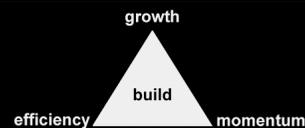


Presentation after 10 months of ownership in a 50 month turnaround programme

**‘Our Vision is to be an
International Class Retail
Business providing Inspiration
to Everyone’**

Myer First Half Year Results to 27 January 2007



MYER
in my store

Summary

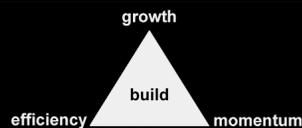
EBIT up 84% from \$67 Mil to \$123 Mil

Net debt reduced from \$979 Mil to \$704 Mil

Total sales (including concessions) up 4.8% or \$83 Mil to \$1.8 Bil

Full year EBIT expectation \$150 - 170 Mil (Convertible Equity Notes Prospectus: \$93 Mil) would represent 5c in \$. This would surpass previous \$ high in Myer history but remains less than half global % benchmarks

Aim to open 12 new stores and bring chain to 75 with over \$4 Bil turnover – 5 already announced brings chain to 63



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in my store

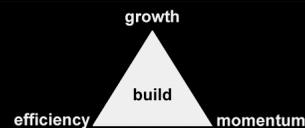
Summary of First Half Performance

(\$Mil)		1 st HY 06/07	1 st HY 05/06	
Sales - total system		1796	1713	+4.8%
- excluding Concessions		1663	1594	+4.3%
Operating Gross Profit	\$	712	672	
	%	39.6%	39.2%	
CODB cost of doing business	\$	589	605	
	%	32.8%	35.3%	
EBITDA earnings before interest tax depreciation & amortisation		144	98	+47%
EBIT earnings before interest and tax	\$	123	67	+84%
	%	6.8%	3.9%	
Interest		49		
NPBT net profit before tax		74		
Tax		22		
NPAT net profit after tax		52		
Return on equity (6 months)		12.1%		

Every store profitable

Every store more profitable than last year

EBIT \$123 Mil or 6.8% to sales (vs DJ \$111m, 10.7%), remains well below our smaller competitor in % terms, and around half international standard on an annual basis



MYER
in my store

Funds Employed, Balance Sheet and Return on Funds Employed

\$ Mil			
	Preliminary on Acquisition *	Year End 29/7/06 As Financed	Half Year 27/01/07
Fixed Assets	213	214	203
Properties	378	378	373
Inventory	535	343	367
Other Assets	38	17	27
Creditors/provisions	(564)	(553)	(616)
Funds Employed	600	397	354
Intangibles	807	817	833
Total Business Capital	1407	1214	1187
Debt	897	648	519
Cash	(81)	(236)	(230)
Property Debt	163	165	171
Convertible Equity Notes	-	225	244
Equity Investment	428	412	483
Gearing	70%	66%	59%

} Net senior debt 289

* Acquisition balance sheet can vary for 12 months

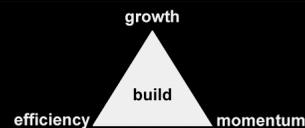
Inventory well down (\$168 Mil) - effect of History Making Clearance – further reductions will be in order of 1 or 2 days pa

Creditors inconsistent or below industry norms – under discussion and negotiation

Property to be sold \$400mil plus (CBRE opinion) vs property debt \$171 Mil

Return of \$123 Mil EBIT on \$1.2b total business capital represents 10.4% ROFE in first 6 month period

Return of \$52 Mil NPAT on \$428 Mil equity represents 12.1% ROI in first 6 month period



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in my store

Agenda

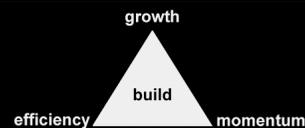
The Start Point (pg 8-11)

The first 300 days (pg 14-42)

Results half-year to 27/01/07 (pg 45-48)

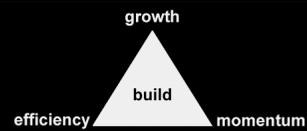
Where we stand today (pg 51-56)

Outlook (pg 59-62)



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The Start Point (pg 8-11)



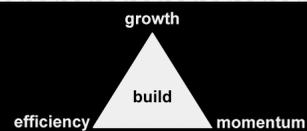
The Start Point on 2 June 2006

Shareholding and Board (pg 8)

Senior Managers, Equity Participants and Consultants (pg 9)

Concerns on Arrival in June 2006 (pg 10)

Assembling the New Team to Change, Improve and Run the Business (pg 11)

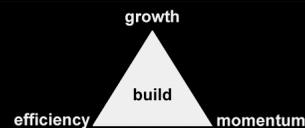


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Shareholding and Board

	Equity		Fully Diluted %
	Cash \$	%	
TPG	395	88.2%	82.6%
Myer Family Company	38	8.5%	8.0%
Management	15	3.3%	9.4%
	448	100%	100%

Executive Chairman	Bill Wavish	ex Woolworths / Dairy Farm
Managing Director	Bernie Brookes	ex Woolworths
Consulting Director	Howard McDonald	ex Just Group
Chair Audit Committee	Steven Schneider	TPG HK
Chair Remuneration Committee	Paul Chen	TPG HK
Director	Rupert Myer	Myer Family Company
Director	Dick Blum	Blum Capital
Director	John Lovering	Debenhams
Director	Philippe Costeletos	TPG London



Senior Manager, Equity Participants, Consultants

Senior Managers and Equity Participants

Kerry Davenport	WA/SA Stores	Shayne Quanchi	Youth
Susan Braidwood	Vic/Tas Stores	Stephanie Campbell	Intimate
Nick Abboud	NSW Stores	Jodi Higginbottom	Children
Tony Sutton	Qld Stores	Greg Maddison	General Merchandise
Wendy Marshall	Store Ops	Andre Reich	Menswear
Karen Brewster	Business Mgr	Greg Royans	Cosmetics
Paul Banks	Property	Graham Dean	Purchasing
John Skellem	Risk & Safety	Jasmine Bingemann	Accessories
Marcus Hill	National Finance Manager	Neil Merola	Electrical
Steven Black	Company Secretary	John Gualtieri	Homeware
Adam Stapleton	Marketing Operations	Bridget Veals	Product Development
Mark Doro	Business Manager	Joe Bonnici	Private Brands

Short Term Transition Consultants (all ex Woolworths)

