

Remuneration snapshot 2009

2009 remuneration report summary

During the 2009 financial year, the Wesfarmers Board worked closely with management to conduct a complete review of the senior executive remuneration structure and plans in light of the 'no' vote on the 2008 remuneration report. It has also redesigned this year's report with the aim of increasing transparency and making it easier to read and understand.

Given the challenging economic environment and a high level of public interest in the issue of executive remuneration, the Board and management have responded by taking appropriate steps including:

- conducting a detailed review of the long-term incentive metric. In the context of the acquisition of the Coles group and our focus on improving the performance of those businesses, it has been determined that growth in return on equity remains the most relevant primary financial metric to measure Wesfarmers' long-term success and drive enhanced shareholder returns, and will be the basis for senior executive long-term incentives, noting that the Coles senior executive special purpose long-term incentive plan remains unchanged with specific targets around the five year turnaround plan;
- disclosing the minimum return on equity hurdle applicable to the Group Managing Director's long-term incentive plan, which remains unchanged at 12.5 per cent, notwithstanding the material effect of the capital raising on this target;
- implementing a freeze on fixed remuneration increases for senior executives and fees for non-executive directors for the 2010 financial year;
- announcing that annual incentive payments for the 2009 financial year to executive directors and senior executives were limited to payments in relation to achievement of financial and divisional targets only, with no payment for the individual performance objectives element, resulting in a reduction of between 20 and 40 per cent of the maximum annual incentive payable;
- introducing mandatory deferral of above-target annual incentive payments into shares for senior executives for the 2010 financial year, with trading restrictions and forfeiture conditions that will apply to these shares; and
- closing the retention plan in early 2009 (which provided for a benefit on termination), with no new executives participating in this programme in the future.

Further detail on these and other changes for the 2009 and 2010 financial years are highlighted throughout the remuneration snapshot and the formal remuneration report. In addition, we have altered the format of the report to make as clear as possible the core aims which underpin the remuneration policies and practices, how they are aligned with the corporate objectives and performance and how the performance for the 2009 financial year has resulted in particular remuneration outcomes. The remuneration snapshot provides an overview of key information, with the required statutory audited information included in the detailed remuneration report. The audited remuneration table can be found on page 171 of this report.

Wesfarmers' remuneration framework remains focused on maintaining a performance culture by driving and rewarding executive performance for the achievement of the Company's short-term and long-term strategy and business objectives and, ultimately, growth in shareholder wealth. The presentation of these details this year is designed to assist your understanding of the remuneration policy objectives and outcomes.

Remuneration snapshot 2009 (continued)

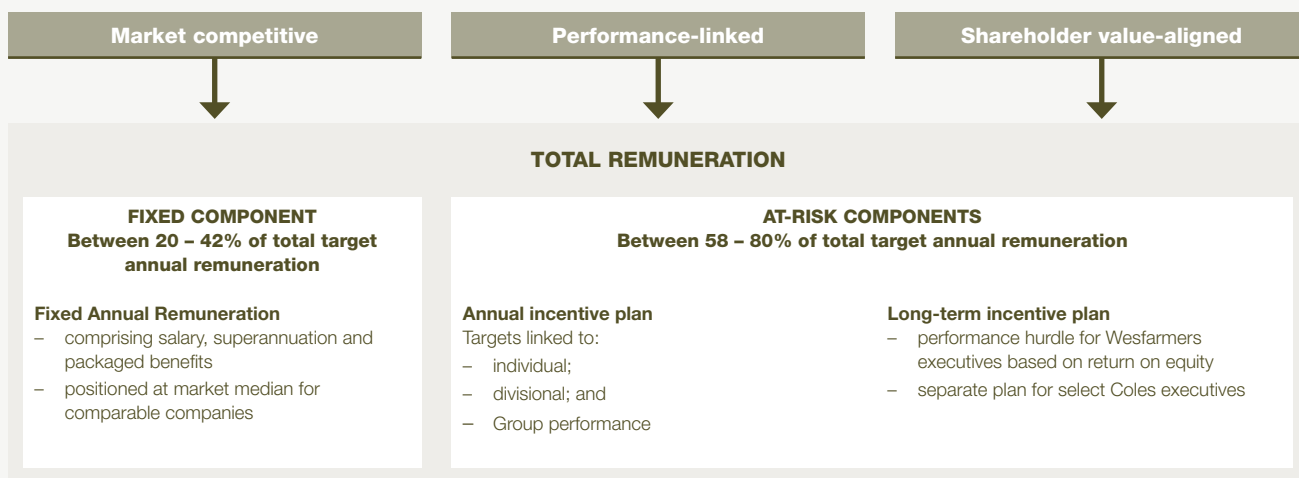
Remuneration policy and principles

Wesfarmers' remuneration policy for senior executives is based on the following key principles:

- **be market competitive** – to attract and retain the best people for the job, Wesfarmers positions fixed remuneration and incentives at the market median of executives in the top 25 ASX-listed companies, with an opportunity for highly competitive total remuneration for superior performance;
- **be performance-linked** – a significant proportion of an executive's remuneration is dependent upon Wesfarmers' success and individual performance; and
- **be shareholder value-aligned** – measures used in the performance incentive plans have been chosen to ensure there is a strong link between remuneration paid and the achievement of performance that results in a satisfactory return to our shareholders.

These principles drive our remuneration framework and each of the components of executive remuneration.

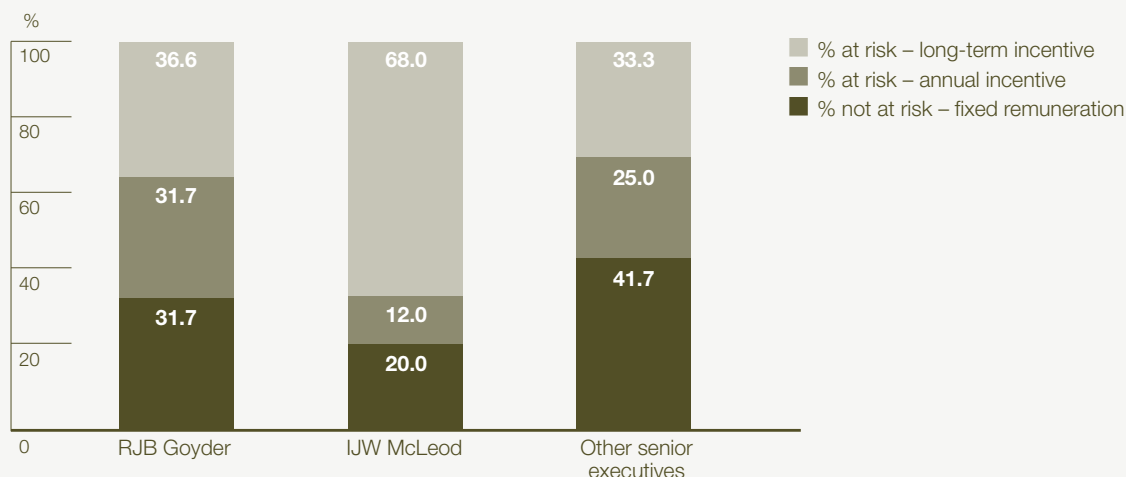
Overview of remuneration framework



The graph below shows the break-down between the fixed and at-risk components of Wesfarmers' senior executive remuneration framework (as a percentage of the total target annual remuneration) for each of the executives disclosed in the remuneration report.

The remuneration of Mr McLeod, the Managing Director of the Coles division, includes a separate long-term incentive plan that links rewards to challenging annual performance targets specific to the Coles division over its five year turnaround period. Further detail is provided on page 167 of this report.

Total target annual remuneration



Directors' report continued

Wesfarmers Limited and its controlled entities

Remuneration snapshot 2009 (continued)

Group Managing Director

Mr Goyder's total reported remuneration for the 2009 financial year is \$8,126,075, as shown in the table on page 171. This comprises fixed remuneration (cash salary), non-monetary benefits and post employment benefits (including superannuation) of \$3,380,155 and an annual incentive of \$1,100,943, totalling \$4,481,098.

