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 August 3, 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 (State or other jurisdiction of incorporation or organization)	**41-0907483** (I.R.S. Employer Identification No.)
7601 Penn Avenue South **Richfield, Minnesota** (Address of principal executive offices)	**55423** (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 263,573,258 shares of common stock outstanding as of September 4, 2019.

BEST BUY CO., INC.
FORM 10-Q FOR THE QUARTER ENDED AUGUST 3, 2019

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PART I — FINANCIAL INFORMATION

Item 1. Financial Statements

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

	August 3, 2019	February 2, 2019	August 4, 2018
Assets			
Current assets			
Cash and cash equivalents	$ 1,289	$ 1,980	$ 1,865
Short-term investments	320	-	465
Receivables, net	966	1,015	915
Merchandise inventories	5,208	5,409	5,016
Other current assets	409	466	510
Total current assets	8,192	8,870	8,771
Property and equipment, net	2,361	2,510	2,432
Operating lease assets	2,774	-	-
Goodwill	965	915	425
Other assets	686	606	365
Total assets	$ 14,978	$ 12,901	$ 11,993
Liabilities and equity			
Current liabilities			
Accounts payable	$ 5,045	$ 5,257	$ 5,338
Unredeemed gift card liabilities	264	290	275
Deferred revenue	468	446	438
Accrued compensation and related expenses	343	482	318
Accrued liabilities	799	982	813
Current portion of operating lease liabilities	643	-	-
Current portion of long-term debt	14	56	47
Total current liabilities	7,576	7,513	7,229
Long-term liabilities	640	750	777
Long-term operating lease liabilities	2,230	-	-
Long-term debt	1,247	1,332	801
Contingencies (Note 14)			
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 - 265 million, 266 million, and 276 million shares, respectively	26	27	27
Retained earnings	2,965	2,985	2,863
Accumulated other comprehensive income	294	294	296
Total equity	3,285	3,306	3,186
Total liabilities and equity	$ 14,978	$ 12,901	$ 11,993

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		Six Months Ended	
	August 3, 2019	August 4, 2018	August 3, 2019	August 4, 2018
Revenue	$ 9,536	$ 9,379	$ 18,678	$ 18,488
Cost of goods sold	7,253	7,150	14,226	14,134
Gross profit	2,283	2,229	4,452	4,354
Selling, general and administrative expenses	1,922	1,877	3,757	3,707
Restructuring charges	48	17	48	47
Operating income	313	335	647	600
Other income (expense):				
Investment income and other	10	13	24	24
Interest expense	(16)	(19)	(34)	(38)
Earnings before income tax expense	307	329	637	586
Income tax expense	69	85	134	134
Net earnings	$ 238	$ 244	$ 503	$ 452
Basic earnings per share	$ 0.89	$ 0.88	$ 1.88	$ 1.61
Diluted earnings per share	$ 0.89	$ 0.86	$ 1.86	$ 1.58
Weighted-average common shares outstanding				
Basic	267.1	279.0	267.4	280.8
Diluted	269.4	283.7	270.9	286.0

See Notes to Condensed Consolidated Financial Statements.

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

	Three Months Ended		Six Months Ended	
	August 3, 2019	August 4, 2018	August 3, 2019	August 4, 2018
Net earnings	$ 238	$ 244	$ 503	$ 452
Foreign currency translation adjustments	5	(14)	-	(18)
Comprehensive income	$ 243	$ 230	$ 503	$ 434

See Notes to Condensed Consolidated Financial Statements.

Condensed Consolidated Statements of Cash Flows
$ in millions (unaudited)

	Six Months Ended	
	August 3, 2019	**August 4, 2018**
Operating activities		
Net earnings	$ 503	$ 452
Adjustments to reconcile net earnings to total cash provided by operating activities:		
Depreciation and amortization	401	358
Restructuring charges	48	47
Stock-based compensation	74	63
Deferred income taxes	10	5
Other, net	9	-
Changes in operating assets and liabilities, net of acquired assets and liabilities:		
Receivables	57	120
Merchandise inventories	199	187
Other assets	(29)	(53)
Accounts payable	(213)	485
Other liabilities	(243)	(430)
Income taxes	(191)	(126)
Total cash provided by operating activities	625	1,108
Investing activities		
Additions to property and equipment	(385)	(375)
Purchases of investments	(319)	-
Sales of investments	-	1,565
Acquisition of business, net of cash acquired	(125)	-
Other, net	1	10
Total cash provided by (used in) investing activities	(828)	1,200
Financing activities		
Repurchase of common stock	(328)	(774)
Issuance of common stock	27	29
Dividends paid	(267)	(253)
Repayments of debt	(8)	(523)
Other, net	-	(3)
Total cash used in financing activities	(576)	(1,524)
Effect of exchange rate changes on cash	(1)	(16)
Increase (decrease) in cash, cash equivalents and restricted cash	(780)	768
Cash, cash equivalents and restricted cash at beginning of period	2,184	1,300
Cash, cash equivalents and restricted cash at end of period	$ 1,404	$ 2,068

See Notes to Condensed Consolidated Financial Statements.

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 May 4, 2019	267	$ 27	$ -	$ 3,038	$ 289	$ 3,354
Adoption of ASU 2016-02	-	-	-	(3)	-	(3)
Net earnings, three months ended August 3, 2019	-	-	-	238	-	238
Other comprehensive income, net of tax:						
Foreign currency translation adjustments	-	-	-	-	5	5
Stock-based compensation	-	-	38	-	-	38
Issuance of common stock	2	-	16	-	-	16
Common stock dividends, $0.50 per share	-	-	2	(135)	-	(133)
Repurchase of common stock	(4)	(1)	(56)	(173)	-	(230)
Balances at August 3, 2019	265	$ 26	$ -	$ 2,965	$ 294	$ 3,285
Balances at February 2, 2019	266	$ 27	$ -	$ 2,985	$ 294	$ 3,306
Adoption of ASU 2016-02	-	-	-	(22)	-	(22)
Net earnings, six months ended August 3, 2019	-	-	-	503	-	503
Stock-based compensation	-	-	74	-	-	74
Issuance of common stock	4	-	27	-	-	27
Common stock dividends, $1.00 per share	-	-	4	(271)	-	(267)
Repurchase of common stock	(5)	(1)	(105)	(230)	-	(336)
Balances at August 3, 2019	265	$ 26	$ -	$ 2,965	$ 294	$ 3,285
Balances at May 5, 2018	281	$ 28	$ -	$ 3,082	$ 310	$ 3,420
Net earnings, three months ended August 4, 2018	-	-	-	244	-	244
Other comprehensive loss, net of tax:						
Foreign currency translation adjustments	-	-	-	-	(14)	(14)
Stock-based compensation	-	-	31	-	-	31
Issuance of common stock	1	-	5	-	-	5
Common stock dividends, $0.45 per share	-	-	2	(127)	-	(125)
Repurchase of common stock	(6)	(1)	(38)	(336)	-	(375)
Balances at August 4, 2018	276	$ 27	$ -	$ 2,863	$ 296	$ 3,186
Balances at February 3, 2018	283	$ 28	$ -	$ 3,270	$ 314	$ 3,612
Adoption of ASU 2014-09	-	-	-	73	-	73
Net earnings, six months ended August 4, 2018	-	-	-	452	-	452
Other comprehensive loss, net of tax:						
Foreign currency translation adjustments	-	-	-	-	(18)	(18)
Stock-based compensation	-	-	63	-	-	63
Issuance of common stock	4	-	29	-	-	29
Common stock dividends, $0.90 per share	-	-	4	(255)	-	(251)
Repurchase of common stock	(11)	(1)	(96)	(677)	-	(774)
Balances at August 4, 2018	276	$ 27	$ -	$ 2,863	$ 296	$ 3,186

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 six months of fiscal 2020 and fiscal 2019 included 26 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 August 3, 2019, through the date the financial statements were issued for material subsequent events requiring recognition or disclosure. Other than as disclosed in Note 15, *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. We do not believe the updated guidance, which is effective for fiscal years and interim periods within those fiscal years beginning after December 15, 2019, will have a material impact on our consolidated financial statements.

