Wesfarmers
Shareholder Review 2012

Wesfarmers

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About Wesfarmers

Strength through diversity.

From its origins in 1914 as a Western Australian farmers' cooperative, Wesfarmers has grown into one of Australia's largest listed companies. Headquartered in Western Australia, its diverse business operations cover: supermarkets; department stores; home improvement and office supplies; coal mining; insurance; chemicals, energy and fertilisers; and industrial and safety products.

Wesfarmers is one of Australia's largest employers and has a shareholder base of approximately 500,000.

Our objective

Wesfarmers remains committed to providing a satisfactory return to shareholders.

Proud history, strong future

Steeped in a foundation of distribution and retailing since its formation, today Wesfarmers is one of Australia's leading retailers and diversified industrial companies.

Securities exchange listing

Wesfarmers is a company limited by shares that is incorporated and domiciled in Australia. Australian Securities Exchange (ASX) listing codes:

– Wesfarmers (WES)
– Wesfarmers Partially Protected Shares (WESN)

Our people are our most important asset. We are proud to have them as representatives of the Wesfarmers team. This, combined with the strength of our diverse portfolio of businesses, strong commitment and sustainable practices, ensures that we create long-term value – and provide satisfactory returns for our shareholders. This is our story.

Highlights summary

All our business divisions achieved improvements in underlying performance and profits exceeded $2 billion for the first time.

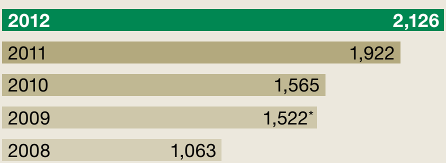
Results summary – year ended 30 June

Key financial data		2012	2011
Revenue	$m	**58,080**	54,875
Earnings before interest and tax	$m	**3,549**	3,232
Net profit after tax	$m	**2,126**	1,922
Dividends	$m	**1,909**	1,735
Total assets	$m	**42,312**	40,814
Net debt	$m	**4,904**	4,343
Shareholders' equity	$m	**25,627**	25,329
Capital expenditure on property, plant and equipment and intangibles	$m	**2,626**	2,062
Depreciation and amortisation	$m	**995**	923
Key share data			
Earnings per share	cents	**184.2**	166.7
Dividends per share	cents	**165.0**	150.0
Net tangible assets per share	$	**4.45**	4.12
Operating cash flow per share	$	**3.15**	2.52
Key ratios			
Return on average shareholders' equity (R12)	%	**8.4**	7.7
Gearing (net debt to equity)	%	**19.1**	17.1
Interest cover (cash basis)	times	**10.8**	9.5

Key financial data

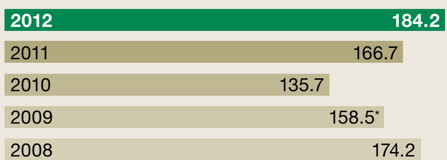
Net profit after tax ($m)

$2,126 million



Earnings per share (cents)

184.2 cents



* Restated for change in accounting policy for Stanwell royalty payment.

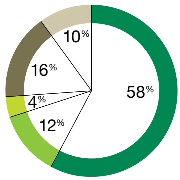
Financial highlights

- Operating revenue of $58.1 billion, up 5.8 per cent
- Earnings before interest and tax (EBIT) of $3,549 million, up 9.8 per cent
- Net profit after tax of $2,126 million, up 10.6 per cent
- Earnings per share of $1.84, up 10.5 per cent
- Operating cash flows of $3,641 million, up 24.8 per cent
- Free cash flow of $1,472 million, up 41.4 per cent
- Fully-franked full-year dividend of $1.65 declared, up 10.0 per cent

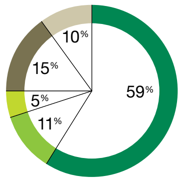
Wealth created by Wesfarmers

- Employees – salaries, wages and other benefits
- Government – tax and royalties
- Lenders – borrowed funds
- Shareholders – dividends on their investment
- Reinvested in the business

2012
$12,280 million



2011
$11,449 million



Operational highlights

- **COLES** achieved strong earnings growth of 16.3 per cent to $1,356 million. Savings generated through improved operating efficiencies supported continued price reinvestment, driving growth in volumes. The continued renewal refurbishment program and the improvement of the store network benefited performance.
- **BUNNINGS** recorded earnings growth of 4.9 per cent to $841 million. This result was underpinned by solid transaction growth from a number of merchandise initiatives, investments in customer service and value, and improvements in the store network.
- **KMART** and **OFFICEWORKS** recorded earnings growth of 32 per cent and 6.3 per cent respectively. Kmart and Officeworks continued to drive higher customer transactions during the year, and Kmart's improvements in product sourcing and stock management supported continued reinvestment in lower prices.
- **TARGET** reported earnings of $244 million, which were in line with last year after excluding a one-off $40 million provision in the current year for future supply chain restructuring. Underlying earnings were maintained through a focus on the profitability of promotions and lower levels of clearance.
- **INSURANCE** earnings were $5 million after increasing reserve estimates for the February 2011 Christchurch earthquake by $108 million. Excluding this event, earnings were ahead of last year due to reduced catastrophe claims expenses in underwriting and growth in broking.
- **RESOURCES** earnings increased by 19.0 per cent to $439 million due to higher export coal prices in the first half and improved sales volumes in the second half following the completion of expansion projects at the Curragh and Bengalla mines.
- **CHEMICALS, ENERGY AND FERTILISERS** reported earnings of $258 million. Earnings were supported by higher pricing and good plant production performances in the chemicals business and increased fertiliser sales.
- **INDUSTRIAL AND SAFETY** delivered a good result, with earnings increasing by 14.5 per cent to $190 million, supported by strong demand from the resources and engineering construction sectors and an enhanced competitive position.

Dividends per share (cents)
165 cents

2012	**165**
2011	150
2010	125
2009	110
2008	200

Operating cash flow ($m)
$3,641 million

2012	**3,641**
2011	2,917
2010	3,327
2009	3,044
2008	1,451

Chairman's message

Our objective must be to ensure Wesfarmers is successful in a sustainable way for our shareholders, our employees, our customers and suppliers.

It gives me great pleasure to introduce the 2012 Wesfarmers annual report in a year when our profit exceeded $2 billion for the first time. It is a milestone which reflects the continued strength of our business model and the tremendous expertise and capacity for hard work residing in our employee teams across our eight business divisions.

Ever since Wesfarmers became a listed company, it has been our stated objective to provide a satisfactory return to shareholders. That remains, and will continue to remain, the central focus of our efforts. In 2012, we recorded a six per cent increase in operating revenue to $58 billion, and a 10.6 per cent increase in after tax profit. In a year in which caution and uncertainty marked consumer and investor sentiment in Australia, that is a good performance.

The directors were able to declare a fully-franked dividend of 95 cents per share at year's end, taking the full-year dividend to $1.65, up from $1.50 per share fully-franked in 2011.

That result is very pleasing, and demonstrates yet again the benefits of being a diversified conglomerate.

Business performance

While there has been a lot of focus on the performance of the former Coles Group businesses since we acquired them in 2007, I am delighted to point out that many of our established Wesfarmers businesses have continued to perform very well and make significant contributions to the Group's results.

Bunnings has continued to deliver outstanding results in generally tighter trading conditions.

Industrial and Safety continued its path of ongoing improvement and increased its profit and return on capital from previous years.

Wesfarmers Chemicals, Energy and Fertilisers had a solid year with Board approval given and construction now underway on the $550 million expansion of the ammonium nitrate facility at Kwinana, Western Australia.

Our Resources division reported a 19 per cent increase in earnings and improved sales volumes in the second half after completion of expansion projects at both Curragh and Bengalla.

Our Insurance businesses had a very difficult year with the February 2011 earthquake in Christchurch, New Zealand, having a major impact on the performance of the Insurance division.

I am especially pleased at the improvement shown in all the former Coles Group businesses and at how these businesses represent further improvement opportunities and a platform for more growth.

Wesfarmers has outperformed the market since the acquisition of Coles as confidence in the turnaround has increased.

Businesses sold

During 2012 we sold three businesses: the Premier Coal mine in Collie, Western Australia; the enGen regional power generation business, also in Western Australia; and the gas distribution business in Bangladesh. We were pleased with the outcomes of the sale processes, believing good prices were obtained for our shareholders. I would like to put on record my thanks and appreciation to the employees at these businesses for the contribution they have made to our company and for the way they conducted themselves while the sales were being progressed.

Sustainability

Our objective must be to ensure Wesfarmers is successful in a sustainable way, not only for the benefit of our half-a-million shareholders, but for our 200,000 employees, millions of customers and thousands of suppliers in the communities in which we operate right across Australia and New Zealand.

Good safety is good business and financial results will not be sustainable if we do not do everything to ensure safety is part of daily work. Our safety performance is improving, but we still have a long way to go on this critical measure of our success as a company. I am pleased that the leadership team has set up a group, led by John Gillam, to benchmark our safety performance across all aspects of the Wesfarmers business against the best in the world.

The team consists of individuals from all the divisions. The project will look at how we compare with best practice around the world but, more importantly, look at how we can take the best learnings from companies within the Group and across the world to improve our own safety performance.

One of the big challenges thrown out to businesses in Australia recently has been the decision by the federal government to put a price on carbon. No business looks forward to additional cost burdens, but I am pleased to tell you about how our company has responded.

The *National Greenhouse and Energy Reporting Act 2007* emissions for Wesfarmers Limited in 2011 were 5.04 million tonnes. Despite the fact that our businesses have grown in the just completed financial year, our greenhouse emissions have declined to approximately 4.67 million tonnes. I believe this is a remarkable accomplishment and is a tribute to the way we have worked in previous years to position ourselves for what we considered to be an inevitable price on carbon in the Australian economy.

The major reasons for the reduction were energy efficiency investments, especially at Coles, and nitrous oxide emission abatement at our Chemicals, Energy and Fertilisers business' nitric acid plants. Incidentally, if Premier Coal, enGen and the gas distribution business in Bangladesh were still within the Group, our 2012 emissions would have been about 4.9 million tonnes, still a decrease from 2011.

Total electricity use around the Group was lower in 2012 than in 2011, despite an increase in our retail floor space and the size of our businesses in general.

The Board

I would like to thank my Board colleagues for their hard work and support throughout the year. Although we had no departures from or new appointments to the Board during the 2012 financial year, we have made provision in our remuneration settings for the potential expansion of the Board's numbers.

While the Board continues to believe our current size is appropriate for Wesfarmers, the proposed increase is intended to provide sufficient 'headroom' to appoint up to two additional members to allow for effective Board succession over the next two to three years.

Investing for the future

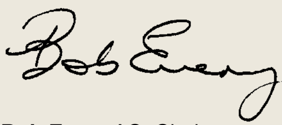
We have every reason to be confident about the future and that confidence is reflected in our capital expenditure decisions. Net capital expenditure for 2012 was $2.35 billion, which represents a substantial investment in growth.

Significant capital expenditure projects for the year included continued investment in our retail store networks, completion of production expansions in our coal businesses, and commencement of the ammonium nitrate expansion project in the chemicals business.

On behalf of the Board I would like to thank all of our 200,000 employees for their dedication and hard work that has translated into a good performance for the past financial year. We have an excellent culture within the company and the Board is determined to maintain and sustain this strong culture.

