

20 May 2011

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Shareholders denied meeting on Coles 'down-down' campaign

For immediate release

Wesfarmers has rejected a plea from a group of its shareholders to put an end to Coles' cut-price milk and dairy campaign.

Australian Dairy Farmers (ADF) Vice President Adrian Drury said Wesfarmers today blocked a move by the shareholders to force a general meeting.

"The refusal by Wesfarmers to even discuss the Coles "down-down" campaign shows no respect for its shareholders. It also shows total disregard for dairy farmers' livelihoods and for customers who in the end will be hit with higher prices when Coles seeks to recoup its losses," Mr Drury said.

On 10 May concerned Wesfarmers shareholders sent a letter to Wesfarmers Chairman Bob Every seeking an extraordinary general meeting of the company to consider two resolutions:

- (i) Explain the Coles pricing strategy on milk and other dairy products and how this is consistent with the origins, values and corporate social responsibility of the company; and
- (ii) Refrain from implementing and persisting with the Coles "down-down" milk and dairy product price reductions.

"Instead of allowing its shareholders to ask questions and express their views, Wesfarmers called in its lawyers to block any free discussion of Coles' cutthroat campaign," Mr Drury said.

Wesfarmers responded to the shareholders' call for a meeting by saying 'the Directors have considered your request and decline to call the meeting' on 'the basis that the proposed resolution relates to management matters.'

"Wesfarmers, a company whose origins lie with farmers, have missed an opportunity to be true to their roots and show leadership on this issue. They have missed the chance to explain to farmers and their families why they are letting Coles get away with its tactics."

"Unlike Wesfarmers ADF will consult with farmers about what our next move is."

"Wesfarmers seems to be unable or unwilling to rein in the Coles 'bully boys'. It needs to make its subsidiary Coles treat consumers and dairy farmers with respect," Mr Drury said.

"Coles has not been upfront with the public on their tactics and the impact of its campaign on Australia's dairy industry. Now its parent company Wesfarmers is joining the strategy to shut down discussion. It's extreme arrogance to act as though they are not answerable to shareholders or anyone else.

"These price cuts are unsustainable and the plain fact is milk priced at \$1 per litre doesn't bring in enough money to support farmers, processors and retailers. Coles knows it," Mr Drury said.

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