BEST BUY 2020: BUILDING THE NEW BLUE

INVESTOR DAY
SEPTMBER 19, 2017
FORWARD-LOOKING AND CAUTIONARY STATEMENTS:

This presentation includes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 that reflect management’s current views regarding future financial conditions, results of operations, business initiatives, growth plans, operational investments and prospects of the company. These statements use words such as “believe,” “assume,” “estimate,” “expect,” “outlook,” “opportunities” and other words and terms of similar meaning. They are subject to a number of risks and uncertainties that could cause actual results to differ materially from the potential results discussed in the forward-looking statements. Among the factors that could cause actual results to differ materially from those contained in such statements are: changes in macro-economic conditions, consumer preferences, consumer confidence or spending and debt levels, our product mix, credit market changes, product availability, changes in the costs of imports, initiatives of competitors, the integrity of our data systems, the company’s ability to prevent or react to a disaster recovery situation, changes in laws, the impact of labor markets, our ability to retain qualified employees, failure to achieve anticipated cost reductions, disruptions in our supply chain, and development of new businesses. Please refer to the company’s current SEC filings, including its most recent Form 10-K, for more information on these risks and uncertainties. Best Buy cautions that any forward-looking statements speak only as of the date they are made, and Best Buy assumes no obligation to update any forward-looking statement that it may make.

PRESENTATION OF FINANCIAL INFORMATION:

This presentation includes non-GAAP financial measures. These non-GAAP financial measures are provided to facilitate meaningful year-over-year comparisons, but should not be considered superior to, as a substitute for, and should be read in conjunction with, the GAAP financial measures for the period. A reconciliation of these non-GAAP financial measures to the most directly comparable GAAP financial measures, and an explanation of why these non-GAAP financial measures are useful, can be found in the “Financial Info” section of our website investors.bestbuy.com.
PRESENTERS

Hubert Joly
Chairman and Chief Executive Officer

Corie Barry
Chief Financial Officer

Shari Ballard
Senior Executive Vice President and President of Multichannel Retail

Mike Mohan
Senior Executive Vice President and Chief Merchandising and Marketing Officer
KEY QUESTIONS

What were the results of Renew Blue? What have we learned?

How attractive is the environment in which Best Buy operates?

How does Best Buy win in this environment, and how does this lead to strong value creation for our shareholders?
INVESTMENT THESIS

1. Opportunity-rich environment driven by innovation and customers’ need for help
2. Market share leader with unique opportunities to expand what we sell and evolve how we sell
3. Proven ability to execute and compete successfully
4. Significant sources of competitive advantage and differentiation, including our ability to help customers online, in stores and in their homes:
   - Digital and physical
   - Selling and supporting
5. Financial strength to invest and play to win, with cost-reduction opportunities to help offset investments and pressures
6. Strong cash flow and attractive return to shareholders
7. Modest valuation
WHERE WE HAVE BEEN ...
RENEW BLUE
FIVE YEARS AGO, BEST BUY FACED TWO PROBLEMS.

PROBLEM #1
NEGATIVE COMPS

PROBLEM #2
DECLINING OPERATING MARGIN
In November 2012, the company launched its Renew Blue strategy to address these two problems.

Renew Blue

The preferred authority and destination for technology products and services

- Reinvigorate and rejuvenate the customer experience
- Work with vendor partners to innovate and drive value
- Continue leadership role in positively impacting our world
- Attract and inspire leaders and employees
- Increase ROIC for investors
THE STRATEGY WORKED: COMPARABLE SALES AND OPERATING INCOME ARE UP.

**SOLVED PROBLEM #1**

**DOMESTIC COMPARABLE SALES**

<table>
<thead>
<tr>
<th>Year</th>
<th>FY11</th>
<th>FY12</th>
<th>FY13</th>
<th>FY14</th>
<th>FY15</th>
<th>FY16</th>
<th>FY17</th>
<th>FY18 est.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(1.7%)</td>
<td>(2.1%)</td>
<td>(1.7%)</td>
<td>1.0%</td>
<td>0.5%</td>
<td>0.2%</td>
<td>2.5% – 3.0%</td>
<td></td>
</tr>
</tbody>
</table>

**SOLVED PROBLEM #2**

**DOMESTIC NON-GAAP OPERATING INCOME RATE**

<table>
<thead>
<tr>
<th>Year</th>
<th>FY11</th>
<th>FY12</th>
<th>FY13</th>
<th>FY14</th>
<th>FY15</th>
<th>FY16</th>
<th>FY17</th>
<th>FY18 est.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>5.6%</td>
<td>5.1%</td>
<td>3.8%</td>
<td>3.1%</td>
<td>4.1%</td>
<td>4.3%</td>
<td>4.5%</td>
<td>approx. 4.5%</td>
</tr>
</tbody>
</table>
Earnings and ROIC are up materially, and total shareholder return has been in the top 10% of the S&P 500.

**Non-GAAP Diluted EPS**
- FY13: $2.54
- FY17: $3.51
- 8% per year

**Non-GAAP ROIC**
- FY13: 10.8%
- FY17: 18.7%
- +790 bps

**Total Shareholder Return**
- S&P Average: 128%
- Top Quartile: 168%
- >2x S&P avg.
- 263%

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1 For "GAAP to non-GAAP" and "non-GAAP Return on Invested Capital" definitions and reconciliations, please refer to the recast financial schedules posted on the company's investor relations website at investors.bestbuy.com.

