



**Metcash Limited**

ABN 32 112 073 480  
1 Thomas Holt Drive  
Macquarie Park  
NSW 2113 Australia

31 July 2017

Market Announcements Office  
Australian Securities Exchange Limited  
20 Bridge Street  
Sydney NSW 2000

Dear Sir/Madam

**METCASH LIMITED - 2017 ANNUAL GENERAL MEETING**

In accordance with ASX Listing Rule 3.17, please find attached the following documents which have been lodged at Australia Post today for despatch to members:

- Notice of Annual General Meeting (and Explanatory Memorandum to shareholders)
- Proxy form.

The 2017 Annual General Meeting will be held at The Lyceum, Wesley Conference Centre, 220 Pitt Street, Sydney, New South Wales, 2000 on Wednesday, 30 August 2017 at 2.30pm.

Yours faithfully

A handwritten signature in black ink, appearing to read "Julie Hutton".

Julie Hutton  
Company Secretary

## Notice of annual general meeting

**Metcash Limited**  
ABN 32 112 073 480

*Notice is given that the 2017 annual general meeting of Metcash Limited (Company) will be held at The Lyceum, Wesley Conference Centre, 220 Pitt Street, Sydney, New South Wales 2000 on Wednesday 30 August 2017 at 2.30pm (AEST):*

### Agenda items

#### 1 Financial report

To receive and consider the financial report of the Company and the reports of the directors and auditor for the year ended 30 April 2017.

#### 2 Resolutions to re-elect directors

Shareholders are asked to consider, and if thought fit, to pass each of the following resolutions as separate ordinary resolutions:

##### (a) To re-elect Mr Robert Murray as a director

*“That Mr Robert Murray, being a director of the Company who retires by rotation under rule 8.1(d)(2) of the Company’s constitution, and being eligible, is re-elected as a director of the Company.”*

##### (b) To re-elect Ms Tonianne Dwyer as a director

*“That Ms Tonianne Dwyer, being a director of the Company who retires by rotation under rule 8.1(d)(2) of the Company’s constitution, and being eligible, is re-elected as a director of the Company.”*

#### 3 Special resolution to approve the giving of financial assistance under section 260B(2) of the Corporations Act

Shareholders are asked to consider, and if thought fit, to pass the following resolution as a special resolution:

##### **Financial assistance to be provided by Danks Holdings Pty Limited and its subsidiaries**

*“That for the purposes of section 260B(2) of the Corporations Act 2001 (Cth), approval is given for the financial assistance to be provided by Danks Holdings Pty Limited ACN 004 295 532 and any of its subsidiaries from time to time in connection with the Acquisition as described in the Explanatory Memorandum accompanying this notice of meeting.”*

#### 4 Resolutions to approve grant of performance rights

##### (a) Resolution to approve grant of performance rights to Mr Ian Morrice, Group CEO

Shareholders are asked to consider, and if thought fit, to pass the following resolution as an ordinary resolution:

*“That approval is given for all purposes, including ASX Listing Rule 10.14, for the grant of performance rights to Mr Ian Morrice on the terms described in the Explanatory Memorandum accompanying this notice of meeting.”*

**(b) Resolution to approve grant of performance rights to Mr Jeffery Adams, proposed Group CEO**

Shareholders are asked to consider, and if thought fit, to pass the following resolution as an ordinary resolution:

*“That approval is given for all purposes, including ASX Listing Rule 10.14, for the grant of performance rights to Mr Jeffery Adams on the terms described in the Explanatory Memorandum accompanying this notice of meeting.”*

**Voting exclusion statement**

The Company will disregard any votes cast on the proposed resolutions in item 4:

- by or on behalf of Mr Morrice or of Mr Adams or their associates, regardless of the capacity in which the vote is cast; or
- as proxy by a person who is a member of the Company’s key management personnel on the date of the annual general meeting or their closely related parties.

However, votes will not be disregarded if they are cast as proxy for a person entitled to vote on the proposed resolutions in item 4:

- in accordance with a direction on the proxy form; or
- by the Chairman of the meeting in accordance with an express authorisation in the proxy form to exercise the proxy even though the resolutions in item 4 are connected with the remuneration of a member of the Company’s key management personnel.

**5 Resolution to adopt the remuneration report**

Shareholders are asked to consider, and if thought fit, to pass the following resolution as an ordinary resolution:

*“That the remuneration report that forms part of the directors’ report of the Company for the financial year ended 30 April 2017 be adopted.”*

The remuneration report is set out on pages 39 to 52 of the 2017 annual report.

Note:

- The vote on this resolution is advisory only, and does not bind the directors or the Company. However, if at least 25% of the votes cast on this resolution are against the resolution, the conditional spill resolution in item 6 below will be put to shareholders for their consideration and vote.
- A voting exclusion applies to the resolution in this item 5 (refer below).

**6 Conditional spill resolution**

The resolution proposed in this item 6 is a conditional resolution and will be put to the meeting if, and only if, at least 25% of the votes cast at the meeting on the resolution proposed in item 5 (*Resolution to adopt the remuneration report*) are cast against the adoption of the remuneration report.

**NOTE: If you don't want the Spill Meeting to take place, vote AGAINST this resolution. If you do want the Spill Meeting to take place, vote FOR this resolution.**

If required, shareholders are asked to consider, and if thought fit, to pass the following resolution as an ordinary resolution:

*"That, subject to and conditional on at least 25% of the votes cast on the resolution proposed in item 5 (Resolution to adopt the remuneration report) being cast against the adoption of the remuneration report:*

- (a) an extraordinary general meeting of the Company's shareholders (**Spill Meeting**) be held within 90 days of this resolution being passed;*
- (b) all of the non-executive directors in office when the resolution to make the directors' report for the financial year ended 30 April 2017 was passed (being Mr Robert Murray, Mrs Fiona Balfour, Mr Patrick Allaway, Ms Tonianna Dwyer, Ms Helen Nash and Mr Murray Jordan) and who remain in office at the time of the Spill Meeting, cease to hold office immediately before the end of the Spill Meeting; and*
- (c) resolutions to appoint persons to offices that will be vacated immediately before the end of the Spill Meeting be put to the vote at the Spill Meeting."*

#### **Voting exclusion statement**

The Corporations Act restricts the Company's key management personnel and their closely related parties from voting in relation to the resolutions proposed in items 5 and 6 in certain circumstances.

The terms 'key management personnel' and 'closely related party' are defined in the Corporations Act. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of the Company. A closely related party includes a spouse, dependant and certain other close family members, as well as any companies controlled by a member of the key management personnel.

