2009 ANNUAL GENERAL MEETING

MONDAY 30 NOVEMBER 2009

CHAIRMAN'S AND CHIEF EXECUTIVE OFFICER'S ADDRESS

ROBERT SAVAGE
Chairman

Ladies & Gentlemen and fellow shareholders, welcome again to our Annual General Meeting, our primary opportunity to meet with our shareholders and to report on our Company's performance over the past 12 months.

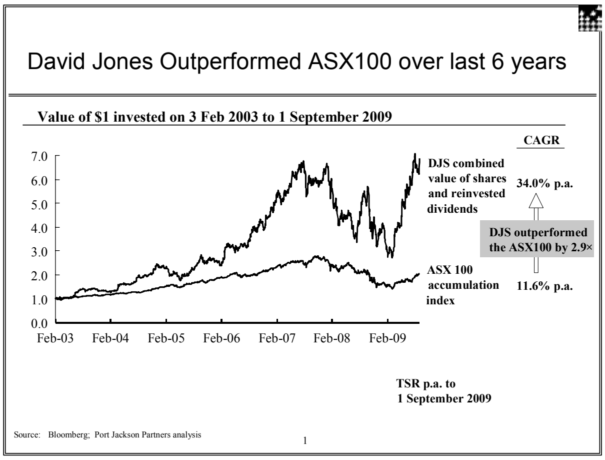
This morning, throughout the course of my report and our CEO's Report which follows, we will provide you with an overview of the past year and the exciting future that lies ahead for our Company.

There are also a number of important items on the Agenda, which I will cover with you in some detail prior to our voting on these items.

As always, the opportunity to ask questions will be available to the meeting.

I am delighted to report that our Company has had an outstanding year despite the challenging macro economic environment. Our Company has delivered another year of profit and dividend growth through disciplined management of the business throughout the downturn, including tight Cost and Inventory management and the introduction of initiatives such as a salary freeze for the Board and management.

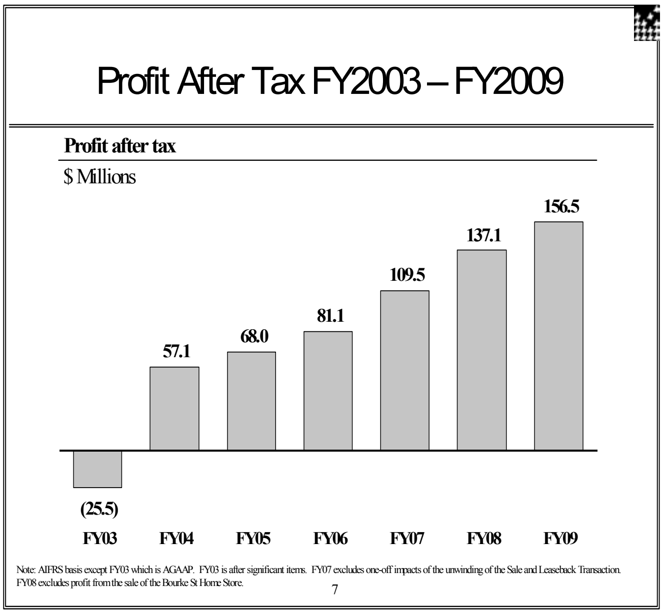
For the past six consecutive years, David Jones has delivered year-on-year NPAT growth, dividend growth and has outperformed the S&P/ASX100 Index. In fact, as can be seen from the graph behind me, since 3 February 2003 David Jones' returns to shareholders has outperformed the ASX100 by 2.9 times, delivering shareholder returns of 34% p.a. compared to the 9% p.a. delivered by the ASX100.



