



# Wesfarmers Limited

A.C.N. 008 984 049

12 November 2003

The Manager  
Company Announcements Office  
Australian Stock Exchange Limited  
Level 3  
20 Bridge Street  
SYDNEY NSW 2000

Dear Sir

## EMPLOYEE SHARE PLAN

Attached is the prospectus that has been lodged with the Australian Securities and Investments Commission in respect of invitations to be made to our employees to apply for shares under the above,

The plan booklet that will be distributed to employees in New Zealand is also attached.

The number of shares that may be allotted under the Plan, if all employees apply for the maximum value of shares, will be approximately 2,809,643 fully paid ordinary shares ranking in all respects equally with all other issued ordinary shares in the company. The number of shares is based on a share price of \$28.00 – as the actual price of the shares to be issued under the prospectus will not be known until the date of the allotment (19 December 2003) and because the number of shares to be allotted will vary according to the share price i.e. the higher the share price the lower the number of shares, the number of shares may differ from this figure. In addition, the figure does not take into account the possible effect the proposed capital return (announced on 3 November 2003) may have on the share price. If the share price decreases after the capital return, a greater number of shares may be issued than the estimated 2,809,643. The shares to be allotted under the prospectus will not participate in the capital return.

An Appendix 3B incorporating the 2,809,643 figure is attached.

Advice of the exact number of shares allotted will be provided following the close of the invitation.

Yours sincerely

P S GARDINER  
ASSISTANT COMPANY SECRETARY

Enc.



# EMPLOYEE SHARE PLAN

2003 PROSPECTUS



**Wesfarmers**

## CONTENTS

Letter from the managing director	1
Highlights of the plan	2
How the plan works	2
Eligible employees	
Invitation and application form	
Retained shares	
The price of the shares	
Loans	
If you cease to be an employee	
If you die	
Ownership	
Dividends	
Rights issues	
Bonus issues	
Sale of shares	
Voting	
Listing	
Invitations to executives	
Taxation	6
Dividend imputation	
Capital gains tax	
Share trading and ownership	8
Other information	9
Sample invitation	11
Sample application form	12

12 November 2003

DEAR GROUP EMPLOYEE

ON BEHALF OF THE BOARD I AM HAPPY TO BE INVITING YOU TO PARTICIPATE IN THE WESFARMERS LIMITED EMPLOYEE SHARE PLAN ("the Plan"). I AM PARTICULARLY HAPPY TO BE INVITING THE LUMLEY EMPLOYEES TO PARTICIPATE IN THEIR FIRST INVITATION UNDER THE PLAN.

The high levels of participation in recent years have been very pleasing and again in 2002 there was another strong response with almost 93 % of eligible employees accepting their invitations. These high levels of participation have resulted in a significant increase in the number of shares on issue under the Plan and an even greater increase in the level of funding (due to the higher share prices) that is required to be provided by the company.

The board has been considering these issues and is mindful that there is a limit to the number of shares that can be issued under the Plan. Accordingly to ensure that we can issue invitations for a number of years to come and to enable us to better predict the level of funding that will be required from the company, the directors have decided to take a new approach to determining the number of shares that will be available under the general invitation. The new approach will mean that for this year employees who are receiving their first invitation under the Plan will be invited to apply for \$9,000 worth of shares while employees who are receiving a second or subsequent invitation will be invited to apply for \$3,000 worth of shares. As in previous years the price of the shares will be the weighted average market price of Wesfarmers shares during the week up to and including the day of allotment.

On another matter, it has always been the intention that through their continued



MICHAEL CHANEY - MANAGING DIRECTOR

ownership of shares, employees will be able to participate in the long term growth of Wesfarmers. In order to reinforce this intention the directors have decided that it is appropriate to require employees to hold their shares for a minimum period. As a consequence employees who continue to be employed within the group will generally be required to hold the shares that are allotted to them under this invitation for at least three years.

Employees should not be unduly concerned by these changes. The loan amounts available are still significant and the vast majority of participants in the Plan already hold their shares for at least as long as they continue to be employees. Also, as in previous years there are a number of other attractive terms that add to the benefits of taking up shares under the Plan. These benefits include no interest being payable on the loans which are paid off over time by the dividends you receive and the special provisions (see pages 4 & 5) that provide protection if the share price falls and remains low.

I encourage you to apply for the shares being made available under this invitation, either to add to your existing holding or to become a shareholder for the first time.

M A Chaney  
Managing Director

# HIGHLIGHTS OF THE PLAN

## EASY:

It is an easy and convenient way to become a Wesfarmers shareholder.

## NO ANCILLARY COSTS:

You do not pay any of the normal ancillary costs (such as brokerage) normally involved in buying shares.

## NO DEPOSIT:

You are not required to pay any initial deposit on the shares (see page 3).

## INTEREST FREE LOAN:

You have the benefit of an interest free loan provided under the Plan to assist you in buying your shares (see page 3).

## ENTIRE COST COVERED:

Your loan will cover the entire cost of your shares (see page 3).

## PAID OFF BY DIVIDENDS:

Your loan is repaid by the dividends on the shares. You don't have to make any payments from your pay (see pages 3 & 4).

## NO TAX LIABILITY ON ALLOTMENT:

The price is determined in a way which should eliminate any liability for you to pay tax on the allotment of the shares (for the manner in which the price payable in relation to this issue will be calculated, see page 3).

## SHAREHOLDER BONUSES:

As a shareholder, you receive the benefit of any future bonus share or rights issues (see pages 4 & 5).

## HOW THE PLAN WORKS

### ELIGIBLE EMPLOYEES

The Plan provides an opportunity for persons whose contract provides for permanent conditions of employment who have been in the continuous employment of Wesfarmers or its subsidiaries for a minimum period of one year and who will be 18 years or older at the date the shares are issued to become shareholders in Wesfarmers.

Eligible employees are invited to apply for shares at the discretion of the Directors who determine if and when shares are to be issued under the Plan.

### INVITATION AND APPLICATION FORM

An Invitation and an Application Form (see pages 11 and 12 for samples) accompany this prospectus.

The Invitation shows:

- the value of shares (either \$9,000, if this is your first invitation or \$3,000 if this is your second or subsequent invitation) for which you are invited to apply;
- how the issue price of the shares will be calculated; and
- the last date to apply for the shares.

The Application Form is on the back of the Invitation and you will only need to:

- insert your tax file number;
- update your personal details (if there are any changes); and
- sign and date the form.

To participate you must apply for the full value of the shares for which you are being invited to apply.

The application to participate in the Plan may only be made by the employee to whom the invitation is addressed.

### RETAINED SHARES

The aim of the Plan is for employees to be participants in the ownership and continued growth of Wesfarmers. Accordingly, the board has determined that for this year, shares issued under the Plan will have to be retained for a specified period.

This will mean that subject to certain specified exemptions in the Trust Deed the shares for which you are invited to apply under this prospectus will be "Retained Shares":

- for a period of three years from the date that you acquire the shares; or
- until there is an event of default under the terms of your loan and the Trustee declares that your loan is due and payable (which will occur if you cease for any reason to be an employee of Wesfarmers or a related body corporate of Wesfarmers (the "Wesfarmers Group") and in certain other limited circumstances specified in the loan agreement),

whichever is earlier.

### SHARE PRICE INCREASES:

You benefit from any increase in the market price of your shares (see page 5).

### SHARES CAN BE SOLD AFTER A SPECIFIED PERIOD:

The aim of the Plan is for employees to participate in the ownership and continued growth of Wesfarmers.

Accordingly, the Board has determined that this year you will not be able to dispose of any shares you acquire under the Plan for a specified period. You will be free to sell your shares once they are no longer required to be retained.

There will still be no recourse to you for any amount owing after the shares are sold (see pages 2, 4 & 5).



You must not dispose of or otherwise deal or purport to deal with any of your shares while they are Retained Shares.

