but wish to be represented thereat, you must complete and return the attached form of proxy, in accordance with the instructions contained therein, to be received by the transfer secretaries, Computershare Investor Services 2004 (Proprietary) Limited, Ground Floor, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107) by no later than 09h00 on Friday, 8 June 2007.

5.2 Other than own name registration

You are entitled to attend, or be represented by proxy, at the general meeting. You must not, however, complete the attached form of proxy. You must advise your CSDP or broker timeously if you wish to attend, or be represented at the general meeting.

If your CSDP or broker does not contact you, you are advised to contact your CSDP or broker and provide them with your voting instructions. If your CSDP or broker does not obtain instructions from you, they will be obliged to act in terms of your mandate furnished to them.

If you do wish to attend or be represented at the general meeting, your CSDP or broker will be required to issue the necessary letter of representation to you to enable you to attend or to be represented at the general meeting.

6. If you hold certificated shares:

You are entitled to attend, or be represented by proxy, at the general meeting.

If you are unable to attend the general meeting, but wish to be represented thereat, you must complete and return the attached form of proxy, in accordance with the instructions contained therein, to be received by the transfer secretaries, Computershare Investor Services 2004 (Proprietary) Limited, Ground Floor, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107) by no later than 09h00 on Friday, 8 June 2007.

Corporate information and advisers

Secretary and registered office of the Company

Ms CL Lowe
Woolworths House
93 Longmarket Street
Cape Town, 8001
(PO Box 680, Cape Town, 8000)

Transfer secretaries

Computershare Investor Services 2004
(Proprietary) Limited
(Registration number 2004/003647/06)
Ground Floor
70 Marshall Street
Johannesburg, 2001
(PO Box 61051, Marshalltown, 2107)

Merchant bank and sponsor

Rand Merchant Bank
(A division of FirstRand Bank Limited)
(Registration number 1929/01225/06)
1 Merchant Place
Corner Fredman Drive and Rivonia Road
Sandton, 2196
(PO Box 786273, Sandton, 2146)

Independent professional expert

The Standard Bank of South Africa Limited
(Registration number 1962/000738/06)
3 Simmonds Street
Johannesburg, 2001
(PO Box 61344, Marshalltown, 2017)

Reporting accountant

Ernst & Young Inc.
(Registration number 2005/002308/21)
Ernst & Young House
35 Lower Long Street
Cape Town
8001
(PO Box 656, Cape Town, 8000)

Corporate law and tax advisers

Taback and Associates (Proprietary) Limited
(Registration number 2000/010434/07)
13 Eton Road
Parktown
Johannesburg, 2193
(PO Box 3334, Houghton, 2041)

edward nathan sonnenbergs inc
(Registration number 2006/018200/21)
150 West Street
Sandton
Johannesburg, 2196
(PO Box 783347, Sandton, 2146)

Salient dates and times

The definitions commencing on page 5 of this circular have, where necessary, been used in this section.

2007

Circular posted to ordinary shareholders on	Monday, 21 May
Form of proxy for the general meeting to be received by 09h00 on	Friday, 8 June
General meeting to be held at 09h00 on	Tuesday, 12 June
Results of general meeting released on SENS on	Tuesday, 12 June
Results of general meeting published in the press on	Wednesday, 13 June
Special resolutions lodged with the Registrar of Companies on or about	Wednesday, 13 June

Notes:

1. These dates and times are subject to amendment. Any such amendment will be released on SENS and will be published in the press.
2. All times given in this circular are local times in South Africa.
3. This circular is available in English only. Copies may be obtained from the registered office of the Company, at the address set out on page 3 of this circular, during normal business hours from Monday, 21 May 2007 until Tuesday, 12 June 2007.

Definitions

In this circular, unless otherwise stated or the context indicates otherwise, the words in the first column shall have the meanings assigned to them in the second column. Words in the singular include the plural and vice versa, words and expressions which denote one gender includes the other gender, and a reference to a natural person includes a juristic person and an association and vice versa.

“adjustment factor”	the factor to be applied in calculating the ESOS payment to which the ESOS shares are entitled, which payment will be equal to a percentage of the ordinary dividend, increasing from 11% in the first dividend year to 100% in the penultimate dividend year as more fully described in 3.1.6 below;
“articles”	articles of association of the Company;
“associate”	an entity or association of persons (whether or not incorporated and including, without limitation, a company, corporation, close corporation, trust, partnership, joint venture or other association of persons) in which Woolworths now or in the future shall, whether directly or indirectly, hold not less than a 30% ownership interest or its equivalent;
“BEE”	black economic empowerment, as envisaged in the BEE legislation;
“BEE legislation”	collectively, the BBBEE Act and the Codes;
“BEE transaction”	proposed creation of and issue of up to 89 400 000 ESOS shares to the ESOS trust, which number of ESOS shares will equal approximately 10% of the ordinary issued share capital (before the BEE transaction) of Woolworths;
“BBBEE Act”	Broad-based Black Economic Empowerment Act, 2003 (Act 53 of 2003);
“beneficiary”	eligible Woolworths employee who, in terms of the ESOS trust deed, becomes a vested beneficiary under the ESOS trust;
“beneficiary elected trustee”	a trustee elected by the beneficiaries;
“black”	in relation to any person, shall have the meaning ascribed to it in the BBBEE Act as may be further amplified by the Codes;
“board”	board of directors of Woolworths as constituted from time to time;
“broad-based beneficiary”	an eligible Woolworths employee who holds a non-management position;
“business day”	any day other than a Saturday, Sunday or an official public holiday in South Africa;
“CSDP”	Central Securities Depository Participant, accepted as a participant in terms of the Securities Services Act;
“certificated shareholders”	ordinary shareholders who hold certificated shares;
“certificated shares”	ordinary shares that have not been dematerialised, title to which is represented by a physical document of title;
“circular”	circular regarding the BEE transaction, dated 21 May 2007, including the annexures and reports thereto, the notice of general meeting and the attached form of proxy;
“Codes”	codes published by the Department of Trade and Industry in terms of Section 9 of the BBBEE Act and published in the Government Gazette on 9 February 2007, as amended from time to time;
“Companies Act”	Companies Act, 1973 (Act 61 of 1973), as amended or substituted;
“conversion date”	date on which the ESOS shares will, following the distribution, convert into ordinary shares, on a one-for-one basis, which is 7 July 2015 or earlier in respect of ESOS shares distributed to the executor of a deceased beneficiary;

“dematerialised shareholders”	ordinary shareholders who hold dematerialised shares;
“dematerialised shares”	ordinary shares held in electronic form as uncertificated securities that have been incorporated into the STRATE system and which are held on Woolworths’ sub-register in electronic form in terms of the Securities Services Act;
“directors”	directors of Woolworths from time to time;
“distribution”	registration or transfer, by the trustees, of the ESOS shares into the names of the beneficiaries (or exiting beneficiaries) entitled thereto in terms of the ESOS trust deed;
“distribution date”	date on which the distribution is made to beneficiaries i.e. 3 July 2015 or earlier in respect of ESOS shares distributed to the executor of a deceased beneficiary;
“document of title”	share certificate, transfer deed or form, balance receipt or any other document of title acceptable to Woolworths in respect of a certificated share;
“effective date”	date on which the BEE transaction will become effective, being 30 June 2007;
“effective date ruling price”	volume weighted average price of an ordinary share on the JSE for the five trading days prior to the close of business on the effective date;
“eligible Woolworths employees”	collectively, as may be decided by the board in its discretion: <ul style="list-style-type: none"> • employees of the group, who are employed on a permanent basis in South Africa on 1 May 2007 and who are still employed by the group in South Africa on the initial vesting date; • employees referred to above who are promoted from a management position to an executive position within the group in South Africa during the five-year period from the effective date; and • persons who are employed in an executive capacity by the group on a permanent basis in South Africa during the five-year period from the effective date, but excluding white managers and white executives who are currently or will be entitled to receive offers under one of Woolworths’ existing share ownership schemes.
“employee”	employee of a company in the group;
“employer companies”	companies within or associates of the group which employ the employees;
“entitled ESOS shares”	that number of ESOS shares to which a beneficiary, or an exiting beneficiary, has a vested right on the distribution date, in terms of the ESOS trust deed;
“ESOS payment”	any dividend paid by the Company in respect of the ESOS shares in accordance with the rights attaching to the ESOS shares as set out in the Company’s articles, which dividend will be equal to the ordinary dividend declared and paid by the Company in the ordinary course in respect of the ordinary shares (after deduction of all attributable costs, expenses, duties and taxes), from time to time, adjusted by the adjustment factor;
“ESOS share”	convertible, redeemable, non-cumulative participating preference share in the share capital of Woolworths with a par value of 0.15 cent, which will carry the same voting rights as an ordinary share and which will convert into an ordinary share, on a one-for-one basis on the conversion date, or failing conversion, be redeemed at par by the Company;
“ESOS share issue date”	date or dates on which the ESOS shares will be issued to the ESOS trust;
“ESOS trust”	Woolworths Employee Share Ownership Trust formed in terms of the ESOS trust deed;

“ESOS trust deed”	Woolworths Employee Share Ownership Trust Deed entered into amongst Woolworths and the first trustees on 9 May 2007, as amended from time to time, in terms of which the ESOS trust is established and regulated;
“executive beneficiary”	an eligible Woolworths employee who is black and who holds an executive position, notwithstanding that they may currently be entitled to receive offers under one of Woolworths’ existing share ownership schemes;
“exiting beneficiary”	a beneficiary who ceases to be employed in South Africa by the group before the termination date;
“first trustees”	Norman William Thomson and Cherrie Lynne Lowe, who in terms of the ESOS trust deed, are appointed as the first trustees of the trust until the trustees elected by the beneficiaries and the trustees appointed by the Company have received their letters of authority from the Master of the High Court;
“general meeting”	general meeting of ordinary shareholders to be held in the Auditorium, 1st Floor, Woolworths House, 93 Longmarket Street, Cape Town, 8001 on Tuesday, 12 June 2007 at 09h00 to consider and if deemed appropriate, approve the resolutions set out in the notice of general meeting;
“group”	Woolworths, its subsidiaries and associates, from time to time;
“hurdle rate”	10% per annum compounded annually in arrears;
“hurdle rate price”	effective date ruling price increased by the hurdle rate over the period from the effective date to the close of business on the date on which the hurdle rate price is to be calculated;
“IFRS”	International Financial Reporting Standards;
“Income Tax Act”	Income Tax Act (Act 58 of 1962) as amended;
“independent professional expert”	The Standard Bank of South Africa Limited (Registration number 1962/000738/06), a bank registered in South Africa;
“initial vesting”	first vesting of ESOS shares to be made to eligible Woolworths employees in terms of the ESOS trust deed and to which shares such eligible Woolworths employees shall have a vested right;
“initial vesting date”	date of the initial vesting;
“JSE”	JSE Limited (Registration number 2006/022939/06), a company incorporated in South Africa and licensed to operate an exchange under the Securities Services Act (Act number 36 of 2004);
“last practicable date”	26 April 2007, being the last practicable date prior to finalisation of this circular;
“Listings Requirements”	Listings Requirements of the JSE, as amended from time to time;
“management beneficiary”	an eligible Woolworths employee who holds a management position, with the exception of those managers who are white and who are currently entitled to receive offers under one of Woolworths’ existing share ownership schemes;
“notice of general meeting”	notice convening the general meeting of ordinary shareholders, which forms part of this circular;
“ordinary dividend”	the dividend paid or made by the Company in the ordinary course in respect of an ordinary share;
“ordinary dividend year”	each period of twelve months in respect of which Woolworths shall from time to time declare and pay ordinary dividends;
“ordinary share”	ordinary share with a par value of 0.15 cent in the share capital of Woolworths;
“ordinary shareholder”	registered holder of an ordinary share;
“Rand” or “R”	South African Rand, the lawful currency of South Africa;
“reporting accountant”	Ernst & Young Inc. (Registration number 2005/002308/21);

