



NOTICE OF MEETING

DAVID JONES LIMITED ANNUAL GENERAL MEETING 2010
FRIDAY 3 DECEMBER 2010 AT 10.00AM

DAVID JONES LIMITED ABN 75 000 074 573 ACN 000 074 573

NOTICE OF MEETING

DAVID JONES LIMITED ANNUAL GENERAL MEETING

Notice is given to the members of David Jones Limited ABN 75 000 074 573 (the Company) that the Annual General Meeting of the Company will be held at the Wesley Conference Centre, 220 Pitt Street, Sydney, New South Wales on Friday, 3 December 2010 at 10:00am

BUSINESS

1. To receive and consider the financial report of the Company and its controlled entities for the 53 weeks ended 31 July 2010 and the reports of the Directors and Auditor.

2. Election of four Directors.

To consider and, if thought fit, to pass the following resolutions as ordinary resolutions:

(a) 'Reg Clairs, who retires by rotation in accordance with rule 6.1(f) of the Company's constitution and, being eligible, offers himself for re-election, be re-elected as a director of the Company.'

(b) 'John Harvey, who retires by rotation in accordance with rule 6.1(f) of the Company's constitution and, being eligible, offers himself for re-election, be re-elected as a director of the Company.'

(c) 'Peter Mason, who retires by rotation in accordance with rule 6.1(f) of the Company's constitution and, being eligible, offers himself for re-election, be re-elected as a director of the Company.'

(d) 'Philippa Stone (appointed a director with effect from 9 March 2010), who retires in accordance with rule 6.1(e) of the Company's constitution and, being eligible, offers herself for election, be elected as a director of the Company.'

3. To adopt the Remuneration Report.

The vote on this resolution is advisory only.

4. Allocation of Retention Rights under the Long Term Incentive Plan (FY2009 – FY2012 Retention Plan) to Paul Zahra and Stephen Goddard.

To consider and, if thought fit, to pass the following resolutions as ordinary resolutions:

(a) 'That approval be given for the grant of up to a maximum number of 500,000 Retention Rights (each in respect of one ordinary share in the capital of the Company) to Paul Zahra, the Managing Director and Chief Executive Officer of the Company, pursuant to the David Jones Limited Long Term Incentive Plan (FY2009 – FY2012 Retention Plan) and on the terms set out in the notice of Annual General Meeting 2010.'

(b) 'That approval be given for the grant of up to a maximum number of 250,000 Retention Rights (each in respect of one ordinary share in the capital of the Company) to Stephen Goddard, the Finance Director of the Company, pursuant to the David Jones Limited Long Term Incentive Plan (FY2009 – FY2012 Retention Plan) and on the terms set out in the notice of Annual General Meeting 2010.'

By order of the Board



Caroline Waldron, Secretary
Sydney, 22 October 2010

VOTING EXCLUSION

In accordance with the Listing Rules of ASX Limited any votes cast on resolutions 4(a) or 4(b) by a Director of the Company or any associate of a Director will be disregarded except where the vote is cast:

- by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- by the Chairman of the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

PROXIES

Any member entitled to attend and vote is entitled to appoint not more than two proxies to attend and vote in his or her stead. If more than one proxy is appointed, each proxy should be appointed to represent a specified portion of the member's voting rights. If two proxies are appointed and the appointment does not specify the proportion of the member's votes that each proxy may exercise, each proxy may exercise half the votes. The person or persons so appointed need not be members of the Company.

To be effective, the Proxy Form must be received by Computershare Investor Services Pty Limited, Level 4, 60 Carrington Street, Sydney, NSW, 2000 (or by facsimile to (03) 9473 2555) not less than 48 hours before the time for holding the meeting. No facility exists for receiving Proxy Forms by email.

You can also submit your proxy appointment online by visiting the webpage: www.investorvote.com.au. To use this online facility, you will need your Shareholder Reference Number (SRN) or Holder Identification Number (HIN), postcode and control number as shown on your proxy form. You will be taken to have signed the proxy form if you lodge it in accordance with the instructions on the website. A proxy cannot be appointed electronically by a person appointed by a shareholder under a Power of Attorney or similar authority.

