UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended May 4, 2019
OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission File Number: 1-9595

BEST BUY CO., INC.

(Exact name of registrant as specified in its charter)

Minnesota	**41-0907483**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
7601 Penn Avenue South **Richfield, Minnesota**	**55423**
(Address of principal executive offices)	(Zip Code)

(612) 291-1000
(Registrant's telephone number, including area code)

N/A
(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of exchange on which registered
Common Stock, $0.10 par value per share	**BBY**	**New York Stock Exchange**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. **Yes** ☐ **No** ☒

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). **Yes** ☒ **No** ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐

Smaller reporting company ☐ Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).
Yes ☐ **No** ☒

The registrant had 267,043,142 shares of common stock outstanding as of June 5, 2019.

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BEST BUY CO., INC.
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PART I — FINANCIAL INFORMATION

Item 1. Financial Statements

Condensed Consol idated Balance Sheets
$ in millions, except per share amounts (unaudited)

	May 4, 2019	February 2, 2019	May 5, 2018
Assets			
Current assets			
Cash and cash equivalents	$ 1,561	$ 1,980	$ 1,848
Short-term investments	-	-	785
Receivables, net	833	1,015	860
Merchandise inventories	5,195	5,409	4,964
Other current assets	425	466	473
Total current assets	8,014	8,870	8,930
Property and equipment, net	2,334	2,510	2,385
Operating lease assets	2,708	-	-
Goodwill	915	915	425
Other assets	579	606	342
Total assets	$ 14,550	$ 12,901	$ 12,082
Liabilities and equity			
Current liabilities			
Accounts payable	$ 4,718	$ 5,257	$ 4,619
Unredeemed gift card liabilities	265	290	285
Deferred revenue	409	446	371
Accrued compensation and related expenses	275	482	296
Accrued liabilities	851	982	934
Current portion of operating lease liabilities	639	-	-
Current portion of long-term debt	14	56	550
Total current liabilities	7,171	7,513	7,055
Long-term liabilities	659	750	815
Long-term operating lease liabilities	2,173	-	-
Long-term debt	1,193	1,332	792
Contingencies (Note 13)			
Equity			
Preferred stock, $1.00 par value: Authorized - 400,000 shares; Issued and outstanding - none	-	-	-
Common stock, $0.10 par value: Authorized - 1.0 billion shares; Issued and outstanding - 267 million, 266 million, and 281 million shares, respectively	27	27	28
Retained earnings	3,038	2,985	3,082
Accumulated other comprehensive income	289	294	310
Total equity	3,354	3,306	3,420
Total liabilities and equity	$ 14,550	$ 12,901	$ 12,082

NOTE: The Consolidated Balance Sheet as of February 2, 2019, has been condensed from the audited consolidated financial statements.

See Notes to Condensed Consolidated Financial Statements.

Condensed Consolidated Statements of Earnings
$ and shares in millions, except per share amounts (unaudited)

	Three Months Ended	
	May 4, 2019	May 5, 2018
Revenue	$ 9,142	$ 9,109
Cost of goods sold	6,973	6,984
Gross profit	2,169	2,125
Selling, general and administrative expenses	1,835	1,830
Restructuring charges	-	30
Operating income	334	265
Other income (expense):		
Investment income and other	14	11
Interest expense	(18)	(19)
Earnings before income tax expense	330	257
Income tax expense	65	49
Net earnings	$ 265	$ 208
Basic earnings per share	$ 0.99	$ 0.74
Diluted earnings per share	$ 0.98	$ 0.72
Weighted-average common shares outstanding		
Basic	267.6	282.6
Diluted	271.5	288.3

See Notes to Condensed Consolidated Financial Statements.

Condensed Consolidated Statements of Comprehensive Income
$ in millions (unaudited)

	Three Months Ended	
	May 4, 2019	May 5, 2018
Net earnings	$ 265	$ 208
Foreign currency translation adjustments	(5)	(4)
Comprehensive income	$ 260	$ 204

See Notes to Condensed Consolidated Financial Statements.

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Condens ed Consolidated Statements of Cash Flows
$ in millions (unaudited)

	Three Months Ended	
	May 4, 2019	May 5, 2018
Operating activities		
Net earnings	$ 265	$ 208
Adjustments to reconcile net earnings to total cash provided by operating activities:		
Depreciation and amortization	200	176
Restructuring charges	-	30
Stock-based compensation	36	32
Deferred income taxes	13	9
Other, net	1	(2)
Changes in operating assets and liabilities, net of acquired assets and liabilities:		
Receivables	182	189
Merchandise inventories	207	243
Other assets	(14)	(13)
Accounts payable	(519)	(214)
Other liabilities	(379)	(506)
Income taxes	10	52
Total cash provided by operating activities	2	204
Investing activities		
Additions to property and equipment	(193)	(181)
Sales of investments	-	1,245
Other, net	1	9
Total cash provided by (used in) investing activities	(192)	1,073
Financing activities		
Repurchase of common stock	(98)	(400)
Issuance of common stock	11	24
Dividends paid	(134)	(128)
Repayments of debt	(4)	(11)
Other, net	(1)	(1)
Total cash used in financing activities	(226)	(516)
Effect of exchange rate changes on cash	(1)	(12)
Increase (decrease) in cash, cash equivalents and restricted cash	(417)	749
Cash, cash equivalents and restricted cash at beginning of period	2,184	1,300
Cash, cash equivalents and restricted cash at end of period	$ 1,767	$ 2,049

See Notes to Condensed Consolidated Financial Statements .

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Condensed Consolidated Statements of Changes in Shareholders' Equity

$ and shares in millions, except per share amounts (unaudited)

	Common Shares	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
Balances at February 2, 2019	266	$ 27	$ -	$ 2,985	$ 294	$ 3,306
Adoption of ASU 2016-02	-	-	-	(19)	-	(19)
Net earnings, three months ended May 4, 2019	-	-	-	265	-	265
Other comprehensive loss, net of tax:						
Foreign currency translation adjustments	-	-	-	-	(5)	(5)
Stock-based compensation	-	-	36	-	-	36
Issuance of common stock	2	-	11	-	-	11
Common stock dividends, $0.50 per share	-	-	2	(136)	-	(134)
Repurchase of common stock	(1)	-	(49)	(57)	-	(106)
Balances at May 4, 2019	267	$ 27	$ -	$ 3,038	$ 289	$ 3,354
Balances at February 3, 2018	283	$ 28	$ -	$ 3,270	$ 314	$ 3,612
Adoption of ASU 2014-09	-	-	-	73	-	73
Net earnings, three months ended May 5, 2018	-	-	-	208	-	208
Other comprehensive loss, net of tax:						
Foreign currency translation adjustments	-	-	-	-	(4)	(4)
Stock-based compensation	-	-	32	-	-	32
Issuance of common stock	3	-	24	-	-	24
Common stock dividends, $0.45 per share	-	-	2	(128)	-	(126)
Repurchase of common stock	(5)	-	(58)	(341)	-	(399)
Balances at May 5, 2018	281	$ 28	$ -	$ 3,082	$ 310	$ 3,420

See Notes to Condensed Consolidated Financial Statements.

Notes to Condensed Consolidated Financial Statements
(unaudited)

1. Basis of Presentation

Unless the context otherwise requires, the use of the terms “Best Buy,” “we,” “us” and “our” in these Notes to Condensed Consolidated Financial Statements refers to Best Buy Co., Inc. and, as applicable, its consolidated subsidiaries.

In the opinion of management, the accompanying condensed consolidated financial statements contain all adjustments necessary for a fair presentation as prescribed by accounting principles generally accepted in the United States (“GAAP”). All adjustments were comprised of normal recurring adjustments, except as noted in these Notes to Condensed Consolidated Financial Statements.

Historically, we have generated a large proportion of our revenue and earnings in the fiscal fourth quarter, which includes the majority of the holiday shopping season in the U.S., Canada and Mexico. Due to the seasonal nature of our business, interim results are not necessarily indicative of results for the entire fiscal year. The interim financial statements and the related notes included in this Quarterly Report on Form 10-Q should be read in conjunction with the consolidated financial statements and related notes included in our Annual Report on Form 10-K for the fiscal year ended February 2, 2019. The first three months of fiscal 2020 and fiscal 2019 included 13 weeks.

In order to align our fiscal reporting periods and comply with statutory filing requirements, we consolidate the financial results of our Mexico operations on a one-month lag. Our policy is to accelerate recording the effect of events occurring in the lag period that significantly affect our condensed consolidated financial statements. No such events were identified for the reported periods.

In preparing the accompanying condensed consolidated financial statements, we evaluated the period from May 4, 2019, through the date the financial statements were issued for material subsequent events requiring recognition or disclosure. Other than as disclosed in Note 14, *Subsequent Event* , no such events were identified for the reported periods.

Unadopted Accounting Pronouncements

In January 2017, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2017-04, *Intangibles-Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment* , which eliminates the requirement to calculate the implied fair value of goodwill (i.e., Step 2 of the current goodwill impairment test) to measure a goodwill impairment charge. Instead, entities will record an impairment charge based on the excess of a reporting unit’s carrying amount over its fair value (i.e., measure the charge based on the current Step 1). We do not believe the new guidance, which is effective for fiscal years beginning after December 15, 2019, will have a material impact on our consolidated financial statements.

In August 2018, the FASB issued ASU 2018-13, *Fair Value Measurement - Disclosure Framework (Topic 820)* . The updated guidance improves the disclosure requirements for fair value measurements. The updated guidance is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. We are currently evaluating the impact of adopting the updated provisions.

In August 2018, the FASB issued ASU 2018-15, *Intangibles-Goodwill and Other - Internal Use Software (Subtopic 350-40): Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That is a Service Contrac* t. This guidance requires companies to apply the internal-use software guidance in Accounting Standards Codification (“ASC”) 350-40 to implementation costs incurred in a hosting arrangement that is a service contract to determine whether to capitalize certain implementation costs or expense them as incurred. We are currently evaluating the impact of adopting the updated provisions, which is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019.

Adopted Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, *Leases* , which requires the recognition of operating lease assets and lease liabilities on the balance sheet. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. Under the new standard, disclosures are required to enable users of financial statements to assess the amount, timing and uncertainty of cash flows arising from leases.

In the first quarter of fiscal 2020, we adopted ASU 2016-02 using the “Comparatives Under 840 Option” approach to transition. Under this method, financial information related to periods prior to adoption will be as originally reported under the previous standard – ASC 840, *Leases* . The effects of adopting the new standard (ASC 842, *Leases*) in fiscal 2020 were recognized as a cumulative-effect adjustment to retained earnings as of the beginning of the fiscal first quarter. We elected the package of practical expedients permitted under the transition guidance within the new standard, which among other things, allows us to carry forward the historical lease classification as operating or capital leases. We also elected to combine lease and non-lease components and to exclude short-term leases from our consolidated balance sheets. We did not elect the hindsight practical expedient in determining the lease term for existing leases as of February 3, 2019.

The most significant impact of adoption was the recognition of operating lease assets and operating lease liabilities of $2.7 billion and $2.8 billion, respectively, while our accounting for existing capital leases (now referred to as finance leases) remained substantially unchanged. The cumulative impact of these changes decreased retained earnings by $19 million. We expect the impact of adoption to be immaterial to our consolidated statements of earnings and consolidated statements of cash flows on an ongoing basis. As part of our adoption, we also modified our control procedures and processes, none of which materially affected our internal control over financial reporting. See Note 3, *Leases* , for additional information regarding our accounting policy for leases and additional disclosures.

The cumulative effect of the changes made to our Condensed Consolidated Balance Sheets on February 3, 2019, for the adoption of this standard was as follows ($ in millions):

	February 2, 2019 As Reported	ASU 2016-02 Adjustment on February 3, 2019	February 3, 2019 Adjusted
Assets			
Other current assets	$ 466	$ (65)[(a)]	$ 401
Net property and equipment	2,510	(173)[(b)]	2,337
Operating lease assets	-	2,736 [(c)]	2,736
Other assets	606	4 [(d)]	610
Liabilities			
Accrued liabilities	982	(28)[(e)]	954
Current portion of operating lease liabilities	-	712 [(f)]	712
Current portion of long-term debt	56	(43)[(b)]	13
Long-term liabilities	750	(115)[(e)]	635
Long-term operating lease liabilities	-	2,135 [(f)]	2,135
Long-term debt	1,332	(140)[(b)]	1,192
Equity			
Retained earnings	2,985	(19)[(g)]	2,966

(a) Represents the reclassification of prepaid rent and leasehold acquisition costs to Operating lease assets.
(b) Represents the derecognition of financing obligations and reclassification to Operating lease assets.
(c) Represents the capitalization of operating lease assets and the reclassification of prepaid rent and leasehold acquisition costs, offset by the reclassification of straight-line rent accruals, tenant improvement allowances and vacant space reserves.
(d) Represents the deferred tax impact of the on-adoption adjustments.
(e) Represents the reclassification of straight-line rent accruals, tenant improvement allowances and vacant space reserves to Operating lease assets.
(f) Represents the recognition of operating lease liabilities.
(g) Represents the net-of-tax retained earnings impact of impairment charges and the derecognition of financing obligations.

Total Cash, Cash Equivalents and Restricted Cash

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the Condensed Consolidated Balance Sheets to the total shown within the Condensed Consolidated Statements of Cash Flows as of May 4, 2019, February 2, 2019, and May 5, 2018 ($ in millions):

	May 4, 2019	February 2, 2019	May 5, 2018
Cash and cash equivalents	$ 1,561	$ 1,980	$ 1,848
Restricted cash included in Other current assets	206	204	201
Total cash, cash equivalents and restricted cash	$ 1,767	$ 2,184	$ 2,049

Amounts included in restricted cash are pledged as collateral or restricted to use for workers' compensation and general liability insurance claims.

2. Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. To measure fair value, we use a three-tier valuation hierarchy based upon observable and non-observable inputs:

Level 1 — Unadjusted quoted prices that are available in active markets for the identical assets or liabilities at the measurement date.

Level 2 — Significant other observable inputs available at the measurement date, other than quoted prices included in Level 1, either directly or indirectly, including:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in non-active markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by other observable market data.

Level 3 — Significant unobservable inputs that cannot be corroborated by observable market data and reflect the use of significant management judgment. These values are generally determined using pricing models for which the assumptions utilize management's estimates of market participant assumptions.

Assets and Liabilities Measured at Fair Value on a Recurring Basis

The fair value hierarchy requires the use of observable market data when available. In instances where the inputs used to measure fair value fall into different levels of the fair value hierarchy, the fair value measurement has been determined based on the lowest level input that is significant to the fair value measurement in its entirety. Our assessment of the significance of a particular item to the fair value measurement in its entirety requires judgment, including the consideration of inputs specific to the asset or liability.

The following table sets forth our financial assets and liabilities that were accounted for at fair value on a recurring basis a s of May 4, 2019, February 2, 2019, and May 5, 2018, by level within the fair value hierarchy as determined by the valuation techniques we used to determine the fair value ($ in millions):

		Fair Value at		
	Fair Value Hierarchy	**May 4, 2019**	**February 2, 2019**	**May 5, 2018**
Assets				
Cash and cash equivalents:				
Money market funds	Level 1	$ 18	$ 98	$ 19
Time deposits	Level 2	60	300	200
Short-term investments:				
Commercial paper	Level 2	-	-	100
Time deposits	Level 2	-	-	685
Other current assets:				
Money market funds	Level 1	93	82	58
Time deposits	Level 2	102	101	101
Foreign currency derivative instruments	Level 2	-	-	3
Interest rate swap derivative instruments	Level 2	-	-	5
Other assets:				
Marketable securities that fund deferred compensation	Level 1	46	44	99
Interest rate swap derivative instruments	Level 2	28	26	-
Liabilities				
Accrued liabilities:				
Foreign currency derivative instruments	Level 2	-	-	1
Long-term liabilities:				
Interest rate swap derivative instruments	Level 2	6	1	15

The following methods and assumptions were used to estimate the fair value of each class of financial instrument:

Money market funds. Our money market fund investments were measured at fair value as they trade in an active market using quoted market prices and, therefore, were classified as Level 1.

Time deposits. Our time deposits are balances held with banking institutions that cannot be withdrawn for specified terms without a penalty. Time deposits are held at face value plus accrued interest, which approximates fair value, and are classified as Level 2.

Commercial paper. Our investments in commercial paper were measured using inputs based upon quoted prices for similar instruments in active markets and, therefore, were classified as Level 2.

Foreign currency derivative instruments. Comprised primarily of foreign currency forward contracts, our foreign currency derivative instruments were measured at fair value using readily observable market inputs, such as quotations on forward foreign exchange points and foreign interest rates. Our foreign currency derivative instruments were classified as Level 2 as these instruments are custom, over-the-counter contracts with various bank counterparties that are not traded in an active market.

Interest rate swap derivative instruments. Our interest rate swap contracts were measured at fair value using readily observable inputs, such as the LIBOR interest rate. Our interest rate swap derivative instruments were classified as Level 2 as these instruments are custom, over-the-counter contracts with various bank counterparties that are not traded in an active market.

Marketable securities that fund deferred compensation. The assets that fund our deferred compensation consist of investments in corporate-owned life insurance, the value of which is based on select mutual fund performance. These investments were classified as Level 1 as the shares of these mutual funds trade with sufficient frequency and volume to enable us to obtain pricing information on an ongoing basis.

Assets and Liabilities Measured at Fair Value on a Nonrecurring Basis

Assets and liabilities that are measured at fair value on a nonrecurring basis relate primarily to our tangible fixed assets, goodwill and other intangible assets, which are remeasured when the derived fair value is below carrying value on our Condensed Consolidated Balance Sheets. For these assets, we do not periodically adjust carrying value to fair value, except in the event of impairment. When we determine that impairment has occurred, the carrying value of the asset is reduced to fair value and the difference is recorded within Selling, general and administrative (“SG&A”) expenses on our Condensed Consolidated Statements of Earnings for non-restructuring charges.

The following table summarizes the fair value remeasurements of property and equipment impairments recorded during the three months ended May 4, 2019, and May 5, 2018 ($ in millions):

	Impairments		Remaining Net Carrying Value (2)	
	Three Months Ended			
	May 4, 2019	May 5, 2018	May 4, 2019	May 5, 2018
Property and equipment (non-restructuring) (1)	$ 2	$ 2	$ 2	$ -

(1) Balances exclude immaterial amounts associated with operating lease assets.
(2) Remaining net carrying value approximates fair value. Because assets subject to long-lived asset impairment are not measured at fair value on a recurring basis, certain fair value measurements presented in the table may reflect values at earlier measurement dates and may no longer represent the fair values at May 4, 2019, and May 5, 2018.

All of the fair value remeasurements included in the table above were based on significant unobservable inputs (Level 3). Fixed asset fair values were primarily derived using a discounted cash flow ("DCF") model to estimate the present value of net cash flows that the asset or asset group was expected to generate. The key inputs to the DCF model generally included our forecasts of net cash generated from revenue, expenses and other significant cash outflows, such as capital expenditures, as well as an appropriate discount rate.

Fair Value of Financial Instruments

Our financial instruments, other than those presented in the disclosures above, include cash, receivables, other investments, accounts payable, other payables and long-term debt. The fair values of cash, receivables, accounts payable and other payables approximated carrying values because of the short-term nature of these instruments. If these instruments were measured at fair value in the financial statements, they would be classified as Level 1 in the fair value hierarchy. Fair values for other investments held at cost are not readily available, but we estimate that the carrying values for these investments approximate fair value. See Note 6, *Debt* , for information about the fair value of our long-term debt.

3. Leases

The majority of our lease obligations are real estate operating leases from which we conduct the majority of our retail and distribution operations. Our finance leases are primarily equipment-related. For any lease with an initial term in excess of 12 months, the related lease assets and liabilities are recognized on the Condensed Consolidated Balance Sheets as either operating or finance leases at the inception of an agreement where it is determined that a lease exists. We have lease agreements that contain both lease and non-lease components. For lease agreements entered into or reassessed after the adoption of ASC 842, *Leases* , we have elected to combine lease and non-lease components for all classes of assets. Leases with an initial term of 12 months or less are not recorded on our Condensed Consolidated Balance Sheets; we recognize lease expense for these leases on a straight-line basis over the lease term.

Operating lease assets represent the right to use an underlying asset for the lease term, and operating lease liabilities represent the obligation to make lease payments arising from the lease. These assets and liabilities are recognized based on the present value of future payments over the lease term at commencement date. We use a collateralized incremental borrowing rate based on the information available at commencement date, including lease term, in determining the present value of future payments. Our operating leases also typically require payment of real estate taxes, common area maintenance and insurance. These components comprise the majority of our variable lease cost and are excluded from the present value of our lease obligations. In instances where they are fixed, they are included due to our election to combine lease and non-lease components. O perating lease asset s also include prepaid lease payments and initial direct costs, and are reduced by lease incentives. Our lease terms generally do not include options to extend or terminate the lease unless it is reasonably certain that the option will be exercised. Fixed payments may contain predetermined fixed rent escalations. We recognize the related rent expense on a straight-line basis from the commencement date to the end of the lease term.