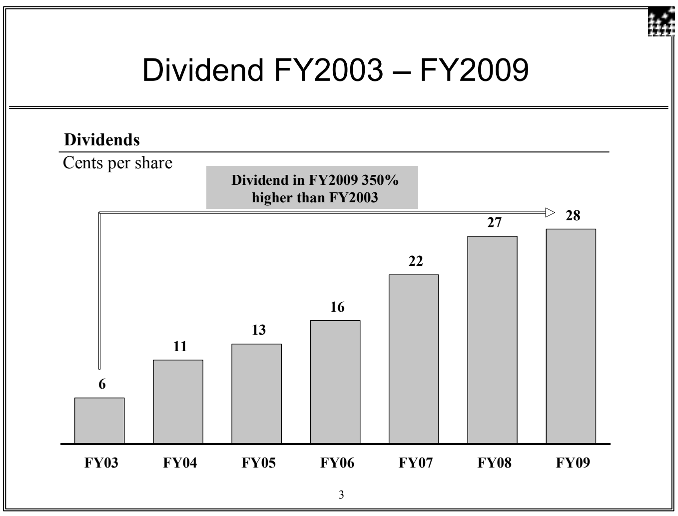
HIGHLIGHTS

The key highlights of our Company’s performance over the past 12 months (compared to the Company’s performance last financial year and since our restructure in 2003) include:

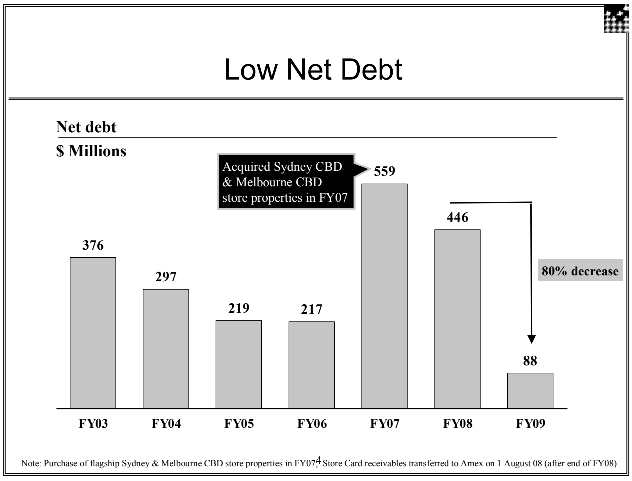
- delivering a year-on-year increase in NPAT from a loss of $25.5 million in FY2003 to $156.5 million in FY2009, as can be seen from the graph on the screen. This represents a 14.2% increase on an underlying basis, on the last financial year;

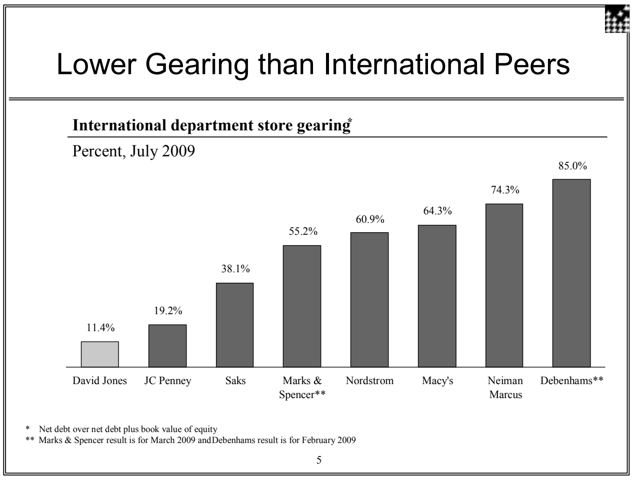


- delivering, as you can see from the graph on the screen, a 350% increase in fully franked dividends to ordinary shareholders from 6 cents per share (cps) in FY2003 to 28cps in FY2009;



- In FY2007, we took on incremental debt to reacquire our Sydney and Melbourne flagship stores. Since then we have decreased our net debt by 80% (from $446 million in FY2008 to $88 million at year end in FY2009). As you can see from the graphs on the screen, this is quite an achievement when you compare the gearing level of our Company to our international peers;





- delivering an increase of nearly 160 basis points in Gross Profit Margin from FY2003 to FY2009 to 39.6% in FY2009;

- decreasing our CODB by 430 basis points from 34.6% in FY2003 to 30.3% in FY2009; and

- maintaining a tight control on capital expenditure leading to significant reinvestment in our Company's core business.

