

NOTICE OF ANNUAL  
GENERAL MEETING  
2018

**MYER**

# MESSAGE FROM THE CHAIRMAN

---



Dear fellow shareholder,

I am writing to invite you to the Myer Annual General Meeting (AGM) to be held at 11.00am on 30 November 2018 at Mural Hall at our flagship Myer Melbourne store.

It was a great honour to be appointed as Chairman of our great Company in November 2017.

## **AN EXECUTIVE TEAM FOR THE FUTURE**

As a shareholder, I shared your disappointment with the Company's performance during FY2018. As such, the Board made the decisive move to make significant leadership changes and undertook an international search for a new CEO.

During the year we appointed experienced executives in the critical roles of Chief Executive Officer and Managing Director, Chief Financial Officer and Chief Merchandise Officer.

Importantly, in June this year, we appointed John King as Myer's new Chief Executive Officer and Managing Director. John has been given a full mandate by the Board to turn the business around and deliver shareholder value.

John brings over thirty years of highly relevant retail experience across department stores, specialty retailing, premium global brands, wholesale apparel and discount retail. John is a highly experienced retail executive who led the successful transformation at UK Department Store House of Fraser from 2006 until 2015.

During John's time as CEO, House of Fraser had sales, a store footprint and an operational complexity similar to Myer. Over the course of his tenure, John and his team consistently grew revenues,

differentiated the product offering, launched a successful online business, improved EBITDA and reduced debt. John and his team also refurbished more than 70 percent of the property portfolio and implemented a vision, values and culture program.

In June 2018, we also appointed a new Chief Merchandise Officer, Allan Winstanley, to oversee Merchandise Buying and Planning. Allan's career spans a number of well-known department store retailers in the UK, Europe and USA.

In addition, Nigel Chadwick was appointed as Chief Financial Officer in January 2018.

With these appointments, Myer bolstered its global retail and financial expertise, bringing best-in-class experience with highly relevant retail, merchandising and financial skills.

## **PUTTING CUSTOMERS FIRST**

I am seeking your support for the Board and for John King's Customer First Plan, which he outlined at the Full Year results announcement on 12 September 2018.

John has said from day one that he will put customers first in every action he takes and every decision he makes.

He is committed to Myer being Australia's favourite department store: providing friendly, helpful service; high quality and exclusive brands; and offering compelling value.

John's Customer First Plan for Myer, to turnaround the business and improve shareholder value, is as follows:

Focus areas:

- > Transform customer experience in store;

- > 'Only at Myer' brands and categories; value for money; and
- > Continue enhancing myer.com.au.

Efficiency levers:

- > Simplified business processes;
- > Efficient from factory to customer; and
- > Accelerated cost reduction.

John is focused on execution and delivery, not promises – and has every Myer team member committed to improving customer service and either making or saving money for the Company.

## 2018 AGM

The 2018 AGM is an extremely important event for Myer and for you, our valued shareholders.

The Board is seeking your support for the 2018 Remuneration Report, the election of Lyndsey Cattermole AM, the re-election of Dave Whittle and the allocation of performance options for John King.

## REMUNERATION REPORT

Following the 2017 AGM we made a number of immediate changes to our remuneration structure including those designed to improve the alignment of remuneration for Non-Executive Directors with the creation of value for shareholders.

These changes were:

1. To decrease the Chairman and Non-Executive Director fees; and
2. The introduction of a minimum shareholding policy for Directors to target a purchase of a shareholding equivalent to a minimum of one year's director's fees within three years.

The Company subsequently invited shareholder feedback and consulted with a number of key shareholders and other stakeholders. This feedback has informed the remuneration for John and changes to the FY2019 remuneration structure.

John's remuneration reflects his vast retail and department store experience. His fixed remuneration has been set at the same level as the previous CEO, which had not been reviewed since 2015. John's remuneration is heavily weighted toward equity, and he will not participate in the FY2019 STI plan.

The Board recommends shareholders vote in support of Myer's Remuneration Report as well as the performance options for John King.

## BOARD RENEWAL

As Chairman, I will continue to strive for a Board that has the right mix of skills and experience.

In October Myer announced the appointment of a new Non-Executive Director, Lyndsey Cattermole AM. Lyndsey is one of the most successful businesswomen and entrepreneurs in Australia, and I am delighted that she has joined the Myer Board. She brings leading industry experience and is respected across a range of industries.

