

WOOLWORTHS LIMITED

Passionate About Retail

A fresh new offer in home improvement

Tuesday 25 August

We are entering the \$24 billion hardware sector

The Australian hardware and home improvement sector is worth \$24 billion¹ plus

Woolworths believes there is a large gap in this sector due to unmet customer needs and limited competition in the destination home improvement category

We have studied the sector closely and intend to enter the category with a multi format offer to meet different customer needs across the whole hardware and home improvement sector

There are two key planks to our offer

- Recommended takeover offer for all the shares in Danks, distributor and marketer to 583 Home Timber & Hardware, Thrifty-Link Hardware and Plants Plus Garden Centres (independent retailers) and 939 other retailers
- Our own network of destination home improvement stores of >10,000 sqm with a target of in excess of 150 sites secured within 5 years
 - As of today, Woolworths has secured entitlement to 12 sites with a further 15 under negotiation

Our success will be underpinned by our partnership with industry specialists

- In addition to the Danks team, we have negotiated a JV agreement with leading US home improvement retailer Lowe's, which will support our plan for destination home improvement.
- Lowe's, on completion, will own a one third interest in Woolworths hardware and home improvement business

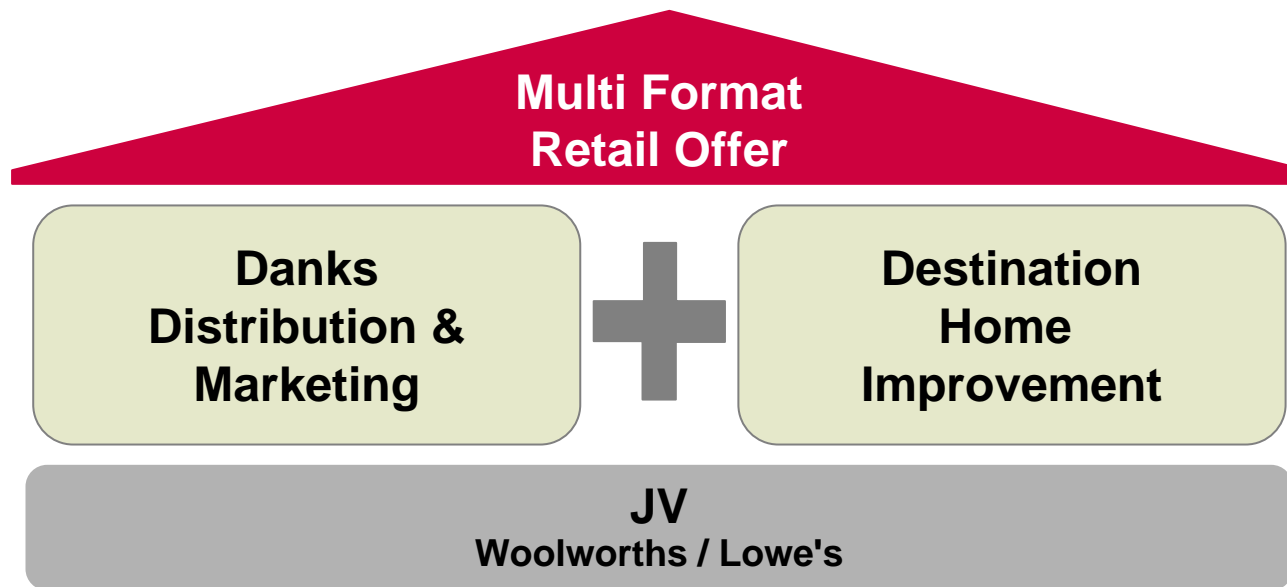
1. Pitney Bowes Market Insight (formerly Mapinfo), Dec 2008

Home improvement strategy

Woolworths' strategy spans supply, distribution and retail

- Danks provides immediate and ongoing scale and infrastructure
- Destination home improvement retail sites will compete in part of the a sector that is ripe for a new entrant

