



DAVID JONES NOTICE OF MEETING

DAVID JONES LIMITED ANNUAL GENERAL MEETING 2003
WEDNESDAY 26 NOVEMBER 2003 AT 10.00 AM
ABN 75 000 074 573 ACN 000 074 573

NOTICE OF MEETING

DAVID JONES LIMITED ANNUAL GENERAL MEETING

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NOTICE OF 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 Wednesday 26 November 2003 at 10.00 a.m.

ORDINARY BUSINESS

1. To receive the reports of the Directors and of the Auditors and the annual financial report, including the Financial Statements of the Company and of the Company and its controlled entities, for the 52 weeks ended 26 July 2003.
2. To elect four Directors
 - a) John Coates retires in rotation and, being eligible, offers himself for re-election.
 - b) Katie Lahey retires in rotation and, being eligible, offers herself for re-election.
 - c) Stephen Goddard was appointed on 3 February 2003 and retires in accordance with Clause 6.1 of the Company's Constitution. He is eligible and offers himself for re-election.
 - d) Paula Dwyer was announced by the Board of Directors on 14 October 2003 as being nominated as a Director to be appointed on 25 November 2003. In accordance with Clause 6.1 of the Company's Constitution, following her appointment she will retire at the Annual General Meeting, is eligible and will offer herself for re-election.

Please note Mark McInnes was appointed by the Board as Chief Executive Officer and Executive Director effective 3 February 2003. Under the Company's Constitution, a managing director is not required to retire from office and stand for election at a general meeting.

SPECIAL BUSINESS

3. To consider, and if thought fit, to pass the following resolutions as ordinary resolutions:
 - a) 'That the Board of Directors of the Company be authorised to offer to Mark McInnes, the Chief Executive Officer of the Company, pursuant to the David Jones Limited Long Term Incentive Plan, up to a maximum number of 838,965 ordinary shares

in the capital of the Company and to issue fully paid ordinary shares in accordance with the rules of the David Jones Limited Long Term Incentive Plan and the terms of the offer.'

- b) 'That the Board of Directors of the Company be authorised to offer to Stephen Goddard, the Finance Director of the Company, pursuant to the David Jones Limited Long Term Incentive Plan, up to a maximum number of 528,995 ordinary shares in the capital of the Company and to issue fully paid ordinary shares in accordance with the rules of the David Jones Limited Long Term Incentive Plan and the terms of the offer.'

Voting Exclusion

In accordance with the Listing Rules of the Australian Stock Exchange Limited ('ASX Listing Rules') any votes cast on the special business resolutions 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 necessarily be members of the Company.

To be effective, the Proxy Form must be received by Computershare Investor Services Pty. Limited, Level 3, 60 Carrington Street, Sydney, NSW, 2000 by 10.00 a.m. on Monday 24 November 2003, being not less than 48 hours before the time for holding the meeting. The Proxy Form may also be sent by facsimile to (02) 8235 8220 by 10.00 a.m. on Monday 24 November 2003.

No facility exists for receiving proxy forms by email.

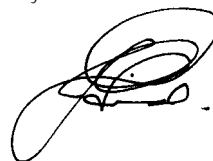
Corporate Representative

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 Annual General Meeting. Contact the Share Registry who will forward to you a form for completion.

Entitlement to Vote

For the purposes of Corporations Regulations 2001, the Board has determined that in relation to the Annual General Meeting being convened by this Notice shares will be taken to be held by the persons who are the registered holders at 10.00 a.m. on Monday 24 November 2003. Accordingly, share transfers registered after that time will be disregarded in determining entitlements to attend and vote at the meeting.