Mr Goyder's reported remuneration included an annual accounting expense amount of \$3,644,977, recognised for his participation in the Group Managing Director Long Term Incentive Plan and the 2007 and 2008 awards under the Wesfarmers Long Term Incentive Plan.

In line with a decision of the Board, Mr Goyder's fixed remuneration (together with that of all senior executives) has been frozen for the 2010 financial year. Mr Goyder's annual incentive payment was limited to the achievement of financial targets only, with no payment for the individual performance objectives element. This has resulted in a reduction in Mr Goyder's potential annual incentive by in excess of \$1.5 million for the 2009 financial year.

In relation to Mr Goyder's long-term incentive of 100,000 performance rights allocated in September 2008, no change has been made to the performance hurdle of a return on equity performance of 12.5 per cent per annum which must be achieved in two consecutive years. Actual return on equity performance for the year was 7.4 per cent. In addition to the performance hurdle under the plan being more challenging than before, the maximum number of additional performance rights available to Mr Goyder under his September 2008 grant, should return on equity performance exceed 12.5 per cent per annum, was capped at 400,000 during the year. Delivery of this benefit would require a 16.5 per cent per annum return on equity performance for two consecutive years prior to the end of the 2014 financial year.

Other senior executives

The Company's overall financial performance in the 2009 financial year and that of a number of the businesses did not achieve the target level set by the Board and, accordingly, annual incentives were greatly reduced or not paid at all. While the annual incentive plan delivered above target bonuses for senior executives with annual incentives linked to the Coles division and Target division (which both exceeded their financial targets) and at-target bonuses for senior executives in the Resources division and Bunnings division (which performed at or around target for the year), no payment was made in relation to the individual performance objectives element of the plan. This resulted in a reduction of between 20 and 40 per cent of the maximum annual incentive payable.

Senior executives received an annual allocation of shares (which are restricted for three years) under the Wesfarmers Long Term Incentive Plan during the year. For a select number of senior executives multi-year grants, equal to three years' worth of shares, were made in November 2008 under the plan. Further detail is provided on page 165 of the remuneration report.

The Company has accrued an amount of approximately \$1.53 million in respect of the award to the Managing Director, Coles division, under the Coles Long Term Incentive Plan for the financial year. This is the direct result of the significant performance targets being met for the 2009 financial year, notably growth in Coles division earnings before interest and tax to \$830.6 million, achieving revenue (excluding fuel sales) in excess of \$23,037 million and a return on capital employed in the Coles division in excess of 5.0 per cent for the year. This award is subject to ongoing service with the Coles division and, in general, no part of the award is payable prior to 30 June 2011 (and then only a part of the award will be paid) with the balance paid in further annual instalments between 30 June 2011 and 30 June 2013.

Remuneration report 2009 (audited)

Overview of remuneration components

Remuneration component		Participants			
		Non-executive directors	Group Managing Director	Finance Director/ senior executives	Coles executives
Fixed	Fixed Annual Remuneration		✓ (page 161)	✓ (page 161)	✓ (page 161)
	Fees	✓ (page 158)			
Annual incentive			✓ (page 161)	✓ (page 161)	✓ (page 161)
Long-term incentive			✓ (page 164)	✓ (page 165)	✓ (page 167)
Post employment (termination) arrangements	Superannuation	✓ (page 158)	✓ (page 161)	✓ (page 161)	✓ (page 161)
	Retention plan		✓ (page 169)	✓ (page 169)	

SECTION 1: KEY MANAGEMENT PERSONNEL (KMP)

KMP encompasses all directors (executive and non-executive) as well as those executives who have authority and responsibility for planning, directing and controlling the activities of a major revenue-generating division of Wesfarmers. In this report, the terms:

- 'executive directors' refers to the Group Managing Director (GMD) and Finance Director; and
- 'senior executives' refers to the KMP, excluding the directors.

The following table lists all KMP referred to in this report, including the five highest remunerated executives of the Company and the Group.

Executive directors		Non-executive directors	
R J B Goyder	Group Managing Director	R L Every	Chairman (non-executive) – appointed 13 November 2008 (previously director)
T J Bowen	Finance Director – appointed 1 May 2009 (previously Finance Director Coles)	T R Eastwood	Chairman (non-executive) – retired 13 November 2008
G T Tilbrook	Finance Director – retired 1 May 2009	C B Carter	Director (non-executive)
Senior executives		P A Cross	Director (non-executive)
S A Butel	Managing Director, Resources division	J P Graham	Director (non-executive)
J C Gillam	Managing Director, Home Improvement and Office Supplies division	A J Howarth	Director (non-executive)
K D Gordon	Director, Industrial divisions	C Macek	Director (non-executive)
L K Inman	Managing Director, Target division	D L Smith-Gander	Director (non-executive) – appointed 27 August 2009
I J W McLeod	Managing Director, Coles division	D C White	Director (non-executive)

Directors' report continued

Wesfarmers Limited and its controlled entities

Remuneration report 2009 (audited) (continued)

SECTION 2: NON-EXECUTIVE DIRECTORS

Policy

The key principle underpinning non-executive director remuneration is the need to attract and retain the best directors available to direct the large and diverse business that is the Wesfarmers Group through the current economic environment and into the future.

The Wesfarmers Board (Board) periodically reviews its approach to non-executive director remuneration and seeks independent advice to ensure it remains in line with general industry practice and best practice principles of corporate governance. Following independent advice, to ensure fees maintain a market median positioning within the comparator benchmark group (top 25 ASX-listed companies), fees paid to non-executive directors (excluding the Chairman) were increased effective 1 January 2009. The Board has decided that no increases will be made to fees in the 2009/10 financial year.

To preserve the independence and impartiality of the non-executive directors, no element of their remuneration is linked to the performance of the Company. However, to create alignment with shareholders' interests, the Fee Sacrifice Plan was established in 2006 to enable non-executive directors to forego a portion of their fees and in return be allocated restricted Wesfarmers shares at market value. Further details regarding the Fee Sacrifice Plan are set out on page 160 of this report.

The Company makes superannuation contributions equal to nine per cent of fees for each of the non-executive directors and each director may, in addition, sacrifice part of their fee in return for a further superannuation contribution by the Company. No additional benefits are paid to non-executive directors upon retirement from office.

Non-executive director fees

Total fees, including committee fees, are set within the maximum aggregate amount approved by shareholders at the 2007 Annual General Meeting – being \$3,000,000. The table below summarises the current and previous Board and committee fees. Members of the Nomination Committee do not receive additional fees.

	2009 \$	2008 \$
Main Board		
Chairman	540,000	540,000
Member	170,000	164,500
Audit Committee		
Chairman	50,000	50,000
Member	30,000	30,000
Remuneration Committee		
Chairman	30,000	25,000
Member	15,000	12,500

NEW DEVELOPMENTS: 2009/10

Freeze on non-executive director fees

(ie no increase at annual review in January 2010).

Directors' report continued

Wesfarmers Limited and its controlled entities

Remuneration report 2009 (audited) (continued)

Remuneration for 2009

The fees received by the non-executive directors in the 2009 financial year are set out below:

Non-executive director		Fees and allowances	Short-term benefits ¹	Post employment benefits – superannuation and other ²	Total
		\$	\$	\$	\$
C B Carter	2009	167,255	11,272	13,745	192,272
	2008	144,681	9,904	20,369	174,954
P A Cross	2009	131,806	17,384	49,194	198,384
	2008	148,383	9,904	16,667	174,954
T R Eastwood ³	2009	147,818	3,181	110,861	261,860
	2008	418,661	9,904	88,489	517,054
R L Every ³	2009	382,472	33,893	56,145	472,510
	2008	135,786	9,904	52,597	198,287
J P Graham ⁴	2009	281,550	8,538	0	290,088
	2008	274,216	9,904	0	284,120
A J Howarth	2009	158,683	8,538	53,567	220,788
	2008	143,739	9,904	33,435	187,078
C Macek	2009	160,997	14,241	36,253	211,491
	2008	177,258	9,904	16,542	203,704
D C White	2009	176,662	14,425	25,588	216,675
	2008	159,822	9,904	43,978	213,704
Former non-executive director					
R D Lester ⁵	2009	0	0	0	0
	2008	93,800	9,904	100,000	203,704
Total	2009	1,607,243	111,472	345,353	2,064,068
	2008	1,696,346	89,136	372,077	2,157,559

1 The benefits included in this column are director and officer insurance, travel and entertainment expenses.

2 Superannuation contributions are made on behalf of the non-executive directors in accordance with Wesfarmers' statutory superannuation obligations. This includes any part of a non-executive director's fees which have been sacrificed into superannuation. The cost to the Company of T R Eastwood's retirement gift of \$49,158 is also included in this column.

