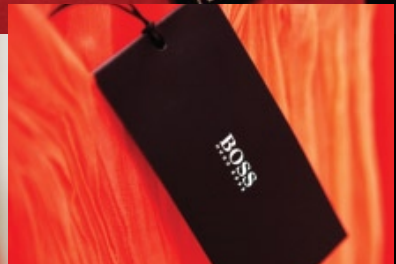


MYER HOLDINGS LIMITED  
ABN 14 119 085 602  
ANNUAL REVIEW 2010



**MYER**  
ismystore





Chairman's letter	3	The first Annual General Meeting of Myer Holdings Limited
Chief Executive Officer's report	4	will be held at the Melbourne Convention and Exhibition Centre,
Board of Directors	22	Plenary 1, 1 Convention Centre Place, South Wharf,
Management team	24	Victoria 3006 on Friday 12 November 2010 at 12 noon.
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At Myer we strive to offer customers a wide and relevant choice of brands, rewards and ideas in a way that makes them feel both welcome and inspired.

**COVER IMAGE**

The \$300 million rebuild of Myer's flagship store in Bourke Street Melbourne will be completed in early 2011.

**NOTE REGARDING FINANCIAL DATA INCLUDED IN THIS ANNUAL REVIEW**

The 2010 financial year for the Company was a 53 week period for statutory reporting purposes (ended 31 July 2010), compared to 2009, which was a 52 week period. For comparative purposes, this Annual Review includes commentary on sales and profit on a 52 week adjusted basis consistent with the Prospectus and 2009. Interest and tax for 2010 have been adjusted to reflect proforma interest expense as a result of the impact of the IPO (as if the new capital structure had been in place for the whole year). Net profit after tax excludes the IPO costs of \$96.4 million included in the statutory financial report.



“

I love retailing. I love the product, the people at Myer, I love walking the stores; I want Myer to build on the best of its history and to move forward with confidence and purpose.

”



# Chairman's letter

This is Myer's first Annual Review as a listed public Company, and my first as the Myer Chairman, and I would like to thank you for your support as a shareholder and as a customer over the past year.

**MYER'S TRANSFORMED BUSINESS MODEL DELIVERED A SOLID FINANCIAL PERFORMANCE.** During the past 12 months, we have navigated significant external challenges. Myer's listing in November last year coincided with very turbulent global equity market conditions. This, together with rising interest rates, and the absence of Federal Government stimulus which had boosted consumer spending the previous year, resulted in a challenging trading environment and fragile consumer sentiment. This has impacted the sales performance of many discretionary retailers, including ourselves. Total sales were up 0.7% to \$3,283.6 million. I am pleased to report that we have exceeded our Prospectus EBIT forecast of \$261 million to deliver EBIT of \$270.9 million, representing growth of 14.9% on the prior year and 3.9% on the Prospectus. This is testament to the resilience and sustainability of the transformed Myer business, and the hard work and dedication of our Chief Executive Officer Bernie Brookes and his team.

Net profit after tax grew by 55.1% to \$168.7 million as a result of strong operating performance, working capital management and lower interest costs as a result of our lower debt following refinancing at IPO.

The business is highly cash generative, and this, together with our strengthened balance sheet and robust profit performance, has led Directors to announce a fully franked final dividend of 11.5 cents per share, taking the total for the year to 22 cents per share, fully franked, above the Prospectus range. The dividend will be paid on 4 November 2010 to all shareholders registered on 30 September 2010.

Despite the headwinds we faced, we have over-delivered on our Prospectus profit forecast, achieving Earnings Before Interest and Tax of \$270.9 million. This is a significant achievement, and, together with our continuing strong cash generation, has enabled us to declare a fully franked dividend to shareholders while also continuing to invest in future growth.

**THE BUSINESS IS POSITIONED FOR GROWTH.** After four years and more than half a billion dollars of investment in supply chain, technology, brands and stores, we have built what we know to be a world-class operating platform that will give us real competitive advantage and will help sustain our growth into the future. We are now on the cusp of a new phase, the growth phase, which will see us expand our store portfolio by 15 new stores over the next four years. The first of these opened at Top Ryde in New South Wales in August 2010 and the second is due to open at Robina in Queensland in October 2010. The complete rebuild of our Melbourne flagship store is almost complete, with the majority of the store due to be open in time for Christmas, and the team is excited about offering Myer customers a truly international-class retail experience.

Inspiring our customers is at the heart of what we aspire to do. We offer customers a great range of brands, and a wide and meaningful choice irrespective of their budgets. We are continuing to invest in the look, feel and overall standard of our stores, and our customers have responded well to the fresh approach we have taken to visual merchandising. Speed and efficiency are critical for any retail business and we are fortunate to have a fast, low-cost operating platform

that enables us to respond to customer preferences quickly and get product into store fast. We continue to strive towards building a Myer team that is passionate, well motivated and incentivised towards delivering a higher level of service for our customers.

**PEOPLE ARE AT THE HEART OF OUR BUSINESS.** We are privileged to live and work among many communities throughout Australia and we value our relationships with organisations including the Olivia Newton-John Cancer and Wellness Centre Appeal, the Royal Children's Hospital in Melbourne, the Children's Hospital at Westmead, the Surf Life Saving Foundation, the Salvation Army and Vision Australia.

I acknowledge the support and dedication of my Board colleagues over the past year, and commend them for their enthusiasm and their willingness to understand and contribute to the Myer business during that time. I would also like to welcome Peter Hay to the Myer Board. Peter's legal and governance experience will complement a Board already rich with experience across retail, finance, arts and philanthropy. I believe the Board is well credentialed to serve the interests of our shareholders while balancing the interests of our other important stakeholders.

I thank the Myer management team and our 13,450 team members for their hard work, focus and commitment in what has been a challenging year.

I also thank you, our customers and shareholders, for your support during Myer's first year as a listed company.

Yours sincerely,



Howard McDonald  
Chairman

## EARNINGS PER SHARE PROSPECTUS FORECAST VERSUS ACTUAL (c)

Actual	29.0
Forecast	27.3 – 28.3

We have exceeded our Prospectus EPS forecast of 27.3 to 28.3 cents per share to deliver EPS of 29.0 cents per share, ahead of our Prospectus forecast.

## DIVIDEND PAYMENT PROSPECTUS FORECAST VERSUS ACTUAL (c)

Actual	10.5	11.5
Forecast	20.5 – 21.2	

Actual 1H Actual 2H

We have announced a fully franked final dividend of 11.5 cents per share, taking the total for the year to 22.0 cents per share, fully franked, and ahead of forecast.

# Chief Executive Officer's report

**THIS HAS BEEN A YEAR OF TRANSITION**, from fundamental business transformation into the exciting growth phase that is now underway. The trading environment in the last 12 months was challenging and consumer confidence remained fragile on the back of successive interest rate rises and continuing global economic uncertainty. We, like other discretionary retailers, faced the significant hurdle of achieving sales growth on top of last year's performance, which was boosted by Federal Government stimulus spending.

Against that backdrop Myer delivered total sales of \$3.3 billion, an increase of 0.7% or 0.5% on a like-for-like basis. This performance reflects the strength of our merchandise offer and the work we have done to offer customers freshness and fashionability, no matter what their budgets. It also reflects our ability to plan and execute innovative programs to drive sales, including secret sales, targeted **MYER one** promotions and Project Blue Sky, a collaborative program run between Myer, our suppliers and media partners in early 2010. This was the second program of its kind run by Myer and was a huge success, with participating suppliers recording sales over 10% above non-participating suppliers.

Despite the challenging sales environment, we reported strong growth in profitability, with Earnings Before Interest and Tax (EBIT) up 14.9% to a record \$270.9 million, well ahead of the forecast given in our Prospectus. This performance is testament to the strength, efficiency and flexibility of our business model and the resilience and determination of our team. It reflects the work we have done to improve our merchandise offer, with an excellent performance from Myer Exclusive Brands, which now contribute over 17% of sales. It also reflects continuing benefits from our efficient, low-cost supply chain, such as our ability to source product more cheaply and quickly. A strong focus on shrinkage, and the introduction of CCTV in our stores, resulted in reductions in theft, and our strong culture of cost control continued during the year.

