

Investment Conference Philosophy, Performance and Direction

Citigroup - London

Goldman Sachs JBWere - New York

March 2008





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Philosophy Based On A Single Focus

Satisfactory Returns To Shareholders



Long-term, consistent strategies



Key Attributes



	Growth Opportunities	Quality Assets	Earnings Improvement
Home Improvement & Office Supplies	<ul style="list-style-type: none"> Continued store roll-out; Range expansion 	<ul style="list-style-type: none"> National store networks; Leading in sectors 	<ul style="list-style-type: none"> 1H08 Cash comp of 12.2%; 5 year EBITA CAGR of 12.6% p.a.
Coles	<ul style="list-style-type: none"> Network investment 	<ul style="list-style-type: none"> National store networks; Strong brands 	<ul style="list-style-type: none"> 5 year turnaround; Overhead reductions; Supply Chain investment
Target	<ul style="list-style-type: none"> Merchandising; Store roll-out programme 	<ul style="list-style-type: none"> 268 store network; Strong brand 	<ul style="list-style-type: none"> 1H08 Sales comp of 3.1%; Continuation of strong performance
Kmart	<ul style="list-style-type: none"> Strategic review 	<ul style="list-style-type: none"> Store network; Strong brand 	<ul style="list-style-type: none"> Upside potential



Key Attributes

	Growth Opportunities	Quality Assets	Earnings Improvement
Resources	<ul style="list-style-type: none"> Strong demand; Curragh & Bengalla feasibility studies 	<ul style="list-style-type: none"> Sizeable production capacity; Consistent quality, low costs 	<ul style="list-style-type: none"> Maintaining lowest quartile cash cost production of export coal
Insurance	<ul style="list-style-type: none"> Broker consolidation; Extension into related areas 	<ul style="list-style-type: none"> Diverse mix of businesses; 200,000 direct customer relationships 	<ul style="list-style-type: none"> 5 year EBITA CAGR of 46.2% p.a.
Industrial & Safety	<ul style="list-style-type: none"> Targeted sales to existing customers & new customer segments & sectors 	<ul style="list-style-type: none"> #1 or #2 in most markets; Blackwoods extensive branch network 	<ul style="list-style-type: none"> Margin & expense control; Improved supply chain; Working capital reduction
Chemicals & Fertilisers	<ul style="list-style-type: none"> AN and Sodium Cyanide expansions; New market expansion e.g. AVC 	<ul style="list-style-type: none"> Sole WA producer of AN; 65% WA fertiliser market, unmatched infrastructure 	<ul style="list-style-type: none"> Improved AN contribution; Working capital & expense management
Energy	<ul style="list-style-type: none"> Construction of LNG plant 	<ul style="list-style-type: none"> LPG vertical integration; Industrial gas, LNG and power production facilities 	<ul style="list-style-type: none"> Coregas full year contribution; LNG earnings in 2008/2009



Sustainability

- Financial performance
- Safe and rewarding workplaces
- Good value products and services
- Respect for customers and suppliers
- Environmental responsibility
- Ethical dealings
- Community contribution



Sustainability



Sustainability Reporting Sustainability Report since 1998/99

Climate Change

Four business units are members of Greenhouse Challenge Plus, a voluntary emissions reduction programme

Wesfarmers was a respondent to the 2006 & 2007 Carbon Disclosure Project surveys (www.cdproject.net)

Coal operations are contributors to the Coal21 Fund

Support for global emissions trading scheme

Energy Efficiency

Wesfarmers is registered under the Australian government's Energy Efficiency Operations (EEO) programme



Management Team












Managing Director

Richard Goyder

Finance Director

Gene Tilbrook

Divisional Managing Directors

	Home Improvement & Office Supplies	John Gillam
	Coles	Ian McLeod*
	Target	Launa Inman
	Kmart	Larry Davis
	Insurance	Rob Scott
	Chemicals & Fertilisers	Ian Hansen
	Coal	Stewart Butel
	Industrial & Safety	Olivier Chretien
	Energy	Tim Bult

* Commences in May 08



Coles Transaction



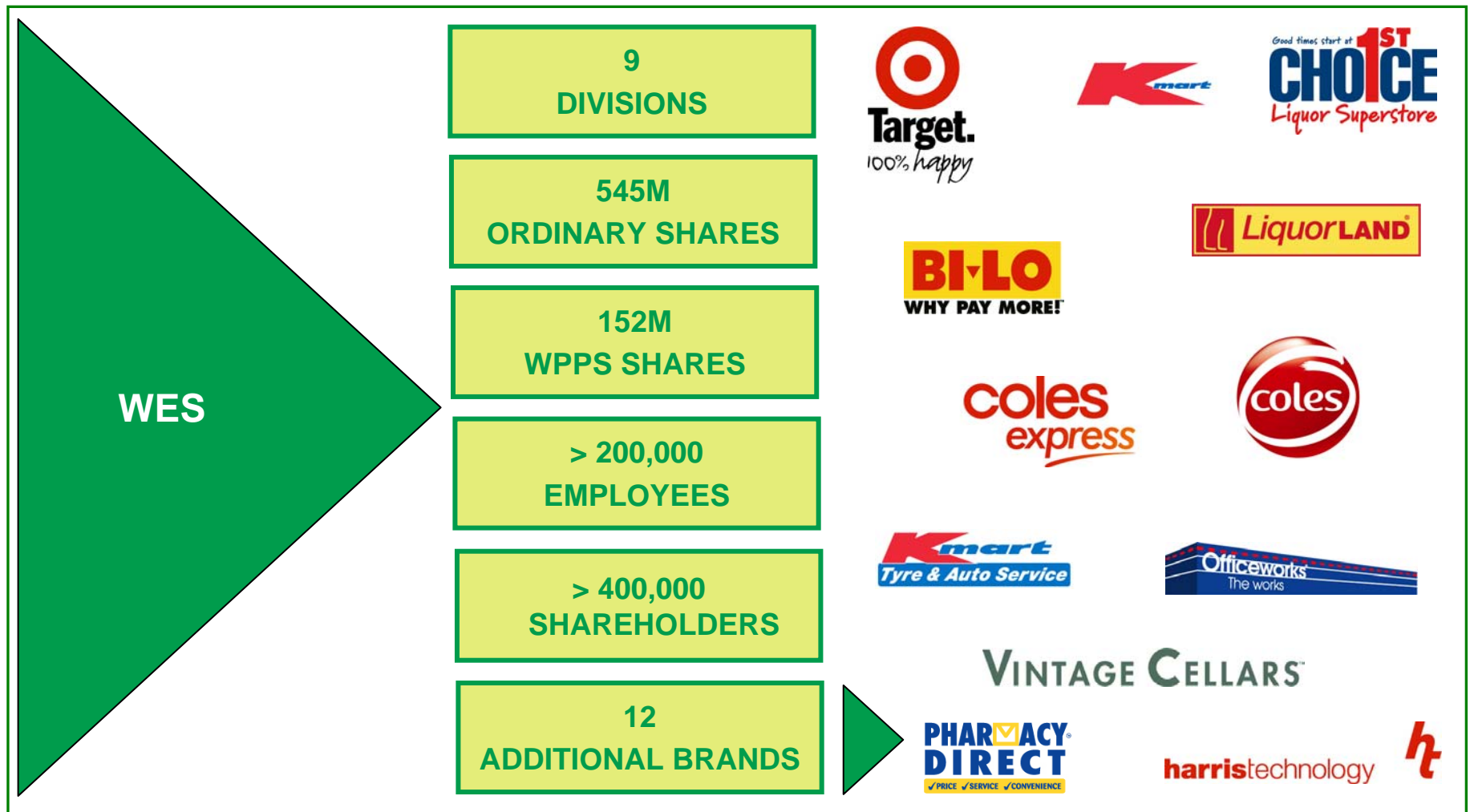
A unique opportunity

Coles is a very attractive acquisition for Wesfarmers

1. Leading positions in a highly attractive industry structure
2. Unique retail platform with an irreplaceable store network
3. Wesfarmers' retail sector know-how
4. Substantial opportunity to create value from the Coles businesses by improved execution