“residual beneficiary”	Woolworths and/or its nominee or nominees, in its or their capacity or capacities as residual beneficiary under the ESOS trust;
“SENS”	Securities Exchange News Service of the JSE;
“scheme”	employee empowerment share ownership scheme to be implemented by Woolworths in terms of the BEE transaction;
“Securities Services Act”	Securities Services Act, 2004 (Act 36 of 2004);
“service period”	minimum period for which a beneficiary must remain an employee in order to be entitled to receive distribution of any ESOS shares to which such beneficiary has a vested right on the distribution date, which period will end three years and one day after the effective date, or, as the case may be, the subsequent vesting date;
“South Africa”	Republic of South Africa;
“STRATE”	STRATE Limited (Registration number 1998/022242/06), a company incorporated in South Africa, a registered central securities depository in terms of the Securities Services Act, and which manages the electronic clearing and settlement system for transactions that take place on the JSE and off-market trades;
“subscription agreement”	written agreement between Woolworths and the trustees to be signed as soon as possible after the ESOS trust deed shall have become unconditional;
“subsequent vesting”	vesting of ESOS shares made, at the discretion of the board, to eligible Woolworths employees during the five-year period following the effective date;
“subsequent vesting date”	date on which a subsequent vesting takes place;
“term of the scheme”	period for which the scheme will be in existence, expected to be from 30 June 2007 to 30 June 2015;
“termination date”	date on which the term of the scheme ends i.e. 30 June 2015;
“termination date ruling price”	volume weighted average price of an ordinary share on the JSE for the five trading days prior to the close of business on the termination date;
“transfer secretaries”	Computershare Investor Services 2004 (Proprietary) Limited (Registration number 2004/003647/06), a company incorporated in South Africa;
“trustees”	trustees of the ESOS trust from time to time; and
“Woolworths” or “the Company”	Woolworths Holdings Limited (Registration number 1929/001986/06), a company incorporated in South Africa and listed on the JSE.

Circular to ordinary shareholders

1. Purpose of this circular

The purpose of this circular is to provide ordinary shareholders with relevant information relating to the BEE transaction in order to enable ordinary shareholders to make an informed decision as to whether or not they should vote in favour of the resolutions to be proposed at the general meeting, which resolutions are set out in the notice of general meeting.

2. Rationale

The board is committed to the spirit and principles of broad-based BEE and recognises the social and economic imperative to undertake a BEE transaction.

The board believes that an appropriate BEE transaction will stimulate growth and facilitate transformation.

Following an extensive process the board has decided to propose a broad-based empowerment transaction involving eligible Woolworths employees for, *inter alia*, the following reasons:

- eligible Woolworths employees have contributed to the group's progress thus far and will continue to be important in driving the future growth of the group;
- the eligible Woolworths employees have a sound knowledge of the group and its operations and will be able to participate and add value from the commencement of the BEE transaction;
- the nature and demographic composition of Woolworths employee base (90% black and 85% women) is ideal for an empowerment partner; and
- the BEE transaction will align the objectives of the ordinary shareholders with those of the eligible Woolworths employees, whose efforts have been the origin of the value created over the past years.

The purpose of the BEE transaction is to empower eligible Woolworths employees by enabling them to acquire a shareholding equal to approximately 10% of the ordinary issued share capital (before the BEE transaction) of the Company subject to the provisions of the ESOS trust.

3. Details of the BEE transaction

3.1 Salient features of the BEE transaction

3.1.1 Creation and issue of the ESOS shares

Woolworths will create a new class of convertible, redeemable, non-cumulative participating preference share having the special rights and conditions set out in the notice of general meeting, and will at appropriate times issue ESOS shares up to a maximum of 89 400 000 ESOS shares to the ESOS trust, to be held by the ESOS trust for the benefit of the beneficiaries. The ESOS shares will be issued at their par value and, if all the ESOS shares are issued, will represent approximately 10% of the ordinary issued share capital of Woolworths before the BEE transaction. The total consideration to be paid by the ESOS trust for all of the ESOS shares will be approximately R134 100 and such consideration will be funded by the Company and/or the employer companies.

The creation of the ESOS shares will require the alteration of the authorised share capital of Woolworths and accordingly a special resolution (special resolution number 1) will be proposed at the general meeting for this purpose. This special resolution will require approval by 75% of the ordinary shareholders present in person or represented by proxy at the general meeting.

The issue of the ESOS shares to the ESOS trust will require the approval of ordinary shareholders and accordingly an ordinary resolution (ordinary resolution number 2) will be proposed at the general meeting to place the authorised but unissued ESOS shares under the control of the directors as a specific authority to issue the ESOS shares for cash to the ESOS trust. This ordinary resolution will, in terms of the Listings Requirements, require approval by 75% of the ordinary shareholders present in person or represented by proxy at the general meeting.

No issues of shares for cash have taken place in the previous three years, other than for purposes of The Woolworths Holdings Share Trust Deed, details of which are disclosed in the Company's annual reports.

Ordinary shareholders are referred to the notice of general meeting for further information on the rights attaching to the ESOS shares and on the resolutions required to implement the BEE transaction to be proposed at the general meeting.

3.1.2 **Scheme beneficiaries**

The beneficiaries will be eligible Woolworths employees of which there are approximately 17 000, 90% of whom are black.

There will be three categories of beneficiaries, namely:

broad-based beneficiaries: this category represents all eligible Woolworths employees who hold non-management positions;

management beneficiaries: this category represents those eligible Woolworths employees who hold management positions, with the exception of those managers who are white and who are currently entitled to receive offers under one of Woolworths' existing share ownership schemes; and

executive beneficiaries: this category represents those eligible Woolworths employees who are black and who hold executive positions, notwithstanding that they may currently be entitled to receive offers under one of Woolworths' existing share ownership schemes.

3.1.3 **Creation of the ESOS trust**

Woolworths will create a trust which will, in terms of the subscription agreement, subscribe for ESOS shares from time to time. The trustees will, in terms of the ESOS trust deed, administer the scheme.

Except as may be otherwise required by the BEE legislation, there will be five trustees of the ESOS trust, at least three of whom will be black and of whom at least two will be black women. The beneficiaries will elect three of the trustees, at least two of whom will be independent and one of whom may be a beneficiary in terms of a dispensation granted by the JSE. The Company will appoint two further trustees, at least one of whom will be independent.

It is envisaged that trustee elections will take place every three years.

One of the responsibilities of the trustees will be to exercise the voting rights of the ESOS shares on items requiring shareholder approval in terms of the Companies Act and the Listings Requirements.

3.1.4 **Vesting of the ESOS shares**

The vesting of the ESOS shares in beneficiaries will be determined by the board and the vesting process will be managed by the trustees in accordance with the provisions of the ESOS trust deed. The initial vesting will recognise a beneficiary's length of service and accordingly, relatively more ESOS shares will vest in a broad-based beneficiary employed within the group prior to 1 March 2003 than a broad-based beneficiary employed after that date.

A management beneficiary who is white (being a white manager who is not currently entitled to receive offers under an existing Woolworths' share ownership scheme) will participate in the scheme. However, his or her participation will be limited to that of a broad-based beneficiary. Accordingly, his or her initial vesting will be relatively lower than that of a management beneficiary who is black.

A beneficiary's entitlement to a distribution of ESOS shares on the distribution date is subject to the beneficiary remaining an employee for at least the service period. An exiting beneficiary who leaves the employment of the group within the service period will forfeit his

or her vested right to his or her ESOS shares. (The service period requirement will not apply to beneficiaries who exit due to retirement, disability, or death.)

An exiting beneficiary, who leaves the employment of the group after the service period but before the termination date will forfeit his or her vested right to a portion of his or her ESOS shares and consequently will be entitled to receive distribution of fewer ESOS shares on the distribution date, subject to the provisions of 3.1.5 below.

The table below illustrates how the ESOS shares vesting in beneficiaries and exiting beneficiaries will be adjusted, based on completed years of service.

Completed years of service subsequent to the effective date	Adjustment percentage
0 – 2	0%
3	16%
4	23%
5	33%
6	48%
7	69%
8	100%

For example, if a beneficiary, for illustrative purposes, has an initial vested right to 4 000 ESOS shares, and such beneficiary leaves the employ of the group at the end of the fifth year, he or she will retain vested rights to 1 320 ESOS shares (4 000 x 33%) on the distribution date and will forfeit his or her vested right to the balance of 2 680 ESOS shares.

In respect of beneficiaries who receive a subsequent vesting, the above table of completed years of service will relate to completed years of service after the subsequent vesting date.

Beneficiaries will, with effect from the effective date, by reason of their vested right to ESOS shares, be entitled to receive their attributable share of ESOS payments based on their initial vesting. Exiting beneficiaries will, except as contemplated in 3.1.5 below, forfeit their right to receive their share of ESOS payments, on the ESOS shares in which they retain vested rights, from the date he or she leaves the employment of the group. These forfeited ESOS payments will continue to be received by the ESOS trust for the term of the scheme.

ESOS payments received by the ESOS trust in respect of unallocated ESOS shares and in respect of those ESOS shares forfeited by exiting beneficiaries will vest in the residual beneficiary in terms of the ESOS trust deed.

3.1.5 Cessation of employment and death

If a beneficiary ceases to be an employee of the group as a result of retirement or disability (permitted in terms of the ESOS trust deed), such beneficiary will retain his or her vested share of the ESOS payment for the remainder of the term of the scheme and will, on the distribution date, receive his or her entitled ESOS shares.

If a beneficiary is dismissed, the beneficiary will on the date of dismissal forfeit all rights to his or her attributable share of the ESOS payments and to the ESOS shares to which he or she has a vested right.

If a beneficiary dies, such deceased beneficiary's entitled ESOS shares will be distributed to the executor of his or her estate as soon as practicable after such beneficiary's death. The service period requirements will not apply to deceased beneficiaries and as such, these beneficiaries will receive an entitlement equal to 100% of his or her initial vesting. The actual shares distributed will be equal to the shares initially vested multiplied by one minus (the hurdle rate price on the date of death divided by the volume weighted average price of an ordinary share on the JSE for the five trading days prior to the date of death) and the rights to the remaining ESOS shares will be forfeited.

If a beneficiary ceases to be employed by the group for reasons other than retirement, disability, dismissal or death, he or she will forfeit his or her vested right to receive his or her share of the ESOS payment from the date he or she leaves the employ of the group. However, such exiting beneficiary will, on the distribution date, receive his or her entitled ESOS shares.

3.1.6 Characteristics of the ESOS shares

The ESOS shares will have the same rights and will rank *pari passu* with the ordinary shares in all respects except for economic rights and a right on the winding-up of Woolworths to receive a return of their par value in priority to the ordinary shares.

The ESOS shares will have full voting rights and the trustees will be able to vote the ESOS shares from the ESOS share issue date on all matters requiring shareholder approval. The first trustees will, however, not be able to vote the ESOS shares at shareholder meetings. The trustees, duly elected in terms of the ESOS trust deed, will exercise the votes attaching to the ESOS shares on behalf of the beneficiaries and for the benefit of the beneficiaries.

The ESOS shares will not be listed on the JSE and, accordingly, Woolworths has received dispensation from the JSE to ensure that the ESOS shares will be considered in determining a quorum and will be entitled to vote on any or all resolutions proposed at shareholder meetings.