*This performance reflects the strength of our merchandise offer and the work we have done to offer customers freshness and fashionability, no matter what their budgets.*

EBIT margin grew to 8.3%, an excellent result, above the Prospectus forecast of 7.8%. Net Profit After Tax was up 55.1% to \$168.7 million as a result of strong operating performance, working capital management and lower interest costs as a result of the Company's lower debt position after refinancing at IPO. Cash flow continued to be strong, and we finished the period with \$106 million in cash and a clean inventory position. Our continuing focus on cost control across all areas of the business resulted in a further decline in our cash cost of doing business to 29.4% of sales.

During 2010 we invested around \$118 million in major projects, including our new point-of-sale (POS) system and CCTV, refurbished stores at Blacktown, Castle Hill and Northland, and our new stores at Top Ryde in New South Wales and Robina in Queensland which will open in October 2010. In addition, we have spent over \$15 million improving visual merchandise and brand presentation.

After three and a half years of focusing on fundamental business transformation during the turn-around phase, we are now embarking on the next stage of Myer's journey – the growth phase. By Christmas, we will have opened two new stores, relaunched our newly refurbished stores in Canberra (Australian Capital Territory), Garden City (Western Australia) and Newcastle (New South Wales), and unveiled the majority of the new Myer Melbourne (Victoria), which will be a truly world-class department store.

In the year ahead, one area of major focus will be improving our customer service. Our new POS system is already providing a real boost to service in the stores where it has been introduced. The work we have done to improve our buying and ranging is starting to show through, and we have made a solid start to the Spring/Summer 2010 season. You will increasingly see us setting the trends, delivering newness and fashionability, and re-establishing our position as the home of Australian fashion. There is a lot of work still to do, but the business is positioned to grow, and our team is focused and energised as never before. »

## TURN-AROUND PHASE

FY	06	07	08	09	10
Net new stores	–	1	4	0	0
Chain	60	61	65	65	65
Sales (\$bn)	3.17	3.29	3.32	3.26	3.28
EBIT (\$m)	73	165	213	236	271
EBIT to Sales	2.3%	5.0%	6.4%	7.2%	8.3%

## STRONG PROFIT GROWTH (\$M)

10	271
09	236
08	213
07	165
06	73

EBIT grew 14.9% to \$270.9 million, and net profit after tax was up 55.1% to \$168.7 million as a result of strong operating performance, working capital management and lower interest costs as a result of the Company's lower debt position after the IPO.

## STRONG EBIT MARGIN GROWTH (%)

10	8.3
09	7.2
08	6.4
07	5.0
06	2.3

EBIT margin grew to 8.3%, an excellent result, above the Prospectus forecast of 7.8%.

Bernie Brookes  
Chief Executive Officer



“

The team at Myer has invested a lot of time and energy in turning the Myer business around, and we now have a fantastic platform from which we can grow. The next phase is about delivering on our growth plans and this is the phase that the team is most excited about.

”

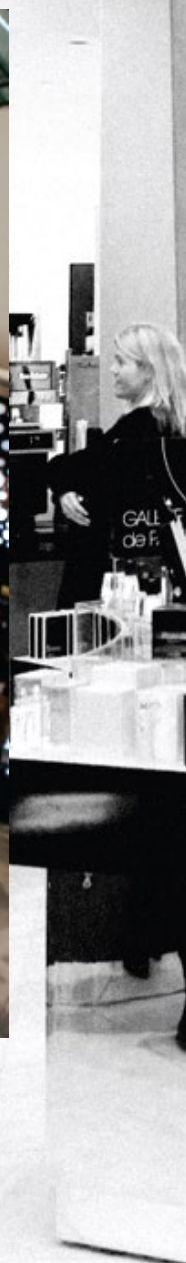






"The rebuilt Myer Melbourne is in the same league as some of the best department stores in the world such as Galeries Lafayette in Paris, Selfridges in London and Bloomingdales in New York. Myer Melbourne will be full of life and movement with a world-class cosmetics hall and technology department, a champagne bar, a Brunetti cafe, a Benefit Brow Bar and an Elemis Spa Pod. The store will be an exciting mix of old and new – we have worked hard to honour the heritage of the beautiful old store, including restoring Mural Hall, and we have also introduced cutting edge modern design, including a spectacular atrium." *Megan Foster, Director – Store Concepts and Design*

## Myer Melbourne







## New stores will drive growth

### **MYER HAS AN EXCITING FUTURE AS WE TRANSITION TO GROWTH.**

We have embarked on a store opening program that will see us grow from 66 to 80 stores across Australia over the next four years. The first new store was opened in August 2010 at Top Ryde in New South Wales, and we are on track to open another at Robina in Queensland in October 2010. Construction of our new stores at Mackay and Townsville in Queensland has begun, and we have secured conditional leases for new stores at Lakeside Joondalup in Western Australia and Fountain Gate in Victoria. By 2014, we anticipate there will be a Myer store in 29 of the top 30 shopping centres in Australia.

Our new store rollout program has been influenced by rigorous analysis of local demographics, income levels, population catchment, shopping centre turnover, and the competitor offer. As a result, we can be confident that each new store will be profitable within its first full year of operation, and are targeted to deliver returns of more than twice our weighted average cost of capital by the end of its second full year.

One of the most exciting developments underway at present is the complete rebuild of our flagship store, Myer Melbourne, which will progressively reopen from August 2010. Myer Melbourne will be one of the biggest stand-alone department stores by turnover in the southern hemisphere, and will stand proud alongside some of the best department stores in the world. Sales at Myer Melbourne have been impacted over the last three years by the disruption caused by the rebuild; however, profits have been maintained as a result of profit underpinning arrangements in place, and once the new store is complete we anticipate sales will exceed \$300 million a year.

The investments we have made in building a fast and efficient operating platform will help drive future growth in a number of different ways. Our more efficient supply chain and improved store design mean that 80% of space in new stores can be used as selling space, compared to an average of just below 70% in our existing stores. Our world-class logistics operating platform can support at least 100 stores, so we will be able to grow beyond our planned 80 stores without having to make significant further investments in infrastructure. The layout of our new stores has been designed to deliver a high degree of flexibility such that the merchandising offer can be quickly adapted to respond to customer trends and maximise available space, and therefore profitability. Energy efficiencies are being integrated into the design and build of all new and refurbished stores, reinforcing our commitment to being more efficient and responsible in the way we do business.

Our store refurbishment program is designed to both enhance the presentation of our stores and improve store productivity. We have refurbished eight stores over the last four years and work is currently underway at our Canberra, Charlestown and Garden City stores. We have seen some exceptional results from refurbished stores to date, including at Sydney City, Geelong, Castle Hill and Doncaster, which was refurbished in 2008 and has since seen sales grow to \$85 million per annum, despite a new department store opening in the centre. Going forward, we will continue to refurbish three to five stores each year, enabling us to maximise returns by increasing the amount and efficiency of trading space using our **MYER one** data and detailed space analysis, as well as by introducing new brands and improving merchandising.

Across all of our stores, we are working hard to improve service, enhance the overall presentation and continue to introduce new brands, concessions and concepts to inspire and delight our customers and support our future growth.

As part of a broad digital offer, we have been expanding our online offer which is available at [www.myer.com.au](http://www.myer.com.au). The website now includes more than 2,300 items, as well as an improved gift card offering. Recently, we successfully launched an iPhone application, to which over 20,000 customers have now signed up. We will continue to improve our online and digital offers for customers. »

## Inspiring our customers with great brands and great choice

**MYER STOCKS MORE THAN 2,000 BRANDS** and our focus as a department store is on providing both a wide selection of brands and a meaningful depth within each brand. During the year, we have continued to refine our brand hierarchy, ensuring that in each category we offer a broad range of high quality brands at all key price points, so that all of our customers are able to find the latest merchandise for themselves or their homes, no matter what their budget. Increasingly, we are using the information gained from our **MYER one** customer data to enhance the range of brands we offer across all categories, and to tailor our offer in individual stores to suit the local customer.

Myer continues to attract the biggest and best names in Australian and International fashion. Myer is now the exclusive Australian department store home of some of the world's most sought-after brands – Balmain, Temperley London, and Calvin Klein Collection – and we exclusively stock the premium Givenchy, Philosophy by Alberta Ferretti and Moschino labels.

