For Immediate Release

BEST BUY™

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Best Buy First-Quarter Diluted EPS Rises 10 Percent to $0.43

Company Reports 3.7% Comparable Store Sales Gain

First-Quarter Performance Summary
(U.S. dollars in millions, except per share amounts)

	Three Months Ended	
	May 31, 2008	**June 2, 2007**
Revenue	$8,990	$7,927
Comparable store sales % gain[1]	3.7%	3.0%
Gross profit as % of revenue	23.7%	23.9%
SG&A as % of revenue	20.6%	20.5%
Operating income	$277	$266
Operating income as % of revenue	3.1%	3.4%
Net earnings	$179	$192
Diluted EPS	$0.43	$0.39

[1] Comprised of revenue at stores, call centers and Web sites operating for at least 14 full months, as well as remodeled and expanded locations. Relocated stores are excluded from the comparable store sales calculation until at least 14 full months after reopening. Acquired stores are included in the comparable store sales calculation beginning with the first full quarter following the first anniversary of the date of the acquisition. The calculation of the comparable store sales percentage change excludes the effect of fluctuations in foreign currency exchange rates. The method of calculating comparable store sales varies across the retail industry. As a result, Best Buy's method of calculating comparable store sales may not be the same as other retailers' methods.

MINNEAPOLIS, June 17, 2008 -- Best Buy Co., Inc. (NYSE: BBY) today reported net earnings of $179 million, or $0.43 per diluted share, for its fiscal first quarter ended on May 31, 2008. The leading U.S. and Canada consumer electronics retailer's diluted earnings per share increased 10 percent, compared with $0.39 per diluted share, or $192 million, for the prior-year first quarter. The mean analyst estimate for the fiscal 2009 first quarter was $0.37 per share.

The operating income growth was driven by solid revenue growth through new store openings and a comparable store sales increase of 3.7 percent. These factors were partially offset by a 20-basis-point decline in the gross profit rate and a 10-basis-point increase in the SG&A rate. The company's diluted EPS benefited from a lower weighted average diluted share count (driven by the share repurchase activities in the prior fiscal year) as well as the operating income gain, which was partially offset by a reduction in investment income.

First-Quarter Highlights

- Total quarterly revenue increased 13 percent to $9.0 billion, driven by new store openings, a comparable store sales gain of 3.7 percent and foreign currency exchange fluctuations. Total online revenue grew 30 percent for the quarter as consumers responded to new online features, such as improved navigation and the addition of customer reviews and ratings.
- Domestic revenue grew 11 percent, reflecting the net addition of 106 new stores in the past 12 months as well as a comparable store sales gain of 3.5 percent. International revenue grew 26 percent, aided by favorable fluctuations in foreign currency exchange rates, the net addition of 39 new stores in the past 12 months and a comparable store sales gain of 4.7 percent.
- The company estimated that its domestic market share increased by approximately 1.5 percentage points compared with the prior year's period, with the gains showing up in key categories such as TVs, computing, video gaming and mobile phones. The gain was led by the home office category, aided by the expansion of Apple computing products to nearly 500 U.S. Best Buy stores and the addition of Dell computers into the assortment at all U.S. Best Buy stores starting last December, on top of carrying all of the other major brands.
- The company added more than 3 million members to its loyalty program in the United States during the first quarter of fiscal 2009, finishing the first quarter with more than 29 million Reward Zone members.
- The company operated 599 Best Buy Mobile locations within its U.S. Best Buy stores at quarter end. On a year-over-year basis, these locations continued to enjoy strong double-digit gains in the number of wireless connections (including cellular phones and wireless broadband cards), driving a strong double-digit comparable store sales gain for the wireless category. The company expects to convert all U.S. Best Buy locations by the end of calendar 2008. Due to the strong results driven by the Best Buy Mobile employees coupled with the expertise of The Carphone Warehouse Group PLC, the company has now, subsequent to the end of the quarter, decided to extend its relationship with CPW under the existing agreement to include similar experiences in Canada, China, Mexico and Turkey. Providing leadership for this international expansion of Best Buy Mobile will be Charles Dunstone, CEO of CPW.

- Best Buy announced its plans to start a new venture in Europe, in a new phase of its relationship with CPW. The new venture will primarily consist of CPW's mobile services and retail distribution businesses, which includes more than 2,400 European stores; as well as CPW's share of Best Buy Mobile in the United States and Geek Squad operations in the United Kingdom and Spain. Best Buy agreed to pay CPW £1.1 billion, or approximately $2.1 billion, in cash for a 50-percent stake in the new venture. The company expects the transaction to close on June 30, 2008, subject to customary approvals.

"We believe that we can grow our business faster than the competition by understanding the needs of customers near each store, regularly testing new ways to serve those unique customers, and doing a better job of engaging our employees' talents to help us do that," said Brad Anderson, vice chairman and CEO of Best Buy. "The feedback we're getting from our general managers is that our growth in the first quarter came in part from having a common goal of growing locally, combined with a clear picture for how each employee can write himself or herself into the story."

