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Welcome to the Myer Holdings Limited 2010 Annual Report. This report includes Myer's Corporate Governance Statement and Directors' Report (including the Remuneration Report), as well as the statutory accounts.

Please read the Annual Report together with the 2010 Annual Review, which provides a review of Myer's operational performance. If you have not received Myer's Annual Review, an interactive version is available at [www.myer.com.au](http://www.myer.com.au) or you can request a copy to be posted to you by contacting Myer's investor relations team. Please see the inside back cover for contact details.

### Financial highlights

Myer delivered a record profit during the 2010 financial year, despite a challenging trading environment characterised by fragile consumer confidence on the back of successive interest rate rises, the higher cost of living and global economic uncertainty. These tough market conditions were compounded by the cycling of the significant Federal Government stimulus payments that were made during the 2009 financial year. Total sales for the Group were up 0.7% to \$3,283.6 million<sup>1</sup> (2009: \$3,260.8 million).

Earnings before interest and tax (EBIT) were up 14.9% to \$270.9 million,<sup>1</sup> well ahead of the Prospectus forecast of \$260.8 million. Net profit after tax (NPAT) was up 55.1% to \$168.7 million<sup>1</sup> (2009: \$108.7 million), ahead of the Prospectus forecast of \$159.7 million.

### Dividends

A fully franked final dividend of 11.5 cents per ordinary share (cps) will be paid on 4 November 2010. This brings the total dividend for 2010 to 22 cps, fully franked.

### Outlook

After four years and over 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 and the second is due to open at Robina in Queensland in October. 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've 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.

Regards



Howard McDonald  
Chairman

<sup>1</sup> 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, the 2010 numbers above have been restated to a 52-week proforma basis, including adjustments to interest and tax for 2010 to reflect the new capital structure as if it had been in place for the whole year. Net profit after tax excludes IPO costs of \$96.4 million included in the statutory financial report.