In accordance with the Corporations Act, the Company will disregard any votes cast on the resolutions proposed in items 5 and 6:

- by or on behalf of a person who is a member of the Company's key management personnel named in the remuneration report or their closely related parties (regardless of the capacity in which the vote is cast); or
- as proxy by a person who is a member of the Company's key management personnel on the date of the annual general meeting or their closely related parties.

However, votes will not be disregarded if they are cast as proxy for a person entitled to vote on the resolution proposed in item 5 or 6 (as applicable):

- in accordance with a direction on the proxy form; or
- by the Chairman of the meeting in accordance with an express authorisation in the proxy form to exercise the proxy even though the resolution in item 5 or 6 (as applicable) is connected with the remuneration of the Company's key management personnel.

#### **What the voting exclusions on the resolutions in items 4, 5 and 6 mean for shareholders**

If you intend to appoint a member of the Company's key management personnel (such as one of the directors) as your proxy, please ensure that you direct them how to vote on the resolutions proposed in items 4, 5 and 6.

If you appoint the Chairman of the meeting as your proxy (or the Chairman becomes your proxy by default) and you do not mark a voting box for the resolutions proposed in items 4, 5 or 6, then by completing and submitting the proxy form you will be expressly authorising the Chairman of the meeting to exercise the proxy in respect of the relevant resolution, even though the resolution is connected with the remuneration of the Company's key management personnel.

The Chairman of the meeting intends to vote all available proxies **in favour** of each resolution other than the resolution proposed in item 6 (*Conditional spill resolution*). The Chairman of the meeting intends to vote all available proxies **against** the resolution proposed in item 6 (*Conditional spill resolution*).

## Explanatory memorandum

Shareholders are referred to the Explanatory Memorandum accompanying and forming part of this notice of meeting.

### By Order of the Board

A handwritten signature in black ink, appearing to read 'Julie Hutton', with a long horizontal flourish extending to the right.

Julie Hutton  
Company Secretary

31 July 2017

## Background information

The following information forms part of this notice of meeting.

## Entitlement to vote and required majority

### Snapshot time

The Company has determined, under Regulation 7.11.37 of the *Corporations Regulations 2001* (Cth), that for the purposes of the annual general meeting, shares will be taken to be held by the persons who are the registered holders **at 7 pm (AEST) on Monday 28 August 2017**. Accordingly, share transfers registered after that time will be disregarded in determining entitlements to attend and vote at the meeting.

### Required majority

The resolutions proposed in item 2 (*Resolutions to re-elect directors*), item 4 (*Resolutions to approve grant of performance rights*), item 5 (*Resolution to adopt the remuneration report*), and item 6 (*Conditional spill resolution*) are ordinary resolutions and each will be passed if more than 50% of the votes cast by shareholders entitled to vote on the resolution are cast in favour of the resolution.

The resolution proposed in item 3 (*Special resolution to approve the giving of financial assistance under section 260B(2) of the Corporations Act*) is a special resolution and will be passed if at least 75% of the votes cast by shareholders entitled to vote on the resolution are cast in favour of the resolution.

In the interests of transparency and good governance, and so as to include proxy votes that have been lodged before the meeting, the vote on each resolution will be decided on a poll, subject to any requirements of the Corporations Act and the Company's constitution.

Each shareholder present in person or by proxy, attorney or representative has one vote for each fully paid ordinary share held.

## Proxies, attorneys and corporate representatives

A shareholder entitled to attend and vote can do so either by:

- attending and voting in person, by appointing an attorney to attend and vote for the shareholder, or if the shareholder is a corporate shareholder, appointing a representative to attend and vote on the shareholder's behalf; or
- appointing not more than 2 proxies to attend and vote for the shareholder.

### Voting by proxy

If a shareholder does not want to attend the meeting but is entitled to attend and vote, the shareholder can appoint the Chairman or another person as proxy to attend and vote for the shareholder. A proxy need not be a shareholder of the Company and can be either an individual or a body corporate. The proxy can be appointed in respect of some or all of the votes held by the shareholder. A shareholder that is entitled to cast 2 or more votes may appoint up to 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If no proportion or number is specified, each proxy may exercise half of the shareholder's votes. If a shareholder appoints two proxies, neither is entitled to vote as proxy on a show of hands at the meeting (however, as noted above, the vote on each resolution will be decided on a poll).

If a shareholder appoints a body corporate as proxy, that body corporate will need to ensure that it appoints an individual as its corporate representative to exercise its powers at the meeting.

Completed proxy forms (together with any authority under which the proxy was signed or a certified copy of the authority) must be received by the Company's corporate registry, Boardroom Pty Limited, at least 48 hours before the meeting for the proxy to be effective (that is, no later than **2.30pm (AEST) on Monday 28 August 2017**), at the following address, facsimile number or website address:

Address:	By mail:	Boardroom Pty Limited GPO Box 3993 Sydney NSW 2001 AUSTRALIA	In person:	Level 12 225 George Street Sydney NSW 2000 AUSTRALIA
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Facsimile: +61 2 9290 9655

Online: [www.votingonline.com.au/metcashagm2017](http://www.votingonline.com.au/metcashagm2017)

### **Voting by attorney**

Where a shareholder appoints an attorney to act on their behalf at the meeting, the instrument appointing the attorney (together with any authority under which the instrument was signed or a certified copy of the authority) must be received by **2.30pm (AEST) on Monday 28 August 2017** by the Company's corporate registry, Boardroom Pty Limited, as set out above for proxy forms.

### **Voting by corporate representative**

Any corporate shareholder or proxy must appoint a person to act as its representative. The representative must bring a formal notice of appointment signed as required by section 127 of the Corporations Act or the constitution of the corporation. A form of notice of appointment can be obtained from Boardroom Pty Limited or downloaded from <http://boardroomlimited.com.au/investor-forms/>

### **Voting exclusions**

Certain voting restrictions apply to item 4(a) (*Resolution to approve grant of performance rights to Mr Ian Morrice, Group CEO*), item 5 (*Resolution to adopt the remuneration report*) and item 6 (*Conditional spill resolution*). In the interests of transparency and good governance, the Company will also apply these voting restrictions to item 4(b) (*Resolution to approve grant of performance rights to Mr Jeffery Adams, proposed Group CEO*). If you wish to appoint a member of the Company's key management personnel (which includes each of the directors and the Chairman) as your proxy, please read the voting exclusions in items 4, 5 and 6 in this notice of meeting and the proxy form carefully. Shareholders are encouraged to direct their proxies how to vote.

### **How the Chairman will vote available proxies**

The Chairman of the meeting intends to vote all available proxies **in favour** of the resolutions set out in this notice of meeting other than the resolution proposed in item 6 (*Conditional spill resolution*). The Chairman of the meeting intends to vote all available proxies **against** the resolution proposed in item 6 (*Conditional spill resolution*).

