Wesfarmers Limited
ABN 28 008 984 049

25 September 2009

The Manager
Company Announcements Office
Australian Securities Exchange

Dear Sir,

WESFARMERS LIMITED 2009 SHAREHOLDER REVIEW

Attached is a copy of the Wesfarmers Limited 2009 Shareholder Review.

A copy of the Shareholder Review will be posted on 7 October 2009 to those shareholders who have elected to receive a copy.

A copy of the Shareholder Review will also be available on the company's website www.wesfarmers.com.au.

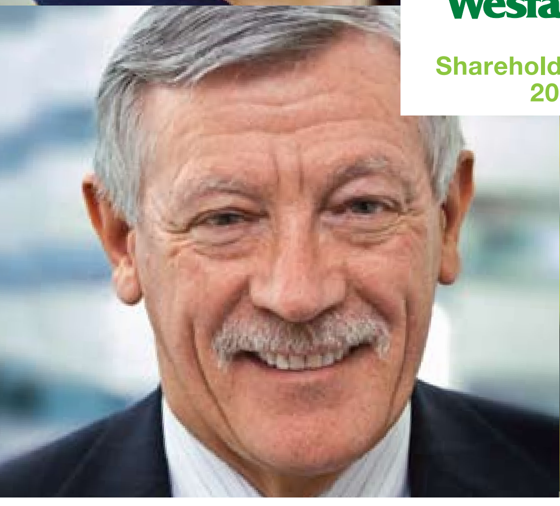
Yours faithfully,

L J KENYON
COMPANY SECRETARY

Enc.

Wesfarmers

Shareholder Review 2009



Our primary objective is to provide a satisfactory return to shareholders

We aim to achieve this by:

- satisfying the needs of customers through the provision of goods and services on a competitive and professional basis;
- providing a safe and fulfilling working environment for employees, rewarding good performance and providing opportunities for advancement;
- contributing to the growth and prosperity of the countries in which we operate by conducting existing operations in an efficient manner and by seeking out opportunities for expansion;
- responding to the attitudes and expectations of the communities in which we operate;
- placing a strong emphasis on protection of the environment; and
- acting with integrity and honesty in dealings both inside and outside the company.

(bottom left) – Keiran Farrell, Group Taxation Manager, Wesfarmers corporate office.
(top left) – Liz Ottaviano, People Development Adviser, CSBP.
(top right) – Vijay Mahesh, Coles Duty Manager.
(bottom right) – Scott Weatherall, Graduate Geologist, Curragh.

WESFARMERS LIMITED
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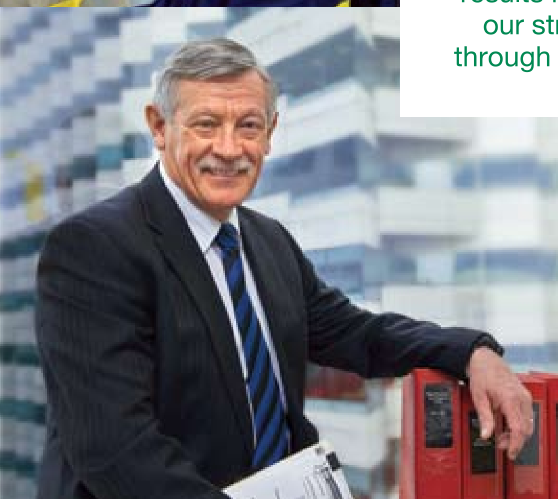
Wesfarmers' 2009 results highlight our strength through diversity



Wesfarmers’ major business groupings of retail, industrial and insurance reach a wide and diverse range of customers. They shop with us for groceries, clothes, home improvement products and petrol. They also insure with us and they buy coal, gas, chemicals and safety products.

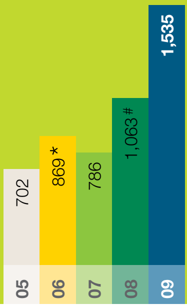
(bottom left) – Coles supplier, Anthony Yewers from Berrysweet Strawberry Farm.
(top left) – Gordon Wilson, Bunnings team member, with a customer.
(top right) – Mark Graham, Western Australian farmer and CSBP customer.
(bottom right) – Luke Nullmeyers, Coles Express team member.

Wesfarmers 2009 providing value to a diverse range of customers

Highlights and summary

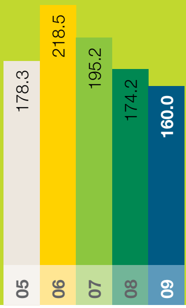
NET PROFIT ($m)
$1,535m

* Excludes earnings from the sale of ARG.

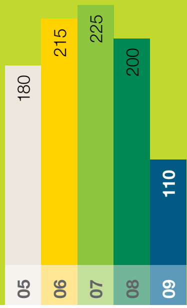


EARNINGS PER SHARE[Δ] (cents)
160 cents

Δ 2005 to 2008 earnings per share restated for the entitlement offers.



DIVIDENDS PER SHARE (cents)
110 cents



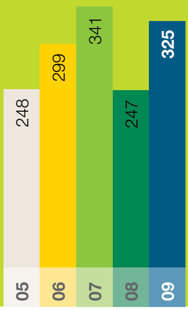
Strong performance and a positive outlook despite the challenging economic environment

Results summary

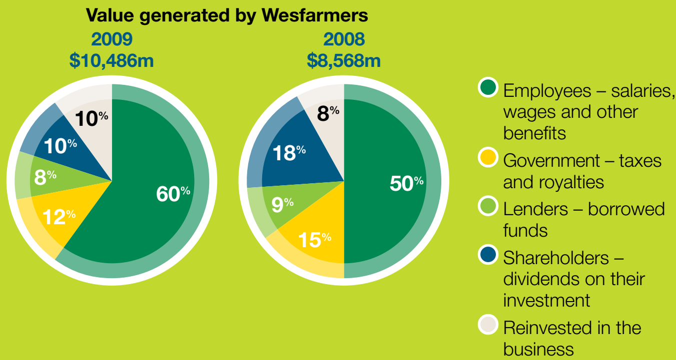
		2009	2008#
Key financial			
Revenue	$m	**50,982**	33,584
Net profit before interest and tax	$m	**2,977**	2,229
Net profit after tax	$m	**1,535**	1,063
Dividends	$m	**1,102**	1,533
Total assets	$m	**39,295**	37,178
Net debt	$m	**4,435**	9,276
Shareholders' equity	$m	**24,252**	19,598
Capital expenditure on property, plant and equipment and intangibles	$m	**1,503**	1,241
Depreciation and amortisation	$m	**1,024**	660
Key share data			
Earnings per share	cents	**160.0**	174.2**
Dividends per share	cents	**110.0**	200.0
Net tangible assets per share	$	**3.14**	-1.36
Operating cash flow per share	$	**3.25**	2.47
Key ratios			
Return on average shareholders' equity	%	**7.4**	8.6
Gearing (net debt to equity)	%	**18.3**	47.3
Interest cover (cash basis)	times	**5.3**	4.9

Restated for finalisation of Coles acquisition accounting.
** Earnings per share restated for the entitlement offers.

OPERATING CASH FLOW PER SHARE (cents)
325 cents



VALUE GENERATED AND DISTRIBUTED



Financial highlights

- 52 per cent increase in revenue to $51.0 billion*
- 34 per cent increase in earnings before interest and tax (EBIT) to $2,977 million*
- 44 per cent increase in net profit after tax to $1,535 million*
- $1.60 earnings per share for the full-year compared with $1.74 for 2008
- 110 per cent increase in operating cash flow to $3,044 million*
- $0.60 fully-franked final dividend per share declared (above earlier guidance) with total full-year dividend of $1.10 per share
- Successfully completed $4.6 billion equity raising
- Balance sheet strengthened with net debt reduced by $4.8 billion
- Gearing (net debt to equity) significantly reduced to 18.3 per cent, with cash interest cover (cash basis) at a healthy 5.3 times
- Resources' EBIT up 116.3 per cent to $915 million
- Revenue for the Coles division was $28.8 billion with food and liquor comparable store sales growth of 4.6 per cent
- Bunnings' store-on-store cash sales growth of 10.1 per cent with trading EBIT up 13.9 per cent
- Comparable store sales growth at Target of 4.2 per cent

* Coles, Kmart, Officeworks and Target included for the period of 23 November 2007 to 30 June 2008.

Operational highlights

- 10,000 new jobs created across the Wesfarmers Group
- Record production and sales from the Curragh coal mine
- Curragh commenced the Blackwater Creek diversion project which will increase mine potential
- More than 120 new retail outlets were opened across the Group
- Coles turnaround continuing to meet internal expectations with 13 new format stores opened
- 10 new Bunnings warehouses and 10 trade centres opened with continued investment across the store network. Another 10 stores under construction with 20 more sites being developed
- 33 Target store refurbishments completed with new store design standards including layout, fixtures, flooring and signage
- Appointment of a new management team to lead Kmart
- Kmart and Officeworks business transformations underway
- Increased ammonium nitrate production at CSBP as a result of the commissioning of the new ammonium nitrate plant
- Commissioning of the 175 tonne-per-day liquefied natural gas plant at Kwinana
- Restructure of the Lumley Australia and New Zealand businesses progressed well and the move to a single underwriting licence in Australia was completed

Chairman's message

Positive support from shareholders for the equity offer earlier this year, combined with strong free cash flow generation, added strength to the balance sheet and takes the Wesfarmers Group into 2010 in a solid position.

I am delighted to present the 2009 Shareholder Review to shareholders, my first as Chairman of this great company.