This strategy is supported at every level by our joint venture agreement with Lowe's



The Woolworths vision



Enhanced **choice** for Australian (retail and trade) consumers

- Improved product range representing value and choice
- A mix of store formats to meet consumer needs
- Increased competition in the destination home improvement sector

A **better deal** in your local hardware store

- A competitive distributor presence underpinning a broader range and competitive pricing for independent hardware retailers
- Well supported independent retailers with access to world class logistics and global sourcing



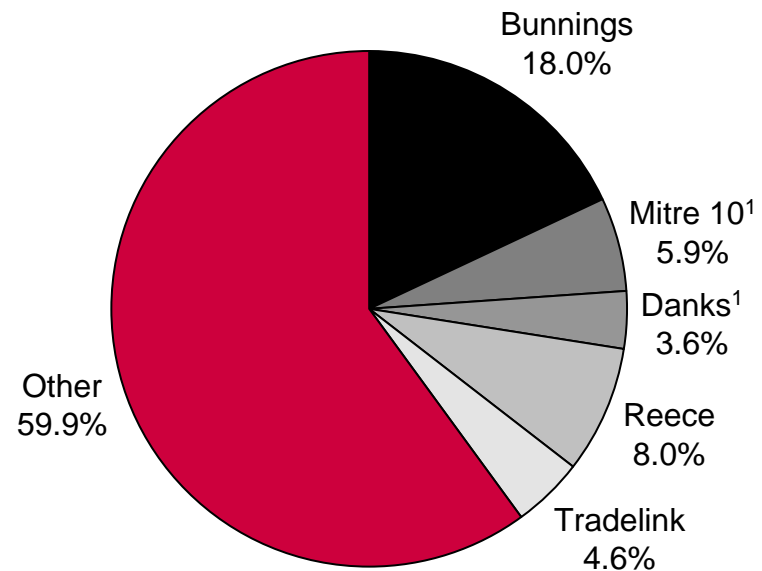
A **fresh new offer** in destination home improvement

- New competition in destination home improvement
- A fresh offer that is customer-led and focussed on meeting the full spectrum of home improvement needs

Why home improvement?

- Home improvement is another category that allows us to serve customers' everyday needs
- We have identified unmet customer needs and therefore see a real opportunity to grow the overall hardware and home improvement sector in Australia
- Our existing retail capabilities (people, systems, IT, supply chain) are transferable to this sector and will be further strengthened by our new partnerships
- Our shareholders will benefit from our continued growth and diversification and enhanced shareholder value

Australian hardware and home improvement sector (retail, trade & garden) worth \$24 billion



1. Estimated retail banner sales

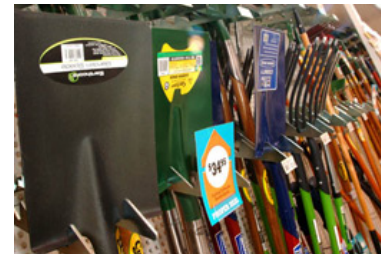
Source: Pitney Bowes Market Insight (formerly Mapinfo), Dec 2008. Includes retail and trade spending on hardware and home improvement and garden. Excludes retail automotive goods

Woolworths — Danks



Danks Overview

- Iconic Australian hardware business - 150 years of trading
- One of Australia's largest and most innovative distributors of hardware and garden products
- Three thriving retail brands – Home Timber & Hardware, Thrifty-Link Hardware and Plants Plus Garden Centres
- 583 member stores and 939 other independent retail hardware customers throughout Australia
- Single point of contact for the supply of 25,000 SKUs and 18 Danks exclusive product brands covering 2,000 SKUs
- Market leading technology including fit for purpose IT system (DART) and innovative product ordering tools
- Five distribution centres in Vic, NSW and WA



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Woolworths — Danks



Danks Independent Retail Distribution



- Distribution and marketing support to 205 stores offering a broad range of timber and building materials
- Services retail trade and DIY customers



- A convenience format
- Distribution and marketing support to 312 stores nationally



- Largest nursery group in Australia
- Distribution and marketing support to 66 stores nationally

Other independents

- Distribution to 939 independents outside Danks' banner network also purchase through the distribution businesses

Danks Exclusive Brands (DEBs)

- 18 private label “exclusive” and affordable brands
- Outdoor furnishings, barbecues, power tools, plumbing fixtures and gardening products



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Woolworths — Danks



Why Woolworths...

