UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended May 2, 2020
OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission File Number: 1-9595

BEST BUY CO., INC.

(Exact name of registrant as specified in its charter)

Minnesota	**41-0907483**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
7601 Penn Avenue South **Richfield, Minnesota**	**55423**
(Address of principal executive offices)	(Zip Code)

(612) 291-1000
(Registrant's telephone number, including area code)

N/A
(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of exchange on which registered
Common Stock, $0.10 par value per share	**BBY**	**New York Stock Exchange**

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. **Yes** ☒ **No** ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). **Yes** ☒ **No** ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer ☒ Accelerated Filer ☐ Non-accelerated Filer ☐

Smaller Reporting Company ☐ Emerging Growth Company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). **Yes** ☐ **No** ☒

The registrant had 258,309,045 shares of common stock outstanding as of May 22, 2020.

BEST BUY CO., INC.
FORM 10-Q FOR THE QUARTER ENDED MAY 2, 2020

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PART I — FINANCIAL INFORMATION

Item 1. Financial Statements

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

	May 2, 2020	February 1, 2020	May 4, 2019
Assets			
Current assets			
Cash and cash equivalents	$ 3,919	$ 2,229	$ 1,561
Receivables, net	749	1,149	833
Merchandise inventories	3,993	5,174	5,195
Other current assets	335	305	425
Total current assets	8,996	8,857	8,014
Property and equipment, net	2,291	2,328	2,334
Operating lease assets	2,631	2,709	2,708
Goodwill	986	984	915
Other assets	701	713	579
Total assets	$ 15,605	$ 15,591	$ 14,550
Liabilities and equity			
Current liabilities			
Accounts payable	$ 4,428	$ 5,288	$ 4,718
Unredeemed gift card liabilities	257	281	265
Deferred revenue	531	501	409
Accrued compensation and related expenses	213	410	275
Accrued liabilities	769	906	851
Short-term debt	1,250	-	-
Current portion of operating lease liabilities	683	660	639
Current portion of long-term debt	673	14	14
Total current liabilities	8,804	8,060	7,171
Long-term liabilities	694	657	659
Long-term operating lease liabilities	2,076	2,138	2,173
Long-term debt	621	1,257	1,193
Contingencies (Note 10)			
Equity			
Preferred stock, $1.00 par value: Authorized - 400,000 shares; Issued and outstanding - none	-	-	-
Common stock, $0.10 par value: Authorized - 1.0 billion shares; Issued and outstanding - 257 million, 256 million and 267 million shares, respectively	26	26	27
Additional paid-in capital	15	-	-
Retained earnings	3,126	3,158	3,038
Accumulated other comprehensive income	243	295	289
Total equity	3,410	3,479	3,354
Total liabilities and equity	$ 15,605	$ 15,591	$ 14,550

NOTE: The Consolidated Balance Sheet as of February 1, 2020, has been condensed from the audited consolidated financial statements.

See Notes to Condensed Consolidated Financial Statements.

Condensed Consolidated Statements of Earnings
$ and shares in millions, except per share amounts (unaudited)

	Three Months Ended	
	May 2, 2020	May 4, 2019
Revenue	$ 8,562	$ 9,142
Cost of sales	6,597	6,973
Gross profit	1,965	2,169
Selling, general and administrative expenses	1,735	1,835
Restructuring charges	1	-
Operating income	229	334
Other income (expense):		
Investment income and other	6	14
Interest expense	(17)	(18)
Earnings before income tax expense	218	330
Income tax expense	59	65
Net earnings	$ 159	$ 265
Basic earnings per share	$ 0.61	$ 0.99
Diluted earnings per share	$ 0.61	$ 0.98
Weighted-average common shares outstanding		
Basic	258.3	267.6
Diluted	260.4	271.5

See Notes to Condensed Consolidated Financial Statements.

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

	Three Months Ended	
	May 2, 2020	May 4, 2019
Net earnings	$ 159	$ 265
Foreign currency translation adjustments, net of tax	(52)	(5)
Comprehensive income	$ 107	$ 260

See Notes to Condensed Consolidated Financial Statements.

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

	Three Months Ended	
	May 2, 2020	May 4, 2019
Operating activities		
Net earnings	$ 159	$ 265
Adjustments to reconcile net earnings to total cash provided by operating activities:		
Depreciation and amortization	207	200
Stock-based compensation	15	36
Deferred income taxes	15	13
Other, net	6	1
Changes in operating assets and liabilities:		
Receivables	383	182
Merchandise inventories	1,136	207
Other assets	(12)	(14)
Accounts payable	(816)	(519)
Income taxes	31	10
Other liabilities	(297)	(379)
Total cash provided by operating activities	827	2
Investing activities		
Additions to property and equipment	(178)	(193)
Other, net	(1)	1
Total cash used in investing activities	(179)	(192)
Financing activities		
Repurchase of common stock	(62)	(98)
Dividends paid	(141)	(134)
Borrowings of debt	1,250	-
Other, net	2	6
Total cash provided by (used in) financing activities	1,049	(226)
Effect of exchange rate changes on cash and cash equivalents	(18)	(1)
Increase (decrease) in cash, cash equivalents and restricted cash	1,679	(417)
Cash, cash equivalents and restricted cash at beginning of period	2,355	2,184
Cash, cash equivalents and restricted cash at end of period	$ 4,034	$ 1,767

See Notes to Condensed Consolidated Financial Statements.

Condensed Consolidated Statements of Changes in Shareholders' Equity
$ and shares in millions, except per share amounts (unaudited)

	Common Shares	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
Balances at February 1, 2020	256	$ 26	$ -	$ 3,158	$ 295	$ 3,479
Net earnings, three months ended May 2, 2020	-	-	-	159	-	159
Other comprehensive loss, net of tax:						
Foreign currency translation adjustments	-	-	-	-	(52)	(52)
Stock-based compensation	-	-	15	-	-	15
Issuance of common stock	2	-	6	-	-	6
Common stock dividends, $0.55 per share	-	-	2	(143)	-	(141)
Repurchase of common stock	(1)	-	(8)	(48)	-	(56)
Balances at May 2, 2020	257	$ 26	$ 15	$ 3,126	$ 243	$ 3,410
Balances at February 2, 2019	266	$ 27	$ -	$ 2,985	$ 294	$ 3,306
Adoption of ASU 2016-02	-	-	-	(19)	-	(19)
Net earnings, three months ended May 4, 2019	-	-	-	265	-	265
Other comprehensive loss, net of tax:						
Foreign currency translation adjustments	-	-	-	-	(5)	(5)
Stock-based compensation	-	-	36	-	-	36
Issuance of common stock	2	-	11	-	-	11
Common stock dividends, $0.50 per share	-	-	2	(136)	-	(134)
Repurchase of common stock	(1)	-	(49)	(57)	-	(106)
Balances at May 4, 2019	267	$ 27	$ -	$ 3,038	$ 289	$ 3,354

See Notes to Condensed Consolidated Financial Statements.

Notes to Condensed Consolidated Financial Statements
(unaudited)

1. Basis of Presentation

Unless the context otherwise requires, the use of the terms “Best Buy,” “we,” “us” and “our” in these Notes to Condensed Consolidated Financial Statements refers to Best Buy Co., Inc. and, as applicable, its consolidated subsidiaries.

In the opinion of management, the accompanying condensed consolidated financial statements contain all adjustments necessary for a fair presentation as prescribed by accounting principles generally accepted in the United States (“GAAP”). All adjustments were comprised of normal recurring adjustments, except as noted in these Notes to Condensed Consolidated Financial Statements.

Historically, we have generated a large proportion of our revenue and earnings in the fiscal fourth quarter, which includes the majority of the holiday shopping season in the U.S., Canada and Mexico. Due to the seasonal nature of our business, interim results are not necessarily indicative of results for the entire fiscal year. The interim financial statements and the related notes included in this Quarterly Report on Form 10-Q should be read in conjunction with the consolidated financial statements and related notes included in our Annual Report on Form 10-K for the fiscal year ended February 1, 2020. The first three months of fiscal 2021 and fiscal 2020 included 13 weeks.

In order to align our fiscal reporting periods and comply with statutory filing requirements, we consolidate the financial results of our Mexico operations on a one-month lag. Our policy is to accelerate recording the effect of events occurring in the lag period that significantly affect our condensed consolidated financial statements. No such events were identified for the reported periods.

In preparing the accompanying condensed consolidated financial statements, we evaluated the period from May 2, 2020, through the date the financial statements were issued for material subsequent events requiring recognition or disclosure. No such events were identified for the reported periods.

COVID-19

In March 2020, the World Health Organization declared the outbreak of novel coronavirus disease ("COVID-19") as a pandemic. Except where otherwise directed by state and local authorities, on March 22, 2020, we made the decision for the health and safety of our customers and employees to move our stores to a contactless, curbside-only operating model. We also suspended in-home delivery, repair and consultation services on March 22, 2020, and resumed these offerings on April 27, 2020, after implementing new safety guidelines.

In light of the uncertainty surrounding the impact of COVID-19 and to maximize liquidity, we executed a short-term draw on the full amount of our $1.25 billion five year senior unsecured revolving credit facility on March 19, 2020. See Note 4, *Debt*, for additional information. We also suspended all share repurchases.

Since the pandemic had a significant impact on our store operations, we concluded this was a triggering event to review for potential impairments of our store assets. As a result of this analysis, we recorded an immaterial asset impairment charge for a small number of stores within Selling, general and administrative (“SG&A”) expenses for the three months ended May 2, 2020.

We have goodwill in two reporting units – Best Buy Domestic and Best Buy Health – with carrying values as of May 2, 2020, of $444 million and $542 million, respectively. We test goodwill for impairment annually in the fiscal fourth quarter or whenever events or circumstances indicate the carrying value may not be recoverable. Our most recent goodwill impairment analysis, completed during the fourth quarter of fiscal 2020, indicated an excess of fair value over carrying value for both reporting units. As a result of the impact of COVID-19 on our business, we completed a review for potential impairments of our goodwill in the first quarter of fiscal 2021. As a result of this analysis, we concluded that no impairment had occurred.

On March 27, 2020, in response to the COVID-19 pandemic, the U.S. Congress enacted the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), which among other things, contains provisions for deferral of the employer portion of social security taxes incurred through the end of calendar 2020 and an employee retention credit, a refundable payroll credit for 50% of wages and health benefits paid to employees not providing services due to the COVID-19 pandemic. As a result of the CARES Act, we intend to defer qualified payroll taxes and claim the employee retention credit, which will be treated as a government subsidy to offset related operating expenses. Based on our preliminary analysis of the CARES Act, we reduced our SG&A expenses for the three months ended May 2, 2020, by $69 million for employee retention credits. We will continue to assess our treatment of the CARES Act to the extent additional guidance and regulations are issued.

The COVID-19 pandemic remains a rapidly evolving situation. The extent of the impact of COVID-19 on our business and financial results will depend on future developments, including the duration and spread of the outbreak within the markets in which we operate and the related impact on consumer confidence and spending, all of which are highly uncertain.

Adopted Accounting Pronouncements

In the first quarter of fiscal 2021, we prospectively adopted the following Accounting Standards Updates ("ASUs") issued by the Financial Accounting Standards Board, all of which had an immaterial impact on our results of operations, cash flows and financial position.

- ASU 2016-13, *Measurement of Credit Losses on Financial Instruments*
- ASU 2017-04, *Intangibles-Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment*
- ASU 2018-13, *Fair Value Measurement - Disclosure Framework (Topic 820)*
- ASU 2018-15, *Intangibles-Goodwill and Other - Internal Use Software (Subtopic 350-40): Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That is a Service Contrac*t

Total Cash, Cash Equivalents and Restricted Cash

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

	May 2, 2020	February 1, 2020	May 4, 2019
Cash and cash equivalents	$ 3,919	$ 2,229	$ 1,561
Restricted cash included in Other current assets	115	126	206
Total cash, cash equivalents and restricted cash	$ 4,034	$ 2,355	$ 1,767

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

2. Fair Value Measurements

Fair value measurements are reported in one of three levels based on the lowest level of significant input used: Level 1 (unadjusted quoted prices in active markets); Level 2 (observable market inputs, other than quoted prices included in Level 1); and Level 3 (unobservable inputs that cannot be corroborated by observable market data).

Recurring Fair Value Measurements

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

			Fair Value at		
	Balance Sheet Location(1)	Fair Value Hierarchy	May 2, 2020	February 1, 2020	May 4, 2019
Assets					
Money market funds(2)	Cash and cash equivalents	Level 1	$ 1,153	$ 524	$ 18
Commercial paper(2)	Cash and cash equivalents	Level 2	-	75	-
Time deposits(3)	Cash and cash equivalents	Level 2	465	185	60
Money market funds(2)	Other current assets	Level 1	6	16	93
Time deposits(3)	Other current assets	Level 2	101	101	102
Foreign currency derivative instruments(4)	Other current assets	Level 2	6	1	-
Interest rate swap derivative instruments(4)	Other current assets	Level 2	11	-	-
Marketable securities that fund deferred compensation(5)	Other assets	Level 1	45	48	46
Interest rate swap derivative instruments(4)	Other assets	Level 2	107	89	28
Liabilities					
Interest rate swap derivative instruments(4)	Long-term liabilities	Level 2	-	-	6

(1) Balance sheet location is determined by the length to maturity from the current period-end date.
(2) Valued at quoted market prices.
(3) Valued at face value plus accrued interest, which approximates fair value.
(4) Valued using readily observable market inputs. These instruments are custom, over-the-counter contracts with various bank counterparties that are not traded on an active market.
(5) Valued using select mutual fund performance that trade with sufficient frequency and volume to obtain pricing information on an ongoing basis.

Fair Value of Financial Instruments

The fair values of cash, receivables, accounts payable, short-term debt and other payables approximated their carrying values because of the short-term nature of these instruments. With the exception of short-term debt, if these instruments were measured at fair value in the financial statements, they would be classified as Level 1 in the fair value hierarchy; short-term debt would be classified as Level 2. Fair values for other investments held at cost are not readily available, but we estimate that the carrying values for these investments approximate their fair values.

Long-term debt is presented at carrying value on our Condensed Consolidated Balance Sheets. If our long-term debt were recorded at fair value, it would be classified as Level 2 in the fair value hierarchy. Long-term debt balances were as follows ($ in millions):

	May 2, 2020		February 1, 2020		May 4, 2019	
	Fair Value	Carrying Value	Fair Value	Carrying Value	Fair Value	Carrying Value
Long-term debt(1)	$ 1,315	$ 1,268	$ 1,322	$ 1,239	$ 1,213	$ 1,173

(1) Excludes debt discounts, issuance costs and finance lease obligations.

3. Goodwill and Intangible Assets

See Note 1, *Basis of Presentation*, for impairment considerations for the three months ended May 2, 2020, due to COVID-19. No impairment charges were recorded during the fiscal periods presented.

Goodwill

Balances related to goodwill were as follows ($ in millions):

	May 2, 2020		February 1, 2020		May 4, 2019	
	Gross Carrying Amount	Cumulative Impairment	Gross Carrying Amount	Cumulative Impairment	Gross Carrying Amount	Cumulative Impairment
Domestic	$ 1,053	$ (67)	$ 1,051	$ (67)	$ 982	$ (67)
International	608	(608)	608	(608)	608	(608)
Total	$ 1,661	$ (675)	$ 1,659	$ (675)	$ 1,590	$ (675)

Indefinite-Lived Intangible Assets

During the three months ended May 2, 2020, we made the decision to phase out our Pacific Sales tradename in our U.S. Best Buy stores over the coming years. Consequently, we reclassified the tradename from an indefinite-lived intangible asset to a definite-lived intangible asset and have no indefinite-lived intangible assets remaining as of May 2, 2020. The carrying value of the tradename was $18 million as of February 1, 2020, and May 4, 2019, respectively, and was recorded within Other assets on our Condensed Consolidated Balance Sheets.

Definite-Lived Intangible Assets

We have definite-lived intangible assets which are recorded within Other assets on our Condensed Consolidated Balance Sheets as follows ($ in millions):

	May 2, 2020		February 1, 2020		May 4, 2019		Weighted-Average Useful Life Remaining as of May 2, 2020 (in years)
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization	
Customer relationships	$ 339	$ 83	$ 339	$ 70	$ 258	$ 29	6.9
Tradenames	81	13	63	10	63	5	5.5
Developed technology	56	18	56	15	52	6	3.3
Total	$ 476	$ 114	$ 458	$ 95	$ 373	$ 40	6.3

Amortization expense was as follows ($ in millions):

		Three Months Ended	
	Statement of Earnings Location	May 2, 2020	May 4, 2019
Amortization expense	SG&A	$ 19	$ 17

Amortization expense expected to be recognized in future periods is as follows ($ in millions):

	Amortization Expense
Remainder of fiscal 2021	$ 61
Fiscal 2022	80
Fiscal 2023	79
Fiscal 2024	54
Fiscal 2025	16
Fiscal 2026	16
Thereafter	56

4. Debt

Short-Term Debt

We have a $1.25 billion five year senior unsecured revolving credit facility agreement (the “Facility”) with a syndicate of banks. In light of the uncertainty surrounding the impact of COVID-19 and to maximize liquidity, we executed a seven-day draw on the full amount of the Facility on March 19, 2020, and rolled this into a three-month draw on March 26, 2020. The Facility remained fully drawn as of May 2, 2020, at an interest rate of three-month LIBOR plus a margin rate of 1.015%. There were no borrowings outstanding as of February 1, 2020, or May 4, 2019.

Information regarding our short-term debt for the three months ended May 2, 2020, was as follows ($ in millions):

	Average Amount Outstanding	Maximum Amount Outstanding	Weighted Average Interest Rate
Short-term debt	$ 618	$ 1,250	2.3 %

Long-Term Debt

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

	May 2, 2020	February 1, 2020	May 4, 2019
Notes, 5.50%, due March 15, 2021	$ 650	$ 650	$ 650
Notes, 4.45%, due October 1, 2028	500	500	500
Interest rate swap valuation adjustments	118	89	23
Subtotal	1,268	1,239	1,173
Debt discounts and issuance costs	(8)	(6)	(7)
Finance lease obligations	34	38	41
Total long-term debt	1,294	1,271	1,207
Less current portion	673	14	14
Total long-term debt, less current portion	$ 621	$ 1,257	$ 1,193

See Note 2, *Fair Value Measurements*, for the fair value of long-term debt.