There is no doubt that external factors will continue to challenge our company but, under Richard Goyder's excellent leadership and his strong management team, I believe Wesfarmers is well-placed to meet those challenges and continue to prosper in the interests of our shareholders and the wider communities of Australia and New Zealand.

Finally, my thanks go to you, our shareholders. Wesfarmers exists for your benefit and the Board and entire leadership are grateful for your ongoing support of this great company.



Bob Every AO, Chairman

Managing Director's review

Wesfarmers is well-placed to grow and create value for all our stakeholders due to the strength of our businesses, our balance sheet and the quality of our people.

At Wesfarmers, we are fortunate to have a great portfolio of assets, a very strong balance sheet and, most importantly, a team of talented and enthusiastic employees. Thanks to their efforts, your company has enjoyed a year in which we returned profits of more than $2 billion for the very first time and lifted our dividends to shareholders by 10 per cent over the previous year.

We had turnover of $58 billion for the year. Our profit after tax was $2,126 million, up 10.6 per cent, and our earnings before interest and tax, which is how we measure the divisional performance, was more than $3.5 billion. Our earnings per share were up and our cash flows were very strong.

In an underlying profit sense, every one of the eight divisions recorded increased earnings compared to last year, which is a really outstanding outcome in an environment that has been challenging economically in Australia.

Business divisions

Coles achieved strong earnings growth of 16.3 per cent to $1,356 million, building on the 21.2 per cent earnings growth achieved last year. Savings generated through improved operating efficiencies supported continued price reinvestment during the year, driving growth in volumes and profitability. The continuation of the renewal refurbishment program and the improvement of the store network further benefited performance in the year.

Bunnings' earnings increased 4.9 per cent to $841 million which represented another good result for the business. In tighter trading conditions, this result was underpinned by solid transaction growth from a number of merchandise initiatives and investment in customer service and value. Earnings were further supported by cost management initiatives and the improvement of the store network.

Officeworks' earnings increased 6.3 per cent to $85 million. The focus on the strategic agenda of the business continued to drive transaction growth during the year, offsetting heavy deflation and generally challenging trading conditions, particularly in technology-related areas.

Kmart achieved pleasing growth in earnings for the year, up 31.4 per cent to $268 million. Improvements in range, together with better sourcing and stock management, continued to drive business efficiencies and support reinvestment in lower prices that were positively received by customers. Kmart has now achieved 10 consecutive quarters of growth in transactions and units sold.

Target's reported earnings of $244 million include a one-off $40 million provision in the current year for future supply chain restructuring. Excluding this provision, Target's earnings of $284 million were just above the prior year, despite difficult trading conditions, particularly in consumer electronics. Underlying earnings were maintained through a focus on the profitability of promotions and lower levels of clearance activity due to better inventory management.

The **Insurance** division reported earnings of $5 million after increasing reserve estimates for the 22 February 2011 Christchurch earthquake by $108 million during the year. Excluding this event, underlying earnings were ahead of last year.

The **Resources** division's earnings increased 19.0 per cent to $439 million. The major driver of the result was increased revenue due to higher export coal prices in the first half, and improved sales volumes in the second half, following the completion in the fourth quarter of expansion projects at the Curragh and Bengalla mines.

Higher revenue was partially offset by extra costs associated with flood recovery efforts, one-off mine expansion preparation costs and higher government royalties.

The **Chemicals, Energy and Fertilisers** division reported earnings of $258 million, representing growth of 7.1 per cent after excluding $42 million of insurance proceeds in the prior year related to the 2009 Varanus Island gas outage. Earnings were supported by higher prices in the chemicals business and increased fertiliser sales, which offset a lower contribution from Kleenheat Gas and the loss of earnings from the enGen business following its divestment in August 2011.

The **Industrial and Safety** division delivered a good result, with earnings increasing by 14.5 per cent to $190 million, supported by strong demand from the resources and engineering construction sectors, and an enhanced competitive position.

Other businesses' earnings were broadly in line with last year with lower interest revenue and a $15 million expense associated with non-trading items largely offset by a reduction in the Group's self-insurance expense. Non-trading items for the year included a $181 million non-cash writedown in the carrying value of Coregas, which was partially offset by gains on asset sales totalling $166 million.

Management change

During the year, Dene Rogers replaced Launa Inman as Managing Director of Target. Dene has extensive retailing experience from North America and has been making encouraging progress with several major initiatives in what has been a difficult retail environment for Target.

I would like to sincerely thank Launa Inman for her significant contribution to Target as its Managing Director for seven years, and for her support during the four years of Wesfarmers ownership.

Innovation

One of our key values as a company is boldness. In order to progress and provide better products and services to our customers, and to win the battle against our competitors, we have to be prepared to be bold by innovating and being creative. During the year we launched the Wesfarmers Innovation Awards, an initiative that came from the Leadership Conference two years ago. We had outstanding applicants and winners for these awards. I have had the great privilege of meeting these teams and congratulating them. The depth of innovation underway across the Group is encouraging.

Suppliers

There has been a lot of public comment this year on Wesfarmers' relationship with our suppliers through the Coles business. This is an issue we take very seriously. We know Coles is a big player and that we buy a lot of product from Australian suppliers and producers. We provide an important way of getting to market.

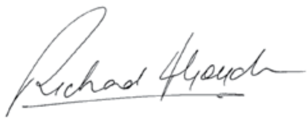
Coles, a once iconic Australian business, was in steep decline prior to our acquisition. When we walked into the business we had a product range that was unwieldy and extensive. We had to get a better range for our customers and increase the efficiency and cost-competitiveness of our supply chain. In that turnaround process, it was inevitable that some suppliers would miss out.

We now purchase $1.6 billion per annum more from Australian primary producers than we did when we took control of the business in 2007. We are committed to outcomes that are beneficial for our shareholders and suppliers.

Looking ahead

Wesfarmers is well-placed to grow and create value for all our stakeholders due to the strength of our businesses, our balance sheet and the quality of our people. We will continue to invest to grow our existing businesses and we have the capacity to further add to the portfolio should suitable opportunities arise. As always, we will be patient and disciplined, and endeavour to make decisions which are in the long-term interests of all our stakeholders, particularly you, our owners.

The leadership team has a very positive working relationship with Bob Every and the Board and we thank them for that.



Richard Goyder
Managing Director

Finance Director's review

Cash flow from operations increased by 24.8 per cent to $3,641 million and was driven by strong earnings growth and effective working capital management.

Results overview

Net profit after tax for the Group in the 2012 financial year of $2,126 million was 10.6 per cent ahead of last year.

Earnings per share of 184.2 cents were up 10.5 per cent on last year, in line with earnings growth, and average return on equity increased to 8.4 per cent from 7.7 per cent in the previous year.

Cash flow

Cash flows from operations of $3,641 million for the year were 24.8 per cent higher than last year, representing a cash realisation ratio of 117 per cent. Operating cash flows during the year were supported by earnings growth and improved working capital performance, particularly across the Group's retail businesses.

The Group continued to invest strongly in capital expenditure over the year in order to drive future growth. Net capital expenditure of $2,351 million, which included a $245 million contribution from property sales in Coles and Bunnings, was up 27.4 per cent on last year.

Significant capital expenditure projects during the year included continued retail network expansion and refurbishment activity, completed production expansions of the Curragh and Bengalla coalmines and the commencement of the ammonium nitrate capacity expansion in the chemicals business.

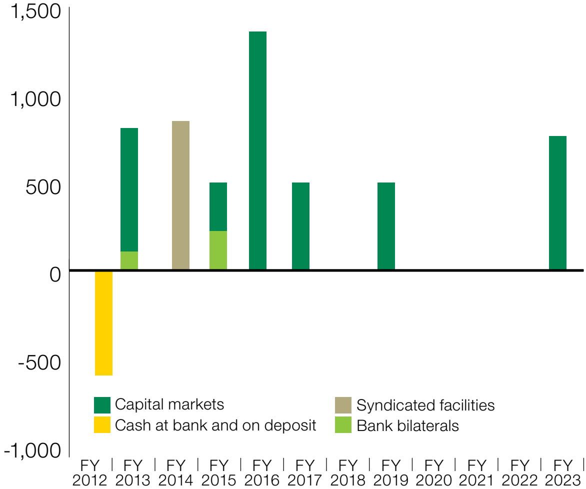
It is expected that the current phase of strong capital investment will continue in the 2013 financial year through plans to further improve and grow retail store networks and progress the 260,000 tonne ammonium nitrate expansion at Kwinana, Western Australia. Proceeds from the sale of businesses of $402 million, predominantly from the sales of the Premier Coal mine and the enGen business, offset higher net capital expenditure, resulting in a 41.4 per cent increase in free cash flows to $1,472 million. Cash dividends paid increased to $1,789 million from $1,557 million in the previous year.

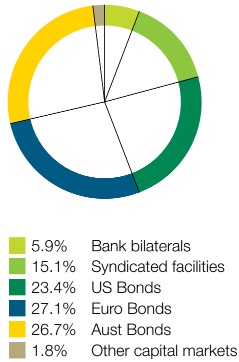
Balance sheet

The strength of the balance sheet was maintained during the year, as evidenced by improvements in all key liquidity ratios. Total net debt at 30 June 2012 increased to $4,904 million (from $4,343 million 12 months earlier) reflecting the Group's growth in capital investment. Despite this increase, finance costs for the Group declined by 4.0 per cent to $505 million for the year, following successful refinancing initiatives and the progressive expiry of pre-global financial crisis interest swap hedges.

Total property, plant and equipment increased over the year, from $8,302 million to $9,463 million as at 30 June 2012, due to capital investment being well ahead of depreciation and amortisation. Strong working capital management, particularly in the retail divisions, kept capital employed in this area to a similar level to last year, despite the increased sales activity and retail footprint.

Average debt tenor of 3.8 years across diversified sources of debt





Note: Amounts shown and average tenor based on the drawn amount at balance date of 30 June 2012, adjusted for 10 year bond issued August 2012.

Detailed impairment testing of non-current assets, including goodwill and other intangible assets recognised on business acquisitions, was carried out during the year. External experts were engaged to provide support on model inputs including discount rates and long-term growth rates. Non-cash impairment charges totalling $197 million were made during the year, compared to $27 million in the prior year. The current year's impairment charge was mainly due to a non-cash writedown in the carrying value of Coregas as a result of BlueScope Steel Limited's restructure of its Port Kembla operations. In all other cases, recoverable amounts of non-current assets determined for impairment testing exceeded their carrying values. Future impairment testing of non-current assets remains sensitive to changes in general trading conditions and outlook, as well as discount rates.

Debt management

The Group aims to maintain a strong investment-grade rating through prudent balance sheet management. The Group's credit ratings remained unchanged at A- (stable outlook) for Standard & Poor's and Baa1 (positive outlook) for Moody's.

During the year the Group continued to proactively diversify its funding sources and extend its debt maturity profile. Refinancing activity included two $500 million domestic bond issues, comprising a five year issue in November 2011 and a seven year issue in March 2012.

The proceeds of these issuances were utilised to fund maturing bank debt and general business requirements, which resulted in a lengthening of the Group's average tenor to 3.8 years across well diversified sources of debt.

As at 30 June 2012, the Group had available to it $598 million in cash at bank and on deposit and $2,298 million in committed but undrawn bank facilities.

Strong operating performance and debt management initiatives resulted in improvements in the Group's fixed charges cover ratio to 2.8 times, up from 2.7 times a year ago, and the cash interest cover ratio to 10.8 times, up from 9.5 times. Refinancing initiatives contributed to a one percentage point decrease in the weighted average cost of debt to 7.8 per cent compared to 8.8 per cent last year.