Supplemental balance sheet information a s of May 4, 2019, related to our leases was as follows ($ in millions):

	Balance Sheet Location		**May 4, 2019**
Assets			
Operating leases	Operating lease assets	$	2,708
Finance leases	Property and equipment, net (1)		41
Total lease assets		$	2,749
Liabilities			
Current:			
Operating leases	Current portion of operating lease liabilities	$	639
Finance leases	Current portion of long-term debt		14
Non-current:			
Operating leases	Long-term operating lease liabilities		2,173
Finance leases	Long-term debt		27
Total lease liabilities		$	2,853

(1) Finance leases are recorded net of accumulated depreciation of $41 million as of May 4, 2019.

The components of our total lease cost for the three months ended May 4, 2019, were as follows ($ in millions):

	Statement of Earnings Location		**Three Months Ended May 4, 2019**
Operating lease cost (1)	Cost of goods sold and SG&A (2)	$	195
Finance lease cost:			
Depreciation of lease assets	Cost of goods sold and SG&A (2)		3
Interest on lease liabilities	Interest expense		1
Variable lease cost	Cost of goods sold and SG&A (2)		67
Sublease income	SG&A		(4)
Total lease cost		$	262

(1) Includes short-term leases, which are immaterial.
(2) Supply chain-related amounts are included in Cost of goods sold.

Other information related to our leases for the three months ended May 4, 2019, was as follows ($ in millions):

	Three Months Ended May 4, 2019
Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	$ 201
Operating cash flows from finance leases	1
Financing cash flows from finance leases	4
Lease assets obtained in exchange for new lease liabilities:	
Operating leases	147
Finance leases	2
Weighted average remaining lease term:	
Operating leases	5.4 years
Finance leases	5.3 years
Weighted average discount rate:	
Operating leases	3.4 %
Finance leases	4.4 %

Future lease payments under our non-cancellable leases as of May 4, 2019, were as follows ($ in millions):

	Operating Leases [(1)]	Finance Leases [(1)]
Remainder of fiscal 2020	$ 539	$ 11
Fiscal 2021	708	13
Fiscal 2022	570	8
Fiscal 2023	418	4
Fiscal 2024	293	3
Fiscal 2025	187	2
Thereafter	378	5
Total future undiscounted lease payments	3,093	46
Less imputed interest	(281)	(5)
Total reported lease liability	$ 2,812	$ 41

(1) Lease payments exclude $51 million of legally binding fixed costs for leases signed but not yet commenced, primarily related to operating leases.

In accordance with the prior guidance, ASC 840, *Leases* , our leases were previously designated as either capital, financing or operating. Previously designated capital leases are now considered finance leases under the new guidance, ASC 842, *Leases* , while our previously existing financing leases have been derecognized and reclassified as operating leases. The designation of operating leases remains substantially unchanged under the new guidance. The future minimum lease payments by fiscal year as determined prior to the adoption of ASC 842, *Leases* , under our previously designated capital, financing and operating leases (not including contingent rent) as disclosed in our Annual Report on Form 10-K for the fiscal year ended February 2, 2019, were as follows ($ in millions):

	Capital Leases	Financing Leases	Operating Leases [(1)]
Fiscal 2020	$ 14	$ 48	$ 700
Fiscal 2021	11	42	648
Fiscal 2022	7	35	513
Fiscal 2023	4	24	371
Fiscal 2024	2	16	253
Thereafter	7	40	476
Total minimum lease payments	45	205	$ 2,961
Less amount representing interest	(6)	(24)	
Present value of minimum lease payments	39	181	
Less current maturities	(12)	(43)	
Present value of minimum lease maturities, less current maturities	$ 27	$ 138	

(1) Operating lease obligations do not include payments to landlords covering real estate taxes and common area maintenance. These charges, if included, would have increase d total operating lease obligations by $0.8 billion at February 2, 2019.

4. Goodwill and Intangible Assets

Goodwill and Indefinite-Lived Intangible Assets

The following table provides the carrying values of goodwill and indefinite-lived intangible assets, which includes our Pacific Sales tradename, for the Domestic segment as of May 4, 2019, February 2, 2019, and May 5, 2018 ($ in millions):

	May 4, 2019	February 2, 2019	May 5, 2018
Goodwill	$ 915	$ 915	$ 425
Indefinite-lived tradename included in Other assets	18	18	18

The following table provides the gross carrying amount of goodwill and cumulative goodwill impairment as of May 4, 2019, February 2, 2019, and May 5, 2018 ($ in millions):

	May 4, 2019		February 2, 2019		May 5, 2018	
	Gross Carrying Amount	Cumulative Impairment	Gross Carrying Amount	Cumulative Impairment	Gross Carrying Amount	Cumulative Impairment
Goodwill	$ 1,590	$ (675)	$ 1,590	$ (675)	$ 1,100	$ (675)

Definite-Lived Intangible Assets

We have definite-lived intangible assets related to GreatCall, Inc. ("GreatCall") included within our Domestic segment, which is recorded within Other assets on our Condensed Consolidated Balance Sheets. The following table provides the gross carrying amount and related accumulated amortization of definite-lived intangible assets as of May 4, 2019, and February 2, 2019 ($ in millions). We had no definite-lived intangible assets as of May 5, 2018.

	May 4, 2019		February 2, 2019	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Customer relationships	$ 258	$ 29	$ 258	$ 16
Tradename	63	5	63	3
Developed technology	52	6	52	4
Total	$ 373	$ 40	$ 373	$ 23

We recorded $17 million and $0 million of aggregate amortization expense related to definite-lived intangible assets during the three months ended May 4, 2019, and May 5, 2018, respectively. The following table provides the amortization expense expected to be recognized in future periods ($ in millions):

	Amortization Expense
Remainder of fiscal 2020	$ 51
Fiscal 2021	68
Fiscal 2022	67
Fiscal 2023	67
Fiscal 2024	48
Fiscal 2025	10
Thereafter	22

5. Derivative Instruments

We manage our economic and transaction exposure to certain risks by using foreign currency derivative instruments and interest rate swaps. Our objective in holding derivatives is to reduce the volatility of net earnings, cash flows and net asset value associated with changes in foreign currency exchange rates and interest rates. We do not hold derivative instruments for trading or speculative purposes. We have no derivatives that have credit risk-related contingent features, and we mitigate our credit risk by engaging with financial institutions with investment-grade credit ratings as our counterparties.

We record all derivative instruments on our Condensed Consolidated Balance Sheets at fair value and evaluate hedge effectiveness prospectively or retrospectively when electing to apply hedge accounting. We formally document all hedging relations at inception for derivative hedges and the underlying hedged items, as well as the risk management objectives and strategies for undertaking the hedge transaction. In addition, we have derivatives which are not designated as hedging instruments.

Net Investment Hedges

We use foreign exchange forward contracts to hedge against the effect of Canadian dollar exchange rate fluctuations on a portion of our net investment in our Canadian operations. The contracts have terms of up to 12 months. For a net investment hedge, we recognize changes in the fair value of the derivative as a component of foreign currency translation within other comprehensive income to offset a portion of the change in translated value of the net investment being hedged, until the investment is sold or liquidated. We limit recognition in net earnings of amounts previously recorded in other comprehensive income to circumstances such as complete or substantially complete liquidation of the net investment in the hedged foreign operation. We report the gains and losses, if any, related to the amount excluded from the assessment of hedge effectiveness in net earnings.

Interest Rate Swaps

We utilized "receive fixed-rate, pay variable-rate" interest rate swaps to mitigate the effect of interest rate fluctuations on our $500 million principal amount of notes due August 1, 2018, prior to their maturity, and currently have swaps outstanding on our $650 million principal amount of notes due March 15, 2021, and $500 million principal amount of notes due October 1, 2028. Our interest rate swap contracts are considered perfect hedges because the critical terms and notional amounts match those of our fixed-rate debt being hedged and are, therefore, accounted for as fair value hedges using the shortcut method. Under the shortcut method, we recognize the change in the fair value of the derivatives with an offsetting change to the carrying value of the debt. Accordingly, there is no impact on our Condensed Consolidated Statements of Earnings from the fair value of the derivatives.

Derivatives Not Designated as Hedging Instruments

We use foreign currency forward contracts to manage the impact of fluctuations in foreign currency exchange rates relative to recognized receivable and payable balances denominated in non-functional currencies. The contracts generally have terms of up to 12 months. These derivative instruments are not designated in hedging relationships and, therefore, we record gains and losses on these contracts directly to net earnings.

Summary of Derivative Balances

The following tables present the gross fair values of our outstanding derivative instruments and the corresponding classification a s of May 4, 2019, February 2, 2019, a nd May 5, 2018 ($ in millions):

Contract Type	Balance Sheet Location	Assets May 4, 2019	Assets February 2, 2019	Assets May 5, 2018
Derivatives designated as net investment hedges	Other current assets	$ -	$ -	$ 3
Derivatives designated as interest rate swaps	Other current assets and Other assets	28	26	5
Total		$ 28	$ 26	$ 8

Contract Type	Balance Sheet Location	Liabilities May 4, 2019	Liabilities February 2, 2019	Liabilities May 5, 2018
Derivatives designated as net investment hedges	Accrued liabilities	$ -	$ -	$ 1
Derivatives designated as interest rate swaps	Long-term liabilities	6	1	15
Total		$ 6	$ 1	$ 16

The following table presents the effects of derivative instruments on other comprehensive income ("OCI") for the three months ended May 4, 2019, and May 5, 2018 ($ in millions):

Derivatives designated as net investment hedges	Three Months Ended May 4, 2019	Three Months Ended May 5, 2018
Pre-tax gain recognized in OCI	$ -	$ 16

The following table presents the effects of derivatives not designated as hedging instruments on our Condensed Consolidated Statements of Earnings for the three months ended May 4, 2019, and May 5, 2018 ($ in millions):

		Gain Recognized	
		Three Months Ended	
Contract Type	**Statement of Earnings Location**	**May 4, 2019**	**May 5, 2018**
No hedge designation (foreign exchange contracts)	SG&A	$ 1	$ 1

The following table presents the effects of interest rate derivatives and adjustments to the carrying value of long-term debt on our Condensed Consolidated Statements of Earnings for the three months ended May 4, 2019, and May 5, 2018 ($ in millions):

		Gain (Loss) Recognized	
		Three Months Ended	
Contract Type	**Statement of Earnings Location**	**May 4, 2019**	**May 5, 2018**
Interest rate swap contracts	Interest expense	$ (2)	$ (5)
Adjustments to carrying value of long-term debt	Interest expense	2	5
Total		$ -	$ -

The following table presents the notional amounts of our derivative instruments a s of May 4, 2019, February 2, 2019, and May 5, 2018 ($ in millions):

	Notional Amount		
Contract Type	**May 4, 2019**	**February 2, 2019**	**May 5, 2018**
Derivatives designated as net investment hedges	$ 15	$ 15	$ 135
Derivatives designated as interest rate swaps	1,150	1,150	1,150
No hedge designation (foreign exchange contracts)	44	9	39
Total	$ 1,209	$ 1,174	$ 1,324

6. Debt

Short-Term Debt

We have a $1.25 billion five -year senior unsecured revolving credit facility agreement with a syndicate of banks. The agreement permits borrowings of up to $1.25 billion and expires in April 2023. There were no borrowings outstanding as of May 4, 2019, February 2, 2019, or May 5, 2018.

Long-Term Debt

Long-term debt consisted of the following a s of May 4, 2019, February 2, 2019, and May 5, 2018 ($ in millions):

	May 4, 2019	**February 2, 2019**	**May 5, 2018**
Notes, 5.00% , due August 1, 2018	$ -	$ -	$ 500
Notes, 5.50% , due March 15, 2021	650	650	650
Notes, 4.45% , due October 1, 2028	500	500	-
Interest rate swap valuation adjustments	23	25	(10)
Subtotal	1,173	1,175	1,140
Debt discounts and issuance costs	(7)	(7)	(2)
Financing lease obligations [(1)]	-	181	184
Capital lease obligations [(1)]	-	39	20
Finance lease obligations [(1)]	41	-	-
Total long-term debt	1,207	1,388	1,342
Less current portion	14	56	550
Total long-term debt, less current portion	$ 1,193	$ 1,332	$ 792

(1) See Note 3, *Leases* , for additional information regarding our lease obligations.

The fair value of total long-term debt, excluding debt discounts and issuance costs and lease obligations, approximated $1,213 million, $1,178 million, and $1,176 million a s of May 4, 2019, February 2, 2019, and May 5, 2018, respectively, based primarily on the market prices quoted from external sources, compared with carrying values of $1,173 million, $1,175 million, and $1,140 million, respectively. If long-term debt w ere measured at fair value in the financial statements, it would be classified primarily as Level 2 in the fair value hierarchy.

The $500 million principal amount of notes due August 1, 2018, were repaid using existing cash resources and on September 27, 2018, we issued $500 million principal amount of notes due October 1, 2028.

See Note 6, *Debt* , in the Notes to Consolidated Financial Statements included in our Annual Report on Form 10-K for the fiscal year ended February 2, 2019, for additional information regarding the terms of our other debt facilities, debt instruments and other obligations.

7. Revenue Recognition

We generate revenue primarily from the sale of products and services, both as a principal and as an agent. We generate all of our operating revenue from contracts with customers. Our revenue excludes sales and usage-based taxes collected.

Revenue from product sales and services is reported net of sales refunds, which includes an estimate of future returns and contract cancellations based on historical refund rates, with a corresponding reduction to cost of sales. For revenue transactions that involve more than one performance obligation, we defer the revenue associated with any unsatisfied performance obligation until the obligation is satisfied.

Our contract liabilities primarily relate to product merchandise not yet delivered to customers; unredeemed gift cards; services not yet completed; services technical support contracts, where performance is satisfied over the duration of the contract; and options that provide a material right to customers, such as our customer loyalty programs. We do not have any material contract assets.

The following table provides information about receivables and contract liabilities from our contracts with customers, which reflects the aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied as of May 4, 2019, February 2, 2019, and May 5, 2018 ($ in millions):

	May 4, 2019	February 2, 2019	May 5, 2018
Receivables, net (1)	$ 484	$ 565	$ 582
Short-term contract liabilities included in:			
Unredeemed gift cards	265	290	285
Deferred revenue	409	446	371
Accrued liabilities	139	146	139
Long-term contract liabilities included in:			
Long-term liabilities	10	11	20

(1) Receivables are recorded net of allowances for doubtful accounts of $12 million, $13 million, and $26 million as of May 4, 2019, February 2, 2019, and May 5, 2018, respectively.

We establish allowances for uncollectible receivables based on historical collection trends and write-off history. The following table summarizes our allowance for doubtful accounts activity related to contracts with customers during the three months ended May 4, 2019, and May 5, 2018 ($ in millions):

	Allowance for Doubtful Accounts
Balances at February 2, 2019	$ 13
Charged to expenses or other accounts	10
Other (1)	(11)
Balances at May 4, 2019	$ 12
Balances at February 4, 2018	$ 24
Charged to expenses or other accounts	11
Other (1)	(9)
Balances at May 5, 2018	$ 26

(1) Includes bad debt write-offs, recoveries and the effect of foreign currency fluctuations.

During the three months ended May 4, 2019, and May 5, 2018, $466 million and $455 million of revenue was recognized, respectively, that was included in the contract liability balance at the beginning of the respective periods. No revenue was recognized from performance obligations satisfied in previous periods.

The following table includes estimated revenue from our contract liability balances expected to be recognized in future periods if performance of the contract is expected to have a duration of more than one year ($ in millions):

	May 4, 2019 (1)
Remainder of fiscal 2020	$ 9
Fiscal 2021	7
Fiscal 2022	3
Fiscal 2023	1
Thereafter	-

(1) Amounts exclude unsatisfied performance obligations from contract liability balances with a duration of one year or less. The estimated transaction price revenue disclosed above also does not include amounts of variable consideration attributable to contracts where the consideration is constrained at May 4, 2019.

See Note 12, *Segments,* for a disaggregation of revenue by reportable segment and product category, which represents how our chief operating decision maker reviews information internally to evaluate our financial performance and to make resource allocation and other decisions for the enterprise.

8. Restructuring Charges

Charges incurred in the three months ended May 4, 2019, and May 5, 2018, for our restructuring activities were $0 million and $30 million, respectively. All charges incurred in the prior - year period related to Best Buy Mobile. As of May 4, 2019, we have no material liabilities remaining for any restructuring plan.

Best Buy Mobile

On March 1, 2018, we announced our intent to close all of our 257 remaining Best Buy Mobile stand-alone stores in the U.S. This decision was a result of changing economics in the mobile industry since we began opening these stores in 2006, along with the integration of our mobile model into our core stores and online channel, which are more economically compelling today. All restructuring charges related to this plan are from continuing operations and are presented in Restructuring charges on our Condensed Consolidated Statements of Earnings.

The composition of the restructuring charges we incurred for Best Buy Mobile during the three months ended May 5, 2018, as well as the cumulative amount incurred through May 4, 2019, were as follows ($ in millions):

	Three Months Ended May 5, 2018	Cumulative Amount
Property and equipment impairments	$ -	$ 1
Termination benefits	1	6
Facility closure and other costs	29	49
Total restructuring charges	$ 30	$ 56

9. Earnings per Share

We compute our basic earnings per share based on the weighted-average number of common shares outstanding and our diluted earnings per share based on the weighted-average number of common shares outstanding adjusted by the number of additional shares that would have been outstanding had potentially dilutive common shares been issued. Potentially dilutive securities include stock options, nonvested share awards, dividend equivalents attached to nonvested share awards that are settled in shares of Best Buy common stock and shares issuable under our employee stock purchase plan. Nonvested market-based share awards and nonvested performance-based share awards are included in the average diluted shares outstanding for each period, if established market or performance criteria have been met at the end of the respective periods.

The following table presents a reconciliation of the numerators and denominators of basic and diluted earnings per share for the three months ended May 4, 2019, and May 5, 2018 ($ and shares in millions, except per share amounts):

	Three Months Ended	
	May 4, 2019	May 5, 2018
Numerator		
Net earnings	$ 265	$ 208
Denominator		
Weighted-average common shares outstanding	267.6	282.6
Dilutive effect of stock compensation plan awards	3.9	5.7
Weighted average common shares outstanding, assuming dilution	271.5	288.3
Potential shares which were anti-dilutive and excluded from weighted average shares computation	0.8	0.1
Basic earnings per share	$ 0.99	$ 0.74
Diluted earnings per share	$ 0.98	$ 0.72

10. Repurchase of Common Stock

On February 23, 2019, our Board of Directors ("Board") authorized a $3.0 billion share repurchase program. There is no expiration date governing the period over which we can repurchase shares under the February 2019 authorization.

The following table presents information regarding the shares we repurchased during the three months ended May 4, 2019, and May 5, 2018 ($ and shares in millions, except per share amounts):

	Three Months Ended	
	May 4, 2019	May 5, 2018
Total cost of shares repurchased	$ 106	$ 399
Average price per share	$ 70.77	$ 71.78
Number of shares repurchased	1.5	5.6

A s of May 4, 2019, $2.9 billion of the $3.0 billion share repurchase authoriz ation was available. Between the end of the first quarter of fiscal 2020 on May 4, 2019, and June 5, 2019, we repurchased an incremental 1.2 million shares of our common stock at a cost of $80 million .

11. Comprehensive Income

Changes in accumulated other comprehensive income, net of tax, were as follows for the three months ended May 4, 2019, and May 5, 2018 ($ in millions):

	Three Months Ended	
	May 4, 2019	May 5, 2018
Foreign currency translation adjustments	$ (5)	$ (4)

The gains and losses on our net investment hedges, which are included in foreign currency translation adjustments, were not material for the periods presented. Foreign currency translation adjustments do not include a provision for income tax expense when earnings from foreign operations are considered to be indefinitely reinvested outside the U.S. Refer to Note 11, *Income Taxes,* of the Notes to Consolidated Financial Statements included in our Annual Report on Form 10-K for the fiscal year ended February 2, 2019, for additional information.

12. Segments

Our chief operating decision maker ("CODM") is our Chief Executive Officer. Our business is organized into two reportable segments: Domestic (which is comprised of all states, districts and territories of the U.S., including GreatCall) and International (which is comprised of all operations in Canada and Mexico). Our CODM has ultimate responsibility for enterprise decisions. Our CODM determines, in particular, resource allocation for, and monitors the performance of, the consolidated enterprise, the Domestic segment and the International segment. The Domestic segment managers and International segment managers have responsibility for operating decisions, allocating resources and assessing performance within their respective segments. Our

CODM relies on internal management reporting that analyzes enterprise results to the net earnings level and segment results to the operating income level.

We aggregate our Domestic and GreatCall operating segments into one Domestic reportable segment. We also aggregate our Canada and Mexico businesses into one International operating segment, which represents the International reportable segment. The accounting policies of the segments are the same.