Bob Newey	Store Operations	Hans Sidler	Buying
Peter Ramsay	Supply Chain Strategy	David Meadows	Supply Chain Operations
Steven Michel	Property	Byron Patching	Supply Chain Execution
Ray McInnes	Property Costs	Megan Foster	Projects
Liz Mintis	Overseas Buying		

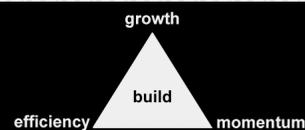
Concerns on Arrival in June '06

Project	Concern	Response
MyMerch	Launch of new merchandise system	<ul style="list-style-type: none"> TPG & Consultant help Renegotiated contract direct with IBM Contract safeguards or penalties IBM & Oracle support to the global top Management day by day "hands dirty"
Fashion	Bill & Bernie lack of fashion expertise	<ul style="list-style-type: none"> Retained Myer fashion talent Debenhams & Neiman Marcus (TPG) help Recruited Howard McDonald from Just Group Retail principles prove universal
Organisation	Resistance to change & effects of Coles Group heritage	<ul style="list-style-type: none"> Continuous communication New incentive program Learnings from TPG, Woolworths & Debenhams experience Nine temporary specialist consultants ex Woolworths with grass roots focus
Coles Group Service Level Agreements	Ability and commitment of Coles Group to fill obligations of SLAs	<ul style="list-style-type: none"> Steering Groups established Coles Senior Management provides strong commitment Coles Executives deliver on KPIs

Assembling the Team to Change, Improve and Run the Business

Bill Wlavish	Executive Chairman	Woolworths / Dairy Farm
Bernie Brookes	Managing Director	Woolworths
Howard McDonald	Consulting Director	Just Group
Hisham El-Ansary	Chief Financial Officer	Integral Energy
John Hawker	Stores	Myer
Judy Coomber	Cosmetics, Intimate Apparel, Youth & Childrenswear	Hallensteins
Bob Boutin	Mens & Womans Apparel, Accessories & Footwear	Myer
Martin Carter	Electric, Furniture, Home & General Merchandise	Myer
Greg Travers	Strategic Planning & Human Resources	Western Mining
Allison Smith	Concessions	Nike
Timothy Clark	IT	Myer
Prakash Menon	Supply Chain	Myer
Paul Bonnici	Marketing and Creative	Myer
Paul Banks	Property	Woolworths
Jennifer Hawkins	Special Team Member (Fashion Presenter)	"The Face of Myer"

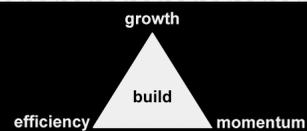
**Half of the Management Board are retained Myer Executives.
The new half are from a variety of backgrounds mainly to replace the
Coles Group functions.**



MYER
in my store

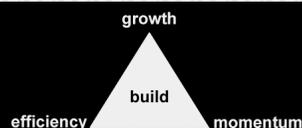
The Start Point (pg 8-11)

The First 300 Days (pg 14-42)



The First 300 Days

- Cultural change (pg14)
- History Making Clearance (pg 15)
- Benefits of History Making Clearance (pg 16)
- Project “Facelift” (pg 17)
- Project to increase Brands and Range (pg 18)
- Jennifer Hawkins – the new face of Myer (pg 19)
- Issued \$255 Mil of listed Myer convertible equity notes (pg 20)
- Focus on improving customer service (pg 21)
- Change emphasis of business from Head Office Centric to Store Centric (pg 22)
- Improve Store Wages Efficiency (pg 23)
- Review all concessions (pg 24)
- Set up new Human Resources capabilities (pg 25)
- Safety & Workers Compensation Self Insurance (pg 26)
- Transitioning IT from Coles (pg 27)
- mymerch - Myer’s new merchandising system (pg 28)
- Formulate World Class Supply Chain (pg 29)
- Begin Supply Chain implementation (pg 30)
- MyTV Launch (pg 31)
- Improved loyalty rewards for customers (pg 32)
- Launched Black Myer Store Credit Card (pg 33)
- Launched ‘emporium’ fashion magazine in partnership with News Limited (pg 34)
- Set up new overseas buying arrangements (pg 35)
- Re-organised Buying Department (pg 36)
- Stores empowered to engage communities through local marketing and events (pg 37)
- Cost Saving ‘Red Teams’ (pg 38)
- Red Teams Change Drivers (pg 39)
- New incentive schemes implemented (pg 40)
- Back to the future (pg 41)
- Leverage TPG and private equity capabilities (pg 42)



Cultural Change

Day 1 & 2

Took senior management **off-site to talk 'culture'**

Day 3

Bill, Bernie and Rupert – report to cash register training

We believe culture is how you behave, not lists on the wall.

Thus most of our cultural imperatives are private. We want you to **notice it in our behaviour**

Customer led (Head Office now called 'Support Centre') **'If you are not serving the customer you are serving someone who is'**

Absolute internal **transparency** – does it really matter if the competition knows?

Communicate, communicate, communicate

Create **heroes** – management are not the heroes

Measure everything – if you can't measure it you can't manage it

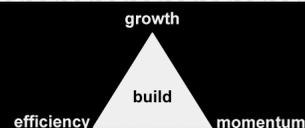
The bad news must travel faster than the good news

Costs matter – 1,000 little savings will make a big saving – tender everything

Fanatical simplicity – cut out the paper and the bureaucracy

'By sundown' – speed

'Can do' attitude



MYER
in my store

History Making Clearance (never to be repeated)

Too much inventory

Not faced up to past mistakes

Warehouse push system with 100% allocation and no 'put away'

Reduce inventory by more than 25% - \$150mil cash to bank

Beginning of supplier and product count rationalisation - continuing

Similar to Debenhams experience

Customer knows '**a Myer Sale is a Real Sale**'

Black not red – this is a different type of sale

No mention of Myer – avoid brand damage

Price points not % off – customers responded to this

Clearance not a sale – one time event

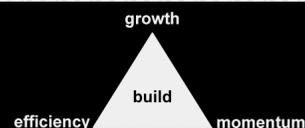
New stock turn benchmarks 'do not let the sand back into the hole'

Sends a message to staff – change, facing reality

Provides fresh merchandise to customers

Biggest Departmental Store Sale ever in the Southern Hemisphere

Commitment to clear inventories each season in future – systematic approach



MYER
in my store

Benefits of the History Making Clearance

\$150mil in cash

Closed 22 of 24 private mini warehouses (less rent, less transport, less labour, less shrinkage)

Cleared up reserves (back of shop storage) to improve efficiency

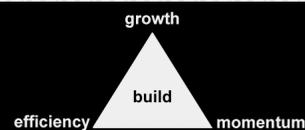
Made stores more shoppable from aisles to back walls

Saved 1000 supply chain head count in stores (no redundancies - by attrition)

Less damage/shrinkage – fresher stock

Made life easier for staff – more time with the customer

Greater speed to market – customer benefits



MYER
in my store

Project Facelift

With well publicised new ownership, the **public expect positive changes quite early**

History Making Clearance tidied up stores and freed room for more merchandise and visual marketing.