5. Revenue

We generate all of our revenue from contracts with customers from the sale of products and services. Contract balances primarily consist of receivables and contract liabilities related to product merchandise not yet delivered to customers, unredeemed gift cards, services not yet completed, and options that provide a material right to customers, such as our customer loyalty programs. Contract balances were as follows ($ in millions):

	May 2, 2020	February 1, 2020	May 4, 2019
Receivables, net(1)	$ 396	$ 567	$ 484
Short-term contract liabilities included in:			
Unredeemed gift cards	257	281	265
Deferred revenue	531	501	409
Accrued liabilities	45	139	139
Long-term contract liabilities included in:			
Long-term liabilities	8	9	10

(1) Receivables are recorded net of allowances for doubtful accounts of $29 million, $14 million and $12 million as of May 2, 2020, February 1, 2020, and May 4, 2019, respectively.

During the first three months of fiscal 2021 and fiscal 2020, $492 million and $466 million of revenue was recognized, respectively, that was included in the contract liabilities at the beginning of the respective periods.

See Note 9, *Segments*, for information on our revenue by reportable segment and product category.

6. Derivative Instruments

We manage our economic and transaction exposure to certain risks by using foreign exchange forward contracts to hedge against the effect of Canadian dollar exchange rate fluctuations on a portion of our net investment in our Canadian operations, and interest rate swaps to mitigate the effect of interest rate fluctuations on our $650 million principal amount of notes due March 15, 2021, and our $500 million principal amount of notes due October 1, 2028. In addition, we use foreign currency forward contracts not designated as hedging instruments to manage the impact of fluctuations in foreign currency exchange rates relative to recognized receivable and payable balances denominated in non-functional currencies.

Our derivative instruments designated as net investment hedges and interest rate swaps are recorded on our Condensed Consolidated Balance Sheets at fair value. See Note 2, *Fair Value Measurements*, for gross fair values of our outstanding derivative instruments and corresponding fair value classifications.

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

Contract Type	May 2, 2020	February 1, 2020	May 4, 2019
Derivatives designated as net investment hedges	$ 126	$ 129	$ 15
Derivatives designated as interest rate swaps	1,150	1,150	1,150
No hedge designation (foreign exchange contracts)	21	31	44
Total	$ 1,297	$ 1,310	$ 1,209

Effects of our derivatives on our Condensed Consolidated Statements of Earnings were as follows ($ in millions):

		Gain (Loss) Recognized	
		Three Months Ended	
Contract Type	Statement of Earnings Location	May 2, 2020	May 4, 2019
Interest rate swap contracts	Interest expense	$ 29	$ (2)
Adjustments to carrying value of long-term debt	Interest expense	(29)	2
Total		$ -	$ -

7. Earnings per Share

We compute our basic earnings per share based on the weighted-average common shares outstanding and our diluted earnings per share based on the weighted-average common shares outstanding adjusted by the number of additional shares that would have been outstanding had potentially dilutive common shares been issued.

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

	Three Months Ended	
	May 2, 2020	May 4, 2019
Numerator		
Net earnings	$ 159	$ 265
Denominator		
Weighted-average common shares outstanding	258.3	267.6
Dilutive effect of stock compensation plan awards	2.1	3.9
Weighted-average common shares outstanding, assuming dilution	260.4	271.5
Potential shares which were anti-dilutive and excluded from weighted-average share computations	0.6	0.8
Basic earnings per share	$ 0.61	$ 0.99
Diluted earnings per share	$ 0.61	$ 0.98

8. Repurchase of Common Stock

On February 23, 2019, our Board of Directors ("Board") authorized a $3.0 billion share repurchase program. There is no expiration date governing the period over which we can repurchase shares under the February 2019 authorization.

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

	Three Months Ended	
	May 2, 2020	May 4, 2019
Total cost of shares repurchased	$ 56	$ 106
Average price per share	$ 86.30	$ 70.77
Number of shares repurchased	0.6	1.5

As of May 2, 2020, $1.9 billion of the $3.0 billion share repurchase authorization was available. On March 21, 2020, we announced the suspension of all share repurchases given the uncertainty surrounding the impact of COVID-19.

9. Segments

Segment and product category revenue information was as follows ($ in millions):

	Three Months Ended	
	May 2, 2020	May 4, 2019
Revenue by reportable segment		
Domestic	$ 7,915	$ 8,481
International	647	661
Total revenue	$ 8,562	$ 9,142
Revenue by product category		
Domestic		
Computing and Mobile Phones	$ 3,805	$ 3,851
Consumer Electronics	2,219	2,662
Appliances	935	961
Entertainment	510	473
Services	421	497
Other	25	37
Total Domestic revenue	$ 7,915	$ 8,481
International		
Computing and Mobile Phones	$ 309	$ 305
Consumer Electronics	177	203
Appliances	58	59
Entertainment	57	36
Services	32	43
Other	14	15
Total International revenue	$ 647	$ 661

Segment operating income (loss) was as follows ($ in millions):

	Three Months Ended	
	May 2, 2020	May 4, 2019
Domestic	$ 241	$ 332
International	(12)	2
Total operating income	229	334
Other income (expense):		
Investment income and other	6	14
Interest expense	(17)	(18)
Earnings before income tax expense	$ 218	$ 330

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

	May 2, 2020	February 1, 2020	May 4, 2019
Domestic	$ 14,320	$ 14,247	$ 13,332
International	1,285	1,344	1,218
Total assets	$ 15,605	$ 15,591	$ 14,550

10. Contingencies

We are involved in a number of legal proceedings. Where appropriate, we have made accruals with respect to these matters, which are reflected on our Condensed Consolidated Financial Statements. However, there are cases where liability is not probable or the amount cannot be reasonably estimated and, therefore, accruals have not been made. We provide disclosure of matters where we believe it is reasonably possible the impact may be material to our Condensed Consolidated Financial Statements.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Unless the context otherwise requires, the use of the terms “Best Buy,” “we,” “us” and “our” refers to Best Buy Co., Inc. and its consolidated subsidiaries. Any references to our website addresses do not constitute incorporation by reference of the information contained on the websites.

Management’s Discussion and Analysis of Financial Condition and Results of Operations (“MD&A”) is intended to provide a reader of our financial statements with a narrative from the perspective of our management on our financial condition, results of operations, liquidity and certain other factors that may affect our future results. Unless otherwise noted, transactions and other factors significantly impacting our financial condition, results of operations and liquidity are discussed in order of magnitude. Our MD&A is presented in the following sections:

- Overview
- Business Strategy and COVID-19 Update
- Results of Operations
- Liquidity and Capital Resources
- Off-Balance-Sheet Arrangements and Contractual Obligations
- Significant Accounting Policies and Estimates
- New Accounting Pronouncements
- Safe Harbor Statement Under the Private Securities Litigation Reform Act

Our MD&A should be read in conjunction with our Annual Report on Form 10-K for the fiscal year ended February 1, 2020 (“Fiscal 2020 Form 10-K”), the Risk Factors included in the Fiscal 2020 Form 10-K and in this Form 10-Q, as well as our reports on Forms 10-Q and 8-K and other publicly available information. All amounts herein are unaudited.

Overview

Our purpose is to enrich the lives of consumers through technology. We have two reportable segments: Domestic and International. The Domestic segment is comprised of the operations in all states, districts and territories of the U.S. The International segment is comprised of all operations in Canada and Mexico.

Our fiscal year ends on the Saturday nearest the end of January. Our business, like that of many retailers, is seasonal. A large proportion of our revenue and earnings is generated in the fiscal fourth quarter, which includes the majority of the holiday shopping season in the U.S., Canada and Mexico.

Comparable Sales

Throughout this MD&A, we refer to comparable sales. Comparable sales is a metric used by management to evaluate the performance of our existing stores, websites and call centers by measuring the change in net sales for a particular period over the comparable prior-period of equivalent length. Comparable sales includes revenue from stores, websites and call centers operating for at least 14 full months. Stores closed more than 14 days, including but not limited to relocated, remodeled, expanded and downsized stores, or stores impacted by natural disasters, are excluded from comparable sales until at least 14 full months after reopening. Acquisitions are included in comparable sales beginning with the first full quarter following the first anniversary of the date of the acquisition. Comparable sales also includes credit card revenue, gift card breakage, commercial sales and sales of merchandise to wholesalers and dealers, as applicable. Comparable sales excludes the impact of revenue from discontinued operations and the effect of fluctuations in foreign currency exchange rates (applicable to our International segment only). Comparable online sales are included in comparable sales. Online sales represent those initiated on a website or app, regardless of whether customers choose to pick up product at a store, at an alternative pick-up location or take delivery direct to their homes. All periods presented apply this methodology consistently.

In March 2020, the World Health Organization declared the outbreak of novel coronavirus disease ("COVID-19") as a pandemic. Except where otherwise directed by state and local authorities, on March 22, 2020, we transitioned our stores to a contactless, curbside-only operating model. All stores that were temporarily closed as a result of COVID-19 or operating a curbside-only operating model are included in comparable sales.

On October 1, 2018, we acquired all outstanding shares of GreatCall, Inc. (“GreatCall”) and on May 9, 2019, we acquired all outstanding shares of Critical Signal Technologies, Inc. (“CST”). Consistent with our comparable sales policy, the results of GreatCall are included in our comparable sales calculation for the three months ended May 2, 2020, and the results of CST are excluded from our comparable sales calculation for the periods presented.

We believe comparable sales is a meaningful supplemental metric for investors to evaluate revenue performance resulting from growth in existing stores, websites and call centers versus the portion resulting from opening new stores or closing existing stores. The method of calculating comparable sales varies across the retail industry. As a result, our method of calculating comparable sales may not be the same as other retailers' methods.

Interim Sales Data

Within this MD&A, we refer to sales retention based on interim sales data, which we use to monitor transactional revenue performance on a daily or weekly interval. For a period in which we experienced significant shifts in revenue trends as a result of COVID-19 -related impacts, we believe interim sales data provides helpful insight into these trends. The sales retention estimate represents the year-over-year change compared to the same period in the prior fiscal year. Retention is based on absolute sales dollar changes and is not presented in accordance with comparable sales. Interim sales data is unaudited and excludes quarter-end revenue accounting adjustments. Other companies may track interim sales data using different methods and systems, and therefore, the estimated data as presented herein may not be comparable to any data released by other companies.

Non-GAAP Financial Measures

This MD&A includes financial information prepared in accordance with accounting principles generally accepted in the United States ("GAAP"), as well as certain adjusted or non-GAAP financial measures, such as constant currency, non-GAAP operating income, non-GAAP effective tax rate and non-GAAP diluted earnings per share ("EPS") from continuing operations. We believe that non-GAAP financial measures, when reviewed in conjunction with GAAP financial measures, can provide more information to assist investors in evaluating current period performance and in assessing future performance. For these reasons, our internal management reporting also includes non-GAAP financial measures. Generally, our non-GAAP financial measures include adjustments for items such as restructuring charges, goodwill impairments, gains and losses on investments, intangible asset amortization, certain acquisition-related costs and the tax effect of all such items. In addition, certain other items may be excluded from non-GAAP financial measures when we believe doing so provides greater clarity to management and our investors. These non-GAAP financial measures should be considered in addition to, and not superior to or as a substitute for, GAAP financial measures. We strongly encourage investors and shareholders to review our financial statements and publicly-filed reports in their entirety and not to rely on any single financial measure. Non-GAAP financial measures as presented herein may not be comparable to similarly titled measures used by other companies.

In our discussions of the operating results of our consolidated business and our International segment, we sometimes refer to the impact of changes in foreign currency exchange rates or the impact of foreign currency exchange rate fluctuations, which are references to the differences between the foreign currency exchange rates we use to convert the International segment’s operating results from local currencies into U.S. dollars for reporting purposes. We also may use the term "constant currency," which represents results adjusted to exclude foreign currency impacts. We calculate those impacts as the difference between the current period results translated using the current period currency exchange rates and using the comparable prior period currency exchange rates. We believe the disclosure of revenue changes in constant currency provides useful supplementary information to investors in light of significant fluctuations in currency rates.

Refer to the *Consolidated Non-GAAP Financial Measures* section below for a detailed reconciliation of items that impacted our non-GAAP operating income, non-GAAP effective tax rate and non-GAAP diluted EPS from continuing operations in the presented periods.

Business Strategy and COVID-19 Update

In the first quarter of fiscal 2021, we generated $8.6 billion in revenue and our Enterprise comparable sales declined by 5.3%. Our GAAP operating income rate decreased by 100 basis points and our non-GAAP operating income rate decreased by 90 basis points, both compared to the first quarter of fiscal 2020. The decreases in both GAAP and non-GAAP operating income were primarily due to the operational disruptions caused by COVID-19. We recorded GAAP diluted EPS of $0.61 and non-GAAP diluted EPS of $0.67, decreases of 38% and 34% compared to the first quarter of fiscal 2020, respectively. Refer to the Consolidated Non-GAAP Financial Measures section below for a detailed reconciliation of items that impacted our non-GAAP operating income and non-GAAP diluted EPS.

The pandemic has changed the way we work, learn, care for ourselves and connect with each other. Against that backdrop, our purpose has never been more relevant: to enrich lives through technology. It is because of that purpose that we were, in virtually every jurisdiction with a stay-at-home order in place, designated an essential retailer because of the products and services we offer.

On March 22, 2020, we proactively moved all our Domestic stores to a contactless, curbside-only operating model, allowing us to safely serve customers and comply with government orders and recommendations. We also halted all in-home installation, repair and consultation services. We did this even in jurisdictions where it was not mandated because we believed it was the best way at the time to keep our customers and employees as safe as possible. This required us to implement a new and highly effective operating model in a matter of 48 hours across our entire Domestic store base.

As a result, we retained approximately 81% of last year’s consolidated sales based on interim sales data during the last six weeks of the first quarter of fiscal 2021 as we operated in the new model. This reflects the strength of our multi-channel capabilities and the strategic investments we have been making over the past several years. It is also a testament to the Best Buy culture and our focus on the customer experience as the entire organization pivoted to execute and support the new model. In mid-March 2020, we began to see a surge in demand for the products that people need to work, learn or entertain from home. For the first quarter of fiscal 2021, we saw strong sales growth in computing, gaming and small appliances. Like many other retailers, we saw a sales benefit during the last three weeks of the first fiscal quarter as customers likely chose to spend some of their government stimulus money on the products and services we provide.

As we entered the second quarter of fiscal 2021, we continued to shift our operating model as we responded to the evolving environment. On May 4, 2020, we began welcoming customers back into our stores by appointment only, following strict social-distancing practices and using appropriate protective equipment. This service allows customers who need to purchase more complex items to consult with one of our sales associates and receive advice tailored to their specific technology needs. We started with approximately 200 stores, and as of May 21, 2020, we have almost 700, or 70%, of our Domestic stores operating this way. Most of the remaining stores are still operating in the curbside-only model, and approximately 40 stores remain completely closed, mainly due to our assessment of employee and customer safety. Customers have responded very positively to this new way of interacting with us in our stores, with 98% of customers surveyed indicating we made them feel safe during the experience. We have also resumed large product delivery, installations and in-home repairs in approximately 80% of U.S. zip codes, while following strict new safety guidelines.

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. On April 19, 2020, 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 addition, our Chief Executive Officer is foregoing 50% of her base salary and the members of the Board of Directors are foregoing 50% of their cash retainer fees. Company executives reporting directly to the Chief Executive Officer are taking a 20% reduction in base salary. The money saved from these temporary pay reductions is being added to the employee hardship fund we established with our founder, Dick Schulze.

Despite the disruption and uncertainty related to COVID-19, we remain focused on executing our Building the New Blue strategy. In many ways, recent events have only reinforced our belief in our strategic direction.

Our multi-year supply chain transformation has been focused on moving facilities closer to our customers and using automation and process improvements to expand fulfillment options, increase delivery speed and improve the delivery and installation experience. This has included significantly improving the ability for customers to order online and pick up at one of our stores. These changes, along with innovative digital advancements allowed our teams to quickly stand up a robust and seamless customer experience for both curbside pickup and the new, in-store consultation process. All of this culminated in Domestic online growth of 155% for the first quarter of fiscal 2021.

While overall interactions with our Total Tech Support customers were down in the first quarter of fiscal 2021 compared to last year as our in-store and in-home services were unavailable, our remote technical support provided a critically stable support solution through these challenging times. In addition, we have cross-trained our Geek Squad Agents to work in our call centers, providing crucial phone and chat support to solve a variety of customer needs.

With respect to Best Buy Health, our focus on helping seniors live more independently with our unique combination of tech and touch, has become even more relevant as the world responds to the COVID-19 pandemic. In the first quarter of fiscal 2021, to support our base of over 1 million seniors, we moved quickly to adapt our operations so our caring center agents could support more than 150,000 calls each week while complying with stay-at-home orders.

During the first quarter of fiscal 2021, we also took the following actions to maximize liquidity in light of the uncertainty surrounding the impact of COVID-19:

- executed a short-term draw on the full amount of our $1.25 billion five year senior unsecured revolving credit facility (the “Facility”),
- suspended share repurchases,
- lowered merchandise receipts to match demand,
- extended payment terms in partnership with key merchandising vendors,
- reduced promotional and marketing spend aligned with the temporary changes in our operating model,
- lowered capital spend to focus on mandatory maintenance or high-value strategic areas, and
- suspended our 401(k) company matching program.

There are many factors we continue to weigh for the remainder of fiscal 2021, including:

- the depth and duration of the pandemic;
- the impact of current and potential future government stimulus actions;
- the impact on unemployment, consumer confidence and spending;
- the evolution of our various operating models; and
- how and where our customers are choosing to interact with us.

Our priority has been and will continue to be the safety of our employees and customers while providing essential products and services. We remain thoughtful about managing our profitability and liquidity, balancing our short-term decisions to navigate this unprecedented situation while preserving the elements of our strategy that will ensure we remain a vibrant company in the future.

Results of Operations

In order to align our fiscal reporting periods and comply with statutory filing requirements, we consolidate the financial results of our Mexico operations on a one-month lag. Consistent with such consolidation, the financial and non-financial information presented in our MD&A relative to these operations is also presented on a lag. Our policy is to accelerate the recording of events occurring in the lag period that significantly affect our consolidated financial statements. No such events were identified for the periods presented.

Consolidated Performance Summary

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

	Three Months Ended	
	May 2, 2020	May 4, 2019
Revenue	$ 8,562	$ 9,142
Revenue % change	(6.3)%	0.4 %
Comparable sales % change	(5.3)%	1.1 %
Gross profit	$ 1,965	$ 2,169
Gross profit as a % of revenue[(1)]	23.0 %	23.7 %
SG&A	$ 1,735	$ 1,835
SG&A as a % of revenue[(1)]	20.3 %	20.1 %
Operating income	$ 229	$ 334
Operating income as a % of revenue	2.7 %	3.7 %
Net earnings	$ 159	$ 265
Diluted earnings per share	$ 0.61	$ 0.98

(1) Because retailers vary in how they record costs of operating their supply chain between cost of sales and SG&A, our gross profit rate and SG&A rate may not be comparable to other retailers' corresponding rates. For additional information regarding costs classified in cost of sales and SG&A, refer to Note 1, *Summary of Significant Accounting Policies*, in the Notes to Consolidated Financial Statements included in our Annual Report on Form 10-K for the fiscal year ended February 1, 2020.