3 T R Eastwood retired as Chairman and director on 13 November 2008. R L Every was appointed as Chairman on 13 November 2008.

4 J P Graham's fees are paid to Gresham Partners Limited for participation on the boards of Wesfarmers Limited, Wesfarmers Insurance Limited and Wesfarmers General Insurance Limited. Of the fees above, \$198,288 (2008: \$193,704) relate to the parent company.

5 R D Lester retired on 30 June 2008, therefore remuneration details are shown for comparative purposes only.

Remuneration report 2009 (audited) (continued)

Fee Sacrifice Plan for non-executive directors

Prior to the 2009 Federal Government's Budget announcement, shares were acquired under the Fee Sacrifice Plan by the plan trustee on behalf of the non-executive director, with the shares being restricted until the earlier of:

- the date the relevant director ceases to hold office; or
- the tenth anniversary of the allocation date of the shares.

The Board may, in response to a request from a non-executive director after the third anniversary of the allocation date of the shares, exercise its discretion to lift the restrictions on those shares.

The plan enables non-executive directors to forego a portion of their fees to acquire Wesfarmers shares. The shares are issued or purchased at market value and are subject to forfeiture and trading restrictions.

As a result of uncertainty regarding the tax treatment of participating in the Fee Sacrifice Plan following the Government's recently announced changes to the taxation of such plans, the Board has suspended the plan indefinitely. Accordingly, no allocations will be made under the Fee Sacrifice Plan in the 2010 financial year. A decision regarding whether the plan will operate in the future and be re-submitted for shareholder approval will be made once the implications of the new tax laws are known.

Allocations made under the Fee Sacrifice Plan during the 2009 financial year are set out in the table below.

NEW DEVELOPMENTS: 2009/10

Fee Sacrifice Plan suspended

As a result of uncertainty regarding proposed changes to employee share schemes announced in the 2009 Federal Budget, the Board has determined to suspend the Fee Sacrifice Plan.

Non-executive director	Date allocated	Price ¹ \$	Number allocated	Value at allocation date \$	Total allocated
C Macek	28 August 2008	31.8179	611	19,440.74	1,775
	23 February 2009	16.8650	1,164	19,630.86	
P A Cross	28 August 2008	31.8179	1,112	35,381.50	3,243
	23 February 2009	16.8650	2,131	35,939.32	
C B Carter	28 August 2008	31.8179	2,503	79,640.20	4,865
	23 February 2009	16.8650	2,362	39,835.13	
A J Howarth	28 August 2008	31.8179	765	24,340.69	2,182
	23 February 2009	16.8650	1,417	23,897.71	
R L Every	23 February 2009	16.8650	1,744	29,412.56	1,744

1 The weighted average of the prices of Wesfarmers shares traded on the ASX during the one week period up to and including the share allocation date.

SECTION 3: EXECUTIVE DIRECTOR AND SENIOR EXECUTIVE REMUNERATION

Remuneration policy and principles

In the interests of creating shareholder wealth, the purpose of Wesfarmers' remuneration strategy is to attract, retain and motivate the very best executive talent. Given the diversified nature of the business, it is essential to have a remuneration framework in place which both reflects this diversity and is appropriately structured to reward executives for performance not only at Group level, but also for divisional executives at a divisional level.

The Remuneration Committee is responsible for reviewing and making recommendations to the Board on remuneration policies for the Group including, in particular, the policies governing key management personnel. The Remuneration Committee seeks independent advice in setting the structure and levels of remuneration. Further information regarding the objectives and role of the Remuneration Committee is contained in its Charter, a summary of which is available in the Corporate Governance section of the Company's website at www.wesfarmers.com.au

Wesfarmers' remuneration policy for senior executives is guided by the following key principles:

- **be market competitive** – to attract and retain the best people for the job, Wesfarmers positions fixed remuneration and incentives at the market median of executives in the top 25 ASX-listed companies, with an opportunity for highly competitive total remuneration for superior performance;
- **be performance linked** – a significant proportion of an executive's remuneration is dependent upon Wesfarmers' success and their individual performance; and
- **be shareholder value-aligned** – measures used in the performance incentive plans have been chosen to ensure there is a strong link between remuneration paid and the achievement of performance that results in a satisfactory return to shareholders.

Directors' report continued

Wesfarmers Limited and its controlled entities

Remuneration report 2009 (audited) (continued)

The Board, upon the recommendation of the Remuneration Committee, has developed an executive remuneration structure driven by these key principles which consists of:

- base pay (called Fixed Annual Remuneration or 'FAR') that represents between 20 and 42 per cent of the target remuneration; and
- incentive or 'at-risk' components that represent between 58 and 80 per cent of the target remuneration. These take the form of:
 - (1) annual incentives, which are heavily weighted to return and earnings based measures, and are designed to reward executives for meeting financial and non-financial goals which seek to promote our corporate objectives; and
 - (2) long-term incentives, which have a performance hurdle based on growth in return on equity (ROE) in order to ensure a strong link with the creation of shareholder value. Wesfarmers operates a specific plan for the GMD and for select Coles executives, which allows those participants to focus on specific goals set by the Board and are rewarded if those objectives are achieved.

Specific developments in relation to each component of executive remuneration during the 2009 financial year are highlighted below.

Fixed Annual Remuneration

Fixed Annual Remuneration (FAR) consists of base salary and statutory superannuation contributions.

The amount of FAR for each executive director and senior executive is approved annually by the Board with consideration given to business and individual performance as well as market relativity. It is generally set at the median of salaries for executives in comparable companies – the primary comparator group used for benchmarking is a group of 25 top ASX-listed companies.

Additional sector-specific data for some senior executives based on major industry sector/particular employment markets is also analysed to capture specific industry trends.

Executive directors and senior executives may also elect to have a combination of benefits provided out of their FAR, including additional superannuation and the provision of a motor vehicle. The value of any non-cash benefits provided to them includes the costs of any fringe benefits tax payable by Wesfarmers as a result of providing the benefit.

Annual incentives

NEW DEVELOPMENTS:

2008/09: Annual incentive payments were limited to payments in relation to achievement of financial and divisional targets only, with no payment for the individual performance objectives element

2009/10: Mandatory deferral of a portion of the annual incentive into shares introduced

2009/10: Wesfarmers Salary Sacrifice Share Plan (WSSSP) suspended

Following the proposed changes to Australian tax laws announced in the 2009 Federal Budget, voluntary sacrifice of incentive into shares under the WSSSP is suspended for 2009. A decision regarding whether the plan will operate in the future will be made once the implications of the new tax laws are known.

Annual incentive – actual performance 2009 financial year

The Company's overall financial performance in the 2009 financial year and that of a number of the businesses did not achieve the target level set by the Board and, accordingly, annual incentives were greatly reduced or not paid at all. While the annual incentive plan delivered above target bonuses for senior executives with annual incentives linked to the Coles division and Target division (which both exceeded their financial targets) and at target bonuses for senior executives in the Resources division and Bunnings division (which performed at or around target for the year), no payment was made in relation to the individual performance objectives element of the plan, resulting in a reduction of between 20 and 40 per cent of the maximum annual incentive payable. This was a decision made by the Board in response to the current economic climate and not a reflection of senior executive performance.

Specific information relating to the actual annual incentive paid, the percentage of total annual incentive paid and the percentage forfeited by executives is set out in the table on page 170.

What is the annual incentive and who participates?

The annual incentive is a cash award paid to executive directors and senior executives, subject to the satisfaction of performance conditions.

