



Dividend Reinvestment Plan Rules

September 2006

DAVID JONES

David Jones Limited ABN 75 000 074 573

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Dividend Reinvestment Plan Rules

Highlights of the Plan

Dividend Reinvestment Plan ("Plan")

You may elect to have dividends paid on some or all of your shares in David Jones Limited ("David Jones") automatically reinvested in additional David Jones Shares.

Full details of the Plan's operation are contained in the accompanying terms and conditions.

✦ Allocation Price

Shares allocated under the Plan will be allocated at the weighted average market price for David Jones Shares sold on ASX during the period of 10 trading days commencing on the second day after the Entitlement Date for the dividend in question, less the discount (if any) determined by the Directors from time to time.

✦ Fractional entitlements

Fractional entitlements will be donated to charity unless you elect otherwise.

✦ Costs

Shares allocated to you under the Plan are free of brokerage, commission and stamp duty costs.

✦ Shares Rank Equally

You will be allocated with fully paid ordinary shares in David Jones under the Plan, which may be existing David Jones Shares transferred to you or newly issued David Jones Shares.

Any new David Jones Shares issued under the Plan will be listed on the ASX and will, in general, rank equally with existing David Jones Shares.

✦ Participation is Entirely Optional

You may elect to join, vary your participation, or withdraw from the Plan at any time.

✦ Dividend Statement

A dividend statement, providing details of your participation in the Plan, will be forwarded at the time of dividend payments.

*David Jones takes no responsibility for the
taxation liabilities of participants in
the Plan and specific taxation
advice should be obtained from a
suitably qualified adviser*

Questions and Answers

Q. *Who can participate ?*

A. Shareholders are eligible to participate in the Plan except those shareholders whose registered address is outside of Australia where participation would be prohibited by overseas securities laws or is otherwise impracticable.

Q. *Is participation optional ?*

A. Yes. The decision is entirely yours.

Q. *Can I participate partially in the Plan ?*

A. Yes, by nominating a specific number of your David Jones Shares, part of your dividend may be reinvested in additional David Jones Shares. Your dividend entitlement on any Shares not participating in the Plan will be paid in cash by direct credit to your nominated bank account.

Q. *How do I participate in the Plan ?*

A. Complete the enclosed Notice of Election and return it to:

Computershare Investor Services Pty Limited
GPO Box 2975
Melbourne VIC 3001

Q. *When will my participation begin ?*

A. Participation begins with the first dividend payment after receipt of your Notice of Election. The form must be received by 5pm on the Entitlement Date for the relevant dividend.

Q. *What happens if I have more than one shareholding?*

A. You will need to lodge a separate Notice of Election for each shareholding registered under different names or each shareholding bearing different Shareholder Reference Numbers or Holder Identification Numbers.

Q. *Can I change my participation at any time?*

A. Yes. Simply by lodging a further Notice of Election. The Notice of Election will be effective from the next dividend payment but it must be received by 5pm on the Entitlement Date for the relevant dividend to be effective for that dividend.

Q. *At what price will the shares be allocated ?*

A. Shares will be allocated at the weighted average market price of all David Jones Shares sold on the ASX during the period of 10 trading days commencing on the second trading day after the Entitlement Date for the dividend in question, or such other period as the Directors determine and announce to the ASX, less the discount if any determined by the Directors from time to time and notified to the ASX.

Q. *What will it cost me to participate ?*

A. You will not be charged brokerage fees, commission or stamp duty for any allocation of David Jones Shares under the Plan.

Q. *What happens to fractional entitlements ?*

A. Where there is a balance which is insufficient to purchase one whole share, this balance will be donated to charity unless you elect to retain the cash balance, which will then be carried forward to the next dividend payment.

Q. *Can I sell my shares when I choose ?*

A. You can sell any or all your shares at any time. Should you want to sell your Plan Shares shortly before the Entitlement Date for the determination of your dividend entitlements, you should inform your stockbroker that your shares are participating in the Plan.

Q. *What about taxation ?*

A. The Australian Taxation Office will treat dividends reinvested under the Plan in the same way as cash dividends.

If you require additional taxation advice, we recommend you obtain professional advice.