Revenue, gross profit rate, SG&A rate and operating income rate changes in the first quarter of fiscal 2021 were primarily driven by our Domestic segment. For further discussion of each segment's rate changes, see the *Segment Performance Summary* below.

Income Tax Expense

Income tax expense decreased in the first quarter of fiscal 2021 due to a decrease in pre-tax earnings, partially offset by a decrease in the tax benefit from stock-based compensation in the current year period. Our effective tax rate ("ETR") increased to 27.4% in the first quarter of fiscal 2021 compared to 19.8% in the first quarter of fiscal 2020, primarily due to a decrease in the tax benefit from stock-based compensation and the impact of lower pre-tax earnings.

Our tax provision for interim periods is determined using an estimate of our annual ETR, adjusted for discrete items, if any, that are taken into account in the relevant period. We update our estimate of the annual ETR each quarter and we make a cumulative adjustment if our estimated tax rate changes. Our quarterly tax provision and our quarterly estimate of our annual ETR are subject to variation due to several factors, including our ability to accurately forecast our pre-tax and taxable income and loss by jurisdiction, tax audit developments, recognition of excess tax benefits or deficiencies related to stock-based compensation, foreign currency gains (losses), changes in laws or regulations, and expenses or losses for which tax benefits are not recognized. Our ETR can be more or less volatile based on the amount of pre-tax earnings. For example, the impact of discrete items and non-deductible losses on our ETR is greater when our pre-tax earnings are lower.

Segment Performance Summary

Domestic

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

	Three Months Ended	
	May 2, 2020	May 4, 2019
Revenue	$ 7,915	$ 8,481
Revenue % change	(6.7)%	0.8 %
Comparable sales % change(1)	(5.7)%	1.3 %
Gross profit	$ 1,821	$ 2,009
Gross profit as a % of revenue	23.0 %	23.7 %
SG&A	$ 1,579	$ 1,677
SG&A as a % of revenue	19.9 %	19.8 %
Operating income	$ 241	$ 332
Operating income as a % of revenue	3.0 %	3.9 %
Selected Online Revenue Data		
Total online revenue	$ 3,342	$ 1,308
Online revenue as a % of total segment revenue	42.2 %	15.4 %
Comparable online sales growth(1)	155.4 %	14.5 %

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

The decrease in revenue in the first quarter of fiscal 2021 was primarily driven by the comparable sales decline and the loss of revenue from 24 permanent store closures in the past year. Online revenue of $3.3 billion in the first quarter of fiscal 2021 increased 155.4% on a comparable basis, primarily due to higher conversion rates and increased traffic. The comparable sales decline and increased mix of online revenue were primarily due to the temporary store closures and stores operating a curbside-only operating model as a result of COVID-19.

Domestic segment stores open at the beginning and end of the first quarters of fiscal 2021 and fiscal 2020, excluding stores that were temporarily closed as a result of COVID-19, were as follows:

	Fiscal 2021				Fiscal 2020			
	Total Stores at Beginning of First Quarter	Stores Opened	Stores Closed	Total Stores at End of First Quarter	Total Stores at Beginning of First Quarter	Stores Opened	Stores Closed	Total Stores at End of First Quarter
Best Buy	977	-	(6)	971	997	-	(2)	995
Outlet Centers	11	1	-	12	8	2	-	10
Pacific Sales	21	-	-	21	21	-	-	21
Total	1,009	1	(6)	1,004	1,026	2	(2)	1,026

We continuously monitor store performance. As we approach the expiration date of our store leases, we evaluate various options for each location, including whether a store should remain open.

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

	Revenue Mix		Comparable Sales	
	Three Months Ended		Three Months Ended	
	May 2, 2020	May 4, 2019	May 2, 2020	May 4, 2019
Computing and Mobile Phones	48 %	46 %	0.0%	1.0 %
Consumer Electronics	28 %	31 %	(15.7)%	0.9 %
Appliances	12 %	11 %	(2.0)%	10.5 %
Entertainment	7 %	6 %	9.5 %	(12.7)%
Services	5 %	6 %	(16.1)%	6.8 %
Total	100 %	100 %	(5.7)%	1.3 %

We believe the changes in our operating model as a result of COVID-19 contributed to our Domestic comparable sales changes across most of our categories. Notable comparable sales changes in our Domestic segment by revenue category were as follows:

- **Computing and Mobile Phones:** The comparable sales change was flat driven primarily by gains in computing, offset by declines in mobile phones.
- **Consumer Electronics:** The 15.7% comparable sales decline was driven primarily by home theater and digital imaging.

- **Appliances:** The 2.0% comparable sales decline was driven by large appliances, partially offset by gains in small appliances.
- **Entertainment:** The 9.5% comparable sales gain was driven primarily by gaming, partially offset by declines in movies.
- **Services:** The 16.1% comparable sales decline was primarily due to store closures as a result of COVID-19 and the corresponding higher mix of online sales, which has a lower attach rate than in store, as well as the suspension of in-home services midway through the quarter.

Our gross profit rate decreased in the first quarter of fiscal 2021, primarily driven by higher supply chain costs from the increased mix of online revenue as a result of the changes we made in our operating model due to COVID-19. In addition, lower profit sharing revenue from our private label credit card negatively impacted our Domestic gross profit rate by approximately 20 basis points compared to last year. We expect to see continued pressure from lower profit-sharing revenue related to our private label and co-branded credit card arrangement as the economic ramifications of COVID-19 are expected to lead to higher credit card defaults over time.

Our SG&A rate remained relatively flat to last year as a percentage of sales, whereas SG&A dollars decreased in the first quarter of fiscal 2021 by $98 million. The decrease in SG&A dollars was primarily due to reduced incentive compensation expense, as we did not pay or accrue short-term incentive expense for first quarter performance. SG&A also decreased due to lower store payroll expense when including an employee retention credit of $69 million as a result of the Federal CARES Act. This employee retention credit is a payroll tax credit, which represented approximately 50% of qualified wages and health benefits paid to retained employees not working as a result of COVID-19.

Our operating income rate decreased in the first quarter of fiscal 2021, primarily driven by the decrease in gross profit rate and relatively flat SG&A rate described above.

International

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

	Three Months Ended	
	May 2, 2020	May 4, 2019
Revenue	$ 647	$ 661
Revenue % change	(2.1)%	(5.2)%
Comparable sales % change	0.2%	(1.2)%
Gross profit	$ 144	$ 160
Gross profit as a % of revenue	22.3 %	24.2 %
SG&A	$ 156	$ 158
SG&A as a % of revenue	24.1 %	23.9 %
Operating income (loss)	$ (12)	$ 2
Operating income (loss) as a % of revenue	(1.9)%	0.3 %

The decrease in revenue in the first quarter of fiscal 2021 was primarily driven by the negative impact of foreign currency exchange rate fluctuations primarily related to our Canadian operations, partially offset by an increase in revenue from new stores opened in Mexico in the past year. Comparable sales were essentially flat to last year even though all stores in Canada were closed to customer traffic for a portion of the quarter, similar to our Domestic stores.

International segment stores open at the beginning and end of the first quarters of fiscal 2021 and fiscal 2020, excluding stores that were temporarily closed as a result of COVID-19, were as follows:

	Fiscal 2021				Fiscal 2020			
	Total Stores at Beginning of First Quarter	Stores Opened	Stores Closed	Total Stores at End of First Quarter	Total Stores at Beginning of First Quarter	Stores Opened	Stores Closed	Total Stores at End of First Quarter
Canada								
Best Buy	131	-	-	131	132	-	-	132
Best Buy Mobile	42	-	(1)	41	45	-	(1)	44
Mexico								
Best Buy	35	-	-	35	29	-	-	29
Best Buy Express	14	-	-	14	6	3	-	9
Total	222	-	(1)	221	212	3	(1)	214

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

	Revenue Mix		Comparable Sales	
	Three Months Ended		Three Months Ended	
	May 2, 2020	May 4, 2019	May 2, 2020	May 4, 2019
Computing and Mobile Phones	48 %	46 %	4.6 %	(4.0)%
Consumer Electronics	27 %	31 %	(12.7)%	2.5 %
Appliances	9 %	9 %	0.1 %	(2.0)%
Entertainment	9 %	5 %	58.0 %	(14.0)%
Services	5 %	7 %	(19.5)%	13.4 %
Other	2 %	2 %	1.1 %	15.3 %
Total	100 %	100 %	0.2 %	(1.2)%

We believe the changes in our operating model as a result of COVID-19 contributed to our International comparable sales changes across most of our categories. Notable comparable sales changes in our International segment by revenue category were as follows:

- **Computing and Mobile Phones:** The 4.6% comparable sales gain was driven primarily by computing, partially offset by declines in mobile phones.
- **Consumer Electronics:** The 12.7% comparable sales decline was driven primarily by home theater and digital imaging.
- **Appliances:** The 0.1% comparable sales gain was driven by small appliances, partially offset by declines in large appliances.
- **Entertainment:** The 58.0% comparable sales gain was driven primarily by gaming and virtual reality.
- **Services:** The 19.5% comparable sales decline was primarily due to store closures as a result of COVID-19 and the corresponding higher mix of online sales, which has a lower attach rate than in store, as well as the suspension of in-home services midway through the quarter.
- **Other:** The 1.1% comparable sales gain was driven primarily by baby products.

Our gross profit rate decreased in the first quarter of fiscal 2021 primarily due to Canada, which was largely driven by a lower mix of higher margin services revenue and higher supply chain costs from the increased mix of online revenue as a result of the changes we made in our operating model due to COVID-19.

Our SG&A rate increased in the first quarter of fiscal 2021, whereas SG&A dollars decreased $2 million due to the favorable impact of foreign currency exchange rates related primarily to Canada.

We incurred an operating loss in the first quarter of fiscal 2021 compared to operating income in fiscal 2020, primarily driven by the lower gross profit rate and higher SG&A rate described above.

Consolidated Non-GAAP Financial Measures

Reconciliations of operating income, effective tax rate and diluted EPS (GAAP financial measures) to non-GAAP operating income, non-GAAP effective tax rate and non-GAAP diluted EPS (non-GAAP financial measures) were as follows ($ in millions, except per share amounts):

	Three Months Ended	
	May 2, 2020	May 4, 2019
Operating income	$ 229	$ 334
% of revenue	*2.7 %*	*3.7 %*
Intangible asset amortization(1)	20	17
Restructuring charges(2)	1	-
Non-GAAP operating income	$ 250	$ 351
% of revenue	*2.9 %*	*3.8 %*
Effective tax rate	27.4 %	19.8 %
Intangible asset amortization(1)	(0.2)%	0.3 %
Non-GAAP effective tax rate	27.2 %	20.1 %
Diluted EPS	$ 0.61	$ 0.98
Intangible asset amortization(1)	0.08	0.06
Income tax impact of non-GAAP adjustments(3)	(0.02)	(0.02)
Non-GAAP diluted EPS	$ 0.67	$ 1.02

(1) Represents the non-cash amortization of definite-lived intangible assets associated with acquisitions, including customer relationships, tradenames and developed technology.
(2) Represents adjustments associated with U.S. retail operating model changes.
(3) The non-GAAP adjustments relate primarily to adjustments in the U.S. As such, the income tax charge is calculated using the statutory tax rate of 24.5% for all periods presented.

Non-GAAP operating income decreased in the first quarter of fiscal 2021, primarily driven by higher supply chain costs from the higher mix of online revenue as a result of the changes we made in our operating model due to COVID-19.

Our non-GAAP effective tax rate increased in the first quarter of fiscal 2021, primarily due to a decrease in the tax benefit from stock-based compensation and the impact of lower pre-tax earnings.

Non-GAAP diluted EPS decreased in the first quarter of fiscal 2021, primarily driven by the decrease in non-GAAP operating income.

Liquidity and Capital Resources

We closely manage our liquidity and capital resources. Our liquidity requirements depend on key variables, including the level of investment required to support our business strategies, the performance of our business, capital expenditures, credit facilities, short-term borrowing arrangements and working capital management. Capital expenditures and share repurchases are a component of our cash flow and capital management strategy which, to a large extent, we can adjust in response to economic and other changes in our business environment. We have a disciplined approach to capital allocation, which focuses on investing in key priorities that support our strategy.

During the first quarter of fiscal 2021, we took numerous actions to maximize liquidity in light of the uncertainty surrounding the impact of COVID-19. Refer to the *Business Strategy and Impact of COVID-19* section above for a description of actions taken. We will continue to remain thoughtful about managing our profitability and liquidity, balancing our short-term decisions to navigate this unprecedented situation.

Cash and cash equivalents were as follows ($ in millions):

	May 2, 2020	February 1, 2020	May 4, 2019
Cash and cash equivalents	$ 3,919	$ 2,229	$ 1,561

The increase in cash and cash equivalents from February 1, 2020, and May 4, 2019, was primarily due to the $1.25 billion short-term draw on the Facility as mentioned above. The increase in cash and cash equivalents from May 4, 2019, was also driven by a reduction in share repurchases over the past twelve months.

Cash Flows

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

	Three Months Ended	
	May 2, 2020	May 4, 2019
Total cash provided by (used in):		
Operating activities	$ 827	$ 2
Investing activities	(179)	(192)
Financing activities	1,049	(226)
Effect of exchange rate changes on cash and cash equivalents	(18)	(1)
Increase (decrease) in cash, cash equivalents and restricted cash	$ 1,679	$ (417)

Operating Activities

The increase in cash provided by operating activities in fiscal 2021 was primarily due to changes in working capital, primarily due to decreased receipts and payments on inventory partially resulting from COVID-related product constraints, our efforts to match inventory levels to reduced demand, favorable vendor payment terms and timing of collections on receivables.

Investing Activities

The decrease in cash used in investing activities in fiscal 2021 was primarily due to a decrease in additions to property and equipment.

Financing Activities

The increase in cash provided by financing activities was primarily due to the $1.25 billion short-term draw on the Facility.

Sources of Liquidity

Funds generated by operating activities, available cash and cash equivalents, our credit facilities and other debt arrangements are our most significant sources of liquidity. We believe our sources of liquidity will be sufficient to fund operations and anticipated capital expenditures, share repurchases, dividends and strategic initiatives, including business combinations. However, in the event our liquidity is insufficient, we may be required to limit our spending. There can be no assurance that we will continue to generate cash flows at or above current levels or that we will be able to maintain our ability to borrow under our existing credit facilities or obtain additional financing, if necessary, on favorable terms.

We have a $1.25 billion five year senior unsecured revolving credit facility agreement (the “Facility”) with a syndicate of banks. In light of the uncertainty surrounding the impact of COVID-19 and to maximize liquidity, we executed a seven-day draw on the full amount of the Facility on March 19, 2020, and rolled this into a three-month draw on March 26, 2020. The Facility remained fully drawn as of May 2, 2020, at an interest rate of three-month LIBOR plus a margin rate of 1.015%. There were no borrowings outstanding as of February 1, 2020, or May 4, 2019. Refer to Note 4, *Debt*, of the Notes to Condensed Consolidated Financial Statements, included in this Quarterly Report on Form 10-Q for additional information regarding the Facility.

Our credit ratings and outlook as of May 22, 2020, are summarized below. On April 22, 2020, Moody’s completed its periodic review and confirmed its current rating of Baa1 and outlook of Stable. Standard & Poor’s rating and outlook remained unchanged from the prior year.

Rating Agency	Rating	Outlook
Standard & Poor's	BBB	Stable
Moody's	Baa1	Stable

Credit rating agencies review their ratings periodically, and, therefore, the credit rating assigned to us by each agency may be subject to revision at any time. Factors that can affect our credit ratings include changes in our operating performance, the economic environment, conditions in the retail and consumer electronics industries, our financial position and changes in our business strategy. If further changes in our credit ratings were to occur, they could impact, among other things, interest costs for certain of our credit facilities, our future borrowing costs, access to capital markets, vendor financing terms and future new-store leasing costs.

Restricted Cash

Our liquidity is also affected by restricted cash balances that are pledged as collateral or restricted to use for workers’ compensation and general liability insurance claims. Restricted cash, which is included in Other current assets on our Condensed Consolidated Balance Sheets, was $115 million, $126 million and $206 million at May 2, 2020, February 1, 2020, and May 4, 2019, respectively. The decrease from the first quarter of fiscal 2020 was due to a dividend of excess cash from our wholly-owned insurance captive that manages a portion of our self-insured claims.

Debt and Capital

As of May 2, 2020, we had $1.25 billion of short-term borrowings under the Facility, $650 million of principal amount of notes due March 15, 2021, and $500 million of principal amount of notes due October 1, 2028, outstanding. Refer to Note 4, *Debt*, of the Notes to Condensed Consolidated Financial Statements, included in this Quarterly Report on Form 10-Q and Note 6, *Debt*, in the Notes to Consolidated Financial Statements included in our Annual Report on Form 10-K for the fiscal year ended February 1, 2020, for further information about our outstanding debt.

Share Repurchases and Dividends

We repurchase our common stock and pay dividends pursuant to programs approved by our Board of Directors ("Board"). The payment of cash dividends is also subject to customary legal and contractual restrictions. Our long-term capital allocation strategy is to first fund operations and investments in growth and then return excess cash over time to shareholders through dividends and share repurchases while maintaining investment grade credit metrics.

On February 23, 2019, our Board authorized a $3.0 billion share repurchase program. As of May 2, 2020, $1.9 billion of the $3.0 billion share repurchase authorization was available. On March 21, 2020, we announced the suspension of all share repurchases given the uncertainty surrounding the impact of COVID-19.

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

	Three Months Ended	
	May 2, 2020	May 4, 2019
Total cost of shares repurchased	$ 56	$ 106
Average price per share	$ 86.30	$ 70.77
Number of shares repurchased	0.6	1.5
Regular quarterly cash dividends per share	$ 0.55	$ 0.50
Cash dividends declared and paid	$ 141	$ 134

The increases in cash dividends declared and paid from the first quarter of fiscal 2020 was the result of an increase in the regular quarterly dividend rate, partially offset by fewer shares outstanding due to the return of capital to shareholders through share repurchases.

Other Financial Measures

Our current ratio, calculated as current assets divided by current liabilities, was 1.0 as of May 2, 2020, 1.1 as of February 1, 2020, and 1.1 as of May 4, 2019. The slight decline in the ratio at May 2, 2020, compared to prior periods was primarily due to the reclassification of our $650 million of principal amount of notes due March 15, 2021, to current liabilities.

