



**Metcash Limited**

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25 July 2014

ASX Limited  
Company Announcements Office  
Level 4, Exchange Centre  
20 Bridge Street  
SYDNEY NSW 2000

Dear Sir/Madam

***Metcash Limited 2014 Annual General Meeting – Listing Rule 3.17***

The following documents have been dispatched to members:

- Notice of Meeting and Explanatory Memorandum
- Proxy form

The 2014 Annual General Meeting will be held on Wednesday, 27 August 2014 at 2.30pm at The Concourse, 409 Victoria Avenue, Chatswood New South Wales 2067.

Yours faithfully

A handwritten signature in black ink, appearing to read "G. Watson", is written over a large, stylized, handwritten letter "G" that serves as a decorative flourish.

Greg Watson  
Company Secretary

## **Notice of** **Annual General Meeting**

Notice is given that the  
2014 Annual General Meeting of  
Metcash Limited (Company)  
will be held at The Concourse,  
409 Victoria Avenue, Chatswood,  
New South Wales 2067  
on Wednesday,  
27 August 2014 at 2.30pm

## Agenda items

### 1 Financial report

To receive and consider the financial report of the Company and the reports of the directors and auditors for the year ended 30 April 2014.

### 2 Resolutions to elect and 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 Peter Barnes as a director

*“That Mr Barnes 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 elect Mr Mick McMahon as a director

*“That Mr McMahon, being a director of the Company who was appointed by the directors on 27 November 2013 under rule 8.1(c) and who retires under rule 8.1(d)(1) of the Company’s constitution, and being eligible, is elected a director of the Company.”*

#### (c) To elect Ms Tonia Dwyer as a director

*“That Ms Dwyer, being a director of the Company who was appointed by the directors on 24 June 2014 under rule 8.1(c) and who retires under rule 8.1(d)(1) of the Company’s constitution, and being eligible, is elected a director of the Company.”*

### 3 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 2014 be adopted.”*

The remuneration report is set out on pages 51 to 64 of the 2014 annual report. Please note that the vote on this resolution is advisory only, and does not bind the directors or the Company.

## Voting exclusion statement

The Corporations Act 2001 (**Corporations Act**) restricts members of key management personnel (**KMP**) and their closely related parties from voting in relation to item 3 in certain circumstances.

Closely related party is defined in the Corporations Act and includes a spouse, dependant and certain other close family members, as well as any companies controlled by a member of the KMP.

The Company will disregard any votes cast on the proposed resolution in item 3:

- by or on behalf of a person who is a member of the KMP 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 KMP 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:

- 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 3 is connected with the remuneration of the KMP.

### 4 Resolution to approve award of Performance Rights to Mr Ian Morrice, CEO

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

*“That approval is given for the Company to award the Company’s Chief Executive Officer, Mr Ian Morrice, rights to fully paid shares in the Company on the terms described in the Explanatory Memorandum accompanying this notice of meeting.”*

### Voting exclusion statement

In accordance with the Corporations Act and the ASX Listing Rules, the Company will disregard any votes cast on the proposed resolution in item 4:

- by or on behalf of Mr Morrice or his associates, regardless of the capacity in which the vote is cast; or
- as proxy by a person who is a member of the KMP 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:

- 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 4 is connected with the remuneration of the KMP.

*Note: if shareholder approval is obtained, Mr Morrice's Performance Rights will be granted under the Company's Performance Rights Plan. No other Directors are eligible to participate in the Performance Rights Plan.*

### What the voting exclusions on items 3 and 4 mean for shareholders

If you intend to appoint a member of the KMP (such as one of the directors) as your proxy, please ensure that you direct them how to vote on items 3 and 4.

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 items 3 or 4 then by signing and submitting the proxy form you will be expressly authorising the Chairman of the meeting to exercise the proxy in respect of the relevant item, even though the item is connected with the remuneration of the KMP.

The Chairman of the meeting intends to vote all available proxies in favour of each item of business.

### Explanatory memorandum

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

### By Order of the Board

Dated: 16 July 2014



Greg Watson  
Company Secretary

## Background information

The following information forms part of this notice of meeting.