### THE PRICE OF THE SHARES

The Trust Deed governing the Plan provides that the price of shares issued under the Plan must be such price as the board may determine in its absolute discretion being not less than 90% of the weighted average market price of the Wesfarmers shares during the one week period up to and including the day of allotment, or if there are no transactions in the shares during that period, the last price at which an offer was made to purchase the shares on the Australian Stock Exchange. The board has resolved that the price for the purpose of the shares to be issued under this prospectus will be equal to the weighted average market price of Wesfarmers ordinary shares during the one week period up to and including the day of allotment of the shares. It is intended that the date of allotment will be 19 December 2003.

The subscription price must be paid in full prior to allotment and the required amount will be lent to you by the Trustee of the Plan on the terms mentioned under the following heading.

### LOANS

The shares for which you are invited to apply will be paid for by a loan from the Trustee of the Plan. The loan arrangements work as follows:

- Wesfarmers will make a loan to the Trustee under the Plan. The Trustee then makes a matching loan to you.

- the interest rate on the loan can be set by the Wesfarmers board from time to time. The board has determined that loans to group employees will be interest free.
- dividends on the shares will be applied to repay the loan.
- the loan can continue until it is repaid by the dividends on the shares or you cease to be an employee of the Wesfarmers Group or if certain other limited circumstances as specified in the loan agreement (e.g. you become insolvent) occur.
- you may repay the loan or any part of the loan by forwarding a cheque payable to Share Nominees Limited (but no more frequently than on a quarterly basis). Employees who do so however, will not be taking full advantage of the benefits being made available to them under the Plan. It should be noted that repayment of the loan in this manner within the first three years of the loan term will not result in the shares ceasing to be Retained Shares.
- interest (if any) owing and not paid by you will be added to the total amount of the loan outstanding.
- following the end of the financial year you will receive a statement for each of your loans detailing:
  1. the original amount of the loan;
  2. the opening balance of the loan at the beginning of the financial year;

**YOU ARE NOT  
REQUIRED TO PAY  
ANY INITIAL DEPOSIT  
ON THE SHARES.**

3. the amounts and particulars of transactions since the last statement (such as the amount of the dividends credited to the loan); and
4. the outstanding balance of your loan.

All applications for these shares will be upon the basis that you are applying to borrow the full loan amount (\$9,000 or \$3,000 as specified in your Invitation). If you wish to pay for all or part of the shares in cash you can do so after the shares have been allotted. As mentioned earlier, repaying the loan for your shares will not necessarily result in them ceasing to be Retained Shares.

#### IF YOU CEASE TO BE AN EMPLOYEE OF THE WESFARMERS GROUP

If you cease to be an employee of the Wesfarmers Group for any reason (e.g. through dismissal, resignation, retirement, retrenchment or sale of the group company that employs you) and any loan outstanding is not repaid to the Trustee, the Trustee may sell your shares in order to recover the loan. Any surplus after repaying the loan balance (including interest if any) and meeting the costs of the sale (brokerage) will then be paid to you. If the Trustee does not receive sufficient money from the sale of the shares to pay off the outstanding loan balance, the remaining balance will be written off and you will have no further obligation to repay the loan.

#### IF YOU DIE

Should you die before your loan is repaid the executors or administrators of your estate will have a reasonable period (up to 12 months) from the date of death to repay the loan or sell the shares. If the shares are sold any balance (after repayment of the loan balance (including interest if any) and meeting the costs of the sale (brokerage)) will be paid to your estate. If the loan is repaid the shares can be transferred or otherwise dealt with as directed by your executor or administrator.

#### OWNERSHIP

The shares will be registered in your name and subject to the dividend arrangements described under the next heading and the limitations imposed on the shares while they are Retained Shares, all the rights and benefits attaching to the shares belong to you.

Wesfarmers maintains its share register at Computershare Investor Services Pty Limited, Level 2, 45 St George's Terrace, Perth. Shares allotted under the Plan will be entered on that register.

A holding lock will be placed on the shares in favour of the Trustee to prevent the sale of the shares until the loan has been repaid and the shares cease to be Retained Shares (see page 8). Once the loan has been repaid and the shares cease to be Retained Shares the holding lock will be removed and a holding statement (see page 8) will be forwarded to you. You will then be free to deal in the shares without reference to the Trustee.

#### DIVIDENDS

Once you have repaid the loan, all dividends payable on the shares will be forwarded to you.

While any part of a loan is still owing to the Trustee, however, all dividend payments will be retained by the Trustee together with any returns of capital to pay the amounts outstanding under the loan (including interest if any).

#### RIGHTS ISSUES

If Wesfarmers makes a rights issue while you are participating in the Plan, you will receive the same offer as any other shareholder and thus be entitled to buy the new shares or to sell the rights. If you accept the offer to buy the new shares, you may apply to the Trustee for a loan under the same conditions as apply to other loans under the Plan. If on the other hand you choose to sell the rights, the proceeds will be applied towards paying off your loan.

YOU HAVE THE  
BENEFIT OF AN  
INTEREST FREE LOAN  
PROVIDED UNDER  
THE PLAN TO ASSIST  
YOU IN BUYING  
YOUR SHARES.

## BONUS ISSUES

If a bonus issue is made while you have a Plan loan, the shares will be issued in your name. Any bonus shares allotted to you will be subject to the same restrictions, including the holding lock, as the underlying shares in respect of which the bonus shares were allotted. You will be provided with a holding statement in respect of the bonus shares once the loan for the shares which gave rise to the bonus has been repaid and those shares cease to be Retained Shares.

## SALE OF SHARES

While there is any amount outstanding under a loan, the shares which are the subject of that loan, can only be sold through the Trustee. In addition, while the shares are Retained Shares you must not dispose of or otherwise deal or purport to deal with those shares. After the shares cease to be Retained Shares employees wishing to sell all or part of their Plan shareholding through the stockmarket may request the Trustee to do so. The shares will be sold by the Trustee as quickly as possible after the request for sale is received. The Trustee does not accept instructions to sell at a specific price. Proceeds from such a sale will be applied towards repayment of the loan balance (including interest if any) and meeting the costs of the sale (brokerage). Any surplus remaining will be paid to the employee. If the proceeds are less than the loan balance the position is the same as when the Trustee sells shares after the loan becomes repayable (i.e. after an employee has left the Wesfarmers Group). That is the remaining balance will be written off and the employee will have no further obligation to repay the loan.

## VOTING

Employees holding shares under the Plan will be able to exercise their voting rights in the normal way even if the shares are Retained Shares and there is a loan balance outstanding on the shares.

## LISTING

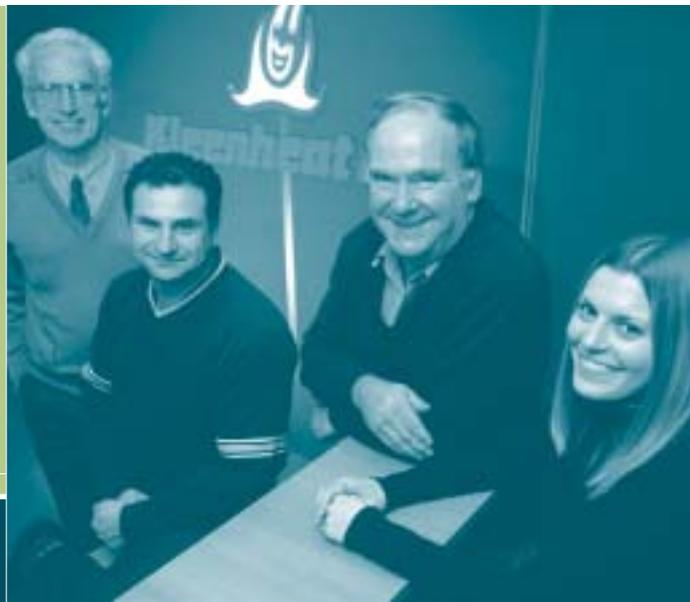
Wesfarmers has been admitted to the Official List of Australian Stock Exchange Limited (the "Exchange"). An application will be made within seven days after the date of this prospectus for the shares to be issued under the Plan to be granted Official Quotation by the Exchange. The Exchange takes no responsibility for the contents of this prospectus. The fact that the Exchange has admitted the company to its Official List is not to be taken in any way as an indication of the merits of Wesfarmers or the shares under the Plan.