By order of the Board



John A Simmonds
Secretary

Sydney
15 October 2003



John Coates
Independent Non-Executive Director



Katie Lahey
Independent Non-Executive Director



Stephen Goddard
Finance Director



Paula Dwyer
Independent Non-Executive Director

EXPLANATORY NOTES ON ORDINARY BUSINESS

ITEM 1 – ANNUAL FINANCIAL REPORT

The Corporations Act requires the Reports of the Directors and of the Auditors and the annual financial report, including the Financial Statements, to be laid before the Annual General Meeting and the Company's Constitution provides for such Reports and Statements to be received and considered at the Meeting. Neither the Corporations Act nor the Constitution requires a vote of shareholders at the Annual General Meeting on such Reports or Statements. However, shareholders will be given ample opportunity to raise questions on the Reports and Statements at the Meeting.

ITEM 2 – ELECTION OF DIRECTORS

Profiles of the candidates offering themselves for election to the office of Director:

a) John Coates AO LLB

Independent Non-Executive Director for 8 years since 6 October 1995. Member Audit Committee. Age 53, resident Sydney. Partner of Kemp Strang Lawyers, Chairman of Burson-Marsteller Australia, Member of the Grant Samuel Advisory Board, President of the Australian Olympic Committee Inc, Member of the International Olympic Committee, Vice President of International Council of Arbitration for Sport, Council Member of International Rowing Federation and Director of Roseville College Foundation Ltd.

John Coates has had a heavy involvement in sports administration at the highest national and international levels over the past 25 years bringing with it extensive private and public sector experience including on various Commonwealth and State statutory authorities

and culminating in his leading role in the delivery of the multi-faceted Sydney Olympics.

As a solicitor John Coates has practiced mainly in commercial and property law. His relevant public company board experience includes shopping centre management and property development. He chairs global public relations firm Burson-Marsteller Australia and is a member of merchant bank Grant Samuel's Advisory Board.

John Coates has served on David Jones' Remuneration and Nomination Committee and is in his second term as a member of the Audit Committee. The Board and senior management utilize his wide experience to advise and assist in some of the Company's key public and commercial relationships.

b) Katie Lahey BA (Hons) MBA

Independent Non-Executive Director for 8 years since 6 October 1995. Member Remuneration and Nominations Committee. Age 53, resident Sydney. Chief Executive of the Business Council of Australia, Member of Major Performing Arts Board and Garvan Research Foundation. Previously a Director of Hills Motorway and Australia Post.

Ms Lahey has more than 13 years experience as a Chief Executive in the public and private sectors. She has been the Chief Executive of the Business Council of Australia since 2001. The Business Council is an association of the Chief Executives of Australia's largest companies and provides business leadership on public policy debates on a range of issues including tax, corporate governance, population and regulatory reform.

Prior to her current position, Ms Lahey was Chief Executive of the NSW State Chamber

of Commerce for five years and was the spokesperson on business issues including the Olympics, Y2K and tax reform. The Chamber has 150,000 business members throughout NSW and provides business services, lobbying and networking opportunities for its members.

Prior to the Chamber position, Ms Lahey was Chief Executive of the Sydney City Council where she was instrumental in reversing the Council's negative financial position from a deficit to a healthy surplus. In her three years with the Council she achieved major cultural change within the organisation, outsourced a number of functions to the private sector and rationalised the Council's property portfolio. She developed and implemented policies to increase residential, retail and cultural activity in the CBD and to prepare the City to bid for the Olympic Games.

From 1989-1992 Ms Lahey was CEO of the Victorian Tourism Commission. In this role she overhauled the Commission's domestic and international offices, and launched successful marketing campaigns promoting Melbourne and Victoria which resulted in an increase in tourist numbers to the State.

Ms Lahey's qualifications are: Bachelor of Arts (First Class Honours, Major Geography) and a Masters of Business Administration for which she was awarded the prize as top student.

c) Stephen Goddard BSc (Hons), MSc

Appointed to the Board on 3 February 2003 as Finance Director. Age 45, resident Sydney.