Participants in the annual incentive include:

- GMD – under the Group Managing Director's Annual Incentive Plan; and
- Finance Director and senior executives – under the Wesfarmers Senior Executive Incentive Plan (WSEIP)

NEW DEVELOPMENTS: 2009/10

Freeze on Fixed Annual Remuneration

(ie no increase in FAR for senior executives continuing in their current roles at annual review in October 2009).

Directors' report continued

Wesfarmers Limited and its controlled entities

Remuneration report 2009 (audited) (continued)

What is the maximum amount that the executive can earn?	Target – award equivalent to 60 per cent of FAR (100 per cent of FAR for the GMD) Maximum – award equivalent to 120 per cent of FAR
---	--

What are the annual performance conditions for the 2009 financial year?

GMD	
Financial (60 per cent)	Non-financial (40 per cent)
<ul style="list-style-type: none"> – Group Net Profit after Tax (NPAT) with a Group ROE hurdle gate – Coles group turnaround (ie EBIT, return on capital and relative comparative store growth) 	<ul style="list-style-type: none"> – individual objectives (ie agreed objectives and safety measures)

Senior executives	
Financial (48 to 80 per cent)	Non-financial (20 to 52 per cent)
For Group executives: <ul style="list-style-type: none"> – Group NPAT For divisional executives: <ul style="list-style-type: none"> – divisional EBIT – divisional return on capital (ROC) 	For divisional executives: <ul style="list-style-type: none"> – divisional specific objectives For Group and divisional executives: <ul style="list-style-type: none"> – individual objectives (ie agreed objectives and safety measures)

In addition to the annual incentive under the WSEIP, in recognition of the increased contribution provided by the Resources division to the Group in the 2009 financial year, a special incentive based upon the divisional EBIT performance was made available to the Managing Director, Resources division for the 2009 financial year.

Details of annual incentives awarded for the 2009 financial year are set out on page 170.

Why were these performance conditions chosen?	<p>These performance measures were chosen principally because of their impact on ROE, which is a key measure of annual achievement of satisfactory return to shareholders of the Wesfarmers Group.</p> <p>In addition, due to the significant turnaround effort required, the GMD has a separate performance condition which is dependent on the performance of the Coles division.</p>
---	---

When are the performance conditions tested?	Incentive payments are determined after the preparation of the financial statements each year (in respect of the financial measures) and after a review of performance against non-financial measures by the GMD (and in the case of the GMD, by the Board).
---	--

Payments of annual incentives are generally made in September, after the reviews are completed.

How much does the executive receive for target and maximum performance?

GMD	
% of FAR received	% of target performance
0%	≤ 92.5%
100%	100%
120%	≥ 110%
Pro-rata between these points	

Senior executives	
% of FAR received	% of target performance
0%	≤ 92.5%
60%	100%
120%	≥ 110 – 120%
Pro-rata between these points	

Remuneration report 2009 (audited) (continued)

Are there any arrangements to sacrifice cash incentive into shares?

2008 annual incentive

Under the Wesfarmers Salary Sacrifice Share Plan (WSSSP), the executive directors and senior executives had the ability to sacrifice a proportion of their annual incentive on a voluntary pre-tax basis into restricted Wesfarmers shares.

Shares acquired under the WSSSP are subject to a disposal restriction until 30 June following the date of acquisition (ie 30 June 2009). Participants are entitled to dividend and voting rights during the restriction period.

If the participating executive leaves during the restriction period, the shares will be transferred to them unless their employment has been terminated due to fraud, theft or other gross misconduct.

There is no additional cost from a Company perspective by the election to salary sacrifice incentive into shares, as any shares are allocated at market value at the time.

2009 annual incentive

As a result of the proposed changes to Australian tax laws, Wesfarmers has determined that for the 2008/09 plan year, the WSSSP be suspended pending legislative changes and consideration of the impact of those changes. Accordingly, executive directors and senior executives were unable to sacrifice a proportion of their 2009 annual incentive into restricted Wesfarmers shares under the WSSSP.

As stated in the ASX announcement in September 2008, it was Mr Goyder's intention to voluntarily salary sacrifice any incentive into Wesfarmers shares for the 2008/09 plan year. Following the Federal Government's announced changes to the taxation of such plans and the Company's decision to suspend the WSSSP, Mr Goyder is unable to sacrifice his 2009 annual incentive into restricted Wesfarmers shares and the annual incentive payment has been paid in cash.

2010 annual incentive

The Board has determined that, for the 2009/10 plan year, a portion of the incentive (ie any payment above 60 per cent of FAR for senior executives and the GMD) will be mandatorily deferred into shares. The shares will be subject to a three year trading restriction while the executive remains an employee of Wesfarmers and subject to forfeiture if the executive resigns employment within one year of the share allocation. The Board has, following a review of market practice, determined this enhancement to link annual incentive payments to sustainable longer term performance.

Long-term incentive plans

Summary of plans

Plan	Participants	Performance Period	Discussion
Group Managing Director Long Term Incentive Plan (Rights Plan)	GMD	3 to 6 years	page 164
Wesfarmers Long Term Incentive Plan (WLTIP)	Finance Director and senior executives	Yearly grant – 5 years (plus a 3 year restriction)	page 165
	Select senior executives	Multi-year grant – 5 years (with an additional 3 year performance and restriction)	
Coles Senior Executive Long Term Incentive Plan (CLTIP)	Managing Director, Coles division Select Coles executives	5 years	page 167

Remuneration report 2009 (audited) (continued)

Group Managing Director Long Term Incentive Plan (Rights Plan)

RIGHTS PLAN – ACTUAL PERFORMANCE 2009 FINANCIAL YEAR

The return on equity (ROE) generated by the Wesfarmers Group for the 2009 financial year was 7.4 per cent. This did not meet the 12.5 per cent ROE performance condition for the financial year.

NEW DEVELOPMENTS: 2009/10

Cap on maximum number of additional performance rights available to the GMD.

Otherwise no changes to the performance rights granted to the GMD, including the ROE hurdle, notwithstanding the dilutive impact of the capital raising undertaken in early 2009.

Key features

- Long-term incentive plan for GMD only
- Reward for exceptional long-term performance (3 to 6 year performance period)
- Performance rights that vest based on sustained ROE
- ROE hurdle drives creation of shareholder value

What is the Rights Plan and who participates?

The Rights Plan links reward with ongoing creation of shareholder value through the grant of performance rights.

Each performance right granted will entitle the GMD to one ordinary share in the Company, subject to satisfaction of performance conditions.

How is the amount of the grant determined?

Designed to be approximately 33 per cent of the GMD's total remuneration or 100 per cent of FAR at target.

100,000 performance rights were granted on 30 September 2008, as the initial grant.

An additional 100,000 performance rights (up to a maximum of 400,000) will be granted for each one per cent that actual ROE exceeds the initial stretch hurdle during the performance period and that is sustained for two consecutive years. That is, Wesfarmers ROE must equal or exceed 16.5 per cent in two consecutive years (prior to 30 June 2014) for the maximum number of performance rights to be granted to and vest to the GMD.

Details of the grant for the 2009 financial year are set out in the table on page 172.

What are the key terms of the performance rights?

Performance rights are granted to the GMD at no cost.

Grants under the plan are tested at the end of the 2011, 2012, 2013 and 2014 financial years.

If the relevant performance conditions are satisfied, the performance rights will vest and shares in the Company will be allocated.

Performance rights are not transferable and the GMD is prohibited from entering into hedging arrangements in respect of the rights.

The GMD does not have any rights to dividends, voting or to participate in any share issue in respect of his performance rights.

What is the performance period?

1 July 2008 to 30 June 2014.

The earliest vesting point is 30 June 2011.

What are the performance conditions for the 2009 financial year?

For the initial grant of performance rights to vest, ROE for the Group must exceed 12.5 per cent per annum sustained over a two year period during the performance period.

Why were these performance conditions chosen?

The Board selected ROE as a performance hurdle for vesting of performance rights on the basis that it:

- is a key driver of Wesfarmers' long-term business success and creation of shareholder value;
- is the best internal measure of growth in shareholder returns and avoids the unintended consequences of share market volatility; and
- creates alignment between GMD and senior executives, as the WLTIP (in which the executives participate) is also measured against ROE hurdles.