In August 2012, the Group raised €650 million in European debt capital markets through its first ten year bond issue, further confirming debt investors' confidence in the Group's businesses and balance sheet.

Equity management

Over the year shares on issue were stable, with 1,157 million shares on issue at 30 June 2012, made up of 1,007 million ordinary shares and 150 million partially-protected ordinary shares.

Dividend policy

Wesfarmers' dividend policy seeks to deliver growing dividends over time, with the declared amount reflective of the Group's current and projected cash position, profit generation and available franking credits. Consistent with this policy, a fully-franked, full-year dividend of 165 cents per share was declared, an increase of 10.0 per cent on last year. The final dividend, to be paid on 28 September 2012, is not provided for in the accounts. Given a preference by many shareholders to receive dividends in the form of shares, the directors decided to continue the operation of the Dividend Investment Plan (the Plan). No discount applies to shares allocated under the Plan and in recognition of the Group's capital structure and strong balance sheet, all shares issued under the Plan will be acquired on-market by a broker and transferred to participants.

Risk management

The Group maintains and adheres to clearly defined policies covering areas such as liquidity risk, market risk (including foreign exchange, interest rate and commodity price risk) and credit risk.

It is, and has been throughout the year, the Group's policy that no speculative trading in financial instruments be undertaken.

The main sources of foreign exchange risk include: the sale of export coal, denominated in US dollars; purchases in foreign currency, mainly retail inventory in US dollars; and current US dollar and Euro denominated debt. Businesses exposed to foreign exchange risk use forward contracts to minimise currency exposure. US dollar and Euro denominated debt and associated interest costs are fully hedged at the time the debt is drawn down. The Group uses interest rate and cross currency interest rate swaps to manage interest rate risk. Interest rate swaps covering $2.2 billion of debt are currently in place for the 2013 financial year. The annual corporate planning process includes an established framework for assessing broad business risk as well as considering appropriate risk mitigation strategies.

Internal control and assurance

The Group maintains an internal audit function with a Group-wide mandate that is fully independent of the business operations to monitor and provide assurance to the Board's Audit Committee and ultimately the Board as to the effectiveness of risk management and internal control systems. The annual internal audit plan is developed within a combined assurance framework and applies a risk-based methodology to ensure that the Group's key risks are appropriately and regularly reviewed.

The internal audit plan is approved by the Board. The internal audit function delivers the approved internal audit plan by engaging a single outsource audit provider. As part of the annual operating cycle, each business is also required to review and report on: legal liabilities; financial controls; information systems; environment, health and safety planning; risk assessment and mitigation; and post implementation reviews on all major capital investment expenditure.

Terry Bowen
Finance Director

Divisional review summary

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Coles

The Coles turnaround produced strong trading results in 2012 by improving quality, service and value. The business achieved its thirteenth quarter of industry out-performance.

Activities

- National full service supermarket retailer operating 749 stores
- Liquor retailer operating three brands through 792 liquor outlets, as well as 92 hotels
- National fuel and convenience operator managing 627 sites
- More than 18 million customer transactions each week
- Employing more than 100,000 team members

Year in brief

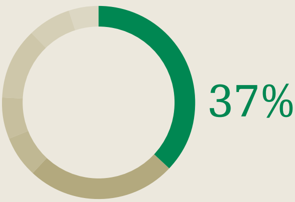
- Full-year revenue of $34.1 billion
- EBIT of $1,356 million
- Food and liquor store sales growth of 4.6 per cent, with comparable store sales growth of 3.7 per cent[1]
- 13 consecutive quarters of industry out-performance
- Continued focus on quality, service and value
- 108 new format supermarket stores delivered during the year and 252 since the Coles acquisition
- Easy ordering and easy warehousing complete
- Responsible sourcing initiatives on track
- Loyalty program reinvigorated
- Improved safety performance

Future directions

- Enter second wave of transformation
- Further improvements in quality and value
- Investment in store network and multi-channel offer
- Relentless focus on generating savings through efficiency
- Continued cultural transformation

1 For the 52 week period 27 June 2011 to 24 June 2012.

Contribution to operating divisional EBIT

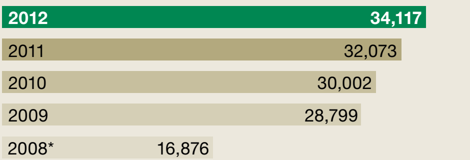


The business

Coles is a leading food, liquor and convenience retailer, with a presence in every Australian state and territory. The business operates more than 2,200 retail outlets across Coles, BiLo, First Choice Liquor, Liquorland, Vintage Cellars, Coles Express and Spirit Hotels.

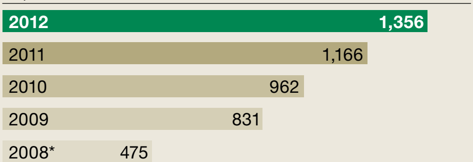
Revenue ($m)

$34,117



EBIT ($m)

$1,356

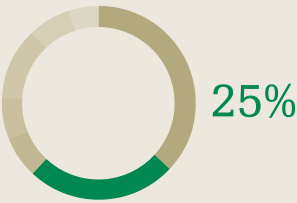


* For the ownership period from 23 November 2007 to 30 June 2008.

Home Improvement and Office Supplies

Bunnings and Officeworks are the leading retailers in home improvement and office supplies products in Australia.

Contribution to operating divisional EBIT



The business

Bunnings is the leading retailer of home improvement and outdoor living products in Australia and New Zealand and a major supplier to project builders, commercial tradespeople and the housing industry. Officeworks is Australia's leading retailer and supplier of office products and solutions for home, business and education.

Revenue ($m) $8,644

2012	8,644
2011	8,251
2010	7,822
2009	7,151
2008*	6,160

EBIT ($m) $926

2012	926
2011	882
2010	802
2009	724
2008*	625

* Officeworks' contribution for the ownership period from 23 November 2007 to 30 June 2008.

Activities

- **Bunnings:** Retailing home improvement and outdoor living products and servicing project builders, commercial tradespeople and the housing industry across Australia and New Zealand
- **Officeworks:** Retailer and supplier of office products and solutions for home, business and education across Australia

Year in brief

Bunnings

- 5.6 per cent increase in revenue
- 4.9 per cent increase in EBIT
- Growth in consumer and commercial sales
- 13 new Bunnings Warehouse stores opened
- One smaller format Bunnings store opened
- Two new trade centres opened

Office Supplies

- 0.7 per cent increase in revenue
- 6.3 per cent increase in EBIT
- Strong online sales growth from 'every channel' strategy
- Six new stores, six full store upgrades
- Good progress on actions to improve the customer offer

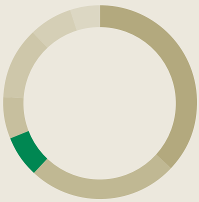
Future directions

- **Bunnings:** Growth to be achieved through increased service levels, category development, network expansion and reinvestment, an improved light and heavy commercial offer, and through investment of productivity gains in lower prices to drive volume
- **Office Supplies:** Continued growth from improving the customer offer and expanding and renewing the network. Increasing business-to-business sales and more online initiatives remain high priorities. Ongoing investment in the development of the Officeworks team will underpin all strategic initiatives

Target

Target's four-year transformation journey began with early success from communicating value to customers and improving the profitability of promotions.

Contribution to operating divisional EBIT



7%

The business

Target is a mid-tier retailer, aimed at offering customers value through style, quality and an enhanced in-store and online experience.

Revenue ($m)

$3,738

2012	**3,738**
2011	3,782
2010	3,825
2009	3,788
2008*	2,198

EBIT ($m)

$244

2012	**244**
2011	280
2010	381
2009	357
2008*	221

* For the ownership period from 23 November 2007 to 30 June 2008.

Activities

- Mid-tier retailer offering superior value through style, quality, experience
- Customer destination for fashionable clothing, underwear, footwear and accessories for women, children and men, in addition to homewares, entertainment and general merchandise
- Network of 301 stores located throughout regional and metropolitan Australia
- Online store that now offers free delivery to store via click and collect

Year in brief

- Full-year revenue of $3.7 billion
- $284 million EBIT (excluding a $40 million restructuring provision), with EBIT margin of 7.6 per cent
- Comparable store sales decrease of 2.1 per cent[1], with an improved second half performance due to the 2012 mid-year toy sale brought forward to June
- Four year transformation journey started
- Number of items available for sale online increased from 6,000 to 36,000 in six months, with plans to grow to 60,000 in 12 months
- 12 new stores and 26 stores upgraded

Future directions

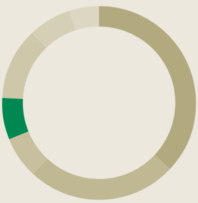
- Customer remains the first priority in decision making which will inform the transformation initiatives to build a sustainable growth company
- Continued expansion of online range and functionality to world class
- Investment in systems to support improvement in stock planning, replenishment, supply chain and buying processes
- 10 new stores and four replacement stores to be completed in 2013

1 For the 52 weeks from 26 June 2011 to 23 June 2012.

Kmart

Kmart achieved strong EBIT growth, with 10 consecutive quarters of growth in customer transactions and units sold.

Contribution to operating divisional EBIT



7%

The business

Kmart is one of Australia's largest retailers with 185 stores throughout Australia and New Zealand, product sourcing offices in Hong Kong, China, Bangladesh and India, and more than 28,000 team members.

Revenue ($m)

$4,055

2012	4,055
2011	4,036
2010	4,019
2009	3,998
2008*	2,454

EBIT ($m)

$268

2012[1]	268
2011[1]	204
2010[1]	196
2009	109
2008*	111

* For the ownership period from 23 November 2007 to 30 June 2008.

1 2012 includes $2 million earnings related to Coles Group Asia overseas sourcing operations (2011: $3 million; 2010: $6 million).

Activities

- Kmart is committed to offering its customers low prices on all products every day, right across its network of 185 stores throughout Australia and New Zealand
- Categories include menswear, womenswear, childrenswear, beauty, footwear, toys and sporting, events and food, entertainment, newsagency and home
- Kmart Tyre & Auto Service is one of Australia's largest retail automotive service, repair and tyre businesses with 260 stores

Year in brief

- Full-year revenue of $4.1 billion
- EBIT of $266 million[1]
- The 'OK' campaign, highlighting Kmart's everyday low prices, was well received by customers
- Comparable store sales[2] for the year were in line with last year's result
- The business is continuing to operate on an everyday low-priced model
- Strong continued growth in volumes and customer transactions
- One new Kmart store opened during the year
- Six Kmart store refurbishments completed
- 238 Kmart Tyre & Auto Service stores re-imaged during the year

Future directions

- Continue to lead on price
- Continue to source more products directly to keep costs down
- Continue to drive prices down for Australian and New Zealand families
- Continue to improve the flow of stock and reduce out of stocks
- Continue to improve product ranges that connect with customers
- Continue to search for new and fresh products that customers want
- Continue to refurbish stores and open new sites

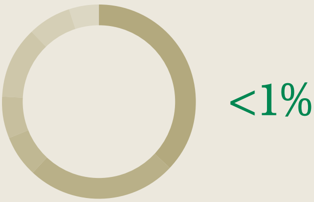
1 Excludes $2 million earnings related to Coles Group Asia overseas sourcing operations.