Project Facelift returned disciplines to the business after History Making Clearance

The first phase of Facelift was a dramatic visual merchandise initiative in every store:

Money spent on stores that had not seen any capital in many years – positive staff and supplier message

Created strong brand call out for national and private brands

Introduced vibrant architectural **colours**

Doubled the quantity of mannequins to show our fashion

New and better fixtures to display merchandise

Focus on visual merchandising focal points and colour blocking

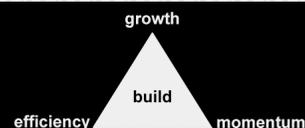
New policy on ticketing, more customer friendly

First moves to improve **'theatre'** within our stores

Gave something to our suppliers

Facelift phase 2 will incorporate fitting rooms, parent's rooms and more new fixtures

Facelift phase 3 not yet disclosed



MYER
in my store

Project to increase Brands and Range (especially small stores)

With well publicised new ownership, the **public expect positive change quite early**

History Making Clearance tidied up stores and gave room for more merchandise and more marketing

Cluster grouped 'like' stores by size and performance to identify those underperforming and benchmark 'in Cluster' stores which allowed us to assort for potential

Cluster One put new brands into stores and in some cases greater depth and/or width of range

'Support Centre' **buyers and merchandisers made recommendations**

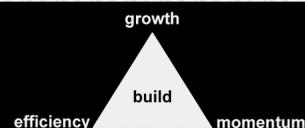
Stores requested new brands

Caveat: 'Sand not to go back into the hole'

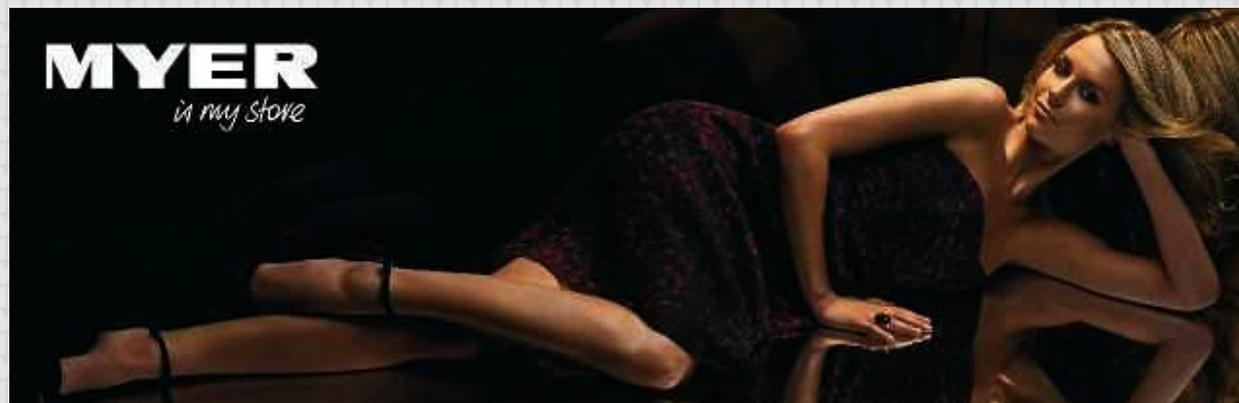
Remember: "Tie in with local marketing"

Worked particularly well in Regional and Country Stores

Introduced 'Adopt a Store' program



Jennifer Hawkins 'The face of Myer'



Day 4 –Sign Jennifer

Cease using a number of different celebrities which created an inconsistency with Myer positioning

As Jennifer loves our new ranges, give her a say, let her share in the turnaround (actually Jennifer and her manager negotiated this from us), make her a Team Member

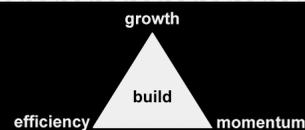
Coordinated across all forms of market communication

Tie in where possible with local marketing (eg Newcastle)

Subsequently extended contract to 4 years

Customer response great, staff response positive

Equity incentivisation and involvement with ownership together with bonus for company performance



Issued \$255 Mil Myer Listed Convertible Equity Notes

Raised final part of acquisition funding

Added convertible feature to emphasise future IPO and to begin dialogue with retail customers (also Myer shoppers)

Road-show across country to retail customers, great support from JBWere/Goldman Sachs, Macquarie Bank, Bell Potter. Over 4,000 note holders

Coupon 10.19% with 2.5% discount into any IPO

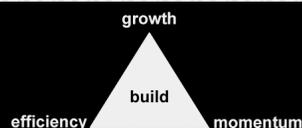
Sought \$225 Mil but **significantly oversubscribed** - took \$255 Mil (\$243 Mil after \$12 Mil costs)

Largest issue and narrowest margin of any issue to date.

Trading at 106 at 23/3/07

Prospectus forecast now likely to be exceeded – FY07 full year EBIT prospectus forecast \$93 Mil;
Actual ½ Yr \$123 Mil; Full Year Outlook \$150 - \$170 Mil

Investors love the Myer brand



MYER
in my store

Focus on Improving Customer Service

Due diligence told us customers want better service

Increase focus on the stores - **Head Office became 'Support Centre'**

Measure customer service – New Mystery Shopper Program – individual feedback

Start meetings with a customer service message – When talking to stores, always include customer feedback (second message is a safety message)

CEO hotline for customers and staff to communicate with CEO

Reduce store managers paperwork and get them more out on the floor

More management presence in all stores – Bill and Bernie visiting all stores – others follow

Cross functional Customer Service 'Red Team' set up

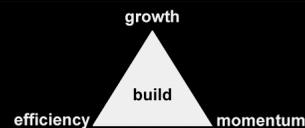
History making clearance and mini warehouse closures **free up more staff time to spend with customers**. New rosters more closely align customer traffic with staff hours

New closed circuit TV able to monitor queuing coming

Customer compliments exceed customer complaints – unusual

Are we getting better? We think so.

