



# Ownership Simplification Plan

A simplified ownership structure  
that will benefit all investors

It is proposed to simplify the ownership structure of Wesfarmers Limited. The restructure involves Wesfarmers itself, Westralian Farmers Co-operative Limited (the Co-operative), The Franked Income Fund (FIF) and Gresham Partners Management Limited (GPML), the responsible entity for FIF.

In the unanimous opinion of the directors of Wesfarmers, the Co-operative and GPML, this initiative will benefit direct and indirect shareholders through the value realisation being offered as well as enhancing the value of your shareholding by making the company more attractive to investors.

The plan has been examined by experts asked to assess the impact of the proposal on all investors involved. The experts have advised that they consider that the restructuring is in the best interests of Co-operative stockholders, FIF unitholders, FIF optionholders and Wesfarmers shareholders.

Formal expert reports will be included with the detailed documents to be mailed out to investors in March.



**HARRY PERKINS**  
CHAIRMAN  
WESFARMERS LIMITED

**MICHAEL CHANEY**  
MANAGING DIRECTOR  
WESFARMERS LIMITED

# What the plan involves

The simplification proposal involves the exchange of securities in the Co-operative and FIF for Wesfarmers shares, the acquisition by Wesfarmers of GPML (for approximately 1.1 million Wesfarmers shares) and the buyback of Wesfarmers' shares held in the Co-operative and FIF structure.

## Why we are restructuring

Acceptance of the proposal will result in a more flexible Wesfarmers shareholding structure with increased liquidity.

Wesfarmers shares are thinly traded for a company of its size and significance, with half its shares locked up in a structure and trading as a different security.

The proposed changes will help ensure that Wesfarmers retains an appropriate weighting in the relevant stock exchange indices.

Without these changes, Wesfarmers runs the real risk of suffering a market downgrade because of a lower weighting in these indices.

## The plan will benefit all investors

The restructure enables Co-operative and FIF investors to realise further value from their stakes in Wesfarmers.

As detailed below, Co-operative stockholders will receive an immediate gain as they exchange their stock units for Wesfarmers shares.

By changing to Wesfarmers shares, Co-operative investors will also benefit from the flexibility of a market-traded share with full participation in future increases in market value.

Since listing in 1988, FIF units have generally traded at a significantly lower price than the underlying value represented by their direct and indirect Wesfarmers shareholding. This differential in value is attributable, in part, to the structure through which the indirect shareholding is held and the control that rests with the Co-operative.

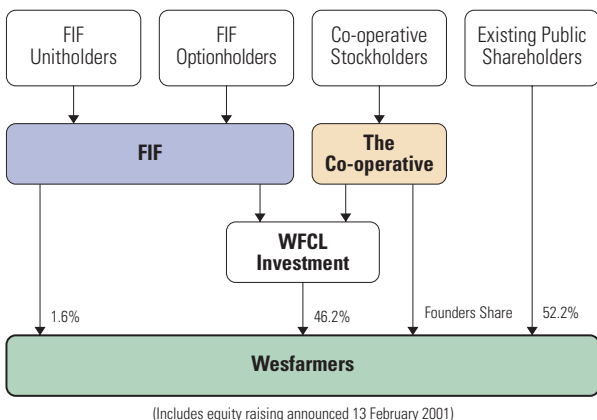
The proposed simplification provides for the unwinding of this structure, thereby releasing value for FIF unitholders and optionholders.

# Wesfarmers' ownership structure

The diagrams below illustrate the current ownership structure of Wesfarmers and how it will look if the simplification proposal is accepted.

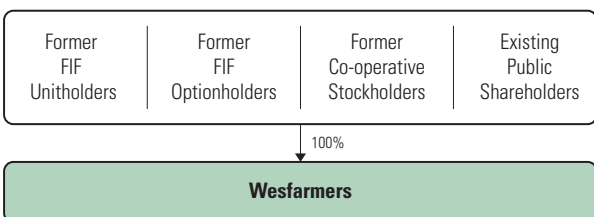
## Current structure

About half the shares in Wesfarmers are now held by the Co-operative and FIF through WFCL Investments Pty Ltd (WFCLI). Investors in the Co-operative and FIF receive distributions of the dividend income earned on the Wesfarmers shares held by WFCLI. FIF has no voting rights in WFCLI.



## New structure

If the proposal is approved, all current indirect shareholders in Wesfarmers will convert their interests to direct stakes in the company.



# What impact will this plan have?

## The impact on Wesfarmers after the simplification

The proposal is neutral in terms of earnings per share, but there will be a marginal increase in Wesfarmers' debt level. The cost of the simplification will be borne by Wesfarmers but there will be no negative impact on the company's profit performance if the simplification proceeds.

Assuming the simplification proposal is fully implemented, the total number of Wesfarmers shares on issue will be slightly lower than beforehand, meaning that existing Wesfarmers shareholders will suffer no dilution in their investment.

## Wesfarmers' business operations

The proposal is concerned only with the ownership interests of Wesfarmers and involves no change in the group's business activities.

## Taxation implications for investors

The proposed changes will not trigger any capital gains tax liability for FIF unitholders and Co-operative stockholders as they are eligible for capital gains tax rollover relief under changes to Australia's taxation laws. However, rollover relief is not available to FIF optionholders.

# What you will receive

- FIF unitholders will receive one Wesfarmers share for every 2.4851 FIF units they own. This will provide them with a value of \$7.85 for each FIF unit, compared with their existing value of \$6.50, based on the closing prices of Wesfarmers shares (\$19.52) and FIF units on 12 February 2001.
- FIF optionholders will receive one Wesfarmers share for every 10.5614 FIF options they own. This will provide them with a value of \$1.85 for each FIF option, compared with their existing value of \$1.03 based on the closing prices of Wesfarmers shares and FIF options on 12 February 2001.
- Co-operative stockholders will receive one Wesfarmers share for every \$12.90 worth of Co-operative stock units they own. This will provide them with a value of \$3.03 for each \$2 Co-operative stock unit, based on the closing price of Wesfarmers shares on 12 February 2001.

# Steps in the simplification process

- FIF unit and optionholders will be asked to approve the steps necessary to exchange their securities for Wesfarmers shares.
- Co-operative stockholders will be asked to approve a Scheme of Arrangement to allow the exchange of their stockunits for Wesfarmers shares.
- Wesfarmers shareholders will be asked to approve the acquisition of GPML, the issue of new Wesfarmers shares and the buyback of the approximately 50 per cent of the Wesfarmers shares under the control of Wesfarmers.

# What will happen next?

## **You will receive detailed documents in March**

Full details of the proposal, including experts' reports, will be mailed to all investors in March. You need take no action until you receive these documents. These documents will also include proxy voting forms which the directors urge you to complete and return as soon as possible.

## **Information meetings**

Meetings will be held in Perth, Sydney and Western Australian regional centres to provide more information and answer questions.

## **Shareholder voting meetings**

Meetings to vote on the simplification proposal are currently scheduled to be held in Perth on 6 April. Notice of the venue and time of those meetings will be given in the documents.

## **Need to know more?**

A Freecall service is available on 1800 890 089 and you can access the Wesfarmers website at [www.wesfarmers.com.au](http://www.wesfarmers.com.au)

# More information

Freecall 1800 890 089

Website [www.wesfarmers.com.au](http://www.wesfarmers.com.au)