## INVITATIONS TO EXECUTIVES TO APPLY FOR ADDITIONAL SHARES

Executives of Wesfarmers may be invited by the board to apply for further shares up to a specified value in addition to the value of shares for which they are invited to apply as employees of the Wesfarmers Group.

The terms and conditions applying to these additional shares are the same as those applying to the value of shares for which all eligible employees are invited to apply.





## TAXATION

The information below is based on advice obtained by Wesfarmers from Ernst & Young. There are a number of important facts employees should understand about taxation on shares bought through the Plan. It differs from taxation on employees' pay, in that Wesfarmers will NOT normally deduct income tax in respect of dealings by employees in company shares. However, where an employee does not provide Wesfarmers with his or her tax file number Wesfarmers will be required to deduct tax at the top marginal rate plus Medicare levy (currently a total of 48.5%) from any unfranked dividends due to the employee. If tax has to be deducted from the dividends paid to an employee the amount credited to the employee's loan account will be reduced by the amount of the tax and the employee's loan balance will not be repaid at the same rate as other employees. If you do not provide your tax file number you will be deemed by your application to have authorised the deduction from your pay of an amount equivalent to the tax deducted from the dividend and for the amount to be applied in reduction of your loan balance. A space has been provided on the Application Form for employees to provide their tax file number.

In all other cases, employees are responsible for declaring the appropriate income on their tax returns, and paying any tax necessary. It should be noted that Wesfarmers may be required to give details of all Plan share issues to the Australian Taxation Office.

There is a liability to pay tax on Plan shares in the following areas:

1. dividends paid to you by Wesfarmers will be income and taxed accordingly. Wesfarmers has a policy of paying franked dividends which means in effect that you may receive a rebate on tax payable by you

for tax which has been paid by Wesfarmers. For example if Wesfarmers pays dividends which are fully franked at the company rate of 30% they would be effectively tax free to employees with a marginal tax rate of 30% or less.

2. if you sell the shares purchased pursuant to this prospectus and receive consideration in excess of the original cost a taxable capital gain will arise.

These areas are more fully explained below:

### (a) DIVIDEND IMPUTATION

Under the Commonwealth laws on dividend imputation, dividends paid by companies may carry "franking" credits depending on the level of Australian income tax paid by the company.

As an Australian based company, Wesfarmers pays the full corporate tax rate which is currently 30%.

All dividends paid by Wesfarmers since dividend imputation was introduced in 1987 have been fully franked with the exception of the final dividend paid in 1990 which was partly franked to 65%.

The amount by which shareholders will benefit from the dividend imputation system will differ according to the level to which dividends are franked and the shareholder's marginal tax rate. In the case of fully franked dividends it will mean:

- shareholders whose average rate of tax is less than 30% would have a credit to be offset against tax on other income.
- shareholders may be entitled to a cash refund of the imputation credits in excess of their income tax liability for dividends paid.

- dividends for shareholders whose average rate of tax is 30% would be effectively tax free (except for the Medicare levy).
- shareholders on the highest marginal rate (47% plus Medicare levy of 1.5% for the 2003/2004 year) would have to pay net tax equivalent to approximately 26.43% of the actual dividend received.

Under the current legislation, to benefit from the imputation system the shares must be held for a minimum of 45 days. The holding period will commence on the date the shares are acquired and finish on the date the shares are sold. In the Treasurer's Press Release dated 11 November 1999 it was proposed to reduce the 45 days holding rule to 15 days effective from 1 July 2000.

However, in an overview document issued by Treasury (titled "Simplified Dividend Imputation") it was stated that the Government has deferred (from the originally intended commencement date of 1 July 2000) any reduction of the current 45 day holding period. To date legislation has not been introduced nor has the likely commencement date been announced. Where you are considering selling any Wesfarmers shares within 45 days of being issued with your shares you should seek advice from your tax adviser.

Where Wesfarmers pays dividends to its shareholders that are not fully franked, further tax may be payable on the dividends received. Under current tax laws the annual cost of interest paid (if any) on a loan taken out to finance the purchase of the shares may be claimed as an allowable deduction for tax purposes thus reducing tax payable.

#### (b) CAPITAL GAINS TAX

The capital gains tax provisions generally apply to all gains and to all losses incurred when shares are sold. The taxation position on the sale of shares may be different when shares are purchased through the Plan for the purpose of share trading or profit making by sale and not for long term investment purposes.

##### *SHARES ACQUIRED FROM 21 SEPTEMBER 1999*

For shares acquired pursuant to this prospectus (being after 21 September 1999) any future capital gain will be calculated with reference to the issue price of the shares. If the shares are held for less than one year then the full difference between the disposal price and the issue price will be subject to tax at your marginal tax rate. However, where you hold the shares for at least one year, only half of the difference between the disposal price and the issue price will be subject to capital gains tax.

This means that you will pay no more than half of the highest marginal tax rate plus the Medicare levy (e.g. 24.25% for 2003/2004) on any capital gains realised on the disposal of shares issued pursuant to this prospectus, provided you hold the shares for more than one year.

##### *SHARES ACQUIRED BEFORE 21 SEPTEMBER 1999*

For shares you may already own, the indexed cost base has been frozen at 30 September 1999. Thus when you sell shares acquired prior to 21 September 1999 you will have the choice of including in your assessable income:

- the whole of the difference between the disposal price and the frozen indexed cost base as at 30 September 1999; or
- half of the gain calculated with reference to the difference between the disposal price and the issue price.

##### *CAPITAL LOSSES*

A capital loss will arise when the shares are sold and the net price received on the sale is less than the issue price of the shares. Capital losses can be offset against otherwise taxable capital gains to determine the net capital gain that is to be included in your assessable income for a particular year. Accordingly, it is the net capital gains that will be taxed at your marginal rate of tax. If the capital gains and capital losses realised during an income year produce a net capital loss, that amount is not deductible against other assessable income for that year but can be carried forward for deduction against capital gains of future years.

*Note: The capital return made by Wesfarmers Limited in August 1998 (50 cents) and the recently announced capital return of \$2.50 which (subject to shareholder approval) is expected to be made on 18 December 2003 will need to be taken into account in determining the cost base, indexed cost base, and issue price for any shares in respect of which those returns have been paid.*

#### **Important Note:**

This is only a brief outline of the position on taxation. The law on taxation (particularly taxation of capital gains) is complicated and technical and may change from time to time. Employees who are uncertain about their personal situation should seek the advice of a qualified tax adviser or the Taxation Office.

**AS A SHAREHOLDER,  
YOU RECEIVE THE  
BENEFIT OF ANY  
FUTURE BONUS SHARE  
OR RIGHTS ISSUES**



## SHARE TRADING AND OWNERSHIP

The shares to be issued under the Plan are ordinary shares in the capital of Wesfarmers Limited. Wesfarmers is a public company and is listed on the Exchange.

Shares are like any other asset and can be bought and sold. Most public listed companies in Australia are listed on the Exchange and buying and selling of shares is usually done through the Exchange. The daily papers contain a list of the prices at which shares have been sold on any particular day. The price at which the shares are sold is known as the market price and will depend upon what price a buyer is prepared to pay for the shares and at what price a seller is prepared to sell. Wesfarmers shares are regularly traded on the Exchange and an up-to-date price can be determined by checking the details of sales on the internet at [www.asx.com.au](http://www.asx.com.au) or in the daily papers.

The purchase or sale of shares is normally arranged through a stockbroker. Stockbrokers trade on the Exchange and charge a small commission (brokerage) for arranging a sale or purchase. Stamp duty is no longer payable when shares in a listed company are bought and sold. Shareholders are provided with a holding statement in respect of their shares. Further holding statements are issued at the end of each month in which shareholders have transactions in relation to their shares. You will not be provided with a holding statement for shares issued under the Plan until the shares cease to be Retained Shares and the loan in respect of the shares is repaid. You will however, be sent a letter confirming the allotment of your shares.

It should also be noted that in the case of shares issued under the Plan, a holding lock, which prevents the shares being sold, is put on the shares until the shares cease to be Retained

Shares and the loan in respect of the shares has been repaid. Once the shares cease to be Retained Shares and you have repaid your loan, the holding lock is removed and you will be able to sell your shares without reference to the Trustee.