In August 2018, the FASB issued ASU 2018-15, *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 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.

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 $22 million, which includes a $3 million net-of-tax adjustment made during the second quarter of fiscal 2020 related to on-adoption impairment charges. 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 4, *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 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	-	2,732 [(c)]	2,732
Other assets	606	5 [(d)]	611
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	(22)[(g)]	2,963

(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 reconciliation of cash, cash equivalents and restricted cash reported within the Condensed Consolidated Balance Sheets to the totals shown within the Condensed Consolidated Statements of Cash Flows was as follows ($ in millions):

	August 3, 2019	August 4, 2018
Cash and cash equivalents	$ 1,289	$ 1,865
Restricted cash included in Other current assets	115	203
Total cash, cash equivalents and restricted cash	$ 1,404	$ 2,068

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

2. Acquisition

Critical Signal Technologies, Inc.

On May 9, 2019, we acquired all of the outstanding shares of Critical Signal Technologies, Inc. ("CST"), a health services company, for net cash consideration of $125 million. The acquisition of CST is aligned with our strategy to address health and wellness with a focus on aging seniors and how technology can help them live longer in their homes.

The acquisition was accounted for using the acquisition method of accounting for business combinations. Accordingly, the cost was allocated to the underlying net assets based on their respective fair values, and the excess of the purchase price over the estimated fair value of the net assets acquired was recorded as goodwill. The purchase price allocation for the assets acquired and liabilities assumed is substantially complete, but may be subject to immaterial changes. The acquired assets were primarily comprised of $83 million of customer relationships (amortized over 15 years) recorded within Other assets on our Condensed Consolidated Balance Sheets as of August 3, 2019. Goodwill of $50 million was recorded and assigned to our GreatCall reporting unit and is not expected to be deductible for income tax purposes. We recorded $3 million of transaction costs related to the acquisition within Selling, general and administrative ("SG&A") expenses on our Condensed Consolidated Statements of Earnings for the second quarter and first six months of fiscal 2020. Results of operations from the date of acquisition were included within our GreatCall operating segment, Domestic reportable segment and Services revenue category. The acquisition of CST was not material to the results of our operations.

3. 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 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.

Financial assets and liabilities accounted for at fair value were as follows ($ in millions):

	Fair Value Hierarchy	Fair Value at August 3, 2019	February 2, 2019	August 4, 2018
Assets				
Cash and cash equivalents:				
Money market funds	Level 1	$ 375	$ 98	$ 334
Time deposits	Level 2	-	300	-
Short-term investments:				
Commercial paper	Level 2	99	-	-
Time deposits	Level 2	221	-	465
Other current assets:				
Money market funds	Level 1	10	82	74
Time deposits	Level 2	102	101	101
Foreign currency derivative instruments	Level 2	-	-	5
Other assets:				
Marketable securities that fund deferred compensation	Level 1	47	44	100
Interest rate swap derivative instruments	Level 2	78	26	-
Liabilities				
Long-term liabilities:				
Interest rate swap derivative instruments	Level 2	-	1	7

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 were 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.

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.

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.

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, operating lease assets, goodwill and other intangible assets, which are remeasured when the derived fair value is below the carrying value on our Condensed Consolidated Balance Sheets. For these assets, we do not periodically adjust the 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.

Fair value remeasurements of property and equipment and operating lease assets were as follows ($ in millions):

	Impairments				Remaining Net Carrying Value(1)	
	Three Months Ended		Six Months Ended			
	August 3, 2019	August 4, 2018	August 3, 2019	August 4, 2018	August 3, 2019	August 4, 2018
Property and equipment (non-restructuring)	$ 8	$ 2	$ 10	$ 4	$ 3	$ 2
Operating lease assets(2)	1	-	1	-	1	-
Total	$ 9	$ 2	$ 11	$ 4	$ 4	$ 2

(1) 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 August 3, 2019, and August 4, 2018.
(2) Represents activity related to operating lease assets post-adoption of ASC 842, *Leases*.

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 7, *Debt*, for information about the fair value of our long-term debt.

4. 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 our 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 the commencement date. We use a collateralized incremental borrowing rate based on the information available at the commencement date, including the 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. Operating lease assets 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.

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Supplemental balance sheet information related to our leases was as follows ($ in millions):

	Balance Sheet Location	August 3, 2019
Assets		
Operating leases	Operating lease assets	$ 2,774
Finance leases	Property and equipment, net(1)	36
Total lease assets		$ 2,810
Liabilities		
Current:		
Operating leases	Current portion of operating lease liabilities	$ 643
Finance leases	Current portion of long-term debt	14
Non-current:		
Operating leases	Long-term operating lease liabilities	2,230
Finance leases	Long-term debt	25
Total lease liabilities		$ 2,912

(1) Finance leases are recorded net of accumulated depreciation of $48 million.

Components of our total lease cost were as follows ($ in millions):

	Statement of Earnings Location	Three Months Ended August 3, 2019	Six Months Ended August 3, 2019
Operating lease cost(1)	Cost of goods sold and SG&A(2)	$ 194	$ 389
Finance lease cost:			
Depreciation of lease assets	Cost of goods sold and SG&A(2)	4	7
Interest on lease liabilities	Interest expense	-	1
Variable lease cost	Cost of goods sold and SG&A(2)	68	135
Sublease income	SG&A	(5)	(9)
Total lease cost		$ 261	$ 523

(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 was as follows ($ in millions):

	Three Months Ended August 3, 2019	Six Months Ended August 3, 2019
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	$ 203	$ 404
Operating cash flows from finance leases	-	1
Financing cash flows from finance leases	4	8
Lease assets obtained in exchange for new lease liabilities:		
Operating leases	247	394
Finance leases	2	4

	August 3, 2019
Weighted average remaining lease term:	
Operating leases	5.4 years
Finance leases	5.2 years
Weighted average discount rate:	
Operating leases	3.4 %
Finance leases	4.4 %

Future lease payments under our non-cancellable leases as of August 3, 2019, were as follows ($ in millions):

	Operating Leases(1)	Finance Leases(1)
Remainder of fiscal 2020	$ 341	$ 8
Fiscal 2021	756	13
Fiscal 2022	619	9
Fiscal 2023	466	5
Fiscal 2024	340	3
Fiscal 2025	234	2
Thereafter	407	5
Total future undiscounted lease payments	3,163	45
Less imputed interest	(290)	(6)
Total reported lease liability	$ 2,873	$ 39

(1) Lease payments exclude $30 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 increased total operating lease obligations by $0.8 billion at February 2, 2019.

5. Goodwill and Intangible Assets

All goodwill and intangible asset balances relate to our Domestic segment.