Our debt to earnings ratio, calculated as total debt (including current portion) divided by net earnings from continuing operations over the trailing twelve months, was 1.8 as of May 2, 2020, 0.8 as of February 1, 2020, and 0.8 as of May 4, 2019. The ratio at May 2, 2020, increased from prior periods primarily due to the $1.25 billion short-term draw on the Facility.

Off-Balance-Sheet Arrangements and Contractual Obligations

Our liquidity is not dependent on the use of off-balance-sheet financing arrangements.

Other than our short-term draw on the full amount of our $1.25 billion Facility to increase our cash position and maximize liquidity in light of the uncertainty surrounding the impact of COVID-19, there has been no material change in our contractual obligations other than in the ordinary course of business since the end of fiscal 2020. The resulting liability has been included as short-term debt on our Condensed Consolidated Balance Sheets as of May 2, 2020. See our Annual Report on Form 10-K for the fiscal year ended February 1, 2020, for additional information regarding our off-balance-sheet arrangements and contractual obligations.

Significant Accounting Policies and Estimates

We describe our significant accounting policies in Note 1, *Summary of Significant Accounting Policies*, of the Notes to Consolidated Financial Statements included in our Annual Report on Form 10-K for the fiscal year ended February 1, 2020. We discuss our critical accounting estimates in Item 7, *Management's Discussion and Analysis of Financial Condition and Results of Operations*, in our Annual Report on Form 10-K for the fiscal year ended February 1, 2020. There have been no significant changes in our significant accounting policies or critical accounting estimates since the end of fiscal 2020.

New Accounting Pronouncements

For new applicable accounting pronouncements, see Note 1, *Basis of Presentation*, of the Notes to Condensed Consolidated Financial Statements, included in this Quarterly Report on Form 10-Q.

Safe Harbor Statement Under the Private Securities Litigation Reform Act

Section 27A of the Securities Act of 1933, as amended ("Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended ("Exchange Act"), provide a "safe harbor" for forward-looking statements to encourage companies to provide prospective information about their companies. With the exception of historical information, the matters discussed in this Quarterly Report on Form 10-Q are forward-looking statements and may be identified by the use of words such as "anticipate," "assume," "believe," "estimate," "expect," "guidance," "intend," "outlook," "plan," "project" and other words and terms of similar meaning. Such statements reflect our current views and estimates with respect to future market conditions, company performance and financial results, operational investments, business prospects, new strategies, the competitive environment and other events. These statements are subject to certain risks and uncertainties that could cause actual results to differ materially from the potential results discussed in such forward-looking statements. Readers should review Item 1A, *Risk Factors*, of our Annual Report on Form 10-K for the fiscal year ended February 1, 2020, and Item 1A, *Risk Factors*, in this Quarterly Report on Form 10-Q for a description of important factors that could cause our actual results to differ materially from those contemplated by the forward-looking statements made in this Quarterly Report on Form 10-Q. Among the factors that could cause actual results and outcomes to differ materially from those contained in such forward-looking statements are the following: the duration and scope of the COVID-19 pandemic and the impact on demand for our products and services, levels of consumer confidence and our supply chain; the effects and duration of steps we take in response to the pandemic, including the implementation of our interim and evolving operating model; actions governments, businesses and individuals take in response to the pandemic and their impact on economic activity and consumer spending; the pace of recovery when the COVID-19 pandemic subsides; general economic uncertainty in key global markets and worsening of global economic conditions or low levels of economic growth; competition (including from multi-channel retailers, e-commerce business, technology service providers, traditional store-based retailers, vendors and mobile network carriers), our mix of products and services, our expansion strategies, our focus on services as a strategic priority, our reliance on key vendors and mobile network carriers (including product availability), pricing investments and promotional activity, our ability to attract and retain qualified employees, changes in market compensation rates, risks arising from statutory, regulatory and legal developments (including tax statutes and regulations), macroeconomic pressures in the markets in which we operate (including fluctuations in housing prices, energy markets and jobless rates), conditions in the industries and categories in which we operate, failure to effectively manage our costs, our reliance on our information technology systems, our ability to prevent or effectively respond to a privacy or security breach, our ability to effectively manage strategic ventures, alliances or acquisitions, our dependence on cash flows and net earnings generated during the fourth fiscal quarter, susceptibility of our products to technological advancements, product life cycles and launches, changes in consumer preferences, spending and debt, our ability to provide attractive promotional financing, interruptions and other supply chain issues, catastrophic events, our ability to maintain positive brand perception and recognition, product safety and quality concerns, changes to labor or employment laws or regulations, our ability to effectively manage our real estate portfolio, constraints in the capital markets, changes to our vendor credit terms, changes in our credit ratings, any material disruption in our relationship with or the services of third-party vendors, risks related to our exclusive brand products and risks associated with vendors that source products outside of the U.S., trade restrictions or changes in the costs of imports (including existing or new tariffs or duties and changes in the amount of any such tariffs or duties) and risks arising from our international activities. We caution that the foregoing list of important factors is not complete. Any forward-looking statements speak only as of the date they are made, and we assume no obligation to update any forward-looking statement that we may make.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

As disclosed in our Annual Report on Form 10-K for the fiscal year ended February 1, 2020, in addition to the risks inherent in our operations, we are exposed to certain market risks.

Interest Rate Risk

We are exposed to changes in short-term market interest rates and these changes in rates will impact our net interest expense. Refer to Note 1, *Summary of Significant Accounting Policies,* in the Notes to Consolidated Financial Statements included in our Annual Report on Form 10-K for the fiscal year ended February 1, 2020, for further information regarding our interest rate swaps.

As of May 2, 2020, we had $3.92 billion of cash and cash equivalents and $2.40 billion of debt, which includes $1.15 billion that has been swapped to floating rate and $1.25 billion from the Facility that fluctuates with each new draw or rollover based on LIBOR, resulting in a net balance exposed to interest rate changes of $1.52 billion. As of May 2, 2020, a 50-basis point increase in short-term interest rates would have led to an estimated $8 million reduction in net interest expense, and conversely a 50-basis point decrease in short-term interest rates would have led to an estimated $8 million increase in net interest expense.

Foreign Currency Exchange Rate Risk

We have market risk arising from changes in foreign currency exchange rates related to our International segment operations. Refer to Note 1, *Summary of Significant Accounting Policies*, in the Notes to Consolidated Financial Statements included in our Annual Report on Form 10-K for the fiscal year ended February 1, 2020, for additional information regarding these instruments.

Foreign currency exchange rate fluctuations were primarily driven by the strength of the U.S. dollar compared to the Canadian dollar compared to the prior-year period, which had a negative overall impact on our revenue as these foreign currencies translated into fewer U.S. dollars. We estimate that foreign currency exchange rate fluctuations had a net unfavorable impact of $21 million on our revenue in the first quarter of fiscal 2021. The impact of foreign exchange rate fluctuations on our net earnings for the first quarter of fiscal 2021 was not significant.

Item 4. Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in the reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer (principal executive officer) and Chief Financial Officer (principal financial officer), to allow timely decisions regarding required disclosure. We have established a Disclosure Committee, consisting of certain members of management, to assist in this evaluation. The Disclosure Committee meets on a regular quarterly basis and otherwise as needed.

Our management, including our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) promulgated under the Exchange Act), at May 2, 2020. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, at May 2, 2020, our disclosure controls and procedures were effective.

There were no changes in internal control over financial reporting during the fiscal quarter ended May 2, 2020, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II — OTHER INFORMATION

Item 1. Legal Proceedings

For information about our legal proceedings, see Note 10, *Contingencies*, of the Notes to Condensed Consolidated Financial Statements, included in this Quarterly Report on Form 10-Q.

Item 1A. Risk Factors

The global COVID-19 pandemic has had a material impact on our business, financial results and liquidity, and such impact could worsen and last for an unknown period of time.

The COVID-19 pandemic has subjected our business, operations and financial condition to a number of risks, including, but not limited to, those discussed below:

Risks Related to Sales and Customer Demand: The significant reduction in customer visits to, and spending at, our stores since March 2020 as a result of the operational changes we have made in response to the pandemic and reduced customer demand for nonessential products and services, has negatively impacted our sales. The extent to which the pandemic continues to impact our business, operations and financial results will depend on numerous evolving factors that we may not be able to accurately predict or assess, including the duration of the pandemic; the extent of the impact on global and regional economies and economic activity, including the duration and magnitude of its impact on unemployment rates, consumer discretionary spending and consumer confidence; actions governments, businesses and individuals take in their ongoing response to the pandemic, including the timing and nature of loosening of restrictions imposed in response to the pandemic; and our ability to successfully navigate those impacts. We have tried to mitigate the negative impact of sales declines on our profitability by lowering merchandise receipts to match demand with a focus on essential items for our customers, reducing operating costs, and extending payment terms in partnership with key merchandise vendors, but these measures may not be successful. We may not be able to meet customer demand in all of our categories due to product shortages or decisions by our vendors to allocate products to certain customers due to the circumstances resulting from the pandemic, and our vendors may increase prices, each of which may adversely impact our revenue and profitability. The pandemic has, and may continue to, negatively impact our products and services that historically have been more likely to be purchased in a physical store than online.

Risks Related to Operations: We have made a number of operational changes in light of COVID-19, including temporarily closing all of our domestic U.S. stores to customer traffic and moving them to a contactless, curbside-only model beginning on March 22, 2020. Although beginning on May 4, 2020, we began to welcome a limited number of customers back into some of our stores, many of our stores are still operating in the curbside-only model, and approximately 40 of our stores remain completely closed. Our ability to continue to sell our products and services is highly dependent on our ability to maintain the safety of our customers and those employees who are needed to work at our stores and distribution facilities. The ability of our employees to work may be significantly impacted by individuals contracting or being exposed to COVID-19. While we are following the requirements of governmental authorities and taking preventative and protective measures to prioritize the safety of our customers and employees, these measures may not be successful, and we may be required to temporarily close distribution centers or stores, halt certain services or take other measures. In addition, any disruptions to our vendors' ability or desire to provide products and services to us due to the pandemic, or disruptions to our internal supply chain infrastructure (such as facility closures, governmental orders restrictions movement, COVID-19 outbreaks, present and future restrictions or disruptions of transportation, such as reduced availability of air transport, port closures, and increased border controls or closures), may materially adversely affect our ability to meet customer demand, other aspects of our operations and our financial results. Further, as our online sales have increased, the risk of any interruption of our IT system capabilities is heightened, and any such interruption could result in a deterioration of our ability to process online sales, provide customer service, or perform other necessary business functions. Having shifted to remote working arrangements for many employees, we also face a heightened risk of cybersecurity attacks or data security incidents and are more dependent on internet and telecommunications access and capabilities. Also, if we do not respond appropriately to the pandemic, or if customers do not perceive our response to be adequate for a particular region or our company as a whole, we could suffer damage to our reputation and our brand, which could adversely affect our business in the future. Additionally, while we have continued to prioritize the health and safety of our employees and customers as we continue to operate during the pandemic, we face an increased risk of litigation related to our operating environments. Preparing for and responding to the continuing pandemic could divert management's attention from our key strategic priorities, increase costs as we prioritize health and safety matters for our employees and customers, cause us to reduce, delay, alter or abandon initiatives that may otherwise increase our long-term value or otherwise disrupt our business operations.

Risks Related to Profitability: To the extent COVID-19 continues to cause fundamental shifts in the channels in which customers choose to engage us, our profitability and our profitability rate may continue to be adversely impacted. For example, we may need to continue to pay rent for physical stores that are closed and not generating sales, our online mix of products and services generally produces lower gross profit rates than in-store sales, and we offer some products and services that historically are more likely to be purchased in a physical store than online. We also do not offer or have limited digital and online offerings for certain products and services, such as financing and services offerings, which have higher profitability rates. To the extent we are not able to increase the level of customer traffic in our stores or enable a more profitable mix of sales in our digital and online channels, our profitability and profitability rates may be materially negatively impacted. In addition, we expect to see continued pressure from lower profit-sharing revenue related to our private label and co-branded credit card arrangement, as the economic ramifications of COVID-19 are expected to lead to higher credit card defaults over time, which would have an adverse effect on our profitability. We have also incurred significant additional costs due to the operational changes we have made in response to the pandemic, and these costs have adversely impacted our profitability. As a result of disruptions to our supply chain, primarily due to mandatory shutdowns in locations where our products are manufactured, we are experiencing, and may continue to experience, increased costs for shipping and transportation resources. At the same time, we have continued to incur the majority of the costs to operate our stores, including rent and payroll for our employees who continue to work and, in certain cases, increased pay to field employees. If we are unable to manage these costs and supply chain disruptions, our profitability may be adversely impacted. Even after the COVID-19 pandemic subsides, we could experience a longer-term impact on our costs, for example, the need for enhanced health and hygiene requirements in one or more regions in attempts to counteract future outbreaks. As a result of decreased store traffic, certain of our stores may not generate revenue sufficient to meet operating expenses, which could adversely affect the value of our owned and leased properties, potentially requiring us to record more significant non-cash impairment charges in future periods.

Risks Related to Our Debt and Global Financing Markets: As previously disclosed, we have borrowed the full amount available under our $1.25 billion revolving credit facility to increase our cash position and maximize flexibility in light of the uncertainty surrounding the impact of COVID-19, and accordingly, our short-term debt has increased substantially since February 1, 2020, when we had no outstanding borrowings under the facility. The increase in our level of debt may adversely affect our financial and operating activities or ability to incur additional debt. In addition, as a result of the risks described above, we may be required to raise additional capital, and our access to and cost of financing will depend on, among other things, global economic conditions, conditions in the global financing markets, the availability of sufficient amounts of financing, our prospects, our credit ratings, and our business and industry outlook. There is no guarantee that debt or equity financings will be available in the future to fund our obligations, or will be available on terms consistent with our expectations.

COVID-19, and the volatile regional and global economic conditions stemming from the pandemic, as well as reactions to future pandemics or resurgences of COVID-19, could also precipitate or aggravate the other risk factors that we identified in our Fiscal 2020 Form 10-K, which in turn could materially adversely affect our business, financial condition, liquidity, results of operations (including revenues and profitability) and/or stock price. Further, COVID-19 may also affect our operating and financial results in a manner that is not presently known to us or that we currently do not consider to present significant risks to our operations.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

(c) Stock Repurchases

The following table presents information regarding our repurchases of common stock during the first quarter of fiscal 2021. On March 21,2020, we announced the suspension of all share repurchases given the uncertainty surrounding the impact of COVID-19.

Fiscal Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Program[(1)]	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Program[(1)]
February 2, 2020 through February 29, 2020	613,936	$ 87.96	613,936	$ 1,937,000,000
March 1, 2020 through April 4, 2020	34,725	$ 57.07	34,725	$ 1,935,000,000
April 5, 2020 through May 2, 2020	-	$ 0.00	-	$ 1,935,000,000
Total	648,661	$ 86.30	648,661	$ 1,935,000,000

(1) Pursuant to a $3.0 billion share repurchase program that was authorized by our Board in February 2019. There is no expiration date governing the period over which we can repurchase shares under the February 2019 share repurchase program. For additional information, see Note 8, *Repurchase of Common Stock*, in the Notes to Condensed Consolidated Financial Statements, included in this Quarterly Report on Form 10-Q.

Item 6. Exhibits

3.1	Amended and Restated Articles of Incorporation (incorporated herein by reference to the Definitive Proxy Statement filed by Best Buy Co., Inc. on April 29, 2020)
3.2	Amended and Restated By-Laws (incorporated herein by reference to Exhibit 3.1 to the Current Report on Form 8-K filed by Best Buy Co., Inc. on June 14, 2018)
10.1	Letter Agreement, dated March 10, 2020, between Hubert Joly and Best Buy Co., Inc. (incorporated herein by reference to Exhibit 10.1 to the Current Report on Form 8-K filed by Best Buy Co., Inc. on March 11, 2020)
10.2	Form of Best Buy Co., Inc. Long-Term Incentive Program Award Agreement (2020) – Restricted Shares
10.3	Form of Best Buy Co., Inc. Long-Term Incentive Program Award Agreement (2020) – Restricted Stock Units
31.1	Certification of the Chief Executive Officer pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of the Chief Financial Officer pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002[(1)]
32.2	Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002[(1)]
101	The following financial information from our Quarterly Report on Form 10-Q for the first quarter of fiscal 2021, filed with the SEC on May 27, 2020, formatted in Inline Extensible Business Reporting Language ("iXBRL"): (i) the Condensed Consolidated Balance Sheets at May 2, 2020, February 1, 2020, and May 4, 2019, (ii) the Condensed Consolidated Statements of Earnings for the three months ended May 2, 2020, and May 4, 2019, (iii) the Condensed Consolidated Statements of Comprehensive Income for the three months ended May 2, 2020, and May 4, 2019, (iv) the Condensed Consolidated Statements of Cash Flows for the three months ended May 2, 2020, and May 4, 2019, (v) the Condensed Consolidated Statements of Changes in Shareholders' Equity for the three months ended May 2, 2020, and May 4, 2019, and (vi) the Notes to Condensed Consolidated Financial Statements.
104	The cover page from our Quarterly Report on Form 10-Q for the first quarter of fiscal 2021, filed with the SEC on May 27, 2020, formatted in iXBRL (included as Exhibit 101).

(1) The certifications in Exhibit 32.1 and Exhibit 32.2 to this Quarterly Report on Form 10-Q shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to liability of that section and shall not be incorporated by reference into any filing or other document pursuant to the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in such filing or document.

Pursuant to Item 601(b)(4)(iii) of Regulation S-K under the Securities Act of 1933, as amended, the registrant has not filed as exhibits to this Quarterly Report on Form 10-Q certain instruments with respect to long-term debt under which the amount of securities authorized does not exceed 10% of the total assets of the registrant. The registrant hereby agrees to furnish copies of all such instruments to the SEC upon request.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

	BEST BUY CO., INC. (Registrant)	
Date: May 27, 2020	By:	/s/ CORIE BARRY Corie Barry *Chief Executive Officer*
Date: May 27, 2020	By:	/s/ MATTHEW BILUNAS Matthew Bilunas *Chief Financial Officer*
Date: May 27, 2020	By:	/s/ MATHEW R. WATSON Mathew R. Watson *Senior Vice President, Finance – Controller and Chief Accounting Officer*

BEST BUY CO., INC.
LONG-TERM INCENTIVE PROGRAM AWARD AGREEMENT
Award Date: _____, 2020

This Long-Term Incentive Program Agreement (the "**Agreement**"), dated the date set forth above (the "**Award Date**"), is between Best Buy Co., Inc., a Minnesota corporation, ("**Best Buy**" or the "**Company**"), and the employee ("**you**" or the "**Participant**") of the Company (or one of its Affiliates) whose name is set forth in the Award Notification you received from the Company (the "**Award Notification**"). The Award Notification is included in and made a part of this Agreement.