Are the shares granted upon vesting of performance rights subject to restrictions?

Shares allocated upon vesting of performance rights will be unrestricted, and will carry full dividend and voting rights from the date of allocation.

The shares allocated will be held in trust on behalf of the GMD for up to 10 years. The GMD may apply to the Board to have the shares released from the trust at any time. While the shares remain in trust, they are subject to forfeiture.

Directors' report continued

Wesfarmers Limited and its controlled entities

Remuneration report 2009 (audited) (continued)

What happens in the event of a change of control of Wesfarmers? The Board has discretion to determine the extent of vesting in the event of a change of control.

What happens if the GMD ceases employment during the performance period? Where the GMD ceases employment due to death, bona fide redundancy, disablement or other reason with approval of the Board, the Board may, in its discretion, determine the extent to which any unvested performance rights vest. Any performance rights which so vest must be exercised within 12 months of ceasing employment, otherwise they will lapse.

If the GMD ceases employment for any other reason, all unvested performance rights lapse.

Wesfarmers Long Term Incentive Plan (WLTIP)

2008 WLTIP – ACTUAL PERFORMANCE (FOR SHARES ALLOCATED IN NOVEMBER 2008)

Wesfarmers' five year rolling average ROE performance was 22.3 per cent for the year ended 30 June 2008. This exceeded the 50th percentile of the 50 largest companies in the S&P/ASX 100 Index, which was 17.8 per cent. Accordingly the performance hurdle, requiring the Company's ROE to outperform the peer group was achieved and 100 per cent of the WLTIP was delivered to the executives in shares (with no amount being forfeited). For the 2009 WLTIP, the performance hurdle is a relative compound annual growth in the Company's ROE.

Certain senior executives received multi-year grants under the WLTIP, equal to three years' worth of WLTIP shares. The Board approved these allocations as a retention strategy, to assist in attracting new executives and to provide meaningful equity in the Group and alignment with the Group's objectives.

WLTIP allocations were made in November 2008 and are set out in the table on page 172 of this report.

NEW DEVELOPMENTS: 2009/10

As foreshadowed last year, WLTIP allocations are based on a forward-looking performance hurdle that requires relative compound annual growth in the company's ROE to exceed the S&P/ASX 50 Index over a three year period before shares will vest.

Key features

- Long-term incentive plan designed to reward and motivate Group executives
- Shares allocated upon achieving five year rolling ROE hurdle
- Shares allocated are restricted for three years and subject to forfeiture conditions
- ROE hurdle drives creation of shareholder value

What is the WLTIP and who participates?

The WLTIP links reward with ongoing creation of shareholder value through the annual allocation of shares, subject to performance conditions to executive directors, executives and managers of the Group.

Shares allocated under WLTIP based on performance are restricted for three years (ie subject to a trading restriction).

Participants in WLTIP include:

- Finance Director;
- senior executives; and
- other nominated executives.

As discussed in the 2008 Annual Report, the GMD participated in the 2008 WLTIP as it provided a long-term incentive between the closure of the Award Determination Plan (30 June 2007) and the introduction of the Rights Plan (September 2008). The Managing Director, Coles division participated in the 2008 WLTIP as it formed part of his incentive to join, but he will not participate in this plan in future years.

Certain senior executives received a multi-year grant of shares under WLTIP, equal to three years' worth of WLTIP shares. The Board approved these allocations as a retention strategy, to assist in attracting new executives and to provide meaningful equity in the Group and alignment with the Group's objectives. It is intended that these executives will not receive full allocations under WLTIP until 2011, but may receive smaller 'top-up' long-term incentive awards to allow for salary increases, increased performance or adjustments to remain market competitive.

When are the shares under WLTIP granted?

In general, participants in WLTIP receive one grant annually after having satisfied the performance hurdle. Shares for the 2008 WLTIP allocation were granted in November 2008.

How is the amount of the grant determined?

WLTIP annual grant:

- Target – award equivalent to 80 per cent of FAR
- Maximum – award equivalent to 160 per cent of FAR

Multi-year grant:

- Senior executives who received a multi-year grant were allocated shares equal in value to three years' participation in WLTIP.

The quantum of shares allocated reflects Wesfarmers' policy for paying long-term incentive awards at market median of comparative companies for target performance.

Remuneration report 2009 (audited) (continued)

<p>What are the key terms of awards under WLTIP?</p>	<p>Shares are allocated to participating executives, at no cost, based on achievement of the performance conditions.</p> <p>Shares allocated to executives are held in trust subject to a three year restriction period whilst the executive is employed by Wesfarmers (ie until 21 November 2011). At the end of the restriction period (and subject to shares not being forfeited) the shares vest and the executive is free to sell or transfer the shares.</p> <p>If shares remain in the trust after the restriction period, the shares may be forfeited if the employment of the executive is terminated because of fraud, theft or other gross misconduct.</p>
<p>What are the key terms of the multi-year grants under WLTIP?</p>	<p>One-third of the multi-year grants are on the same terms as an annual grant under WLTIP (ie subject to forfeiture until 30 June 2010 and then subject to a trading restriction until 21 November 2011).</p> <p>The other two-thirds of the grants are subject to a three year performance hurdle (measured from 1 July 2008 to 30 June 2011). This performance hurdle requires Wesfarmers' compound annual growth rate (CAGR) in ROE over the performance period to exceed the 50th percentile of the CAGR in ROE of the S&P/ASX 50 Index before those shares vest. As remuneration is paid at market median of comparative companies, the median of the comparator growth is used to determine whether target performance is achieved rather than vesting on a sliding scale.</p>
<p>What are the performance conditions applicable to the annual grants made under WLTIP?</p>	<p>Wesfarmers must achieve a ROE at or above the 50th percentile of the peer group's five year rolling average performance as explained below. Based on this performance, it is determined whether shares will be allocated each year. That is, the ROE target provides a gateway hurdle which determines whether an award is made under the WLTIP in a particular year. As remuneration is paid at market median of comparative companies, the median of the comparator growth is used to determine whether target performance is achieved rather than vesting on a sliding scale.</p> <p>The peer group is the 50 largest companies by market capitalisation in the S&P/ASX 100 Index, as at 30 June 2008 (for the allocation made during the 2009 financial year).</p>
<p>Why were these performance conditions chosen?</p>	<p>The Board selected at that time a five year rolling average ROE as a performance hurdle for allocation of shares under the 2008 WLTIP on the basis that it:</p> <ul style="list-style-type: none"> - is a key driver of Wesfarmers' long-term business success and creation of shareholder value; - is the best internal measure of total shareholder return and avoids the unintended consequences of share market volatility; and - creates alignment between GMD and senior executives, as the Rights Plan (in which the GMD participates) is also measured against ROE hurdles.
<p>Is there any retesting of performance conditions?</p>	<p>There is no retesting of performance conditions.</p>
<p>What happens in the event of a change of control of Wesfarmers?</p>	<p>The Board has discretion to lift trading restrictions in the event of a change of control.</p>
<p>What happens if the executive ceases employment during the performance period?</p>	<p>Senior executives who receive yearly grants are subject to a forfeiture period until 30 June in the second year after allocation (ie 30 June 2010 for the 2008 WLTIP allocation).</p> <p>For yearly grants, if an executive ceases employment during the forfeiture period:</p> <ul style="list-style-type: none"> - by reason of redundancy, ill health, death or normal retirement, the shares will vest free from further restrictions; or - for any other reason, the executive will forfeit their shares. <p>For multi-year grants, if an executive ceases employment prior to the end of the forfeiture period (ie 21 November 2011):</p> <ul style="list-style-type: none"> - by reason of ill health, death or normal retirement, the shares will vest free from further restrictions; - by reason of redundancy, one-third of the shares will vest immediately and the remaining two-thirds of the shares will vest on a pro-rata basis, based on the length of time employed during the restriction period and subject to the achievement of the general share plan hurdle for that financial year. Vested shares will be free from further restrictions. Any shares that do not vest are forfeited; - for any other reason prior to 30 June 2010, the executive will forfeit all their shares; or - for any other reason after 30 June 2010, one-third of the shares will vest immediately and the executive will forfeit the remaining two-thirds of the total share award.

