

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

This Circular should be read with particular attention to the "Action Required by Shareholders" section of this Circular, which sets out the action required of holders ("**Shareholders**") of WHL ordinary shares of no par value ("**WHL Ordinary Shares**") with regard to this Circular.

If you are in any doubt as to the action you should take, please consult your broker, Central Securities Depository Participant ("CSDP"), banker, accountant, legal adviser or other professional adviser immediately.

If you have disposed of all of your WHL Ordinary Shares on or before Friday, 5 February 2016, this Circular should be handed to the purchaser to whom, or the CSDP, broker, banker, attorney or agent through whom, you disposed of such WHL Ordinary Shares.



WOOLWORTHS HOLDINGS LIMITED

(Incorporated in the Republic of South Africa)

Registration number: 1929/001986/06

JSE ordinary share code: WHL

ISIN: ZAE000063863

("WHL")

CIRCULAR TO SHAREHOLDERS

("Circular")

regarding:

A CASH DIVIDEND OR, AS AN ALTERNATIVE, AN ELECTION TO RECEIVE A SCRIP DISTRIBUTION

including:

A FORM OF ELECTION

(FOR USE BY CERTIFICATED SHAREHOLDERS ONLY)

Transaction sponsor



Legal advisers



Transfer secretaries



Date of issue: Friday, 12 February 2016

This Circular is available in English only and copies hereof may be obtained from the registered office of WHL, which is set out in this Circular, during normal business hours on business days during the period from Friday, 12 February 2016 up to and including Friday, 4 March 2016, both days inclusive.

This Circular will also be available in electronic form on the Company's website www.woolworthsholdings.co.za from Friday, 12 February 2016.

ACTION REQUIRED BY SHAREHOLDERS

SHAREHOLDERS NEED ONLY MAKE AN ELECTION IF THEY WISH TO RECEIVE THE SCRIP DISTRIBUTION. IF YOU DO NOT ELECT THE SCRIP DISTRIBUTION ALTERNATIVE, YOU WILL BY DEFAULT BE DEEMED TO HAVE ELECTED THE CASH DIVIDEND IN RESPECT OF ALL THE WHL ORDINARY SHARES HELD BY YOU ON THE RECORD DATE.

Shareholders may make an election to receive the Scrip Distribution Alternative (as defined in paragraph 1) *in lieu* of receiving the Cash Dividend (as defined in paragraph 1), in respect of all or part of their holding of WHL Ordinary Shares (“**Shareholding**”) held at 17:00 on Friday, 4 March 2016 (“**Record Date**”). Shareholders are responsible for informing themselves about and observing any applicable legal and regulatory requirements in their relevant jurisdictions. To the extent that the distribution of this Circular and/or the receipt of the Scrip Distribution Alternative in jurisdictions other than South Africa might be prohibited or otherwise restricted by legal or regulatory requirements, require WHL to take any further action, and/or the failure to comply with any of those legal or regulatory requirements might constitute a violation of the laws or regulatory requirements of such jurisdictions, Shareholders will not be entitled to receive the Scrip Distribution Alternative, directly or indirectly, in those jurisdictions, and shall be deemed to elect the Cash Dividend, notwithstanding an election of the Scrip Distribution Alternative by such Shareholder. As a Shareholder, should you elect to receive the Scrip Distribution Alternative, you are not required to pay for the WHL Ordinary Shares to which you are entitled in terms of the Scrip Distribution Alternative.

If you wish to receive the Scrip Distribution Alternative, the following action is required to be taken by you:

Certificated Shareholders

Shareholders who hold certificated WHL Ordinary Shares (“**Certificated Shareholders**”) must complete the attached form of election in accordance with the instructions contained therein and lodge it with Computershare Investor Services Proprietary Limited, 70 Marshall Street, Johannesburg, 2001 (PO Box 61763, Marshalltown, 2107) (“**Transfer Secretaries**”), to be received by it by no later than 12:00 on the Record Date. Certificated Shareholders are advised to take into consideration postal delivery times when posting their forms of election, as no late postal deliveries will be accepted.

Forms of election that are not posted, may be faxed to +27 11 688 5210 or emailed to corporate.events@computershare.co.za to be received by the Transfer Secretaries by no later than 12:00 on the Record Date. The Transfer Secretaries and/or WHL will not be responsible for any loss and/or damage whatsoever in relation to, or arising from, the late or non-receipt of faxed or emailed forms of election or owing to forms of election being forwarded to any other fax or email address other than those provided above. Forms of election that are faxed or emailed shall be deemed to be received on the date reflected in the Transfer Secretaries’ electronic or fax systems, as the case may be. Notwithstanding anything to the contrary, it is the Shareholder’s responsibility to ensure that his/her/its form of election is timeously received by the Transfer Secretaries.