## Entitlement to vote and required majority

### Snapshot time

It has been determined that under the Corporations Regulations 7.11.37, for the purposes of the annual general meeting, shares will be taken to be held by the persons who are the registered holders at 7.00pm (AEST) on Monday, 25 August 2014. Accordingly, share transfers registered after that time will be disregarded in determining entitlements to attend and vote at the meeting.

### Required majority

The resolutions described in items 2 to 4 (inclusive) are ordinary resolutions and each will be passed if at least 50% of the votes cast by shareholders entitled to vote on the resolution are cast in favour of the resolution.

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 has one vote for each fully paid ordinary share held.

## Proxies and corporate representatives

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

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

### 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 [www.boardroomlimited.com.au/forms.html](http://www.boardroomlimited.com.au/forms.html)

### 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 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 are entitled to vote as proxy on a show of hands at the meeting.

If a shareholder appoints a body corporate as a 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 returned to Boardroom Pty Ltd at least 48 hours before the meeting for the proxy to be effective (that is, no later than **2.30pm (AEST) on Monday, 25 August 2014**). The proxy form and authority must be received at the Company's corporate registry:

Boardroom Pty Limited  
GPO Box 3993  
Sydney NSW 2001

OR by facsimile: +61 2 9290 9655

OR online @ [www.boardroomlimited.com.au/vote/metcashgm2014](http://www.boardroomlimited.com.au/vote/metcashgm2014)

## Voting exclusions

Certain voting restrictions apply to items 3 (adoption of remuneration report) and 4 (award of Performance Rights to the CEO). If you wish to appoint a member of the key management personnel (which includes each of the directors and the Chairman) as your proxy, please read the voting exclusions in this Notice 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.

## 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.

## Voting by attorney

Where a shareholder appoints an attorney to act on his or her behalf at the meeting, such appointment must be made by a duly executed power of attorney. The power of attorney must be received by 2.30pm (AEST) on Monday, 25 August 2014. The power of attorney must be returned to Boardroom Pty Limited as set out above.

## Admission to meeting

Shareholders or their proxies, attorneys or representatives who will be attending the meeting are asked to arrive 15 minutes prior to 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**

This Explanatory Memorandum has been prepared to assist shareholders to understand the business to be put to shareholders at the annual general meeting.

## Ordinary business

### 1 Annual financial report

The Corporations Act requires:

- the reports of the directors and auditors; and
- the annual financial report, including the financial statements of the Company for the year ended 30 April 2014,

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 3). 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.

### 2 Resolutions to elect and re-elect directors

Mr Peter Barnes 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.

Mr V. Dudley Rubin will also retire by rotation in accordance with the Company's constitution. Mr Rubin has informed the Board that he will not be seeking re-election and accordingly he will cease to hold office after the AGM. The Board would like to thank Mr Rubin for his important contribution as a director over the last 16 years.

Mr Mick McMahon and Ms Tonianne Dwyer were appointed as directors by the Board on 27 November 2013 and 24 June 2014 respectively in accordance with rule 8.1(c) of the Company's constitution. In accordance with rule 8.1(d), Mr Mick McMahon and Ms Tonianne Dwyer retire from office at the annual general meeting, and being eligible, offer themselves for election as directors of the Company in accordance with rule 8.1(f).

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

#### Peter Barnes, Independent Non-Executive Chairman

Peter Barnes is a Director of News Corporation and Chairman of Samuel Smith & Sons Pty Ltd. He also serves as Chairman of the Melbourne Business School. Mr Barnes was formerly the Chairman of Ansell Limited and an executive with Phillip Morris International Inc. and held several senior management positions both here in Australia and overseas. Peter was appointed Chairman of Metcash Limited on 2 September 2010 and has been involved with the Metcash business as a director since November 1999.

Peter is Chairman of the Nomination Committee and a member of the Remuneration Committee.

#### Mick McMahon, Independent Non-Executive Director

Mick McMahon is an internationally experienced business leader with a broad retail and commercial background. He commenced his career with Shell in Australia and transferred to the UK in 1999 where he held several senior positions in retail, marketing and strategy.

