

13 July 2001

**Dear Howard Smith shareholder**

### **Wesfarmers' Offer for Howard Smith is now recommended by your directors**

On 11 July 2001, Wesfarmers Limited ("Wesfarmers"), through its wholly owned subsidiary, Wesfarmers Retail Pty Ltd, announced that it would increase its takeover offer for all the issued shares in Howard Smith Limited ("Howard Smith") to \$13.25 plus 2 Wesfarmers' shares for every 5 Howard Smith shares.

A copy of that announcement is enclosed, together with the formal documentation which is required by the Corporations Law.

#### **The increase in the Offer consideration:**

- represents an extra 25 cents per Howard Smith share; and
- values each Howard Smith share at \$13.39, based on Wesfarmers' closing share price on Wednesday, 11 July 2001 of \$26.85. This represents a premium of 50 per cent over the average market price of Howard Smith shares in the three months prior to the announcement of Wesfarmers' Offer.

Howard Smith directors welcomed the new offer and have advised that they intend to recommend that Howard Smith shareholders accept Wesfarmers' Offer, in the absence of any higher offer. Howard Smith directors indicated that they are not aware of any such higher offer.

Howard Smith directors have confirmed that they intend to accept the increased Wesfarmers Offer in respect of shares they hold in Howard Smith.

Wesfarmers has now declared its offer free of all conditions other than there being no material adverse change, no regulatory intervention in relation to the Offer and the 90 per cent minimum acceptance condition being met. The no material adverse change and regulatory intervention conditions will be waived as soon as possible.

The Offer has been extended by a period of seven days to 7 August 2001. Provided that acceptances for over 90 per cent of Howard Smith shares have been received by 7 August 2001 and the Offer has been declared unconditional, accepting Howard Smith shareholders will be paid and issued their Wesfarmers shares by 14 August and will be eligible to receive the Wesfarmers final dividend, expected to be 60 cents per share, payable in early October.

To take advantage of this recommended offer, please ensure that you accept the Offer as soon as possible, and in any event by no later than 7 August 2001. Enclosed is a new acceptance form to enable you to accept the Offer. Howard Smith shareholders that have already accepted the Offer need not take any further action and will automatically receive the increased Offer.

If you have any questions relating to how to accept the offer or require any additional assistance, please contact the Wesfarmers Offer Hotline toll free on 1800 770 028.

Wesfarmers looks forward to completing the Offer as soon as possible and to welcoming you as a Wesfarmers shareholder

Yours sincerely



Harry Perkins AO  
Chairman



Michael Chaney  
Managing Director

A copy of this Supplementary Bidder's Statement was lodged with the Australian Securities and Investments Commission on 12 July 2001.  
The Commission takes no responsibility for the content of the Supplementary Bidder's Statement.

Wesfarmers Retail Pty Ltd (ACN 097 092 085)



**Wesfarmers**

# Supplementary Bidder's Statement for Increased Recommended Offer

This is a Supplementary Bidder's Statement (Statement) by Wesfarmers Retail Pty Ltd (ACN 097 092 085) (Wesfarmers Retail) made under section 643 of the Corporations Law.

This Statement supplements a Bidder's Statement of Wesfarmers Retail dated 13 June 2001 (Original Bidder's Statement) in relation to its off-market takeover bid (Offer) for all the issued ordinary shares (Howard Smith Shares) in Howard Smith Limited (Howard Smith) and should be read together with that document.

This Statement will prevail to the extent of any inconsistency with the Original Bidder's Statement.

Wesfarmers Retail discloses the following:

- (a) Wesfarmers Retail has today increased its Offer from \$12.00 and 2 Wesfarmers Limited (Wesfarmers) Shares for every 5 Howard Smith Shares to \$13.25 and 2 Wesfarmers Shares for every 5 Howard Smith Shares;
- (b) As a result of the increase of the Offer, the maximum amount of cash consideration which would be payable by Wesfarmers Retail under the Offer (based on the number of Howard Smith Shares on offer at the date of the Bidder's Statement) has increased from approximately \$474.2 million to approximately \$523.6 million;
- (c) Wesfarmers Retail intends to fund the increased cash component of the Offer from its credit facility from Wesfarmers referred to in section 8.1(a) of the Bidder's Statement;
- (d) Wesfarmers will fund \$500 million of the cash required from the Commonwealth Bank facility referred to in section 8.1(b) of the Bidder's Statement (the Commonwealth Bank facility). The remainder will be funded from Wesfarmers existing facilities. Wesfarmers has various existing undrawn facilities from various lenders of substantially more than the balance of \$23.6 million required (in addition to the Commonwealth Bank facility) which are not subject to any unfulfilled conditions precedent. Wesfarmers has not yet decided which of these facilities it will use to fund the remainder of the cash required for the takeover bid; and
- (e) Neither the increase in the Offer nor transactions entered into by Wesfarmers and its subsidiaries since 13 June 2001 have a material impact on the proformas and other financial information contained in the Bidder's Statement.

Dated 11 July 2001.

A handwritten signature in black ink, appearing to read "M A Chaney".  
M A Chaney  
Director

FOCUSSED ON  
SHAREHOLDER VALUE

A copy of this notice was lodged with the Australian Securities and Investments Commission on the 12th day of July 2001. The Australian Securities and Investments Commission takes no responsibility for the contents of this notice.

**Wesfarmers Retail Pty Ltd (ACN 097 092 085)**

## Company notice - section 650D(1) of the Corporations Law Notice of variation

**To:** **1 Howard Smith Limited** (Howard Smith)  
**2 Shareholders in Howard Smith** to whom Wesfarmers Retail Pty Ltd (ACN 097 092 085) (Wesfarmers Retail) has made takeover offers.

Wesfarmers Retail gives notice under section 650D of the Corporations Law that:

### **Increase in cash sum component of offer consideration**

- (a) Wesfarmers Retail proposes to vary the takeover offers (Offers) dated 28 June 2001 for all of the ordinary shares in Howard Smith, which are contained in section 13 of the Bidder's Statement of Wesfarmers Retail dated 13 June 2001 (Bidder's Statement) by increasing the offer price from \$12.00 and 2 Wesfarmers shares for every 5 Howard Smith shares to \$13.25 and 2 Wesfarmers shares for every 5 Howard Smith shares; and
- (b) accordingly, the Offers are varied by replacing "\$12.00" with "\$13.25" in section 13.1(2) of the Offers. The consequent amendments to the Bidder's Statement are contained in the Supplementary Bidder's Statement of Wesfarmers Retail dated the same date as this Notice of Variation.

### **Extension of offer period**

Wesfarmers Retail gives notice under section 650D of the Corporations Law that:

- (a) Wesfarmers Retail proposes to vary the Offers by extending the period during which they will remain open so that they will now close at 5.00pm (Perth time) on 7 August 2001;
- (b) the new date for the purposes of giving notice of status of defeating conditions under section 630 of the Corporations Law will be 30 July 2001; and
- (c) accordingly, the Offers are varied by replacing:
- (2) "31 July 2001" with "7 August 2001" in section 13.2 of the Offers; and
- (3) "23 July 2001" with "30 July 2001" in section 13.13 of the Offers.

No modification of the Bidder's Statement is necessary having regard to the above variation.

**Dated** 11 July 2001

**Signed** for Wesfarmers Retail by two directors of Wesfarmers Retail authorised to sign this notice pursuant to a resolution passed at a meeting of directors of Wesfarmers Retail on 11 June 2001.



M A Chaney  
Director



E Fraunschiel  
Director