Intermediaries with access to Intermediary Online through Computershare Investor Services Pty Limited should lodge their votes through www.intermediaryonline.com.

Corporate Representative

If your holding is registered in a company name and you would like to attend the meeting (and do not intend to return a completed Proxy Form), please bring with you to the meeting a duly completed Appointment of Corporate Representative Form to enable you to attend and vote at the meeting. Contact the Share Registry, which will forward to you a form for completion.

Entitlement to vote

For the purposes of the meeting, shares will be taken to be held by the persons who are the registered holders at 7.00 p.m. (Sydney time) on Wednesday 1 December 2010. Accordingly, share transfers registered after that time will be disregarded in determining entitlements to attend and vote at the meeting.

EXPLANATORY NOTES

ITEM 1 – FINANCIAL REPORT AND THE REPORTS OF THE DIRECTORS AND AUDITOR

The Corporations Act 2001 requires the financial report and the reports of the Directors and Auditor be laid before the Annual General Meeting. Shareholders will be given a reasonable opportunity to raise questions on all these reports at the meeting.

ITEM 2 – ELECTION OF DIRECTORS

Profiles of the candidates offering themselves for re-election to the office of Director are as follows:

(a) Reginald Clairs AO

Resident of Brisbane

Term of office Non-Executive Director since 22 February 1999.

Independent Yes

External Directorships Director of Commonwealth Bank of Australia (until 13 April 2010).

Skills, experience and expertise Prior to joining the Board of David Jones Limited, Mr Clairs had a career of 33 years with Woolworths Limited, culminating as the Chief Executive Officer for 5 years to December 1998. During his career he gained valuable retail experience at state, national and international levels. The successful 'Fresh Food People' theme was developed during his appointment as National Marketing Manager. Mr Clairs has also held several positions on industry bodies, including Chair of the Australian Supermarket Institute and a board member of C.I.E.S., an international retail organisation.

Board committee membership Chairman of Remuneration and Nominations Committee.

The Directors (other than Reg Clairs) unanimously recommend that shareholders vote in favour of resolution 2(a).

(b) John Harvey LLB BJURIS GRAD. DIP ACC., FCA

Resident of Melbourne

Term of office Non-Executive Director since 8 October 2001.

Independent Yes

External Directorships Chairman and Director Fed Square Pty Ltd and APN Funds Management Ltd; and Director, Templeton Global Growth Fund and Australian Infrastructure Fund Ltd, APN Property Group Ltd (resigned 1 December 2009) and Racing Victoria Limited (resigned 16 February 2010).

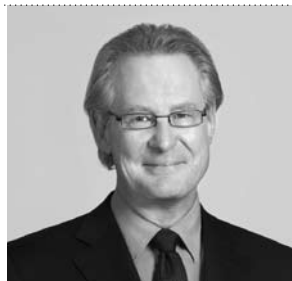
Skills, experience and expertise Mr Harvey has had a 26-year professional career with PricewaterhouseCoopers during which he provided professional advisory services to many multinational and Australian national companies, including retailers. He was a registered company auditor for 20 years (which did not include David Jones). Mr Harvey was Chief Executive Officer of PricewaterhouseCoopers in Australia and served on the global board of PricewaterhouseCoopers.

He has also served on the boards of Opera Australia, Docklands Authority and the Board of Taxation. His experience provides the financial expertise necessary to chair the Audit Committee.

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REGINALD CLAIRS AO
LLB



JOHN HARVEY
LLB B.JURIS GRAD. DIP. ACC., FCA



PETER MASON AM
B.COM (HONS), MBA, HONORARY
DOCTORATE OF BUSINESS (UNSW)



PHILIPPA STONE
BA LLB (HONS)

Board committee membership Chairman of Audit Committee.

The Directors (other than John Harvey) unanimously recommend that shareholders vote in favour of resolution 2(b).

(c) Peter Mason AM B.Com (Hons), MBA, Honorary Doctorate of Business (UNSW)

Resident of Sydney

Term of office Non-Executive Director since 28 November 2007.