First-Quarter Results Show Better-Than-Expected Revenue Growth

For the fiscal 2009 first quarter, Best Buy's revenue increased 13 percent to $9.0 billion, compared with revenue of $7.9 billion for the first quarter of fiscal 2008. The revenue increase reflected the net addition of 145 new stores in the past 12 months, a comparable store sales gain of 3.7 percent and the favorable impact of foreign currency fluctuations. The comparable store sales gain accelerated in the second half of the quarter and remains solid thus far in early fiscal June. The comparable store sales gain for the quarter was driven by an increase in the average selling price, as the company's revenue mix continued to reflect a shift toward higher-ticket items, such as flat-panel TVs, video gaming consoles, notebook computers and GPS devices.

The gross profit rate for the fiscal first quarter was 23.7 percent of revenue, which declined 20 basis points from the prior-year's fiscal first-quarter rate, due to the mix of the revenue growth. Stronger-than-anticipated revenue from lower-margin items such as notebook computers and video game consoles contributed to the decline. Partially offsetting these decreases was the positive impact of increased sales in mobile phones as well as a year-over-year improvement in promotional effectiveness—particularly in televisions, inclusive of taking into account the increased use of financing offers as a customer value proposition.

Best Buy's SG&A expense rate increased to 20.6 percent of revenue for the fiscal first quarter, compared with 20.5 percent of revenue for the prior year's fiscal first quarter. The year-over-year increase was better than expected as solid revenue growth largely offset planned investments for future growth. As expected, the company invested in its IT capabilities, the launch and operation of

Best Buy Mobile store-within-a-store locations and international investments, such as IT infrastructure, customer research capabilities and start-up costs associated with launching and preparing to launch new stores in China, Mexico and Turkey.

The company reported investment and other income of $21 million, compared with $44 million in the prior year's fiscal first quarter. The reduction in investment and other income reflected the impact of lower average cash and investment balances due to the company's $3.5 billion of share repurchases in fiscal 2008.

"We are incredibly encouraged by our employees' continued energy and appetite for growth around the globe," said Brian Dunn, president and chief operating officer of Best Buy. "We are very clear on our growth goals—particularly at the store level, where we are getting outstanding traction on locally driven growth ideas. We have an amazing opportunity to pair the power of our scale with our local insights which are closest to the customer—and we see many indicators that our growth propositions are working."

Company Reiterates Annual EPS of $3.25 to $3.40 for Fiscal 2009, Excluding New Venture

Jim Muehlbauer, Best Buy's executive vice president of finance and CFO, said, "We are off to a solid start and remain on track to deliver $3.25 to $3.40 of diluted EPS for the year. The ability of our employees to deliver strong top-line and positive operating income results in a challenging environment reflects their focus on the customer and underscores our belief in their ability to grow the company."

The company continues to expect $43 billion to $44 billion in revenue for the fiscal year, assuming a comparable store sales gain for the year of 1 percent to 3 percent. Also, as previously reported, Best Buy does not plan to repurchase any of its shares in fiscal 2009.

Best Buy's current earnings guidance excludes the impact of its new venture with CPW, which remains subject to customary approvals. The company currently anticipates closing the transaction by June 30, 2008. The company also currently expects to report the results of the new venture on a two-month lag, similar to the reporting lag in China. As a result of the company's current decision to report the operating performance of the new venture on a two-month lag (whereas the financing costs related to the transaction will commence on the transaction closing date), the company now expects the CPW transaction's net accretion to be modestly below the previously announced range of $0.05 to $0.07 per diluted share for fiscal 2009.

"It is very early in what we still expect to be a volatile year for the consumer. While the challenges in the external environment will continue to make consumer spending difficult to predict, we are very encouraged by the local growth plans we've developed to serve our customers both today and into the future," added Muehlbauer.

Quality of Execution Drives Revenue Growth

Domestic Performance Summary *(U.S. dollars in millions)*	*Three Months Ended* May 31, 2008	June 2, 2007
Revenue	$7,453	$6,704
Comparable store sales % gain[1]	3.5%	1.7%
Gross profit as % of revenue	24.4%	24.6%
SG&A as % of revenue	20.7%	20.6%
Operating income	$277	$270
Operating income as % of revenue	3.7%	4.0%

[1] Comprised of revenue at stores, call centers and Web sites operating for at least 14 full months, as well as remodeled and expanded locations. Relocated stores are excluded from the comparable store sales calculation until at least 14 full months after reopening. Acquired stores are included in the comparable store sales calculation beginning with the first full quarter following the first anniversary of the date of the acquisition. The method of calculating comparable store sales varies across the retail industry. As a result, Best Buy's method of calculating comparable store sales may not be the same as other retailers' methods.