1. **Grant of Award**. In consideration of your employment with or service to a member of the Company Group, the Company hereby grants to you the award set forth in the Award Notification (the "**Award**") subject to the terms and conditions of this Agreement and the Best Buy Co., Inc. Amended and Restated 2014 Omnibus Incentive Plan (the "**Plan**"). In the event of any conflict between this Agreement and the Plan, the Plan will govern. By your acceptance of this Award, you acknowledge receipt of a copy of the Prospectus for the Plan and your agreement to the terms and conditions of the Plan and this Agreement.

2. **Options**. This section applies to you if your Award includes an Option. An "**Option**" is a right to purchase a number of shares of common stock of the Company ("**Shares**") at the price per share of Common Stock stated in the Award Notification.

   (a) **Term and Vesting**. The Option shall expire and no longer be exercisable on the tenth anniversary the Award Date or such earlier date as provided herein (such date, the "**Expiration Date**"). Except as otherwise set forth herein, the Option may be exercised, in whole or in part, at any time prior to the Expiration Date, in accordance with the schedule stated in the Award Notification. In no case may the Option be exercised after the Expiration Date.

   (b) **Method of Exercise**. The Option may be exercised by written notice to the Company (through the Plan administrator or other means specified by the Company) stating the number of Shares to be purchased. Such notice must be accompanied by payment in full of the exercise price for all Shares to be purchased by (i) cash or check, (ii) delivery of unencumbered Shares previously acquired by you having a Fair Market Value on the date of exercise that is equal to the exercise price, (iii) withholding of Shares that would otherwise be issued upon such exercise having a Fair Market Value on the date of exercise equal to the aggregate exercise price for the Shares for which the Option is being exercised or (iv) a cashless (broker-assisted) exercise that complies with all applicable laws.

3. **Restricted Shares**. This section applies to you if your Award includes Restricted Shares. A "**Restricted Share**" is a Share issued to you on the Award Date that is subject to the restrictions set forth in this Agreement.

   (a) **Restrictions**. Until the Restricted Shares vest, they may not be assigned, transferred (other than by will or the laws of descent and distribution), pledged or hypothecated (whether by operation of law or otherwise) or otherwise conveyed or encumbered, and shall not be subject to execution, attachment or similar process. Any attempted assignment, transfer, pledge, hypothecation or other disposition contrary to the provisions this Agreement or the Plan, or the levy of any execution, attachment or similar process upon the Restricted Shares, shall be void and unenforceable against the Company.

(b) Vesting. Except as otherwise set forth herein, so long as you remained employed by a member of the Company Group, the Restricted Shares shall vest in accordance with the schedule stated in the Award Notification.

(c) Performance Condition. Notwithstanding the vesting schedule stated in the Award Notification, your Restricted Shares shall not vest unless the Company achieves positive Adjusted Net Earnings in any fiscal year during the term of the Award. "**Adjusted Net Earnings**" means net earnings determined in accordance with GAAP as publicly reported by the Company for a fiscal year, adjusted to eliminate the following: (1) the cumulative effect of changes in GAAP; (2) gains and losses from discontinued operations; (3) extraordinary gains or losses; and (4) any other unusual or nonrecurring gains or losses which are separately identified and quantified, including merger related charges.

(d) Issuance of Restricted Shares. Unless otherwise determined by the Committee, the Company shall issue the Restricted Shares in the Participant's name in book-entry form with legends or notations indicating the restrictions in this Agreement

4. Performance Share Award. This section applies to you if your Award includes a Performance Share Award. A "**Performance Share Award**" is a commitment by the Company to issue a certain number of Shares to you provided you meet certain employment criteria and that the Company achieves certain financial performance levels. A Performance Share Award does not represent immediate ownership of Shares.

(a) Determination of Number of Shares under Performance Share Award. The number of Shares issuable under (i) the revenue component of your Performance Share Award (the "**Revenue Performance Share Number**") will be equal to a percentage of the target number of Shares stated in your Award Notification for the revenue component ("**Revenue Target**") and (ii) the TSR component of your Performance Share Award (the "**TSR Performance Share Number**") will be equal to a percentage of the target number of Shares stated in your Award Notification for the TSR component ("**TSR Target**"), in each case as determined below.

(b) Revenue Performance Share Number.

(i) Within 120 days after the end of the Performance Period, the Committee will calculate the CAGR of Enterprise Revenue from fiscal year 2020 to fiscal year 2023 ("**Enterprise Revenue CAGR**").

(ii) Your Revenue Performance Share Number will be calculated as set forth in your Award Notification.

(c) TSR Performance Share Number.

(i) Within 120 days after the end of the Performance Period, the Committee will (A) calculate the TSR for Best Buy and for each company included in the S&P 500 Index at the time of any calculation hereunder, (B) rank each such company by TSR (lowest to highest), and (C) determine the percentile rank of Best Buy's TSR in such ranking by dividing Best Buy's numerical position in such TSR ranking by the total number of companies included in the list, rounding to the nearest hundredth ("**Relative TSR**"). For example, if Best Buy were ranked 300 out of 500, its Relative TSR would be 60%.

(ii) Your TSR Performance Share Number will be equal to the percentage of the TSR Target that is listed in the column below with the heading "Number of Shares Earned" opposite the band in the column with the heading "Performance" in which Relative TSR falls. If Relative TSR is between Threshold TSR and Target TSR or between Target TSR and Maximum TSR, your TSR Performance Share Number will be equal to a percentage interpolated on a linear basis for performance between such amounts. For example, if Best Buy's Relative TSR is 60%, then your TSR Performance Share Number would be 125% of your TSR Target. Your TSR Performance Share Number will be rounded to the nearest whole number.

Performance	Number of Shares Earned
Relative TSR less than 30% (“**Threshold TSR**”)	0
Relative TSR 30% or greater but less than 50%	50%-99% of TSR Target
Relative TSR 50% (“**Target TSR**”) or greater but less than 70%	100%-149% of TSR Target
Relative TSR Greater than 70% (“**Maximum TSR**”)	150% of TSR Target
The number of performance shares earned will be interpolated on a linear basis for performance between Threshold and Target and between Target and Maximum.	

(d) Certain Definitions.

(i) “**Beginning Price**” means, with respect to any one company, the average closing price of one share of common stock during the first fiscal quarter of the Performance Period.

(ii) “**CAGR**” means compound annual growth rate.

(iii) “**Ending Price**” means, with respect to any one company, the average closing price of one share of common stock during the first fiscal quarter following completion of the Performance Period.

(iv) **“Enterprise Revenue”** means revenue of the Company from continuing operations as reported in the Company's Annual Report on Form 10-K for the respective 52-week fiscal year adjusted to eliminate the impact of currency exchange rate fluctuations; provided, however, that the Committee may adjust Enterprise Revenue down to eliminate the following: (1) the cumulative effect of changes in GAAP (only to the extent such changes would reduce Enterprise Revenue); (2) revenue from discontinued operations; and (3) any other unusual or nonrecurring gains which are separately identified and quantified, including acquisition related revenue.

(v) **“Performance Period”** means the performance period stated in the Award Notification.

(vi) **“Performance Share Number”** means the sum of the Revenue Performance Share Number plus the TSR Performance Share Number.

(vii) **“TSR”** means, with respect to any one company, the price appreciation of one share of common stock as measured from the Beginning Price to the Ending Price, assuming all dividends and other distributions made on such share are reinvested, expressed as a percentage.

(e) Change of Control. Notwithstanding anything in this Agreement to the contrary, in the event of a Change of Control prior to the end of the Performance Period, the Committee will determine (i) Enterprise Revenue CAGR using the last completed fiscal year instead of fiscal year 2023 and (ii) Relative TSR using the average closing price of one share of common stock during the last completed fiscal quarter in order to determine the Ending Price, and the Revenue and TSR Performance Share Numbers will be equal to the greater of (i) the numbers determined pursuant to Section 4(b)(ii) and Section 4(c)(ii) above, respectively, and (ii) the respective Revenue or TSR Target.

(f) Performance Share Number Not Guaranteed. If Relative TSR is less than Threshold TSR or Enterprise Revenue CAGR is less than Threshold Enterprise Revenue CAGR the respective portion of your Performance Share Number will be 0 and there will be no Shares issued under that portion of your

Performance Share Award. The Committee shall have sole discretion to determine Relative TSR and Enterprise Revenue.

(g) Issuance of Shares. Any Shares issuable to you under your Performance Share Award will be issued within 60 days after the Committee's determination of Relative TSR and Enterprise Revenue CAGR; provided however, that the Company's obligation to issue such shares is subject to Section 5 of this Agreement.

5. Effect of Termination of Employment. Your employment with the Company Group may be terminated by your employer at any time for any reason (with or without advance notice). This section provides the effect on your Award of different types of termination of employment.

(a) Qualified Retirement. In the event of your Qualified Retirement:

(i) Options. If your Award includes an Option, the Option will continue to vest in accordance with the vesting schedule set forth above. You will have until the later of (A) three years from the date of your Qualified Retirement and (B) the last scheduled vesting date to exercise the entire Option; provided, however, that in no event shall the Option be exercisable after the Expiration Date. Any portion of the Option unexercised at the end of this period will be forfeited.

(ii) Restricted Shares. If your Award includes Restricted Shares, such Restricted Shares will continue to vest in accordance with the vesting schedule set forth above, subject to the Company's achievement of the performance condition described in Section 3(c).

(iii) Performance Shares. If your Award includes Performance Shares and in the event of your Qualified Retirement prior to the end of the Performance Period, you may be entitled to a prorated Performance Share Award. If Relative TSR is greater than Threshold TSR (as determined after the end of the Performance Period), you will be entitled to a prorated TSR Performance Share Number. If Enterprise Revenue CAGR is greater than Threshold Enterprise Revenue CAGR (as determined after the end of the Performance Period), you will be entitled to a prorated Revenue Performance Share Number. For each component, your Performance Share Award will be determined by multiplying the Performance Share Number calculated as if you were employed by a member of the Company Group on the last day of the Performance Period by a fraction, the numerator of which is the number of days during the Performance Period you were so employed, and the denominator of which is the number of days in the Performance Period.

(b) Death or Disability. In the event of your death or employment termination due to Disability:

(i) Options. If your Award includes an Option, any then unvested portion of the Option will vest and become exercisable as of the date of death or, in the case of Disability, as of the date of employment termination. In the event of your death, the representative of your estate or your heirs will have until the earlier of (A) one year from the date of your death and (B) the Expiration Date of the Option, to exercise the Option. In the event you become Disabled while employed with the Company Group and must therefore terminate your employment, you will have until the earlier of (X) one year from the date of your employment termination and (Y) the Expiration Date of the Option, to exercise the Option.

(ii) Restricted Shares. If your Award includes Restricted Shares, any then unvested Restricted Shares will vest as of the date of death or, in the case of Disability, employment termination.

(iii) **Performance Share Award**. If your Award includes a Performance Share Award and in the event of your death or employment termination due to Disability prior to the end of the Performance Period, you or the representative of your estate or your heirs, as applicable, may be entitled to a prorated Performance Share Award. If Relative TSR is greater than Threshold TSR (as determined as of the last completed fiscal quarter prior to the date of termination of employment to determine the Ending Price), you or the representative of your estate or your heirs, as applicable, will be entitled to a prorated TSR Performance Share Number. If Enterprise Revenue CAGR is greater than Threshold Enterprise Revenue CAGR (using the last completed fiscal year instead of fiscal year 2023 for purposes of determining Enterprise Revenue CAGR), you will be entitled to a prorated Revenue Performance Share Number. For each component, your Performance Share Award will be determined by multiplying the Performance Share Number calculated as of the date of termination of employment multiplied by a fraction, the numerator of which is the number of days during the Performance Period you were employed, and the denominator of which is the number of days in the Performance Period.

(c) Involuntary Termination Without Cause. If your employment is Involuntarily Terminated Without Cause:

(i) Options. If your Award includes an Option, you will have 60 days from the date of termination of your employment to exercise the portion of the Option vested as of your termination date, and any portion of the Option then unvested will be forfeited; provided, however, that if your employment is Involuntarily Terminated Without Cause within 12 months following a Change of Control, any then unvested portion of the Option will vest and become exercisable during the period ending 60 days from the date of termination of your employment. In no event, however, may the Option be exercised after its Expiration Date.

(ii) Restricted Shares. If your Award includes Restricted Shares, you will forfeit any then unvested Restricted Shares.

(iii) Performance Share Award. If your Award includes a Performance Share Award and your employment is Involuntarily Terminated Without Cause prior to the end of the Performance Period, you may be entitled to a prorated Performance Share Award. If Relative TSR is greater than Threshold TSR (as determined after the end of the Performance Period), you will be entitled to a prorated TSR Performance Share Number. If Enterprise Revenue CAGR is greater than Threshold Enterprise Revenue CAGR (as determined after the end of the Performance Period), you will be entitled to a prorated Revenue Performance Share Number. For each component, your Performance Share Award is determined by multiplying the Performance Share Number calculated as if you were employed by a member of the Company Group on the last day of the Performance Period multiplied by a fraction, the numerator of which is the number of days during the Performance Period you were employed, and the denominator of which is the number of days in the Performance Period.

(d) Voluntary Termination. If you voluntarily terminate your employment with the Company Group for any reason:

(i) Options. If your Award includes an Option, you will have 60 days from the date of termination of your employment to exercise the Option, to the extent the Option had become vested as of your termination date. Any then unvested portion of the Option will be forfeited. In no event, however, may the Option be exercised after its Expiration Date.

(ii) Restricted Shares. If your Award includes Restricted Shares, you will forfeit any then unvested Restricted Shares.

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

(e) Termination for Cause. If your employment is terminated by any member of the Company Group for any reason at a time when any member of the Company Group is entitled to terminate your employment for Cause:

(i) Options. If your Award includes an Option, any then unvested portion of the Option will be forfeited, and the Option may not be exercised after termination of your employment.

(ii) Restricted Shares. If your Award includes Restricted Shares, any then unvested Restricted Shares will be forfeited.

(iii) Performance Share Award. If your Award includes a Performance Share Award and your employment is terminated by any member of the Company Group for any reason at a time when any member of the Company Group is entitled to terminate your employment for Cause prior to the end of the Performance Period, you will forfeit your entire Performance Share Award.

6. Restrictive Covenants and Remedies. By accepting the Award, you specifically agree to the restrictive covenants contained in this Section 6 (the "**Restrictive Covenants**") and you agree that the Restrictive Covenants and the remedies described herein are reasonable and necessary to protect the legitimate interests of the Company Group. You also acknowledge the uncertainty of the law with respect to Restrictive Covenants and expressly stipulate that this Agreement is to be given the construction that renders its provisions valid and enforceable to the maximum extent (not exceeding its express terms) possible under applicable law. Sections 6(b) and 6(c) apply to you only if you are an officer of the Company and if you are employed outside the states of California or Massachusetts. Further, if you are an attorney, the Restrictive Covenants apply to you only to the extent they are consistent with the rules of professional conduct applicable to you (for example, Minnesota Rule of Professional Conduct 5.6).

(a) Confidentiality. In consideration of the Award, you acknowledge that the Company Group operates in a competitive environment and has a substantial interest in protecting its Confidential Information, and you agree, during your employment with the Company Group and thereafter, to maintain the confidentiality of the Company Group's Confidential Information and to use such Confidential Information for the exclusive benefit of the Company Group. You will not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that is made in confidence to a federal, state, or local government official or to an attorney solely for the purpose of reporting or investigating a suspected violation of law. You shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. An individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the trade secret to the attorney of the individual and use the trade secret information in the court proceeding, if the individual files any document containing the trade secret under seal, and does not disclose the trade secret, except pursuant to court order.

(b) Competitive Activity. During your employment with the Company Group and for one year following the later of (i) termination of your employment for any reason whatsoever or (ii) the last scheduled vesting date for your Award, you shall not compete, directly or indirectly, through an Affiliate or otherwise, in any manner or capacity (including, without limitation, through any form of ownership or as a principal, agent, partner, officer, director, employee, advisor or consultant) with the Company Group, for your benefit or for the benefit of any other Person other than the Company Group anywhere in the world. In the event that any portion of this Section 6(b) shall be determined by an arbitrator to be unenforceable because it is unreasonably restrictive in any respect, it shall be interpreted to extend over the maximum period of time for which it reasonably may be enforced and to the maximum extent for which it reasonably may be enforced in all other respects, and enforced as so interpreted, all as determined by such arbitrator in such action. You acknowledge the uncertainty of the law in this respect and expressly stipulate that this Agreement is to be given the construction that renders its provisions valid and enforceable to the maximum extent (not exceeding its express terms) possible under applicable law. Ownership of less than 1% of the outstanding capital stock of any corporation listed on a national securities exchange will not constitute a breach of this Section 6(b).

(c) Non-Solicitation. During your employment and for one year following the later of (i) termination of your employment for any reason whatsoever or (ii) the last scheduled award vesting date, you shall not:

(a) induce or attempt to induce any employee of the Company Group to leave the employ of Company Group, or in any way interfere adversely with the relationship between any such employee and Company Group;
(b) induce or attempt to induce any employee of Company Group to work for, render services to, provide advice to, or supply Confidential Information of Company Group to any third Person;
(c) employ, or otherwise pay for services rendered by, any employee of Company Group in any business enterprise with which you may be associated, connected or affiliated;
(d) induce or attempt to induce any customer, supplier, licensee, licensor or other business relation of Company Group to cease doing business with Company Group, or in any way interfere with the then existing business relationship between any such customer, supplier, licensee, licensor or other business relation and Company Group; or
(e) assist, solicit, or encourage any other Person, directly or indirectly, in carrying out any activity set forth above that would be prohibited by any of the provisions of this Agreement if such activity were carried out by you. In particular, you will not, directly or indirectly, induce any employee of Company Group to carry out any such activity.

(d) Partial Invalidity. If any portion of this Section 6 is determined by an arbitrator to be unenforceable in any respect, it shall be interpreted to be valid to the maximum extent for which it reasonably may be enforced, and enforced as so interpreted, all as determined by such arbitrator in such action. You acknowledge the uncertainty of the law in this respect and expressly stipulate that this Agreement is to be given the construction that renders its provisions valid and enforceable to the maximum extent (not exceeding its express terms) possible under applicable law.

(e) Remedy for Breach. You agree that a breach of any of the Restrictive Covenants would cause material and irreparable harm to the Company Group that would be difficult or impossible to measure, and that monetary damages for any such harm would, therefore, be an inadequate remedy. Accordingly, you agree that if you breach any Restrictive Covenant, the Company Group shall be entitled, in addition to and without limitation upon all other remedies the Company Group may have under this Agreement, at law or otherwise, to obtain injunctive or other appropriate equitable relief, without bond or other security, to restrain any such breach through arbitration. You further agree that the duration of the Restrictive Covenant shall be extended by the same amount of time that you are in breach of any Restrictive Covenant.

