



Myer Holdings Limited
ABN 14 119 085 602

Level 7, 800 Collins Street
Docklands VIC 3008
Australia

T: +61 3 8667 6800

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Dear fellow Shareholder,

Myer has undergone a significant change in leadership since I became Chairman in November 2017. We have appointed three new Board members and we have also employed experienced executives in the critical roles of Chief Executive Officer and Managing Director, Chief Financial Officer and Chief Merchandise Officer (CMO).

It is important that we have a remuneration framework that focuses on improving the performance of the business and delivering shareholder value. I am writing to you today to outline the changes that we have made and to ask for your feedback on our executive remuneration approach.

As you know, at the 2017 Annual General Meeting, the majority of shareholder votes cast (70.59%) were in favour of adopting the 2017 Remuneration Report. However, 29.41% of the total votes received were against the remuneration report, constituting a 'first strike' under the Australian Corporations Act. As a Board, we are keen to understand the factors that contributed to the strike.

Whilst the feedback from the majority of our investors, and from the proxy advisors was supportive of our remuneration approach, some proxy advisors highlighted areas that could be improved and we have taken the following steps to address these:

1. Non-executive director remuneration was too high

On 21 March 2018, Myer announced a reduction in Board Fees. The changes, effective from that date were as follows:

- *Non-Executive Directors' fees have been reduced from \$150,000 to \$120,000.*
- *Chairman's fee, which will not be paid while the Chairman is in an executive role until the commencement of a new CEO, has been reduced from \$350,000 to \$300,000 (following a reduction in November 2017 from \$400,000 to \$350,000).*
- *Chairman of the Audit, Finance and Risk Committee's fee has been reduced from \$30,000 to \$20,000 and Chairman of the Human Resources and Remuneration Committee's fee has been reduced from \$22,500 to \$20,000.*

2. CEO fixed remuneration was too high

Our recently appointed CEO, John King, brings over 30 years of highly relevant retail experience. John has been awarded the same fixed remuneration as the previous CEO, which was originally set in 2015. Whilst the incoming CEO's fixed remuneration remains the same, the Board is confident that, following an extensive international search, the fixed component of the incoming CEO's remuneration reflects both the current market and the depth of Mr King's highly relevant experience.

3. No minimum shareholding requirement for Non-executive directors

On 21 March 2018, Myer announced that all Board members will target a shareholding in the Company that is the equivalent to at least one year's director's fees within three years.

As a Board, we take into account the changing requirements of the business while also giving consideration to external feedback, and how the remuneration framework can best serve these requirements.

The contract terms for our new CEO, John King, provide a clear demonstration of the importance that we are placing on aligning his remuneration with the interest of shareholders through immediate share ownership, and a total remuneration package that is heavily weighted towards long term performance.

As we review our remuneration framework to ensure it is fit for purpose, we are considering some changes to our variable reward programs. These changes will reward executives appropriately for material growth of the business; deliver equity to executives to drive an ownership culture; and will ensure we are able to attract, motivate and retain capable and experienced executives.

Our focus must remain on growing earnings and delivering shareholder value and our remuneration framework should reward executives when they deliver.

The success of our Company will be influenced by the strength of our leadership team and organisational capability. Success will ultimately come from our people with clear and defined targets that have the interests of shareholders as absolute priorities.

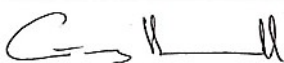
As highlighted above, I recently announced the appointment of a new CMO, Mr Allan Winstanley, to oversee Merchandise Buying and Planning. Allan's career spans a number of well-known department store retailers.

John and Allan represent a formidable and proven team, being two highly experienced executives who are committed to making Myer more relevant again, to improving the financial performance of the Company and delivering shareholder value.

In closing, I strongly believe that your interests as shareholders will be very well served with John King at the helm, supported by our new CMO, Allan Winstanley, and our experienced executive team, which are supported by a conflict-free board.

We would welcome your feedback to ensure that any changes to the remuneration framework have your interests represented by emailing: myer.investorrelations@myer.com.au

Yours sincerely,



Garry Hounsell
Executive Chairman
Myer Holdings Limited



Chris Froggatt
Chairman, Human Resources & Remuneration Committee