Revenue by reportable segment and product category were as follows for the three months ended May 4, 2019, and May 5, 2018 ($ in millions):

	Three Months Ended	
	May 4, 2019	May 5, 2018
Revenue by reportable segment		
Domestic	$ 8,481	$ 8,412
International	661	697
Total revenue	$ 9,142	$ 9,109
Revenue by product category [1]		
Domestic		
Computing and Mobile Phones	$ 3,851	$ 3,899
Consumer Electronics	2,662	2,655
Appliances	961	883
Entertainment	473	548
Services	497	393
Other	37	34
Total Domestic revenue	$ 8,481	$ 8,412
International		
Computing and Mobile Phones	$ 305	$ 331
Consumer Electronics	203	206
Appliances	59	61
Entertainment	36	43
Services	43	39
Other	15	17
Total International revenue	$ 661	$ 697

(1) Refer to our Annual Report on Form 10-K for the fiscal year ended February 2, 2019, for additional information regarding the key components of each revenue category.

Operating income (loss) by reportable segment and the reconciliation to earnings before income tax expense were as follows for the three months ended May 4, 2019, and May 5, 2018 ($ in millions):

	Three Months Ended	
	May 4, 2019	May 5, 2018
Domestic	$ 332	$ 267
International	2	(2)
Total operating income	334	265
Other income (expense):		
Investment income and other	14	11
Interest expense	(18)	(19)
Earnings before income tax expense	$ 330	$ 257

Assets by reportable segment were as follows as of May 4, 2019, February 2, 2019, and May 5, 2018 ($ in millions):

	May 4, 2019	February 2, 2019	May 5, 2018
Domestic	$ 13,332	$ 11,908	$ 10,955
International	1,218	993	1,127
Total assets	$ 14,550	$ 12,901	$ 12,082

13. Contingencies

We are involved in a number of legal proceedings. Where appropriate, we have made accruals with respect to these matters, which are reflected on our Condensed Consolidated Financial Statements. However, there are cases where liability is not probable or the amount cannot be reasonably estimated and, therefore, accruals have not been made. We provide disclosure of matters where we believe it is reasonably possible the impact may be material to our Condensed Consolidated Financial Statements.

Securities Actions

In February 2011, a purported class action lawsuit captioned, *IBEW Local 98 Pension Fund, individually and on behalf of all others similarly situated v. Best Buy Co., Inc., et al.* , was filed against us and certain of our executive officers in the U.S. District Court for the District of Minnesota. This federal court action alleges, among other things, that we and the officers named in the complaint violated Sections 10(b) and 20A of the Exchange Act and Rule 10b-5 under the Exchange Act in connection with press releases and other statements relating to our fiscal 2011 earnings guidance that had been made available to the public. Additionally, in March 2011, a similar purported class action was filed by a single shareholder, Rene LeBlanc, against us and certain of our executive officers in the same court. In July 2011, after consolidation of the IBEW Local 98 Pension Fund and Rene LeBlanc actions, a consolidated complaint captioned, *IBEW Local 98 Pension Fund v. Best Buy Co., Inc., et al.* , was filed and served. Following discovery and motion practice Plaintiffs moved to certify the purported class. By Order filed August 6, 2014, the court certified a class of persons or entities who acquired Best Buy common stock between 10:00 a.m. EDT on September 14, 2010, and December 13, 2010, and who were damaged by the alleged violations of law. The 8th Circuit Court of Appeals granted our request for interlocutory appeal. On April 12, 2016, the 8th Circuit held the trial court misapplied the law and reversed the class certification order. IBEW petitioned the 8th Circuit for a rehearing *en banc* , which was denied on June 1, 2016. On June 23, 2017, the trial court denied plaintiff's request to file a new Motion for Class Certification. On October 30, 2017, plaintiffs filed a motion for leave to file a second amended class action complaint which the Magistrate Judge denied on July 11, 2018. On August 24, 2018, the District Court Judge overruled plaintiff's objections to that ruling, affirming the Magistrate Judge's denial of leave to amend. On March 8, 2019, the District Court Judge granted Best Buy's motion for summary judgment dismissing the remaining claims with prejudice. All appeal periods in IBEW have been exhausted and the matter is closed.

In June 2011, a purported shareholder derivative action captioned, *Salvatore M. Talluto, Derivatively and on Behalf of Best Buy Co., Inc. v. Richard M. Schulze, et al.* , as Defendants and Best Buy Co., Inc. as Nominal Defendant, was filed against both present and former members of our Board serving during the relevant periods in fiscal 2011 and us as a nominal defendant in the U.S. District Court for the State of Minnesota. The lawsuit alleges that the director defendants breached their fiduciary duty, among other claims, including violation of Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, in failing to correct public misrepresentations and material misstatements and/or omissions regarding our fiscal 2011 earnings projections and, for certain directors, selling stock while in possession of material adverse non-public information. Additionally, in July 2011, a similar purported class action was filed by a single shareholder, Daniel Himmel, against us and certain of our executive officers in the same court. In November 2011, the respective lawsuits of Salvatore M. Talluto and Daniel Himmel were consolidated into a new action captioned, In *Re: Best Buy Co., Inc. Shareholder Derivative Litigation* , and a stay ordered pending the close of discovery in the consolidated *IBEW Local 98 Pension Fund v. Best Buy Co., Inc., et al.* case. Additionally, in June 2015, a similar purported class action was filed by a single shareholder, Khuong Tran, derivatively on behalf of Best Buy Co., Inc. against us and certain of our executive officers and directors in the same court. The Khuong Tran lawsuit has also been stayed pending the close of discovery in IBEW. In *Tran* , the court entered an Order for Dismissal Without Prejudice on March 27, 2019 .

The plaintiffs in the above remaining securities actions seek damages, including interest, equitable relief and reimbursement of the costs and expenses they incurred in the lawsuits. As stated above, we believe the allegations in the above securities actions are without merit, and we intend to defend these actions vigorously. Based on our assessment of the facts underlying the claims in the above securities actions, their respective procedural litigation history and the degree to which we intend to defend our company in these matters, the amount or range of reasonably possible losses, if any, cannot be estimated.

Other Legal Proceedings

We are involved in various other legal proceedings arising in the normal course of conducting business. For such legal proceedings, we have accrued an amount that reflects the aggregate liability deemed probable and estimable, but this amount is not material to our consolidated financial position, results of operations or cash flows. Because of the preliminary nature of many of these proceedings, the difficulty in ascertaining the applicable facts relating to many of these proceedings, the variable treatment of claims made in many of these proceedings and the difficulty of predicting the settlement value of many of these proceedings, we are not able to estimate an amount or range of any reasonably possible additional losses. However, based upon our historical experience, the resolution of these proceedings is not expected to have a material effect on our consolidated financial position, results of operations or cash flows.

14. Subsequent Event

On April 11, 2019, we signed a def initive agreement to acquire Critical Signal Technologies, Inc. ("CST"), a health services company, for approximately $125 million and the acquisition was completed on May 9, 2019. CST will be included in our GreatCall operating segment and our Domestic reportable segment.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Unless the context otherwise requires, the use of the terms "Best Buy," "we," "us" and "our" refers to Best Buy Co., Inc. and its consolidated subsidiaries. Any references to our website addresses do not constitute incorporation by reference of the information contained on the websites.

Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") is intended to provide a reader of our financial statements with a narrative from the perspective of our management on our financial condition, results of operations, liquidity and certain other factors that may affect our future results. Unless otherwise noted, transactions and other factors significantly impacting our financial condition, results of operations and liquidity are discussed in order of magnitude. Our MD&A is presented in the following sections:

- Overview
- Business Strategy Update
- Results of Operations
- Liquidity and Capital Resources
- Off-Balance-Sheet Arrangements and Contractual Obligations
- Significant Accounting Policies and Estimates
- New Accounting Pronouncements
- Safe Harbor Statement Under the Private Securities Litigation Reform Act

Our MD&A should be read in conjunction with our Annual Report on Form 10-K for the fiscal year ended February 2 , 201 9 , (including the information presented therein under *Risk Factors*), as well as our reports on Forms 10-Q and 8-K and other publicly available information. All amounts herein are unaudited.

Overview

We strive to enrich the lives of consumers through technology, whether they connect with us online, visit our stores or invite us into their homes. We do this by solving technology problems and addressing key human needs across a range of areas, including entertainment, productivity, communication, food preparation, security and health and wellness. We have operations in the U.S., Canada and Mexico. We have two reportable segments: Domestic and International. The Domestic segment is comprised of the operations in all states, districts and territories of the U.S., including GreatCall, Inc. ("GreatCall"). The International segment is comprised of all operations in Canada and Mexico.

Our fiscal year ends on the Saturday nearest the end of January. Our business, like that of many retailers, is seasonal. A large proportion of our revenue and earnings is generated in the fiscal fourth quarter, which includes the majority of the holiday shopping season in the U.S., Canada and Mexico.

Comparable Sales

Throughout this MD&A, we refer to comparable sales. In the first quarter of fiscal 2020, we refined our methodology for calculating comparable sales. It now reflects certain revenue streams previously excluded from the comparable sales calculation, such as credit card revenue, gift card breakage, commercial sales and sales of merchandise to wholesalers and dealers, as applicable. The impact of adopting these changes is immaterial to all periods presented, and therefore prior-period comparable sales disclosures have not been restated. Our comparable sales calculation compares revenue from stores, websites and call centers operating for at least 14 full months, as well as revenue related to certain other comparable sales channels for a particular period to the corresponding period in the prior year. Relocated stores, as well as remodeled, expanded and downsized stores closed more than 14 days, are excluded from the comparable sales calculation until at least 14 full months after reopening. Acquisitions are included in the comparable sales calculation beginning with the first full quarter following the first anniversary of the date of the acquisition. The calculation of comparable sales excludes the impact of revenue from discontinued operations and the effect of fluctuations in foreign currency exchange rates (applicable to our International segment only). On March 1, 2018, we announced our intent to close all of our 257 remaining Best Buy Mobile stand-alone stores in the U.S. As a result, all revenue related to these stores has been excluded from the comparable sales calculation beginning in March 2018. On October 1, 2018, we acquired all outstanding shares of GreatCall. Consistent with our comparable sales policy, the results of GreatCall are excluded from our comparable sales calculation for the periods presented. The method of calculating comparable sales varies across the retail industry. As a result, our method of calculating comparable sales may not be the same as other retailers' methods.

Non-GAAP Financial Measures

This MD&A includes financial information prepared in accordance with accounting principles generally accepted in the United States ("GAAP"), as well as certain adjusted or non-GAAP financial measures, such as constant currency, non-GAAP operating income, non-GAAP effective tax rate and non-GAAP diluted earnings per share ("EPS") from continuing operations. We believe that non-GAAP financial measures, when reviewed in conjunction with GAAP financial measures, can provide more information to assist investors in evaluating current period performance and in assessing future performance. For these reasons, our internal management reporting also includes non-GAAP financial measures. Generally, our non-GAAP financial measures include adjustments for items such as restructuring charges, goodwill impairments, gains and losses on investments, certain acquisition-related costs and the tax effect of all such items. In addition, certain other items may be excluded from non-GAAP financial measures when we believe doing so provides greater clarity to management and our investors. These non-GAAP financial measures should be considered in addition to, and not superior to or as a substitute for, GAAP financial measures. We strongly encourage investors and shareholders to review our financial statements and publicly-filed reports in their entirety and not to rely on any single financial measure. Non-GAAP financial measures as presented herein may not be comparable to similarly titled measures used by other companies.

In our discussions of the operating results of our consolidated business and our International segment, we sometimes refer to the impact of changes in foreign currency exchange rates or the impact of foreign currency exchange rate fluctuations, which are references to the differences between the foreign currency exchange rates we use to convert the International segment’s operating results from local currencies into U.S. dollars for reporting purposes. We also may use the term "constant currency," which represents results adjusted to exclude foreign currency impacts. We calculate those impacts as the difference between the current period results translated using the current period currency exchange rates and using the comparable prior period currency exchange rates. We believe the disclosure of revenue changes in constant currency provides useful supplementary information to investors in light of significant fluctuations in currency rates.

Refer to the *Consolidated Non-GAAP Financial Measures* section below for a detailed reconciliation of items that impacted non-GAAP operating income, non-GAAP effective tax rate and non-GAAP diluted EPS from continuing operations in the presented periods.

Business Strategy Update

In the first quarter of fiscal 2020, we generated $9.1 billion in revenue and grew our Enterprise comparable sales by 1.1%. We expanded our GAAP operating income rate by 80 basis points and our non-GAAP operating income rate by 50 basis points, both compared to the first quarter of fiscal 2019. We delivered GAAP diluted EPS of $0.98 and non-GAAP diluted EPS of $1.02, increases of 36% and 24% compared to the first quarter of fiscal 2019, respectively. From a capital allocation standpoint, we returned $232 million to our shareholders through dividends and share repurchases.

Our purpose as a company is clear - to enrich lives through technology. We aim to do this by addressing key human needs in areas including entertainment, productivity, communication, food preparation, security and health and wellness.

During the first quarter, we continued to make progress in the implementation of our Best Buy 2020 strategy. In Health, this progress is evident both in terms of scaling GreatCall consumer devices and services, and advancing our commercial monitoring service, which included our recent acquisition of Critical Signal Technologies, Inc. that closed in the second quarter. We also continued to expand our Total Tech Support program, which provides members unlimited Geek Squad support for all their technology no matter where or when they bought it. We also continued to transform our supply chain to improve the experience for our customers, which includes improving our speed of delivery to customers .

In parallel to the customer experience work, we continued to drive efficiencies and reduce costs in order to fund investments and offset pressures. During the first quarter, we achieved $75 million in annualized cost reductions and efficiencies, bringing the cumulative total to $575 million towards our current goal of reaching $600 million by the end of fiscal 2021.

Tariffs

Given that a significant number of consumer electronics products are imported from China, we are actively addressing the risks related to increases to current tariff rates and proposed new tariffs on Chinese imports. In September 2018, the U.S. Trade Representation implemented List 3 tariffs of 10% affecting certain products imported from China. These items represent approximately 7% of our cost of goods sold. Thus far, including in the first quarter of fiscal 2020, we have been able to minimize the impact on our business by accelerating purchases and working with our vendors. We expect the administration to continue to seek input into potential further tariff developments and we intend to remain fully engaged in this process. We are also looking into a range of mitigation actions. While our outlook for fiscal 2020 includes the impact of List 3 tariffs increasing from 10% to 25%, we cannot predict , at this stage, the likelihood or impact of further expansion of tariffs to other products we sell or potential new tariffs.

Results of Operations

In order to align our fiscal reporting periods and comply with statutory filing requirements, we consolidate the financial results of our Mexico operations on a one-month lag. Consistent with such consolidation, the financial and non-financial information presented in our MD&A relative to these operations is also presented on a lag. Our policy is to accelerate the recording of events occurring in the lag period that significantly affect our consolidated financial statements. No such events were identified for the periods presented.

Consolidated Performance Summary

The following table presents selected consolidated financial data for the three months ended May 4, 2019, and May 5, 2018 ($ in millions, except per share amounts):

	Three Months Ended	
	May 4, 2019	**May 5, 2018**
Revenue	$ 9,142	$ 9,109
Revenue % increase	0.4 %	6.8 %
Comparable sales growth	1.1 %	7.1 %
Gross profit	$ 2,169	$ 2,125
Gross profit as a % of revenue (1)	23.7 %	23.3 %
SG&A	$ 1,835	$ 1,830
SG&A as a % of revenue (1)	20.1 %	20.1 %
Restructuring charges	$ -	$ 30
Operating income	$ 334	$ 265
Operating income as a % of revenue	3.7 %	2.9 %
Net earnings	$ 265	$ 208
Diluted earnings per share	$ 0.98	$ 0.72

(1) Because retailers vary in how they record costs of operating their supply chain between cost of goods sold and SG&A, our gross profit rate and SG&A rate may not be comparable to other retailers' corresponding rates. For additional information regarding costs classified in cost of goods sold and SG&A, refer to Note 1, *Summary of Significant Accounting Policies* , in the Notes to Consolidated Financial Statements included in our Annual Report on Form 10-K for the fiscal year ended February 2, 2019.

All gross profit rate, SG&A rate and operating income rate changes for the first three months of fiscal 2020 were primarily driven by our Domestic segment. For further discussion of each segment's rate changes, see the *Segment Performance Summary* below.

Income Tax Expense

Income tax expense increased to $65 million for the three months ended May 4, 2019, compared to $49 million for the three months ended May 5, 2018. The higher tax expense was primarily due to an increase in pre-tax earnings. Our effective income tax rate ("ETR") for the three months ended May 4, 2019, was 19.8% compared to a rate of 19.2% for the three months ended May 5, 2018. The increase in the ETR was primarily due to an increase in pre-tax earnings, as the impact of discrete items on our ETR is less when our pre-tax earnings are higher, partially offset by an increase in excess tax benefits related to stock-based compensation in the current year period.

Our tax provision for interim periods is determined using an estimate of our annual ETR, adjusted for discrete items, if any, that are taken into account in the relevant period. We update our estimate of the annual ETR each quarter, and we make a cumulative adjustment if our estimated tax rate changes. Our quarterly tax provision and our quarterly estimate of our annual

ETR are subject to variation due to several factors, including our ability to accurately forecast our pre-tax and taxable income and loss by jurisdiction, tax audit developments, recognition of excess tax benefits or deficiencies related to stock-based compensation, foreign currency gains (losses), changes in laws or regulations, and expenses or losses for which tax benefits are not recognized. Our ETR can be more or less volatile based on the amount of pre-tax income. For example, the impact of discrete items and non-deductible losses on our ETR is greater when our pre-tax income is lower.

Segment Performance Summary

Domestic

The following table presents selected financial data for the Domestic segment for the three months ended May 4, 2019, and May 5, 2018 ($ in millions):

	Three Months Ended	
	May 4, 2019	May 5, 2018
Revenue	$ 8,481	$ 8,412
Revenue % increase	0.8 %	6.3 %
Comparable sales growth [(1)]	1.3 %	7.1 %
Gross profit	$ 2,009	$ 1,962
Gross profit as a % of revenue	23.7 %	23.3 %
SG&A	$ 1,677	$ 1,665
SG&A as a % of revenue	19.8 %	19.8 %
Restructuring charges	$ -	$ 30
Operating income	$ 332	$ 267
Operating income as a % of revenue	3.9 %	3.2 %
Selected Online Revenue Data		
Total online revenue	$ 1,308	$ 1,143
Online revenue as a % of total segment revenue	15.4 %	13.6 %
Comparable online sales growth [(1)]	14.5 %	12.0 %

(1) Comparable online sales are included in the comparable sales calculation.

The increase in revenue for the three months ended May 4, 2019, was primarily driven by the comparable sales growth of 1.3% and revenue from GreatCall, which was acquired in the third quarter of fiscal 2019. These increases were partially offset by the loss of revenue from store closures, primarily Best Buy Mobile stand-alone stores. Online revenue of $1.3 billion for the three months ended May 4, 2019, increased 14.5% on a comparable basis, primarily due to higher average order values and increased traffic.

The following table reconciles the number of Domestic stores open at the beginning and end of the first quarters of fiscal 2020 and fiscal 2019:

	Fiscal 2020				Fiscal 2019			
	Total Stores at Beginning of First Quarter	Stores Opened	Stores Closed	Total Stores at End of First Quarter	Total Stores at Beginning of First Quarter	Stores Opened	Stores Closed	Total Stores at End of First Quarter
Best Buy	997	-	(2)	995	1,008	-	(1)	1,007
Best Buy Mobile stand-alone	-	-	-	-	257	-	(152)	105
Outlet Centers	8	2	-	10	6	-	-	6
Pacific Sales	21	-	-	21	28	-	-	28
Total Domestic segment stores	1,026	2	(2)	1,026	1,299	-	(153)	1,146

We continuously monitor store performance. As we approach the expiration date of our store leases, we evaluate various options for each location, including whether a store should remain open. On March 1, 2018, we announced our intent to close all of our 257 remaining Best Buy Mobile stand-alone stores in the U.S., of which 152 were closed during the first quarter of fiscal 2019. Refer to Note 8, *Restructuring Charges* , in the Notes to Condensed Consolidated Financial Statements for additional information.

