



15 August 2013

CAPITAL RETURN TO WESFARMERS' SHAREHOLDERS

Wesfarmers will make a capital return of 50 cents per fully-paid ordinary and partially protected share, subject to receiving a final ruling by the Australian Tax Office (ATO) on the taxation treatment of the payment and approval from shareholders at the Annual General Meeting (AGM), scheduled to be held in early November 2013. The total amount of the capital return is expected to be approximately \$579 million.

Finance Director Terry Bowen said the capital return had been made possible by the company's continued strong cash flows and robust credit metrics, with the capital return not expected to affect the company's credit ratings.

"The capital return is being made to return surplus capital to shareholders and to ensure that Wesfarmers maintains an efficient capital structure. The company's strong earnings growth, cash flow generation and balance sheet, together with well-established funding sources, mean we are able to undertake the capital return without adversely affecting our financial flexibility and growth objectives. It further demonstrates Wesfarmers commitment to prudent capital management while actively managing its balance sheet to provide satisfactory returns to shareholders."

The capital return of 50 cents per share will apply equally to both the Wesfarmers ordinary and partially protected shares, and will be accompanied by an equal and proportionate share consolidation. The share consolidation will be undertaken through the conversion of one fully paid ordinary Wesfarmers share into 0.9876 ordinary Wesfarmers shares (the same conversion ratio will apply to the Wesfarmers partially protected shares) to reflect the size of the capital return which represents 1.2 per cent of Wesfarmers market capitalisation.

The combination of a capital return and share consolidation enables Wesfarmers to provide an earnings per share (EPS) outcome similar to that which would result from a share buy-back, whilst also ensuring that all shareholders receive an equal cash distribution per share. The share consolidation will be implemented in a manner which ensures that each shareholder's proportionate interest in Wesfarmers remains unchanged post the capital return, subject to rounding up of fractional entitlements.

In addition, and in order to properly reflect the impact of the capital return and share consolidation on Wesfarmers partially protected shares, the floor price and conversion ratio attaching to the partially protected shares will be adjusted as follows:

	Floor Price	Cap Price	Conversion Ratio
Pre Capital Return	\$34.49	\$43.11	1.25
Post Capital Return	\$34.32	\$43.11	1.256

The capital return will not apply to unvested performance rights allocated to executives under the Wesfarmers Long Term Incentive Plan.

The company has received a draft Class Ruling from the ATO in relation to the taxation treatment of the capital return for its shareholders which, if issued, will confirm that there will be no immediate tax liability for most Wesfarmers shareholders. Instead, the cost base of shares for capital gains tax purposes will be reduced by 50 cents per share. For shareholders with a cost base of less than that amount, an assessable capital gain could arise.

Shareholders will consider the proposal at the company's AGM in early November 2013. The final ATO ruling is expected before the AGM.

A detailed explanation of the proposal and confirmation of the timetable will be included with the AGM notice of meeting and, if all conditions are met, shareholders are expected to receive their payments by early December 2013.

For further information:

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