Dividends are a distribution of a part of the profits of a company to its owners, i.e. its shareholders. Dividends are usually expressed as a number of cents per share and are paid by a direct credit to a bank account or by a cheque mailed to the shareholder. However, as noted earlier, dividends paid on any shares issued to you under the Plan will first be applied by the Trustee in repaying your loan (and interest, if any). Naturally no guarantee can be given as to the level or payment of future dividends; this will depend upon the level of profits made by the company.

Owning shares, like any other investment, has its risks. In the case of shares issued under the Plan, those risks include:

- if the profit made by the company is insufficient to maintain dividends at a previously high rate, or, if the company makes a loss, the dividends could be decreased or stopped.
- the market value of the shares could fall, either as a result of a poor performance by the company or because of outside influences on the economy.

**YOUR LOAN IS  
REPAID BY THE  
DIVIDENDS ON THE  
SHARES. YOU DON'T  
HAVE TO MAKE ANY  
PAYMENTS FROM  
YOUR PAY.**

## OTHER INFORMATION

### EFFECT OF EMPLOYEE SHARE PLAN ON WESFARMERS

The issued share capital of Wesfarmers is presently 373,648,400 ordinary shares. If all employees apply for the value of shares for which they are being invited to apply under this prospectus and if all applications are accepted by Wesfarmers, this will result in the issue of a further 2,809,643 ordinary shares in the capital of Wesfarmers. This figure is based on a share price of \$28.00 - as the actual price of the shares to be issued under this prospectus will not be known until the date of allotment and because the number of shares to be allotted will vary according to the share price i.e. the higher the share price the lower the number of shares, the potential number of shares may differ from this figure. In addition, this figure does not take into account the effect that the proposed capital return (see page 10) may have on the company's share price if it is approved by shareholders. Following the capital return, the share price of the company is likely to decrease, in which case, a greater number of shares will be issued than the estimated 2,809,643.

As previously stated, shares applied for by employees under this prospectus will be paid for by a loan from the Trustee of the Plan. Wesfarmers will make a loan to the Trustee of all moneys required to be lent by the Trustee to employees to subscribe for shares. If all employees apply for the value of shares for which they are being invited to apply and borrow the full purchase price from the Trustee, this will result in Wesfarmers making a loan to the Trustee of approximately \$78,670,000.

Correspondingly, shareholders' funds will increase by an equal amount because all loans will be used to subscribe for shares under the Plan.

### PROVISION OF FURTHER INFORMATION ABOUT WESFARMERS

As a listed company, Wesfarmers is subject to regular reporting and disclosure obligations under the Listing Rules of the Exchange. The Exchange maintains files containing publicly disclosed information about all listed companies. Information on Wesfarmers' file can be accessed through the internet at [www.asx.com.au](http://www.asx.com.au). The Exchange code for Wesfarmers is "WES". In addition, copies of documents lodged by, or in relation to, Wesfarmers with the Australian Securities and Investments Commission may be obtained from, or inspected at, any regional office of

the Australian Securities and Investments Commission. Wesfarmers will provide a copy of each of the following documents, free of charge, to any employee who so requests them during the application period under this prospectus:

1. the 2003 Annual Report of Wesfarmers which contains the financial statements of Wesfarmers for the 2002/2003 financial year; and
2. any other financial statements lodged in relation to Wesfarmers and any documents notifying the Exchange of information relating to Wesfarmers during the period after lodgement of the financial statements contained in the 2003 Annual Report and before the date of this prospectus. As at the commencement of printing of this prospectus these financial statements and documents comprised:
  - (a) notice of Annual General Meeting of members of Wesfarmers posted to shareholders on 2 October 2003;
  - (b) ASIC Form 484 dated 2 October 2003 regarding cancellation of shares;
  - (c) presentation to Asian, European & US investors lodged with the Exchange on 7 October 2003;
  - (d) daily share buy back notices filed with the Exchange on each weekday from 26/09/2003 to 10/10/2003 with the exception of 6/10/2003 regarding the on market buy back of 1,045,204 ordinary shares in aggregate over that period;
  - (e) announcement that the acquisition of Edward Lumley Holdings Limited and the Lumley Insurance Group's Australian and New Zealand operations had been completed on 15 October 2003;
  - (f) lodgement of an open briefing containing an interview with the Wesfarmers Finance Director, Mr R Goyder, on the acquisition of the Lumley Insurance Group's Australian and New Zealand operations;
  - (g) ASIC Form 484 dated 24 October 2003 regarding cancellation of shares;
  - (h) announcement of the first quarter results and the proforma quarterly report of Wesfarmers which contains the financial statements of Wesfarmers for the period from 1 July 2003 to 30 September 2003;
  - (i) announcement of a proposed capital return to Wesfarmers shareholders (see page 10);

- (j) Chairman's address to the Annual General Meeting of members of Wesfarmers on 3 November 2003;
- (k) the Constitution of Wesfarmers incorporating the amendments approved at the Annual General Meeting of members;
- (l) a letter advising of resolutions passed at the Annual General Meeting of Wesfarmers together with a disclosure of proxy votes;
- (m) presentation to Australian investors lodged with the Exchange on 4 November 2003;
- (n) notice of general meeting of members of Wesfarmers and documentation relating to the proposed capital return posted to shareholders on 6 November 2003; and
- (o) lodgement of an open briefing containing an interview with the Wesfarmers CEO, Mr M A Chaney, on the September quarter results.

#### CAPITAL RETURN

On 3 November 2003 Wesfarmers announced an intention to implement, subject to shareholder approval, an equal capital return of \$2.50 per share (the "Capital Return"). A general meeting of Wesfarmers has been convened to consider the Capital Return on 5 December 2003. If the Capital Return is approved by shareholders, it is expected to be implemented by 18 December 2003 and the shares received by employees under this prospectus will not participate in the Capital Return.

#### TRUST DEED

The prospectus comprises this document and the Trust Deed dated 24 May 1985 (as amended by amending deeds dated 21 November 1986, 9 December 1987, 9 November 1994, 11 October 1996, 30 September 1997, 1 October 1997, 12 October 1998, 5 November 1999, 5 November 2001, 4 November 2002 and 3 November 2003) between Wesfarmers Limited and Orrmand Limited (now, Share Nominees Limited) which governs the Plan (the "Trust Deed"). The Trust Deed which includes the Fifth Schedule Loan Agreement, is incorporated into this prospectus by reference.

Material matter in the Trust Deed is summarised in the section "How the Plan Works" on pages 2 - 5 of this prospectus.

Copies of the Trust Deed are available for inspection by employees at the Company Secretary's office, 12th Floor, Wesfarmers House, 40 The Esplanade, Perth, Western Australia and will be mailed free of charge to any employee upon request within five days.

#### INTERESTS OF DIRECTORS

No directors of Wesfarmers will participate in the Plan or be invited to apply for shares in Wesfarmers under this prospectus.

#### INTERESTS OF EXPERTS

Ernst & Young have been paid \$2,240.00 in connection with the taxation advice set out on pages 6 and 7. Other than this, no person named in this prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this prospectus has any interest in the promotion of the Plan or the invitation to apply for shares under the Plan.

#### EXPERTS' CONSENT

Ernst & Young, have given and not withdrawn their consent to being named in this prospectus as providing the tax advice which formed the basis of the information concerning taxation on pages 6 and 7 and to the inclusion of that tax advice in the prospectus in the form and context in which it is included.

Apart from the taxation advice set out on pages 6 and 7 Ernst & Young have not made any other statement in the prospectus and take no responsibility for any other matter referred to in the prospectus other than the taxation advice referred to above.

#### ADDITIONAL INFORMATION

This prospectus is dated 12 November 2003 and a copy of this prospectus was lodged with the Australian Securities and Investments Commission on that date. The Australian Securities and Investments Commission takes no responsibility as to the contents of the prospectus. No shares will be allotted or issued to employees on the basis of the prospectus after the expiry date which is the date 13 months after the date of this prospectus.