Few would disagree that last year was one of the most volatile and challenging in our history. Wesfarmers was not immune to the shocks felt by companies here and around the world flowing from the global financial crisis and this was reflected in the results we reported in August for the 2008/09 financial year. Our industrial businesses were particularly affected by the general economic downturn, as well as some localised factors such as the major gas outage in Western Australia, which restricted production from these businesses for much of the financial year.

The economic climate has also, clearly, had an impact on our share price. But at times like this it is more important than ever to avoid being distracted by the ups and downs of the market through any given period and to remain focused on what has always been our objective of delivering satisfactory returns to shareholders. Your Board continues to take a long-term view of the company's prospects and remains confident that we have the physical and human resources to achieve that goal.

A clear focus in difficult times

In these challenging and demanding times the Board, together with management, has been very focused on ensuring that the company is in a sound financial position so that we may both weather the storm and be well-placed to prosper when recovery occurs.

To this end, we successfully completed a $4.6 billion equity raising in February. Many of our shareholders participated in this raising and the Board appreciates the strong support you gave the Group at that time.

Another major decision aimed at bolstering the company's financial strength was the reduction in the dividend payment. As you know, the Board delivered a fully-franked dividend of 60 cents for the half-year ended 30 June 2009, bringing the full-year shareholder payment to $1.10. This decision was given long and careful consideration as we certainly understand the importance of a stable and preferably growing income stream from dividends for many of our shareholders. But we were strongly of the view that, in light of the extraordinary volatility and uncertainty of the credit crisis, it was prudent to ensure that our balance sheet was very strong.

During the year the Board also spent a lot of time on risk management issues. The size and speed of the changes in key financial parameters, such as interest and exchange rates and commodity prices, has been little short of staggering over the past year. The Board responded to this situation by refining its approach to risk management. We had to engage in extensive stress testing using a far wider range of inputs to make sure the company could withstand the global financial crisis.

As we look ahead as a company, and as a nation, we must remain alert to any developments or issues that, not handled properly, could have negative impacts. On the broad policy front, it is imperative that Australia ensures it does not take action with respect to carbon reduction strategies which would reduce industry competitiveness. We also encourage all parties to take a commonsense and cooperative approach in their dealings under the new workplace relations structure.

Executive pay and performance

You may recall that last year Wesfarmers received a majority 'no' vote from shareholders on our executive remuneration report. At the 2008 Annual General Meeting we undertook to give this matter serious consideration, as it is very important for shareholders to have confidence in the basis of calculation and the way in which Board members and senior management are paid. The whole basis of senior executive remuneration has since been thoroughly reviewed, including the plans that make up the at-risk components, and a number of changes have been made.

These include freezing base salaries for the Group's senior executive team until October 2010, and limiting annual incentive payments for the 2009 financial year to payments in relation to achievement of financial targets only. Board fees will also be frozen. Importantly, we are maintaining the company's financial performance hurdles related to remuneration that were set before the economic downturn and the substantial capital raising in early 2009.

Additionally, we have increased the transparency and disclosure of key elements of the company's remuneration structures and done what we can to make this year's remuneration report – which can be found on page 154 of this year's Annual Report – easier to read and understand. In particular, we have tried to explain how the remuneration structures and practices for executives are strongly linked to their performance and that incentive payments are paid only if it can be clearly demonstrated that this contributes to long-term shareholder value.

That being said, our basic approach to remuneration remains unchanged. We continue to pay at the median level of major-listed companies, while providing a competitive mix of incentives to make sure we attract and retain the best executive talent.

Business performance

The acquisition of the Coles group has significantly changed the nature of Wesfarmers. But it's worth remembering that the company has regularly been transformed by acquiring new businesses. While scale may vary, the overriding principle remains as relevant today as when we became a public entity in 1984 – new assets are assessed on whether they will generate satisfactory returns for shareholders over the long-term. That was certainly the case with Coles.

The last financial year has clearly also, once again, demonstrated the benefit derived from having exposure to a number of sectors. Notwithstanding the gas crisis in Western Australia, our industrial businesses were benefiting from unprecedented global and domestic demand for commodities and energy. Now, with people gravitating to value-based retail purchasing, most of our retail businesses are performing very well and they contributed significantly to our full-year results.

It has been particularly pleasing to see the Coles, Kmart and Officeworks turnarounds gathering momentum. The opportunity for Coles is not simply to move to best practice Australian retailing but to transform the business so that it can match anything being achieved globally.

With teams of world-class retailers leading these businesses and a clear strategy based on performance and customer-focus, the signs are – as we approach the end of the second year of our five year turnaround timeframe – that we are on the way to creating significant, long-term value for our shareholders.

While retail is now obviously a major focus, the other parts of our business portfolio deserve and receive no less attention as they continue to make very important contributions.

Beyond the short-term

Wesfarmers' core business philosophies are really no different from when the company began 95 years ago as a cooperative servicing the Western Australian rural community and which were consolidated into the satisfactory shareholder return objective we enunciated at the time of listing 25 years ago.

These principles underlie the commonsense, practical systems that make sure all our businesses are managed in a solid, reliable and accountable way. They define our approach to investment and value which recognises that markets, like the weather, are subject to unforeseen and sometimes unprecedented events. While dealing with these as necessary – and this last year stands as stark an example as we've ever had – we never cease to look to the longer term.

I would like to take this opportunity to record the company's appreciation of the enormous contribution made to Wesfarmers by my predecessor, Trevor Eastwood AM. On a personal note, I thank Trevor very much for the guidance he provided in the transition to my role as Chairman. Another long-term and distinguished contributor, Gene Tilbrook, retired from the position of Finance Director in May. In wishing Gene every success for the future I welcome Terry Bowen to the Board and look forward to working closely with him in the years ahead.

In late August 2009, Diane Smith-Gander joined the Board and Archie Norman was appointed an adviser to the Board on retail issues. They will make a great contribution to our company.

Finally, I want to take this opportunity to thank my fellow Board members for their support and advice during this testing year. I also want to express my appreciation to Richard Goyder and his senior management team for maintaining their clear focus. They are not only managing the company effectively through the downturn but positioning it for long-term growth and value creation when better economic times inevitably return.

Bob Every

Bob Every Chairman

Managing Director's review

A 44 per cent profit increase was a good result in what was a challenging year in the context of the global and national economic downturn and localised factors affecting some of the Wesfarmers businesses.

Wesfarmers is in a strong position to capitalise on a return to more normal conditions after one of the most turbulent periods the world economy has ever seen.

Rarely have companies and their owners, here and abroad, had to face such severe challenges and unexpected shocks.

The scale and suddenness of developments towards the end of the 2008 calendar year, escalating through the first half of this year, were a severe test of the resilience of businesses.

As our Chairman has noted, Wesfarmers had to respond decisively to see the company through the turmoil and to position it for recovery.

In last year's Annual Report, published about the time the world's economy took its first big hits, I referred to our plans for the Coles group of companies aimed at ensuring that this acquisition would prove, over time, very beneficial to shareholders.

Twelve months on, and still obviously at an early stage in the five year turnaround process, my confidence in our ability to achieve that objective has been reinforced. The challenges of completing the required transformation remain but the performance to date has been very encouraging.

While our retail businesses benefited from consumer spending flowing from the government stimulus packages, the past year has confirmed that everyday necessity products remain in strong demand regardless of the economic cycle.

The overall Wesfarmers Group result for the full-year – a profit after tax of $1,535 million – was a good outcome in the circumstances and represented a 44 per cent increase on the previous year when we had owned the Coles group businesses for only seven months.

One of the fundamental principles guiding Wesfarmers through its 95 year history has been always to look to the future. We continue to apply that approach, both to business development and through our commitment to an improved sustainability performance.

Coles group progress

The Coles turnaround continues to gather momentum with the benefits of the major restructuring, disciplined management and greater customer focus becoming apparent.

Store-on-store growth in the Coles food and liquor businesses grew to 7.3 per cent in the last quarter of the year and was 4.6 per cent for the full-year, compared with 2.8 per cent for the period of ownership in 2007/08. These results are in line with our expectations, reflecting fundamental improvements in areas such as supply chain and store format, product availability and freshness.

Kmart is also making progress although not as advanced as Coles. Over the past 12 months, we've put in place a new leadership team, there is a renewed customer focus and many of the structural changes needed to return the business to sustained growth have been implemented.

The Officeworks business, grouped now with Bunnings, is starting to show improved results at a time when there has been real pressure on its small-to-medium business customer base.

Target was performing well at the time of acquisition and continues to impress, emphasising the durability of its quality value offer.

Bunnings

Bunnings had another outstanding year with earnings before interest and tax up almost 12 per cent on the previous 12 months.

This result continues to demonstrate that Bunnings' price and service offering remains highly compelling despite general economic conditions thanks to its team's never-ceasing innovative thinking and energy. The business has never been in better shape.

Industrial and Insurance

The economic downturn created a challenging environment for our industrial divisions.

Lower coal prices in the second half of the year reflected the sharp economic slowdown of our major trading partners and deterioration in the value of the Australian dollar, and affected full-year earnings for our Resources division. These price falls underline the imperative to control costs but current prices are historically high and the long-term outlook for coal remains strong, particularly as China continues its rapid process of modernisation.

A great operational performance by Resources enabled the division to make the most of very high prices in the first half and produce a record full-year result.

A decline in global commodity prices, together with the ongoing impacts of Western Australian-related factors, including the Varanus Island gas supply disruption and seasonal factors that delayed local farm activity, had a negative impact on Chemicals and Fertilisers.

Varanus Island and a slowdown in demand from industrial gas customers also led to a decline in earnings in the Energy division. Industrial and Safety was adversely affected by slowing demand for product in mining, manufacturing and construction.