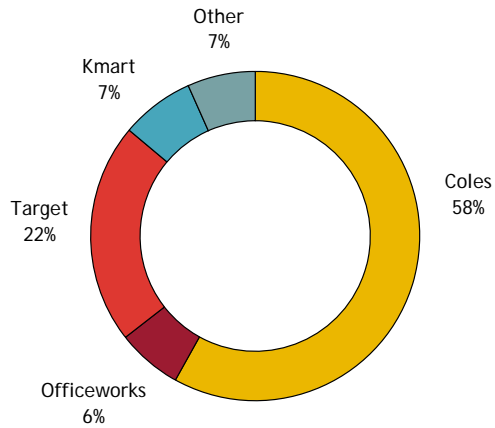
Outcomes



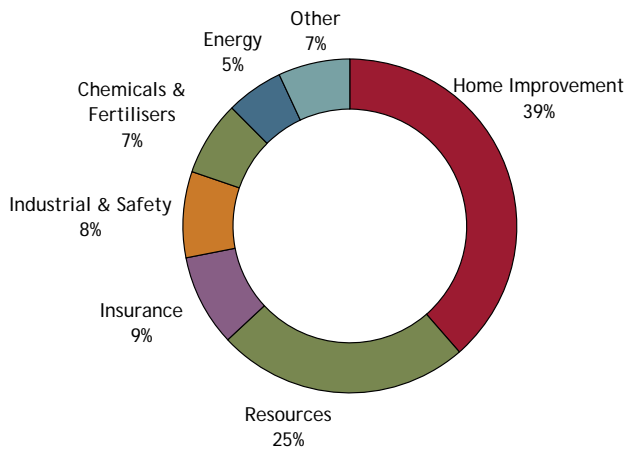
Pro-forma EBIT Contribution



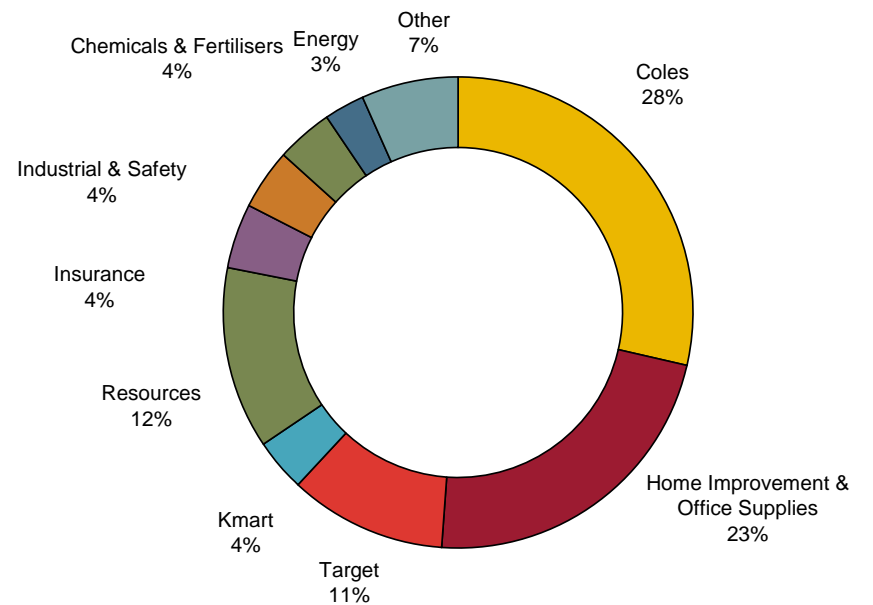
Coles FY07 EBIT Contribution



Wesfarmers FY07 EBIT Contribution



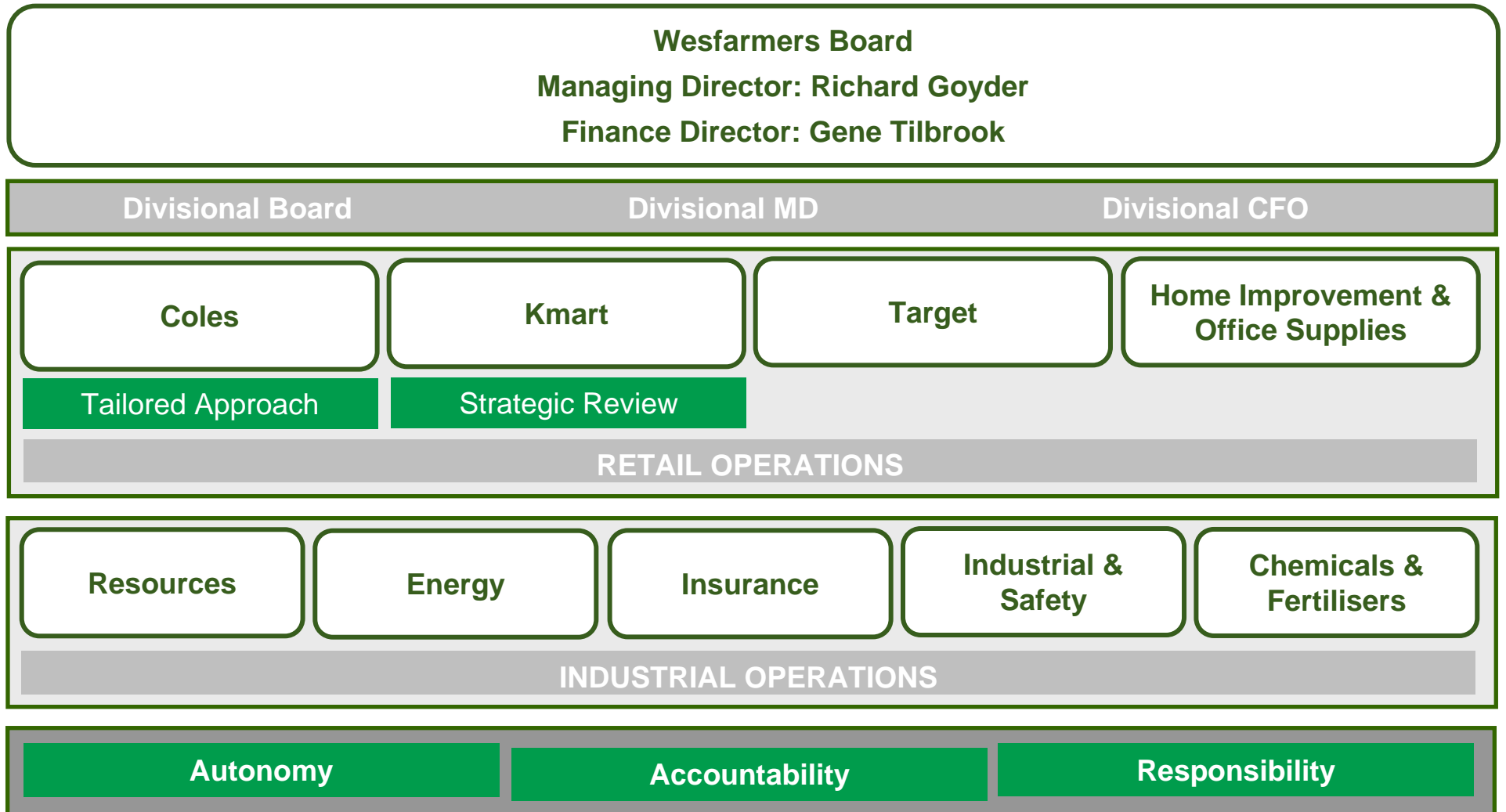
Wesfarmers FY07 Pro-Forma EBIT Contribution¹



1. Excluding corporate overheads, consolidation adjustments and discontinued operations

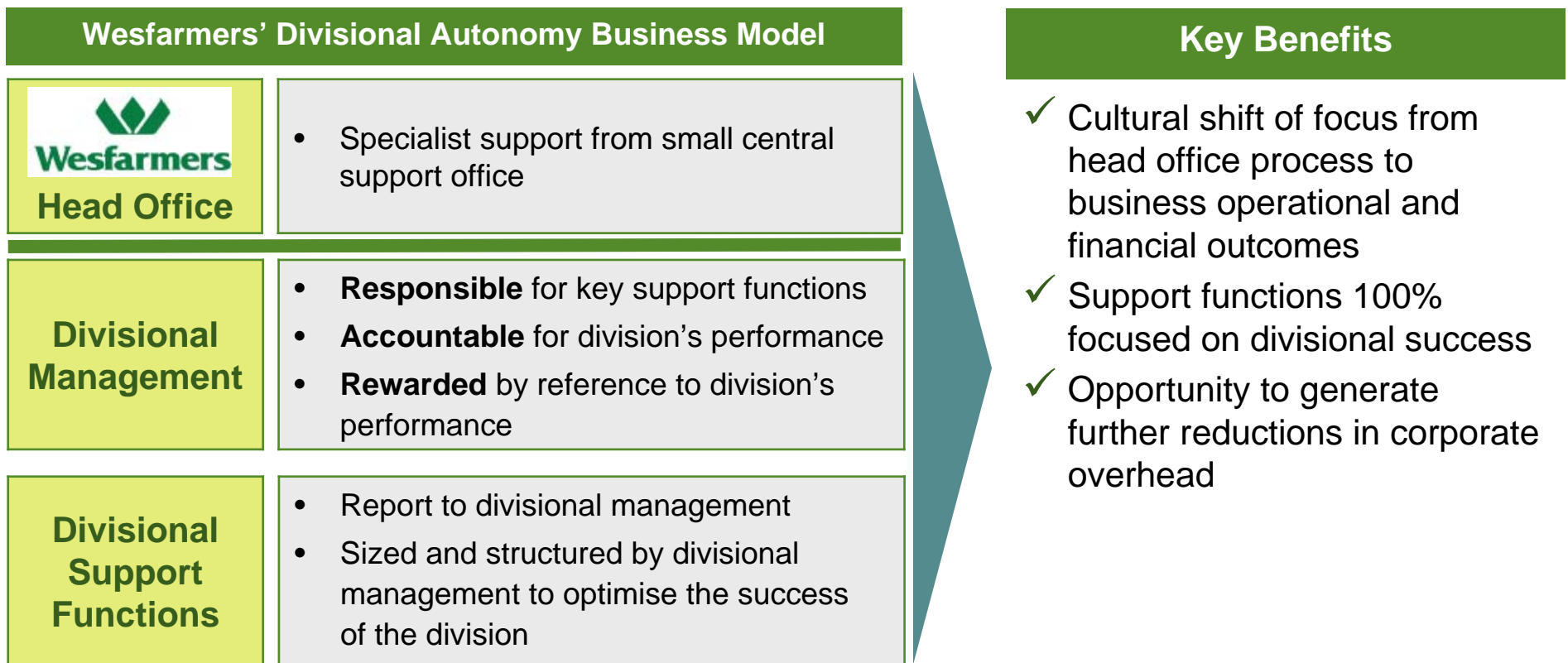


Business Restructure

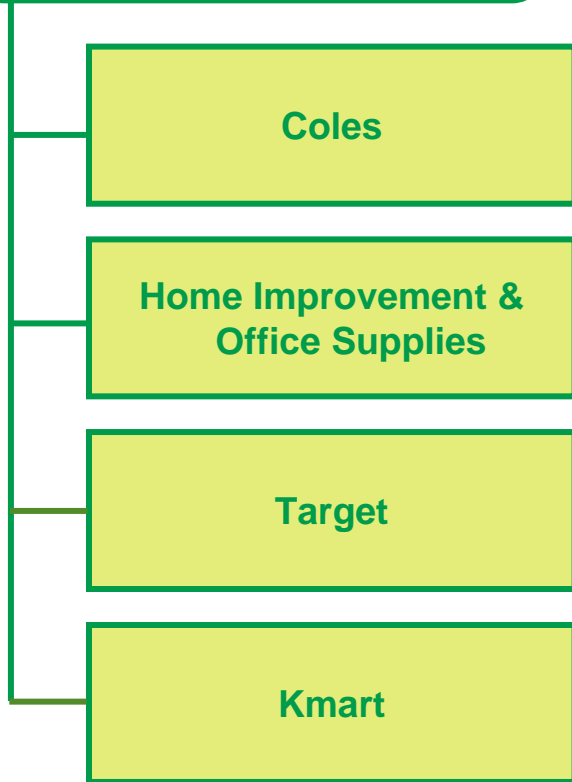


Divisional Autonomy

- Coles' shared service support functions are being restructured in line with Wesfarmers' model of divisional autonomy to create a more accountable business model



Implementation of Management Plan



- Ian McLeod appointed MD of Coles; extensive international retailing experience
- Terry Bowen appointed as CFO; Mick McMahon continues as COO
- Divisional Board will include executives with international retail experience

- The Officeworks and Bunnings businesses report as one division under the leadership of John Gillam
- Mark Ward (ex-Bunnings) appointed MD of Officeworks

- Target is performing strongly under the existing management team led by Launa Inman
- New GM Commercial, ex-Bunnings

- Larry Davis will continue as MD
- Strategic review due to be completed by March 2008, preferred option is to retain and strengthen operations



Overview and Culture

- Change of ownership created an environment for management to realise the full potential of the Coles businesses

Implementation of Cultural Change

- Removal of external distractions - focus management on operational divisions
- Engender positive culture and attitudes to drive positive customer experiences
- Wesfarmers acquisition is viewed positively by Coles staff
- Dedicated integration function led by senior Wesfarmers executives
- Drive responsibility and accountability

Specific Plans for Management

- Streamline head and divisional offices
- Introduce real accountability and direction by moving to divisional autonomy
- Strengthen existing team with specialist local and international retailers
- Senior Wesfarmers commercial executives are joining the leadership teams of all divisions

Focus on long-term value creation



Plans for the Businesses



Medium Term Value Creation		Value Accretive from Date of Acquisition	
	<p>Coles</p> <ul style="list-style-type: none"> • Stabilise the business • Focus on retail basics • Deliver supply chain cost savings and overhead reductions • Restore sales momentum • Selective network expansions 	<p>Target</p> <ul style="list-style-type: none"> • Continuation of strong performance • Support current margin mix initiatives • Aggressive store roll-out programme 	
	<p>Kmart</p> <ul style="list-style-type: none"> • Undertake strategic review • Wesfarmers' preference is to retain the Kmart business, however all options to optimise value will be considered 	<p>Officeworks</p> <ul style="list-style-type: none"> • Optimise performance through alignment with Bunnings • Accelerate store roll-out program to target category leadership 	