Goodwill

The gross carrying amounts and cumulative impairments of goodwill were as follows ($ in millions):

	August 3, 2019		February 2, 2019		August 4, 2018	
	Gross Carrying Amount	Cumulative Impairment	Gross Carrying Amount	Cumulative Impairment	Gross Carrying Amount	Cumulative Impairment
Goodwill	$ 1,640	$ (675)	$ 1,590	$ (675)	$ 1,100	$ (675)

Indefinite-Lived Intangible Assets

We have indefinite-lived intangible assets primarily related to our Pacific Sales tradename which are recorded within Other assets on our Condensed Consolidated Balance Sheets. The carrying value of indefinite-lived intangible assets was $18 million as of August 3, 2019, February 2, 2019, and August 4, 2018.

Definite-Lived Intangible Assets

We have definite-lived intangible assets related to GreatCall and CST which are recorded within Other assets on our Condensed Consolidated Balance Sheets. Balances of our definite-lived intangible assets were as follows ($ in millions). We had no definite-lived intangible assets as of August 4, 2018.

	August 3, 2019		February 2, 2019		Weighted-Average Useful Life Remaining as of
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization	August 3, 2019 (in years)
Customer relationships	$ 341	$ 42	$ 258	$ 16	7.4
Tradename	63	7	63	3	7.2
Developed technology	52	9	52	4	4.2
Total	$ 456	$ 58	$ 373	$ 23	7.0

We recorded $18 million and $35 million of aggregate amortization expense related to definite-lived intangible assets during the three and six months ended August 3, 2019, respectively, and $0 million for both the three and six months ended August 4, 2018. Amortization expense expected to be recognized in future periods is as follows ($ in millions):

	Amortization Expense
Remainder of fiscal 2020	$ 37
Fiscal 2021	73
Fiscal 2022	73
Fiscal 2023	73
Fiscal 2024	54
Fiscal 2025	16
Thereafter	72

6. 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

Gross fair values of our outstanding derivative instruments and the corresponding classifications were as follows ($ in millions):

Contract Type	Balance Sheet Location	Assets August 3, 2019	Assets February 2, 2019	Assets August 4, 2018
Derivatives designated as net investment hedges	Other current assets	$ -	$ -	$ 5
Derivatives designated as interest rate swaps	Other current assets and Other assets	78	26	-
Total		$ 78	$ 26	$ 5

Contract Type	Balance Sheet Location	Liabilities August 3, 2019	Liabilities February 2, 2019	Liabilities August 4, 2018
Derivatives designated as interest rate swaps	Long-term liabilities	$ -	$ 1	$ 7

Effects of derivative instruments on other comprehensive income ("OCI") were as follows ($ in millions):

Derivatives designated as net investment hedges	Three Months Ended August 3, 2019	Three Months Ended August 4, 2018	Six Months Ended August 3, 2019	Six Months Ended August 4, 2018
Pre-tax gain recognized in OCI	$ -	$ 3	$ -	$ 19

Effects of derivatives not designated as hedging instruments on our Condensed Consolidated Statements of Earnings were as follows ($ in millions):

Contract Type	Statement of Earnings Location	Gain (Loss) Recognized Three Months Ended August 3, 2019	Gain (Loss) Recognized Three Months Ended August 4, 2018	Gain (Loss) Recognized Six Months Ended August 3, 2019	Gain (Loss) Recognized Six Months Ended August 4, 2018
No hedge designation (foreign exchange contracts)	SG&A	$ (1)	$ 1	$ -	$ 1

Effects of interest rate derivatives and adjustments to the carrying value of long-term debt on our Condensed Consolidated Statements of Earnings were as follows ($ in millions):

Contract Type	Statement of Earnings Location	Gain (Loss) Recognized Three Months Ended August 3, 2019	Gain (Loss) Recognized Three Months Ended August 4, 2018	Gain (Loss) Recognized Six Months Ended August 3, 2019	Gain (Loss) Recognized Six Months Ended August 4, 2018
Interest rate swap contracts	Interest expense	$ 55	$ 3	$ 53	$ (1)
Adjustments to carrying value of long-term debt	Interest expense	(55)	(3)	(53)	1
Total		$ -	$ -	$ -	$ -

Notional amounts of our derivative instruments were as follows ($ in millions):

Contract Type	Notional Amount August 3, 2019	Notional Amount February 2, 2019	Notional Amount August 4, 2018
Derivatives designated as net investment hedges	$ 23	$ 15	$ 59
Derivatives designated as interest rate swaps	1,150	1,150	650
No hedge designation (foreign exchange contracts)	33	9	41
Total	$ 1,206	$ 1,174	$ 750

7. 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 August 3, 2019, February 2, 2019, or August 4, 2018.

Long-Term Debt

Long-term debt consisted of the following ($ in millions):

	August 3, 2019	February 2, 2019	August 4, 2018
Notes, 5.50%, due March 15, 2021	$ 650	$ 650	$ 650
Notes, 4.45%, due October 1, 2028	500	500	-
Interest rate swap valuation adjustments	78	25	(7)
Subtotal	1,228	1,175	643
Debt discounts and issuance costs	(6)	(7)	(2)
Financing lease obligations (1)	-	181	188
Capital lease obligations (1)	-	39	19
Finance lease obligations (1)	39	-	-
Total long-term debt	1,261	1,388	848
Less current portion	14	56	47
Total long-term debt, less current portion	$ 1,247	$ 1,332	$ 801

(1) See Note 4, *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 $1,295 million, $1,178 million, and $673 million as of August 3, 2019, February 2, 2019, and August 4, 2018, respectively, based primarily on market prices quoted from external sources, compared with carrying values of $1,228 million, $1,175 million, and $643 million, respectively. If long-term debt were measured at fair value in the financial statements, it would be classified primarily as Level 2 in the fair value hierarchy.

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.

8. 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.

Information about our contracts with customers, which reflects the aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied, was as follows ($ in millions):

	August 3, 2019	February 2, 2019	August 4, 2018
Receivables, net(1)	$ 561	$ 565	$ 584
Short-term contract liabilities included in:			
Unredeemed gift cards	264	290	275
Deferred revenue	468	446	438
Accrued liabilities	149	146	148
Long-term contract liabilities included in:			
Long-term liabilities	9	11	15

(1) Receivables are recorded net of allowances for doubtful accounts of $13 million, $13 million, and $15 million as of August 3, 2019, February 2, 2019, and August 4, 2018, respectively.

During the first six months of fiscal 2020 and 2019, $638 million and $605 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.

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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 is as follows ($ in millions):

	August 3, 2019[(1)]
Remainder of fiscal 2020	$ 6
Fiscal 2021	8
Fiscal 2022	4
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 August 3, 2019.

See Note 13, *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.

9. Restructuring Charges

Restructuring charges incurred in the second quarter and first six months of fiscal 2020 were $48 million, related to U.S. retail operating model changes. Restructuring charges incurred in the second quarter and first six months of fiscal 2019 were $17 million and $47 million, respectively, related to Best Buy Mobile.

U.S. Retail Operating Model

In the second quarter of fiscal 2020, we made changes primarily related to our U.S. retail operating model to increase organization effectiveness and create a more seamless customer experience across all channels. As a result, we incurred $48 million of charges related to termination benefits, including $10 million related to a voluntary early retirement offer. All charges incurred are from continuing operations and are presented in Restructuring charges on our Condensed Consolidated Statements of Earnings.