Forms of election received after 12:00 on the Record Date will not be accepted. Share certificates will be dispatched to all Certificated Shareholders, at the risk of such Shareholders, to their registered addresses by registered post, on Monday, 7 March 2016, or in accordance with the instructions given to the Transfer Secretaries by the relevant Shareholder.

Dematerialised Shareholders

Shareholders who have dematerialised their WHL Ordinary Shares through their CSDP or broker (“**Dematerialised Shareholders**”) must not complete the attached form of election. Dematerialised Shareholders are required to notify their duly appointed CSDP or broker if they wish to receive the Scrip Distribution Alternative in the manner and the time stipulated in the agreement governing the relationship between such Shareholders and their CSDP or broker, failing which they will receive the Cash Dividend. Dematerialised Shareholders’ CSDP/broker accounts will be credited/updated on Monday, 7 March 2016, in accordance with any election made, or deemed to be made, as the case may be.

Actions and omissions of a CSDP, broker or other agent of any beneficial owner of WHL Ordinary Shares:

The Transfer Secretaries and/or WHL do not accept responsibility, and will not be held liable for any action of, or omission by, any CSDP, broker or other agent of any beneficial owner of WHL Ordinary Shares.

IMPORTANT DATES AND TIMES

2016

Declaration information released on the Stock Exchange News Service (“SENS”) of JSE Limited (“JSE”) by 17:00	Thursday, 11 February
Circular and form of election posted to Shareholders	Friday, 12 February
Finalisation information, including the ratio applicable to the Scrip Distribution Alternative, released on SENS by 11:00	Friday, 19 February
Last day to trade in order to be eligible to participate in the Cash Dividend/Scrip Distribution Alternative (“CUM” Cash Dividend/Scrip Distribution Alternative)	Friday, 26 February
WHL Ordinary Shares trade “Ex” the entitlement to the Cash Dividend/Scrip Distribution Alternative	Monday, 29 February
Listing of maximum possible number of new WHL Ordinary Shares that could be issued in terms of the Scrip Distribution Alternative	Monday, 29 February
Last day to elect the Scrip Distribution Alternative <i>in lieu</i> of the Cash Dividend by 12:00 for Certificated Shareholders and for Dematerialised Shareholders (in accordance with the mandate between the Shareholder and their CSDP/broker)	Friday, 4 March
Record date in respect of the Cash Dividend/Scrip Distribution Alternative	Friday, 4 March
Share certificates, electronic funds transfers and/or dividend cheques posted and CSDP/broker accounts credited/updated	Monday, 7 March
Announcement regarding the results of the Scrip Distribution released on SENS	Monday, 7 March
Maximum number of new WHL Ordinary Shares listed adjusted to reflect the actual number of new WHL Ordinary Shares issued in respect of the Scrip Distribution Alternative on or about	Wednesday, 9 March

Notes:

1. All times provided are South African standard times quoted on a 24-hour basis, unless specified otherwise. The above dates and times are subject to change. If applicable, any changes will be released on SENS and published in the South African press.
2. Share certificates may not be dematerialised or rematerialised, nor may transfers between registers take place between Monday, 29 February 2016 and Friday, 4 March 2016, both days inclusive.

OVERVIEW

Further to the full terms as set out in this Circular, Shareholders are herewith provided with an overview of the Scrip Distribution Alternative:

1. The Scrip Distribution Alternative is available, at the election of Shareholders, in lieu of the Cash Dividend announced on Thursday, 11 February 2016.
2. The election to receive the Scrip Distribution Alternative is optional.
3. If no election is made by a Shareholder, the Cash Dividend will be the default.
4. The ratio of WHL Ordinary Shares to be received *in lieu* of the Cash Dividend under the Scrip Distribution Alternative, will be announced on or about Friday, 19 February 2016.
5. Where the Scrip Distribution Alternative results in a fraction of a new WHL Ordinary Share, such fraction of a WHL Ordinary Share will be rounded up to the nearest whole number where the fraction is greater than or equal to 0,5 and rounded down to the nearest whole number where the fraction is less than 0,5.
6. Shareholders may elect to participate in respect of all or part of their Shareholding.
7. The new WHL Ordinary Shares issued in terms of the Scrip Distribution Alternative will rank *pari passu* with existing WHL Ordinary Shares.
8. Forms of election must be lodged by 12:00 on Friday, 4 March 2016.
9. No brokerage cost is applicable to the Scrip Distribution Alternative.

