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DAVID JONES APPOINTS M&C SAATCHI AS ITS ADVERTISING AGENCY

David Jones Limited (DJS) today announced that it has appointed M&C Saatchi Agency Pty Ltd as its advertising agency, following a five-month tender process. M&C Saatchi replaces Saatchi & Saatchi who has held the role as David Jones' advertising agency for 14 years.

Since the 2003 Strategic Plan, David Jones has embarked upon a 'cost and risk minimisation' program, which focuses on delivering cost efficiencies without jeopardising the quality or consistency of the business outcomes. In the case of the Company's advertising contract the Company has secured key creative talent by directly employing Andrew Henderson (ex Saatchi & Saatchi) in 2006 as General Manager Creative Direction and directly contracting Ted Horton as the Company's Creative Director – Television.

David Jones Group General Manager Marketing & Financial Services Damian Eales said, "Having already secured our key creative talent, in March this year we commenced a tender process for our advertising agency contract. After lengthy negotiations and a due diligence process to ensure we were able to achieve our creative objectives in a more financially efficient manner, we have awarded a three year advertising contract to M&C Saatchi.

"This has been a difficult decision as we short-listed two exceptional agencies - Saatchi & Saatchi and M&C Saatchi. We have a great deal of respect for the Saatchi & Saatchi organisation, which has served our business well over the last 14 years.

"M&C Saatchi however was chosen as the successful tenderer on the basis of:

- its demonstrated ability to deliver large and complex advertising programs for similar clients;
- the strength of its leadership team and creative capability; and
- the cost efficiency it can bring to our business through the scale and sophistication of its operation," Mr Eales said.

David Jones CEO Paul Zahra said, "The advertising agency tender is a good example of the types of cost efficiencies that exist in our business. Our approach is to ensure we do not hastily extract costs without a contingency plan to mitigate any risks to the business. Whilst this means it may take longer to implement some cost savings, it ensures we do not inadvertently jeopardise our business in the longer term and that the savings we generate are sustainable."

In recent years David Jones has generated cost efficiencies by putting out to tender a number of its Marketing contracts including its:

- Printing Contract (which has gone to tender 3 times since 2003 and each time has delivered sustainable savings); and
- Letterbox Distribution services (which has also gone to tender 3 times since 2003 and each time has delivered sustainable savings).

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Mr Zahra said, "We continue to look at opportunities to operate our business in the most efficient manner and are confident of identifying ways to work better and generate improved results and cost savings."

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