Dillard's

Corporate Governance Guidelines

A. Director Qualification Standards

1. Selection of Directors

The Board of Directors (the "Board") is responsible for nominating directors although shareholders may also nominate directors pursuant to the By-Laws of the Corporation. In nominating a slate of directors, the Board's objective is to select individuals with skills and experience that can be of assistance to management in operating the corporation's business. The following criteria will be used to select nominees for election to the Board.

1. Integrity. Only persons who have demonstrated in their professional lives the highest ethical standards, maturity and responsibility will be considered.
2. Experience. A director should have business experience relevant to the corporation's business. The Board should endeavor to evaluate the experience of people with a variety of experiences in addition to people holding the job of chief executive officer and chief financial officer in other companies.
3. Judgment and Knowledge. A director should have the ability to assess the corporation's strategy, business plan, and key issues to evaluate the performance of management and to evaluate the Company's financial and operating reports and to provide meaningful analysis of the Company's financial position.
4. Time and Commitment. Board members must have sufficient time available to become acquainted with the corporation, to prepare for Board and committee meetings, and to attend meetings.
5. Diversity. The Board should make a good faith effort to consider candidates who would add racial, national origin and/or gender diversity to the Board, assuming these candidates otherwise have the qualifications and abilities to be directors. 6. Age. The Board does not believe there should be mandatory retirement.

The Board as a whole should possess all of the following core competencies, with each candidate contributing knowledge, experience and skills in at least one domain: accounting and finance, business judgment, management, crisis response, industry knowledge, leadership and strategy/vision.

2. Independent Directors

To increase the quality of the Board's oversight and to lessen the possibility of damaging conflicts of interest, the Board shall have at least three "independent directors", as defined from time to time by the New York Stock Exchange, Inc. (the "NYSE"), by law or by any rule or regulation of any other regulatory body or self-regulatory body applicable to the corporation. In addition, the majority of the directors elected by the Class A Common Stock should be independent. To be independent for that purpose a director shall be a person who:

- has not been employed by the corporation or an affiliate in any executive capacity within the last five years;
- was not, and is not a member of a company or firm that is one of the corporation's paid advisers or consultants;
- is not employed by a significant customer, supplier or provider of professional services;
- has no personal services contract with the corporation;
- is not employed by a foundation or university that receives significant grants or endowments from the corporation;
- is not a relative of the management of the corporation;
- is not a shareholder who has signed shareholder agreements legally binding him to vote with management; and
- is not the chairman of a company on which Dillard's, Inc. Chairman or Chief Executive Officer is also a board member.

3. Board Determination of Independence

No director will be considered "independent" unless the Board of Directors affirmatively determines that the director has no material relationship with the corporation (either directly or as a partner, shareholder or officer of an organization that has a relationship with the corporation). When making "independence" determinations, the Board shall broadly consider all relevant facts and circumstances, as well as any other facts and considerations specified by the NYSE, by law or by any rule or regulation of any other regulatory body or self-regulatory body applicable to the corporation. When assessing the materiality of a director's relationship with the corporation the Board shall consider the issue not merely from the standpoint of the director, but also from that of persons or organizations with which the director has an affiliation. Material relationships can include commercial, industrial, banking, consulting, legal, accounting, charitable and familial relationships (among others).

4. Additional "independence" requirements for Audit Committee membership

No director may serve on the Audit Committee of the Board unless such director meets all of the criteria established for audit committee service by the NYSE, the NASD, the Sarbanes-Oxley Act, any other law and any other rule or regulation of any other regulatory body or self-regulatory body applicable to the corporation.

5. Disclosure of Independence Determinations

The corporation shall disclose in its annual proxy statement its independence determination, including the basis for determining that a relationship is not material, with respect to each director standing for election and each continuing director. The corporation shall promptly disclose the independence of any director elected by the Board.

B. Director Responsibilities

1. Board Meetings

Regular meetings of the Board shall be held four times per year and special meetings shall be held as required. Without limiting the foregoing, the Board shall meet as frequently as needed for directors to discharge properly their responsibilities. Every effort should be made to schedule meetings sufficiently in advance to ensure maximum attendance at each meeting. All directors are expected to participate, whether telephonically or in person, in all Board meetings, review relevant materials, serve on Board committees, and prepare appropriately for meetings and for discussions with management. Accordingly, each director is expected to devote the time and attention necessary to properly discharge his or her responsibilities as director.

2. Conduct of Meetings

Board meetings shall be run by the Chairman, and shall be conducted in accordance with customary practice in a manner that ensures open communication, meaningful participation and timely resolution of issues. The Chairman shall set the agenda for each meeting together with management. All directors should be given the opportunity to raise items for consideration to be placed on the agenda. Management and any committees of the Board should provide directors with materials concerning matters to be acted upon well in advance of the applicable meeting. Directors should review such materials carefully prior to the applicable meeting.

