



NEWS

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MANAGING DIRECTOR REMUNERATION CHANGES

The Board of Wesfarmers Limited today announced its new remuneration arrangements for the Group's Managing Director, Richard Goyder, reflecting the increased responsibilities the Coles Group acquisition has brought to the role, and following an independent review of his remuneration.

The revised arrangements are heavily focussed upon Mr Goyder meeting consistently strong performance targets and sustained shareholder value, consistent with the Group's objective of 'providing a satisfactory return to shareholders'.

Fixed Annual Remuneration

Mr Goyder will receive a five per cent increase in his fixed annual remuneration, taking it to \$3,150,000 a year effective 1 October 2008.

Annual Incentive

Mr Goyder will also participate in Wesfarmers' annual incentive plan which is directly linked to the short to medium term performance of the Wesfarmers Group, including delivery of the Coles Group turnaround.

This is a change from the previous arrangements and reflects the importance of Mr Goyder's contribution in achieving the successful turnaround of Coles on the overall Wesfarmers Group performance.

Under the revised arrangements, Mr Goyder will be able to earn up to 100 per cent of his fixed remuneration as an annual incentive if performance targets are reached, and up to a maximum of 120 per cent if targets are exceeded.

The annual incentive performance measures will be based on a range of key outcomes, including overall Group performance, progress with the Coles Group turnaround, and other criteria, including safety performance.

Under the new arrangements the Board may from time to time set additional short term performance requirements designed to meet the long term objectives of the Group.

It is Mr Goyder's intention to salary sacrifice any annual incentive into Wesfarmers shares.

Long term Incentive

As part of the review of Mr Goyder's remuneration, the Board has decided to put in place a new long term incentive arrangement which will reward Mr Goyder on achieving high performance targets.

While the annual incentive plan is directly linked to the short term performance of the Wesfarmers Group and progress on the delivery of the Coles Group turnaround, the new long term incentive has been designed to reward growth in returns over the long term.

Mr Goyder's long term incentive will be measured against a return on equity ('ROE') target, and will be determined by reference to the amount the company's sustainable ROE exceeds long term expectations.

ROE is considered to be the best criteria for the long term incentive as it is a key driver of business success, and is clearly linked to shareholder value creation.

Under the arrangement, Mr Goyder will be granted 100,000 performance rights in September 2008, but these will not be able to be exercised and converted to shares for at least three years, and only when and if ROE has grown to a sustained level above that set in the Group's five-year plan. Each performance right will entitle Mr Goyder to one Wesfarmers ordinary share if the performance criteria are met.

Mr Goyder will be granted an additional 100,000 performance rights for each one per cent ROE growth achieved over and above the initial outperformance target and sustained for two consecutive years.

Each performance right relates to one Wesfarmers ordinary share. Mr Goyder will not be eligible to receive dividends, nor will he have any voting rights, until the performance targets are reached, the performance rights are exercised and the shares are allocated to him.

The long term incentive is designed to reward exceptional performance only.

These revised remuneration arrangements are in line with Wesfarmers' key principle that strong or exceptional performance should attract strong rewards, and contain a significant 'at risk' component.

For further information: Mark Triffitt
Executive General Manager, Corporate Affairs
0413 876 810