Lyndsey founded one of Australia's largest and most successful IT businesses, Aspect Computing, which operated for almost thirty years before being sold to the ASX listed company KAZ Group. She will bring tremendous IT skills to our multi-channel offering, and we will benefit from her vast experience. I ask that shareholders support Lyndsey's election to the Myer Board.

Dave Whittle, who joined the Board in November 2015, is also seeking re-election this year. Dave brings to the Board considerable brand, marketing, data, technology, online retail and digital transformation experience.

Dave has been the CEO of Lexer, a global data analytics company helping enterprise clients genuinely understand and engage their customers. In addition, Dave spent ten years with global advertising group M&C Saatchi in a number of local and international leadership roles, culminating in three years as Managing Director in Australia.

Dave is an important member of our Board team, and I also ask that shareholders support his re-election to the Myer Board.

## AN EXPERIENCED EXECUTIVE TEAM, A CONFLICT-FREE BOARD

I strongly believe that your interests as shareholders are very well served with John King at the helm, supported by our new Chief Merchandise Officer, Allan Winstanley, and our experienced executive team, who are supported by a conflict-free board.

In closing, I thank you for your ongoing support of the Myer Board, and for our plans to put customers first; which will drive sales and improve shareholder value.

If you have any questions on this year's AGM, please email Myer. [InvestorRelations@myer.com.au](mailto:InvestorRelations@myer.com.au).



**Garry Hounsell**  
Chairman

# NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the ninth Annual General Meeting (the **Meeting**) of Myer Holdings Limited (ABN 14 119 085 602) (the **Company**) will be held at Mural Hall, located on level 6 of the Myer Melbourne Store (Bourke St Mall, Melbourne, Victoria) on Friday 30 November 2018 at 11.00am (Melbourne time). Registration will commence at 10.00am.

The Meeting will be webcast live on the Investor Centre section of Myer's website, [myer.com.au/investor](http://myer.com.au/investor), and will also be archived on this website. Shareholders who attend the Meeting in person may download a smartphone App (LinkVote), and vote digitally. Paper registration and voting forms will also be available at the meeting. Additional information about the LinkVote App will also be available on the Investor Centre website. For security reasons, parcels, bags (excluding handbags) and umbrellas will need to be checked into the cloakroom at the Meeting venue. We reserve the right to inspect all bags that are brought to the Meeting.

We reserve the right to restrict the use of video or audio recorders or other electronic devices at the Meeting. Photographs will be taken at the Meeting. If you attend the Meeting in person, you may be included in photographs.

## ITEMS OF BUSINESS

### 1. Chairman and Chief Executive Officer Presentations

### 2. Financial Statements and Reports

To receive and consider the Financial Report for the year ended 28 July 2018, together with the Directors' Report and Auditor's Report as set out in the Annual Report.

*The Company's Auditor will be present at the Meeting to answer questions regarding the audit and the Auditor's Report.*

### 3. Election and re-election of Directors

To consider, and if thought fit, to pass the following resolutions as ordinary resolutions:

- (a) "THAT Ms Lyndsey Cattermole AM (appointed as a Director of the Company on 15 October 2018) who retires in accordance with rule 8.1(c) of the Company's Constitution and, being eligible, offers herself for election, be elected as a Director of the Company."
- (b) "THAT Mr Dave Whittle who retires by rotation in accordance with rule 8.1(d) of the Company's Constitution and, being eligible, offers himself for re-election, be re-elected as a Director of the Company."

*Items 3(a) and (b) will be voted on as separate ordinary resolutions. Information about both of these directors is set out in the attached Explanatory Notes.*

### 4. Remuneration Report

To consider and, if thought fit, to pass the following resolution as a non-binding ordinary resolution:

"THAT the Remuneration Report forming part of the Directors' Report for the year ended 28 July 2018 be adopted."

### 5. Grant of performance options to the Chief Executive Officer and Managing Director

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"THAT the grant of performance options to the Chief Executive Officer and Managing

Director, Mr John King, and the provision of ordinary shares in the Company on the vesting of those performance options, under the FY2019 Long Term Incentive Plan as part of his long term incentive arrangements, as described in the Explanatory Notes be approved."