Group Results



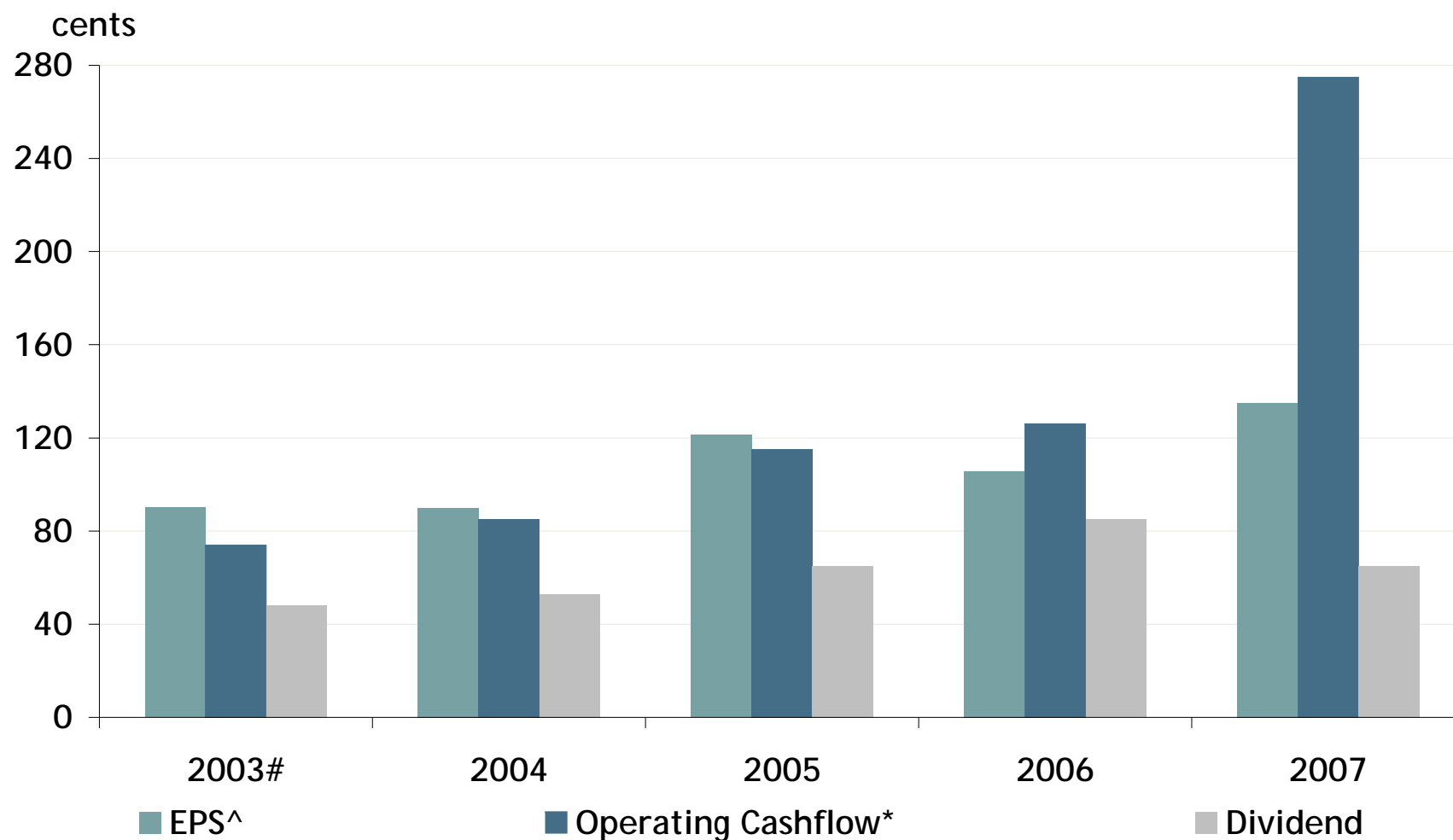
Group Performance Summary

Half Year ended 31 December (\$m)	2007	2006	↕ %
Operating revenue	9,808	4,718	107.9
EBITDA	1,266	791	60.1
EBIT	1,046	613	70.6
Net profit after tax	601	392	53.3
Operating cash flow	1,241	477	160.2
Earnings per share (excl. employee res. shares)	134.9	105.8	27.5
Earnings per share (incl. employee res. shares)	133.1	103.6	28.5
Cash flow per share (incl. employee res. shares)	274.9	126.2	117.8
Dividends per share ^	65	85	(23.5)

^ 2006 included some 25 cents per share relating to franking credits from ARG sale



Cash Flow & Dividend (Half Year to 31 Dec) (per share)



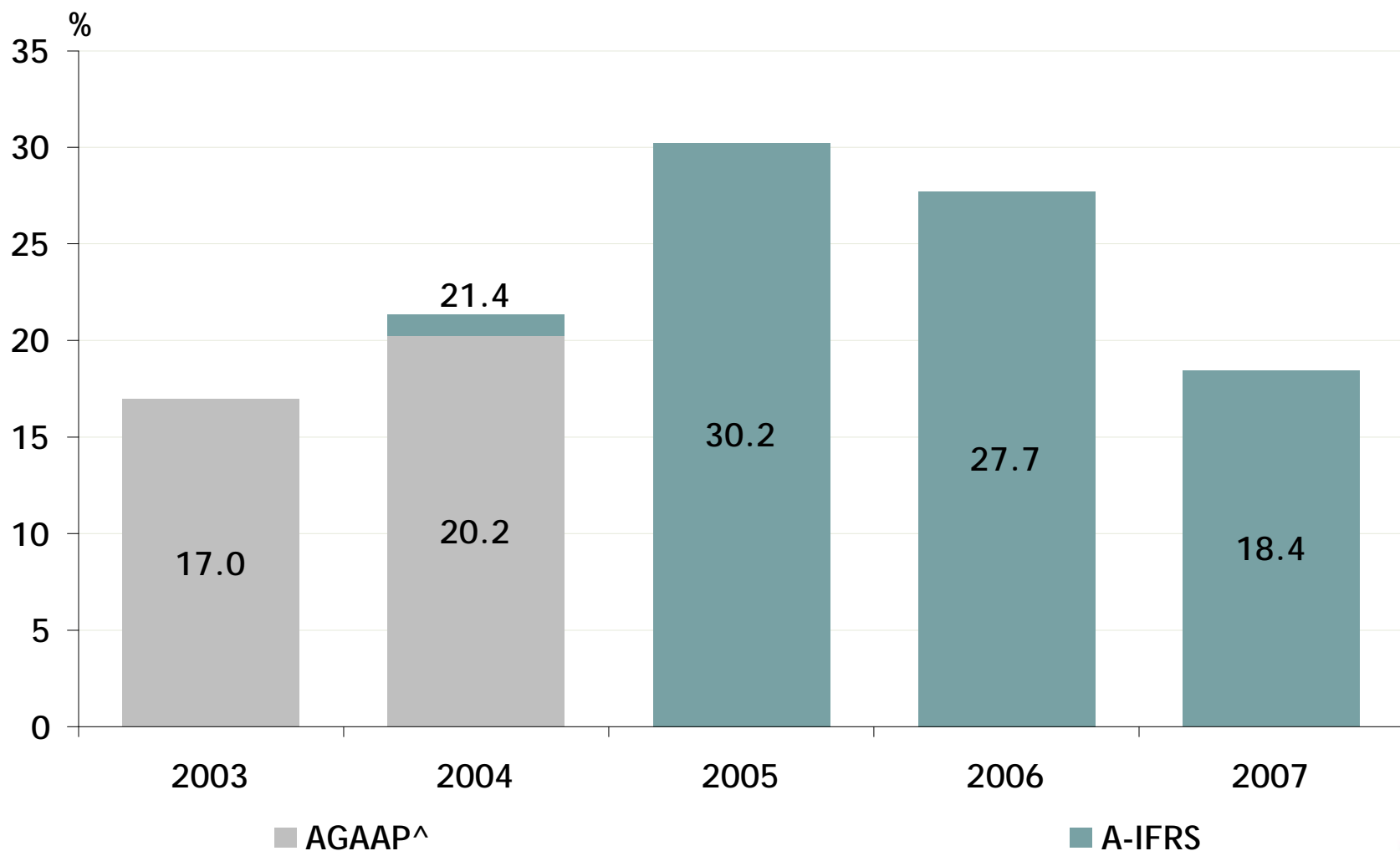
EPS and Cash flow exclude sale of Landmark * WANOS includes employee reserved shares
 ^ AGAAP excl. goodwill amortisation (2003), AIFRS excl. employee reserved shares (2004 +)



Divisional EBIT

Half Year ended 31 December (\$m)	2007	2006	↑ %
Home Improvement & Office Supplies	332	270	23.0
Coles	130	-	n/a
Target	118	-	n/a
Kmart	101	-	n/a
Resources	112	168	(33.3)
Insurance	64	60	6.7
Industrial & Safety	61	51	19.6
Chemicals & Fertilisers	48	28	71.4
Energy	48	38	26.3
Other	72	34	111.8
Divisional EBIT	1,086	649	67.3
Corporate overheads	(40)	(36)	(11.1)
Group EBIT	1,046	613	70.6

Return on Shareholders' Funds (rolling 12 months to 31 December)



Excludes sale of Landmark, Girrah (2003) and ARG (2006) ^ Before goodwill amortisation



Divisional Performance

Half Year ended 31 December	2007		2006
	EBIT \$m	ROC* %	ROC* %
Home Improvement & Office Supplies	332	31.4 [^]	25.1
Coles	130	n.m.	n/a
Target	118	n.m.	n/a
Kmart	101	n.m.	n/a
Resources	112	30.3	52.9
Insurance	64	11.2	24.6
Industrial & Safety	61	16.9	13.7
Chemicals & Fertilisers	48	16.2	14.9
Energy	48	12.0	33.2

* Rolling 12 months to 31 December ^ Excludes OfficeWorks
 n.m. = not meaningful given acquisition date of 23 November 2007