2 For the 52 weeks from 27 June 2011 to 24 June 2012.

Insurance

Wesfarmers Insurance delivered on rate increases, exposure management and made solid progress with efficiency initiatives that have set the business up for the year ahead.

Contribution to operating divisional EBIT

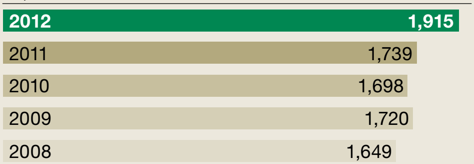


The business

Wesfarmers Insurance provides insurance and risk management solutions to corporates, small-to-medium-sized businesses, not-for-profit organisations and individuals across Australia, New Zealand and the United Kingdom.

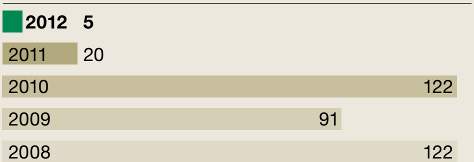
Revenue ($m)

$1,915



EBIT ($m)

$5



Activities

- Key brands: Lumley, WFI, OAMPS and Crombie Lockwood
- Provision of general insurance products
- Insurance broking, risk management and financial services distribution
- Operations in Australia, New Zealand and the United Kingdom

Year in brief

- 10.1 per cent increase in revenue to $1.9 billion
- EBIT of $5 million, adversely affected by a $108 million increase in claims reserves associated with the Christchurch earthquake
- 18.7 per cent growth in broking income, reflecting solid sales growth in core business and the successful integration of acquired businesses
- Gross earned premium growth of 9.1 per cent achieved
- Strong premium rate increases achieved in Australia and New Zealand
- Targeted reduction in exposures to higher hazard regions and industries
- Strong growth in Coles home and motor insurance
- IT investment, claims optimisation and efficiency initiatives delivering value

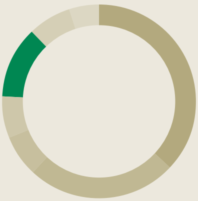
Future directions

- Continue improvements in the underlying underwriting performance
- Continue to grow broking platform through acquisitions and sales optimisation
- Continue to grow and expand capabilities in personal lines
- Strive to consistently deliver outstanding client service across all businesses
- Invest in the development of employees

Resources

Stronger first half export coal prices, plus increased production and sales volumes upon completion of mine expansion projects during the second half saw earnings increase 19.0 per cent on the previous year.

Contribution to operating divisional EBIT



12%

The business

Wesfarmers Resources is a significant Australian open-cut miner, with investments in two world-scale coalmines.

Revenue ($m)

$2,132

Year	Revenue ($m)
2012	2,132
2011	1,778
2010	1,416
2009	2,411
2008	1,311

EBIT ($m)

$439

Year	EBIT ($m)
2012	439
2011	369
2010	165
2009	885
2008	423

Activities

- Australian open-cut miner with investments in coal mining:
  - » Curragh, Queensland (100 per cent) – metallurgical coal for export and domestic markets
  - » Bengalla, New South Wales (40 per cent) – export steaming coal for Asian market
- Mine operation and development

Year in brief

- 19.9 per cent increase in revenue to $2.1 billion
- EBIT up 19.0 per cent to $439 million
- Curragh metallurgical coal export sales up 34.1 per cent to 7.2 million tonnes
- Significant second half improvement in Curragh's mine cash costs
- Record fourth quarter production and sales from both mines as current 'Stage One' mine expansions completed
- Feasibility studies into next-stage expansions of export capacity at both Curragh and Bengalla continuing
- Second half decline in export coal prices
- Premier Coal (WA) divested 30 December 2011: profit on sale of $98m (not included in operating results)

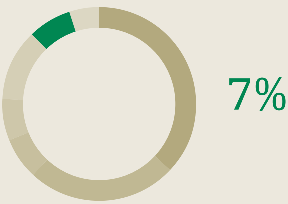
Future directions

- Focus on future growth – maximise exports
- Feasibility study continuing to expand Curragh further from 8.0-8.5 to 10 million tonnes annual metallurgical export capacity (plus continuation of existing 3.5 million tonnes steaming coal annual production capacity)
- Feasibility study continuing to expand Bengalla to 10.7 million tonnes annual Run of Mine capacity (100 per cent basis)
- Strong business sustainability commitment
- Short-term global economic uncertainty, but longer term strong export market fundamentals and customer demand

Chemicals, Energy and Fertilisers

The division reported a strong result for the year and commenced construction of its ammonium nitrate expansion in Western Australia.

Contribution to operating divisional EBIT



The business

The activities of Wesfarmers Chemicals, Energy & Fertilisers include the manufacture and marketing of chemicals for mining, minerals processing and industrial sectors through CSBP, Australian Gold Reagents (75 per cent owned), Queensland Nitrates (50 per cent owned) and Australian Vinyls.

Revenue ($m)

$1,786

2012	**1,786**
2011	1,641
2010	1,570
2009	1,760
2008	1,562

EBIT ($m)

$258

2012	**258**
2011	283
2010	196
2009	127
2008	214

Activities

- Manufacture and marketing of chemicals for mining, minerals processing and industrial sectors
- Production, marketing and distribution of liquefied petroleum gas (LPG) and liquefied natural gas (LNG)
- Importation, manufacture and marketing of broadacre and horticultural fertilisers
- Manufacture, marketing and distribution of industrial, medical and specialty gases

Year in brief

- 8.8 per cent increase in revenue to $1.8 billion
- 7.1 per cent increase in EBIT (excluding insurance proceeds from the 2009 Varanus Island gas disruption claims) to $258 million
- Construction underway for $550 million expansion of current ammonium nitrate production capacity
- Sale of enGen, remote power generation business in August 2011, and Bangladesh LPG joint venture in January 2012

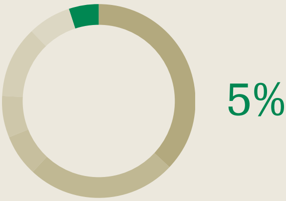
Future directions

- Ammonium nitrate expansion on track to be operational in 2014
- Completion of detailed engineering to debottleneck sodium cyanide production
- Seek to grow sales of LPG and manage the impact of increased gas costs and lower LPG content
- Continue development of the LNG business
- Enhance fertiliser earnings through market-focused customer offers
- Continuing strong demand for chemicals; ammonia earnings increasingly dependent on international ammonia pricing following transition to import parity pricing

Industrial and Safety

Strong sales and earnings momentum supported by strong delivery performance and customer service.

Contribution to operating divisional EBIT

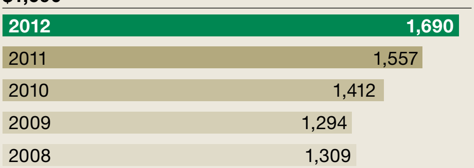


The business

Wesfarmers Industrial and Safety is the leading provider of industrial and safety products and services in Australia and New Zealand. It services customers across mining, oil and gas, construction and infrastructure, retail, manufacturing, health and government.

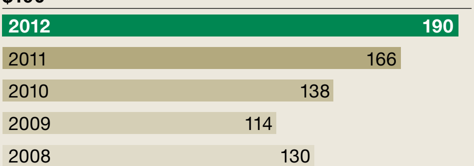
Revenue ($m)

$1,690



EBIT ($m)

$190



Activities

- Leading provider of industrial and safety products and services in Australia and New Zealand to a wide range of customers
- Strong focus on security of supply to customers of broadest product range
- Cost efficiency to customers through local and global procurement, supply chain and eBusiness solutions

Year in brief

- 8.5 per cent increase in revenue to $1.7 billion
- EBIT increased by 14.5 per cent
- Strongest results in Blackwoods, Protector Alsafe and Bullivants
- Strong contract, projects, services and eBusiness growth
- Increased industry diversification
- Opened a Blackwoods branch in Indonesia
- Restructured Coregas, Total Fasteners and Blackwoods Tasmania
- Improvement in Coregas, increased collaboration with other businesses in the division
- Operational and capital management contributing to improved returns
- Non-cash writedown in the carrying value of Coregas of $181 million (not included in operating results)

Future directions

- Move to a more customer centric organisation
- Grow share of customers' products and services spend
- Invest in developing people and broaden the talent pool
- Continue to improve portfolio performance and efficiency through technology
- Develop new growth platforms, ongoing revenue diversification
- Growth through acquisitions

Other activities

Wesfarmers is also a major investor in Gresham Partners, Wespine Industries and BWP Trust.

Gresham Partners

Wesfarmers has a 50 per cent shareholding in Gresham Partners Group Limited, the holding company for the Gresham Partners investment banking operations. Gresham is a leading independent investment house focused primarily on the provision of financial advisory services, structured finance, and property and private equity funds management.

In addition, Wesfarmers is a participant in the Gresham Private Equity wholesale investment funds with underlying investments in mining services, retail, logistics and other specialist sectors.

During the 2012 financial year, Wesfarmers' investment in Gresham Private Equity Funds recorded a loss of $55 million due to downward non-cash revaluations following a difficult year for some of the funds' trading businesses and generally lower industry valuation multiples.

Gresham participated in a number of significant corporate advisory transactions during the year, including mergers and acquisitions, corporate restructurings and refinancings on behalf of a range of domestic and international clients.

Its property funds management business, which is the manager of three established funds with total capital commitments of more than $227 million, continued to support a range of projects primarily in New South Wales, Victoria and Queensland.

Wespine Industries

The 50 per cent-owned Wespine Industries, which operates a plantation softwood sawmill in Dardanup in Western Australia, contributed earnings of $5 million after tax, a 28.6 per cent decrease on last year. Sales volume in the second half were constrained by weak Western Australian house construction activity, combined with continued import competition driven by the strong Australian dollar and a global softwood timber supply surplus. An improved safety performance was achieved during the year with no lost time injuries and a 35 per cent reduction in the number of total recordable injuries. Wespine is targeting a further reduction in total recordable injuries in the coming year.

The local housing market is forecast to improve during the coming year, but with continued import competition and subdued housing construction in overseas markets, is expected to see a continuation of the challenging market conditions.

BWP Trust

Wesfarmers' investment in BWP Trust contributed earnings of $16 million, compared to $19 million recorded last year.

The Trust was established in 1998 with a focus on warehouse retailing properties and, in particular, Bunnings Warehouses leased to Bunnings Group Limited. BWP Management Limited, the responsible entity for the Trust, is a wholly-owned subsidiary of Wesfarmers Limited.

Units in the Trust are listed on the Australian Securities Exchange and Wesfarmers holds, through a wholly owned subsidiary, 23.5 per cent of the total units issued by the Trust.

During the 2012 financial year, the Trust completed the acquisition of three new Bunnings Warehouses, and construction of two new Bunnings Warehouses on existing development sites. The Trust also sold the Bunnings Warehouse at Hoppers Crossing in Victoria, realising a capital profit of $6.2 million, which was distributed to unit holders via a special distribution.

The Trust's current portfolio consists of a total of 72 properties: 62 established Bunnings Warehouses; four Bunnings Warehouses with other showrooms; one Bunnings distribution centre; one development site for a Bunnings Warehouse; three office/warehouse industrial properties; and one retail/bulky goods showrooms complex.

Sustainability summary

Sustainability is integral to how we do business, and we continue to strive for innovative and efficient approaches to improve our social, environmental and economic performance.