Are we good enough yet? – never! A never ending project



Change Emphasis of Business from Head Office Centric to Store Centric

Head Office dominating stores, perhaps the biggest fault of 'Old Myer'

Head Office now called 'Support Centre'

More Management time spent in store

Buyers must visit and talk with stores (their customers)

Quarterly State briefing to all managers on 'state of play'

Linkage with MyTV – talk to Store Teams every week

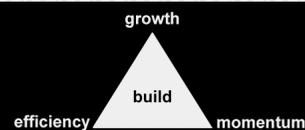
New website allows store to log product and other issues with the Support Centre - reply required

Regional Managers in weekly phone hook up with top management and buyers (Tuesdays)

Support Centre regular meeting clustered on Tuesdays and Wednesdays (Red Teams)
to **free up Thursdays, Fridays and Saturdays for more store visits**

More store friendly initiatives, eg ticketing, supply chain

'If you are not serving the customer, you are serving someone who is'



Improved Store Wages Efficiency

Myer staffing higher than both global practice and Australian competitors

Myer wage rates higher than Australian Department Stores competitors (good thing in moderation)

Less Support Centre paperwork helps efficiency, better ticketing discipline, more to be done

Customer satisfaction and productivity metrics used to produce better balance of efficiency and service

More labour weighting needed in Footwear and Intimate

Rosters more focused on timing of customer traffic

Currently working on service models by business to improve scheduling and service

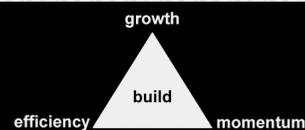
Supply chain inefficiency addressed early - significant savings

Inflexibility in ability to roster on weekend – currently being remedied

Staff have responded well (more than half-way to where we expect to be)

Some stores now close to good practice benchmark

Store Management focus on performance management



Review all Concessions

Utilise Concession to Deliver a Compelling Customer Offer whilst ensuring balance with National & Private Brands:

Introduce new brands, Rodd & Gunn, Elite Fitness, Nike, Gloria Jeans

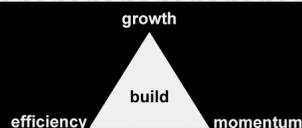
Exit non performing brands

Grow and revitalise existing brands to drive performance of their business within Myer including rationalisation (Jo Bailey) and expansion (David Lawrence, Charlie Brown, Marcs)

Partner with Australian best in class retail operations - Cue (Rod Levis) who will soon be in all Myer stores nationally.

Approach International Brand Managers to partner in their entry to the Australian marketplace to bring new and inspiring products to our customer

Install concession disciplines consistent with Myer disciplines; make them feel part of Myer (eg increased staff discount); **be seamless as far as our customer is concerned in service and policies.**



MYER
in my store

Set up new Human Resources Capabilities

Exit from Coles Group Services – creating Myer platform

Completed transition for Management Payroll

Store Payroll will be operating in May 07

Completed transition to Myer recruiting and Myer specific training function

Completed transition for Superannuation function

Guiding principle across company is to improve efficiency **without redundancies (ie: by attrition)**

Achieved to date:

- Buying Team reorganised

- Store rosters changed

- Some part-time / casual hours reduced up to 20% on temporary basis

- More effective performance management focus introduced

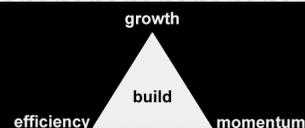
- Recruited to cover Coles Group functions taken over (HR, Finance)

- IT outsourced to IBM

- Supply Chain Management in place (4 DCs), staff recruitment underway

Human Resources fully operational on Myer platform from May 07

Commenced succession planning



MYER
in my store

Safety and Workers Compensation Self Insurance

Safety of our customers and staff are paramount

Major focus on improved safety training

Incident rates improved 40% in first 10 months

Application for Workers Compensation Self Insurance licences lodged or to be lodged:

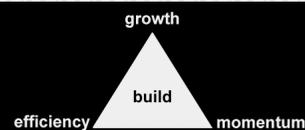
Queensland – passed inspection with high rating

New South Wales – application under way

Victoria – application later this year

Do not plan to apply for Federal Licence

Holding a Workers Compensation Self Insurance licence focuses the attention of the entire business on the best safety outcomes every day



Transitioning IT from Coles

5 year Myer IT outsource contract negotiated with IBM Nov 06

Successful SAP financial system transitioned March 07 – delivers general ledger independence

New Freight Forwarding solution commences **April 07**

Wages payroll (20,000 employees) to transition in **May 07**

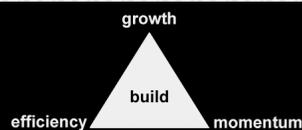
Warehouse systems to transition progressively through **07 calendar year**

240+ applications and systems to transition by **July 07** – full application independence

Some supported IT hardware transitioning after **July 07** - before 07 calendar year end

Good support from Coles IT in difficult time for them – thank you

Commencing planning stage for a new point of sale system



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Mymerch - Myer's new merchandising system

Business led \$99mil project to transform Myer's back-end technology and processes by implementing an integrated merchandising system

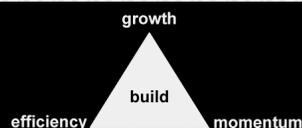
Significant savings to be realised – historically a high degree of project difficulty

20% pilot in April 07, with balance of business go live in May 07

New contracts negotiated with IBM and Oracle in September 06

Supported by the most senior levels in all partner organisations

TODAY	TOMORROW
Orders driven by weekly stock on hand and sales data	Orders driven by daily stock on hand and sales data
National clearance cycles	Regional or store based clearance cycles
Markdowns that reflect the need to clear merchandise	Promotions that reflect value for money
Under utilised information on customer buying habits	Statistical knowledge of consumer buying habits converted to forecasts
Allocations based on volume only	Store level attributes and trends to fine tune allocations
Too much manual data handling across many merchandising systems	Team members supported by the automation of an integrated system
Operation and support of 44 non-strategic IT systems	An integrated system within a simplified IT architecture



MYER
in my store

Formulate World Class Supply Chain Strategy

Peter Ramsay / XAct Solutions led the strategy development

High importance and profile within the business – ‘Supply Chain is Sexy’

Answer was customer driven

Suppliers were consulted and the decision was consistent with their views

Answer was network configuration of 4 Distribution Centres – Brisbane, Sydney, Melbourne and Perth

Consistent design and operating principles for each DC – scaled for the market it serves