In 2005 he returned to Australia as the Managing Director, Coles Express and in 2007 he was appointed the Chief Operating Officer Coles (Supermarkets, Liquor, Express).

Mick is an experienced CEO with extensive retailing and supply chain management experience in supermarkets and convenience, food, grocery and liquor.

Mick is the CEO of ASX listed SKILLED Group and Chairman of Red Rock Leisure. He has a Bachelor of Economics from the University of Tasmania and has completed the Harvard Business School Advanced Management Program. Mick is a Member of the Business Council of Australia and a Councillor of the Australian Industry Group.

Mick is a member of both the Remuneration Committee and the Nomination Committee.

#### Tonianne Dwyer, Independent Non-Executive Director

Based in London, Ms Dwyer had a 23 year executive career in investment banking and real estate during which she held roles with Hambros Bank Limited, Societe General and LSE listed Quintain Estates & Development plc and gained experience in a variety of sectors in the UK and Europe.

Returning to Australia in 2010, Ms Dwyer currently holds independent directorships on ASX listed DEXUS Property Group, DEXUS Wholesale Property Fund, Cardno Limited and Queensland Treasury Corporation. She is a member of the Senate of the University of Queensland a Graduate of Australian Institute of Directors and a member of Chief Executive Women.

Ms Dwyer is a member of the Audit Risk & Compliance and Nomination Committees.

### Recommendation

*The directors, having conducted an assessment of the performance of Mr Barnes (in his absence), believe that it is in the interests of shareholders that he be re-elected as a director and recommend (with Mr Barnes abstaining) that shareholders vote in favour of the resolution.*

*The directors, having conducted an assessment of the skills and experience of Mr McMahon and Ms Dwyer (in their absence), believe that it is in the interests of shareholders that they be elected as members of the Board and recommend (with Mr McMahon and Ms Dwyer abstaining from voting) that shareholders vote in favour of the corresponding resolution.*

### 3 Resolution to adopt the remuneration report

Shareholders are asked to adopt the Company's remuneration report. The remuneration report is set out on pages 51 to 64 of the 2014 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 employees and the Company's performance;
- sets out the remuneration details for the non-executive directors, the 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. The vote on the resolution in item 3 is advisory only, and does not bind the directors or the Company.

#### Recommendation

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

### 4 Resolution to approve award of Performance Rights to Mr Ian Morrice, CEO

#### Background

Shareholder approval is sought to grant rights to receive fully paid ordinary shares in the Company (**Performance Rights**) to the CEO, Mr Ian Morrice.

The proposed award is a tailored strategic grant of Performance Rights which will be subject to performance conditions that are closely aligned with the Company's Transformation Plan, which was announced to the market on 21 March 2014. The Transformation Plan is focussed on strategic priorities that are directed towards underpinning long-term sustainable growth for the Company and the independent retailers it supports.

Mr Morrice completed his first year as CEO on 30 June 2014. The decision to award the Performance Rights was made following a review of Mr Morrice's remuneration package by the Board towards the end of that year, with the assistance of PricewaterhouseCoopers.

The review included examination of Mr Morrice's positioning against the Board's base benchmark (i.e. CEO remuneration within the ASX 51-100) and against Mr Morrice's peers within the consumer staples and consumer discretionary industry.

Taking into account the benchmark data, and considering an assessment of the size, scale and challenges of Mr Morrice's role leading a complex and multi-faceted business, the Board determined that an increase to Mr Morrice's remuneration was warranted. In the circumstances, the Board further determined that it was appropriate to deliver the increase through strategically appropriate 'at risk' long term incentives that will be submitted to shareholders for approval, rather than increase Mr Morrice's fixed remuneration or short term incentive opportunity. If the grant is approved, it will make up the entire long term incentive component of Mr Morrice's remuneration package for all three of the 2014, 2015 and 2016 financial years.

The Board strongly believes that this one off strategic long term incentive grant will motivate performance outcomes that are essential to the successful achievement of the Transformation Plan over the next 3 to 5 years and will drive financial outcomes that will create shareholder value.