- Enhanced capability to continue to support and grow the independent retailers who will remain the lifeblood of the business
- Ongoing access to resources, industry expertise, supply chain expertise and global sourcing capability
- Strategically and culturally aligned
 - Shared vision for a well-supported and better resourced independent sector to realise growth opportunities
- Broader career opportunities for Danks employees



Grow Danks by supporting the independent hardware sector

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Woolworths — Danks



Danks independent retailers including Home Timber & Hardware, Thrifty-Link Hardware and Plants Plus Garden Centres will benefit from

Resources

- Access to resources to service customers better and help them grow their business

Expertise

- The expertise of both Woolworths and Lowe's will provide improved retail insights and strategies

Sourcing

- Increased volume will deliver buying efficiencies that will translate to the retail environment
- Opportunities for global sourcing with potential supply and cost advantages

Supply chain

- Danks will be the basis of the supply chain to continue to support independent hardware and in time, Woolworths' destination home improvement strategy
- Access to Woolworths' supply chain expertise will drive efficiency and quality improvements to ensure service and supply is leading edge

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Acquisition of Danks

Why Danks...

- Danks is a profitable and well run business that we are proud to partner with
- An acquisition of Danks will give us immediate and ongoing capacity and capability to achieve our goal of a multi format home improvement offer
- Danks is an important platform from which Woolworths can grow, giving us the logistical grunt to supply hardware and home improvement products nationally
- The acquisition will enhance value for our shareholders