### 6. Conditional spill resolution

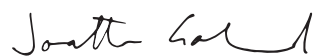
To consider in accordance with section 250V of the *Corporations Act 2001 (Cth)* and, if thought fit, to pass the following resolution as an ordinary resolution:

"THAT subject to and conditional on at least 25% of the votes cast on item 4 being cast against the adoption of the Company's Remuneration Report:

- (a) another meeting of the Company's shareholders (the **Spill Meeting**) be held within 90 days of the date of this meeting;
- (b) all of the Company's Non-Executive Directors in office when the resolution to make the Directors' Report to be considered at this AGM was passed and who continue in office, cease to hold office immediately before the end of the Spill Meeting; and
- (c) resolutions to appoint persons to offices that will be vacated immediately before the end of the Spill Meeting be put to the vote at the Spill Meeting."

*Note this resolution will only be put if the Company receives a 'second strike' on its Remuneration Report – meaning that at least 25% of votes are cast against item 4. See the Explanatory Notes.*

By order of the Board



**Jonathan Garland**  
Company Secretary  
25 October 2018

# INFORMATION FOR SHAREHOLDERS

---

## LINKVOTE APP

Shareholders attending the Meeting in person can download the LinkVote App from the Apple App store or Google Play store if they would like to vote during the meeting using their personal mobile phone.\* The LinkVote App will be available for download prior to the meeting.

Shareholders can find out more by visiting the Investor Centre on the Myer website.

## VOTING AT THE MEETING

The Directors have determined that for the purposes of voting at the Meeting, shareholders will be taken to be those persons who are the registered holders of shares in the Company as at 7.00pm (Melbourne time) on Wednesday 28 November 2018.

## APPOINTING PROXIES AND POWERS OF ATTORNEY

A shareholder entitled to attend and vote at the Meeting is entitled to appoint a proxy or attorney to attend and vote on behalf of the shareholder. A proxy or attorney need not be a shareholder and can be either an individual or a body corporate.

Where the Chairman is appointed proxy, unless he is restricted from voting on a resolution, he will vote in accordance with the shareholder's directions as specified on the Proxy Form or, in the absence of a direction, *in favour* of Items 3(a), 3(b), 4 and 5 and *against* Item 6.

A shareholder that is entitled to cast two or more votes may appoint no more than two proxies or attorneys. Shareholders who wish to appoint two proxies should write the names of each proxy and the percentage of votes or number of shares to be voted by each proxy on Step 1 of the Proxy Form.

If a shareholder appoints two proxies or attorneys and does not specify the percentage of voting rights that each proxy or attorney may exercise, the rights are deemed to be 50% each. Fractions of votes will be disregarded.

## VOTING BY PROXIES

Shareholders should consider directing their proxy as to how to vote on each resolution by marking either the "For", "Against" or "Abstain" box when completing their Proxy Form to ensure that their proxy appointment specifies the way their proxy is to vote on each resolution. In certain circumstances (see below under the heading "Voting Restrictions"), a proxy may be prohibited from voting undirected proxies.

Under the Corporations Act, if the appointment of a proxy specifies the way the proxy is to vote on a particular resolution:

- > the proxy is not required to vote on a show of hands, but if the proxy does so, the proxy must vote as directed (subject to any applicable voting exclusions);

- > if the proxy has two or more appointments that specify different ways to vote on the resolutions, the proxy must not vote on a show of hands;
- > if the proxy is not the Chairman of the Meeting, the proxy need not vote on a poll but if the proxy does so, the proxy must vote as directed (subject to any applicable voting restrictions); and
- > if the proxy is the Chairman of the Meeting, the proxy must vote on a poll and must vote as directed.

In addition, there are some circumstances where the Chairman of the Meeting will be taken to have been appointed as a shareholder's proxy for the purposes of voting on a particular resolution even if the shareholder has not expressly appointed the Chairman of the Meeting as their proxy.

This will be the case where:

- > the appointment of proxy specifies the way the proxy is to vote on a particular resolution; and
- > the appointed proxy is not the Chairman of the Meeting; and
- > a poll is called on the resolution; and either of the following applies:
  - the proxy is not recorded as attending the Meeting; or
  - the proxy attends the Meeting but does not vote on the resolution.

\* Apple and App Store are trademarks of Apple Inc. Google Play is a trademark of Google Inc.

