A message from
Hubert Joly, chairman & CEO

Dear Fellow Shareholders:

On April 15, we announced an evolution of leadership roles at Best Buy. At our annual shareholder meeting on June 11, I will transition to the newly created role of executive chairman of the board, and Ms. Corie Barry, our current chief financial and strategic transformation officer, will become the fifth CEO in Best Buy's 53-year history. Also elevated to a broader role will be Mike Mohan, who moves from being our domestic chief operating officer to the company's president and chief operating officer.

In this context, I want to share with you my pride in what we have accomplished in the last seven years, my confidence in the future and my excitement about my new role as executive chairman of the board.

Before I do this, let me say a few words about the evolution of leadership roles at the company we recently announced.

First, I am very proud of the seamless transition we have decided to implement, as it reflects positively on our momentum as well as our focus on executive development and succession planning. It is clearly designed to ensure strategic and leadership continuity. I am grateful to the members of our Board of Directors for their diligence and care in overseeing this critical process. In many ways, I believe their work on this transition was world class and can stand as a model for effective CEO transitions.

The choice of timing of a CEO transition is probably more of an art than a science. I personally felt it was the right time for me to trigger this leadership transition for several reasons.

First, I felt we had achieved what I had hoped to accomplish when I joined the company in 2012. As you will see below, I am proud of what we have delivered for our customers, employees, vendors, shareholders and communities.

Second, I felt we had built the depth and breadth of talent necessary to carry Best Buy into the future. Last September, we put in place a new leadership organization by elevating Corie and Mike to new roles with greater responsibilities. In the time since, I have been impressed by the effectiveness of our team and these leaders.

Third, with a clear and exciting purpose to enrich lives through technology, we set out two years ago to implement a strategy focused on addressing key human needs in entertainment, productivity, communication, food, security and health and wellness. I am pleased to report that we have essentially achieved our fiscal 2021 revenue and non-

GAAP operating income targets two years ahead of plan. While we still have a lot to do from a transformation standpoint, it is clear we are on the right path.

Fourth, we have announced plans to host a meeting with the investment community later this year. I thought it was important that the leaders who stand in front of this important audience and lay out our road map for the future be the team that is responsible for carrying that strategy forward.

Proud of our accomplishments

I am extremely proud of what we have achieved collectively since I joined the company in September 2012, a time when we were facing a range of challenges. We have made progress on multiple fronts in ways that have positively impacted all of our stakeholders.

We reconnected with our **customers** in a meaningful way through a set of key decisions aimed at improving the experience for people no matter how they chose to engage with Best Buy. We took price off the table with a price-match policy and have made significant investments in our online and in-store shopping experiences — and our customers have noticed. In fact, our Net Promoter Score has increased more than 1,500 basis points since 2012, and we have more than doubled our U.S. online sales to $6.5 billion and 17% of revenue.

As a part of our growth strategy, we launched our In-Home Advisor program, which provides free in-home technology consultations. During fiscal 2019, we expanded to more than 500 advisors, and they made, collectively, more than 175,000 visits to customers' homes, where they are able to address customer needs in a more human and effective fashion, unlocking latent, incremental demand.

Moving even more boldly into the home, last summer we launched our Total Tech Support program, which provides 24/7 support for all of a customer's technology regardless of when and where they bought it. At the end of fiscal 2019, we had more than one million members in this program.

Our work in the health space is another example of our intention to deepen our relationships with consumers by addressing their key human needs. Late last year, we formed Best Buy Health and acquired GreatCall, a leading connected health services provider for aging consumers, in order to accelerate our strategy to help seniors live longer in their homes with the help of technology. The integration of GreatCall into our business has met, if not exceeded, our expectations.