Coles Online is trialling hybrid vans in Burwood, New South Wales, with a view to a national transport solution that reduces fuel consumption and carbon emissions for home deliveries

Wesfarmers' sustainability priorities

As one of Australia and New Zealand's largest companies, with a diverse portfolio of businesses, Wesfarmers has a significant responsibility to get its sustainability efforts right. This is a responsibility not only towards its employees and shareholders, but also its customers, suppliers, communities and environment. Wesfarmers has long recognised the value of sustainable business practices, and this is the fifteenth year it has reported on a number of key outcomes and performance metrics. This year's report will be available in November.

Wesfarmers has five sustainable business strategies which focus on:

- the importance of people
- carbon emissions reduction and energy management
- community partnerships and investment
- a reduced overall environmental footprint
- a strong economic contribution.

The importance of people

With more than 200,000 employees, Wesfarmers is committed to continually improving the development and retention of its people. Wesfarmers' employees are crucial to the success of the organisation, and there are a number of overarching principles and practices across the Group, in addition to the many programs happening within the businesses. This included more than 2.2 million hours invested in training and development across the Group in 2011/12.

Wesfarmers' commitment to the safety of its employees, customers and visitors is absolute and the organisation has a number of systems in place to focus on, and drive, safety performance. The Group's lost time injury frequency rate was 10.90 compared to 12.78 in the previous year, and the total recordable injury frequency rate was 42.67 compared to 40.94 in 2011. Safety will continue to be prioritised across all of the businesses.

Diversity

A diverse workforce is of significant social and commercial value and Wesfarmers recognises the importance of being an inclusive employer.

The Wesfarmers Diversity Policy outlines four core objectives which are used to measure performance in this area:

- **Foster an inclusive culture** – Wesfarmers divisions undertake different initiatives and practices based on the needs of their business, such as flexible work practices at senior levels and paid parental leave.

  Specific targets are linked to senior executive key performance objectives under the annual incentive plan.

- **Improve talent management** – at least once a year, the Group Managing Director meets with each division to review: senior leader performance and development; succession plans for critical roles; and the pipeline of high-potential leaders.

  During the 2012 financial year, talent reviews were conducted with all divisions for senior manager level staff and above and included 138 women. This is in addition to detailed talent reviews conducted with employees by individual businesses within the Wesfarmers Group. Throughout the Group, all high-potential leaders benefit from an array of development opportunities such as internal and external development programs, stretch assignments, action learning projects, coaching, mentoring and 360-degree feedback.

- **Enhance recruitment practices** – in 2012, 37 per cent of externally recruited positions and 30 per cent of internal promotions (all manager level and above roles) were filled by women.

- **Ensure pay equity** – a pay audit is conducted annually on a Group basis (which includes a review of gender pay equity). Results are reviewed by the Board and divisional Managing Directors. In addition, a pay equity review of all Wesfarmers divisions was undertaken during the year, in line with previous years, which did not indicate any observable discrepancies in pay across each level, after taking into account performance, experience, location and job nature.

Sustainability summary (continued)

Details of female representation across the Group are set out below:

Percentage of female employees	30 June 2011	**30 June 2012**
Wesfarmers Ltd non-executive directors	25%	**25%**
Senior executive positions (general manager or above)	22%	**21%**
All management and professional roles	26%	**28%**
Total workforce	57%	**57%**

Further details on the Diversity Policy are set out on page 62 of the annual report.

In 2009 Wesfarmers prepared and committed to its first Reconciliation Action Plan (RAP). Wesfarmers' long-term objective is to have a workforce that reflects the representation of Aboriginal people in the broader community. Each division now has its own plan and programs to ensure that Aboriginal people feel welcomed in our businesses as customers, team members and citizens. The 2012 RAP review and 2013 plan will be available in November.

Carbon emissions reduction and energy management

On 1 July 2012 the federal government's Clean Energy Future legislation became law in Australia. Wesfarmers has a clear focus not only on legal compliance but, through strong investment in energy efficiency and emission abatement, is seeking to reduce its emission intensity as its businesses grow, including reducing absolute emissions where possible.

Through investment in new technologies and systems, Wesfarmers' businesses are focused on improving environmental outcomes with a commercial focus.

Many energy efficiency initiatives throughout the Group are starting to become evident in reducing the organisation's base carbon footprint. In 2011/12 direct (Scope 1) and indirect (Scope 2) emissions reduced by two per cent to 4,896,847 tonnes carbon dioxide equivalent compared to last year (excluding the businesses sold during 2011). This reduction was largely the result of energy efficiency initiatives in the businesses, offset to an extent by business growth, and emission abatement activities where feasible.

Wesfarmers submitted its fourth report under the *Energy Efficiency Opportunities Act 2006* (EEO) in December 2011 and our third report under the *National Greenhouse and Energy Reporting Act 2007* in October 2011.

Community partnerships and investment

Wesfarmers has long held the belief that to have a healthy business, you must have strong vibrant communities in which to live and work. One aspect of contributing positively to local communities is through community partnerships and investments.

In addition to each division's programs and initiatives, Wesfarmers has a number of key partnerships across the arts, Indigenous development, medical research and education in Australia and New Zealand.

In 2011/12 our total community contributions, including direct (cash and product) and indirect (facilitating contributions by customers and others) contributions, exceeded $70 million in Australia and New Zealand.

A strong economic contribution

Wesfarmers seeks to maximise its contribution to the economy through long-term growth that increases overall economic activity and its capacity to generate additional direct and indirect employment. In 2011/12, Wesfarmers paid $7,156 million in salaries, wages and other benefits to employees.

Through the taxes it pays, the company plays its part in enabling governments to invest in better development-focused infrastructure, health, education and other valuable community services. In 2011/12, Wesfarmers paid $1,499 million in taxes and royalties to government.

By providing dividends ($1,909 million in 2011/12) and other investment returns to shareholders, Wesfarmers contributes to individual wealth generation and to a more prosperous general community.

The company's businesses all continued to improve the processes supporting the verification and auditing of suppliers to ensure the responsible sourcing of products and services.

Wesfarmers sustainability report

The Wesfarmers 2012 sustainability report will be published in November, and contains much more detail – and specific data – on all of the above priorities.

Sustainability performance

Greenhouse gas emissions (Scope 1, 2 and 3)
(tonnes carbon dioxide equivalent)

2012	**5,808,553**
2011	6,349,576
2010*	6,132,809
2009	6,298,544
2008^Δ	6,139,222

* The reduction in FY10 is primarily due to more accurate measurement of refrigerant gas emissions in Coles, and nitrous oxide emissions in WesCEF.

^Δ Includes the former Coles Group except Officeworks.

Energy use
(million gigajoules)

2012	**30.00**
2011	33.75
2010*	32.40
2009	29.76
2008^Δ	31.07

* The increase in FY10 is primarily due to the full-year availability of gas supplies to our Western Australian industrial businesses.

^Δ Includes the former Coles Group except Officeworks.

Water use
(megalitres)

2012	**13,151**
2011	12,107
2010*	12,243
2009	9,704
2008	9,966

* Increase due to improved reporting.

Lost time injury frequency rate
(LTIFR)

2012	**10.90**
2011	12.78
2010	10.95
2009	13.06
2008^Δ	9.94

^Δ Excludes Coles and Officeworks.

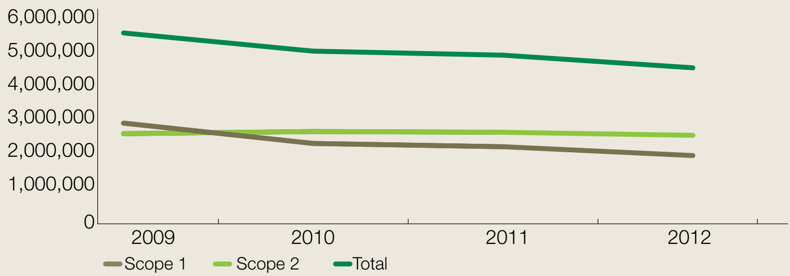
Community contributions
($m)

	Direct, in-kind and product	Community raised contributions supported by Wesfarmers	Total
2012	**31.82**	**40.42**	**72.24**
2011	33.8	43.8	77.6
2010	19.6	26.2	45.8
2009	25.8	31.8	57.6

Direct, in-kind and product.

Community raised contributions supported by Wesfarmers.

Wesfarmers' greenhouse gas emissions (Scope 1 and 2)
as measured under the NGER Act from 2009 to 2012 (tonnes CO_2e)



More information

More information regarding Wesfarmers activities can also be found at:

- Carbon Disclosure Project www.cdproject.net
- Dow Jones Sustainability Index www.sustainability-index.com
- Australian Packaging Covenant www.packagingcovenant.org.au
- Energy Efficiency Opportunities Act www.energyefficiencyopportunities.gov.au
- National Greenhouse and Energy Reporting Act in Australia www.climatechange.gov.au/reporting

Board of directors

1

2

3

4

5

Bob Every AO, age 67 (1)
Chairman

Status and term: Appointed in 2006 as a non-executive director (independent) and appointed Chairman in November 2008. Chairman of the Remuneration and Nomination committees and member of the Audit Committee.

Skills and experience: Bachelor of Science degree and a Doctorate of Philosophy (Metallurgy) from the University of New South Wales. Bob was the Chairman of the New Zealand-based listed company Steel and Tube Holdings Limited and a director of OneSteel Limited. Other executive positions previously held include Managing Director of Tubemakers of Australia Limited, President of BHP Steel, and Managing Director and Chief Executive Officer of OneSteel Limited, a position from which he retired in May 2005. Bob's considerable experience as both an executive officer and a director of major Australian companies has given him a good insight into, and understanding of, the roles and responsibilities of both senior management and directors.

Richard Goyder, age 52 (2)
Managing Director

Status and term: Appointed in 2002 as an executive director (non-independent). Attends committee meetings by invitation.

Skills and experience: Bachelor of Commerce degree from the University of Western Australia. Completed the Advanced Management Programme at the Harvard Business School in 1998. Richard joined Wesfarmers in 1993 after working in various commercial roles at Tubemakers of Australia Limited. He has held a number of commercial positions in Wesfarmers' Business Development Department including General Manager. In 1999 Richard was Managing Director of Wesfarmers Dalgety Limited, which subsequently became Wesfarmers Landmark Limited, a position he retained until his appointment as Finance Director of Wesfarmers Limited in 2002. He was appointed Deputy Managing Director and Chief Financial Officer of Wesfarmers Limited in 2004 and assumed the role of Managing Director and Chief Executive Officer in July 2005.

Terry Bowen, age 45 (3)
Finance Director

Status and term: Appointed in 2009 as an executive director (non-independent). Attends committee meetings by invitation.

Skills and experience: Bachelor of Accountancy degree and Fellow of CPA Australia. Terry has held a number of finance positions with Tubemakers of Australia Limited, culminating in his appointment as General Manager Finance. Terry joined Wesfarmers in 1996 and undertook various roles with Wesfarmers Landmark Limited, where he was appointed Chief Financial Officer, until its acquisition by AWB Limited in 2003. He was then appointed the inaugural Chief Financial Officer for Jetstar Airways, prior to rejoining Wesfarmers as Managing Director, Wesfarmers Industrial and Safety in November 2005. Terry became Finance Director, Coles in 2007 and Wesfarmers Finance Director in May 2009 with responsibility for the Group's Finance, Treasury, Risk & Assurance, Investor Relations and Business Development departments. In 2010, Terry also assumed responsibility for the Group's Chemicals, Energy and Fertilisers and Industrial and Safety businesses.