The following table presents the Domestic segment revenue mix percentages and comparable sales percentage changes by revenue category for the three months ended May 4, 2019, and May 5, 2018:

	Revenue Mix		Comparable Sales	
	Three Months Ended		Three Months Ended	
	May 4, 2019	May 5, 2018	May 4, 2019	May 5, 2018
Computing and Mobile Phones	46 %	46 %	1.0 %	10.2 %
Consumer Electronics	31 %	32 %	0.9 %	2.9 %
Appliances	11 %	10 %	10.5 %	13.0 %
Entertainment	6 %	7 %	(12.7)%	(0.8)%
Services	6 %	5 %	6.8 %	7.3 %
Total	100 %	100 %	1.3 %	7.1 %

We continue to believe the strong execution of our business strategy, a continued healthy consumer confidence and positive macro conditions contributed to our Domestic comparable sales growth across most of our categories. The following is a description of the notable comparable sales changes in our Domestic segment by revenue category:

- **Computing and Mobile Phones:** The 1.0% comparable sales gain was primarily driven by wearables and tablets .
- **Consumer Electronics:** The 0.9% comparable sales gain was driven primarily by portable audio and smart home, partially offset by declines in digital imaging.
- **Appliances:** The 10.5% comparable sales gain was driven by both large and small appliances.
- **Entertainment:** The 12.7% comparable sales decline was driven primarily by gaming and movies.
- **Services:** The 6.8% comparable sales gain was driven primarily by growth in our support business.

Our gross profit rate increased in the three months ended May 4, 2019 , primarily driven by the higher gross profit rate of GreatCall and improved product margin rates, which included the benefit of gross profit optimization initiatives, partially offset by higher supply chain costs.

Our SG&A rate remained flat in the three months ended May 4, 2019, primarily due to sales leverage, as SG&A increased primarily due to GreatCall expenses, partially offset by lower incentive compensation.

No restructuring charges were incurred for the three months ended May 4, 2019. Restructuring charges for the three months ended May 5, 2018, related to our Best Buy Mobile stand-alone store closures. Refer to Note 8, *Restructuring Charges,* in the Notes to Condensed Consolidated Financial Statements for additional information.

Our operating income rate increased in the three months ended May 4, 2019, primarily driven by the decrease in restructuring charges and the increase in gross profit rate described above.

International

The following table presents selected financial data for the International segment for the three months ended May 4, 2019, and May 5, 2018 ($ in millions):

	Three Months Ended	
	May 4, 2019	May 5, 2018
Revenue	$ 661	$ 697
Revenue % change	(5.2)%	13.1 %
Comparable sales % change	(1.2)%	6.4 %
Gross profit	$ 160	$ 163
Gross profit as a % of revenue	24.2 %	23.4 %
SG&A	$ 158	$ 165
SG&A as a % of revenue	23.9 %	23.7 %
Operating income (loss)	$ 2	$ (2)
Operating income (loss) as a % of revenue	0.3 %	(0.3)%

The decrease in revenue in the three months ended May 4, 2019, was primarily driven by the negative impact of foreign currency exchange rate fluctuations and the comparable sales decline in Canada.

The following table reconciles the number of International stores open at the beginning and end of the first quarters of fiscal 2020 and fiscal 2019:

	Fiscal 2020				Fiscal 2019			
	Total Stores at Beginning of First Quarter	Stores Opened	Stores Closed	Total Stores at End of First Quarter	Total Stores at Beginning of First Quarter	Stores Opened	Stores Closed	Total Stores at End of First Quarter
Canada								
Best Buy	132	-	-	132	134	-	-	134
Best Buy Mobile	45	-	(1)	44	51	-	(2)	49
Mexico								
Best Buy	29	-	-	29	25	1	-	26
Best Buy Express	6	3	-	9	6	-	-	6
Total International segment stores	212	3	(1)	214	216	1	(2)	215

The following table presents the International segment's revenue mix percentages and comparable sales percentage changes by revenue category for the three months ended May 4, 2019, and May 5, 2018:

	Revenue Mix		Comparable Sales	
	Three Months Ended		Three Months Ended	
	May 4, 2019	May 5, 2018	May 4, 2019	May 5, 2018
Computing and Mobile Phones	46 %	47 %	(4.0)%	4.4 %
Consumer Electronics	31 %	30 %	2.5 %	9.4 %
Appliances	9 %	9 %	(2.0)%	37.7 %
Entertainment	5 %	6 %	(14.0)%	(8.3)%
Services	7 %	6 %	13.4 %	(6.1)%
Other	2 %	2 %	15.3 %	(1.9)%
Total	100 %	100 %	(1.2)%	6.4 %

The following is a description of the notable comparable sales changes in our International segment by revenue category for the three months ended May 4, 2019:

- **Computing and Mobile Phones:** The 4.0% comparable sales decline was driven primarily by computing and wearables, partially offset by gains in mobile phones.
- **Consumer Electronics:** The 2.5% comparable sales gain was driven primarily by health and fitness and portable audio, partially offset by declines in digital imaging.
- **Appliances:** The 2.0% comparable sales decline was driven by large appliances, partially offset by gains in small appliances.
- **Entertainment:** The 14.0% comparable sales decline was driven primarily by gaming and movies.
- **Services:** The 13.4% comparable sales gain was driven primarily by warranty and repair services.
- **Other:** The 15.3% comparable sales gain was driven primarily by baby, partially offset by declines in luggage.

Our gross profit rate increased in the three months ended May 4, 2019 , primarily due to Canada, which delivered improved gross profit rates in several product categories and increased revenue in the higher margin services category.

Our SG&A rate increased in the three months ended May 4, 2019, primarily due to sales leverage, as SG&A decreased $7 million due to the favorable impact of foreign currency exchange rates related to Canada.

Our operating income rate increased in the three months ended May 4, 2019, primarily driven by a higher gross profit rate, partially offset by a higher SG&A rate described above.

Consolidated Non-GAAP Financial Measures

The following table reconciles consolidated operating income, effective tax rate and diluted EPS for the periods presented (GAAP financial measures) to non-GAAP operating income, non-GAAP effective tax rate and non-GAAP diluted EPS for the periods presented ($ in millions, except per share amounts):

	Three Months Ended	
	May 4, 2019	**May 5, 2018**
Operating income	$ 334	$ 265
Intangible asset amortization (1)	17	-
Restructuring charges (2)	-	30
Tax reform related item - employee bonus (3)	-	7
Non-GAAP operating income	$ 351	$ 302
Effective tax rate	19.8 %	19.2 %
Intangible asset amortization (1)	0.3 %	-%
Restructuring charges (2)	-%	0.7 %
Tax reform related item - employee bonus (3)	-%	0.1 %
Non-GAAP effective tax rate	20.1 %	20.0 %
Diluted EPS	$ 0.98	$ 0.72
Intangible asset amortization (1)	0.06	-
Restructuring charges (2)	-	0.11
Tax reform related item - employee bonus (3)	-	0.02
Income tax impact of non-GAAP adjustments (4)	(0.02)	(0.03)
Non-GAAP diluted EPS	$ 1.02	$ 0.82

(1) Represents the non-cash amortization of definite-lived intangible assets associated with the acquisition of GreatCall, including customer relationships, tradenames and technology. Refer to Note 4 , *Goodwill and Intangible Assets* , in the Notes to Condensed Consolidated Financial Statements for additional information.
(2) Represents charges associated with the closure of Best Buy Mobile stand-alone stores in the U.S. Refer to Note 8 , *Restructuring Charges* , in the Notes to Condensed Consolidated Financial Statements for additional information.
(3) Represents final adjustments for amounts paid and associated taxes related to a one-time bonus for certain employees announced in response to future tax savings created by the Tax Cuts and Jobs Act of 2017 enacted into law in the fourth quarter of fiscal 2018.
(4) The non-GAAP adjustments relate primarily to adjustments in the U.S. As such, the income tax charge is calculated using the statutory tax rate for the U.S. (24.5% for the periods ended May 4, 2019, and May 5, 2018).

Non-GAAP operating income increased $ 49 million in the three months ended May 4, 2019, compared to the corresponding prior year period. The increase was primarily driven by a decrease in SG&A from lower incentive compensation.

Our non-GAAP effective tax rate remained relatively flat in the three months ended May 4, 2019, compared to the corresponding prior year period.

Non-GAAP diluted EPS increased in the three months ended May 4, 2019, driven by the increase in non-GAAP operating income and lower diluted weighted-average common shares outstanding driven by share repurchases. Refer to the *Share Repurchases and Dividends* section below for additional information.

Liquidity and Capital Resources

Summary

We closely manage our liquidity and capital resources. Our liquidity requirements depend on key variables, including the level of investment required to support our business strategies, the performance of our business, capital expenditures, credit facilities, short-term borrowing arrangements and working capital management. Capital expenditures and share repurchases are a component of our cash flow and capital management strategy which, to a large extent, we can adjust in response to economic and other changes in our business environment. We have a disciplined approach to capital allocation, which focuses on investing in key priorities that support our strategy.

The following table summarizes our cash, cash equivalents and short-term investments as of May 4, 2019, February 2, 2019, and May 5, 2018 ($ in millions):

	May 4, 2019		February 2, 2019		May 5, 2018	
Cash and cash equivalents	$	1,561	$	1,980	$	1,848
Short-term investments		-		-		785
Total cash, cash equivalents and short-term investments	$	1,561	$	1,980	$	2,633

The decrease in total cash, cash equivalents and short-term investments from February 2, 2019, was primarily due to capital expenditures and dividends. The decrease from May 5, 2018, was primarily due to share repurchases and the acquisition of GreatCall.

Cash Flows

The following table summarizes our cash flows from total operations for the three months ended May 4, 2019, and May 5, 2018 ($ in millions):

	Three Months Ended			
	May 4, 2019		May 5, 2018	
Total cash provided by (used in):				
Operating activities	$	2	$	204
Investing activities		(192)		1,073
Financing activities		(226)		(516)
Effect of exchange rate changes on cash		(1)		(12)
Increase (decrease) in cash and cash equivalents	$	(417)	$	749

Operating Activities

The decrease in cash provided by operating activities in fiscal 2020 was primarily due to changes in working capital which were primarily due to timing of receipts and payments on inventory and income taxes. This was partially offset by lower incentive compensation payments due to a special one-time incentive payment in fiscal 2019 and timing of indirect tax payments. During fiscal 2019, we had fewer payments occur prior to year-end than the prior year, causing more payments to occur in the first quarter of fiscal 2020.

Investing Activities

The decrease in cash provided by investing activities in fiscal 2020 was primarily due to a decrease in the sale of investments. All of our short-term investments matured during fiscal 2019.

Financing Activities

The decrease in cash used in financing activities was primarily due to a decrease in shares repurchased during fiscal 2020.

Sources of Liquidity

Funds generated by operating activities, available cash and cash equivalents, our credit facilities and other debt arrangements are our most significant sources of liquidity. We believe our sources of liquidity will be sufficient to fund operations and anticipated capital expenditures, share repurchases, dividends and strategic initiatives, including business combinations. However, in the event our liquidity is insufficient, we may be required to limit our spending. There can be no assurance that we will continue to generate cash flows at or above current levels or that we will be able to maintain our ability to borrow under our existing credit facilities or obtain additional financing, if necessary, on favorable terms.

We have a $1.25 billion five-year senior unsecured revolving credit facility (the "facility") with a syndicate of banks that expires in April 2023. Refer to Note 6, *Debt*, in the Notes to Consolidated Financial Statements included in our Annual Report on Form 10-K for the fiscal year ended February 2, 2019, for additional information. There have been no borrowings under the facility.

Our ability to access the facility is subject to our compliance with its terms and conditions, including financial covenants. The financial covenants require us to maintain certain financial ratios. At May 4, 2019, we were in compliance with all financial covenants. If an event of default were to occur with respect to any of our other debt, it would likely constitute an event of default under our facility as well.

Our credit ratings and outlook as of June 5, 2019, are summarized below.

Rating Agency	Rating	Outlook
Standard & Poor's	BBB	Stable
Moody's	Baa1	Positive
Fitch	BBB	Stable

Credit rating agencies review their ratings periodically, and, therefore, the credit rating assigned to us by each agency may be subject to revision at any time. Factors that can affect our credit ratings include changes in our operating performance, the economic environment, conditions in the retail and consumer electronics industries, our financial position and changes in our business strategy. If further changes in our credit ratings were to occur, they could impact, among other things, interest costs for certain of our credit facilities, our future borrowing costs, access to capital markets, vendor financing terms and future new-store leasing costs.

Restricted Cash

Our liquidity is also affected by restricted cash balances that are pledged as collateral or restricted to use for worker’s compensation and general liability insurance claims. Restricted cash and cash equivalents, which are included in Other current assets on our Condensed Consolidated Balance Sheets, remained relatively flat at $206 million, $204 million, and $201 million at May 4, 2019, February 2, 2019, and May 5, 2018, respectively.

Debt and Capital

As of May 4, 2019, we had $650 million principal amount of notes due March 15, 2021, and $500 million principal amount of notes due October 1, 2028, outstanding. Refer to Note 6, *Debt* , in the Notes to Consolidated Financial Statements included in our Annual Report on Form 10-K for the fiscal year ended February 2, 2019, for further information about our outstanding notes.

Share Repurchases and Dividends

We repurchase our common stock and pay dividends pursuant to programs approved by our Board of Directors ("Board"). Our long-term capital allocation strategy is to first fund operations and investments in growth and then return excess cash over time to shareholders through dividends and share repurchases while maintaining investment grade credit metrics.

On February 23, 2019, our Board authorized a $3.0 billion share repurchase program. A s of May 4, 2019, $2.9 billion of the $3.0 billion share repurchase authoriz ation was available . Between the end of the first quarter of fiscal 2020 on May 4, 2019, and June 5, 2019, we repurchased an incremental 1.2 million shares of our common stock at a cost of $80 million.

The following table presents our share repurchase activity for the three months ended May 4, 2019, and May 5, 2018 ($ and shares in millions, except per share amounts):

	Three Months Ended	
	May 4, 2019	May 5, 2018
Total cost of shares repurchased	$ 106	$ 399
Average price per share	$ 70.77	$ 71.78
Number of shares repurchased	1.5	5.6

The payment of cash dividends is subject to customary legal and contractual restrictions. The following table presents our dividend activity for the three months ended May 4, 2019, and May 5, 2018 ($ in millions, except per share amounts):

	Three Months Ended	
	May 4, 2019	May 5, 2018
Regular quarterly cash dividends per share	$ 0.50	$ 0.45
Cash dividends declared and paid	$ 134	$ 128

The increase in cash dividends declared and paid for the three months ended May 4, 2019, compared to the same period in the prior year was the result of an increase in the regular quarterly dividend rate, partially offset by fewer shares due to the return of capital to shareholders through share repurchases.

Other Financial Measures

Our current ratio, calculated as current assets divided by current liabilities, was 1.1 as of May 4, 2019, compared to 1.2 as of February 2, 2019, and 1.3 as of May 5, 2018. The decrease from February 2, 2019, was primarily due to the adoption of the new lease accounting standard which brought additional current liabilities onto the balance sheet. The decrease from May 5, 2018, was primarily due to the use of cash for share repurchases and the acquisition of GreatCall as well as the adoption of the new lease accounting standard. This was partially offset by the repayment of our notes due in August 2018 which were included in current liabilities as of May 5, 2018.

Our debt to earnings ratio, calculated as total debt (including current portion) divided by net earnings from continuing operations over the trailing twelve months, was 0.8 as of May 4, 2019, compared with 0.9 as of February 2, 2019, and 1.3 as of May 5, 2018. The improvement from May 5, 2018, to May 4, 2019, was primarily due to higher earnings over the past twelve months primarily driven by a decrease in tax expense associated with the Tax Cuts and Act of 2017.

Off-Balance-Sheet Arrangements and Contractual Obligations

Our liquidity is not dependent on the use of off-balance-sheet financing arrangements other than in connection with our $1.25 billion in undrawn capacity on our credit facility at May 4, 2019, which, if drawn upon, would be included as short-term debt on our Condensed Consolidated Balance Sheets.

Other than the changes related to the adoption of the new lease accounting standard as described in Note 3, *Leases* , in the Notes to Condensed Consolidated Financial Statements, there has been no material change in our contractual obligations other than in the ordinary course of business since the end of fiscal 2019. See our Annual Report on Form 10-K for the fiscal year ended February 2, 2019, for additional information regarding our off-balance-sheet arrangements and contractual obligations.

Significant Accounting Policies and Estimates

We describe our significant accounting policies in Note 1, *Summary of Significant Accounting Policies* , of the Notes to Consolidated Financial Statements included in our Annual Report on Form 10-K for the fiscal year ended February 2, 2019. We discuss our critical accounting estimates in Item 7, *Management's Discussion and Analysis of Financial Condition and Results of Operations* , in our Annual Report on Form 10-K for the fiscal year ended February 2, 2019. In the first quarter of fiscal 2020, we adopted new lease accounting guidance, as described in Note 1, *Basis of Presentation* , and Note 3, *Leases* , of the Notes to Condensed Consolidated Financial Statements, included in this Quarterly Report on Form 10-Q. There have been no other significant changes in our significant accounting policies or critical accounting estimates since the end of fiscal 2019.

New Accounting Pronouncements

For a description of new applicable accounting pronouncements, see Note 1, *Basis of Presentation* , of the Notes to Condensed Consolidated Financial Statements, included in this Quarterly Report on Form 10-Q.

Safe Harbor Statement Under the Private Securities Litigation Reform Act

Section 27A of the Securities Act of 1933, as amended ("Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended ("Exchange Act"), provide a "safe harbor" for forward-looking statements to encourage companies to provide prospective information about their companies. With the exception of historical information, the matters discussed in this Quarterly Report on Form 10-Q are forward-looking statements and may be identified by the use of words such as "anticipate," "assume," "believe," "estimate," "expect," "guidance," "intend," "outlook," "plan," "project" and other words and terms of similar meaning. Such statements reflect our current views and estimates with respect to future market conditions, company performance and financial results, operational investments, business prospects, new strategies, the competitive environment and other events. These statements are subject to certain risks and uncertainties that could cause actual results to differ materially from the potential results discussed in such forward-looking statements. Readers should review Item 1A, *Risk Factors* , of our Annual Report on Form 10-K for the fiscal year ended February 2, 2019, for a description of important factors that could cause our actual results to differ materially from those contemplated by the forward-looking statements made in this Quarterly Report on Form 10-Q. Among the factors that could cause actual results and outcomes to differ materially from those contained in such forward-looking statements are the following: competition (including from multi-channel retailers, e-commerce business, technology service providers, traditional store-based retailers, vendors and mobile network carriers), our mix of products and services, our expansion strategies, our focus on services as a strategic priority, our reliance on key vendors and mobile network carriers (including product availability), pricing investments and promotional activity, our ability to attract and retain qualified employees, changes in market compensation rates, risks arising from statutory, regulatory and legal developments (including tax statutes and regulations), macroeconomic pressures in the markets in which we operate (including fluctuations in housing prices, energy markets and jobless rates), conditions in the industries and categories in which we operate, failure to effectively manage our costs, our reliance on our information technology systems, our ability to prevent or effectively respond to a privacy or security breach, our ability to effectively manage strategic ventures, alliances or acquisitions, our dependence on cash flows and net earnings generated during the fourth fiscal quarter, susceptibility of our products to technological advancements, product life cycles and launches, changes in consumer preferences, spending and debt, our ability to provide attractive promotional financing, interruptions and other supply chain issues, catastrophic events, our ability to maintain positive brand perception and recognition, product safety and quality concerns, changes to labor or employment laws or regulations, our ability to effectively manage our real estate portfolio, constraints in the capital markets, changes to our vendor credit terms, changes in our credit ratings, any material disruption in our relationship with or the services of third-party vendors, risks related to our exclusive brand products and risks associated with vendors that source products outside of the U.S., trade restrictions or changes in the costs of imports (including existing or new tariffs or duties and changes in the amount of any such tariffs or duties) and risks arising fr om our international activities . We caution that the foregoing list of important factors is not complete. Any forward-looking statements speak only as of the date they are made, and we assume no obligation to update any forward-looking statement that we may make.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

As disclosed in our Annual Report on Form 10-K for the fiscal year ended February 2, 2019, in addition to the risks inherent in our operations, we are exposed to certain market risks.

Interest Rate Risk

We are exposed to changes in short-term market interest rates and these changes in rates will impact our net interest expense. Our cash , cash equivalents and short-term investments generate interest income that will vary based on changes in short-term interest rates. In addition, we have swapped our fixed-rate debt to floating-rate such that the interest rate expense on this debt will vary with short-term interest rates. Refer to Note 6, *Debt,* and Note 5, *Derivative Instruments,* in the Notes to Consolidated Financial Statements included in our Annual Report on Form 10-K for the fiscal year ended February 2, 2019, for further information regarding our interest rate swaps.

As of May 4, 2019, we had $1.6 billion of cash and cash equivalents and $1.2 billion of debt that has been swapped to floating rate. Therefore, we had net cash an d cash equivalents of $0.4 billion generating income that is exposed to interest rate changes. As of May 4, 2019, a 50 basis-point increase in short-term interest rates would have led to an estimated $2 million reduction in net interest expense, and conversely a 50 basis-point decrease in short-term interest rates would have led to an estimated $2 million increase in net interest expense.