Directors' report continued

Wesfarmers Limited and its controlled entities

Remuneration report 2009 (audited) (continued)

2009 WLTIP allocation (to be made during the 2010 financial year)

The Board has approved the making of a 2009 grant under the WLTIP. It is intended that the 2009 allocation will be made in November. In general, this grant will be made to Group executives who did not receive a multi-year grant in 2008. The shares allocated will be subject to forfeiture until 30 June 2011 and subject to a trading restriction until November 2012. The November grant will be subject to a performance condition on the same terms as the multi-year grant made to select senior executives in 2008, with a three year forward-looking performance period requiring Wesfarmers' CAGR in ROE over that period to exceed the 50th percentile of the CAGR in ROE of the S&P/ASX 50 Index before those shares vest.

Coles Long Term Incentive Plan (CLTIP)

CLTIP AWARD – ACTUAL PERFORMANCE 2009 FINANCIAL YEAR

The amount of the award that the Company has accrued in respect of the 2009 financial year (being the first year of operation of CLTIP) and the level of performance achieved by the Coles division to this award was as follows:

Mr McLeod – 2009 award accrual – \$1.53 million.

This was achieved on the basis of the Coles division EBIT of \$830.6 million for the 2009 financial year exceeding the gateway target and the achievement of the following performance conditions:

- Coles division revenue (excluding fuel sales) in excess of \$23,037 million;
 - ROC in relation to the Coles division in excess of 5.0 per cent; and a
 - health of business rating of 100 per cent.
-

Key features

- Plan to incentivise and reward Coles' Managing Director and a small number of executives for implementing turnaround strategies designed to generate significant returns to Wesfarmers and its shareholders
 - Annual awards over a five year performance period
 - No part of the award is payable until 30 June 2011 (at the earliest) and then annually to the end of 30 June 2013, provided Mr McLeod remains employed by the Coles division
 - Annual gateway EBIT targets for the Coles division must be exceeded prior to any entitlement being awarded
 - Actual awards then determined by reference to Coles' division revenue, return on capital and health of business
-

What is the CLTIP and who participates?

Wesfarmers' primary objective is to deliver satisfactory returns to shareholders. The Board, as part of its planning process, approves long-term business plans established by each division to achieve this objective. The long-term business plan set for Coles requires a significant turnaround to be achieved which will in turn create significant value for Wesfarmers and its shareholders.

The CLTIP is a special purpose incentive plan which potentially provides above average incentives to a small number of executives within the Coles division (including the Coles division Managing Director) in return for achieving challenging performance hurdles relative to the long-term business plan for that division.

What is the performance period?

Five years (for the initial participants this is 1 July 2008 to 30 June 2013).

This performance period is aligned to the long-term business plan approved by the Board for the Coles division.

As the plan is intended to reward longer term performance designed around the five year turnaround plan for the Coles division, the Board has retained discretion to review and, where appropriate, amend the applicable performance targets to take account of changed circumstances.

Remuneration report 2009 (audited) (continued)

What are the performance conditions for the awards granted in the 2009 financial year? The individual entitlement of a CLTIP participant is conditional on achieving an annual EBIT threshold and the following performance conditions applicable to each year of the plan:

Financial (80 per cent)	Non-financial (20 per cent)
<ul style="list-style-type: none"> - annual growth in Coles revenue (excluding fuel sales) against targets - return on capital invested by Wesfarmers against targets 	<ul style="list-style-type: none"> - health of Coles business in areas such as customer and employee satisfaction, on-shelf availability, delivery of new stores and succession planning

Actual performance against these measures for the 2009 financial year is outlined above.

Is there an additional performance condition for future financial years? An additional performance condition applies to the 2012 and 2013 financial years. This condition is for the development of a management succession plan that is acceptable to the Board in each of these financial years. If the Board does not approve the succession plan in either year, no award accrues for that year.

How is the maximum award determined for each year? The actual amount available to participants in each financial year is determined by reference to the Coles division's actual EBIT performance for that year against the agreed business plan.

If EBIT performance for a year is below a threshold level of EBIT approved by the Board (which is set at an average of 94 per cent of the long-term business plan EBIT target over the duration of the plan), no award pool will be available for that year.

If actual EBIT performance is equal to or exceeds this threshold EBIT target, an award pool will be made available.

The size of the available pool increases as the Coles division's actual EBIT increases beyond that threshold up to the EBIT target (based on achieving 100 per cent of the annual EBIT target set by the Board in the long-term business plan).

In order to encourage exceptional performance, the award pool continues to increase, at a pre-determined rate, should the Coles division's actual EBIT exceed the annual EBIT target set by the Board.

What level of awards are available in future years? Over the next four years of the plan, Mr McLeod's potential award pool is an average of \$2.5 million per annum if the Coles division meets the threshold EBIT performance target.

If the EBIT target is achieved (ie 100 per cent of the long-term business plan EBIT target) the award pool increases to an average of \$6 million per annum over the four years of the plan.

Mr McLeod's actual annual entitlement out of the available pool will be determined by performance against the individual performance conditions outlined above and will be reduced where he does not attain the required standard of performance.

In order to reward exceptional performance, Mr McLeod's annual award pool will increase where the Coles division's actual EBIT exceeds the annual long-term business plan EBIT target in any year of the plan.

The individual entitlements of the other participants in the plan out of the available annual award pool are determined by reference to the level of satisfaction of the individual performance conditions outlined above.

When do these awards become payable? No cash payment will be made prior to 30 June 2011. At that time, 40 per cent of any accrued awards may be paid, 60 per cent of any accrued awards (cumulatively) may be paid from 30 June 2012 with the balance from 30 June 2013.

Accrued awards after 30 June 2010 may also be taken in the form of Wesfarmers shares which will generally remain subject to forfeiture in specified circumstances until 30 June 2013.

Up to a maximum of 50 per cent of the award for the relevant financial year can be received in shares, with the remainder awarded in cash.

Directors' report continued

Wesfarmers Limited and its controlled entities

Remuneration report 2009 (audited) (continued)

Why were these performance conditions chosen?	<p>The plan has been designed to provide for challenging performance targets for the Coles division over the term of the plan linked to the Coles division achieving target levels of performance consistent with the long-term business plan for Coles approved by the Board. The Board has selected the specific performance targets on the basis that:</p> <ul style="list-style-type: none">– sustainable profit growth of the Coles division is a key driver of Wesfarmers' total shareholder return;– maximising revenue growth in the competitive retail markets in which Coles operates is a key indicator of the market attractiveness of, and the quality of management of, Coles' offer which in turn is a key contributor to satisfactory future profitability;– achieving a satisfactory return on capital invested in the Coles business should form the basis of satisfactory returns to shareholders over time; and– while the turnaround of the Coles division is a long-term project, the expectation is for a significant turnaround over the first five years of Wesfarmers ownership, which will require exceptional performance.
When is performance determined?	<p>Performance against each of the financial targets (including EBIT, revenue growth and ROC performance of the Coles division) is determined by the Board after preparation of the financial statements each year.</p> <p>The Board will also assess each participant's performance against the non-financial performance conditions in August or September of each year, at which time the Board makes a determination of the actual award due to each participant.</p>
What happens in the event of a change of control of Wesfarmers or the sale of the Coles division?	<p>The Board may determine that the restrictions applicable under CLTIP do not apply in the event of a change of control. If so, the accrued awards under CLTIP up to the time of the change of control vest.</p> <p>In the event of the sale of the Coles division, the Board also has discretion to vest all or part of the award for the year in which the sale occurs.</p>
What happens if the executive ceases employment during the performance period?	<p>No amount is payable under CLTIP if a participant ceases employment prior to 30 June 2011.</p> <p>After this date, if Wesfarmers terminates a participant's employment (other than for cause) all accrued awards vest at that time (ie those referable to earlier years performance). If the participant resigns after 30 June 2011 but before 30 June 2012, the executive will receive 40 per cent of any accrued awards. If the resignation occurs between 30 June 2012 and 30 June 2013, the executive will receive 60 per cent of any accrued awards.</p>
What are the specific targets under the CLTIP for future years?	<p>The financial targets for the Coles division are commercially sensitive, as they are aligned to the five year turnaround of this business and therefore, disclosure of such targets would be of great benefit to major competitors. It is not common practice for other companies to release sensitive internal financial targets until after the financial results for that year have been audited and released to the market.</p>

Retention arrangements

Historically, retention arrangements were established to retain certain key Group executives. The applicable retention payment accrued over the first five years of a participant's employment. Payment was not subject to performance, only continued service and is only payable on termination. This retention programme has been closed to all new executives effective from February 2009, and no participants in CLTIP are eligible to receive a retention payment.

