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COMPANY ANNOUNCEMENT

29 March 2011

JB Hi-Fi Announces Off-Market Share Buy-Back

JB Hi-Fi Limited ("JB Hi-Fi") today announces its intention to buy-back up to 10% of its shares on issue, representing approximately \$170 million worth of its shares, through an off-market share buy-back ("Buy-Back").

CEO Terry Smart said "Our continued strong cash flow generation has enabled the return of surplus capital to shareholders. When combined with \$88.4 million¹ of ordinary dividends in the last 12 months, JB Hi-Fi will have returned over \$258 million to shareholders in the last 12 months. We continue to take a prudent approach to the management of our balance sheet and we are now in a position to return capital whilst still maintaining financial flexibility to invest in growth opportunities."

The Buy-Back is expected to benefit all shareholders whether they choose to participate or not. The Buy-Back is expected to be earnings per share accretive and have a positive impact on return on equity. JB Hi-Fi's gearing metrics will remain conservative following the Buy-Back, with the Fixed Charges Cover remaining strong. Further, JB Hi-Fi expects to maintain its 60% dividend payout ratio and for the foreseeable future anticipates dividends will continue to be fully franked.

The announcement of the Buy-Back follows the completion of the previously announced Capital Management Review. After assessing other options to return capital, the Board believes that the Buy-Back is the most effective and equitable method to return capital to shareholders.

The Buy-Back will be funded largely through an expansion of JB Hi-Fi's existing debt facilities. JB Hi-Fi has increased its senior debt facility by \$105 million, to \$250 million. This is a three year facility which expires in March 2014.

Commenting on future growth opportunities, CEO Terry Smart said "We continue to actively pursue growth opportunities and the Buy-Back will not impact upon JB Hi-Fi's ability to deliver growth. Our store rollout program is ongoing and our online sales capability continues to strengthen as it becomes an increasingly important part of our overall strategy."

The Buy-Back will be conducted as an off-market tender. Details of the Buy-Back are outlined below. Full terms of the Buy-Back will be detailed in a booklet which will be mailed to eligible shareholders by 12 April 2011.

Details of the Buy-Back

The Buy-Back is open to all eligible JB Hi-Fi shareholders. In general, shareholders who are registered holders of JB Hi-Fi shares as at 7 April 2011 and are resident in Australia, New Zealand, Hong Kong, the United States or the United Kingdom will be eligible to participate.

Participation in the Buy-Back is voluntary. The tender process provides flexibility for shareholders because they can tailor their level of participation to suit their own circumstances.

Under the proposed tender process, eligible shareholders may tender some or all of their shares for sale at discounts of between 8% and 14% inclusive (at 1% intervals) to the volume weighted average price of JB Hi-Fi shares over the five trading days up to and including the closing date of the tender period. Shareholders may also tender their shares as a final price tender, which is an election to receive the final Buy-Back price as determined by JB Hi-Fi. In addition, shareholders can make their tender conditional upon one of three specified minimum prices.

¹ Final FY10 dividend of 33 cps (\$35.9m) and interim FY11 dividend of 48 cps (\$52.5m), total \$88.4m.

When the tender period closes, JB Hi-Fi will determine the final Buy-Back price based on the largest discount that will enable JB Hi-Fi to purchase the amount of capital it decides to buy-back. While JB Hi-Fi intends to buy-back approximately 10% of shares, it retains absolute discretion to buy-back a lesser number of shares or no shares at all.

JB Hi-Fi will buy-back shares tendered at a discount greater than, or equal to, the final discount (or as a final price tender), subject to any scale back requirements. The scale back has been structured to ensure that eligible registered shareholders with small holdings are not disadvantaged.

All shareholders whose tenders are successful will receive the same Buy-Back price. No brokerage should be payable by shareholders who choose to participate in the Buy-Back.

Tax Considerations

For Australian tax purposes, the Buy-Back price is expected to comprise the following:

- a) a capital component of \$0.58 per share; and
- b) a fully franked dividend equal to the Buy-Back price less \$0.58.

For capital gains tax purposes, the sale consideration received by JB Hi-Fi's shareholders will be the Deemed Market Value² less the dividend component.

For some of JB Hi-Fi's shareholders, depending on their individual circumstances, the after-tax proceeds from participating in the Buy-Back may be greater than from a sale of their shares on the ASX. The Buy-Back will have different tax consequences for different shareholders and shareholders should obtain their own tax advice to take account of their particular circumstances.

Buy-Back Timetable

29 March 2011	Announcement of Buy-Back.
1 April 2011	Ex-Entitlement date. Shares acquired on ASX on or after this date will not confer an entitlement to participate in the Buy-Back. Australian resident shareholders who acquired shares before this date will generally be entitled to franking credits under the "45 Day rule". ³
7 April 2011	Buy-Back Record date. Determination of eligible shareholders entitled to participate in the Buy-Back.
12 April 2011	Completion of mail out of Buy-Back documents to eligible shareholders.
15 April 2011	The tender period opens at 9.00am, Melbourne time.
13 May 2011	Closing date. Tenders must be received by the registry by no later than 7.00pm, Melbourne time.
16 May 2011	Buy-Back date. Announcement of the Buy-Back price, the number of shares being bought-back and any scale back.
20 May 2011	Buy-Back proceeds despatched to successful participants either by cheque or by direct credit to their nominated account.

While JB Hi-Fi does not anticipate changing any of the dates and times for the Buy-Back, it reserves the right to vary them.

² In accordance with the ATO's TD 2004/22, the Deemed Market Value will be \$18.38, adjusted for movement in the S&P/ASX 200 index from its opening level on 29 March 2011 to its closing level on 13 May 2011.

³ The '45 Day rule' has a number of tests and there may be other reasons why franking credits distributed to shareholders via the Buy-Back may not be available.

Further Information

Further information about the Buy-Back can be found in the Buy-Back booklet which will be mailed to eligible shareholders and will be on JB Hi-Fi's website at www.jbhifi.com.au/buyback.

Alternatively, if shareholders have any questions in relation to the Buy-Back, please call the JB Hi-Fi shareholder information line: 1300 302 417 (within Australia) or +61 3 9415 4136 (outside Australia) between 8.30am and 5.30pm Monday to Friday (Melbourne time).

JB Hi-Fi has today also made announcements in relation to a restructure of its Clive Anthony's business, FY11 sales and earnings guidance and changes to its Board (see ASX website for details).

IMPORTANT NOTICE

This announcement does not constitute an offer to purchase, or a solicitation of an offer to purchase, any securities in any jurisdiction.

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