A message from

Corie Barry, CEO

Dear Fellow Shareholders:

In this letter to shareholders, my first as CEO, I am pleased to share our strong financial results from last year and the progress we made on our Building the New Blue Strategy.

But before that, I want to discuss the unprecedented situation caused by the COVID-19 pandemic. Most importantly, on behalf of all of us at Best Buy, I want to extend our sincere appreciation and gratitude to all those who are on the frontlines working to keep us safe or maintain essential services, and we offer our heartfelt sympathy to all who are battling the virus or have someone close to them who is.

This pandemic has changed the way we work, learn, care for ourselves and, importantly, connect. Against that backdrop, our purpose has never been more relevant: to enrich lives through technology. And in fulfilling that purpose we have, in virtually every jurisdiction with a stay-at-home order in place, been designated as essential because of the products and services we offer.

I wanted to take a moment to share how Best Buy has been responding — and will continue to respond — to the crisis we all face. There are scenarios you plan for as business leaders and then there are events that simply do not have a playbook. This is one of those times, and our leadership team has been responding to events with a focus on keeping our customers and our employees safe while we meet our customers' essential needs. At the same time, we are committed to ensuring that, as this evolves, Best Buy is well positioned to thrive in what will almost certainly be a new and very different environment.

On March 22, we moved all our stores to a contactless, curbside-only model, allowing us to safely serve customers as they shopped us for the technology necessities that would allow them to work and learn from home, feed their families and stay connected. We also halted all in-home installation, repair and consultation services, choosing to leave the product at or near the doorstep. We did this even in jurisdictions where we were not required to because we believed it was the only way to keep our customers and employees safe.

I am so incredibly proud of our teams' execution – they seamlessly implemented a new and highly effective operating model in a matter of 48 hours across our entire store base. We are fulfilling essential technology needs for customers in a safe and innovative way.

This temporary model has been a remarkable success and, when combined with online orders shipped directly to customers, has allowed us to retain approximately 70% of sales[1] in the first three weeks after we moved to this model compared to last year. That's 70% sales retention[1] even though not a single customer set foot in our stores.

As for our employees, from the very first days of the pandemic we told anyone feeling sick or quarantined that they would keep their job and be paid. We told any employee whose child was home from school that they, too, would be paid. We gave all field employees who were still serving customers or working in our distribution centers a temporary pay increase and, for all others, we paid their normal salaries for a full month as we took the time to determine how to move forward.

Looking forward, we are taking the steps necessary to resume providing our customers in-home services. This includes development of a new set of safety guidelines that follow or exceed the Centers for Disease Control and Prevention recommendations, and were created in partnership with both medical professionals and with the employees who make these visits to customers' homes. We are also preparing the safety guidelines necessary to re-open stores to customers as soon as it is safe to do so, with timing and degree to vary at state and local levels based on government orders and our own assessment of the situation.

Still, the situation remains fluid and there remains a great deal of uncertainty, particularly as it relates to depth and duration of store closures across the country and consumer confidence over time. Therefore, we have to make the difficult decisions necessary to ensure that at the end of this crisis Best Buy remains a strong, vibrant company.

In that context, on April 19, we furloughed approximately 51,000 Domestic hourly store employees, including nearly all part-time employees. We retained approximately 82% of our full-time store and field employees on our payroll, including the vast majority of In-Home Advisors and Geek Squad Agents. Additionally, some corporate employees are participating in voluntary reduced work weeks and resulting pay, as well as voluntary furloughs.

In keeping with our view that all of us are in this together, I am foregoing 50% of my base salary and the members of the Board of Directors are foregoing 50% of their cash retainer fees. Company executives reporting directly to me are taking a 20% reduction in base salary.

In addition, we are taking other actions to maximize liquidity:

- Lowering merchandise receipts to match demand with a focus on essential items for our customers
- Extending payment terms in partnership with key merchandising vendors
- Reducing promotional and marketing spend aligned to our temporary operating model

- Lowering capital spend to focus on mandatory maintenance or high-value strategic areas
- Suspending 401(k) company matching program

To bolster our cash position and maximize flexibility in this fluid environment, on March 19, 2020, we announced that we drew the full amount of our $1.25 billion revolving credit facility, which was undrawn as of February 1, 2020. This is in addition to the approximately $2 billion in cash and cash equivalents held as of March 19, 2020. We also suspended all share repurchases.

The world is likely facing a prolonged health and economic crisis. As such, I believe it is important to articulate how the management team and I are making decisions that affect not just our business, but the health and safety of our customers and our employees.