We have a proud history of launching and supporting the careers of Australian designers and this year we are pleased to have added to our portfolio some of Australia's leading designer labels – Fernando Frisconi, Aurelio Costarella, Nina Maya and, new for Summer, L'Oreal Fashion Festival Young Designer finalist Ellery. Through our Designers @ Myer collection, we work in partnership with popular Australian designers such as Wayne Cooper, Leona Edmiston and Toni Matcewski to bring their creative direction to life using our buying, sourcing and manufacturing expertise. Brands such as Wayne by Wayne Cooper, Matcewski Sweethearts and Jane Lamerton give customers across all of our 66 stores access to great fashion at accessible prices. Wayne by Wayne Cooper has been one of our most popular Designers @ Myer brands, and on the back of its success in Womenswear we have been able to extend this brand into new categories including Footwear, Accessories and Childrenswear with Wayne Jnr by Wayne Cooper. In addition, we are proud to stock a wide range of national brands which are meaningful to customers, such as Cue, Sportscraft, Country Road and Review, and we continue to fill gaps in our range to make sure that there is something for everyone at Myer through brands such as TS14+, our plus size offering.



In the Miss Shop Department, we have developed a new way of merchandising and marketing to our younger customers. Our focus is on making sure we have the right look in-store as quickly as possible, and we are seeing good results from brands such as T by Bettina Liano, the first Designer @ Myer label in Miss Shop. We also introduced the popular Freshjive and Mooks brands into our Youth area.

In Footwear, we have completely overhauled our ranging and in-store presentation and introduced a new specialist buying team, as well as several new brands including Innovare, a high-quality Italian-made women's range that addresses a gap in our offer and that of the broader footwear market for 'affordable luxury' in women's shoes.

Our Cosmetics category is the market leader, and refurbished cosmetic halls in Doncaster, Castle Hill, Blacktown, Geelong and the international-class cosmetics hall in Sydney City are continuing to grow strongly. Mecca Cosmetics, a cosmetics emporium, and the Benefit Brow Bar, bring another dimension to some of our downtown cosmetics halls.

Our Menswear category improved significantly during the year as we focused on improving the breadth and quality of our offer, with the introduction of an expanded range of suiting including Marcs suits, formal wear including a new range by Bagnato Design and active wear. Customers have responded well to the addition of new brands such as Blaq Premium, and the expansion of Ben Sherman to more stores around Australia. This season we are launching the CK Calvin Klein Collection in our Melbourne and Sydney flagship stores.

The Childrenswear category performed very well during the year and represents an exciting growth opportunity, driven by strong customer support for the fashionability and quality of brands including TILII, Milkshake, Jack & Milly, Sprout and Origami.

Customers are often cautious about spending on Homewares and Furniture in tough times. Despite that, these categories performed well during the year in response to new brands including Kylie at Home, Victorinox, and Joseph and Joseph.

A significant amount of last year's Federal Government stimulus money was spent on electrical goods, so this year it's been tough for our Electrical category to match its previous level of growth. However, the introduction of new buying structures and processes, more focused and relevant promotional activity and price matching, and the launch of the exciting new Apple iPad have contributed to an improving performance. »















## Improving the customer experience

**OVER THE LAST FOUR YEARS** we have improved the look and feel of our stores, creating a store environment that is innovative and relaxed, fun and welcoming. So far, we have invested over \$80 million in refurbishing eight stores, including Doncaster, Sydney City, Blacktown, Castle Hill, Northland, Geelong, Charlestown and Canberra. Going forward, we plan to refurbish three to five stores each year. The exciting rebuild of our flagship Myer Melbourne store is almost complete and customers will soon be able to enjoy a truly world-class department store.

In addition, over the past year we refreshed the visual merchandising in all of our stores, including better lighting, clearer branding and improved layout. We have released around 7,000 square metres of additional trading space through refurbishments, space planning and more efficient supply chain practices, and this has given us more room to introduce new brands, concessions and concepts to keep our stores interesting and keep customers coming back.

We are ensuring that we have the right offer in every store, using our **MYER one** customer data to tailor our merchandising offer by store to suit the trends and buying patterns of local customers.

In order to remain relevant, department stores today have to be theatrical, full of vigour and enthusiasm, colour and movement. For example, Myer's refurbished Sydney CBD store includes a Weightwatchers Lifestyle Centre, a hair and make-up studio, a French patisserie, a bar and grill, and an optician.

We strive to offer something for every customer from Melbourne to Wagga, throughout the year from Christmas to Mother's Day to Spring Racing Carnival. Customers have responded enthusiastically to our in-store program, which includes fashion and beauty workshops, racing styling sessions, kids' holiday programs and, of course, our famous Santaland and Santa Express Train.

Continuing the tradition started by Sidney Myer himself, Myer is synonymous with Christmas, through our award-winning Christmas window displays and Christmas parades across Australia, which last year attracted tens of thousands of people to the streets of Melbourne alone.

Myer's Jennifer Hawkins now takes part in special fashion parades in every major city store throughout the year, and we regularly hold pop-up fashion shows in stores across the country. Guest appearances by personalities such as cyclist Cadel Evans, cricketer Glenn McGrath, chef Jamie Oliver and Socceroos stars Tim Cahill and Harry Kewell keep customers coming back and energy levels high.

We know that to make Myer a better place to shop we have to get better at serving our customers, making sure that staff are friendly, helpful and available when customers need them. We have undergone a lot of change over recent years, which has been necessary to improve the business, but which at times has taken our team members' focus away from the all-important priority of serving our customers.

Staff availability, achieved through aligning store team member rosters to customer shopping patterns, has been a key initiative, and we have re-rostered over 5,000 permanent team members. This means that we will have more team members available to serve customers in busy times, and in departments where higher levels of service are required, such as footwear. We are also investing in an extra one million labour hours this year to ensure that we make real progress on improving service (which includes extra hours for new stores at Top Ryde and Robina as well as additional staff at Myer Melbourne). The new point-of-sale system, which will be in all stores by Christmas this year, will shorten transaction times, enabling our people to spend more time helping customers. »

We now have breast cancer screening clinics in four stores in New South Wales, allowing customers to have preventative screening at a convenient time and location.

### Breast cancer screening clinics









## Building a winning culture

**OUR 13,450 TEAM MEMBERS** are critical to the success of our business. We want to be viewed as an employer of choice, we want team members to be proud to work at Myer, and so we are working hard to develop an environment in which team members can contribute to the fullest extent of their abilities, and share in the success of the business. Importantly, we are building a service-based culture which puts the customer first.

As our business grows from 66 stores to 80, we are building a team to support our new stores, while continuing to drive improvements and growth across our existing business.

Our philosophy is to grow talent from within and we do that by investing in skills development and leadership programs, such as the Store Management Development Program which we launched in 2007 to reward and recognise high-performing store-based team members. The program has been particularly effective in grooming the next generation of Store Management, with 50% of participants having attained new roles after completing the training program. In turn, the Store Manager Development Program was established in 2010 to build competency among high-potential senior store team members to take on senior leadership positions at Myer. Since the reintroduction of the Graduate Program in 2007, 40 team members have successfully completed the program.

We have established strong relationships with universities such as RMIT and the Australian Centre for Retail Studies (ACRS) at Monash University. So far, we have engaged, and subsequently employed, a number of talented product development interns from RMIT in our buying and merchandise areas, while over 240 team members have gained valuable insights into key national and international retail trends through seminars, international study tours, and training programs conducted by the ACRS.

Accountability and empowerment are the hallmarks of the permanent and positive changes that we have made to our culture over the past four years. Store managers have more accountability and autonomy than ever before, and store-based team members are well versed in the 10 operational imperatives upon which their performance is measured and managed.

**A NUMBER OF INITIATIVES** have been developed to support improved customer service in-store, for example automating administrative processes to allow store managers to spend more time on the floor, and the introduction of Product Knowledge Fast Fact cards, which provide sales staff with the information they need to confidently sell across a range of product lines. We acknowledge that we need to make some real improvements in our customer service, and that will continue to be a core focus over the next year. Myer has instigated a number of initiatives to help attract, retain and reward talent and ensure the continued commitment of all staff to improving the business and delivering superior customer service. Our CEO High Performers Club is the key plank in our drive to better incentivise exceptional sales performance, by recognising and rewarding our top sales people. We have invested around a quarter of a million dollars through reward programs (in FY10) in the CEO High Performers Club, which now has close to 350 members whose sales are 60% above that of the average team member.

The annual Inspirational People Awards formally recognise excellence and outstanding contributions from team members across the business, while other programs recognise service, innovation and the contributions of some of our younger team members through participation in national retail awards.

A variety of incentive and bonus programs ensure a focus on sales and productivity across the organisation. Over 1,600 managers are incentivised against business and service metrics and over 300 managers participate in equity incentive programs, aligning them directly with the success of the business.