The retention payment payout factor increases proportionately from 0.2 after one year to 1.0 after five years. This is multiplied, in the case of the GMD by FAR, and in the case of other executives by total target remuneration, which comprises FAR plus target annual incentive (60 per cent of FAR) plus target annual long-term incentive (80 per cent of FAR).

While the entitlement accrues annually over the first five years of service, the retention arrangement is only payable on termination of employment.

An executive forfeits his or her entitlement to a retention payment where he or she breaches a material provision of his or her service agreement, is summarily dismissed or breaches applicable post-employment restraints.

NEW DEVELOPMENTS: 2009/10

This plan has been closed – no new executives will be participating in the retention payment programme.

Directors' report continued

Wesfarmers Limited and its controlled entities

Remuneration report 2009 (audited) (continued)

SECTION 4: SERVICE AGREEMENTS

The remuneration and other terms of employment for the executive directors and senior executives are covered in formal employment contracts. Each of these includes provisions for a fixed remuneration component, performance-related cash incentive awards (as described above), other benefits, and participation, where eligible, in long-term incentive and retention incentive arrangements (as described above).

All service agreements are for unlimited duration, except for Mr McLeod who is employed under a service agreement with a duration of five years (expiring 30 June 2013). Details of awards under the relevant incentive plans are set out earlier in this report.

Name	Notice periods
R J B Goyder	12 months May be terminated immediately for serious misconduct, breach of contract, bankruptcy or mental incapacity
I J W McLeod	12 months by either party except during the final year of his contract, in which case, notice is for the balance of the contract In addition to notice, Mr McLeod is entitled to a payment equal to his FAR plus target annual incentive If terminated by the Company between 1 July 2011 and 30 June 2013, this termination payment is reduced by an amount equal to any accrued entitlement under CLTIP May be terminated immediately for serious misconduct
T J Bowen	Three months by both parties
Other senior executives	Six months in the case of redundancy May be terminated immediately for serious misconduct

SECTION 5: REMUNERATION TABLES AND DATA

Cash payments under the annual incentive plans

	Actual incentive payment	Actual incentive payment as a % of maximum	
	\$ paid	% paid ¹	% forfeited
Executive directors			
R J B Goyder	1,100,943	29.1%	70.9%
T J Bowen	855,693	62.0%	38.0%
G T Tilbrook ²	0	0%	100.0%
Senior executives			
S A Butel	353,118	42.6%	57.4%
J C Gillam	740,970	55.1%	44.9%
K D Gordon	169,200	15.0%	85.0%
L K Inman	927,000	77.3%	22.7%
I J W McLeod	1,488,161	62.0%	38.0%

¹ Annual incentive payments for the 2009 financial year to executive directors and senior executives were limited to payments in relation to achievement of financial and divisional targets only, with no payment for the individual performance objectives element, resulting in a reduction of between 20 and 40 per cent of the maximum annual incentive payable.

² G T Tilbrook retired on 1 May 2009 and was eligible for a pro-rata incentive payment for the period of the plan year worked, however no incentive payment was made in September 2009, as the Group NPAT hurdle was not met and the individual performance objectives element for senior executives was not paid.

In addition, in recognition of the increased contribution of the Resources division to the Group in the 2009 financial year, SA Butel, the Managing Director of the Resources division, was eligible for a special incentive dependent on divisional EBIT performance, paid on a pro-rata basis for performance between target (achievement of budget) and maximum (achievement of budget plus 10 per cent). Mr Butel earned \$250,000 pursuant to this special incentive, being 50 per cent of the maximum entitlement.

Directors' report continued

Wesfarmers Limited and its controlled entities

Remuneration report 2009 (audited) (continued)

Remuneration of the key management personnel disclosed in the 2009 remuneration report

	Short-term benefits				Post employment benefits		Share based payments ¹		Termination benefits	Total	Percentage performance related ²
	Cash salary	Short-term incentive	Non-monetary benefits ³	Other ³	Super-annuation	Other benefits ⁴	Cash settled awards	Value of shares	Termination payments		
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	%
Executive directors											
R J B Goyder (Group Managing Director)											
2009	2,974,457	1,100,943	156,660	8,538	38,000	202,500	0	3,644,977	0	8,126,075	58.4%
2008	2,730,707	0	116,063	9,904	38,000	525,000	0	1,644,981	0	5,064,655	32.5%
T J Bowen⁵ (Finance Director – appointed 1 May 2009 previously Finance Director, Coles division)											
2009	1,030,833	855,693	94,774	340,391	40,000	893,359	0	2,127,995	0	5,383,045	55.4%
2008	894,065	900,000	17,065	164,281	44,091	750,781	0	383,997	0	3,154,280	40.7%
Senior executives											
S A Butel (Managing Director, Resources division)											
2009	537,041	603,118	61,895	8,538	99,453	377,312	0	707,481	0	2,394,838	54.7%
2008	483,740	702,000	44,582	9,904	100,000	395,255	0	219,989	0	1,955,470	47.1%
J C Gillam (Managing Director, Home Improvement and Office Supplies division)											
2009	1,040,547	740,970	29,102	113,716	49,453	306,667	0	2,253,988	0	4,534,443	66.0%
2008	912,500	905,900	108,858	9,904	50,000	785,000	0	509,990	0	3,282,152	43.1%
K D Gordon (Director, Industrial divisions)											
2009	841,885	169,200	64,546	8,538	49,453	1,036,423	0	1,452,181	0	3,622,226	44.8%
2008	528,750	1,080,000	38,322	9,904	50,000	582,274	0	274,981	0	2,564,231	52.8%
L K Inman⁶ (Managing Director, Target division)											
2009	854,915	927,000	25,341	208,538	99,453	525,598	0	1,035,496	0	3,676,341	53.4%
2008	463,045	1,043,280	15,714	608,825	50,618	260,384	0	0	0	2,441,866	42.7%
I J W McLeod⁷ (Managing Director, Coles division)											
2009	1,941,710	1,488,161	164,677	81,002	13,745	33,333	1,530,000	0	0	5,252,628	57.5%
2008	203,202	0	10,820	1,200,974	1,343	0	0	800,000	0	2,216,339	36.1%
Former KMPs and senior executives disclosed under the Corporations Act 2001											
P J C Davis⁸ (Chief Operating Officer, Home Improvement and Office Supplies division)											
2008	732,500	800,002	3,322	9,904	50,000	672,840	0	365,000	0	2,633,568	44.2%
G T Tilbrook⁹ (Finance Director – retired 1 May 2009)											
2009	864,657	0	69,103	7,134	87,321	198,711	0	2,824,980	0	4,051,906	69.7%
2008	927,163	1,380,000	97,616	9,904	99,600	860,000	0	824,984	0	4,199,267	52.5%
Total											
2009	10,086,045	5,885,085	666,098	776,395	476,878	3,573,903	1,530,000	14,047,098	0	37,041,502	
2008	7,875,672	6,811,182	452,362	2,033,504	483,652	4,831,534	0	5,023,922	0	27,511,828	

1 Share based payments: Refer to pages 163 to 169 for detailed disclosures under the various long-term incentive plans.

2 Percentage performance related is the sum of the short-term incentive and long-term incentive (share based payments) divided by the total remuneration, reflecting the actual percentage of remuneration at risk for the year, as compared to the target percentage of remuneration at risk shown on page 155.

