

NOTICE OF ANNUAL  
GENERAL MEETING  
2019



# MESSAGE FROM THE CHAIRMAN

Dear fellow shareholder,

I am writing to invite you to the Myer Annual General Meeting (AGM) to be held at 2.30pm on Wednesday 30 October 2019 at Dockside, Balcony Level, Cockle Bay Wharf, Darling Park, NSW 2000.

It continues to be a great honour to be Chairman of our great Company. The Board is delighted with the vision and leadership from our CEO and Managing Director, John King. Under John's leadership, we have continued to deliver against our Customer First Plan to improve the financial performance of the business.

## ENHANCING OUR BOARD AND EXECUTIVE TEAM

During the year we have significantly refreshed the Board and Executive team to ensure we have the right skills and experience. The Board has been further strengthened with the appointments of respected IT entrepreneur Lyndsey Cattermole AM in October 2018 and experienced retailer Jacquie Naylor in May 2019.

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 also has significant board experience including at Foster's Group Ltd, Treasury Wine Estates Ltd, Tatts Group Ltd and the Victorian Major Events Corporation.

In relation to the Executive team, Geoff Ikin was appointed as Chief Customer Officer in January this year and is responsible for the key customer facing functions of online, MYER one,

marketing, advertising, public relations, social media, corporate affairs and communications.

In September 2018 Tabitha Pearson joined Myer as Executive General Manager People and Culture and is responsible for all aspects of Myer's human resources including organisational development, sourcing and talent strategies, industrial relations, and risk and safety.

Paul Goodall joined Myer in October 2018 as Executive General Manager Store Design and Development and is responsible for store design, space planning, project management and visual merchandising.

In addition, we recently appointed Tony Carr as Executive General Manager of Supply Chain. This appointment further boosts our capability in ensuring we deliver a leading Factory to Customer offer for our customers and unlock the efficiencies in our supply chain and online fulfilment.

These appointments add strong retail and store design, customer, marketing and advertising, human resources and supply chain skills and experience to our Executive team.

## FY2019 RESULTS

For the 12 months to 27 July 2019, total sales were down 3.5% to \$2,991.8 million. Total digital sales in FY2019 grew by 21.9% to \$292.1 million (including Marcs and David Lawrence (MDL) and sass & bide online sales, Myer Market, and \$29.8 million via in-store iPads), now representing our largest store and 9.8% of total sales. Operating gross profit (OGP) declined by 1.9% to \$1,162.4 million. OGP margin increased by 65 basis

points to 38.9% driven by an improved Myer Exclusive Brands (MEBs) mix as well as lower promotional markdowns and shrinkage. Cost of doing business (CODB) decreased by 3.1% to \$1,002.4 million which reflected improved efficiencies both in stores and at the Support Office. Earnings before interest, tax, depreciation and amortisation (EBITDA) increased by 7.2% to \$160.1 million. Net profit after tax (NPAT) pre-implementation costs and individually significant items increased by 2.2% to \$33.2 million. Operating cash flow (before interest & tax) increased by \$8 million to \$138 million, and closing net debt of \$39 million was \$69 million below last year. The dividend continues to be suspended.

## UPDATE ON OUR CUSTOMER FIRST PLAN

We continued to implement Customer First Plan initiatives, with progress being made on reducing excess space, improving merchandise range and service, and continuing to execute efficiencies and reduced waste leading to substantial cost savings.

- ✓ Progress was made working with landlords, through a portfolio partnership approach, to reduce our footprint, refurbish stores to transform the customer experience, whilst simultaneously delivering material cost savings
- ✓ Myer's Logan store closed in January 2019
- ✓ Announced a plan to refurbish the Belconnen store to create an enhanced shopping experience across a reduced floor space



**Garry Hounsell**  
Chairman

- ✓ Agreed to hand back a floor and refurbish the Cairns store from January 2020 and agreed to exit level four of Emporium in Melbourne from May 2020
- ✓ Extended the lease of the historic Ballarat store, and will be embarking on store improvements
- ✓ Vacated another level at the Support Office
- ✓ Added more than 50 new brands, expected to increase to more than 90 by Christmas 2019
- ✓ Continued to improve the customer's digital shopping experience, following the launch of Myer's new website in September 2018. Increased the product available online including the addition of several concessions

#### 2019 AGM

As always, our 2019 AGM is an important event for Myer and, for you, our valued shareholders. The Board is seeking your support for the 2019 Remuneration Report, the election of new Board Director, Jacquie Naylor, the re-election of JoAnne Stephenson and the allocation of performance options for John King.