We have reinforced our commitment to team members with a diverse range of employee benefits available through the 'MYER for Me' program. This program is designed to acknowledge the contribution of our team by offering rewards, benefit packages, lifestyle and health initiatives, together with the career development opportunities available at Myer. This exclusive program is constantly evolving and now includes a wide range of incentives, including financial, employment and family benefits.

With a workforce that is close to 80% female, Myer is proud to be the first Australian department store to offer paid parental leave, and we are committed to helping our team members to balance work and family responsibilities to enable them to have long and fulfilling careers at Myer.

Our team members make a difference in the community through their active involvement in the Myer Stores Community Fund, raising money for over 80 charities nationwide.


The opening of our new Support Office facility in Melbourne's Docklands precinct in March 2010 has enabled us to bring all our support staff together in a fabulous work environment, which is already providing a real boost to the development of a winning culture at Myer. »





"The Myer Graduate Development Program has opened so many doors for me, from the amazing experience I gained on the overseas study tour, to getting my first full-time job, and now an opportunity to learn new skills. I love working at Myer – people are open to my ideas, like to hear my point of view, and there are great opportunities to develop my career."  
*Kathleen Dalton (winner of Sidney Myer Award for Graduate of the Year)*

## Graduate Development Program



"Over the past four years, the re-engineering of Myer's supply chain has been a fundamental part of the Company's turnaround. Our focus is on continuous improvement and becoming more efficient so that we can support the business in its Growth Phase and deliver even better service for our customers."  
*Darragh Miller, National Supply Chain Manager*




"Through planning and design we can achieve a store environment which enhances the customer experience. The Store Concepts and Design team is constantly looking at how we can best service our customers, through the assessment of how customers move through the store right down to the design and finish of fixtures. The new Myer Melbourne Store being the best example so far." *Romy Hockley, Design Planner*



"I work with over 150 brands and suppliers across a number of different categories including Designer, Classics and Modern, Plus and Petites, and Swimwear. It's our responsibility to ensure our customer has a great choice of brands to suit her style, age, size, and budget. Our product is ranged in all Myer stores and it's critical that we cater for our customers across the country, no matter where they live."  
*Anne Despain, Womenswear Category Manager*



"Emporium magazine's circulation has now reached 250,000 and the feedback from customers is that they really value the content in each issue."  
*Adam Stapleton, General Manager - Marketing*







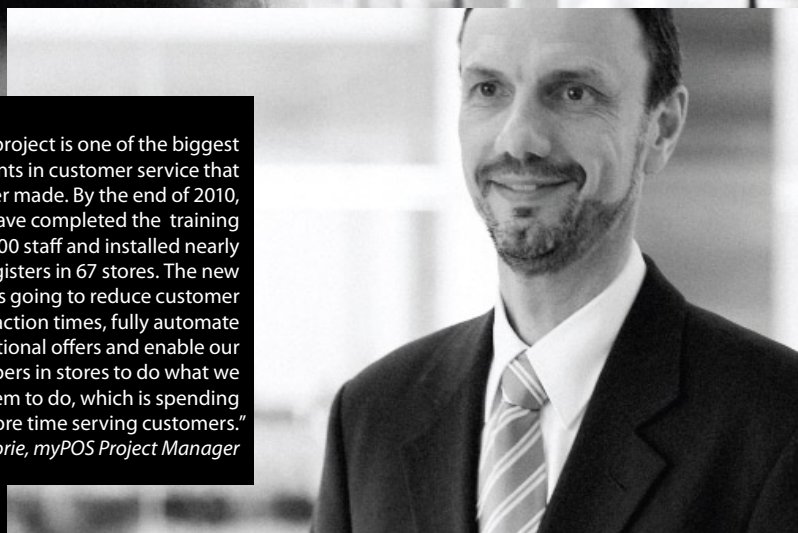
"I manage the operations in the Myer Customer Service Centre which handled almost 2 million customer contacts in the past year. We document and report on trends in customer feedback, which allows Myer to identify opportunities to improve business."  
*Wendy Shaw, Customer Service Centre*



"We are committed to making sure our people, our customers, our suppliers and our contractors are safe at all times. Lost time incidents have reduced by over 25% since last year in spite of lots of building activity, and we have continued our Company-wide focus on safety in the workplace through initiatives such as Safe Work Week, manual-handling training and safety team talks. We also reward achievement by way of an annual Inspirational People Award in the area of Safety."  
*Anne-Marie Baldwin, National Risk and Safety Manager*



"The myPOS project is one of the biggest investments in customer service that Myer has ever made. By the end of 2010, we would have completed the training of 14,000 staff and installed nearly 4,000 registers in 67 stores. The new system is going to reduce customer transaction times, fully automate promotional offers and enable our team members in stores to do what we want them to do, which is spending more time serving customers."  
*Mark Storie, myPOS Project Manager*







Our unique **MYER one** loyalty program, now boasts over 3.7 million members and 1.65 million email addresses, with members' spending accounting for around 68% of sales.

Loyalty







## Connecting with our customers

**MYER IS A DEPARTMENT STORE FOR ALL AUSTRALIANS** and we are constantly looking at ways to better connect with and understand our customers. We are excited by the growing range of opportunities afforded by our unique **MYER one** loyalty program, which represents a competitive advantage with over 3.7 million members and 1.65 million email addresses, and members' spending accounting for around 68% of sales.

**MYER one** is about rewarding and inspiring our most loyal customers in a variety of ways, including gift cards, personalised shopping experiences, movie tickets, race days, gift offers and sneak previews of promotional events. **MYER one** promotional events such as double shopping credits days, secret sales and the quarterly gift card catalogue are valuable tools to drive sales, with **MYER one** members spending on average 3.3 times the value of gift cards when redeemed. During the year we rewarded customers with over \$51 million of gift cards. In addition, we are expanding our Affiliates program to give customers more opportunities to build shopping credits and gain rewards with **MYER one**. The program, which includes businesses like United Petrol, Travelex, Crowne Plaza and MBF Health Insurance, is yielding good benefits with spending outside Myer now averaging \$3 million per month.

Another part of our loyalty strategy is the Myer Visa card, which is among Australia's most rewarding credit cards, as ranked by Canstar Cannex, and allows customers to earn **MYER one** shopping credits by using their Myer Visa card in any transaction.

**MYER one** is also a powerful marketing and promotional tool, and has allowed us to be far more efficient and targeted in our marketing efforts. This year we worked hard to refine our analysis of **MYER one** customer data to ensure that our marketing and promotional offers were aligned to what customers really want.

Our quality fashion magazine *Emporium* is read by 250,000 **MYER one** members four times a year. It enables us to showcase Myer's fashion credentials and customers love it, spending on average 82% more on brands featured in the magazine than those not featured.

We regularly conduct research of our **MYER one** customers and the feedback we have received has contributed to our ranging and in-store events.

**LOOKING AHEAD**, we see significant opportunities to further increase our use of **MYER one** data and our understanding of the customer to continue to improve our targeting, to develop new ways to excite our most loyal customers, and to re-engage with customers who have not shopped with us for a while.

Our brand ambassadors, Jennifer Hawkins, Rebecca Twigley, Kris Smith and more recently Jessica Hart, enable us to connect with customers through real people who embody something of the Myer brand – friendliness, warmth, and of course great fashionability and style. Myer has a long and proud history of philanthropy and The Myer Stores Community Fund builds on this tradition, enabling us to support community projects aimed at assisting children and women's health. In 2009, our store-based team members raised money for more than 80 different charities, and their efforts were matched dollar-for-dollar by the Fund for the store nominated charities. Last year the Fund raised almost \$1.5 million through initiatives such as the Precious Metal Ball, which enabled us to lend support to the Olivia Newton-John Cancer and Wellness Appeal and the Myer Spirit of Christmas CD, supporting the Salvation Army. Other initiatives we have supported include Jeans for Genes (supporting the Children's Medical Research Institute) and Movember (a campaign managed by the Prostate Cancer Foundation of Australia and beyondblue, a charity supporting sufferers of depression).

Our Local Area Marketing has been a great success story, designed to ensure a genuine connection with communities across Australia at a grassroots level, with stores responsible for their own community marketing activities. This year, \$850,000 was allocated to Myer stores to spend on community initiatives, including grants, partnerships, sponsorships and events. During the year we supported over 350 organisations with donations of up to \$1,000. »



"One of the biggest changes that I've seen at Myer in recent times is the way we manage stock flow – all of the way from the DC, to the reserve and on to the selling floor. The systems we have got in place now are just so much more efficient and our capacity to have merchandise floor ready is improving all of the time."