Stephen Goddard has more than 20 years experience in the Australian retail sector across a broad range of areas including Finance, Operations, Strategic Planning, Merchandise, Stores, Logistics and Supply Chain. Of these 20 years, 15 years have been spent in senior

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management and strategic roles in major Australian department stores including six years at David Jones and ten years at Myer Grace Bros (part of Coles Myer Limited). As such, Mr Goddard brings to the Board extensive and broad ranging retail experience directly relevant to David Jones' business and the competitive environment in which it operates.

Stephen Goddard's retail management career commenced at Myer Grace, where he held a number of senior executive roles across a broad range of divisions including Finance & Administration, Strategic Planning, Merchandise and Logistics. In 1991, Mr Goddard was appointed to the Myer Grace Management Committee as Group General Manager of Logistics & Supply Chain. In this role he managed 1,500 employees and a \$90 million p.a. operating expense budget.

By late 1993 Mr Goddard was appointed founding Managing Director of Officeworks, this being a start-up business at the time which Mr Goddard was appointed to develop from inception to become the major force in the office products market that it is today. As Managing Director of Officeworks Mr Goddard was responsible for strategy development and operational management of the business.

Prior to joining David Jones, Mr Goddard was Managing Director of the New Media division of PMP Limited, which included businesses such as Show Ads Interactive, REView, Pinpoint and Pacific Metromail. In this role he was responsible for managing the group's Internet & Database Marketing businesses in the formative stages of the internet sector's dramatic growth phase.

Stephen Goddard joined David Jones in 1997 as Operations Director, and was responsible for successfully overhauling the Company's IT systems, building the early supply chain base and developing plans to refurbish the key city stores. He was appointed Chief Financial Officer in July 2001 and has played an integral role in the June 2003 Strategic Review, in particular in critical areas such as the development and adoption of David Jones' new capital management policy (which imposes disciplines and accountability on the group's capital expenditure with a key focus being on Return on Investment), the store portfolio review and the development and implementation of the Cost Efficiency program. His involvement in the Strategic Review is integral to its successful implementation over the next three years.

d) Paula Dwyer B.Comm, FCA, FAICD, ASIA

Paula Dwyer was announced by the Board of Directors on 14 October 2003 as being nominated as a Director to be appointed on 25 November 2003. Age 43, resident Melbourne. Paula Dwyer's background is in investment management and investment banking. She holds a Bachelor of Commerce Degree from Melbourne University (1982), is a Fellow of the Institute of Chartered Accountants, a Fellow of the Institute of Company Directors and an Associate of the Securities Institute of Australia.

During her executive career Paula Dwyer specialised in corporate advice to major private and government sector clients including the reform of public infrastructure, private sector investment in public infrastructure, mergers and acquisitions advisory and equity capital market raisings. She has extensive experience in the securities and investment industries.

Paula Dwyer is presently a Director of the following companies:

- Alpha Investment Management Limited – a boutique Australian equities wholesale fund manager owned by its management and Babcock and Brown – and is Chairman of the Compliance Committee;
- CCI Investment Management Limited – the wholesale investment management company servicing the Catholic Church and its institutions – and is Chairman of the Audit and Compliance Committee;
- ColInvest Limited – the construction industry long service leave fund – and is Chairman of the Business Development Committee;
- Promina Group Limited – a major general insurance company operating in Australia and New Zealand – and is Chairman of the Audit, Compliance and Risk Management Committee; and
- Baker Heart Research Institute – The Baker is one of the world's leading medical research centres operating Australia's most comprehensive cardiovascular research program – and is also Honorary Treasurer.

Her past appointments include serving as a Director of RACV Ltd., as a Member of the Victorian Casino and Gaming Authority and of the Victorian Gaming Commission, as a Deputy Director of Emergency Services Superannuation, VicSuper and Government Superannuation Office and as a Committee member of Chartered Accountants in Business.