If shareholder approval is obtained, the Performance Rights will be granted under the Company's Performance Rights Plan (PRP). The PRP was approved by shareholders at the Annual General Meeting held on 2 September 2010.

#### 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. The Company is seeking shareholder approval 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 vest.

#### Overview

The award will have two components that will be granted separately. The first component is a 3-4 year Transformation Incentive (**3-4 Year Grant**) and the second component is a 4-5 year Additional Transformation Incentive (**4-5 Year Grant**).

#### 3-4 Year Grant

At the time when the number of Performance Rights in the 3-4 Year Grant is calculated, the grant will have a maximum 'face value' opportunity of \$3,600,000, which represents 240% of Mr Morrice's current annual fixed remuneration. The actual value that Mr Morrice will receive (if any) will depend on whether the performance conditions are achieved, and the share price at the dates of vesting. The maximum number of Performance Rights to be granted to Mr Morrice will be determined by dividing \$3,600,000 by the volume weighted average price of Metcash shares traded on the ASX in the 5 trading days following the AGM.

The Grant will be tested against satisfaction of the performance conditions in or around June 2017 and vesting will be staggered so that two thirds of any Performance Rights that become eligible to vest will vest on 15 August 2017 and the remaining third will be deferred so that they vest on 15 April 2018.

The performance conditions that apply to the 3-4 Year Grant are outlined below:

<b>Performance Period</b>	3 years (commencing at the start of FY2015 and finishing at the end of FY2017).
<b>Return on Funds Employed Threshold</b>	ROFE must equal 13.0% or more for each financial year in the Performance Period.
<b>Group Sales Revenue</b>	<p>If the ROFE Threshold is met, performance against Group Sales Revenue and Underlying Earnings Per Share metrics will be tested. The targets for each metric relate to the final year of the Performance Period because that will give a better indication of progress towards achieving the Transformation Plan than annual performance against the metrics in the early stages of the Plan's implementation.</p> <p>The metrics will be tested by the Board following the release of the audited full year financial statements for FY2017. It is expected that testing will occur towards the end of June 2017.</p>
<b>Underlying Earnings Per Share</b>	Two thirds of any Performance Rights that become eligible to vest following testing in 2017 will vest on 15 August 2017. The remaining third will vest on 15 April 2018, but will be subject to a trading restriction until 15 August 2018.
<b>Individual Performance</b>	If Mr Morrice's individual performance falls below "meets expectations" at any time before his Performance Rights vest or before they are converted into shares, the Board has discretion to lapse some or all of the Performance Rights, even if all of the above targets have been met.

When testing the performance conditions, the Board has full discretion in relation to its calculations and to include or exclude items if appropriate, including to better reflect shareholder expectations or management performance.

#### ROFE Threshold

The Company's ROFE will be determined by the Board for each of the 3 financial years in the Performance Period, based on Group underlying earnings before interest and tax (EBIT), divided by average funds employed. Average funds employed will be determined by the Board based on the annual average of opening and closing balances of working capital plus property, plant & equipment, intangible assets and goodwill, equity-accounted investments, disposal groups and assets held for sale and other financial assets. While the Board has discretion in relation to the calculations, it is expected that the methodology for determining funds employed will be consistent with that used in the Operating & Financial Review in the FY2014 Annual Report.

To achieve the ROFE threshold, the ROFE for each of the 3 financial years in the Performance Period must equal 13.0% or more.

If the ROFE threshold is not achieved, all Performance Rights will lapse, unless the Board determines otherwise.

If the ROFE threshold is satisfied, minimum levels of Group Sales Revenue and Underlying EPS must also be achieved in order for Performance Rights to vest.

#### Group Sales Revenue and Underlying EPS

The Group Sales Revenue and Underlying EPS conditions are interdependent so that success against one condition does not come at the expense of the other, in order to drive balanced sales and earnings performance through the transformation.

The Board has set the target Underlying EPS and target Group Sales Revenue hurdles based on the Transformation Plan, which was announced to the market on 21 March 2014. Achievement of a challenging target in FY2017 will result in potential vesting of 67% of the incentive. The levels of Underlying EPS and Group Sales Revenue required to achieve partial or full vesting is commercially sensitive, but annually in the remuneration report the Company will provide a narrative update of the likely vesting outcome.

