



Metcash Limited

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

25 July 2016

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

Dear Sir/Madam

Metcash Limited 2016 Annual General Meeting

In accordance with ASX Listing Rule 3.17, please find enclosed 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 2016 Annual General Meeting will be held at Wesley Theatre, Wesley Conference Centre, 220 Pitt Street, Sydney, New South Wales 2000 on Wednesday, 31 August 2016 at 2.30pm.

Yours faithfully

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

Julie Hutton
Company Secretary

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Notice of annual general meeting

Metcash Limited
ABN 32 112 073 480

Notice is given that the 2016 annual general meeting of Metcash Limited (Company) will be held at Wesley Theatre, Wesley Conference Centre, 220 Pitt St, Sydney, New South Wales 2000 on Wednesday 31 August 2016 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 auditors for the year ended 30 April 2016.

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 Patrick Allaway as a director

“That Mr Allaway, 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 Mrs Fiona Balfour as a director

“That Mrs Balfour, 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.”

(c) To elect Mrs Helen Nash as a director

“That Mrs Nash, being a director of the Company who was appointed by the directors on 23 October 2015 under rule 8.1(c) and who retires under rule 8.1(d)(1) of the Company’s constitution, and being eligible, is elected as a director of the Company.”

(d) To elect Mr Murray Jordan as a director

“That Mr Jordan, being a director of the Company who was appointed by the directors on 23 February 2016 under rule 8.1(c) and who retires under rule 8.1(d)(1) of the Company’s constitution, and being eligible, is elected as 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 2016 be adopted.”

The remuneration report is set out on pages 34 to 45 of the 2016 annual report. Please note that the vote on this resolution is advisory only, and does not bind the directors or the Company.

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Voting exclusion statement

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

The terms KMP and closely related party are defined in the Corporations Act. KMP 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 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 on the proposed resolution in item 3:

- 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, 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”.

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 on the proposed resolution 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 resolution in item 4 is connected with the remuneration of a member of the KMP.

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 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 item, even though the item is connected with the remuneration of the KMP.

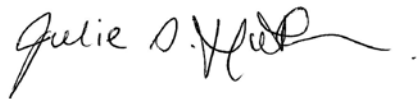
The Chairman of the meeting intends to vote all undirected proxies in favour of each item of business.

Explanatory memorandum

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

By Order of the Board

Dated: 25/07/16



Julie Hutton
Company Secretary

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*, 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 29 August 2016**. 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 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 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 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/form.php>

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 29 August 2016**, at the following address, facsimile number or website address:

Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001

OR by facsimile: +61 2 9290 9655

OR online @ www.votingonline.com.au/metcashagm2016

Voting by attorney

Where a shareholder appoints an attorney to act on their 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 29 August 2016** by the Company's corporate registry, Boardroom Pty Limited, as set out above for proxy forms.

Voting exclusions

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

The Chairman of the meeting intends to vote all undirected proxies in favour of the resolutions set out in this notice of meeting.

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.

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 2016,

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. 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 24 August 2016** by the Company's corporate registry, Boardroom Pty Limited (at the postal address or facsimile number for lodgement of proxies or via email at enquiries@boardroomlimited.com.au).

2 Resolutions to elect and re-elect directors

Mr Patrick Allaway 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.

Mrs Fiona Balfour 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.

Mrs Helen Nash was appointed a director by the Board on 23 October 2015 in accordance with rule 8.1(c) of the Company's constitution. In accordance with rule 8.1(d)(1), Mrs Nash retires from office at the annual general meeting and, being eligible, offers herself for election as a director of the Company in accordance with rule 8.1(f).

Mr Murray Jordan was appointed a director by the Board on 23 February 2016 in accordance with rule 8.1(c) of the Company's constitution. In accordance with rule 8.1(d)(1), Mr Jordan retires from office at the annual general meeting and, being eligible, offers himself for election as a director of the Company in accordance with rule 8.1(f).

As previously announced, Mr Michael Butler, a director of the Company since February 2007 and chair of the Audit, Risk and Compliance Committee (**ARCC**) from June 2012 to the present, has indicated his wish to retire from the Board and has tendered his resignation to the Board effective from the close of the annual general meeting. Mr Butler will therefore cease to hold office after this meeting. The Board would like to thank Mr Butler for his significant contribution

to the Board and to the Company, both as a non-executive director and as chair of the ARCC, over many years.

Mr Neil Hamilton, a director of the Company since February 2008 and chair of the Remuneration Committee (now called the People and Culture Committee) from September 2010 to October 2014, will also retire by rotation in accordance with the Company's constitution. As previously announced, Mr Hamilton has informed the Board that he will not be seeking re-election and accordingly he will retire from the Board and cease to hold office after this meeting. The Board would like to thank Mr Hamilton for his significant contribution to the Board and to the Company, both as a non-executive director and as chair of the People and Culture Committee, over many years.

Profiles of directors standing for election and re-election

Mr Patrick Allaway, Independent Non-Executive Director

Mr Allaway was first appointed to the Board on 7 November 2012. He has extensive experience in financial services and senior executive and non-executive director roles in large multinational companies. In his 30 years in investment banking, he has held positions with Swiss Bank Corporation in Chicago, Zurich and London, and with Citibank in New York, Sydney and London.