2 5-year Total Shareholder Return (TSR) as of Sept. 1, 2017. Sourced from Bloomberg Total Returns from Sept. 1, 2012 through Sept. 1, 2017. Calculated as the return resulting from the difference in share price plus cumulative re-invested dividends; S&P Average is the TSR of the average TSR returning company in the S&P 500.
The last five years have validated our core strategic beliefs.

- It is possible to win financially with competitive prices and a higher level of service.
- Multichannel is a great asset.
- Winning is not a zero-sum game against a single competitor.
ONE MORE THING WE HAVE LEARNED …

Technology is amazing, but buying and using electronics is still, too often, not an ideal experience.

Many customers are looking for more than a transaction; they are looking for a solution to their human needs.
LAST MARCH, BEST BUY DECLARED RENEW BLUE OVER AND UNVEILED ...
BEST BUY®
2020
BUILDING THE
NEW
BLUE
BEFORE WE DISCUSS THE STRATEGY, IT IS IMPORTANT TO STEP BACK AND LOOK AT OUR MARKET STRATEGICALLY.

Traditional concerns about the market:

- No growth
- Commodity business
- Cyclical/volatile industry
OUR ANALYSIS IS THAT WE ARE OPERATING IN A STRATEGICALLY ATTRACTIVE MARKET.

- Opportunity-rich environment
- Material room for differentiation
- Industry is more stable than it may seem
TECHNOLOGY INNOVATION IS VIBRANT AND EXCITING.

INVESTMENT IN CONSUMER ELECTRONICS STARTUPS\(^1\) UP 5x FROM 2010 TO 2016

SQUARE FOOTAGE AT CONSUMER ELECTRONICS SHOW (CES)\(^2\)

<table>
<thead>
<tr>
<th>Year</th>
<th>Square Footage</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>1.9 million sq. ft.</td>
</tr>
<tr>
<td>2017</td>
<td>2.6 million sq. ft.</td>
</tr>
</tbody>
</table>

Source:
\(^1\) Pitchbook Data Inc., venture capital investment in consumer electronics hardware startups in the U.S.
\(^2\) CES Press Release
Millennials have become the largest group of homebuyers, and almost half live in the suburbs.

— Bloomberg, 2017

The number of Millennials purchasing consumer electronics increased 27% year over year, compared with 18% of the rest of the population.

— Gallup, 2017
...AND BEST BUY IS WELL POSITIONED TO TAKE ADVANTAGE OF THIS.

Best Buy Market Share

- Millennials & Younger: 16.2%
- Gen X: 15.1%
- Baby Boomers: 14.0%
- Silent Generation & Older: 16.0%

Source: NPD Consumer Data as of FY18 year to date, does not include major appliances, music or movies
Age Breakdown: Millennials & Younger (16-34), Gen X (35-53), Baby Boomers (54-72), Silent Generation & Older (73+).
THE AGING POPULATION IS LOOKING FOR WAYS TO REMAIN HEALTHY, ACTIVE AND INDEPENDENT.

51 MILLION seniors in the U.S. population; number projected to grow by 36% by 2027¹

90% of seniors want to stay in their homes as they age; however, their No. 1 concern in doing so is not being a burden on others²

Source: ¹U.S. Census projections
²AARP United States of Aging Survey
Latent demand is waiting to be unlocked, as the average spend per person barely varies across customer groups.

### Industrywide Annual Consumer Electronics Spend Per Person

<table>
<thead>
<tr>
<th>By Income</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt; $50K</td>
<td>$931</td>
</tr>
<tr>
<td>$50K - $100K</td>
<td>$1,013</td>
</tr>
<tr>
<td>$100K - $150K</td>
<td>$1,061</td>
</tr>
<tr>
<td>&gt; $150K</td>
<td>$1,090</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>By Generation</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Millennial</td>
<td>$1,036</td>
</tr>
<tr>
<td>Gen X</td>
<td>$1,005</td>
</tr>
<tr>
<td>Boomer</td>
<td>$955</td>
</tr>
<tr>
<td>Silent</td>
<td>$914</td>
</tr>
</tbody>
</table>

Source: 2015 Best Buy Demand Landscape and Customer Segmentation Survey
Age groups at time of data compilation: Millennials-16-35, Gen X-36-50, Boomers-51-69, Silent-70+
BEST BUY’S SHARE OF WALLET OF EXISTING SHOPPERS HAS SIGNIFICANT UPSIDE.

Best Buy’s Share of Its Customers’ Consumer Electronics Spend

Source: NPD and Best Buy Analysis, 2015
Represents share of wallet over a 5-year period
Does not include major appliances, music, and movies
WHILE BEST BUY COMMANDS A HIGH MARKET SHARE IN CERTAIN CATEGORIES, ITS PRESENCE WITHIN UNDERPENETRATED CATEGORIES HAS SIGNIFICANT UPSIDE.

Best Buy Market Share

<table>
<thead>
<tr>
<th>Category</th>
<th>Market Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Home Theater</td>
<td>33%</td>
</tr>
<tr>
<td>Notebooks &amp; Desktops</td>
<td>30%</td>
</tr>
<tr>
<td>Major Appliances</td>
<td>12%</td>
</tr>
<tr>
<td>Mobile Phones</td>
<td>6%</td>
</tr>
</tbody>
</table>

Source: NPD, Stevenson Traqline
Trailing 12 months ending June 2017
AS IS THE CASE IN MANY INDUSTRIES, CUSTOMERS ARE SPENDING MORE ON SERVICES, A LARGELY UNTAPPED OPPORTUNITY FOR BEST BUY.