If you wish to discuss any of the matters raised in this prospectus, please contact your human resources department or the registrars for the Plan, Computershare Investor Services Pty Limited, telephone (08) 9323 2000.

This prospectus has been signed by or on behalf of Wesfarmers Limited in accordance with section 351 of the Corporations Act 2001. Each director of Wesfarmers Limited has consented in writing to the lodgement and issue of this prospectus.

R J B Goyder  
Finance Director



## EMPLOYEE SHARE PLAN INVITATION

Wesfarmers Limited ABN 28 008 984 049

### Dear Group Employee

The board of Wesfarmers Limited (the "Company") takes great pleasure in inviting you to participate in the Wesfarmers Employee Share Plan (the "Plan") constituted by a Deed made on 24 May 1985 (as amended) between the Company and Orrmand Limited (now, Share Nominees Limited) (the "Trust Deed").

The Company hereby invites you to apply for approximately A\$3,000 (the "Specified Amount") worth of fully paid ordinary shares in the Company upon and subject to the terms and conditions of the Plan.

The issue price per share will be the weighted average market price of Wesfarmers Limited ordinary shares during the one week period up to and including the day of allotment of the shares (or, if there are no transactions in the shares during that period, the last price at which an offer was made to purchase the shares on the Australian Stock Exchange).

The exact amount payable will be the issue price per share multiplied by the highest number of whole shares which can be acquired for the Specified Amount.

This invitation is made to you personally and application may only be made by you.

Application must be made for shares to the value of the Specified Amount.

The date of allotment of any shares to be issued to you under the Plan will be determined by the Company.

You are entitled to borrow from the Plan Trustee the total price payable for those shares applied for by you. The loan from the Plan Trustee will not result in any personal liability to you. The Trustee may only have recourse to the shares which will be held by the Trustee to secure payments owing by you under the loan. The terms and conditions applying to the loan are those set out in the Fifth Schedule of the Trust Deed (copies of which are available at the office of the Company Secretary) and summarised in the prospectus.

If you accept this invitation, you will be deemed to have requested a loan under the Plan and agreed to be bound by the terms and conditions set out in the Fifth Schedule of the Trust Deed.

Should you wish to apply for shares, the Application Form overleaf should be completed by you and handed to your human resources department in time for it to be received at the Company's office in Perth on or before 19 December 2003, which is the closing date for the application.

Dated this 12th day of November 2003.

Signed for and on behalf of Wesfarmers Limited.

A handwritten signature in green ink, appearing to read 'L J Kenyon', written over a horizontal line.

L J Kenyon  
Company Secretary

# APPLICATION FORM

Your Tax File Number:

			-			-			
--	--	--	---	--	--	---	--	--	--

Surname:

First Names:

Company:

Department/Branch:

Work Location:



Home Address:

Payroll Number:

I hereby make the application referred to in the Invitation and apply for shares to a value of A\$3,000.

I agree to be bound by and comply with the terms and conditions of the Plan and the Trust Deed and the Constitution of the Company.

Dated this                      day of                      2003

Signed by the Employee:

--

HAVE YOU COMPLETED YOUR TAX FILE NUMBER ABOVE?

## Deduction Authority:

As mentioned on page 6 of the prospectus, if you do not provide your tax file number and the Company pays an unfranked dividend, the amount credited to your loan account will be reduced by the amount of tax on the dividend calculated at the top marginal rate plus Medicare levy (currently a total of 48.5%) (the "dividend tax") which will leave you with a higher loan balance in your loan account. If you do not provide your tax file number you will be deemed, by your application, to have authorised the Company to deduct from your pay an amount equivalent to any dividend tax and to apply such amount in reduction of your loan account.

Please notify us of any changes to the details above:


## Invitation declined:

If you do not wish to take up the shares please sign below and return the form to your human resources department.

I advise that I do not wish to apply for shares under the Invitation.

Print Name:

--

Signature:

--





**Wesfarmers**



## EMPLOYEE SHARE PLAN

PLAN BOOKLET FOR NEW ZEALAND EMPLOYEES

Wesfarmers Limited ABN 28 008 984 049



**Wesfarmers**

## WELCOME

THIS PLAN BOOKLET PROVIDES AN OVERVIEW OF THE OFFER BY WESFARMERS LIMITED (the "Company") TO ITS EMPLOYEES IN NEW ZEALAND TO ACQUIRE NEW ORDINARY SHARES (the "New Shares") IN THE COMPANY MADE IN TERMS OF THE WESFARMERS EMPLOYEE SHARE PLAN (the "Plan"). THE OFFER OF PARTICIPATION IN THE PLAN IS BEING MADE TO NEW ZEALAND EMPLOYEES OF THE COMPANY AND ITS SUBSIDIARIES AT THE SAME TIME AND ON SIMILAR TERMS AS IT IS BEING MADE TO EMPLOYEES OF THE WESFARMERS GROUP IN AUSTRALIA. THE OFFER IN AUSTRALIA IS BEING MADE PURSUANT TO A PROSPECTUS (the "Australian Employee Prospectus") THAT COMPLIES WITH THE REQUIREMENTS OF THE CORPORATIONS ACT 2001 (AUSTRALIA).

This Plan Booklet summary has been provided in order to assist with the explanation of the terms of the Plan in connection with the offer of New Shares to employees of the Wesfarmers Group in New Zealand. It is not to be given or sent to any person outside New Zealand in any jurisdiction in circumstances where the offer to acquire New Shares or the distribution of this Plan Booklet may be unlawful.



## EXEMPTION NOTICE

The offer of participation in the Plan is being made to New Zealand employees of the Wesfarmers Group in accordance with the Securities Act (Overseas Employee Share Purchase Schemes) Exemption Notice 2002. As a result, the offer of participation in the Plan does not need to be made pursuant to an investment statement or prospectus. Instead, this Plan Booklet provides eligible New Zealand employees with a summary of the current rules of the Plan in accordance with the requirements of the Exemption Notice.

## LISTING

Wesfarmers has been admitted to the official list of the Australian Stock Exchange Limited (the "ASX"). An application will be made within seven days after the date of the Australian Employee Prospectus for the New Shares to be issued under the Plan to be granted official quotation by the ASX. However, the ASX takes no responsibility for the contents of either the Australian Employee Prospectus or this Plan Booklet. The fact that the ASX has admitted Wesfarmers to its official list is not to be taken in any way as an indication of the merits of Wesfarmers or the New Shares issued under the Plan.

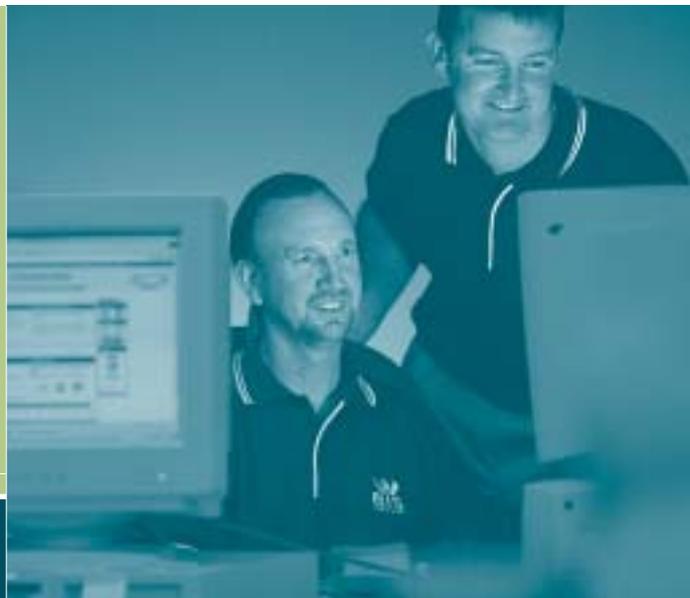
## OFFER DESCRIPTION

The Company is offering up to approximately 2,809,643 New Shares to its employees, including employees of the Wesfarmers Group in New Zealand, pursuant to the Plan.

