

News Release

23 May 2005

Coles Myer Share Buy-Back

- **Off-market buy-back price \$8.30**
- **9.2% discount to Friday's closing price of \$9.14**
- **70.4 million shares bought back for a total of \$585 million**
- **Fully franked dividend for tax purposes of \$5.30**
- **Deemed sale consideration for capital gains tax purposes of \$3.84**
- **On-market buy-back of up to 15 million shares**

Coles Myer Ltd today announced results of the company's off-market share buy-back and its intention to buy back up to 15 million shares on market.

Under the off-market buy-back a total of 70.4 million shares were bought back for \$585 million – approximately 5.7% of Coles Myer's shares on issue. Shareholders will be paid \$8.30 for each share bought back.

Coles Myer CEO, John Fletcher, described the buy-back as a strong outcome, delivering benefits to all shareholders and the company. "The buy-back delivers on Coles Myer's commitment to returning surplus capital to shareholders and forms part of an on going capital management program.

"The buy-back price was set at a level that allows Coles Myer to optimise the effect of the buy-back for the benefit of Coles Myer and its shareholders.

"The component of the buy-back price which is treated as a fully franked dividend will deliver significant value to shareholders whose shares are bought back. For those who retain their holding, Coles Myer's purchase of shares at a discount to market price is expected to improve earnings per share and return on equity over time," he said

The amount of \$8.30 paid for each share bought back includes a component that is treated as a fully franked dividend of \$5.30. For capital gains tax purposes, Australian residents and complying superannuation funds whose shares are bought back will be deemed to have disposed of each share for \$3.84.¹

The buy-back price represents a 9.2% discount to the closing price of \$9.14 on Friday 20 May 2005 and a 7.0% discount to the 5 day volume weighted average price of \$8.92.

All shares tendered in the buy-back as a final price tender², at or below \$8.30 were bought back.

Shares tendered into the buy-back at a price above \$8.30 were not bought back. These shares are now available for shareholders to deal with at their discretion.

Payment for shares purchased in the buy-back will be made on 27 May 2005 to shareholders' nominated bank accounts or otherwise sent by mail.

Shareholders may view updated details of their holding online at www.colesmyer.com/buyback. Shareholders may address any queries in relation to their tender by contacting the Coles Myer shareholder information line on 1300 130 278 or +61 3 9615 9134 if calling from outside Australia.

Coles Myer also said it intended to buy back up to a further 15 million shares on-market. The on-market buy-back will commence after 6 June 2005 and is consistent with Coles Myer's intention to buy back around \$700 million of shares from shareholders.

Further enquiries:

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¹ The tax implications of having shares bought back are explained further in the buy-back booklet. In accordance with Tax Determination TD2004/22, Coles Myer has calculated the deemed market value for the purposes of the buy-back to be \$9.14 per share. This amount is expected to be confirmed by the ATO in the Class Ruling due to be issued on 22 June 2005. If that amount is confirmed, Shareholders will be deemed to have disposed of their shares for \$3.84, being the deemed market value of \$9.14 less the fully franked dividend component of \$5.30.

² Final price tender means a tender where the shareholder elected to receive the buy-back price, as determined by Coles Myer upon completion of the buy-back.