### **Default to the Chairman**

Any directed proxies that are not voted on a poll at the meeting will automatically default to the Chairman of the meeting, who is required to vote proxies as directed.

### **Admission to meeting**

Shareholders or their proxies, attorneys or representatives who will be attending the meeting are asked to arrive 15 minutes before the start of the meeting and to bring their proxy form to help speed admission. Shareholders who appoint a proxy or attorney may still attend the meeting. However, if the shareholder votes on a resolution, the proxy or attorney is not entitled to vote as that shareholder's proxy or attorney on the resolution.

Shareholders who do not plan to attend the meeting are encouraged to complete and return a proxy form.

# Explanatory Memorandum to shareholders

**Metcash Limited**  
ABN 32 112 073 480

This Explanatory Memorandum has been prepared to assist shareholders to understand the business to be put to shareholders at the annual general meeting. It is an important document. Please read it carefully.

## Agenda items

### 1 Financial report

The Corporations Act requires:

- the reports of the directors and auditor; and
- the annual financial report, including the financial statements of the Company,

for the year ended 30 April 2017 to be laid before the annual general meeting. Neither the Corporations Act nor the Company's constitution requires a vote of shareholders on the reports or statements (other than the non-binding vote in respect of the remuneration report forming part of the directors' report – see the resolution in item 5). However, shareholders will be given ample opportunity to raise questions or comments on the reports and statements at the meeting.

Also, a reasonable opportunity will be given to members as a whole at the meeting to ask the Company's auditor questions relevant to the conduct of the audit and the preparation and content of the auditor's report. In addition, you can submit written questions to the auditor about the conduct of the audit and the auditor's report. Written questions must be received by **2.30pm (AEST) on Wednesday 23 August 2017** by the Company's corporate registry, Boardroom Pty Limited (at the address or facsimile number for lodgement of proxies or via email at [enquiries@boardroomlimited.com.au](mailto:enquiries@boardroomlimited.com.au)).

### 2 Resolutions to re-elect directors

Under rule 8.1(d)(2) of the Company's constitution, at each annual general meeting 1/3 of the directors of the Company (excluding the managing director and any director appointed since the last annual general meeting), rounded down, if necessary, to the nearest whole number, and any other director who, if they do not retire, will at the conclusion of the meeting have been in office for 3 or more years and for 3 or more annual general meetings since they were last elected to office, must retire from office as directors. Under rule 8.1(e) of the Company's constitution, the directors who must retire at an annual general meeting are those who have been longest in office since their last election.

Accordingly:

- Mr Robert Murray retires by rotation in accordance with rule 8.1(d)(2) of the Company's constitution and, being eligible, offers himself for re-election as a director of the Company in accordance with rule 8.1(f) of the Company's constitution.
- Ms Tonianne Dwyer retires by rotation in accordance with rule 8.1(d)(2) of the Company's constitution and, being eligible, offers herself for re-election as a director of the Company in accordance with rule 8.1(f) of the Company's constitution.

## **Profiles of directors standing for re-election**

### **Mr Robert Murray, Chair, Independent Non-Executive Director (MA Hons Economics (Cantab))**

Mr Murray was appointed to the Board on 29 April 2015 and was appointed as Chair of the Board, and elected as a director, on 27 August 2015. He is a member of the Nomination Committee, and attends meetings of the People & Culture Committee and the Audit, Risk & Compliance Committee.

Mr Murray has extensive experience in retail and fast moving consumer goods and an in-depth understanding of consumers. He was previously the CEO of Lion Nathan and CEO of Nestle Oceania, and a former director of Super Retail Group Limited and Linfox Logistics. Mr Murray was also formerly the Chairman of Dick Smith Holdings Limited.

Mr Murray is a non-executive director of Southern Cross Media Group Limited. He is also a Board member of the not-for-profit charity organisation, the Bestest Foundation.

The Board considers Mr Murray to be an independent director.

### **Ms Tonianne Dwyer, Independent Non-Executive Director (BJuris (Hons), LB (Hons), GAICD)**

Ms Dwyer was appointed to the Board on 24 June 2014 and elected as a director on 27 August 2014. She is a member of the Nomination Committee and Audit, Risk & Compliance Committee.

Ms Dwyer has over 20 years' experience in investment banking and real estate in the UK and Europe during which time she held roles with Hambros Bank Limited, Societe General and LSE listed Quintain Estates & Development plc.

Ms Dwyer is a non-executive director of Dexus Property Group, Dexus Wholesale Property Fund, ALS Limited, Oz Minerals Limited and Queensland Treasury Corporation. She is a member of the Senate and Deputy Chancellor of the University of Queensland, a member of Chief Executive Women and a Graduate of the Australian Institute of Company Directors.

The Board considers Ms Dwyer to be an independent director.

## **Recommendations**

*The Board (with Mr Murray abstaining), taking cognisance of the recommendation of the Nomination Committee and the annual performance evaluation of the Board, the Chair and each of the directors, believes that it is in the best interests of shareholders that Mr Murray be re-elected as a director of the Company and unanimously recommends that shareholders vote in favour of the resolution to re-elect him as a director.*

*The Board (with Ms Dwyer abstaining), taking cognisance of the recommendation of the Nomination Committee and the annual performance evaluation of the Board, the Chair and each of the directors, believes that it is in the best interests of shareholders that Ms Dwyer be re-elected as a director of the Company and unanimously recommends that shareholders vote in favour of the resolution to re-elect her as a director.*

## **3 Special resolution to approve the giving of financial assistance under section 260B(2) of the Corporations Act**

### **Executive Summary**

This resolution is proposed in order to enable the Company to comply with the group's financing arrangements (**Financing Arrangements**) by causing Danks Holdings Pty Limited and its subsidiaries (the **Danks Companies**), which were acquired by the Metcash Group pursuant to

the Acquisition in October 2016, to become guarantors under the Financing Arrangements. By becoming guarantors, the Danks Companies may be regarded as financially assisting the Metcash Group to acquire the shares in Danks Holdings Pty Limited for the purposes of the Corporations Act because the group used the Financing Arrangements to fund the acquisition of Danks Holdings Pty Limited. The Corporations Act requires such financial assistance to be approved by the shareholders of the company giving the assistance and the shareholders of any listed holding company of those companies. For the reasons set out below, the directors consider the resolution is in the best interests of the Company and unanimously recommend that shareholders vote in favour of the resolution proposed in item 3.

## **Background to the requirement for financial assistance resolution**

### The Acquisition

On 2 October 2016, Mitre 10 Australia Pty Ltd (ACN 009 713 704) (the **Purchaser**), a wholly owned subsidiary of the Company, purchased the entire issued share capital of Danks Holdings Pty Limited (ACN 004 295 532) (the **Target**) under the terms of a share sale deed dated 24 August 2016 between Hydrox Brands Pty Ltd (ACN 138 990 584) (as seller) (the **Vendor**), the Purchaser, Metcash Trading Limited (as buyer guarantor) (ACN 000 031 569) (**Metcash Trading**) and Woolworths Ltd (ACN 000 014 675) (the **Acquisition**).

