Wesfarmers Limited

ABN 28 008 984 049

NEWS

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Capital return to shareholders of Wesfarmers Limited

Wesfarmers will make a capital return of $2.50 per fully-paid share – amounting to about $934 million - subject to final approval by the Australian Tax Office and the company's shareholders.

Managing Director Michael Chaney said the capital return was being proposed to return surplus funds to shareholders and to ensure that Wesfarmers maintained an efficient capital structure.

"With our strong earnings and cashflow we are able to return this capital without adversely affecting our ability to grow through acquisition or investments relating to our existing businesses," he said.

"The directors are taking this action to address the company's current low debt level. At 30 June 2003 the net debt to equity ratio stood at 24 per cent. Debt has been further reduced following the sale of the Wesfarmers Landmark rural services business and after taking account of the purchase of Lumley Insurance last month.

"In February this year we began a 12-month on-market buy-back designed to help bring the debt to equity ratio closer to our target level. This will continue to be used when appropriate but it is clear that the buy-back and the earlier suspension of dividend reinvestment will not achieve our objective."

Mr Chaney said that based on discussions held with the Australian Taxation Office the capital return was not expected to be taxable in the hands of most shareholders, but would reduce the cost base of their shares for capital gains tax purposes. A small number of shareholders have a cost base of less than $2.50 and for them an assessable gain may arise.

"Subject to written confirmation by the ATO and the approval of shareholders at a general meeting scheduled for 8 December 2003, shareholders should receive payment about a week before Christmas."

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