No Performance Rights will vest if either Underlying EPS or Group Sales Revenue are below a specified minimum threshold. If the specified minimum threshold is achieved, 50% of the Performance Rights become eligible to vest. Between threshold and maximum, the level of vesting is based on a Board approved matrix of outcomes, with 67% of the Performance Rights becoming eligible to vest if FY2017 targets are achieved. Full 100% vesting only becomes possible for significantly outperforming the targets against both measures.

One third of any Performance Rights that become eligible to vest if the performance conditions are achieved in FY2017 will be deferred and will not vest until 15 April 2018, and any Performance Rights that do not become eligible to vest will lapse – i.e. there is no retesting.

#### 4-5 Year Grant

At the time when the number of Performance Rights in the 4-5 Year Grant is calculated, the grant will have a maximum 'face value' opportunity of \$4,500,000, which represents 300% of Mr Morrice's current annual fixed remuneration. The maximum number of Performance Rights to be granted to Mr Morrice will be determined by dividing \$4,500,000 by the volume weighted average price of Metcash shares traded on the ASX in the 5 trading days following the AGM. As with the 3-4 Year Grant, the actual value that Mr Morrice will receive (if any) will depend on whether the performance conditions are achieved, and the share price at the dates of vesting.

The 4-5 Year Grant will be subject to the following performance conditions. Each performance condition will be tested separately and there is no retesting i.e. any Performance Rights that do not vest when they are tested will lapse.

Proportion of 4-5 Year Grant Performance Rights that may vest	Performance condition
One sixth (i.e. equivalent to 50% of annual fixed remuneration)	Relative Total Shareholder Return ( <b>TSR</b> ) with a 4 year Performance Period from the start of FY2015 to the end of FY2018.
One sixth (i.e. equivalent to 50% of annual fixed remuneration)	ROFE for the financial year ended April 2018 ( <b>FY2018</b> ).
One third (i.e. equivalent to 100% of annual fixed remuneration)	Relative TSR with a 5 year Performance Period from the start of FY2015 to the end of FY2019.
One third (i.e. equivalent to 100% of annual fixed remuneration)	ROFE for the financial year ended April 2019 ( <b>FY2019</b> ).

The first two performance conditions outlined above will be tested by the Board following the release of the audited full year financial statements for FY2018, and the last two performance conditions will be tested after the release of the audited full year financial statements for FY2019. It is expected that testing will occur towards the end of June 2018 and June 2019, respectively. Any Performance Rights that vest following testing will vest on 15 August 2018 and 15 August 2019, respectively.

When testing the performance conditions, the Board has full discretion in relation to its calculations and to include or exclude items if appropriate, including to better reflect shareholder expectations or management performance.

In addition, if Mr Morrice's individual performance falls below "meets expectations" at any time before his Performance Rights vest or before they are converted into shares, the Board has discretion to lapse some or all of the Performance Rights, even if all of the above targets have been met.

#### Relative TSR

Total Shareholder Return (**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 Periods outlined above for the 4-5 Year Grant, the Company's TSR over the relevant Performance Period will be compared with the TSR over the same period of a comparator group of entities and the Company's relative ranking will be determined.

The comparator group comprises those entities within the S&P/ASX 100 Index as at 1 May 2014, excluding financial services, mining companies and REITS. The Board has the discretion to adjust the comparator group to take into account events including but not limited to delistings, takeovers, mergers or de-mergers that might occur during the Performance Period.

For each Performance Period, the percentage of Relative TSR-hurdled Performance Rights which will vest, if any, will be determined as follows:

The Company's percentile ranking at the end of a Performance Period	Percentage of Relative TSR hurdled Performance Rights that vest for that Performance Period
Below 50th percentile	0%
50th percentile	50%
Between 50th and 75th percentile	Progressive pro rata vesting from 50% to 100% (i.e. on a straight line basis)
75th percentile or above	100%

Any Relative TSR hurdled Performance Rights that do not vest when they are tested will lapse.