Best Buy's domestic segment—comprised of U.S. Best Buy, Best Buy Mobile, U.S. Geek Squad, Magnolia Audio Video, Pacific Sales and Speakeasy operations—reported first-quarter operating income of $277 million, a increase of $7 million, compared with the prior year's fiscal first quarter.

The domestic segment's fiscal first-quarter revenue totaled $7.5 billion, an increase of 11 percent over the prior year's first quarter. The revenue increase was driven by the net addition of 106 new stores in the past 12 months and a comparable store sales gain of 3.5 percent.

The 30-basis-point decrease in the operating income rate reflected a 20-basis-point decline in the gross profit rate and a 10-basis-point increase in the SG&A rate. The reduction in the gross profit rate was driven by a continued shift in the revenue mix to lower-margin video game hardware and notebook computers, which was partially offset by improvements due to mobile phones increasing in the revenue mix as well as an improved gross profit rate within the home theater category. The increase in the SG&A rate was better than expected as solid revenue growth largely offset planned investment spending on the Best Buy Mobile expansion and information technology projects designed to enhance the company's point-of-sale systems and multi-channel capabilities.

Domestic Category Summary				
	Revenue Mix Summary		Comparable Store Sales	
Revenue Category	*Three Months Ended* May 31, 2008	June 2, 2007	*Three Months Ended* May 31, 2008	June 2, 2007
Consumer Electronics	39%	40%	(0.6%)	(0.4%)
Home Office	31%	29%	9.3%	5.9%
Entertainment Software	18%	18%	8.2%	(0.8%)
Appliances	6%	6%	(10.6%)	2.0%
Services	6%	6%	5.0%	7.3%
Other	<1%	1%	n/a	n/a
Total	100%	100%	3.5%	1.7%

During the first quarter of fiscal 2009, Best Buy's domestic comparable store sales gain was driven by higher revenue from flat-panel TVs, video gaming, notebook computers and mobile phones. These gains more than offset comparable store sales declines in projection and tube TVs, digital cameras, CDs and major appliances.

The home office revenue category led the domestic revenue growth for the fiscal first quarter. The home office revenue category, which accounted for 31 percent of fiscal first-quarter revenue, had a 9.3-percent comparable store sales gain. A double-digit comparable store sales increase for notebook computers fueled the growth as customers looked to expand the number of computers per household and responded to Best Buy's industry-leading assortment. Mobile phones experienced a strong double-digit comparable store sales gain, led by the expansion of Best Buy Mobile, which offers an improved assortment and customer service along with independent advice. These gains were partially offset by comparable store sales declines in printers, landline phones and computer networking products.

The entertainment software revenue category, which comprised 18 percent of first-quarter revenue, increased 8.2 percent on a comparable store sales basis. A solid double-digit gain in comparable store sales of video gaming was fueled by new software releases, as well as strong sales of consoles, which offered better in-stock levels and attractive pricing. These gains were partially offset by continued comparable store sales declines for CDs and DVDs.

The services revenue category accounted for 6 percent of first-quarter revenue. On a comparable store sales basis, the services category increased 5.0 percent. A high single-digit gain in computer services and a low double-digit gain in home theater services combined with a mid single-digit increase in warranty comparable store sales to drive the improvement. The company attributed the warranty increase, which was a change in trend, to the increased volume of large-ticket items, such as flat-panel TVs and notebook computers.

Consumer electronics, which represented 39 percent of first-quarter revenue, posted a 0.6-percent comparable store sales decline. Within consumer electronics, projection and tube televisions experienced a strong double-digit comparable store sales decline as consumers continued to opt for flat-panel technology. Digital imaging also experienced a low double-digit comparable store sales decline as household penetration of digital cameras increased. Offsetting these declines were solid double-digit increases in flat-panel TVs and GPS products. Flat-panel television growth was driven by compelling customer solutions, new model availability and attractive financing offers. The total television category posted a low double-digit comparable store sales gain.

The appliances revenue category, which totaled 6 percent of fiscal 2009 first-quarter revenue, had a comparable store sales decline of 10.6 percent. This decrease was driven by a low double-digit decline in major appliances amid a challenging industry-wide environment, partially offset by an increase in average selling prices versus the prior year. Despite negative industry trends, Best Buy estimates that it is increasing its market share in appliances as customers chose Best Buy's energy-efficient assortment and customer-focused labor model.

The company estimated that its market share rose to a record high in the first calendar quarter of the year.

Dunn said, "We had outstanding execution across our enterprise, with all of our employees focused on delivering a great experience for our customers. We believe we are growing our market share, and we expect the insights we're gaining every day will simply open more doors for growth in the future. When we combine motivated and engaged employees with the resources of our entire enterprise, we can accomplish amazing things. It's very rewarding when it all comes together in a challenging environment like this one."