# INFORMATION FOR SHAREHOLDERS

*Continued*

## LODGING YOUR PROXY FORM

A personalised Proxy Form accompanies this Notice of Meeting. To be valid, your Proxy Form must be received at the Myer Share Registry by one of the means outlined below by no later than 11.00am (Sydney time) on Wednesday 28 November 2018 (the **Proxy Deadline**):

> **by mail or in person to:**

Link Market Services Limited

**by mail:**

Locked Bag A14  
Sydney South, NSW 1235

**in person:**

1A Homebush Bay Drive  
Rhodes, NSW 2138

> **by facsimile to:**

+61 2 9287 0309

> **online at:**

[www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)

If a shareholder has appointed an attorney to attend and vote at the Meeting, or if the proxy is signed by an attorney, the power of attorney (or a certified copy of the power of attorney) must be received by the Myer Share Registry before the Proxy Deadline, unless this document has previously been lodged with the Myer Share Registry for notation.

Powers of attorney may be delivered to the Myer Share Registry by mail (Link Market Services Limited, Locked Bag A14, Sydney South, NSW 1235).

## CORPORATE REPRESENTATIVES

In accordance with s 250D of the Corporations Act, any corporate shareholder or proxy may appoint a person to act as its representative.

The representative must bring a formal notice of Appointment of Corporate Representative signed by the corporation. A copy of that notice can be obtained from the Myer Share Registry by calling +61 1300 820 260 between 9.00am and 5.00pm (Melbourne time) or at [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au).

A copy of the signed Appointment of Corporate Representative, or other evidence satisfactory to the Chairman of the Meeting, must be produced prior to admission to the Meeting.

## VOTING RESTRICTIONS

### Resolutions 4 (Remuneration Report) and 6 (Conditional spill resolution)

Except to the extent otherwise permitted by law, any member of the key management personnel of the Company's consolidated group (KMP) whose remuneration details are included in the Remuneration Report (or a closely related party of any such member), may not vote, and the Company will disregard the votes cast by or on behalf of such persons on resolution 4 and 6, unless the vote is cast:

- > as proxy for a person entitled to vote in accordance with a direction on the proxy form; or
- > by the Chairman of the Meeting as proxy for a person entitled to vote on the resolution and the proxy appointment expressly authorises the Chairman to vote undirected proxies as the Chairman sees fit, even if the resolution is connected directly or indirectly with the remuneration of a KMP.

### Resolution 5 – Grant of performance options to the Chief Executive Officer and Managing Director

The Company will disregard any votes cast in favour of resolution 5 by Mr King and his associates.

Further, a vote must not be cast on resolution 5 by a KMP, or a closely related party of a KMP acting as proxy if their appointment does not specify the way the proxy is to vote on the resolution.

However, the Company will not disregard a vote on resolution 5 (and that person is not prohibited from voting) if:

- > it is cast by a person identified above as proxy for a person who is entitled to vote on the resolution and the vote is cast in accordance with the directions on the proxy form; or
- > it is cast by the Chairman (who is a KMP) as proxy for a person who is entitled to vote on the resolution and the proxy appointment expressly authorises the Chairman to vote undirected proxies as the Chairman sees fit, even if the resolution is connected directly or indirectly with the remuneration of a KMP.

# EXPLANATORY NOTES

## ITEM 2 – FINANCIAL STATEMENTS AND REPORTS

The Corporations Act requires that the financial report and the reports of the directors and auditor be laid before the Meeting. There is no requirement for shareholders to vote on these reports. Shareholders will be given a reasonable opportunity to raise questions and make comments on these reports and on the management of the Company at the Meeting.

## ITEM 3 – ELECTION AND RE-ELECTION OF DIRECTORS

Rule 8.1(c) of the Company's Constitution requires a director who was appointed during the year to retire at the next Annual General Meeting following their appointment.

Directors so appointed are eligible for election. Ms Lyndsey Cattermole AM was appointed since the 2017 Annual General Meeting, and will retire and offer herself for election by shareholders at the Meeting.

Rule 8.1(d) of the Company's Constitution requires two of the current directors to retire by rotation at the Meeting. Ms Chris Froggatt has notified the Board that she does not intend to seek re-election as a director of the Board at this year's AGM. Accordingly, she will retire at the end of the AGM.

Mr Whittle will retire and offer himself for re-election.

The Board (other than the Director who is subject of the relevant resolution) considers each of the Directors to be independent, and recommends shareholders vote *in favour* of the election of Ms Lyndsey Cattermole and the re-election of Mr Dave Whittle.

Profiles of the Directors are as follows:



**LYNDESEY CATTERMOLE AM**  
Independent non-executive director

- > Member of the Board since 15 October 2018
- > Member – Human Resources and Remuneration Committee
- > Member – Nominations Committee

Lyndsey is one of the most successful businesswomen and entrepreneurs in Australia.