Mr Allaway is chairman and co-founder of Saltbush Capital Markets Pty Ltd, a boutique corporate advisory business. In addition, he is currently a non-executive director of Woolworths Holdings Limited (South Africa), David Jones Pty Limited, Country Road Group Pty Ltd and Fairfax Media Limited and chairman of the Giant Steps Endowment Fund. He is chair of the Audit, Risk and Compliance Committee of David Jones Pty Limited and Country Road Group Pty Ltd and a member of the Audit, Risk and Compliance Committee of Woolworths Holdings Limited (South Africa) and Fairfax Media Limited.

Mr Allaway is a member of the ARCC and the Nomination Committee and, with Mr Butler resigning at the close of the meeting, it is intended that Mr Allaway will be appointed by the Board as chair of the ARCC subject to being re-elected as a director of the Company.

The Board considers Mr Allaway to be an independent director.

Mrs Fiona Balfour, Independent Non-Executive Director

Mrs Balfour was appointed to the Board on 16 November 2010 and was the first female appointment to the Board. She has more than 30 years' executive experience in the aviation, telecommunications, financial services, education and not-for-profit sectors. Her professional expertise is in information and communications technology.

Mrs Balfour is a non-executive director of Salmat Limited, TAL (Dai-ichi Life Australia) Limited and Airservices Australia.

She is the chair of the People and Culture Committee and a member of the Nomination Committee.

The Board considers Mrs Balfour to be an independent director.

Mrs Helen Nash, Independent Non- Executive Director

Mrs Nash was appointed to the Board on 23 October 2015. She has significant industry experience as an executive working with franchised operators with McDonalds Australia and had a lengthy international executive career with Procter & Gamble.

She is a non-executive director of Pacific Brands Group Limited, Blackmores Limited and Southern Cross Media Group Limited.

Mrs Nash is a member of the People and Culture Committee and the Nomination Committee.

The Board considers Mrs Nash to be an independent director.

Mr Murray Jordan, Independent Non-Executive Director

Mr Jordan was appointed to the Board on 23 February 2016. As a former managing director of the New Zealand grocery retailer Foodstuffs North Island Limited, he brings with him a wealth of experience in grocery retailing and wholesaling.

He is a director of Chorus Limited in New Zealand and is a member of the ARCC and Nomination Committee.

The Board considers Mr Jordan to be an independent director.

Recommendations

The directors, taking cognisance of the recommendation of the Nomination Committee and having conducted an assessment of the performance of Mr Allaway, believe that it is in the interests of shareholders that he be re-elected as a director and unanimously recommend (with Mr Allaway abstaining) that shareholders vote in favour of the resolution to re-elect him as a director.

The directors, taking cognisance of the recommendation of the Nomination Committee and having conducted an assessment of the performance of Mrs Balfour, believe that it is in the interests of shareholders that she be re-elected as a member of the Board and unanimously recommend (with Mrs Balfour abstaining) that shareholders vote in favour of the resolution to re-elect her as a director.

The directors, taking cognisance of the recommendation of the Nomination Committee and having conducted an assessment of the skills and experience of Mrs Nash, believe that it is in the interests of shareholders that she be elected as a member of the Board and unanimously recommend (with Mrs Nash abstaining) that shareholders vote in favour of the resolution to elect her as a director.

The directors, taking cognisance of the recommendation of the Nomination Committee and having conducted an assessment of the skills and experience of Mr Jordan, believe that it is in the interests of shareholders that he be elected as a member of the Board and unanimously recommend (with Mr Jordan abstaining) that shareholders vote in favour of the resolution to elect him as a director.

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 34 to 45 of the 2016 annual report and is also available on the Company's website 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 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 performance rights to the CEO, Mr Ian Morrice, as part of his long term incentive (**LTI**) for FY2017 (**Performance Rights**).

Shareholders approved a strategic grant of Performance Rights to Mr Morrice at the annual general meeting in 2014. The grant aligned with the Company's Transformation Plan and comprised Mr Morrice's entire LTI component for FY2014, FY2015 and FY2016.

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. 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

If approved, Mr Morrice will be granted 687,500 Performance Rights. This number has been determined by dividing Mr Morrice's LTI opportunity of \$1,100,000 by \$1.60, being the volume weighted average price of the Company's shares traded on the ASX over the 20 trading days ending 29 April 2016, the last trading day before the start of the Company's 2017 financial year.

Mr Morrice's LTI opportunity is 61% of his Total Employment Cost (**TEC**) of \$1,800,000, compared to the median opportunity of 99% for CEOs of companies similar in size and complexity to the Company. This is due to the Board's decision to rebalance Mr Morrice's at-risk remuneration for FY2017 by increasing his on-target short term incentive opportunity from 50% to 100% of TEC (compared to the median of 60%) and offsetting it with a decrease in his LTI opportunity. This is an interim arrangement which the Board believes is necessary to bring further focus to delivery of the remainder of the Transformation Plan. Mr Morrice's total remuneration mix for FY2018 will be determined by the Board at or around the end of FY2017.