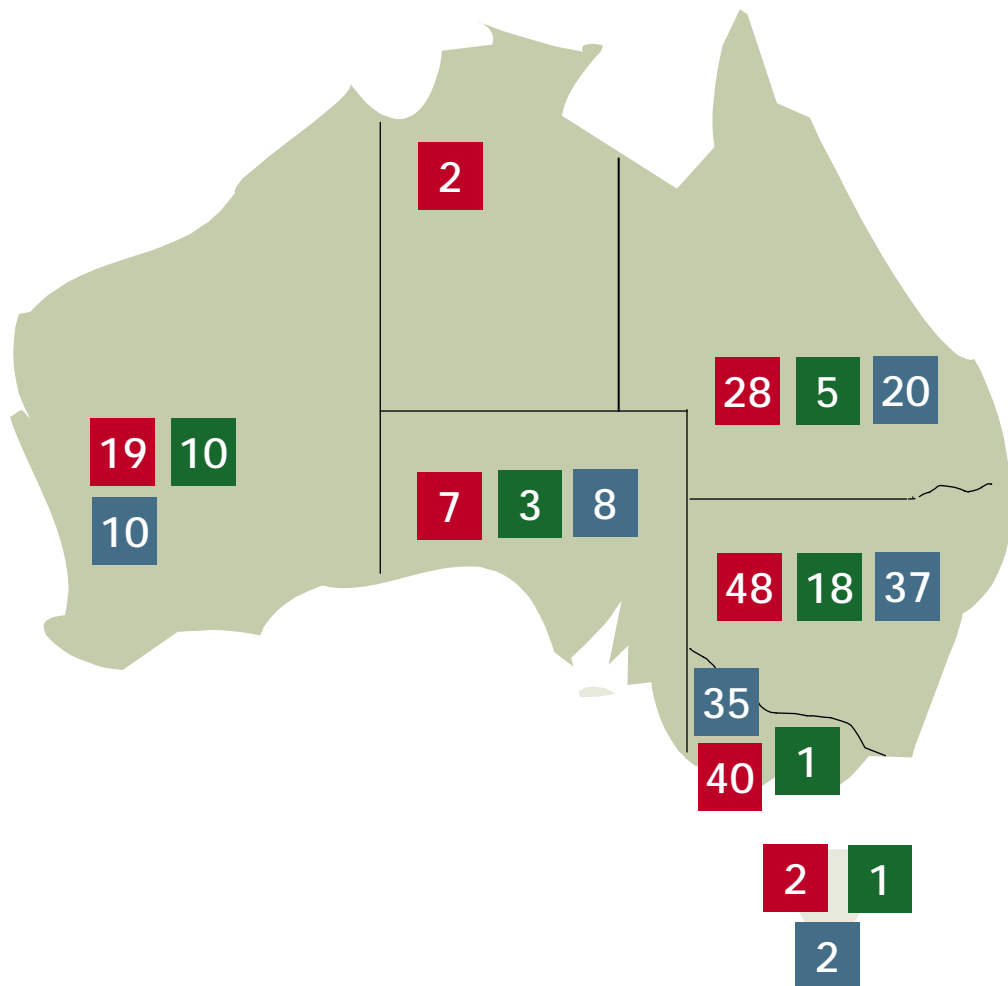
Home Improvement & Office Supplies



**WIDEST RANGE
LOWEST PRICES
BEST SERVICE**



Store Network at December 2007

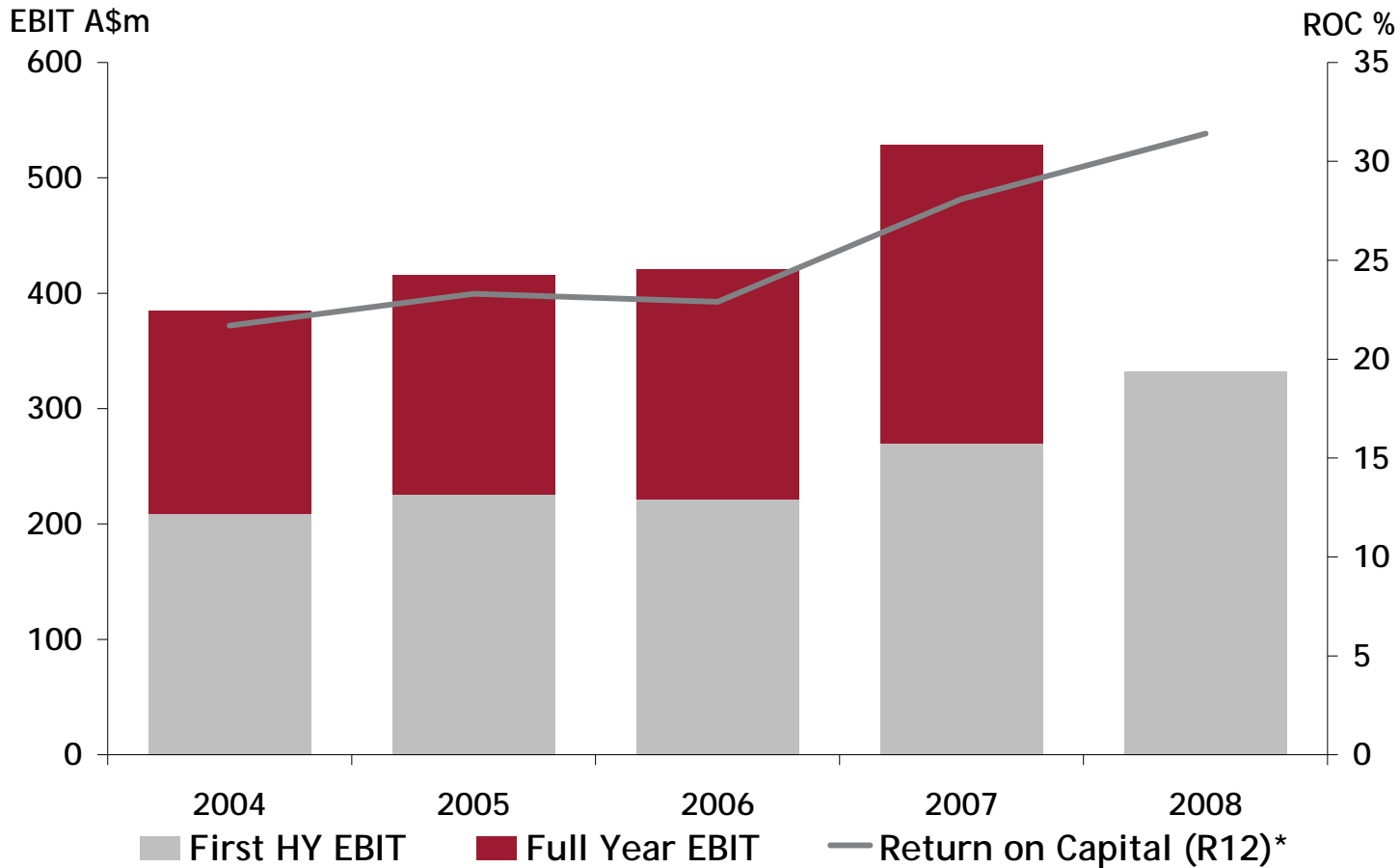


- 160 Bunnings Warehouse Stores
- 63 Small format Bunnings Stores
- 112 Officeworks Stores

Excludes 12 Trade operational sites and 10 Harris Technology stores



Home Improvement & Office Supplies Financial Performance



**PRO-FORMA
EBIT CONTRIBUTION
(FY07PF)**

23%

335+ stores
100,000+ product lines
26,000+ employees

* Excludes Officeworks acquired on 23 Nov 2007



Home Improvement - Strategies



Strategies	Details
Profitable sales growth	Strong focus on “driving the basics” – Price, Range & Service Two-pronged store network investment – existing and new Warehouse store rollout continues – 10 to 14 warehouse store pa 2 distinct trade market segments – 12 trade specific sites now open Major focus within business
Improving customer service	Lifting investment in Team Member know-how New labour scheduling system
Innovation & improvement of the offer	Driving new product ranges, expanding offer to customer Strong merchandising disciplines lifting existing ranges Refreshing and expanding “services” Website enhancements
Team member performance	Significant investment in training to lift service levels Supporting improved performance Continuing strong safety programme Advancing diversity/employment branding strategies in place
Business improvements to lower costs	Systems upgrade project progressing well Continued supply chain enhancements Better business disciplines Achieving a lower cost of doing business Positioning for climate change



Office Supplies - Strategies



Strategies	Details
Enhance competitive position	Re-establish authorities in core categories Improve in-store execution – product availability and service
Position for future growth	Accelerate store roll-out programme Drive category authority
Pursue operational efficiencies	Focus on business fundamentals at store and support office levels



Office Supplies Integration Update

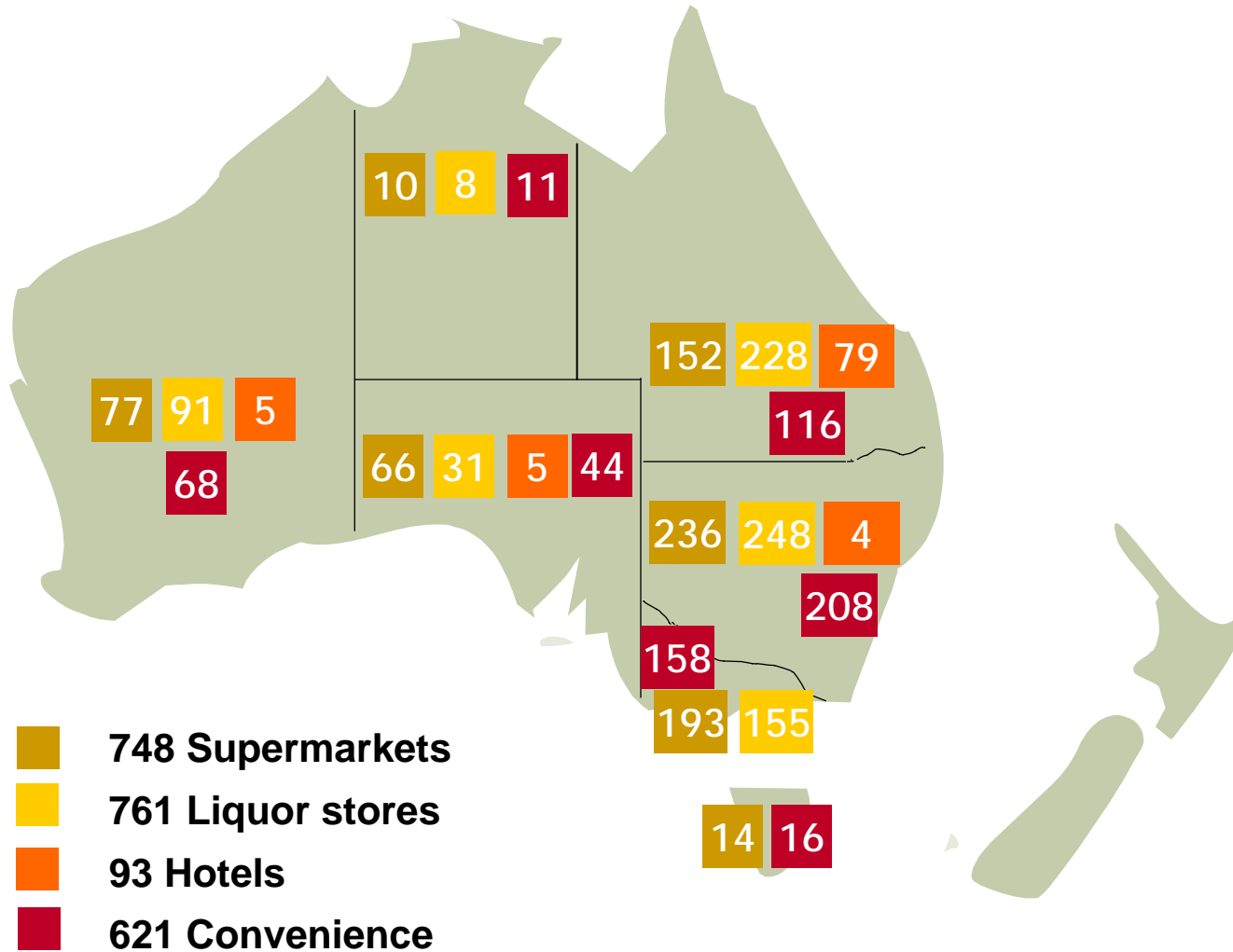
- Now part of expanded “Home Improvement & Office Supplies” Division
- Integration work proceeding to plan
 - 2 businesses, 2 executive teams
- New OW executive team settled
 - blend of OW & Bunnings expertise
 - Mark Ward appointed Managing Director
- Separation activities well progressed
- Tactical changes to the offer implemented
 - Strategy reset work underway



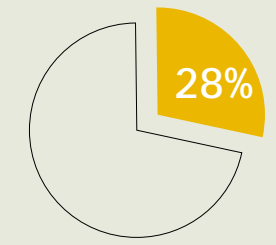
Coles



Coles Store Network at December 2007



PRO-FORMA EBIT CONTRIBUTION (FY07PF)



