



27 September 2012

The Manager
Company Announcements Office
Australian Securities Exchange

Dear Sir,

2012 NOTICE OF ANNUAL GENERAL MEETING

The following documents will be mailed to shareholders on 10 October 2012 in relation to the 2012 Annual General Meeting of Wesfarmers Limited to be held on Wednesday, 14 November 2012 at 1:00pm (Perth time):

- Personalised letter and Voting Form;
- Notice of Meeting (including the Explanatory Notes); and
- 2012 Annual Report or 2012 Shareholder Review (in accordance with elections made by shareholders).

Copies of this year's Annual Report and Shareholder Review are available on the company's website at www.wesfarmers.com.au.

Shareholders will be able to submit their direct vote or proxy vote instructions from 10 October 2012, in accordance with the instructions on the Voting Form.

Yours faithfully,

A handwritten signature in black ink, appearing to be "L J Kenyon".

L J KENYON
COMPANY SECRETARY

Enc.



Dear Shareholder,

ANNUAL GENERAL MEETING - 14 NOVEMBER 2012 AT 1:00 PM (PERTH TIME)

It is my pleasure to invite you to attend the 2012 Annual General Meeting of Wesfarmers Limited.

Please find enclosed the following:

1. Personalised Voting Form and return envelope;
2. Notice of Meeting (including the Explanatory Notes); and
3. 2012 Shareholder Review (if requested).

A copy of the 2012 Annual Report is available on the company's website (www.wesfarmers.com.au).

Meeting Details

The Annual General Meeting is being held at the Perth Convention and Exhibition Centre, Mounts Bay Road, Perth, Western Australia, on Wednesday, 14 November 2012 at 1:00 pm (Perth time). The registration desk will be open from 12:00 noon.

For your convenience, there is a car park underneath the Perth Convention and Exhibition Centre. Undercover parking is available at a cost of \$4.70 per hour. The map on the back of this letter shows the location of the venue.

Attendance at the Meeting

If you will be attending the meeting, ***please bring this letter with you*** and present it at the registration desk. The bar code at the top of this page will assist in registering your attendance.

If you are unable to attend the meeting but wish to vote on any of the resolutions to be considered at the meeting, you are encouraged to complete and return the enclosed Voting Form in accordance with the instructions on the form.

Please complete the direct voting section OR the proxy voting section on the Voting Form to ensure your vote is valid. Alternatively, you can submit your direct vote or proxy voting instructions online at www.investorvote.com.au.

Webcast

Shareholders who cannot attend the meeting will be able to watch and listen to the business of the meeting via webcast on our website (www.wesfarmers.com.au).

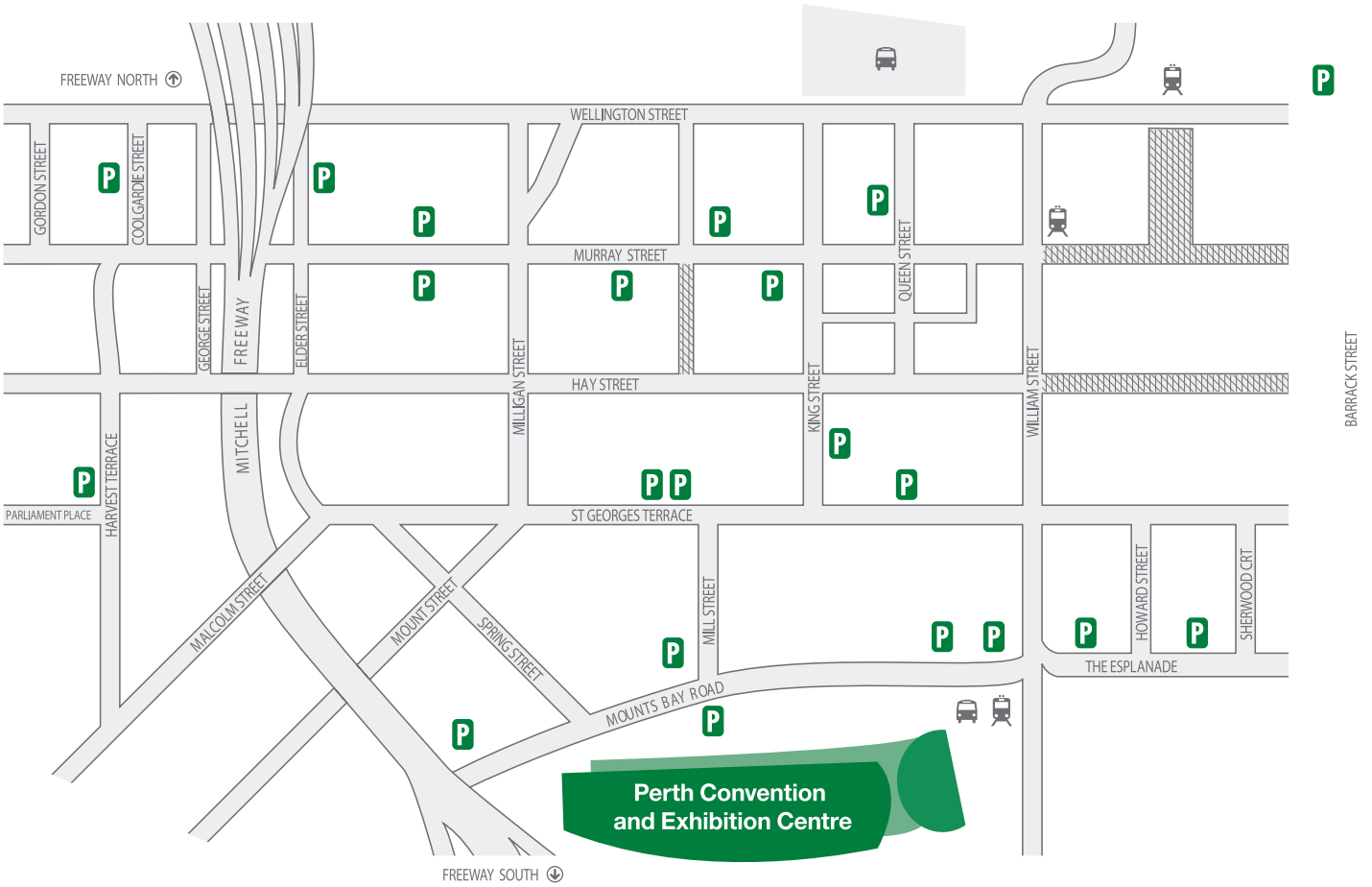
We look forward to seeing you at the meeting.