Under the Corporations Act, there are restrictions on the Target and its subsidiaries providing financial assistance to the Purchaser in connection with the Acquisition. These restrictions are subject to specified exceptions, including where the requisite shareholder approvals are obtained in relation to the financial assistance being provided, as described in more detail below.

### Restrictions on companies giving financial assistance

Section 260A(1) of the Corporations Act expressly allows a company to financially assist a person to acquire shares in the company or a holding company of the company if the assistance is approved by shareholders under section 260B of the Corporations Act.

### Shareholder approval of financial assistance

Section 260B of the Corporations Act relevantly provides:

- (a) in section 260B(1) that for a company to financially assist a person to acquire shares in itself or a holding company of the company, the financial assistance must be approved by its shareholders by:
  - (1) a special resolution passed at a general meeting of the company, with no votes being cast in favour of the resolution by the person acquiring the shares or by their associates; or
  - (2) a resolution agreed to, at a general meeting, by all ordinary shareholders; and
- (b) if, immediately after the acquisition, the company will be a subsidiary of a domestic corporation that is listed in Australia (**Listed Holding Company**) then the financial assistance must also be approved by a special resolution of the shareholders of the Listed Holding Company passed under section 260B(2).

### Approval by shareholders of the Company

Upon completion of the Acquisition, the Company became the Listed Holding Company of the Target and its subsidiaries (**Target Group**), including Homestead Hardware Australasia Pty Ltd (ACN 004 069 587), Home Timber & Hardware Group Pty Ltd (ACN 004 037 049), Home Hardware Australasia Pty. Ltd. (ACN 000 145 228), HTH Events Pty Ltd (ACN 005 984 654), Thrifty-Link Hardware Pty. Ltd. (ACN 004 213 996), HTH Stores Pty Limited (ACN 131 802 465), Australian Hardware Distributors Pty. Limited (ACN 004 809 287), Hammer Hardware

Stores Pty. Ltd. (ACN 004 889 598), Hardings Hardware Pty. Ltd. (ACN 064 548 349) and Hudson Building Supplies Pty Limited (ACN 104 489 616).

Accordingly, shareholders of the Company are asked to consider and, if thought fit, resolve to approve the financial assistance resolution proposed in item 3 to enable the Target and any other member or members of the Target Group (with each being a **Target Guarantor**) from time to time to financially assist the Purchaser in connection with the Acquisition (the **Financial Assistance Resolution**).

## **Funding arrangements**

### Syndicated Facility

As part of the ongoing financing arrangements of the Company and its subsidiaries (**Metcash Group**), Metcash Trading entered into a syndicated facility agreement dated 24 March 2015 (as amended from time to time) with various financiers and Australia and New Zealand Banking Group Limited (**ANZ**) acting as the facility agent (**Facility Agreement**).

Metcash Trading used funds drawn under the Facility Agreement to assist in the financing of the Acquisition.

### Hedge Transactions

At completion of the Acquisition, certain hedge transactions with ANZ were novated from Hydrox Holdings Pty Ltd (ACN 138 990 593) to Metcash Trading, and effectively taken to be subject to Metcash Trading's existing ISDA Master Agreement with ANZ (**ISDA Master Agreement**).

### Bank Guarantees

At completion of the Acquisition, the working capital facility agreement between ANZ and Metcash Trading (among others) dated 10 February 2011 (as amended from time to time) (**Working Capital Facility Agreement**) was amended such that a number of bank guarantees that were on issue by ANZ at the request of Woolworths Ltd (ACN 000 014 675) or its subsidiaries in respect of the Target Group (**Original Guarantees**) were effectively taken to be issued by ANZ under the Working Capital Facility Agreement at the request of Metcash Trading or another member of the Metcash Group, and replacement bank guarantees and/or other bank guarantees have been and/or may from time to time be issued by ANZ under the Working Capital Facility Agreement at the request of Metcash Trading in relation to the Original Guarantees.

### Common Provisions Deed Poll

The Facility Agreement, ISDA Master Agreement and Working Capital Facility Agreement and other designated financing arrangements of the Metcash Group benefit from guarantees and other provisions contained in a Common Provisions Deed Poll dated 10 February 2011 between Metcash Trading, the Company and certain subsidiaries in the Metcash Group (collectively the **Metcash Guarantors**) in favour of the financiers under the Facility Agreement, ANZ and any other person who is nominated as a 'Finance Party' under the Common Provisions Deed Poll from time to time (each a **Finance Party**) (as amended from time to time) (**CPDP**).

As is usual for such financing arrangements, the terms of the CPDP require that (subject to certain conditions and exceptions) subsidiaries of the Company be party to the CPDP as 'Guarantors' (**Guarantor Requirements**). To satisfy the Guarantor Requirements, the Company is required to cause certain members of the Target Group to accede to the CPDP as 'Guarantors'.

A failure by the Company to satisfy the Guarantor Requirements would (in the absence of a waiver by the Finance Parties) result in an 'Event of Default' occurring under the CPDP, which could in return result in the Finance Parties terminating and requiring immediate repayment of

amounts due to them under the Metcash Group's financing arrangements (including under any document which is a 'Common Provisions Finance Document' for the purposes of the CPDP (collectively the **Finance Documents**)).

### **Financial assistance**

The Company therefore proposes that each member of the Target Group which is required to become a 'Guarantor' under the CPDP in order for the Company to satisfy the Guarantor Requirements will accede to the CPDP as 'Guarantors' pursuant to a guarantor accession deed poll as soon as reasonably possible after the annual general meeting (and in any event within the period of 45 days after the annual general meeting). Additional members of the Target Group may, at the same time, or subsequently from time to time, accede to the CPDP as 'Guarantors'.

By becoming Guarantors, these Target Group members will become liable as guarantors in respect of the Facility Agreement, the ISDA Master Agreement, the Working Capital Facility Agreement and other financing arrangements of the Metcash Group that have the benefit of the CPDP. In addition, these Target Group members will become bound by the other provisions of the CPDP, which include events of default, representations, warranties and undertakings usual for financings arrangements of this nature. The members of the Target Group may also enter into other transactions in the future which benefit other Metcash Group members and may be regarded as financial assistance for the purposes of the Corporations Act.

### **Financial assistance approvals**

The entry into the guarantor accession deed poll by each Target Guarantor, the performance by each Target Guarantor of its rights and obligations under the Finance Documents and the participation by the Target Guarantors in the funding arrangements and other transactions, all as described above, constitutes the giving of financial assistance for the purposes of the relevant provisions of the Corporations Act.

