

# 1 for 8 Pro-Rata Entitlement Offer to complete refinancing

Co-Manager and retail broker presentation  
April 2008



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The accelerated entitlements offer of new Wesfarmers ordinary shares (the **Entitlement Offer**) in Wesfarmers Limited (ABN 28 008 984 049) (**Wesfarmers**) is made to eligible retail shareholders of Wesfarmers in a prospectus lodged with the Australian Securities and Investments Commission on 24 April 2008 (**Prospectus**).

This presentation does not constitute an invitation to apply for shares under the Entitlement Offer and does not contain any application form for the Entitlement Offer. Anyone eligible and wishing to apply for shares under the Entitlement Offer will need to (as applicable) apply in accordance with the IOM, or complete the application form that will be in, or will accompany, the Prospectus. Neither this presentation nor anything contained in it shall form the basis of any contract or commitment and it is not intended to induce any person to engage in, or refrain from engaging in, any transaction.

The Prospectus has been lodged with the Australian Securities and Investments Commission. A copy of the Prospectus will be sent to eligible retail shareholders in early May. Copies of the Prospectus are also available for download from the Wesfarmers website at [www.wesfarmers.com.au](http://www.wesfarmers.com.au) or can be obtained (free of charge) by calling the information line (1300 558 062 (Australian line) or +61 3 9415 4631 (from outside Australia) at any time between 8.30 am and 7.30 pm (AEST), Monday to Friday during the offer period). Offers of the shares under the Entitlement Offer to eligible retail shareholders will be made in, or accompanied by, a copy of the Prospectus. In deciding whether to take up the offer of shares, eligible retail shareholders should consider the Prospectus.

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# 1. Executive Summary

- Wesfarmers has funding commitments in place to refinance all of the outstanding Coles acquisition bridge facility
  - Fully underwritten 1 for 8 accelerated pro-rata entitlement offer to raise ~\$2.5 billion
  - Bank commitments obtained to refinance the remaining \$0.8 billion
- An equity raising determined to be in the best interests of shareholders given current debt market conditions
  - All eligible shareholders will have an equal opportunity to participate
  - Strengthens the Wesfarmers balance sheet and provides financial flexibility going forward



## 2. Overview of the Offer

### 1 for 8 Accelerated Pro-Rata Entitlement Offer

- Raising ~\$2.5 billion (9.8% of Wesfarmers existing market capitalisation as at 16 April 2008)
- \$29.00 Offer price
  - 21.6% discount to Wesfarmers share price at last close<sup>1</sup>
  - 19.6% discount to theoretical ex-entitlements price
- Fully underwritten by ABN AMRO, Deutsche Bank, Goldman Sachs JBWere, JPMorgan, Macquarie Capital Advisers and UBS

1. Based on Wesfarmers' closing price of \$36.97 as at 16 April 2008



## 2. Overview of the Offer

### Strong institutional investor support

- Institutional Entitlement Offer has raised ~\$940 million (or ~36% of the total Offer)
- Approximately 96% of the Institutional Entitlement Offer taken-up by Institutional Shareholders
- The Joint Lead Managers have allocated sub-underwriting positions for the entire amount of the Retail Entitlement Offer



### 3. Rationale Refinancing Programme Complete

- Wesfarmers believes an equity raising is in the best interests of shareholders

|   |                                          |                                                                                                                                                                                                                                                                                                                     |
|---|------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| ✓ | <b>Funding<br/>Certainty</b>             | <ul style="list-style-type: none"><li>• Fully underwritten entitlement offer</li><li>• Avoids locking in unfavourable long-term debt facilities</li></ul>                                                                                                                                                           |
| ✓ | <b>Strengthens<br/>Balance<br/>Sheet</b> | <ul style="list-style-type: none"><li>• Brings gearing to lower end of target range given current market environment</li><li>• Strengthens Wesfarmers' balance sheet and provides financial flexibility going forward</li></ul>                                                                                     |
| ✓ | <b>Benefits<br/>Shareholders</b>         | <ul style="list-style-type: none"><li>• All eligible shareholders can participate equally in the Offer</li><li>• Opportunity for eligible shareholders to increase investment on attractive terms</li><li>• Non-participating shareholders may receive value in respect of their entitlements<sup>1</sup></li></ul> |