In terms of the Plan, eligible employees will be invited to apply for New Shares on terms that include:

- (a) issue of the New Shares at a price that is not less than 90% of the weighted average market price of the Company's shares during the one week period up to and including the day of allotment;
  - (b) payment of the subscription price of the New Shares being made in full prior to allotment with the required amount being lent to the eligible employee by Share Nominees Limited, the trustee of the Wesfarmers Limited Employee Share Plan in terms of a trust deed dated 24 May 1985 (as amended) ("Plan Trustee") or other designated member of the Wesfarmers Group (in this case, NZ Finance Holdings Pty Limited ("Lender")) on terms that include:
    - (i) the interest rate on the loan being set by the board from time to time and which is currently nil as a result of a determination of the board in 1995
- (ii) that loans under the Plan would be interest free;
  - (ii) dividends on the New Shares being applied in payment of the loan;
  - (iii) the loan can continue until it is repaid by the dividends on the New Shares or the relevant employee ceases to be an employee of the Wesfarmers Group or ceases to be the beneficial owner of the shares or certain other limited circumstances occur as specified in the loan agreement;
  - (iv) the loan or any part of the loan may be repaid voluntarily by an employee; and
  - (v) the loan is repayable upon an employee ceasing to be an employee of the Wesfarmers Group for any reason (e.g. through dismissal, resignation, retirement, retrenchment or sale of the group company that employs the employee) and in certain other limited circumstances as specified in the loan agreement and is immediately repayable if the employee ceases to be the beneficial owner of the shares. If any loan balance outstanding is not repaid, the Plan Trustee (acting on behalf of the Lender) may sell the employee's shares in order to recover the loan. If the proceeds of sale of the shares received by the Plan Trustee are not sufficient to repay the loan, the employee will be paid an amount equal to the outstanding balance as well as an amount equal to the tax the employee will have to pay on the additional amount to enable the employee to repay the outstanding balance on the loan. This may be achieved by way of the employee's employer paying the relevant amount directly to the Lender (as well as meeting any relevant PAYE tax obligations) in which case, no action will be required from the employee; and
  - (c) the New Shares cannot be disposed of (i.e. sold) or otherwise dealt or purported to be dealt with for a specified period of time.

The board shall determine the employees in respect of whom an issue is to be made and the value of New Shares to be issued in respect of those employees.



## PLAN OVERVIEW

Eligible employees of the Wesfarmers Group are being offered the opportunity to acquire New Shares. Eligible employees are persons whose contract provides for permanent conditions of employment and who have been in the continuous employment of Wesfarmers or its subsidiaries for a minimum period of one year and who will be 18 years or older at the date the shares are issued.

Your entitlement to New Shares is specified in the Invitation and Application Form that accompanies this Plan Booklet. To participate you must apply for the full value of the New Shares for which you are being invited to apply.

The application to participate in the Plan may only be made by the employee to whom the Invitation is addressed.

The terms upon which the New Shares are offered to you under the Plan are as follows:

### OFFER

The Company is offering eligible employees the opportunity to apply for New Shares to the value specified in the Invitation and Application Form.

### ISSUE PRICE

The issue price per New Share will be the weighted average market price of the Company's ordinary shares during the one week period up to and including the day of allotment of the shares (or, if there are no transactions in the shares during that period, the last price at which an offer was made to purchase the shares on the ASX).

### AMOUNT PAYABLE

Employees who are receiving their first invitation under the Plan will be invited to

apply for NZ\$10,350 worth of shares while employees who are receiving a second or subsequent invitation will be invited to apply for NZ\$3,450 worth of shares. The exact amount payable for the New Shares will be the issue price per share multiplied by the highest number of whole shares which can be acquired for the amount specified in the Invitation and Application Form.

### RETAINED SHARES

The aim of the Plan is for employees to be participants in the ownership and continued growth of Wesfarmers. Accordingly, the board has determined that for this year, shares issued under the Plan will have to be retained for a specified period.

This will mean, that subject to certain specified exemptions in the Trust Deed, the New Shares will be "Retained Shares":

- for a period of three years from the date that the employee acquires the shares; or
- until there is an event of default under the terms of the employee's loan and the Lender declares that the loan is due and payable (which will occur if an employee ceases for any reason to be an employee of the Wesfarmers Group and in certain other limited circumstances specified in the loan agreement, including if the employee ceases to be the beneficial owner of the shares in which case the loan is immediately repayable),

whichever is earlier.

An employee must not dispose of or otherwise deal or purport to deal with any shares while they are Retained Shares.

## LOAN

As the issue price for the New Shares will not be known until the date of allotment, it will not be practical for employees to pay cash for the New Shares before they are allotted. Accordingly all applications for New Shares will be upon the basis that the employee is applying to borrow the full loan amount NZ\$10,350 or NZ\$3,450 as specified in the employee's Invitation). An employee may repay the loan or any part of the loan by forwarding a cheque to the Trustee made payable to the Lender (but no more frequently than on a quarterly basis). Employees who do so however, will not be taking full advantage of the benefits being made available to them under the Plan. It should be noted that repayment of the loan in this manner within the first three years of the loan term will not result in the shares ceasing to be Retained Shares.

## REPAYMENT SHORTFALL

Eligible employees are entitled to borrow from the Plan Trustee or the Lender the total price payable for those New Shares applied for. As described in this Plan Booklet, where the New Shares are sold by the Plan Trustee (on behalf of the Lender) pursuant to the terms and conditions of the loan, any shortfall on the sale of the New Shares will be topped up by the employee's employer to enable the loan to be repaid. The terms and conditions applying to the loan are those set out in the Seventh Schedule of the Trust Deed (copies of which are available at the office of the Company Secretary) and summarised in this Plan Booklet.

## OFFER PERSONAL

The offer to participate in the Plan is made to employees personally and an application may only be made by the employee to whom it is addressed. To participate an employee must apply for the full value of the shares for which they are being invited to apply.

## ALLOTMENT

The date of allotment of any New Shares to be issued under the Plan will be determined by the Company.

## LOAN REQUEST

If an employee accepts the invitation to acquire New Shares, they will be deemed to have requested the loan under the Plan and agreed to be bound by the terms and conditions set out in the Seventh Schedule of the Trust Deed.

## LOAN REPAYMENT

If an eligible employee ceases to be the beneficial owner of the New Shares, any loan balance outstanding must be immediately repaid. Similarly, any loan balance outstanding must be repaid if any eligible employee ceases to be an employee of the Wesfarmers Group for any reason (e.g. through dismissal, resignation, retirement, retrenchment or sale of the group company that employs the employee), or if certain other limited circumstances occur as specified in the loan agreement. If any loan balance outstanding is not repaid to the Lender, the Plan Trustee (on behalf of the Lender) may sell the New Shares in order to recover the loan. Any surplus after repayment of the loan (including interest if any) and meeting the costs of the sale (brokerage) will then be paid to the employee.

## LOAN TOP UP

If the Plan Trustee does not receive sufficient money from the sale of the New Shares to pay off the outstanding loan balance, the employee will be paid an amount equal to the outstanding balance, as well as an amount equal to the tax the employee will have to pay on that additional amount, to enable the employee to repay the outstanding balance of the loan. This may be achieved by way of the employee's employer paying the relevant amount directly to the Lender (as well as meeting any relevant PAYE tax obligations) in which case, no action will be required from the employee.

## DECEASED EMPLOYEES

If an eligible employee dies before the loan is repaid, the executors or administrators of the employee's estate will have a reasonable period (up to 12 months from the date of death) to repay the loan or sell the New Shares. If the New Shares are sold, any balance (after repayment of the loan (including interest if any) and meeting the costs of the sale (brokerage)) will be paid to the employee's estate. If the loan is repaid, the New Shares can be transferred or otherwise dealt with as directed by the executor or administrator.

## SHARE OWNERSHIP

The New Shares will be registered in the employee's name and subject to the dividend arrangements described below and the limitations imposed on the shares while they

are Retained Shares, all the rights and benefits attaching to the New Shares belong to the employee.

#### RESTRICTION ON TRANSFER

A holding lock will be placed on the shares in favour of the Plan Trustee to prevent the sale of the New Shares until the loan has been repaid and the New Shares cease to be Retained Shares. Once the loan has been repaid and the New Shares cease to be Retained Shares the holding lock will be removed and a holding statement will be forwarded to the employee. The employee will then be free to deal in the New Shares without reference to the Plan Trustee or the Lender.

