

6 November 2003

The Manager
Company Announcements Office
Australian Stock Exchange Limited
Level 3
20 Bridge Street
SYDNEY NSW 2000

Dear Sir

WESFARMERS LIMITED – NOTICE OF GENERAL MEETING

Following is a copy of notice of general meeting and accompanying documents to be sent to shareholders today relating to the proposed capital return of \$2.50 per share. Please note that this general meeting will now be held on 5 December 2003 and not 8 December 2003 as previously advised.

Yours faithfully



L J KENYON
COMPANY SECRETARY

Enc



Wesfarmers Limited

ABN 28 008 984 049

5 November 2003

Dear shareholder

CAPITAL RETURN OF \$2.50 PER SHARE

On 3 November 2003 the directors of Wesfarmers Limited (Wesfarmers) announced their intention to make a capital return of \$2.50 per fully paid ordinary share.

The company's level of net debt to equity was 24 per cent at 30 June 2003, well below its preferred range of between 40 and 65 per cent. Debt has reduced further since that time following the sale of the Landmark rural services business, which was announced and completed on 29 August 2003, and after taking into account the acquisition of the Lumley insurance business which was completed in mid-October 2003.

The capital return is subject to shareholder approval and the company receiving a Class Ruling from the Australian Taxation Office in relation to the taxation treatment of the capital return for the company and its shareholders.

The capital return is being implemented to return surplus capital to shareholders and to ensure that Wesfarmers maintains an efficient capital structure. The company's strong earnings, cashflow and debt and equity fundraising capabilities mean it is able to undertake the capital return without adversely affecting its financial flexibility and growth objectives. Wesfarmers continues to evaluate a range of investment opportunities and remains committed to pursuing growth while maximising returns to shareholders.

It is expected that the capital return will not be taxable in the hands of the majority of shareholders but will reduce the cost base of their shares for capital gains tax purposes. For shareholders with a cost base per share below \$2.50 at the time of the capital return, a capital gain may arise on the difference (see page 3 of the attached explanatory statement for more details).

A notice of meeting to approve the capital return is enclosed, together with an explanatory statement. The meeting to approve the capital return is to be held in the Grand Ballroom, Burswood Convention Centre, Great Eastern Highway, Burswood, Western Australia on Friday 5 December 2003 at 2.00 pm.

Shareholders who have already requested that their dividends be paid into a nominated bank account will receive a direct credit authority form with this letter to enable them to elect to receive the proposed capital return by direct payment to their account.

Your directors recommend you vote in favour of the resolution for the reasons set out in the explanatory statement.

If you are unable to attend the meeting, you are encouraged to return your completed proxy form in the enclosed reply paid envelope as soon as possible.

Yours sincerely

Trevor Eastwood, AM
Chairman

NOTICE OF MEETING

Time: 2.00 pm

Date: Friday 5 December 2003

Place: Grand Ballroom
Burswood Convention Centre
Great Eastern Highway
Burswood, Western Australia

Notice is hereby given that a general meeting of Wesfarmers Limited will be held in the Grand Ballroom, Burswood Convention Centre, Great Eastern Highway, Burswood, Western Australia on Friday 5 December 2003 at 2.00 pm.

Business of the meeting

Special business

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

"That in accordance with section 256C(1) of the Corporations Act 2001 (Cth), approval is given, subject to receipt from the Australian Taxation Office of a Class Ruling as to the matters referred to in the explanatory statement that is in a form acceptable to the directors, for the share capital of the company to be reduced by paying the sum of \$2.50 per fully paid ordinary share on issue on the Record Date (as defined in the explanatory statement) to each holder of fully paid ordinary shares in the company on the Record Date".

By order of the board



L J Kenyon
Company Secretary
5 November 2003

Explanatory statement

Shareholders are referred to the explanatory statement accompanying this notice of meeting. The explanatory statement is intended to be read in conjunction with and forms part of this notice of meeting.