**Consumer Spending on Technology Products and Services**

($ Billion)

- **Hardware**: 240
- **Tech Services**: 85
- **Managed Services**: 790
- **Total**: 1,000+

*Source: Best Buy internal analysis based on various external data sources ranging from 2015 to 2017.*
OUR ANALYSIS IS THAT WE ARE OPERATING IN A STRATEGICALLY ATTRACTIVE MARKET.

- Opportunity-rich environment
- Material room for differentiation
- Industry is more stable than it may seem
THE MARKET IS NOT A COMMODITY MARKET, AND IT OFFERS MATERIAL ROOM FOR DIFFERENTIATION.

Buying technology products is often a major, complex decision.

Many customers need help with:
- Finding the right product
- Making it all work together
- Getting the most out of technology
- Keeping it going

Best Buy is growing share with a differentiated value proposition.
THE WAY WE DEFINE OUR MARKET AMPLIFIES THE OPPORTUNITIES FOR DIFFERENTIATION.

Not just selling products …

… but connecting human needs with technology solutions.
OUR ANALYSIS IS THAT WE ARE OPERATING IN A STRATEGICALLY ATTRACTIVE MARKET.

Opportunity-rich environment

Material room for differentiation

Industry is more stable than it may seem
VOLATILITY OF CONSUMER TECHNOLOGY SPEND IS COMPARABLE TO OTHER CATEGORIES.

Source: Bureau of Economic Analysis (BEA), Personal Consumption Expenditures
Electronics & Appliances includes the following categories defined by the BEA: video equipment and services, audio equipment and services, information processing equipment (computers) and services, large and small appliances, appliance repair services, photographic goods and services and phones.
OVERALL INDUSTRY VOLATILITY IS LOW, EVEN THOUGH VOLATILITY AT THE CATEGORY LEVEL IS HIGH.

**Standard Deviation of Quarterly Growth Rates**  
(June 2014 to June 2017)

<table>
<thead>
<tr>
<th>Category</th>
<th>Standard Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Industry Total</td>
<td>+/-106</td>
</tr>
<tr>
<td>Small Appliances</td>
<td>+/-170</td>
</tr>
<tr>
<td>Computing &amp; Tablets</td>
<td>+/-265</td>
</tr>
<tr>
<td>Mobile Phones</td>
<td>+/-340</td>
</tr>
<tr>
<td>Home Theater</td>
<td>+/-370</td>
</tr>
<tr>
<td>Major Appliances</td>
<td>+/-473</td>
</tr>
<tr>
<td>Digital Imaging</td>
<td>+/-537</td>
</tr>
<tr>
<td>Gaming</td>
<td>+/-877</td>
</tr>
</tbody>
</table>

Dealing with category volatility is one of Best Buy’s core strengths.

Source: NPD, Stevenson Traqline, AHAM
Industry total includes other CE categories not shown. Average standard deviation of all categories is 765.
Our analysis is that we are operating in a strategically attractive market.

- Opportunity-rich environment
- Material room for differentiation
- Industry is more stable than it may seem
AGAINST THIS BACKDROP, BEST BUY 2020 IS DESIGNED TO TAKE ADVANTAGE OF KEY GROWTH OPPORTUNITIES
BEST BUY HAS A CLEAR, EXCITING PURPOSE.

“We dream of a Best Buy that truly helps customers pursue their passions and enrich their lives with the help of technology.”

— BEST BUY STATEMENT OF PURPOSE
BEST BUY 2020 IS FOCUSED ON ADDRESSING KEY HUMAN NEEDS.

Entertainment

Productivity

Communication

Food

Security

Health & Wellness
A way for us to address these needs is to “complete the stack.”
BEST BUY 2020 IS DESIGNED WITH A SPECIFIC CUSTOMER SEGMENT IN MIND.

High-Touch Tech Fans are highly engaged consumers who love technology. They enjoy showing it off to others.

They seek the latest tech, especially emerging categories, and are multichannel shoppers.

They want high-touch service.
HIGH-TOUCH TECH FANS

**DEMOGRAPHICS**

- 50/50 Male/Female
- 50% Millennial
- $87,000 Average Household Income

**BEHAVIORS**

- High expectations
- Early adopters
- Brand seekers
- Looking for best price
- Buy across categories
- Willing to pay for service
BEST BUY 2020 GROWTH STRATEGY ENTAILS TWO PILLARS:

EXPAND WHAT WE SELL

EVOLVE HOW WE SELL
BEST BUY 2020 GROWTH STRATEGY ENTAILS TWO PILLARS:

EXPAND
WHAT WE SELL

EVOLVE
HOW WE SELL
Best Buy has a strong set of unique skills and assets that, when deployed together, have led to creating markets and achieving market-leading positions in many categories.

There are three specific examples of expansion we are pursuing or exploring that leverage these skills:

- Smart Home Management
- Assured Living
- Total Tech Support
BEST BUY HAS A STRONG SET OF UNIQUE SKILLS AND ASSETS THAT, WHEN DEPLOYED TOGETHER, HAVE LED TO CREATING MARKETS AND ACHIEVING MARKET-LEADING POSITIONS IN MANY CATEGORIES.