*Ian Dick, Logistics Manager, Myer Melbourne*

## 38 years at Myer



## Speed to market

"Our smart allocation system – where we send 80% of stock to stores and hold back 20% – is working really well. It means that we can quickly replenish stock in stores where a product is selling well. It's improving our in-stock levels, which is great for customers."

*Penny Winn, Director – Buying Operations*

"The new POS has been a breath of fresh air. Now I can greet **MYER one** customers by name, quickly look up sizes and stock availability and process transactions more quickly and efficiently. Customers have really noticed the difference too!"

*Roger Birchall, Knox City Store Manager*

## Point-of-sale





## Improving efficiency and speed-to-market

**OVER THE LAST FOUR YEARS** we have invested over half a billion dollars in building, amongst other things, a world-class operating platform. This includes a fast, efficient, low-cost supply chain which affords us a real competitive advantage by enabling us to offer customers compelling value and deliver strong returns to shareholders. Importantly, our existing supply chain is able to support over 100 stores, positioning us well as we move into the exciting growth stage ahead.

Retail, and in particular fashion retail, is about the fast versus the slow. We continue to improve our speed to market, particularly with our Myer Exclusive Brands, but we know we need to get faster, respond quicker to fashion trends and customer preferences. A recent enhancement in this area has been the implementation of a web-based product development tool to shorten our product lead-times. We have made major improvements in allocating the right stock to the right stores based on customer profiling and buying patterns, which is improving our in-stock position and inventory management. We continue to fine-tune our supply chain, working collaboratively with our suppliers to deliver incremental improvements and benefits, in particular in areas like forecasting, which makes it easier for suppliers to anticipate demand, and replenish stock more quickly.

During the year we have made significant progress towards the last of our major transformation projects. We have invested approximately \$100 million in a new point-of-sale system, which will see some 4,000 new point-of-sale registers installed in all Myer stores by Christmas this year. The new system reduces transaction times, provides real-time information about stock levels and availability, and most importantly gives our team members more time to serve customers to help drive real improvements in customer service.

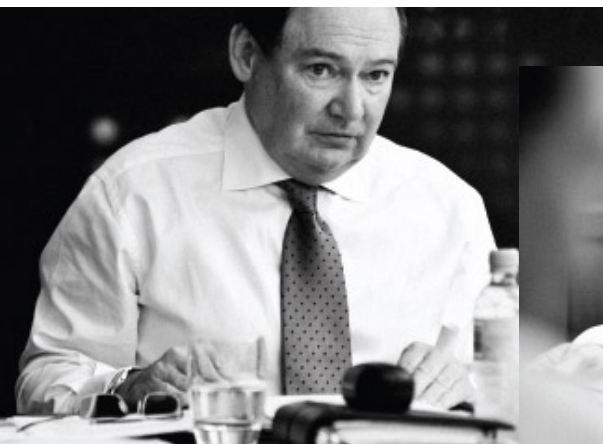
We have also installed 6,300 CCTV cameras across all Myer stores and, together with initiatives including electronic article surveillance tags, fitting room controls, improved communication and compliance, we have significantly reduced shrinkage, which is stock lost largely due to theft.

As part of our commitment to minimising the impact of our operations on the environment, we are focused on being more efficient in our use of energy, as well as reducing packaging and waste across the business. Myer is a signatory to the National Packaging Covenant, which reflects Myer's commitment to reducing the environmental impact of consumer packaging waste. Our new support office was awarded a 5-star Green Star office design rating by the Green Building Council of Australia, and contains a number of innovative energy and water saving initiatives, as well as numerous waste reduction and recycling features. »





## Board of Directors



### Howard McDonald

**Chairman**  
Independent Non-Executive Director  
Member of the Board since 6 November 2006  
Non-Executive Chairman since 4 August 2009  
*Member – Nomination and Remuneration Committee*

Howard brings significant retail and fashion experience to the Myer business with 35 years of experience in consumer goods industries.

Howard was previously Managing Director of The Just Group, from December 1997 to September 2006, during which time he repositioned and expanded the Group. In 2001, he led the Just Jeans Group into Australia's first public to private management buyout and in May 2004 Just Group was re-listed on the ASX. Just Group Ltd is the largest specialty apparel retailer in Australasia with over 800 stores. Its stable of brands includes Just Jeans, Jay Jays, Jacqui E, Portmans, Peter Alexander Sleepwear and Dotti.

Prior to this, Howard held a number of roles within the Pacific Dunlop Group across Footwear, Clothing and Textiles, and Corporate, including heading up Corporate Affairs for Pacific Dunlop, where he sat on all the Management Boards of this diversified conglomerate. Howard's time at Pacific Dunlop culminated in the role of Managing Director of Pacific Brands Clothing, where he focused on offshore manufacturing, international marketing and textile manufacturing, managing brands such as Bonds, Holeproof, Berlei, Jockey and others.

Howard holds a Bachelor of Economics degree from Monash University and is a member of the Australian Institute of Company Directors. Howard resides in Victoria and is 60 years of age.

#### Other current directorships

Howard is currently Chairman of Rodd & Gunn Australia Limited (a Myer supplier) and Rodd & Gunn New Zealand Limited and a Director of General Pants Co. Pty Ltd (a Myer competitor).

### Bernie Brookes

**Managing Director and CEO**  
Member of the Board since 12 July 2006  
Bernie was appointed Managing Director and CEO of the Myer Group on 2 June 2006. In his role Bernie has been responsible for the transition of Myer following the separation from the Coles Group and for rebuilding the Myer business under new ownership. Bernie has spent 34 years working within the retail industry in local and international roles in India and China. Prior to joining Myer, Bernie was a Management Director of Woolworths and was a chief architect of Woolworths' Project Refresh, which reduced costs by more than \$5 billion over five years and reinvested the savings back into the business. His Woolworths experience also included a variety of general management positions in three states across the Buying, IT, Marketing and Operations departments.

Bernie has also held a number of roles as president and executive of various industry organisations including Retail Traders Association in Queensland and Victoria and President of the Queensland Grocery Association, and he has assisted on a number of charitable and government ventures and committees.

Bernie has received many awards, including Food Week Retail Executive of the Year, National Retail Association Food Industry Executive of the Year and Food Week Buyer of the Year for four years during the 1980s and 1990s.

Bernie is currently patron of the Australian Joe Berry Memorial Award and the Australian representative judge of the World Retail Awards.

Bernie holds Bachelor of Arts and Diploma of Education degrees from Macquarie University. Bernie resides in Victoria and New South Wales and is 50 years of age.

#### Other current directorships

Bernie is a Member of the Advisory Board of First Unity Financial Group.

### Peter Hay

**Independent Non-Executive Director**  
Member of the Board since 3 February 2010  
Peter has a strong background in company law and investment banking work, with particular expertise in relation to mergers and acquisitions. He has also had significant involvement in advising governments and government-owned enterprises.

Peter was the Chief Executive of law firm Freehills (2000 to 2005) where he had been partner since 1977.

Peter holds a Law Degree from the University of Melbourne and is a Fellow of the Australian Institute of Company Directors. Peter resides in Victoria and is 60 years of age.

#### Other current directorships

Peter is currently Chairman of Lazard Pty Ltd's Advisory Board, and a Director of Alumina Limited (since 2002). He is a Director of Australia and New Zealand Banking Group Limited (since 2008), a Director of GUD Holdings Limited (since 2009) and a Director of NBN Co Limited (since 2009). Peter is also a part-time member of the Takeovers Panel (since 2009). Peter is also a Director of Epworth Foundation (since 2008) and Landcare Australia Ltd (since 2008).





#### **Anne Brennan**

**Independent Non-Executive Director**  
Member of the Board since 16 September 2009  
*Chair – Audit, Finance and Risk Committee*  
*Member – Nomination and Remuneration Committee*

Anne brings to the Myer business strong financial credentials and business experience. Anne has worked in a variety of senior management roles in both large corporates and professional services firms.

Anne was the Finance Director of the Coates Group during 2008 and 2009 and prior to that she was the CFO for CSR and was a board member for a number of CSR's investment companies. She has extensive experience in financial management, treasury, audit, risk management, tax, investor relations and ASX and statutory reporting.