## ROFE

The Company's ROFE for FY2018 and FY2019 will be determined as outlined above in relation to the 3-4 Year Grant.

For the purposes of the 4-5 Year Grant, the percentage of ROFE-hurdled Performance Rights which will vest, if any, will be determined as follows:

The Company's ROFE for the relevant financial year	Percentage of that year's ROFE hurdled Performance Rights that vest
Below 16%	0%
16%	50%
Between 16% and the stretch percentage for the relevant financial year	75% vesting for achievement of target ROFE for the relevant financial year, which will be based on the Transformation Plan. Vesting will be on a progressive pro rata (i.e. straight line) basis from 50% to 75%, and from 75% to 100%. The FY2018 and FY2019 ROFE targets are commercially sensitive. However, disclosure of achievement against the targets will be made retrospectively in the Company's remuneration report following the end of the relevant financial year.
Stretch (i.e. 19% or above for FY2018, and 21% or above for FY2019)	100%

Any ROFE hurdled Performance Rights that do not vest when they are tested will lapse.

### Terms applying to all Performance Rights

#### Vesting

On vesting, the Performance Rights will be converted (on a one-for-one basis) to fully paid ordinary shares in the Company.

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

The Performance Rights do not carry any voting rights or entitlements to receive dividend payments prior to vesting. Once vested, Mr Morrice must comply with the Metcash Code for Directors and Executives in respect of Share Transactions, as amended from time to time. In addition, any Shares allocated to Mr Morrice on the vesting of the deferred component of the 3-4 Year Grant on 15 April 2018 will be subject to a disposal restriction until 15 August 2018.

#### Cessation of employment

Unless the Board determines otherwise:

- Mr Morrice's Performance Rights will lapse if he is summarily dismissed; and
- in any other case, Mr Morrice's unvested Performance Rights will remain on foot subject to the original conditions (including performance conditions).

In all cases, the Board retains discretion to determine that Performance Rights should lapse or be accelerated on cessation of employment. The Board expects that it would ordinarily lapse Mr Morrice's Performance Rights if he ceases employment for reasons other than death or total and permanent disability.

#### Change of control

The Board has full discretion to vest or lapse some or all of Mr Morrice's 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 (**Change of Control**).

If a Change of Control occurs on or after 1 May 2016, the Board currently expects that it would exercise its discretion to vest at least a pro rata portion of Mr Morrice's unvested Performance Rights (based on the portion of the time elapsed since 1 May 2014), if the Board is satisfied that the performance conditions applicable to the Performance Rights have been satisfied on a pro rata basis up to the relevant date.