Pursuant to the Corporations Act, the giving of the financial assistance by a Target Guarantor in connection with the Acquisition is required to be approved by a resolution agreed to by all ordinary shareholders of the relevant Target Guarantor pursuant to section 260B(1) of the Corporations Act. These approvals will be sought once the Financial Assistance Resolution has been approved as required at the annual general meeting of the Company.

The Financial Assistance Resolution must be approved by a special resolution, that is, 75% or more of the votes cast by shareholders of the Company present and voting at the annual general meeting (either in person or by proxy, attorney or representative).

### **Financial Assistance Resolution**

#### Reasons for giving financial assistance

The purpose for giving of the financial assistance, as described above, is to enable the Company, Metcash Trading and the other Metcash Guarantors to continue to comply with their obligations under the CPDP and will enable the Metcash Group to continue to have access to funding and other financial accommodation under the Finance Documents, including the Facility Agreement, the ISDA Master Agreement and the Working Capital Facility Agreement. In addition, the Target Guarantors will benefit from the Metcash Group being able to access funding and other financial accommodation in the bank markets in the future.

#### Effect of financial assistance

##### *The Company*

As the Company (in its capacity as a Metcash Guarantor) is already liable for the amounts payable under the Finance Documents, including the Facility Agreement, the giving of the

financial assistance described in this Explanatory Memorandum by the Target Guarantors is unlikely to have any adverse effect on the Company.

#### *The Target Guarantors*

The giving of financial assistance described in this Explanatory Memorandum will affect the Target Guarantors as each Target Guarantor will have guaranteed all amounts payable under each Finance Document, including the Facility Agreement, the ISDA Master Agreement and the Working Capital Facility Agreement. The operations of the Target Guarantors will also be restricted by the representations and undertakings given by them under the CPDP and they will also be liable for the amounts due under the Finance Documents.

In addition to making a demand on the Company, the financiers may make a demand under the guarantee and indemnity provided by the Target Guarantors under the CPDP, requiring immediate payment of the amounts due under each Finance Document, including the Facility Agreement, the ISDA Master Agreement and the Working Capital Facility Agreement. Such a demand could ultimately result in the winding up of the Target Guarantors and the sale of each Target Guarantor's assets, if it were unable to pay the amounts due. This could result in a return to the Company (and ultimately its shareholders) that is significantly lower than could have been achieved by the Company had those assets been sold in the ordinary course of business or had the relevant guarantor continued trading.

The directors of the Company do not currently believe that any of the Company, Metcash Trading, any of the other Metcash Guarantors or any of the Target Guarantors are likely to default in their obligations under the CPDP or any Finance Document, including the Facility Agreement, the ISDA Master Agreement and the Working Capital Facility Agreement.

#### Disadvantages of the proposed resolution

##### *The Company*

As the Company (in its capacity as a Metcash Guarantor) is already liable for accounts payable under the Finance Documents, including the Facility Agreement, the ISDA Master Agreement and the Working Capital Facility Agreement, the directors of the Company do not believe there are any disadvantages to the Company of the Financial Assistance Resolution, except that, as noted above, the operations of the Target Guarantors will be restricted by the representations and undertakings given by them under the CPDP.

##### *The Target Guarantors*

The disadvantages of the proposed resolution for the Target Guarantors include the following:

- (a) they will become liable for the amounts due under the Finance Documents, including the Facility Agreement, the ISDA Master Agreement and the Working Capital Facility Agreement;
- (b) their operations, and the operations of their subsidiaries, will be restricted by the representations and undertakings given by them under the CPDP; and
- (c) the financiers may make a demand under the guarantee and indemnity provided by the Target Guarantors under the CPDP, requiring immediate payment of the amounts due under any Finance Document, including the Facility Agreement, the ISDA Master Agreement and the Working Capital Facility Agreement.

A demand made under the CPDP or any Finance Document could ultimately result in the consequences more fully described above under the heading 'Effect of financial assistance'.

## **Prior notice to Australian Securities & Investments Commission**

As required by section 260B(5) of the Corporations Act, copies of the notice of annual general meeting and this Explanatory Memorandum as sent to the shareholders were lodged with the Australian Securities & Investments Commission prior to being sent to the shareholders of the Company.

## **Disclosure**

The directors consider that this Explanatory Memorandum contains all information known to the Company that would be material to the shareholders of the Company in deciding how to vote on the Financial Assistance Resolution other than information which it would be unreasonable to require the Company to include because it has been previously disclosed to the shareholders of the Company.

## **Recommendation**

For the reasons set out above, the directors of the Company consider the Financial Assistance Resolution is in the best interests of the Company.

*The Board unanimously recommends that shareholders vote in favour of the Financial Assistance Resolution.*

## **4 Resolutions to approve grant of performance rights**

### **Background**

Shareholder approval is sought to grant:

- 184,982 performance rights to the Group CEO, Mr Ian Morrice, as part of his long term incentive (**LTI**) for FY2018; and
- 467,804 performance rights to the proposed Group CEO, Mr Jeffery Adams, who will commence with Metcash on 4 September 2017, as part of his LTI for FY2018,

(together, the **Performance Rights**). In each case, the proposed award of Performance Rights has been pro-rated down from their respective full LTI opportunity, as more fully described below.

If shareholder approval is obtained, the Performance Rights will be granted under the Company's Senior Executive Performance Rights Plan (**PRP**).

### **Why is approval sought?**

ASX Listing Rule 10.14 requires the Company to obtain shareholder approval in order to issue securities to a director under an employee incentive scheme.

Mr Morrice is a director. Accordingly, the Company is seeking shareholder approval for the grant to Mr Morrice in the interests of transparency and good governance, and so that the Company will have the flexibility to issue shares to Mr Morrice if the performance conditions are achieved and his Performance Rights subsequently vest.

The Company is also seeking shareholder approval for the grant to Mr Adams, even though he will not be appointed a director until a later date. The Company is seeking this approval in the interests of transparency and good governance, and so that the Company will have the flexibility to issue shares to Mr Adams if the performance conditions are achieved and his Performance Rights subsequently vest (given that it is expected that Mr Adams will be a director of the Company at that time).

## **Overview**

### Grant of performance rights to Mr Morrice

If shareholders approve the grant to Mr Morrice, he will be granted 184,982 Performance Rights. This number has been determined by dividing Mr Morrice's LTI opportunity of \$1,100,000 by \$2.27, being the volume weighted average price of the Company's shares traded on the ASX over the 20 trading days ended 28 April 2017, the last trading day before the start of the Company's 2018 financial year, and then pro-rating that amount to reflect that he will have served, at the time of his retirement on 23 June 2018, 38.2% of the total number of days in the performance period (1 May 2017 to 30 April 2020) in respect of which the two performance conditions applying to the award will be tested (refer below for details of these performance conditions).