Independent Yes

External Directorships Chairman, AMP Limited; Director, Singapore Telecommunications Limited; Senior Advisor to UBS Investment Bank; Chairman, UBS Australia Foundation; Director, University of New South Wales Foundation; Director, (Headspace) National Youth Mental Health Foundation; and a Member of the Takeovers Panel.

Skills, experience and expertise Mr Mason has extensive experience as a director and chief executive officer in financial services in Australia and the United Kingdom, primarily in investment banking. Mr Mason has been a Director and Chairman of a number of public companies. Mr Mason's previous directorships include Chairman of JP Morgan Chase (Australia), Chairman of the Ord Minnett Group, Executive Chairman of Schroders Australia Limited, and Director of Mayne Group Limited.

Board Committee Membership Member of the Audit Committee.

The Directors (other than Peter Mason) unanimously recommend that shareholders vote in favour of resolution 2(c).

(d) Philippa Stone BA LLB (Hons)

Resident of Sydney

Term of office Non-Executive Director since 9 March 2010.

Independent Yes

External Directorships None

Skills, experience and expertise Ms Stone has had extensive business and legal experience, and is a corporate and commercial partner of a major law firm, Freehills. She specialises in corporate governance, general corporate advice, equity capital markets and mergers and acquisitions. Ms Stone is recognised as a leading

mergers and acquisitions and equity capital markets lawyer by not only her peers but also the wider legal industry. She brings to the Board of David Jones Limited extensive experience in business and legal matters. She is a member of the Australian Securities Exchange's Listing Appeals Tribunal and of the Law Council of Australia's Corporations Committee.

Board Committee membership Member of Audit Committee and Property Committee.

The directors (other than Philippa Stone) unanimously recommend that shareholders vote in favour of resolution 2(d).

ITEM 3 – ADOPTION OF THE REMUNERATION REPORT

The Corporations Act 2001 requires listed companies to put a resolution to shareholders to adopt the Company's Remuneration Report. The vote on this resolution is advisory only and does not bind the Directors or the Company. Nevertheless, the discussion held at the Annual General Meeting will be considered by the Remuneration and Nominations Committee when evaluating the remuneration arrangements of the Company.

The Remuneration Report is set out on pages 40 to 59 of the 2010 Annual Report and is also available at <http://www.davidjones.com.au/For-Investors/Presentation-and-Reports-2010/Annual-Reports-2010>.

The Remuneration Report:

- describes the policies behind, and structure of, the remuneration arrangements of the Company and the link between the remuneration of employees and the Company's performance;
- sets out the remuneration arrangements in place for each Director and for certain members of the senior management team; and
- explains the differences between the basis for remunerating Non-Executive Directors and executives of the Company, including the Executive Directors.

A reasonable opportunity for discussion of the Remuneration Report will be provided at the meeting.

The Directors unanimously recommend that shareholders vote in favour of resolution 3.

ITEMS 4(a) and 4(b) – ALLOCATION OF RETENTION RIGHTS UNDER THE LONG TERM INCENTIVE PLAN (FY2009 – FY2012 RETENTION PLAN) TO PAUL ZAHRA AND STEPHEN GODDARD

The FY2009 – FY2012 Retention Plan has been successful in Paul Zahra's continued tenure.

The FY2009 – FY2011 Retention Plan has been equally effective in securing Stephen Goddard's ongoing tenure.

Both Retention Plans link high performance to rewards and increasing shareholder value.

In the interests of continued creation of shareholder value the Board is recommending that Paul Zahra be made an additional offer of Retention Rights under the current FY2009 – FY2012 Retention Plan and that an offer be made to Stephen Goddard for the first time under that Plan. This is in recognition of the material increase to Paul Zahra's accountability due to his recent appointment to the position of Managing Director and Chief Executive Officer (CEO) and the significant role that Stephen Goddard has and will continue to play in supporting the transition of the new CEO.

The offer of Retention Rights is designed to achieve the following:

- incentivise the CEO and Finance Director to continue to grow profit returns off the 'top of the cycle' result in FY2008;
- maximise shareholder returns, particularly with continued challenges in the retail trading environment;
- ensure successful delivery of the Company's FY2009 – FY2012 Strategic Plan; and
- successful setting of the Company's FY2013 – FY2016 Strategic Plan.