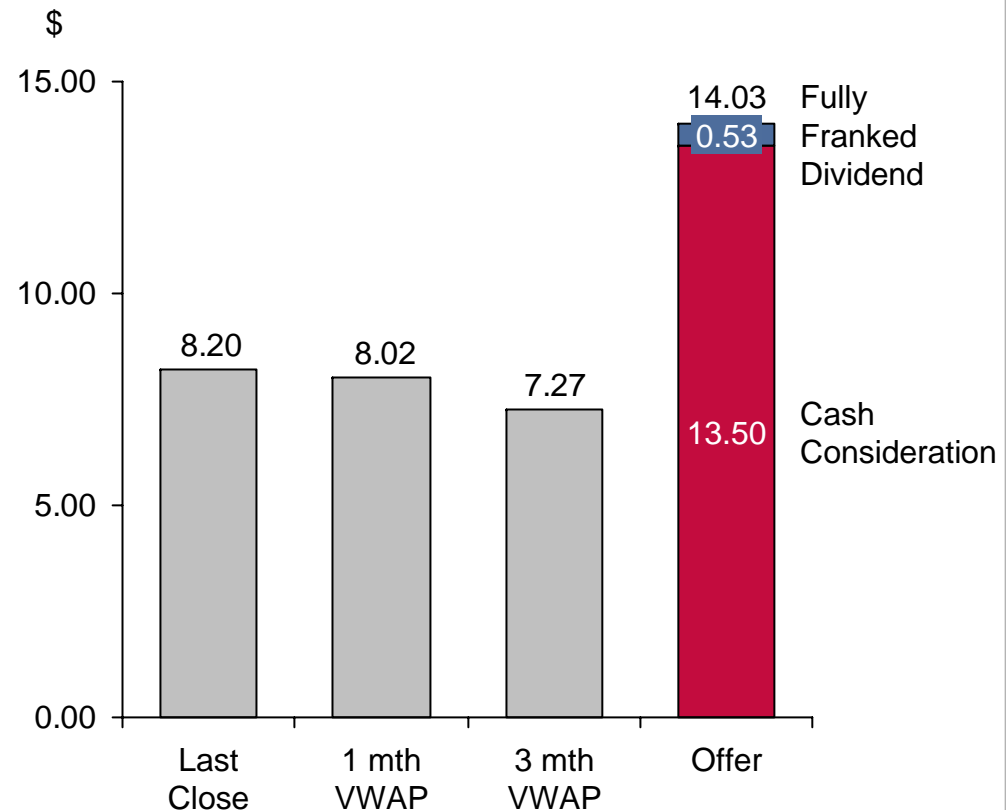


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Acquisition of Danks

Offer Fundamentals

- Recommended offer of \$13.50 per share (representing total equity consideration of \$87.6 million), plus approved final Danks declared dividend of \$0.53 per share
- The offer price represents a:
 - 64.6% premium to Danks closing share price as at 24 August
 - 68.1% premium Danks 1 month VWAP
 - 85.6% premium Danks 3 month VWAP
- Woolworths' offer represents the strategic value of this business and its people to our home improvement strategy
- The offer is unanimously supported by the Danks board and is subject to a 90% minimum acceptance condition
- The acquisition will have a positive EBIT and EPS contribution to Woolworths from day one
- The pre-synergies 2009 EBITDA multiple for the acquisition of 6.1x compares to Woolworths multiple of approximately 10.5x¹ as at close of trade 24 August



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1. Woolworths FY09 EBITDA multiple calculated based on Broker consensus EBITDA as at 24 August 2009, Net Debt as at Dec 08

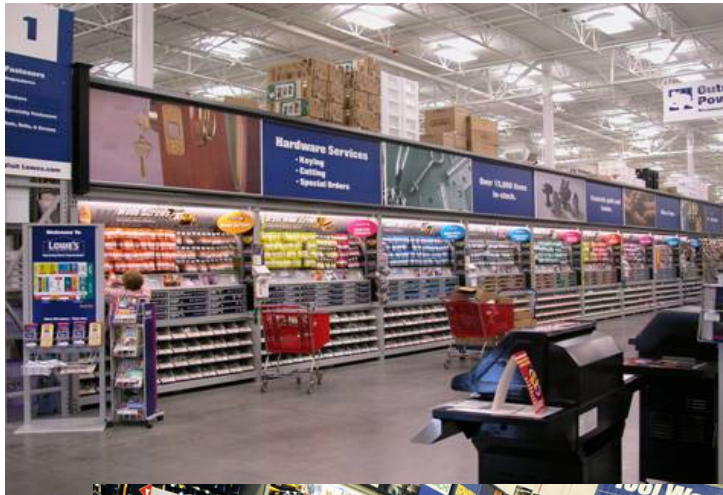
Woolworths priorities for Danks

- Grow the independent hardware sector
- Enhance the value of the Danks brands
- Support the growth of the distribution business – capital investment and economies of scale
- Enable independent retailers to offer their consumers (retail and trade) a better deal in their local hardware store through increased range and competitive pricing
- Retain the wealth of knowledge and experience in the Danks management team and expand employees career opportunities



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Woolworths — Lowe's JV



Lowe's Overview

- Lowe's is the second-largest home improvement retailer in the world
- Annual turnover of US\$48.2 billion to 30 Jan 2009
- Founded in 1946 and based in Mooresville, North Carolina
- Listed on the NYSE, capitalised at US\$31.2+ billion (A\$37.9 billion)
- Offers a complete line of home improvement products and services