Our Company has established a strong track record over the past six years, in terms of financial performance and shareholder returns throughout both the steep downturns in the economy and the up-cycles.

Today our Company has;

- low debt levels (less than $100 million);
- strong cashflows;
- high quality assets (we own our Sydney and Melbourne CBD store properties);
- a strong balance sheet; and
- attractive dividends.

As a result of work undertaken by the management team during the up-cycle (FY2006/2007) our Company had at the start of FY2009:

- planned and implemented a four-year sustainable cost efficiency program;
- implemented a variable cost reduction program (that fluctuates in line with Sales);
- implemented a tight inventory management program (that also fluctuates in line with Sales); and
- renegotiated trading terms with our 2,700 suppliers.

The work undertaken in FY2006/2007 meant that our Company was well positioned to address the challenging macro-economic environment that unfolded in FY2009 and to continue to deliver NPAT and dividend growth to shareholders.

Importantly, we have not only focused on the immediate short-term outlook, but also invested considerable time and effort into implementing the longer-term projects that will start delivering growth and additional returns to shareholders from 2010 onwards. Our CEO, Mark McInnes, will cover these growth projects in his report to you today.

DIVIDENDS

In light of the Company's strong financial performance in FY2009 I am pleased to report that the Board declared a fully franked dividend of 17 cps for 2H09.

Added to the fully franked dividend of 11 cps declared for the first half of the 2009 financial year, this takes the total dividend declared for the year to 28 cps, fully franked. This represents an increase of 3.7% on the Company's FY2008 dividend of 27 cps.

The Board and the management team remain committed to delivering ongoing dividend growth.

CORPORATE GOVERNANCE

From a non-financial perspective I am delighted to report that for the seventh consecutive year our Company jointly topped the 2009 WHK Horwath Large Cap Corporate Governance Report. The report stated that David Jones' Corporate Governance practices and procedures were "…….outstanding and without question met best practice standards…….” resulting in our Company being awarded a 5-star ranking.

On a number of occasions in the past, the Board and I have stressed the crucial role that we believe public company boards must play if high corporate governance standards are to be upheld. This continues to be a key area of focus.

Our 2009 Annual Report sets out details of our Company's corporate governance policies and practices. This should assist shareholders in appreciating the importance that the Board places on these matters.

CONCLUSION

I would like to take the opportunity to congratulate our management team for delivering an outstanding financial performance in FY09.

Our Company has a strong business model and an excellent track record of delivering shareholder returns, regardless of the peaks and troughs of the economic cycle.

I thank shareholders for their support and am pleased and proud to be able to present this year's Annual Report and on behalf of the Board to declare an unprecedented dividend of 28 cents per share in FY09.

I look forward to reporting back to you in 12 months and to our Company continuing to grow profits and dividends and delivering value to our shareholders.

I will now hand over to our CEO Mr Mark McInnes to report to you on the Company's performance and achievements in the 2009 Financial Year.

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MARK McINNES
Chief Executive Officer

INTRODUCTION

Thank you Chairman and good morning ladies and gentlemen.

I would like to commence my Report today by thanking you for giving me the honor and privilege of being the steward of this great Company and brand.

I am pleased to report that in FY09 our Company met and exceeded all of its benchmark Key Performance Indicators (KPI's), enabling us to deliver a record Profit result and to declare a record Dividend.

POISED FOR GROWTH

Our ability to deliver FY09 PAT and Dividend growth during the most difficult economic environment since the recession in the early 1990's, combined with our performance track record since 2003, demonstrates the strong business model we have and the solid foundation we have laid for future growth.

Our Company is poised for growth:

1. **We have a Distinctive Competitive Positioning**
   David Jones has a distinctive competitive positioning in the Australian Department Store sector, which delivers a resilient and enduring market share.