Yours sincerely,

A handwritten signature in black ink, appearing to be "L J Kenyon".

L J KENYON
COMPANY SECRETARY
27 September 2012

Location of Annual General Meeting



Lodge your Voting Form:



Online: www.investorvote.com.au

For Intermediary Online users only (custodians)
www.intermediaryonline.com

By Fax:

(within Australia) 1800 783 447
(outside of Australia) +61 3 9473 2555



By Mail:

Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

Voting Form - Annual General Meeting

For your vote to be effective it must be received by 1:00 pm (Perth time) Monday, 12 November 2012

GO ONLINE TO CAST YOUR VOTE DIRECTLY OR APPOINT YOUR PROXY TO VOTE ON YOUR BEHALF

- | | | |
|---|---------------|---|
| <input checked="" type="checkbox"/> Cast your vote directly or appoint a proxy | Step 1 | www.investorvote.com.au |
| <input checked="" type="checkbox"/> Access the annual report | Step 2 | Control Number: |
| <input checked="" type="checkbox"/> Review and update your securityholding | Step 3 | SRN/HIN: |

PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

How to Complete the Form

Step 1

Indicate How You Will Cast Your Vote

Select one option only. You can either cast a vote directly or you can appoint a proxy to vote on your behalf at the Meeting.

Cast Your Vote Directly

If you wish to cast your vote directly, please mark box A.

OR

Appoint a Proxy to Vote on Your Behalf

If you wish to appoint the Chairman of the Meeting as your proxy, please mark box B and box C, as instructed in Step 1 overleaf.

If the individual or body corporate you wish to appoint as your proxy is someone other than the Chairman of the Meeting, please write the full name of that individual or body corporate in the space provided. If you leave this section blank, or your named proxy does not attend the Meeting, the Chairman of the Meeting will be your proxy. Do not write the name of the issuer company, Wesfarmers Limited, or the registered securityholder in the space.

You are entitled to appoint up to two proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Form may be obtained by telephoning Computershare, the company's share registry, or you may photocopy this Form.

To appoint a second proxy you must:

- on each of the first Form and the second Form state the percentage of your voting rights or number of securities applicable to that Form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- return both Forms together in the same envelope.

A proxy need not be a securityholder of the company.

Step 2

How to Vote on Items of Business

Cast your direct vote or direct your proxy how to vote by placing a mark in one of the three boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of securities you wish to vote in the appropriate box or boxes.

If you mark more than one box on an item without specifying the portion of your voting rights to be voted on each, then your vote on that item will be invalid. If you have appointed a proxy and do not mark any of the boxes on a given item, your proxy may vote as he or she chooses.

If you cast your direct vote and you do not mark any of the boxes on a given item, you will be deemed to have not voted on that item.

Step 3

Signing Instructions for Postal Forms

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: To sign under a Power of Attorney, you must have already lodged this document with Computershare. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this Form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this Form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can sign alone. Otherwise this Form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held.

If a representative of a corporate securityholder or proxy is to attend the Meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.computershare.com.au.

For all enquiries please call Computershare on 1300 558 062 (within Australia) or +61 3 9415 4631 (outside Australia).

GO ONLINE TO APPOINT YOUR PROXY, or turn over to complete the form →

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.

Voting Form

Please mark to indicate your directions

STEP 1

Indicate How You Will Cast Your Vote Select one option only

Direct voting or proxy instructions for the Annual General Meeting of Wesfarmers Limited to be held at the Perth Convention and Exhibition Centre, Mounts Bay Road, Perth, Western Australia on Wednesday, 14 November 2012 at 1:00 pm (Perth time) and at any adjournment of that Meeting, I/we being member/s of Wesfarmers Limited direct the following:

1. Cast Your Vote Directly

A Record my/our votes in accordance with the directions in Step 2 below.

PLEASE NOTE: You must mark FOR, AGAINST, or ABSTAIN on each item for a valid direct vote to be recorded.

OR

2. Appoint a Proxy to Vote on Your Behalf

I/We appoint

B **the Chairman of the Meeting** OR

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf, including to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit), at the Meeting.

Chairman to vote undirected proxies in favour: I/we acknowledge that the Chairman of the Meeting intends to vote all undirected and available proxies in favour of each resolution.

Express authorisation of the Chairman to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on **Items 3, 5, 6 and 7** (except where I/we have indicated a different voting intention below) even though each of these resolutions are connected directly or indirectly with the remuneration of a member of key management personnel. The express authorisation of the Chairman is also subject to you marking box C below.