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 award will be subject to two performance conditions that will be tested over a three year performance period running from 1 May 2016 to 30 April 2019. 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 2016. 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 peer companies and their index weightings are as follows:

| Name | ASX Code | Weighting |
|--------------------------------|----------|-----------|
| WESFARMERS | WES | 10.00% |
| WOOLWORTHS | WOW | 10.00% |
| COCA-COLA AMATIL | CCL | 4.00% |
| TREASURY WINE ESTATES | TWE | 4.00% |
| BLACKMORES | BKL | 4.00% |
| GRAINCORP | GNC | 4.00% |
| ASALEO CARE | AHY | 4.00% |
| AUSTRALIAN AGRICULTURAL | AAC | 4.00% |
| BEGA CHEESE | BGA | 4.00% |
| BELLAMYS AUSTRALIA | BAL | 4.00% |
| COSTA GROUP HOLDINGS | CGC | 4.00% |
| BWX | BWX | 4.00% |
| ELDERS | ELD | 4.00% |
| MG UNIT TRUST | MGC | 4.00% |
| RIDLEY | RIC | 4.00% |
| SELECT HARVESTS | SHV | 4.00% |
| TASSAL GROUP | TGR | 4.00% |
| VITACO HOLDINGS | VIT | 4.00% |
| WEBSTER | WBA | 4.00% |
| WELLARD | WLD | 4.00% |
| A2 MILK (ASX) | A2M | 4.00% |
| FONTERRA (ASX) SHAREHLDERS.FD. | FSF | 4.00% |

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:

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

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 EPS over the performance period.

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

| Metcash EPS CAGR | % of Performance Rights that vest |
|------------------------------|---|
| Threshold or less | 0% |
| Between Threshold and Target | Pro-rata vesting on a straight line basis |
| Target | 50% |
| Between Target and Stretch | Pro-rata vesting on a straight line basis |
| Stretch | 67% |
| Between Stretch and Maximum | Pro-rata vesting on a straight line basis |
| Maximum or above | 100% |

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 a challenging EPS target between FY2017 and FY2019 will result in 50% vesting of the incentive. The EPS CAGR performance condition percentages will be disclosed after the test date.

All of Mr Morrice's Performance Rights will be tested against satisfaction of the performance conditions described above in or around June 2019. When testing the performance conditions, the Board has discretion to include or exclude any items from its calculations. 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 Mr Morrice 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 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, the shares are not subject to any disposal restriction, however Mr Morrice must comply with the Company's 'Code for Directors and Executives in Respect of Share Transactions' as amended from time to time.

Cessation of employment Unless the Board determines otherwise, all of Mr Morrice's Performance Rights will lapse if he is summarily dismissed or has otherwise:

- engaged in serious or wilful misconduct;
- been seriously negligent in the performance of his duties;
- committed a serious breach of his 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 ceases to be employed by a Group Company before his Performance Rights have vested for any other reason, his Performance Rights will remain on foot subject to the original conditions, unless the Board determines otherwise.

In all cases, the Board retains discretion to determine that some or all of the Performance Rights should lapse or be accelerated on cessation of employment.

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.

Misconduct The PRP Rules contain forfeiture and clawback provisions that will apply in certain circumstances. For example, if 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 (or shares allocated on vesting are forfeited).

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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 previously received grants under the PRP. Since shareholder approval was last obtained at the 2014 annual general meeting, Mr Morrice has received 2,882,563 Performance Rights at no cost. The Transformation Incentive component failed to meet the required ROFE hurdle during FY2016 and, accordingly, 1,281,139 of these rights lapsed. 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.

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 on Monday 29 August 2016.

📱 TO LODGE YOUR PROXY ONLINE

- STEP 1:** VISIT www.votingonline.com.au/metcashagm2016
- 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.

📱 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 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:

- 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 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 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 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 boxes opposite items 3 and 4, by completing and submitting the Proxy Form you are expressly authorising the Chair of the Meeting to cast your vote as he sees fit (in which case the Chair of the Meeting intends to vote in favour of items 3 and 4).

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 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 29 August 2016**. 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/metcashagm2016
- 📠 **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 **Wesley Theatre, Wesley Conference Centre, 220 Pitt St, Sydney, New South Wales 2000 on Wednesday 31 August 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 3 and 4): 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 3 and 4, I/we expressly authorise the Chair of the Meeting to exercise my/our proxy in respect of this item even though items 3 and 4 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 (including items 3 and 4): 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 if a poll is called.

| | | For | Against | Abstain* |
|------------------|---|--------------------------|--------------------------|--------------------------|
| Resolution 2 (a) | To re-elect Mr Patrick Allaway as a Director | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 2 (b) | To re-elect Mrs Fiona Balfour as a Director | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 2 (c) | To elect Mrs Helen Nash as a Director | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 2 (d) | To elect Mr Murray Jordan as a Director | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 3 | To adopt the Remuneration Report | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 4 | To approve 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 / / 2016