The following table summarizes our restructuring accrual activity during the first six months of fiscal 2020 related to U.S. retail operating model changes ($ in millions):

	Termination Benefits
Balance at February 2, 2019	$ -
Charges	48
Cash payments	(8)
Balance at August 3, 2019	$ 40

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.

Restructuring charges incurred for Best Buy Mobile were as follows ($ in millions):

	Three Months Ended August 4, 2018	Six Months Ended August 4, 2018	Cumulative Amount as of August 3, 2019
Property and equipment impairments	$ -	$ -	$ 1
Termination benefits	(3)	(2)	6
Facility closure and other costs	20	49	49
Total restructuring charges	$ 17	$ 47	$ 56

The following table summarizes our restructuring accrual activity during the first six months of fiscal 2019 related to Best Buy Mobile ($ in millions):

	Termination Benefits	Facility Closures and Other Costs	Total
Balances at February 3, 2018	$ 8	$ -	$ 8
Charges	1	49	50
Cash payments	(5)	(46)	(51)
Adjustments[1]	(3)	(1)	(4)
Balances at August 4, 2018	$ 1	$ 2	$ 3

(1) Adjustments to termination benefits represent changes in retention assumptions. Adjustments to facility closure and other costs represent changes in sublease assumptions.

10. 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.

Reconciliations of the numerators and denominators of basic and diluted earnings per share were as follows ($ and shares in millions, except per share amounts):

	Three Months Ended		Six Months Ended	
	August 3, 2019	August 4, 2018	August 3, 2019	August 4, 2018
Numerator				
Net earnings	$ 238	$ 244	$ 503	$ 452
Denominator				
Weighted-average common shares outstanding	267.1	279.0	267.4	280.8
Dilutive effect of stock compensation plan awards	2.3	4.7	3.5	5.2
Weighted-average common shares outstanding, assuming dilution	269.4	283.7	270.9	286.0
Potential shares which were anti-dilutive and excluded from weighted-average share computations	0.9	0.1	0.9	0.1
Basic earnings per share	$ 0.89	$ 0.88	$ 1.88	$ 1.61
Diluted earnings per share	$ 0.89	$ 0.86	$ 1.86	$ 1.58

11. 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.

Information regarding the shares we repurchased was as follows ($ and shares in millions, except per share amounts):

	Three Months Ended		Six Months Ended	
	August 3, 2019	August 4, 2018	August 3, 2019	August 4, 2018
Total cost of shares repurchased	$ 230	$ 375	$ 336	$ 774
Average price per share	$ 69.71	$ 74.80	$ 70.04	$ 73.21
Number of shares repurchased	3.3	5.0	4.8	10.6

As of August 3, 2019, $2.7 billion of the $3.0 billion share repurchase authorization was available. Between the end of the second quarter of fiscal 2020 on August 3, 2019, and September 4, 2019, we repurchased an incremental 2.2 million shares of our common stock at a cost of $146 million.

12. Comprehensive Income

Changes in accumulated other comprehensive income, net of tax were as follows ($ in millions):

	Three Months Ended		Six Months Ended	
	August 3, 2019	August 4, 2018	August 3, 2019	August 4, 2018
Foreign currency translation adjustments	$ 5	$ (14)	$ -	$ (18)

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.

13. 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 was as follows ($ in millions):

	Three Months Ended		Six Months Ended	
	August 3, 2019	August 4, 2018	August 3, 2019	August 4, 2018
Revenue by reportable segment				
Domestic	$ 8,821	$ 8,639	$ 17,302	$ 17,051
International	715	740	1,376	1,437
Total revenue	$ 9,536	$ 9,379	$ 18,678	$ 18,488
Revenue by product category (1)				
Domestic				
Computing and Mobile Phones	$ 3,917	$ 3,923	$ 7,768	$ 7,822
Consumer Electronics	2,780	2,770	5,442	5,426
Appliances	1,138	1,013	2,099	1,895
Entertainment	439	512	912	1,059
Services	510	384	1,008	777
Other	37	37	73	72
Total Domestic revenue	$ 8,821	$ 8,639	$ 17,302	$ 17,051
International				
Computing and Mobile Phones	$ 308	$ 335	$ 613	$ 666
Consumer Electronics	231	217	434	423
Appliances	83	86	142	147
Entertainment	36	43	72	85
Services	45	41	88	81
Other	12	18	27	35
Total International revenue	$ 715	$ 740	$ 1,376	$ 1,437

(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 by reportable segment and the reconciliation to earnings before income tax expense was as follows ($ in millions):

	Three Months Ended		Six Months Ended	
	August 3, 2019	August 4, 2018	August 3, 2019	August 4, 2018
Domestic	$ 309	$ 329	$ 641	$ 596
International	4	6	6	4
Total operating income	313	335	647	600
Other income (expense):				
Investment income and other	10	13	24	24
Interest expense	(16)	(19)	(34)	(38)
Earnings before income tax expense	$ 307	$ 329	$ 637	$ 586

Assets by reportable segment were as follows ($ in millions):

	August 3, 2019	February 2, 2019	August 4, 2018
Domestic	$ 13,714	$ 11,908	$ 10,912
International	1,264	993	1,081
Total assets	$ 14,978	$ 12,901	$ 11,993

14. 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. In *Re: Best Buy Co., Inc. Shareholder Derivative Litigation* was dismissed without prejudice on August 6, 2019. The derivative matters are all closed.

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.

15. Subsequent Event

On July 23, 2019, we signed a definitive agreement to acquire the predictive healthcare technology business of BioSensics, LLC (“BioSensics”), for approximately $21 million, and the acquisition was completed on August 7, 2019.

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, 2019, (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. 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 October 1, 2018, we acquired all outstanding shares of GreatCall, and on May 9, 2019, we acquired all outstanding shares of Critical Signal Technologies, Inc. ("CST"). Consistent with our comparable sales policy, the results of GreatCall and CST 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, intangible asset amortization, 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 our 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 second quarter of fiscal 2020, we generated $9.5 billion in revenue and grew our Enterprise comparable sales by 1.6%. Our GAAP operating income rate decreased by 30 basis points and our non-GAAP operating income rate expanded by 20 basis points, both compared to the second quarter of fiscal 2019. We delivered GAAP diluted EPS of $0.89 and non-GAAP diluted EPS of $1.08, increases of 3% and 19% compared to the second quarter of fiscal 2019, respectively. Refer to the *Consolidated Non-GAAP Financial Measures* section below for a detailed reconciliation of items that impacted our non-GAAP operating income and non-GAAP diluted EPS. We also returned $363 million to our shareholders through dividends and share repurchases.

During the quarter, we continued to make progress on our Building the New Blue strategy and our purpose to enrich lives through technology. We expanded our commitment to health and wellness through expanded assortment and a second acquisition, grew our Total Tech Support membership, added In-Home Advisors and continued to transform our supply chain to improve our speed of delivery to customers. We also made strategic changes to our field operations to accelerate growth and to create a more seamless customer experience across all channels including stores, home and online.

In parallel to the customer experience developments, we continued to drive efficiencies and reduce costs in order to fund investments and offset pressures. During the second quarter of fiscal 2020, we achieved $155 million in annualized cost reductions and efficiencies, bringing the cumulative total to $730 million, and exceeded our goal of reaching $600 million by the end of fiscal 2021. We have now successfully delivered on three considerable cost reduction targets in the last seven years, totaling more than $2 billion.

