

17 July 2003

Dear fellow David Jones shareholder,

As you may know, I was elected and formally appointed Chairman of David Jones Limited on 17 July 2003. Attached for your information is a copy of the release lodged with the Australian Stock Exchange announcing my appointment. I am delighted and proud to be able to deepen my involvement with David Jones, having been associated with the company as a Non-Executive Director since 1999.

I am writing to you now to express my commitment to looking after the interests of all shareholders in my new role and to outline key priorities in my capacity as your Chairman.

Since early this year, our Chief Executive Officer, Mark McInnes, and the David Jones management team have undertaken an intensive Strategic Review, the findings of which were announced to the market on 3 June 2003.

The Strategic Review was unanimously adopted by your Board of Directors. As a member of the Board during this period, I have been closely involved in reviewing the findings of the Strategic Review and adopting its recommendations.

Some tough decisions have had to be made to enable our company to concentrate on its core competency – namely, our excellent department store business. Our department store business enjoys a strong market position, a powerful brand name, a loyal customer base and is successfully differentiating itself from its competitors in terms of exclusive supply arrangements, quality of service, store ambience and the best range of national and international brands.

I am convinced that the right decisions have been made, and that the Strategic Review provides our company with a solid platform from which to leverage our strengths and enhance shareholder returns.

My focus as Chairman, will be to continue to provide my full support to Mark and the team, in successfully implementing the Strategic Review initiatives and in restoring the investment fundamentals of the Company. The Strategic Review provides a framework from which our company can deliver consistent strong yields and steady growth. As your Chairman, I take this opportunity to confirm the commitment of the Board to strengthen and grow the cashflows of the business and to continue to return the excess, that is not needed in the ongoing business, to shareholders in an efficient manner.

As a sign of the company's commitment to enhancing returns and value for shareholders and the Directors' confidence in the new management team and the future earnings potential of the business, I am pleased to confirm the Directors' intention to pay (subject to the final full year result) a fully franked 3 cents per share dividend for the second half of the 2003 financial year. In addition, as announced on 3 June 2003, it has been decided to suspend the Dividend Reinvestment Plan, prior to payment of the final 2003 dividend.

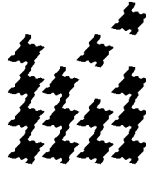
I am honoured to be the Chairman of your company and look forward to updating you on progress at the Annual General Meeting later this year. I take this opportunity to confirm your Board's commitment to ensuring our company adopts good corporate governance practices and will update you on this at the AGM.

Yours sincerely,

Robert Savage
Chairman

DAVID JONES

David Jones Limited A.C.N. 000 074 573
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ASX AND MEDIA RELEASE
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17 July 2003

David Jones Limited Announces Appointment of Robert Savage as Chairman

David Jones Limited today confirmed the appointment of Robert Savage as Chairman, effective 17 July 2003.

Mr Savage will replace Mr Dick Warburton, who as previously announced, is retiring from the David Jones Board. This retirement will be effective today.

Mr Savage, 61, has been a Non-Executive Director of David Jones since October 1999.

Mr Savage brings to the role extensive business experience gained during a 35-year career with IBM in marketing, finance, software development and management roles. During this period, he worked in Australia, throughout Asia and in the United States. Roles at IBM included: Managing Director and Chairman of IBM Australia; General Manager-Government for all of IBM's business activity with governments throughout Asia Pacific and South Asia; and as Chairman and CEO of IBM Hong Kong, China and Taiwan.

Mr Savage has strong public company experience. He is a Director of Smorgon Steel Group Limited and of Perpetual Trustee Australia Limited, and is Chairman of Mincom Limited.

A comprehensive review of internal and external candidates for the role was conducted, using an external executive search firm. Mr Savage's appointment was unanimously supported by the David Jones Directors.

"I am delighted to take on the role of Chairman of David Jones," Mr Savage said.

"I have participated fully in the review and Board endorsement of the Three Year Strategic Review conducted by CEO Mark McInnes and his management team, which was announced on 3 June. I fully endorse that plan, and believe it provides a clear path to deliver maximum shareholder returns moving forward.

"I look forward to continue working with CEO Mark McInnes and his team, and with my other Board colleagues, to deliver the best range of national and international brands and excellent service to our customers," Mr Savage said.

Ends

FOR FURTHER INFORMATION CONTACT:

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DAVID JONES

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