#### DIVIDEND PAYMENTS

Once the employee has repaid the loan, all dividends payable on those New Shares will be forwarded to the employee. However, while any part of the loan is still owing to the Plan Trustee or the Lender, all dividend payments will be retained by the Plan Trustee together with any returns of capital to pay the amounts outstanding under the loan (including interest if any).

#### RIGHTS ISSUES

If Wesfarmers makes a rights issue while the employee is participating in the Plan, the employee will receive the same offer as any other shareholder and therefore be entitled to buy the shares pursuant to the rights issue or to sell the rights. If the employee accepts the offer to buy the shares pursuant to the rights issue, the employee may apply to the Plan Trustee or the Lender for a loan under the same conditions as apply to other loans under the Plan. If the employee chooses to sell the rights, the proceeds will be applied towards paying off the employee's loan.

#### BONUS ISSUES

If a bonus issue is made while the employee has a Plan loan, the shares will be issued in the employee's name. Any bonus shares allotted to an employee will be subject to the same restrictions, including the holding lock, as the underlying shares in respect of which the bonus shares were allotted. Employees will be provided with a holding statement in respect of the bonus shares once the loan for the shares which gave rise to the bonus has been repaid and those shares cease to be Retained Shares.

#### SALE OF NEW SHARES

While there is any amount outstanding under a loan, the shares which are the subject of that loan, can only be sold through the Trustee (acting on behalf of the Lender). In addition, while the shares are Retained Shares an employee must not dispose of or otherwise deal or purport to deal with their shares. After the shares cease to be Retained Shares employees wishing to sell all or part of their Plan shareholding through the ASX may request the Plan Trustee to do so. The shares will be sold by the Plan Trustee as quickly as possible after the request for sale is received. The Plan Trustee does not accept instructions to sell at a specific price. Proceeds from such a sale will be applied towards the repayment of the loan balance (including interest if any) and meeting the costs of sale (brokerage). Any surplus remaining will be paid to the employee. If the proceeds are less than the loan balance, the position is the same as when the Plan Trustee sells the shares after the loan becomes repayable (i.e. after an employee has left the Wesfarmers Group). That is, the employee's employer will pay the employee an amount equal to the outstanding balance, as

well as an amount equal to the tax the employee will have to pay on that additional amount, to enable the employee to repay the outstanding balance on the loan. This may be achieved by way of the employee's employer paying the relevant amount directly to the Lender (as well as meeting any relevant PAYE tax obligations) in which case, no action will be required from the employee.

### VOTING RIGHTS

Employees holding shares under the Plan will be able to exercise their voting rights in the normal way even if the shares are Retained Shares and there is a loan balance outstanding on the New Shares.

### EXECUTIVE OFFER

Executives of the Wesfarmers Group may be invited by the board to apply for further shares up to a specified value in addition to the value of New Shares for which they are invited to apply as employees of the Wesfarmers Group. The terms and conditions applying to these additional shares for which executives in New Zealand may be invited to apply are the same as those applying to the New Shares for which eligible New Zealand employees are invited to apply.

### CAPITAL RETURN

On 3 November 2003 the Company announced an intention to implement, subject to shareholder approval, an equal capital return of \$2.50 per share (the "Capital Return"). A general meeting of the Company has been convened to consider the Capital Return on 5 December 2003. If the Capital Return is approved by shareholders, it is expected to be implemented by 18 December 2003 and the shares received by employees under this booklet will not participate in the Capital Return.

### ACTION TO BE TAKEN BY EMPLOYEES

Accompanying this Plan Booklet is an Invitation and Application Form which shows the value of New Shares to which you are entitled. You may only accept your entitlement in full.

### TO ACCEPT YOUR ENTITLEMENT IN FULL

- Complete the accompanying Application Form.
- Forward your completed Application Form to:

Ron Aylan-Parker  
Benchmark Building Supplies Ltd  
PO Box 14436  
Panmure  
AUCKLAND

Keryn McCracken  
Wesfarmers Industrial & Safety NZ Ltd  
401 Great South Road  
Penrose  
AUCKLAND

Sue Clarke  
Lumley General Insurance (N.Z.) Limited  
Lumley House  
7 City Road  
AUCKLAND



# TAXATION

## TAXATION IMPLICATIONS

The information below is based on advice obtained by the Company from Ernst & Young.

There are a number of important facts employees should understand about taxation on New Shares bought through the Plan. It differs from taxation on employees' pay, in that the Company will NOT normally deduct income tax in respect of dealings by employees in the Company's shares.

If tax has to be deducted from the dividends paid to an employee, the amount credited to the employee's loan account will be reduced by the amount of the tax and the employee's loan balance will not be repaid at the same rate as other employees.

Employees are responsible for declaring the appropriate income on their tax returns, and paying any tax necessary.

Dividends paid to employees will be income and taxed accordingly.

The Company has a policy of paying franked dividends. However, Australian franking credits are not recognised for New Zealand tax purposes and will not be available to offset tax payable.

New Zealand residents who acquire the Company's shares may have a liability to pay New Zealand income tax in respect of:

- (a) dividends paid; and
- (b) profit from the sale of shares.

The following comments are made on the assumption that the recipient of the New Shares

is not a share trader. If the employee is in the business of share trading it is recommended that they seek further advice regarding the New Zealand taxation implications of buying and selling shares.

## DIVIDENDS PAID

Dividends received by a New Zealand resident must be included in their taxable income and taxed at marginal rates. Australian franking credits are not recognised for New Zealand tax purposes and will not be available to offset tax payable.

The Company is required to withhold tax at the rate of 15% from partially franked dividend payments to New Zealand residents. The full amount of the dividend (including the withheld amount) must be included as taxable income and then a foreign tax credit may be available for the withheld amount. Withholding tax is not required for fully franked dividends.

## NEW ZEALAND INCOME TAX ON SHARE GAINS

Currently, capital gains are not taxed in New Zealand. Therefore, generally speaking, a gain from the sale of shares is not required to be included as assessable income of a New Zealand resident. Similarly, no deduction is available if a loss results from the sale of shares. In normal circumstances Australian Capital Gains Tax will not be payable by New Zealand employees.

However, gains from the sale of shares are taxable (even in the hands of a non-trader) if the shares were acquired for the purpose of



sale or other disposition, or pursuant to a profit-making scheme. If an employee acquires shares and disposes of those shares at a profit a short time later (ie within a matter of months), the sale profit (if any) would be more likely to be subject to income tax than if held for a long period of time.

#### ACQUISITION

Under section CH2 of the Income Tax Act 1994, you could be subject to income tax at your effective tax rate on the difference (if any) between the price you pay for the shares you acquire under the Plan and their fair market value on the date of acquisition. You should note that amounts taxed under section CH2 are not taxed under the PAYE rules. This means you would be responsible for declaring the relevant amounts as income in a tax return and paying the necessary tax.

It is our understanding that the manner in which the share price is currently determined under the Plan should not give rise to a tax liability on your part in this regard.

#### LOAN SHORT FALL

Where the Plan Trustee does not receive sufficient money from the sale of New Shares to pay off an outstanding loan balance and the employee is paid an additional amount to enable the employee to repay the outstanding balance (this may be achieved by the employee's employer paying the relevant amount directly to the Lender), the additional amount will be treated as salary and wages

paid to the employee and will increase the employee's taxable income. As any relevant PAYE taxation obligations will also be met by the employee's employer in these circumstances, the additional amount will not of itself result in the employee having to pay additional tax. It should be noted however, that the increase in the employee's taxable income may affect certain payments and benefits which are linked to the employee's taxable income such as entitlement to child support payments and student allowances provided to the employee's children.

#### IMPORTANT NOTE

The above summary is only a brief outline of the position on taxation. The law on taxation (particularly taxation of capital gains) is complicated and technical and may change from time to time. Employees who are uncertain about their personal situation should seek the advice of a qualified tax adviser or the Inland Revenue Department.