The above overview is only a summary of the more detailed information contained in the main body of this Circular. It is not complete and does not contain all the information that Shareholders should consider before deciding whether to receive the Scrip Distribution Alternative. Shareholders should read the entire Circular before making such decision. Additionally, Shareholders are advised to seek their own independent professional, financial and/or tax advice and consider the full terms of the Cash Dividend and the Scrip Distribution Alternative as set out in this Circular before making any election to receive or not to receive the Scrip Distribution Alternative.

CIRCULAR TO SHAREHOLDERS

1. INTRODUCTION

In an announcement released on SENS on Thursday, 11 February 2016, notice was given that the board of directors of WHL had declared a final gross cash dividend of 133,0 cents per WHL Ordinary Share for the interim period ending 27 December 2015 (the "**Cash Dividend**") payable to Shareholders recorded in the WHL securities register on the Record Date. As an alternative to the Cash Dividend, Shareholders will be entitled, in respect of all or part of their Shareholding, to elect to receive fully paid up WHL Ordinary Shares *in lieu* of the Cash Dividend, which will only be issued to those Shareholders who elect to receive the scrip distribution, in respect of all or part of their Shareholding (the "**Scrip Distribution Alternative**"). The ratio of fully paid up WHL Ordinary Shares which Shareholders shall be entitled to receive *in lieu* of the Cash Dividend under the Scrip Distribution Alternative shall be announced on SENS on or about Friday, 19 February 2016.

Shareholders **not** electing to receive the Scrip Distribution Alternative in respect of all or part of their Shareholding will, **by default**, be deemed to have elected to receive the Cash Dividend.

2. RATIONALE

The Board has decided that even though capex and gearing are broadly in line with planned levels, it would be prudent to offer the Scrip Distribution Alternative as an effective method of managing the balance sheet in a period of significant economic uncertainty. The Scrip Distribution Alternative provides a cost effective opportunity for Shareholders to increase their shareholding, while strengthening the balance sheet and accelerating the planned reduction in gearing metrics over the medium term.

3. THE CASH DIVIDEND

3.1 Terms of the Cash Dividend

Subject to the terms contained in this Circular and the attached form of election (pertaining to Certificated Shareholders), Shareholders recorded in the securities register of WHL at 17:00 on the Record Date who have **not** elected to participate in the Scrip Distribution Alternative, will be paid the Cash Dividend in respect of their entire Shareholding on the Record Date.

Shareholders who wish to receive the Cash Dividend do not need to take any action.

3.2 Fractions

Trading in the electronic settlement environment operated by Strate Proprietary Limited currently does not permit fractions and fractional entitlements.

Accordingly, where a Shareholder's entitlement to new WHL Ordinary Shares in respect of the Scrip Distribution Alternative results in a fraction of a new WHL Ordinary Share, such fraction of a WHL Ordinary Share will be rounded up to the nearest whole number where the fraction is greater than or equal to 0,5 and rounded down to the nearest whole number where the fraction is less than 0,5.

3.3 Tax implications

This summary is not comprehensive or determinative and should not be relied upon or regarded as tax advice given by WHL or any of its advisers. This summary is based on the South African laws as in force and as applied in practice on 10 February 2016 (being the last practicable date prior to the finalisation of this Circular) and is subject to changes to those laws and practices subsequent to such date. In the case of Shareholders who are non-residents of South Africa for income tax purposes, it should be read in conjunction with the provisions of any applicable double taxation agreement between South Africa and their country of tax residence.

Shareholders should consult their own advisers and take advice as to the tax consequences arising from, or in relation to, the Cash Dividend and/or the Scrip Distribution Alternative in light of their particular circumstances, including, in particular, the effect of any state, regional, local or other tax laws and regulations.

The Cash Dividend will be paid out of income reserves to a maximum of R1,386,442,633. The Cash Dividend will therefore not constitute a distribution of “contributed tax capital”, as that term is defined in the South African Income Tax Act, 1962. A net cash dividend of 113,05 cents per WHL Ordinary Share will apply to Shareholders liable for the full local 15% dividend withholding tax and 133,0 cents per WHL Ordinary Share for Shareholders exempt from the dividend withholding tax. Non-resident Shareholders may qualify for a reduced rate of dividend withholding tax, depending on whether or not there is an applicable agreement for the avoidance of double taxation between South Africa and the country in which a non-resident Shareholder is resident for tax purposes. Shareholders that are either exempt from dividend withholding tax or that qualify for a reduced rate of dividend withholding tax, as above, must ensure that the prescribed dividend withholding tax declaration is submitted to the Transfer Secretaries by no later than the Last Day to Trade, failing which WHL will be obliged to withhold dividend withholding tax at the full local rate of 15%.

