



Wesfarmers Limited Shareholder Tax Information Guide
Proposed Return of Capital and Share Consolidation
To occur during the income year ended 30 June 2014

The purpose of this tax information guide is to assist Wesfarmers shareholders understand the tax implications of the proposed return of capital and share consolidation to be undertaken by Wesfarmers during the income year ended 30 June 2014.

Please be aware that the information contained within this tax information guide is general in nature and should not be relied upon as advice. The tax implications for each shareholder will depend on the circumstances of the particular shareholder. Accordingly, all shareholders are encouraged to seek their own professional advice in relation to their tax position. Neither Wesfarmers nor any of its officers, employees or advisors assumes any liability or responsibility for advising shareholders about the tax consequences of the return of capital and share consolidation.

The tax implications of the return of capital and share consolidation may vary for Wesfarmers employee shareholders who hold their shares within a Wesfarmers employee share plan trust. Where the tax implications vary, Wesfarmers will write to affected employees providing guidance on the tax implications arising as a consequence of the return of capital and share consolidation. If an employee shareholder is not provided with a separate communication from Wesfarmers in relation to the tax implications, the below information will apply.

Australian Taxation Office (ATO) Class Ruling

Wesfarmers has obtained a Class Ruling CR 2013/69 from the ATO which governs the Australian tax treatment of the return of capital and share consolidation to Wesfarmers shareholders who hold their shares on capital account. A copy of the Class Ruling is available from the Wesfarmers website (www.wesfarmers.com.au). The Class Ruling does not apply to Wesfarmers shareholders who hold their shares on revenue account or as trading stock.

Return of Capital

Wesfarmers proposes to make a cash payment to shareholders of A\$0.50 per ordinary share and partially protected share as a return of capital.

If the return of capital is approved by shareholders at the 2013 Annual General Meeting, payment will be made to eligible shareholders, being registered holders of Wesfarmers ordinary shares and partially protected shares as at 4:00 pm (Perth time) on 15 November 2013.

The last date to purchase shares which are eligible to receive the return of capital is 8 November 2013. Therefore, shares purchased on or after 11 November 2013 (the next trading day after 8 November 2013) will not be eligible for the return of capital.



Tax implications of the return of capital for Wesfarmers shareholders

Resident shareholders

For those Wesfarmers shareholders who are tax residents of Australia and hold their shares on capital account, the Class Ruling confirms that no part of the return of capital will be treated as a dividend for Australian income tax purposes. In addition, it is the ATO's view that:

- the cost base for each Wesfarmers share acquired after 19 September 1985 will be reduced by the return of capital amount (on a cents per share basis) for the purpose of calculating any capital gain or capital loss on the ultimate disposal of that share; and
- if the cost base (after any adjustment, as may be relevant, for any indexation or any previous return of capital) of a Wesfarmers share acquired after 19 September 1985 is less than the return of capital amount (on a cents per share basis), then an immediate capital gain may arise for the difference.

No capital gain or capital loss will arise in respect to a Wesfarmers share acquired on or before 19 September 1985.

Non-resident shareholders

For those Wesfarmers shareholders who are not tax residents of Australia and hold their shares on capital account, no Australian tax implications should arise as a consequence of the return of capital.

Non-resident shareholders should seek specific advice in relation to the tax consequences arising from the return of capital under the laws of their country of residence.

Share Consolidation

Wesfarmers proposes to consolidate its share capital through the conversion of every:

- one ordinary share into 0.9876 ordinary shares; and
- one partially protected share into 0.9876 partially protected shares.

Where the consolidation of a shareholder's holding results in an entitlement to a fraction of a share, the fraction will be rounded up to the nearest whole number of shares (applied to both ordinary and partially protected shares).

If the consolidation is approved by shareholders at the 2013 Annual General Meeting, the consolidation will take effect on and from 18 November 2013.

Tax implications of the share consolidation for Wesfarmers Shareholders

The share consolidation will be undertaken in accordance with section 254H of the Corporations Act. Subject only to rounding, there will be no change to the proportionate interests held by each shareholder in Wesfarmers as a result of the consolidation.

Accordingly, the Class Ruling confirms no capital gains tax event will occur as a result of the share consolidation. Therefore, no Australian tax liability should arise as a consequence of the share consolidation for Wesfarmers shareholders who hold their shares on capital account.



Illustrative Examples: Adjustment to cost base for return of capital and share consolidation

Set out below, are two illustrative examples of how a Wesfarmers shareholder would adjust the cost base of his/her shares for the return of capital and share consolidation.

All information quoted below is in Australian dollars.

Example 1: A Wesfarmers shareholder with one tranche of purchases in holdings

Initial cost base			
Purchase date	Initial total cost base A	Initial number of shares B	Initial cost base per share C = A / B
March 2007	\$3,500	100	\$35.00
Capital Return and consolidation			
50 cents per share paid (100 shares x \$0.50 per share = \$50.00)			
Consolidation of shares (100 shares at 0.9876 consolidation rate) = 99 shares (98.76 shares rounded up)			
Calculation of reduced cost base			
Purchase date	Reduced total cost base (Initial cost base less capital return) D = A - (B x \$0.50)	Reduced number of shares (adjusted for rounding) E = B x 0.9876	Reduced cost base per share F = D / E
March 2007	\$3,450	99	\$34.85

Example 2: A Wesfarmers shareholder with multiple tranches of purchases in holdings

Initial cost base			
Purchase date	Initial total cost base A	Initial number of shares B	Initial cost base per share C = A / B
June 2000	\$1,500	150	\$10.00
March 2004	\$5,000	200	\$25.00
March 2007	\$3,500	100	\$35.00
Total	\$10,000	450	
Capital Return and consolidation			
50 cents per share paid (450 shares x \$0.50 per share = \$225.00)			
Consolidation of shares (450 shares at 0.9876 consolidation rate) = 445 shares (444.42 shares rounded up)			
Calculation of reduced cost base			
Purchase date	Reduced total cost base (Initial cost base less capital return) D = A - (B x \$0.50)	Reduced number of shares (adjusted for rounding) E = B x 0.9876	Reduced cost base per share F = D / E
June 2000	\$1,425	148	\$9.63
March 2004	\$4,900	198	\$24.75
March 2007	\$3,450	99	\$34.85
Total	\$9,775	445	

Note: Rounding of shares for individual years is shown for indicative purposes only.