Q. *When will I receive a statement ?*

A. After each allocation of shares under the Plan, a statement will be forwarded to you showing various details including:

the number of Plan Shares held at the Entitlement Date for the dividend;



the number of David Jones Shares allocated under this dividend and the Allocation Price;



confirmation of the residual cash balance (if any) and its treatment; and



the new total holding of Plan Shares including David Jones Shares allocated to you under



the Plan.

Q. *Can the Plan be modified or cancelled ?*

A. David Jones' Directors may alter, suspend or terminate the Plan from time to time.

Enquiries

If you have further enquiries (other than taxation) about how the Plan operates and how you can participate, please contact:

Computershare Investor
Services Pty Limited
GPO Box 2975
Melbourne VIC 3001

Phone 1800 652 207 (toll free)

This booklet contains important information. Should you have any doubt about how to deal with it, please consult a suitably qualified adviser.

Dividend Reinvestment Plan Rules

DAVID JONES

David Jones Limited ABN 75 000 074 573

1 *Participation*

- 1.1 Participation in this Plan is optional.
- 1.2 All Shareholders are eligible to participate in the Plan except those whose nationality, address or place of residence is of or in a country or place other than Australia where, in the opinion of the Directors, the law or any other matter or thing makes the offer to participate in the Plan impracticable, impossible or illegal.
- 1.3 Shareholders who are nationals of or resident in the United States of America, its territories or possessions, are not at present eligible to participate in the Plan.
- 1.4 An Eligible Member may elect to participate in the Plan on a full or partial basis.

2 *Full Participation*

- 2.1 An Eligible Member who elects to participate in the Plan on the basis of full participation must indicate clearly in the Notice of Election that it elects to participate in the Plan on that basis.
- 2.2 Full participation will apply in respect of all David Jones Shares registered in the name of the Participant in the Register from time to time.
- 2.3 A Notice of Election which does not specify whether participation is to be full or partial is deemed to be an election for full participation.

3 *Partial Participation*

- 3.1 An Eligible Member who elects to participate in the Plan on the basis of partial participation must indicate clearly in the Notice of Election the specific number of David Jones Shares registered in its name in the Register which it nominates for participation in the Plan.
- 3.2 Subject to clause 3.3, partial participation will apply in respect of:

- (a) *the specific number of David Jones Shares nominated in the Notice of Election;*
- (b) *any other David Jones Shares registered in the name of the Participant in the Register which are subsequently accepted for participation pursuant to the provisions of clause 5;*
- (c) *all David Jones Shares that are Allocated to and registered in the name of the Participant in the Register under the Plan.*

3.3 Where at an Entitlement Date, the number of David Jones Shares registered in the name of a Participant in the Register is less than the number of David Jones Shares which would participate in the Plan under clause 3.2, the provisions of the Plan will apply only to that lesser number of David Jones Shares.

4 Notice of Election

- 4.1 An Eligible Member who wishes to participate in the Plan must complete, sign and lodge with the Company a Notice of Election.
- 4.2 The Participant must specify in its Notice of Election if it does not wish the residual positive balance arising under clause 10.2 to be donated to Charity in accordance with clause 10.3. A Notice of Election which does not so specify is deemed to constitute consent by the Participant to the donations being made on its behalf.
- 4.3 A Notice of Election lodged with the Company in accordance with clause 4.1 shall be of no effect unless the Notice of Election has been approved by the Directors and an appropriate entry has been made in the Register of Participants.
- 4.4 Approval of a Notice of Election may be withheld in any case at the absolute discretion of the Directors, including without limitation, if the Directors determine that approval of the Notice of Election may prejudice the effective operation of the Plan or would otherwise be contrary to law. If approval is withheld the Directors must inform the Eligible Member of this fact.
- 4.5 Where a Notice of Election has been approved by the Directors and an appropriate entry has been made in the Register of Participants, the Notice of

Election shall take effect as from the time at which the entry was made provided that if a Notice of Election is received by the Company after an Entitlement Date in respect of a particular dividend but before payment of that dividend, the Notice of Election, if approved by the Directors, shall be deemed to have become effective immediately after the payment of that dividend.

- 4.6 A Notice of Election will remain in force (and upon the reinstatement from suspension of the Plan, with the effect set out in clause 19.5), until it is formally varied or the Participant's participation in the Plan is terminated in accordance with these Rules.