C **Important for Items 3, 6 and 7:** If the Chairman of the Meeting is your proxy and you have not directed the Chairman how to vote on **Items 3, 6 and 7** below, please mark box C.

I/We acknowledge that the Chairman of the Meeting may exercise my/our proxy even if the Chairman has an interest in the outcome of **Items 3, 6 and 7**, and that votes cast by the Chairman (other than as proxy holder) on those items would be disregarded because of that interest.

If you do not mark this box and you have not otherwise directed your proxy how to vote on these resolutions, the Chairman of the Meeting will not cast your votes on **Items 3, 6 and 7** and your votes will not be counted in computing the required majority if a poll is called on these resolutions.

STEP 2

Items of Business

		For	Against	Abstain			For	Against	Abstain
Item 2	Proposal to Set a Board Limit	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Item 4 (d)	Election of Mr P M Bassat	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 3	Increase in Remuneration Pool for the Non-Executive Directors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Item 5	Adoption of the Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 4 (a)	Re-election of Mr C B Carter	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Item 6	Grant of Performance Rights to the Group Managing Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 4 (b)	Re-election of Mr J P Graham	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Item 7	Grant of Performance Rights to the Finance Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 4 (c)	Re-election of Ms D L Smith-Gander	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>					

The Chairman of the Meeting intends to vote all undirected and available proxies in favour of each item of business.

PLEASE NOTE: If you have appointed a proxy and you mark the Abstain box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority. If you are directly voting and you tick abstain for an item, it will be treated as though no vote has been cast on that item and no vote will be counted in computing the required majority.

SIGN

Signature of Securityholder(s) This section must be completed

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name _____

Contact Daytime Telephone _____

Date ____ / ____ / ____

Wesfarmers Limited

2012 Notice of Meeting

Date: Wednesday, 14 November 2012
Time: 1:00 pm (Perth time)
Place: Perth Convention and Exhibition Centre
Mounts Bay Road, Perth, Western Australia

Notice is hereby given that the 31st Annual General Meeting of Wesfarmers Limited will be held at the Perth Convention and Exhibition Centre, Mounts Bay Road, Perth, Western Australia on Wednesday, 14 November 2012 at 1:00 pm (Perth time). Registration will be open at 12:00 noon.

Table of Contents

Business of the Meeting	2
Important Information	4
Explanatory Notes	6

Business of the Meeting

1. Financial Statements and Reports

To receive and consider the financial statements and the reports of the directors and of the auditors for the year ended 30 June 2012.

Note: There is no requirement for shareholders to approve the financial statements and reports.

2. Proposal to Set a Board Limit

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

“That approval be given to set a board limit of 12 directors for the purposes of the Corporations Act.”

3. Increase in Remuneration Pool for Non-Executive Directors

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

“That the maximum aggregate amount of remuneration which may be paid to the non-executive directors in any year as calculated under rule 7.3(a) of Wesfarmers’ Constitution be increased by \$300,000 to \$3.3 million per annum (inclusive of superannuation).”

Voting exclusion statement

The following persons may not vote, and Wesfarmers will disregard any votes cast on Item 3 by any of the directors or their associates. However, Wesfarmers need not disregard a vote cast by such persons appointed as proxy on behalf of a person who is entitled to vote, in accordance with the directions on the Voting Form.

In addition, Wesfarmers will disregard votes cast by the key management personnel (or any of their closely related parties) as proxy, where the appointment does not specify the way the proxy is to vote, unless the proxy is the Chairman of the meeting and has been expressly authorised to vote on behalf of someone entitled to vote on this resolution, even though it is connected with the remuneration of key management personnel.

The ‘key management personnel’ of Wesfarmers are identified in the Remuneration Report, being the non-executive directors, the Group Managing Director, the Finance Director and those executives who have the authority and responsibility for planning, directing and controlling the activities of a major revenue-generating division of Wesfarmers.

4. Election of Directors

To elect four directors, each of:

- a) Mr Colin Bruce Carter, AM;
- b) Mr James Philip Graham, AM; and
- c) Ms Diane Lee Smith-Gander,

who retire by rotation in accordance with Wesfarmers’ Constitution and the ASX Listing Rules, and being eligible, offer themselves for re-election; and:

- d) Mr Paul Moss Bassat,

to be elected as an additional director to the Board, conditional upon the passing of Item 2 (Proposal to set a Board Limit).

Each election or re-election (as the case may be) will be voted on as a separate ordinary resolution.

5. Adoption of the Remuneration Report

To consider and, if thought fit, approve the Remuneration Report for the year ended 30 June 2012, as set out in the 2012 Annual Report.

Notes:

- **This resolution is advisory only and does not bind Wesfarmers or the directors.**
- **Shareholders should note that the result of the vote on this item may affect the 2013 Annual General Meeting. Under the Corporations Act, if 25 per cent or more of votes cast at the Meeting are against this resolution (constituting the ‘first strike’), a resolution on whether to hold a further meeting to spill the Board (a spill resolution) would be put to shareholders if a ‘second strike’ occurs at the 2013 Annual General Meeting. This spill resolution would be included in the 2013 Notice of Meeting.**

Voting exclusion statement – Corporations Act

The following persons may not vote, and Wesfarmers will disregard any votes cast on Item 5:

- by or on behalf of a member of the key management personnel whose remuneration details are included in the Remuneration Report, or their closely related parties; and
- by a member of the key management personnel or their closely related parties as proxy,

unless the vote is cast as proxy on behalf of a person entitled to vote on this resolution, and that vote has been cast as specified on the Voting Form; or where there is no specified voting direction, the vote is cast by the Chairman of the meeting as proxy and has been expressly authorised to vote on this resolution, even though it is connected with the remuneration of key management personnel.