1. A number of shares equal to lapsed or ineligible entitlements of retail shareholders will be placed into the retail bookbuild (as described in the prospectus lodged with ASX on 24 April 2008). Any premium above the Offer Price achieved in this bookbuild will be remitted to those relevant shareholders on a pro-rata basis



### 3. Rationale

## Refinancing Programme Complete

Wesfarmers has funding commitments in place to refinance the \$4.0 billion Coles acquisition bridge facilities

|                                                             | \$bn         |
|-------------------------------------------------------------|--------------|
| US Notes (5 year)<br>– Completed 10 April 2008              | ~ 0.7        |
| Net proceeds from Entitlement Offer<br>– Fully underwritten | ~ 2.5        |
| New debt commitments<br>– At ~1% margin including fees      | ~ 0.8        |
| <b>Total</b>                                                | <b>~ 4.0</b> |

- Wesfarmers has also secured commitments to renew its \$1.0 billion working capital facility
- Average margin for all 1-3 year financing < 1.0%, including fees



### 3. Rationale Strengthened Financial Position

- Strengthens Wesfarmers' balance sheet against a backdrop of volatile debt markets
  - Pro-forma gearing of 47.6% (ND/E)
  - Brings gearing to lower end of target range
  - Stronger balance sheet will improve interest coverage
- Reinforces Wesfarmers' investment grade capital structure

| \$ million               | As at 31 December 2007 | Pro-forma as at 31 December 2007 <sup>1</sup> |
|--------------------------|------------------------|-----------------------------------------------|
| Cash at Bank             | 453                    | 453                                           |
| <b>Total Assets</b>      | <b>37,110</b>          | <b>37,110</b>                                 |
| Borrowings               | 12,054                 | 9,541                                         |
| <b>Total Liabilities</b> | <b>20,558</b>          | <b>18,027</b>                                 |
| <b>Equity</b>            | <b>16,552</b>          | <b>19,083</b>                                 |
| <b>Gearing (ND/E)</b>    | <b>70.1%</b>           | <b>47.6%</b>                                  |

1. Adjusted for the Entitlement Offer



# 4. Investment Highlights

## Attractive Terms

- Allows shareholders to increase their investment at an Offer Price of \$29.00 per share
  - 19.6% discount to theoretical ex-entitlements price

## Access to Dividends

- Fully franked dividends of at least \$2.00 per share for the 2008 and 2009 financial years is expected<sup>1</sup>
- Strong cashflow generation

## Leading Businesses

- High quality portfolio of businesses with both short-term and long-term growth opportunities
- Opportunity to substantially enhance Coles' earnings

## Proven Business Model

- Shareholder focused business model
- Disciplined acquisition strategy and integration track record
- Strong financial and operational performance

## Financial Strength and Discipline

- Strengthened balance sheet and financial flexibility going forward
- Investment grade capital structure

1. Subject to the availability of retained earnings and franking credits



## 4. Investment Highlights

Track record of strong financial performance<sup>1</sup>



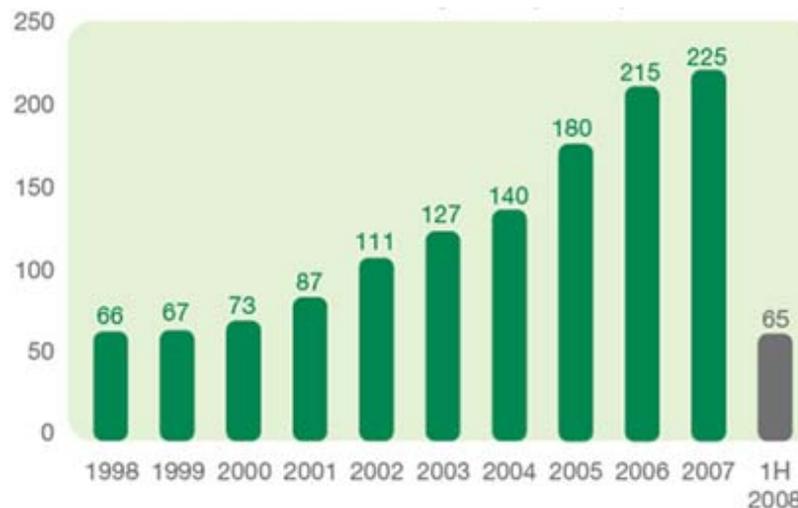
1. Past performance and results are not indicative of future performance and results, and should not be relied upon in making an investment decision