The Insurance division had a difficult year in a competitive environment where earnings declined due to a reduced return from investments as a result of lower interest rates and the adverse effect of severe weather events.

Securing the future

I join with the Chairman in thanking shareholders for the support given to our $4.6 billion capital raising in early 2009 which we structured so as to give everyone the opportunity to participate.

With constant speculation at that time about debt levels and our ability to make the Coles acquisition work, it was imperative that we restored confidence in the company's financial position. The very positive response significantly strengthened the balance sheet and investor perceptions of the company generally.

Management changes

I want to express my great appreciation of the outstanding service rendered to Wesfarmers by Gene Tilbrook who joined the company in 1985 and retired, as Finance Director, in May. In wishing Gene a long and happy retirement I have little doubt he will remain an active participant in Australian business. Gene's replacement, Terry Bowen, joins the Board after having held senior positions in a number of Wesfarmers' divisions, most recently as Finance Director of Coles. He has been a close and valued colleague for many years and I know he will continue to make a great contribution to the company's success.

I welcome also Guy Russo as Managing Director of the Kmart division. Guy is a former head of McDonald's Australia and Wesfarmers will benefit from his extensive experience in a leading retail organisation.

During the year Keith Kessell retired as Executive General Manager, Corporate Affairs. I want to thank Keith for his contribution which went well beyond what his role required and to wish him a happy and productive retirement.

The challenge ahead

After a year marked by extreme volatility and uncertainty I believe we can look forward to calmer and more predictable times, although few would be bold enough to rule out further surprises or to predict other than a gradual recovery.

A challenge we all face is to make sure the drama of recent times does not distract attention from longer-term, important objectives.

One of the fundamental principles guiding Wesfarmers through its 95 year history has been always to look to the future. We continue to apply that approach, both to business development and through our commitment to an improved sustainability performance.

Wesfarmers has long supported the introduction of market-based measures designed to reduce carbon emissions over time. But we strongly believe no action should be taken that would damage the competitive position of trade-exposed and energy-intensive Australian industries.

It is also very important that the events of the last 12 months or so do not lead to a fundamental change in our commitment to an economic system where the role of government is minimised and where the main creative drive comes from private enterprise. Certainly we've seen some terrible examples of failure in the private sector and the need for corrective action. But it would be highly detrimental to our long-term well-being if the pendulum were allowed to swing too far in the direction of increased regulation and government intervention.

As always, none of the company's progress and achievements would be possible without the dedicated support of its more than 200,000 employees, a number that has increased by more than 10,000 in the past 12 months when many businesses have been reducing their workforces. To all those who have strived so tirelessly, I extend my sincere thanks.

I particularly want to acknowledge the support I have received from Bob Every, our Chairman, his Board colleagues and my senior management colleagues.

Richard Goyder Managing Director

Finance Director's review

Cash flow from operations increased by 110 per cent to $3,044 million and was driven by earnings growth and good working capital management.

Results overview

Net profit after tax for the Group increased 44 per cent in 2008/09 to $1,535 million as a result of significant revenue and earnings growth in the Resources, Coles, Bunnings and Target divisions. The result included, for the first time, a full year's contribution from Coles, Target, Kmart and Officeworks following their acquisition in November 2007, as well as a total of $106 million after-tax costs associated with non-trading and other significant items.

Earnings per share of $1.60 were down from $1.74 in the prior year due to the part-year impact of increased shares on issue following recent equity raisings. Similarly, average return on equity reduced to 7.4 per cent from 8.6 per cent in the previous year.

Cash flow

Strong cash generation was a highlight in 2008/09. Free cash flow increased to $1,541 million for the year as compared to $210 million in 2007/08. Cash dividends paid increased to $1,066 million from $754 million in the previous year.

Cash flow from operations increased by 110 per cent to $3,044 million and was driven by earnings growth and good working capital management, particularly in our retail businesses.

Capital expenditure of $1,503 million was higher than the $1,241 million in the prior year and remained well ahead of depreciation, reflecting our ongoing commitment to grow each of our businesses. All divisions recorded capital expenditure above prior year levels, with the exception of Energy, and Chemicals and Fertilisers that both undertook large expansion projects in 2007/08. Capital expenditure for 2009/10 is expected to increase further, to between $1.7 billion and $1.9 billion, as renewal activity accelerates in Coles, retail store networks are further strengthened and the Blackwater Creek diversion project is completed at Curragh.

Balance sheet

A major focus in the year was the recapitalisation of the Group's balance sheet following a significant deterioration in credit markets as part of the global financial crisis and the associated rapid downturn in economic conditions.

On 22 January 2009, we announced an equity raising, via a 3 for 7 accelerated pro-rata non-renounceable entitlement offer, at an offer price of $13.50, and a $900 million institutional placement. With strong support from investors, $4.6 billion was raised with proceeds used to repay $3.5 billion of maturing bank debt and revolving facilities. This raising, along with agreement from our lenders to extend maturity dates on remaining facilities, significantly strengthened the balance sheet.

As at 30 June 2009, total debt was $6,169 million, having been reduced from $9,517 million 12 months earlier, and the Group had available to it $1,734 million in cash at bank and on deposit as well as $1,422 million in undrawn facilities.

The value of property, plant and equipment increased over the year, from $6,561 million to $7,126 million as at 30 June 2009.

Strong execution of plans to improve working capital management resulted in capital employed in this area reducing over the year, predominately in Coles, Kmart and Target. Increased working capital in the Chemicals and Fertilisers division, due mainly to higher fertiliser inventory at year-end following a late Western Australian seasonal break, partially offset gains made in retail.

Final adjustments were made to the purchase price allocated to the Coles group of companies in accordance with *Australian Accounting Standard AASB 3 – Business Combinations*. Adjustments recognised increased the fair value of identifiable assets by $118 million, mainly relating to deferred tax assets, with a corresponding reduction in goodwill recognised on acquisition.

During the year we conducted detailed impairment testing of non-current assets, including goodwill and other intangible assets recognised on business acquisitions. KPMG was engaged to provide advice on discount rates and long-term growth rates used in the impairment testing. Non-cash impairment charges totalling $118 million were made in relation to the valuation of Coles' property and the carrying value of investments in associated Wesfarmers' companies. In all other cases, recoverable amounts determined for impairment testing exceeded the carrying values of non-current assets with no impairment charges required. Impairment testing of non-current assets will continue and results remain sensitive to changes in general trading conditions and outlook, as well as discount rates.

Debt management

We are committed to maintaining a strong investment-grade rating through strong cash flow and balance sheet management.

Due to large debt repayments during the year, net debt fell to $4,435 million at 30 June 2009, significantly improving gearing and liquidity. Net debt to equity at year-end reduced to 18.3 per cent from 47.3 per cent the previous year, while cash interest cover increased to 5.3 times over the year from 4.9 times.

Equity management

At 30 June 2009, there were 1,157 million shares on issue, made up of 1,005 million ordinary shares and 152 million partially protected ordinary shares. During the year, shares on issue increased by 358 million of which 337 million related to the rights issue and institutional placement in early 2009.

We kept in place our dividend investment plan which has had a healthy participation since reinstatement in January 2007. A further 15 million shares were issued under the plan during the year.

Dividend policy

In recognition of tighter credit conditions following the global financial crisis and continuing uncertainty, the Group announced a change to its dividend policy on 22 January 2009. While we seek to deliver stable and growing dividends, the declared amount will be based on the company's current and projected cash position, having regard to capital expenditure requirements, retained earnings, franking credits, debt levels and business and economic conditions generally.

Consistent with this policy, a fully-franked final dividend of 60 cents per share was declared which was higher than previous guidance after consideration of stronger cash flow generation and outlook. The dividend, to be paid on 1 October 2009, is not provided for in the accounts.

Given a preference by many shareholders to receive dividends in the form of shares, a decision was made to leave the dividend investment plan in place for the 2009 final dividend. No discount was applied to shares allocated under the plan. In recognition of our capital structure and strong balance sheet, all shares issued under the plan were acquired on-market by a broker and transferred to participants.

Risk management

The Group maintains and adheres to clearly defined policies covering areas such as foreign exchange risk, interest rate risk and credit risk. We do not acquire or issue derivative financial instruments for speculative purposes.

Businesses exposed to foreign exchange risk use forward contracts to minimise currency exposure. United States-denominated debt and associated interest costs are fully hedged at the time the debt is drawn down.

The Group uses interest rate and cross currency interest rate swaps to minimise interest rate risk. Following the equity raising and significant debt reduction this year, the level of interest rate hedges exceeded outstanding debt. As a result, ineffective hedges were closed out with losses before tax of $136 million recognised.

Terry Bowen Finance Director

Coles

The five year transformation journey continues with momentum as Coles moves through the first phase with an improved in-store offer, better on-shelf availability, and enhanced value, quality and service, resulting in stronger customer satisfaction.

Ian McLeod
Managing Director Coles

The business

Coles is a leading Australian food, liquor and convenience business, operating 2,258 outlets nationally through its Coles, BiLo, Vintage Cellars, 1st Choice, Liquorland and Coles Express brands, and its hotel portfolio.

The business employs more than 113,000 team members with customers transacting 15.8 million times every week.