<table>
<thead>
<tr>
<th><strong>Curated assortment</strong></th>
<th>Joint product development with top technology vendors, expert curation based on deep understanding of customer needs</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Targeted marketing</strong></td>
<td>Desirable customer base, targeted marketing to reach millions of relevant customers effectively</td>
</tr>
<tr>
<td><strong>Needs-based demos</strong></td>
<td>Hands-on experiences for customers to learn about how the technology solves needs</td>
</tr>
<tr>
<td><strong>Needs-based selling expertise</strong></td>
<td>Training and content focused on addressing lifestyle needs to aid in discovery and buying</td>
</tr>
<tr>
<td><strong>Geek Squad support</strong></td>
<td>Ability to support customers in installing, setting up and operating the solution they bought</td>
</tr>
</tbody>
</table>
THESE SKILLS HAVE ALLOWED BEST BUY TO SUCCESSFULLY LAUNCH MEANINGFUL PRODUCT INNOVATIONS, SUCH AS 4K TV.
Similarly, this approach has enabled Best Buy to revitalize the computing market in partnership with key vendors.
SMART HOME MANAGEMENT IS A LARGE AND GROWING MARKET.

Smart Home Market
($ Billion)

2015: 23
2017: 31
2020: 41

Sources: Strategy Analytics 2015; includes hardware, software, and installation for entertainment, home control, and home safety and security. This information does not include monitoring revenue.
BEST BUY IS UNIQUELY POSITIONED TO SUCCEED IN THE SMART HOME MARKET.

<table>
<thead>
<tr>
<th>Feature</th>
<th>✔️</th>
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</thead>
<tbody>
<tr>
<td>Curated assortment</td>
<td></td>
</tr>
<tr>
<td>Targeted marketing</td>
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<td>Needs-based demos</td>
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<td>Needs-based selling expertise</td>
<td></td>
</tr>
<tr>
<td>Geek Squad support</td>
<td></td>
</tr>
</tbody>
</table>
OUR GROWTH STRATEGY LEVERAGES OUR ASSORTMENT EXPERTISE.
IT ALSO ENTAILS DEMONSTRATING NEW TECHNOLOGY SOLUTIONS IN A MEANINGFUL WAY, ...
...AND ENTERING THE MANAGED SERVICES PART OF THE SECURITY-CUSTOMER-NEED STACK.
BEST BUY WILL HAVE MARKET-LEADING SMART HOME PRESENCE BY THE END OF OCTOBER.

ALL STORES WILL HAVE ENHANCED SMART HOME AREAS

450 STORES SELLING BEST BUY SMART HOME POWERED BY VIVINT

1,500 ADDITIONAL DEDICATED SMART HOME STAFF
THE SECOND ILLUSTRATION OF HOW WE ARE ADDRESSING KEY HUMAN NEEDS AND EXPANDING WHAT WE SELL IS “ASSURED LIVING.”

Connected Health and Wellness Market
($ Billion)

2015: 19
2017: 28
2020: 48

Source: Best Buy internal analysis based on various external data sources.
ASSURED LIVING PILOT

Stay Connected to the Ones You Love

With a busy life, you can’t always be near your loved ones. Best Buy Assured Living uses non-intrusive sensors that provide insight into daily activities, such as movement and sleep patterns. You’ll learn about activity trends and receive notifications if something changes.

For easier living, we can also install smart home devices that automate lighting, door locks and room temperature. Your loved one can control the devices using their voice, and you can control remotely from almost anywhere.

Wellness Insights
Use data to discover patterns in your loved one’s activities for more informed conversations. Learn if they are locking doors, using the kitchen and medicine cabinet, and much more.

Personalized Solution
We’ll work with you and your loved one to come up with a custom system that best meets your needs, and we’ll have it professionally installed by Geek Squad®.

Custom Notifications
With sensors tracking and sending automatic updates to your phone and dashboard, you can customize notifications about your loved one’s activities and well-being.

Voice Automation
Daily tasks, like turning on and off lights, locking doors and changing the temperature are a lot easier and more fun for your loved one.

Automatic Reminders
Set up automatic reminders to ensure your loved one doesn’t miss an important task — like taking medication.

Ongoing Independence
Your loved one will enjoy the independence and privacy they deserve — while you’ll get peace of mind knowing they’re okay.
ASSURED LIVING STATUS UPDATE

2 PILOT MARKETS
THE THIRD ILLUSTRATION OF HOW WE ARE EXPANDING WHAT WE SELL IS TOTAL TECH SUPPORT.
IN LINE WITH TECHNOLOGY TRENDS AND CUSTOMER NEEDS, WE ARE EVOLVING OUR APPROACH.

<table>
<thead>
<tr>
<th>FROM ...</th>
<th>... TO</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single product</td>
<td>All products</td>
</tr>
<tr>
<td>Attach to a product</td>
<td>Attach to a household</td>
</tr>
<tr>
<td>Repair</td>
<td>Get the most out of technology</td>
</tr>
<tr>
<td>Fixed term</td>
<td>Evergreen</td>
</tr>
</tbody>
</table>
TOTAL TECH SUPPORT PILOT

FOR ALL YOUR TECH, ALL THE TIME.
NO MATTER WHEN AND WHERE YOU BOUGHT IT.