3 Short term benefits. Non-monetary benefits includes the cost to the Company of providing parking, vehicle, tax advice, health insurance, life insurance, travel and entertainment.

Short term benefits. Other includes the cost of director and officer insurance, relocation assistance, housing allowance and living away from home allowance.

4 Post employment benefits. Other benefits includes long service leave accrual for the year, retention plan accrual from last year to this year (described on page 169), and the cost to the Company of G T Tilbrook's retirement gift of \$13,720. The retention plan accrual from last year to this year is impacted by any FAR increases as a result of a promotion, or if the executive is still accruing a benefit within the five year service period eg T J Bowen and K D Gordon.

5 T J Bowen – Short term benefits. Other includes amounts paid on relocation from Melbourne to Perth.

6 L K Inman – Short term benefits. Other includes a carry over retention payment of \$200,000 paid in July 2008, to honour previous contractual obligations with the Coles group. L K Inman was appointed on 23 November 2007, which impacts her 2008 financial year remuneration figures shown above.

7 I J W McLeod was appointed on 26 May 2008, which impacts his 2008 financial year remuneration figures above.

8 P J C Davis was not a KMP for the 2009 financial year, therefore only 2008 remuneration details are shown for comparative purposes only.

9 G T Tilbrook – Share based payments. Value of shares includes the full expensing of the 2008 WLTIP in the 2009 financial year, which vested on retirement as per the plan rules.

Directors' report continued

Wesfarmers Limited and its controlled entities

Remuneration report 2009 (audited) (continued)

Shares allocated under the long-term incentive plans

The table below sets out shares allocated to executive directors and senior executives during the 2009 financial year (WLTIP 2008 allocation) and in the 2008 financial year (WLTIP 2007 allocation).

Name	Date allocated	Number allocated	Share price at	Value at	Plan
			allocation date	allocation date	
			\$	\$	
Executive directors					
R J B Goyder	21 November 2008	220,844	18.11	3,999,992	2008 WLTIP annual grant ¹
	23 November 2007	79,838	41.21	3,289,962	2007 WLTIP annual grant ²
T J Bowen	21 November 2008	265,013	18.11	4,799,994	2008 WLTIP multi-year performance grant ³
	23 November 2007	18,637	41.21	767,993	2007 WLTIP annual grant ²
G T Tilbrook	21 November 2008	110,422	18.11	1,999,996	2008 WLTIP annual grant ¹
	23 November 2007	40,040	41.21	1,649,967	2007 WLTIP annual grant ²
Senior executives					
S A Butel	21 November 2008	53,830	18.11	974,985	2008 WLTIP annual grant ¹
	23 November 2007	10,677	41.21	439,978	2007 WLTIP annual grant ²
J C Gillam	21 November 2008	265,013	18.11	4,799,994	2008 WLTIP multi-year performance grant ³
	23 November 2007	24,752	41.21	1,019,980	2007 WLTIP annual grant ²
K D Gordon	21 November 2008	178,884	18.11	3,240,000	2008 WLTIP multi-year performance grant ³
	23 November 2007	13,346	41.21	549,962	2007 WLTIP annual grant ²
L K Inman	21 November 2008	157,351	18.11	2,849,988	2008 WLTIP multi-year performance grant ³
I J W McLeod	21 November 2008	44,168	18.11	799,984	2008 WLTIP annual grant ⁴

1 50 per cent of the value is shown under Share based payments as the 2008 WLTIP annual grant commenced vesting from 1 July 2008, and is subject to forfeiture if the executive resigns prior to 30 June 2010, as described on pages 165 to 166.

2 50 per cent of the value is shown under Share based payments as the 2007 WLTIP annual grant commenced vesting from 1 July 2007 and is subject to forfeiture if the executive resigns prior to 30 June 2009. The terms of the 2007 WLTIP grant are similar to the 2008 WLTIP. Further details were set out in the Wesfarmers 2008 Annual Report. For accounting purposes the 2007 WLTIP is now fully expensed, however the shares are still subject to the three year trading restriction.

3 36.3 per cent of the value is shown under Share based payments as the 2008 WLTIP multi-year performance grant is subject to a performance period from 1 July 2008 to 21 November 2011, as described on pages 165 to 166.

4 I J W McLeod's 2008 WLTIP is not reflected in Share based payments in the 2009 remuneration table on page 171, as it was fully disclosed in the 2008 Annual Report, as it formed part of Mr McLeod's incentive to join.

Rights granted to the Group Managing Director

Under the GMD Long Term Incentive Plan (Rights Plan), the Company granted performance rights during the year to the GMD as set out below.

As the performance rights are not tested until 2011, there has been no movement in the number of performance rights granted to Mr Goyder (ie 100,000 performance rights remain on issue as at 30 June 2009).

Executive director	Number of rights granted ¹	Grant date	Value of grant ²	Vested		Forfeited	
				No.	%	No.	%
R J B Goyder	100,000	30 September 2008	–	–	–	–	–

1 The grants made to the GMD constituted 100 per cent of the grants available for the year. As the performance rights only vest on satisfaction of performance conditions which are to be tested in future financial periods, none of the performance rights set out above vested or were forfeited during the year. Performance rights granted in 2008 can vest in 2011 (three years after the grant date) subject to the achievement of performance conditions. Unvested performance rights will expire if it has been determined that the performance conditions were not met. Details of the relevant performance condition are set out on pages 164.

2 The Rights Plan is subject to achievement of a stretch ROE hurdle and expensed over the period from 30 September 2008 to 30 June 2013. Based on the probability of reaching the ROE hurdle of 12.5 per cent, no accrual has been recognised in the 2009 financial year.

Directors' report continued

Wesfarmers Limited and its controlled entities

Remuneration report 2009 (audited) (continued)

SECTION 6: OTHER INFORMATION

Share trading policy

Wesfarmers' share trading policy prohibits all employees and directors of the Group from entering into transactions or arrangements which transfer the risk of any fluctuation in the value of shares obtained under an employee share plan for so long as the shares remain subject to a restriction on disposal under the plan. Strict compliance with the share trading policy is a condition of employment. Breaches of the policy are subject to disciplinary action, which may include termination of employment.

In May 2008 the Company's share trading policy was amended to require Wesfarmers directors and executives to advise the Company Secretary if they intend to enter into, or have entered into, a margin lending or other security arrangements affecting the Company's securities. The Company Secretary, in consultation with the Chairman, determines if such arrangements are material and require disclosure to the market.

Company performance – statutory requirement

The table below summarises details of Wesfarmers' earnings (shown in the form of earnings per ordinary share and NPAT) and the consequences of that performance on shareholder wealth for the financial year and the previous four financial years in the form of dividends, changes in share price, any returns of capital and return on equity (in accordance with the requirements of the Corporations Act).

Financial year ended 30 June	2005	2006	2007	2008	2009
Net profit after tax (NPAT) (\$m)	702	869 ⁺	786	1,063 [@]	1,535
Dividends per share (cents)	180	215	225	200	110
Closing share price (\$ as at 30 June)	40.01	35.33	45.73	37.30	22.76*
Earnings per ordinary share (cents) [#]	178.3	218.5	195.2	174.2	160.0
Return on equity (rolling 12)	25.4	31.1 ⁺	25.1	8.6	7.4
Capital returns per share (cents)	100	–	–	–	–

+ Excludes earnings from the sale of ARG.

@ Restated for finalisation of Coles acquisition accounting.

* Weighted average closing share price as at 30 June 2009 (WES \$22.65, WESN \$23.50).

2005 to 2008 earnings per share restated for the entitlement offers.

Information is presented in accordance with International Financial Reporting Standards (IFRS), which were effective from 1 July 2005.

Independent audit of remuneration report

Required disclosures pursuant to AASB 124: Related Party Disclosures, included in this remuneration report have been audited by Ernst & Young. Please see page 175 of this Annual Report for Ernst & Young's report on the remuneration report.

This directors' report, including the remuneration report, is signed in accordance with a resolution of the directors of Wesfarmers Limited.



R L Every
Chairman



R J B Goyder
Managing Director

Perth, 15 September 2009