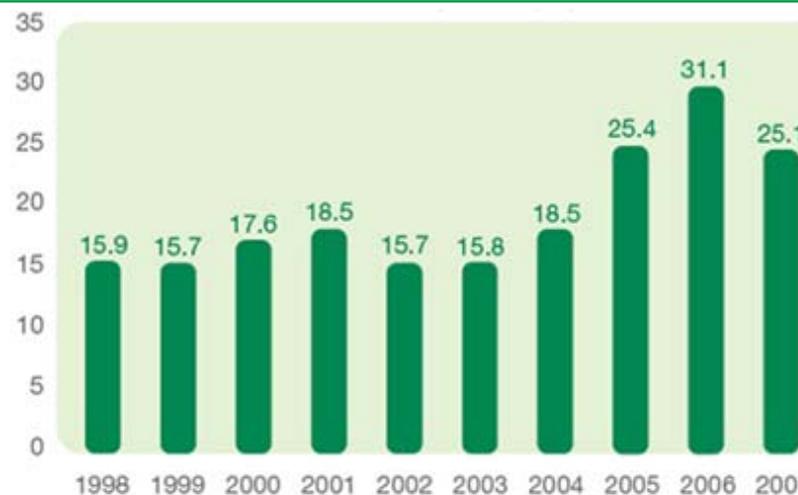
## 4. Investment Highlights

Track record of strong financial performance<sup>1</sup>

Dividends per ordinary share over the last 10 years financial (cents)



Return on equity over the last 10 financial years (%)<sup>2</sup>



1. Past performance and results are not indicative of future performance and results, and should not be relied upon in making an investment decision

2. Excludes earnings from the sale of Girrah (FY2003), Landmark (FY2004) and Australian Railroad Group (FY2006). For FY1998 to FY2001 average equity is calculated using the prior year and current year closing balances. For FY2002 to FY2007 average equity is calculated using the twelve month-end balances over the financial year



## 4. Investment Highlights

### Dividend Guidance

#### Dividend Guidance Maintained

- Fully franked dividends of at least \$2.00 per share in FY08 and FY09, subject to the availability of retained earnings and franking credits

#### FY08 Final Dividend

- New Wesfarmers Ordinary Shares issued under the Offer will be entitled to Wesfarmers FY08 final dividend payable in September 2008
  - Expected to be at least \$1.35 per share

#### Dividend Investment Plan

- Expected to be maintained for the FY08 final dividend, but will not be underwritten