3. Executive Sessions of Directors

Those directors of the corporation who are not officers of the corporation shall hold regular executive sessions at which management, including the CEO, is not present. If one or more independent directors is chosen to preside at all executive sessions to be held in the coming year, the corporation shall identify such directors in the corporation's annual proxy statement. As an alternative, the Board may choose to alternate directors who will lead the executive sessions and establish a procedure (which must be disclosed in the annual proxy statement) by which the presiding director will be selected for each executive session. In order that interested parties may be able to make their concerns known to the non-management directors, the corporation must disclose in its Code of Conduct a means for shareholders, employees and other interested parties to communicate with the presiding director or with all non-management directors of the corporation as a group.

C. Director Access to Management and Independent Advisors

1. Board Access to Management

Directors shall have complete access to the corporation's management in order to become and remain informed about the corporation's business and for such other purposes as may be helpful to the Board in fulfilling its responsibilities. Directors are expected to use judgment to be sure that this contact is not distracting to the business operations of the corporation and that the CEO is appropriately informed of contacts between the Board members and management.

The Board encourages management to, from time to time, invite to Board meetings managers who (a) can provide additional insight into the items being discussed because of responsibility for and/or personal involvement in these areas, and/or (b) are managers with future potential that the senior management believes should be given exposure to the Board.

2. Director Access to Independent Advisors

The Board and Board committees may wish to hire their own outside counsel, consultants and other professionals to advise them in the discharge of their duties. The parameters for any such retention shall be set forth in the respective committee charters.

3. Funding for Audit Committee Advisors

The corporation shall provide appropriate funding as determined by the Audit Committee, for payment of compensation: (i) to the registered public accounting firm employed by the corporation for the purposes of rendering an audit report; and (ii) to any other advisers employed by the Audit Committee. The Board shall provide appropriate funding as determined by the Board or any other committee for payment of compensation to advisors employed by the Board or such committee.

D. Director Compensation

1. Compensation Generally

The corporation shall disclose its policy regarding compensation for directors in its annual proxy statement. The Board, with the assistance of the Compensation Committee, shall periodically review director compensation (including additional compensation for committee members) in comparison to corporations that are similarly situated to ensure that such compensation is reasonable, competitive and customary. Directors may be awarded compensation sufficient to compensate them for the time and effort they expend to fulfill their duties.

2. Other Compensation

The Board shall review any charitable contributions to be made by the corporation to organizations with which any director is affiliated. In addition, the Board shall review all consulting contracts with, or other arrangements that provide other indirect forms of compensation to, any director or former director.

E. Director Orientation

The corporation shall establish an orientation program for all newly elected directors in order to ensure that the corporation's directors are fully informed as to their responsibilities and the means at their disposal for the effective discharge of those responsibilities. The orientation program shall, at a minimum, familiarize new directors with the corporation's (i) strategic plans, (ii) financial control systems and procedures and any significant financial, accounting and risk-management issues, (iii) compliance programs, including with SEC reporting obligations and NYSE corporate governance listing standards, (iv) code of ethics, conflict policies and other controls, (v) principal officers and (vi) internal and independent auditors. The new directors shall be introduced to such management and other personnel, and representatives of the corporation's outside legal, accounting and other outside advisors as is appropriate to familiarize them with the resources available to them.

F. Management Succession

The Board shall establish policies, principles and procedures for the selection of the CEO and his successors, including policies regarding succession in the event of an emergency or the retirement of the CEO. The Board shall review annually with the CEO management succession planning and development.

G. Annual Performance Evaluations

1. Board Evaluation

The Board shall evaluate annually the effectiveness of the Board and its committees. The purpose of this evaluation is to increase the effectiveness of the Board as a whole, and specifically review areas in which the Board and/or management believes a better contribution could be made from the Board. The Board should consider and set forth other criteria for self-evaluation. As appropriate, the Board shall then meet in executive session to discuss these assessments.

2. Evaluation of CEO

The Compensation Committee shall establish policies, principles and procedures for the evaluation of the CEO. This evaluation shall be made annually under the oversight of the Compensation Committee. Such evaluation shall be based on objective criteria including performance of the business, accomplishment of long-term strategic objectives and development of management.

H. Financial Reporting

The corporation shall have an internal audit function.

I. Board Committees

1. Number and Independence of Committees

The corporation shall have Audit and Compensation Committees, each to be comprised of a number of independent directors as set forth in the charter for each committee. Each such committee shall have a written charter.

2. Selection of Committee Members

The Board shall select the directors to serve on each committee, giving consideration to the independence and other requirements of the NYSE (and any other applicable law or any rule or regulation of any other regulatory body or self-regulatory body applicable to the corporation).

Because of the Audit Committee's demanding role and responsibilities, and the time commitment attendant to membership on the Audit Committee, each prospective Audit Committee member, prior to being nominated, should be encouraged to evaluate carefully the existing demands on his or her time before accepting any nomination.

3. Responsibilities

The Board, or the applicable committee pursuant to a Board delegation of authority, shall adopt a charter for such committee in compliance with all applicable rules and regulations. The charters for each of the Executive Compensation Committee and the Audit Committee shall include, at a minimum, those responsibilities required to be set forth therein by the rules of the NYSE, by law or by the rules or regulations of any other regulatory body or self-regulatory body applicable to the corporation.