

Dear Shareholder

22 October 2001

AUSTRALIAN TAXATION OFFICE VIEW

MARKET VALUE OF WESFARMERS SHARES RECEIVED IN EXCHANGE FOR HOWARD SMITH SHARES UNDER COMPULSORY ACQUISITION

The Bidder's Statement sent to you on 28/29 June 2001 included a summary of the taxation implications relevant to the offer made by Wesfarmers to acquire your Howard Smith shares. The explanation of the tax consequences of the offer refers to the **market value** of the Wesfarmers shares received in exchange for your Howard Smith shares. That is, it is necessary to establish the market value of the Wesfarmers shares at the time of the exchange in order to determine:

- any tax liability on the disposal of your Howard Smith shares; and
- the capital gains tax cost base of the Wesfarmers shares received as consideration for your Howard Smith shares.

We have approached the Australian Taxation Office ("ATO") to obtain certainty regarding the market value of the Wesfarmers shares for taxation purposes. As a result, the ATO have issued a Class Ruling (CR 2001/51) applicable to the offer. The ATO's view is that for Howard Smith shareholders whose shares were compulsorily acquired under the Corporations Act 2001, the relevant date to determine the market value of the Wesfarmers shares received as consideration for your Howard Smith shares is the **earliest of the date when:**

- (a) The Howard Smith shareholder received compensation from Wesfarmers;
- (b) Wesfarmers became the owner of the Howard Smith shares; or
- (c) Wesfarmers took possession of the Howard Smith shares under the power of compulsory acquisition conferred by the Corporations Act 2001.

The ATO also considers that the **closing value** of Wesfarmers shares on that day appropriately reflects the market value of the Wesfarmers shares received.

Wesfarmers believes that 2 October 2001, being the day on which Howard Smith (as trustee for the Howard Smith shareholders) received the compensation from Wesfarmers, is the earliest relevant date. The closing sale price for Wesfarmers shares on that day was \$30.261.

Retain this letter

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 income tax return, you should contact your accountant or tax adviser for assistance.

Yours faithfully



JOHN GILLAM
COMPANY SECRETARY