Activities

- Coles is a full service supermarket retailer with 763 stores nationally
- National liquor retailer with 775 liquor outlets, as well as 95 hotels
- A national fuel and convenience operator managing 625 stores
- More than 15.8 million customer transactions each week
- Employing more than 113,000 team members

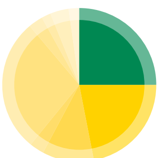
Year in brief

- Total operating revenue of $28.8 billion with EBIT of $831 million
- Food and liquor sales growth of 6.2 per cent, with comparable store sales growth of 4.6 per cent
- Growth of store network, with the opening of 31 supermarkets, 30 liquor stores, nine Coles Express sites and two hotels
- Announced transfer of 45 supermarkets and eight Liquorland stores to FoodWorks
- Began supermarket renewal pilot programme opening 13 new format stores

Future directions

- Continue driving five year business turnaround programme
- Coles to focus on meeting customer demands for value, improving fresh quality, housebrand offer and service

CONTRIBUTION TO EBIT
25%



REVENUE ($m)
$28,799m

EBIT ($m)
$831m

* For the ownership period 23 November 2007 to 30 June 2008.
# Restated for finalisation of Coles acquisition accounting.

Delivering quality, service and value

Home Improvement and Office Supplies

Bunnings and Officeworks – leading retailers in home improvement and office supplies.

John Gillam
Managing Director Home Improvement and Office Supplies

The business

Bunnings is the leading retailer of home improvement and outdoor living products in Australia and New Zealand and a major supplier of building materials.

Officeworks is Australia's leading retailer and supplier of office and stationery products for home, work and education needs.

Activities

- Bunnings: Retailing home improvement and outdoor living products and servicing project builders, trades-people and the housing industry
- Officeworks: Retailing and direct supplying office products and solutions for home, business and education customers

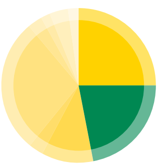
Year in brief

- 13.9 per cent increase in Bunnings' trading EBIT
- 13.0 per cent increase in Bunnings' cash sales
- 10 new Bunnings Warehouse stores opened
- Three new Bunnings smaller format stores opened
- 10 new Bunnings trade centres opened
- 7.7 per cent increase in Officeworks retail store sales
- Growth in Officeworks normalised EBIT of 10.5 per cent in the second half
- Eight new Officeworks stores opened, seven refurbished
- Good progress in strategy re-set work within Officeworks and Harris Technology

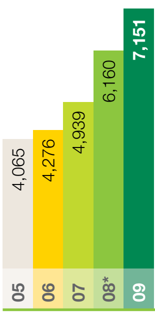
Future directions

- Bunnings: Merchandising and network expansion opportunities, enhancing service, lowering costs and improving operational effectiveness
- Officeworks: Reinvigorating the business through a range of strategic initiatives, enhancing the customer offer, lowering costs and removing operational complexity

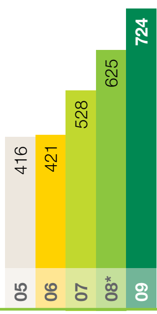
CONTRIBUTION TO EBIT
22%



REVENUE ($m)
$7,151m



EBIT ($m)
$724m



* Office Supplies' contribution is for the ownership period from 23 November 2007 to 30 June 2008.

Delivering a quality customer offer

Target

A leading destination for fashionable clothing and homewares, the Target range is complemented by national brands offering great value to city and country consumers alike.

Launa Inman
Managing Director Target

The business

Target is a leading customer destination for fashionable clothing and homewares, with 286 stores and almost 25,000 team members across Australia.

Target is positioned between the high-end department stores and discount department stores, with a focus on offering better value than specialty stores in the mid-market sector.

Activities

- Target is a retailer of fashion clothing and homewares offering great quality and value
- Two store formats (Target and Target Country) cater to a wide cross-section of the Australian population, with an extensive network of 286 stores throughout metropolitan and regional Australia
- Customer destination for childrenswear and nursery, womenswear, intimate apparel and homewares
- Promotionally driven through weekly catalogues and major instore events

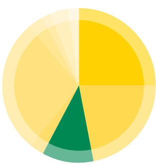
Year in brief

- $3.8 billion in operating revenue
- $357 million in EBIT, with EBIT margin of 9.4 per cent
- Comparable store sales increase of 4.2 per cent
- 16 stores opened (including five replacements)
- Two Target Country stores closed
- 33 stores upgraded or refurbished with store design improvements including layout, fixtures, flooring and signage
- Continued development of new and differentiated product ranges
- Improved efficiencies in supply chain and renegotiated supplier terms

Future directions

- Opening of seven stores and 20 refurbishments planned
- Improve supply chain systems to increase speed to market from design to manufacture
- Further develop new and differentiated product ranges
- Explore alternative ways of communicating to customers

CONTRIBUTION TO EBIT
11%



REVENUE ($m)
$3,788m

EBIT ($m)
$357m

* For the ownership period 23 November 2007 to 30 June 2008.
\# Restated for finalisation of Coles acquisition accounting.

A leading destination for great value

Kmart

Following the appointment of a new leadership team, revised strategies to turn around the business have been developed and are currently being implemented.

Guy Russo
Managing Director Kmart

The business

Kmart is one of Australia's largest discount department store retailers with 184 stores throughout Australia and New Zealand and more than 26,000 team members.

Kmart Tyre and Auto Service is Australia's largest retail automotive service, repair and tyre business with 255 stores and is Australia's largest employer of mechanics and apprentice mechanics with a team of more than 1,200 people.

Activities

- Kmart is a discount department store retailer of a wide variety of quality and great value general merchandise and apparel products through a network of 184 stores in Australia and New Zealand
- Kmart Tyre and Auto Service is Australia's largest retail automotive service, repair and tyre business with 255 stores and is Australia's largest employer of mechanics and apprentice mechanics

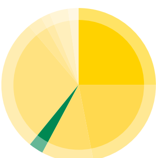
Year in brief

- Comparable store revenue growth of 0.2 per cent
- EBIT of $109 million
- Two Kmart stores and three Kmart Tyre and Auto Service centres opened (including three replacements)
- Appointed new Managing Director and management team
- A review of the business was undertaken
- Store and national office structures were realigned
- The business evaluated the distribution network and gained efficiencies through the reduction of storage costs

Future directions

- Continue to improve the in-store experience and rebuild customer trust
- Build on-trend, profitable categories and focus on volume items
- Continue to communicate prices that customers trust and offer everyday value
- Build the brand and create events that excite customers
- Opening of two new stores planned

CONTRIBUTION TO EBIT
3%



REVENUE ($m)
$3,998m

EBIT ($m)
$109m

* For the ownership period 23 November 2007 to 30 June 2008.
# Restated for finalisation of Coles acquisition accounting.

Easy shopping at low prices

Resources

Record earnings were generated through record sales volumes which enabled the business to capture the value of higher export coal prices during the first three quarters of the year.

Stewart Butel
Managing Director Resources

The business

Wesfarmers Resources is a significant Australian open-cut miner, with interests spanning three coal mines.

The division's interests comprise the Curragh mine in Queensland (metallurgical and steaming coal for export and domestic markets), the Premier Coal mine in Western Australia (steaming coal for domestic markets) and a 40 per cent interest in the Bengalla mine in New South Wales (steaming coal for both export and domestic markets).

Activities

- Operating and developing coal mines in Queensland (Curragh) and Western Australia (Premier Coal); 40 per cent interest in New South Wales coal mine (Bengalla Joint Venture)
- Supplier of metallurgical coal to export markets and steaming coal to both domestic and export markets

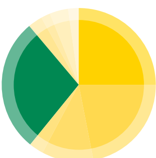
Year in brief

- Record EBIT – up 116 per cent to $915 million
- Record full-year production and sales
- Strong coal sales volumes in challenging economic conditions
- Significant price reduction for metallurgical and steaming coal from April 2009

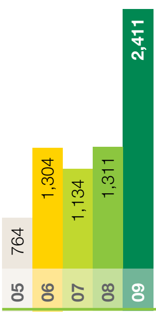
Future directions

- Strong business sustainability commitment
- Strong export market fundamentals and customer demand
- Continued focus on export production and sales growth from Curragh
- Maximise exports, addressing infrastructure constraints
- Focused on future growth

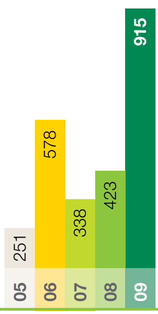
CONTRIBUTION TO EBIT
28%



REVENUE ($m)
$2,411m



EBIT ($m)
$915m



Increasing mine potential

Insurance

Wesfarmers Insurance provides insurance and risk management solutions to commercial, small business, not-for-profit and personal clients across Australia, New Zealand and the United Kingdom.

Rob Scott
Managing Director Insurance

The business

Wesfarmers Insurance provides insurance broking, insurance underwriting and related financial services in Australia, New Zealand and the United Kingdom. The insurance underwriting operations include Wesfarmers Federation Insurance (WFI), Lumley Australia and Lumley New Zealand. The insurance broking operations are OAMPS Australia, OAMPS UK and Crombie Lockwood in New Zealand.

Activities

- Key brands: Lumley, WFI, OAMPS and Crombie Lockwood
- Provision of general insurance products
- Insurance broking, risk management and financial services distribution
- Operations in Australia, New Zealand and the United Kingdom

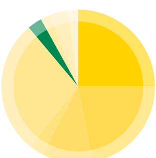
Year in brief

- 4.3 per cent increase in revenue to $1.7 billion
- Earnings before interest, tax and amortisation of $103 million was affected by higher than expected levels of claims in Australia
- Lumley New Zealand turnaround on track
- Successful consolidation of Australian underwriting licenses
- Restructuring and portfolio review in Lumley Australia
- Growth in broking earnings despite difficult economic conditions
- Five bolt-on acquisitions in insurance broking

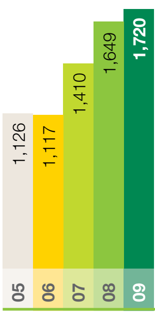
Future directions

- Maintain business focus in selected market segments
- Strong focus on underwriting and claims discipline
- Business process and portfolio management improvements
- Further bolt-on acquisitions to enhance distribution platform
- Growth through the development of insurance and financial services products

CONTRIBUTION TO EBIT
3%



REVENUE ($m)
$1,720m



EBITA ($m)
$103m

Covering your future – financial protection for today

Chemicals and Fertilisers

Manufacturing chemicals and fertilisers to meet existing and new markets in a safe and sustainable way underpins the business.