The new WHL Ordinary Shares will, pursuant to the Scrip Distribution Alternative, be issued as a capitalisation of part of the income reserves of WHL. The issued ordinary share capital of WHL as at the date of this Circular is 1 042 438 070 WHL Ordinary Shares. The issue of the new WHL Ordinary Shares will not be subject to income tax or dividend withholding tax, but will be issued for no consideration and will have a base cost of nil for capital gains tax purposes. WHL's income tax reference number is 9300/149/71/4.

Accordingly, the Cash Dividend and the Scrip Distribution Alternative may have different tax implications for resident and non-resident Shareholders.

4. **PAYMENT OF THE SCRIP DISTRIBUTION ALTERNATIVE, POSTING OF SHARE CERTIFICATES AND UPDATING/CREDITING OF CSDP ACCOUNTS**

To the extent that the Scrip Distribution Alternative is elected by WHL Ordinary Shareholders, share certificates in respect of new WHL Ordinary Shares will be dispatched to Certificated Shareholders by registered post at the risk of such Shareholders on or about Monday, 7 March 2016 to their last known or registered address or in accordance with the written instructions given to the Transfer Secretaries. WHL Ordinary Shareholders who hold Dematerialised Shares will have their accounts at their CSDP or broker credited/updated electronically on Monday, 7 March 2016.

5. **LISTING OF NEW WHL ORDINARY SHARES**

Application will be made to the JSE to list the maximum possible number of WHL Ordinary Shares that could be issued in terms of the Scrip Distribution Alternative, with effect from the commencement of trade on Monday, 29 February 2016. The JSE will adjust the number of new WHL Ordinary Shares listed, to reflect the actual number of WHL Ordinary Shares issued pursuant to the Scrip Distribution Alternative, on or about Wednesday, 9 March 2016.

You may not refuse, abandon, transfer or renounce your right to receive the Cash Dividend, or the Scrip Distribution Alternative, to the extent applicable, nor may such rights be traded on the exchange operated by the JSE.

6. **EXCHANGE CONTROL**

This paragraph provides guidance with respect to the Exchange Control Regulations of South Africa (“**Exchange Control**”) to Shareholders who are either non-residents or emigrants from the common monetary area, comprising the Republics of South Africa and Namibia and the Kingdoms of Lesotho and Swaziland.

6.1 **In the case of Certificated Shareholders:**

6.1.1 ***Non-residents***

Share certificates will be issued with a “non-resident” endorsement. Dividend payments, which are freely transferable from South Africa, will be sent to the last known or registered address of the Shareholder concerned by registered post (at the risk of that Shareholder) or in accordance with their written instructions to the Transfer Secretaries.

6.1.2 **Emigrants**

The election of the Scrip Distribution Alternative must be made through the Authorised Dealer in Foreign Exchange (“**Authorised Dealer**”) controlling their blocked assets, in terms of which dividend payments derived from distributable reserves may be regarded as transferable and credited to the emigrant’s non-resident Rand account. Share certificates, which will be issued with a “non-resident” endorsement, and dividend payments, based on WHL Ordinary Shares controlled in terms of Exchange Control, will similarly be forwarded to the Authorised Dealer controlling their blocked assets.

6.2 **In the case of Dematerialised Shareholders:**

All aspects relating to Exchange Control will be managed by their CSDP or broker, as follows:

6.2.1 **Non-residents**

WHL Ordinary Shares issued will be credited to their CSDP or broker accounts and a “non-resident” annotation will appear in the CSDP or broker register. Dividend payments will be credited directly to the bank accounts nominated for them by their CSDP or broker, or if applicable, paid by way of cheque.

6.2.2 **Emigrants**

The election of the Scrip Distribution Alternative must be made through the Authorised Dealer controlling their blocked assets.

WHL Ordinary Shares issued, based on WHL Ordinary Shares controlled in terms of Exchange Control, will be credited to the blocked share accounts at the CSDP or broker controlling their blocked assets and an “emigrant” annotation will appear in the CSDP or broker register.

Dividend payments derived from distributable reserves, based on WHL Ordinary Shares controlled in terms of Exchange Control, will be credited to their CSDP or broker accounts and their CSDP or broker will arrange for the same to be credited directly to the Shareholder’s non-resident Rand account held by and to the order of that Shareholder’s Authorised Dealer.

7. **CONSENTS**

The Legal Advisers, Transaction Sponsor and Transfer Secretaries of WHL have consented in writing to act in the capacity stated and to their names being included in this Circular and have not withdrawn their consents prior to the publication of this Circular.

By order of the board of directors of Woolworths Holdings Limited

Ralph Buddle

Interim Company Secretary

12 February 2016

Registered office

Woolworths House
93 Longmarket Street
Cape Town
8001
South Africa