DCs are customised specifically to Myer’s needs and are multi-functional – high cross dock volume, limited ‘put away’ central storage, minimise ugly (bulky & non-conveyables) volume, hangwear merchandise capability

Myer control of Supply Chain: at least 3 of the 4 DCs internally operated, dual reporting to Supply Chain Management and State Store Management

Maximum flexibility to provide ‘**Store Friendly**’ service: merchandise sorted by floor, up to 7 days delivery, high forward visibility, minimal delivery lead times

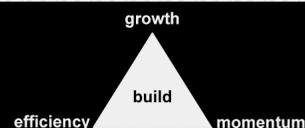
Growth capability to 100+ stores

Lead times will reduce from China (**14 days faster**), three new International Hubs, Shanghai, Shenzhen and Singapore

Will provide better visibility, speed to market, freshness, fashionability

Better margin from overseas merchandise through cheaper/faster international processes

World Class Supply Chain will reduce DC operating costs by 40% or \$20 Mil pa



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in my store

Begin Supply Chain Implementation

Byron Patching / XAct Solutions led the sourcing of the physical premises

The sourcing of sites and equipment has been achieved through competitive tendering

4 sites, 95,000 sqm of space in total

4 of the largest industrial of leasing transactions in Australia last year

Perth – Kewdale – 13,545 sqm, ex-Woolworths warehouse, total refurbishment, manager recruited, opening **May 2007**

Brisbane – Richlands – 21,500 sqm, ex Franklins warehouse, manager recruited, opening **June 2007**

Melbourne – Altona – 30,388 sqm, refurbishing existing warehouse, staff retained, new manager recruited –opening **July 2007**

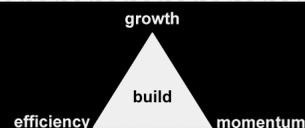
Sydney –Eastern Creek – 28,000 sqm, new purpose designed building, strategic location, opening **September 2007**

Excellent commercial terms for each property, significant cash fit-out incentives received from property owners, long term lease commitments

State of the art sortation equipment to be established in each warehouse

New Freight Forwarder (Cargo Services) appointed in conjunction with Li & Fung

Operational fine tuning will continue through calendar 2008



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MyTV Launch

Bernie talks to the stores every Wednesday

MyTV now integral to store management weekly meetings

Guest presenters. High **merchandise-in-hand** content

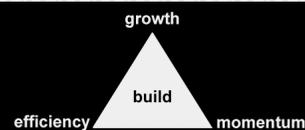
Past secrecy abandoned. 'So what if the competition knows' It's more important that we know!

Encourages **competition** and **peer pressure** between stores

Make **heroes** and have **premiership ladders**. **Retailing is as much about pride and peer pressure as it is about financial rewards**

New products, thank suppliers and push those who support us

Corporate results, **corporate pride**



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Improved Loyalty Rewards to Customers

Significantly increased benefits to all MYER one customers

1.4 mil customers increasing by 2% per month

Lowered threshold to \$1,000 spend to get \$20 gift card, removed tiering making program simpler

Increased benefit to those 'gold' members who spend over \$5,000pa

Over 40% of sales using MYER one

New quarterly rewards book accompanies gift card for 'gold' members, gives improved benefits (eg: discounts from Emirates Airways)

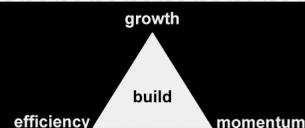
Linked to MYER magazine 'emporium', \$5.95 (free in stores to gold card holders who receive a gift card)

Linked in with local marketing (eg: invitations to store events, parades, etc)

Exited Flybys on 31/1/07 with minimal effect

Combined use of MYER Black Store Card and MYER One Loyalty Card gives customers best store card benefits in the market

Research shows, customers highly engaged with the MYER One Card



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Launched Black Myer Store Credit Card

JV with GE Money

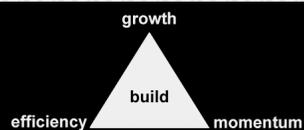
Launched in November 06 – **sign ups over 50% above expectations**

Demand so great some call centre (in Australia) delays, now fixed - sorry

Combined use of Myer Black Store credit card and Myer One loyalty card give customer biggest benefits in market.

The Black Card is again part of the Myer Heritage.

International Credit Card to be launched later this year.



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in my store

Launched 'emporium' Fashion Magazine in Partnership with News Limited

News Magazines (division of News Ltd) appointed as publishing partner

148 page glossy fashion and lifestyle magazine with a \$5.95 RRP

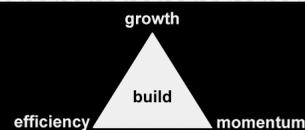
Highly capable and credible editorial staff appointed by News Magazines

Initially to be issued quarterly and available in all Myer stores and the top **2000 newsagents** nationally

MYER one gold members invited to collect a copy for free in-store via a redemption voucher they will receive with the quarterly gift card

Circulation model guarantees **470,000 circulation**, which ensures 'emporium' will be the **third highest** circulating Women's Magazine in Australia, behind Australian Women's Weekly and Woman's Day

Myer have plans to sell in its stores - Women's, Fashion and Lifestyle Magazines along with 'emporium' going forward



MYER
in my store

Set up new Overseas Buying Arrangements

Exit from Coles Group nearing completion

Installing new IT system \$3mil

New relationship with **Li & Fung** (world's largest soft goods trading house) but preserve some direct relationships – will improve first margin

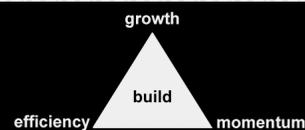
Leverage the Debenhams/Neiman Marcus/TPG connection

New hubbing/freight arrangements to **cut out 21 days** from current supply chain – Perth to receive product direct down West Coast

Gradually increase private brand content from 15% to 20%.