Jacquie brings a wealth of experience and knowledge of both women's and men's apparel, homewares and outdoor brands. She has been an owner, director and executive at some of the most iconic Australian retailers including as an Executive Director and Non-Executive Director at The PAS Group. In addition, Jacquie was a Non-Executive Director of one of the world's most trusted outdoor brands, Macpac, and has also been a Group Executive Director at the Just Jeans Group.

JoAnne Stephenson was previously a senior client partner in the Advisory division at KPMG and has key strengths in finance, accounting, risk management and governance. JoAnne has made, and continues to make, a significant contribution to the Board, and brings valuable skills to her role and committees.

We have significantly refreshed the Board, with five of the eight current Board members having joined within the last three years. Importantly, we now have an equal split of female and male directors demonstrating our commitment to gender diversity which better aligns the Board with the diversity of our customer base.

#### REMUNERATION REPORT

Following the second strike at the 2018 AGM, we have listened to shareholders and have made a number of changes to our remuneration structure during FY2019 to better align the remuneration of our Executives with the interest of our shareholders and will continue to make improvements in FY2020 and beyond.

These changes include introducing equity deferral into the Short Term Incentive for members of the Executive Management Group, making amendments to the Total Shareholder Return comparator group for the Long Term Incentive as well as increasing transparency around the performance options granted to John King. These changes are set out further in our Remuneration Report.

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

In closing, I thank you for your ongoing support of the Myer Board, and for our Customer First Plan.

If you have any questions on this year's AGM, please either email: [myer.investor.relations@myer.com.au](mailto:myer.investor.relations@myer.com.au) or call: 03 8667 7879.

A handwritten signature in black ink, appearing to read 'Garry Hounsell'.

**Garry Hounsell**  
Chairman

# NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the tenth Annual General Meeting (the **Meeting**) of Myer Holdings Limited (ABN 14 119 085 602) (the **Company**) will be held at Dockside, Balcony Level, Cockle Bay Wharf, Darling Park, NSW on Wednesday 30 October 2019 at 2.30pm (Sydney time). Registration will commence at 1.30pm.

The Meeting will be webcast live on the Investor and Media Centre section of Myer's website, [myer.com.au/investor](http://myer.com.au/investor) (**Investor Centre website**), 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 27 July 2019, 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 Jacquie Naylor (appointed as a Director of the Company on 27 May 2019) 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 Ms JoAnne Stephenson who retires by rotation in accordance with rule 8.1(d) of the Company's Constitution and, being eligible, offers herself 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:

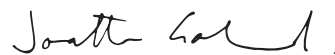
"THAT the Remuneration Report forming part of the Directors' Report for the year ended 27 July 2019 be adopted."

### 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 FY2020 Long Term Incentive Plan as part of his long term incentive arrangements, as described in the Explanatory Notes, be approved."

By order of the Board



**Jonathan Garland**  
Company Secretary

30 September 2019

# 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 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 Monday 28 October 2019.

## 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 the resolutions contained in this Notice of Meeting.

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 2001*, 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 resolutions, 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 2.30pm (Sydney time) on Monday 28 October 2019 (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; or

Level 12, 680 George Street, Sydney,  
NSW 2000

- **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 2001*, 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

#### Resolution 4 (Remuneration Report)

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, 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 2001* 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 (**AGM**) following their appointment.

Directors so appointed are eligible for election. Ms Jacquie Naylor was appointed since the 2018 AGM, 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. Mr Ian Cornell has notified the Board that he does not intend to seek re-election as a director of the Board at this year's AGM. Accordingly, he will retire at the end of the AGM.

Ms JoAnne Stephenson will retire and offer herself 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 Jacquie Naylor and the re-election of Ms JoAnne Stephenson.