Our success with our customers is driven by the enthusiasm and talent of our **employees**. Over the past several years, we have invested in our workforce in a number of ways, including by providing enhanced employee training that has won praise and awards for its quality. In addition, we repurposed some of the savings from last year's corporate tax reform to fund one-time bonuses for employees, as well as expand employee benefits to include paid caregiver leave, expanded mental health benefits, paid time off for part-time employees and backup childcare.

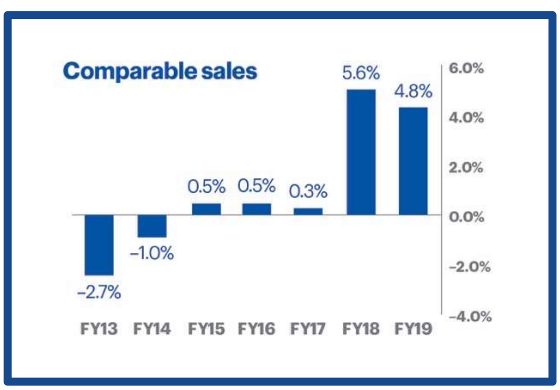
More broadly, we have also worked hard to instill a culture built on purposeful leadership. Put simply, purposeful leadership recognizes that all companies are human organizations composed of individuals working together for a collective purpose and that "magic" happens if you can connect what drives individual employees and the purpose of the company in an authentic fashion.

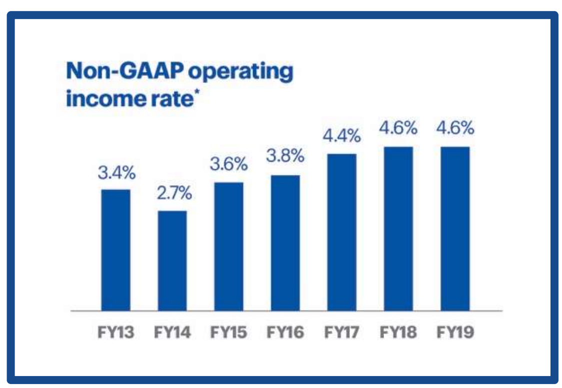
As a result of these and many other actions, our employee engagement scores have improved and employee turnover rates in our stores are at record lows.

We continue to partner with our **vendors** (i.e., the world's foremost technology companies) to help them commercialize their technology. Over the last seven years, our vendors have invested with us to improve the customer experience through stores-within-stores and other unique vendor experiences. We ended fiscal 2019 with more than 5,000 of these experiences across our U.S. stores.

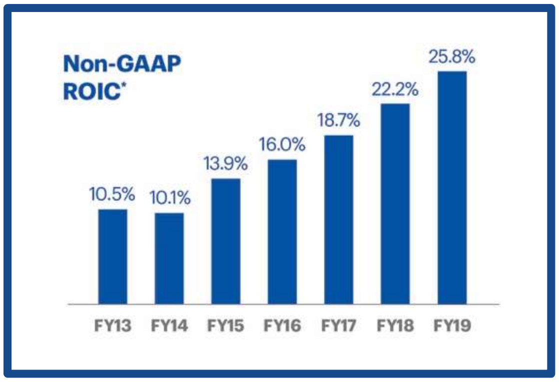
We also have created significant shareholder value, improved our profitability and returned capital to **shareholders**.

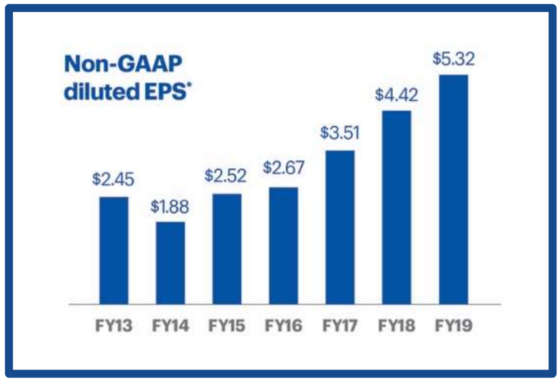
We have generated five consecutive years of comparable sales growth and increased our non-GAAP operating income rate by more than 100 basis points to 4.6%.* Our commitment to reduce costs and drive efficiencies is a crucial factor in our improved financials. In fact, in the past seven years we have achieved $1.9 billion in cost savings and efficiencies that have helped us fund investments and offset pressures in the business.