More **store ready pre-work** to be done at source overseas (eg security tagging, hanging, folding, pre-pricing)

Fully operational July 07 but full supply chain not operational until November 07



Reorganised Buying Department

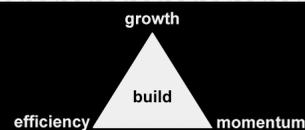
Reporting lines and accountabilities clarified

Relationship of buyer with their own dedicated support staff (planner, allocator, administrator) established

Total head count reduced by 10% by attrition and transfer

Further gradual mini-re-organisations from April 07 to July 08 upon return of Mymerch Project secondees and achieving Mymerch IT benefits

Focus on better buying, reducing costs, clarity of reporting lines and accountability



Stores empowered to engage communities through local marketing and events

Previously little local marketing and community involvement

Budget established for each store to **spend locally** on community sponsorships and in-store events (all stores allocated the same budget, so favours country stores)

Objective is to empower local management to drive store sales, improve customer loyalty and better support / **engage the local communities** that we are a part of

Stores have complete control over how funds are spent

Already seeing positive response from staff, customers and the wider community

Examples:

Bendigo community Christmas tram

Orange 'Picnic Races' fashions on the field sponsorship

Fremantle Summer Film Festival support

Pacific Fair fashion workshops

Frankston fashions on the field at Mornington Races

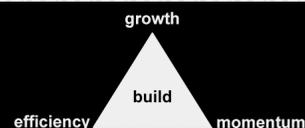
Store fashion shows, bridal shows and seasonal launches on most capital cities

Urban talent quest - Dandenong

'Cutting in youth' Design sponsor - Castle Hill

Queensland 'Women in Business' - Maroochydhore

Luke Pridis Cancer Foundation - Penrith



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Cost Saving 'Red Teams'

All costs subject to tender - overview by Audit Committee

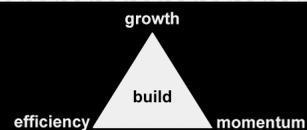
Major savings achieved, sometimes halving multi-million \$ costs

Upon exit from Coles Group not one cost was re-negotiated at a higher price than before

Also applies to capital expenditure

Examples:

- Media
- Stationery
- Cleaning
- Programmed Maintenance
- Insurance
- Printing
- Delivery
- Brochures



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Red Team Change Drivers

The **101 improvement projects** are largely driven by cross-functional 'Red Teams' which meet on a rotating basis every second Wednesday.

These teams include (some remain confidential):

Customer Satisfaction

Global Buying

Store Costs

IT Steering Committee

Trading Terms

Cards / Loyalty

Risk & Self Insurance

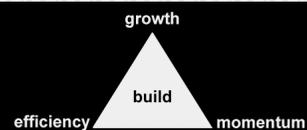
Procurement Steering Committee

Capex Committee

Supply Chain

Local Marketing

Property



New Incentive Schemes Implemented

New Short term incentive (STIP) introduced replacing old scheme. Increased potential rewards with higher hurdles (EBITDA, sales, costs, inventory) and **significantly greater stretch up-side**

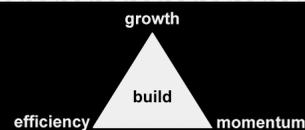
STIP goes about **1100 staff deep**. Progress reported quarterly in \$ benefits for the individual

Targets balance between individual responsibilities and company outcomes

Long term incentive (LTIP) scheme **30 staff deep** with senior executives required to invest \$ **'hurt money'** in Myer. Linked to retention. **High hurdles well above TPG initial feasibility**. Aligned with shareholder interests

Staff discount reviewed and increased for all staff, concession staff, and 25 year club former staff

Some part time hours temporarily cut by up to 20% with **no redundancies** due to higher staffing levels than competitors and benchmarks. **Hours being better aligned with peak trading periods**. Annual September executives salary review would be postponed until attrition allows store staff to begin to regain these hours (forecast later in calendar 07 at normal rates of attrition, acquisition of new stores will accelerate return to full hours)



Back to the Future

It is striking how many **'new initiatives' were present in Myer 25 years ago** as an independent company

The new management team have or are reinstating:

25 year Club and benefits for those ex-employees

Graduate program

Myer Melbourne Santa Parade

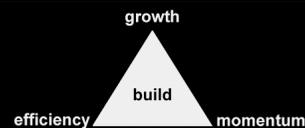
Sorting product from warehouses by location within stores

Discount card re-introduction for retired employees

The new management team have unashamedly take most of their ideas from the past 'nothing new in retailing'

- Old Myer
- Woolworths
- Tesco
- Wal*Mart
- Debenhams
- TPG
- Neiman Marcus

Increased staff discount encouraging staff to buy what we sell



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Leverage TPG and Private Equity Capabilities

Between March 2006 and taking the keys on 2 June 2006, TPG helped Bill and Bernie in delivering and fine tuning a detailed **100 day** plan to hit the ground running.

Occasional TPG CEO conferences allow exchange of ideas with global peers, this encourages a more global view and with it peer pressure.

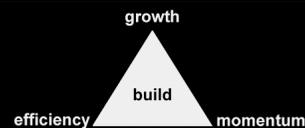
TPG retail expertise (Debenhams, Neiman Marcus, Petco, Burger King) is available and used by phone, email and visits

TPG diversified investments make specialised expertise available from the inside (eg credit card launch)

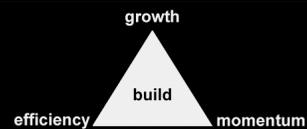
We are now leveraging this in combined buying

TPG senior level contacts give Myer influence at a level not normally available eg IBM

Relevant Board **expertise is provided at a global level** that would not normally be available to a market leader in Australia.



The Start Point (pg 8-11)
The First 300 Days (pg 14-42)
Results Half-year to 27/01//07 (pg 45-48)



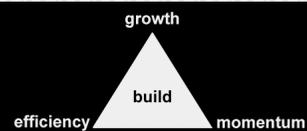
Results for the 26 Week Summer Half-year Ended 27 January 2007

Sales by State and Category (pg 45)

Margin control and improvement (pg 46)

Financial Overview (pg 47)

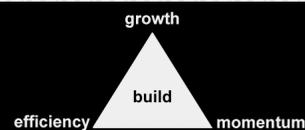
Financial Ratios (pg 48)



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Sales by State & Category

Western Australia	Strong double digit growth
Queensland	Very good growth
Victoria/Tasmania	Average helped by Melbourne 6.8% growth
South Australia	Below average
New South Wales / ACT	Poor results, managerial changes, recent improvement
Womenswear	Strong result, on-fashion delivery
Furniture	Strong result, part way through business improvement strategy
Accessories	Excellent all round performance
Youth	Continues strong growth and market leadership
Menswear	Category rationalisation delivers good gains
Intimate	Strong recovery after slow HMC affected start
Children	Category rationalisation beginning to deliver results
Home	Category rationalisation beginning to deliver results
Electrical	Focus on technology creates positive sales momentum
Cosmetics	Solid results as market leader
General Merchandise	Category rationalisation at early stages
Footwear	Needs more attention ... poor results in a difficult market