Tariffs

We are actively addressing the risks related to increases to current tariff rates and proposed new tariffs on Chinese imports. In May 2019, the U.S. Trade Representative ("USTR") increased the tariff on List 3 products imported from China from 10% to 25%, effective June 15, 2019, and has since proposed a further increase of this rate to 30%, effective October 1, 2019. Recently, the USTR implemented the List 4 tariff of 15% on additional products imported from China. The List 4 tariffs have two effective dates. The first effective date (List 4A) was September 1, 2019, and the most notable affected categories relative to Best Buy on this list are televisions, smart watches and headphones. The second effective date (List 4B) is December 15, 2019, and the most notable affected categories relative to Best Buy on this list are computing, mobile phones and gaming consoles.

Through the second quarter of fiscal 2020, we have been able to minimize the impact of the tariffs on our business by accelerating purchases and working with our vendors, some of which are in the process of migrating their manufacturing out of China. Further, we are taking additional actions to mitigate the impacts of tariffs, including factoring tariffs into our product assortment decisions, promotional and pricing strategies, sourcing changes and other strategies in partnership with our vendors. While we estimate that purchases from China currently represent approximately 60% of our total cost of goods sold, in light of these mitigating factors, we expect the impact of these tariffs on our business to be smaller than this number would otherwise imply. However, due to the uncertainty surrounding these factors, the ongoing U.S.-China trade negotiations and the potential for further changes to the scope, magnitude and timing of tariffs, it is difficult to predict the impact of tariffs on consumers, the financial markets and our business and results of operations.

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

Selected consolidated financial data was as follows ($ in millions, except per share amounts):

	Three Months Ended		Six Months Ended	
	August 3, 2019	August 4, 2018	August 3, 2019	August 4, 2018
Revenue	$ 9,536	$ 9,379	$ 18,678	$ 18,488
Revenue % increase	1.7 %	4.9 %	1.0 %	5.8 %
Comparable sales growth	1.6 %	6.2 %	1.4 %	6.6 %
Gross profit	$ 2,283	$ 2,229	$ 4,452	$ 4,354
Gross profit as a % of revenue(1)	23.9 %	23.8 %	23.8 %	23.6 %
SG&A	$ 1,922	$ 1,877	$ 3,757	$ 3,707
SG&A as a % of revenue(1)	20.2 %	20.0 %	20.1 %	20.1 %
Restructuring charges	$ 48	$ 17	$ 48	$ 47
Operating income	$ 313	$ 335	$ 647	$ 600
Operating income as a % of revenue	3.3 %	3.6 %	3.5 %	3.2 %
Net earnings	$ 238	$ 244	$ 503	$ 452
Diluted earnings per share	$ 0.89	$ 0.86	$ 1.86	$ 1.58

(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.

Gross profit rate, SG&A rate and operating income rate changes in the second quarter and first six 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 decreased to $69 million in the second quarter of fiscal 2020, compared to $85 million in the second quarter of fiscal 2019. The lower tax expense is primarily due to increased tax benefits related to stock-based compensation and the resolution of discrete matters in the current year period, as well as a decrease in pre-tax earnings. Our effective income tax rate ("ETR") in the second quarter of fiscal 2020 was 22.3% compared to a rate of 25.7% in the second quarter of fiscal 2019. The decrease in the ETR was primarily due to increased tax benefits related to stock-based compensation and the resolution of discrete matters in the current year period.

Income tax expense remained flat at $134 million in the first six months of fiscal 2020 compared to the prior year period, as increased tax expense resulting from an increase in pre-tax earnings was offset by increased tax benefits related to stock-based compensation and the resolution of discrete matters in the current year period. Our ETR in the first six months of fiscal 2020 was 21.0% compared to a rate of 22.8% in the first six months of fiscal 2019. The decrease in the ETR was primarily due to increased tax benefits related to stock-based compensation and the resolution of discrete matters 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

Selected financial data for the Domestic segment was as follows ($ in millions):

	Three Months Ended		Six Months Ended	
	August 3, 2019	**August 4, 2018**	**August 3, 2019**	**August 4, 2018**
Revenue	$ 8,821	$ 8,639	$ 17,302	$ 17,051
Revenue % increase	2.1 %	4.4 %	1.5 %	5.4 %
Comparable sales growth(1)	1.9 %	6.0 %	1.6 %	6.6 %
Gross profit	$ 2,113	$ 2,058	$ 4,122	$ 4,020
Gross profit as a % of revenue	24.0 %	23.8 %	23.8 %	23.6 %
SG&A	$ 1,756	$ 1,712	$ 3,433	$ 3,377
SG&A as a % of revenue	19.9 %	19.8 %	19.8 %	19.8 %
Restructuring charges	$ 48	$ 17	$ 48	$ 47
Operating income	$ 309	$ 329	$ 641	$ 596
Operating income as a % of revenue	3.5 %	3.8 %	3.7 %	3.5 %
Selected Online Revenue Data				
Total online revenue	$ 1,417	$ 1,208	$ 2,725	$ 2,350
Online revenue as a % of total segment revenue	16.1 %	14.0 %	15.7 %	13.8 %
Comparable online sales growth(1)	17.3 %	10.1 %	16.0 %	11.0 %

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

The increases in revenue in the second quarter and first six months of fiscal 2020 were primarily driven by the comparable sales growth of 1.9% and 1.6%, respectively, and revenue from GreatCall, which was acquired in the third quarter of fiscal 2019. These increases were partially offset by the losses of revenue from store closures. Online revenue of $1.4 billion and $2.7 billion in the second quarter and first six months of fiscal 2020, respectively, increased 17.3% and 16.0%, respectively, 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 second quarters of fiscal 2020 and fiscal 2019:

	Fiscal 2020				Fiscal 2019			
	Total Stores at Beginning of Second Quarter	Stores Opened	Stores Closed	Total Stores at End of Second Quarter	Total Stores at Beginning of Second Quarter	Stores Opened	Stores Closed	Total Stores at End of Second Quarter
Best Buy	995	-	-	995	1,007	-	-	1,007
Best Buy Mobile stand-alone	-	-	-	-	105	-	(105)	-
Outlet Centers	10	1	-	11	5	2	-	7
Pacific Sales	21	-	-	21	28	-	-	28
Total Domestic segment stores	1,026	1	-	1,027	1,145	2	(105)	1,042

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 105 were closed during the second quarter of fiscal 2019. Refer to Note 9, *Restructuring Charges*, in the Notes to Condensed Consolidated Financial Statements for additional information.

Domestic segment revenue mix percentages and comparable sales percentage changes by revenue category were as follows:

	Revenue Mix		Comparable Sales	
	Three Months Ended		Three Months Ended	
	August 3, 2019	August 4, 2018	August 3, 2019	August 4, 2018
Computing and Mobile Phones	44 %	45 %	0.6 %	4.2 %
Consumer Electronics	32 %	32 %	1.0 %	6.8 %
Appliances	13 %	12 %	14.0 %	10.3 %
Entertainment	5 %	7 %	(13.7)%	8.5 %
Services	6 %	4 %	10.7 %	6.6 %
Total	100 %	100 %	1.9 %	6.0 %

The following is a description of the notable comparable sales changes in our Domestic segment by revenue category:

- **Computing and Mobile Phones:** The 0.6% comparable sales gain was primarily driven by tablets and wearables, partially offset by slight declines in computing and mobile phones.
- **Consumer Electronics:** The 1.0% comparable sales gain was driven primarily by headphones and smart home, partially offset by declines in home theater and digital imaging.
- **Appliances:** The 14.0% comparable sales gain was driven by both large and small appliances.
- **Entertainment:** The 13.7% comparable sales decline was driven primarily by gaming and drones, partially offset by gains in virtual reality.
- **Services:** The 10.7% comparable sales gain was driven primarily by growth in our support business.

