



Wesfarmers Limited

2014 Capital Management Initiative A quick guide

Capital management distribution	\$1.00	
Component	Return of capital 75 cents	Dividend 25 cents
Tax implications*	Share cost base reduced	Fully-franked
Dividend Investment Plan	Not applicable	Applicable

The information in this guide is general in nature, should not be relied on as advice and should be read with the 2014 Notice of Meeting. All references to payments are in Australian currency.

*This applies to most shareholders. Refer to page three for more information.

2014 Capital Management Initiative

On 20 August 2014 Wesfarmers announced a capital management initiative which involves the distribution of \$1.00 per share to shareholders, representing a total payment to shareholders of approximately \$1,143 million.

Subject to shareholder approval, the capital management initiative is designed to return a portion of surplus capital equitably to all shareholders and ensure Wesfarmers maintains an efficient capital structure. Importantly, it can be done without reducing the balance sheet flexibility to fund growth opportunities and without adversely affecting credit ratings.

Frequently asked questions

What is the proposal?

Subject to shareholder approval, Wesfarmers will make a cash payment to shareholders of \$1.00 per fully-paid share. It will comprise a return of capital of 75 cents per share and a fully-franked dividend of 25 cents per share. The return of capital, totalling approximately \$857 million, reduces Wesfarmers' capital by this amount and transfers it directly to shareholders. The dividend component totals approximately \$286 million.

The return of capital will be accompanied by an equal and proportionate share consolidation. One share will be converted into 0.9827 shares. The consolidation ratio is based on the amount of the return of capital (75 cents per share) as a proportion of the volume weighted average share price over the 20 trading day period ending 18 August 2014 (\$43.29). If approved by shareholders, the total number of Wesfarmers shares on issue will be reduced from approximately 1,143 million to approximately 1,123 million. Each shareholder will own the same proportionate interest in Wesfarmers after the consolidation, subject to rounding up of fractional entitlements.

Why is Wesfarmers doing this?

To return a portion of surplus capital to all shareholders equitably and maintain an efficient capital structure. Receipt of proceeds from the sale of the insurance businesses in June 2014, continued strong cash flow generation, and robust credit metrics mean this can be done without reducing the flexibility to fund growth and without adversely affecting credit ratings.

Why the share consolidation?

As a result of the share consolidation, there will be proportionately fewer shares on issue, therefore maintaining a similar earnings per share outcome, all other things being equal, had the return of capital not been undertaken. The share consolidation is also expected to neutralise any expected share price reduction relating to the return of capital. As it applies equally to all shareholders, each individual shareholder will own the same proportionate interest in Wesfarmers after the consolidation, subject to rounding up of fractional entitlements.

Can you give me an example of what it means for an individual shareholder?

If you have 1,000 shares on the record date, you will receive \$750 as a return of capital payment and \$250 as a fully-franked dividend payment. After the accompanying share consolidation, you will have 983 shares, however, your holding will represent the same percentage interest in Wesfarmers as you held before the capital management initiative. (Instead of owning 1,000 shares of the total of approximately 1,143 million on issue, you will own 983 shares of approximately 1,123 million on issue).

Will I participate if I buy or sell Wesfarmers shares between now and the end of the year?

To be eligible to receive the return of capital and fully-franked dividend, you will need to be a registered shareholder at 4.00pm AWST on Friday, 28 November 2014. Due to the standard three day settlement period for share transfers, the last trading day to buy shares eligible to receive the return of capital and fully-franked dividend is Tuesday, 25 November 2014.

When will I get the payment?

Subject to shareholder approval, both the return of capital and fully-franked dividend will be paid on Tuesday, 16 December 2014. Payments will be made by direct credit to your nominated account at a financial institution in Australia, New Zealand or the United Kingdom.

Will the Dividend Investment Plan (DIP) apply?

The DIP will apply to the dividend component for those shareholders who currently participate in the DIP or who elect to participate in the DIP by 5.00pm AWST on Monday, 1 December 2014. The DIP will not apply to the return of capital.

What are the tax implications?*

Please refer to the 2014 Wesfarmers Limited Shareholders Tax Information Guide. In general terms, there will be no immediate tax liability for most Australian shareholders relating to the return of capital, where the share cost base exceeds the return of capital of 75 cents a share. There will be no capital gains tax event as a result of the share consolidation. The fully-franked dividend will be treated as a normal dividend for shareholders.

* The tax implications of the return of capital may vary for those who hold shares within a Wesfarmers employee share plan trust. Where the tax implications vary, Wesfarmers will write to affected employees providing guidance on the tax implications of the return of capital and share consolidation.

How do I provide or update my banking details?

Complete the Direct Credit Payment Form available from Wesfarmers' share registry, Computershare Investor Services Pty Limited, or provide your details online to Computershare at www.wesdirect.com.au prior to 4.00pm AWST on Friday, 28 November 2014.

For enquiries, contact Computershare on 1300 558 062 (in Australia) or (+61 3) 9415 4631.

Where can I get more information?

- **Read the 2014 Notice of Meeting**
- **Read the 2014 Wesfarmers Limited Shareholders Tax Information Guide**
- **Call the Shareholder Information Line 1300 558 062**
- **Go to the Investor Centre on the Wesfarmers website www.wesfarmers.com.au/capman2014**

2014 Capital Management Initiative

Key dates

The timetable assumes the return of capital and the share consolidation are both approved by shareholders and the Wesfarmers Board has declared the payment of the fully-franked dividend of 25 cents per share.

Thursday, 20 November

Shareholders vote on the proposed return of capital and share consolidation at the AGM

Tuesday, 25 November

Last day for trading in pre-consolidated shares

Wednesday, 26 November

Shares begin trading on an 'ex-return of capital' and 'ex-dividend' basis

Trading in post-consolidated shares begins on a deferred settlement basis. Shares will trade under a temporary ASX code 'WESDD'

Friday, 28 November

Record date for the return of capital, share consolidation and fully-franked dividend (4.00pm AWST)

Last day to transfer shares on a pre-consolidated basis

Monday, 1 December

Post-consolidation holdings entered into shareholders' security holdings

Last date for elections under the Dividend Investment Plan – elections must be received by 5.00pm AWST

Friday, 5 December

Deferred settlement trading ends

Monday, 8 December

Shares resume trading under the ASX code 'WES' and settle on the standard 'T + 3' basis

Tuesday, 16 December

Payment date for return of capital and fully-franked dividend

If relevant, allocation date for shares under the Dividend Investment Plan

Mail packs issued to shareholders enclosing:

- Confirmation of the number of shares held following the consolidation (as at 1 December 2014);
- Capital return payment advice; and
- Dividend payment advice (including the number of shares allocated under the Dividend Investment Plan if relevant).