Margin Control & Improvement

First margin improvement efforts **yet to deliver benefits**, some benefits in pipeline in H2

Supplier rationalisation discussions gaining momentum

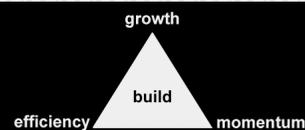
Markdown control significantly improved, but **long way to go yet**

Shrinkage control OK, significant future gains available with focused capex

Supply Chain costs will remain high until 4 world class warehouses operational (benefit H1 FY08) and finetuned (FY09)

Promotional program planned well in advance contributed significantly

Private label gradual growth 15% to 20% will improve margin



Financial Overview

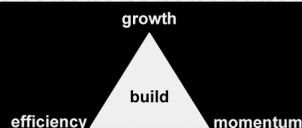
Summary	H1	H2 Outlook	Next Year Outlook
First Margin	Flat	Flat	Some gains
Shrinkage, Markdown	Better	Better	Good gains
Supply Chain	Flat	Flat	Major improvement
Store Costs	Steady progress	Steady progress	Steady progress
Ex Coles Admin	Up	Flat	Good gains
Other Central Overhead	Good gains	Steady progress	Steady progress

Tendering producing worthwhile gains

Additional costs of setting up and parallel running of Support Centre functions add to short term costs in FY07– IT, Finance and Human Resources

Total CODB (costs of doing business) coming down but still far too high by global benchmarking

Balance store costs reduction with increased staff availability at the right time with better service

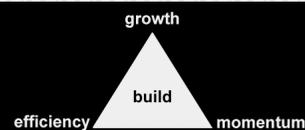


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Financial Ratios

Covenant		Prospectus	H1 07
Senior Leverage Ratio:	less than 4.9x	3.5x	1.75x
Senior Interest Cover Ratio:	more than 2.15x	3.0x	5.36x
Debt Service Coverage Ratio:	more than 1.00x	1.7x	4.08x

Ratios began period comfortable and became **increasingly very comfortable** as profits rose and debt was repaid



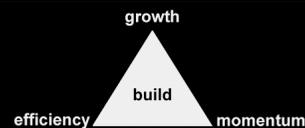
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The Start Point (pg 8-11)

The first 300 Days (pg 14-42)

Results Half-year to 27/01//07 (pg 45-48)

Where do we stand today (pg 51-56)



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Where Do We Stand Today

Market Position (pg 51)

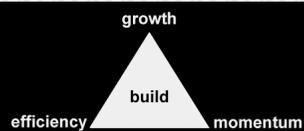
Private Brands (pg 52)

Best Practice (pg 53)

Capital Expenditure (pg 54)

Juggling 101 Business Improvement Projects (pg 55)

Property Sale (pg 56)



Market Position

Our vision is to be an international class retail business providing: Inspiration to everyone

Not moving up or down market – covering full range from luxury to entry price point

‘A girl today will wear a \$49 printed top, \$150 jeans and \$800 shoes, it is not a matter of being up or down market – it is to give her a broader choice’

A unique blend of International, National, Proprietary and Private Brands:

International – better range and quantified

National – leading brands only

Proprietary – exclusive to Myer

Private Brands – well ranged with good margin

Key divisions:

Cosmetics – compelling assortments with significant market share

Childrens – every fashion solution for every occasion

Youth – complete offering of on-trend fashion

Intimate Apparel – primary destination for all women – significant market share

Womenswear – total fashion assortment

Menswear – comprehensive offer of casual and suiting ranges

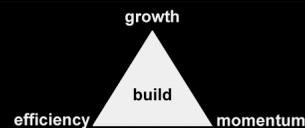
Footwear / Accessories – market trend merchandise for all lifestyles

Electrical – trusted name offerings at competitive prices

Homewares – coordinated products solutions for the home

General Merchandise – exclusive offerings with exciting themes

Jennifer personifies the complete Myer offer



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Private Brands

Private Brands currently account for 15% of Sales and return a higher margin

Gradual increase to our stated target of 20% of sales

Both Womens & Mens Apparel have well developed Private Brands and continue to grow. Accessories and Footwear have identified major growth opportunities in Private Brands

Private Brands represent a strong value / quality proposition for Myer customers - provides differentiation within a mix of National and International Brands

Our strongest Private Brand is Miss Shop representing over 50% of female youth category

In Hard Goods Private Brands are the entry to mid price point in a good better best strategy.

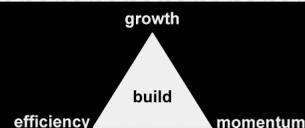
Proprietary Brands for Home Electronics include Marie Clare Home, developed by Myer with Copyrights Australia and Breville Home Appliances, exclusive to Myer with interest shown from international markets.

Vue has been re-engineered and is demonstrating strong consumer acceptance.

Heritage has been restored to a more traditional brand and has performed very well in linens.

More work to do in Electronics, particularly Accessories and Toys and General Merchandise.

Our new exclusive buying agreement with Li & Fung (world's leading retail sourcing company) will provide a better and more fashionable Private Brand range at lower prices to our customers



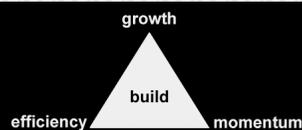
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Best Practice

	FY06 Year			FY07 First Half		
	Sales \$A Mil	EBIT \$A Mil	EBIT to Sales	Sale \$A Mil	EBIT \$A Mil	EBIT to Sales
International Class						
Debenhams	4101	572	13.9 %			
Kohl's	20565	2401	11.7%			
Marks & Spencer	18490	2016	10.9%			
Australian Practice						
Harvey Norman	4594	399	8.7 %	3160	295	9.3 %
Target	3170	248	7.8%	1798	189	10.5%
Below Australian Practice						
David Jones	1821	120	6.6%	1036	111	10.7%
Big W (26 weeks)	3119	123	4.1%	1900	104	5.6%
Kmart	4001	76	1.9%	2147	73	3.4%
Myer	3180	73	2.3 %	1796	123	6.8 %

Myer's main benchmarking is against international best practice particularly Debenhams in the UK

By most measures, Myer remains well below international best practice, but good progress has been made in the first 10 months of the 50 month turnaround