The holder of the ESOS shares will be entitled to receive ESOS payments which will be equal to the ordinary dividend multiplied by the adjustment factor. The adjustment factor will be equal to 11% of the ordinary dividend in the first dividend year and will increase, over the term of the scheme, to 100% of the ordinary dividend in the penultimate dividend year of the scheme on the basis of the table set out below.

Adjustment factor⁽¹⁾			
First ordinary dividend year	11%	Fifth ordinary dividend year	48%
Second ordinary dividend year	16%	Sixth ordinary dividend year	69%
Third ordinary dividend year	23%	Seventh ordinary dividend year	100%
Fourth ordinary dividend year	33%	Eighth ordinary dividend year	100%

Note (1): % of the ordinary dividend

The rights, terms and privileges attaching to the ESOS shares will be contained in Article 40 of the articles, details of which are reflected in the notice of general meeting.

3.1.7 Termination of the BEE transaction

It is envisaged that the ESOS trust will own the ESOS shares for a period of eight years during which time the beneficiaries will receive their attributable share of the ESOS payments.

On the distribution date, a formula determined number of ESOS shares will be distributed to the beneficiaries (and the exiting beneficiaries who remain entitled to ESOS shares). The balance of a beneficiary's (or exiting beneficiary's) vested ESOS shares will be forfeited. These forfeited ESOS shares together with those ESOS shares which have not vested in beneficiaries will be redeemed by Woolworths at par. The number of ESOS shares to be distributed will be calculated using the formula below:

$$A = B * (1 - (C / D))$$

A = the number of ESOS shares to be distributed to a beneficiary on the distribution date;

B = the total number of ESOS shares to which a beneficiary (or exiting beneficiary) has a vested right in terms of the ESOS trust deed;

C = the hurdle rate price on the termination date; and

D = the termination date ruling price.

Fractions of shares arising will be rounded down to the nearest whole number.

For example, if a beneficiary remains in the scheme for the term of the scheme and, for illustrative purposes, had an initial vesting right relating to 4 000 ESOS shares and assuming that the hurdle rate price and the termination date ruling price is R42.87 and R86.00 per ordinary share respectively, that beneficiary can expect to retain rights on the distribution date to approximately 2 006 ESOS shares ($4\ 000 * (1 - (42.87 / 86.00))$) and will forfeit his or her vested right to the balance of 1 994 ESOS shares.

In terms of the formula a beneficiary (or exiting beneficiary) will only participate in the distribution if the termination date ruling price exceeds the hurdle rate price on the termination date. However, if the hurdle rate price on the termination date is higher than the termination date ruling price, the beneficiary will forfeit his or her right to a distribution of all of his or her ESOS shares.

Any ESOS shares which remain in the trust after the distribution will be redeemed by Woolworths at par. Any funds which remain in the ESOS trust after distribution and discharge of the ESOS trust's liabilities will be distributed to the residual beneficiary.

3.1.8 **Establishment of an education fund**

Provided the termination date ruling price exceeds the hurdle rate price as at the termination date, the ESOS payments which had been retained by the ESOS trust, for those ESOS shares in which exiting beneficiaries retained a vested right, will be distributed to the residual beneficiary.

The residual will use these funds to establish an educational trust or fund for the black employees of the group, employed at the termination date, and/or their dependants.

3.1.9 **Minimum benefit payment to broad-based beneficiaries**

The nature of the BEE transaction means that beneficiaries face inherent share price risk i.e. the risk that the ordinary share price growth on the JSE over the term of the scheme does not exceed the hurdle rate price.

In order to ensure that its employees will not be disincentivised by reason of the failure to achieve the hurdle rate and to ensure that its employees will continue to promote the best interests of the group, each employer company has undertaken, in respect of its employees, who are broad-based beneficiaries on the termination date, to make an incentive payment of an amount which will ensure that such broad-based beneficiary will receive at least R20 000 before taxation as soon as practical after the conversion date.

Accordingly, if the aggregate value of the ordinary shares into which the ESOS shares of such broad-based beneficiary will be converted (based on the closing price of an ordinary share on the JSE on the trading day immediately prior to the conversion date) is:

- higher than R20 000 then he or she will not receive any payment from his or her respective employer company; or
- higher than zero but lower than R20 000 then he or she will receive a payment from his or her respective employer company equal in value to the difference between R20 000 and the aggregate value of such ordinary shares; or
- zero then he or she will receive a payment from his or her respective employer company equal in value to R20 000.

The incentive payment will, at the election of the Company, either be paid in cash or by the delivery of ordinary shares of equivalent value.

3.1.10 **Take-overs and other corporate actions**

In the event that the Company experiences a change in control or other corporate actions the Company will, in terms of the ESOS trust deed, use all reasonable commercial endeavours to procure that the beneficiaries are placed in a position which is the same or substantially similar to the position in which they would have been in had the corporate action not occurred. The trustees will appoint an independent professional expert approved by the board to verify that the beneficiaries are in such a position subsequent to the corporate action.

Beneficiaries will not participate in any special dividends or other distributions or payments, including for share repurchases, made by the Company and received by the ESOS trust. However, the hurdle rate will be adjusted to place them in the same or substantially similar position in which they were immediately prior to such distribution or payment.

The amount of, or asset comprising such distribution or payment so forfeited, after deduction of all costs, duties and taxes, will be immediately distributed to the residual beneficiary.

3.2 **Effective date**

The BEE transaction will be implemented with effect from 30 June 2007 and will be open to eligible Woolworths employees.

3.3 **Conditions precedent**

The implementation of the BEE transaction is subject, *inter alia*, to the fulfilment of the following conditions precedent:

- the passing of all necessary special and ordinary resolutions by the requisite majority of ordinary shareholders at the general meeting;
- the registration of the special resolutions by the Registrar of Companies; and
- the Master of the High Court of South Africa issuing letters of authority to the first trustees.

3.4 Transaction costs

The estimated transaction cost of the BEE transaction to Woolworths is set out below:

Service	Service provider	Amount (R)
Advisory	Rand Merchant Bank	4 350 000
Legal fees	Tabacks	1 000 000
	edward nathan sonnenbergs	150 000
Independent professional expert	Standard Bank	750 000
Reporting accountant's report	Ernst & Young	279 000
JSE documentation inspection	JSE Issuer Services	13 000
Publishing and printing	Motiv	75 000
Vat		926 380
Total		7 543 380

3.5 Estimated economic costs

Woolworths has estimated the economic cost of implementing the BEE transaction for the Company and its ordinary shareholders to be approximately R292 million. This represents approximately 1.38% of the market capitalisation of Woolworths on the last practicable date (c.R21 107 million). This figure was calculated with reference to the requirements of IFRS, including IFRS 2 – Share-based Payments.

IFRS 2 sets out the basis for calculating the economic cost shown above and uses the following key inputs or assumptions:

- the Black-Scholes model for valuing options;
- the actual or likely conversion dates attached to the ESOS shares;
- using available open-market data, estimated expected future ordinary share prices as determined using option pricing models and an estimation of the future dividends at given dates; and
- using past experience of the Company, the annual rate of turnover of employees and the average take-up by employees of vested shares or options.

These calculations derive an expected future cost associated with the BEE transaction that is then discounted to the present, resulting in the figure of R292 million shown above. This amount will be amortised over the term of the scheme in terms of IFRS.

In terms of IFRS 2, this scheme is considered to be an equity-settled transaction and, as such, the only variables or assumptions that can be changed after inception relate to the beneficiaries, and in this case specifically the actual staff turnover rates and consequently the vesting of ESOS shares. Any subsequent changes in market conditions are disregarded.

4. Salient information on Woolworths

4.1 Background information on Woolworths

Woolworths was incorporated in South Africa in 1929 and the ordinary shares are listed on the main board of the JSE in the Retailers sub-sector.

Woolworths is an investment holding company operating mainly through the following subsidiaries, Woolworths (Proprietary) Limited, Woolworths Financial Services (Proprietary) Limited and Country Road Limited.

Woolworths (Proprietary) Limited is a retail chain of stores offering a selected range of clothing, homeware and food under its own brand name in South Africa, Africa and the Middle East.

Woolworths Financial Services (Proprietary) Limited offers a variety of financial services products to the Woolworths customers.

Country Road Limited offers clothing and homeware in its own retail stores and through the two major departmental store chains and is listed on the Australian Stock Exchange.

4.2 Prospects

The increase in diluted headline earnings per share for the six months to 31 December 2006 was 22.9%. Higher interest rates and a tighter credit environment will progressively subdue growth in the second half of the year ending 30 June 2007. Nevertheless Woolworths expects to deliver good growth in diluted headline earnings per share for the full year ending 30 June 2007.

4.3 Share capital

The table below shows, at the last practicable date, the authorised and issued share capital of Woolworths, before and after the implementation of the BEE transaction:

Before implementation of the BEE transaction	April 2007 R'm
Authorised share capital	
1 500 000 000 ordinary shares of 0.15 cent each	2.3
Issued share capital	
894 370 160 ordinary shares of 0.15 cent each	1.3
Share premium	106.9
	108.2
After issue of the entire 89 400 000 ESOS shares to the ESOS trust pursuant to the implementation of the BEE transaction	
Authorised share capital	
1 410 600 000 ordinary shares of 0.15 cent each	2.1
89 400 000 convertible, redeemable, non-cumulative participating preference shares of 0.15 cent each	0.1
Issued share capital	
894 370 160 ordinary shares of 0.15 cent each	1.3
89 400 000 convertible, redeemable, non-cumulative participating preference shares of 0.15 cent each	0.1
Share premium	106.9
	108.3

The creation and issue of the ESOS shares requires the Company to obtain ordinary shareholder approval, which approval is sought at the general meeting.

5. Details relating to directors

5.1 Directors' details

A brief résumé of each of the directors is included in Annexure 4 of this circular.

5.2 Directors' interests in ordinary shares

On the last practicable date, the directors held the following interests in the ordinary share capital of Woolworths:

Director	26 April 2007			Total
	Beneficial Direct	Beneficial Indirect	Non-beneficial Indirect	
Executive				
Simon Susman	15	12 594 395	17 200	12 611 610
Richard Inskip	–	3 347 172	–	3 347 172
Andrew Jennings	–	–	–	–
Zyda Rylands	1 310 171	–	–	1 310 171
Norman Thomson	2 620	3 734 119	–	3 736 739
Non-executive				
Buddy Hawton	12 500	–	–	12 500
Peter Bacon	–	–	–	–
Mair Barnes	–	–	–	–
Nigel Colne	–	–	–	–
Brian Frost	–	260 000	–	260 000
Mike Leeming	–	20 000	–	20 000
Chris Nissen	–	–	–	–
Sindi Zilwa	–	–	–	–
Total	1 325 306	19 955 686	17 200	21 298 192

30 June 2006				
Director	Beneficial Direct	Beneficial Indirect	Non-beneficial Indirect	Total
Executive				
Simon Susman	15	11 121 356	17 200	11 138 571
Richard Inskip	–	2 681 333	–	2 681 333
Andrew Jennings	–	–	–	–
Zyda Rylands	888 714	–	–	888 714
Norman Thomson	2 620	3 093 468	–	3 096 088
Non-executive				
Buddy Hawton	–	–	–	–
Peter Bacon	–	–	–	–
Mair Barnes	–	–	–	–
Nigel Colne	–	–	–	–
Brian Frost	–	260 000	–	260 000
Mike Leeming	–	10 000	–	10 000
Chris Nissen	–	–	–	–
Sindi Zilwa	–	–	–	–
Total	891 349	17 166 157	17 200	18 074 706

There were no non-beneficial direct interests held by the directors.