   Market research undertaken by The Leading Edge, indicates that according to customers David Jones offers:

   - The best range of national and international brands;
   - A superior level of friendly customer service;
   - A superior overall shopping experience; and
   - The most distinctive store environment.

   This distinctive competitive position delivers a superior shopping experience for our customers, greater overall customer satisfaction and a high level of customer loyalty.

2. **We have a Large & Growing Target Customer Base**
   David Jones' business model is supported by strong underlying demographic trends, which remain compelling even during a downturn. Our Company's target customer base is people with above average disposable incomes. According to recently issued ABS data, this group has grown 2.3 times from 3.6 million people in 2001 to 8.1 million in 2008.

3. **We are well positioned to leverage the next up-cycle**
   Our Company is well positioned to achieve significant profit leverage to Sales growth in the next up-cycle due to the fact that:

   - A significant portion of our costs are fixed (such as Head Office costs);
   - The variable components of our business such as Service and Inventory are well managed;
   - Our growth projects require minimal fixed cost increases; and
   - There is upside for Gross Profit Margins in a strong sales environment.

We have a demonstrated track record of profit leverage in our business during an up-turn. During the up-cycle in FY07 and FY08 for instance, our Sales growth of 8.9% and 5.8% generated profit growth of 35% and 25.1% respectively.

4. We are opening New Stores & undertaking major Rebuilds which will deliver ~15% to 25% Sales Growth Over the Medium Term

In March 2008 we announced that we proposed to open 4 – 8 high value, new stores as part of our Company's FY09 – FY12 Strategic Plan. To date agreements have been entered into to open four new stores at:

- Sunshine Plaza (Sunshine Coast, Qld);
- Whitford (Perth, WA);
- Macquarie Centre (Sydney, NSW); and
- Pacific Fair (Gold Coast, Qld).

In addition, our Company currently is in active negotiations to open a further four stores in high value locations. These new stores, coupled with our redevelopment of our Bourke Street Melbourne CBD flagship store, (which will increase sell space by 30%) and the rebuilding of our Claremont store (which will almost double the store's size), are expected to deliver an increase of approximately 15% to 25% in Sales growth and selling space over the medium term.

Our Company is also in the midst of implementing its Refurbishment Program. To date, seven high value stores have been refurbished or are in the process of being refurbished. A further three to five high value stores in key suburban sites are planned over the next 12 to 36 months. Each refurbishment will deliver a payback on capital invested within 1 to 3 years.

Importantly, our New Store and major Rebuild Strategy supports our GP Margins as we allocate more space to high margin categories and brands.

5. Our Financial Services Business will deliver low risk growth

The David Jones/American Express alliance announced in February 2008 allowed our Company to:

- Transfer $374.3 million of largely debt funded receivables to American Express;
- Release approximately $35 million of cash from Working Capital;
- Be in the position where American Express has responsibility for the credit policy and the risk associated with the portfolio; and
- Create a long-term, high value loyalty program for our customers.

Sign-up of cardholders to date has significantly exceeded all our expectations.

6. We have Strong Department Store Core Fundamentals in terms of sustainably Improving Gross Profit Margin and reducing costs

In 2H09 our Gross Profit (GP) Margin grew by 50bps, demonstrating the strength of the David Jones business model and the fact that we are well positioned to continue growing GP margins as the economy enters the next up-cycle.

Our Company's GP Margin target range is 39.5% to 40% throughout the economic cycle. Whilst traditionally gross profit margins decline during a downturn, David Jones has delivered 5 basis points improvement in gross profit margins in FY09 despite trading through the most difficult economic environment since the recession in the early 1990's.

Looking forward our Company has medium to long-term strategies in place to enable it to sustainably improve its gross profit margin within its target band. These include:

- Reaping the benefits from the 2,700 supplier negotiations undertaken in 2007/2008 which are continuing to flow through to the business;
- Increasing the space allocated to high margin categories and brands as part of the New Store and Refurbishment programs; and
- Capitalising on opportunities that arise during the up-cycle to improve margins.