Mr Morrice's LTI opportunity (before being pro-rated, as described above) is 61% of his Total Employment Cost (**TEC**) of \$1,800,000.

The actual value that Mr Morrice will receive (if any) will depend on whether the performance conditions are achieved and the price of the Company's shares at the date of vesting.

The Board has determined that (although permitted under the terms of the Company's LTI Plan) it will not exercise its discretion to allow early vesting of Mr Morrice's Performance Rights in connection with his retirement. The grant to Mr Morrice is intended to align his interests with long term shareholder returns. For this reason, vesting of Mr Morrice's Performance Rights will be assessed at the same time and over the same performance period as other LTI grants. All of Mr Morrice's Performance Rights will stay on foot following his retirement and vesting will be determined in accordance with the plan rules.

### Grant of performance rights to Mr Adams

If shareholders approve the grant to Mr Adams, he will be granted 467,804 Performance Rights. This number has been determined by dividing Mr Adams' LTI opportunity of \$1,200,000 by \$2.27, being the volume weighted average price of the Company's shares traded on the ASX over the 20 trading days ended 28 April 2017, the last trading day before the start of the Company's 2018 financial year, and then pro-rating that amount to reflect his appointment as at 4 September 2017.

Mr Adams' LTI opportunity (before being pro-rated, as described above) is 67% of his Total Employment Cost (**TEC**) of \$1,800,000.

The actual value that Mr Adams will receive (if any) will depend on whether the performance conditions are achieved and the price of the Company's shares at the date of vesting.

### Performance Conditions

Each award will be subject to two performance conditions that will be tested over a three year performance period running from 1 May 2017 to 30 April 2020. Half of the Performance Rights will be subject to a relative total shareholder return (**TSR**) hurdle. The remaining half of the Performance Rights will be subject to an earnings per share (**EPS**) hurdle. Further detail about each of these performance conditions is set out below.

#### Relative TSR

TSR is a method of calculating the return shareholders would earn if they held a notional number of shares over a period of time. Relative TSR measures the Company's TSR against a comparator group of companies.

At the end of the performance period, half of the Performance Rights will be tested based on the Company's TSR against the TSR of a group of selected peers, being consumer staples

companies in the ASX 300 as at 1 May 2017. The TSR of those peer companies will be multiplied by an index weighting. The sum of the weighted TSRs (**Index TSR**) is the score against which the Company's TSR will be compared.

The Board has the discretion to adjust the peer group and the weightings to take into account events including but not limited to delistings, takeovers, mergers or de-mergers that might occur during the performance period.

The percentage of Performance Rights that will be eligible for vesting (if any) will be determined as follows:

<b>Metcash TSR</b>	<b>% of Performance Rights that vest</b>
Less than Index TSR	0%
Equal to Index TSR	50% ( <b>on-target award</b> )
Between Index TSR and Index TSR + 10%	Pro-rata vesting on a straight line basis
Equal to, or above, Index TSR + 10%	100% ( <b>maximum award</b> )

## EPS

The remaining half of the Performance Rights will be subject to an EPS performance condition that will be measured by reference to the compound annual growth rate (**CAGR**) of the Company's Underlying EPS over the performance period.

The percentage of Performance Rights that will be eligible for vesting (if any) will be determined as follows:

<b>Metcash Underlying EPS* CAGR</b>	<b>% of Performance Rights that vest</b>
Below Target	0%
Target	50%
Between Target and Stretch	Pro-rata vesting on a straight line basis
Stretch	75%
Between Stretch and Maximum	Pro-rata vesting on a straight line basis
Maximum or above	100%

*\* Based on Underlying EPS, which excludes items classified as Significant Items or as Discontinued Operations*

The Board has set the above EPS CAGR performance conditions with reference to the latest strategic plan presented to the Board, which is commercially sensitive. Achievement of an EPS target over the three year period to FY2020 will result in 50% vesting of the incentive. Maximum vesting will only occur if Metcash achieves an Underlying EPS CAGR of greater than or equal to 6.5% over the three year performance period. If the Performance Rights ultimately vest, the EPS CAGR performance condition percentages will be disclosed after the test date.

All of Mr Morrice's and Mr Adams' Performance Rights will be tested against satisfaction of the above performance conditions in or around June 2020. When testing the performance conditions, the Board has discretion to include or exclude any items from its calculations. Calculation of the hurdles and achievement against the hurdles will be determined by the Board in its absolute discretion, having regard to any matters that it considers relevant (including changes to Australian Accounting Standards). Any Performance Rights that do not vest when they are tested will lapse.

## **Terms applying to all Performance Rights**

**Vesting** Each Performance Right that vests entitles each of Mr Morrice and Mr Adams to one share in the Company (or an equivalent cash payment in lieu of an allocation of shares).

Any shares issued or transferred to Mr Morrice or Mr Adams on vesting of their Performance Rights may be purchased on-market or issued by the Company. No amount will be payable by Mr Morrice or Mr Adams for those shares.

The Performance Rights do not carry any voting rights or entitlements to receive dividend payments prior to vesting. Once vested, the shares are not subject to any disposal restriction, however Mr Morrice and Mr Adams must comply with the Company's 'Code for Directors and Management in Respect of Share Transactions' as amended from time to time.

**Cessation of employment** Unless the Board determines otherwise, all Performance Rights held will lapse if Mr Morrice or Mr Adams (as applicable) is summarily dismissed or has otherwise:

- engaged in serious or wilful misconduct;
- been seriously negligent in the performance of their duties;
- committed a serious breach of their employment contract;
- committed an act, whether at work or otherwise, which brings the Company into disrepute; or
- been convicted of an offence punishable by imprisonment.

If Mr Morrice or Mr Adams ceases to be employed by a Group Company before a Performance Right has vested for any other reason, the Board has full discretion to consider the various circumstances under which employment has ceased and based on those circumstances has full discretion to determine whether to vest (immediately or subject to conditions) and/or lapse some or all of the unvested performance rights. The Board has determined that it will not exercise its discretion to allow early vesting of Mr Morrice's Performance Rights in connection with his retirement.

**Change of control** The Board has full discretion to vest or lapse some or all of Mr Morrice's and/or Mr Adams' unvested Performance Rights if there is a takeover or other event that the Board reasonably considers should be treated in the same way as a change of control of the Company.

**Misconduct** The PRP Rules contain forfeiture and clawback provisions that will apply in certain circumstances. For example, if Mr Morrice or Mr Adams acts fraudulently or dishonestly or is in breach of their obligations to the Metcash Group, the Board may determine that any or all of their Performance Rights lapse (or shares allocated on vesting are forfeited).