## ADDITIONAL INFORMATION

If you have any queries about the offer of New Shares made by the Company described in this Plan Booklet, please contact:

Ron Aylan-Parker  
Benchmark Building Supplies Ltd  
78 Carbine Road  
Mt Wellington  
AUCKLAND

Telephone: 64 9 978 2200  
Facsimile: 64 9 978 2201

Keryn McCracken  
Wesfarmers Industrial & Safety NZ Ltd  
401 Great South Road  
Penrose  
AUCKLAND

Telephone: 64 9 526 6706  
Facsimile: 64 9 526 6755

Sue Clarke  
Lumley General Insurance (N.Z.) Limited  
Lumley House  
7 City Road  
AUCKLAND

Telephone: 64 9 308 1100  
Facsimile: 64 9 308 1116

In particular, you may obtain copies, free of charge, of the following information:

- (a) the annual report of Wesfarmers Limited for the year ended 30 June 2003, being the most recent annual report of the Company;
- (b) the financial statements of Wesfarmers Limited for the financial year ended 30 June 2003 and the financial statements of Wesfarmers Limited for the period from 1 July 2003 to 30 September 2003, being the most recent published financial statements of the Company; and
- (c) any other financial information lodged in relation to the Company and any documents notifying the ASX of information relating to the Company during the period after lodgement of the financial statements for the financial year ended 30 June 2003 and the date of distribution of this Plan Booklet,

from the ASX internet site at “[www.asx.com.au](http://www.asx.com.au)” in the “company announcements” section. The ASX code for Wesfarmers is “WES”. In addition, you may request copies of these documents to be sent to you free of charge by contacting Ron Aylan-Parker, Keryn McCracken or Sue Clarke at the addresses specified on this page.



# Appendix 3B

## New issue announcement, application for quotation of additional securities and agreement

*Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.*

Introduced 1/7/96. Origin: Appendix 5. Amended 1/7/98, 1/9/99, 1/7/2000, 30/9/2001, 11/3/2002, 1/1/2003.

Name of entity

WESFARMERS LIMITED

ABN

28 008 984 049

We (the entity) give ASX the following information.

### Part 1 - All issues

*You must complete the relevant sections (attach sheets if there is not enough space).*

- |   |  |                            |
|---|--|----------------------------|
| 1 | +Class of +securities issued or to be issued   | Fully paid ordinary shares |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued  | 2,809,643 (approximately)  |
| 3 | Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | Fully paid ordinary shares |

+ See chapter 19 for defined terms.

**Appendix 3B**  
**New issue announcement**

---

<p>4 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> <li>• the date from which they do</li> <li>• the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment</li> <li>• the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment</li> </ul>	<p>Yes</p>				
<p>5 Issue price or consideration</p>	<p>The weighted average market price of the securities traded on the exchange during the week up to and including the day of allotment.</p>				
<p>6 Purpose of the issue          (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>The shares will be issued pursuant to the terms of the company's employee investment plan.</p>				
<p>7 Dates of entering +securities into uncertificated holdings or despatch of certificates</p>	<p>19 December 2003</p>				
<p>8 Number and +class of all +securities quoted on ASX (including the securities in clause 2 if applicable)</p>	<table border="1"> <thead> <tr> <th data-bbox="686 1478 997 1512">Number</th> <th data-bbox="997 1478 1283 1512">+Class</th> </tr> </thead> <tbody> <tr> <td data-bbox="686 1512 997 1731">376,458,043 (approximately)</td> <td data-bbox="997 1512 1283 1731"></td> </tr> </tbody> </table>	Number	+Class	376,458,043 (approximately)	
Number	+Class				
376,458,043 (approximately)					

---

+ See chapter 19 for defined terms.

	Number	+Class
9	Number and +class of all +securities not quoted on ASX (including the securities in clause 2 if applicable)	

10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	The shares will be entitled to all distributions on fully paid ordinary shares after the date of allotment.
----	--	---

## **Part 2 - Bonus issue or pro rata issue**

- |    |   |  |
|----|---|--|
| 11 | Is security holder approval required?   |  |
| 12 | Is the issue renounceable or non-renounceable?  |  |
| 13 | Ratio in which the +securities will be offered  |  |
| 14 | +Class of +securities to which the offer relates  |  |
| 15 | +Record date to determine entitlements  |  |
| 16 | Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?  |  |
| 17 | Policy for deciding entitlements in relation to fractions   |  |
| 18 | Names of countries in which the entity has +security holders who will not be sent new issue documents<br><br><small>Note: Security holders must be told how their entitlements are to be dealt with.<br/>Cross reference: rule 7.7.</small> |  |
| 19 | Closing date for receipt of acceptances or renunciations  |  |

---

+ See chapter 19 for defined terms.

**Appendix 3B**  
**New issue announcement**

---

- |    |   |  |
|----|---|--|
| 20 | Names of any underwriters   |  |
| 21 | Amount of any underwriting fee or commission  |  |
| 22 | Names of any brokers to the issue   |  |
| 23 | Fee or commission payable to the broker to the issue  |  |
| 24 | Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of +security holders   |  |
| 25 | If the issue is contingent on +security holders' approval, the date of the meeting  |  |
| 26 | Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled  |  |
| 27 | If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders |  |
| 28 | Date rights trading will begin (if applicable)  |  |
| 29 | Date rights trading will end (if applicable)  |  |
| 30 | How do +security holders sell their entitlements <i>in full</i> through a broker?   |  |
| 31 | How do +security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?  |  |

---

+ See chapter 19 for defined terms.

- 32 How do <sup>+</sup>security holders dispose of their entitlements (except by sale through a broker)?
- 33 <sup>+</sup>Despatch date

### Part 3 - Quotation of securities

*You need only complete this section if you are applying for quotation of securities*

- 34 Type of securities  
(tick one)
- (a)  Securities described in Part 1
- (b)  All other securities  
Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

#### Entities that have ticked box 34(a)

#### Additional securities forming a new class of securities

*Tick to indicate you are providing the information or documents*

- 35  If the <sup>+</sup>securities are <sup>+</sup>equity securities, the names of the 20 largest holders of the additional <sup>+</sup>securities, and the number and percentage of additional <sup>+</sup>securities held by those holders
- 36  If the <sup>+</sup>securities are <sup>+</sup>equity securities, a distribution schedule of the additional <sup>+</sup>securities setting out the number of holders in the categories  
1 - 1,000  
1,001 - 5,000  
5,001 - 10,000  
10,001 - 100,000  
100,001 and over
- 37  A copy of any trust deed for the additional <sup>+</sup>securities

---

<sup>+</sup> See chapter 19 for defined terms.

**Appendix 3B**  
**New issue announcement**

---

**Entities that have ticked box 34(b)**

38 Number of securities for which  
 +quotation is sought

--

39 Class of +securities for which  
 quotation is sought

--

40 Do the +securities rank equally in all  
 respects from the date of allotment  
 with an existing +class of quoted  
 +securities?

If the additional securities do not  
 rank equally, please state:

- the date from which they do
- the extent to which they  
 participate for the next dividend,  
 (in the case of a trust,  
 distribution) or interest payment
- the extent to which they do not  
 rank equally, other than in  
 relation to the next dividend,  
 distribution or interest payment

--

41 Reason for request for quotation  
 now

Example: In the case of restricted securities, end of  
 restriction period

(if issued upon conversion of  
 another security, clearly identify that  
 other security)

--

	Number	+Class
42 Number and +class of all +securities quoted on ASX ( <i>including</i> the securities in clause 38)		

---

+ See chapter 19 for defined terms.

**Quotation agreement**

1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.

2 We warrant the following to ASX.

- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those +securities should not be granted +quotation.
- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
- We warrant that if confirmation is required under section 1017F of the Corporations Act in relation to the +securities to be quoted, it has been provided at the time that we request that the +securities be quoted.
- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

---

+ See chapter 19 for defined terms.

**Appendix 3B**  
**New issue announcement**

---

- 3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.
  
- 4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here: ..... Date: 12 November 2003  
Assistant Company Secretary

Print name: PAUL STEVEN GARDINER

== == == == ==

---

+ See chapter 19 for defined terms.