# 4. Investment Highlights

## Leading Businesses

- Wesfarmers has a strong portfolio of retail businesses

| Wesfarmers Retail Businesses                  |                                                                                                                                                                         |                                                                                                                                                           |                                                                                                                                                                    |
|-----------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                               | Quality Assets                                                                                                                                                          | Growth Opportunities and Strategies                                                                                                                       | Trading Update<br>(31 Dec 07 to 13 April 08)                                                                                                                       |
| <b>Coles</b>                                  | <ul style="list-style-type: none"> <li>• Australia's second largest supermarket business with extensive store network</li> </ul>                                        | <ul style="list-style-type: none"> <li>• Substantial value creation opportunity</li> <li>• Improved execution and organisational restructuring</li> </ul> | <ul style="list-style-type: none"> <li>• Coles integration largely complete</li> <li>• Improving sales trend</li> <li>• Comp store sales growth of 3.2%</li> </ul> |
| <b>Home Improvement &amp; Office Supplies</b> | <ul style="list-style-type: none"> <li>• Leading retailer of home and garden improvement products</li> <li>• Australia's largest retailer of office products</li> </ul> | <ul style="list-style-type: none"> <li>• Continued store roll-out</li> <li>• Innovating products and services</li> </ul>                                  | <ul style="list-style-type: none"> <li>• Bunnings cash store-on-store sales growth of 11.0%<sup>1</sup></li> <li>• Officeworks sales growth of 3.3%</li> </ul>     |
| <b>Target</b>                                 | <ul style="list-style-type: none"> <li>• A leading department store retailer</li> </ul>                                                                                 | <ul style="list-style-type: none"> <li>• Store roll-out and refurbishments</li> <li>• Customer focused strategies</li> </ul>                              | <ul style="list-style-type: none"> <li>• Comp store sales growth of 5.4%</li> </ul>                                                                                |
| <b>Kmart</b>                                  | <ul style="list-style-type: none"> <li>• A prominent discount department store retailer in Australia and New Zealand</li> </ul>                                         | <ul style="list-style-type: none"> <li>• Improve in-store experience</li> <li>• Expanded refit programme</li> </ul>                                       | <ul style="list-style-type: none"> <li>• Comp store sales growth of 2.9%</li> </ul>                                                                                |

1. Bunnings cash store-on-store sales growth for the period 1 Jan 2008 to 13 April 2008; leap year adjusted



# 4. Investment Highlights

## Leading Businesses

- Wesfarmers' retail businesses are complemented by a portfolio of quality diversified businesses

| Wesfarmers Non-Retail Businesses   |                                                                                                                                         |                                                                                                                                                |                                                                                                                                                                                              |
|------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                    | Quality Assets                                                                                                                          | Growth Opportunities and Strategies                                                                                                            | Trading Update                                                                                                                                                                               |
| <b>Resources</b>                   | <ul style="list-style-type: none"> <li>Key supplier of metallurgical and steaming coal</li> <li>Consistent quality, low cost</li> </ul> | <ul style="list-style-type: none"> <li>Strong market outlook</li> <li>Curragh and Bengalla expansion feasibility studies</li> </ul>            | <ul style="list-style-type: none"> <li>Record FY09 metallurgical and steaming coal prices</li> <li>Curragh maintained lowest quartile cash cost curve position (hard coking coal)</li> </ul> |
| <b>Insurance</b>                   | <ul style="list-style-type: none"> <li>Major provider of broking and financial services</li> </ul>                                      | <ul style="list-style-type: none"> <li>Broker consolidation</li> <li>Extension into related segments</li> </ul>                                | <ul style="list-style-type: none"> <li>Underwriting margin pressure from adverse weather events and competitive market</li> </ul>                                                            |
| <b>Industrial &amp; Safety</b>     | <ul style="list-style-type: none"> <li>Major Australian supplier of engineering, industrial consumable and safety products</li> </ul>   | <ul style="list-style-type: none"> <li>Business improvement strategies</li> <li>Increase exposure to growth markets</li> </ul>                 | <ul style="list-style-type: none"> <li>Good sales growth</li> <li>Uplift across most product categories</li> </ul>                                                                           |
| <b>Chemicals &amp; Fertilisers</b> | <ul style="list-style-type: none"> <li>One of Australia's major suppliers of chemicals and fertilisers</li> </ul>                       | <ul style="list-style-type: none"> <li>AN and sodium cyanide expansion</li> <li>Positioned to capitalise on strong chemicals demand</li> </ul> | <ul style="list-style-type: none"> <li>Fertiliser sales up 18% on pcp in 9 months to March</li> </ul>                                                                                        |
| <b>Energy</b>                      | <ul style="list-style-type: none"> <li>LPG vertical integration</li> <li>Industrial gas, LNG and power production facilities</li> </ul> | <ul style="list-style-type: none"> <li>Construction of LNG plant</li> <li>Business improvement programme</li> </ul>                            | <ul style="list-style-type: none"> <li>YTD WLPG production 5% below pcp</li> </ul>                                                                                                           |