5.3 Directors' remuneration

There will be no variation in the remuneration receivable by any of the directors as a consequence of the implementation of the BEE transaction.

5.4 Directors' interests in transactions

No director has any beneficial interest, directly or indirectly, in any transaction (other than the BEE transaction) effected by Woolworths during the current or immediately preceding financial year which was or is unusual in nature or which was or is material to the business of Woolworths. No director has any interest in transactions effected by Woolworths during an earlier financial year which remain in any respect outstanding or unperformed.

Provision has been made for the participation of a black executive director in the BEE transaction. This director will participate in the executive beneficiary category of the scheme, which category will be entitled to be allocated relatively more ESOS shares than the broad-based and management beneficiary categories. The following executive director will participate in the BEE transaction at the effective date:

	Initial vesting of ESOS shares	% of Woolworths issued share capital⁽¹⁾
Zyda Rylands	1 250 000	0.14%

Note 1: calculated on shares in issue of 894 370 160

6. Material changes

The only material change in the financial or trading position of Woolworths and its subsidiaries since the issue of the unaudited results for the six months ended 31 December 2006 relates to the issue of R1.015 billion of asset-backed debt securities on 5 March 2007. This was the second issuance since the launch of the R5 billion securitisation programme in February 2005. In terms of this programme, Account on Us (Proprietary) Limited purchases store card receivables originated by Woolworths, from time to time, funded through the issue of rated asset-backed debt securities in the capital market.

7. Litigation

There are no legal or arbitration proceedings that may have or have had a material effect on the financial position of the group in the twelve months preceding the date of this circular. The directors of Woolworths are not aware of any such proceedings that are pending or threatened.

8. Corporate governance

The group subscribes to the highest level of corporate governance and is committed to the implementation of effective structures, policies and practices that improve corporate governance and create sustainable value for the benefit of the shareholders and other stakeholders.

The Company continually strives to enhance its governance practices by an ongoing review of current and emerging trends in corporate governance and by benchmarking systems against local and international best practice.

The board is of the opinion that the group currently complies with all requirements in the Code of Corporate Practices and Conduct as set out in the second King Report and the Listings Requirements of the JSE.

The group has a unitary board structure with eight independent non-executive directors and five executive directors. No individual has unfettered powers of decision-making. The responsibilities of the Chairman and the Chief executive officer are clearly separate.

The board, through its nominations committee regularly reviews its size, required mix of skills, experience and other qualities. The board is comprised of local and international directors, who bring a blend of knowledge, skills, objectivity and a wide range of experience and commitment. A strong contingent of independent non-executive directors ensures that independent thought is brought to bear on the board decisions. The board structure and integrity of the individual directors ensures that no one individual or group dominates the decision-making process.

A brief résumé of each of the directors and their capacity is disclosed in Annexure 4 of this circular. Details of the various board committees and their functions, as well as full disclosure of the Company's corporate governance compliance can be reviewed in the 2006 annual report available on the website: www.woolworthsholdings.co.za.

9. Opinions and recommendations

The Standard Bank of South Africa Limited, the independent professional expert appointed by the board in terms of the Listings Requirements, has considered the terms and conditions of the BEE transaction and is of the opinion that such terms and conditions are unfair but reasonable to the ordinary shareholders. The reason for concluding that the terms and conditions of the BEE transaction are unfair is because the management of Woolworths, despite their belief in the benefits of BEE, are unable to demonstrate that the quantifiable benefits of the BEE transaction exceed the quantifiable cost. However, the independent professional expert has concluded that the terms and conditions are reasonable to ordinary shareholders based upon a review of the significant qualitative factors detailed in this circular.

The independent professional expert's report is included as Annexure 3 of this circular.

The board has considered the terms and conditions of the BEE transaction and the opinion of the independent professional expert and is of the opinion that the BEE transaction is in the best interests of Woolworths and its shareholders.

The board therefore recommends that the ordinary shareholders vote in favour of the BEE transaction and the ordinary and special resolutions to be proposed at the general meeting. In respect of their personal holdings in Woolworths, the relevant board members intend to vote their shares in favour of the BEE transaction and the ordinary and special resolutions to be proposed at the general meeting.

10. Material contracts

There has been no material contract entered into, other than in the ordinary course of business, by Woolworths within the two years prior to the date of this circular.

11. Directors' responsibility statement

The directors, whose names appear in Annexure 4 of this circular, collectively and individually, accept full responsibility for the accuracy of the information given in this circular and certify that, to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement in this circular false or misleading, and all reasonable enquiries to ascertain such facts have been made and that this circular contains all information required by law and the Listings Requirements.

12. General meeting

A notice convening the general meeting is included in this circular. The general meeting will be held in the Auditorium, 1st Floor, Woolworths House, 93 Longmarket Street, Cape Town on Tuesday, 12 June 2007 at 09h00.

13. Consents

The merchant bank and transactional sponsor, the corporate law and tax advisers, the independent professional expert and the reporting accountant to Woolworths, have all provided their written consent to their names being published in this circular and have not withdrawn their consent prior to the publication of this circular. The reporting accountant and the independent professional expert have provided their written consent to their names and reports being included in this circular in the form and context in which they appear and have not withdrawn their consent prior to the publication of this circular.

14. Documents available for inspection

Copies of the following documents will be available for inspection during normal business hours (Saturdays, Sundays and public holidays excluded) at the registered office of Woolworths from Monday, 21 May 2007 until Tuesday, 12 June 2007:

- the Memorandum and Articles of Association of Woolworths;
- a signed copy of this circular;
- the ESOS trust deed;
- the draft subscription agreement;
- the audited annual financial statements of Woolworths for each of the three financial years ended on 30 June 2006, 30 June 2005 and 30 June 2004;
- the unaudited interim financial report of Woolworths for the six months ended 31 December 2006;
- details of any service agreements entered into with directors;
- the report of the reporting accountant on the *pro forma* financial effects;
- the independent professional expert's report; and
- the consent letters from the merchant bank and transactional sponsor, the corporate law and tax advisers, the independent professional expert and the reporting accountant.

By order of the board

CL Lowe
Group secretary

21 May 2007

Registered office
Woolworths House
93 Longmarket Street
Cape Town, 8001
(PO Box 680, Cape Town, 8000)

Unaudited *pro forma* income statement and balance sheet

The unaudited *pro forma* financial effects illustrate the impact of the BEE transaction on the most recently published interim results as at December 2006 assuming that the transaction took effect on 1 July 2006.

The unaudited *pro forma* financial effects have been prepared for illustrative purposes only and are the responsibility of the directors. Due to the nature of the unaudited *pro forma* financial effects, it may not give a fair reflection of Woolworths' financial position, changes in equity, results of operations or cash flows after completion of the BEE transaction. The directors are responsible for the preparation of the unaudited *pro forma* financial information.

Woolworths Holdings Limited Income statement

	26 weeks ended December 2006 Rm	Adjustment Rm	Pro forma results Rm	%
				Change
Revenue	8 970.4	–	8 970.4	
Turnover	8 406.5	–	8 406.5	
Cost of sales	5 522.8	–	5 522.8	
Gross profit	2 883.7	–	2 883.7	
Other revenue	563.9	–	563.9	
Expenses	2 490.0	36.6 ⁽¹⁾	2 526.6	
Depreciation	155.5	–	155.5	
Occupancy cost	398.9	–	398.9	
Employment cost	954.0	36.6	990.6	
Other operating cost	981.6	–	981.6	
Operating profit	957.6	(36.6)	921.0	
Finance costs	171.9	–	171.9	
Profit before exceptional items	785.7	(36.6)	749.1	
Exceptional items	54.6	–	54.6	
Profit before tax	840.3	(36.6)	803.7	
Tax	273.1	–	273.1	
Profit after tax	567.2	(36.6)	530.6	(6.5%)
Attributable to:				
Equity shareholders	563.6	(36.6)	527.0	
Minority shareholders	3.6	–	3.6	
Reconciliation of earnings				
Attributable earnings	563.6	(36.6)	527.0	
Impact of ESOS payment – net of tax	–	(3.3)	(3.3)	
	563.6	(39.9)	523.7	
Earnings per share (cents)	70.5	(5.0)	65.5	(7.1%)
Headline earnings per share (cents)	64.8	(5.0)	59.8	(7.7%)
Diluted earnings per share (cents)	69.3	(5.4)	63.9	(7.8%)
Diluted headline earnings per share (cents)	63.8	(5.4)	58.4	(8.5%)
Number of ordinary shares in issue (millions)	800.4		800.4	
Weighted average number of ordinary shares in issue (millions)	799.2		799.2	

Notes:

- 1 Earnings are reduced by the IFRS 2 – Share-based Payments expense as spread over the period of the scheme. This represents the estimated initial six month expense.
- 2 Key assumptions made in the IFRS 2 valuation:
 - Black-Scholes option valuation model utilised
 - Reference share price of R23.31
 - Share price volatility based on historic experience
 - Compound annual growth in share price of 20% applied in calculation of the dilutive impact of the scheme
 - Dividend yield of 4.2%
 - Staff retention rate of 23% for broad-based beneficiaries, 29.6% for management beneficiaries and 100% for executive beneficiaries

Woolworths Holdings Limited
Balance sheet

	As at December 2006 Rm	Adjustment Rm	Pro forma results Rm	%
				Change
ASSETS				
Non-current assets	2 778.0	–	2 778.0	
Current assets	7 443.0	(13.6)	7 429.4	
Cash	607.1	(13.6)	593.5	
Other current assets	6 835.9	–	6 835.9	
Total assets	10 221.0	(13.6)	10 207.4	
EQUITY AND LIABILITIES				
Capital and reserves	2 940.2	(13.6) ¹	2 926.6	
Ordinary shareholders' interest	2 908.2	(13.6)	2 894.6	
Minority shareholders' interest	32.0	–	32.0	
Non-current liabilities	2 353.3	–	2 353.3	
Current liabilities	4 927.5	–	4 927.5	
Total equity and liabilities	10 221.0	(13.6)	10 207.4	
Net asset book value per share (cents)	363.3	(1.7)	361.6	(0.5%)
Tangible net asset book value per share (cents)	360.5	(1.7)	358.8	(0.5%)

Notes:

- 1 Capital and reserves are reduced by the cash costs associated with establishing the BEE transaction. There is no net impact on reserves from the share-based payment expense as this is a shift between retained profits and the share-based payment reserve which are both included in reserves.

Reporting accountant's report on the *pro forma* financial effects

"The Directors
Woolworths Holdings Limited
Woolworths House
93 Longmarket Street
Cape Town
8001

Dear Sirs

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE UNAUDITED *PRO FORMA* FINANCIAL INFORMATION OF WOOLWORTHS HOLDINGS LIMITED ("WOOLWORTHS") IN TERMS OF THE PROPOSED BLACK ECONOMIC EMPOWERMENT TRANSACTION

We have performed our limited assurance engagement in respect of the unaudited *pro forma* financial information set out on pages 19 to 20 of the circular dated 21st May 2007 issued in connection with a proposed black economic empowerment (BEE) transaction that is the subject of this circular of Woolworths.

The unaudited *pro forma* financial information has been prepared in accordance with the requirements of the JSE Limited (JSE) Listings Requirements, for illustrative purposes only, to provide information about how the BEE transaction might have affected the reported historical financial information presented, had the corporate action been undertaken at the commencement of the period or at the date of the unaudited *pro forma* balance sheet being reported on.