### **Additional information provided for shareholders in accordance with ASX Listing Rules**

If shareholder approval is forthcoming, the Company intends to grant the Performance Rights to Mr Morrice and Mr Adams as soon as practicable after the annual general meeting and, in any event, no later than 12 months after approval is obtained.

No amount will be payable by Mr Morrice or Mr Adams for Performance Rights as they form part of their respective total remuneration package.

Mr Morrice has previously received grants under the PRP. Since shareholder approval was last obtained at the 2016 annual general meeting, Mr Morrice has received 687,500 Performance Rights at no cost. Mr Adams has not previously received grants under the PRP. No other director of the Company is entitled to participate in the PRP.

No loan will be made by the Company in connection with the award of Performance Rights or the allocation to Mr Morrice or Mr Adams of any shares on vesting of those Performance Rights.

If approval is given for the issue of securities under ASX Listing Rule 10.14, approval is not required under ASX Listing Rule 7.1.

### **Recommendations**

*The Board (with Mr Morrice abstaining) unanimously recommends that shareholders vote in favour of the resolution to award Mr Morrice Performance Rights set out in item 4(a).*

*The Board unanimously recommends that shareholders vote in favour of the resolution to award Mr Adams Performance Rights set out in item 4(b).*

## **5 Resolution to adopt the remuneration report**

Shareholders are asked to adopt the Company's remuneration report. The remuneration report is set out on pages 39 to 52 of the 2017 annual report and is also available on the Company's website [www.metcash.com](http://www.metcash.com). The remuneration report:

- describes the policies behind, and structure of, the remuneration arrangements of the Company and the link between the remuneration of team members and the Company's performance;
- sets out the remuneration details for the non-executive directors, the Group CEO and the group executives of the Company who together have the authority and responsibility for planning, directing and controlling the activities of the Company; and
- explains the differences between the bases for remunerating non-executive directors and executives.

A reasonable opportunity for discussion of the remuneration report will be provided at the annual general meeting.

At last year's annual general meeting, 29.78% of the votes cast on the resolution to adopt the remuneration report were cast against the resolution. Accordingly, the Company received a 'first strike'. Since then, the Company has consulted broadly with stakeholders to seek to understand the concerns that led to the 'first strike' and has undertaken a comprehensive review of the Company's remuneration framework. As detailed in the remuneration report, the changes implemented during FY2017 include:

- Reducing the weighting of the Short Term Incentive (**STI**) component of total remuneration. In addition, no stretch STI incentive schemes were offered in FY17, no sign on or retention grants were issued in FY17 and the cash settled incentive scheme introduced for key members of the Independent Hardware Group executive team focusses on delivering shareholder value by incentivising those executives to realise significant stretch synergies in the integration of the Mitre 10 and Home Timber & Hardware businesses.
- Adopting more objective performance measures, including for the purposes of awarding STI, through the introduction of Balanced Scorecards to assess performance of KMP and other team members, which include financial and individual performance targets.
- Improving our remuneration disclosure, with a significant increase in disclosure of information related to STIs in particular. The remuneration report provides additional information to explain how the STI pool is determined, and how KMP performance is assessed, including weightings and details of financial and non-financial objectives. We have also provided information on KMP thresholds, targets and maximum award opportunities.

The directors take shareholder concerns about executive remuneration seriously and believe that the changes implemented address the key concerns that led to the 'first strike' at last year's annual general meeting.

If the votes cast against this year's resolution to adopt the remuneration report for the financial year ended 30 April 2017 are again at least 25% of the votes cast, the Company will receive a 'second strike'. If a company receives two strikes, it is required to put a resolution to the meeting to determine whether the Company's directors who were in office at the time the 2017 remuneration report was approved (other than the Group CEO) will need to stand for re-election at an extraordinary general meeting.

As a result, this notice of annual general meeting includes a conditional resolution (item 6). This resolution will be put to the meeting if, and only if, the Company receives a 'second strike'. Further detail is included in the explanatory notes to item 6.

### **Recommendation**

*The Board unanimously recommends that shareholders vote in favour of this resolution.*

## **6 Conditional spill resolution**

***The spill resolution in item 6 is a conditional resolution and will be put to the meeting if, and only if, at least 25% of the votes cast on the resolution to adopt the remuneration report (item 5) are cast against the resolution.***

If the spill resolution is passed and becomes effective, then the Company must hold another general meeting (**Spill Meeting**) within 90 days of this annual general meeting in order to consider the composition of the Board. If a Spill Meeting is required, the date of the meeting will be notified to shareholders in due course.

If a Spill Meeting is held, the following directors of the Company (**Relevant Directors**) will automatically cease to hold office as directors of the Company immediately before the conclusion of the Spill Meeting unless they are willing to stand for re-election and are re-elected at that meeting:

- Mr Robert Murray
- Mrs Fiona Balfour
- Mr Patrick Allaway
- Ms Tonianne Dwyer
- Ms Helen Nash
- Mr Murray Jordan.

Each of the Relevant Directors would be eligible to seek re-election at the Spill Meeting. However, there is no assurance that any of them would do so. They will each consider their respective position in light of shareholders' support. Even if Mr Murray and Ms Dwyer are re-elected as directors at this annual general meeting, they will still need to be re-elected at the Spill Meeting to remain in office following the Spill Meeting.

If the spill resolution is passed, the Company must give at least 28 days' notice of the Spill Meeting. Nominations for the vacated director positions may be made in accordance with the Company's constitution.

### **Recommendation**

*The Board unanimously recommends that shareholders vote **against** this resolution if it is put to the meeting.*



#### All Correspondence to:

-  **By Mail** Boardroom Pty Limited  
GPO Box 3993  
Sydney NSW 2001 Australia
-  **By Fax:** +61 2 9290 9655
-  **Online:** www.boardroomlimited.com.au
-  **By Phone:** (within Australia) 1300 737 760  
(outside Australia) +61 2 9290 9600

## YOUR VOTE IS IMPORTANT

For your vote to be effective your vote must be recorded or your proxy form lodged before 2:30pm (AEST) on Monday 28 August 2017.

### TO LODGE YOUR PROXY ONLINE

### BY SMARTPHONE

**STEP 1: VISIT** [www.votingonline.com.au/metcashagm2017](http://www.votingonline.com.au/metcashagm2017)

**STEP 2: Enter your Postcode OR Country of Residence (if outside Australia)**

**STEP 3: Enter your Voting Access Code (VAC):**



**PLEASE NOTE:** For security reasons it is important you keep the above information confidential.

Scan QR Code using smartphone  
QR Reader App

### TO VOTE BY COMPLETING THE PROXY FORM

#### STEP 1 APPOINTMENT OF PROXY

Indicate who you want to appoint as your proxy.

