For Immediate Distribution **12 August 2013**

DAVID JONES ENTERS RETAIL BRAND MANAGEMENT AGREEMENT WITH DICK SMITH

David Jones Limited (DJS) today announced that it has entered into a Retail Brand Management Agreement (RBMA) with Dick Smith Electronics Pty Ltd (Dick Smith) pursuant to which Dick Smith will, as of 1 October 2013, operate the existing David Jones Electronics business under the banner ***"David Jones Electronics Powered by Dick Smith".***

Products covered by the RBMA include televisions, computers, tablets, home office, audiovisual and other digital products **(Electronics)**. Whitegoods and Small Appliances are not covered by the RBMA and will continue to be operated by David Jones.

The arrangement with Dick Smith is exclusive to David Jones and is an Australian department store first in this category.

TERMS OF THE AGREEMENT

On 1 October 2013 Dick Smith will acquire David Jones' Electronics inventory as well as the fixture and fittings relating to this category and David Jones' Electronics front line staff will transfer across to Dick Smith. This will enable a smooth transition of this business from an "own buy" model to a RBMA model.

In addition to operating the Electronics category in David Jones stores, Dick Smith will be responsible for fulfilling all Electronics orders placed on the David Jones webstore via a "Drop Ship" model (where David Jones takes the customer order and Dick Smith is responsible for picking, packing and dispatching the goods to the customer).

Branding of the David Jones Electronics business will remain consistent with David Jones' branding principles and the Electronics business customer database will continue to be owned by David Jones and used by the Company for marketing purposes.

'David Jones Electronics Powered by Dick Smith' will operate in-line with David Jones' operational policies and procedures to ensure a seamless experience for David Jones customers entering a David Jones store or shopping on the David Jones webstore.

Dick Smith will throughout the term of the RBMA pay to David Jones on a monthly basis a fixed percentage of the sales generated by the David Jones Electronics business. This payment has been underwritten by Dick Smith to ensure that David Jones will throughout the term of the arrangement receive a minimum payment each year regardless of sales volumes.

The initial term of the agreement is three years with three subsequent 12 month options to renew.

BENEFITS OF THE ARRANGEMENT

David Jones CEO & Managing Director Mr Paul Zahra said, "Our agreement with Dick Smith is a great outcome for both David Jones and Dick Smith. It will deliver a broader range of Electronics products to our customers at more competitive prices whilst maintaining the David Jones shopping experience.

"Our agreement will also enable us to drive increased foot traffic into our stores and onto our webstore as we leverage the 6 million catalogues issued by Dick Smith each week, " Mr Zahra said.

Dick Smith CEO Mr Nick Abboud said, "The ability to combine the David Jones Electronics business with our existing Dick Smith business will create critical mass which will strengthen our buying power, allowing for more competitive prices for customers.

"It will also enable us to introduce aspirational and innovative products by partnering with world renowned brands in categories such as mobility, computing and accessories. We value the David Jones brand principles and are committed to ensuring we provide David Jones customers with a seamless experience both in-store and online," Mr Abboud said.

Mr Zahra said, "For some time we have reported on the challenges that our Electronics business has faced, including deflation and aggressive discounting. This category has adversely impacted our sales and profit for a number of years now.

"As part of our Future Strategic Direction Plan we stated that we would review all of our underperforming categories, Electronics was one such category. Our agreement with Dick Smith enables us to remove the risks associated with this business and preserves our ability to participate in the sales and profit upside that results from combining both our businesses.

"In effect we have transformed what was an under performing category in our business into a profit contributor, " Mr Zahra said.

A number of one-off costs will be incurred by David Jones in FY13 and FY14 in connection with implementation of the RBMA, these relate primarily to Inventory and Head Count. These one-off costs will be more than offset by the benefits that flow through to David Jones from the RBMA.

The Dick Smith transaction is expected to deliver a positive return on investment to David Jones within 12 months of implementation.

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