Lyndsey founded one of Australia's largest and most successful IT businesses, Aspect Computing, which operated for almost thirty years before being sold to the ASX listed company KAZ Group. Aspect Computing specialised in IT consulting, program development and product development, including retail and training. Aspect Computing developed international award winning systems and created one of Australia's biggest software product exports, LANSA. In 2002, Lyndsey became a Non-Executive Director of KAZ Group following its purchase of Aspect Computing.

She has significant board experience including at Foster's Group Ltd, Treasury Wine Estates Ltd, Tatts Group Ltd and the Victorian Major Events Corporation. Lyndsey also has extensive experience on State and Federal Government committees and boards, including the Federal Government's Electronic, Electrical and Information Industry Board and the Prime Minister's Science and Engineering Council. In Victoria,

she was a member of the Premier's Business Round Table.

Lyndsey was a Director of the Heide Museum for Modern Art, the Melbourne Theatre Company and has spent over ten years involved with community health, including at the Royal Children's Hospital Foundation and as Chairman for the Women's and Children's Health Care Network. She was instrumental in merging the Royal Children's Hospital Research Institute and the Murdoch Research Institute to form the Murdoch Children's Research Institute; which is now one of Australia's largest biomedical research institutes.

For these significant community involvements Lyndsey has been awarded an Order of Australia (AM). She is also a Fellow of the Australian Computer Society recognising her distinguished contribution to the Australian IT industry. Lyndsey resides in Victoria.

Lyndsey is currently a director of PACT Group Holdings Ltd, Florey Neurosciences, PlayersVoice and the Melbourne Rebels.



**DAVE WHITTLE**  
Independent non-executive director

- > Member of the Board since 30 November 2015
- > Member – Audit, Finance and Risk Committee
- > Member – Nominations Committee

Dave has considerable brand, data, technology, omni-channel retail and digital transformation experience.

# EXPLANATORY NOTES

*Continued*

Over the last 4 years Dave has led Lexer, a global data analytics company helping enterprise clients genuinely understand and engage their customers.

Previously, Dave spent 10 years with global advertising group M&C Saatchi in a number of local and international leadership roles, culminating in three years as Managing Director in Australia.

Prior to joining M&C Saatchi, Dave was the first employee of a marketing services group that built four digital service and software businesses.

Dave has a Bachelor of Arts and a Bachelor of Commerce from Deakin University. Dave resides in New South Wales.

Dave is a director of Lexer Pty Ltd.

## ITEM 4 – REMUNERATION REPORT

The Remuneration Report includes information on:

- > the remuneration policy adopted by the Board;
- > the relationship between that policy and the Company's performance;
- > the remuneration details of each Director and key management personnel; and
- > the performance conditions that must be met prior to an executive deriving any value from the 'at risk' components of their remuneration.

The Remuneration Report is included in the Company's 2018 Annual Report, which is available on the Investor Centre section of the Company's website, [myer.com.au/investor](http://myer.com.au/investor), and copies of which will also be available at the Meeting.

At the Meeting, the Chairman will give shareholders a reasonable opportunity to ask questions about or comment on the Remuneration Report.

The shareholder vote on this resolution is advisory only and will not bind the Directors or the Company. The vote will, however, be taken into consideration in determining future remuneration policy for Directors and executives.

The Notice of Meeting includes a conditional spill resolution as a consequence of Myer receiving a 'first strike' on its Remuneration Report in 2017. If Myer receives a 'second strike' on its 2018 Remuneration Report – meaning that at least 25% of votes are cast against adopting it – then the spill resolution will be put to this AGM. If the spill resolution passes as an ordinary resolution then all of Myer's Non-Executive Directors who were in office when the 2018 Directors' Report was approved, and who continue in office, would need to stand for re-election at another shareholders' meeting to be held within 90 days. More information on the conditional spill resolution is set out in the Explanatory Note to Item 6.

If the Company does not receive a second strike then the Company has a 'clean slate' and enters the 2019 AGM with no 'strikes'.

The Board recommends that shareholders vote *in favour* of this resolution. The Board encourages shareholders to apply the same level of diligence to voting on this resolution as for the binding resolutions.

## ITEM 5 – GRANT OF PERFORMANCE OPTIONS TO THE CHIEF EXECUTIVE OFFICER AND MANAGING DIRECTOR

### WHY WE ARE SEEKING SHAREHOLDER APPROVAL

The Company is required by the ASX Listing Rules to obtain shareholder approval to grant securities to Mr King under an employee incentive scheme.