Directors' responsibility

The directors are responsible for the compilation, contents and presentation of the unaudited *pro forma* financial information contained in the circular and for the unaudited financial information from which it has been prepared. Their responsibility includes determining that: the unaudited *pro forma* information has been properly compiled on the basis stated; the basis is consistent with the accounting policies of Woolworths; and the unaudited *pro forma* adjustments are appropriate for the purposes of the unaudited *pro forma* financial information disclosed in terms of the JSE Listings Requirements.

Reporting accountant's responsibility

Our responsibility is to express our limited assurance conclusion on the unaudited *pro forma* financial information included in the circular to Woolworths shareholders. We conducted our assurance engagement in accordance with the *International Standard on Assurance Engagements applicable to Reviews of Historical Financial Information* and the *Guide on Pro forma Financial Information* issued by SAICA. This standard requires us to obtain sufficient appropriate evidence on which to base our conclusion.

We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited *pro forma* financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Sources of information and work performed

Our procedures consisted primarily of comparing the unadjusted financial information with the source documents, considering the unaudited *pro forma* adjustments in light of the accounting policies of Woolworths, the issuer; considering the evidence supporting the unaudited *pro forma* adjustments and discussing the adjusted unaudited *pro forma* financial information with the directors of the company in respect of the corporate actions that are the subject of this circular.

In arriving at our conclusion, we have relied upon financial information prepared by the directors of Woolworths and other information from various public, financial and industry sources. While our work performed has involved an analysis of the historical published audited financial information and other information provided to us, our assurance engagement does not constitute an audit or review of any of the underlying financial information conducted in accordance with International Standards on Auditing or International Standards on Review Engagements and accordingly, we do not express an audit or review opinion.

In a limited assurance engagement, the evidence-gathering procedures are more limited than for a reasonable assurance engagement and therefore less assurance is obtained than in a reasonable assurance engagement. We believe our evidence obtained is sufficient and appropriate to provide a basis for our conclusion.

Conclusion

Based on our examination of the evidence obtained, nothing has come to our attention, which causes us to believe that:

- the unaudited *pro forma* financial information has not been properly compiled on the basis stated;
- such basis is inconsistent with the accounting policies of the issuer; and
- the adjustments are not appropriate for the purposes of the unaudited *pro forma* financial information as disclosed in terms of the section 8.17 and 8.30 JSE Listings Requirements.

ERNST & YOUNG INC.
REGISTERED AUDITOR

Cape Town
21 May 2007”

Independent professional expert's report

“Woolworths Holdings Limited
 Woolworths House
 93 Longmarket Street
 Cape Town
 8001

Attention: The Board of Directors (“the Board”)

10 May 2007

INDEPENDENT PROFESSIONAL EXPERT'S REPORT

Dear Sirs

1. Introduction

Woolworths Holdings Limited (“Woolworths” or “the Company”) proposes to implement a broad-based black economic empowerment transaction through the introduction of an employee share ownership scheme (“ESOS”) by means of an issue of convertible preference shares to eligible Woolworths employees (“the proposed BEE transaction”) referred to in the circular to Woolworths’ shareholders dated 21 May 2007 of which this letter forms part (“the circular”). Approximately 10% (pre-transaction) of Woolworths’ issued share capital will be empowered through the proposed BEE transaction, subject to the provisions of the Woolworths Employee Share Ownership Trust (“the ESOS trust”).

We summarise the proposed BEE transaction below:

- Woolworths will establish the ESOS trust formed for the benefit of eligible Woolworths employees, as detailed in the circular (“employee beneficiaries”);
- Woolworths will create a new class of unlisted convertible, redeemable, non-cumulative participating preference shares (“ESOS shares”) and it will allot and issue up to a maximum of 89,400,000 ESOS shares to the ESOS trust;
- the ESOS shares carry the same voting rights as Woolworths ordinary shares but bear different entitlement to dividends paid in the ordinary course of business as set out in paragraph 3.1.6 of the circular (“the ESOS dividends”);
- the vesting of vested rights to ESOS shares held by the ESOS trust in employee beneficiaries will be from the effective date, being 30 June 2007. If an employee beneficiary leaves the employment of Woolworths during the first three years of service subsequent to the effective date, he or she will forfeit his or her entire vested right. If an employee beneficiary leaves the employment of Woolworths after three years of completed service from the effective date, he or she will forfeit a portion of his or her ESOS shares and consequently will be entitled to receive fewer ESOS shares on the distribution date, which will be 3 July 2015. An employee beneficiary will remain entitled to the following percentages of vested rights to ESOS shares based on completed years of service subsequent to the effective date: 16% after three years of service, 23% after four years of service, 33% after five years of service, 48% after six years of service, 69% after seven years of service and 100% after eight years of service, whereas the right to the balance will be forfeited. In the case of the death of an employee beneficiary, such deceased beneficiary’s entitled ESOS shares will be distributed to the estate of the deceased as soon as practicable after such beneficiary’s death;
- ESOS shares distributed to the employee beneficiaries will be converted into Woolworths ordinary shares on a one-for-one basis after which the Company will take all reasonable steps to procure a listing on the JSE Limited (“JSE”) of the new Woolworths ordinary shares. If for any reason any ESOS shares have not been distributed to employee beneficiaries and converted into Woolworths ordinary shares by 7 July 2015, such ESOS shares will be redeemed at par by Woolworths by 10 July 2015. The ESOS trust or Woolworths will sell as agent as many vested shares as necessary on behalf of the employee beneficiaries to settle employee tax liabilities and any costs incurred;
- forfeited ESOS shares will be redeemed at par by Woolworths;

- exiting employee beneficiaries (excluding those who exit as a result of retirement or disability) will forfeit their respective share of the future ESOS dividends on vested shares, which will accumulate in the ESOS trust to be distributed to Woolworths as the residual beneficiary. If the notional hurdle rate of 10% compounded annually over the term of the ESOS (referred to in the paragraph below) is achieved, the ESOS trust will distribute such ESOS dividends to the residual beneficiary for an educational trust or fund to be established for the benefit of Woolworths' black employees, at the termination date (which will be 30 June 2015), and/or their dependants;
- the volume-weighted average price ("VWAP") of a Woolworths ordinary share on the JSE for the five trading days prior to the close of business on the date on which the ESOS is terminated, which will be 30 June 2015 ("termination date price") will be compared to the VWAP of a Woolworths ordinary share for the five trading days prior to the close of business on 30 June 2007, increased by 10% per annum compounded annually over the term of the ESOS ("notional hurdle rate price");
- if the termination date price exceeds the notional hurdle rate price, the number of ESOS shares to be distributed to each employee beneficiary will be in accordance with the formula shown in paragraph 3.1.7 of the circular and the balance of the rights to the remaining shares will be forfeited;
- ESOS shares not distributed in this manner will be redeemed by Woolworths at par; and
- if the termination date price is below the notional hurdle rate price, the employer companies, as defined in the circular, will make a payment of an amount which will ensure that each broad-based beneficiary receives at least R20 000 as soon as practicable after the conversion date, being 7 July 2015, which will, at the election of the Company, either be paid in cash or by the delivery of Woolworths ordinary shares of equivalent value. The cost of this payment, net of employer tax deductions, will be off-set by the distributions which will be made to Woolworths as residual beneficiary under the ESOS trust. Employee beneficiaries will also have benefited economically from the proposed BEE transaction in that they would have received their share of the ESOS dividends for the period they remain beneficiaries.

The above represents a summary of the key terms of the proposed BEE transaction. Full details of the proposed BEE transaction are contained in the circular, of which this letter forms part.

2. Scope of the opinion

In terms of paragraph 5.53(b) of the JSE Listings Requirements, Woolworths must provide its holders of securities with a fair and reasonable opinion from a JSE approved independent professional expert if:

- the discount to the market price of the security at the time of exercise or conversion of an option or convertible security is not known at the time of issue; or
- if it is known that the discount will exceed 10% of the 30-day VWAP of the security at the date of exercise or conversion.

Paragraph 5.53(b) applies to the proposed issue of the ESOS shares to the ESOS trust and the subsequent redemption or conversion of a variable number thereof into Woolworths ordinary shares, as described above. The JSE, in its discretion, has also required that Woolworths provide its holders of securities such a fair and reasonable opinion because the ESOS shares issued will be unlisted voting securities.

This opinion as to the fairness and reasonableness of the proposed BEE transaction to the shareholders of Woolworths is provided by The Standard Bank of South Africa Limited ("Standard Bank") to Woolworths pursuant to such JSE requirements.

3. Information and sources of information

In arriving at our opinion, we have relied upon the following principal sources of information:

- audited annual financial statements of the Company for the four years ended 30 June 2006;
- unaudited interim financial results of the Company for the six months ended 31 December 2005 and 31 December 2006;
- publicly available information relating to the Company that we deemed to be relevant, including Company announcements, analysts' reports and media articles;
- the circular;
- the Department of Trade and Industry's Codes of Good Practice on Black Economic Empowerment under section 9(1) of the Broad-Based Black Economic Empowerment Act, 2003 (Act 53 of 2003), as published in the Government Gazette on 9 February 2007 ("the DTI Code");
- the draft Subscription Agreement between the ESOS trust and the Company and the final Trust Deed constituting the ESOS trust;
- discussions with Woolworths' management, which included an assessment of the quantitative and qualitative benefits to Woolworths and its shareholders of the proposed BEE transaction as set out in

more detail in the circular. For the sake of clarity, the quantifiable benefits of the proposed BEE transaction, as determined by Woolworths' management, did not exceed the quantifiable cost thereof to Woolworths and its shareholders; and

- a letter addressed to Standard Bank from the Human Resources director of the Company dated 7 May 2007, in relation to the methodology Woolworths intends using to allocate ESOS shares to the employee beneficiaries.

4. Procedures performed

In arriving at our opinion, we have undertaken the following procedures:

- analysed the audited annual financial statements of the Company for the four years ended 30 June 2006;
- analysed the unaudited interim financial results of the Company for the six months ended 31 December 2005 and 31 December 2006;
- analysed the historical share price performance, liquidity and volatility of the Company's ordinary shares on the JSE and of the shares of other large retailers listed on the JSE;
- considered the Company's dividend history and dividend policy;
- reviewed publicly available information relating to the Company that we deemed to be relevant, including Company announcements, analysts' reports and media articles;
- reviewed analysts' consensus forecasts as to earnings and dividends of the Company as per I-Net Bridge and Bloomberg;
- reviewed the circular;
- reviewed the terms and conditions of the draft Subscription Agreement between the ESOS trust and the Company and the final Trust Deed constituting the ESOS trust to obtain an understanding of the structure of the proposed BEE transaction and the conditions under which ESOS shares will be redeemed or converted into Woolworths ordinary shares;
- considered the likelihood of the redemption versus conversion of the ESOS shares into Woolworths ordinary shares at termination of the ESOS;
- reviewed the DTI Code;
- considered an analysis of the demographics of the employee beneficiaries of the ESOS trust, provided to us by the Company;
- performed a valuation of the option embedded in the ESOS shares issued to the ESOS trust, using fair value option pricing models, including assumptions in relation to the long-term volatility of the Company's share price, the Company's anticipated dividend yield, risk-free interest rates in South Africa and Woolworths' staff retention rates per broad-based, management and executive beneficiary categories, respectively;
- performed sensitivity analyses on the option valuation in respect of changes in the key value drivers thereof, being the staff retention rates, the long-term share price volatility and the dividend yield of the Company's ordinary shares;
- calculated the dividends expected to be paid on the ESOS shares for the duration of their issuance;
- valued the ESOS shares issued to the ESOS trust, being the aggregate of the embedded option value and the expected dividends to be paid on each ESOS share;
- discussed the results of our valuation of the ESOS shares with Rand Merchant Bank, a division of FirstRand Bank Limited, the Company's adviser in relation to the proposed BEE transaction;
- estimated the economic cost to shareholders of the proposed BEE transaction; and
- considered such economic cost to shareholders relative to:
 - the risks involved in not implementing the proposed BEE transaction;
 - the benefits of implementing the proposed BEE transaction; and
 - the announced costs to shareholders of a number of black economic empowerment ("BEE") transactions involving staff participation undertaken by large, listed companies in the South African market.