Prior to her role at CSR, Anne was a partner in three professional services firms: KPMG, Arthur Andersen and Ernst & Young, initially in the audit practice and, in the 10 years before joining CSR, as a partner in Corporate Finance and Transaction Services practices. Anne was also a member of the national executive team and a board member of Ernst & Young.

Anne holds a Bachelor of Commerce (Honours) degree from University College Galway. She is a Fellow of the Institute of Chartered Accountants in Australia and a Fellow of the Australian Institute of Company Directors. Anne resides in New South Wales and is 50 years of age.

#### **Other current directorships**

Anne is a director of the Australia Ireland Fund and a Councillor of the Australian Institute of Company Directors (NSW) .

#### **Tom Flood**

**Independent Non-Executive Director**  
Member of the Board since 17 March 2009  
*Member – Audit, Finance and Risk Committee*  
Tom has been a Director of Myer Pty Ltd since 26 July 2007 and a Director of Myer Holdings Limited since 17 March 2009.

Tom brings to Myer 39 years of experience in the retail industry, with the majority of his career spent in the supermarket industry.

Tom joined Woolworths upon his arrival in Australia. During his time there, Tom assumed the position of General Manager, Supermarkets for Western Australia and subsequently for Victoria (Safeway). In these roles, Tom oversaw all areas of the supermarket business, including buying, marketing, store operations, distribution, finance, security and insurance. Tom was subsequently appointed Chief General Manager Operations for all Woolworths stores in Australia. Following that, Tom was appointed to the role of Director of Supermarkets with overall responsibility for Woolworths' core supermarkets business.

Tom began his retail career in Ireland with the Superquinn Supermarket Group before moving to London for a role with the United States-owned Safeway Supermarket group. Tom resides in Victoria and is 62 years of age.

#### **Rupert Myer AM**

**Independent Non-Executive Director**  
Member of the Board since 12 July 2006  
*Chair – Nomination and Remuneration Committee*  
*Member – Audit, Finance and Risk Committee*

Rupert holds a Bachelor of Commerce (Honours) degree from the University of Melbourne and a Master of Arts from the University of Cambridge and is a member of the Australian Institute of Company Directors. He became a Member of the Order of Australia in January 2005 for service to the arts, for support of museums and galleries, and the community through a range of philanthropic and service organisations. Rupert resides in Victoria and is 52 years of age.

#### **Other current directorships**

Rupert is Chairman of the Myer Family Company Ltd and is a Director of AMCIL Limited and of Diversified United Investment Limited. He is Chairman of the National Gallery of Australia and a Board member of the National Gallery of Australia Foundation.

He also serves as Chairman of Kaldor Public Arts Projects, as a member of The Felton Bequests' Committee and as a Board member of Jawun – Indigenous Corporate Partnerships.



# Management team



## **Bernie Brookes**

### **Chief Executive Officer and Managing Director**

Bernie was appointed Chief Executive Officer of Myer in June 2006. In his role Bernie is responsible for the transition of Myer following the separation from the Coles Group and for rebuilding the Myer business under new ownership. Bernie is currently patron of the Australian Joe Berry Memorial Award and the Australian representative judge of the World Retail Awards each year.

## **Marion Rodwell**

### **General Counsel and Company Secretary**

Marion has 23 years of commercial experience and was appointed General Counsel and Company Secretary in 2008. As General Counsel Marion manages the legal function of Myer, providing internal legal advice for the Company and management of the legal group. In addition, Marion is Company Secretary of all companies in the Myer Group.

## **Mark Ashby**

### **Chief Financial Officer**

Mark has 31 years of experience, of which 12 have been in retail. He was appointed Chief Financial Officer (CFO) in January 2008. In his role Mark manages the financial structure of Myer, including all the accounting aspects of the organisation, as well as statutory reporting. In addition, Mark's responsibilities cover the treasury management, compliance, internal audit and the Financial Services division of the business.

## **John Skellern**

### **General Manager – Procurement and Insurance**

John is responsible for tendering and buying all non-merchandise contracts and insurance.

In his role, John is responsible for creating strategic supplier relationships that extend beyond traditional service, helping establish event sponsorship, **Myer one** and team member deals and corporate sales opportunities.

## **Greg Travers**

### **Director – Strategic Planning and Human Resources**

Greg has 30 years of industry experience and was appointed a Director of Strategic Planning and Human Resources in June 2006. In his role, Greg oversees the human resources management of the Company, including organisational development, recruitment and training, employee relations, risk and safety, the procurement function and the development of the Company's strategic planning framework.

## **Nick Abboud**

### **Director – National Store Operations**

In this role, Nick oversees the operations of the Company's stores, including store budgeting, scheduling, store projects, service models, asset protection, facilities management and the customer service centre. Nick is responsible for all aspects of Myer's store operations from conceptualisation to delivery of operational strategies.

## **Prakash Menon**

### **Director – Logistics**

Prakash has 26 years of retail experience and has been with Myer for over 15 years. In his role, Prakash is responsible for the delivery of the supply chain business strategy and the execution of the end-to-end process of supply chain and Merchandise Planning for both national and international merchandise.

## **Adam Stapleton**

### **General Manager – Marketing**

Adam has 15 years of industry experience and was appointed General Manager of Marketing in December 2008. In his role, Adam manages Myer's advertising and direct marketing, the **MYER one** loyalty program, *Emporium* magazine, [www.myer.com.au](http://www.myer.com.au) creative, customer insights and research as well as the Company's brand strategy.

## **Penny Winn**

### **Director – Buying Operations**

Penny has 25 years of retail experience and was appointed Director of Buying Operations in March 2008. In her role, Penny is responsible for the delivery of sales, gross profit and stock targets through the management of buying, planning, supply chain, business administration and store support teams.





**Judy Coomber**  
Director – Apparel

Judy has 31 years of retail experience and was appointed Director of Apparel in June 2006. In her role, Judy is responsible for overseeing all areas of women's and men's apparel, footwear and accessories, childrenswear and intimate apparel. Judy first joined Myer as a cadet in the late 70's and has since held a number of roles within stores and in the buying office.

**John Hawker**  
Director – Business Development

John is Myer's Director of Business Development. In this role, John is involved in the sourcing of new business opportunities for Myer and works closely with Buying and external partners. John also works on business development initiatives ranging from joint venture opportunities to potential expansion opportunities and other retail formats. John has 30 years of retail experience, 20 of which have been at Myer.

John is the Chairman and Director of the Myer Stores Community Fund and the Cancer Patients Foundation of Australia.

**Algy Pereira**  
Business Director – Entertainment

In his role, Algy is responsible for the management of the Entertainment business at Myer (Electrical, Books and Toys). Algy joined Myer in July 2007 as the Business Manager in the General Merchandise division overseeing Toys, Books, Christmas Trim, Food, Gifts, Cards and Travel Goods Buying. Algy's previous position was Business Director Concessions and Store Support.

**Wayne Latham**  
General Manager – Visual Brand

Wayne has 21 years of retail experience and has been with Myer for seven years. In his role Wayne is responsible for Myer's visual merchandise creative, strategy and operations and the in-house design studio. The key objectives of this role include the improvement of the customer experience, including innovative season and brand launches, gift giving events and lifestyle product merchandising solutions.

**Megan Foster**  
Director – Store Concepts and Design

Megan has 23 years of retail experience and joined Myer in June 2006 as a consultant and worked across several areas including merchandise, supply chain, human resources, store development and marketing. In her role, Megan oversees all design in-store development including refurbishments, new stores and in-store initiatives, as well as 'strategic space' and the redevelopment of the flagship Myer Melbourne store.

**Tony Sutton**  
National Manager – Retail Stores

In this role Tony is responsible for the Regional Manager Group who lead a team of more than 12,000 store team members.

Tony oversees the operations of Myer stores with a primary focus on maximising sales and profit through the stores execution, cost management and customer service.

Other responsibilities include the management of store compliance, shrinkage, safety performance and people development.

**Paul Banks**  
Director – Property Development

Paul has 18 years of retail experience and joined Myer in January 2007. In his role, Paul is responsible for overseeing the management of Myer's existing property network as well as developing and realising the property strategy for Myer in Australia.

**Mitch Catlin**  
General Manager – Communications

Mitch has over four years of experience within the retail industry and joined Myer in September 2007. In his role, Mitch oversees all of the company's 'below the line' marketing initiatives, including sponsorships, community engagement, events and public relations, along with corporate affairs and internal communications.