6. Grant of Performance Rights to the Group Managing Director

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

“That approval be given to the grant of up to 100,000 performance rights to the Group Managing Director, Mr Richard Goyder, under the 2012 Wesfarmers Long Term Incentive Plan, on the terms summarised in the Explanatory Notes.”

7. Grant of Performance Rights to the Finance Director

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

“That approval be given to the grant of up to 50,000 performance rights to the Finance Director, Mr Terry Bowen, under the 2012 Wesfarmers Long Term Incentive Plan, on the terms summarised in the Explanatory Notes.”

Voting exclusion statement

The following persons may not vote, and Wesfarmers will disregard any votes cast on Item 6 and Item 7 by Mr Goyder, Mr Bowen (or their respective associates) and by any other director who is eligible to participate in any employee incentive scheme of Wesfarmers (or by any of their respective associates). However, Wesfarmers need not disregard a vote cast by such persons appointed as proxy on behalf of a person who is entitled to vote, in accordance with the direction on the Voting Form.

In addition, Wesfarmers will disregard votes cast by a member of the key management personnel (or any of their closely related parties) as proxy, where the appointment does not specify the way the proxy is to vote, unless the proxy is the Chairman of the meeting and has been expressly authorised to vote on behalf of someone entitled to vote on this resolution, even though it is connected with the remuneration of key management personnel.

By order of the Board



L J KENYON

Company Secretary

27 September 2012

Important Information

Members entitled to attend and vote at the meeting

In accordance with Wesfarmers' Constitution and the *Corporations Regulations 2011* (Cth), the Board has determined that the members entitled to attend and vote at the Meeting will be those persons who are recorded in the register of members at 4:00 pm (Perth time) on Monday, 12 November 2012.

Direct voting

What is direct voting?

Direct voting allows members to lodge their votes directly with Wesfarmers as an alternative to voting at the Meeting, in person or by proxy. Direct voting gives members the flexibility to vote even where they may not be able to attend the Meeting or may not wish to appoint a proxy to attend the Meeting in their place.

The Board of Wesfarmers Limited has adopted regulations to govern the form, method and timing of giving a direct vote for it to be valid. By submitting a direct vote, members agree to be bound by the direct voting regulations adopted by the Board.

A copy of the direct voting regulations is available from the Wesfarmers website at www.wesfarmers.com.au and can be requested from the Company Secretariat (info@wesfarmers.com.au).

Lodging a direct vote

A direct vote can be lodged by completing and returning the enclosed Voting Form.

Please complete only the **direct voting section** of the Voting Form. For further information on lodging a direct vote, please refer to the instructions on the form.

To be effective, the completed Voting Form, together with any relevant power of attorney, must be received by Computershare Investor Services Pty Limited not less than 48 hours before the time for holding the meeting (that is, by 1:00 pm (Perth time) on Monday, 12 November 2012).

In person: Share Registry – Computershare Investor Services Pty Limited, Level 2, 45 St Georges Terrace, Perth WA 6000 Australia; or

By mail: Share Registry – Computershare Investor Services Pty Limited, GPO Box 242, Melbourne VIC 3001 Australia; or

By fax: 1800 783 447 (within Australia) or (+61 3) 9473 2555 (outside Australia).

Members can also submit their direct voting instructions online at www.investorvote.com.au. Please refer to the enclosed Voting Form for more information about submitting direct voting instructions online.

Proxies

Appointing a proxy

Direct voting and the appointment of a proxy by a member are **alternatives**; a member cannot lodge a direct vote and appoint a proxy for the same voting rights.


Where a member is unable to attend the Meeting, we encourage that member to complete the proxy voting section of the enclosed Voting Form. Each member is entitled to appoint a proxy. A proxy need not be a member of Wesfarmers Limited.

If a member appoints the Chairman in Step 1 of the Voting Form as their proxy in relation to Items 3, 5, 6 and 7, but does not complete any of the boxes 'For', 'Against' or 'Abstain' opposite those resolutions in Step 2 of the Voting Form, the member is expressly authorising the Chairman to exercise their proxy, and the Chairman intends to vote in favour of Items 3, 5, 6 and 7.

Additionally, for Items 3, 6 and 7, the express authorisation of the Chairman is subject to the member marking box 'C', as per the instructions in Step 1 of the Voting Form.

If the member wishes to appoint the Chairman as proxy with a direction to vote against, or abstain from voting on Items 3, 5, 6 and 7, the member should specify this by completing the 'Against' or 'Abstain' boxes in Step 2 of the Voting Form.

A member who is entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes that each proxy is appointed to exercise. If the appointment does not specify the proportion or number of the member's voting rights, each proxy may exercise half the votes (disregarding fractions).



Lodging a proxy form

If you wish to appoint a proxy, please complete only the **proxy voting section** of the Voting Form.

To be effective, the completed Voting Form, together with any relevant power of attorney, must be received by Computershare Investor Services Pty Limited not less than 48 hours before the time for holding the Meeting (that is, by 1:00 pm (Perth time) on Monday, 12 November 2012).

In person: Share Registry – Computershare Investor Services Pty Limited, Level 2, 45 St George’s Terrace, Perth WA 6000 Australia; or

By mail: Share Registry – Computershare Investor Services Pty Limited, GPO Box 242, Melbourne VIC 3001 Australia; or

By fax: 1800 783 447 (within Australia) or (+ 61 3) 9473 2555 (outside Australia).