As described in the 23 April 2018 ASX Announcement, Mr King's total remuneration package includes a long term incentive (LTI) award, subject to shareholder approval.

After careful consideration the Board, on the recommendation of the Human Resources and Remuneration Committee, has decided that in light of the Company's current circumstances the FY2019 grant of LTI should be in the form of performance options for all participating executives, including Mr King.

The Board decided it is appropriate to grant performance options, as they ensure executives are only rewarded for the increase in share price from the grant date, strengthening the alignment between executive remuneration and the growth in shareholder value.

Performance options which, as described below, on vesting on the achievement of specified performance hurdles give rise to an entitlement to the grant of Shares in the Company.

Accordingly, we are seeking approval to enable the Company to grant performance options to Mr King for his FY2019 LTI entitlement.



# EXPLANATORY NOTES

## *Continued*

If shareholder approval is given, the performance options will be granted to Mr King shortly after the Meeting and in any event within 12 months of the Meeting.

### **PERFORMANCE OPTIONS**

Each performance option entitles Mr King to acquire one fully paid ordinary share in the Company if the applicable performance hurdles are met (subject to adjustments for capital actions). The performance options will be granted in one tranche and will be broadly on the same terms as performance options granted to other executives participating in the performance options offer for FY2019.

Subject to shareholder approval at the Meeting, Mr King will be granted performance options to a maximum value of \$1,400,000.

The key aspects of the performance options are described in more detail below.

### **Number of performance options proposed to be granted**

The number of performance options granted will be determined by reference to the maximum value of the proposed grant (being \$1,400,000) divided by the value attributed to the performance option.

The value attributed to the performance option will be calculated using the Black-Scholes option valuation approach. The exercise price will be set based on the volume weighted average price (VWAP) of the Company's shares over the five trading days up to and including the day

before the closing date of the FY2019 LTIP offer.

For example, assuming a share price of \$0.50, and an expiry date 4-years from grant date, the Black-Scholes option valuation is \$0.175. This would result in Mr King receiving 8 million performance options. The actual valuation and the number of options granted will be dependent on the share price at grant date.

### **Performance hurdles**

Two performance hurdles, designed to reflect long term performance, will apply to the performance options:

- (a) 50% of the performance options will be subject to a hurdle based on the Company's compound annual growth in earnings per share (the **EPS Hurdle**), over a three year period, from the beginning of FY2019 to the end of FY2021 (the **Performance Period**); and
- (b) 50% of the performance options will be subject to a hurdle based on the Company's Total Shareholder Return relative to an agreed peer group across the Performance Period (the **TSR hurdle**).

The hurdles for the FY2019 LTIP have been chosen to align with shareholder returns and the delivery of shareholder value over the Performance Period.

The number of performance options that vest will depend on how well Myer has performed during the Performance Period. For outstanding performance, 100 percent of the performance options will vest. Only a percentage of performance options will vest for

performance below that level. If Myer does not achieve certain minimum thresholds then all the applicable performance options will lapse and no performance options can vest.

In determining the EPS performance targets, the Board took into account internal financial metrics, prevailing economic conditions and market consensus.