5 *Variation of Participation*

- 5.1 A Participant may at any time vary its participation in the Plan by converting a full participation into a partial participation or by converting a partial participation into a full participation or, in the case of a partial participation, by increasing or reducing the number of Plan Shares subject to participation. A Participant may also vary its participation by electing to, or not to, as the case may be, make the donations to Charity in accordance with clause 10.3.
- 5.2 A variation of a Participant's participation in the Plan shall be effected by the Participant completing, signing and lodging with the Company a further Notice of Election.
- 5.3 A Notice of Election varying participation in the Plan and lodged with the Company in accordance with clause 5.2 shall be of no effect unless the Notice of Election has been approved by the Directors and an appropriate entry has been made in the Register of Participants.
- 5.4 Approval of a Notice of Election may be withheld in any case at the absolute discretion of the Directors, including without limitation, if the Directors determine that approval of the Notice of Election may prejudice the effective operation of the Plan or would otherwise be contrary to law. If approval is withheld the Directors must inform the Participant of this fact.
- 5.5 Where a Notice of Election has been approved by the Directors and an appropriate entry has been made in the Register of Participants, the Notice of Election shall take effect as from the time at which that entry

was made provided that if a Notice of Election is received by the Company after an Entitlement Date in respect of a particular dividend, the Notice of Election, if approved by the Directors, shall be deemed to have become effective immediately after the payment of that dividend.

6 *Termination of Participation*

- 6.1 A Participant may at any time terminate its participation in the Plan by completing, signing and lodging with the Company a further Notice of Election.
- 6.2 A Notice of Election terminating participation in the Plan shall be of no effect unless or until the notice has been approved by the Directors and an appropriate entry has been made in the Register of Participants.
- 6.3 Where a Notice of Election has been approved by the Directors and an appropriate entry has been made in the Register of Participants, the Notice of Election shall take effect as from the time at which that entry was made provided that if a Notice of Election is received by the Company after an Entitlement Date in respect of a particular dividend but before payment of that dividend, the Notice of Election, if approved by the Directors, shall be deemed to have become effective immediately after the payment of that dividend.
- 6.4 If a Participant other than a joint Participant dies, its participation in the Plan will terminate upon receipt by the Company of a death certificate.
- 6.5 In the case of joint Participants, where one Participant dies, the participation of the other joint Participant(s) in the Plan shall continue until varied or terminated by them in accordance with the Rules.
- 6.6 Where a Participant's participation in the Plan is terminated in accordance with these Rules, any residual positive balance which was standing to the credit of that Participant's Plan account immediately prior to termination must be paid by the Directors to Charity, provided that the Directors may delay making such payment so that it may be made in conjunction with any other payment to Charity.

7 *Reduction or Termination on disposal of shares*

- 7.1 If a Participant disposes of all of its David Jones Shares, its participation in the Plan will automatically cease on the day on which the last transaction is registered in the Register.
- 7.2 Where a Participant whose participation in the Plan is partial disposes of some but not all of its David Jones Shares, and the Participant does not notify the Company otherwise, the David Jones Shares disposed of will, to the extent possible, be taken to be the Participant's David Jones Shares other than its Plan Shares (together with such of the Participant's Plan Shares, if any, as may be necessary to make up the total number of David Jones Shares disposed of).
- 7.3 No Plan Share shall cease to be a Plan Share pursuant to a transfer unless and until the transfer has been registered in the Register.

8 *Operation of the Plan*

- 8.1 Each cash dividend from time to time due and payable to a Participant in respect of Plan Shares will be applied by the Company on behalf of the Participant in acquiring (by subscription or transfer) the number of David Jones Shares ascertained by the Company in accordance with clause 10.1 and, if applicable, making a donation to Charity in accordance with clause 10.3.
- 8.2 The Company will establish and maintain a Plan account for each Participant. The Company will at each Relevant Date in respect of each Participant:
- (a) *determine the amount of cash dividend payable in respect of the Plan Shares held by the Participant as at the Entitlement Date which precedes that Relevant Date;*
 - (b) *determine the amount of any Australian withholding tax or tax required to be remitted to the Australian Taxation Office as a result of failure by the Participant to supply a tax file number or other compulsory withholding ("Retained Tax") payable in respect of that amount of cash dividend;*