**Timothy Clark**  
Director – Information Technology and Program Management Office

Tim has 28 years of retail experience and was appointed Director of Information Technology (IT) in June 2006. In this role, he oversees the development of Myer's IT strategic direction along with the management and delivery of all IT services and IT projects within the business.

# Corporate governance

Myer and the Board are committed to achieving the highest standards of corporate governance. Accordingly, the Board has adopted a framework of policies and practices designed to regulate corporate governance and to ensure that these standards are met. The corporate governance policies discussed below are designed to ensure that the Board consistently discharges its responsibilities to Myer's shareholders and other stakeholders. The practices implemented operate alongside these policies to promote responsible management and good conduct throughout Myer's operations.

Details of Myer's key policies and practices and the Charters for the Board and each of its Committees are available from the corporate governance section of Myer's website [www.myer.com.au](http://www.myer.com.au). Myer and its controlled entities together are referred to as the Group in this statement.

## Board of Directors

The Board has ultimate responsibility for setting policy regarding the business and affairs of Myer for the benefit of shareholders and other stakeholders. The Board has adopted a Charter to provide a framework for the effective operation of the Board and has clearly established the functions reserved to it and those delegated to senior executives.

The Board operates in accordance with the broad principles set out in its Charter. The Charter also details the Board's composition and responsibilities. The Constitution of Myer states that the minimum number of Directors is four and the maximum is fixed by the Directors but may not be more than 12. Directors can be appointed to the Board to fill casual vacancies and are elected at Annual General Meetings of Myer.

## Fair and Responsible Remuneration

The Nomination and Remuneration Committee advises the Board on remuneration and incentive policies and practices generally, and makes specific recommendations on remuneration packages and other terms of employment for executive Directors, other senior executives and Non-Executive Directors.

In relation to remuneration, the Committee's responsibilities include:

- reviewing and recommending remuneration arrangements for the executive directors and those executives who report directly to the CEO, including making recommendations in relation to contract terms, annual remuneration and participation in Myer's short- and long-term incentive plans;

- reviewing and recommending remuneration arrangements for senior management;
- reviewing major changes and developments in Myer's recruitment, retention and termination policies and procedures for senior management;
- reviewing major changes and developments in remuneration policies, superannuation arrangements, personnel practices and industrial relations strategies for the Group;
- reviewing senior management performance assessment processes and the annual results of those assessments;
- reviewing and approving short-term incentive strategy, performance targets and bonus payments;
- reviewing and recommending to the Board major modifications to Myer's employee equity incentive plans; and
- reviewing and recommending to the Board the remuneration arrangements for the Chair and the Non-Executive Directors of the Board, including fees, travel and other benefits.

## Safeguarding integrity in financial reporting

The Audit, Finance and Risk Committee monitors and reviews the effectiveness of Myer's controls in the areas of operational and balance sheet risk, legal and regulatory compliance and financial reporting.

The Committee's overall key responsibilities and functions are to:

- oversee Myer's relationships with its external auditor and the external audit function generally;
- oversee Myer's relationship with the internal auditor and the internal audit function generally;
- oversee the preparation of the financial statements and reports;
- oversee Myer's financial controls and systems; and
- manage the process of identification and management of risk.

## Risk Management

Myer is committed to the proper identification and management of risk. Myer has processes in place to identify and measure business risk as well as to regularly review the results of its risk identification procedures. The Board, through the Audit, Finance and Risk Committee, is charged with the oversight of this process.

The Committee's role in relation to risk management is to review and report to the Board as to whether:

- Myer's ongoing risk management program effectively identifies all areas of potential risk;

- adequate policies and procedures have been designed and implemented to manage risk;
- a regular program of audits is undertaken to test the adequacy of and compliance with prescribed policies; and
- proper remedial action is undertaken to redress areas of weakness.

## Code of Conduct

Myer has developed a Code of Conduct (the Code) which sets out Myer's commitment to maintaining the highest level of integrity and ethical standards in all of its business practices. The Code outlines how Myer expects Directors and employees to behave and conduct business in a range of circumstances and includes the steps that should be taken in the event of uncertainty or a suspected breach of the Code.

## Continuous disclosure

Myer is aware of the continuous disclosure obligations it has, under the Corporations Act and the ASX Listing Rules, to keep the market fully informed of information which is not generally available and which may have a material effect on the price or value of Myer's securities.

Myer has adopted a Continuous Disclosure Policy which establishes procedures to ensure that Directors and management are aware of, and fulfill their obligations in relation to, the timely disclosure of material price-sensitive information.

Myer has also established a Continuous Disclosure Committee. The Committee is constituted by the:

- Chief Executive Officer;
- Chief Financial Officer; and
- General Counsel and Company Secretary.

## Shareholder communication

Myer places a high priority on communication with shareholders and encourages effective participation at its general meetings. As soon as any information is released to the ASX it is posted on Myer's website. When analysts are briefed on aspects of the Group's operations, the material used in the presentation is first released to the ASX, and posted on Myer's website, where the briefing contains material price-sensitive information that has not already been released to the market.

In addition to these arrangements, Myer seeks to provide opportunities for shareholders to keep informed of the Company's activities through electronic means. Myer's announcements, details of Company meetings, press releases and financial reports are available on the Myer website.



# Corporate social responsibility

## **We are committed to building a socially responsible and sustainable business.**

At Myer, we are committed to building a sustainable business, through integrating socially responsible business practices into key aspects of our operations. Sustainability at Myer extends far beyond our well-respected and long-standing tradition of philanthropic support to the community, to commitments in the areas of environment, and responsible interactions with key stakeholders – our people, our customers, our shareholders and our suppliers.

### **myenvironment**

We are committed to the development of an environmentally sustainable business and reducing the impact of our operations on the environment, as well as promoting an environmentally responsible culture among our employees. In our stores, energy efficiency and waste management are focus areas. For example, we have undertaken energy audits in order to identify energy efficiency opportunities, and have progressively implemented initiatives such as replacing lamps that are currently high in energy use with more energy efficient models. We are also educating our team members to ensure that plastic and cardboard recycling opportunities are maximised, and have implemented a hanger reuse and recycling program. Recently, we have been investigating more sustainable point-of-sale bags, including paper and biodegradable options, to provide our customers with an alternative to the current plastic bag. Two in-store trials to obtain customer feedback have been conducted.

Our new Support Office is an environmentally sustainable building, achieving a 5-Star Green Star office design rating from the Green Building Council of Australia. This reflects Myer's ongoing commitment to sustainability and the environment.

Myer is a signatory to the National Packaging Covenant, and is committed to reducing the environmental impact of consumer packaging waste associated with our Exclusive Brand products. All new packaging is subject to an internal design process to ensure that, where possible, packaging is avoided, reused or recycled, thereby ultimately reducing the amount of landfill waste.

We have also implemented numerous other recycling and waste management initiatives. For example, paper used in our promotional catalogues is PEFC accredited – produced from sustainable managed forests, is biodegradable and can be recycled;

sales and marketing materials used for visual merchandising in stores have been redesigned to transition away from foam and polystyrene displays to, wherever possible, a combination of recyclable and re-usable alternatives; and redundant IT equipment is responsibly e-recycled. We also continue to analyse distribution packaging used in the Myer supply chain, and look for improvement opportunities, such as the drive for merchandise to be delivered to Myer in a 'floor ready' condition, and thus substantially reduce packaging waste.

We have also supported the Earth Hour initiative across 2008–2010, and since 2008 we have partnered with Sustainability Victoria in its 'ResourceSmart' Business Program. We are also a foundation partner of the 'EcoStation' Pilot Program, which aims to maximise efficiencies and minimise environmental impact in the transport industry.

### **mycommunity**

Our extensive history of philanthropy and community involvement, and continued support of charities and local community initiatives, is an integral part of our identity and role as a responsible corporate citizen.

The Myer Stores Community Fund is dedicated to supporting charities related to children, youth and women's health, and currently has a strong partnership with the Olivia Newton-John Cancer and Wellness Centre Appeal. Each year the fund contributes to over 80 charities, such as the Salvation Army, and supports fundraising events such as the 'National Bandana Day' for the CanTeen organisation, the Cancer Council's 'Breast Cancer Awareness Program', 'Jeans for Genes Day' supporting the Children's Medical Research Institute, and 'Movember' supporting beyondblue and the Prostate Cancer Foundation of Australia. Donations of \$100,000 have also been made to fund specific initiatives, such as medical equipment for the Royal Children's Hospital in Melbourne and Sydney Children's Hospital at Westmead, as well as to the Surf Lifesaving Foundation for their national RIPS water education campaign.