INSTALL/SET UP
PROTECT
SUPPORT
REPAIR

TECHNOLOGY HELPS YOU LIVE THE LIFE YOU LOVE. WE’LL HELP YOU GET THE MOST OUT OF IT AND MAKE SURE IT WORKS.

TESTING $199 ANNUALLY OR $19.99/MONTH
UNLIMITED PHONE, ONLINE & IN-STORE SUPPORT
$49.99 IN-HOME SERVICES PER VISIT
20% OFF GEEK SQUAD PROTECTION AND APPLECARE
TOTAL TECH SUPPORT LEVERAGES GEEK SQUAD.

- **23 YEARS EXPERIENCE**
- **1.8 MILLION IN-HOME VISITS PER YEAR**
- **20,000 AGENTS**
- **AVERAGE IN-HOME AGENT TENURE OF 7.4 YEARS**
- **OVER 33 MILLION INTERACTIONS PER YEAR**

Powered by Geek Squad™
EARLY CUSTOMER AND EMPLOYEE FEEDBACK FROM PILOT MARKETS IS POSITIVE.

CUSTOMERS

- Total Tech Support **coming from Best Buy is credible.**
- **Support** for purchases made today and in the future is the top reason for buying into the membership.

EMPLOYEES

- Total Tech Support is **not only easier to sell, but it offers better value** for the customer.
- Team members are enabled to assist customers **across departments** and throughout the store.
TOTAL TECH SUPPORT STATUS UPDATE

NATIONWIDE
IN CANADA

200 STORES IN
10 U.S. CITIES
AS OF SEPT. 10
BEST BUY 2020 GROWTH STRATEGY ENTAILS TWO PILLARS:

EXPAND WHAT WE SELL

EVOLVE HOW WE SELL
OVER THE LAST FIVE YEARS, WE HAVE MORE THAN DOUBLED OUR ONLINE BUSINESS.

Domestic Online Revenue ($ Billion)

- FY13\(^1\): 2.5
- FY14: 3.0 (+20%)
- FY15: 3.5 (+16%)
- FY16: 4.0 (+13%)
- FY17: 4.8 (+21%)
- FY18 est.\(^1\): 5+ (+27% Q2 YTD)

\(^1\) FY13 and FY18 est. online revenue has been adjusted to remove the impact of the extra week in order to accurately reflect growth rates.
This growth is the result of a series of improvements to the customer experience.

<table>
<thead>
<tr>
<th>Enable customers to find exactly what they are looking for, quickly and easily, through significant search improvements</th>
<th>Enable customers to complete tasks across their phone, tablet and PC</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>POWERED BY</strong> Improved relevancy, new algorithms, auto-complete suggestions</td>
<td><strong>POWERED BY</strong> Responsive web platform</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Improve login, creating a more personalized shopping experience</th>
<th>Ensure customers can get their orders when and where they want</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>POWERED BY</strong> Integrated with Google Smartlock, shopping history, save for later</td>
<td><strong>POWERED BY</strong> Store pickup, order-sourcing logic, ship from store</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Remove barriers and errors to improve customer checkout experience</th>
<th>Optimize site navigation to make it easier for customers to quickly find exactly what they need</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>POWERED BY</strong> Modernized digital platform</td>
<td><strong>POWERED BY</strong> Improved shopping taxonomy, normalized product data, improved facets</td>
</tr>
</tbody>
</table>
IN PARALLEL, WE INVESTED IN THE CUSTOMER EXPERIENCE IN STORES BY FOCUSING ON EMPLOYEE TRAINING, COACHING AND QUALITY INTERACTIONS.

- Drove higher store leadership stability and associate tenure
- Revamped quality and quantity of training and coaching
- Improved customer satisfaction
LOOKING AHEAD, WE ARE FOCUSED ON THREE OPPORTUNITIES TO ACCELERATE MULTICHLANNEL GROWTH.

- Continuing to improve the **customer experience** within and across channels
- More effectively addressing **customers’ needs** in underpenetrated categories
- Building the **in-home** channel
IMPROVING THE MULTICHANNEL EXPERIENCE STARTS WITH UNDERSTANDING HOW CUSTOMERS USE EACH OF THE CHANNELS.

- Nearly all customers use both channels throughout their shopping journeys.
- Customers have different expectations of each channel.
- Those expectations are primarily driven by customers’ level of certainty or uncertainty.

Source: Best Buy Consumer Electronics shopping journey research, 2016.
SHARPENING THE FOCUS ON CUSTOMER EXPECTATIONS OF EACH CHANNEL CREATES OPPORTUNITIES TO UNLOCK GROWTH.

BEST BUY:

UNDER INDEXES in "certain" customer occasions, creating an opportunity online

OVER INDEXES in "uncertain" occasions, but an opportunity remains to provide a broad solution

MAKES IT EASIER for customers to move seamlessly between channels

Source: Best Buy Consumer Electronics shopping journey research, 2016.
SPECIFICALLY, WE HAVE IDENTIFIED A NUMBER OF PRIORITIES ACROSS THE CHANNELS TO CONTINUE TO DRIVE MOMENTUM.

