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COMPANY ANNOUNCEMENT

12 December 2006

Acquisition of New Zealand Retailer Hill & Stewart

JB Hi-Fi announced today its proposed acquisition of Hill & Stewart, a leading 11 store chain of Consumer Electrical stores in Auckland, New Zealand.

The acquisition is expected to be completed on 1st March 2007, subject to certain minimum trading expectations being achieved. At this date JB will take control and consolidate 100% of Hill & Stewarts earnings for the 4 months to 30 June 2007. It is anticipated the acquisition will have a neutral impact on JB's earnings per share for FY07.

The price paid will be a multiple of 7 times EBIT for FY07 (NZ financial year is April 06 – March 07). EBIT is expected to be around NZ\$2.5 million, valuing the company at approximately NZ\$17.5 million (A\$15.2 million). Hill & Stewart sales for FY07 are expected to be in excess of NZ\$60m.

Hill & Stewart operates in the electrical business with categories including Audio/Visual, Whitegoods, Cameras, Computers and Small Appliances.

"Hill & Stewart offered us a good opportunity to acquire a solid base and infrastructure for our expansion into the New Zealand market" said JB Hi-Fi CEO Richard Uechtritz. "Hill & Stewart is a well managed and successful company, with a great presence in Auckland and strong relationships with suppliers".

Nigel Merrett, currently Managing Director and owner, will continue in his current role, as well as working with JB's Australian management team to drive the JB expansion in New Zealand.

The company expects to open 4 to 5 JB Hi-Fi branded stores in Auckland in FY08. Agreement in principle has been reached for 3 JB branded stores including one in central Auckland (CBD). There is also an opportunity to expand Hill & Stewart branded stores beyond its Auckland base.

Mr Uechtritz added "The New Zealand consumer electrical market is more fragmented than the Australian market. We expect that the discount positioning of JB Hi-Fi will appeal to New Zealand consumers which, together with the Hill & Stewart business, will quickly propel the company to within the top 3 of electrical retailers in the country".

Media & Investors:
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JB....you've done it again!