

This circular is important and requires your immediate attention.

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

Action required

- If you have disposed of all of your Woolworths shares, please forward this circular to the purchaser of such Woolworths shares or to the CSDP, broker, banker, attorney, accountant or other agent through whom the disposal was effected.
- Woolworths shareholders are referred to on page 1 of this circular, which sets out the actions required of them.



WOOLWORTHS

Woolworths Holdings Limited

(Incorporated in the Republic of South Africa)

(Registration number 1929/001986/06)

Share code: WHL ISIN: ZAE000063863

("Woolworths" or "the Company")

Circular to Woolworths shareholders

regarding

- **the adoption of:**
 - **The Woolworths Share Appreciation Rights Scheme;**
 - **The Woolworths Long Term Incentive Plan; and**
 - **The Woolworths Deferred Bonus Plan**(“the new schemes”);
- **the amendment of The Woolworths Holdings Share Trust to incorporate the new schemes;**

and incorporating

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

31 October 2006

Transaction and tax adviser

Sponsor

Corporate law adviser

PRICEWATERHOUSECOOPERS 
PricewaterhouseCoopers Inc
Chartered Accountants (SA)
Registered Accountants and Auditors
(Registration no 1998/012055/21)

 **RAND
MERCHANT
BANK**
A division of FirstRand Bank Limited

TABACKS

Action required by Woolworths shareholders

The definitions commencing on page 5 of this circular apply *mutatis mutandis* to the following action required by Woolworths shareholders:

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

1. If you have disposed of all of your Woolworths shares, this circular should be handed to the purchaser of such Woolworths shares or the CSDP, broker, banker or other agent who disposed of your Woolworths shares for you.
2. If you are in any doubt as to what action to take, consult your CSDP or broker, attorney, banker or other professional adviser immediately.
3. This circular contains information relating to the matters referred to herein. 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 incorporated in this circular, will be held in the Auditorium, 1st Floor, Woolworths House, 93 Longmarket Street, Cape Town, 8001 on Wednesday, 15 November 2006, at 10h00 (or so soon thereafter as the annual general meeting of Woolworths convened for 09h00 on the same day and at the same venue shall have been concluded or adjourned).
5. If you have dematerialised your Woolworths 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 10h00 on Monday, 13 November 2006.

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 10h00 on Monday, 13 November 2006.

Corporate information and advisers

Secretary and registered office

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)

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)

Transaction and tax adviser

PricewaterhouseCoopers Tax Services (Proprietary) Limited
(Registration number 1983/008289/07)
2 Eglin Road
Sunninghill
Sandton, 2157
(Private Bag X36, Sunninghill, 2157)

Corporate law adviser

Taback and Associates (Proprietary) Limited
(Registration number 2000/010434/07)
26 Sturdee Avenue
Rosebank
Johannesburg, 2196
(PO Box 3334, Houghton, 2041)

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Salient dates and times

The definitions commencing on page 5 of this circular have, where necessary, been used in the salient dates and times as set out below:

2006

Circular posted to Woolworths shareholders on	Tuesday, 31 October
Forms of proxy to be received by 10h00 on	Monday, 13 November
General meeting to be held at 10h00 (or so soon thereafter as the annual general meeting of Woolworths convened for 09h00 on the same day and at the same venue shall have been concluded or adjourned) on	Wednesday, 15 November
Results of the general meeting released on SENS on	Wednesday, 15 November
Results of the general meeting published in the press on	Thursday, 16 November

Notes:

1. These dates and times are subject to amendment. Any such amendment will be released on SENS and be published in the press.
2. Copies of this circular may be obtained in English only at Woolworths registered office during normal business hours from Tuesday, 31 October 2006 until Wednesday, 15 November 2006.

Definitions

In this circular, unless otherwise stated or the context otherwise indicates, the words in the first column below shall have the meaning stated opposite them, respectively, in the second column below, reference to the singular shall include the plural and *vice versa*, words denoting one gender shall include the other genders, and an expression denoting natural persons shall include juristic persons and associations of persons:

“board”	the board of directors of Woolworths whose names are reflected on page 7 of this circular and any committee of the board to whom the board may delegate some or all of its powers in respect of the new schemes;
“business day”	a day other than a Saturday, Sunday or official public holiday in South Africa;
“certificated shareholders”	Woolworths shareholders who hold certificated shares;
“certificated shares”	Woolworths shares that have not been dematerialised, title to which is represented by a document of title;
“circular”	this bound circular, dated 31 October 2006, including the notice convening the general meeting and form of proxy attached;
“Companies Act”	the Companies Act, 1973, as amended;
“CSDP”	a Central Securities Depository Participant;
“DBP”	the Woolworths Deferred Bonus Plan;
“dematerialised shareholders”	Woolworths shareholders who hold dematerialised shares;
“dematerialised shares”	those Woolworths shares that have been incorporated into the STRATE system and which are held on Woolworths sub-register in electronic form in terms of the Custody and Administration of Securities Act, 1992;
“directors”	the directors of Woolworths for the time being;
“document of title”	Woolworths share certificate, transfer deed or forms, balance receipts or any other documents of title acceptable to Woolworths in respect of certificated shareholders;
“employer company”	a company within the group which employs a participant;
“existing scheme”	the share incentive scheme currently in operation in respect of the group as reflected in the trust deed;
“FTSE”	FTSE International Limited;
“general meeting”	the general meeting of Woolworths shareholders to be held in the Auditorium, 1st Floor, Woolworths House, 93 Longmarket Street, Cape Town, 8001 on Wednesday, 15 November 2006 at 10h00 (or so soon thereafter as the annual general meeting of Woolworths convened for 09h00 on the same day and at the same venue, shall have been concluded or adjourned) to consider and, if deemed appropriate, approve the resolutions tabled thereat;
“group”	Woolworths and its subsidiaries from time to time;
“JSE”	The JSE Limited (Registration number 2005/0222939/06), a company incorporated in South Africa and licensed as an exchange under the Securities Services Act, 2004, as amended;
“last practicable date”	the last practicable date prior to the finalisation of this circular, being Friday, 29 September 2006;
“Listings Requirements”	the Listings Requirements of the JSE, as amended from time to time;
“LTIP”	the Woolworths Long Term Incentive Plan;
“new schemes”	collectively, the SARS, the LTIP and the DBP;
“participants”	participants under the new schemes;

“resolutions”	the resolutions, to be approved by the requisite majority of Woolworths shareholders at the general meeting, necessary to give effect to the transaction;
“SARS”	the Woolworths Share Appreciation Rights Scheme;
“SENS”	the Securities Exchange News Service of the JSE;
“South Africa”	the Republic of South Africa;
“STRATE”	STRATE Limited (Registration number 1998/022242/06), a company incorporated in South Africa, which manages the electronic settlement system for transactions that take place on the JSE and off-market trades;
“subsidiary”	a company which is a subsidiary of Woolworths within the meaning of the Companies Act;
“transaction”	the adoption of the new schemes by Woolworths shareholders in general meeting and the approval of the amendments to the trust deed in order to incorporate the new schemes therein;
“transfer secretaries”	Computershare Investor Services 2004 (Proprietary) Limited (Registration number 2004/003647/06), a company incorporated in South Africa;
“Trust”	The Woolworths Holdings Share Trust, Master Reference No. IT/2967/95;
“trust deed”	the deed constituting the Trust;
“Woolworths”	Woolworths Holdings Limited (Registration number 1929/001986/06), a public company incorporated in South Africa and listed on the JSE;
“Woolworths share”	an ordinary share of 0.15 cents in the capital of Woolworths; and
“Woolworths shareholders”	holders of Woolworths shares.



WOOLWORTHS

Woolworths Holdings Limited

(Incorporated in the Republic of South Africa)

(Registration number 1929/001986/06)

Share code: WHL ISIN: ZAE000063863

("Woolworths" or "the Company")

Directors

DA Hawton* (Chairman)

SN Susman (Chief Executive Officer)

PD Bacon*

M Barnes* (British)

NL Colne* (British)

BJ Frost*

* Non-executive

RJD Inskip

MJ Leeming*

AC Nissen*

Z Rylands

NW Thomson

SV Zilwa*

Circular to Woolworths shareholders

1. Purpose of this circular

The purpose of this circular is to provide Woolworths shareholders with the relevant information relating to the transaction, and to enable Woolworths shareholders to make an informed decision as to whether or not they should vote in favour of the resolutions set out in the notice of the general meeting which forms part of this circular.

2. The transaction

2.1 Rationale

Recent developments in the regulatory environment and change in practice for local and international share schemes have required a review of the existing scheme.