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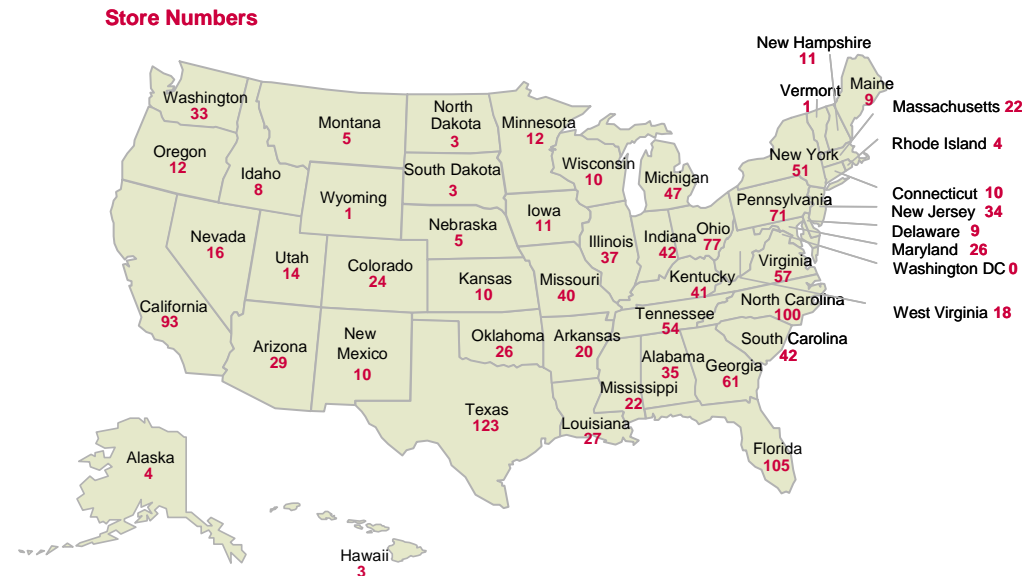
Woolworths — Lowe's JV



Lowe's Overview

- Serves approximately 14 million do-it-yourself, do-it-for-me and commercial business / trade customers per week
- 1,688 stores in the United States and Canada at 31 July 2009
 - One of the fastest growing home improvement businesses globally
- Owns and operates 14 regional distribution centres and 15 flatbed distribution centres

Lowe's Stores By State And Province



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Woolworths — Lowe's JV



Why Australia?

- Opportunity to work with both Australia's largest retailer and a local hardware industry specialist — a powerful combination that benefits all parties
- Significant opportunity at the destination home improvement sector due to lack of competition
- High levels of home ownership mean good dynamics for the home improvement industry
- Economic conditions in Australia are strong / stable when compared to other developed nations at the moment



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Joint Venture with Lowe's

- Woolworths and Lowe's have signed an agreement for a joint venture to establish a comprehensive hardware and home improvement retail network in Australia
- Lowe's investment will represent a 33.3% stake in Woolworths' home improvement multi format offer
- Lowe's will provide Woolworths with access to people, intellectual property, systems and global sourcing opportunities

The **joint venture** agreement with Lowe's gives Woolworths **a strong partner** to underpin our entry into the home improvement sector and will help us establish a **sought after destination retail offer**

In summary

There is a real opportunity to increase the overall size of the home improvement category

- We believe the DIY trend will continue, particularly in the current economic environment
- The Australian love of property and high levels of home ownership mean that maintaining and improving homes is an important part of everyday life

Our move in to this space will be underpinned by our JV with Lowe's which gives us the people, systems and supplier relationships to establish a meaningful home improvement offering

- Unique and collaborative strategy allows Woolworths to enter the hardware and home improvement sector with an exclusive pool of experience
- Objective is to develop a unique customer value proposition that is specific to the Australian consumer

This investment is a vote of confidence in the Australian economy

- Woolworths has a target to secure in excess of 150 store sites within 5 years¹
- As the economy improves, we will be well-positioned to grow the sector

1. Currently secured entitlement to 12 sites with a further 15 under negotiation

Questions

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