Like many, we have publicly stated that the safety of our employees and customers comes first. But what does that really mean? To us, it is about two distinct but interrelated factors. The first is the question of how safe, on an empirical basis, we can make any given interaction. This is not judged on a relative scale and, instead, is made like all science-based decisions, based on the best available data, insight and expertise we can gather. For instance, the facts tell us protective equipment, social distancing practices and employee self-health checks help our employees stay safe under specific circumstances. The second factor we consider is the value of a given activity. We firmly believe, for instance, that serving customers through contactless, curbside pickup is extremely valuable because we can immediately offer the type of technology and appliances needed to stay at home and stay safe.

These two factors were deeply considered in the decision we made in March to suspend in-home repair and installation activities. They were also factors in the decision we made just this past week to return to customers' homes. A month ago, we did not believe that our existing processes would address the two factors we laid out above. Our in-home services were clearly valuable based on customer feedback, but we did not believe that we could meet our science-based goal of making the experience safe. Now, a month and a great deal of insight later, we believe we have created a safe and exceptionally valuable service, particularly as everyone is more tethered to their homes.

There is one, final, factor we consider. While we can articulate how valuable and safe our work is, only our customers and employees can decide how safe they actually feel. Our strong view is that the trust these two constituencies have in us and how we make decisions is a key asset. This means it doesn't matter to me or my colleagues if we're sure something is safe or vital, only if our customers and employees agree.

We entered the year with financial and strategic momentum and a strong balance sheet. We have a suite of assets that allow us to uniquely and safely serve our customers, such as curbside pickup, free next-day shipping, remote technical advice

and support, virtual consultations, and doorstep delivery. We know customers *and* employees will have different shopping expectations, anchored in safe environments and processes. We hope to set the standard for safe retailing by constantly adapting our model, leveraging and building on our unique suite of assets. As challenging as the current situation is, we believe we are managing through it in a way that leaves us well positioned to deliver on our purpose and thrive in a new and different environment.

Enriching lives through technology

As I mentioned earlier in this letter, our purpose is to enrich lives through technology. Our Building the New Blue strategy is designed to deliver on that purpose by leveraging our unique combination of tech and touch to meet everyday human needs and build more and deeper relationships with customers.

While it may feel distant considering today's environment, our teams delivered strong results and materially advanced our strategy in fiscal 2020. That was only made possible by meeting our customers when and where they want. We have achieved true multichannel status, evidenced by this slide we shared at our Investor Update meeting last September:

We made strategic changes to our field operations to create a more seamless experience across channels — putting leaders in a position to be accountable for stores, services, supply chain and home propositions in their market. These leaders are supported by a channel agnostic program centered around insights, data and analytics to view a market's largest opportunities and fast track initiatives that both improve the customer experience and provide a positive financial impact.

We also enhanced the in-home experience for our customers. During fiscal 2020, we expanded our in-home consultation program from 530 to 725 advisors. This, combined with tools to maximize their productivity, helped us decrease the amount of

time customers were waiting for an advisor appointment — a key driver of customer satisfaction and close rate — and allowed us to provide more than 250,000 free, in-home technology consultations to customers across the nation. Both employees and customers continue to love the program – the Net Promoter Score for purchasers is high, and the advisor employee turnover remains low.

As we ended the year, we saw a growing percentage of repeat purchases as customers develop and take advantage of their relationships with their Advisors. This, of course, was the intent when we began the program and we're delighted to see these relationships being built as we continue to increase investment in technology that is perfectly suited to this new kind of seamless customer interaction.

Technology support and service is another important way we are building relationships with our customers. We grew our Total Tech Support membership steadily through the year to end with almost 2.3 million members, versus approximately 1.0 million members at the end of fiscal 2019. Our Total Tech Support program provides members unlimited Geek Squad support for all their technology no matter where or when they bought it, in addition to great discounts on installations, protection and in-home services. The program garners strong customer reviews, and members spend more and are twice as likely to use other services than non-members.

In addition, last year we became the nation's largest physical destination in terms of points-of-presence for Apple-authorized repair services, including same-day iPhone repairs. Almost 40% of these Apple repair customers are either new to Best Buy or haven't made a purchase in the last year.

We continued to advance our health strategy. Our focus on health, in particular helping seniors live longer in their homes with our unique combination of tech and touch, has become even more relevant as the world responds to the impacts of COVID-19. In fiscal 2020, we successfully integrated two additional acquisitions that have given us unique and essential capabilities and infrastructure, talent and a base of customer relationships to build from. We serve more than 1 million seniors today and are encouraged by the conversations we are having with potential partners to grow that significantly over time.

During fiscal 2020, we continued to build on our already strong multichannel capabilities. We innovated and designed digital experiences that solve customer needs across online and physical shopping. This includes enhancing our digital shopping platforms with new functionality and evolving our marketing strategies to drive engagement with our customers, with a particular focus on our app. At the same time, we continued to transform our supply chain, using automation and process improvements to expand fulfillment options, increase delivery speed and improve the delivery and installation experience.