5. Other key considerations

In arriving at our opinion we have considered, in addition to the work referred to above, the following key qualitative considerations:

- the rationale for the proposed BEE transaction and the benefits thereof to Woolworths as determined from discussions with the Company's senior management and as set out in paragraph 2 of the circular;
- the terms and conditions of the proposed BEE transaction in comparison with the terms and conditions of other BEE transactions undertaken by other companies listed on the JSE that were deemed to be relevant;
- the imperative for transformation to be achieved in South Africa and for companies to contribute thereto;
- the Company's calculation that the majority of the beneficiaries of the ESOS trust are black people as defined in the DTI Code; and
- the expectation by Woolworths' management that the proposed BEE transaction will help to empower and incentivise eligible Woolworths employees and thereby more closely align the interests of such staff with those of other stakeholders.

6. **Definition of the terms "fair" and "reasonable"**

As detailed in the JSE Listings Requirements, the assessment of fairness is primarily based on quantitative issues. Accordingly, the proposed BEE transaction would only be considered fair to Woolworths shareholders if the quantifiable benefits for Woolworths shareholders from the proposed BEE transaction were equal to or greater than the cost thereof. Further, the reasonableness of the proposed BEE transaction is based on qualitative issues. Accordingly, the proposed BEE transaction may be unfair but still be reasonable, or *vice versa*, after taking into consideration other relevant factors.

7. **The opinion**

As expressed by the Board, BEE is a social and economic imperative for South Africa. Standard Bank is fully supportive of this view. Notwithstanding this, the following opinion is expressed within the ambit of the JSE Listings Requirements with respect to fair and reasonable opinions, as summarised in paragraph 6 above.

Standard Bank is of the opinion that, based upon and subject to the contents of this letter, as at the date of this letter, the terms and conditions of the proposed BEE transaction are unfair but reasonable to the shareholders of Woolworths.

We conclude that the terms and conditions are unfair because the management of Woolworths, despite their belief in the benefits of BEE, are unable to demonstrate that the quantifiable benefits of the proposed BEE transaction to Woolworths shareholders exceed the quantifiable cost. However, we can conclude that the terms and conditions are reasonable to Woolworths shareholders. We arrive at this conclusion from a review of the significant qualitative factors summarised above.

This opinion is based on the regulatory, economic, financial, market and other conditions prevailing at the date of this letter, including our current understanding of the DTI Code. We are under no obligation to update, revise or re-affirm our opinion should there be any developments subsequent to the date of this letter which may affect our opinion.

This opinion does not constitute a recommendation to any shareholder as to how such shareholder should vote on the proposed BEE transaction or any other matter related to it. Each Woolworths shareholder's decision may be influenced by his or her particular circumstances. Accordingly, a shareholder should consult an independent adviser if they are in any doubt as to the merits or otherwise of the proposed BEE transaction, considering his or her personal circumstances.

8. **Limiting conditions**

There are certain limiting conditions which do not invalidate any work that has been performed in terms of paragraphs 4 and 5 above.

Forecasts relate to future events and are based on assumptions, which may not remain valid for the whole of the relevant period. We express no opinion as to how closely actual results will compare to the projections of financial or other information used in arriving at our opinion. However, we believe that the forecast information and key assumptions used in arriving at our opinion have been compiled and derived with due care and consideration on the basis that they have been sourced from and checked against independent third party sources and have been considered carefully and corroborated with the Company and its advisers so that we were able to satisfy ourselves as to such information and assumptions being reasonable and appropriate.

While our work has involved an analysis of, *inter alia*, the annual financial statements, interim results and other information provided to us, our appointment does not constitute or include an audit conducted in accordance with generally accepted auditing standards. Accordingly, we cannot express an audit opinion on the financial data or other information used in arriving at our opinion.

We have also assumed that the proposed BEE transaction will have the legal, accounting and taxation consequences described in discussions with, and materials furnished to us by, advisers of Woolworths and we express no opinion on such consequences.

9. Relationship with Woolworths and the ESOS

Standard Bank Corporate Finance has been appointed by the Board as independent professional expert with regards to the assessment of the fairness and reasonableness of the proposed BEE transaction to the shareholders of Woolworths for a set and stated fee. Woolworths has also agreed to indemnify Standard Bank for certain liabilities arising out of its appointment. Neither the fee nor any other benefit payable to Standard Bank is contingent upon the outcome of the proposed BEE transaction.

Standard Bank Corporate Finance renders other advisory services to Woolworths, the fees for which do not form a material part of its income. Standard Bank provides Woolworths with general banking facilities and lends money to Woolworths in terms thereof from time to time. In addition, companies that form part of the group of companies to which Standard Bank belongs (the Standard Bank group) may hold Woolworths ordinary shares, which shares would be held in the ordinary course of such companies' businesses as asset managers or life assurers. All such holdings are kept and managed entirely separately from the business of Standard Bank Corporate Finance.

Standard Bank has no financial interest in the ESOS.

10. Consent

We hereby give Woolworths our consent to the inclusion of this letter and references thereto in the circular in the form and context in which they appear to enable Woolworths to comply with the JSE Listings Requirements.

Yours faithfully

Corporate and Investment Banking
A division of The Standard Bank of South Africa Limited
3 Simmonds Street
Marshalltown
Johannesburg"

Brief résumé for each of the Company's directors

BUDDY HAWTON (69) FCIS CHAIRMAN (INDEPENDENT)

Other directorships include: Liberty Group, Liberty Holdings, Nampak, Royale Resorts Holdings (Chairman), Standard Bank Group, Sun Hotels International, Sun International (Chairman) and the Standard Bank of South Africa.

Buddy has extensive experience as both an executive and non-executive director. Previous directorships include Altron, City Lodge Hotels, Rennies Group, Safmarine and Rennies Holdings (Chairman), South African Marine Corporation (Chairman) and he was the executive chairman of Sun International. He joined the board as non-executive Chairman in 2002.

Business address: Woolworths House, 93 Longmarket Street, Cape Town, 8001, (PO Box 680, Cape Town, 8000).

SIMON SUSMAN (56) CHIEF EXECUTIVE OFFICER

Other directorships include: Country Road Limited.

Simon joined Woolworths in 1982 after working at a clothing and food retailer, Marks and Spencer plc in London. At Woolworths he led the retail operations, food and clothing groups and was appointed to the board in 1995. He became the Chief executive officer in 2000.

Business address: Woolworths House, 93 Longmarket Street, Cape Town, 8001, (PO Box 680, Cape Town, 8000).

PETER BACON (60) (Fellow of the Hotel and Catering Management Association) INDEPENDENT NON-EXECUTIVE DIRECTOR

Peter was with the Sun International group of companies for thirty four years until his retirement in June 2006. He was Chief Executive of Sun International's South African operations from 1993 and group Chief executive for the last four years of his employment with the group. Peter became a non-executive director in 2006.

Business address: Woolworths House, 93 Longmarket Street, Cape Town, 8001, (PO Box 680, Cape Town, 8000).

MAIR BARNES (62) (British) BA (Hons) INDEPENDENT NON-EXECUTIVE DIRECTOR

Other directorships include: Gant Company AB, ColArt International Holdings Limited and Wilh. Becker AB.

Mair has international retail experience and was the managing director of Woolworths plc and the Chairman of an international optical retailing group, operating across Europe. Her past non-executive directorships include Scottish Power plc., Abbey National plc. and George Wimpey plc amongst others. She joined the board as a non-executive director in 2000.

Business address: Woolworths House, 93 Longmarket Street, Cape Town, 8001, (PO Box 680, Cape Town, 8000).

NIGEL COLNE (66) (British) AMP (Harvard) INDEPENDENT NON-EXECUTIVE DIRECTOR

Nigel has international experience in clothing and food retailing and was a director of Marks and Spencer plc from 1982 to 1997. He also acquired financial services experience as a non-executive director at Halifax Building Society and Halifax plc. His other past non-executive directorships include Pizza Express plc and Stylo plc. Nigel became a non-executive director in 1994.

Business address: Woolworths House, 93 Longmarket Street, Cape Town, 8001, (PO Box 680, Cape Town, 8000).

**BRIAN FROST (62) B Com, AMP (Harvard)
INDEPENDENT NON-EXECUTIVE DIRECTOR**

Other directorships include: Bowler Metcalf.

Brian joined Woolworths in 1981 and was appointed as a director in 1986. He was responsible for certain business areas, including food, franchise and store operations prior to being appointed joint managing director in 1996. He became a non-executive director in 2000.

Business address: Woolworths House, 93 Longmarket Street, Cape Town, 8001, (PO Box 680, Cape Town, 8000).

**RICHARD INSKIP (45) B Com
EXECUTIVE DIRECTOR**

Richard became part of the Woolworths information technology team in 1991 following his experience in the software and retail industries. He was appointed to the board in 2001 and his current portfolio includes responsibility for information technology, strategy, supply chain and financial services.

Business address: Woolworths House, 93 Longmarket Street, Cape Town, 8001, (PO Box 680, Cape Town, 8000).

**ANDREW JENNINGS (58)
EXECUTIVE DIRECTOR**

Andrew is an accomplished international retail executive with over thirty five years of leadership experience. His executive experience includes being President and Chief operating officer of Saks Fifth Avenue, USA, President – Holt Renfrew in Canada, Group managing director – House of Fraser, General Manager – Harrods UK. He was appointed as a director of Woolworths in December 2006.

Business address: Woolworths House, 93 Longmarket Street, Cape Town, 8001, (PO Box 680, Cape Town, 8000).

**MIKE LEEMING (62) B Com, M Com, FCMA, FIBSA, AMP (Harvard)
INDEPENDENT NON-EXECUTIVE DIRECTOR**

Other directorships include: AECl, Allied Electronics Corporation, Imperial Holdings and Real Africa Holdings.

Mike was previously the Chief operating officer at Nedcor and has an in-depth knowledge of financial services as well as manufacturing. He joined the board in 2004.

Business address: Woolworths House, 93 Longmarket Street, Cape Town, 8001, (PO Box 680, Cape Town, 8000).

**CHRIS NISSEN (48) BA Hons, MA
INDEPENDENT NON-EXECUTIVE DIRECTOR**

Other directorships include: Boschendal (Chairman), Sea Harvest Corporation (Chairman), Standard Bank Group, Tiger Brands and Umoya Fishing (Chief executive).

Chris has been extensively involved in the development and upliftment of communities both as a Minister in the Presbyterian Church and subsequently as a member of the African National Congress party. Furthermore, he has managerial experience in a number of businesses and as a non-executive director has proactively led empowerment and transformation at a number of listed companies.

Business address: Woolworths House, 93 Longmarket Street, Cape Town, 8001, (PO Box 680, Cape Town, 8000).

**ZYDA RYLANDS (41) CA (SA)
EXECUTIVE DIRECTOR**

Other directorships include: African Capital Portfolio Limited, National Urban Reconstruction and Housing Agency and the Open Society Foundation of South Africa.

Zyda joined Woolworths in 1996 and worked in the finance and store operation teams. She was appointed the People Director of Woolworths (Proprietary) Limited in 2005 and was appointed to the board of Woolworths in August 2006.

Business address: Woolworths House, 93 Longmarket Street, Cape Town, 8001, (PO Box 680, Cape Town, 8000).

