



Dear Shareholder

Your Board recently announced that Mark McInnes has been appointed to take over from Peter Wilkinson as CEO of David Jones when Peter retires at the end of January 2003. Mark also joins the Board of David Jones.

Mark is currently Merchandise Director. He joined us in July 1997 and has worked in the retail industry for 20 years. He has an MBA from Melbourne University.

I am delighted that we have been able to appoint an internal candidate to the most senior executive position in the Company. To protect the interests of our shareholders we conducted a very thorough review and interview process benchmarking a strong group of internal candidates against the best external candidates.

Mark has been instrumental in transforming our brand and in turning around the crucial merchandising and marketing function here at David Jones. Along with his fellow members of our Management Committee he has also played an important role in setting company strategy in a broader sense. Through the rebuilding of our inventory and ranging Mark and his team has created a major point of difference for our brand, and today some 70% of our womenswear and menswear are exclusive to us as a Department Store. Very importantly also our inventory levels are well managed.

At the same time as the announcement of the new CEO we also advised that our CFO Stephen Goddard will be appointed to the Board becoming Finance Director. Stephen has performed key operational roles since joining us in 1997 and as CFO has been instrumental in revamping our company's approach to capital management.

It has been a significant year for your company. The strategic announcement made in May this year advised the market of steps taken to better position us going forward. As I said in my speech to our recent Annual General Meeting we now need to build on what we have put in place and focus on lifting returns to shareholders. I can assure you we are genuinely committed to this improvement.

I wish each of you and your families a very Merry Christmas and a safe and prosperous 2003.

Sincerely

Richard FE Warburton
Chairman David Jones Limited

DAVID JONES

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