**ONLINE**

- Seamlessly and intuitively **navigate our site** from entry to purchase and delivery
- **Narrow the product or service selection** quickly and intelligently
- **Provide ease** of product or service comparison, and **simplicity** in price and transaction

**STORES**

- **Discover technology** products and services with the help of Best Buy employees and store displays
- Find what’s possible, and **what’s right for customers’ needs**, within and across ecosystems
- Understand the **total cost of ownership and enjoyment** of their technology

Source: Best Buy Consumer Electronics shopping journey research, 2016.
SPECIFICALLY, WE HAVE IDENTIFIED A NUMBER OF PRIORITIES ACROSS THE CHANNELS TO CONTINUE TO DRIVE MOMENTUM.

MULTICHANNEL

- Provide options for customers to get their product when, where and how they want
- Begin the purchase journey anywhere and carry research across channels
- Choose the most convenient way to self-serve – online, phone or in store
- Embed online tools (e.g., reviews and ratings) in store to complement store experience

Source: Best Buy Consumer Electronics shopping journey research, 2016.
WE ARE APPLYING THIS APPROACH TO DRIVE GROWTH IN UNDERPENETRATED CATEGORIES, SUCH AS MOBILE PHONES.

**Pain Points**

I’m not confident I am getting the best deal.

I don’t know how much the total price of the device is.

I don’t know what my monthly bill will be (carrier bill).

I’m overwhelmed with too many options (phone, carrier, plans).

There are too many decisions to be made at once.
WE ARE APPLYING THIS APPROACH TO DRIVE GROWTH IN UNDERPENETRATED CATEGORIES, SUCH AS APPLIANCES.

Pain Points

It is difficult to find a fair price and get a good value.

When I go into the store they don't have the model or assortment I am looking for.

The delivery date and window don't meet my needs.

I can't get a fridge as soon as I need it.

The delivery/installation did not happen and Best Buy did not communicate with me.

It is a hassle to reschedule my order.

I don't know if I measured this properly.

It is difficult to find the product that will best meet my needs.

The product information and specs are not accurate or helpful.

I don't know how much the total cost will be (fridge, delivery, installation, required parts, protection).
TRULY SOLVING THE FULL RANGE OF CUSTOMERS’ NEEDS REQUIRES A DEEPER IN-HOME CAPABILITY.
THE CORNERSTONE OF THE IN-HOME CHANNEL IS OUR IN-HOME ADVISOR ROLE.

- Free of charge, an In-Home Advisor meets customers in the comfort of their own homes.
- Listens to their needs, gives expert advice and shares recommendations on products, services or solutions.
- Provides a single point of contact from consultation and design, through facilitation of third parties and installation.
- Fosters an ongoing relationship, your “go-to” person for technology.
PILOT MARKET RESULTS WERE POSITIVE ON ALL THREE FRONTS: CUSTOMER, EMPLOYEE AND FINANCIAL.

<table>
<thead>
<tr>
<th>FEEDBACK</th>
<th>INITIAL RESULTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Customers</td>
<td>• Higher average order value</td>
</tr>
<tr>
<td>– Value interaction in familiar environment</td>
<td>• Higher margin rates</td>
</tr>
<tr>
<td>– Enjoy innovative ways to shop</td>
<td>• Index higher on services</td>
</tr>
<tr>
<td>– Are highly satisfied with service</td>
<td>• Largely incremental</td>
</tr>
<tr>
<td>• Employees</td>
<td>• Greater propensity to become a repeat customer</td>
</tr>
<tr>
<td>– Become career sales people</td>
<td>• Early indications of higher frequency of visits over time</td>
</tr>
</tbody>
</table>
AS A RESULT, WE HAVE SCALED IN-HOME ADVISORS TO ALL MAJOR U.S. CITIES.

SCALED TO ALL MARKETS AS OF SEPT. 10

300 IN-HOME ADVISORS
BEST BUY 2020: TRULY HELP CUSTOMERS PURSUE THEIR PASSIONS AND ENRICH THEIR LIVES WITH THE HELP OF TECHNOLOGY

EXPAND WHAT WE SELL

EVOLVE HOW WE SELL

TO DELIVER ON THE STRATEGY, WE WILL NEED A RANGE OF ENABLERS
INVESTING IN OUR CAPABILITIES WILL BE KEY TO SUCCESSFULLY IMPLEMENTING BEST BUY 2020.

EXPAND WHAT WE SELL

- Services platform
- Strategic partnerships
- Ongoing innovation pipeline

EVOLVE HOW WE SELL

- Customer Relationship Management (CRM)
- Knowledge management
- Needs-based solution selling
- Clienteling at scale

- Digital tools and experiences
- Store refreshes
- Small-package delivery
- Large-product fulfillment
KEY TECHNOLOGY INVESTMENTS INCLUDE CRM, SERVICES PLATFORM AND KNOWLEDGE MANAGEMENT, FOCUSED ON MOVING FROM TRANSACTIONS TO RELATIONSHIPS.
NEEDS-BASED SOLUTION SELLING AND CLIENTELING AT SCALE WILL REQUIRE INVESTMENT IN OUR PEOPLE.

- RECRUITING
- CAREER PATHS
- TRAINING & DEVELOPMENT
- COMPENSATION
THE STORE FOOTPRINT WILL CONTINUE TO BE RATIONALIZED OVER TIME, AS WE CONTINUE TO INVEST IN THE IN-STORE EXPERIENCE.