Members can also submit their proxy voting instructions online at **www.investorvote.com.au**. Please refer to the enclosed Voting Form for more information about submitting proxy voting instructions online.

Body corporate representatives

A body corporate member or proxy may elect to appoint a representative, rather than appoint a proxy, in accordance with section 250D of the *Corporations Act*. Where a body corporate appoints a representative, Wesfarmers requires written proof of the representative’s appointment to be lodged with, or presented to, Wesfarmers before the Meeting.

Custodians and nominees

Custodians and nominees are able to vote online and receive confirmation of their votes by accessing this website: **www.intermediaryonline.com**. This website allows intermediaries to choose whether to cast a direct vote or lodge a proxy vote.

Resolutions

All items of business require ordinary resolutions, which means that, to be passed, the item needs the approval of a simple majority of votes cast by shareholders entitled to vote on the resolution.

Questions from shareholders

Shareholders will have an opportunity to ask questions and make comment about each resolution.

Webcasting

The Meeting will be webcast on our website (**www.wesfarmers.com.au**).

Explanatory Notes

Item 1 – Financial statements and reports

The *Corporations Act* requires Wesfarmers' financial statements and reports for the last financial year to be laid before the Annual General Meeting. The financial statements and reports are contained in Wesfarmers' 2012 Annual Report.

The 2012 Annual Report is available from the Wesfarmers website (www.wesfarmers.com.au).

While no resolution is required in relation to this item, shareholders will be given the opportunity to ask questions and make comments on the financial statements and reports.

Wesfarmers' auditor, Ernst & Young, will be present at the Meeting and shareholders will have an opportunity to ask the auditor questions in relation to the conduct of the audit, the auditor's report, Wesfarmers' accounting policies, and the independence of the auditor.

Item 2 – Proposal to Set a Board Limit

Wesfarmers' Constitution permits the Board to set a maximum limit with respect to the number of directors which can be appointed to the Board, provided that the limit is no more than 14 directors, unless the members resolve otherwise in general meeting. The Board previously set a limit of 10 directors. Under Wesfarmers' Constitution, the Board may not appoint an additional director to the Board if it would result in a breach of a limit previously set by the directors.

To facilitate succession planning for the Wesfarmers Board, the Board proposes an increase to the maximum number of directors on the Board to 12 (the **board limit**), being a number less than the maximum number of directors permitted under the Constitution.

Pursuant to amendments made to the *Corporations Act*, from 1 July 2011, for a Board to propose a limit on the number of directors of Wesfarmers which differs from what was approved before 1 July 2011, and is less than the maximum number of directors specified in the Constitution, member approval by ordinary resolution is required.

If the members pass the proposed board limit resolution, the Board will formally determine a board limit of 12 directors in accordance with clause 7.1(a) of Wesfarmers' Constitution. In the event that the members do not pass the board limit resolution, the Board's previously set limit of 10 directors shall continue to apply.

The Board's reasons for proposing the increased board limit

The Board has adopted a recommendation of the Nomination Committee to seek to create two vacancies on the Board, to facilitate its succession planning. The vacancies will allow for the appointment of Mr Paul Bassat, if elected in accordance with Item 4, and the appointment of an additional director over the next 12 months. The proposed appointments will strengthen the Board's succession and renewal planning, such that the retirement of any of Wesfarmers' longer serving directors in coming years will not result in a lack of continuity in the mix of skills, knowledge, experience and diversity presently represented on the Board.

It is the role of the Nomination Committee, in accordance with the terms of its charter, to review and make recommendations to the Board on its structure, size and composition. This includes periodically reviewing the mix of skills, knowledge, experience and diversity currently represented on the Board, and comparing this against the skill set required to effectively discharge the Board's duties, having regard to the strategic direction of the Wesfarmers Group. As part of this process, the Nomination Committee must also consider the succession plans of the Board, with the aim of maintaining the requisite mix of skills, knowledge, experience and diversity over time.

The Nomination Committee has identified and nominated one candidate, Mr Paul Bassat, for election to the Board, and is well advanced in relation to the identification of a suitable candidate to fill the remaining vacancy (if the board limit is approved by shareholders).

The Board is satisfied that the proposed increase in board size is in keeping with composition requirements of the ASX Corporate Governance Principles and Recommendations. It is the Board's view that the addition of two directors will achieve an appropriate balance between allowing for board renewal and continuity, while ensuring that the Board is of a composition which incorporates a variety of perspectives and skills representing the best interests of Wesfarmers as a whole, without being of a size which hinders effective decision-making.

The Board endorses the recommendations of the Nomination Committee and unanimously recommends that shareholders vote in favour of the proposed board limit resolution.



Item 3 – Increase in Remuneration Pool for Non-Executive Directors

The Board seeks shareholder approval to increase the maximum aggregate amount of remuneration that may be paid to non-executive directors of Wesfarmers in any year under rule 7.3(a) of Wesfarmers' Constitution, from \$3 million to \$3.3 million.

The current fee pool was approved by shareholders at the 2007 Annual General Meeting. Board and Committee fees, as well as superannuation contributions made on behalf of the non-executive directors in accordance with Wesfarmers' statutory superannuation obligations, are included in this aggregate fee pool.

An external remuneration consultant was engaged to benchmark Wesfarmers' current Board and Committee fees, and the non-executive director fee pool, against comparator companies and provide recommendations on these matters.