EXPLANATORY NOTES ON SPECIAL BUSINESS

PROPOSED ALLOCATIONS OF ORDINARY SHARES UNDER THE LONG TERM INCENTIVE PLAN TO MARK McINNES AND STEPHEN GODDARD

The Board considers the motivation and retention of the Chief Executive Officer and the Finance Director and other senior executives and officers to be vital to the Company's long term performance.

The Long Term Incentive Plan (LTI Plan) is an employee incentive scheme intended to improve Company performance, ensure the alignment of management with shareholder interests and to retain high calibre executives. The Company designed the LTI Plan and the terms of the proposed offers in consultation with Mercer Human Resource Consulting (Mercer), independent remuneration specialists. Only senior executives of the Company who are able to directly influence the long-term success of the Company participate in the LTI Plan. Currently 46 senior executives are eligible to be made an offer to participate in the LTI Plan, but the final number of offers to participate is subject to final consideration by the Board. It is currently proposed that an offer be made under the LTI Plan to senior executives each financial year, and that the LTI Plan will continue to operate indefinitely, although this will be subject to ongoing review by the Board in light of changing business requirements and market circumstances. Of the Directors of the Company, only Executive Directors are eligible to participate in the LTI Plan. Mark McInnes and Stephen Goddard are the only Executive Directors and accordingly are the only Directors who are eligible to participate. Details of any securities issued under the LTI Plan to an Executive Director will be published in the annual report of the Company. In accordance with the ASX Listing Rules approval from shareholders will be obtained before participation in the LTI Plan commences for any Executive Director. No securities have been issued under the LTI Plan to any Director to date.

The Company's advice from the independent remuneration specialists is that the proposed offers are reasonable and consistent with current market practice.

All offers are made subject to the Corporations Act, ASX Listing Rules and the terms of the LTI Plan Rules. The LTI Plan Rules confer various powers on the Board, including without limitation the right to waive or reduce a relevant requirement governing a participant's entitlement to shares, and subject to the requirements of the ASX Listing Rules, to add to or vary any of the Plan Rules, or waive or vary their application to a participant.

LTI PLAN AND PROPOSED ALLOCATIONS

Under the LTI Plan senior executives of the Company may be offered entitlement to ordinary shares in the Company. The entitlement is conditional upon the satisfaction to a threshold level of performance measures measured over a period of years. Once the threshold is passed, the amount of the entitlement can increase if 'target' or 'stretch' levels are attained for a measure.

The actual number of shares finally provided to participants will depend on the extent to which the performance measures have been satisfied. No shares will be provided prior to the final date of the relevant measurement period and then will only be granted if the performance measures are met.

Entitlements

Each participant is offered a number of shares which is achieved if the performance measures are met.

A portion of the total entitlement of shares is allocated to each measure. If only one performance measure is satisfied then a participant will still be entitled to the relevant number of shares in respect of that measure. If the threshold is not achieved then the participant has no entitlement to any shares allocated in respect of that measure.

If the threshold is exceeded then a participant's entitlement to shares may be increased, depending on how much the measure is exceeded by, and whether or not the 'target' or 'stretch' level is attained or exceeded.

Entitlement to shares will be measured, participants will be notified of any shares they become entitled to and any shares will be provided within three months after completion of the relevant measurement period.

Performance Measures

It is proposed that this offer has two performance measures which operate independently of each other. The measures have been selected to reflect and support the Company's strategic business direction and take into account the Company's future expectations. The measures are as follows:

1. **Capital Management** – this is measured by return on funds employed (ROFE) averaged over the relevant measurement period.

ROFE is earnings before interest and tax before goodwill and after significant items as a percentage of average funds employed (subject to certain potential adjustments at Board discretion). Funds employed equals average debt + average equity (adjusted

for future income tax benefits, tax provisions, dividend provisions and restructuring provisions). Funds employed calculation is equivalent to inventory + receivables + fixed assets less trade and other creditors.