- Rigorous review to stay in fleet
- Average lease term approx. 5 years compared with approx. 8 years in FY12
- Closed 30 large-format stores in the last three years – all at lease expiration

**Lease Maturity of Large Format Stores**
(At start of FY18)

<table>
<thead>
<tr>
<th>Year</th>
<th>FY18</th>
<th>FY19</th>
<th>FY20</th>
<th>FY21</th>
<th>FY22</th>
<th>Beyond FY22</th>
<th>Owned</th>
</tr>
</thead>
<tbody>
<tr>
<td>% that are 4-wall operating income positive</td>
<td>100.0%</td>
<td>98.6%</td>
<td>98.9%</td>
<td>100.0%</td>
<td>100.0%</td>
<td>96.8%</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

25
OUR SUPPLY CHAIN NETWORK MUST EVOLVE TO ENABLE CHOICE AND SPEED.

**Expand automation**
- Automation of the receiving process in our distribution centers
- Robot-assisted order packing and shipping, both for store replenishment and online orders

**Add metro e-commerce centers**
- New small-footprint fulfillment centers in dense markets

**Continue evolution of partner strategies and store fulfillment**
- Leverage existing and new partnerships (e.g., Deliv) along with existing store capabilities to improve level of service, using data-driven modeling
LARGE-PRODUCT FULFILLMENT CAPACITY MUST BE EXPANDED AND PROCESS EFFICIENCY IMPROVED.

**SPACE EXPANSION**
- Add new distribution centers and expand existing ones to support growth
- Optimize the delivery-pad network to not only support growth, but also improve speed and customer experience

**IMPROVED CUSTOMER EXPERIENCE**
- Develop standardized, integrated and highly executable processes
- Redesign the end-to-end customer communication process
- Develop a centralized, data-driven model to enable continuous improvement
THESE INVESTMENTS WILL REQUIRE INCREMENTAL SPEND.

Enterprise Capital Spend Per Year
($ Million)

<table>
<thead>
<tr>
<th>Year</th>
<th>IT / Online</th>
<th>Stores</th>
<th>Supply Chain</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY13</td>
<td>574</td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY14</td>
<td>477</td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY15</td>
<td>551</td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY16</td>
<td>649</td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY17</td>
<td>582</td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY18 est.</td>
<td>700</td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY19 - FY20</td>
<td>750 - 850</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note that the amounts included above represent total annual capital spend and may not agree to the historically reported cash flow for capital expenditures.
WE ARE COMMITTED TO CONTINUING TO CREATE EFFICIENCIES THAT HELP FUND INVESTMENTS AND OFFSET PRESSURES
IN ADDITION TO INVESTMENTS, WE FACE POTENTIAL PRESSURES.

- Evolving services economics
- Increased online mix
- Minimum wage and scheduling
WE HAVE A STRONG TRACK RECORD OF COST REDUCTION.

$1\text{ BILLION} + $400\text{ MILLION} = $1.4\text{ BILLION IN COST SAVINGS}$
WE HAVE REDUCED COSTS AND GAINED EFFICIENCIES ACROSS THE COMPANY.

- Eliminated non-strategic activities
- Consolidated and competitively bid contract spend
- Optimized IT spend
- Reduced returns and liquidated more effectively
- Streamlined the organization
THERE IS STILL MORE OPPORTUNITY.

NEW INCREMENTAL GOAL IS $600 MILLION IN ANNUALIZED COST SAVINGS BY END OF FY21

We plan to re-engineer and pull cost out of complex processes, such as:

- End-to-end product flow
- Small- & large-product fulfillment
- Enterprise Customer Care (ECC)
- Returns & reverse logistics
- Promotional & pricing effectiveness
FINANCIAL DISCUSSION
WE HAVE DELIVERED IMPROVED OPERATING PERFORMANCE SINCE WE STARTED THE RENEW BLUE TRANSFORMATION.

**DOMESTIC COMPARABLE SALES**

- FY11: (1.7%)
- FY12: (2.1%)
- FY13: (1.7%)
- FY14: (0.4%)
- FY15: 1.0%
- FY16: 0.5%
- FY17: 0.2%
- FY18 est.: 2.5% – 3.0%

**DOMESTIC NON-GAAP OPERATING INCOME RATE**

- FY11: 5.6%
- FY12: 5.1%
- FY13: 3.8%
- FY14: 3.1%
- FY15: 4.1%
- FY16: 4.3%
- FY17: 4.5%
- FY18 est.: approx. 4.5%

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1 For “GAAP to non-GAAP” definitions and reconciliations, please refer to the recast financial schedules posted on the company’s investor relations website at investors.bestbuy.com. The company is unable to reconcile projected GAAP operating income to non-GAAP operating income without unreasonable effort because of the inherent difficulty in predicting the occurrence, the financial impact and the periods in which potential non-GAAP adjustments may be recognized (e.g., restructuring charges; litigation settlements; goodwill impairments; gains and losses on investments; and the tax effect of all such items). For the same reasons, the company is unable to address the probable significance of the unavailable information, which could be material to future results.
WE HAVE ALSO GENERATED SIGNIFICANT CASH FLOW AND RETURNED $5.3 BILLION TO SHAREHOLDERS FROM FY12 TO FY17.
FOR THE FIRST HALF OF FY18, WE HAVE DELIVERED A STRONG FINANCIAL PERFORMANCE.