The Board believes that the proposed increase to the maximum aggregate amount of non-executive director remuneration is appropriate, having regard to the recommendations provided by the external remuneration consultant, and it will provide Wesfarmers with the:

- flexibility to appoint two additional directors to the Board for the purposes of Board renewal and succession planning over the next 12 months; and
- ability to retain and attract high calibre non-executive directors, by allowing for future adjustments to the annual fees payable to non-executive directors, within the approved maximum aggregate amount, so that the fees are competitive with those paid by comparable companies.

The Board has determined that no increase will be made to non-executive director fees prior to 1 July 2013. However, noting that there has not been an increase to the fee pool since 2007, and to ensure there is scope to recruit additional non-executive directors, the Board considers it appropriate to seek shareholder approval to increase the fee pool.

Items 4 (a-d) – Election of Directors

In accordance with Wesfarmers' Constitution and the ASX Listing Rules, three directors, Colin Bruce Carter, James Philip Graham, and Diane Lee Smith-Gander retire by rotation and, being eligible, offer themselves for re-election.

The Board recommends the re-election of Colin Bruce Carter, James Philip Graham, and Diane Lee Smith-Gander.

None of these directors participated in the Board's deliberations with respect to their recommendation for re-election.

As discussed above in respect of Item 2, the Nomination Committee has undertaken a process to identify suitable candidates to fill the two Board vacancies which will be created if Item 2 is approved by shareholders.

The Nomination Committee has identified and nominated Paul Moss Bassat for election to the Board. The Board is of the view that the nomination of Mr Bassat for election to the Board is in the best interests of Wesfarmers, having regard to the skills and expertise which Mr Bassat will bring to the Board. Conditional on the passing of Item 2 above, the Board unanimously recommends the election of Paul Moss Bassat.

The experience, qualifications and other information about each of the candidates appears on pages 8 and 9.

Explanatory Notes (continued)

Items 4 (a-d) – Election of Directors (continued)



Colin Bruce Carter, AM, age 69.

Term of office: Joined the Board in 2002.

Independent: Yes.

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

Other directorships/offices (current and recent):

- Director of SEEK Limited;
- Director of Lend Lease Corporation Limited;
- Director of World Vision Australia;
- Director of the Ladder Project;
- President of the Geelong Football Club Limited;
- Ambassador to the Federal Government's Indigenous Employment Initiative;
- Adviser to, and former Senior Partner of, the Boston Consulting Group; and
- Fellow of AICD.

Directorships of listed entities within the last three years:

- Nil.

Wesfarmers Committee Memberships:

- Member of the Remuneration Committee; and
- Member of the Nomination Committee.

The Board (other than Mr Carter because of his interest) recommends that shareholders vote in favour of Mr Carter's re-election.



James Philip Graham, AM, age 64.

Term of office: Joined the Board in 1998.

Independent: No.

Skills and experience: James holds a Bachelor of Engineering in Chemical Engineering with Honours from the University of Sydney and a Master of Business Administration from the University of New South Wales. He has had an active involvement in the growth of Wesfarmers since 1976 in his roles as Managing Director of Gresham Partners Limited since 1985, and previously as a director of Hill Samuel Australia Limited and Managing Director of Rothschild Australia Limited.

Other directorships/offices (current and recent):

- Managing Director of the Gresham Partners Group;
- Chairman of the Advisory Council of the Institute for Neuroscience and Muscle Research;
- Director of Wesfarmers General Insurance Limited;
- Former Chairman of the Darling Harbour Authority in New South Wales;
- Former Chairman of Rabobank Australia Limited and Rabobank New Zealand Limited;
- Fellow of the Australian Academy of Technological Sciences and Engineering;
- Fellow of the Financial Services Institute of Australasia; and
- Fellow of AICD.

Directorships of listed entities within the last three years:

- Nil.

Wesfarmers Committee Memberships:

- Member of the Remuneration Committee;
- Member of the Nomination Committee; and
- Attends the Audit Committee meetings by invitation.

The Board (other than Mr Graham because of his interest) recommends that shareholders vote in favour of Mr Graham's re-election.



Diane Lee Smith-Gander, age 54.

Term of office: Joined the Board in 2009.

Independent: Yes.

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

Other directorships/offices (current and recent):

- Deputy Chairman of the NBN Co Limited (National Broadband Network);
- Director of Co-operative Bulk Handling Limited and CBH Grain Limited;
- Commissioner of the Western Australian Tourism Commission (appointed July 2012);
- Former Chair of Basketball Australia Limited;
- Former Chair of the NBL Commission of Basketball Australia Limited;
- Former Chair of the Australian Sports Drug Agency;
- Adviser to McKinsey & Company and the Barrington Consulting Group;
- Member of the University of Western Australia Business School Advisory Board;
- Fellow of Chartered Secretaries Australia; and
- Fellow of AICD.

Directorships of listed entities within the last three years:

- Transfield Services Limited (appointed October 2010).

Wesfarmers Committee Memberships:

- Member of the Audit Committee; and
- Member of the Nomination Committee.

The Board (other than Ms Smith-Gander because of her interest) recommends that shareholders vote in favour of Ms Smith-Gander's re-election.



Paul Moss Bassat, age 44.

Independent: Yes.

Skills and experience: Paul holds a Bachelor of Law and a Bachelor of Commerce from the University of Melbourne. Paul commenced his career as a lawyer in 1991. He co-founded SEEK in 1997, and served as Chief Executive Officer and then as joint Chief Executive Officer from 1997 until 2011. Paul is an active investor in early stage and growth companies.