If the ROFE averaged over the relevant measurement period meets or exceeds 15%, then the participant will have an entitlement of between 50% and 150% of half of their offer of shares. The threshold 15% ROFE level has been set by reference to David Jones historical performance and weighted average cost of capital, taking into account peer group performance.

2. **Total Shareholder Return (TSR)** – this is measured against a peer group of companies over the relevant period.

TSR is the return to shareholders provided by share price appreciation plus dividends expressed as a percentage of the investment. TSR therefore reflects the increase in value delivered to shareholders over the performance period.

TSR is calculated by subtracting the share price at the beginning of the performance period from the share price at the end of that period and adding dividends during the period, and expressing this as a percentage. The share prices used for the purpose of the TSR calculation are determined as the average daily closing price over the three month period immediately preceding the start and end of the performance period. The TSR of all the companies in the peer group, and the Company, will be ranked at the end of the performance period.

Participants will not have any entitlement to the half of their offered shares pertaining to the TSR component unless the Company's TSR is at or above the 50th percentile ranking of the peer group. At a 50th TSR percentile ranking, participants will have an entitlement to 50% of half their offer of shares. If the Company's TSR ranking is above the 50th percentile, an additional 4.166% of half of their offer of shares is attained for every additional percentile up to 100% at the target 62nd percentile. An additional 3.846% of the shares is attained for every additional percentile up to the stretch 75th percentile where participants will have an entitlement to 150% of the shares subject to the TSR performance measure.

If the TSR measure is not achieved within the initial performance measurement period to a threshold level or higher, there will be no entitlement to shares for a participant and the measure will be re-tested at the end of the next year over an extended performance period against the same criteria. If the TSR performance level has been achieved over this extended performance period to a threshold or higher level a participant is entitled to the relevant number of shares, calculated by reference to the extent to which that measure is achieved. If the TSR performance measure is achieved to a threshold level or higher in the initial period it will not be re-tested.

The Board reserves the right to adjust the performance measures in the event of significant events (eg an acquisition) which were not foreseen in the Company's business plan for the period. Measurement may also exclude legislative or regulatory changes that are outside of management's control. Abnormal items that are within management's control or are a result of management decisions will be included.

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The following table illustrates how entitlements are calculated for each of the two performance measures.

	Weighting	PERFORMANCE LEVEL			
		Below Threshold	Threshold	Target	Stretch
Total Shareholder Return	50%	< 50th %ile	50th %ile	62nd %ile	> 75th %ile
Capital Management	50%	< 15%	15%	17%	19%
Reward %	100%	0%	50%	100%	150%

Peer Group

The purpose of the peer group is to provide an external benchmark, to enable a comparison of the Company relative to other similar organisations. The peer group was compiled in conjunction with Mercer based on their interpretation of the following criteria.

Category	Dimension	Description	Rationale
Industry	Retail	Larger ASX listed retailers	David Jones is a retail business
Type and scale of stock	'Mature' industry with a minimum market capitalisation of > \$200M	<ul style="list-style-type: none"> Investor expectation of relatively lower revenue growth and profit growth and a higher dividend yield Excludes companies with P/E ratio > 25 Less business or securities of a specialised nature 	<p>David Jones is a high yield stock, not a growth stock.</p> <p>David Jones is a Top 5 brand, but is not a Top 100 company, but some larger mature companies included.</p>
Geographic scope	Domestic	Operations limited to Australia	David Jones is not an international company

The following are the companies within the peer group for the relevant measurement period for each of the proposed offers.