Colin Carter AM, age 69 (4)

Status and term: Appointed in 2002 as a non-executive director (independent). Member of the Remuneration and Nomination committees.

Skills and experience: Bachelor of Commerce degree from Melbourne University and a Master of Business Administration from Harvard Business School. Colin has had extensive experience advising on corporate strategy and corporate governance and his consultancy career has included major projects in Australia and overseas.

James Graham AM, age 64 (5)

Status and term: Appointed in 1998 as a non-executive director (non-independent). Member of the Remuneration and Nomination committees.

Skills and experience: Bachelor of Engineering in Chemical Engineering with Honours from the University of Sydney and a Master of Business Administration from the University of New South Wales. James has had an active involvement in the growth of Wesfarmers since 1976 in his roles as Managing Director of Gresham Partners Limited since 1985 and previously as Managing Director of Rothschild Australia Limited and a director of Hill Samuel Australia Limited.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Tony Howarth AO, age 60 (6)

Status and term: Appointed in 2007 as a non-executive director (independent). Chairman of the Audit Committee and member of the Nomination Committee.

Skills and experience: Senior Fellow of the Financial Services Institute of Australia. Tony has more than 30 years experience in the banking and finance industry. He has held several senior management positions during his career, including Managing Director of Challenge Bank Limited and Chief Executive Officer of Hartleys Limited. Tony is also Adjunct Professor (Financial Management) at the University of Western Australia Business School.

Charles Macek, age 65 (7)

Status and term: Appointed in 2001 as a non-executive director (independent). Member of the Audit, Nomination and Remuneration committees.

Skills and experience: Bachelor of Economics degree and a Master of Administration from Monash University. Charles is the Chairman of the Sustainable Investment Research Institute Pty Limited, Racing Information Services Australia Pty Limited, and the Vice-Chairman of the IFRS Advisory Council (formerly the Standards Advisory Council of the International Accounting Standards Board). He is also a member of the investment committee of Unisuper Limited and the AICD Corporate Governance Committee. With a strong background in corporate governance and a long career in financial services working at a senior executive level, Charles brings extensive experience in formulating strategy and advising on off-shore and on-shore investment opportunities.

Wayne Osborn, age 61 (8)

Status and term: Appointed in 2010 as a non-executive director (independent). Member of the Remuneration and Nomination committees.

Skills and experience: Diploma of Engineering (Electrical) from the Gordon Institute of Technology, a Master of Business Administration from Deakin University and is a Member of The Institution of Engineers, Australia. Wayne started his career in telecommunications and moved to the iron ore industry in the mid-1970s. He joined Alcoa in 1979 and worked in a variety of roles and locations across the Australian business, including accountability for Alcoa's Asia Pacific operations, prior to being appointed Managing Director in 2001. Wayne was appointed Chairman of the Australian Institute of Marine Science in 2010. He has an interest in whale conservation and wildlife photography and was elected an International Fellow of the New York-based Explorers Club in 2004. His work in support of the arts through the Australian Business Arts Foundation was recognised with the 2007 WA Business Leader Award.

Diane Smith-Gander, age 54 (9)

Status and term: Appointed in 2009 as a non-executive director (independent). Member of the Audit and Nomination committees.

Skills and experience: Bachelor of Economics degree from the University of Western Australia and a Master of Business Administration from the University of Sydney. Diane has more than 11 years experience as a banking executive, which culminated in her appointment as the head of Westpac Banking Corporation's Business and Technology Solutions and Services Division. She was a Partner with McKinsey & Company in the USA, where she led major transformation projects and had exposure to a wide variety of businesses in areas such as financial services, pharmaceuticals and retail.

Vanessa Wallace, age 49 (10)

Status and term: Appointed in 2010 as a non-executive director (independent). Member of the Audit and Nomination committees.

Skills and experience: Bachelor of Commerce degree from the University of New South Wales and a Master of Business Administration from the IMD Switzerland. Vanessa currently leads Booz & Company's financial services practice in Australia, New Zealand and South East Asia and previously led the strategy practice. She has held multiple governance roles at the highest level within Booz's global partnership. She is an experienced management consultant who has been with Booz & Company for more than 20 years. She is actively involved in the firm's customer, channels and markets activities which focus on areas such as customer experience, offer design and channels to market across a number of industries. She has had hands on experience in mergers and acquisitions and post merger integration.

Corporate governance summary

The Board of Wesfarmers Limited is committed to providing a satisfactory return to its shareholders and fulfilling its corporate governance obligations and responsibilities in the best interests of the Company and its stakeholders.

The Board is a strong advocate of good corporate governance as evidenced by the policies and practices outlined below.

Introduction

This corporate governance summary outlines Wesfarmers' corporate governance policies and practices for the year ended 30 June 2012, and at the date of the annual report.

The corporate governance framework of Wesfarmers operates according to a series of governance charters and policies which have been adopted by the Board. The Board recognises that corporate governance is not a static concept, and it regularly reviews and updates the Company's governance charters and policies by reference to corporate governance developments and best practice in Australia and overseas.

Compliance with Australian corporate governance standards

In accordance with the disclosure requirements of the ASX Listing Rules, the Board believes that the governance policies and practices adopted by Wesfarmers during the reporting period for the year ended 30 June 2012 follow the recommendations contained in the ASX Corporate Governance Principles and Recommendations ("ASX Principles").

Role and responsibilities of the Board and Management

Functions of the Board

The role of the Board is to approve the strategic direction of the Group, guide and monitor the management of Wesfarmers and its businesses in achieving its strategic plans, and oversee overall good governance practice.

The Board aims to protect and enhance the interests of its shareholders, while taking into account the interests of other stakeholders, including employees, customers, suppliers and the wider community.

The Board has a Charter which clearly sets out the role and responsibilities of the Board, and describes the separate functions of management and responsibilities delegated.

Functions of management

The Wesfarmers Managing Director has responsibility for the day-to-day management of Wesfarmers and its businesses, and is supported in this function by the Wesfarmers executive leadership team (which comprises the direct reports to the Wesfarmers Managing Director, divisional managing directors and the Executive General Manager, Business Development). The Board maintains ultimate responsibility for strategy and control of Wesfarmers and its businesses.

Structure and composition of the Board

Wesfarmers is committed to ensuring that the composition of the Board continues to comprise directors who bring an appropriate mix of skills, experience, expertise and diversity (including gender diversity) to Board decision making.

The Board is currently comprised of 10 directors, with eight non-executive directors. The Board is of the view that its current directors possess an appropriate mix of skills, experience, expertise and diversity to enable the Board to discharge its responsibilities and deliver the Company's corporate objectives.

Mr Archie Norman, who has significant retail experience, was appointed in 2009 as an adviser to the Board on retail issues. In this role, Mr Norman attends Board meetings on a regular basis, as well as the Board's annual planning session. Mr Norman has had a major role in helping guide the turnaround of the former Coles group businesses.

Director independence

Directors are expected to bring views and judgement to the Board's deliberations that are independent of management and free of any business or other relationship or circumstance that could materially interfere with the exercise of objective, unfettered or independent judgement.

The Board regularly reviews the independence of each non-executive director in light of the information which each director is required to disclose in accordance with the Corporations Act, the Board Charter and Wesfarmers' Conflicts of Interest Policy.

The Board has reviewed the position and relationships of all directors in office as at the date of this report and considers that:

- seven of the eight non-executive directors are independent; and
- Mr Graham is deemed not to be independent by virtue of his position as Managing Director of Gresham Partners Limited, which acts as an investment adviser to the Company.

Conflicts of interest

The directors have a duty not to place themselves in a position which gives rise to a real or substantial possibility of conflict of interest or duty, in relation to any matter which is or is likely to be brought before the Board.

Directors are under an ongoing obligation to disclose to the Board such interests immediately, in addition to the statutory obligation to disclose to the Board any material personal interests in a matter.

The Board has adopted a Conflicts of Interest Policy, setting out the disclosure obligations of each director with respect to conflicts of interest, and the procedures to be followed where:

- a director has disclosed a conflict of interest in accordance with the policy; or
- the Board has identified a matter which is or is likely to be brought before the Board, which may place a particular director in a position of conflict.

Committees of the Board

The Board has established an Audit Committee, a Nomination Committee, a Remuneration Committee and a Gresham Mandate Review Committee as standing committees to assist the Board in the discharge of its responsibilities. All directors have a standing invitation to attend committee meetings.

Performance evaluation

Evaluation of the performance of senior executives

Senior executives comprising members of the Wesfarmers leadership team, have an annual and long-term incentive or 'at risk' component as part of their total remuneration package. The mix of remuneration components and the measures of performance used in the incentive plans have been chosen to ensure that there is a strong link between remuneration earned and the achievement of sustainable performance, which leads to satisfactory returns for shareholders.

Evaluation of the Board and its committees

The Nomination Committee is responsible for scheduling formal performance reviews of the Board and its committees at least every two years. This includes the Audit and Remuneration Committees. The Board then undertakes an evaluation process to review its performance.

A Board performance review was conducted in July 2011, and the Board committees performance review was conducted in December 2010. Both were facilitated by an external consultant.

With respect to the Nomination Committee, the Board is responsible for periodically assessing its effectiveness, with a view to ensuring that its performance accords with best practice.

Governance policies

Code of Conduct

Wesfarmers has adopted a Code of Conduct for all employees (including directors). This code details policies, procedures and guidelines aimed at ensuring that the highest ethical standards, corporate behaviour and accountability are maintained across Wesfarmers.

The managing directors and chief financial officers of each division are required to report annually to the Audit Committee on their division's compliance with the code.

Whistleblower protection

The Whistleblower Policy of Wesfarmers has been adopted to promote and support a culture of honest and ethical behaviour, corporate compliance and good corporate governance.

This policy encourages employees, contractors and suppliers to raise any concerns and report instances of unethical, illegal, fraudulent or undesirable conduct either internally with management within his or her division (as applicable) or with a Protected Disclosure Officer, or externally via a telephone helpline managed by an independent third party. Wesfarmers is committed to absolute confidentiality and fairness in all matters raised and will support and protect those who report violations in good faith. The Audit Committee is responsible for overseeing compliance with this policy.

Anti-bribery Policy

Wesfarmers is committed to operating in a manner consistent with the laws of the jurisdictions in which its businesses operate, including those relating to anti-bribery and corruption. Since our annual report last year, we have updated our Anti-bribery Policy, which strictly prohibits our personnel from engaging in activity that constitutes bribery or corruption. The policy also includes processes for implementing appropriate controls to ensure that the actions of third parties who are engaged to act for or on behalf of Wesfarmers will not adversely affect the Group.

Wesfarmers has in place an extensive training program on its Anti-bribery Policy. The terms of the policy are also required to be communicated to suppliers, contractors and business partners, both at the outset of a business relationship, and as appropriate during the course of their work for the Group.

Diversity Policy

Wesfarmers recognises the social and commercial value of diversity and strives to create a work environment which is inclusive of all people regardless of gender, age, race, disability, sexual orientation, cultural background, religion, family responsibilities or any other area of potential difference.

While Wesfarmers is committed to fostering all types of diversity, gender diversity has and continues to be a priority for the Group. As set out in the Wesfarmers Diversity Policy, the Group's approach to gender diversity is based on four core objectives: foster an inclusive culture; improve talent management; enhance recruitment practices; and ensure pay equity.