Our non-GAAP return on invested capital now stands at 25.8%, up from 10.5% in fiscal 2013, indicating that our formula of investments in our future, revenue growth and cost takeout is producing attractive returns.*





We have generated substantial free cash flow, which has allowed us to continue to reinvest in our business and return capital to shareholders through dividend payments and share buybacks.

Our capital allocation strategy is to fund operations and investments in growth, including potential acquisitions, and then return excess free cash flow over time to shareholders through dividends and share repurchases. We continue to target a non-GAAP dividend payout ratio between 35% and 45%.*

In the past seven years, we have returned more than $8 billion to shareholders through a combination of share repurchases and dividends. Since the end of fiscal 2013, our total shareholder return is 335%, compared to 104% for the S&P 500.

At the core of our turnaround and growth strategy was the decision to operate the company with the belief that we will do well by doing good. Specifically, we seek to be a responsible corporate citizen in our interactions with all of our stakeholders, including our customers, employees, vendors, shareholders, communities and the environment.

As it relates to our impact on the **communities** in which we work and live, and the planet more broadly, we have focused on three initiatives.

- *Teen Tech Centers expansion*: I am proud to say that, in cooperation with our partners, we are well on our way toward creating a national network of 60 Best Buy Teen Tech Centers as part of our broader effort to train hundreds of thousands of underserved teens each year for the tech-related jobs of our modern economy.
- *Carbon footprint reduction*: We are determined to do our part in addressing global climate change and have pledged to reduce our carbon footprint by 60% (over a 2009 baseline) by 2020. We are currently at 51% and expect to meet our pledge.
- *Recycling*: We operate the largest consumer electronics recycling program in the country and are well on our way toward meeting our goal of recycling two billion pounds of electronics by 2020.

All of this work has been recognized through a number of awards this year. The most notable was being named No. 1 on *Barron's* annual 100 Most Sustainable Companies list, which is based on 200 data points, including community engagement, human rights, carbon emissions, business ethics and more.

Confident in our future

As we look ahead, there are several reasons why we are excited about the future of Best Buy.

We are excited by the opportunities related to **technology innovation** that have the potential to drive customer demand over the next several years. These come in three shapes: expanded penetration of existing technology, introduction of new technology in existing categories and expansion of consumer technologies in new areas.

Notably, we see opportunities in existing categories like home theater, related to the increasing penetration of large screen sizes, 4K and OLED, and the introduction of new technologies, such as 8K. In mobile, we will be actively participating in the rise of 5G, which has the potential to unlock very interesting use cases over the next several years. In computing, the interest in gaming continues to accelerate, and the performance necessary for this is driving innovation across both hardware and accessories. We see significant opportunities in smart home technology. Notably, the U.S. retail market size of "internet of things" connected hardware is forecasted to triple by 2025. This growth is buoyed by products like connected cameras which are expected to grow from 18% penetration of U.S. homes in 2018 to more than 50% by 2022, according to a recent report from Activate. We also believe that digital health is an exciting area with enormous opportunity from the use of technology to help customers with their health, fitness and sleep, among others things, across multiple age groups, from babies to seniors. As an illustration of the opportunity, the number of digital health exhibitors at the Consumer Electronics Show in January was up almost 25% versus last year.

The next reason we are excited about the opportunities ahead of us is that we believe that the purpose driving our **strategy** is extremely relevant. Our purpose is to enrich lives through technology by addressing key customer needs in areas such as entertainment, productivity, communication, food, security and health and wellness. We are encouraged by the steps we have taken in this direction and see the potential from expanding this focus to build deeper, lasting customer relationships.