(f) Claw Back & Recovery. You agree your Award, the Shares underlying your Award, as well as the value of any and all Shares no longer under your control, are subject to forfeiture and recovery pursuant to the Company's Clawback Policy, as it may be amended from time to time (the "**Clawback Policy**"), located at https://hr.bestbuy.com/, and any applicable law, rule or regulation or applicable stock exchange rule, including, without limitation, the Sarbanes-Oxley Act of 2002 and the Dodd-Frank Wall Street Reform and Consumer Protection Act. You acknowledge you have had an opportunity to review the Clawback Policy. Forfeiture and recovery under the Clawback Policy may include:

(i) the immediate forfeiture of any of the then unexercised portion of any Option included in your Award, any unvested Restricted Shares included in your Award, and any Performance Share Award included in your Award;

(ii) a requirement that you immediately return to the Company any Shares issued upon exercise of any Option included in your Award, and any Shares in your Award that were previously Restricted Shares and any Shares issued under any Performance Share Award that, in each case, are still under your control; and

(iii) a requirement that you promptly pay to the Company an amount equal to the fair market value of all Shares included in your Award that are no longer under your control (as measured on the exercise date of any such Option, the vesting date of any such formerly Restricted Shares, and the date of issuance of any Shares issued under any such Performance Share Award, as applicable).

(g) **Right of Set Off**. By accepting the Award, you agree that any member of the Company Group may, to the extent permitted by applicable law, set off any amount owed to you (including wages or other compensation, fringe benefits or vacation pay) against any amounts you owe under this Section 6.

7. General Terms and Conditions.

(a) **Rights as a Shareholder**.

(i) **Options**. You will have no rights as a shareholder with respect to any Shares issuable upon exercise of an Option, nor have any rights to dividends or other rights as a shareholder with respect to any such Shares, until you have actually received such Shares following the exercise of the Option in accordance with the terms of this Agreement and the Plan.

(ii) **Restricted Shares**. Upon the issuance of Restricted Shares, you shall be entitled to exercise the rights of a stockholder. Notwithstanding the foregoing, you will not have the right to vote any Restricted Shares during the time period such Restricted Shares are subject to the restrictions in Section 3(a) (the "**Restricted Period**"), and you will not have any right to any dividends paid on Restricted Shares during the Restricted Period.

(iii) **Performance Share Awards**. You will have no rights as a stockholder with respect to any Shares issuable under a Performance Share Award until you have actually received such Shares in accordance with the terms of this Agreement and the Plan.

(iv) **Dividend Equivalents**. If your Award includes Restricted Shares or a Performance Share Award, upon vesting of such Restricted Shares or upon issuance of Shares underlying such Performance Share Award, as the case may be, in accordance with the terms of this Agreement, you will be entitled to the Total Dividend Equivalent Amount with respect to such Restricted Shares or Performance Share Award. The Total Dividend Equivalent Amount will be converted to Shares and issued to you upon vesting of Restricted Shares, or issuance of Shares underlying a Performance Share Award, as applicable; provided, however, that the Committee may pay you the Total Dividend Equivalent Amount in cash, as determined in its sole discretion. Any such conversion shall be based on the closing price of one Share on the applicable dividend payment date. In the event any such conversion results in a fraction of a Share, the number of such Shares shall be rounded up to the nearest whole number. The Company's obligation to issue such Shares or pay such amounts are subject to the same terms and conditions as apply to your Restricted Shares and any Performance Share Award.

(A) "**Dividend Equivalent Amount**" means the amount of any dividend paid on one Share that has a record date during the Dividend Equivalent Period multiplied by (1) in the case of Restricted Shares, the number of Restricted Shares held by you as of such record date and, (2) in the case of a Performance Share Award, the Performance Share Number.

(B) "**Dividend Equivalent Period**" means the period beginning on the grant date and ending (i) in the case of Restricted Shares, on the vesting date of such Restricted Shares and, (ii) in the case of a Performance Share Award, on the date of issuance of any Shares underlying a Performance Share Award.

(C) "**Total Dividend Equivalent Amount**" means the sum of all Dividend Equivalent Amounts with respect the Restricted Shares granted under this Agreement or the Performance Share Award granted under this Agreement, as applicable.

(b) Transferability.

(i) Options. Options may not be assigned, transferred (other than by will or the laws of descent and distribution), pledged or hypothecated (whether by operation of law or otherwise) or otherwise conveyed or encumbered, and shall not be subject to execution, attachment or similar process. Any attempted assignment, transfer, pledge, hypothecation or other disposition of the Option contrary to the provisions of this Agreement or the Plan, or the levy of any execution, attachment or similar process upon the Option, shall be void and unenforceable against the Company.

(ii) Restricted Shares. Restricted Shares are subject to the restrictions set forth in Section 3(a) of this Agreement.

(iii) Performance Share Awards. Performance Share Awards may not be assigned, transferred (other than by will or the laws of descent and distribution), pledged or hypothecated (whether by operation of law or otherwise) or otherwise conveyed or encumbered, and shall not be subject to execution, attachment or similar process. Any attempted assignment, transfer, pledge, hypothecation or other disposition of a Performance Share Award contrary to the provisions of this Agreement or the Plan, or the levy of any execution, attachment or similar process upon a Performance Share Award, shall be void and unenforceable against the Company.

(c) No Right to Continued Employment. This Agreement does not guarantee your continued employment nor alter the right of any member of the Company Group to terminate your employment at any time.

(d) Participant's Acknowledgements.

(i) Committee's Sole Discretion. The Committee has sole discretion to make decisions regarding your Award, and to interpret all terms of this Agreement, with the exception of the application of the Company's Arbitration Policy. You agree that all decisions regarding and interpretations of this Agreement by the Committee are binding, conclusive, final and non-appealable.

(ii) Taxes. You are liable for any for any federal, state and other taxes incurred upon the exercise, vesting or settlement of any Award, and any subsequent disposition of any Shares.

(A) Options. Any Options included in your Award are Non-Qualified Stock Options not eligible for treatment as qualified or incentive stock options for federal income tax purposes. Prior to exercising any Option, you will pay or make adequate arrangements satisfactory to the

Company to satisfy all applicable taxes. If applicable, you authorize the Company, or its agents, to satisfy its obligations with regard to all taxes by withholding Shares of the Company common stock to be issued at exercise of the Option or otherwise selling Shares of the Company on your behalf not less than the taxes required to be withheld by the Company and not more than your total tax obligation, pursuant to the policies and processes of the Company's stock plan administrator and broker.

(B) **Restricted Shares.** Upon vesting of any Restricted Shares, you authorize the Company, or its agents, to satisfy the obligations with regard to all taxes by selling Shares of the Company on your behalf, or otherwise withholding from such Shares a number of Shares having a Fair Market Value not less than the taxes required to be withheld by the Company and not more than your total tax obligation, pursuant to the policies and processes of the Company's stock plan administrator and broker.

(C) **Performance Share Award.** Upon issuance of your Performance Share Award, you authorize the Company, or its agents, to satisfy the obligations with regard to all taxes by selling Shares of the Company on your behalf, or otherwise withholding from such Shares a number of Shares having a Fair Market Value not less than the taxes required to be withheld by the Company and not more than your total tax obligation, pursuant to the policies and processes of the Company's stock plan administrator and broker.

(iii) **Section 83(b) Election**. If your Award includes Restricted Shares, you acknowledge that you may file an election pursuant to Section 83(b) of the Internal Revenue Code to be taxed currently on the fair market value of any Restricted Shares of Restricted Stock, provided that such election must be filed with the Internal Revenue Service no later than 30 days after the grant of such Restricted Shares. You agree to seek the advice of your own tax advisors as to the advisability of making such a Section 83(b) election, the potential consequences of making such an election, the requirements for making such an election, and the other tax consequences of the Restricted Shares under federal, state, and any other laws that may be applicable.

(iv) **Consultation With Professional Tax Advisors**. You acknowledge that the grant, exercise, vesting or any payment with respect to the Award, and the sale or other taxable disposition of the Shares acquired as a result of the Award may have tax consequences under federal, state, local or international tax laws. You further acknowledge that you are relying solely on your own professional tax and investment advisors with respect to any and all such matters (and are not relying, in any manner, on the Company or any of its employees or representatives). You understand and agree that any and all tax consequences resulting from the Award and its grant, exercise, vesting or any payment with respect thereto, and the sale or other taxable disposition of the Shares acquired pursuant to the Plan, are solely your responsibility without any expectation or understanding that the Company or any of its employees or representatives will pay or reimburse you for such taxes.

(e) **Severability**. In the event that any provision in the Plan or this Agreement is held to be invalid, illegal or unenforceable or would disqualify the Plan or this Agreement under any law, the invalid, illegal or unenforceable provision shall be construed or deemed amended to conform to applicable laws, or if it cannot be so construed or deemed amended without, in the determination of the Committee, materially altering the purpose or intent of the Plan or this Agreement, such provision shall be stricken as to the applicable jurisdiction or Shares, and the remainder of the Plan or this Agreement shall remain in full force and effect.

(f) Governing Law and Dispute Resolution. Any disputes under this Agreement or the Plan must be resolved by arbitration subject to the Company's Arbitration Policy. The substantive laws of Minnesota, without regard to the conflict of law provisions, shall apply to all questions concerning this Agreement to the extent not prohibited by the applicable law of the State in which you primarily work and reside; however, the Arbitration Policy, its enforceability, and its implementation are governed by the Federal Arbitration Act.

8. Definitions. Capitalized terms used but not defined in this Agreement are defined in the Plan or, if not defined therein, will have the following meanings:

(a) "**Beneficial Owner**" will have the meaning defined in Rule 13d-3 under the Securities Exchange Act of 1934, as amended, or any successor provision.

(b) "**Board**" means the Board of Directors of Best Buy Co., Inc.

(c) "**Cause**" for termination of your employment with the Company Group shall, solely for purposes of this Agreement, is deemed to exist if you:

(i) are charged with, convicted of or enter a plea of guilty or *nolo contendere* to: (a) a felony, (b) any crime involving moral turpitude, dishonesty, breach of trust or unethical business conduct, or (c) any crime involving the business of the Company Group;

(ii) in the performance of your duties for the Company Group or otherwise to the detriment of the Company Group, engage in: (a) dishonesty that is harmful to the Company Group, monetarily or otherwise, (b) willful or gross misconduct, (c) willful or gross neglect, (d) fraud, (e) misappropriation, (f) embezzlement, or (g) theft;

(iii) disobey the directions of the Board, or any individual or individuals the Board authorizes to act on its or their behalf, acting within the scope of its or their authority;

(iv) fail to comply with the policies or practices of the Company Group;

(v) fail to devote substantially all of your business time and effort to the Company Group;

(vi) are adjudicated in any civil suit, or acknowledge in writing in any agreement or stipulation, to have committed any theft, embezzlement, fraud, or other act of dishonesty involving any other Person;

(vii) are determined, in the sole judgment of the Board or any individual or individuals the Board authorizes to act on its or their behalf, to have engaged in a pattern of poor performance;

(viii) are determined, in the sole judgment of the Board or any individual or individuals the Board authorizes to act on its or their behalf, to have willfully engaged in conduct that is harmful to the Company Group, monetarily or otherwise;

(ix) breach any provision of this Agreement or any other agreement between you and any member of the Company Group; or

(x) engage in any activity intended to benefit any entity at the expense of the Company Group or intended to benefit any competitor of the Company Group.

All determinations and other decisions relating to Cause (as defined above) for termination of your employment shall be within the sole discretion of the Board or any individual or individuals the Board authorizes to act on its behalf; and shall be final, conclusive and binding upon you. In the event that there exists Cause (as defined above) for termination of your employment, the Company may terminate this Agreement immediately, upon written notification of such termination for Cause, given to you by the Board or any individual or individuals the Board authorizes to act on its behalf. The use of this definition solely for purposes of this Agreement does not change your at will employment status.

(d) "**Change of Control**" means:

(i) the consummation of any transaction in which any Person or Group, other than a member or members of the Company Group or any trustee or other fiduciary holding securities under an employee benefit plan or plans of a member of the Company Group, becomes the Beneficial Owner, directly or indirectly, of securities of the Company representing 50% or more of the voting power of the Company's securities other than any such transaction in which the security holders of the Company immediately prior to such transaction Beneficially Own, immediately following such transaction, securities representing 50% or more of the voting power of the Company's securities in substantially the same proportions as their ownership immediately prior to such transaction;

(ii) individuals who at the Award Date constitute the Board and any new director (other than a director whose initial assumption of office is in connection with an actual or threatened election contest, including but not limited to a consent solicitation, relating to the election of directors of the Company) whose appointment or election by the Board or nomination for election by the Company's shareholders was approved or recommended by a vote of at least 2/3 of the directors then still in office who either were directors at the Award Date or whose appointment, election or nomination for election was previously so approved or recommended, cease for any reason to constitute a majority thereof;

(iii) there is consummated a merger or consolidation of the Company with any other entity, other than (a) a merger or consolidation in which the Beneficial Owners of securities of the Company outstanding immediately prior thereto representing 50% or more of the voting power of the Company's securities Beneficially Own, in combination with the ownership of any trustee or other fiduciary holding securities under an employee benefit plan of a member of the Company Group (either by remaining outstanding or by being converted into voting securities of the surviving entity or any parent thereof), at least 50% of the combined voting power of the voting securities of the Company or such surviving entity or parent thereof outstanding immediately after such merger or consolidation in substantially the same proportions as their Beneficial Ownership immediately prior to such transaction, or (b) a merger or consolidation effected to implement a recapitalization of the Company (or similar transaction) in which no Person is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company representing 50% or more of the combined voting power of the Company's then outstanding securities;

(iv) the consummation of any transaction or series of related transactions in which all or substantially all the Company's assets are sold or otherwise transferred, other than any sale or transfer to a Person or Group, at least 50% of the combined voting power of the voting securities of which are Beneficially Owned by shareholders of the Company in substantially the same proportions as such shareholders' Beneficial Ownership of voting securities of the Company; or

(v) approval by the shareholders of a definitive agreement or plan to liquidate or dissolve the Company.

The Board shall determine in its sole discretion that a Change of Control of the Company has occurred.

(e) "**Company Group**" means, collectively, Best Buy Co., Inc. and its subsidiaries.

(f) “**Committee**” means the Compensation and Human Resources Committee of the Board of Directors of Best Buy Co., Inc.

(g) “**Confidential Information**” means all “Confidential Information” as that term is defined in Best Buy’s Confidentiality Policy, and includes, without limitation, any and all information in whatever form, whether written, electronically stored, orally transmitted or memorized relating to trade secrets, customer lists, records and other information regarding customers, price lists and pricing policies, financial information, records, ledgers and information, purchase orders, agreements and related data, business development and strategic plans, products and technologies, product tests, manufacturing costs, product or service pricing, sales and marketing plans, research and development plans, personnel and employment records, files, data and policies (regardless of whether the information pertains to you or other employees of the Company Group), tax information, business and sales methods and operations, business correspondence, memoranda and other records, inventions, improvements and discoveries, processes and methods, business operations and related data formulae, computer records and related data, know-how, research and development, trademark, technology, technical information, copyrighted material, and any other confidential or proprietary data and information which you encounter during employment, all of which are held, possessed and/or owned by the Company Group and all of which are used in the operations and business of the Company Group. Confidential Information does not include information which is or becomes generally known within the Company Group’s industry through no act or omission by you. Confidential Information also does not include information about unlawful or potentially unlawful acts in the workplace.

(h) “**Disability**” means your disability that has caused you to either (i) have qualified for long term disability payments under the Company's long-term disability plan; or (ii) to have been unable to perform the essential functions of your position (with or without reasonable accommodation) with any Company Group member for at least 6 consecutive months.

(i) “**GAAP**” means generally accepted accounting principles in the United States.

(j) “**Group**” shall have the meaning as such term has under Section 13d-3 of the Securities Exchange Act of 1934, as amended, or any successor provision.

(k) “**Involuntarily Terminated Without Cause**” means (i) your employment is terminated by your employer at a time when your employer is not entitled to terminate your employment for Cause or (ii) in the event the entity that employs you is a direct or indirect a subsidiary or other Affiliate of the Company (the “**Employing Entity**”), any transaction in which securities representing more than 50% of the voting power of the Employing Entity becoming Beneficially Owned by any Person or Persons other than the Company or one of its subsidiaries, whether via a transfer of such securities to such Person or Persons or via merger, consolidation or otherwise.

(l) "**Qualified Retirement**" means any termination of your employment with the Company Group that occurs on or after your 60th birthday, at a time when no member of the Company Group is entitled to discharge you for Cause, so long as you have served the Company Group continuously for at least the five-year period immediately preceding that termination.

BEST BUY CO., INC.
LONG-TERM INCENTIVE PROGRAM AWARD AGREEMENT
Award Date: _____, 2020

This Long-Term Incentive Program Agreement (the "**Agreement**"), dated the date set forth above (the "**Award Date**"), is between Best Buy Co., Inc., a Minnesota corporation, ("**Best Buy**" or the "**Company**"), and the employee ("**you**" or the "**Participant**") of the Company (or one of its Affiliates) whose name is set forth in the Award Notification you received from the Company (the "**Award Notification**"). The Award Notification is included in and made a part of this Agreement.

8. **Grant of Award**. In consideration of your employment with or service to a member of the Company Group, the Company hereby grants to you the award set forth in the Award Notification (the "**Award**") subject to the terms and conditions of this Agreement and the Best Buy Co., Inc. Amended and Restated 2014 Omnibus Incentive Plan (the "**Plan**"). In the event of any conflict between this Agreement and the Plan, the Plan will govern. By your acceptance of this Award, you acknowledge receipt of a copy of the Prospectus for the Plan and your agreement to the terms and conditions of the Plan and this Agreement.

9. **Options**. This section applies to you if your Award includes an Option. An "**Option**" is a right to purchase a number of shares of common stock of the Company ("**Shares**") at the price per share of Common Stock stated in the Award Notification.

    (a) **Term and Vesting**. The Option shall expire and no longer be exercisable on the tenth anniversary the Award Date or such earlier date as provided herein (such date, the "**Expiration Date**"). Except as otherwise set forth herein, the Option may be exercised, in whole or in part, at any time prior to the Expiration Date, in accordance with the schedule stated in the Award Notification. In no case may the Option be exercised after the Expiration Date.

    (b) **Method of Exercise**. The Option may be exercised by written notice to the Company (through the Plan administrator or other means specified by the Company) stating the number of Shares to be purchased. Such notice must be accompanied by payment in full of the exercise price for all Shares to be purchased by (i) cash or check, (ii) delivery of unencumbered Shares previously acquired by you having a Fair Market Value on the date of exercise that is equal to the exercise price, (iii) withholding of Shares that would otherwise be issued upon such exercise having a Fair Market Value on the date of exercise equal to the aggregate exercise price for the Shares for which the Option is being exercised or (iv) a cashless (broker-assisted) exercise that complies with all applicable laws.