As part of Wesfarmers' commitment to diversity, the Company strives to make its businesses a place where Aboriginal and Torres Strait Islander people feel welcome and valued, as employees, customers and citizens. To do this, Wesfarmers has a Reconciliation Action Plan, which outlines specific measurable actions to be undertaken across the Wesfarmers Group, targeting employment and community engagement.

As a large employer, Wesfarmers can provide Aboriginal and Torres Strait Islander people with greater opportunities to participate in the country's economic prosperity, through sustainable employment and support through community partnership programs. The Wesfarmers Reconciliation Action Plan acts as an 'umbrella' document to the Aboriginal strategies developed in each of the Company's business divisions.

Share Trading Policy

The Share Trading Policy of Wesfarmers states that all employees and directors of the Group are expressly prohibited from trading in Wesfarmers' securities, or securities in other entities in which Wesfarmers has an interest, if they are in possession of 'inside information'.

Directors and senior executives are generally prohibited from trading in the Company's securities during 'black out' periods (which are the periods from the close of books to one day following the announcement of the full-year or half-year results). Trading during these periods may only be permitted with prior approval of the Chairman in exceptional circumstances (such as severe financial hardship), subject at all times to the general prohibition on insider trading.

Market Disclosure Policy

Wesfarmers understands and respects that timely disclosure of price sensitive information is central to the efficient operation of the securities market and has adopted a comprehensive Market Disclosure Policy.

The Market Disclosure Policy, and the associated training and education program, are reviewed and monitored by the Audit Committee. Compliance with the policy is also monitored by the Board.

Shareholder Communications Policy

The Communications Policy of Wesfarmers promotes the communication of information to shareholders through the distribution of an annual report and announcements through the ASX and the media regarding changes in its businesses, and the Chairman's address at the annual general meeting.

Integrity in financial reporting

Role of the Audit Committee

The Audit Committee monitors internal control policies and procedures designed to safeguard company assets and to maintain the integrity of financial reporting.

The Wesfarmers Managing Director, Finance Director, the Group General Counsel, the Executive General Manager Group Accounting, Assurance and Risk, the General Manager Group Assurance & Risk, the Company Secretary, the external auditor (Ernst & Young), and any other persons considered appropriate, attend meetings of the Audit Committee by invitation.

Role of the external auditor

The Company's external auditor is Ernst & Young. The effectiveness, performance and independence of the external auditor is reviewed annually by the Audit Committee.

Ernst & Young has provided the required independence declaration to the Board for the financial year ended 30 June 2012.

Risk management

Risk is an accepted part of doing business and Wesfarmers is committed to the identification, monitoring and management of material business risks associated with its business activities across the Group to create long-term shareholder value.

Risk management oversight and responsibility

The division of the key risk management functions is set out in the diagram opposite.

Board

- Reviewing, approving and monitoring the Group's risk management systems, including internal compliance and control mechanisms.
- Approving and monitoring the systems and policies to ensure integrity of budgets, financial statements and other reporting.

Wesfarmers Managing Director and Finance Director

- Providing a declaration to the Board regarding the financial statements.
- Assessing and providing assurance to the Board that the Group's risk management and internal control systems are operating effectively in all material respects.

Audit Committee

- Reviewing and assessing the Group's processes which ensure the integrity of financial statements and reporting, and associated compliance with legal and regulatory requirements, including accounting standards.
- Reviewing the qualifications, independence, performance and remuneration of, and relationship with, the Group's external auditors.
- Overseeing the internal controls, assurance, policies and procedures which the Group uses to identify and manage business risks.
- Overseeing the policies and procedures for ensuring the Group's compliance with relevant regulatory and legal requirements.

Management

- Implementing and maintaining risk management and internal control systems.
- Preparing divisional Risk Compliance Reports (approved by each divisional board).
- Preparing a consolidated Group Risk Compliance Report setting out key risks and the controls and processes implemented to mitigate these risks (approved by the Wesfarmers executive leadership team).
- Reporting to the Board on the adequacy of the systems and processes in place to manage material business risks.

Group Assurance and Risk

- Monitoring the effectiveness of risk management systems through a single outsourced audit provider.
- Preparing internal audit reports and reporting to the Audit Committee on the adequacy of risk management and the internal control environment. In addition, the General Manager Group Assurance & Risk maintains direct and unfettered access to the Audit Committee.
- Facilitating the annual risk compliance reporting and preparing the Group Risk Compliance report for review by the Audit Committee.

The complete corporate governance statement is included on pages 57 to 64 of the 2012 annual report.

Remuneration overview

This summary provides an overview of Wesfarmers' executive remuneration framework and key changes for the 2012 financial year.

The Wesfarmers Limited Board is committed to an executive remuneration framework that is focused on driving a performance culture and linking executive pay to the achievement of the Group's strategy and business objectives and, ultimately, generating satisfactory returns for shareholders. The remuneration report, which can be found on pages 70 to 86 of the 2012 annual report, explains how Wesfarmers' performance for the 2012 financial year has driven remuneration outcomes for senior executives.

Key changes

A summary of the key changes to remuneration-related matters approved for the 2012 financial year is set out below:

Executive directors and senior executives

Senior executive fixed annual remuneration increased effective 1 October 2011, based on business and individual performance and aligned to market remuneration levels. The average senior executive (i.e. Wesfarmers leadership team) fixed remuneration increase was 5.4 per cent. The Board has determined that no increase will be made to the fixed remuneration for the Group Managing Director for the 2013 financial year.

As set out in the 2011 Remuneration Report, having considered current market practice and shareholder views, the Board approved various changes to the November 2011 Wesfarmers Long Term Incentive Plan (WLTIP) allocation including:

- introducing relative Total Shareholder Return (TSR) as a second performance metric;
- extending the performance period from three to four years; and
- increasing the level of performance required for full vesting in relation to both performance hurdles to the 75th percentile of the comparator group.

The Board continued to review the WLTIP during 2012. To better align the WLTIP with prevailing market practice, the Board has approved further changes to the 2012 WLTIP, including that executives will receive an allocation of performance rights (rather than performance shares, as in prior years). As performance rights are a right to be allocated a share in the future, executives are not entitled to dividend or voting rights during the performance period. Shareholder approval will be sought at the 2012 Annual General Meeting (AGM) for 2012 WLTIP allocations proposed to be made to the Group Managing Director and the Finance Director.

Non-executive directors

A thorough review of the level of fees paid to Wesfarmers non-executive directors was undertaken during the year. This included a broad ranging review of the number of hours spent by each non-executive director on Wesfarmers' matters over the year (including preparation for and attendance at Board and Board Committee meetings, site visits, strategy sessions and other Company events), as well as an assessment of the reasonableness of the compensation provided in return for the time commitment required to oversee the business of the Wesfarmers Group, including benchmarking against comparable size companies and the hourly rates paid to professional consultants.

Following this review, non-executive director fees were increased effective 1 January 2012. Main Board fees increased by 4.0 per cent and the Audit Committee chair fee increased; however, Audit Committee and Remuneration Committee member fees were not increased. The Board has determined that no increase will be made to non-executive director fees prior to 1 July 2013.

Shareholder approval will be sought at the 2012 AGM to increase the maximum aggregate amount of remuneration that may be paid to the non-executive directors by $300,000 to $3,300,000 per annum (inclusive of superannuation). The current fee pool was approved by shareholders at the 2007 AGM. While the Board continues to believe the current size of the Board is appropriate for Wesfarmers, the proposed increase is intended to provide sufficient 'headroom' to appoint up to two additional members for a limited duration to allow for effective Board succession.

Other changes

In line with the 1 July 2011 changes made to the *Corporations Act 2001*, the Board has implemented procedures and protocols regarding the engagement of external remuneration consultants.

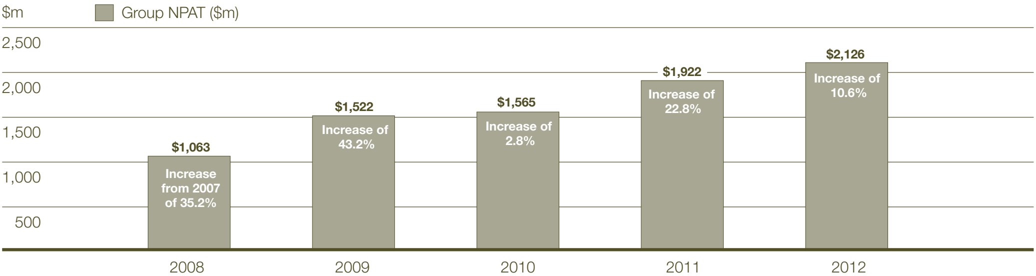
Link to 2012 financial performance

Annual incentive plan

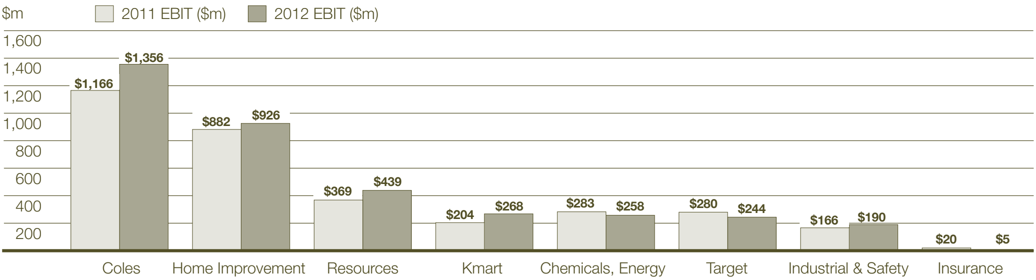
The Wesfarmers Group performance for the 2012 financial year has been positive and the threshold performance level was achieved. The graph below shows Wesfarmers' net profit after tax (NPAT) for the financial year and the previous four financial years, which is an important indicator of performance and a key measure in the annual incentive plan.

In addition, the majority of divisions achieved earnings improvements from 2011 to the 2012 financial year, as shown in the earnings before interest and tax (EBIT) graph below, and a number of divisions saw improvements in return on capital (ROC) while others maintained a strong double digit ROC (graph below). The financial performance for the Coles, Kmart, Chemicals, Energy and Fertilisers and Industrial and Safety divisions met or exceeded the annual financial targets set by the Board for 2012, resulting in the annual incentive plan (which is linked to divisional performance) delivering at or above target awards for the executive directors and for senior executives in those divisions. For the divisions that exceeded threshold performance levels or did not meet the annual financial targets, this was reflected in the annual incentives for senior executives in those divisions.

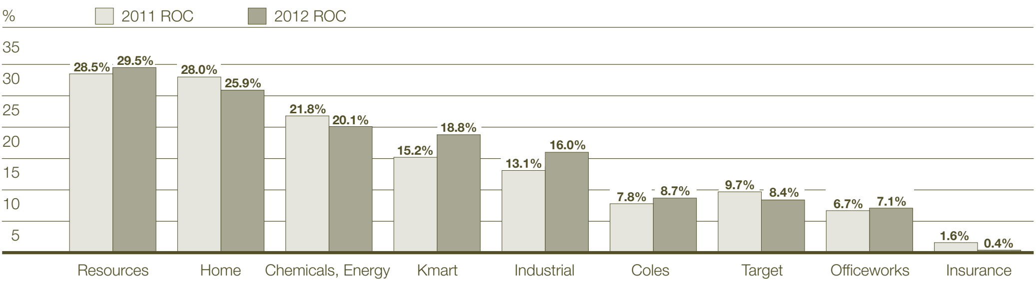
Group net profit after tax



Earnings before interest and tax



Return on capital



Wesfarmers Long Term Incentive Plan

A number of senior executives received an allocation of shares during the year under the 2011 WLTIP, which is subject to Wesfarmers achieving strong growth in return on equity (ROE) and relative total shareholder return.