Members entitled to attend and vote at the meeting

For the purposes of the meeting and in accordance with regulation 7.11.37 of the Corporations Regulations 2001, it has been determined that the members entitled to attend and vote at the meeting shall be those persons who are recorded in the register of members at 6.00 am on 4 December 2003.

Proxies

Where a member is unable to attend the meeting, we encourage that member to complete and return the enclosed proxy form. Each member is entitled to appoint a proxy. 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. A proxy need not be a member. To be effective, duly completed proxy forms, together with any relevant power of attorney, must be received not less than 48 hours before the time for holding the meeting. Please direct proxy forms and any relevant power of attorney to the company's share registry, Computershare Investor Services Pty Limited, Level 2, 45 St George's Terrace, Perth (telephone: (08) 9323 2000, facsimile: (08) 9323 2033).

EXPLANATORY STATEMENT

Capital return to shareholders

Terms of the proposal

Wesfarmers Limited proposes a return of capital to its shareholders of \$2.50 per fully paid ordinary share, to return a total of approximately \$934 million to its shareholders.

The capital return is to be effected by way of an equal reduction of capital and requires shareholder approval by ordinary resolution. The capital return will apply equally to each holder of fully paid ordinary shares in proportion to the number of fully paid ordinary shares they hold. No shares will be cancelled as a result of the capital return.

The capital return is conditional on shareholder approval and Wesfarmers receiving a satisfactory Class Ruling from the Australian Taxation Office in relation to the tax treatment of the capital return for Wesfarmers and its shareholders. More details on the tax implications of the capital return are set out on page 3.

The date for determining the persons entitled to participate in the proposed capital return is 15 December 2003 (Record Date).

Reasons for the proposal

Wesfarmers seeks to maintain an efficient capital structure to minimise the overall cost of capital and to ensure there is adequate flexibility to fund existing operations and expansion opportunities.

To this end, Wesfarmers has a policy of maintaining its ratio of net debt to equity in its balance sheet at between 40 and 65 per cent. The net debt to equity ratio of Wesfarmers was approximately 24 per cent as at 30 June 2003, well below the target range.

Wesfarmers' net debt to equity ratio has reduced significantly since 30 June 2001 (when it was 63.4 per cent) as a result of the issue of Wesfarmers shares in August 2001 as consideration for the acquisition of Howard Smith Limited, the operation of Wesfarmers' employee share plan, the consistently strong take up of Wesfarmers' dividend reinvestment plan and strong operating cashflow. The ratio levels have more recently been affected by:

- the acquisition of the Lumley insurance business which was completed in mid-October this year; and
- the sale of the Landmark rural services business to AWB Limited on 29 August 2003.

In February 2003, Wesfarmers implemented an on-market buy back as one element of its capital management strategy designed to bring the net debt to equity ratio within target levels. The on-market buy back will continue to be used as a method of capital management as and when required. Wesfarmers is entitled to buy back shares under the existing on-market buy back until 25 February 2004.

The capital return is an additional element of the company's capital management strategy. It is being implemented to return surplus capital to shareholders and to ensure that Wesfarmers maintains an efficient capital structure. The company's strong earnings and cashflow mean it is able to undertake the capital return without adversely affecting its financial flexibility.

The directors have assessed various capital management methods to restore target gearing levels and have determined that the proposed equal capital return in conjunction with the continuing on-market buy back is in the best interests of the company.

Directors' recommendation

The directors are of the opinion that the proposed capital return is fair and reasonable to all shareholders and unanimously recommend that shareholders vote in favour of the proposed resolution.

No director of the company will receive any payment or benefit of any kind as a consequence of the proposed return of capital other than as a shareholder of the company.

Effect on Wesfarmers

Impact on capital structure of Wesfarmers

The company had 373,648,400 fully paid ordinary shares on issue at 3 November 2003. Wesfarmers currently has an operating on-market buy back program. As at 3 November 2003 it was entitled to acquire up to a further 12,017,838 shares on or before 25 February 2004. Shares bought back are immediately cancelled and if bought back and cancelled before 15 December 2003 will not participate in the return of capital. As a consequence, the actual number of shares on issue at the time the capital return is implemented may differ from the number of shares currently on issue.