It is proposed to offer Paul Zahra an additional 500,000 Retention Rights under the FY2009 – FY2012 Retention Plan. In his prior position as Group General Manager – Operations, Paul Zahra was offered 1,000,000 Retention Rights under the FY2009 – FY2012 Retention Plan. No consideration was or will be payable for the grant or issue of these Retention Rights or underlying shares. The additional offer of Retention Rights would increase Paul Zahra's total number of Retention Rights granted under FY2009 – FY2012 Retention Plan to 1,500,000.

The additional Retention Rights are granted conditional on the achievement of performance and service conditions applicable to the Plan. The additional Retentions Rights will be comprised of two tranches comprised of 250,000 Retention Rights for FY2011 and 250,000 Retention Rights for FY2012, that will vest in line with a 50/50 grant schedule.

Vested Retention Rights for the year FY2011 will be held in escrow until the end of the Plan period in line with fulfilment of the Plan service conditions, including continuous employment. FY2009 – FY2012 Retention Plan shares will be issued by the end of October 2012.

It is also proposed to offer Stephen Goddard a grant of 250,000 Retention Rights under the FY2009 – FY2012 Retention Plan for the year FY2012. Currently, Stephen Goddard is covered by the FY2009 – FY2011 Retention Plan. At the 2008 Annual General meeting, Shareholders approved the offer of 1,732,258 Retention Rights to Stephen Goddard under the FY2009 – FY2011 Plan. As Stephen Goddard has not previously participated in the FY2009-FY2012 Retention Plan, no retention award has previously been made to him in respect of the year FY2012.

The grant to Stephen Goddard will be comprised of one tranche comprised of 250,000 Retention Rights for FY2012. The 250,000 Retention Rights for FY2012 will vest and be issued by the end of October 2012, conditional on the achievement of performance and service conditions applicable to the plan.

Shareholder approval is sought for the additional grant of Retention Rights to Paul Zahra and the new grant to Stephen Goddard, and to the allocation of the underlying shares to Paul Zahra and Stephen Goddard if the performance and service conditions attached to the Retention Rights are satisfied. All Retention Rights and underlying shares will be issued by the end of October 2012.

FY2009 – FY2012 Retention Plan Measures

For the FY2009 – FY2012 Retention Plan, Net Profit After Tax (NPAT) and Total Shareholder Returns (TSR) are the performance hurdles. To ensure alignment to shareholder interest NPAT and TSR has been split on a 50/50 per annum basis.

Half of Paul Zahra's additional award will be tested against the performance hurdles at the end of FY2011 and the other half will be tested at the end of FY2012. Stephen Goddard's entire award will be tested at the end of FY2012.

Calculations of NPAT and TSR

For the FY2009 – FY2012 Retention Plan, FY2008 is the base year for measurement of NPAT and TSR and is on an underlying basis.

The NPAT target is cumulative from the FY2008 base year at 5% NPAT growth, with stretch level set at 10% NPAT growth. If NPAT growth reaches 5%, 50% of each tranche that is subject to the NPAT hurdle will vest. When NPAT reaches stretch level, 100% of the performance condition is satisfied for that tranche.

The TSR target is set at the 50th percentile of the TSR comparator peer group and stretch at the 75th percentile, with pro-rata between the 50th and 75th percentiles. At the 50th percentile of the comparator peer group the performance condition for each tranche that is subject to the TSR hurdle will be 50% satisfied. When TSR reaches the 75th percentile of the comparator peer group the financial performance condition is 100% satisfied for that tranche.

The share price used for the purpose of the TSR calculation are measured annually and are determined as the average daily closing price over the 3-month period immediately prior to the beginning of the next financial year, with May to July 2008 as the base year.

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TSR Peer Group

The TSR Peer group for the FY2009 – FY2012 Retention Plan was compiled on advice from PricewaterhouseCoopers (received in 2005 and updated in 2008) and is comprised of peer companies both non-retail and retail that, like David Jones Limited are significantly impacted by consumer spending and sentiment and/or economic cycles.

During 2008, in preparation for the original grant to executives under the FY2009 – FY2012 Retention Plan, an independent remuneration specialist review was undertaken and the following TSR peer group was adopted for the FY2009 – FY2012 Retention Plan.