Profiles of the Directors are as follows:



**Jacquie Naylor**

Independent Non-Executive Director

- Member of the Board since 27 May 2019
- Member – Nomination Committee
- Member – Human Resources and Remuneration Committee

Jacquie was appointed as a Non-Executive Director on 27 May 2019. Jacquie brings to the role a wealth of experience and knowledge of both women's and men's apparel, homewares and outdoor brands. She has been an owner, director and executive at some of the most iconic Australian retailers including as an Executive Director and Non-Executive Director at The PAS Group. In addition, Jacquie was a Non-Executive Director of one of the world's most trusted outdoor brands, Macpac, which is sold in more than thirty countries.

At the Just Jeans Group, Jacquie was a Group Executive Director and responsible for driving the merchandise, marketing and brand strategies of five of their key brands including Just Jeans, Jay Jays, Portmans, Jacqui E and Dotti.

Jacquie brings to the Myer Board considerable eCommerce experience from her retail career and as a strategic adviser at Practicology, a digital marketing and eCommerce agency.

Jacquie was a Non-Executive Director of the Virgin Australia Melbourne Fashion Festival for more than 12 years and remains committed to showcasing the fashion industry as well as new and emerging talent. Jacquie is also a member of the Australian Institute of Company Directors and of the International Women's Forum. Jacquie resides in Victoria.

## Other current directorships

Jacquie is currently a Non-Executive Director of Cambridge Clothing Ltd.



**JoAnne Stephenson**

Independent Non-Executive Director

- Member of the Board since 28 November 2016
- Chairman – Audit, Finance, and Risk Committee
- Member – Nomination Committee

JoAnne has extensive experience spanning over 25 years across a range of industries. JoAnne was previously a senior client partner in the Advisory division at KPMG and has key strengths in finance, accounting, risk management and governance. JoAnne holds a Bachelor of Commerce and Bachelor of Laws (Honours) from The University of Queensland. She is also a member of both the Australian Institute of Company Directors and Chartered Accountants in Australia and New Zealand. JoAnne resides in Victoria.

## Other current directorships

JoAnne is also an Independent Non-Executive Director of Challenger Limited, Asaleo Care Limited and Japara Healthcare Limited. She is also Chair of the Victorian Major Transport Infrastructure Board and the Melbourne Chamber Orchestra.

## ITEM 4 – REMUNERATION REPORT

Section 250R of the *Corporations Act 2001* requires a listed company to put a resolution to shareholders to adopt its Remuneration Report for the relevant financial year.

The Remuneration Report includes information on:

- the remuneration policy adopted by the Board;



## EXPLANATORY NOTES

*Continued*

- the relationship between that policy and the Company's performance;
- the remuneration details of each Director and KMP; 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 2019 Annual Report, which is available on the Investor Centre website, 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 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.

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 FY2020 LTI entitlement.

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.

##### WHY ARE PERFORMANCE OPTIONS CHOSEN?

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 FY2020 grant of LTI should be in the form of performance options for all participating Executives, including Mr King. There are two main reasons the Board decided to grant performance options.

Firstly, it is important to the Board that any LTI grant is performance tested. The FY2020 LTI grant is tested against two measures set out below, ensuring that the number of performance options that vest is dependent on Company performance.

Secondly, options were chosen over rights as they ensure Executives are rewarded only for the increase in share price from the grant date. If the share price has not increased from the grant date then there is no value delivered to the option holder. This strengthens the alignment between executive remuneration and growth in shareholder value.

##### PERFORMANCE OPTIONS

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 FY2020.

Subject to shareholder approval at the Meeting, Mr King will be granted performance options to a maximum value of \$1,080,000 which represents 90% of his Total Fixed Compensation.

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 \$1,080,000) 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 FY2020 LTI offer.

Given the grant date of the award is after the AGM, we are not able to provide an exact valuation on the award. However, after listening to feedback from shareholders, we have sought to increase transparency on the method for determining the number of options granted to Mr King by running a Black-Scholes option valuation on 12 September 2019 to determine an 'indicative' number of options to be granted. Assuming a share price of \$0.60, an exercise price of \$0.60, and an expiry of 4 years from the grant date, the Black-Scholes option valuation is \$0.2302. This would result in Mr King receiving 4,691,573 performance options. This figure is 'indicative' in nature. In a similar way, a Black-Scholes valuation will be run on the grant date to determine the actual number of options to be granted to Mr King. The grant date valuation and the number of options granted will be dependent on the share price.