Larger ASX Listed Retailers	Businesses in a 'Mature' Industry with a minimum Market Capitalisation of > \$200M	
1. Woolworths Limited	13. GUD Limited	26. Adelaide Bank Limited
2. Coles Myer Limited	14. Downer EDI Limited	27. Reece Australia Limited
3. Harvey Norman Limited	15. Bank of Queensland Limited	28. Amalgamated Holdings Limited
4. Foodland Limited	16. Ramsay Healthcare Limited	29. Adelaide Brighton Limited
5. Metcash Limited	17. ION Limited	30. Australian Pharmaceutical Industries Limited
6. Colorado Limited	18. McGuigan Simeon Wines Limited	31. Rural Press Limited
7. Freedom Group Limited	19. Crane Group Limited	32. Coates Hire Limited
8. Housewares International Limited	20. Bristle Limited	33. Sigma Limited
9. Brazin Limited	21. Hills Industries Limited	34. Bendigo Bank Limited
10. Country Road Limited	22. Transfield Services Limited	35. Fairfax Limited
11. Strathfield Group Limited	23. SPC Ardmona Limited	36. APN News and Media Limited
12. Miller's Retail Limited	24. Collection House Limited	37. WA News Limited
	25. GWA International Limited	

The Board may determine in its discretion that a company be deleted from the peer group if the company no longer meets the peer group criteria or has ceased to be listed. The Board has the right to review the peer group annually and has flexibility to make changes if the number of companies in the peer group falls below a reasonable level.

GENERAL PROVISIONS

Entitlement to shares will be measured, participants will be notified of any shares they become entitled to and any shares will be provided within three months after completion of the relevant measurement period. A participant must still be employed by the Company at the end of the measurement period. Once the performance measures have been met shares will be registered in the name of each participant subject to a seven year holding lock and 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 David Jones Board or its delegate. Entitlements to any shares may be forfeited if a participant ceases employment prior to the performance measures being satisfied, or 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 LTI Plan does not affect participation in any other incentive or other scheme operated by the Company. The maximum number of shares issued under all employee incentive plans in a rolling five year period and the number of unexercised options on issue must not be more than 6% of the Company's issued share capital.

OFFER OF SHARES TO MARK McINNES, CEO

Mark McInnes was appointed Chief Executive Officer on 3 February 2003. In his previous role he received an allocation under the LTI Plan on 30 August 2002 whereby he could be entitled to a maximum of 150,000 ordinary shares on 31 July 2004 if the performance measures under LTI Plan are met.

It is proposed to offer Mark McInnes participation in the LTI Plan in respect of his role as CEO, for the 2003 and 2004 financial years, as follows.

1. Long Term Incentive Plan Offer 2003-2005
Operates from 3 February 2003 to 31 July 2005*

148,148 ordinary shares at 'threshold', 296,296 ordinary shares at 'target', up to a maximum number of 444,444 ordinary shares at 'stretch'.

2. Long Term Incentive Plan 2004 -2006
Operates from 1 August 2003 to 31 July 2006*

131,507 ordinary shares at 'threshold', 263,014 ordinary shares at 'target', up to a maximum number of 394,521 ordinary shares at 'stretch'.

OFFER OF SHARES TO STEPHEN GODDARD, FINANCE DIRECTOR

Stephen Goddard was appointed Finance Director on 3 February 2003. In his previous role he received an allocation under the LTI Plan on 30 August 2002 whereby he could be entitled to a maximum of 187,500 ordinary shares on 31 July 2004 if the performance measures under LTI Plan are met.

It is proposed to offer Stephen Goddard participation in the LTI Plan in respect of his role as Finance Director, for the 2003 and 2004 financial years, as follows.

1. Long Term Incentive Plan Offer 2003-2005
Operates from 3 February 2003 to 31 July 2005*

97,222 ordinary shares at 'threshold', 194,444 ordinary shares at 'target', up to a maximum number of 291,666 ordinary shares at 'stretch'.

2. Long Term Incentive Plan 2004 -2006
Operates from 1 August 2003 to 31 July 2006*

79,110 ordinary shares at 'threshold', 158,219 ordinary shares at 'target', up to a maximum number of 237,329 ordinary shares at 'stretch'.

** ROFE will be calculated to the nearest day subject to the Company's prevailing accounting calendar.*