#### Misconduct

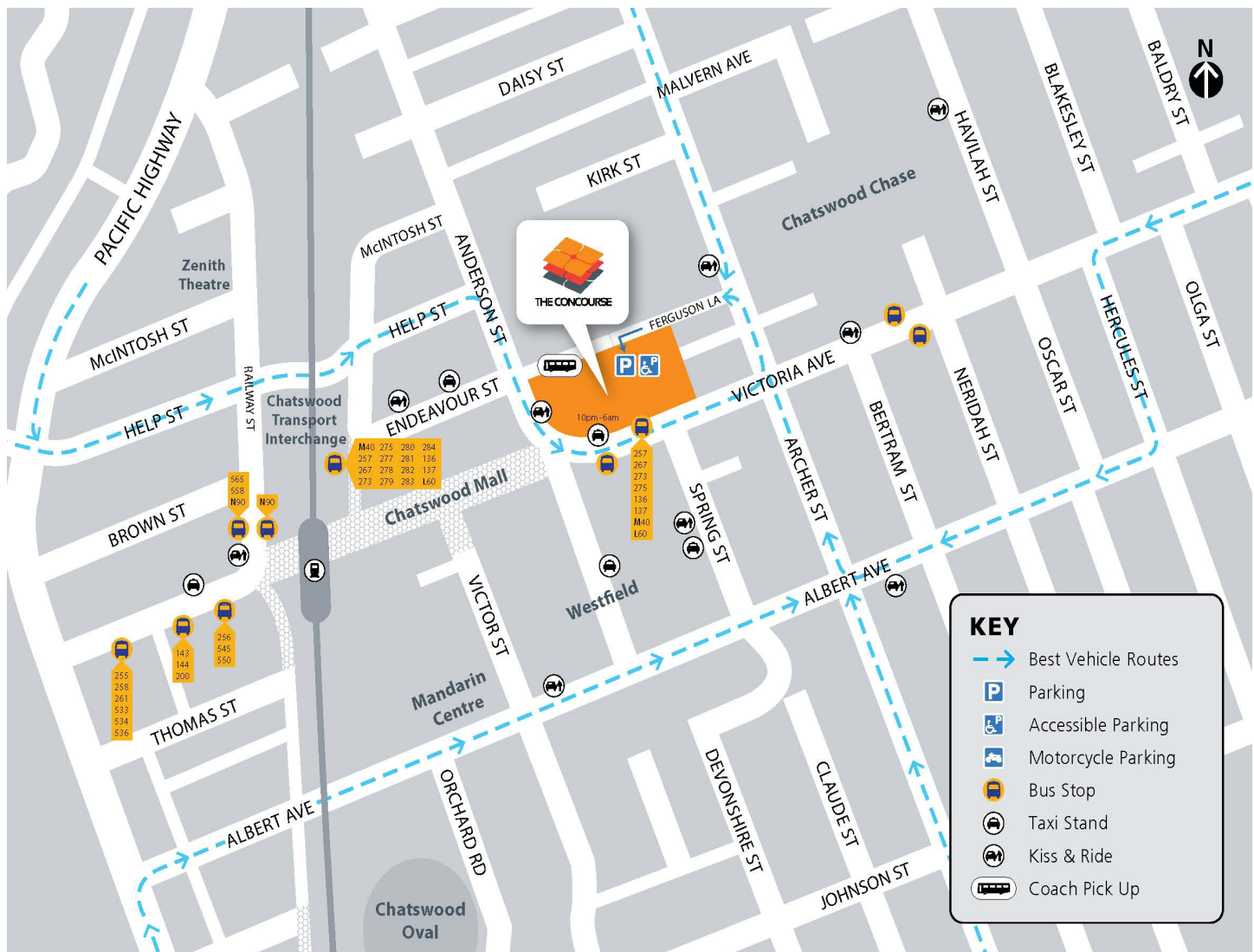
If, in the Board's opinion, Mr Morrice acts fraudulently or dishonestly or is in breach of his obligations to the Metcash Group, the Board may determine that any or all of his Performance Rights lapse.

#### 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 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 for Performance Rights as they form part of his total remuneration package.
- Mr Morrice has not received any earlier 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 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.

#### Recommendation

*The Board (with Mr Morrice abstaining) unanimously recommends that shareholders vote in favour of this Resolution.*



### AGM Location

The Concourse, 409 Victoria Avenue, Chatswood, New South Wales

### Parking

The car park entrance is on Ferguson Lane via Archer Street only. The car park can only be accessed from the left lane of Archer Street. There is a luminous sign with number of available parking spaces at the intersection of Ferguson Lane and Archer Street.

Accessible parking spaces are available in The Concourse car park and in nearby Endeavour and Spring Streets.

For parking rates and opening times please visit [www.theconcourse.com.au/content/parking](http://www.theconcourse.com.au/content/parking)

### Public Transport

The Concourse is located within a 2-minute walk from major Chatswood transportation hubs, including Chatswood train station and Chatswood Transport Interchange. Buses M40, 273 and 200 depart regularly from CBD locations and stop in front of the precinct. For additional transport information, please refer to the map above, call NSW Transport Info line 131 500 or visit [www.131500.com.au/maps/interchangeguide](http://www.131500.com.au/maps/interchangeguide)





#### All Correspondence to:

✉ **By Mail** Boardroom Pty Limited  
GPO Box 3993  
Sydney NSW 2001 Australia

Level 7, 207 Kent Street,  
Sydney NSW 2000 Australia

📠 **By Fax:** +61 2 9290 9655

💻 **Online:** [www.boardroomlimited.com.au](http://www.boardroomlimited.com.au)