Ian Hansen
Managing Director
Chemicals and Fertilisers

The business

The Chemicals and Fertilisers division incorporates CSBP, Australian Vinyls (AV), ModWood, the 50 per cent-owned Queensland Nitrates (QNP) and the 75 per cent-owned Australian Gold Reagents (AGR).

The division is one of Australia's leading suppliers of chemicals, fertilisers and related services to the mining, minerals processing, industrial and agricultural sectors.

Activities

– Manufacture and marketing of chemicals for mining, minerals processing and industrial sectors

– Manufacture and marketing of broadacre and horticultural fertilisers

– Provider of soil and plant testing and agronomy advisory services

Year in brief

– 16.6 per cent increase in revenue to $1.2 billion

– First full-year of production from the new ammonium nitrate facility at Kwinana, Western Australia contributed to increased sales volumes and earnings

– 58.1 per cent decrease in EBIT

– Chemicals earnings reduced due to the impact of the Varanus Island gas disruption impacting gas supplies since 3 June 2008

– Fertiliser volumes and earnings decreased

– Australian Vinyls sales tonnes and earnings decreased

Future directions

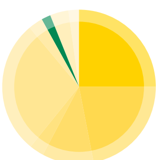
– Capitalise on demand for chemicals from the resources sector

– Enhance fertiliser sales volumes through a market-focused customer offer

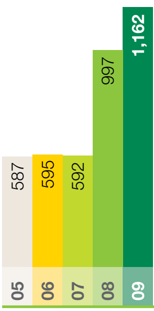
– Pursue market growth and product diversification opportunities

– Complete the expansion of the sodium cyanide facility at Kwinana and drive returns from existing capital invested

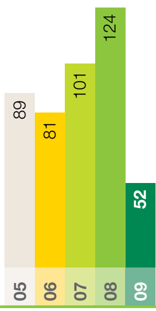
CONTRIBUTION TO EBIT
2%



REVENUE ($m)
$1,162m



EBIT ($m)
$52m



Increasing capacity to service growing markets

Industrial and Safety

A market-leading position driven by an unrivalled branch network, breadth of product and service offering and superior customer service.

Olivier Chretien
Managing Director
Industrial and Safety

The business

Wesfarmers Industrial and Safety is the leading supplier of maintenance, repair and operating (MRO) products in Australia and New Zealand. It provides industrial and safety products and services across a broad range of industries including resources, construction, manufacturing, government and services.

The division operates from an unrivalled network of 240 locations.

Activities

- Supply of industrial and safety products and services through a portfolio of leading distributors in Australia and New Zealand
- Servicing industry and government through extensive branch networks and sales teams, as well as e-business, websites and telemarketing channels
- Portfolio of 10 businesses including Blackwoods, the leading industrial and safety supplier in Australia, with an extensive national network and breadth of product range

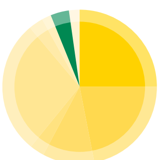
Year in brief

- 1.1 per cent decline in revenue to $1.3 billion, due to business activity slowdown in the second half
- 12.3 per cent decline in EBIT
- Strong performance from Bullivants and Western Australian activities (Blackwoods and Protector Alsafe)
- Further improvements in 'Delivery in Full On Time' through supply chain, systems and network upgrades
- Continuous capability building, with specific focus on sales force effectiveness
- Investments in the oil and gas, infrastructure and hospitality sectors

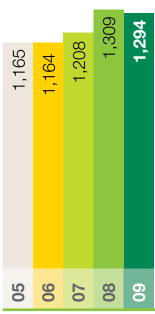
Future directions

- Increase share of customers' spend through improved service, delivery performance and value proposition
- Improve metropolitan sales penetration
- Increase growth in selected industry sectors
- Improve competitiveness through supply chain and organisation effectiveness
- Develop and retain high performing employees

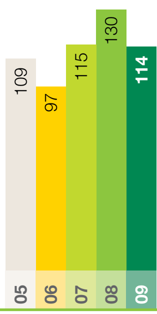
CONTRIBUTION TO EBIT
4%



REVENUE ($m)
$1,294m



EBIT ($m)
$114m



Helping keep workplaces safe

Energy

The Energy division is focused on operating efficiency, customer service and growing its market share.

Tom O'Leary
Managing Director Energy

The business

Wesfarmers Energy is comprised of four gas businesses and a power generation business.

The gas and power activities include: the production and distribution of industrial, medical and specialty gases by Coregas and Air Liquide WA (40 per cent interest); the production and distribution of liquefied petroleum gas (LPG) and the production of liquefied natural gas (LNG) by Wesfarmers LPG; the distribution and marketing of LPG and LNG by Kleenheat Gas; and power generation by enGen.

Activities

– Manufacture, marketing and distribution of industrial, medical and specialty gases

– Production, marketing and distribution of liquefied petroleum gas (LPG) and liquefied natural gas (LNG)

– Power generation for remote towns and mines

Year in brief

– 5.8 per cent increase in revenue to $598 million

– 16.7 per cent decrease in EBIT

– Reduced earnings largely due to a reduction in international LPG prices and the Varanus Island gas disruption

– Industrial gas EBIT growth despite weaker customer demand

– Western Australian LNG project commissioned in September 2008 with production steadily increasing as off-take customers increase demand

Future directions

– Continue development of the LNG business

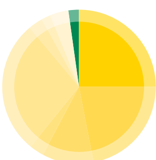
– Maximise growth of industrial gas volumes and improve operating efficiency

– Focus on customers and optimising costs in LPG distribution

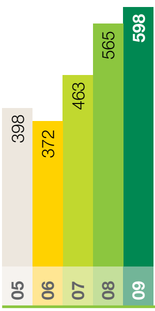
– Optimise usage of Western Australian LPG facilities

– Pursue new and expansionary power generation opportunities

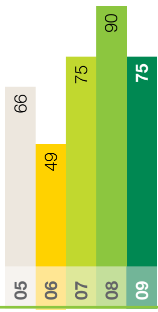
CONTRIBUTION TO EBIT
2%



REVENUE ($m)
$598m



EBIT ($m)
$75m



Expanding into new markets

Other activities

Wesfarmers' other business activities include investment in Gresham Partners Group Limited, Wespine Industries and the Bunnings Warehouse Property Trust.

Activities

Wespine – 50 per cent interest in a plantation softwood sawmill at Dardanup, Western Australia

Gresham – 50 per cent interest in the investment bank, Gresham Partners; plus interests in Gresham's private equity funds

Bunnings Warehouse Property Trust – 22.7 per cent interest in the property trust which mainly owns Bunnings Warehouses tenanted by Bunnings Group Limited

Year in brief

Wespine

- Earnings down 20 per cent due to reduced Western Australian housing activity and higher energy costs
- Finalised extension of log supply contract with the Forest Products Commission to 2033

Gresham

- Share of profit amounted to $1 million while the Gresham Private Equity Funds generated a loss of $57 million
- Fund 1 generated a cash internal rate of return of 27 per cent per annum since inception

Bunnings Warehouse Property Trust

- A loss of $8 million from Wesfarmers' investment due to property revaluations

Future directions

Wespine

- Earnings will continue to be constrained by depressed markets in the coming year

Gresham

- Continued focus on management of businesses and on identifying profitable equity opportunities for Fund 2
- Evaluate investment opportunities for Fund 3

Bunnings Warehouse Property Trust

- Improve portfolio through enhancements to existing properties and through selective acquisitions

Wesfarmers' values of integrity, openness, accountability and boldness are integral to ensuring that we deliver on our core objective of providing a satisfactory return to shareholders. We also recognise the importance of good custodianship of the environment and the responsible conduct of our businesses in the communities in which we operate.

Sustainability

Wesfarmers has identified five key areas of focus as part of its commitment to a sustainable future.

Curragh Environmental Officer, Paul Graham, takes a water sample from the MacKenzie River at Blackwater, Queensland.

Sustainability priorities

When it became a public company in 1984, Wesfarmers adopted the objective of delivering satisfactory returns for its shareholders. Over the past 25 years, the responsibilities of business – particularly large companies such as Wesfarmers – have changed significantly. Financial success is no longer the only measure that matters. Increasingly, companies are assessed on how they manage a wide range of factors that contribute to a strong bottom line.

For many years, Wesfarmers has accepted the need to ensure that sustainability policies and practices across the Group meet the high standards expected of modern corporations by the communities in which its businesses operate and by the company's employees, customers, suppliers and shareholders.

In the context of its commitment to sustainable outcomes, Wesfarmers has nominated five key areas of focus that will contribute towards delivering satisfactory returns for its shareholders in 2009 and beyond. Each of the Group's businesses – while providing different goods and services and making its own particular economic and social contributions – has oriented its sustainability efforts in 2009 around these priorities:

- the importance of people;
- carbon emissions reduction and energy management;
- community investment;
- a reduced overall environmental footprint; and
- a strong economic contribution.

This approach helps provide a structure under which consistent sustainability outcomes can be delivered across the Wesfarmers Group in which a very wide and diverse range of sustainability activities are pursued by the various businesses.

A full account of the company's sustainability policies, practices and performance will be available in the 2009 Sustainability Report to be published in November. This will be the twelfth such stand-alone, comprehensive document produced by Wesfarmers since it began reporting publicly in 1998/99.