In line with international changes in practice and emerging South African practice, the board recommends the adoption of three new share schemes (the SARS, the LTIP and the DBP), based on equity-settled share appreciation rights, conditional awards and a deferred bonus plan. The proposed new schemes are in line with practice in FTSE 100 and FTSE 250 companies in the United Kingdom and with several recently adopted schemes for large JSE listed or dual listed companies. The existing scheme will remain in place for options granted and offers made under that scheme until such time as the options are exercised or lapse or, in the case of offers, the share debt has been paid in full.

The new schemes will include participation by executive directors and selected employees of the group, as determined by the board, acting on the recommendation of the employer companies from time to time. The purpose of the new schemes is to advance the interests of the group and the Woolworths shareholders by attracting, retaining and incentivising selected employees who contribute to the growth of the companies within the group who employ them and to encourage their continued service with the group.

The new schemes will also support the principle of the alignment of management and Woolworths shareholder interest. Performance conditions governing the vesting of the benefits under the new schemes will be related to, *inter alia*, growth in headline earnings per share and total Woolworths shareholder return or any other appropriate measure relative to targets that are intended to be stretching but achievable. Performance conditions that are used for awards each year may utilise different performance measures and targets but will be no less challenging in the context of the prevailing business environment.

The primary intent of the new schemes is to purchase Woolworths shares in the market to settle the benefits under the new schemes. Woolworths will, however, retain the right to issue new Woolworths shares, at its election, in settlement of the benefits under the new schemes in order to mitigate the risk of a spike in the Woolworths share price, which could expose Woolworths to liquidity risk. Woolworths shares will only be purchased once a participant or group of participants for whom they will be allocated, has been formally identified.

2.2 **Salient features of the new schemes**

The following is a summary of the salient features of the new schemes:

The definitions commencing on page 5 of this circular shall apply, *mutatis mutandis*, to this paragraph 2.2 except where specifically defined below or where the context otherwise so requires.

Terms used in this paragraph 2.2

“allocated”	for purposes of setting the scheme limits, one share allocated per any one SAR or conditional award or matching award granted;
“bonus shares”	a number of Woolworths shares acquired by a participant with a portion of the after tax component of the participant’s annual bonus in terms of the DBP;
“conditional award”	a conditional award of Woolworths shares granted to an employee in terms of the LTIP;
“DBP period”	the period starting on the date of offer and ending at midnight on the day stated as the vesting date as specified in the letter of offer in terms of the DBP;
“date of grant”	the date with effect from which a SAR or conditional award is granted to an employee as is specified in the letter of grant in terms of the SARS or the LTIP;
“date of offer”	the date with effect from which a matching award is granted to an employee as is specified in the offer in terms of the DBP;
“employee”	any person eligible for participation in the new schemes, namely a director or other employee of an employer company who is not within 36 months of retirement and who is not a non-executive director of Woolworths; provided that the directors may, in their sole discretion, waive the requirement that the employee is not within 36 months of his retirement;
“escrow agent”	means the person or entity appointed by the board from time to time to hold bonus shares in escrow on behalf of participants;
“exercise date”	the date on which a SAR is exercised by a participant;
“exercise price”	the market value of an underlying share on the business day immediately preceding a SAR exercise date;
“grant or granted”	the grant to an employee of a SAR in terms of SARS or a conditional award in terms of LTIP;
“grant price”	the market value of the Woolworths share on the business day immediately preceding the date of grant of the SAR;
“HEPS”	headline earnings per Woolworths share;
“letter of grant”	a document prepared by the trustees which details the name of the employee to whom the awards are granted, the number of Woolworths shares in respect of which the awards are granted, the performance period and applicable performance conditions, the vesting date and any other relevant terms and conditions;
“market value”	in relation to a Woolworths share on any particular day, the volume weighted average price of a Woolworths share as quoted on the JSE on the five business days immediately preceding the date on which a determination of the number of Woolworths shares is to be made;
“matching award”	an award of matching shares made to a participant under the DBP which award is conditional;