After the proposed capital return, the number of fully paid ordinary shares on issue will remain the same but the share capital of the company will be reduced by approximately \$934 million, representing a return per ordinary share of \$2.50.

Financial implications for Wesfarmers

Key financial impacts

The key financial implications of the capital return on Wesfarmers are:

- the proforma net debt to equity ratio at 30 June 2003 would have been approximately 61 per cent (see below), after taking into account the capital return, the acquisition of the Lumley insurance business, the sale of the Landmark rural services business, the payment of the final dividend, and the buy back of three million shares, if these transactions had taken place at 30 June 2003. This compares with the reported number of approximately 24 per cent at that date;
- Wesfarmers' share capital will be reduced by approximately \$934 million, being the total amount of the capital return;
- interest costs will increase as a result of increased debt required to fund the capital return. The increased interest cost will be reflected in the after tax earnings and is likely to result in lower earnings per share and return on equity for the financial year ending 30 June 2004 and for later years; and
- interest cover and gearing will remain at prudent levels following the capital return.

Funding for the capital return

Wesfarmers will draw down existing bank and capital markets debt facilities to pay for the capital return. Accordingly, borrowings will increase by the total amount of the capital return.

Proforma effect of the capital return

Since 30 June 2003, some material transactions (Transactions) have taken place, namely:

- the sale of the Landmark rural services business for \$834 million, comprising \$706 million for the sale of the shares plus the transfer of net debt of \$128 million (based on estimated completion accounts), resulting in an after tax profit on sale of \$274 million;
- the acquisition of the Lumley insurance business;
- the payment of the final dividend of \$320 million; and
- the buy back of three million shares (in the period 1 July 2003 to 3 November 2003) at a total cost of \$79 million.

To enable an assessment of the effect of the capital return on Wesfarmers, set out below is:

- an abridged proforma consolidated statement of financial position based on the audited 30 June 2003 financial statement of Wesfarmers which shows the effect of these Transactions as if they had taken place on 30 June 2003; and
- an abridged proforma consolidated statement of financial position based on the audited 30 June 2003 financial statement of Wesfarmers which shows the effect of these Transactions and the capital return as if they had taken place on 30 June 2003.

It should be noted that the abridged proformas do not constitute a representation of the future financial position of Wesfarmers, but are provided as a guide to assist shareholders to assess the effect of the proposed capital return on the financial position of Wesfarmers.

	Consolidated statement of financial position at 30 June 2003	Proforma consolidated statement of financial position at 30 June 2003 showing the Transactions	Proforma consolidated statement of financial position at 30 June 2003 showing the Transactions and the capital return
	\$million	\$million	\$million
Total Current Assets	2,431	3,038	3,000
Total Non-Current Assets	3,987	3,902	3,902
TOTAL ASSETS	6,418	6,940	6,902
Total Current Liabilities	1,712	2,335	3,231
Total Non-Current Liabilities	941	967	967
TOTAL LIABILITIES	2,653	3,302	4,198
NET ASSETS	3,765	3,638	2,704
TOTAL SHAREHOLDERS' EQUITY	3,765	3,638	2,704
Net debt to equity ratio	23.7%	20.5%	60.8%

Taxation implications for Wesfarmers

No adverse income tax consequences should arise for Wesfarmers from the capital return.

Growth strategies and future acquisitions

Wesfarmers' corporate objective is "to provide a satisfactory return to shareholders" and, consistent with this objective, it pursues growth only if it leads to increased shareholder wealth. Adopting this philosophy, Wesfarmers has developed a diverse business mix with each business unit showing a strong position in its market. A further element of Wesfarmers' strategy is the ongoing review of the financial and operational performance of its business units and its overall capital management and balance sheet position. Wesfarmers will continue to assess opportunities consistent with its stated objective of providing a satisfactory return to shareholders and is committed to delivering growth that leads to increased shareholder wealth. The capital return will not materially impact the company's capacity to fund new investment opportunities, given the profitability of its existing businesses, the strong operating cashflow of the group and the group capacity to raise debt and equity financing, if required.