Our commitment to the support of local community initiatives has been a key focus and growth area for our business. Each Myer store engages with their local community through a variety of initiatives, including grants, sponsorships, partnerships and events. Myer also sponsors other key community events, such as Vision Australia's 'Carols by Candlelight', Christmas parades in Melbourne and Brisbane, and the annual Christmas windows in several Myer stores.

### **mypeople**

At Myer, we are also committed to our workplace community and being a preferred employer of choice, by creating a supportive, challenging and rewarding work environment for our people.

We have developed numerous programs to support the career development of our employees, including a Graduate Development Program, Store and Merchandise Management Development Programs, international retail study tours and also support the RMIT internship program.

The annual Myer Inspirational People Awards formally recognise the outstanding contribution of individuals and teams within the Support Office, Distribution Centre and stores. Team member benefits and wellness programs are also a key focus area of our business. Initiatives such as our flexible work policy, online wellness library, onsite gym facilities and health checks, are designed to promote a healthy lifestyle and support a better balance between work and home life. As a workforce that is comprised of almost 80% women, Myer is proud to be the first Australian department store to offer paid parental leave to its employees. The health and safety of our team members is also a key business priority, with safety controls and key performance measures firmly embedded into all aspects of our business operations.

### **mybusiness**

Our team members are committed to adding value to key stakeholders, including customers, suppliers and shareholders. We have a strong focus on the importance of fair trading and product safety compliance within our business, and both store-based and Support Office team members undergo fair trading training to ensure that our interactions with suppliers and customers are both responsible and ethical.

We are also committed to ensuring that we meet our social compliance responsibilities, while recognising the difficulties and challenges in dealing with a large and complex supply chain. We have an audit program in place and are committed to developing social compliance within our supplier base. On a local level, we are a retail signatory to the National Retailers/TCFUA Ethical Clothing Code, and are supportive of Ethical Clothing Australia's accreditation process on Australian-made products, which recognises brands that have taken practical steps to ensure that Australian workers receive fair wages and work in decent conditions. Cue, Mr K and Bardot are some of the brands in Myer stores that are currently accredited.

# Shareholder information

## Shareholder information as at 22 September 2010

Myer only has one class of shares on issue (being ordinary shares). All of Myer's issued shares are listed on the Australian Stock Exchange. 9,882,096 shares are subject to voluntary escrow which will end when Myer's audited financial results for the year ended 31 July 2010 are released. 10,875,223 shares are also subject to voluntary escrow which will end 18 months from the date of listing of Myer Holdings Limited.

Shareholder	Number
Issued capital	581,517,884
Number of Shareholders	57,792
Minimum parcel price	\$3.93 per unit
Holders with less than a marketable parcel (less than 128 shares)	141 holders (4,793 total shares)

## Distribution of shareholders and shareholdings

Range	Total holders	Units	% of issued capital
1–1,000	28,829	14,005,815	2.41
1,001–5,000	22,643	50,930,298	8.76
5,001–10,000	3,481	25,510,738	4.39
10,001–100,000	2,683	59,746,246	10.27
100,001 and over	156	431,324,787	74.17
<b>Total</b>	<b>57,792</b>	<b>581,517,884</b>	<b>100.00</b>

## Unmarketable parcels

	Minimum parcel size	Holders	Units
Minimum \$500.00 parcel at \$3.93 per unit	128	141	4,793

## Twenty largest shareholders

Rank	Name	Units	% of units
1.	J P Morgan Nominees Australia Limited	103,904,906	17.87
2.	HSBC Custody Nominees (Australia) Limited	87,890,991	15.11
3.	National Nominees Limited	72,902,856	12.54
4.	Citicorp Nominees Pty Limited	34,453,704	5.92
5.	Cogent Nominees Pty Limited	13,213,651	2.27
6.	HSBC Custody Nominees (Australia) Limited – A/C 2	12,647,340	2.17
7.	M F Custodians Ltd	11,208,270	1.93
8.	Myer Employee Share Plan Pty Ltd	9,246,648	1.59
9.	JP Morgan Nominees Australia Limited	7,110,620	1.22
10.	AMP Life Limited	6,899,937	1.19
11.	ANZ Nominees Limited <Cash Income A/C>	4,354,367	0.75
12.	UBS Nominees Pty Ltd	3,815,301	0.66
13.	HSBC Custody Nominees (Australia) Limited	3,582,600	0.62
14.	RBC Dexia Investor Services Australia Nominees Pty Limited	2,824,132	0.49
15.	Bernard Joseph Brookes	2,700,000	0.46
16.	UBS Wealth Management Australia Nominees Pty Ltd	2,491,166	0.43
17.	Australian Reward Investment Alliance	2,257,748	0.39
18.	Cogent Nominees Pty Limited <SMP Accounts>	2,158,461	0.37
19.	CS Fourth Nominees Pty Ltd	2,058,320	0.35
20.	Invia Custodian Pty Limited	1,983,415	0.34
<b>Totals: Top 20 shareholders of fully paid ordinary shares</b>		<b>387,704,433</b>	<b>66.67</b>
<b>Total remaining holders balance</b>		<b>193,813,451</b>	<b>33.33</b>

## Substantial shareholder

As at 22 September 2010, the only substantial shareholder that Myer is aware of is The Capital Group Companies, Inc. Based on the most recent notice that was provided to Myer on 1 June 2010, The Capital Group Companies, Inc. has a relevant interest of 36,897,442 Myer shares.

## Voting Rights

Shareholders may vote at a meeting of shareholders in person, directly or by proxy, attorney or representative, depending on whether the shareholder is an individual or a company. Subject to any rights or restrictions attaching to shares, on a show of hands each shareholder present in person or by proxy, attorney or representative has one vote and, on a poll, has one vote for each fully paid share held. Presently, Myer has only one class of fully paid ordinary shares and these do not have any voting restrictions. If shares are not fully paid, on a poll the number of votes attaching to the shares is pro-rated accordingly.



# Corporate directory

## Directors

H McDonald (Chairman)  
B Brookes (CEO)  
A Brennan  
T Flood  
P Hay  
R Myer

## General Counsel and Company Secretary

M Rodwell

## Senior Leadership Team

Finance and Audit

M Ashby

Strategic Planning and Human Resources

G Travers

Buying Operations

P Winn

Store Operations

N Abboud

## Principal Registered Office in Australia

Level 7  
800 Collins Street  
Docklands VIC 3008  
Telephone: +61 3 8667 6000

## Share Registry

Computershare Investor Services Pty Limited  
GPO Box 2975  
Melbourne VIC 3001  
Within Australia: 1300 820 260  
Outside Australia: +61 3 9415 4332  
[www.investorcentre.com](http://www.investorcentre.com)

## Investor Relations

D Gunn  
Telephone: +61 3 8667 7879  
Email: [myer.investor.relations@myer.com.au](mailto:myer.investor.relations@myer.com.au)

## Auditor

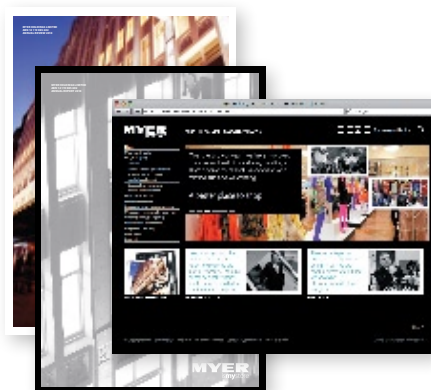
PricewaterhouseCoopers  
Level 19, Freshwater Place  
2 Southbank Boulevard  
Southbank VIC 3006

## Stock Exchange Listing

Myer Holdings Limited (MYR) shares are listed on the Australian Securities Exchange (ASX).

## Website

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



## About this Annual Review

Myer Holdings Limited's Annual Review contains a summary of the Company's performance for the 2010 financial year. More detailed financial information is contained in Myer's Annual Report (pictured above) which is available in hard copy by contacting our share registry or can be viewed online at [www.myer.com.au](http://www.myer.com.au) in the Investors section.

## Notice of Annual General Meeting

The first Annual General Meeting of Myer Holdings Limited will be held at the Melbourne Convention and Exhibition Centre, Plenary 1, 1 Convention Centre Place, South Wharf, Victoria 3006 on Friday 12 November 2010 at 12 noon.



**MYER**  
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