Our Company has a strong track record of improving its Cost of Doing Business (CODB), having materially reduced its CODB percentage over the past 6 years (from 34.6% in FY03 to 30.3% in FY09). This has been achieved whilst maintaining a superior customer service experience for our customers.

The Company continues to have significant cost efficiency opportunities. A further 58 cost efficiency programs are being implemented over the FY10 to FY12 period that will sustainably reduce the Company's cost base and not impact service levels. The Company expects CODB percentage reductions in each of FY10, FY11 and FY12.

7. We own our Flagship CBD Sydney & Melbourne stores which will deliver a permanent $30 mil - $61 mil Cost Advantage

We reacquired our flagship Sydney and Melbourne CBD stores in 2007. This has provided our Company with a $30 million cost advantage in FY09 by avoiding any rental costs on these stores and its Head Office. This $30 million saving is a permanent saving that will grow over time to an estimated $61 million p.a. in 20 years.

Owning our flagship Sydney and Melbourne CBD stores drives higher EBIT today for our Company and higher EBIT growth in the future. This in turn leads to higher returns to our shareholders, rather than to third party landlords.

In addition to owning these flagship store properties we have also reduced our net debt by over $470 million in the last two years and it means we have valuable assets backing our Balance Sheet.

FULLY FUNDED GROWTH PROGRAM

Our Company's growth program, which I have just outlined, requires a $400 million capital investment over the 4-year period commencing in FY09. We are funding this $400 million investment as follows:

- $100 million: External Stakeholder funding;
- $42 million: Proceeds from the sale of the Bourke St Melbourne Home store;
- ~$70 million: Proceeds from the Company's Dividend Reinvestment Plan; and
- ~$190 million: David Jones Capex which equates to ~$50million p.a.

Importantly, no additional debt funding is required to fund our extensive Growth Program.

MANAGEMENT TEAM WITH A PROVEN TRACK RECORD

I am confident that our growth program will be successful given that it will be implemented by a management team with a depth of experience that is unparalleled in department store retailing today. The same management team that delivered the 2003 turnaround and has a proven track record of growing profits each year (including through two downturns), is still in place.

PHILANTHROPY & OCCUPATIONAL HEALTH & SAFETY

Our Company's role in the broader community in terms of Philanthropy and our commitment to high standards of Occupational Health and Safety continue to be areas of strong focus for our Company.

David Jones is committed to making a valuable contribution to Australian society, in particular to causes that our customers feel strongly about. For this reason in FY09 David Jones continued its support to projects that focussed on the health and well being of Australian women and children through our long standing support of the National Breast Cancer Foundation and the Children's Cancer Institute of Australia.

I am proud to report that this year our Company launched the inaugural David Jones National Breast Cancer Foundation Donation Day, whereby all profits made from all stores on 8 October 2009 were donated to the National Breast Cancer Foundation. We raised in excess of $500,000 through this initiative and look forward to continuing this tradition next year and in the future.

In terms of Occupational Health & Safety, David Jones is committed to the health, safety and welfare of all employees, contractors, visitors and customers. Paul Zahra our Group General Manager of Stores and Operations has led a complete overhaul of our OH&S procedures and practices, resulting in a 49% reduction in the number of lost time injuries on the previous year.

Pages 31 to 33 of the 2009 Annual Report outline our commitment to Philanthropy and set out our Occupational Health & Safety policies.

<u>Now Turning to Christmas……</u>

I have just returned from a nationwide 37 store review. I have personally met with each Store Manager and have seen all their plans for this Christmas and am pleased to report that our stores have never looked better, nor have we been better prepared for the all-important Christmas trading period. I am confident that our staff, stores and brand offering are set to shine and delight customers.

Ladies and Gentlemen, I am delighted by our Company's record Profit result in FY09 and by the fact that our Company increased its dividend payment to shareholders at a time when other publicly listed companies were reducing dividends or not paying them at all. I am excited about our Company's future growth and can assure you that the management team and I are ready to maximise our Christmas trading result.

I look forward to our team serving you over the Christmas period.

I will now hand back to our Chairman.

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