- **2.9%** REVENUE GROWTH
- **17.5%** NON-GAAP OPERATING INCOME GROWTH\(^1\)
- **28.0%** NON-GAAP EPS GROWTH\(^1\)

\(^1\) Operating Income and EPS Growth presented on a Non-GAAP basis that is consistent with the "Reconciliation of Non-GAAP Financial Measures" contained within 8-K filed on Aug. 29, 2017, which is available on the company’s investor relations website at investors.bestbuy.com.
FY18 FULL-YEAR (53 WEEKS) EXPECTATIONS REFLECT TOP- AND BOTTOM-LINE GROWTH, AS WELL AS SIGNIFICANT CAPITAL RETURN TO SHAREHOLDERS.

APPROX. 4.0% REVENUE GROWTH\(^1\)

4.0 - 9.0% NON-GAAP OPERATING INCOME GROWTH\(^1\)

$1.9 BILLION SHARE REPURCHASES AND DIVIDENDS

\(^1\)FY18 has 53 weeks and operating income and EPS growth presented on a non-GAAP basis that is consistent with the "Reconciliation of Non-GAAP Financial Measures" contained within 8-K filed on August 29, 2017, which is available on the company’s investor relations website at investors.bestbuy.com. The company is unable to reconcile projected GAAP operating income to non-GAAP operating income without unreasonable effort because of the inherent difficulty in predicting the occurrence, the financial impact and the periods in which potential non-GAAP adjustments may be recognized (e.g., restructuring charges, litigation settlements, goodwill impairments; gains and losses on investments; and the tax effect of all such items). For the same reasons, the company is unable to address the probable significance of the unavailable information, which could be material to future results.
WITH BEST BUY 2020, WE ASPIRE TO SOLVE A NEW FINANCIAL EQUATION.

**INCREASE**
our rate of topline growth, gradually

**CREATE**
efficiencies to both fund investments and offset potential pressures

**BUILD**
more predictable revenue streams from recurring revenues and stickier customer relationships
WE BELIEVE THIS PHASE OF OUR STRATEGY HAS THE POTENTIAL TO DRIVE MEANINGFUL SHAREHOLDER VALUE CREATION.

<table>
<thead>
<tr>
<th></th>
<th>FY13</th>
<th>FY17</th>
<th>FY21 Targets</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td>$41.4 BILLION</td>
<td>$39.4 BILLION</td>
<td>$43.0 BILLION</td>
</tr>
<tr>
<td>non-GAAP operating income&lt;sup&gt;1&lt;/sup&gt;</td>
<td>$1.4 BILLION 3.4% rate</td>
<td>$1.7 BILLION 4.4% rate</td>
<td>$1.9 - $2.0 BILLION 4.4% - 4.6% rate</td>
</tr>
<tr>
<td>non-GAAP EPS&lt;sup&gt;1&lt;/sup&gt;</td>
<td>$2.54</td>
<td>$3.51 8% 4-year CAGR</td>
<td>$4.75 - $5.00 8% - 9% 4-year CAGR</td>
</tr>
</tbody>
</table>

<sup>1</sup> For “GAAP to non-GAAP” definitions and reconciliations, please refer to the recast financial schedules posted on the company’s investor relations website at investors.bestbuy.com. The company is unable to reconcile projected GAAP operating income to non-GAAP operating income without unreasonable effort because of the inherent difficulty in predicting the occurrence, the financial impact and the periods in which potential non-GAAP adjustments may be recognized (e.g., restructuring charges; litigation settlements; goodwill impairments; gains and losses on investments; and the tax effect of all such items). For the same reasons, the company is unable to address the probable significance of the unavailable information, which could be material to future results.
SUPPORTING THIS, WE WILL MAINTAIN A THOUGHTFUL CAPITAL ALLOCATION STRATEGY.

1. Reinvest in the business to drive growth
2. Pursue partnerships and M&A in support of our strategy
3. Continue to be a premium dividend payer, targeting a 35% - 45% payout ratio
4. Return excess free cash flow over time through share repurchases
IN CONCLUSION
FROM RENEW BLUE TO BEST BUY 2020

FROM:

- Improving the customer experience
- Fixing what was broken
- Building a team, re-engaging employees
- Developing proficiency
- Partnering with key vendors
- Stabilizing revenue and materially expanding margin rate and ROIC
- Delivering top TSR
- Continuing leadership role in positively impacting our world

TO:

- Helping customers pursue their passions and enrich their lives
- Pursuing purpose with passion
- Building new skills
- Strengthening diversity and inclusion
- Expanding partnerships into solutions and services
- Growing revenue and operating income dollars
- Delivering top TSR
- Setting ambitious goals:
  - Training 1 million underserved teens per year
  - Reducing carbon emissions by 60%
INVESTMENT THESIS

1. Opportunity-rich environment driven by innovation and customers’ need for help
2. Market share leader with unique opportunities to expand what we sell and evolve how we sell
3. Proven ability to execute and compete successfully
4. Significant sources of competitive advantage and differentiation, including our ability to help customers online, in stores and in their homes:
   - Digital and physical
   - Selling and supporting
5. Financial strength to invest and play to win, with cost-reduction opportunities to help offset investments and pressures
6. Strong cash flow and attractive return to shareholders
7. Modest valuation