2,000+ stores & hotels
110,000 + employees
1.8m+ m² selling area



Coles Performance Summary



23 November to 31 December (\$m)		2007
Revenue		2,919
EBITDA		175
Depreciation & Amortisation [^]		(45)
EBIT		130
Food & Liquor	Revenue	2,271
	Comparative store sales growth %	2.0
	Trading EBIT*	118
Convenience	Revenue	648
	Comparative store sales growth %	6.2
	Trading EBIT [#]	12

[^] Incl. \$5m of amortisation of intangibles (provisional)

* Incl. \$7m of retail support costs not previously on-charged

[#] Incl. \$1m of retail support costs not previously on-charged



Coles - Strategies



	Strategies	Details
Food	Increase store efficiencies	Greater focus on space and category management
	Innovate and improve product offer	Execute revised Fresh and house brand strategies
	Enhance customer service	Improve in-store execution - product availability and customer service Employ clear pricing, brand and simple in-store communication
	Boost supply chain	Engage with stores to capture in-store supply chain benefits
	Position for future growth	Develop refurbishment programme
Liquor	Target profit growth	Focus on 1 st Choice roll-out and performance Reassess and continue to refurbish existing network
	Strengthen brand position	Reinvigorate Liquorland's convenience and Vintage Cellars' specialist credentials
Conv	Increase operational efficiency	Optimise product mix and in-store costs
	Target higher growth sectors	Drive network expansion and refurbishments
	Increase competitive position	Expand convenience offer
	Increase process efficiencies	Optimise supply chain



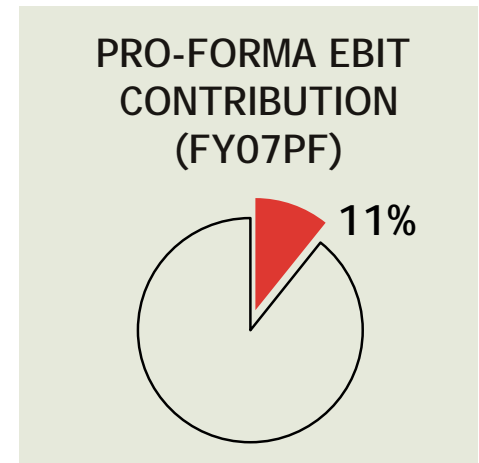
Target



 **Target.** 100% *happy*



Target Store Network at December 2007



Target Performance Summary

23 November to 31 December (\$m)

2007

Revenue

605

EBITDA

123

Depreciation & Amortisation

(5)

EBIT

118

Comparative store sales growth (%)

3.1

EBIT margin (%)

19.5

Store numbers

274



Target - Strategies



Strategies

Details

Further enhance leading position in market

Strengthen position in key categories through product extensions

Access operational efficiencies

Create more flexible in-store space management

Target higher growth sectors and position for future growth

Grow network through store roll-out
Implement consistent store refurbishment plans



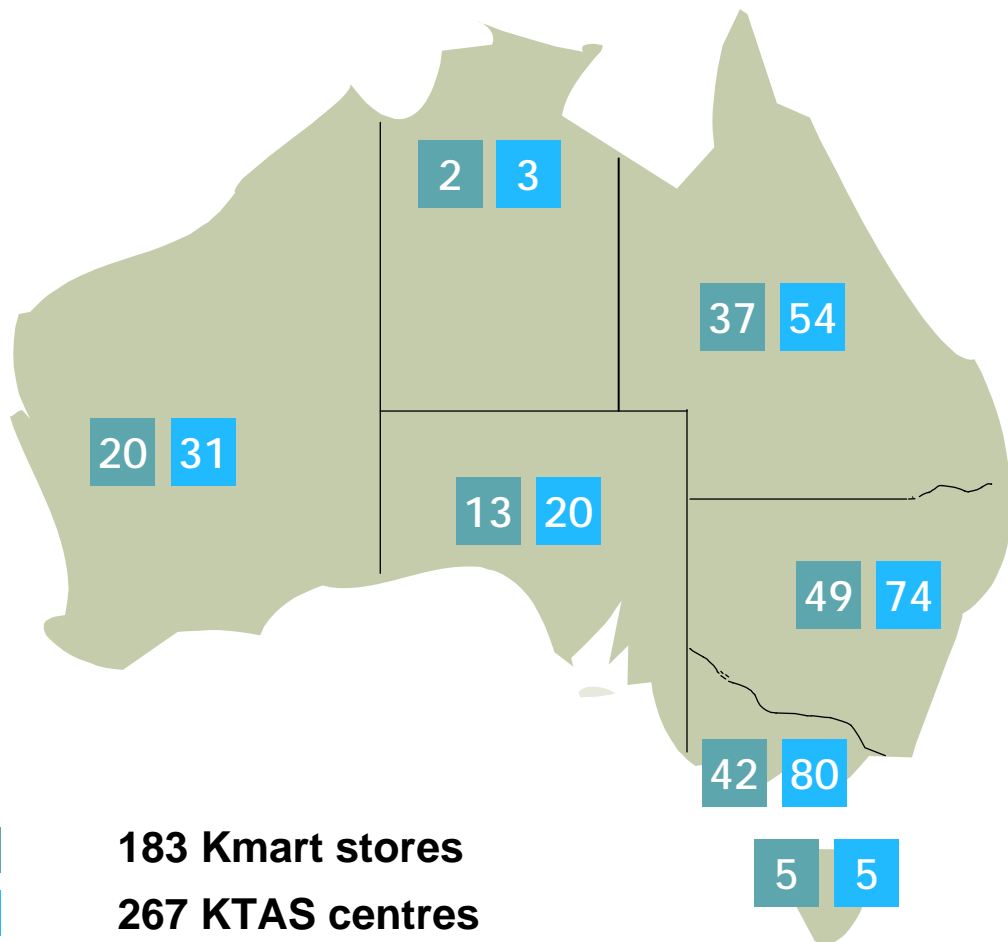
Kmart



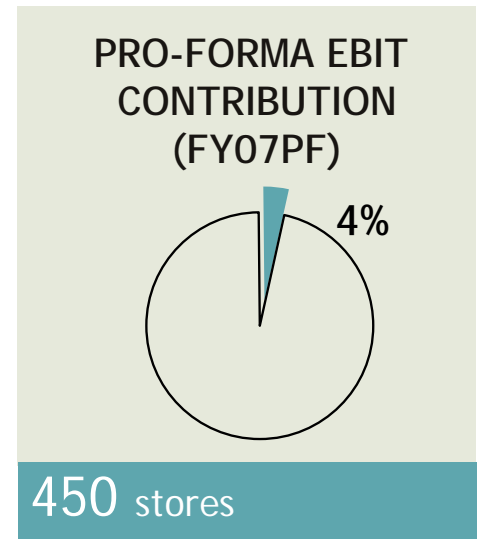
where good times start



Kmart Store Network at December 2007



183 Kmart stores
 267 KTAS centres



Kmart Performance Summary

23 November to 31 December (\$m)	2007
Revenue	692
EBITDA	106
Depreciation & Amortisation	(5)
EBIT	101
Comparative store sales growth (%)	5.0
EBIT margin (%)	14.6
Store numbers (incl. Kmart Tyre & Auto)	450



Kmart - Strategic Review

- Strategic review of Kmart underway
 - Completion expected March 2008
- Wesfarmers is confident that one or a combination of these options will deliver value in excess of that assumed in Wesfarmers' valuation

Strategic Review Options

1. Improving the trading performance of the existing business
 - Recent trading outcomes have been more encouraging
2. Converting some Kmart stores to other group formats
3. A sale of all or part of the business



Resources



URRAGH

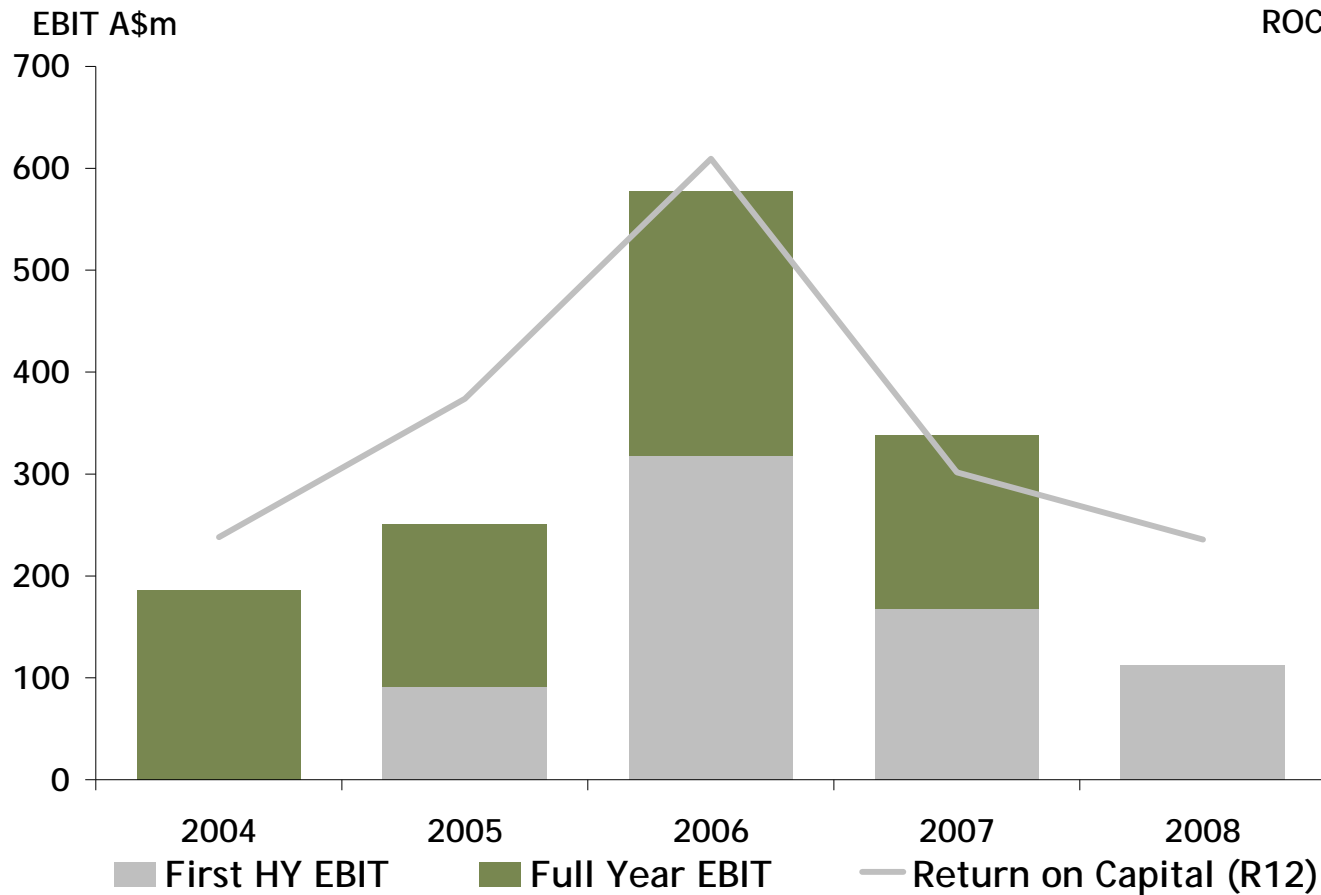


Premier Coal

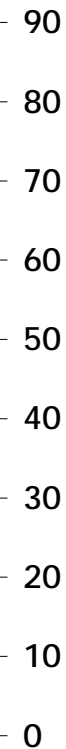


Resources

Financial Performance



ROC %



660 employees

3 coal mines

24 coal customers



Resources - Strategies



Opportunities / Challenges	2007/08 Strategic initiatives
Strong export customer demand	Maximise export sales Long-term export contracts in place Optimise sales mix Maintain export price relativity
Cost pressures	Curragh North conveyor Dragline upgrades Business improvement projects
Infrastructure constraints	Closely monitor and capture opportunities to export as soon as capacity becomes available
Increase coal production	Curragh feasibility study Bengalla expansion opportunity
Extend product and market reach	Evaluate acquisitions that offer economies of scale or downstream benefits
Sustainability	Coal21 Safety and environmental performance