“matching shares”	Woolworths shares forming the subject matter of a matching award;
“offer”	a document prepared by the trustees inviting a participant to participate in the DBP which details the name of the participant, the number of bonus shares and matching Woolworths shares relating to each bonus share, the release date and any applicable conditions pertaining thereto;
“participant”	an employee to whom a grant or offer has been made and who has accepted such grant or offer and includes the executor of his deceased estate, where appropriate;
“performance conditions”	the conditions specified in the letter of grant, to which a SAR or conditional award is subject, which performance conditions are determined by the board;
“performance period”	the period in respect of which a performance condition is to be satisfied as specified in the letter of grant;
“SAR” or “share appreciation right”	a conditional right to receive Woolworths shares in terms of SARs to the value of the difference between the exercise price and the grant price of that number of SARs granted;
“SAR period”	the period starting on the date of grant to midnight on the day stated in the letter of grant as being the date on which the SAR will lapse;
“settlement”	delivery of the required number of Woolworths shares to which a participant is entitled pursuant to the exercise of a SAR, the vesting of a conditional award or the vesting of a matching award;
“settlement date”	the date on which settlement shall occur;
“trustees”	the trustees for the time being of the Trust, none of whom may be executive directors of Woolworths or be participants under the new schemes;
“TSR”	total shareholder return;
“underlying share”	a Woolworths share in respect of which a SAR has been granted; and
“vesting date”	the date on which a SAR becomes exercisable on fulfilment of the performance conditions or the date on which a participant becomes entitled to receive settlement due to the fulfilment of performance conditions under the LTIP and the date on which the participant becomes entitled to the matching share in terms of the DBP.

2.2.1 NATURE OF THE NEW SCHEMES

The Share Appreciation Rights Scheme

Eligible employees will receive annual grants of SARs, which are conditional rights to receive Woolworths shares equal to the value of the difference between the exercise price and the grant price.

Vesting of the share appreciation rights is subject to performance conditions. The duration and specific nature of the performance conditions and performance period will be stated in the letter of grant. The performance period will be for three years. The performance condition that will be imposed will be determined by the board on an annual basis in respect of each new grant of SARs.

After vesting, the SARs will become exercisable. Participants will be entitled to exercise the SARs for a period up to four years after vesting. Upon exercise by a participant, the relevant employer company will settle the value of the difference between the exercise price and the grant price, by delivering Woolworths shares, alternatively, as a fallback provision only, by settling the value in cash. Share appreciation rights not exercised within the SAR period will lapse.

The Long Term Incentive Plan

Eligible employees will receive annual grants of conditional awards.

The conditional award will vest after the performance period if, and to the extent that the performance conditions have been satisfied. The duration and specifics of the performance condition/s and performance period will be stated in the letter of grant. The performance period is three years. The board will determine the performance conditions on an annual basis for new grants.

The performance condition will determine if, and to what extent, the conditional award will vest. Upon vesting of the conditional award, the relevant employer company will procure the delivery of Woolworths shares to settle the value of the vested portion of the conditional award, alternatively, as a fallback provision only, may cash settle the value. The conditional awards which do not vest at the end of the three year performance period will lapse.

The Deferred Bonus Plan

Eligible employees will be permitted to use a portion of the after tax component of their annual bonus to acquire bonus shares. A matching award of Woolworths shares will be made to the participant after a three year DBP period on the condition that the participant remains in the employ of an employer company and retains the bonus shares over the period.

The participant remains the owner of the bonus shares for the duration of the DBP period and will enjoy all Woolworths shareholder rights in respect of the bonus shares. Bonus shares shall be held by the escrow agent but can be withdrawn from escrow at any stage, but the matching award is forfeited to the extent of the bonus shares withdrawn from escrow.

2.2.2 ELIGIBILITY

Any employee may be selected by the board, acting on the recommendation of the employer company from time to time, to be a participant.

2.2.3 PERFORMANCE CONDITIONS

For the Share Appreciation Rights Scheme

The vesting of SARs will be conditional upon the achievement of company performance levels over a performance period, as set out in the letter of grant.

It is intended that the minimum performance condition that will be applied is the condition of HEPS growth of CPIX plus 6% over the three year period before the SARs will vest. If the condition is not met for a given tranche of SARs, retesting of the performance condition will be performed in year four and five against HEPS targets of CPIX plus 8% and CPIX plus 10% respectively. If the performance condition is met in year four or five, the SARs will vest. If the performance condition is not met after year five, the SARs will lapse.

For the Long Term Incentive Plan

The vesting of conditional awards will be conditional upon the achievement of performance conditions over a performance period, as set out in the letter of grant. No retesting of the performance condition will be allowed.

It is intended that a TSR performance condition will be applied. TSR is defined as the compound annual growth rate (CAGR) on a portfolio of Woolworths shares purchased on the date of conditional award and sold at the end of the performance period. To calculate the CAGR, it is assumed all dividends received from the portfolio in Woolworths shares are reinvested in the portfolio.