S&P/ASX 300 listed retailers and/or retailers included in the All Ordinaries Index:

- Clive Peters Limited
- Funtasic Limited
- Harvey Norman Holdings Limited
- JB Hi - Fi Limited
- Metcash Limited
- Nick Scali Limited
- Orotongroup Limited
- Specialty Fashion Group Limited
- Super Cheap Auto Limited
- Woolworths Limited

S&P / ASX 300 non-retailers and/or non-retailers included in the All Ordinaries Index that are affected by consumer spending and sentiment and/or have similar cyclical element to their operations:

- APN News and Media Limited
- Austereo Group Limited
- Consolidated Media Holdings Limited
- Fairfax Media Limited
- Fisher & Paykel Appliances Holdings Limited
- Flight Centre Limited
- Globe International Limited
- G.U.D Holdings Limited
- Breville Group Limited
- Kresta Holdings Limited
- Pacific Brands Limited
- PMP Limited
- Salmat Limited
- Seven Network Limited
- STW Communications Group Limited
- Ten Network Holdings Limited
- West Australian Newspaper Holdings Limited
- Wesfarmers Limited

The Board may determine at its discretion that a company be deleted from the peer group if the Company no longer meets the peer group criteria, the LTI plan objectives, or has ceased to be listed. TSR peer groups are reviewed periodically by an independent remuneration specialist to ensure peer companies are continuing to meet selection criteria, liquidity, size thresholds and listing requirements.

Service Conditions

Although the additional Retention Rights will be granted annually in two equal tranches to Paul Zahra (only one grant of Retention Rights will be made to Stephen Goddard), the shares will not be issued and allotted until October 2012, and are subject to the fulfilment of certain service conditions, in particular, continuous employment aligned to the date of each share allocation when vested rights will convert to shares.

When allocated, the shares will be subject to a holding lock of up to seven years in accordance with the FY2009 – FY2012 Retention Plan Rules.

General Provisions

No consideration is payable for the grant or issue of these additional Retention Rights or underlying shares. Once the performance and service conditions included have been met, shares will be registered in the name of the participant subject to a seven-year holding lock.

Shares can only be released if the participant's employment ceases, or where the participant is still an employee after this seven-year period expires, or upon application made to the Board or its delegate.

Entitlements to shares may be forfeited if a participant ceases employment prior to the performance and service conditions being satisfied, is dismissed with cause, or has committed any act of fraud or gross misconduct.

Shares provided may be by purchase of existing shares or by a new issue of shares. Participation in the FY2009 – FY2012 Retention Plan does not affect participation in any other incentive or scheme offered by the Company. The maximum number of shares issued under all employee incentive schemes in a rolling five-year period is in accordance with ASIC Class Order 03/184.

Paul Zahra and Stephen Goddard are Executive Directors and are the only directors entitled to participate in the Retention Plan. Details of any securities issued under the FY2009 – FY2012 Retention Plan to an Executive Director will be published in the Annual Report of the Company for David Jones in the financial year in which they are issued, and will state that approval for the issue of securities was obtained under Listing Rule 10.14. In accordance with the ASX Listing Rules, approval from Shareholders will be obtained before the participation commences for any additional Executive Director.

Previous Grants

At the Company's 2008 Annual General Meeting, shareholders approved the grant to Stephen Goddard of a maximum of 1,732,258 Retention Rights in the capital of the Company pursuant to the Company's FY2009 – FY2011 Retention Plan conditional on certain performance measures and service conditions for the period 1 August 2008 to 31 July 2011 are met.

On 30 September 2010, following the achievement of TSR and EPS at stretch level, and in accordance with shareholder approvals made in 2007, the issue of 156,741 ordinary shares which covered the period 1 August 2008 to 31 July 2010 was made to Stephen Goddard.

No consideration was payable for the grant or issue of these Retention Rights or underlying shares.

The Directors (other than Paul Zahra and Stephen Goddard) recommend that shareholders vote in favour of resolutions 4(a) and 4(b).



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JONES



For Corporate and Customer information please visit us at www.davidjones.com.au