☎ **By Phone:** (within Australia) 1800 655 325  
(outside Australia) +61 2 9290 9696

## 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, 25 August 2014.**

### 💻 TO VOTE ONLINE

**STEP 1: VISIT** [www.boardroomlimited.com.au/vote/metcashagm2014](http://www.boardroomlimited.com.au/vote/metcashagm2014)

**STEP 2: Enter your holding/investment type:**

**STEP 3: Enter your Reference Number:**

**STEP 4: Enter your Voting Access Code:**

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

### 📱 BY SMARTPHONE



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 Chairman of the Meeting as your proxy, mark the box. If you wish to appoint someone other than the Chairman 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 Chairman of the Meeting will be your proxy. 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.

##### 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.

##### 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:

- 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.
- 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 voting rights are to be voted on any item by inserting the percentage or number of securities 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 without specifying the portion of votes, your votes on that item will be invalid.

**Default to the Chairman of the meetings:** 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.

**Proxy voting by key management personnel:** The key management personnel of Metcash Limited (which includes each of the directors and the Chairman) at the date of the AGM and their closely related parties will not be able to vote your proxy on items 3 and 4 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 3 and 4 by marking the box/es opposite those resolutions.

If you have appointed the Chairman as your proxy (or the Chairman becomes your proxy by default), you can direct him how to vote by marking the box/es for the relevant item. If you do not mark any of the boxes opposite items 3 or 4, by signing and submitting the Proxy Form you are expressly authorising the Chairman of the Meeting to cast your vote as he sees fit (in which case the Chairman of the meeting intends to vote in favour of these items of business).

#### 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 s204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. **Please indicate the office held by signing in the appropriate place.**

#### STEP 4 LODGEMENT

Proxy forms (and any Power of Attorney under which it is signed) must be received no later than 48 hours before the commencement of the meeting, therefore by **2:30pm AEST on Monday, 25 August 2014**. 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.boardroomlimited.com.au/vote/metcashagm2014](http://www.boardroomlimited.com.au/vote/metcashagm2014)

📠 **By Fax** + 61 2 9290 9655

✉ **By Mail** Boardroom Pty Limited  
GPO Box 3993,  
Sydney NSW 2001 Australia

👤 **In Person** Level 7, 207 Kent Street,  
Sydney NSW 2000 Australia

# Metcash Limited

ABN 32 112 073 480

☐

## 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

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

**OR** if you are **NOT** appointing the Chairman 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 Chairman of the Meeting as my/our proxy at the Annual General Meeting of the Company to be held at **The Concourse, 409 Victoria Avenue, Chatswood NSW 2067 on Wednesday, 27 August 2014 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.

**Chairman authorised to exercise proxies on remuneration related matters (items 3 and 4):** If I/we have appointed the Chairman of the Meeting as my/our proxy or the Chairman of the Meeting becomes my/our proxy by default, by signing and submitting this form I/we expressly authorise the Chairman of the Meeting to exercise my/our proxy in respect of items 3 and 4 (except where I/we have indicated a different voting intention below) even though items 3 and 4 are connected directly or indirectly with the remuneration of a member of key management personnel for Metcash Limited, which includes the Chairman.

**The Chairman of the Meeting intends to vote all undirected proxies in favour of all resolutions (including items 3 and 4).** If you have appointed the Chairman of the Meeting as your proxy (or the Chairman of the Meeting becomes your proxy by default), and you wish to give the Chairman specific voting directions on an item, you should mark the appropriate box/es opposite those items in step 2 below (directing the Chairman 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 if a poll is called.

		For	Against	Abstain*
Item 2 (a)	To re-elect Mr Peter Barnes as a director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 2 (b)	To elect Mr Mick McMahon as a director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 2 (c)	To elect Ms Tonia Dwyer as a director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 3	To adopt the remuneration report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 4	To approve the award of Performance Rights to Mr Ian Morrice, CEO	<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

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director / Company Secretary

Contact Name.....

Contact Daytime Telephone.....

Date / / 2014