Foreign Currency Exchange Rate Risk

We have market risk arising from changes in foreign currency exchange rates related to our International segment operations. On a limited basis, we utilize foreign exchange forward contracts to manage foreign currency exposure to certain forecast inventory purchases, recognized receivable and payable balances and our investment in our Canadian operations. Our primary objective in holding derivatives is to reduce the volatility of net earnings and cash flows, as well as net asset value associated with changes in foreign currency exchange rates. Our foreign currency risk management strategy includes both hedging instruments and derivatives that are not designated as hedging instruments, which generally have terms of up to 12 months. Refer to Note 5 , *Derivative Instruments* , in the Notes to Condensed Consolidated Financial Statements for additional information regarding these instruments .

Foreign currency exchange rate fluctuations were primarily driven by the strength of the U.S. dollar compared to the Canadian dollar compared to the prior-year period, which had a negative overall impact on our revenue as these foreign currencies translated into less U.S. dollars. We estimate that foreign currency exchange rate fluctuations had a net unfavorable impact of $27 million on our revenue and a $0 million impact on our net earnings for the three months ended May 4, 2019.

Item 4. Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed by us in the reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer (principal executive officer) and Chief Financial Officer (principal financial officer), to allow timely decisions regarding required disclosure. We have established a Disclosure Committee, consisting of certain members of management, to assist in this evaluation. The Disclosure Committee meets on a regular quarterly basis and otherwise as needed.

Our management, including our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) promulgated under the Exchange Act), at May 4, 2019. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, at May 4, 2019, our disclosure controls and procedures were effective.

During the fiscal quarter ended May 4, 2019, we assessed and modified our internal controls in order to facilitate the adoption of the new lease accounting standard, none of which materially affected our internal control over financial reporting. There were no other changes in internal control over financial reporting during the fiscal quarter ended May 4, 2019, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II — OTHER INFORMATION

Item 1. Legal Proceedings

For a description of our legal proceedings, see Note 13, *Contingencies* , of the Notes to Condensed Consolidated Financial Statements, included in this Quarterly Report on Form 10-Q.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

(c) Stock Repurchases

The following table presents information regarding our repurchases of common stock during the first quarter of fiscal 2020:

Fiscal Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Program (1)	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Program (1)
February 3, 2019 through March 2, 2019	106,000	$ 68.74	106,000	$ 2,993,000,000
March 3, 2019 through April 6, 2019	796,500	$ 68.69	796,500	$ 2,938,000,000
April 7, 2019 through May 4, 2019	592,525	$ 73.93	592,525	$ 2,894,000,000
Total	1,495,025	$ 70.77	1,495,025	$ 2,894,000,000

(1) Pursuant to a $3.0 billion share repurchase program that was authorized by our Board in February 2019. There is no expiration date governing the period over which we can repurchase shares under the February 2019 share repurchase program. For additional information, see Note 10, *Repurchase of Common Stock* , in the Notes to Condensed Consolidated Financial Statements, included in this Quarterly Report on Form 10-Q.

Item 6. Exhibits

3.1	Restated Articles of Incorporation (incorporated herein by reference to the Definitive Proxy Statement filed by Best Buy Co., Inc. on May 12, 2009)
3.2	Amended and Restated By-Laws (incorporated herein by reference to Exhibit 3.1 to the Current Report on Form 8-K filed by Best Buy Co., Inc. on June 14, 2018)
4.1	Third Supplemental Indenture, dated as of September 27, 2018, to the Indenture, dated as of March 11, 2011, between Best Buy Co., Inc. and U.S. Bank National Association, as successor trustee (incorporated herein by reference to Exhibit 4.1 to the Current Report on Form 8-K filed by Best Buy Co., Inc. on September 27, 2018)
10.1	Form of Best Buy Co., Inc. Long-Term Incentive Program Award Agreement (2019) – Restricted Shares
10.2	Form of Best Buy Co., Inc. Long-Term Incentive Program Award Agreement (2019) – Restricted Stock Units
10.3	Employment agreement dated April 13, 2019, between Hubert Joly and Best Buy Co., Inc. (incorporated herein by reference to Exhibit 10.1 to the Current Report on Form 8-K filed by Best Buy Co., Inc. on April 15, 2019)
10.4	Employment agreement dated April 13, 2019, between Corie Barry and Best Buy Co., Inc. (incorporated herein by reference to Exhibit 10.2 to the Current Report on Form 8-K filed by Best Buy Co., Inc. on April 15, 2019)
31.1	Certification of the Chief Executive Officer pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of the Chief Financial Officer pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002(1)
32.2	Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002(1)
101	The following financial information from our Quarterly Report on Form 10-Q for the first quarter of fiscal 2020, filed with the SEC on June 7, 2019, formatted in Extensible Business Reporting Language (XBRL): (i) the Condensed Consolidated Balance Sheets a s of May 4, 2019, February 2, 2019, and May 5, 2018, (ii) the Condensed Consolidated Statements of Earnings for the three months ended May 4, 2019, and May 5, 2018, (iii) the Condensed Consolidated Statements of Comprehensive Income for the three months ended May 4, 2019, and May 5, 2018, (iv) the Condensed Consolidated Statements of Cash Flows for the three months ended May 4, 2019, and May 5, 2018, (v) the Condensed Consolidated Statements of Changes in Shareholders' Equity for the three months ended May 4, 2019, and May 5, 2018, and (vi) the Notes to Condensed Consolidated Financial Statements.

(1) The certifications in Exhibit 32.1 and Exhibit 32.2 to this Quarterly Report on Form 10-Q shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to liability of that section and shall not be incorporated by reference into any filing or other document pursuant to the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in such filing or document.

Pursuant to Item 601(b)(4)(iii) of Regulation S-K under the Securities Act of 1933, as amended, the registrant has not filed as exhibits to this Quarterly Report on Form 10-Q certain instruments with respect to long-term debt under which the amount of securities authorized does not exceed 10% of the total assets of the registrant. The registrant hereby agrees to furnish copies of all such instruments to the SEC upon request.

SIGN ATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

	BEST BUY CO., INC. (Registrant)	
Date: June 7, 2019	By:	/s/ HUBERT JOLY Hubert Joly *Chairman and Chief Executive Officer*
Date: June 7, 2019	By:	/s/ CORIE BARRY Corie Barry *Chief Financial Officer*
Date: June 7, 2019	By:	/s/ MATHEW R. WATSON Mathew R. Watson *Senior Vice President, Finance – Controller and Chief Accounting Officer*

BEST BUY CO., INC.
LONG-TERM INCENTIVE PROGRAM AWARD AGREEMENT
Award Date: March _____ , 201 9

This Long-Term Incentive Program Agreement (the " **Agreement** "), dated the date set forth above (the " **Award Date** "), is between Best Buy Co., Inc., a Minnesota corporation, (" **Best Buy** " or the " **Company** ") , and the employee (" **you** " or the " **P articipant** ") of the Company (or one of its Affiliates) whose name is set forth in the Award Notification you received from the Company (the " **Award Notification** ") . The Award Notification is included in and made a part of this Agreement .

1. **Grant of Award** . In consideration of your employment with or service to a member of the Company Group , the Company hereby grants to you the award set forth in the Award Notification (the " **Award** ") subject to the terms and conditions of this Agreement and the Best Buy Co., Inc. Amended and Restated 2014 Omnibus Incentive Plan (the " **Plan** ") . In the event of any conflict between this Agreement and the Plan, the Plan will govern. By your acceptance of this Award, you acknowledge receipt of a copy of the Prospectus for the Plan and your agreement to the terms and conditions of the Plan and this Agreement .

2. **Options** . This section applies to you if you r Award includes an Option. An " **Option** " is a right to purchase a number of shares of common stock of the Company (" **Shares** ") at the price per share of Common Stock stated in the Award No tification.

   (a) **Term and Vesting** . The Option shall expire and no longer be exercisable on the tenth anniversary the Award Date or such earlier date as provided herein (such date, the " **Expiration Date** ") . Except as otherwise set forth herein, t he Option may be exercised, in whole or in part, at any time prior to the Expiration Date , i n accordance with the schedule stated in the Award Notification. In no case may the Option be exercised after the Expiration Date.

   (b) **Method of Exercise** . The Option may b e exercised by written notice to the Company (through the Plan administr ator or other means specified by the Company) stating the number of S hares to be purchased. Such notice must be accompanied by payment in full of the exercise price for all Shares to be purchased by (i) cash or check, (ii) delivery of unencumbered Shares previously acquired by you having a Fair Market Value on the date of exercise that is equal to the exercise price, (iii) withholding of Shares that would otherwise be issued upon such exercise having a Fair Market Value on the date of exercise equal to the aggregate exercise price for the Shares for which the Option is being exercised or (iv) a cashless (broker-assisted) exercise that complies with all applicable laws .

3. **Restricted Share s** . This section applies to you if you r Award includes Restricted Shares. A " **Restricted Share** " is a Share issued to you on the Award Date that is subject to the restrictions set forth in this Agreement.

   (a) **Restrictions** . Until the Restricted Shares vest, they may not be assigned, transferred (other than by will or the laws of descent and distribution), pledged or hypothecated (whether by operation of law or otherwise) or otherwise conveyed or encumbered, and shall not be subject to execution, attachment or similar process. Any attempted assignment, transfer, pledge, hypothecation or other disposition contrary to the provisions this Agreement or the Plan, or the levy of any execution, attachment or similar process upon the Restricted Shares , shall be void and unenforceable against the Company.

(b) **Vesting.** Except as otherwise set forth herein, so long as you remained employed by a member of the Company Group, t he Restricted Shares shall vest in accordance with the schedule stated in the Award Notification .

(c) **Performance Condition** . Notwithstanding the vesting schedule stated in the Award Notification , your Restricted Shares shall not vest unless the Company achieves positive Adjusted Net Earnings in any fiscal year during the term of the Award. " **Adjusted Net Earnings** " means net earnings determined in accordance with GAAP as public ly reported by the Company for a fiscal year, adjusted to eliminate the following: (1) the cumulative effect of changes in GAAP; (2) gains and losses from discontinued operations; (3) extraordinary gains or losses; and (4) any other unusual or nonrecurring gains or losses which are separately identified and quantified, including merger related charges.

(d) **Issuance of Restricted Shares .** Unless otherwise determined by the Committee, t he Company shall issue the Restricted Shares i n the Participant's name in book-entry form with legends or notations indicating the restrictions in this Agreement

4. **Performance Share Award** . This section applies to you if you r Award includes a Performance Share Award . A " **Performance Share Award** " is a commitment by the Company to issue a certain number of Shares to you provided you meet certain employment criteria and that the Company achieves certain financial performance levels. A Performance Share Award does not represent immediate ownership of Shares.

(a) **Determination of Number of Sh ares under Performance Share Award** . The num ber of Shares issuable under (i) the revenue component of your Performance Share Award (the " **Revenue Performance Share Number** ") will be equal to a percentage of the target number of Shares stated in your Award Notification for the revenue component (" **Revenue Target** ") and (ii) the TSR component of your Performance Share Award (the " **TSR Performance Share Number** ") will be equal to a percentage of the target number of Shares stated in your Award Notification for the TSR component (" **TSR Target** "), in each case as determined below.

(b) **Revenue Performance Share Number** .

(i) Within 120 days after the end of the Performance Period , the Committee will calculate the CAGR of Enterprise Revenue from fiscal year 201 9 to fiscal year 202 2 (" **Enterprise Revenue CAGR** ") .

(ii) Your Revenue Performance Share Number will be calculated as set forth in your Award Notification.

(c) **TSR Performance Share Number** .

(i) Within 120 d ays a fter the end of the Performance Period, the Committee will (A) calculate the TSR for Best Buy and for each company included in the S&P 500 Index at the time of any calculation hereunder , (B) rank each such company by TSR (lowest to highest), and (C) determine the percentile rank of Best Buy's TSR in such ranking by dividing Best Buy's numerical position in such TSR ranking by the total number of companies included in the list, rounding to the nearest hundredth (" **Relative TSR** "). For example, if Best Buy were ranked 300 out of 50 0 , its Relative TSR would be 60%.

(ii) Your TSR Performance Share Number will be equal to the percentage of the TSR Target that is listed in the column below with the heading "Number of Shares Earned" opposite the band in the column with the heading "Performance" in which Relative TSR falls. If Relative TSR is between Threshold TSR and Target TSR or between Target TSR and Maximum TSR, your TSR Performance Share Number will be equal to a percentage inte rpolated on a linear basis for performance between such amounts. For example, if Be st Buy's Relative TSR is 60%, then your TSR Performance Share Number would be 125% of your TSR Target. Your TSR Performance Share Number will be rounded to the nearest whole number.

Performance	Number of Shares Earned
Relative TSR less than 30% (" **Threshold TSR** ")	0
Relative TSR 30% or greater but less than 50%	50% -99% of TSR Target
Relative TSR 50% (" **Target TSR** ") or greater but less than 70%	100% -149% of TSR Target
Relative TSR Greater than 70% (" **Maximum TSR** ")	150% of TSR Target
The number of performance shares earned will be interpolated on a linear basis for performance between Threshold and Target and between Target and Maximum.	

(d) Certain Definitions .

(i) " **Beginning Price** " means, with respect to any one company, the average closing price of one share of common stock during the first fiscal quarter of the Performance Period.

(ii) " **CAGR** " means compound annual growth rate.

(iii) " **Ending Price** " means, with respect to any one company, the average closing price of one share of common stock during the first fiscal quarter following completion of the Performance Period.

(iv) **"Enterprise Revenue"** means revenue of the Company from continuing operations as reported in the Company's Annual Report on Form 10-K for the respective 52-week fiscal year adjusted to eliminate the impact of currency exchange rate fluctuations; provided , however , that the Committee may adjust Enterprise Revenue down to eliminate the following: (1) the cumulative effect o f changes in GAAP (only to the extent such changes would reduce Enterprise Revenue); (2) revenue from discontinued operations; and (3) any other unusual or nonrecurring gains which are separately identified and quantified, including acquisition related revenue.

(v) **"Performance Period"** means the performance period stated in the Award Notification .

(vi) **"Performance Share Number "** means the sum of the Revenue Performance Share Number plus the TSR Performance Share Number.

(vii) **" TSR "** means, with respect to any one company, the price appreciation of one share of common stock as measured from the Beginning Price to the Ending Price, assuming all dividends and other distributions made on such share are reinvested, expressed as a percentage .

(e) **Change of Control** . Notwithstanding anything in this Agreement to the contrary, in the event of a Change of Control prior to the end of the Performance Period, the Committee will determine (i) Enterprise Revenue CAGR using the last completed fiscal year instead of fiscal year 202 2 and (ii) Relative TSR using the average closing price of one share of common stock during the last completed fiscal quarter in order to determine the Ending Price , and the Revenue and TSR Performance Share N umber s will be equal to the greater of (i) the number s de termined pursuant to Section 4(b)(ii) and Section 4(c)(ii) above , respectively, and (ii) the respective Revenue or TSR Target.

(f) **Performance Share Number Not Guaranteed** . If Relative TSR is less than Threshold TSR or Enterprise Revenue CAGR is less than Threshold Enterprise Revenue CAGR the respective portion of y our Performance Share Number will be 0 and there will be no Shares issued under that portion of your Performance Share Award . The Committee shall have sole discretion to determine Relative TSR and Enterprise Revenue .

(g) Issuance of Shares . Any Shares issuable to you under your Performance Share Award will be issued within 60 days after the Committee's determination of Relative TSR and Enterprise Revenue CAGR ; provided however, that the Company's obligation to issue such shares is subject to Section 5 of this Agreement .

5. Effect of Termination of Employment . Your employment with the Company Group may be terminated by your employer at any time for any reason (with or without advance notice). This section provides the effect on your Award of different types of termination of employment.

(a) Qualified Retirement . In the even t of your Qualified Retirement:

(i) Options . If your Award includes an Option, the Option will continue to vest in accordance with the vesting schedule set forth above . You will have until the later of (A) th ree years from the date of your Qu alified Retirement and (B) the last scheduled vesting date to exercise the entire Option; provided, however, that in no event shall the Option be exercisable after the Expiration Date. Any portion of the Option unexercised at the end of this period will be forfeited.

(ii) Restricted Shares . If your Award includes Restricted Share s , such Restricted Shares will co ntinue to vest in accordance with the v e st ing schedule set forth above, subject to the Company's achievement of the performance condit ion described in Section 3(c) .

(iii) Performance Shares . If your Award includes Performance Shares and in the event of your Qualified Retirement prior to the end of the Performance Period, you may be entitled to a prorated Performance Share Award. I f Relative TSR is greater than Threshold TSR (as determined after the end of the Performance Period), you will be entitled to a prorated TSR Performance Share Number . If Enterprise Revenue CAGR is greater than Threshold Enterprise Revenue CAGR (as determined after the end of the Performance Period), you will be entitled to a prorated Revenue Performance Share Number . For each component, y o ur Performance Share Award will be determined by multiplying the Performance Share Number calculated as if you were employ ed by a member of the Company Group on the last day of the Performance Period by a fraction , the numerator of which is the number of days during the Performance Period you were so employed, and the de nominator of which is the number of days in the Performance Period .

(b) Death or Disability . In the event of your death or employment termination due to Disability :

(i) Options . If your Award includes an Option , any then unvested portion of the Option will vest and become exercisable as of the date of death or, in the case of Disability, as of the date of employment termination . In the event of your death, the representative of your estate or your heirs will have until the earlier of (A) one year from the date of your death and (B) the Expiration Date of the Option, to exercise the Option. In the event you become Disabled while employed with the Company Group and must therefore terminate your employment, you will have until the earlier of (X) one year from the date of your employment termination and (Y) the Expiration Date of the Option, to exercise the Option.

(ii) Restricted Shares . If your Award includes Restricted Shares , any then unvested Restricted Shares will vest as of the date of death or, in the case of Dis ability, employment termination .

(iii) **Performance Share Award** . If your Award includes a Performance Share Award and in the event of your death o r employment termination due to Disability prior to the end of the Performance Period, you or the representative of your estate or your heirs, as applicable, may be entitled to a prorated Performance Share Award. I f Relative TSR is greater than Threshold TSR (as determined a s of the last completed fiscal quarter prior to the date of termination of employment to determine the Ending Price), you or the representative of your estate or your heirs , as applicable, will be entitled to a prorated TSR Performance Share Number . If Enterprise Revenue CAGR is greater than Threshold Enterprise Revenue CAGR (using the last completed fiscal year instead of fiscal year 202 2 for purposes of determining Enterprise Revenue CAGR), you will be entitled to a prorated Revenue Performance Share Number . For each component, y our Performance Share Award will be determined by multiplying the Performance Share Number calculated as of the date of termination of employment multiplied by a fraction, the numerator of which is the number of days during t he Performance Period you were employed, and t he denominator of which is the number of days in the Performance Period .

(c) **Involuntary Termination Without Cause** . If your employment is I nvolunt arily T erminated W ithout Cause :

(i) **Options .** If your Award includes an Option , you will have 60 days from the date of termination of your employment to exercise the portion of the Optio n vested as of your termination date , and a ny portion of the Option then unvested will be forfeited; provided , however , that if your employment is I nvolunt arily T erminated W ithout Cause within 12 months following a Change of Control, any then unvested portion of the Option will vest and become exercisable d uring the period ending 60 days from the date of termination of your employment . In no event, however, may the Option be exercised after its Expiration Date.

(ii) **Restricted Shares** . If your Award includes Restricted Shares , you will forfeit any then unvested Restricted Shares.

(iii) **Performance Share Award** . If your Award includes a Performance Share Award and your employment is I nvolunt arily T erminated W ithout Cause prior to the end of the Performance Period , you may be entitled to a prorated Performance Share Award. I f Relative TSR is greater than Threshold TSR (as determined after the end of the Performance Period), you will be entitled to a prorated TSR Performance Share Number . If Enterprise Revenue CAGR is greater than Threshold Enterprise Revenue CAGR (as determined after the end of the Performance Period), you will be entitled to a prorated Revenue Performance Share Number . For each component, y our Performance Share Award is determined by multiplying the Performance Share Number calculated as if you were employed by a member of the Company Group on the last day of the Performance Period multiplied by a fraction , the numerator of which is the number of days during the Performance Period you were employed, and the de nominator of which is the number of days in the Performance Period .

(d) **Voluntary Termination** . If you voluntarily terminate your employment with the Company Group for any reason :

(i) **Options .** If your Award includes an Option , you will have 60 days from the date of termination of your employment to exercise the Option, to the extent the Option had become vested as of your termination date. Any then unvested portion of the Option will be forfeited. In no event, however, may the Option be exercised after its Expiration Date.

(ii) **Restricted Shares** . If your Award includes Restricted Shares , you will forfeit any then unvested Restricted Share s .

(iii) **P erformance Share Award** . If your Award includes a Performance Share Award , and you voluntarily terminate your employment prior to the end of the Performance Period, you will forfeit your entire Performance Share Award.

(e) **Termination for Cause** . If your em ployment is terminated by any member of the Company Group for any reason at a time when any member of the Company Group is entitled to terminate your employment for Cause :

(i) **Options** . If your Award includes an Option , any then unvested portion of the Option will be forfeit ed , and t he Option may not be exercised after termination of your employment.