### 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 FY2020 to the end of FY2022 (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 FY2020 LTI 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 the Company has performed during the Performance Period. For outstanding

performance, 100% of the performance options will vest. Only a percentage of performance options will vest for performance below that level. If the Company 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.

### Performance Hurdle

#### EPS Hurdle

### Description

#### Why was it chosen?

The Board considers EPS as an effective measure for determining the underlying profitability of the business. When determining normalised EPS for LTI purposes, statutory earnings is adopted as the base and the Board will allow adjustments to be made for significant items on a case-by-case basis. For example, to the extent a write-down occurs that is considered to have been within management's control, it will form a part of the EPS calculation.

#### How is it tested?

The EPS Hurdle will be tested over the Performance Period by calculating the compound annual growth rate in the Company's EPS, using EPS at the end of FY2019 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:

| Compound Annual 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 5%                   | Nil                                                                                                           |
| Including 5% and up to but excluding 12% | Pro rata, with linear progression between 50% and up to 100%                                                  |
| 12% or greater                           | 100%                                                                                                          |

## EXPLANATORY NOTES

*Continued***Performance Hurdle**

TSR Hurdle

**Description****Why was it chosen?**

The TSR hurdle was selected to ensure alignment between comparative shareholder return and reward for executives. This measure also provides a direct comparison of the Company's performance over the performance period against a comparator group of companies that would, broadly, be expected to be similarly impacted by changes in market conditions.

**How is it tested?**

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. Based on investor feedback, the comparator group has been amended to include a more relevant base of listed companies from the retail and consumer services sector. The constituents are: Accent Group, Adairs, AP Eagers, Automotive Holdings, Baby Bunting, Bapcor, Beacon Lighting, Coles Group, Collins Foods, Corporate Travel Management, Domino's Pizza Enterprises, Flight Centre Travel Group, Harvey Norman Holdings, Helloworld Travel, JB Hi-Fi, Kogan, Lovisa Holdings, Metcash, Michael Hill International, Motorcycle Holdings, National Tyre & Wheel, Nick Scali, Noni B, Premier Investments, Super Retail Group, Webjet, Wesfarmers and Woolworths Group.

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:

| 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 50th percentile                               | Nil                                                                                                           |
| Including 50th percentile and up to but excluding 75th percentile | Pro rata, with linear progression between 50% and up to 100%                                                  |
| 75th percentile or greater                                        | 100%                                                                                                          |

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 FY2022 financial results. 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 LTI, 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

This approach ensures that Executives are rewarded only for the increase in share price from the grant date, thereby strengthening the alignment between executive remuneration and growth in shareholder value.

### 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 LTI 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 on any LTI award shares that are provided on vesting of the performance options.

The terms of the LTI 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:

- a) 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
- b) 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.

### OTHER REQUIRED INFORMATION – ASX LISTING RULES

Since approval was last obtained by the Company at the 2018 AGM for the award of performance options to Mr King under the LTI, Mr King was awarded 9,032,258 performance options on 24 December 2018.

No amount was payable by Mr King for the award of the performance options. The number of performance options awarded to Mr King at the time was determined by reference to the maximum value of the grant. The maximum value for Mr King was \$1,400,000 for FY2019. The maximum value was divided by the face value attributed to the performance option. The face value attributed to the performance option was calculated using the Black-Scholes option valuation approach on the grant date. The face value under the FY2019 grant was \$0.155.

Mr King was the only Director of the Company entitled to participate in the FY2019 LTI and will be the only Director in the Company entitled to participate in the FY2020 LTI.

No loans were provided by the Company in connection with the performance options granted to Mr King under the FY2019 LTI, or will be provided to him under the FY2020 LTI.

### 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 CEO's current share ownership and remuneration with a heavy equity weighting strongly aligns his interests with creation of shareholder value.