If you wish to appoint the Chair of the Meeting as your proxy, mark the box. If you wish to appoint someone other than the Chair of the Meeting as your proxy please write the full name of that individual or body corporate. If you leave this section blank, or your named proxy does not attend the meeting, the Chair of the Meeting will be your proxy. If your named proxy attends the meeting but does not vote on a poll in accordance with your directions, the Chair of the Meeting will be your proxy for that item and will vote as directed. A proxy need not be a security holder of the company. Do not write the name of the issuer company or the registered securityholder in the space.

#### Appointment of a Second Proxy

You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by contacting the company's securities registry or you may copy this form.

To appoint a second proxy you must:

- (a) complete two Proxy Forms. On each Proxy Form state the percentage of your voting rights or the number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- (b) return both forms together in the same envelope.

#### STEP 2 VOTING DIRECTIONS TO YOUR PROXY

To direct your proxy how to vote, mark one of the boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of securities are to be voted on any item by inserting the percentage or number that you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses (subject to certain limitations set out below). If you mark more than one box on an item for all your securities your vote on that item will be invalid.

**Proxy voting by key management personnel:** The key management personnel of Metcash Limited (which includes each of the directors) at the date of the AGM and their closely related parties will not be able to vote your proxy on items 4, 5 or 6 unless you tell them how to vote. If you intend to appoint a member of the key management personnel or one of their closely related parties as your proxy, please ensure that you direct them how to vote on items 4, 5 and 6 by marking the box opposite that item.

If you have appointed the Chair as your proxy (or the Chair becomes your proxy by default), you can direct him how to vote by marking the box for the relevant item. If you do not mark any box opposite items 4, 5 or 6, by completing and submitting the Proxy Form you are expressly authorising the Chair of the Meeting to cast your vote as he sees fit on the relevant item (in which case the Chair of the Meeting intends to vote in favour of items 4 and 5 and against item 6).

#### Proxy which is a Body Corporate

Where a body corporate is appointed as your proxy, the representative of that body corporate attending the meeting must have provided an "Appointment of Corporate Representative" prior to admission. An Appointment of Corporate Representative form can be obtained from the company's securities registry.

#### STEP 3 SIGN THE FORM

The form **must** be signed as follows:

**Individual:** this form is to be signed by the securityholder.

**Joint Holding:** where the holding is in more than one name, all the securityholders should sign.

**Power of Attorney:** to sign under a Power of Attorney, you must have already lodged it with the registry. Alternatively, attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** this form must be signed by a Director jointly with either another Director or a Company Secretary. Where the company has a Sole Director who is also the Sole Company Secretary, this form should be signed by that person. If the Company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can sign alone. **Please indicate the office held by signing in the appropriate place.**

#### STEP 4 LODGEMENT

Proxy Forms (and any Power of Attorney or other authority under which it is signed) must be received no later than 48 hours before the commencement of the meeting, therefore by **2.30pm AEST Monday 28 August 2017**. Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy Forms may be lodged using the enclosed Reply Paid Envelope or:

-  **Online** [www.votingonline.com.au/metcashagm2017](http://www.votingonline.com.au/metcashagm2017)
-  **By Fax** + 61 2 9290 9655
-  **By Mail** Boardroom Pty Limited  
GPO Box 3993  
Sydney NSW 2001 Australia
-  **In Person** Level 12, 225 George Street,  
Sydney NSW 2000 Australia

#### Attending the Meeting

If you wish to attend the meeting please bring this form with you to assist registration.

**Your Address**  
 This is your address as it appears on the company's share register. If this is incorrect, please mark the box with an "X" and make the correction in the space to the left. Securityholders sponsored by a broker should advise their broker of any changes. **Please note, you cannot change ownership of your securities using this form.**

**PROXY FORM**

**STEP 1 APPOINT A PROXY**

I/We being a member/s of **Metcash Limited** (Company) and entitled to attend and vote hereby appoint:

the **Chair of the Meeting (mark box)**

**OR** if you are **NOT** appointing the Chair of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered shareholder) you are appointing as your proxy below

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chair of the Meeting as my/our proxy at the Annual General Meeting of the Company to be held at **The Lyceum Theatre, Wesley Conference Centre, 220 Pitt Street, Sydney, New South Wales 2000 on Wednesday 30 August 2017 at 2:30pm AEST** and at any adjournment of that meeting, to act on my/our behalf and to vote in accordance with the following directions or if no directions have been given, as the proxy sees fit.

**Chair of the Meeting authorised to exercise undirected proxies on remuneration related matters (items 4a, 4b, 5 and 6):** If I/we have appointed the Chair of the Meeting as my/our proxy or the Chair of the Meeting becomes my/our proxy by default and I/we have not directed my/our proxy how to vote in respect of items 4a, 4b, 5 and 6 I/we expressly authorise the Chair of the Meeting to exercise my/our proxy in respect of these items even though items 4a, 4b, 5 and 6 are connected with the remuneration of a member of the key management personnel for Metcash Limited, which includes the Chair.

**The Chair of the Meeting intends to vote all undirected proxies in favour of all resolutions other than the resolution in item 6. The Chair of the Meeting intends to vote all undirected proxies against the resolution in item 6.** If you have appointed the Chair of the Meeting as your proxy (or the Chair of the Meeting becomes your proxy by default), and you wish to give the Chair specific voting directions on an item, you should mark the appropriate box/es opposite those items in step 2 below (directing the Chair to vote for, against or to abstain from voting).

**STEP 2 VOTING DIRECTIONS**  
 \* If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your vote will not be counted in calculating the required majority on a poll.

		For	Against	Abstain*
Resolution 2 (a)	To re-elect Mr Robert Murray as a director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 (b)	To re-elect Ms Tonia Dwyer as a director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Special resolution to approve the giving of financial assistance under section 260B(2) of the Corporations Act	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 (a)	To approve grant of performance rights to Mr Ian Morrice, Group CEO	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 (b)	To approve grant of performance rights to Mr Jeffery Adams, proposed Group CEO	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	To adopt the Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Conditional spill resolution <b>Note:</b> Resolution 6 will only be considered at the meeting if the condition described in the Notice of Meeting is satisfied.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**STEP 3 SIGNATURE OF SHAREHOLDERS**  
 This form must be signed to enable your directions to be implemented.

Individual or Securityholder 1	Securityholder 2	Securityholder 3
<div style="border: 1px solid black; height: 30px; width: 100%;"></div>	<div style="border: 1px solid black; height: 30px; width: 100%;"></div>	<div style="border: 1px solid black; height: 30px; width: 100%;"></div>
Sole Director and Sole Company Secretary	Director	Director / Company Secretary