People

As one of Australia's largest employers, with more than 200,000 employees, Wesfarmers is committed to providing a safe, stimulating and ethical working environment that encourages high levels of personal and professional development.

The quality and diversity of the company's employees is a key competitive advantage and Wesfarmers continues to make strong investment in training and development across the Group. The businesses are compliant with the Equal Opportunity for Women in the Workplace Act and a number of them are implementing indigenous employment programmes.

Wesfarmers maintains an intense focus on improving safety performance but the Lost Time Injury Frequency Rate for the Group has increased with the inclusion for the first time of Coles data. Achieving better safety outcomes requires constant vigilance and effort across the company. The results achieved by the Resources, Energy and Industrial and Safety divisions merit special reference.

Carbon and energy management

As the world confronts an increasingly carbon-constrained future, reducing the company's carbon footprint is both a commercial priority and an environmental imperative. In line with proposed national emission reduction strategies, Wesfarmers intends to set both short-term and longer-term objectives while investing in new technologies that will contribute to the transition to a lower carbon economy. At the same time, the focus continues on the efficient and sustainable use of energy by the Group's businesses.

During the year Bunnings continued work towards achieving its target of carbon neutrality by 2015. The Wesfarmers Insurance Australian operations adopted the objective of being carbon neutral in 2009/10 through the use of offsets and through energy efficiency initiatives. The Energy division commissioned its LNG plant at Kwinana in Western Australia as part of a programme to offer more efficient and environmentally-friendly fuels for the heavy transport sector.

Wesfarmers submitted its first report under the Energy Efficiency Opportunities Act in December 2008 and is pursuing a wide range of energy efficiency and conservation initiatives across the Group as part of an overall approach to the pending constraints on carbon emissions. The company also commissioned a system for monitoring and recording energy use and greenhouse emissions to comply with the National Greenhouse and Energy Reporting Act and to create a management information system covering energy use and greenhouse emissions.

Community investment

From its earliest days, Wesfarmers has been close to the communities in which it operates and on whose support it depends. The company recognises and invests in areas of community endeavour which it believes are necessary to contribute to building long-term cohesion, leadership and innovation. There is particular focus on the arts, indigenous development, medical research and education.

In 2008/09 Wesfarmers used the external assurance processes of the London Benchmark Group (LBG) to assess the extent of the company's community contributions. LBG's assurance process has verified a cash, in-kind and product amount of $27.4 million. In addition, a further $31.8 million was raised through the active community involvement of the Wesfarmers Group of businesses. More details will be included in the Sustainability Report to be published in November 2009.

In addition to these ongoing commitments, the company's businesses provided support for those affected by the devastating Victorian bushfires. Total cash and in-kind contributions, including customer donations made in-store, exceeded $12.5 million.

Wesfarmers supports a number of Australia's leading arts companies through the award-winning Wesfarmers Arts sponsorship programme. This involvement stems from a belief that a vibrant cultural sector makes a positive contribution to the life of the community. The company's nationally-recognised collection of Australian art is shared with the public through exhibitions and loans to galleries. During the year works from the collection featured in prominent exhibitions, including the nationally-touring Cultural Warriors: Indigenous Art Triennial from the National Gallery of Australia.

Environmental footprint

Wesfarmers' business operations have both direct and indirect environmental impacts, including water usage, packaging, emissions to air, solid and liquid waste, and land rehabilitation. Planning and management of these issues is directed at reducing the company's overall environmental footprint.

Key initiatives during the year included removal of plastic bags from all Target stores, Wesfarmers Limited becoming a member of the National Packaging Covenant, an e-waste recycling scheme piloted by Officeworks and the commissioning of CSBP's expanded nutrient-stripping wetland at Kwinana.

A strong economic contribution

A strong business sector and a strong economy go hand in hand. Wesfarmers seeks to maximise its contribution to the economy through long-term growth that increases overall economic activity and its capacity to generate additional direct and indirect employment. Through the taxes it pays, the company plays its part in enabling governments to invest in better development-focused infrastructure and social support networks. By providing dividends and other investment returns to the company's owners – its shareholders – Wesfarmers contributes to individual wealth generation and to a more prosperous general community.

The creation of more than 10,000 new jobs across the Group during the year was a significant result at a time of concern about the impact of tough economic conditions on employment.

Board of Directors

Bob Every, age 64

Chairman

Status and term: Appointed in February 2006 as a non-executive director (independent) and appointed Chairman in November 2008. Chairman of the Remuneration and Nomination committees and member of the Audit Committee.

Skills and experience: Bachelor of Science degree, Doctorate of Philosophy (Metallurgy) from the University of New South Wales and Fellow of the Australian Academy of Technological Sciences and Engineering. Bob was the Chairman of the New Zealand-based listed company Steel and Tube Holdings Limited and a director of OneSteel Limited. Other executive positions previously held by Bob include Managing Director of Tubemakers of Australia Limited, President of BHP Steel and Managing Director and Chief Executive Officer of OneSteel Limited, a position from which he retired in May 2005.

Directorships of listed entities (last three years)
– Deputy Chairman of Boral Limited (appointed September 2007)
– Chairman of Iluka Resources Limited (appointed March 2004)
– Sims Group Limited (appointed October 2005 – resigned November 2007)

Other directorships/offices (current and recent)
– Director of Malcolm Sargent Cancer Fund for Children in Australia Limited (Redkite)
– Director of O'Connell Street Associates Pty Limited
– Director of OCA Services Pty Limited
– Director of CARE Australia

Richard Goyder, age 49

Managing Director

Status and term: Appointed in 2002 as an executive director (non-independent). Attends committee meetings by invitation.

Skills and experience: Bachelor of Commerce degree from the University of Western Australia. Completed the Advanced Management Programme at the Harvard Business School in 1998. Richard joined Wesfarmers in 1993 after working in various commercial roles at Tubemakers of Australia Limited. He has held a number of commercial positions in Wesfarmers' business development including General Manager. In 1999 Richard was Managing Director of Wesfarmers Dalgety Limited, which subsequently became Wesfarmers Landmark Limited, a position he retained until his appointment as Finance Director of Wesfarmers Limited in 2002. He was appointed Deputy Managing Director and Chief Financial Officer of Wesfarmers Limited in 2004 and assumed the role of Managing Director and Chief Executive Officer in July 2005.

Directorships of listed entities (last three years)
– Nil

Other directorships/offices (current and recent)
– Director of a number of Wesfarmers Group subsidiaries
– Director of Gresham Partners Holdings Ltd
– Director of Fremantle Football Club Limited
– Member of the University of Western Australia Business School Advisory Board
– Chairman of Scotch College Council

Terry Bowen, age 42

Finance Director

Status and term: Appointed in 2009 as an executive director (non-independent). Attends committee meetings by invitation.

Skills and experience: Bachelor of Accountancy degree and Certified Practising Accountant. Terry has held a number of finance positions with Tubemakers of Australia Limited, culminating in his appointment as General Manager Finance. Terry joined Wesfarmers in 1996 and undertook various roles with Wesfarmers Landmark, where he was appointed Chief Financial Officer, until its acquisition by AWB Limited in 2003. He was then appointed the inaugural Chief Financial Officer for Jetstar Airways, prior to rejoining Wesfarmers as Managing Director, Wesfarmers Industrial and Safety in November 2005. Terry became Finance Director, Coles in 2007, prior to his appointment as Finance Director, Wesfarmers in May 2009.

Directorships of listed entities (last three years)
– Nil

Other directorships/offices (current and recent)
– Director of a number of Wesfarmers Group subsidiaries
– Director of Gresham Partners Holdings Ltd
– National executive member of the Group of 100

Colin Carter OAM, age 66

Status and term: Appointed in 2002 as a non-executive director (independent). Member of the Remuneration and Nomination committees.

Skills and experience: Bachelor of Commerce degree from Melbourne University and a Master of Business Administration from Harvard Business School. Colin has had extensive experience advising on corporate strategy and corporate governance and his consultancy career has included major projects in Australia and overseas.

Directorships of listed entities (last three years)
– SEEK Limited (appointed March 2005)
– Origin Energy Limited (appointed February 2000 – resigned April 2007)
– Foster's Group Limited (appointed March 2007 – resigned September 2007)

Other directorships/offices (current and recent)
– Director of Indigenous Enterprise Partnerships
– Director of World Vision Australia
– Director of the Ladder Project
– Director of the Geelong Football Club Limited
– Member of the Board of the Cape York Institute
– Member of the Federal Government's Independent Expert Panel on Sport
– Chairman of the AFL Foundation
– An adviser to, and former Senior Partner of, the Boston Consulting Group

Patricia Cross, age 50

Status and term: Appointed in 2003 as a non-executive director (independent). Member of the Remuneration and Nomination committees.

Skills and experience: Bachelor of Science (Econ) with Honours from Georgetown University. Patricia has 25 years experience in international banking and finance, having served two years with the United States government, more than 15 years in management and executive roles with Chase Manhattan Bank, Banque Nationale de Paris and National Australia Bank and 13 years as a non-executive director with organisations including the Transport Accident Commission (Deputy Chairman) and Suncorp-Metway Limited. She was previously a director of AMP Limited and Chairman of Qantas Superannuation Limited.

Directorships of listed entities (last three years)
– Qantas Airways Limited (appointed January 2004)
– National Australia Bank Limited (appointed December 2005)

Other directorships/offices (current and recent)
– Director of the Grattan Institute
– Director of the Murdoch Childrens Research Institute
– Director of Methodist Ladies' College (Melbourne)
– Member of the Australian Financial Centre Forum

James Graham AM, age 61

Status and term: Appointed in 1998 as a non-executive director (non-independent), Member of the Remuneration and Nomination committees.