Insurance




WESFARMERS FEDERATION
INSURANCE LIMITED

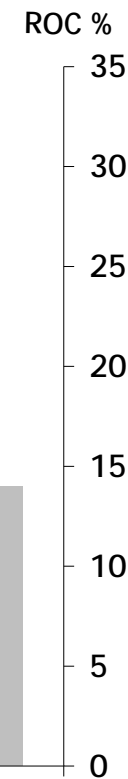
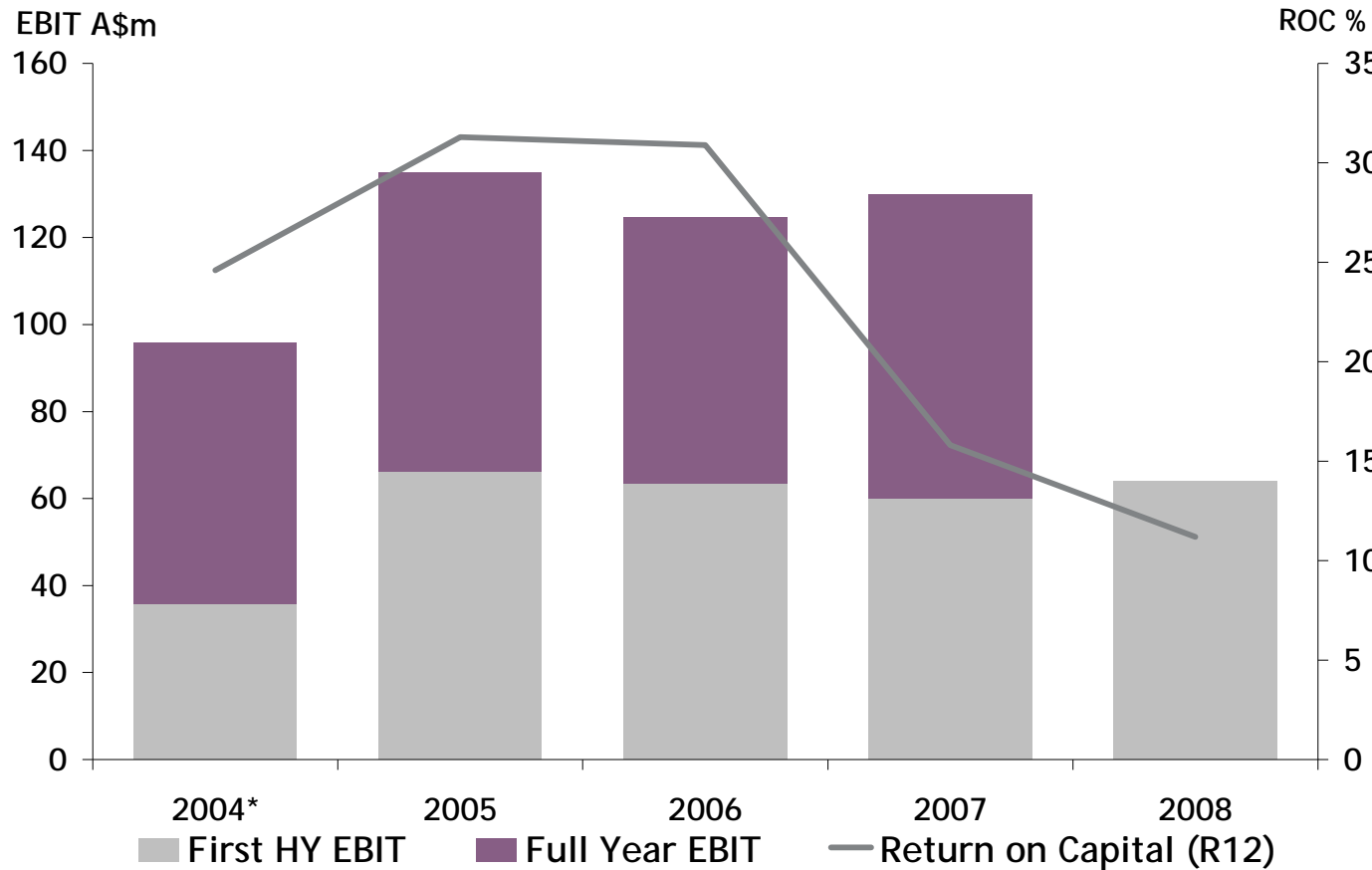
Lumley 


OAMPS

CROMBIE & LOCKWOOD
New Zealand's Insurance Brokers



Insurance Financial Performance



Insurance - Strategies



	Opportunities / Challenges	Strategies
Underwriting	Target Profitable growth	Maintain underwriting disciplines Maintain key alliances and relationships LGA online initiative WFI expansion via “Yourinsurancegroup” Expansion of fee-based and value added services
	Integration of AILL with LGA	Portfolio transfer by 31/12/07 – integration largely complete
	LGNZ Business Improvement	New management structure – customer focused Price increases agreed in Lumley Business Solutions Initiatives to improve expense ratio
Broking	Integration of OAMPS and Crombie Lockwood	Integration largely complete
	Improve customer service	Expansion of products and services Strengthen specialist teams Value added services (OHES, Safety Assist)
Division	Building the best team	Development and CIO roles New regional management structure for OAMPS Leadership development program Training and mentoring



Industrial & Safety Portfolio



Australian market leader in distribution of Maintenance, Repair and Operating supplies (MRO)

National Specialist Businesses

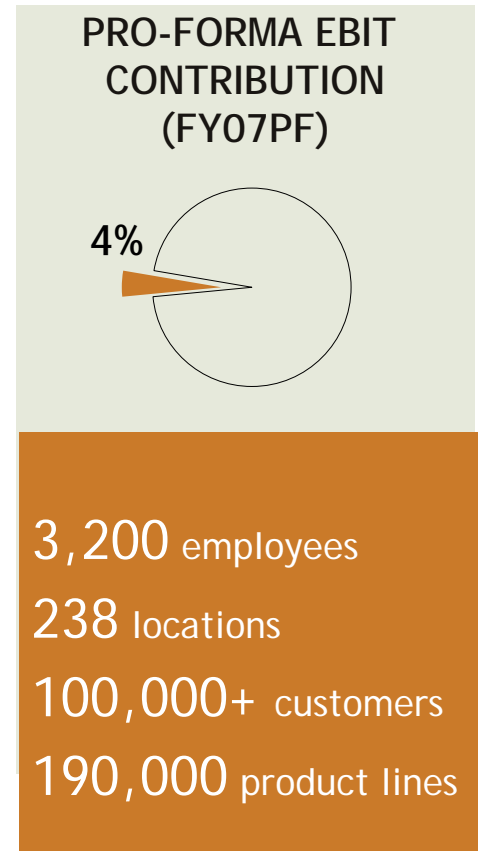
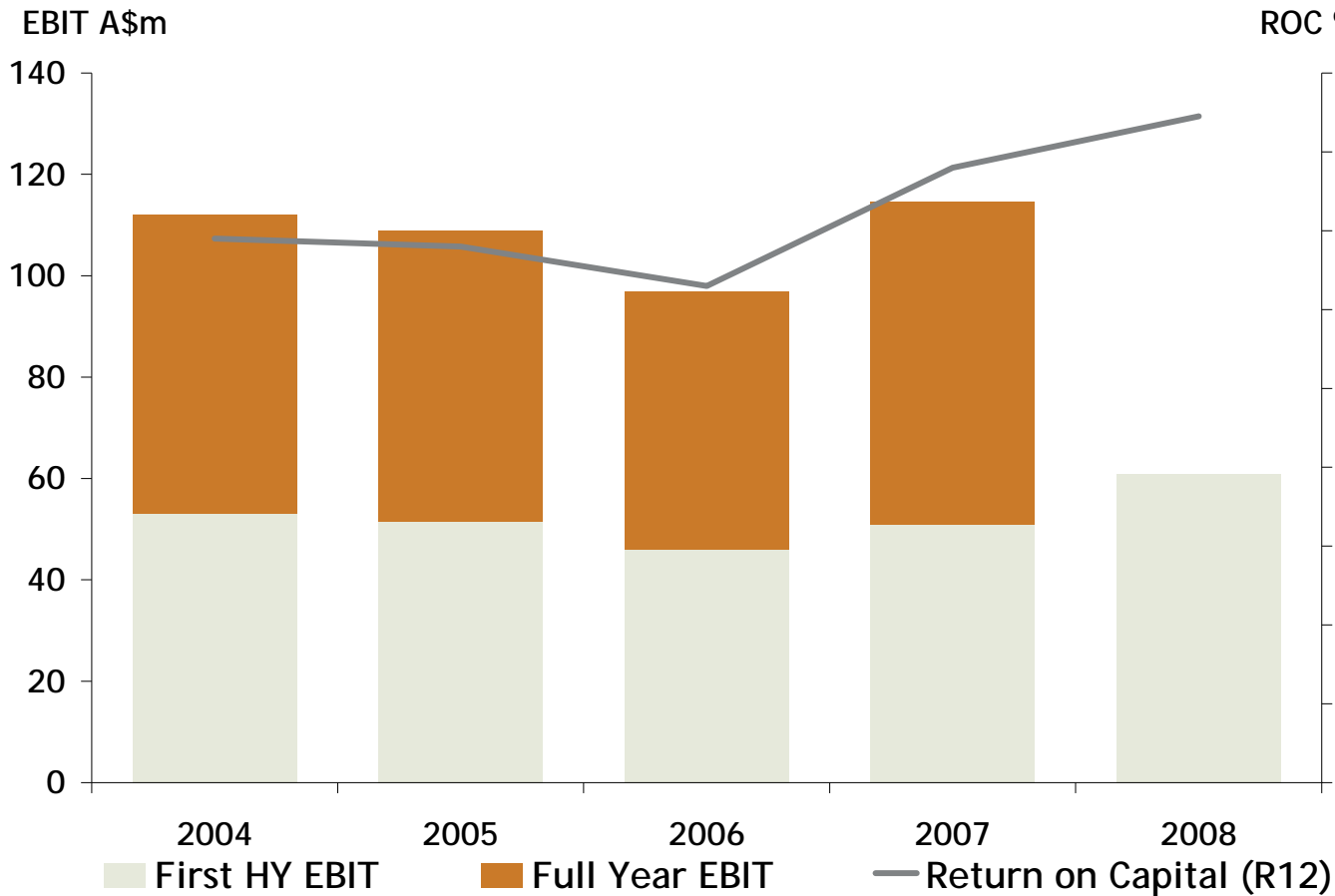
Australia