10. **Restricted Stock Units**. This section applies to you if your Award includes Restricted Stock Units. A "**Restricted Stock Unit**" is a commitment by the Company to issue a certain number of Shares to you provided you meet certain employment criteria and that the Company achieves certain financial performance levels. A Restricted Stock Unit does not represent immediate ownership of Shares.

    (a) **Restrictions**. Until your Restricted Stock Units become vested as provided in the Award Notification, they are subject to the restrictions described in this Agreement and the Plan (the "**Restrictions**") during the period (the "**Restricted Period**") beginning on the Award Date and ending on the date of vesting. Restricted Stock Units may not be assigned, transferred (other than by will or the laws of descent and distribution), pledged or hypothecated (whether by operation of law or otherwise) or otherwise conveyed or encumbered, and shall not be subject to execution, attachment or similar process. Any attempted assignment, transfer, pledge, hypothecation or other disposition contrary to the provisions this

Agreement or the Plan, or the levy of any execution, attachment or similar process upon the Restricted Stock Units, shall be void and unenforceable against the Company.

(b) Vesting. Except as otherwise set forth herein, so long as you remained employed by a member of the Company Group, the Restricted Stock Units shall vest in accordance with the schedule stated in the Award Notification.

(c) Performance Condition. Notwithstanding the vesting schedule stated in the Award Notification, your Restricted Stock Units shall not vest unless the Company achieves positive Adjusted Net Earnings in any fiscal year during the term of the Award. "**Adjusted Net Earnings**" means net earnings determined in accordance with GAAP as publicly reported by the Company for a fiscal year, adjusted to eliminate the following: (1) the cumulative effect of changes in GAAP; (2) gains and losses from discontinued operations; (3) extraordinary gains or losses; and (4) any other unusual or nonrecurring gains or losses which are separately identified and quantified, including merger related charges.

(d) Issuance of Shares Underlying Restricted Stock Units. Unless otherwise determined by the Committee, the Company shall issue the Shares underlying the Restricted Stock Units within 60 days following vesting of such Restricted Stock Units.

11. Performance Share Award. This section applies to you if your Award includes a Performance Share Award. A "**Performance Share Award**" is a commitment by the Company to issue a certain number of Shares to you provided you meet certain employment criteria and that the Company achieves certain financial performance levels. A Performance Share Award does not represent immediate ownership of Shares.

(a) Determination of Number of Shares under Performance Share Award. The number of Shares issuable under (i) the revenue component of your Performance Share Award (the "**Revenue Performance Share Number**") will be equal to a percentage of the target number of Shares stated in your Award Notification for the revenue component ("**Revenue Target**") and (ii) the TSR component of your Performance Share Award (the "**TSR Performance Share Number**") will be equal to a percentage of the target number of Shares stated in your Award Notification for the TSR component ("**TSR Target**"), in each case as determined below.

(b) Revenue Performance Share Number.

(i) Within 120 days after the end of the Performance Period, the Committee will calculate the CAGR of Enterprise Revenue from fiscal year 2020 to fiscal year 2023 ("**Enterprise Revenue CAGR**").

(ii) Your Revenue Performance Share Number will be calculated as set forth in your Award Notification.

(c) TSR Performance Share Number.

(i) Within 120 days after the end of the Performance Period, the Committee will (A) calculate the TSR for Best Buy and for each company included in the S&P 500 Index at the time of any calculation hereunder, (B) rank each such company by TSR (lowest to highest), and (C) determine the percentile rank of Best Buy's TSR in such ranking by dividing Best Buy's numerical position in such TSR ranking by the total number of companies included in the list, rounding to the nearest hundredth ("**Relative TSR**"). For example, if Best Buy were ranked 300 out of 500, its Relative TSR would be 60%.

(ii) Your TSR Performance Share Number will be equal to the percentage of the TSR Target that is listed in the column below with the heading "Number of Shares Earned" opposite the band in the column with the heading “Performance” in which Relative TSR falls. If Relative TSR is between Threshold TSR and Target TSR or between Target TSR and Maximum TSR, your TSR Performance Share Number will be equal to a percentage interpolated on a linear basis for performance between such amounts. For example, if Best Buy's Relative TSR is 60%, then your TSR Performance Share Number would be 125% of your TSR Target. Your TSR Performance Share Number will be rounded to the nearest whole number.

Performance	Number of Shares Earned
Relative TSR less than 30% (“**Threshold TSR**”)	0
Relative TSR 30% or greater but less than 50%	50%-99% of TSR Target
Relative TSR 50% (“**Target TSR**”) or greater but less than 70%	100%-149% of TSR Target
Relative TSR Greater than 70% (“**Maximum TSR**”)	150% of TSR Target
The number of performance shares earned will be interpolated on a linear basis for performance between Threshold and Target and between Target and Maximum.	

(d) Certain Definitions.

(i) “**Beginning Price**” means, with respect to any one company, the average closing price of one share of common stock during the first fiscal quarter of the Performance Period.

(ii) “**CAGR**” means compound annual growth rate.

(iii) “**Ending Price**” means, with respect to any one company, the average closing price of one share of common stock during the first fiscal quarter following completion of the Performance Period.

(iv) **“Enterprise Revenue”** means revenue of the Company from continuing operations as reported in the Company's Annual Report on Form 10-K for the respective 52-week fiscal year adjusted to eliminate the impact of currency exchange rate fluctuations; provided, however, that the Committee may adjust Enterprise Revenue down to eliminate the following: (1) the cumulative effect of changes in GAAP (only to the extent such changes would reduce Enterprise Revenue); (2) revenue from discontinued operations; and (3) any other unusual or nonrecurring gains which are separately identified and quantified, including acquisition related revenue.

(v) **“Performance Period”** means the performance period stated in the Award Notification.

(vi) **“Performance Share Number”** means the sum of the Revenue Performance Share Number plus the TSR Performance Share Number.

(vii) **“TSR”** means, with respect to any one company, the price appreciation of one share of common stock as measured from the Beginning Price to the Ending Price, assuming all dividends and other distributions made on such share are reinvested, expressed as a percentage.

(e) **Change of Control**. Notwithstanding anything in this Agreement to the contrary, in the event of a Change of Control prior to the end of the Performance Period, the Committee will determine (i) Enterprise Revenue CAGR using the last completed fiscal year instead of fiscal year 2023 and (ii) Relative TSR using the average closing price of one share of common stock during the last completed fiscal quarter in order to determine the Ending Price, and the Revenue and TSR Performance Share Numbers will be equal to the greater of (i) the numbers determined pursuant to Section 4(b)(ii) and Section 4(c)(ii) above, respectively, and (ii) the respective Revenue or TSR Target.

(f) Performance Share Number Not Guaranteed. If Relative TSR is less than Threshold TSR or Enterprise Revenue CAGR is less than Threshold Enterprise Revenue CAGR the respective portion of your Performance Share Number will be 0 and there will be no Shares issued under that portion of your Performance Share Award. The Committee shall have sole discretion to determine Relative TSR and Enterprise Revenue.

(g) Issuance of Shares. Any Shares issuable to you under your Performance Share Award will be issued within 60 days after the Committee's determination of Relative TSR and Enterprise Revenue CAGR; provided however, that the Company's obligation to issue such shares is subject to Section 5 of this Agreement.

12. Effect of Termination of Employment. Your employment with the Company Group may be terminated by your employer at any time for any reason (with or without advance notice). This section provides the effect on your Award of different types of termination of employment.

(a) Qualified Retirement. In the event of your Qualified Retirement:

(i) Options. If your Award includes an Option, the Option will continue to vest in accordance with the vesting schedule set forth above. You will have until the later of (A) three years from the date of your Qualified Retirement and (B) the last scheduled vesting date to exercise the entire Option; provided, however, that in no event shall the Option be exercisable after the Expiration Date. Any portion of the Option unexercised at the end of this period will be forfeited.

(ii) Restricted Stock Units. If your Award includes Restricted Stock Units, such Restricted Stock Units will continue to vest in accordance with the vesting schedule set forth in the Award Notification, subject to the Company's achievement of the performance condition described in Section 3(c), notwithstanding that you are no longer providing services to a member of the Company Group. Once vested, the Restricted Stock Units will be settled as provided in Section 3(d) above.

(iii) Performance Shares. If your Award includes Performance Shares and in the event of your Qualified Retirement prior to the end of the Performance Period, you may be entitled to a prorated Performance Share Award. If Relative TSR is greater than Threshold TSR (as determined after the end of the Performance Period), you will be entitled to a prorated TSR Performance Share Number. If Enterprise Revenue CAGR is greater than Threshold Enterprise Revenue CAGR (as determined after the end of the Performance Period), you will be entitled to a prorated Revenue Performance Share Number. For each component, your Performance Share Award will be determined by multiplying the Performance Share Number calculated as if you were employed by a member of the Company Group on the last day of the Performance Period by a fraction, the numerator of which is the number of days during the Performance Period you were so employed, and the denominator of which is the number of days in the Performance Period.

(b) Death or Disability. In the event of your death or employment termination due to Disability:

(i) Options. If your Award includes an Option, any then unvested portion of the Option will vest and become exercisable as of the date of death or, in the case of Disability, as of the date of employment termination. In the event of your death, the representative of your estate or your heirs will have until the earlier of (A) one year from the date of your death and (B) the Expiration Date of the Option, to exercise the Option. In the event you become Disabled while employed with the Company Group and must therefore terminate your employment, you will have until the earlier of

(X) one year from the date of your employment termination and (Y) the Expiration Date of the Option, to exercise the Option.

(ii) Restricted Stock Units. If your Award includes Restricted Stock Units, the Restrictions will lapse immediately and Restricted Stock Units that are unvested as of the date of death or, in the case of Disability, employment termination will become vested immediately (notwithstanding the vesting schedule set forth in the Award Notification). Once vested, the Restricted Stock Units will be settled as provided in Section 3(d) above (or the earliest such later date as is required to satisfy Section 409A of the Code, as described in Section 7 below).

(iii) Performance Share Award. If your Award includes a Performance Share Award and in the event of your death or employment termination due to Disability prior to the end of the Performance Period, you or the representative of your estate or your heirs, as applicable, may be entitled to a prorated Performance Share Award. If Relative TSR is greater than Threshold TSR (as determined as of the last completed fiscal quarter prior to the date of termination of employment to determine the Ending Price), you or the representative of your estate or your heirs, as applicable, will be entitled to a prorated TSR Performance Share Number. If Enterprise Revenue CAGR is greater than Threshold Enterprise Revenue CAGR (using the last completed fiscal year instead of fiscal year 2023 for purposes of determining Enterprise Revenue CAGR), you will be entitled to a prorated Revenue Performance Share Number. For each component, your Performance Share Award will be determined by multiplying the Performance Share Number calculated as of the date of termination of employment multiplied by a fraction, the numerator of which is the number of days during the Performance Period you were employed, and the denominator of which is the number of days in the Performance Period.

(c) Involuntary Termination Without Cause. If your employment is Involuntarily Terminated Without Cause:

(i) Options. If your Award includes an Option, you will have 60 days from the date of termination of your employment to exercise the portion of the Option vested as of your termination date, and any portion of the Option then unvested will be forfeited; provided, however, that if your employment is Involuntarily Terminated Without Cause within 12 months following a Change of Control, any then unvested portion of the Option will vest and become exercisable during the period ending 60 days from the date of termination of your employment. In no event, however, may the Option be exercised after its Expiration Date.

(ii) Restricted Stock Units. If your Award includes Restricted Stock Units, you will forfeit any then unvested Restricted Stock Units.

(iii) Performance Share Award. If your Award includes a Performance Share Award and your employment is Involuntarily Terminated Without Cause prior to the end of the Performance Period, you may be entitled to a prorated Performance Share Award. If Relative TSR is greater than Threshold TSR (as determined after the end of the Performance Period), you will be entitled to a prorated TSR Performance Share Number. If Enterprise Revenue CAGR is greater than Threshold Enterprise Revenue CAGR (as determined after the end of the Performance Period), you will be entitled to a prorated Revenue Performance Share Number. For each component, your Performance Share Award is determined by multiplying the Performance Share Number calculated as if you were employed by a member of the Company Group on the last day of the Performance Period multiplied by a fraction, the numerator of which is the number of days during the Performance Period you were employed, and the denominator of which is the number of days in the Performance Period.

(d) Voluntary Termination. If you voluntarily terminate your employment with the Company Group for any reason:

(i) Options. If your Award includes an Option, you will have 60 days from the date of termination of your employment to exercise the Option, to the extent the Option had become vested as of your termination date. Any then unvested portion of the Option will be forfeited. In no event, however, may the Option be exercised after its Expiration Date.

(ii) Restricted Stock Units. If your Award includes Restricted Stock Units, you will forfeit any then unvested Restricted Stock Units.

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

(e) Termination for Cause. If your employment is terminated by any member of the Company Group for any reason at a time when any member of the Company Group is entitled to terminate your employment for Cause:

(i) Options. If your Award includes an Option, any then unvested portion of the Option will be forfeited, and the Option may not be exercised after termination of your employment.

(ii) Restricted Stock Units. If your Award includes Restricted Stock Units, any then unvested Restricted Stock Units will be forfeited.

(iii) Performance Share Award. If your Award includes a Performance Share Award and your employment is terminated by any member of the Company Group for any reason at a time when any member of the Company Group is entitled to terminate your employment for Cause prior to the end of the Performance Period, you will forfeit your entire Performance Share Award.

13. Restrictive Covenants and Remedies. By accepting the Award, you specifically agree to the restrictive covenants contained in this Section 6 (the "**Restrictive Covenants**") and you agree that the Restrictive Covenants and the remedies described herein are reasonable and necessary to protect the legitimate interests of the Company Group. You also acknowledge the uncertainty of the law with respect to Restrictive Covenants and expressly stipulate that this Agreement is to be given the construction that renders its provisions valid and enforceable to the maximum extent (not exceeding its express terms) possible under applicable law. Sections 6(b) and 6(c) apply to you only if you are an officer of the Company and if you are employed outside the states of California or Massachusetts. Further, if you are an attorney, the Restrictive Covenants apply to you only to the extent they are consistent with the rules of professional conduct applicable to you (for example, Minnesota Rule of Professional Conduct 5.6).

(a) Confidentiality. In consideration of the Award, you acknowledge that the Company Group operates in a competitive environment and has a substantial interest in protecting its Confidential Information, and you agree, during your employment with the Company Group and thereafter, to maintain the confidentiality of the Company Group's Confidential Information and to use such Confidential Information for the exclusive benefit of the Company Group. You will not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that is made in confidence to a federal, state, or local government official or to an attorney solely for the purpose of reporting or investigating a suspected violation of law. You shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. An individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the trade secret to the attorney of the individual and use the trade secret information in the court proceeding, if the individual files any document containing the trade secret under seal, and does not disclose the trade secret, except pursuant to court order.

(b) **Competitive Activity**. During your employment with the Company Group and for one year following the later of (i) termination of your employment for any reason whatsoever or (ii) the last scheduled vesting date for your Award, you shall not compete, directly or indirectly, through an Affiliate or otherwise, in any manner or capacity (including, without limitation, through any form of ownership or as a principal, agent, partner, officer, director, employee, advisor or consultant) with the Company Group, for your benefit or for the benefit of any other Person other than the Company Group anywhere in the world. In the event that any portion of this Section 6(b) shall be determined by an arbitrator to be unenforceable because it is unreasonably restrictive in any respect, it shall be interpreted to extend over the maximum period of time for which it reasonably may be enforced and to the maximum extent for which it reasonably may be enforced in all other respects, and enforced as so interpreted, all as determined by such arbitrator in such action. You acknowledge the uncertainty of the law in this respect and expressly stipulate that this Agreement is to be given the construction that renders its provisions valid and enforceable to the maximum extent (not exceeding its express terms) possible under applicable law. Ownership of less than 1% of the outstanding capital stock of any corporation listed on a national securities exchange will not constitute a breach of this Section 6(b).

(c) **Non-Solicitation**. During your employment and for one year following the later of (i) termination of your employment for any reason whatsoever or (ii) the last scheduled award vesting date, you shall not:

(f) induce or attempt to induce any employee of the Company Group to leave the employ of Company Group, or in any way interfere adversely with the relationship between any such employee and Company Group;

(g) induce or attempt to induce any employee of Company Group to work for, render services to, provide advice to, or supply Confidential Information of Company Group to any third Person;

(h) employ, or otherwise pay for services rendered by, any employee of Company Group in any business enterprise with which you may be associated, connected or affiliated;

(i) induce or attempt to induce any customer, supplier, licensee, licensor or other business relation of Company Group to cease doing business with Company Group, or in any way interfere with the then existing business relationship between any such customer, supplier, licensee, licensor or other business relation and Company Group; or

(j) assist, solicit, or encourage any other Person, directly or indirectly, in carrying out any activity set forth above that would be prohibited by any of the provisions of this Agreement if such activity were carried out by you. In particular, you will not, directly or indirectly, induce any employee of Company Group to carry out any such activity.

(d) **Partial Invalidity**. If any portion of this Section 6 is determined by an arbitrator to be unenforceable in any respect, it shall be interpreted to be valid to the maximum extent for which it reasonably may be enforced, and enforced as so interpreted, all as determined by such arbitrator in such action. You acknowledge the uncertainty of the law in this respect and expressly stipulate that this Agreement is to be given the construction that renders its provisions valid and enforceable to the maximum extent (not exceeding its express terms) possible under applicable law.

(e) **Remedy for Breach**. You agree that a breach of any of the Restrictive Covenants would cause material and irreparable harm to the Company Group that would be difficult or impossible to measure, and that monetary damages for any such harm would, therefore, be an inadequate remedy. Accordingly, you agree that if you breach any Restrictive Covenant, the Company Group shall be entitled, in addition to and without limitation upon all other remedies the Company Group may have under this Agreement, at law or otherwise, to obtain injunctive or other appropriate equitable relief, without bond or other security, to restrain any such breach through arbitration. You further agree that the duration of the Restrictive Covenant shall be extended by the same amount of time that you are in breach of any Restrictive Covenant.