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

**MYER**

MY STORE

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## LODGE YOUR QUESTIONS



### ONLINE

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



### BY MAIL

Myer Holdings Limited  
C/- Link Market Services Limited  
Locked Bag A14  
Sydney South NSW 1235 Australia



### BY FAX

+61 2 9287 0309



### BY HAND

Link Market Services Limited  
1A Homebush Bay Drive, Rhodes NSW 2138; or  
Level 12, 680 George Street, Sydney NSW 2000



### ALL ENQUIRIES TO

Telephone: +61 1300 820 260

## PROXY FORM

I/We being a member(s) of Myer Holdings Limited (ABN 14 119 085 602) (the **Company**) and entitled to attend and vote hereby appoint:

### APPOINT A PROXY

☐ the Chairman of the Meeting (mark box)

OR if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate you are appointing as your proxy

or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the Annual General Meeting of the Company to be held at **2:30pm (Sydney time) on Wednesday, 30 October 2019 at Dockside, Balcony Level, Cockle Bay Wharf, Darling Park, NSW 2000** (the **Meeting**) and at any postponement or adjournment of the Meeting.

**Important for Resolutions 4 and 5:** If the Chairman of the Meeting is your proxy, either by appointment or by default, and you have not indicated your voting intention below, you expressly authorise the Chairman of the Meeting to exercise the proxy in respect of Resolutions 4 and 5, even though the Resolutions are connected directly or indirectly with the remuneration of a member of the Company's Key Management Personnel (**KMP**).

**The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.**

### VOTING DIRECTIONS

Proxies will only be valid and accepted by the Company if they are signed in accordance with the signing instructions overleaf and received no later than 48 hours before the Meeting.

Please read the voting instructions overleaf before marking any boxes with an ☒

#### Resolutions

For Against Abstain\*

**3a** Election of Ms Jacquie Naylor as a Director of the Company

|                          |                          |                          |
|--------------------------|--------------------------|--------------------------|
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
|--------------------------|--------------------------|--------------------------|

**3b** Re-election of Ms JoAnne Stephenson as a Director of the Company

|                          |                          |                          |
|--------------------------|--------------------------|--------------------------|
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
|--------------------------|--------------------------|--------------------------|

**4** Adoption of the Remuneration Report

|                          |                          |                          |
|--------------------------|--------------------------|--------------------------|
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
|--------------------------|--------------------------|--------------------------|

**5** Grant of Performance Options to the Chief Executive Officer and Managing Director

|                          |                          |                          |
|--------------------------|--------------------------|--------------------------|
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
|--------------------------|--------------------------|--------------------------|



\* If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

### SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Joint Shareholder 2 (Individual)

Joint Shareholder 3 (Individual)




Sole Director and Sole Company Secretary

Director/Company Secretary (Delete one)

Director

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).

## HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

### YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

### APPOINTMENT OF PROXY

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that individual or body corporate in Step 1. A proxy need not be a shareholder of the Company.

### DEFAULT TO CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote those proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP.

### VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

### APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's share registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- (a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- (b) return both forms together.

### SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided:

**Individual:** where the holding is in one name, the holder must sign.

**Joint Holding:** where the holding is in more than one name, either shareholder may sign.

**Power of Attorney:** to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

### CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" must be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Company's share registry or online at [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au).

### LODGEMENT OF A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **2:30pm (Sydney time) on Monday, 28 October 2019**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Proxy Forms may be lodged using the reply paid envelope or:



#### ONLINE

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

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" - Securityholder Reference Number (SRN) or Holder Identification Number (HIN).



#### BY MAIL

Myer Holdings Limited  
C/- Link Market Services Limited  
Locked Bag A14  
Sydney South NSW 1235  
Australia



#### BY FAX

+61 2 9287 0309



#### BY HAND

delivering it to Link Market Services Limited\*  
1A Homebush Bay Drive  
Rhodes NSW 2138  
or  
Level 12  
680 George Street  
Sydney NSW 2000

\* During business hours (Monday to Friday, 9:00am–5:00pm)



### COMMUNICATION PREFERENCE

We encourage you to receive all your shareholder communication via email. This communication method allows us to keep you informed without delay, is environmentally friendly and reduces print and mail costs.



#### ONLINE

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

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Communications' and click the first button to receive all communications electronically and enter your email address. To use the online facility, securityholders will need their "Holder Identifier" - Securityholder Reference Number (SRN) or Holder Identification Number (HIN).

**IF YOU WOULD LIKE TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING, PLEASE BRING THIS FORM WITH YOU.  
THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.**