- (c) *determine the maximum number of David Jones Shares to be Allocated to the Participant in accordance with the provisions of clause 10.1;*
- (d) *subscribe for, acquire or procure the subscription or acquisition, on behalf of and in the name of the Participant, of that number of additional David Jones Shares and debit the Participant's Plan account with the Allocation Price;*
- (e) *Allocate that number of additional David Jones Shares to the Participant and make an appropriate entry in the Register; and*
- (f) *where clause 10.3 applies, apply any residual positive balance arising pursuant to clause 10.2 in accordance with clause 10.3.*

9 Allocation Price

- 9.1 Each David Jones Share Allocated under the Plan will be Allocated at the Market Price of David Jones Shares (rounded to such number of decimal places and otherwise in such manner as the Directors may determine, but so that no more than part of a cent may be lost or gained in rounding), less such discount (if any) as the Directors may determine from time to time and notify to the ASX.
- 9.2 For the purposes of these Rules, the expression "Market Price of David Jones Shares" shall mean the weighted average market price for David Jones Shares sold on ASX during the 10 trading days commencing on the second trading day after the Entitlement Date for the dividend in question, or such other period as the Directors determine and announce to the ASX.

10 Number of Shares to be Allocated

- 10.1 The number of David Jones Shares to be Allocated under the Plan to any Participant at any Relevant Date shall be the number of David Jones Shares which is equal to **AS** in the formula specified below or, where **AS** is not a whole number, the number of David Jones Shares which is equal to the whole number next below

$$AS = \frac{D - T + R}{P}$$

WHERE:

D is the total amount of dividend that is payable in respect of all Plan Shares held by the Participant at the Entitlement Date prior to the Relevant Date in question;

T is the total amount of Retained Tax (if any) that is payable in respect of the dividend payable in respect of such Plan Shares;

R is the residual positive balance (if any) standing to the credit of the Participant's Plan account immediately prior to the Relevant Date in question; and

P is the Market Price of David Jones Shares, calculated in accordance with clause 9.

- 10.2 Where in any case **AS** in the formula specified in clause 10.1 is not a whole number then there shall be recorded as a residual positive balance in the Participant's Plan account an amount which is equal to **R_N** in the formula specified below (provided that where **R_N** is not a whole number of cents, the amount recorded as a residual positive balance shall be **R_N** rounded to such number of decimal places and otherwise in such manner as the Directors may determine, but so that no more than part of a cent may be lost or gained in rounding):

$$R_N = (D - T + R) - (A \times P)$$

WHERE:

R_N is the new residual positive balance in cents;

D, T, R, P and **AS** have the meanings appearing in clause 10.1;

A is the whole number next below **AS**.

- 10.3 Unless the Participant specifies in a Notice of Election that it does not wish to donate any residual positive balance arising under clause 10.2 to Charity, the Company will apply that amount on behalf of the Participant, and all other amounts to be donated by other Participants, in paying up a number of David Jones Shares to be Allocated to Charity, such number to be

calculated by dividing the aggregate of amounts donated by Participants by "P", as defined in clause 10.1, and rounding down to the nearest whole number.

- 10.4 Subject to clauses 10.3 and 6.6, a residual positive balance shall be carried forward and taken into account in determining the number of Plan Shares (if any) to be Allocated in respect of the next following Entitlement Date. No interest will accrue or be payable in respect of residual positive balances.

11 *Statement to Participants*

The Company will after each Relevant Date send to each Participant a statement containing the following information:

- (a) *the number of Plan Shares held by the Participant as at the Entitlement Date which precedes the Relevant Date in question;*
- (b) *the amount of cash dividend payable in respect of the Plan Shares held by the Participant as at that Entitlement Date;*
- (c) *the amount of Retained Tax (if any) which has been deducted in respect of the dividend referable to that Entitlement Date;*
- (d) *the number of David Jones Shares Allocated to the Participant under the Plan in respect of the dividend referable to that Entitlement Date;*
- (e) *the price at which those David Jones Shares were Allocated;*
- (f) *the total number of Plan Shares then held by the Participant;*
- (g) *the Participant's residual positive balance (if any) arising pursuant to clause 10.2 and, if appropriate, confirmation of the donation made under clause 10.3; and*
- (h) *the extent to which the dividend referable to that Entitlement Date is franked for Australian income tax purposes.*

12 *Register of Participants*

The Company shall establish and maintain a Register of Participants (which may be maintained as an

adjunct to, or as additional information recorded on, the Register) in which it shall record particulars of the name and address of each Participant and the number of Plan Shares held by each Participant from time to time.