Our gross profit rate increased in the second quarter and first six months of fiscal 2020, primarily driven by the higher gross profit rate of GreatCall, partially offset by higher supply chain costs.

Our SG&A rate increased in the second quarter of fiscal 2020, primarily due to GreatCall expenses and higher advertising expenses, partially offset by lower incentive compensation. Our SG&A rate remained flat in the first six months of fiscal 2020, primarily due to sales leverage, as SG&A increased $56 million, primarily due to GreatCall expenses, partially offset by lower incentive compensation.

Restructuring charges for the second quarter and first six months of fiscal 2020 related to our U.S. retail operating model changes. Restructuring charges for the second quarter and first six months of fiscal 2019 related to our Best Buy Mobile stand-alone store closures. Refer to Note 9, *Restructuring Charges,* in the Notes to Condensed Consolidated Financial Statements for additional information.

Our operating income rate decreased in the second quarter of fiscal 2020, primarily driven by the increase in restructuring charges described above. During the first six months of fiscal 2020, our operating income rate increased primarily driven by the increase in gross profit rate.

International

Selected financial data for the International segment was as follows ($ in millions):

	Three Months Ended		Six Months Ended	
	August 3, 2019	August 4, 2018	August 3, 2019	August 4, 2018
Revenue	$ 715	$ 740	$ 1,376	$ 1,437
Revenue % change	(3.4)%	10.8 %	(4.2)%	11.9 %
Comparable sales % change	(1.9)%	7.6 %	(1.6)%	7.0 %
Gross profit	$ 170	$ 171	$ 330	$ 334
Gross profit as a % of revenue	23.8 %	23.1 %	24.0 %	23.2 %
SG&A	$ 166	$ 165	$ 324	$ 330
SG&A as a % of revenue	23.2 %	22.3 %	23.5 %	23.0 %
Operating income	$ 4	$ 6	$ 6	$ 4
Operating income as a % of revenue	0.6 %	0.8 %	0.4 %	0.3 %

The decrease in revenue in the second quarter of fiscal 2020 was primarily driven by the comparable sales decline of 1.9% and the negative impact of foreign currency exchange rate fluctuations, both primarily related to our Canadian operations. The decrease in revenue in the first six months of fiscal 2020 was primarily driven by the negative impact of foreign currency exchange rate fluctuations and the comparable sales decline of 1.6%, both primarily related to our Canadian operations.

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

	Fiscal 2020				Fiscal 2019			
	Total Stores at Beginning of Second Quarter	Stores Opened	Stores Closed	Total Stores at End of Second Quarter	Total Stores at Beginning of Second Quarter	Stores Opened	Stores Closed	Total Stores at End of Second Quarter
Canada								
Best Buy	132	-	-	132	134	-	-	134
Best Buy Mobile	44	-	(1)	43	49	-	-	49
Mexico								
Best Buy	29	1	-	30	26	2	-	28
Best Buy Express	9	-	-	9	6	-	-	6
Total International segment stores	214	1	(1)	214	215	2	-	217

International segment revenue mix percentages and comparable sales percentage changes by revenue category were as follows:

	Revenue Mix		Comparable Sales	
	Three Months Ended		Three Months Ended	
	August 3, 2019	August 4, 2018	August 3, 2019	August 4, 2018
Computing and Mobile Phones	43 %	45 %	(4.4)%	4.5 %
Consumer Electronics	32 %	29 %	1.0 %	0.3 %
Appliances	12 %	12 %	11.5 %	35.7 %
Entertainment	5 %	6 %	(20.1)%	14.3 %
Services	6 %	6 %	4.6 %	11.3 %
Other	2 %	2 %	(24.0)%	51.4 %
Total	100 %	100 %	(1.9)%	7.6 %

The following is a description of the notable comparable sales changes in our International segment by revenue category:

- **Computing and Mobile Phones:** The 4.4% comparable sales decline was driven primarily by mobile phones and computing, partially offset by gains in tablets.
- **Consumer Electronics:** The 1.0% comparable sales gain was driven primarily by headphones and health and fitness, partially offset by declines in digital imaging and home theater.
- **Appliances:** The 11.5% comparable sales gain was driven by both large and small appliances.
- **Entertainment:** The 20.1% comparable sales decline was driven primarily by gaming and drones, partially offset by gains in virtual reality.
- **Services:** The 4.6% comparable sales gain was driven primarily by warranty revenue.
- **Other:** The 24.0% comparable sales decline was driven primarily by baby products.

Our gross profit rate increased in the second quarter and first six months of fiscal 2020, primarily due to Canada from increased revenue in the higher margin services category.

Our SG&A rate increased in the second quarter of fiscal 2020, primarily due to sales leverage as SG&A remained relatively flat. During the first six months of fiscal 2020, our SG&A rate increased primarily due to sales leverage, as SG&A decreased $6 million due to the favorable impact of foreign currency exchange rates related to Canada.

Our operating income rate decreased in the second quarter of fiscal 2020, primarily driven by a higher SG&A rate, partially offset by a higher gross profit rate, described above. During the first six months of fiscal 2020, our operating income rate increased, 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 (non-GAAP financial measures) ($ in millions, except per share amounts):

	Three Months Ended		Six Months Ended	
	August 3, 2019	August 4, 2018	August 3, 2019	August 4, 2018
Operating income	$ 313	$ 335	$ 647	$ 600
Restructuring charges[1]	48	17	48	47
Intangible asset amortization[2]	18	-	35	-
Acquisition-related transaction costs[2]	3	-	3	-
Tax reform related item - employee bonus[3]	-	-	-	7
Non-GAAP operating income	$ 382	$ 352	$ 733	$ 654
Effective tax rate	22.3 %	25.7 %	21.0 %	22.8 %
Restructuring charges[1]	0.4 %	(0.3)%	0.3 %	0.1 %
Intangible asset amortization[2]	0.1 %	-%	0.2 %	-%
Non-GAAP effective tax rate	22.8 %	25.4 %	21.5 %	22.9 %
Diluted EPS	$ 0.89	$ 0.86	$ 1.86	$ 1.58
Restructuring charges[1]	0.18	0.06	0.18	0.17
Intangible asset amortization[2]	0.06	-	0.13	-
Acquisition-related transaction costs[2]	0.01	-	0.01	-
Tax reform related item - employee bonus[3]	-	-	-	0.02
Tax impact of non-GAAP adjustments[4]	(0.06)	(0.01)	(0.08)	(0.05)
Non-GAAP diluted EPS	$ 1.08	$ 0.91	$ 2.10	$ 1.72

(1) Represents charges associated with U.S. retail operating model changes and the closure of Best Buy Mobile stand-alone stores in the U.S. Refer to Note 9, *Restructuring Charges*, in the Notes to Condensed Consolidated Financial Statements for additional information.
(2) Represents charges associated with the acquisitions of GreatCall and CST, including (1) the non-cash amortization of definite-lived intangible assets, including customer relationships, tradenames and developed technology, and (2) acquisition-related transaction costs primarily comprised of professional fees. Refer to Note 2, *Acquisition*, and Note 5, *Goodwill and Intangible Assets*, 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. of 24.5% for all periods presented.