As a result, our online sales grew 17% to make up almost 20% of our Domestic revenue in fiscal 2020. Furthermore, online sales are up more than 250% compared to last year

since we moved to our interim curbside-only model, driving the 70% overall sales retention.[1]

As we have reiterated many times, our ongoing focus on reducing cost and driving efficiencies in order to fund investments and help offset pressures is a key element of our long-term strategy. Last year, we completed the $600 million cost reduction target that we had set in fiscal 2018.

Of course, our success with customers and the progress we are making on our Building the New Blue strategy is driven by the enthusiasm, talent and purposeful leadership of our employees. Last year we announced our goal of becoming one of the best companies to work for in the United States. To that end, we continued to invest in wages, training and many new employee benefits, including paid time off for part-time employees, paid caregiver leave, expanded mental health benefits, enhanced adoption assistance and a new surrogacy-assistance benefit.

Our progress has also been noticed outside the company. We are proud of the breadth of recognition we have received – including ranking Number 66 on Forbes' list of the World's Best Employers, and being named the Number 1 Best Company to Work for During the Holiday Season by Glassdoor. We are also honored to be ranked one of the top employers for students and graduates of Historically Black Colleges and Universities.

Board of Directors Involvement

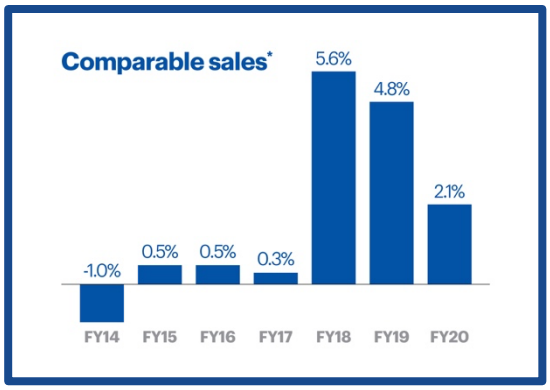
Our Board of Directors plays a critical role in shaping and supporting our strategy and, more broadly speaking, the future of Best Buy. Our Board is actively engaged in discussing and helping advance the strategy of the company, ensuring that the company's talent and resources are aligned with the strategy, and overseeing our corporate social responsibility and sustainability.

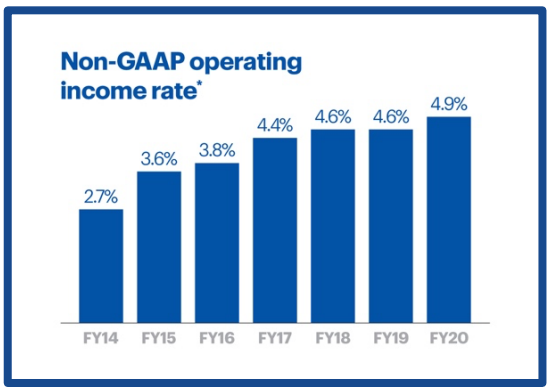
Over the past few months, we have had numerous interactions with our Board on the topic of the COVID-19 pandemic as we update them on our business and solicit counsel and feedback.

I am particularly proud of the strength of our Board. Our Board composition represents a rich, highly relevant and diverse mix of career experiences, expertise, ethnicities and genders, as our Board will be comprised of more than 50% women as of June 2020.

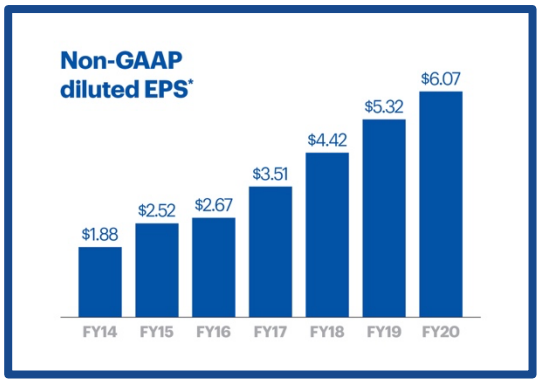
Fiscal 2020 Financial Results

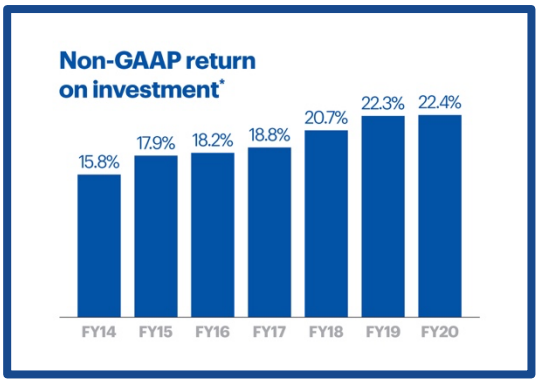
Our fiscal 2020 financial performance included Enterprise comparable sales growth of 2.1%, marking our sixth straight year of positive comparable sales. In addition, our non-GAAP operating income rate increased by approximately 30 basis points.[*]





Non-GAAP diluted earnings per share (EPS) were $6.07, up 14.1 % from $5.32 in fiscal 2019.* And our non-GAAP ROI increased to 22.4%, up from 22.3% in fiscal 2019.*





Capital Allocation and Return to Shareholders

Our capital allocation strategy has remained consistent: 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.