In parallel to this, we continue to be excited by the potential for further **cost-reduction** opportunities that can help us fund the investments in our strategy and offset pressures in the business. During fiscal 2019, we achieved $265 million in annualized cost reductions and efficiencies, bringing the cumulative total to $500 million since the second quarter of fiscal 2018. This is towards our fiscal 2021 goal of $600 million. Since the launch of Renew Blue in 2012, we have taken out $1.9 billion of costs.

Finally, we continue to be excited by the power of our incredibly talented **people**, who are engaged, customer-oriented and aligned with our purpose and strategy. Not only have we built a broad and deep talent pool, but we have also built a strong culture which is based on a handful of powerful beliefs. We believe that:

1. Work can be an instrument for doing good things in the world.
2. A company is a human organization - a group of individuals working together in pursuit of a goal, not a soul-less body.
3. The purpose of a corporation is to contribute to the common good, by having a positive impact on its customers, employees, vendors, shareholders and the communities in which it operates. A business is more than for profit. It is about doing well by doing good.
4. "Magic" happens if you can connect what drives the individuals working at the company to the purpose of the company. More broadly, we believe that great things happen at companies where the individuals who work there can feel a sense of purpose, develop personal connections, have autonomy, develop a certain mastery and feel they are in a growth environment.
5. Work is not about attempting to achieve perfection, but about human connections. We believe performance and growth come from accepting and embracing our imperfections and vulnerabilities.

6. Leadership is not about power, fame, glory or money. Leadership is about purposeful, authentic, human service.

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Altogether, this gives us the sense that now is the time to play offense — to play to win — and accelerate our transformation, both from a customer and revenue standpoint and from an efficiency standpoint.

Looking forward to my new role

As the executive chairman, I will focus on a couple of areas, with the overriding goal to continue to ensure the success of the company.

First, I will continue to chair our board. Our board is a fantastic resource for our leadership team, and it plays a critical role in shaping and supporting our strategy and, more broadly, the future of Best Buy. Our board has evolved over the last seven years, with approximately 85% of directors new since 2012. As a company, we believe that diversity is crucial to our business, our employees, our customers and our shareholders. In support of this belief, the board has sought director candidates who not only had the skill sets to support our current and future strategies, such as health technology, but were also diverse. As a result, our current board is comprised of six women and six men with a diverse mix of skill sets and ethnicities. Notably, when our new CEO joins the board in June, it will become majority female!

Second, I will do whatever I can to support Corie and the management team in the context of the CEO transition. To that end, I will provide advice and support on topics ranging from strategy and M&A to capability building and leadership development. In addition, and at the direction of the new CEO, I will continue to be focused on helping the company in the areas of government relations and public affairs.

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In conclusion, we are energized by our results, our momentum and our opportunities. It is an exciting and momentous time for our company.

On a personal level, I want to thank you, our shareholders, for your support over the past seven years. Likewise, I want to thank my colleagues for our collaboration and their friendship. Working together, we turned around and then grew this wonderful company, and it has been the honor of my professional lifetime to work with all of you. The company is in good hands with our new leadership, and I am confident that the journey we began in 2012 will continue well into the years ahead.

Respectfully,

Hubert Joly, Chairman and CEO

Best Buy Co., Inc.

* Please refer to the last three pages of the company's fiscal 2019 Annual Report for (a) definitions and reconciliations of "GAAP to non-GAAP" and "non-GAAP return on invested capital", (b) information about forward looking non-GAAP financial measures, and (c) information about the forward-looking statements in this letter. Note that fiscal 2018 had an extra week, which we estimate was approximately $760 million in revenue and approximately $0.20 of non-GAAP diluted EPS. When removing the extra week from fiscal 2018, our fiscal 2019 non-GAAP operating income rate expanded approximately 10 basis points and our non-GAAP diluted EPS increased approximately 26% on a year-over-year basis.