During the 2012 financial year, shares vested under the 2008 WLTIP for participating senior executives, with Wesfarmers' compound average growth rate (CAGR) in ROE over the three-year performance period to 30 June 2011 at the 71st percentile of the S&P/ASX 50 Index.

Remuneration policy and principles

The Remuneration Committee has adopted four core guiding principles that are used as a reference when considering remuneration plans and policies that apply to senior executives.

The overriding objective is to provide satisfactory returns to shareholders and the remuneration principles are focused on driving the leadership performance and behaviours consistent with achieving this objective.

These guiding principles also reaffirm the Board's commitment to communicating key management personnel remuneration arrangements to key stakeholders in an open and transparent manner.

- **ownership aligned** – remuneration arrangements generally encourage Wesfarmers' senior executives to behave like long-term 'owners' through performance-based equity plans to increase shareholdings. The mix of remuneration components and the measures used in the performance incentive plans were chosen to ensure there is a strong link between remuneration earned and the achievement of sustainable performance that leads to satisfactory returns for shareholders;
- **performance focused** – generally remuneration arrangements reward strategic, operational and financial performance of the business. A significant proportion of each executive's remuneration is dependent upon Wesfarmers' success and individual performance;
- **consistency and market competitiveness** – a core common set of remuneration practices will generally apply to all senior executive roles. However, differential management will be applied by the Remuneration Committee to meet specific needs. Wesfarmers positions fixed remuneration and incentives to be competitive with executives in comparable companies, with an opportunity for highly competitive total remuneration for superior performance; and
- **open and fit for purpose** – remuneration arrangements can be innovative to respond to business and operational needs. However, all remuneration arrangements for KMP will be communicated to key stakeholders in an open and transparent manner.

Overview of remuneration components

Details of the remuneration framework and actual outcomes for the 2012 financial year are set out in the remuneration report, which can be found on pages 70 to 86 of the 2012 annual report.

Remuneration component		Participants			
		Group Managing Director	Finance Director / senior executives	Managing Director, Coles division	Non-executive directors
Fixed	Fixed Annual Remuneration	Page 77	Page 77	Page 77	
	Fees				Page 85
Annual incentive		Page 77	Page 77	Page 77	
Long-term incentive		WLTIP – page 79	WLTIP – page 79	CLTIP – page 82	
Post-employment arrangements	Superannuation	Page 74	Page 74	Page 74	Page 86

Components and mix of executive remuneration

The executive remuneration framework consists of the following components:

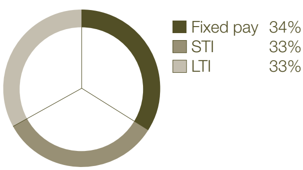
Base salary	At risk components	
Fixed Annual Remuneration (FAR)	**Short-term incentives (STI)**	**Long-term incentives (LTI)**
	The Board considers that a significant portion of executives' remuneration should be 'at risk' in order to provide a strong alignment with the interests of shareholders. Incentives are set at levels competitive with the market.	

In setting FAR:
• reference is made to the median of salaries for executives in ASX 25 companies
• consideration is given to business and individual performance as well as the ability to retain key talent
• additional sector or industry-specific data is taken into consideration in benchmarking the senior executives where appropriate
	• based on the achievement of annual performance conditions
	• performance conditions:
	  • heavily weighted to return and earnings-based measures
	  • include non-financial performance measures set to drive leadership performance and behaviours consistent with achieving the Group's long-term objectives in areas including safety, diversity and succession planning and talent management
	• vested incentive comprises both:
	  • a cash component – paid following the end of the performance year
	  • a restricted share component – subject to forfeiture in the 12 months following allocation and restricted for a minimum of three years
		• based on achievement of performance conditions over a four-year period
		• move from performance shares to performance rights for the 2012 WLTIP allocation
		• performance conditions comprise growth in ROE and relative TSR, in order to ensure a strong link with the creation of shareholder value
		• to encourage longer-term share ownership and further align executives' interests with those of shareholders, executives can elect to have a trading restriction placed on shares received on vesting of the rights for a further one or three years
		• one-off specific plan operated for select Coles executives, the performance conditions for which are linked to the turnaround of the Coles division

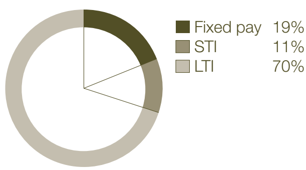
Within this framework, the Board considers it essential to have remuneration arrangements that reflect the diversified nature of the Wesfarmers business and are structured to reward executives for performance at a Group level and, for divisional executives, also at a divisional level.

Wesfarmers' mix of fixed and at risk components for each of the executives disclosed in the remuneration report, as a percentage of total target annual remuneration for the 2012 financial year, is as follows:

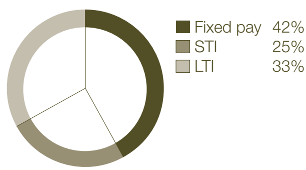
Group MD



Managing Director Coles



Other senior executives



Fixed remuneration

'At risk' pay – annual incentive (STI) and long-term incentive (LTI)

Five-year financial history

Wesfarmers Limited and its controlled entities

All figures in $m unless shown otherwise	2012	2011	2010	2009	2008
SUMMARISED INCOME STATEMENT					
Sales revenue	**57,685**	54,513	51,485	50,641	33,301
Other operating revenue	**395**	362	342	341	283
Operating revenue	**58,080**	54,875	51,827	50,982	33,584
Operating profit before depreciation and amortisation, finance costs and income tax	**4,544**	4,155	3,786	3,803	2,889
Depreciation and amortisation	**(995)**	(923)	(917)	(856)	(660)
Finance costs	**(505)**	(526)	(654)	(951)	(800)
Income tax expense	**(918)**	(784)	(650)	(474)	(366)
Operating profit after income tax attributable to members of Wesfarmers Limited	**2,126**	1,922	1,565	1,522	1,063
CAPITAL AND DIVIDENDS					
Ordinary shares on issue (number) ’000s as at 30 June	**1,157,072**	1,157,072	1,157,072	1,157,072	799,438
Paid up ordinary capital as at 30 June	**23,286**	23,286	23,286	23,286	18,173
Fully-franked dividend per ordinary share (cents)	**165**	150	125	110	200
FINANCIAL PERFORMANCE					
Earnings per share (weighted average) (cents)	**184.2**	166.7	135.7	158.5	174.2
Earnings per share growth	**10.5%**	22.8%	(14.4%)	(9.0%)	(10.8%)
Return on average ordinary shareholders’ funds	**8.4%**	7.7%	6.4%	7.3%	8.6%
Net interest cover – cash basis (times)	**10.8**	9.5	6.8	5.0	4.9
FINANCIAL POSITION AS AT 30 JUNE					
Total assets	**42,312**	40,814	39,236	39,062	37,178
Total liabilities	**16,685**	15,485	14,542	14,814	17,580
Net assets	**25,627**	25,329	24,694	24,248	19,598
Net tangible asset backing per ordinary share	**$4.45**	$4.12	$3.61	$3.13	($1.36)
Net debt to equity	**19.1%**	17.1%	16.3%	18.3%	47.3%
Total liabilities/total assets	**39.4%**	37.9%	37.1%	37.9%	47.3%
STOCK MARKET CAPITALISATION AS AT 30 JUNE	**34,846**	36,913	33,171	26,337	29,819

Group structure

Wesfarmers

- RETAIL
  - Coles
    - COLES/BILO
    - COLES EXPRESS
    - LIQUORLAND
    - VINTAGE CELLARS
    - FIRST CHOICE LIQUOR
    - COLES ONLINE
    - HOTELS
  - Home Improvement and Office Supplies
    - BUNNINGS (AUST/NZ)
    - OFFICEWORKS
    - HARRIS TECHNOLOGY
  - Target
    - TARGET
    - TARGET COUNTRY
    - URBAN BY TARGET
  - Kmart
    - KMART (AUST/NZ)
    - KMART TYRE & AUTO SERVICE
- INDUSTRIAL AND OTHER BUSINESSES
  - Insurance
    - **AUSTRALIA**
      - LUMLEY INSURANCE
      - WFI
      - OAMPS
    - **NEW ZEALAND**
      - LUMLEY
      - CROMBIE LOCKWOOD
    - OAMPS UK
  - Resources
    - CURRAGH
    - BENGALLA (40%)
  - Chemicals, Energy and Fertilisers
    - CSBP
    - AUSTRALIAN GOLD REAGENTS (75%)
    - QUEENSLAND NITRATES (50%)
    - AUSTRALIAN VINYLS
    - AIR LIQUIDE WA (40%)
    - KLEENHEAT GAS
  - Industrial and Safety
    - **AUSTRALIA**
      - BLACKWOODS
      - BULLIVANTS
      - COREGAS
      - TOTAL FASTENERS
      - PROTECTOR ALSAFE
    - **NEW ZEALAND**
      - BLACKWOODS PROTECTOR
      - NZ SAFETY
      - PACKAGING HOUSE
      - SAFETY SOURCE
  - Other activities
    - GRESHAM PARTNERS (50%)
    - WESPINE INDUSTRIES (50%)
    - BWP TRUST (23.5%)

Wesfarmers brands

Wesfarmers owns some of the best-known businesses in Australia and New Zealand.

Coles

Home Improvement and Office Supplies

Target

Kmart

Insurance

Resources

Chemicals, Energy and Fertilisers

Industrial and Safety

Other activities

Corporate directory

Wesfarmers Limited ABN 28 008 984 049

Registered office

Level 11, Wesfarmers House
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Western Australia 6000

Telephone: (+61 8) 9327 4211

Facsimile: (+61 8) 9327 4216

Website: **www.wesfarmers.com.au**

Email: info@wesfarmers.com.au

Executive directors

Richard Goyder
Group Managing Director and Chief Executive Officer

Terry Bowen
Finance Director

Non-executive directors

Bob Every AO, Chairman
Colin Carter AM
James Graham AM
Tony Howarth AO
Charles Macek
Wayne Osborn
Diane Smith-Gander
Vanessa Wallace

Company Secretary

Linda Kenyon

Share registry

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Level 2, 45 St Georges Terrace, Perth,
Western Australia 6000

Telephone
Australia: 1300 558 062
International: (+61 3) 9415 4631

Facsimile
Australia: (03) 9473 2500
International: (+61 3) 9473 2500

Website: **www.investorcentre.com/contact**

Financial calendar+

Record date for final dividend	27 August 2012
Final dividend paid	28 September 2012
Annual general meeting	14 November 2012
Half-year end	31 December 2012
Half-year profit announcement	February 2013
Record date for interim dividend	February 2013
Interim dividend payable	March 2013
Year end	30 June 2013

+ Timing of events is subject to change.

Annual general meeting

The 31st Annual General Meeting of Wesfarmers Limited will be held at the Perth Convention and Exhibition Centre, Mounts Bay Road, Perth, Western Australia on Wednesday, 14 November 2012 at 1:00 pm (Perth time).

Website

To view the 2012 annual report, shareholder and company information, news announcements, background information on Wesfarmers' businesses and historical information, visit Wesfarmers' website at **www.wesfarmers.com.au**

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Wesfarmers