

Dear Shareholder

6 July 2001

CAPITAL GAINS TAX - THE FRANKED INCOME FUND OPTIONHOLDERS

The Franked Income Fund (FIF) optionholders were advised in documentation sent to them in March 2001 that they could incur a capital gains tax liability by virtue of the exchange of their options for Wesfarmers Limited shares under the recent Wesfarmers group simplification plan.

That simplification plan was approved at special meetings of stakeholders held in April and, subsequently you were sent a statement which shows the number of Wesfarmers Limited shares issued to you in exchange for your FIF options.

Capital gains tax – year ended 30 June 2001

For the purposes of calculating any capital gains tax liability on the exchange of your FIF options during the year ended 30 June 2001, it is necessary to determine the market value of Wesfarmers Limited shares at the time of exchange. Wesfarmers believes that the price of Wesfarmers Limited shares at the close of business on the Australian Stock Exchange on 23 April 2001, being \$22.00 per share, is a reasonable approximation of this value.

Broadly speaking, capital gains tax is payable on any net gain after deducting the cost of your FIF options from this market value and should be declared in your 2000/2001 Income Tax Return. The manner in which any capital gain (or loss) is calculated will depend upon the date on which you acquired your options, the length of time these options were held and your individual taxation circumstances.

Further information is contained in the taxation report provided by Greenwoods & Freehills on page 91 of The Franked Income Fund explanatory memorandum dated 2 March 2001.

This information has been prepared by Wesfarmers to assist shareholders. If you are uncertain about how to calculate and declare your capital gain/loss in your 2001 income tax return, you should contact your accountant or tax advisor for assistance.

Capital gains tax on Wesfarmers shares

With regard to the Wesfarmers Limited shares issued to you in exchange for your FIF options, the cost base for capital gains tax purposes of these new shares is determined by reference to the market value of the FIF options at the time of exchange. Wesfarmers believes that a cost base of \$22.00 per share reflects this value.

Capital gains tax on these shares may only be incurred when (and if) you dispose of them.

When you dispose of the Wesfarmers shares issued in exchange for FIF options, the cost base is used to determine whether you have incurred a gain or loss for capital gains tax purposes at the time of that disposal.

Retain this letter

This information has been prepared by Wesfarmers to assist shareholders. Please retain this letter with your other taxation records and contact your accountant or taxation adviser if you have any doubts about how to deal with it.

Yours faithfully

P J JOHNSTON
SECRETARY