New Zealand



Industrial & Safety Financial Performance



Industrial & Safety - Strategies



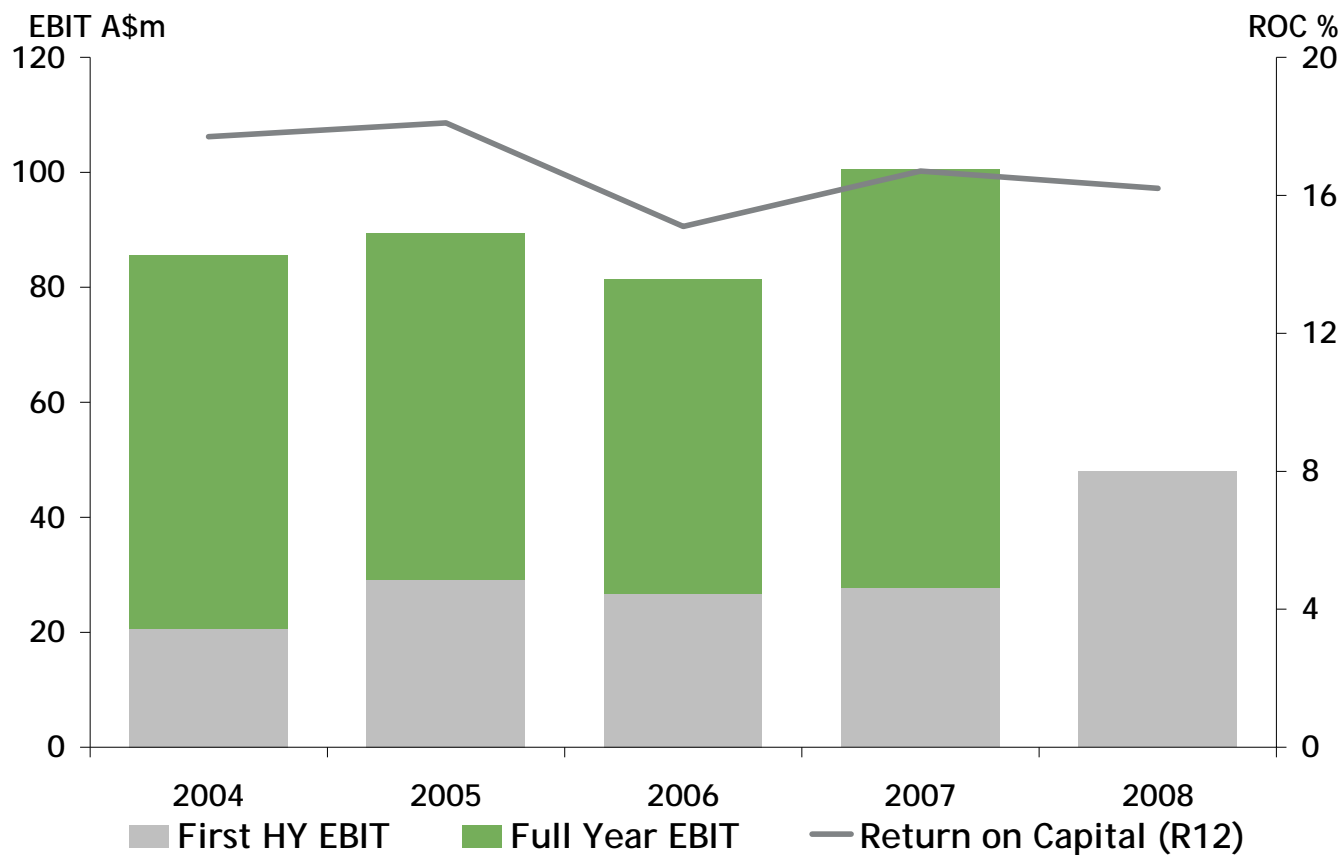
Opportunities	Strategic Initiatives
Target higher growth sectors	Networks expansion New product ranges and services Acquisitions complementing organic growth
Increase sales to existing customers	Ongoing focus on customer service and delivery performance <ul style="list-style-type: none">• technical and industry expertise, supply chain efficiency Better value propositions <ul style="list-style-type: none">• services, e-Business, pricing consistency
Improve metropolitan sales performance	Small customer targeting <ul style="list-style-type: none">• sales force growth and effectiveness, competitive pricing• website upgrades, greater brand visibility
Further increase competitive position	Continued improvements to sourcing, range and supplier management Lower cost to serve Capital management excellence



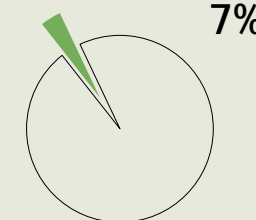
Chemicals & Fertilisers



Chemicals & Fertilisers Financial Performance



PRO-FORMA EBIT
CONTRIBUTION
(FY07PF)



730 employees

300 chemical customers

2 major fertiliser
distributors servicing
over 5,000 farmers

17 operational
manufacturing plants



Chemicals & Fertilisers - Strategies

		Opportunities / Challenges	Strategies
Chemicals		Maintain and grow business	Kwinana AN duplication Upgrade of QNP
		Improve performance of sodium cyanide business and identify opportunities for growth	Focus on plant performance achieving better output \$15 million expansion underway Investigating further growth opportunities
Fertilisers		Continue to develop liquid fertilisers	Extend product development activity
		Optimise cost and capital	Focus on expense reduction strategies and investigate ways to make cost base more variable
		More tailored market approach	Upgrade of business (IT) systems Improved market analysis Ongoing product development
Fertilisers and Chemicals		Growth opportunities	Dedicated business development team
		Improved capabilities and people development	Improved training and safety focus Compliance & Reliability departments
		Sustainability	Finalise sustainability framework



Energy



 **Kleenheat Gas**



WESFARMERS LPG



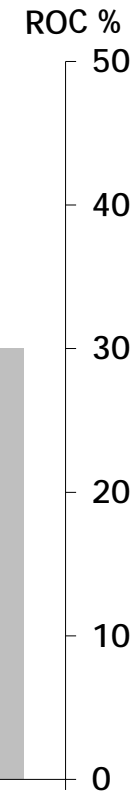
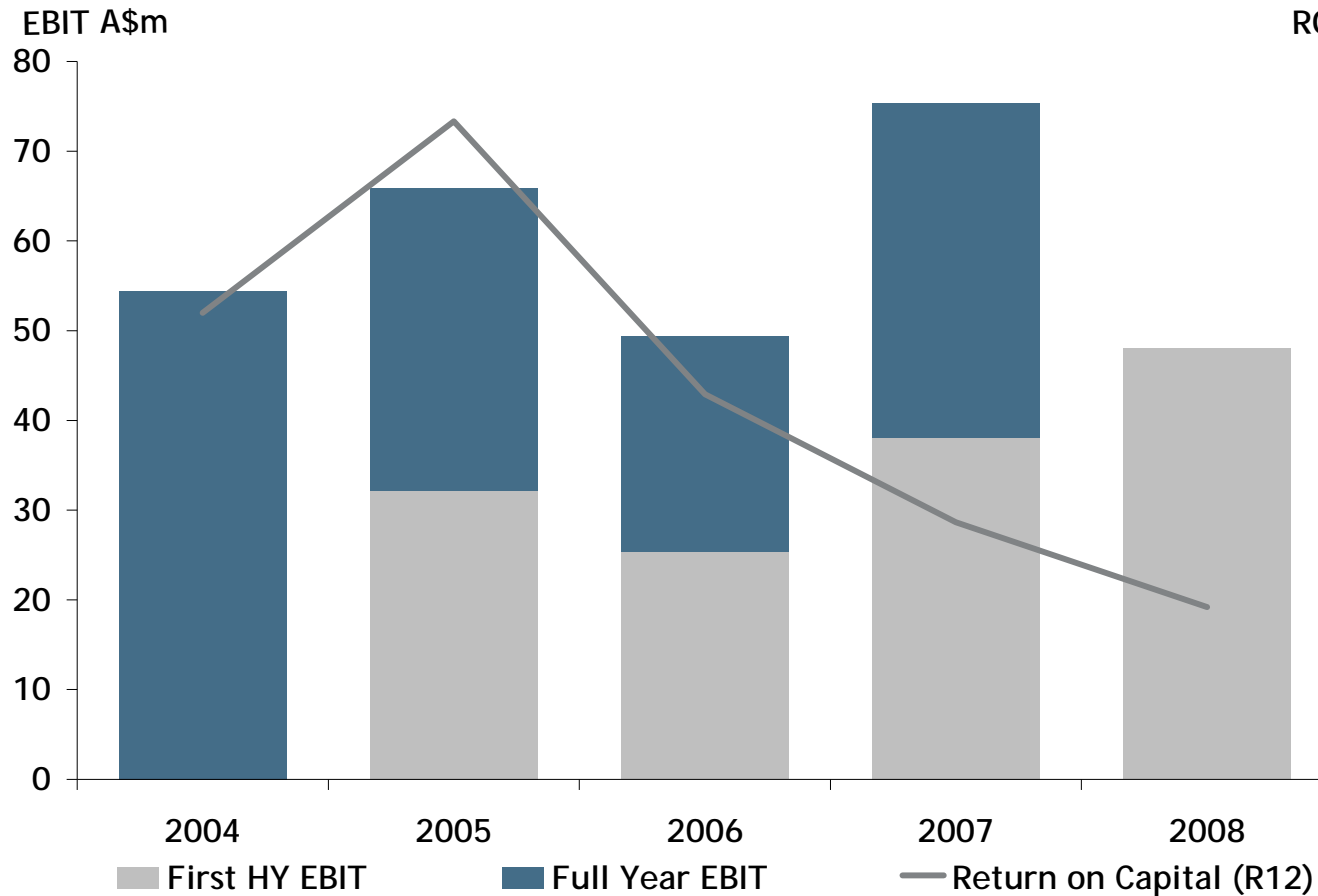
enGen
energy generation

 **AIR LIQUIDE**
WESTERN AUSTRALIA™

coregas 



Energy Financial Performance



950 employees
 279,500 gas customers
 23 remote power stations
 3 air separation units
 1 LPG extraction plant
 1 hydrogen plant



Energy - Strategies



Strategies	Sector
Improve – Existing Businesses	Industrial gas growth in: <ul style="list-style-type: none">• eastern states sales; and• oil and gas sector Maximise LPG production LPG distribution: <ul style="list-style-type: none">• customer focus; and• controllable costs Pursue new power generation projects
Expand – Deliver Projects	Industrial gas – supply projects LNG – WA Project: <ul style="list-style-type: none">• Plant / Distribution• HDV market development• Power stations
Evaluate – New Opportunities	LNG projects – east coast Other alternative fuels and renewables



Other Businesses



Gresham:

50% interest in Gresham Partners, an independent investment bank focused on financial advisory services, private equity investment and property investment funds. Wesfarmers also holds significant investments in Gresham's Private Equity Funds.

(A\$m)	2006	2007
Profit before tax:		
Gresham Partners	2.7	3.9
Gresham Private Equity	10.1	12.8



Wespine (50%):

50:50 joint venture between Wesfarmers and Fletcher Building Limited. Wespine is a softwood sawmiller, specialising in the production of premium quality plantation timber for use in housing construction and furniture manufacturing.