TSR will be measured relative to TSR performance of a comparator group of other retailers selected from the constituents of the General Retailers Index and the Food and Drug Retailers Index. The weighting of constituents will be set to match the business profile of Woolworths as appropriate.

It is intended that a minimum and desired TSR target will be set relative to the comparator index. If the minimum TSR target is achieved, 30% of the conditional awards will vest. If the desired target is achieved, 100% of the conditional awards will vest.

2.2.4 LIMITS

Woolworths Shares available for the new schemes

The number of Woolworths shares which may, at any time, be the subject of unexercised SARs, unvested conditional awards and unvested matching awards in terms of the new schemes plus the number of new shares issued by Woolworths in settlement of any of the awards under the new schemes and in respect of which shares less than 7 (seven) years shall have elapsed from the date of grant or offer thereof plus the number of Woolworths shares

which are available for the purposes of the existing scheme shall not, in the aggregate, exceed 15% of the issued share capital of Woolworths, as previously authorised by shareholders. The issued share capital varies from time to time and at the last practicable date, 15% of the issued share capital amounted to 133 084 656 Woolworths shares. Accordingly, at the last practicable date, 47 763 457 Woolworths shares were available to be allocated for the purposes of the new schemes, and/or the existing scheme.

Individual limit

In any one financial year, the maximum market value of the shares allocated to an employee in terms of a grant and offer under the new schemes, may not exceed 250% of the employee's total cost of employment at the date of grant and/or offer.

In total, the maximum number of Woolworths shares which may be the subject of an award to any individual participant under the new schemes and which have not yet vested, which, together with any Woolworths shares which are the subject of any offer made and accepted or option granted under the existing scheme to such participant and which are not eligible for release in terms of the existing scheme, shall not, in the aggregate, exceed 1.5% of the issued share capital of Woolworths. The issued share capital varies from time to time and at the last practicable date, 1.5% of the issued share capital of Woolworths was 13 308 465 Woolworths shares.

2.2.5 SETTLEMENT METHOD

The benefits under the new schemes may be settled in one or a combination of the following settlement methods:

- 2.2.5.1 the employer company will, if so instructed by the board, incur an expense by making a cash contribution to the Trust equal in value to the amount required to settle the benefits under the new schemes, with the instruction to the trustees to acquire the required number of Woolworths shares by purchasing such shares in the open market for the purpose of discharging the employer company's obligation to deliver Woolworths shares to the participants; or
- 2.2.5.2 the employer company will, if so instructed by the board, incur an expense by making a cash contribution to the Trust equal in value to the amount required to settle the benefits under the new schemes with the instruction to the trustees to acquire the required number of Woolworths shares by way of subscription for new Woolworths shares to be allotted and issued by Woolworths; or
- 2.2.5.3 as a fallback provision only, the employer company will, if so instructed by the board, pay the participants under the SARS and the LTIP only, an equivalent amount in cash in lieu of any Woolworths shares.

The participant will receive the same value to which he is entitled in terms of the letter of grant and/or offer irrespective of the settlement method.

2.2.6 CESSATION OF EMPLOYMENT AND DEATH

2.2.6.1 Resignation or dismissal

If a participant's employment with an employer company terminates by reason of his resignation or dismissal on grounds of misconduct, poor performance or proven dishonest or fraudulent conduct before the vesting date, all unvested and unexercised SARs, all unvested conditional awards and all unvested matching awards will lapse.

2.2.6.2 Retrenchment or death

If a participant's employment with an employer company terminates before the vesting date, by reason of retrenchment or death, the trustees, on the instruction of the board, shall by written notice to the participant or the executor permit a pro-rata portion of the unvested SARs, unvested conditional awards and unvested matching awards to vest on the date of termination of employment. The pro-rata portion of the SARs, conditional awards and matching awards that vest will reflect the number of months served since the date of grant to the date of cessation of employment and, in the case of the SARs and the conditional awards, the extent to which, in the opinion of the board, the performance conditions have been met and, in the case of the matching awards, will be based on the number of bonus shares held at the time of cessation of employment, unless the board in its absolute discretion determines otherwise; provided that the exercise of such discretion shall

not place a participant in a worse position than he would have been in had such discretion not been exercised. All of the SARs which had vested at the date of cessation of employment and all of the unvested SARs which a participant may be entitled to exercise as contemplated in terms of this paragraph 2.2.6.2 shall be exercised within 90 days of the date of cessation of employment, unless the board in its discretion extends this period.