(ii) **Restricted Shares** . If your Award includes Restricted Shares, any then unvested Restricted Shares will be forfeit ed .

(iii) **Performance Share Award .** If your Award includes a Performance Share Award and your employment is terminate d by any member of the Company Group for any reason at a time when any member of the Company Group is entitled to terminate your employment for Cause prior to the en d of the Performance Period , you will forfeit your entire Performance Share Award.

6. **Restrictive Covenants and Remedies** . By accepting the Award, you specifically ag ree to the restrictive covenants contained in this Section 6 (the " **Restrictive Covenants** ") and you agree that the Restrictive Covenants and the remedies described herein are reasonable and necessary to protect the legitimate interests of the Company Group. You also acknowledge the uncertainty of the law with respect to Restrictive Covenants and expressly stipulate that this Agreement is to be given the construction that renders its provisions valid and enforceable to the maximum extent (not exceeding its express terms) possible under applicable law. Sections 6(b) and 6(c) a pply to you only if you are an o fficer of the Company and if you are employed outside the state of California . Further, if you are an attorney, the Restrictive Covenants apply to yo u only to the extent they are consistent with the rules of professional conduct applicable to you (for example, Minnesota Rule of Professional Conduct 5.6).

(a) **Confidentiality.** In consideration of the Award, you acknowledge that the Company Group operates in a competitive environment and has a substantial interest in protecting its Confidential Information, and you agree, during your employment with the Company Group and thereafter, to maintain the confidentiality of the Company Group's Confidential Information and to use such Confidential Information for the exclusive benefit of the Company Group. You will not be held criminally or civilly li able under any federal or s tate trade secret law for the disclosure of a trade secret t hat is made in confidence to a federal, s tate, or local government official or to an attorney solely for the purpose of reporting or investigating a suspected violation of law. You shall not be held criminally or civil ly liable under any federal or s tate trade secret law for the disclosure of a trade secret that is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. An individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the trade secret to the attorney of the individual and use the trade secret information in the court proceeding, if the individual files any document containing the trade secret under seal, and does not disclose the trade secret, except pursuant to court order.

(b) **Competitive Activity** . During your employment with the Company Group and for one year following the later of (i) termination of your employment for any reason whatsoever or (ii) the last scheduled vesting date for your Award , you sha ll not compete, directly or indirectly, through an Affiliate or otherwise, in any manner or capacity (including, without limitation, through any form of ownership or as a principal, agent, partner, officer, director, employee, advisor or consultant) with the Company Group, for your benefit or for the benefit of any other P erson other than the Company Group anywhere in the world . In the event that any portion of this Section 6(b) shall be determined by an arbitrator to be unenforceable because it is unreasonably restrictive in any respect, it shall be interpreted to extend over the maximum period of time for which it reasonably may be enforced and to the maximum extent for which it reasonably may be enforced in all other respects, and enforced as so interpreted, all as determined by such arbitrator in such action. You acknowledge the uncertainty of the law in this respect and expressly stipulate that this Agreement is to be given the construction that renders its provisions valid and enforceable to the maximum extent (not exceeding its express terms) possible under applicable law. Ownership of less than 1% of the outstanding capital stock of any corporation listed on a national securities exchange will not constitute a breach of this Section 6(b).

(c) **Non-Solicitation** . During your employment and for one year following the later of (i) termination of your employment for any reason whatsoever or (ii) the last scheduled award vesting date, you shall not:

(a) induce or attempt to induce any employee of the Company Group to leave the employ of Company Group, or in any way interfere adversely with the relationship between any such employee and Company Group;
(b) induce or attempt to induce any employee of Company Group to work for, render services to, provide advice to, or supply Confidential Information of Company Gro up to any third Person ;
(c) employ, or otherwise pay for services rendered by, any employee of Company Group in any business enterprise with which you may be associated, connected or affiliated;
(d) induce or attempt to induce any customer, supplier, licensee, licensor or other business relation of Company Group to cease doing business with Company Group, or in any way interfere with the then existing business relationship between any such customer, supplier, licensee, licensor or other business relation and Company Group; or
(e) assist, s olicit, or encourage any other P erson, directly or indirectly, in carrying out any activity set forth above that would be prohibited by any of the provisions of this Agreement if such activity were carried out by you. In particular, you will not, directly or indirectly, induce any employee of Company Group to carry out any such activity **.**

(d) **Partial Invalidity** . I f any portion of this Section 6 is determined by an arbitrator to be unenforceable in any respect, it shall be interpreted to be valid to the maximum extent for which it reasonably may be enforced, and enforced as so interpreted, all as determined by such arbitrator in such action. You acknowledge the uncertainty of the law in this respect and expressly stipulate that this Agreement is to be given the construction that renders its provisions valid and enforceable to the maximum extent (not exceeding its express terms) possible under applicable law.

(e) **Remedy for Breach** . You agree that a breach of any of the Restrictive Covenants would cause material and irreparable harm to the Company Group that would be difficult or impossible to measure, and that monetary damages for any such harm would, therefore, be an inadequate remedy. Accordingly, you agree that if you breach any Restrictive Covenant, the Company Group shall be entitled, in addition to and without limitation upon all other remedies the Company Group may have under this Agreement, at law or otherwise, to obtain injunctive or other appropriate equitable relief, without bond or other security, to restrain any such breach through arbitration . You further agree that the duration of the Restrictive Covenant shall be extended by the same amount of time that you are in breach of any Restrictive Covenant.

(f) **Claw B ack & Recovery** . You agree your Award , the Shares underlying your Award, as well as the value of any and all Shares no longer under your control , are subject to forfeiture and recovery pursuant to the Company's Clawback Policy, as it may be amended from time to time (the " **Clawback Policy** "), located at https://hr.bestbuy.com/, and any applicable law, rule or regulation or applicable stock exchange rule, including, without limitation, the Sarbanes-Oxley Act of 2002 and the Dodd-Frank Wall Street Reform and Consumer Protection Act. You acknowledge you have had an opportunity to review the Clawback Policy. Forfeiture and recovery under the Clawback Policy may include:

(i) the immediate forfeit ure of any of the then unexercised portion of any Option included in your Award, any unvested Restricted Share s included in your Award, and any Performance Share Award included in your Award ;

(ii) a requirement that you immediately return to the Company any Shares issued upon exercise of any Option included in your Award , and any Shares in your Award that were previously Restricted Shares and any Shares issued under any Performance Share Award that, in each case, are still under your control ; and

(iii) a requirement that you promptly pay to the Company an amount equal to the fair market value of all Shares included in your Award that are no longer under your control (as measured on the exercise date of any such Option, the vesting date of any such formerly Restricted Shares, and the date of issuance of any Shares issued under any such Performance Share Award, as applicable) .

(g) **Right of Set Off** . By accepting the Award, y ou agree that any member of the Company Group may , to the extent permitted by applicable law, set off any amount owed to you (including wages or other compensation, fringe benefits or vacation pay) against any amounts you owe under this Section 6 .

7. General Terms and Conditions .

(a) **Rights as a Stockholder** .

(i) **Options** . You will have no rights as a stockholder with respect to any Shares issuable upon exercise of an Option, nor have any rights to dividends or other rights as a shareholder with respect to any such Shares, until you have actually received such Shares following the exercise of the Option in accordanc e with the terms of this Agreement and the Plan .

(ii) **Restricted Shares** . Upon the issuance of Restricted Shares, you shall be entitled to exercis e the rights of a stockholder . Notwithstanding the foregoing, you will not have the right to v ote any Restricted Shares during the time period such Restricted Shares are subject to the restrictions in Section 3(a) (the " **Restricted Period** ") , and you will not have any right to any dividends paid on Restricted Share s during the Restricted Period.

(iii) **Performance Share Awards** . You will have no rights as a s tock holder with respect to any Shares issuable under a Performance Share Award until you have actually received such Shares in accordance with the terms of this Agreement and the Plan .

(iv) **Dividend Equivalents** . If your Award includes Restricted Shares or a Perfor mance Share Award, upon vesting of such Restricted Shares or upon issuance of Shares underlying such Performance Share Award, as the case may be, in accordance with the terms of this Agreement , you will be entitled to the Total Dividend Equivalent Amount with respect to such Restricted Shares or Performance Share Award . The Total Dividend Equiva lent Amount will be converted to Shares and issued to you upon vesting of Restricted Shares, or issuance of Shares underlying a Performance Share Award, as applicable; provided , however , that the Committee may pay you the Total Dividend Equivalent Amount in cash, as determined in its sole discretion. Any such conversion shall be based on the closing price of one Share on the applicable dividend payment date. In the event any such conversion results in a fraction of a Share, the number of such Shares shall be rounded up to the nearest whole number. The Company's obligation to issue such Shares or pay such amounts are subject to the same terms and conditions as apply to your Restricted Shares and any Performance Share Award.

(A) " **Dividend Equivalent Amount** " means the amount of any dividend paid on one Share that has a record date during the Dividend Equivalent Period multiplied by (1) in the case of Restricted Shares , the number of Restricted Shares held by you as of such record date and, (2) in the case of a Performance Share Award, the Performance Share Number.

(B) " **Dividend Equivalent Period** " means the period beginning on the grant date and ending (i) in the case of Restricted Shares, on the vesting date of such Restricted Shares and, (ii) in the case of a Performance Share Awar d, on the date of issuance of any Shares underlying a Performance Share Award .

(C) " **Total Dividend Equivalent Amount** " means the sum of all Dividend Equivalent Amounts with respect the Restricted Shares granted under this Agreement or the Performance Share Award granted under this Agreement, as applicable .

(b) **Transferability** .

(i) **Options** . Option s may not be assigned, transferred (other than by will or the laws of desc ent and distribution), pledged or hypothecated (whether by operation of law or otherwise) or otherwise conveyed or encumbered, and shall not be subject to execution, attachment or similar process . Any attempted assignment, transfer, pledge, hypothecation or other disposition of the Option contrary to the provisions of this Agreement or the Plan , or the levy of any execution, attachment or similar process upon the Option, shall be void and un enforceable against the Company .

(ii) **Restricted Shares .** Restricted Shares are subject to the restrictions set forth in Section 3(a) of this Agreement .

(iii) **Performance Share Award s** . Performance Share Awards may not be assigned, transferred (other than by will or the laws of desc ent and distribution), pledged or hypothecated (whether by operation of law or otherwise) or otherwise conveyed or encumbered, and shall not be subject to execution, attachment or similar process . Any attempted assignment, transfer, pledge, hypothecat ion or other disposition of a Performance Share Award contrary to the provisions of this Agreement or the Plan , or the levy of any execution, attach ment or similar process upon a Performance Share Award , shall be void and un enforceable against the Company .

(c) **No Right to Continued Employment** . This Agreement does not guarantee your continued employment nor alter the right of any member of the Company Group to terminat e your employment at any time .

(d) **Participant's Acknowledgement s** .

(i) **Committee's Sole Discretion** . The Committee has sole discretion to make decisions regarding your Award, and to interpret all terms of this Agreement , with the exception of the application of the Company's Arbitration Policy . You agree that all decisions regarding and interpretations of this Agreement by the Committee are binding, conclusive, final and non-appealable .

(ii) **Taxes** . You are liable for any for any federal, state and other taxes incurred upon the exercise, vesting or settlement of any Award , and any subsequent disposition of any Shares .

(A) **Options** . Any Options included in your Award are Non-Qualified Stock Options not eligible for treatment as qualified or incentive stock options for federal income tax purposes. Prior to exercising any Option, you will pay or make adequate arrangements satisfactory to the Company to satisfy all applicable taxes. If applicable, you authorize the Company, or its agents, to satisfy its obligations with regard to all taxes by withholding Shares of the

Company common stock to be issued at exercise of the Option or otherwise selling Shares of the Company on your behalf equal to the amount of all taxes required to be withheld by the Company, pursuant to the policies and processes of the Company's stock plan administrator and broker.

(B) **Restricted Shares.** Upon vesting of any Restricted Shares , you authorize the Company, or its agents, to satisfy the obligations with regard to all taxes by selling Shares of the Company on your behalf, or otherwise withholding from such Shares a number of Shares having a Fair Market Value equal to the amount of all taxes required to be withheld by the Company, pursuant to the policies and processes of the Company's stock plan administrator and broker.

(C) **Performance Share Award.** Upon issuance of your Performance Share Award , you authorize the Company, or its agents, to satisfy the obligations with regard to all taxes by selling Shares of the Company on your behalf, or otherwise withholding from such Shares a number of Shares having a Fair Market Value equal to the amount of all taxes required to be withheld by the Company, pursuant to the policies and processes of the Company's stock plan administrator and broker.

(iii) **Section 83(b) Election** . If your Award includes Restricted Shares, you acknowledge that you may file an election pursuant to Section 83(b) of the Internal Revenue Code to be taxed currently on the fair market value of any Restricted Shares of Restricted Stock , provided that such election must be filed with the Internal Revenue S ervice no later than 30 days after the grant of such Restricted Shares . You agree to seek the advice of your own tax advisors as to the advisability of making such a Section 83(b) election, the potential consequences of making such an election, the requirements for making such an election, and the other tax consequences of the Restricted Shares under federal, state, and any othe r laws that may be applicable .

(iv) **Consultation With Professional Tax Advisors** . You acknowledge that the grant, exercise, vesting or any payment with respect to the Award , and the sale or other taxable disposition of the Shares acquired as a result of the Award may have tax conse quences under federal, state, local or inte rnational tax laws. You further acknowledge that you are relyin g solely on your own professional tax and investment advisors with respect to any and all such matters (and are not relying, in any manner, on the Company or any of its employees or representatives). You understand and agree that any and all tax consequences resulting from the Award and its grant, exercise, vesting or any payment with respect thereto, and the sale or other taxable disposition of the Shares acquired pursuant to the Pla n, are solely your responsibility without any expectation or understanding that the Company or any of its employees or representat ives will pay or reimburse you for such taxes .

(e) **Severability** . In the e vent that any provision in the Plan or this Agreement is held to be invalid, illegal or unenforceable or would disqualify the Plan or this Agreement under any law , the invalid, illegal or unenforceable provision shall be construed or deemed amended to conform to applicable laws, or if it cannot be so construed or deemed amended without, in the determination of the Committee, materially altering the purpose or intent of the Plan or this Agreement , such provis ion shall be stricken as to the applicable jurisdiction or Shares, and the remainder of the Plan or this Agreement shall remain in full force and effect.

(f) **Governing Law and Dispute Resolution .** Any disputes under this Agreement or the Plan must be resolved by arbitration subject to the Company's Arbitration Policy. T h e substantive laws of Minnesota, without regard to the conflict of law provisions, shall apply to all questions concerning this Agreement to the extent not prohibited by the applicable law of the State in which you primarily work and reside ;

however, t he Arbitration Policy, its enforceability, and its implementation are governed by the Federal Arbitration Act.

8. **Definitions** . Capitalized terms used but not defined in this Agreement are defined in the Plan or, if not defined therein, will have the following meanings:

(a) " **Beneficial Owner** " will have the meaning defined in Rule 13d-3 under the Securities Exchange Act of 1934, as amended, or any successor provision.

(b) “ **Board** ” means the Board of Directors of Best Buy Co., Inc.

(c) “ **Cause** ” for termination of your employment with the Company Group shall, solely for purposes of this Agreement , is deemed to exist if you:

(i) are charged with, convicted of or enter a plea of guilty or *nolo contendere* to: (a) a felony, (b) any crime involving moral turpitude, dishonesty, breach of trust or unethical business conduct, or (c) any crime involving the business of the Company Group;

(ii) in the performance of your duties for the Company Group or otherwise to the detriment of the Company Group, engage in: (a) dishonesty that is harmful to the Company Group, monetarily or otherwise, (b) willful or gross misconduct, (c) willful or gross neglect, (d) fraud, (e) misappropriation, (f) embezzlement, or (g) theft;

(iii) disobey the directions of the Board , or any individual or individuals the Board authorizes to act on its or their behalf, acting within the scope of its or their authority;

(iv) fail to comply with the policies or practices of the Company Group;

(v) fail to devote substantially all of your business time and effort to the Company Group;

(vi) are adjudicated in any civil suit, or acknowledge in writing in any agreement or stipulation, to have committed any theft, embezzlement, fraud, or other act of dishone sty involving any other P erson;

(vii) are determined, in the sole judgment of the Board or any individual or individuals the Board authorizes to act on its or their behalf, to have engaged in a pattern of poor performance;

(viii) are determined, in the sole judgment of the Board or any individual or individuals the Board authorizes to act on its or their behalf, to have willfully engaged in conduct that is harmful to the Company Group, monetarily or otherwise;

(ix) breach any provision of this Agreement or any other agreement between you and any member of the Company Group; or

(x) engage in any activity intended to benefit any entity at the expense of the Company Group or intended to benefit any competitor of the Company Group.

All determinations and other decisions relating to Cause (as defined above) for termination of your employment shall be within the sole discretion of the Board or any individual or individuals the Board authorizes to act on its behalf; and shall be final, conclusive and binding upon you. In the event that there exists Cause (as defined above) for termination of your employment, the Company ma y terminate this Agreement immediately, upon written notification of such termination for Cause, given to you by the

Board or any individual or individuals the Board authorizes to act on its behalf. The use of this definition solely for purposes of this Agreement does not change your at will employment status.

(d) " **Change of Control** " means :

(i) the consummation of any transaction in which a ny Person or Group , other than a member or members of the Company Group or any trustee or other fiduciary holding securities under an employee benefit plan or plans of a member of the Company Group , becomes the Beneficial Ow ner, directly or indirectly, of securities of the Company representing 5 0% or more of the voting power of the Company 's securities other than any such transaction in which the security holders of the Company immediately prior to such transaction Beneficially O wn, immediately following such transaction, securities representing 50% or more of the voting power of the Company's securities in substantially the same proportions as their ownership immediately prior to such transaction;

(ii) individuals who at the Award Date constitute the Board and any new director (other than a director whose initial assumption of office is in connection with an actual or threatened election contest, including but not limited to a consent solicitation, relating to the election of directors of the Company) whose appointment or election by the Board or nomination for election by the Company 's shareholders was approved or recommended by a v ote of at least 2/3 of the directors then still in office who either were directors at the Award Date or whose appointment, election or nomination for election was previously so approved or recommended, cease for any reason to constitut e a majority thereof;

(iii) there is consummated a merger or consolidation of the Company with any other entity , other than (a) a merger or consolidation in which the Beneficial Owners of securities of the Company outstanding immediately prior thereto representing 50% or more of the voting power of the Company's securities Beneficially Own, in combination with the ownership of any trustee or other fiduciary holding securities under an employee benefit plan of a member of the Company Group (either by remaining outstanding or by being converted into voting securities of the surviving e ntity or any parent thereof) , at least 50% of the combined voting power of the voting securities of the Company or such surviving entity or parent thereof outstanding immediately after such merger or consolidation in substantially the same proportions as their Beneficial Ownership immediately prior to such transaction , or (b) a merger or consolidation effected to implement a recapitalization of the Company (or similar transaction) in which no Person is or becomes the Beneficia l Owner, directly or indirectly, of securities of the Company representing 50% or more of the combined voting power of the Company 's then outstanding securities;

(iv) the consummation of any transaction or series of related transactions in which all or substantially all the Company 's assets are sold or otherwise transferred , other than a ny sale or transfer to a Person or Group , at least 50% of the combined voting power of the votin g securities of which are Beneficially Owned by shareholders of the Company in substantially the same proportions as such shareholders' Beneficial Ownership of voting securities of the Company ; or

(v) approval by the shareholders of a definitive agreement or plan to liquidate or dissolve the Company .

T he Board shall determine in its sole discretion that a Change of Control of the Company has occurred.

(e) " **Company Group** " means , collectively, Best Buy Co., Inc. and its subsidiaries .

(f) " **Committee** " means the Compensation and Human Resources Committ ee of the Board of Directors of Best Buy Co., Inc.

(g) “ **Confidential Information** ” mean s all “Confidential Information” as that term is defined in Best Buy’s Confidentiality Policy, and includes, without limitation, any and all information in whatever form, whether written, electronically stored, orally transmitted or memorized relating to trade secrets, customer lists, records and other information regarding customers, p rice lists and pricing policies, financial information, r ecords, ledgers and information, purchase orde rs, agreements and related data, business development and strategic plans, products and technologies, product tests, manufacturing costs, product or service pricing, sales and marketing plans, research and development plans, personnel and employment records, files, data and policies (regardless of whether the information pertains to you or other employees of the Company Group), tax information, business a nd sales methods and operations, business corresponden ce, memoranda and other records, invention s, improvements and discoveries, processes and meth ods, business opera tions and related data formulae, co mputer records and related data, kno w-how, research and development, trademark, technology, technical in formation, copyrighted material, and any other confidential or proprietary data and information which you encounter during employment, all of which are held, possessed and/or owned by the Company Group and all of which are used in the operations and business of the Company Group. Confidential Information does not include information which is or becomes generally known within the Company Group’s industry th rough no act or omission by you . Confidential Information also does not include information about unlawful or potentially unlawful acts in the workplace.