(A\$m)	2006	2007
Profit before tax	9.8	8.1



Bunnings Warehouse Property Trust (23%):

listed property trust, established in 1998 with a focus on warehouse retailing properties and, in particular, Bunnings Warehouses leased to Bunnings Pty Ltd, a wholly-owned subsidiary of Wesfarmers Limited.

(A\$m)	2006	2007
Profit before tax	17.0	46.9



Gresham Private Equity

Gresham Private Equity - Fund 1

- Norcros divested, with some deferred consideration
- Current investment \$31m
- Exit of Riviera expected within several years
- Gross cash realised IRR 30+%

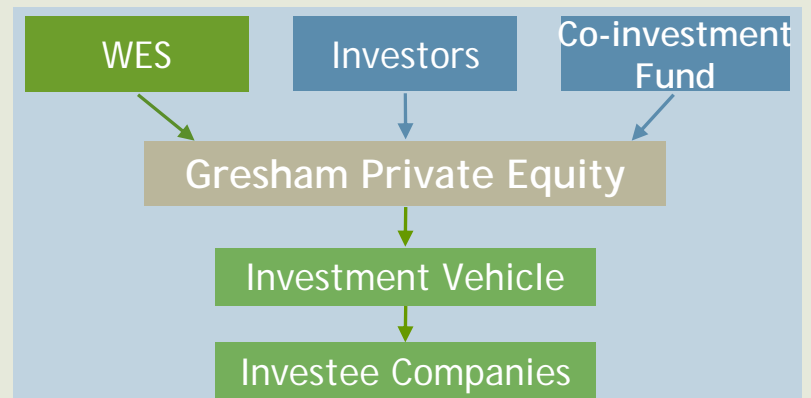
Current Investment Portfolio - Fund 1

Riviera
ocean cruisers



Gresham Private Equity - Fund 2

- Wesfarmers' current commitment \$180m; Capital invested \$141m
- New Investments:
 - Barmenco
 - Experiential Group
- Revaluations are to Wesfarmers' earnings



Gresham Private Equity

Fund 2

CURRENT INVESTMENT PORTFOLIO

Noel Leeming

*electrical retailer
(New Zealand)*



Witchery

women's fashion apparel



Australian Pacific Paper Products

*manufacturer & distributor
of disposable nappies (Australia)*



Barminco

contract mining services



GEON (Pacific Print Group)

*leading commercial printing
business (NZ + Aust)*



Experiential Group

Leisure travel services



Capital Management



Bridge Refinancing Programme

- Wesfarmers has a A\$4bn bridge loan as part of the Coles acquisition funding
 - Due to be repaid October 2008
- A highly flexible approach is being taken given recent market volatility and potential for changing market conditions
 - A number of refinancing alternatives being pursued
 - Preparatory work well underway
- Wesfarmers remains confident that it will be able to access its preferred markets in a timely manner



Capital Management

- Net Debt / Equity of 70.1% at 31 December 2007
- Cash Interest Cover Ratio (rolling 12 months) of 5.0 times
- \$4,000 million to be refinanced in 2008
 - DIP, Australian and offshore debt, hybrids
- Dividend Investment Plan
 - 75%* underwrite for interim dividend - 1% discount
- Franking credit position supports \$2 per share total FY08 dividend

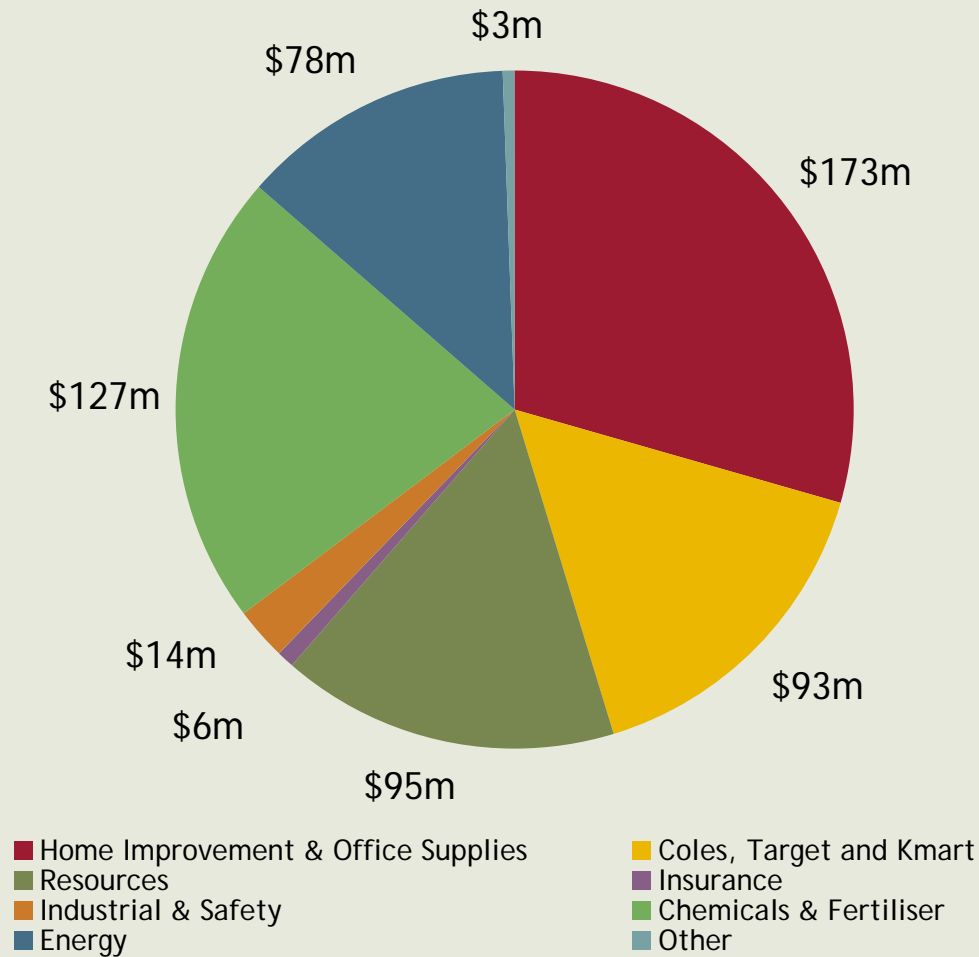
* 75% +



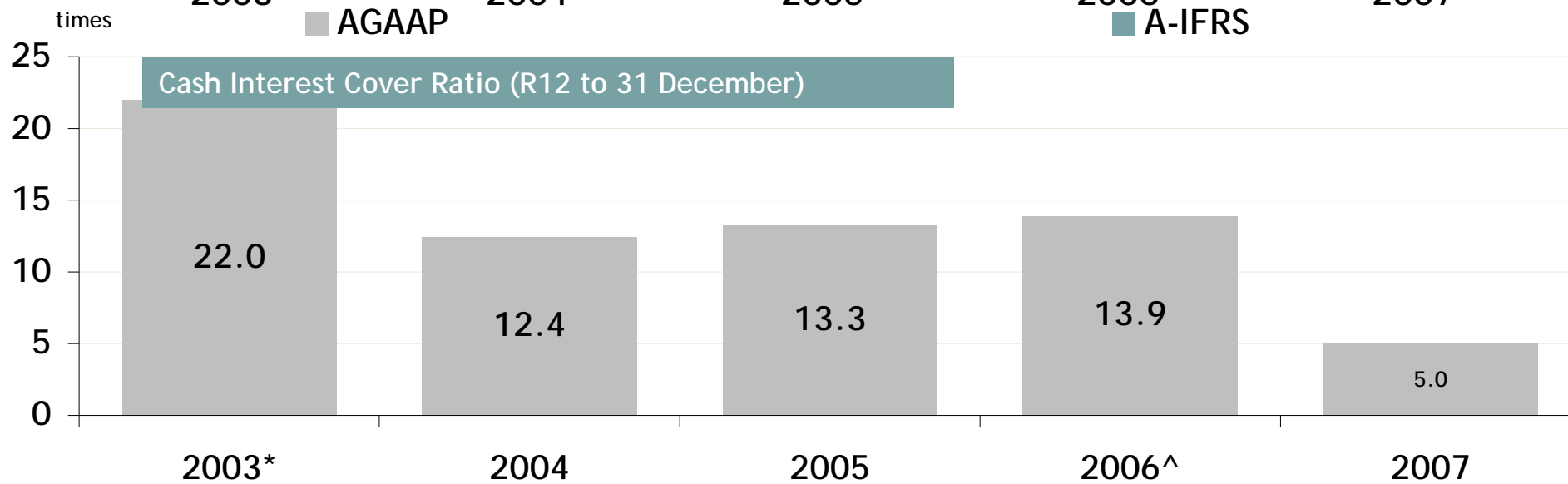
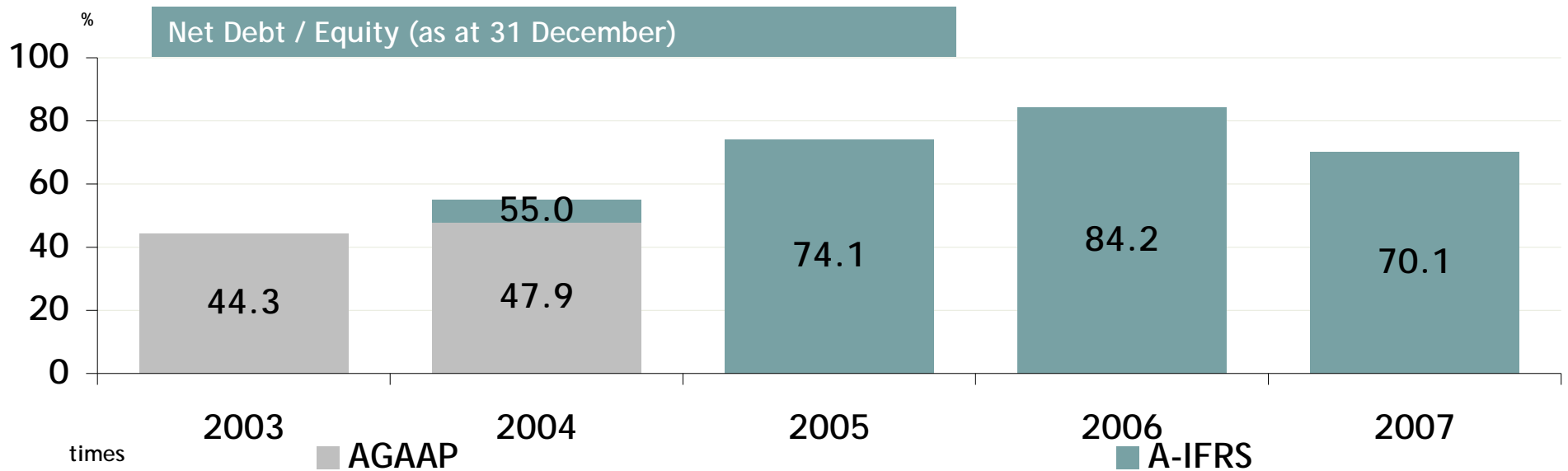
Capital Management

1H08 Capital Expenditure

Total: A\$588m



Capital Management



* Excludes sale of Girrah and Landmark ^ Excludes sale of ARG

Outlook

- Focus on bringing about substantial change in Coles
- One-off transaction/restructure costs in 2H08 expected; too early to quantify
- Continuing good results in most businesses
- Impact of higher interest rates and fuel price volatility
- Strengthening coal price outlook
- \$4bn to be refinanced





Wesfarmers

For all the latest news visit

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