2.2.6.3 Retirement

If, while a SAR remains unexercised or a conditional award or matching award remains unvested, a participant retires, the trustees, on the instruction of the board and after consultation with the participant concerned, shall, by written notice to such participant, offer one of the following alternatives to the participant, unless the board in its absolute discretion determines otherwise; provided that the board may not exercise such discretion if the exercise of such discretion would place the participant in a worse position than he would otherwise have been if such participant had elected one of the alternatives contemplated in paragraphs 2.2.6.3.1 or 2.2.6.3.2 below:

2.2.6.3.1 the participant shall be entitled to the same rights and be subject to the same conditions under the SARs, the LTIP or the DBP as if he had continued to be an employee; or

2.2.6.3.2 a pro-rata portion of the unvested SARs, the unvested conditional awards and the unvested matching awards shall vest on the date of cessation of employment. The pro-rata portion of the SARs, the conditional awards and the matching awards that vest will reflect the number of months served since the date of grant and will be based in the case of the SARs and the LTIP, the extent to which the performance conditions, in the opinion of the board, have been satisfied and in the case of the DBP, on the number of bonus shares held at the time of cessation of employment. All of the SARs which had vested on the date of retirement and all of the SARs which vested in terms of this clause 2.2.6.3.2, shall be exercised within 90 days of the date of termination of employment subject to the board having the discretion to extend this period.

2.2.6.4 Other reasons for cessation of employment

If a participant ceases to be an employee of an employer company by reason of circumstances other than those set out in paragraphs 2.2.6.1, 2.2.6.2 or 2.2.6.3, the trustees, on the instruction of the board, shall by written notice to the participant permit a pro-rata portion of the unvested SARs, unvested conditional awards and unvested matching awards to vest on the date of cessation of employment. The pro-rata portion of the SARs and the conditional awards that vest will reflect the number of months served since the date of grant and the extent to which the performance conditions, in the opinion of the board, have been satisfied and in the case of the matching awards, will be based on the number of bonus shares held at the time of cessation of employment, unless the board in its absolute discretion determines otherwise; provided that such discretion shall only be exercised in the event that the participant is not placed in a better position than he would have been in had the instruction contemplated above been given. All of the SARs which had vested on the date of cessation of employment and all of the SARs which will vest in terms of this paragraph 2.2.6.4 shall be exercised within 90 days of the date of cessation of employment, subject to the board having the discretion to extend this period.

2.2.7 CHANGE OF CONTROL OR DELISTING

2.2.7.1 In the event that there is a change of control of Woolworths or the Woolworths shares cease being listed on the JSE before the vesting date, the trustees, on instruction from the board shall by written notice to the participant deem a pro-rata portion of the unvested SARs, conditional awards and matching awards to vest on the date of the occurrence of the change of control or delisting. The pro-rata portion of the SARs, conditional awards and matching awards that vest will reflect the number of months served since the date of grant to the date of the change of control or delisting and the extent to which the performance conditions have in the opinion of the board, been met

or in the case of matching awards, the number of bonus shares held at the time of the change of control or delisting. The portion of the SARs, conditional awards and matching awards that do not vest early will continue to be subject to the terms of the letter of grant or offer relating thereto unless, the board, in its absolute discretion, determines that the terms of the letter of grant or offer relating thereto are no longer appropriate, in which case the board shall make such adjustment to the number of SARs, conditional awards and matching awards or take such other action as may be required to place the participants in no worse position than they were prior to the occurrence of the change of control. In the event of a delisting, a notional share price shall be determined twice per annum at Woolworths interim and financial year end reporting dates, which price will be used as the Woolworths share price. Woolworths auditors, acting as experts and not as arbitrators and whose decision shall be final and binding on all persons affected thereby, shall confirm to the directors in writing that the calculation of such notional share price is correct.

2.2.7.2 In the event of an employer company (other than Woolworths), ceasing to be a subsidiary of Woolworths, the directors may take such action as they consider appropriate to protect the interests of participants, including converting SARs, conditional awards and matching awards into grants in respect of shares in another company, reviewing the time that had endured since the date of grant or offer, the extent to which the performance conditions have in the opinion of the board been met and calculate the number of shares to vest in each participant accordingly, provided that the participant is no worse off.