Other directorships/offices (current and recent):

- Commissioner of Australian Football League;
- Director of the Peter MacCallum Cancer Foundation;
- Director of the P&S Bassat Foundation;
- Advisory Board Member of the Faculty of Business and Economics at the University of Melbourne;
- Director of Square Peg Ventures Pty Ltd; and
- Member of Mount Scopus Memorial College Foundation.

Directorships of listed entities within the last three years:

- SEEK Limited (appointed November 1997 – resigned July 2011).

Proposed Wesfarmers Committee Memberships:

- Member of the Audit Committee; and
- Member of the Nomination Committee.

The Board recommends that shareholders vote in favour of Mr Bassat's election.

Explanatory Notes (continued)

Item 5 – Adoption of the Remuneration Report

The Remuneration Report contained in the 2012 Annual Report, is required to be considered by shareholders in accordance with section 250R of the *Corporations Act*.

The Remuneration Report, which details Wesfarmers' policy on the remuneration of non-executive directors, executive directors and senior executives, is set out on pages 70 to 86 of the Wesfarmers 2012 Annual Report and is also available on Wesfarmers' website at (www.wesfarmers.com.au).

The Board is committed to an executive remuneration framework that is focused on driving a performance culture by rewarding executive performance for the achievement of Wesfarmers' short-term and long-term strategy and business objectives and, ultimately, generating satisfactory returns for shareholders.

Link between remuneration outcomes and performance

The Remuneration Report explains how Wesfarmers' performance for the 2012 financial year has driven remuneration outcomes for our senior executives.

The Wesfarmers Group performance for the 2012 financial year has been positive and the threshold performance level was achieved. In addition, the majority of divisions achieved earnings improvements from 2011 to the 2012 financial year, and a number of divisions saw improvements in Return on Capital (**ROC**), while others maintained a strong double digit ROC.

The financial performance for a number of divisions met or exceeded the annual financial targets set by the Board, resulting in the annual incentive plan (which is linked to divisional performance) delivering at or above target awards for the executive directors and for senior executives in those divisions. For the divisions which exceeded threshold performance levels or did not meet the annual financial targets, this was reflected in the annual incentives for senior executives in those divisions. As the largest division, Coles continues to perform well against the ambitious five year plan set for the business. After the fourth year of the turnaround, Coles has delivered impressive growth in divisional Earnings Before Interest and Tax (**EBIT**) and ROC, resulting in a further contribution to the award pool under the Coles long term incentive plan for the Coles Managing Director.

Further detail on the link between remuneration outcomes and Wesfarmers' performance for the 2012 financial year are set out in the Remuneration Report. The audited remuneration table can be found on page 74 of the Annual Report.

Key changes for 2012

The Remuneration Report also sets out a summary of the key changes to remuneration-related matters for the 2012 financial year.

In particular, the Board approved various changes to the Wesfarmers Long Term Incentive Plan (**WLTIP**) for the 2012 grant. Following discussions with key stakeholders, the Board has determined that the 2012 WLTIP grant will be in the form of performance rights rather than performance shares. Performance rights do not carry any entitlement to dividends during the four year performance period.

Further details of the changes made to the 2012 WLTIP grant are set out in relation to Items 6 and 7 below.

The vote on the adoption of the Remuneration Report is advisory only and is not binding.

The Board recommends that shareholders vote in favour of the Remuneration Report.

Items 6 and 7 – Grant of performance rights to the Executive Directors

The Board believes that it is in shareholders' interests to provide the Group Managing Director and the Finance Director with an equity based long-term incentive to ensure that there is alignment between satisfactory returns for shareholders and the rewards for the executive directors.

The long-term incentive component of remuneration takes the form of an annual grant of equity awards under the WLTIP. Following changes made in relation to the 2011 WLTIP grant, this equity incentive is judged against two relative performance conditions, growth in Return on Equity (**ROE**) and Total Shareholder Return (**TSR**) compared to the S&P/ASX 50 Index over a four year performance period. The grant of equity awards vests on a sliding scale, commencing at 50 per cent vesting for median performance and increasing on a straight line basis to full vesting for performance at or above the 75th percentile of comparators.

Following discussions with key stakeholders and a review of the operation of the WLTIP, the Board has determined that the 2012 WLTIP grant will take the form of performance rights. Unlike performance shares, where Wesfarmers' shares are allocated at the beginning of the performance period (and subject to forfeiture where the conditions are not met), a performance right is a right to be allocated a Wesfarmers' share after the applicable performance conditions have been tested and determined to have been satisfied. These performance rights lapse if the performance conditions are not fully satisfied during the applicable performance period.

As no shares are allocated until after the end of the performance period in relation to those performance rights that vest, WLTIP participants will not be entitled to receive any dividends on the performance rights during the performance period. Performance rights do not carry a right to vote at general meetings of Wesfarmers.

Items 6 and 7 – Grant of performance rights to the Executive Directors (continued)

Approvals sought

Shareholders are asked to approve a 2012 WLTIIP allocation of performance rights to:

- the Group Managing Director, Mr Richard Goyder; and
- the Finance Director, Mr Terry Bowen.

In addition, approval is sought under section 200E of the *Corporations Act* for the pro-rata vesting of performance rights to each of Mr Goyder and Mr Bowen in the event of cessation of their respective employment in limited circumstances under the terms of the Plan.

Key terms

The key terms of the grant of performance rights proposed to be made to each of Mr Goyder and Mr Bowen in respect of the 2012 WLTIIP award are set out below. An overview of the WLTIIP can be found on pages 79 to 81 of the Remuneration Report.