Effect on Wesfarmers shareholders

Generally

If a satisfactory Class Ruling is obtained from the Australian Taxation Office and the proposed capital return is approved, shareholders will receive a cash payment of \$2.50 per Wesfarmers fully paid ordinary share that they hold on the Record Date. The proposed capital return will not result in the cancellation of any shareholder's shares or the dilution of any shareholder's shareholding in the company.

Taxation

The following contains a general description of the Australian income tax consequences that will arise for shareholders as a consequence of the capital return.

This general description is only relevant to shareholders who hold shares on capital account. Shareholders who hold shares on revenue account, with a profit making intention or as trading stock, should seek their own advice in relation to the Australian tax consequences arising for their particular circumstances. Furthermore, shareholders who are not residents of Australia for tax purposes should seek their own advice in relation to the taxation consequences arising from the capital return under the laws of their country of residence.

An application for a Class Ruling has been made to the Australian Taxation Office. The capital return is conditional on the Class Ruling confirming that the Australian income tax consequences will be as outlined below. It is expected that the Class Ruling will be issued prior to the meeting date.

(a) Dividend

The capital return should not be treated as a dividend for Australian income tax purposes.

(b) Capital gains tax (CGT)

(1) Resident shareholders

(i) Pre-CGT shares

Shareholders who acquired shares before 20 September 1985 will not be subject to CGT in respect of the capital return as any capital gain will be disregarded for Australian CGT purposes.

(ii) Post-CGT Shares – capital return less than cost base

Where shareholders acquired a share on or after 20 September 1985 and the capital return is less than the cost base of the share for CGT purposes, the shareholder will not realise a capital gain from the capital return but the cost base and reduced cost base of the share will be reduced by the amount of the capital return. Shareholders who received the capital return of \$0.50 per share in July 1998 would have had the cost base of their shares reduced at that time.

(iii) Post CGT shares – capital return exceeds cost base

Where shareholders acquired a share on or after 20 September 1985 and the capital return is greater than the cost base of the share for CGT purposes, a shareholder will realise a capital gain from the capital return to the extent that the capital return exceeds the cost base of the share for CGT purposes (shareholders who received the capital return of \$0.50 per share in July 1998 would have had the cost base of their shares reduced at that time). The cost base and reduced cost base of the share will be reduced to nil. Shareholders who acquired a share on or after 20 September 1985 but on or before 11.45 am on 21 September 1999 (by legal time in the Australian Capital Territory) may be entitled to choose to calculate their capital gain from the capital return using either:

- the difference between the amount of the capital return and the indexed cost base of the shares (indexed to 30 September 1999); or
- the discount capital gains provisions (see below).

Shareholders who are individuals, complying superannuation entities or trusts (Discount CGT Entities) and who have held their shares for at least 12 months prior to the capital return may choose to apply the discount capital gains provisions to any capital gain realised on the capital return such that any capital gain realised after the application of any capital losses will be discounted by 50 per cent (for individuals and trusts) or 33½ per cent (for complying superannuation entities).

For shareholders who acquired shares after 11.45 am on 21 September 1999, those shareholders will only be entitled to use the discount capital gains provisions provided that they are one of the Discount CGT Entities and the share was held for at least 12 months prior to the capital return.

(2) Non-resident shareholders

Non-resident shareholders will not be liable to CGT in respect of the capital return provided that they and their associates have not, at any time during the five years preceding the capital return, beneficially owned at least 10 per cent (by value) of the shares in Wesfarmers.

Timing and trading implications

Subject to the satisfaction of the conditions for implementation, the proposed capital return will take effect in accordance with the following timetable approved by the Australian Stock Exchange.