**NORMAN THOMSON (55) B Com CA (SA)
EXECUTIVE DIRECTOR**

Other directorships include: Country Road Limited.

Norman joined Woolworths in 1991 in a logistics capacity and introduced the integrated supply chain management systems. He was appointed to the board in 2001 and was responsible for corporate stores, franchise and distribution. He became finance director in 2002.

Business address: Woolworths House, 93 Longmarket Street, Cape Town, 8001, (PO Box 680, Cape Town, 8000).

**SINDI ZILWA (39) B Compt (Hons), CA (SA)
INDEPENDENT NON-EXECUTIVE DIRECTOR**

Other directorships include: Aspen Pharmacare Holdings Limited, Discovery Holdings, Eskom, Mawarune Women's Investments, Nkonki Consulting, Primedia, Sikhona Financial Advisors, STRATE Limited and is a member of the Government Pension Advisory committee.

Sindi became the second black woman chartered accountant in South Africa in 1990 and has previously served on the boards of Telkom and Wiphold amongst other companies. She joined the board as a non-executive director in 2002.

Business address: Woolworths House, 93 Longmarket Street, Cape Town, 8001, (PO Box 680, Cape Town, 8000).

Price history of ordinary shares on the JSE

	High (Cents)	Low (Cents)	Closing (Cents)	Volume
Quarterly				
31/03/2005	1 185	975	995	132 127 416
30/06/2005	1 075	934	1 050	158 329 788
30/09/2005	1 350	1 026	1 310	176 051 049
31/12/2005	1 440	1 190	1 420	111 553 254
31/03/2006	1 719	1 410	1 639	139 619 104
30/06/2006	1 779	1 256	1 370	200 217 073
30/09/2006	1 425	1 230	1 370	185 115 143
31/12/2006	1 816	1 350	1 800	137 629 759
Monthly				
31/01/2006	1 640	1 410	1 580	50 297 300
28/02/2006	1 680	1 510	1 573	51 125 794
31/03/2006	1 719	1 500	1 639	38 196 010
30/04/2006	1 700	1 582	1 685	35 720 050
31/05/2006	1 779	1 427	1 523	56 553 476
30/06/2006	1 575	1 256	1 370	107 943 547
31/07/2006	1 425	1 255	1 315	51 006 108
31/08/2006	1 359	1 255	1 323	54 260 020
30/09/2006	1 395	1 230	1 370	79 849 015
31/10/2006	1 590	1 350	1 580	54 453 434
30/11/2006	1 729	1 536	1 665	48 003 310
31/12/2006	1 816	1 647	1 800	35 173 015
31/01/2007	2 084	1 705	2 010	59 071 181
28/02/2007	1 995	1 927	2 065	25 451 627
31/03/2007	2 190	1 916	2 232	81 992 663
Daily				
22/03/07	2 120	2 048	2 050	5 031 621
23/03/07	2 094	2 050	2 060	2 816 234
26/03/07	2 160	2 060	2 100	4 912 763
27/03/07	2 150	2 105	2 130	1 782 906
28/03/07	2 145	2 076	2 077	982 152
29/03/07	2 150	2 090	2 149	1 109 080
30/03/07	2 232	2 149	2 190	2 773 733
02/04/07	2 209	2 110	2 190	1 006 835
03/04/07	2 241	2 175	2 221	1 832 442
04/04/07	2 241	2 155	2 155	2 371 862
05/04/07	2 200	2 119	2 135	1 822 992
10/04/07	2 185	2 140	2 176	1 445 504
11/04/07	2 203	2 161	2 175	926 356
12/04/07	2 200	2 155	2 174	715 802
13/04/07	2 205	2 100	2 200	2 096 275
16/04/07	2 250	2 200	2 219	1 508 923
17/04/07	2 250	2 194	2 205	3 116 095
18/04/07	2 250	2 186	2 224	2 024 902
19/04/07	2 215	2 150	2 190	2 360 356
20/04/07	2 240	2 180	2 205	1 528 931
23/04/07	2 240	2 190	2 235	2 590 589
24/04/07	2 281	2 240	2 280	2 487 545
25/04/07	2 401	2 280	2 360	7 847 686
26/04/07	2 420	2 360	2 360	6 112 594
30/04/07	2 400	2 352	2 388	3 513 310

Source: I-Net Bridge

Notice of general meeting of ordinary shareholders

Notice is hereby given that a general meeting of ordinary shareholders of the Company will be held in the Auditorium, 1st Floor, Woolworths House, 93 Longmarket Street, Cape Town, 8001 on Tuesday, 12 June 2007 at 09h00, for the purpose of considering and, if deemed fit, passing, with or without modification, the following special and ordinary resolutions.

SPECIAL RESOLUTION NUMBER 1

Resolved as a special resolution that the authorised share capital of the Company of R2 250 000.00 divided into 1 500 000 000 ordinary shares of 0.15 cent each be and it is hereby altered to R2 250 000.00 divided into 1 410 600 000 ordinary shares of 0.15 cent each and 89 400 000 convertible, redeemable, non-cumulative participating preference shares of 0.15 cent each, by the conversion of 89 400 000 ordinary shares of 0.15 cent each in the authorised but unissued share capital of the Company into 89 400 000 convertible, redeemable, non-cumulative participating preference shares of 0.15 cent each, having the special rights, privileges, restrictions and conditions set out in Article 40B of the Articles of Association of the Company to be inserted in terms of special resolution number 2 set out in the notice convening the general meeting at which this special resolution will be considered and the Memorandum of Association of the Company is amended accordingly.

SPECIAL RESOLUTION NUMBER 2

Resolved as a special resolution that, subject to special resolution number 1 set out in the notice convening the general meeting at which this special resolution will be considered, being passed and becoming effective, the Company's Articles of Association be and they are hereby amended by the insertion of the following new Article numbered 40 immediately after Article 39:

"40A. The authorised share capital of the Company is R2 250 000.00 divided into:

40A.1 1 410 600 000 ordinary shares of 0.15 cent each; and

40A.2 89 400 000 convertible, redeemable, non-cumulative participating preference shares of 0.15 cent each.

40B. For the purposes of this article 40B:

"BEE Legislation" means collectively, the Broad-based Black Economic Empowerment Act, 2003 and the Codes published in terms of Section 9 thereof as amended from time to time;

"Business Day" means any day other than a Saturday, Sunday or official public holiday in South Africa;

"Conversion Date" means 7 July 2015 or, in the case of the death of an Employee Beneficiary, the third Business Day after the date of registration of transfer of the Preference Shares into the name of the Executor of the estate of such deceased Employee Beneficiary, whichever is the earlier;

"Distribution Date" means 3 July 2015 or, in the case of the death of an Employee Beneficiary, such earlier day as may be practicable after the date of the death of such Employee Beneficiary;

"Dividend Year" means each period of 12 months in respect of which the Company shall from time to time declare and pay dividends;

"First Dividend Year" means the Dividend Year commencing on 1 July 2007;

"Second Dividend Year" means the Dividend Year commencing on the day immediately after the end of the First Dividend Year;

“Third Dividend Year” means the Dividend Year commencing on the day immediately after the end of the Second Dividend Year;

“Fourth Dividend Year” means the Dividend Year commencing on the day immediately after the end of the Third Dividend Year;

“Fifth Dividend Year” means the Dividend Year commencing on the day immediately after the end of the Fourth Dividend Year;

“Sixth Dividend Year” means the Dividend Year commencing on the day immediately after the end of the Fifth Dividend Year;

“Seventh Dividend Year” means the Dividend Year commencing on the day immediately after the end of the Sixth Dividend Year;

“Eighth Dividend Year” means the Dividend Year commencing on the day immediately after the end of the Seventh Dividend Year;

“Employee Beneficiary” means an Employee Beneficiary under and in terms of the ESOS trust;

“ESOS Trust” means the Woolworths Employee Share Ownership Trust established in terms of the Trust Deed;

“JSE” means the JSE Limited, a company duly registered and incorporated with limited liability under the Company Laws of the Republic of South Africa under Registration Number 2005/022939/06, licensed to operate an exchange under the Securities Services Act, 2004;

“JSE Listings Requirements” means the Listings Requirements of the JSE in force from time to time;

“Ordinary Share” means an ordinary share with a par value of 0.15 cent each in the share capital of the Company;

“Preference Share Issue Date” means the date on which the Preference Shares shall be allotted and issued to the Preference Shareholder;

“Preference Shares” means the convertible, redeemable, non-cumulative, participating preference shares of 0.15 cent each in the share capital of the Company, having the rights, privileges, restrictions and conditions set out in this Article 40B;

“Preference Shareholder” means a registered holder of Preference Shares from time to time;

“Trust Deed” means the Woolworths Employee Share Ownership Trust Deed entered into amongst the Company, and Norman William Thomson, and Cherrie Lynne Lowe as the first Trustees on 9 May 2007, as amended from time to time, in terms of which the ESOS Trust is established;

“Trustees” means the trustees from time to time of the ESOS Trust;

40B.1 The Preference Shares shall have the following rights, privileges and restrictions:

40B.1.1 Each Preference Share shall rank, as regards a repayment of capital on the winding-up of the Company, prior to the Ordinary Shares and any other class of shares in the capital of the Company not ranking prior to or *pari passu* with the Preference Shares.

40B.1.2 For the purpose of Article 40B.1.1, each Preference Share shall confer on the holder thereof, the right to a return of capital on the winding-up of the Company, in an amount equal to the par value of each Preference Share held. After the payment to all holders of shares in the Company which have a preference over the Ordinary Shares (including, without limitation, the Preference Shares) of all amounts due to them at the relevant time, the Preference Shares shall participate equally with the Ordinary Shares and such other shares, as have a right to participate, in the remaining profits and assets of the Company, as if each Preference Share was an Ordinary Share.

40B.1.3. Each Preference Share shall carry the right to receive a non-cumulative dividend by the Company determined as follows:

40B.1.3.1 in respect of the First Dividend Year, an amount equal to 11% of the dividend which the Company shall have declared and paid, in the ordinary course, in respect of each Ordinary Share for that Dividend Year;

40B.1.3.2 in respect of the Second Dividend Year, an amount equal to 16% of the dividend which the Company shall have declared and paid, in the ordinary course in respect of each Ordinary Share for that Dividend Year;