13 *Shares Allotted under the Plan*

- 13.1 Any David Jones Shares issued under the Plan will rank equally in all respects with all other David Jones Shares then on issue.
- 13.2 An allotment of David Jones Shares under the Plan must take place no later than 10 business days after the date of payment of the cash dividend in respect of which David Jones Shares are issued.

14 *Effecting Allocation*

The Company will, within 10 business days after each Relevant Date, make an entry into each Participant's holding of the number of David Jones Shares Allocated to the Participant under the Plan in respect of the dividend referable to the Entitlement Date preceding that Relevant Date.

15 *Register*

David Jones Shares Allocated under the Plan will be registered on the register on which the Participant's Plan Shares are registered. In the event that the Participant's Plan Shares are registered on more than one register the David Jones Shares Allocated under the Plan may be recorded on any of those registers unless the Participant requests otherwise.

16 *Stock Exchange Listing*

The Company will make application for any David Jones Shares issued under the Plan to be listed for quotation on the official list of ASX.

17 *Cost to Participants*

No brokerage, commission, stamp duty or other transaction costs will be payable by any Participant in respect of the application for and Allocation of David Jones Shares under the Plan.

18 *Limitation on Acquisition*

The Company may at any time by notice in accordance with rule 23, and without assigning any reason, limit either the amount of dividends which may be applied in acquiring (by subscription or transfer) Plan Shares or the maximum number of David Jones Shares that a Participant may elect will participate in the Plan, and the other provisions of these Rules (including for the avoidance of doubt clause 19.5) are to be read subject to this clause 18.

19 *Modification, Suspension, Termination and Reinstatement of Plan*

- 19.1 The Plan may be modified, suspended or terminated by the Directors at any time by giving not less than one month's notice in accordance with rule 23.
- 19.2 If the Plan is suspended, it may be reinstated by the Directors at any time on such conditions as they think fit by giving such period of notice as they consider appropriate (being not less than one month) in accordance with rule 23.
- 19.3 In the case of a modification, a Participant will be deemed to continue its participation in the Plan under the Rules as modified unless the Participant lodges with the Company a Notice of Election.
- 19.4 In the case of a suspension, Plan Shares will cease to be Plan Shares for the purpose of these Rules notwithstanding the entries which may appear in the Register of Participants. During the period of the suspension no David Jones Shares shall participate in the Plan notwithstanding the entries which may appear in the Register of Participants from time to time. The Directors shall have a discretion, upon suspension, whether or not (and if so at what point) to pay to Charity the residual positive balances standing to the credit of their Participants' Plan accounts, provided that such payment must be made if the Plan has been suspended for 3 continuous years.
- 19.5 If the Plan is reinstated from suspension, then subject to any determination of the Directors generally or in respect of any Participant or group of Participants relating to prior elections, any election made prior to the suspension:

- (a) *for full participation will apply to all the Participant's David Jones Shares upon that reinstatement (whether or not that number has changed since the suspension); or*
- (b) *for partial participation will apply to the specified number of the Participant's David Jones Shares upon that reinstatement (unless at the time of reinstatement the number of the Participant's David Jones Shares is less than the number the subject of the prior election, in which case the Participant shall be deemed to have elected that all of the Participant's David Jones Shares then held (but in the absence of a subsequent Notice of Election, no David Jones Shares purchased after the reinstatement) will participate in the Plan),*

unless the Participant lodges with the Company a Notice of Election.

20 *Governing Law*

The Plan, these Rules and the operation of the Plan shall be governed by and construed in accordance with the laws for the time being in force in the State of New South Wales.