Number allocated	<p>The proposed 2012 WLTIIP award for:</p> <ul style="list-style-type: none"> • Mr Goyder is a maximum of 100,000 performance rights; and • Mr Bowen is a maximum of 50,000 performance rights. <p>This represents the long-term incentive component of each of their respective remuneration packages.</p> <p>The WLTIIP awards are based on a percentage of fixed remuneration as at 30 June 2012. The maximum number of rights has been calculated based on approximately 100 per cent of fixed remuneration for Mr Goyder and Mr Bowen. This percentage has been determined by the Board by reference to the executive's performance over the previous year, and is within the range set by the Board for WLTIIP allocations. The remuneration value determined above was then divided by \$34.36, being the 10 day volume weighted average price of Wesfarmers shares over the period immediately following the 2012 results announcement in August, i.e. 17 to 30 August 2012.</p>
Date of grant	<p>If shareholder approval is obtained then it is intended that the performance rights will be granted to Mr Goyder and Mr Bowen by the end of November 2012 in accordance with the normal time frame for allocation under the WLTIIP and in any event they will be granted within 12 months of receiving shareholder approval.</p>
Performance hurdles	<p>The performance rights are subject to two performance hurdles.</p> <p>First, 75 per cent of the performance rights are subject to a hurdle based on the Compound Annual Growth Rate (CAGR) in ROE. Wesfarmers' CAGR in ROE must exceed the 50th percentile of the CAGR in ROE of the S&P/ASX 50 Index, at which point 50 per cent of the applicable rights will vest. An additional two per cent of rights will vest for every one percentile increase above the 50th percentile up to the 75th percentile, at which point all of the rights subject to this condition will vest.</p> <p>The vesting of the remaining 25 per cent of performance rights is conditional on Wesfarmers' TSR performance relative to companies in the S&P/ASX 50 index. The same vesting schedule applies to the TSR performance hurdle as for the CAGR in ROE hurdle outlined above.</p>
Performance period and vesting	<p>The performance rights are subject to a four year forward-looking performance period, commencing 1 July 2012 and tested following 30 June 2016.</p> <p>Any rights which do not vest following testing of the performance hurdles at the end of the performance period will lapse.</p>
Allocation of Shares	<p>Following testing of the applicable performance conditions and determination of the vesting level of the rights, one fully paid ordinary share in Wesfarmers will be allocated in relation to each right which vests. It is the present intention of the Board that no new shares will be issued to satisfy Wesfarmers' obligation to allocate shares on vesting rights.</p>
Trading restrictions	<p>Shares allocated on vesting of the rights will not be subject to any additional trading restrictions on dealing. Mr Goyder and Mr Bowen may, however, request at the time of applying to participate in the WLTIIP grant that an additional one or three year holding lock apply to any shares allocated to them.</p>
Price payable for rights	<p>No amount will be payable in respect of the allocation, or on the vesting, of the rights.</p>

Explanatory Notes (continued)

Items 6 and 7 – Grant of performance rights to the Executive Directors (continued)

Cessation of employment	<p>If either Mr Goyder or Mr Bowen ceases employment with Wesfarmers before the end of the performance period, their entitlement to the rights (if any) will depend on the circumstances of cessation.</p> <p>All rights will lapse in the event of resignation or termination for cause.</p> <p>In accordance with the rules of the WLTIP, in limited circumstances including ill health, death, redundancy or other circumstances approved by the Board, Mr Goyder and Mr Bowen may be entitled to a pro-rata number of rights based on the time worked during the performance period and to the extent the performance hurdles have been satisfied at the time of cessation.</p>
Other required information – ASX Listing Rules	<p>Mr Goyder and Mr Bowen are the only directors of Wesfarmers entitled to participate in the WLTIP.</p> <p>Approvals were sought for the allocation of shares to the two executive directors under the 2011 WLTIP at the 2011 Annual General Meeting. In accordance with those approvals, 206,480 performance shares were allocated to Mr Goyder and 118,730 performance shares were allocated to Mr Bowen on 23 November 2011, and the number of shares awarded based upon the share price of \$32.34 at the date of allocation.</p>
Other required information – section 200E Corporations Act	<p>The value of the rights that may vest on cessation of employment cannot currently be ascertained.</p> <p>The circumstances that may affect the calculation of this value include:</p> <ul style="list-style-type: none"> • the performance against the performance hurdles at the time employment ceases; • the part of the performance period that has elapsed at the time employment ceases; and • the number of rights that lapse on cessation of employment.

The Board believes that an equity based long-term incentive is an important component of executive remuneration, to ensure an appropriate part of executive reward is linked to generating satisfactory long-term returns for shareholders.

In line with developing market practice, approval is being sought from shareholders as Wesfarmers elects to provide the long-term incentive in the form of equity. If shareholders do not approve the grant of performance rights as a long-term incentive for the executive directors the proposed grant of performance rights to Mr Goyder and Mr Bowen will not proceed. In that circumstance, issues may arise with the competitiveness of the executive directors' total remuneration package, alignment of rewards with other senior executives in the Group, and with Wesfarmers' ability to honour contractual obligations to the executive directors. The Board would then need to consider alternative remuneration arrangements for Mr Goyder and Mr Bowen which are consistent with Wesfarmers' remuneration principles, including providing an equivalent cash long-term incentive, subject to the same performance conditions and performance period as described above.

The Board (other than Mr Goyder and Mr Bowen, because of their respective interests), unanimously recommends that shareholders vote in favour of Items 6 and 7.