In fiscal 2020, we returned a total of $1.5 billion to shareholders through dividends and share repurchases.

Corporate Social Responsibility & Sustainability

We strive to be a good corporate citizen in all our interactions with stakeholders, including customers, employees, vendor partners, shareholders, the environment and communities in which we operate.

For our business to succeed, we need to hire and retain the best employees. To accomplish this, we must maintain a supportive and inclusive culture that values everyone's talents, life experiences and backgrounds and offer compensation and benefits that maintain our competitiveness and reflect our values.

Best Buy has continued to publicly show commitment to equality and non-discrimination. We joined the Human Rights Campaign and 160 leading U.S. companies to support the Equality Act, federal legislation that would add protections for lesbian, gay, bisexual, transgender and queer (LGBTQ) people to U.S. civil rights laws. We also signed an amicus brief with the U.S. Supreme Court to show support for Deferred Action for Childhood Arrivals (DACA) recipients.

In addition, in order to help employees financially impacted by the COVID-19 pandemic, we partnered with our founder, Dick Schulze, to establish a $10 million employee assistance fund, available to all part- and full-time hourly employees who have been with the company longer than one year. Best Buy and Mr. Schulze shared equally in the creation of the fund, and our portion was paid by repurposing the majority of our annual corporate giving budget.

We are committed to supporting teens from underserved communities as they build brighter futures through technology, training and mentorship. The primary way we do this is through our network of Best Buy Teen Tech Centers. The centers are safe, after-school learning spaces equipped with cutting-edge technology where youth learn new tech skills, stay on track with school, gain exposure to new career possibilities and benefit from positive adult and peer relationships. We had 33 Teen Tech Centers operating at the end of fiscal 2020 and are determined to ensure this network is not adversely affected by the current crisis.

Minimizing carbon emissions in our operations is a priority at Best Buy. We have achieved significant progress toward our carbon reduction goal of 75 percent by 2030 (over a 2009 baseline), from both operational reductions and renewable sourcing. In fiscal 2020, we made an investment in partnership with U.S. Bank and X-Elio to build a solar field that is expected to produce 174,000 MWh of clean electricity per year.

We also set a new goal to help our customers cut carbon emissions by 20 percent by 2030 through purchasing ENERGY STAR® certified products, which will save them $5 billion on utility bills. In addition, we collected more than 204 million pounds of consumer electronics and appliances for recycling last year, bringing our total to more than 2.1 billion pounds. We continue to earn recognition from prestigious organizations, including being named to CDP's Climate A List and ranking among Barron's Most Sustainable Companies.

For more detailed information about our efforts, we encourage you to refer to our annual Corporate Responsibility & Sustainability Report at investors.bestbuy.com. Our fiscal 2020 report is expected to be published in June 2020, and will include disclosures aligned with the Sustainability Accounting Standards Board (SASB).

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In summary, we are proud of the progress made in fiscal 2020 and are confident in our strategy, even in the face of this pandemic and the accompanying economic upheaval.

It is true the COVID-19 pandemic is a tragic situation that is causing significant disruption to life as we all know it. However, I am confident that through this time, Best Buy will remain a strong and vibrant company. Our purpose as a company is only underscored by our collective reliance on the technology in our homes. And we deliver on this purpose uniquely through our operational assets and, importantly, the Best Buy culture, which is human and passionate, with an amazing ability to manage through difficult times and a huge capacity to learn and change.

Every day I am in awe of the work our employees do on behalf of our customers. I am deeply grateful to them all and wish to thank each and every one of them.

I also would like to thank you, our shareholders, for your continued support, confidence and partnership.

Respectfully,

Corie Barry, CEO

Best Buy Co., Inc.

(1) As reported in a company press release on April 15, 2020, represents the year-over-year sales retention during the time period of March 21, 2020, when the company announced its decision to shift to the interim operating model and close all of its Domestic stores to customer traffic, through April 11, 2020. Please refer to the last three pages of the company's fiscal 2020 Annual Report for more information. Our fiscal 2020 Annual Report is available on our website at www.investors.bestbuy.com.

* Please refer to the last three pages of the company's fiscal 2020 Annual Report for (a) definitions and reconciliations of "GAAP to non-GAAP", (b) information about interim sales retention and comparable sales, and (c) information about the forward-looking statements in this letter.