(h) “ **Disability** ” means your disability that has caused you to either (i) have qualified for long term disability payments under the Company's long - term disability plan ; or (ii) to have been unable to perform the essential functions of your position (with or without reasonable accommodation) with any Company Group member for at least 6 consecutive months.

(i) “ **GAAP** ” means generally accepted accounting principles in the United States.

(j) “ **Group** ” shall h ave the meaning as such term has under Section 13d-3 of the Securities Exchange Act of 1934, as amended, or any successor provision.

(k) “ **Involuntarily Terminated Without Cause** ” means (i) your employment is terminated by your employer at a time when your employer is not entitled to terminate your employment for Cause or (ii) in the event the entity that employs you is a direct or indirect a subsidiary or other Affiliate of the Company (the “ **Employing Entity** ”), any transaction in which securities representing more than 50% of the voting power of the Employing Entity becoming Beneficially Owned by any Person or Persons other than the Company or one of its subsidiaries , whether via a transfer of such securities to such Person or Persons or via merger, consolidation or otherwise .

(l) " **Qualified Retirement** " means any termination of your employment with the Company Group that occurs on or after your 60th birthday, at a time when no member of the Company Group is entitled to discharge you for Cause, so long as you have served the Company Group continuously for at least the five-year period immediately preceding that termination.

BEST BUY CO., INC.
LONG-TERM INCENTIVE PROGRAM AWARD AGREEMENT
Award Date: March _____ , 201 9

This Long-Term Incentive Program Agreement (the " **Agreement** "), dated the date set forth above (the " **Award Date** "), is between Best Buy Co., Inc., a Minnesota corporation, (" **Best Buy** " or the " **Company** ") , and the employee (" **you** " or the " **P articipant** ") of the Company (or one of its Affiliates) whose name is set forth in the Award Notification you received from the Company (the " **Award Notification** ") . The Award Notification is included in and made a part of this Agreement .

1. **Grant of Award** . In consideration of your employment with or service to a member of the Company Group , the Company hereby grants to you the award set forth in the Award Notification (the " **Award** ") subject to the terms and conditions of this Agreement and the Best Buy Co., Inc. Amended and Restated 2014 Omnibus Incentive Plan (the " **Plan** ") . In the event of any conflict between this Agreement and the Plan, the Plan will govern. By your acceptance of this Award, you acknowledge receipt of a copy of the Prospectus for the Plan and your agreement to the terms and conditions of the Plan and this Agreement .

2. **Options** . This section applies to you if you r Award includes an Option. An " **Option** " is a right to purchase a number of shares of common stock of the Company (" **Shares** ") at the price per share of Common Stock stated in the Award No tification.

   (a) **Term and Vesting** . The Option shall expire and no longer be exercisable on the tenth anniversary the Award Date or such earlier date as provided herein (such date, the " **Expiration Date** ") . Except as otherwise set forth herein, t he Option may be exercised, in whole or in part, at any time prior to the Expiration Date , i n accordance with the schedule stated in the Award Notification. In no case may the Option be exercised after the Expiration Date.

   (b) **Method of Exercise** . The Option may b e exercised by written notice to the Company (through the Plan administr ator or other means specified by the Company) stating the number of S hares to be purchased. Such notice must be accompanied by payment in full of the exercise price for all Shares to be purchased by (i) cash or check, (ii) delivery of unencumbered Shares previously acquired by you having a Fair Market Value on the date of exercise that is equal to the exercise price, (iii) withholding of Shares that would otherwise be issued upon such exercise having a Fair Market Value on the date of exercise equal to the aggregate exercise price for the Shares for which the Option is being exercised or (iv) a cashless (broker-assisted) exercise that complies with all applicable laws .

3. **Restricted Stock Units** . This section applies to you if you r Award includes Restricted Stock Units. A " **Restricted Stock Unit** " is a commitment by the Company to issue a certain number of Shares to you provided you meet certain employment criteria and that the Company achieves certain financial performance levels. A Restricted Stock Unit does not represent immediate ownership of Shares.

   (a) **Restrictions** . Until your Restricted Stock Units become vested as provided in the Award Notification, they are subject to the restrictions described in this Agreement and the Plan (the " **Restrictions** ") during the period (the " **Restricted Period** ") beginning on the Award Date and ending on the date of vesting. Restricted Stock Units may not be assigned, transferred (other than by will or the laws of descent and distribution), pledged or hypothecated (whether by operation of law or otherwise) or otherwise conveyed or encumbered, and shall not be subject to execution, attachment or similar process. Any attempted assignment, transfer, pledge, hypothecation or other disposition contrary to the provisions this Agreement or the Plan, or the levy of any execution, attachment or similar process upon the Restricted Stock Units , shall be void and unenforceable against the Company.

(b) **Vesting.** Except as otherwise set forth herein, so long as you remained employed by a member of the Company Group, t he Restricted Stock Units shall vest in accordance with the schedule stated in the Award Notification .

(c) **Performance Condition** . Notwithstanding the vesting schedule stated in the Award Notification , your Restricted Stock Units shall not vest unless the Company achieves positive Adjusted Net Earnings in any fiscal year during the term of the Award. " **Adjusted Net Earnings** " means net earnings determined in accordance with GAAP as public ly reported by the Company for a fiscal year, adjusted to eliminate the following: (1) the cumulative effect of changes in GAAP; (2) gains and losses from discontinued operations; (3) extraordinary gains or losses; and (4) any other unusual or nonrecurring gains or losses which are separately identified and quantified, including merger related charges.

(d) **Issuance of Shares Underlying Restricted Stock Units .** Unless otherwise determined by the Committee, t he Company shall issue the Shares underlying the Restricted Stock Units within 60 days following vesting of such Restricted Stock Units .

4. **Performance Share Award** . This section applies to you if you r Award includes a Performance Share Award . A " **Performance Share Award** " is a commitment by the Company to issue a certain number of Shares to you provided you meet certain employment criteria and that the Company achieves certain financial performance levels. A Performance Share Award does not represent immediate ownership of Shares.

(a) **Determination of Number of Sh ares under Performance Share Award** . The num ber of Shares issuable under (i) the revenue component of your Performance Share Award (the " **Revenue Performance Share Number** ") will be equal to a percentage of the target number of Shares stated in your Award Notification for the revenue component (" **Revenue Target** ") and (ii) the TSR component of your Performance Share Award (the " **TSR Performance Share Number** ") will be equal to a percentage of the target number of Shares stated in your Award Notification for the TSR component (" **TSR Target** "), in each case as determined below.

(b) **Revenue Performance Share Number** .

(i) Within 120 days after the end of the Performance Period , the Committee will calculate the CAGR of Enterprise Revenue from fiscal year 201 9 to fiscal year 202 2 (" **Enterprise Revenue CAGR** ") .

(ii) Your Revenue Performance Share Number will be calculated as set forth in your Award Notification.

(c) **TSR Performance Share Number** .

(i) Within 120 d ays a fter the end of the Performance Period, the Committee will (A) calculate the TSR for Best Buy and for each company included in the S&P 500 Index at the time of any calculation hereunder , (B) rank each such company by TSR (lowest to highest), and (C) determine the percentile rank of Best Buy's TSR in such ranking by dividing Best Buy's numerical position in such TSR ranking by the total number of companies included in the list, rounding to the nearest hundredth (" **Relative TSR** "). For example, if Best Buy were ranked 300 out of 50 0 , its Relative TSR would be 60%.

(ii) Your TSR Performance Share Number will be equal to the percentage of the TSR Target that is listed in the column below with the heading "Number of Shares Earned" opposite the band in the column with the heading "Performance" in which Relative TSR falls. If Relative TSR is between Threshold TSR and Target TSR or between Target TSR and Maximum TSR, your TSR Performance Share Number will be equal to a percentage inte rpolated on a linear basis for performance between such amounts. For example, if Be st Buy's Relative TSR is 60%, then your TSR Performance Share Number would be 125% of your TSR Target. Your TSR Performance Share Number will be rounded to the nearest whole number.

Performance	Number of Shares Earned
Relative TSR less than 30% ("**Threshold TSR**")	0
Relative TSR 30% or greater but less than 50%	50% -99% of TSR Target
Relative TSR 50% ("**Target TSR**") or greater but less than 70%	100% -149% of TSR Target
Relative TSR Greater than 70% ("**Maximum TSR**")	150% of TSR Target
The number of performance shares earned will be interpolated on a linear basis for performance between Threshold and Target and between Target and Maximum.	

(d) **Certain Definitions .**

(A) "**Beginning Price**" means, with respect to any one company, the average closing price of one share of common stock during the first fiscal quarter of the Performance Period.

(B) "**CAGR**" means compound annual growth rate.

(C) "**Ending Price**" means, with respect to any one company, the average closing price of one share of common stock during the first fiscal quarter following completion of the Performance Period.

(D) **"Enterprise Revenue"** means revenue of the Company from continuing operations as reported in the Company's Annual Report on Form 10-K for the respective 52-week fiscal year adjusted to eliminate the impact of currency exchange rate fluctuations; provided , however , that the Committee may adjust Enterprise Revenue down to eliminate the following: (1) the cumulative effect o f changes in GAAP (only to the extent such changes would reduce Enterprise Revenue); (2) revenue from discontinued operations; and (3) any other unusual or nonrecurring gains which are separately identified and quantified, including acquisition related revenue.

(E) **"Performance Period"** means the performance period stated in the Award Notification .

(F) **"Performance Share Number"** means the sum of the Revenue Performance Share Number plus the TSR Performance Share Number.

(G) "**TSR**" means, with respect to any one company, the price appreciation of one share of common stock as measured from the Beginning Price to the Ending Price, assuming all dividends and other distributions made on such share are reinvested, expressed as a percentage .

(e) **Change of Control** . Notwithstanding anything in this Agreement to the contrary, in the event of a Change of Control prior to the end of the Performance Period, the Committee will determine (i) Enterprise Revenue CAGR using the last completed fiscal year instead of fiscal year 202 2 and (ii) Relative TSR using the average closing price of one share of common stock during the last completed fiscal quarter in order to determine the Ending Price , and the Revenue and TSR Performance Share

N umber s will be equal to the greater of (i) the number s de termined pursuant to Section 4(b)(ii) and Section 4(c)(ii) above , respectively, and (ii) the respective Revenue or TSR Target.

(f) Performance Share Number Not Guaranteed . If Relative TSR is less than Threshold TSR or Enterprise Revenue CAGR is less than Threshold Enterprise Revenue CAGR the respective portion of y our Performance Share Number will be 0 and there will be no Shares issued under that portion of your Performance Share Award. The Committee shall have sole discretion to determine Relative TSR and Enterprise Revenue.

(g) Issuance of Shares . Any Shares issuable to you under your Performance Share Award will be issued within 60 days after the Committee's determination of Relative TSR and Enterprise Revenue CAGR ; provided however, that the Company's obligation to issue such shares is subject to Section 5 of this Agreement .

5. Effect of Termination of Employment . Your employment with the Company Group may be terminated by your employer at any time for any reason (with or without advance notice). This section provides the effect on your Award of different types of termination of employment.

(a) Qualified Retirement . In the even t of your Qualified Retirement:

(i) Options . If your Award includes an Option, the Option will continue to vest in accordance with the vesting schedule set forth above . You will have until the later of (A) th ree years from the date of your Qu alified Retirement and (B) the last scheduled vesting date to exercise the entire Option; provided, however, that in no event shall the Option be exercisable after the Expiration Date. Any portion of the Option unexercised at the end of this period will be forfeited.

(ii) Restricted Stock Units . If your Award includes Restricted Stock Units, such Restricted Stock Units will continue to vest in accordance with the vesting schedule set forth in the Award Notification, subject to the Company's achievement of the performance condition described in Section 3(c), notwithstanding that you are no longer providing services to a member of the Company Group. Once vested, the Restricted Stock Units will be settled as provided in Section 3(d) above.

(iii) Performance Shares . If your Award includes Performance Shares and in the event of your Qualified Retirement prior to the end of the Performance Period, you may be entitled to a prorated Performance Share Award. I f Relative TSR is greater than Threshold TSR (as determined after the end of the Performance Period), you will be entitled to a prorated TSR Performance Share Number . If Enterprise Revenue CAGR is greater than Threshold Enterprise Revenue CAGR (as determined after the end of the Performance Period), you will be entitled to a prorated Revenue Performance Share Number . Yo ur Performance Share Award will be determined by multiplying the Performance Share Number calculated as if you were employ ed by a member of the Company Group on the last day of the Performance Period by a fraction , the numerator of which is the number of days during the Performance Period you were so employed, and the de nominator of which is the number of days in the Performance Period .

(b) Death or Disability . In the event of your death or employment termination due to Disability :

(i) Options . If your Award includes an Option , any then unvested portion of the Option will vest and become exercisable as of the date of death or, in the case of Disability, as of the date of employment termination . In the event of your death, the representative of your estate or your heirs will have until the earlier of (A) one year from the date of your death and (B) the Expiration Date of the Option, to exercise the Option. In the event you become Disabled while employed with the

Company Group and must therefore terminate your employment, you will have until the earlier of (X) one year from the date of your employment termination and (Y) the Expiration Date of the Option, to exercise the Option.

(ii) **Restricted Stock Units** . If your Award includes Restricted Stock Units , the Restrictions will lapse immediately and Restricted Stock Units that are unvested as of the date of death or, in the case of Disability, employment termination will become vested immediately (notwithstanding the vesting schedule set forth in the Award Notification). Once vested, the Restricted Stock Units will be settled as provided in Section 3(d) above (or the earliest such later date as is required to satisfy Sect ion 409A of the Code, as described in Section 7 below).

(iii) **Performance Share Award** . If your Award includes a Performance Share Award and in the event of your death o r employment termination due to Disability prior to the end of the Performance Period, you or the representative of your estate or your heirs, as applicable, may be entitled to a prorated Performance Share Award. I f Relative TSR is greater than Threshold TSR (as determined a s of the last completed fiscal quarter prior to the date of termination of employment to determine the Ending Price), you or the representative of your estate or your heirs , as applicable, will be entitled to a prorated TSR Performance Share Number . If Enterprise Revenue CAGR is greater than Threshold Enterprise Revenue CAGR (using the last completed fiscal year instead of fiscal year 202 2 for purposes of determining Enterprise Revenue CAGR), you will be entitled to a prorated Revenue Performance Share Number . For each component, y our Performance Share Award will be determined by multiplying the Performance Share Number calculated as of the date of termination of employment multiplied by a fraction, the numerator of which is the number of days during t he Performance Period you were employed, and t he denominator of which is the number of days in the Performance Period .

(c) **Involuntary Termination Without Cause** . If your employment is I nvolunt arily T erminated W ithout Cause :

(i) **Options .** If your Award includes an Option , you will have 60 days from the date of termination of your employment to exercise the portion of the Optio n vested as of your termination date , and a ny portion of the Option then unvested will be forfeited; provided , however , that if your employment is I nvolunt arily T erminated W ithout Cause within 12 months following a Change of Control, any then unvested portion of the Option will vest and become exercisable d uring the period ending 60 days from the date of termination of your employment . In no event, however, may the Option be exercised after its Expiration Date.

(ii) **Restricted Stock Units** . If your Award includes Restricted Stock Units , you will forfeit any then unvested Restricted Stock Units .

(iii) **Performance Share Award** . If your Award includes a Performance Share Award and your employment is I nvolunt arily T erminated W ithout Cause prior to the end of the Performance Period , you may be entitled to a prorated Performance Share Award. I f Relative TSR is greater than Threshold TSR (as determined after the end of the Performance Period), you will be entitled to a prorated TSR Performance Share Number . If Enterprise Revenue CAGR is greater than Threshold Enterprise Revenue CAGR (as determined after the end of the Performance Period), you will be entitled to a prorated Revenue Performance Share Number . For each component, y our Performance Share Award is determined by multiplying the Performance Share Number calculated as if you were employed by a member of the Company Group on the last day of the Performance Period multiplied by a fraction , the numerator of which is the number of days during the Performance Period you were employed, and the de nominator of which is the number of days in the Performance Period .

(d) **Voluntary Termination** . If you voluntarily terminate your employment with the Company Group for any reason :

(i) **Options .** If your Award includes an Option , you will have 60 days from the date of termination of your employment to exercise the Option, to the extent the Option had become vested as of your termination date. Any then unvested portion of the Option will be forfeited. In no event, however, may the Option be exercised after its Expiration Date.

(ii) **Restricted Stock Units** . If your Award includes Restricted Stock Units , you will forfeit any then unvested Restricted Stock Units .

(iii) **P erformance Share Award** . If your Award includes a Performance Share Award, and you voluntarily terminate your employment prior to the end of the Performance Period, you will forfeit your entire Performance Share Award.

(e) **Termination for Cause** . If your em ployment is terminated by any member of the Company Group for any reason at a time when any member of the Company Group is entitled to terminate your employment for Cause :

(i) **Options** . If your Award includes an Option , any then unvested portion of the Option will be forfeit ed , and t he Option may not be exercised after termination of your employment.

(ii) **Restricted Stock Units** . If your Award includes Restricted Stock Units , any then unvested Restricted Stock Units will be forfeit ed .

(iii) **Performance Share Award .** If your Award includes a Performance Share Award and your employment is terminate d by any member of the Company Group for any reason at a time when any member of the Company Group is entitled to terminate your employment for Cause prior to the en d of the Performance Period , you will forfeit your entire Performance Share Award.

6. **Restrictive Covenants and Remedies** . By accepting the Award, you specifically ag ree to the restrictive covenants contained in this Section 6 (the " **Restrictive Covenants** ") and you agree that the Restrictive Covenants and the remedies described herein are reasonable and necessary to protect the legitimate interests of the Company Group. You also acknowledge the uncertainty of the law with respect to Restrictive Covenants and expressly stipulate that this Agreement is to be given the construction that renders its provisions valid and enforceable to the maximum extent (not exceeding its express terms) possible under applicable law. Sections 6(b) and 6(c) a pply to you only if you are an o fficer of the Company and if you are employed outside the state of California . Further, if you are an attorney, the Restrictive Covenants apply to yo u only to the extent they are consistent with the rules of professional conduct applicable to you (for example, Minnesota Rule of Professional Conduct 5.6).

(a) **Confidentiality.** In consideration of the Award, you acknowledge that the Company Group operates in a competitive environment and has a substantial interest in protecting its Confidential Information, and you agree, during your employment with the Company Group and thereafter, to maintain the confidentiality of the Company Group's Confidential Information and to use such Confidential Information for the exclusive benefit of the Company Group. You will not be held criminally or civilly li able under any federal or s tate trade secret law for the disclosure of a trade secret t hat is made in confidence to a federal, s tate, or local government official or to an attorney solely for the purpose of reporting or investigating a suspected violation of law. You shall not be held criminally or civil ly liable under any federal or s tate trade secret law for the disclosure of a trade secret that is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. An individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the trade secret to the attorney of the individual and use the trade secret information in the court proceeding, if the individual files any document containing the trade secret under seal, and does not disclose the trade secret, except pursuant to court order.

(b) **Competitive Activity** . During your employment with the Company Group and for one year following the later of (i) termination of your employment for any reason whatsoever or (ii) the last scheduled vesting date for your Award , you sha ll not compete, directly or indirectly, through an Affiliate or otherwise, in any manner or capacity (including, without limitation, through any form of ownership or as a principal, agent, partner, officer, director, employee, advisor or consultant) with the Company Group, for your benefit or for the benefit of any other P erson other than the Company Group anywhere in the world . In the event that any portion of this Section 6(b) shall be determined by an arbitrator to be unenforceable because it is unreasonably restrictive in any respect, it shall be interpreted to extend over the maximum period of time for which it reasonably may be enforced and to the maximum extent for which it reasonably may be enforced in all other respects, and enforced as so interpreted, all as determined by such arbitrator in such action. You acknowledge the uncertainty of the law in this respect and expressly stipulate that this Agreement is to be given the construction that renders its provisions valid and enforceable to the maximum extent (not exceeding its express terms) possible under applicable law. Ownership of less than 1% of the outstanding capital stock of any corporation listed on a national securities exchange will not constitute a breach of this Section 6(b).