Event	Date
Meeting to approve the capital return	Friday 5 December 2003
Wesfarmers shares trade on an "ex" return of capital basis	Tuesday 9 December 2003
Record Date for determining entitlements to participate in the capital return	Monday 15 December 2003
Despatch date for payment of capital return	Thursday 18 December 2003

Payment methods

If the proposed capital return is approved by shareholders, the payment of the capital return will ordinarily be satisfied by sending a cheque to those persons who are shareholders as at the Record Date.

However, shareholders who have previously completed and returned to the company's share registry an instruction for direct crediting of dividend payments to a designated bank account will have received with the notice of meeting a direct credit authority form. If a shareholder wishes to have their entitlement to the proposed capital return deposited to the same designated bank account rather than receive a cheque, the shareholder must complete the enclosed direct credit authority form and return it to the share registry so that it is received before the Record Date. While the company will endeavour to comply with shareholder requests, it reserves absolutely the right to satisfy entitlements to the capital return by cheque.

Other material information

There is no other information material to the making of a decision by shareholders whether or not to vote in favour of the proposal (being information that is known to directors of the company which has not previously been disclosed to holders of shares in the company) other than as set out in this document.

PROXY FORM

All correspondence to:

Computershare Investor Services Pty Limited
Level 2, 45 St George's Terrace
Perth WA 6000

I/We being a shareholder in Wesfarmers Limited hereby appoint as my/our proxy:

(Only complete if you wish to appoint someone other than the chairman of the meeting as your proxy)

Name

OR failing such person or if no such person is designated

Address

The chairman of the meeting

To vote for me/us on my/our behalf in accordance with the following directions or, if no directions are given as the proxy sees fit at the general meeting of the company to be held on Friday 5 December 2003 at 2.00 pm and at every adjournment thereof.

This proxy relates to all * shares held by me/us.

(*delete if not applicable and insert number of shares if two proxies are to be appointed)

Directions to proxy (optional)

If you wish, you can direct your proxy how to vote by clearly placing a mark in the appropriate box. Should you wish to direct your proxy how to vote or abstain from voting on any resolution please insert a mark in the appropriate box. If you mark the abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll, and your shares will not be counted in computing the required majority on a poll.

Item of business (as per notice of meeting)

FOR AGAINST ABSTAIN

Capital return of \$2.50 per fully paid ordinary share

☐
☐
☐

Signature of shareholder/s

Individual or Shareholder 1

Shareholder 2

Shareholder 3

Sole Director and Sole Company Secretary

Director

Director/Company Secretary

Date:

Contact name:

Telephone number: ()

Company Seal (if required by your constitution)

Please refer to notes on the back of this form.

Notes

1. 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. A proxy need not be a member.
2. If signed under a power of attorney, please forward the power of attorney for noting (unless already noted).
3. If signed by an executor/executrix of a deceased member, please forward probate or letters of administration for noting (unless already noted).
4. Where there are joint registered holders of any shareholding, only one such registered joint holder need sign the proxy form.
5. If the shareholder is a corporation it will need to appoint:
 - a proxy; or
 - a representative in accordance with section 250D of the Corporations Act 2001 (Cth); or
 - an attorneyin order to be represented at the meeting.
6. If a corporation is appointing a proxy the form must be signed:
 - under the common seal of the corporation; or
 - by two directors or a director and a secretary; or
 - if the corporation has a sole director/secretary, by that director/secretary (and it must state this on the proxy form); or
 - by an attorney or authorised officer.If signed by an attorney or authorised officer of the corporation, the power of attorney or other authority under which the proxy form is signed must be provided.
7. To be effective, duly completed proxy forms, together with any relevant power of attorney, must be received not less than 48 hours before the time for holding the meeting. Please direct proxy forms and any relevant power of attorney to the company's share registry, Computershare Investor Services Pty Limited, Level 2, 45 St George's Terrace, Perth (telephone: (08) 9323 2000, facsimile: (08) 9323 2033).