2.2.8 VARIATION IN SHARE CAPITAL

2.2.8.1 In the event of a rights issue, capitalisation issue, subdivision of shares, consolidation of shares, Woolworths being put into liquidation for the purpose of reorganisation or any other event affecting the share capital of Woolworths, or in the event of Woolworths making distributions to shareholders, including a distribution in specie or a payment in terms of Section 90 of the Act (other than a dividend paid in the ordinary course of business out of the current year's retained earnings), participants shall continue to participate in the new schemes, however the board shall make such adjustment to the number of SARs, conditional awards and matching awards or take such other action as may be required to place participants in no worse position than they were prior to the happening of the relevant event.

2.2.8.2 The trustees shall notify the participants of any adjustments which are made under this paragraph 2.2.8. Where necessary, in respect of any such adjustments, Woolworths auditors, acting as experts and not as arbitrators and whose decision shall be final and binding on all persons affected thereby, shall confirm to the directors in writing that these are calculated on a non-prejudicial basis.

2.2.8.3 If Woolworths is placed into liquidation otherwise than for the purposes of reorganisation, these new schemes shall *ipso facto* lapse as from the date of liquidation and any unvested awards which have not yet vested shall *ipso facto* lapse from the date of liquidation. For the purposes hereof "date of liquidation" shall mean the date upon which any application (whether provisional or final) for the liquidation of Woolworths which is granted by the relevant court, is lodged at the relevant court.

2.2.9 SHARES TO RANK PARI PASSU

Any Woolworths share available for the new schemes will rank pari passu in all respects with the issued Woolworths shares. Woolworths shall make timeous application for any listing on the JSE of the Woolworths shares.

2.3 Implementation of the transaction

The implementation of the transaction requires, *inter alia*, the adoption of the new schemes and the approval of the amendments to the trust deed necessary to incorporate the new schemes into the trust deed by Woolworths shareholders in general meeting.

Apart from the amendments necessary to incorporate the new schemes into the trust deed, it is proposed that the limits relating to the maximum number of Woolworths shares which any individual may hold in the existing scheme shall be amended in order to be consistent with the treatment proposed in terms of the new schemes. The effect of the amendment of the individual limit

under the existing scheme will be that the maximum number of shares will only include shares which are not yet capable of being released.

The amended trust deed incorporating the rules of the new schemes will be available for inspection during normal business hours at the registered office of Woolworths, from the date of the circular up to and including the date of the general meeting.

2.4 Commencement of the new schemes

The new schemes will commence upon the later of:

- 1 July 2007;
- the signature of the amendments to the trust deed by Woolworths and the trustees; and
- the passing of the requisite resolutions by Woolworths shareholders in general meeting.

2.5 Amendment to the new schemes

Any further amendments to the new schemes are subject to approval by shareholders in general/annual general meeting to the extent (if any) required in terms of the Listings Requirements and/or compliance with any applicable statute, regulation, rules or Listings Requirements from time to time.

3. Share capital of Woolworths

The table below sets out the authorised and issued ordinary share capital of Woolworths at the last practicable date:

	R 'm
<i>Authorised share capital</i>	
1 500 000 000 ordinary shares of 0.15 cents each	2.25
<hr/>	
<i>Issued share capital</i>	
887 231 045 ordinary shares of 0.15 cents each	1.33
Share premium	42.7
<hr/>	
Total issued share capital	44.0

4. Voting and dividends

Shares held by the Trust in terms of the existing scheme will not have their votes at general/annual general meetings taken into account for Listings Requirements resolution approval purposes. Such shares will also not be allowed to be taken into account for the purpose of determining categorisations as detailed in Section 9 of the Listings Requirements.

No participant shall be entitled to payment of any dividend until the date of registration of such shares in the name of such participant.

5. Board's opinion and recommendation

The board is of the opinion that the transaction will be beneficial to Woolworths and Woolworths shareholders and recommend that Woolworths shareholders vote in favour of the necessary resolutions.

6. Directors' responsibility statements

The directors, whose names appear on page 7 of this circular:

- have considered all statements of fact and opinion in this circular;
- collectively and individually, accept full responsibility for the accuracy of the information given;
- certify that, to the best of their knowledge and belief, there are no other facts the omission of which would make any statement false or misleading;
- have made all reasonable enquiries in this regard; and
- certify that, to the best of their knowledge and belief, this circular contains all information required by law and the Listings Requirements.