Skills and experience: Bachelor of Engineering in Chemical Engineering with Honours from the University of Sydney, a Master of Business Administration from the University of New South Wales and a Fellow of the Australian Academy of Technological Sciences and Engineering. James has had an active involvement in the growth of Wesfarmers since 1976 in his roles as

1. Bob Every
2. Richard Goyder
3. Terry Bowen
4. Colin Carter
5. Patricia Cross
6. James Graham
7. Tony Howarth
8. Charles Macek
9. Diane Smith-Gander
10. David White

Managing Director of Gresham Partners Limited and previously as a director of Hill Samuel Australia Limited and Managing Director of Rothschild Australia Limited.

Directorships of listed entities (last three years)
- Nil

Other directorships/offices (current and recent)
- Managing Director of the Gresham Partners Group
- Chairman of the Advisory Council of the Institute for Neuroscience and Muscle Research
- Director of Wesfarmers General Insurance Limited
- Trustee of the Gowrie Scholarship Trust Fund
- Former Chairman of the Darling Harbour Authority in New South Wales
- Former Chairman of Rabobank Australia Limited and Rabobank New Zealand Limited

Tony Howarth AO, age 57

Status and term: Appointed in July 2007 as a non-executive director (independent). Chairman of the Audit committee and member of the Nomination commtttee.

Skills and experience: Senior Fellow of the Financial Services Institute of Australia. Tony has more than 30 years experience in the banking and finance industry. He has held several senior management positions during his career, including Managing Director of Challenge Bank Limited and Chief Executive Officer of Hartleys Limited. Tony is also Adjunct Professor (Financial Management) at the University of Western Australia Business School.

Directorships of listed entities (last three years)
- Chairman of Mermaid Marine Australia Limited (appointed July 2003)
- Chairman of Alinta Limited (appointed 2000 – resigned July 2006)
- Chairman of Home Building Society Limited (appointed June 2003 – delisted 24 December 2007)
- Deputy Chairman of Bank of Queensland Limited (appointed 18 December 2007)
- AWB Limited (appointed March 2005)

Other directorships/offices (current and recent)
- Chairman of St John of God Health Care Inc
- Senator of the University of Western Australia
- Chairman of the Committee for Perth Limited
- Chairman of Force 15 Foundation
- Member of the Rio Tinto WA Future Fund
- Member of the University of Western Australia Business School Advisory Board
- President of the Australian Chamber of Commerce and Industry
- Director of the Chamber of Commerce and Industry of Western Australia (Inc)
- Director West Australian Rugby Union Inc

Charles Macek, age 62

Status and term: Appointed in 2001 as a non-executive director (independent). Member of the Audit and Nomination committees.

Skills and experience: Bachelor of Economics degree and a Master of Administration from Monash University.

Directorships of listed entities (last three years)
- Telstra Corporation Limited (appointed November 2001)
- Living Cell Technologies Limited (appointed March 2006 – resigned August 2007)

Other directorships/offices (current and recent)
- Chairman of Orchard Funds Pty Limited
- Chairman of the Sustainable Investment Research Institute Pty Limited
- Chairman of the Racing Information Services Australia Pty Limited
- Vice-Chairman of the Standards Advisory Council of the International Accounting Standards Board
- Director of Orchard Capital Investments Limited
- Director of Thoroughbred Trainers Services Centre Limited
- Member of the investment committee of Unisuper Limited
- Member of the Marsh and McLennan Companies, Inc. Australian Advisory Board
- Member of the Research Advisory Council of Glass, Lewis & Co LLC
- Member of the ASIC External Advisory Panel

Diane Smith-Gander, age 51

Status and term: Appointed in August 2009 as a non-executive director (independent). Member of the Audit and Nomination committees.

Skills and experience: Bachelor of Economics degree from the University of Western Australia and a Master of Business Administration from the University of Sydney. Diane has over 11 years experience as a banking executive which culminated in her appointment as the head of Westpac Banking Corporation's Business & Technology Solutions & Services Division. Before rejoining Westpac, she was a Partner with McKinsey & Company in the USA where she led major transformation projects and had exposure to a wide variety of businesses in areas such as financial services, pharmaceuticals and retail.

Directorships of listed entities (last three years)
- Nil

Other directorships/offices (current and recent)
- Director of the NBN Co Limited (National Broadband Network)
- Director Basketball Australia
- Former Chair of the Australian Sports Drug Agency

David White, age 61

Status and term: Appointed in 1990 as a non-executive director (independent). Member of the Audit and Nomination committees.

Skills and experience: Bachelor of Business degree from Curtin University and a Fellow of CPA Australia.

Directorships of listed entities (last three years)
- Nil

Other directorships/offices (current and recent)
- Chairman of the Wheatbelt Area Consultative Committee
- Treasurer of Parkerville Children and Youth Care (Inc)
- Member of the Australian Institute of Company Directors
- Formerly the Treasurer of the Royal Agricultural Society of Western Australia (Inc)

Remuneration snapshot 2009

2009 remuneration report summary

During the 2009 financial year, the Wesfarmers Board worked closely with management to conduct a complete review of the senior executive remuneration structure and plans in light of the 'no' vote on the 2008 remuneration report. It has also redesigned this year's report with the aim of increasing transparency and making it easier to read and understand.

Given the challenging economic environment and a high level of public interest in the issue of executive remuneration, the Board and management have responded by taking appropriate steps including:

- conducting a detailed review of the long-term incentive metric. In the context of the acquisition of the Coles group and our focus on improving the performance of those businesses, it has been determined that growth in return on equity remains the most relevant primary financial metric to measure Wesfarmers' long-term success and drive enhanced shareholder returns, and will be the basis for senior executive long term incentives, noting that the Coles senior executive special purpose long-term incentive plan remains unchanged with specific targets around the five year turnaround plan;
- disclosing the minimum return on equity hurdle applicable to the Group Managing Director's long-term incentive plan, which remains unchanged at 12.5 per cent, notwithstanding the material effect of the capital raising on this target;
- implementing a freeze on fixed remuneration increases for senior executives and fees for non-executive directors for the 2010 financial year;
- announcing that annual incentive payments for the 2009 financial year to executive directors and senior executives were limited to payments in relation to achievement of financial and divisional targets only, with no payment for the individual performance objectives element, resulting in a reduction of between 20 and 40 per cent of the maximum annual incentive payable;
- introducing mandatory deferral of above-target annual incentive payments into shares for senior executives for the 2010 financial year, with trading restrictions and forfeiture conditions that will apply to these shares; and
- closing the retention plan in early 2009 (which provided for a benefit on termination), with no new executives participating in this programme in the future.

Further detail on these and other changes for the 2009 and 2010 financial years are highlighted throughout the remuneration snapshot and the formal remuneration report, which can be found on pages 154 to 173 of the 2009 Annual Report. The remuneration snapshot provides an overview of key information, with the required statutory audited information included in the detailed remuneration report. The audited remuneration table can be found on page 171 of the Annual Report.

Wesfarmers' remuneration framework remains focused on maintaining a performance culture by driving and rewarding executive performance for the achievement of the Company's short-term and long-term strategy and business objectives and, ultimately, growth in shareholder wealth.

Remuneration policy and principles

Wesfarmers' remuneration policy for senior executives is based on the following key principles:

- **be market competitive** – to attract and retain the best people for the job, Wesfarmers positions fixed remuneration and incentives at the market median of executives in the top 25 ASX-listed companies, with an opportunity for highly competitive total remuneration for superior performance;
- **be performance-linked** – a significant proportion of an executive's remuneration is dependent upon Wesfarmers' success and individual performance; and
- **be shareholder value-aligned** – measures used in the performance incentive plans have been chosen to ensure there is a strong link between remuneration paid and the achievement of performance that results in a satisfactory return to our shareholders.

These principles drive our remuneration framework and each of the components of executive remuneration.

Overview of remuneration framework

Market competitive | **Performance-linked** | **Shareholder value-aligned**

TOTAL REMUNERATION

FIXED COMPONENT
Between 20 – 42% of total target annual remuneration

Fixed Annual Remuneration
- comprising salary, superannuation and packaged benefits
- positioned at market median for comparable companies

AT-RISK COMPONENTS
Between 58 – 80% of total target annual remuneration

Annual incentive plan
Targets linked to:
- individual;
- divisional; and
- Group performance

Long-term incentive plan
- performance hurdle for Wesfarmers executives based on return on equity
- separate plan for select Coles executives

Group Managing Director

Mr Goyder's total reported remuneration for the 2009 financial year is $8,126,075, as shown in the table on page 171 of the Annual Report. This comprises fixed remuneration (cash salary), non-monetary benefits and post employment benefits (including superannuation) of $3,380,155 and an annual incentive of $1,100,943, totalling $4,481,098.

Mr Goyder's reported remuneration included an annual accounting expense amount of $3,644,977, recognised for his participation in the Group Managing Director Long Term Incentive Plan and the 2007 and 2008 awards under the Wesfarmers Long Term Incentive Plan.

In line with a decision of the Board, Mr Goyder's fixed remuneration (together with that of all senior executives) has been frozen for the 2010 financial year. Mr Goyder's annual incentive payment was limited to the achievement of financial targets only, with no payment for the individual performance objectives element. This has resulted in a reduction in Mr Goyder's potential annual incentive by in excess of $1.5 million for the 2009 financial year.