- 40B.1.3.3 in respect of the Third Dividend Year, an amount equal to 23% of the dividend which the Company shall have declared and paid, in the ordinary course in respect of each Ordinary Share for that Dividend Year;
- 40B.1.3.4 in respect of the Fourth Dividend Year, an amount equal to 33% of the dividend which the Company shall have declared and paid, in the ordinary course in respect of each Ordinary Share for that Dividend Year;
- 40B.1.3.5 in respect of the Fifth Dividend Year, an amount equal to 48% of the dividend which the Company shall have declared and paid, in the ordinary course in respect of each Ordinary Share for that Dividend Year;
- 40B.1.3.6 in respect of the Sixth Dividend Year, an amount equal to 69% of the dividend which the Company shall have declared and paid, in the ordinary course in respect of each Ordinary Share for that Dividend Year;
- 40B.1.3.7 in respect of the Seventh Dividend Year, an amount equal to 100% of the dividend which the Company shall have declared and paid, in the ordinary course in respect of each Ordinary Share for that Dividend Year; and
- 40B.1.3.8 in respect of the Eighth Dividend Year, an amount equal to 100% of the dividend which the Company shall have declared and paid, in the ordinary course in respect of each Ordinary Share for that Dividend Year.
- 40B.1.4 Preference Shareholders shall be entitled to receive notice of all general meetings of the Company, to attend such meetings and to vote on a show of hands (if the holder is present in person or represented by proxy) or on a poll (whether present in person or represented by proxy).
- 40B.1.5 At every general meeting of the Company at which a Preference Shareholder is present and entitled to vote, the Preference Shareholder shall:
- 40B.1.5.1 on a poll, be entitled to that proportion of the total votes in the Company which the aggregate amount of the par value of the Preference Shares held by the Preference Shareholder bears to the aggregate amount of the par value of the entire issued share capital of the Company; and
- 40B.1.5.2 on a show of hands, be entitled to one vote.
- 40B.1.6 Each Preference Share in respect of which the Trustees shall, on the Distribution Date, have delivered to the Company, a valid share transfer form transferring such Preference Share to an Employee Beneficiary in terms of the Trust Deed and in respect of which the relevant Employee Beneficiary shall have become the registered and beneficial owner, shall, on the Conversion Date, be automatically and compulsorily converted into one Ordinary Share, which Ordinary Share shall thereupon rank *pari passu* with all other Ordinary Shares in all respects.
- 40B.1.7 The Company shall take all reasonable steps to apply for and to procure a listing on the JSE of the Ordinary Shares into which the Preference Shares shall have been converted in terms of Article 40B.1.6.
- 40B.1.8 If, for any reason, any Preference Share shall not have been converted into an Ordinary Share on the basis described in Article 40B.1.6 by Friday, 10 July 2015, such Preference Share shall be automatically and compulsorily redeemed by the Company on and with effect from Friday, 10 July 2015 in accordance with the provisions of Article 40B.1.9.
- 40B.1.9 A Preference Share which shall be redeemable in terms of Article 40B.1.8 shall be redeemed for an amount equal to the par value of such Preference Share, together with all dividends and other distributions declared but unpaid in respect thereof as at the date of such redemption.
- 40B.1.10 The Preference Shares shall constitute a separate class of shares and, save as otherwise provided in this Article 40B, shall rank *pari passu* in all respects with the Ordinary Shares. For the avoidance of doubt and without limiting the generality of the foregoing:
- 40B.1.10.1 Preference Shareholders shall be entitled to participate in rights issues as if they were Ordinary Shareholders and Preference Shareholders shall be entitled to follow their rights in respect of and/or arising from such rights issues as if they were Ordinary Shareholders; and
- 40B.1.10.2 if any capitalisation or bonus issue shall be declared and implemented by the Company, the Preference Shareholders shall be entitled to participate in such capitalisation or bonus issue as if they were Ordinary Shareholders.

40B.1.11 The Preference Shares shall, where applicable, be subject to the provisions of the JSE Listings Requirements (even though they will not be listed on the JSE), save that the Preference Shares shall not be taken into account by the Company in determining the market capitalisation of the Company and/or the number of listed equity securities issued by the Company, for the purposes of and/or in connection with the categorisation of any transaction (“JSE transaction”), contemplated in Section 9 of the JSE Listings Requirements, which the Company may undertake or to which the Company may become a party at any time after the Preference Share Issue Date notwithstanding that the votes attaching to such Preference Shares may be cast at any general meeting of the Company convened to consider such JSE transaction.”

ORDINARY RESOLUTION NUMBER 1

Resolved as an ordinary resolution that the Woolworths Employee Share Ownership Trust Deed, tabled at the general meeting at which this ordinary resolution will be considered and initialled by the chairman of the meeting for the purposes of identification, be and it is hereby approved and adopted by the Company.

ORDINARY RESOLUTION NUMBER 2

Resolved as an ordinary resolution that subject to special resolution numbers 1 and 2 being passed at the general meeting at which this ordinary resolution will be considered, such special resolutions becoming effective and ordinary resolution number 1 being passed at such meeting, 89 400 000 convertible, redeemable, non-cumulative participating preference shares of 0.15 cent each be and they are placed under the control of the directors of the Company who are hereby authorised and empowered, as a specific authority, to allot and issue from time to time up to a maximum of 89 400 000 of such preference shares to the Trustees of the Woolworths Employee Share Ownership Trust, for cash at par, for the purposes of the Woolworths Employee Share Ownership Trust.

ORDINARY RESOLUTION NUMBER 3

Resolved as an ordinary resolution that the directors of the Company and the Company secretary be and are hereby authorised to do all such things, sign all such documents and take all such action or procure the doing of all such things, the signature of all such documents and the taking of all such action as may be necessary to give effect to and implement the resolutions set out in the notice convening the general meeting at which this ordinary resolution will be considered.

Reasons for and effect of special resolution numbers 1 and 2

The reason for and the effect of special resolution number 1, if passed and becoming effective, is to convert 89 400 000 ordinary shares of 0.15 cent each in the authorised but unissued share capital of the Company into 89 400 000 convertible, redeemable, non-cumulative participating preference shares of 0.15 cent each in the authorised but unissued share capital of the Company having the special rights and conditions set out in the new Article 40 of the Company’s Articles of Association to be inserted in terms of special resolution number 2.

The reason for and the effect of special resolution number 2, if passed and becoming effective, is to amend the Articles of Association of the Company by the insertion of a new Article 40 immediately following Article 39, containing the special rights and conditions attaching to the convertible, redeemable, non-cumulative participating preference shares of 0.15 cent each created in terms of special resolution number 1.

Voting and proxies

In accordance with paragraph 5.51(g) of the Listings Requirements of The JSE Limited, ordinary resolution number 2 must be passed by at least 75% of shareholders present or represented by proxy and entitled to vote at the general meeting.

Any shareholder who holds certificated ordinary shares in the Company or who holds dematerialised ordinary shares in the Company through a Central Securities Depository Participant (CSDP) or broker and who has selected “own name” registration, may attend, speak and vote at the general meeting or may appoint any other person or persons (none of whom need to be a shareholder) as a proxy or proxies, to attend, speak and vote at the general meeting in such shareholder’s stead.

A proxy form is enclosed for use by shareholders holding certificated ordinary shares in the Company or by shareholders holding dematerialised ordinary shares in the Company through a CSDP or broker and who have selected “own name” registration. Such proxy form, duly completed, must be forwarded to reach the transfer secretaries of the Company, Computershare Investor Services 2004 (Pty) Limited, 70 Marshall Street, Johannesburg, 2001 or posted to them at PO Box 61051, Marshalltown, 2107 to be received, by no later than 09h00 on Friday, 8 June 2007.

On a show of hands, every shareholder present in person or represented by proxy shall have one vote only. On a poll, every shareholder shall have one vote for every share held in the Company by such shareholder. Any shareholder who holds dematerialised ordinary shares in the Company and has not selected “own name”

registration, should contact such shareholder's CSDP or broker in the manner and time stipulated in such shareholder's agreement with such CSDP or broker:

- to furnish the CSDP or broker with such shareholder's voting instruction; and
- in the event that such shareholder wishes to attend the general meeting, to obtain the necessary authority to do so.

By order of the board

CL Lowe
Group secretary
Cape Town
21 May 2007

Registered office

Woolworths House
93 Longmarket Street
Cape Town, 8001
(PO Box 680, Cape Town, 8000)

WHL

WOOLWORTHS HOLDINGS LIMITED

(Incorporated in the Republic of South Africa)

(Registration number 1929/001986/06)

Share code: WHL ISIN: ZAE000063863

("Woolworths" or "the Company")

Form of proxy

For use only by shareholders of certificated ordinary shares in the Company and holders of dematerialised ordinary shares in the Company held through a Central Securities Depository Participant (CSDP) or broker and who have selected "own name" registration, at the general meeting of the Company ("general meeting") to be held at 09h00 on Tuesday, 12 June 2007, in the Auditorium, 1st Floor, Woolworths House, 93 Longmarket Street, Cape Town, 8001 or at any adjournment thereof.

If you are an ordinary shareholder entitled to attend and vote at the general meeting you can appoint a proxy or proxies to attend, vote and speak in your stead. A proxy need not be a shareholder of the Company.

If you are a holder of ordinary shares in the Company and have dematerialised your share certificates through a CSDP (and have not selected "own name" registration in the sub-register maintained by a CSDP), do not complete this form of proxy but instruct your CSDP to issue you with the necessary authority to attend the general meeting, or if you do not wish to attend, provide your CSDP with your voting instructions in terms of your custody agreement entered into with them.

I/We _____

(full names in block letters)

of (address) _____

being a holder/s of _____ ordinary shares in the Company, hereby appoint (see note 2)

1. _____

of _____ (or failing him/her)

2. _____

of _____ (or failing him/her)

3. the Chairman of the Company or failing him the Chairman of the general meeting, as my/our proxy to attend, speak, and on a poll to vote or abstain from voting on my/our behalf at the general meeting which will be held for the purpose of considering and, if deemed fit, passing, with or without modification, the special and ordinary resolutions to be proposed thereat and at any adjournment thereof.

	Number of votes (one per share)		
	In favour	Against	Abstain
Special resolution number 1 Approval of the amendment to the authorised share capital of the Company.			
Special resolution number 2 Approval of the amendments to the Articles of Association of the Company, to create the convertible, redeemable, non-cumulative participating preference shares.			
Ordinary resolution number 1 Approval of the Woolworths Employee Share Ownership Trust Deed.			
Ordinary resolution number 2 Placing the preference shares under the control of the directors with specific authority to allot and issue them to the Woolworths Employee Share Ownership Trust.			
Ordinary resolution number 3 Authorising the directors to sign and give effect to the above resolutions.			

Note: Please indicate with an "X" in the spaces above how you wish your votes to be cast.

Signed at _____ this _____ day of _____ 2007

Signature _____

Notes

1. An ordinary shareholder is entitled to appoint one or more proxies (none of whom need be an ordinary shareholder of the Company) to attend, speak and vote or abstain from voting in the place of that ordinary shareholder at the general meeting.
2. An ordinary shareholder may therefore insert the name of a proxy or the names of two alternative proxies of the ordinary shareholder's choice in the space provided, with or without deleting the words "the Chairman of the Company or failing him the Chairman of the general meeting". The person whose name appears first on the proxy form and who is present at the general meeting, will be entitled to act as proxy to the exclusion of those whose names follow.
3. An ordinary shareholder's instructions to the proxy must be indicated by the insertion of an "X" in the appropriate box. Failure to comply with the above will be deemed to authorise the Chairman of the Company or failing him the Chairman of the general meeting, if he is the authorised proxy, to vote in favour of resolutions at the general meeting, or any other proxy to vote or abstain from voting at the general meeting as he deems fit, in respect of the ordinary shareholder's total holding.
4. The completion and lodging of this form of proxy will not preclude an ordinary shareholder from attending the general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such ordinary shareholder wish to do so.
5. In case of joint holders, the vote of the most senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holders, for which purpose seniority will be determined by the order in which the names appear on the Company's register of ordinary shareholders in respect of the joint holding.
6. If an ordinary shareholder does not indicate on this form of proxy that his/her proxy is to vote in favour of or against any resolution or to abstain from voting, or gives contradictory instructions, or should any further resolution(s) or any amendment(s) which may properly be put before the general meeting be proposed, the proxy shall be entitled to vote as he/she thinks fit.
7. The Chairman of the general meeting may reject or accept any form of proxy which is completed and/or received otherwise than in accordance with these notes.
8. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the Company's transfer secretaries or waived by the Chairman of the general meeting.
9. Any alternation or correction to this form of proxy must be initialled by the signatory/ies, other than the deletion of alternatives.
10. Forms of proxy must be lodged with or posted to the Company, c/o Computershare Investor Services 2004 (Proprietary) Limited, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107), to be received by no later than 09h00 on Friday, 8 June 2007.