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Capital Expenditure

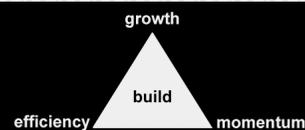
	H1 Actual	H2 Forecast	FY07	FY08
Store refurbishment	2	13	15 *	30
IT	18	15	33	30
Supply Chain	2	12	14 *	6
Visual Merchandise	5	3	8	2
Other	1	1	2	4
Total Capex	28	44	72	72

* all H2

Myer historic capex in stores (on a cost per sqm basis) has been excessive

We expect ongoing annual capex to be in the region of \$70mil pa or 2% of sales (excluding capex on new stores)

Capex on new stores as yet unclear but likely to be significant



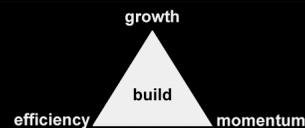
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Juggling 101 Business Improvement Projects

	Complete	Underway	Waiting	Total
Major	9 History Making Clearance, Credit Card Launch	20 MyMerch, Property Sale, 4 DCs, Self Insurance	9 Point of Sale	38
Lesser	20 Close outside storage, MyTV	40 Myer Magazine	3	63
Total	29	60	12	101

The change process is 40% complete

The trick is to be able to handle up to 100 significant improvement programs virtually simultaneously in the right order or priority



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Property Offer

Bourke Street

Rebuild Telecom (derelict) building and align floors

Historic Bourke Street building refurbished for around \$50m with central escalators – full and continuous trading throughout

Gross floor space goes from 45,000sqm to 47,500sqm (Bourke Street 40,000sqm plus potential for 7,5000 in redeveloped / refurbished Lonsdale Street) and with lesser reserves (storage space) due to daily delivery from a much more efficient supply chain will **significantly increase selling space**

Building sold and leased back for 40 years

Lonsdale Street

Vacated upon completion of Bourke Street (2 years)

Support Centre Office (800 staff) relocates to new building in CBD

Total of Bourke & Lonsdale Street

May be sold together or separately

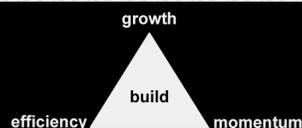
Largest CBD site currently available in Australia

Over 40 parties seeking information. Expressions of interest in April.

Net proceeds expected to exceed \$400 Mil (CBRE) vs property debt \$171 Mil

Other Properties

Dubbo, Bendigo and Wagga Wagga to be sold and leased back long term



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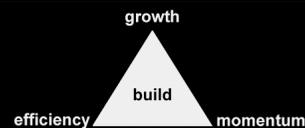
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Outlook (pg 59-62)



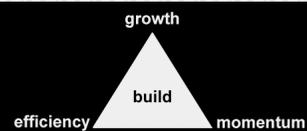
Outlook

Challenges in the Second Half (pg 59)

The Road Ahead (pg 60)

Outlook (pg 61)

Executive quotes (pg 62)



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Challenges in the Second Half Year

Major challenges remain to be overcome

Complacency is a danger after a good start ('Concerns on Arrival' of organisation resistance gone)

Challenge

Launch **Mym Merch** merchandising system in April with full delivery in June (residual Mym Merch 'Incoming Concern')

Open first 3 of 4 new **distribution centers** (Sydney to open in September)

Open 4 **new stores** during July.

IT independence from Coles Group to IBM outsourcing

Application for 3 workers compensation self insurance licenses

Harvesting overhead savings negotiated in H1

Harvest early margin improvement from suppliers

Milestones

Sell Melbourne property

More than replace sales lost on closure of Strathpine and Burwood with new lease signings (5 announced)

Launch **Asian buying** via Li & Fung with faster hubs

Build on an excellent summer fashion season ('Incoming Concern' re Fashion has abated)

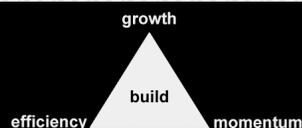
Begin major refurbishment program cost effectively

Other Projects

Launch 'Supplier of the Year'

Launch 'emporium' Magazine

Launch first joint buying program with Debenhams



The Road Ahead

Building Efficiency

Better focused and more economic capital expenditure

World class supply chain

Supplier partnerships deliver win-win savings

Cost saving culture a permanent improvement loop

Asian sourcing to deliver better quality fashionable products faster at better prices in a more store ready format

Perpetual investment in improved IT

Building Momentum

Leveraging customer loyalty programs and building Myer store card

Continuous improvement in customer satisfaction and service

Responsive supply chain with improved space management and assortment

Brand map in continuous improvement to customer satisfaction

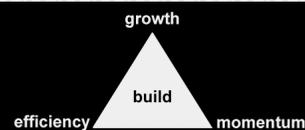
Growth

Open 12 new stores taking chain to 75 and turn over to more than \$4 Bil

New categories / new concessions

New private labels

Phase III undisclosed options



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Outlook

\$ Mil	Actual H1			Estimated Full Year			
	FY 05/06	FY 06/07	Increase	FY 05/06	Notes Prospectus FY 06/07	Estimate FY 06/07	Increase
System Sales	1713	1796	+4.8%	3180*	2996	3300	+3.8%
EBIT	67	123	+84%	73*	93	150 - 170	+105 - 133 %
EBIT to Sale	3.9%	6.8%		2c in \$	3c in \$	5c in \$ **	

* FY05/06 adjusted for HMC and other normalisation adjustments

** Australian Practice: 10c in \$
International Class: 12c in \$

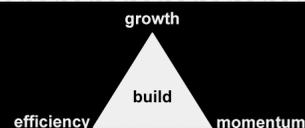
Good start makes complacency a risk.

Major projects in IT and Supply Chain must land successfully in H2. Also sale of Melbourne property

Full year EBIT expectation \$150 - \$170 mil would represent around 5c in \$. That would surpass previous Myer history but remain less than half global benchmarks

Push to locate 12 new store opportunities by working with landlords. Take turnover to over \$4 Bil

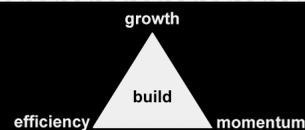
As a management team we are confident that we can reach and sustain levels of best Australian practice. **The test will be going on to International standards**



MYER
in my store

‘This result represents an adequate on track and pleasing start to the long term and permanent transformation of Myer’ *Bill Wavish - Executive Chairman*

‘The changes we are bringing are neither complex nor unusual in retailing. The trick is to be able to handle up to 100 significant improvement programmes virtually simultaneously and in the right order or priority. The team that Bill and I have assembled or retained has met our expectations’ *Bernie Brookes - Managing Director*



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Questions