In relation to Mr Goyder's long-term incentive of 100,000 performance rights allocated in September 2008, no change has been made to the performance hurdle of a return on equity performance of 12.5 per cent per annum which must be achieved in two consecutive years. Actual return on equity performance for the year was 7.4 per cent. In addition to the performance hurdle under the plan being more challenging than before, the maximum number of additional performance rights available to Mr Goyder under his September 2008 grant, should return on equity performance exceed 12.5 per cent per annum, was capped at 400,000 during the year. Delivery of this benefit would require a 16.5 per cent per annum return on equity performance for two consecutive years prior to the end of the 2014 financial year.

Other senior executives

The Company's overall financial performance in the 2009 financial year and that of a number of the businesses did not achieve the target level set by the Board and, accordingly, annual incentives were greatly reduced or not paid at all. While the annual incentive plan delivered above target bonuses for senior executives with annual incentives linked to the Coles division and Target division (which both exceeded their financial targets) and at-target bonuses for senior executives in the Resources division and Bunnings division (which performed at or around target for the year), no payment was made in relation to the individual performance objectives element of the plan. This resulted in a reduction of between 20 and 40 per cent of the maximum annual incentive payable.

Senior executives received an annual allocation of shares (which are restricted for three years) under the Wesfarmers Long Term Incentive Plan during the year. For a select number of senior executives multi-year grants, equal to three years' worth of shares, were made in November 2008 under the plan. Further detail is provided on page 165 of the Annual Report.

The Company has accrued an amount of approximately $1.53 million in respect of the award to the Managing Director, Coles division, under the Coles Long Term Incentive Plan for the financial year. This is the direct result of the significant performance targets being met for the 2009 financial year, notably growth in Coles division earnings before interest and tax to $830.6 million, achieving revenue (excluding fuel sales) in excess of $23,037 million and a return on capital employed in the Coles division in excess of 5.0 per cent for the year. This award is subject to ongoing service with the Coles division and, in general, no part of the award is payable prior to 30 June 2011 (and then only a part of the award will be paid) with the balance paid in further annual instalments between 30 June 2011 and 30 June 2013.

Overview of remuneration components

The remuneration snapshot and the formal remuneration report can be found on pages 154 to 173 of the 2009 Annual Report. Details on the various remuneration components can be found on the following pages of the Annual Report.

Remuneration component		Participants			
		Non-executive directors	Group Managing Director	Finance Director/ senior executives	Coles executives
Fixed	Fixed Annual Remuneration		✓ (page 161)	✓ (page 161)	✓ (page 161)
	Fees	✓ (page 158)			
Annual incentive			✓ (page 161)	✓ (page 161)	✓ (page 161)
Long-term incentive			✓ (page 164)	✓ (page 165)	✓ (page 167)
Post employment (termination) arrangements	Superannuation	✓ (page 158)	✓ (page 161)	✓ (page 161)	✓ (page 161)
	Retention plan		✓ (page 169)	✓ (page 169)	

Key Management Personnel (KMP)

KMP encompasses all directors (executive and non-executive) as well as those executives who have authority and responsibility for planning, directing and controlling the activities of a major revenue-generating division of Wesfarmers.

The following table lists all KMP referred to in the 2009 Annual Report, including the five highest remunerated executives of the Company and the Group.

Executive directors	
R J B Goyder	Group Managing Director
T J Bowen	Finance Director – appointed 1 May 2009 (previously Finance Director Coles)
G T Tilbrook	Finance Director – retired 1 May 2009
Senior executives	
S A Butel	Managing Director, Resources division
J C Gillam	Managing Director, Home Improvement and Office Supplies division
K D Gordon	Director, Industrial divisions
L K Inman	Managing Director, Target division
I J W McLeod	Managing Director, Coles division

Non-executive directors	
R L Every	Chairman (non-executive) – appointed 13 November 2008 (previously director)
T R Eastwood	Chairman (non-executive) – retired 13 November 2008
C B Carter	Director (non-executive)
P A Cross	Director (non-executive)
J P Graham	Director (non-executive)
A J Howarth	Director (non-executive)
C Macek	Director (non-executive)
D L Smith-Gander	Director (non-executive) – appointed 27 August 2009
D C White	Director (non-executive)

Five year financial summary

Wesfarmers Limited and its controlled entities

All figures in $m unless shown otherwise	**2009**	2008 [1]	2007	2006 [2]	2005
SUMMARISED PROFIT AND LOSS					
Sales revenue	**50,641**	33,301	9,667	8,818	8,101
Other operating revenue	**341**	283	87	41	58
Operating revenue	**50,982**	33,584	9,754	8,859	8,159
Operating profit before depreciation and amortisation, net interest paid and income tax	**3,629**	2,660	1,566	1,597	1,223
Depreciation and amortisation	**(1,024)**	(660)	(345)	(283)	(189)
Net interest paid	**(591)**	(571)	(116)	(82)	(67)
Income tax expense	**(479)**	(366)	(319)	(363)	(265)
Operating profit after income tax attributable to members of Wesfarmers Limited	**1,535**	1,063	786	869	702
CAPITAL AND DIVIDENDS					
Ordinary shares on issue (number) 000's	**1,157,072**	799,438	388,069	378,042	378,042
Paid up ordinary capital	**23,286**	18,173	2,256	1,902	1,901
Dividend per ordinary share	**110**	200	225	215	180
FINANCIAL PERFORMANCE					
Earnings per ordinary share (weighted average)* cents	**160.0**	174.2	195.2	218.5	178.3
Earnings per ordinary share growth	**(8.2%)**	(10.8%)	(10.7%)	22.5%	26.8%
Return on average ordinary shareholders' funds	**7.4%**	8.6%	25.1%	31.1%	25.4%
Net interest cover – cash basis (times)	**5.3**	4.9	8.7	13.8	12.4
Income tax expense (effective rate)	**23.8%**	25.6%	28.8%	29.4%	27.4%
FINANCIAL POSITION AS AT 30 JUNE					
Total assets	**39,295**	37,178	12,076	7,430	7,153
Total liabilities	**15,043**	17,580	8,573	4,264	4,411
Net assets	**24,252**	19,598	3,503	3,166	2,742
Net tangible asset backing per ordinary share	**$3.14**	($1.36)	$2.11	$4.59	$3.47
Net financial debt to equity	**18.3%**	47.3%	143.6%	46.1%	62.9%
Total liabilities/total assets	**38.3%**	47.3%	71.0%	57.4%	61.6%
Stock market capitalisation as at 30 June	**26,337**	29,819	17,746	13,356	15,125

1 Restated for finalisation of Coles acquisition accounting.

2 Excludes earnings from the sale of ARG.

* 2005 to 2008 earnings per share restated for the entitlement offers.

Wesfarmers own some of the best-known businesses in Australia and New Zealand.

Wesfarmers

COLES

coles · coles.com.au · BI-LO · LIQUORLAND · coles express · 1ST CHOICE Liquor Superstore · VINTAGE CELLARS

HOME IMPROVEMENT AND OFFICE SUPPLIES

BUNNINGS · BUNNINGS warehouse · Officeworks · harristechnology

TARGET

Target. · Target. Country

KMART

kmart · kmart Tyre & Auto Service

RESOURCES

CURRAGH · Premier Coal · BENGALLA

INSURANCE

wfi · OAMPS · Lumley · CROMBIE LOCKWOOD New Zealand's Insurance Brokers

CHEMICALS AND FERTILISERS

CSBP · QNP · AGR · Australian Vinyls

INDUSTRIAL AND SAFETY

Bullivants HANDLING SAFETY · Blackwoods · Packaging House Building partnerships, delivering solutions · Protector Alsafe · MOTION INDUSTRIES · Blackwoods Paykels NZ'S LARGEST RANGE OF ENGINEERING SUPPLIES AND TECHNICAL SERVICES

protectorsafety · SAFETY SOURCE · Total FASTENERS · NZ Safety Specialists in Safety & Protection

ENERGY

coregas · enGen · AIR LIQUIDE WESTERN AUSTRALIA · KleenheatGas · WESFARMERS LPG

OTHER ACTIVITIES

BUNNINGS WAREHOUSE PROPERTY TRUST · GRESHAM · WESPINE INDUSTRIES PTY LTD

Corporate directory

Wesfarmers Limited ABN 28 008 984 049

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40 The Esplanade, Perth,
Western Australia 6000

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Facsimile:	(+61 8) 9327 4216
Website:	www.wesfarmers.com.au
Email:	info@wesfarmers.com.au

Executive directors
Richard Goyder
Managing Director and Chief Executive Officer

Terry Bowen
Finance Director

Non-executive directors
Bob Every Chairman
Colin Carter OAM
Patricia Cross
James Graham AM
Tony Howarth AO
Charles Macek
Diane Smith-Gander
David White

Company Secretary
Linda Kenyon

Share registry
Computershare Investor Services Pty Limited
Level 2, 45 St Georges Terrace
Perth, Western Australia 6000

Telephone	
Australia:	1300 558 062
International:	(+61 3) 9415 4631
Facsimile	
Australia:	(03) 9473 2500
International:	(+61 3) 9473 2500
Email:	web.queries@computershare.com.au
Website:	www.computershare.com.au

Financial calendar+

Record date for final dividend	31 August 2009
Final dividend paid	1 October 2009
Annual General Meeting	10 November 2009
Half-year end	31 December 2009
Half-year profit announcement	February 2010
Record date for interim dividend	February 2010
Interim dividend payable	March 2010
Year-end	30 June 2010

+ Timing of events is subject to change

Annual General Meeting
The 28th Annual General Meeting of Wesfarmers Limited will be held at the Perth Convention Centre, Mounts Bay Road, Perth, Western Australia on Tuesday, 10 November 2009 at 2.00pm (Perth time).

Website
To view the 2009 Annual Report, shareholder and company information, news announcements, background information on Wesfarmers' businesses and historical information, visit Wesfarmers' website at www.wesfarmers.com.au

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