7. Consents

Each of PricewaterhouseCoopers Tax Services (Proprietary) Limited, Rand Merchant Bank (a division of FirstRand Bank Limited), Taback and Associates (Proprietary) Limited and Computershare Investor Services 2004 (Proprietary) Limited has provided its written consent to act in the capacity stated and to its name being used in this circular and has not withdrawn its consent prior to the date of this circular.

8. Documents available for inspection

The following documents, or copies thereof, will be available for inspection during normal business hours at the registered office of Woolworths, from the date of this circular up to and including the date of the general meeting:

- this circular;
- the amended trust deed incorporating the rules of the new schemes;
- the memorandum and articles of association of Woolworths; and
- the written consents of the advisers as set out in paragraph 7.

By order of the Board

CL Lowe
Group secretary
Cape Town

31 October 2006

Registered office

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

Transfer secretaries

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



WOOLWORTHS

Woolworths Holdings Limited

(Incorporated in the Republic of South Africa)

(Registration number 1929/001986/06)

Share code: WHL ISIN: ZAE000063863

("Woolworths" or "the Company")

Notice of general meeting of 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 Wednesday, 15 November 2006, at 10h00 (or so soon thereafter as the annual general meeting of the Company convened for 09h00 on the same date and at the same venue, shall have been concluded or adjourned) for the purpose of considering and, if deemed fit, passing with or without modification, the following resolutions which will be proposed as ordinary resolutions.

ORDINARY RESOLUTION NUMBER 1

Resolved as an ordinary resolution that The Woolworths Share Appreciation Rights Scheme, The Woolworths Long Term Incentive Plan and The Woolworths Deferred Bonus Plan, substantially in the form of the drafts tabled at the meeting at which this resolution will be proposed and considered and initialled by the Chairman of the meeting for the purposes of identification, be and they are hereby adopted by the Company.

ORDINARY RESOLUTION NUMBER 2

Resolved as an ordinary resolution that the amendments to The Woolworths Holdings Share Trust as highlighted in the conformed copy of the deed constituting such Trust, tabled at the meeting at which this resolution will be proposed and considered and initialled by the Chairman of the meeting for the purposes of identification, be and they are hereby approved.

ORDINARY RESOLUTION NUMBER 3

Resolved as an ordinary resolution that the directors of the Company be and they are hereby authorised and empowered to do all such things and sign all such documents and procure the doing of all such things and the signature of all such documents as may be necessary or incidental to give effect to and implement the provisions of ordinary resolutions 1 and 2 set out in the notice convening the meeting at which this resolution will be proposed and considered.

Voting and proxies

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 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 (Proprietary) Limited, 70 Marshall Street, Johannesburg, 2001 or be posted to them at PO Box 61051, Marshalltown, 2107 to be received, by no later than 10h00 on Monday, 13 November 2006.

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 his/her CSDP or broker in the manner and time stipulated in their agreement with such CSDP or broker:

- to furnish him/her with such shareholder's voting instruction;
- 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

31 October 2006

Registered office

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



WOOLWORTHS

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 10h00 on Wednesday, 15 November 2006, in the Auditorium, 1st Floor, Woolworths House, 93 Longmarket Street, Cape Town, 8001 (or so soon thereafter as the annual general meeting of the Company convened for 09h00 on the same date and at the same venue, shall have been concluded or adjourned) or at any adjournment thereof.

If you are a 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 shareholder 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 ordinary resolutions to be proposed thereat and at any adjournment thereof.

	Number of votes (one per share)		
	In favour	Against	Abstain
1. Ordinary resolution to approve the adoption of the SARS, the LTIP and the DBP.			
2. Ordinary resolution to approve the amendments to the trust deed.			
3. Ordinary resolution to authorise the directors to give effect to ordinary resolutions 1 and 2.			

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

Signed at _____ this _____ day of _____ 2006

Signature _____

Notes

1. A shareholder is entitled to appoint one or more proxies (none of whom need be a shareholder of the Company) to attend, speak and vote or abstain from voting in the place of that shareholder at the general meeting.
2. A shareholder may therefore insert the name of a proxy or the names of two alternative proxies of the 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. A 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 shareholder's total holding.
4. The completion and lodging of this form of proxy will not preclude a 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 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 shareholders in respect of the joint holding.
6. If a 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 alteration 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 10h00 on Monday, 13 November 2006.