Wesfarmers Limited

ABN 28 008 984 049

5 November 2003

Dear Employee Share Plan Participant

WESFARMERS CAPITAL RETURN

As you will see from the documentation that has been forwarded to you with this letter, Wesfarmers Limited is proposing that, subject to receiving shareholder approval and a class ruling from the Australian Taxation Office, an amount of \$2.50 per share will be paid to shareholders by way of a capital return.

Employees with shares issued under the employee share plan will be entitled to the capital return in respect of the shares that they hold.

Employees should note however, that while there is an amount outstanding under a loan in respect of their shares, the Trust Deed governing the plan requires the capital return to be applied towards the outstanding balance of the loan. Where the amount applied to the loan is sufficient to pay out the outstanding balance on a loan any surplus will be forwarded to the employee together with an issuer sponsored holding statement in respect of their shares.

Other than returning your proxy, there is nothing that you need to do, the amount of the capital return will be credited directly to your loan account on the payment date.

Yours faithfully

P S GARDINER

SECRETARY

SHARE NOMINEES LIMITED ABN 21 008 906 689

as Trustee for the

WESFARMERS EMPLOYEES INVESTMENT TRUST

All correspondence to:
Computershare Investor Services Pty Limited
GPO Box D182
Perth Western Australia 6840
Enquiries (within Australia) 1300 557 010
(outside Australia) 61 (0) 3 9615 5970
Facsimile 61 (0) 8 9323 2033
www.computershare.com

IMPORTANT NOTICE: This form is provided for Wesfarmers Limited shareholders from whom Computershare has previously received a valid direct credit authority relating to the payment of dividends to enable those shareholders to authorise Wesfarmers Limited to directly credit to their designated account their entitlement to the capital return to be paid if approved by shareholders at the General Meeting to be held on 5 December 2003 (2003 Capital Return). **This form is not a proxy form and will not constitute a "vote" for or against the 2003 Capital Return.**

Any prior instruction or authority given in relation to the payment of a dividend will not suffice to authorise the direct crediting of your entitlement to the 2003 Capital Return to your designated account. This form must be completed to authorise the payment of your entitlement to the 2003 Capital Return to the account previously advised for the payment of dividends.

A. Request for direct crediting of 2003 Capital Return entitlements



Mark "x" in the box in this section and sign in section B below to authorise Wesfarmers Limited to directly credit your entitlement to the 2003 Capital Return into the same account details previously nominated by you for payment of your Wesfarmers Limited dividends. This instruction only applies to the specific holding identified by the SRN/HIN and the name appearing on the front of this form.

If you do not complete this section or this form is incomplete, unsigned or invalid in any other way, or if Wesfarmers Limited in its absolute discretion so decides, you will receive your entitlement to the 2003 Capital Return by cheque.

Neither Wesfarmers Limited nor its share registry (Computershare Investor Services Pty Limited) will be responsible for any delays in crediting your entitlement to the 2003 Capital Return to your nominated account as a result of transaction procedures or errors by any financial institution.

B. Sign here – This section must be signed for your instructions to be executed

I/We authorise you to act in accordance with my/our instructions set out above. I/We acknowledge that:

- (1) these instructions only relate to the payment of entitlements to the 2003 Capital Return; and
- (2) that notwithstanding these instructions Wesfarmers Limited reserves the absolute right to pay my/our entitlement to the 2003 Capital Return by cheque.

Individual or Shareholder 1

Director / Sole Director / Sole Director and
Sole Company Secretary

Shareholder 2 (if joint)

Director / Company Secretary

Shareholder 3 (if joint)

Note: When signed under power of attorney, the attorney states that they have not received a notice of revocation.

Contact Name

Contact Daytime Telephone

Date

Joint Holdings

Where the holding is in more than one name, all of the shareholders must sign.

Power of Attorney

If signed under a power of attorney, you must have already lodged it with the registry. 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 also sign alone. Otherwise this form must be signed by a director jointly with either another director or a company secretary. Please indicate the office held by signing in the appropriate place.

Please return the completed form to:

**Computershare Investor Services Pty Limited
GPO Box D182
PERTH Western Australia 6840**