(c) **Non-Solicitation** . During your employment and for one year following the later of (i) termination of your employment for any reason whatsoever or (ii) the last scheduled award vesting date, you shall not:

(a) induce or attempt to induce any employee of the Company Group to leave the employ of Company Group, or in any way interfere adversely with the relationship between any such employee and Company Group;
(b) induce or attempt to induce any employee of Company Group to work for, render services to, provide advice to, or supply Confidential Information of Company Gro up to any third Person ;
(c) employ, or otherwise pay for services rendered by, any employee of Company Group in any business enterprise with which you may be associated, connected or affiliated;
(d) induce or attempt to induce any customer, supplier, licensee, licensor or other business relation of Company Group to cease doing business with Company Group, or in any way interfere with the then existing business relationship between any such customer, supplier, licensee, licensor or other business relation and Company Group; or
(e) assist, s olicit, or encourage any other P erson, directly or indirectly, in carrying out any activity set forth above that would be prohibited by any of the provisions of this Agreement if such activity were carried out by you. In particular, you will not, directly or indirectly, induce any employee of Company Group to carry out any such activity **.**

(d) **Partial Invalidity** . I f any portion of this Section 6 is determined by an arbitrator to be unenforceable in any respect, it shall be interpreted to be valid to the maximum extent for which it reasonably may be enforced, and enforced as so interpreted, all as determined by such arbitrator in such action. You acknowledge the uncertainty of the law in this respect and expressly stipulate that this Agreement is to be given the construction that renders its provisions valid and enforceable to the maximum extent (not exceeding its express terms) possible under applicable law.

(e) **Remedy for Breach** . You agree that a breach of any of the Restrictive Covenants would cause material and irreparable harm to the Company Group that would be difficult or impossible to measure, and that monetary damages for any such harm would, therefore, be an inadequate remedy. Accordingly, you agree that if you breach any Restrictive Covenant, the Company Group shall be entitled, in addition to and without limitation upon all other remedies the Company Group may have under this Agreement, at law or otherwise, to obtain injunctive or other appropriate equitable relief, without bond or other security, to restrain any such breach through arbitration . You further agree that the duration of the

Restrictive Covenant shall be extended by the same amount of time that you are in breach of any Restrictive Covenant.

(f) **Claw B ack & Recovery** . You agree your Award, the Shares underlying your Award, as well as the value of any and all Shares no longer under your control, are subject to forfeiture and recovery pursuant to the Company's Clawback Policy, as it may be amended from time to time (the " **Clawback Policy** "), located at https://hr.bestbuy.com/, and any applicable law, rule or regulation or applicable stock exchange rule, including, without limitation, the Sarbanes-Oxley Act of 2002 and the Dodd-Frank Wall Street Reform and Consumer Protection Act. You acknowledge you have had an opportunity to review the Clawback Policy. Forfeiture and recovery under the Clawback Policy may include:

(i) the immediate forfeiture of any of the then unexercised portion of any Option included in your Award, any unvested Restricted Shares included in your Award, and any Performance Share Award included in your Award;

(ii) a requirement that you immediately return to the Company any Shares issued upon exercise of any Option included in your Award, and any Shares in your Award that were previously Restricted Shares and any Shares issued under any Performance Share Award that, in each case, are still under your control; and

(iii) a requirement that you promptly pay to the Company an amount equal to the fair market value of all Shares included in your Award that are no longer under your control (as measured on the exercise date of any such Option, the vesting date of any such formerly Restricted Shares, and the date of issuance of any Shares issued under any such Performance Share Award, as applicable).

(g) **Right of Set Off** . By accepting the Award, y ou agree that any member of the Company Group may , to the extent permitted by applicable law, set off any amount owed to you (including wages or other compensation, fringe benefits or vacation pay) against any amounts you owe under this Section 6 .

7. **General Terms and Conditions .**

(a) **Rights as a Stockholder** .

(i) **Options** . You will have no rights as a stockholder with respect to any Shares issuable upon exercise of an Option, nor have any rights to dividends or other rights as a shareholder with respect to any such Shares, until you have actually received such Shares following the exercise of the Option in accordanc e with the terms of this Agreement and the Plan .

(ii) **Restricted Stock Units** . You will have no rights as a shareholder with respect to any Shares issuable under the Restricted Stock Units until you have actually received such Shares in accordance with the terms o f this Agreement and the Plan. This means that you will not have the right to vote as a shareholder nor the right to receive dividend payments. Upon issuance of S hares at vesting of the Restricted Stock Units, you will have all of the rights of a shareholder with respect to the S hares unless S hares are forfeited or recovered under this Agreement or the Plan.

(iii) **Performance Share Awards** . You will have no rights as a s hareholder with respect to any Shares issuable under a Performance Share Award until you have actually received such Shares in accordance with the terms of this Agreement and the Plan .

(iv) **Dividend Equivalents** . If your Award includes Restricted Stock Units or a Performance Share Award, upon issuance of Shares underlying such Restricted Stock Units or Performance Share Award, as the case may be, in accordance with the terms of this Agreement, you will be entitled to the Total Dividend Equivalent Amount with respect to such Restricted Stock Units or Performance Share Award. The Total Dividend Equivalent Amount will be converted to Shares and issued to you upon issuance of Shares underlying such Restricted Stock Units or Performance Share Award, as applicable; provided, however, that the Committee may pay you the Total Dividend Equivalent Amount in cash, as determined in its sole discretion. Any such conversion shall be based on the closing price of one Share on the applicable dividend payment date. In the event any such conversion results in a fraction of a Share, the number of such Shares shall be rounded up to the nearest whole number. The Company's obligation to issue such Shares or pay such amounts are subject to the same terms and conditions as apply to your Restricted Stock Units and any Performance Share Award.

(A) " **Dividend Equivalent Amount** " means the amount of any dividend paid on one Share that has a record date during the Dividend Equivalent Period multiplied by (1) in the case of Restricted Stock Units, the number of Restricted Stock Units held by you as of such record date and, (2) in the case of a Performance Share Award, the Performance Share Number.

(B) " **Dividend Equivalent Period** " means the period beginning on the grant date and ending on the date of issuance of any Shares underlying Restricted Stock Units or a Performance Share Award, as applicable.

(C) " **Total Dividend Equivalent Amount** " means the sum of all Dividend Equivalent Amounts with respect the Restricted Stock Units or the Performance Share Award granted under this Agreement, as applicable.

(b) **Transferability** .

(i) **Options** . Option s may not be assigned, transferred (other than by will or the laws of desc ent and distribution), pledged or hypothecated (whether by operation of law or otherwise) or otherwise conveyed or encumbered, and shall not be subject to execution, attachment or similar process . Any attempted assignment, transfer, pledge, hypothecation or other disposition of the Option contrary to the provisions of this Agreement or the Plan , or the levy of any execution, attachment or similar process upon the Option, shall be void and un enforceable against the Company .

(ii) **Restricted Stock Units .** Restricted Stock Units are subject to the restrictions set forth in Section 3(a) of this Agreement .

(iii) **Performance Share Award s** . Performance Share Awards may not be assigned, transferred (other than by will or the laws of desc ent and distribution), pledged or hypothecated (whether by operation of law or otherwise) or otherwise conveyed or encumbered, and shall not be subject to execution, attachment or similar process . Any attempted assignment, transfer, pledge, hypothecat ion or other disposition of a Performance Share Award contrary to the provisions of this Agreement or the Plan , or the levy of any execution, attach ment or similar process upon a Performance Share Award , shall be void and un enforceable against the Company .

(c) **No Right to Continued Employment** . This Agreement does not guarantee your continued employment nor alter the right of any member of the Company Group to terminat e your employment at any time .

(d) **Participant's Acknowledgement s** .

(i) **Committee's Sole Discretion** . The Committee has sole discretion to make decisions regarding your Award, and to interpret all terms of this Agreement , with the exception of the application of the Company's Arbitration Policy . You agree that all decisions regarding and interpretations of this Agreement by the Committee are binding, conclusive, final and non-appealable .

(ii) **Taxes.** You are liable for any for any federal, state and other taxes incurred upon the lapse of a substantial risk of forfeiture (*e.g* ., employment taxes) or upon delivery of Shares underlying the Restricted Stock Units (*e.g* ., income taxes), and any subsequent disposition of any Shares (*e.g* ., capital gain taxes).

(A) **Options** . Any Options included in your Award are Non-Qualified Stock Options not eligible for treatment as qualified or incentive stock options for federal income tax purposes. Prior to exercising any Option, you will pay or make adequate arrangements satisfactory to the Company to satisfy all applicable taxes. If applicable, you authorize the Company, or its agents, to satisfy its obligations with regard to all taxes by withholding Shares of the Company common stock to be issued at exercise of the Option or otherwise selling Shares of the Company on your behalf equal to the amount of all taxes required to be withheld by the Company, pursuant to the policies and processes of the Company's stock plan administrator and broker.

(B) **Restricted Stock Units .** Upon issuance of any Shares underlying your Restricted Stock Units , you authorize the Company, or its agents, to satisfy the obligations with regard to all taxes by selling Shares of the Company on your behalf, or otherwise withholding from such Shares a number of Shares having a Fair Market Value equal to the amount of all taxes required to be withheld by the Company, pursuant to the policies and processes of the Company's stock plan administrator and broker.

(C) **Performance Share Award.** Upon issuance of your Performance Share Award , you authorize the Company, or its agents, to satisfy the obligations with regard to all taxes by selling Shares of the Company on your behalf, or otherwise withholding from such Shares a number of Shares having a Fair Market Value equal to the amount of all taxes required to be withheld by the Company, pursuant to the policies and processes of the Company's stock plan administrator and broker.

(D) **Section 409A.** Anything herein to the contrary notwithstanding, this Agreement shall be interpreted so as to comply with or satisfy an exemption from Section 409A of the Code and the regulations and guidance promulgated thereunder (collectively, "Section 409A"). The Committee may in good faith make the minimum modifications to this Agreement as it may deem appropriate to comply with Section 409A while to the maximum extent reasonably possible maintaining the original intent and economic benefit to you and the Company Group of the applicable provision.

(1) To the extent required by Section 409A(a)(2)(B)(i), to the extent that you are a specified employee, Shares (or cash equivalent value of Shares) underlying Restricted Stock Units and Performance Share Awards that become payable to you upon your separation from service will be delayed and paid promptly after the earlier of the date that is six (6) months after the date of such separation from service or the date of your death after such separation from service. For purposes hereof, (x) any reference to your termination of employment under this Agreement shall mean your separation from service, (y) the occurrence of your "separation from service" will be determined in accordance with the default provisions of Treasury Regulation Section 1.409A-1(h) and (z) whether you are a "specified employee" will be determined in accordance with the default provisions of Treasury Regulation Section 1.409A-1(i) with the "identification date" to be December 31 and the "effective date" to be the April 1

following the identification date (as such terms are used under such regulation). Notwithstanding anything in this Agreement to the contrary, your employment shall not be deemed to have been terminated unless and until you have incurred a "separation from service" within the meaning of Section 409A.

(2) For purposes of Treasury Regulation Section 1.409A-2(b)(2)(iii), your right to receive any installment payments under this Agreement shall be treated as a right to receive a series of separate payments and, accordingly, each installment payment under this Agreement shall at all times be considered a separate and distinct payment.

(iii) Consultation With Professional Tax Advisors. You acknowledge that the grant, exercise, vesting or any payment with respect to the Award, and the sale or other taxable disposition of the Shares acquired as a result of the Award may have tax consequences under federal, state, local or international tax laws. You further acknowledge that you are relying solely on your own professional tax and investment advisors with respect to any and all such matters (and are not relying, in any manner, on the Company or any of its employees or representatives). You understand and agree that any and all tax consequences resulting from the Award and its grant, exercise, vesting or any payment with respect thereto, and the sale or other taxable disposition of the Shares acquired pursuant to the Plan, are solely your responsibility without any expectation or understanding that the Company or any of its employees or representatives will pay or reimburse you for such taxes.

(e) Severability. In the event that any provision in the Plan or this Agreement is held to be invalid, illegal or unenforceable or would disqualify the Plan or this Agreement under any law, the invalid, illegal or unenforceable provision shall be construed or deemed amended to conform to applicable laws, or if it cannot be so construed or deemed amended without, in the determination of the Committee, materially altering the purpose or intent of the Plan or this Agreement, such provision shall be stricken as to the applicable jurisdiction or Shares, and the remainder of the Plan or this Agreement shall remain in full force and effect.

(f) Governing Law and Dispute Resolution. Any disputes under this Agreement or the Plan must be resolved by arbitration subject to the Company's Arbitration Policy. The substantive laws of Minnesota, without regard to the conflict of law provisions, shall apply to all questions concerning this Agreement to the extent not prohibited by the applicable law of the State in which you primarily work and reside; however, the Arbitration Policy, its enforceability, and its implementation are governed by the Federal Arbitration Act.

8. Definitions. Capitalized terms used but not defined in this Agreement are defined in the Plan or, if not defined therein, will have the following meanings:

(a) "**Beneficial Owner**" will have the meaning defined in Rule 13d-3 under the Securities Exchange Act of 1934, as amended, or any successor provision.

(b) "**Board**" means the Board of Directors of Best Buy Co., Inc.

(c) "**Cause**" for termination of your employment with the Company Group shall, solely for purposes of this Agreement, is deemed to exist if you:

(i) are charged with, convicted of or enter a plea of guilty or *nolo contendere* to: (a) a felony, (b) any crime involving moral turpitude, dishonesty, breach of trust or unethical business conduct, or (c) any crime involving the business of the Company Group;

(ii) in the performance of your duties for the Company Group or otherwise to the detriment of the Company Group, engage in: (a) dishonesty that is harmful to the Company Group, monetarily or otherwise, (b) willful or gross misconduct, (c) willful or gross neglect, (d) fraud, (e) misappropriation, (f) embezzlement, or (g) theft;

(iii) disobey the directions of the Board , or any individual or individuals the Board authorizes to act on its or their behalf, acting within the scope of its or their authority;

(iv) fail to comply with the policies or practices of the Company Group;

(v) fail to devote substantially all of your business time and effort to the Company Group;

(vi) are adjudicated in any civil suit, or acknowledge in writing in any agreement or stipulation, to have committed any theft, embezzlement, fraud, or other act of dishone sty involving any other P erson;

(vii) are determined, in the sole judgment of the Board or any individual or individuals the Board authorizes to act on its or their behalf, to have engaged in a pattern of poor performance;

(viii) are determined, in the sole judgment of the Board or any individual or individuals the Board authorizes to act on its or their behalf, to have willfully engaged in conduct that is harmful to the Company Group, monetarily or otherwise;

(ix) breach any provision of this Agreement or any other agreement between you and any member of the Company Group; or

(x) engage in any activity intended to benefit any entity at the expense of the Company Group or intended to benefit any competitor of the Company Group.

All determinations and other decisions relating to Cause (as defined above) for termination of your employment shall be within the sole discretion of the Board or any individual or individuals the Board authorizes to act on its behalf; and shall be final, conclusive and binding upon you. In the event that there exists Cause (as defined above) for termination of your employment, the Company ma y terminate this Agreement immediately, upon written notification of such termination for Cause, given to you by the Board or any individual or individuals the Board authorizes to act on its behalf. The use of this definition solely for purposes of this Agreement does not change your at will employment status.

(d) " **Change of Control** " means :

(i) the consummation of any transaction in which a ny Person or Group , other than a member or members of the Company Group or any trustee or other fiduciary holding securities under an employee benefit plan or plans of a member of the Company Group , becomes the Beneficial Ow ner, directly or indirectly, of securities of the Company representing 5 0% or more of the voting power of the Company 's securities other than any such transaction in which the security holders of the Company immediately prior to such transaction Beneficially O wn, immediately following such transaction, securities representing 50% or more of the voting power of the Company's securities in substantially the same proportions as their ownership immediately prior to such transaction;

(ii) individuals who at the Award Date constitute the Board and any new director (other than a director whose initial assumption of office is in connection with an actual or threatened election contest, including but not limited to a consent solicitation, relating to the election of directors of the Company) whose appointment or election by the Board or nomination for election by the Company 's shareholders was approved or recommended by a v ote of at least 2/3 of the directors then still in office who either were directors at the Award Date or whose appointment, election or nomination for election was previously so approved or recommended, cease for any reason to constitut e a majority thereof;

(iii) there is consummated a merger or consolidation of the Company with any other entity , other than (a) a merger or consolidation in which the Beneficial Owners of securities of the Company outstanding immediately prior thereto representing 50% or more of the voting power of the Company's securities Beneficially Own, in combination with the ownership of any trustee or other fiduciary holding securities under an employee benefit plan of a member of the Company Group (either by remaining outstanding or by being converted into voting securities of the surviving e ntity or any parent thereof) , at least 50% of the combined voting power of the voting securities of the Company or such surviving entity or parent thereof outstanding immediately after such merger or consolidation in substantially the same proportions as their Beneficial Ownership immediately prior to such transaction , or (b) a merger or consolidation effected to implement a recapitalization of the Company (or similar transaction) in which no Person is or becomes the Beneficia l Owner, directly or indirectly, of securities of the Company representing 50% or more of the combined voting power of the Company 's then outstanding securities;

(iv) the consummation of any transaction or series of related transactions in which all or substantially all the Company 's assets are sold or otherwise transferred , other than a ny sale or transfer to a Person or Group , at least 50% of the combined voting power of the votin g securities of which are Beneficially Owned by shareholders of the Company in substantially the same proportions as such shareholders' Beneficial Ownership of voting securities of the Company ; or

(v) approval by the shareholders of a definitive agreement or plan to liquidate or dissolve the Company .

T he Board shall determine in its sole discretion that a Change of Control of the Company has occurred.

(e) " **Company Group** " means , collectively, Best Buy Co., Inc. and its subsidiaries .

(f) " **Committee** " means the Compensation and Human Resources Committ ee of the Board of Directors of Best Buy Co., Inc.

(g) " **Confidential Information** " mean s all "Confidential Information" as that term is defined in Best Buy's Confidentiality Policy, and includes, without limitation, any and all information in whatever form, whether written, electronically stored, orally transmitted or memorized relating to trade secrets, customer lists, records and other information regarding customers, p rice lists and pricing policies, financial information, r ecords, ledgers and information, purchase orde rs, agreements and related data, business development and strategic plans, products and technologies, product tests, manufacturing costs, product or service pricing, sales and marketing plans, research and development plans, personnel and employment records, files, data and policies (regardless of whether the information pertains to you or other employees of the Company Group), tax information, business a nd sales methods and operations, business corresponden ce, memoranda and other records, invention s, improvements and discoveries, processes and meth ods, business opera tions and related data formulae, co mputer records and related data, kno w-how, research and development, trademark, technology, technical in formation, copyrighted material, and any other confidential or proprietary data and information which you encounter during employment, all of which are held, possessed and/or owned by the Company Group and all of which are used in the operations and business of the Company Group. Confidential Information does not include information which is or becomes generally known within the Company Group's industry th rough no act or omission by you . Confidential Information also does not include information about unlawful or potentially unlawful acts in the workplace.

(h) " **Disability** " means your disability that has caused you to either (i) have qualified for long term disability payments under the Company's long term disability plan ; or (ii) to have been unable to perform the essential functions of your position (with or without reasonable accommodation) with any Company Group member for at least 6 consecutive months.

(i) " **GAAP** " means generally accepted accounting principles in the United States.

(j) " **Group** " shall h ave the meaning as such term has under Section 13d-3 of the Securities Exchange Act of 1934, as amended, or any successor provision.

(k) " **Involuntarily Terminated Without Cause** " means (i) your employment is terminated by your employer at a time when your employer is not entitled to terminate your employment for Cause or (ii) in the event the entity that employs you is a direct or indirect a subsidiary or other Affiliate of the Company (the " **Employing Entity** "), any transaction in which securities representing more than 50% of the voting power of the Employing Entity becoming Beneficially Owned by any Person or Persons other than the Company or one of its subsidiaries , whether via a transfer of such securities to such Person or Persons or via merger, consolidation or otherwise .

(l) " **Qualified Retirement** " means any termination of your employment with the Company Group that occurs on or after your 60th birthday, at a time when no member of the Company Group is entitled to discharge you for Cause, so long as you have served the Company Group continuously for at least the five-year period immediately preceding that termination.

Exhibit 31.1

**CERTIFICATION PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES
EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Hubert Joly, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Best Buy Co., Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: June 7, 2019

/s/ HUBERT JOLY

Hubert Joly

Chairman and Chief Executive Officer

Exhibit 31.2

CERTIFICATION PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES
EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Corie Barry, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Best Buy Co., Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing equivalent functions):

    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: June 7, 2019

/s/ CORIE BARRY
Corie Barry
Chief Financial Officer

Exhibit 32.1

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

Pursuant to 18 U.S.C. §1350 (adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002), I, the undersigned Chairman and Chief Executive Officer of Best Buy Co., Inc. (the "Company"), hereby certify that the Quarterly Report on Form 10-Q of the Company for the quarterly period ended May 4, 2019 (the "Report"), fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and that information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Date: June 7, 2019	/s/ HUBERT JOLY
	Hubert Joly
	Chairman and Chief Executive Officer

Exhibit 32.2

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

Pursuant to 18 U.S.C. §1350 (adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002), I, the undersigned Chief Financial Officer of Best Buy Co., Inc. (the “Company”), hereby certify that the Quarterly Report on Form 10-Q of the Company for the quarterly period ended May 4, 2019 (the “Report”), fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and that information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Date: June 7, 2019	/s/ CORIE BARRY
	Corie Barry
	Chief Financial Officer