## EXPLANATORY NOTES

*Continued*

<b>Performance Hurdle</b>	<b>Description</b>								
<b>EPS Hurdle</b>	<p>The EPS Hurdle will be tested over the Performance Period by calculating the compound annual growth rate in the Company's earnings per share (EPS), using EPS at the end of FY2018 as the base year. The resulting growth rate will be used to determine the level of vesting for the performance options subject to the EPS Hurdle. The table below sets out the percentage of performance options subject to the EPS Hurdle that can vest depending on the Company's growth in EPS:</p> <table border="1" style="width: 100%; border-collapse: collapse; margin-top: 10px;"> <thead> <tr> <th style="text-align: left; width: 50%;">Growth in underlying EPS</th> <th style="text-align: left;">% of performance options subject to the EPS Hurdle that will vest (rounded down to the nearest whole numbers)</th> </tr> </thead> <tbody> <tr> <td>Up to but excluding 13%</td> <td>Nil</td> </tr> <tr> <td>Including 13% and up to but excluding 20%</td> <td>Pro rata, with linear progression between 50% and up to 100%</td> </tr> <tr> <td>20% or greater</td> <td>100%</td> </tr> </tbody> </table>	Growth in underlying EPS	% of performance options subject to the EPS Hurdle that will vest (rounded down to the nearest whole numbers)	Up to but excluding 13%	Nil	Including 13% and up to but excluding 20%	Pro rata, with linear progression between 50% and up to 100%	20% or greater	100%
Growth in underlying EPS	% of performance options subject to the EPS Hurdle that will vest (rounded down to the nearest whole numbers)								
Up to but excluding 13%	Nil								
Including 13% and up to but excluding 20%	Pro rata, with linear progression between 50% and up to 100%								
20% or greater	100%								
<b>TSR Hurdle</b>	<p>The TSR Hurdle will be tested following the end of the Performance Period by comparing the Company's total shareholder return performance over the performance Period relative to a set peer group. The peer group consists of 100 companies, being the Standard &amp; Poor's ASX 200 market constituents (excluding Consumer Staples, Energy, Finance, Health Care, Telecommunications, Utilities Global Industry Classification Standard (GICS) sectors, and Metals and Mining GICS Industry Group).</p> <p>The table below sets out the percentage of performance options subject to the TSR Hurdle that can vest depending on the Company's relative TSR performance:</p> <table border="1" style="width: 100%; border-collapse: collapse; margin-top: 10px;"> <thead> <tr> <th style="text-align: left; width: 50%;">TSR Percentile Ranking</th> <th style="text-align: left;">% of performance options subject to the TSR Hurdle that will vest (rounded down to the nearest whole numbers)</th> </tr> </thead> <tbody> <tr> <td>Up to but excluding 50<sup>th</sup> percentile</td> <td>Nil</td> </tr> <tr> <td>Including 50<sup>th</sup> percentile and up to but excluding 75<sup>th</sup> percentile</td> <td>Pro rata, with linear progression between 50% and up to 100%</td> </tr> <tr> <td>75<sup>th</sup> percentile or greater</td> <td>100%</td> </tr> </tbody> </table>	TSR Percentile Ranking	% of performance options subject to the TSR Hurdle that will vest (rounded down to the nearest whole numbers)	Up to but excluding 50 <sup>th</sup> percentile	Nil	Including 50 <sup>th</sup> percentile and up to but excluding 75 <sup>th</sup> percentile	Pro rata, with linear progression between 50% and up to 100%	75 <sup>th</sup> percentile or greater	100%
TSR Percentile Ranking	% of performance options subject to the TSR Hurdle that will vest (rounded down to the nearest whole numbers)								
Up to but excluding 50 <sup>th</sup> percentile	Nil								
Including 50 <sup>th</sup> percentile and up to but excluding 75 <sup>th</sup> percentile	Pro rata, with linear progression between 50% and up to 100%								
75 <sup>th</sup> percentile or greater	100%								

# EXPLANATORY NOTES

## *Continued*

Each of the performance hurdles will be assessed separately and apply to different performance options. This means that all hurdles do not need to be satisfied for any of the performance options to vest.

For example, it is possible for some or all of the performance options subject to the EPS Hurdle to vest, while none of the performance options subject to the TSR Hurdle vest (and vice versa).

The performance hurdles will be tested once, following the end of the Performance Period and the release of the Company's financial results in September 2021. There will be no retesting.

### **Allocation of shares following vesting**

The performance options that have vested will be automatically exercised 12 months after testing. During this period Mr King will not be able to trade or otherwise deal in the performance options, and they will be subject to an on-going service condition. This effectively extends the total exposure Mr King has to the Company's share price to 4-years.

Under the Plan, the Company will use a "net settlement" approach for the performance options. Where performance options are exercised on a net settlement basis, the executive is allocated the total number of shares that would have been allocated upon exercise less the number of shares equal to the value of the aggregated exercise price payable (and the exercise price is not required to be paid).

The number of shares delivered by the company represents the value above the exercise price in accordance with the formula below:

(A - B) / C, where:

A = Aggregate value of vested performance options (based on the market value of a share)

B = Aggregate exercise price payable

C = Market value of a share

### **Other terms – performance options**

Mr King will not be eligible to receive any dividends on the performance options, but, as with any other shareholder, Mr King will be entitled to receive dividends on any LTIP Award Shares that are provided on vesting of the performance options.

The performance options do not carry any voting rights, but Mr King will be able to vote any LTIP Award Shares that are provided on vesting of the performance options.

