



26 June 2007

The Manager Companies
Australian Stock Exchange Limited
11th Floor
Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

Dear Sir

Reset Preference Shares Conversion Notice

Please find attached letter being sent to Reset Preference Shareholders today.

Yours faithfully
DAVID JONES LIMITED

Caroline Waldron
Company Secretary

DAVID JONES

David Jones Limited A.C.N. 000 074 573
A.B.N. 75 000 074 573



DAVID JONES LIMITED
ABN 75 000 074 573

26 June 2007



Dear Shareholder

Reset Preference Shares ("RPS") Conversion Notice

I am writing to inform you that David Jones Limited (the "**Company**"), the issuer of your RPS, has decided to issue a notice to convert all RPS into fully paid ordinary shares in the Company ("**Ordinary Shares**"), effective on 1 August 2007 (the "**Conversion Date**") in accordance with the RPS Terms of Issue.

Under the RPS Terms of Issue, the Company has the right to convert the RPS into Ordinary Shares by giving holders a Company Conversion notice at least 15 business days before 1 August 2007. A notice issued pursuant to the RPS Terms of Issue is on the reverse side of this letter ("**Company Conversion Notice**").

The Company Conversion Notice sets out a brief description of the way in which the Company will determine the number of Ordinary Shares to which you will be entitled. Based on the recent trading prices of Ordinary Shares, it is likely you will receive 70,1754 Ordinary Shares for each of your RPS (with the aggregate rounded down to the nearest whole number).

Accordingly, the number of Ordinary Shares that you will receive will not be known until the Conversion Date. Shortly after the Conversion Date you will be advised by mail of the number of Ordinary Shares you will receive.

On 22 June 2007 the closing price of RPS and Ordinary Shares on the Australian Securities Exchange ("**ASX**") was \$382.50 and \$5.46 respectively. In the last three months up to and including 22 June 2007, the Ordinary Shares have traded at a low of \$4.48 on 29 March 2007 and a high of \$5.48 on 22 June 2007 on the ASX.

The final RPS dividend of \$4.0167 per RPS will be paid on 1 August 2007 to those who hold RPS on the record date of 16 July 2007.

In accordance with the ASX Listing Rules, the quotation of the RPS will end on 25 July 2007. The quotation of the underlying Ordinary Shares will commence (initially on a deferred delivery basis) on 26 July 2007.

If you have sent the Company a Holder Conversion Notice in the last few days and it is received by the Company share registry before the date of this Company Conversion Notice, the Company will convert your RPS in accordance with your Holder Conversion Notice. If your Holder Conversion Notice is received on or after the date of this Company Conversion Notice, the conversion of your RPS will be on the Reset Date (ie. 1 August 2007) in accordance with the Company Conversion Notice.

If you have any questions or queries about this Company Conversion Notice, please contact the Company share registry on 1800 652 207.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Caroline Waldron', written in a cursive style.

Caroline Waldron
Company Secretary



COMPANY CONVERSION NOTICE – RESET PREFERENCE SHARES (“RPS”)

26 JUNE 2007

Registered Name(s)	Holder Reference Number (HIN) or Security Reference Number (SRN)	
Registered Address	Number of RPS held on date of notice	
	Number of Ordinary Shares which you would hold on conversion if Minimum Conversion Number applied	

Notice of Conversion

David Jones Limited gives notice that it will exercise its rights pursuant to and in accordance with clause 6.4 of the RPS Terms and Conditions to convert each RPS into ordinary shares in the capital of the Company (**Ordinary Shares**) on the Reset Date (1 August 2007).

Words and expressions defined in this Company Conversion Notice have the meanings given to them in the RPS Terms and Conditions.

Brief description of method of calculation of Ordinary Shares on Conversion

Upon conversion, each RPS will entitle the Holder to one Ordinary Share plus an additional number of Ordinary Shares equal to one less than the Conversion Number. The Conversion Number is (subject to a maximum and a minimum number and as set out below), calculated in accordance with the following formula:

Conversion Number = Issue Price/VWAP (1 – CD)

where

CD means until and including the first Reset Date, the Conversion discount of 5% and thereafter from each Reset Date until and including the next Reset Date, the rate specified in accordance with clause 7.1(d) (**Conversion Discount**); and

VWAP means the VWAP on the Conversion Date.

The Conversion Number shall not be less than the Minimum Conversion Number nor greater than the Maximum Conversion Number.

Minimum Conversion Number means 70.1754 and **Maximum Conversion Number** means 1052.6316.

Where the total number of additional Ordinary Shares to be allotted on Conversion to a Holder on a Conversion Date includes a fraction, that number will be rounded down to the nearest whole number.

EXECUTED for and on behalf of David Jones Limited by:

Caroline Waldron
Company Secretary

Date: 26 June 2007