Non-GAAP operating income increased in the second quarter and first six months of fiscal 2020, primarily driven by a decrease in SG&A from lower incentive compensation.

Our non-GAAP effective tax rate decreased in the second quarter and first six months of fiscal 2020, primarily due to increased tax benefits related to stock-based compensation and the resolution of discrete matters.

Non-GAAP diluted EPS increased in the second quarter and first six months of fiscal 2020, primarily driven by the increase in non-GAAP operating income and lower diluted weighted-average common shares outstanding from 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.

Cash, cash equivalents and short-term investments were as follows ($ in millions):

	August 3, 2019	February 2, 2019	August 4, 2018
Cash and cash equivalents	$ 1,289	$ 1,980	$ 1,865
Short-term investments	320	-	465
Total cash, cash equivalents and short-term investments	$ 1,609	$ 1,980	$ 2,330

The decrease in total cash, cash equivalents and short-term investments from February 2, 2019, was primarily due to share repurchases and the acquisition of CST. The decrease from August 4, 2018, was primarily due to share repurchases and the acquisitions of GreatCall and CST.

Cash Flows

Cash flows from total operations were as follows ($ in millions):

	Six Months Ended	
	August 3, 2019	August 4, 2018
Total cash provided by (used in):		
Operating activities	$ 625	$ 1,108
Investing activities	(828)	1,200
Financing activities	(576)	(1,524)
Effect of exchange rate changes on cash	(1)	(16)
Increase (decrease) in cash, cash equivalents and restricted cash	$ (780)	$ 768

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, income taxes and collections of receivables. This was partially offset by lower incentive compensation payments due to a special one-time incentive payment in fiscal 2019 and the timing of indirect tax payments.

Investing Activities

The decrease in cash provided by investing activities in fiscal 2020 was primarily due to decreases in sales of investments and the acquisition of CST.

Financing Activities

The decrease in cash used in financing activities was primarily due to the repayment in fiscal 2019 of our $500 million principal amount of notes due August 1, 2018, and a decrease in shares repurchased during fiscal 2020.

Sources of Liquidity

Funds generated by operating activities, available cash and cash equivalents, short-term investments, 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 August 3, 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 September 4, 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 workers' compensation and general liability insurance claims. Restricted cash, which is included in Other current assets on our Condensed Consolidated Balance Sheets, was $115 million, $204 million, and $203 million at August 3, 2019, February 2, 2019, and August 4, 2018, respectively. The decrease from prior periods was due to a dividend of excess cash from our wholly-owned insurance captive that manages a portion of our self-insured claims.

Debt and Capital

As of August 3, 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"). The payment of cash dividends is also subject to customary legal and contractual restrictions. 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. As of August 3, 2019, $2.7 billion of the $3.0 billion share repurchase authorization was available. Between the end of the second quarter of fiscal 2020 on August 3, 2019, and September 4, 2019, we repurchased an incremental 2.2 million shares of our common stock at a cost of $146 million.

Share repurchase activity was as follows ($ and shares in millions, except per share amounts):

	Three Months Ended		Six Months Ended	
	August 3, 2019	August 4, 2018	August 3, 2019	August 4, 2018
Total cost of shares repurchased	$ 230	$ 375	$ 336	$ 774
Average price per share	$ 69.71	$ 74.80	$ 70.04	$ 73.21
Number of shares repurchased	3.3	5.0	4.8	10.6

Dividend activity was as follows ($ in millions, except per share amounts):

	Three Months Ended		Six Months Ended	
	August 3, 2019	August 4, 2018	August 3, 2019	August 4, 2018
Regular quarterly cash dividends per share	$ 0.50	$ 0.45	$ 1.00	$ 0.90
Cash dividends declared and paid	$ 133	$ 125	$ 267	$ 253

The increases in cash dividends declared and paid for the second quarter and first six months of fiscal 2020 compared to the same periods in the prior year were the result of increases 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, remained relatively unchanged at 1.1 as of August 3, 2019, 1.2 as of February 2, 2019, and 1.2 as of August 4, 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, also remained relatively unchanged at 0.8 as of August 3, 2019, 0.9 as of February 2, 2019, and 0.8 as of August 4, 2018.

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 as of August 3, 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 4, *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 4, *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, ecommerce 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 from 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 August 3, 2019, we had $1.6 billion of cash, cash equivalents and short-term investments and $1.2 billion of debt that has been swapped to floating rate, and this net $0.4 billion is exposed to interest rate changes. As of August 3, 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 6, *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 $10 million on our revenue and a $0 million impact on our net earnings for the second quarter of fiscal 2020, and a net unfavorable impact of $37 million on our revenue and a $0 million impact on our net earnings for the first six months of fiscal 2020.

Item 4. Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed 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 August 3, 2019. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, at August 3, 2019, our disclosure controls and procedures were effective.

There were no changes in internal control over financial reporting during the fiscal quarter ended August 3, 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 14, *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 second 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)
May 5, 2019 through June 1, 2019	1,014,719	$	68.44	1,014,719	$	2,825,000
June 2, 2019 through July 6, 2019	1,307,061	$	66.99	1,307,061	$	2,737,000
July 7, 2019 through August 3, 2019	975,942	$	74.67	975,942	$	2,664,000
Total	3,297,722	$	69.71	3,297,722	$	2,664,000

(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 11, *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)
10.1	Form of Best Buy Co., Inc. Long-Term Incentive Program Award Agreement (2019) – Directors
10.2	Best Buy Co., Inc. Long-Term Incentive Program Award Agreement dated June 11, 2019 between R. Mike Mohan and Best Buy Co., Inc.
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 second quarter of fiscal 2020, filed with the SEC on September 6, 2019, formatted in Inline Extensible Business Reporting Language (iXBRL): (i) the Condensed Consolidated Balance Sheets at August 3, 2019, February 2, 2019, and August 4, 2018, (ii) the Condensed Consolidated Statements of Earnings for the three and six months ended August 3, 2019, and August 4, 2018, (iii) the Condensed Consolidated Statements of Comprehensive Income for the three and six months ended August 3, 2019, and August 4, 2018, (iv) the Condensed Consolidated Statements of Cash Flows for the six months ended August 3, 2019, and August 4, 2018, (v) the Condensed Consolidated Statements of Changes in Shareholders' Equity for the three and six months ended August 3, 2019, and August 4, 2018, and (vi) the Notes to Condensed Consolidated Financial Statements.
104	The cover page from our Quarterly Report on Form 10-Q for the second quarter of fiscal 2020, filed with the SEC on September 6, 2019, formatted in iXBRL (included as Exhibit 101).

(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.

SIGNATURES

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: September 6, 2019	By:	/s/ CORIE BARRY Corie Barry *Chief Executive Officer*
Date: September 6, 2019	By:	/s/ MATTHEW BILUNAS Matthew Bilunas *Chief Financial Officer*
Date: September 6, 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 _____, 2019

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 "**Participant**") 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 your 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 Notification.