The terms of the LTIP also allow the Board to claw back any performance options which were granted on the basis of, or have become eligible to vest as a result of, a material misstatement in, or omission from, the Company's financial statements. Subject to applicable law, the Board has the discretion to claw back such performance options by determining that unvested performance options should lapse, requiring a repayment of the overpaid amount or through another form of alteration to Mr King's remuneration.

Subject to applicable law relating to the provision of benefits, and unless the Board determines otherwise:

- > if Mr King's employment with the Company ceases prior to the end of the Performance Period:
  - for a permitted reason as defined in the performance options terms, a pro-rata portion of the unvested performance options will lapse, having regard to the portion of the Performance Period that has elapsed as at the date of cessation and the total Performance Period.
- Any performance options that do not lapse will then be tested and become eligible to vest in accordance with their normal terms following the end of the Performance Period; and
  - for a reason other than a permitted reason, all of his unvested performance options will lapse; and
- > if Mr King's employment with the Company ceases following the end of the Performance Period, but before the exercise date:
  - for a permitted reason as defined in the terms, the performance options will remain subject to the relevant restriction period until released in accordance with their normal terms; and
  - for a reason other than a permitted reason, all of his performance options for which the restriction period has not expired are forfeited.

# EXPLANATORY NOTES

*Continued*

## OTHER REQUIRED INFORMATION – ASX LISTING RULES

Since approval was last obtained by the Company at the Annual General Meeting in 2017 for the award of performance rights to Mr Umbers under the LTIP, Mr Umbers was awarded 1,636,363 performance rights on 21 December 2017.

No amount was payable by Mr Umbers for the award of the performance rights. The number of performance rights awarded to Mr Umbers at the time was based on a VWAP of \$0.66. Mr Umbers stepped down as CEO and Managing Director on 14 February 2018, and these performance rights subsequently lapsed when he ceased employment with the Company.

Mr Umbers was the only Director of the Company entitled to participate in the FY2018 LTIP. Mr King is the only Director in the Company entitled to participate in the FY2019 LTIP.

No loans were provided by the Company in connection with the restricted shares or performance rights award to Mr Umbers under the FY2018 LTIP, or will be provided to Mr King under the FY2019 LTIP.

## BOARD'S RECOMMENDATION

The non-executive directors have concluded that Mr King's remuneration package, including the proposed award of performance options, is reasonable and appropriate having regard to the Company's circumstances and Mr King's duties and responsibilities.

The Board (other than Mr King) recommends that shareholders vote *in favour* of this resolution.

## ITEM 6 – CONDITIONAL SPILL RESOLUTION

This Item will only be put to the AGM if at least 25% of the votes cast on Item 4 to adopt the 2018 Remuneration Report are cast against its adoption. If fewer than 25% of the votes are cast against its adoption, then there will be no 'second strike' and this Item 6 will not be put to the AGM.

If the Item is put, the spill resolution will be considered as an ordinary resolution.

If the spill resolution is put to the AGM and passed, a special meeting of shareholders known as a 'Spill Meeting' must be held within 90 days.

All of the Non-Executive Directors who were in office when the 2018 Directors' Report was approved, and who continue in office, will cease to hold office at the end of the Spill Meeting, unless they are re-elected at the Spill Meeting.

Mr Whittle would need to be re-elected at the Spill Meeting to remain in office even if he was re-elected at the AGM.

Ms Cattermole was appointed to the Board after it approved the 2018 Directors' Report. Therefore if Ms Cattermole is elected at the AGM she would not cease to hold office at the Spill Meeting and therefore would not need to stand for re-election at the Spill Meeting.

The Board considers the following factors to be relevant to a shareholder's decision on how to vote on this Item:

- > the Board and the CEO are cohesive and a change in the Board could significantly undermine this stability and Myer's ability to execute Mr King's Customer First Plan;

- > the process of Board renewal has been going on for a number of years with the retirement of 4 Non-Executive Directors and 7 appointments since 2014;
- > the Board has taken significant action to address concerns in relation to its remuneration strategy – see pages 25 to 27 of the Annual Report;
- > the material expense that would be caused by holding another shareholders' meeting within 90 days and the significant disruption to Myer's business during the critical Christmas and New Year trading period; and
- > each of the Non-Executive Directors (other than Ms Cattermole) has previously been elected as a Director and received strong support from shareholders for their election.

If the Company does not receive a 'second strike' or the spill resolution fails then the Company has a 'clean slate' and enters the 2019 AGM with no 'strikes'.

The Board recommends that shareholders vote *against* this resolution.