

15 June 2010

The Manager
Company Announcements Office
Australian Securities Exchange

Dear Sir,

WESFARMERS LIMITED – LETTER TO SHAREHOLDERS

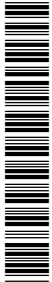
Please find attached a letter which will be sent today to Wesfarmers shareholders regarding the proposed Resource Super Profits Tax.

Yours faithfully,



L J KENYON
COMPANY SECRETARY

Enc.



15 June 2010

Dear Shareholder,

Proposed Resource Super Profits Tax

I am writing to share with you Wesfarmers' concerns about the Federal Government's proposal to introduce a Resource Super Profits Tax (RSPT).

It is my strongly held view that the proposed new super profits tax would not only make Australia less competitive in the global resources industry, but also have significant flow-on effects for the broader economy and society, and you, the Wesfarmers shareholder.

Wesfarmers Group

The Wesfarmers group of companies represent Australia's largest private sector employer with more than 200,000 employees. We have in excess of 500,000 shareholders, the overwhelming majority of whom are Australian.

Wesfarmers is a conglomerate, with the Group organised into eight operating divisions with activities spanning retail (Coles, Bunnings, Officeworks, Target and Kmart), insurance, industrial businesses, and a significant resources division.

Through our resources division, we have major investments in coal mining operations in three states and have, therefore, a direct interest in the proposed introduction of the RSPT. This division has been very important to Wesfarmers since we first acquired the now Premier Coal business in 1989.

In the past decade, we have invested approximately \$1.6 billion in the division including significant expansion at the Curragh mine in Queensland.

Cash flows from the division during periods of high export coal prices have enabled us to undertake expansions at group level (much of the acquisition of Coles Group in 2007) with confidence. They have also supported Wesfarmers paying a significant component of our after-tax profits in dividends to our shareholders. Any threat to earnings is clearly a threat to the level of dividend we can pay you, our shareholders.

Last year, the Resources division paid an effective tax rate of 41 per cent (state based royalties plus company tax), 51 per cent if the Stanwell rebate¹ is included.

¹ Stanwell Power Cooperative is owned by the Queensland Government. Curragh pays a royalty to Stanwell on export sales revenue.

The point here is that the proposed tax would have an impact on our company which goes well beyond our coal mining operations. That flow-on effect on a broadly based conglomerate like ours might be seen as analogous to the potential impact of the tax, not just on the resources industry, but on the wider national economy.

Our concerns

While we are not, in principle, opposed to the introduction of a well designed and structured resources tax as a replacement for multiple state based royalties, the proposed tax as announced is not what Australia needs.

- **Tax rate**

Firstly, we have concerns with the rate of the tax proposed. A 40 per cent rate for a RSPT, in conjunction with corporate income tax of 28 per cent, will result in a significant increase in the total effective tax rate and will negatively affect Australia's competitiveness.

- **Sovereign risk**

Secondly, there is the vital issue of sovereign risk. The design and application of this tax will adversely affect sovereign risk in relation to investments in Australia. The decision to apply the proposed tax to existing projects, where risk and investment decisions have already been made, is an important issue for us and for investors in all Australian resource projects. To change the rules for investors after decisions have been made and costs incurred, risks undermining Australia's position in the international investment community.

For example, your board made the decision last year to invest \$286 million at Curragh to expand the export capacity there to around 8.5 mtpa. That decision was based on the tax regime at the time being in place for the future.

- **Tax design**

Thirdly, we view the design of the proposed tax as inappropriate. Under a true super profits tax regime, miners would recover all their costs at a risk weighted rate of return before becoming liable to any tax. Investment in the resources industry involves undertaking exploration, development, operational, commodity price, foreign exchange and other key risks which are greatly in excess of the risks associated with an investment in Government bonds. As presently structured, the proposed RSPT will discriminate between high-capital and low-capital mines. This discrimination arises, in significant part, from the proposed adoption of the long-term bond rate as a permitted return on capital for RSPT purposes in combination with the operating deductions proposed. Further, Australian taxpayers should not be exposed to the underwriting of 40 per cent of losses on failed projects.

- **Consultation**

The consultation process around the new tax proposal has been completely inadequate. Rather than announce the tax and then embark on a consultation restricted largely to matters of detail, the Government should have released the Henry Tax Review findings and then engaged in a genuine dialogue with stakeholders. If that had been done, at least some platform of agreement on broad principles might have been reached from which we could have moved forward together towards the formulation of a final policy position. Instead, the Federal Government has established a review panel with extremely narrow terms of reference and meaningful debate has been replaced by increasingly divisive rhetoric.

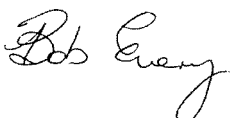
Wesfarmers wants to play a constructive role. We have already made a direct submission to the Federal Government's review panel on the impact on Wesfarmers of the tax as it is presently proposed and took the opportunity to express our wider concerns. As a result, we have been asked to provide a further submission, which we will certainly do.

Conclusion

On your behalf, we will continue to present our concerns to the Federal Government. Like the Chairman of the Federal Government's Future Fund, Mr David Murray, we believe the process should be restarted and the tax completely revamped. In that way, we might be able to achieve genuine tax reform which will benefit not just Wesfarmers, but the entire Australian economy. That should be everybody's objective.

We will do our best to keep you informed.

Yours sincerely,



Bob Every
Chairman