(f) **Claw Back & Recovery**. You agree your Award, the Shares underlying your Award, as well as the value of any and all Shares no longer under your control, are subject to forfeiture and recovery pursuant to the Company's Clawback Policy, as it may be amended from time to time (the "**Clawback Policy**"), located at https://hr.bestbuy.com/, and any applicable law, rule or regulation or applicable stock exchange rule, including, without limitation, the Sarbanes-Oxley Act of 2002 and the Dodd-Frank Wall Street Reform and Consumer Protection Act. You acknowledge you have had an opportunity to review the Clawback Policy. Forfeiture and recovery under the Clawback Policy may include:

(i) the immediate forfeiture of any of the then unexercised portion of any Option included in your Award, any unvested Restricted Shares included in your Award, and any Performance Share Award included in your Award;

(ii) a requirement that you immediately return to the Company any Shares issued upon exercise of any Option included in your Award, and any Shares in your Award that were previously Restricted Shares and any Shares issued under any Performance Share Award that, in each case, are still under your control; and

(iii) a requirement that you promptly pay to the Company an amount equal to the fair market value of all Shares included in your Award that are no longer under your control (as measured on the exercise date of any such Option, the vesting date of any such formerly Restricted Shares, and the date of issuance of any Shares issued under any such Performance Share Award, as applicable).

(g) **Right of Set Off**. By accepting the Award, you agree that any member of the Company Group may, to the extent permitted by applicable law, set off any amount owed to you (including wages or other compensation, fringe benefits or vacation pay) against any amounts you owe under this Section 6.

14. General Terms and Conditions.

(a) **Rights as a Shareholder**.

(v) **Options**. You will have no rights as a shareholder with respect to any Shares issuable upon exercise of an Option, nor have any rights to dividends or other rights as a shareholder with respect to any such Shares, until you have actually received such Shares following the exercise of the Option in accordance with the terms of this Agreement and the Plan.

(vi) **Restricted Stock Units**. You will have no rights as a shareholder with respect to any Shares issuable under the Restricted Stock Units until you have actually received such Shares in accordance with the terms of this Agreement and the Plan. This means that you will not have the right to vote as a shareholder nor the right to receive dividend payments. Upon issuance of Shares at vesting of the Restricted Stock Units, you will have all of the rights of a shareholder with respect to the Shares unless Shares are forfeited or recovered under this Agreement or the Plan.

(vii) **Performance Share Awards**. You will have no rights as a shareholder with respect to any Shares issuable under a Performance Share Award until you have actually received such Shares in accordance with the terms of this Agreement and the Plan.

(viii) Dividend Equivalents. If your Award includes Restricted Stock Units or a Performance Share Award, upon issuance of Shares underlying such Restricted Stock Units or Performance Share Award, as the case may be, in accordance with the terms of this Agreement, you will be entitled to the Total Dividend Equivalent Amount with respect to such Restricted Stock Units or Performance Share Award. The Total Dividend Equivalent Amount will be converted to Shares and issued to you upon issuance of Shares underlying such Restricted Stock Units or Performance Share Award, as applicable; provided, however, that the Committee may pay you the Total Dividend Equivalent Amount in cash, as determined in its sole discretion. Any such conversion shall be based on the closing price of one Share on the applicable dividend payment date. In the event any such conversion results in a fraction of a Share, the number of such Shares shall be rounded up to the nearest whole number. The Company's obligation to issue such Shares or pay such amounts are subject to the same terms and conditions as apply to your Restricted Stock Units and any Performance Share Award.

(A) "**Dividend Equivalent Amount**" means the amount of any dividend paid on one Share that has a record date during the Dividend Equivalent Period multiplied by (1) in the case of Restricted Stock Units, the number of Restricted Stock Units held by you as of such record date and, (2) in the case of a Performance Share Award, the Performance Share Number.

(B) "**Dividend Equivalent Period**" means the period beginning on the grant date and ending on the date of issuance of any Shares underlying Restricted Stock Units or a Performance Share Award, as applicable.

(C) "**Total Dividend Equivalent Amount**" means the sum of all Dividend Equivalent Amounts with respect the Restricted Stock Units or the Performance Share Award granted under this Agreement, as applicable.

(b) Transferability.

(iv) Options. Options may not be assigned, transferred (other than by will or the laws of descent and distribution), pledged or hypothecated (whether by operation of law or otherwise) or otherwise conveyed or encumbered, and shall not be subject to execution, attachment or similar process. Any attempted assignment, transfer, pledge, hypothecation or other disposition of the Option contrary to the provisions of this Agreement or the Plan, or the levy of any execution, attachment or similar process upon the Option, shall be void and unenforceable against the Company.

(v) Restricted Stock Units. Restricted Stock Units are subject to the restrictions set forth in Section 3(a) of this Agreement.

(vi) Performance Share Awards. Performance Share Awards may not be assigned, transferred (other than by will or the laws of descent and distribution), pledged or hypothecated (whether by operation of law or otherwise) or otherwise conveyed or encumbered, and shall not be subject to execution, attachment or similar process. Any attempted assignment, transfer, pledge, hypothecation or other disposition of a Performance Share Award contrary to the provisions of this Agreement or the Plan, or the levy of any execution, attachment or similar process upon a Performance Share Award, shall be void and unenforceable against the Company.

(c) No Right to Continued Employment. This Agreement does not guarantee your continued employment nor alter the right of any member of the Company Group to terminate your employment at any time.

(d) Participant's Acknowledgements.

(v) **Committee's Sole Discretion**. The Committee has sole discretion to make decisions regarding your Award, and to interpret all terms of this Agreement, with the exception of the application of the Company's Arbitration Policy. You agree that all decisions regarding and interpretations of this Agreement by the Committee are binding, conclusive, final and non-appealable.

(vi) **Taxes.** You are liable for any for any federal, state and other taxes incurred upon the lapse of a substantial risk of forfeiture (*e.g*., employment taxes) or upon delivery of Shares underlying the Restricted Stock Units (*e.g*., income taxes), and any subsequent disposition of any Shares (*e.g*., capital gain taxes).

(i) **Options**. Any Options included in your Award are Non-Qualified Stock Options not eligible for treatment as qualified or incentive stock options for federal income tax purposes. Prior to exercising any Option, you will pay or make adequate arrangements satisfactory to the Company to satisfy all applicable taxes. If applicable, you authorize the Company, or its agents, to satisfy its obligations with regard to all taxes by withholding Shares of the Company common stock to be issued at exercise of the Option or otherwise selling Shares of the Company on your behalf not less than the taxes required to be withheld by the Company and not more than your total tax obligation, pursuant to the policies and processes of the Company's stock plan administrator and broker.

(ii) **Restricted Stock Units.** Upon issuance of any Shares underlying your Restricted Stock Units, you authorize the Company, or its agents, to satisfy the obligations with regard to all taxes by selling Shares of the Company on your behalf, otherwise withholding from such Shares a number of Shares having a Fair Market Value not less than the taxes required to be withheld by the Company and not more than your total tax obligation, pursuant to the policies and processes of the Company's stock plan administrator and broker.

(iii) **Performance Share Award.** Upon issuance of your Performance Share Award, you authorize the Company, or its agents, to satisfy the obligations with regard to all taxes by selling Shares of the Company on your behalf, otherwise withholding from such Shares a number of Shares having a Fair Market Value not less than the taxes required to be withheld by the Company and not more than your total tax obligation, pursuant to the policies and processes of the Company's stock plan administrator and broker.

(iv) **Section 409A.** Anything herein to the contrary notwithstanding, this Agreement shall be interpreted so as to comply with or satisfy an exemption from Section 409A of the Code and the regulations and guidance promulgated thereunder (collectively, "Section 409A"). The Committee may in good faith make the minimum modifications to this Agreement as it may deem appropriate to comply with Section 409A while to the maximum extent reasonably possible maintaining the original intent and economic benefit to you and the Company Group of the applicable provision.

14.d.i.iv.1. To the extent required by Section 409A(a)(2)(B)(i), to the extent that you are a specified employee, Shares (or cash equivalent value of Shares) underlying Restricted Stock Units and Performance Share Awards that become payable to you upon your separation from service will be delayed and paid promptly after the earlier of the date that is six (6) months after the date of such separation from service or the date of your death after such separation from service. For purposes hereof, (x) any reference to your termination of employment under this Agreement shall mean your separation from service, (y) the occurrence of your "separation from service" will be determined in accordance with the default provisions of Treasury Regulation Section 1.409A-1(h) and (z) whether you are a “specified employee” will be determined in accordance with the default provisions of Treasury Regulation Section 1.409A-1(i) with the “identification date” to be December 31 and the “effective date” to be the April 1 following the identification date (as such terms are used under such regulation). Notwithstanding anything in this Agreement to the contrary, your employment shall not be deemed to have been terminated unless and until you have incurred a “separation from service” within the meaning of Section 409A.

14.d.i.iv.2. For purposes of Treasury Regulation Section 1.409A-2(b)(2)(iii), your right to receive any installment payments under this Agreement shall be treated as a right to receive a series of separate payments and, accordingly, each installment payment under this Agreement shall at all times be considered a separate and distinct payment.

(vii) **Consultation With Professional Tax Advisors**. You acknowledge that the grant, exercise, vesting or any payment with respect to the Award, and the sale or other taxable disposition of the Shares acquired as a result of the Award may have tax consequences under federal, state, local or international tax laws. You further acknowledge that you are relying solely on your own professional tax and investment advisors with respect to any and all such matters (and are not relying, in any manner, on the Company or any of its employees or representatives). You understand and agree that any and all tax consequences resulting from the Award and its grant, exercise, vesting or any payment with respect thereto, and the sale or other taxable disposition of the Shares acquired pursuant to the Plan, are solely your responsibility without any expectation or understanding that the Company or any of its employees or representatives will pay or reimburse you for such taxes.

(g) **Severability**. In the event that any provision in the Plan or this Agreement is held to be invalid, illegal or unenforceable or would disqualify the Plan or this Agreement under any law, the invalid, illegal or unenforceable provision shall be construed or deemed amended to conform to applicable laws, or if it cannot be so construed or deemed amended without, in the determination of the Committee, materially altering the purpose or intent of the Plan or this Agreement, such provision shall be stricken as to the applicable jurisdiction or Shares, and the remainder of the Plan or this Agreement shall remain in full force and effect.

(h) **Governing Law and Dispute Resolution.** Any disputes under this Agreement or the Plan must be resolved by arbitration subject to the Company’s Arbitration Policy. The substantive laws of Minnesota, without regard to the conflict of law provisions, shall apply to all questions concerning this Agreement to the extent not prohibited by the applicable law of the State in which you primarily work and reside; however, the Arbitration Policy, its enforceability, and its implementation are governed by the Federal Arbitration Act.

15. **Definitions**. Capitalized terms used but not defined in this Agreement are defined in the Plan or, if not defined therein, will have the following meanings:

(m) "**Beneficial Owner**" will have the meaning defined in Rule 13d-3 under the Securities Exchange Act of 1934, as amended, or any successor provision.

(n) “**Board**” means the Board of Directors of Best Buy Co., Inc.

(o) “**Cause**” for termination of your employment with the Company Group shall, solely for purposes of this Agreement, is deemed to exist if you:

(i) are charged with, convicted of or enter a plea of guilty or *nolo contendere* to: (a) a felony, (b) any crime involving moral turpitude, dishonesty, breach of trust or unethical business conduct, or (c) any crime involving the business of the Company Group;

(ii) in the performance of your duties for the Company Group or otherwise to the detriment of the Company Group, engage in: (a) dishonesty that is harmful to the Company Group, monetarily or otherwise, (b) willful or gross misconduct, (c) willful or gross neglect, (d) fraud, (e) misappropriation, (f) embezzlement, or (g) theft;

(iii) disobey the directions of the Board, or any individual or individuals the Board authorizes to act on its or their behalf, acting within the scope of its or their authority;

(iv) fail to comply with the policies or practices of the Company Group;

(v) fail to devote substantially all of your business time and effort to the Company Group;

(vi) are adjudicated in any civil suit, or acknowledge in writing in any agreement or stipulation, to have committed any theft, embezzlement, fraud, or other act of dishonesty involving any other Person;

(vii) are determined, in the sole judgment of the Board or any individual or individuals the Board authorizes to act on its or their behalf, to have engaged in a pattern of poor performance;

(viii) are determined, in the sole judgment of the Board or any individual or individuals the Board authorizes to act on its or their behalf, to have willfully engaged in conduct that is harmful to the Company Group, monetarily or otherwise;

(ix) breach any provision of this Agreement or any other agreement between you and any member of the Company Group; or

(x) engage in any activity intended to benefit any entity at the expense of the Company Group or intended to benefit any competitor of the Company Group.

All determinations and other decisions relating to Cause (as defined above) for termination of your employment shall be within the sole discretion of the Board or any individual or individuals the Board authorizes to act on its behalf; and shall be final, conclusive and binding upon you. In the event that there exists Cause (as defined above) for termination of your employment, the Company may terminate this Agreement immediately, upon written notification of such termination for Cause, given to you by the Board or any individual or individuals the Board authorizes to act on its behalf. The use of this definition solely for purposes of this Agreement does not change your at will employment status.

(p) "**Change of Control**" means:

(vi) the consummation of any transaction in which any Person or Group, other than a member or members of the Company Group or any trustee or other fiduciary holding securities under an employee benefit plan or plans of a member of the Company Group, becomes the Beneficial Owner, directly or indirectly, of securities of the Company representing 50% or more of the voting power of the Company's securities other than any such transaction in which the security holders of the Company immediately prior to such transaction Beneficially Own, immediately following such transaction, securities representing 50% or more of the voting power of the Company's securities in substantially the same proportions as their ownership immediately prior to such transaction;

(vii) individuals who at the Award Date constitute the Board and any new director (other than a director whose initial assumption of office is in connection with an actual or threatened election contest, including but not limited to a consent solicitation, relating to the election of directors of the Company) whose appointment or election by the Board or nomination for election by the Company's shareholders was approved or recommended by a vote of at least 2/3 of the directors then still in office who either were directors at the Award Date or whose appointment, election or nomination for election was previously so approved or recommended, cease for any reason to constitute a majority thereof;

(viii) there is consummated a merger or consolidation of the Company with any other entity, other than (a) a merger or consolidation in which the Beneficial Owners of securities of the Company outstanding immediately prior thereto representing 50% or more of the voting power of the Company’s securities Beneficially Own, in combination with the ownership of any trustee or other fiduciary holding securities under an employee benefit plan of a member of the Company Group (either by remaining outstanding or by being converted into voting securities of the surviving entity or any parent thereof), at least 50% of the combined voting power of the voting securities of the Company or such surviving entity or parent thereof outstanding immediately after such merger or consolidation in substantially the same proportions as their Beneficial Ownership immediately prior to such transaction, or (b) a merger or consolidation effected to implement a recapitalization of the Company (or similar transaction) in which no Person is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company representing 50% or more of the combined voting power of the Company's then outstanding securities;

(ix) the consummation of any transaction or series of related transactions in which all or substantially all the Company's assets are sold or otherwise transferred, other than any sale or transfer to a Person or Group, at least 50% of the combined voting power of the voting securities of which are Beneficially Owned by shareholders of the Company in substantially the same proportions as such shareholders’ Beneficial Ownership of voting securities of the Company; or

(x) approval by the shareholders of a definitive agreement or plan to liquidate or dissolve the Company.

The Board shall determine in its sole discretion that a Change of Control of the Company has occurred.

(q) “**Company Group**” means, collectively, Best Buy Co., Inc. and its subsidiaries.

(r) “**Committee**” means the Compensation and Human Resources Committee of the Board of Directors of Best Buy Co., Inc.

(s) “**Confidential Information**” means all “Confidential Information” as that term is defined in Best Buy’s Confidentiality Policy, and includes, without limitation, any and all information in whatever form, whether written, electronically stored, orally transmitted or memorized relating to trade secrets, customer lists, records and other information regarding customers, price lists and pricing policies, financial information, records, ledgers and information, purchase orders, agreements and related data, business development and strategic plans, products and technologies, product tests, manufacturing costs, product or service pricing, sales and marketing plans, research and development plans, personnel and employment records, files, data and policies (regardless of whether the information pertains to you or other employees of the Company Group), tax information, business and sales methods and operations, business correspondence, memoranda and other records, inventions, improvements and discoveries, processes and methods, business operations and related data formulae, computer records and related data, know-how, research and development, trademark, technology, technical information, copyrighted material, and any other confidential or proprietary data and information which you encounter during employment, all of which are held, possessed and/or owned by the Company Group and all of which are used in the operations and business of the Company Group. Confidential Information does not include information which is or becomes generally known within the Company Group's industry through no act or omission by you. Confidential Information also does not include information about unlawful or potentially unlawful acts in the workplace.

(t) "**Disability**" means your disability that has caused you to either (i) have qualified for long term disability payments under the Company's long term disability plan; or (ii) to have been unable to perform the essential functions of your position (with or without reasonable accommodation) with any Company Group member for at least 6 consecutive months.

(u) "**GAAP**" means generally accepted accounting principles in the United States.

(v) "**Group**" shall have the meaning as such term has under Section 13d-3 of the Securities Exchange Act of 1934, as amended, or any successor provision.

(w) "**Involuntarily Terminated Without Cause**" means (i) your employment is terminated by your employer at a time when your employer is not entitled to terminate your employment for Cause or (ii) in the event the entity that employs you is a direct or indirect a subsidiary or other Affiliate of the Company (the "**Employing Entity**"), any transaction in which securities representing more than 50% of the voting power of the Employing Entity becoming Beneficially Owned by any Person or Persons other than the Company or one of its subsidiaries, whether via a transfer of such securities to such Person or Persons or via merger, consolidation or otherwise.

(x) "**Qualified Retirement**" means any termination of your employment with the Company Group that occurs on or after your 60th birthday, at a time when no member of the Company Group is entitled to discharge you for Cause, so long as you have served the Company Group continuously for at least the five-year period immediately preceding that termination.

Exhibit 31.1

**CERTIFICATION PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES
EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Corie Barry, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Best Buy Co., Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 27, 2020

/s/ CORIE BARRY

Corie Barry
Chief Executive Officer

Exhibit 31.2

CERTIFICATION PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES
EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Matthew Bilunas, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Best Buy Co., Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: May 27, 2020	/s/ MATTHEW BILUNAS
	Matthew Bilunas
	Chief Financial Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

Pursuant to 18 U.S.C. §1350 (adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002), I, the undersigned Chairman and Chief Executive Officer of Best Buy Co., Inc. (the “Company”), hereby certify that the Quarterly Report on Form 10-Q of the Company for the quarterly period ended May 2, 2020 (the “Report”), fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and that information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Date: May 27, 2020

/s/ CORIE BARRY

Corie Barry
Chief Executive Officer

Exhibit 32.2

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

Pursuant to 18 U.S.C. §1350 (adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002), I, the undersigned Chief Financial Officer of Best Buy Co., Inc. (the “Company”), hereby certify that the Quarterly Report on Form 10-Q of the Company for the quarterly period ended May 2, 2020 (the “Report”), fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and that information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Date: May 27, 2020

/s/ MATTHEW BILUNAS
Matthew Bilunas
Chief Financial Officer