# 5. Offer Details

|                            |                                                                                                                                                                                                                                                                                                                                                         |
|----------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Offer Size</b>          | <ul style="list-style-type: none"> <li>• 1 for 8 accelerated pro-rata entitlement offer to raise approximately \$2.5 billion               <ul style="list-style-type: none"> <li>– Approximately 89 million New Wesfarmers Ordinary Shares to be issued</li> </ul> </li> </ul>                                                                         |
| <b>Offer Price</b>         | <ul style="list-style-type: none"> <li>• \$29.00 per share               <ul style="list-style-type: none"> <li>– 21.6% discount to Wesfarmers closing share price on 16 April 2008</li> <li>– 19.6% discount to theoretical ex-entitlements price</li> </ul> </li> </ul>                                                                               |
| <b>Record Date</b>         | <ul style="list-style-type: none"> <li>• 24 April 2008 (7:00pm AEST)</li> </ul>                                                                                                                                                                                                                                                                         |
| <b>Retail Offer</b>        | <ul style="list-style-type: none"> <li>• Retail offer open until 20 May 2008 (5:00pm)</li> <li>• Entitlements not taken up will be placed into the Retail Entitlement Bookbuild (26 – 27 May 2008)</li> </ul>                                                                                                                                           |
| <b>Broker Handling Fee</b> | <ul style="list-style-type: none"> <li>• 0.50% of application monies received under the entitlement offer as a result of applications validly initiated by a broker<sup>1</sup></li> <li>• Brokers must have the Handling Fee Claim Form and Application List to Computershare by 27 May 2008 (5 business days following retail offer close)</li> </ul> |
| <b>Syndicate</b>           | <ul style="list-style-type: none"> <li>• Joint Lead Managers and Underwriters: ABN AMRO, Deutsche Bank, Goldman Sachs JBWere, JPMorgan, Macquarie Capital Advisers and UBS</li> <li>• Co-Managers: ANZ Securities, CommSec, National OnLine Trading, Southern Cross Equities, Westpac Securities</li> </ul>                                             |

Dates and times are indicative only and are subject to change. All dates and times refer to AEST

1. Subject to a maximum fee per accepting shareholder of \$100 (excluding GST), and the fee decreases on a pro-rata basis should the aggregate claims for handling fees exceed \$1.5 million (including GST)



# 5. Offer Details

## WPPS

- Eligible holders of WPPS entitled to participate in the Offer on the same terms as eligible Wesfarmers ordinary shareholders
  - Entitled to subscribe for 1 New Wesfarmers Ordinary Share for every 8 WPPS held

### Adjustment to WPPS Terms

- WPPS terms provide for an adjustment in the event of an entitlement offer
- The Wesfarmers Board has determined to adjust the WPPS terms to maintain the relative values of WPPS and Wesfarmers Ordinary Shares
  - Cap price of \$45.00 per share to be reduced to \$43.92
  - Floor price of \$36.00 per share to be reduced to \$35.14
- Grant Samuel has advised the adjustment is fair, reasonable and appropriate



# 5. Offer Details

## Timetable



### Key Dates

|                                                                                                                      |                        |
|----------------------------------------------------------------------------------------------------------------------|------------------------|
| Record Date                                                                                                          | 24 April 2008 (7:00pm) |
| Ordinary Shares and WPPS re-commence trading                                                                         | 28 April 2008          |
| Retail Offer period                                                                                                  | 28 April – 20 May 2008 |
| Prospectus dispatched to Eligible Retail Shareholders                                                                | Early May 2008         |
| Retail Entitlement Offer closes                                                                                      | 20 May 2008 (5:00pm)   |
| Retail Entitlement Bookbuild                                                                                         | 26-27 May 2008         |
| Retail settlement date                                                                                               | 30 May 2008            |
| Issue of shares under the Retail Entitlement Offer                                                                   | 2 June 2008            |
| Trading of shares issued under the Retail Entitlement Offer                                                          | 3 June 2008            |
| Dispatch of payments (if any) in respect of renounced and ineligible entitlements under the Retail Entitlement Offer | 4 June 2008            |

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# Questions