   (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, the Option may be exercised, in whole or in part, at any time prior to the Expiration Date, in 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 be exercised by written notice to the Company (through the Plan administrator or other means specified by the Company) stating the number of Shares 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 Shares**. This section applies to you if your 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, the 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 publicly 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, the Company shall issue the Restricted Shares in 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 your 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 Shares under Performance Share Award**. The number 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 2019 to fiscal year 2022 ("**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 days after 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 500, 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 interpolated on a linear basis for performance between such amounts. For example, if Best 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 of 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 2022 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 Numbers will be equal to the greater of (i) the numbers determined 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 your 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 event 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) three years from the date of your Qualified 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 Shares, such Restricted Shares will continue to vest in accordance with the vesting schedule set forth above, subject to the Company's achievement of the performance condition 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. If 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, your Performance Share Award will be 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 by a fraction, the numerator of which is the number of days during the Performance Period you were so employed, and the denominator 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 Disability, employment termination.

(iii) Performance Share Award. If your Award includes a Performance Share Award and in the event of your death or 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. If Relative TSR is greater than Threshold TSR (as determined as 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 2022 for purposes of determining Enterprise Revenue CAGR), you will be entitled to a prorated Revenue Performance Share Number. For each component, your 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 the Performance Period you were employed, and the denominator of which is the number of days in the Performance Period.

(c) Involuntary Termination Without Cause. If your employment is Involuntarily Terminated Without 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 Option vested as of your termination date, and any portion of the Option then unvested will be forfeited; provided, however, that if your employment is Involuntarily Terminated Without Cause within 12 months following a Change of Control, any then unvested portion of the Option will vest and become exercisable during 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 Involuntarily Terminated Without Cause prior to the end of the Performance Period, you may be entitled to a prorated Performance Share Award. If 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, your 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 denominator 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 Shares.

(iii) Performance 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 employment 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 forfeited, and the 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 forfeited.

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

6. Restrictive Covenants and Remedies. By accepting the Award, you specifically agree 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) apply to you only if you are an officer of the Company and if you are employed outside the state of California. Further, if you are an attorney, the Restrictive Covenants apply to you 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 liable under any federal or state trade secret law for the disclosure of a trade secret that is made in confidence to a federal, state, 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 civilly liable under any federal or state 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 shall 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 Person 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 Group 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, solicit, or encourage any other Person, 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. If 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 Back & 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, you 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 accordance with the terms of this Agreement and the Plan.

(ii) **Restricted Shares**. Upon the issuance of Restricted Shares, you shall be entitled to exercise the rights of a stockholder. Notwithstanding the foregoing, you will not have the right to vote 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 Shares during the Restricted Period.

(iii) **Performance Share Awards**. You will have no rights as a stockholder 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 Performance 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 Equivalent 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 Award, 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**. Options 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 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 unenforceable 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 Awards**. Performance Share Awards 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 of a Performance Share Award contrary to the provisions of this Agreement or the Plan, or the levy of any execution, attachment or similar process upon a Performance Share Award, shall be void and unenforceable 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 terminate your employment at any time.

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

(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 Service 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 other 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 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 dishonesty involving any other Person;

(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 may 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 any 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 Owner, directly or indirectly, of securities of the Company representing 50% 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 Own, 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 vote 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 constitute 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 entity 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 Beneficial 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 any sale or transfer to a Person or Group, at least 50% of the combined voting power of the voting 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.

The 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 Committee of the Board of Directors of Best Buy Co., Inc.

(g) "**Confidential Information**" means 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, price lists and pricing policies, financial information, records, ledgers and information, purchase orders, 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 and sales methods and operations, business correspondence, memoranda and other records, inventions, improvements and discoveries, processes and methods, business operations and related data formulae, computer records and related data, know-how, research and development, trademark, technology, technical information, 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 through 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 have 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 10.2

BEST BUY CO., INC.
LONG-TERM INCENTIVE PROGRAM AWARD AGREEMENT
Award Date: March _____, 2019

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 "**Participant**") 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 your 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 Notification.

   (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, the Option may be exercised, in whole or in part, at any time prior to the Expiration Date, in 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 be exercised by written notice to the Company (through the Plan administrator or other means specified by the Company) stating the number of Shares 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 your 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, the 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 publicly 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, the 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 your 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 Shares under Performance Share Award. The number 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 2019 to fiscal year 2022 ("**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 days after 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 500, 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 interpolated on a linear basis for performance between such amounts. For example, if Best 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 of 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 2022 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 Numbers will be equal to the greater of (i) the numbers determined 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 your 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 event 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) three years from the date of your Qualified 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. If 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. Your Performance Share Award will be 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 by a fraction, the numerator of which is the number of days during the Performance Period you were so employed, and the denominator 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 Section 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 or 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. If Relative TSR is greater than Threshold TSR (as determined as 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 2022 for purposes of determining Enterprise Revenue CAGR), you will be entitled to a prorated Revenue Performance Share Number. For each component, your 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 the Performance Period you were employed, and the denominator of which is the number of days in the Performance Period.

(c) **Involuntary Termination Without Cause**. If your employment is Involuntarily Terminated Without 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 Option vested as of your termination date, and any portion of the Option then unvested will be forfeited; provided, however, that if your employment is Involuntarily Terminated Without Cause within 12 months following a Change of Control, any then unvested portion of the Option will vest and become exercisable during 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 Involuntarily Terminated Without Cause prior to the end of the Performance Period, you may be entitled to a prorated Performance Share Award. If 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, your 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 denominator 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) **Performance 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 employment 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 forfeited, and the 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 forfeited.

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

6. **Restrictive Covenants and Remedies**. By accepting the Award, you specifically agree 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) apply to you only if you are an officer of the Company and if you are employed outside the state of California. Further, if you are an attorney, the Restrictive Covenants apply to you 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 liable under any federal or state trade secret law for the disclosure of a trade secret that is made in confidence to a federal, state, 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 civilly liable under any federal or state 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 shall 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 Person 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 Group 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, solicit, or encourage any other Person, 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**. If 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 Back & 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, you 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 accordance 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 of 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 Shares at vesting of the Restricted Stock Units, you will have all of the rights of a shareholder with respect to the Shares unless Shares are forfeited or recovered under this Agreement or the Plan.

(iii) **Performance Share Awards**. You will have no rights as a shareholder 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**. Options 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 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 unenforceable 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 Awards**. Performance Share Awards 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 of a Performance Share Award contrary to the provisions of this Agreement or the Plan, or the levy of any execution, attachment or similar process upon a Performance Share Award, shall be void and unenforceable 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 terminate your employment at any time.

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

(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 dishonesty involving any other Person;

(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 may 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 any 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 Owner, directly or indirectly, of securities of the Company representing 50% 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 Own, 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 vote 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 constitute 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 entity 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 Beneficial 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 any sale or transfer to a Person or Group, at least 50% of the combined voting power of the voting 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.

The 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 Committee of the Board of Directors of Best Buy Co., Inc.

(g) "**Confidential Information**" means 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, price lists and pricing policies, financial information, records, ledgers and information, purchase orders, 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 and sales methods and operations, business correspondence, memoranda and other records, inventions, improvements and discoveries, processes and methods, business operations and related data formulae, computer records and related data, know-how, research and development, trademark, technology, technical information, 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 through 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 have 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, 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: September 6, 2019

/s/ CORIE BARRY
Corie Barry
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, Matthew Bilunas, 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: September 6, 2019

/s/ MATTHEW BILUNAS
Matthew Bilunas
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 August 3, 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: September 6, 2019	/s/ CORIE BARRY
	Corie Barry
	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 August 3, 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: September 6, 2019	/s/ MATTHEW BILUNAS
	Matthew Bilunas
	Chief Financial Officer