21 *Powers of Directors*

This Plan shall be administered by the Directors who shall have the power to:

- (a) *determine appropriate procedures for administration of the Plan consistent with the provisions of these Rules;*
- (b) *resolve conclusively all questions of fact or interpretation in connection with the Plan;*
- (c) *delegate to any one or more persons for such period and on such conditions as they may determine the exercise of any of their powers or discretions arising under the Plan; and*
- (d) *modify, suspend, terminate or reinstate the Plan in accordance with clause 19.*

22 *Shares over which the Company has a Charge*

Notwithstanding anything contained in these Rules, no amount of dividend on David Jones Shares which the Company is entitled to retain or otherwise has a charge over in accordance with the Constitution of the Company or other requirement of law shall be available for the purpose of participation in the Plan.

23 *Notices*

23.1 Except as otherwise provided in this Plan, notice given under these Rules to:

- (a) *a Shareholder or Participant may be in writing and given to the Shareholder or Participant by leaving it at or sending it by post to the Shareholder or Participant at its address set out in the Register or Register of Participants (as appropriate) or, at the Directors' discretion, may be by notice on the Company's website and to the ASX; and*
- (b) *the Company may be given to the Company by leaving it at or sending it by post to the registered office of the Company.*

23.2 The accidental omission to give notice to a Shareholder under clause 19.1 or 19.2 will not invalidate the modification, suspension, termination or reinstatement of which notice is given.

24 *Definitions*

24.1 In this Plan:

"Allocation" means the issue of new David Jones Shares or the transfer of existing David Jones Shares to Participants under the Plan;

"ASX" means Australian Stock Exchange Limited;

"Charity" means such charity as the Directors may determine, provided that donations thereto are allowable deductions under subdivision 30-A of the Income Tax Assessment Act (1997) Cth and for the purposes of clause 10.3 only, provided further that issues of shares thereto in accordance with clause 10.3 are permitted under the Corporations Act 2001;

"Company" means David Jones Limited;

"David Jones Share" means an ordinary share in the capital of the Company;

"Directors" means the directors of the Company from time to time;

"Eligible Member" means, subject to clauses 1.2 and 1.3, a Shareholder;

"Entitlement Date" means the record date used by the Company for the purpose of determining entitlements to the payment of a dividend;

"Notice of Election" means a notice applying for, varying or terminating participation in the Plan in the form from time to time approved by the Directors;

"Participant" means a Shareholder which is registered as a Participant in the Plan in the Register of Participants;

"Plan" means the David Jones Limited Dividend Reinvestment Plan incorporating the Rules, as described in this document and as modified from time to time;

"Plan Shares" means, in respect of a Participant, the number of that Participant's David Jones Shares participating in the Plan pursuant to these Rules;

"Register" means the register of members of the Company;

"Register of Participants" means the Register of Participants referred to in clause 12 to be established and maintained by the Company in accordance with these Rules;

"Relevant Date" means the date after each Entitlement Date determined by the Directors as being the date at which the provisions of clause 8 will operate;

"Rules" means the rules governing the Plan which are set out in this document as modified from time to time in accordance with clause 19; and

"Shareholder" means a person registered in the Register as the holder of David Jones Shares, provided that for the purposes of the Plan:

- (a) *each shareholding account appearing in the Register shall be taken to represent a separate Shareholder even if separate accounts in fact represent the holdings of a single person; and*
- (b) *if a shareholding account appearing in the Register relates to a broker's clearing account, or a trustee or nominee, and the broker, trustee or nominee notifies the Company that the relevant David Jones Shares are held for a number of different persons and specifies the number of David Jones Shares held for each of such persons ("Nominee Holding") (although the names of such persons need not be specified), then each such Nominee Holding shall, from the date of such notification, be taken to represent a separate Shareholder,*

and references to Eligible Members and Participants, and to Plan Shares and David Jones Shares held by or registered in the name of a Shareholder, Eligible Member or Participant, shall be read accordingly.

24.2 In this Plan, unless the context otherwise requires:

- (a) *words denoting the singular include the plural number and vice versa;*
- (b) *words importing a gender include any gender;*
- (c) *person includes a corporation and vice versa;*
- (d) *headings are for ease of reference only and do not affect the interpretation of these Rules;*
- (e) *other parts of speech or grammatical forms of a word or phrase defined have a corresponding meaning; and*
- (f) *any reference in these Rules to any enactment, part of an enactment or the Listing Rules of ASX includes a reference to that enactment, part or those Listing Rules as from time to time amended, consolidated, re-enacted or replaced and, in the case of an enactment, all regulations and statutory instruments issued under it.*

