



A MESSAGE FROM

HUBERT JOLY, PRESIDENT & CEO

March 31, 2015

Dear Fellow Shareholders:

Two years into our Renew Blue transformation, I am happy to report that our Company has made considerable progress in improving its performance and that we have an exciting journey ahead of us.

Let me elaborate.

In the fall of 2012, we launched our Renew Blue strategy with the goal of addressing our two problems - declining comps and declining margins. The strategy was structured around five pillars:

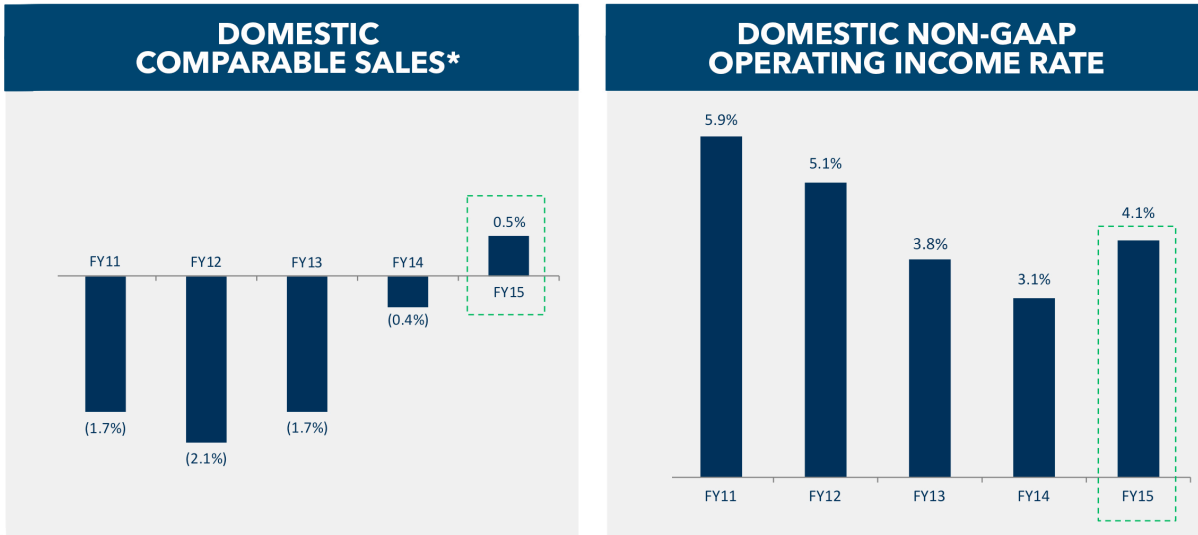
- Reinvigorate and rejuvenate the customer experience
- Attract and inspire leaders and employees
- Work with vendor partners to innovate and drive value
- Increase our return on invested capital for investors
- Continue our leadership role in positively impacting our world

In FY15, we articulated our value proposition around advice, service and convenience at competitive prices and started to use *Expert Service. Unbeatable Price.* as our signature. We also defined our growth strategy, Renew Blue: Ignite the Possible, around key growth opportunities across product categories, "Life Events" and Services, all supported by the transformation of our key functions.



Two years after launching Renew Blue, where are we? To put it simply, we have made significant progress in addressing our two problems:

- Our Domestic comparable sales were up in FY15
- Our Domestic non-GAAP[†] operating income rate improved 100 basis points, compared to FY14, to 4.1% in FY15 (4.0% on a GAAP basis)



*FY15 Domestic Comparable Sales exclude the impact of installment billing. Please refer to the company's news release on Exhibit 99.1 to the Current Report on Form 8-K furnished by the company on March 3, 2015.

And, at the Enterprise level, we reported non-GAAP earnings per share from continuing operations of \$2.60 (\$3.53 on a GAAP basis) for FY15 versus \$2.07 (\$2.00 on a GAAP basis) for FY14, a 26% increase. We also ended the year with \$3.9 billion in cash, cash equivalents and short-term investments, versus \$2.6 billion last year.

This improvement in our performance is the result of the progress we have made around the key pillars of our Renew Blue strategy.

1. *We have significantly improved the customer experience.* Our Net Promoter Score (NPS) is up by 450 basis points, and we have gained market share across multiple product categories. Here are some of the things we have done to achieve this.

We have continued to invest in our price competitiveness to take price off the table as a decision factor for our customers.

We have improved the experience in our online channel with enhanced search capabilities, better product information and navigation, faster shipping and the chain-wide rollout of our ship-from-store program that



makes in-store inventory available to online shoppers. Our online sales have grown from approximately 7.0% of our Domestic revenue in FY13 to 9.8% in FY15.

We have also engineered a resurgence of our store channel. In the past two years, we have significantly upgraded our stores with the addition of 83 Pacific Kitchen and Home, and 39 Magnolia Design Center stores-within-a-store and the rollout of several vendor experiences in partnership with some of the world's foremost tech companies including Canon, Google, Intel, Microsoft, Nikon, Samsung and Sony, in addition to Apple, which has had a presence in our stores for a number of years. In parallel, we increased the amount of customer-facing labor in our stores and the level of training our associates receive.

2. *We have taken steps to have a highly engaged, fully mobilized and highly skilled set of teams across the organization.* In the field, we have simplified the organization to ensure greater role clarity and accountability, removed many obstacles and pain points for our employees and increased the emphasis on their development. We have also recruited some great talent in the functions that are key to our transformation, such as E-commerce, Digital Marketing and Supply Chain.
3. *We have been deliberate about developing more strategic partnerships with our key vendors, entering into these vendor partnerships when they make sense for the customer, the vendor and you, our shareholders.*

Our vendors spend billions of dollars developing amazing new technology products. There is typically a growing gap between what these products can do and what customers may be aware of, or understand. The successful commercialization of these products increasingly requires the customer to be able to touch, feel and experience them in real life. Often, a customer needs a physical experience and must use their senses to make a purchasing decision (think about buying a pair of headphones or buying a new TV).

The experience of the last two years highlights the fact that Best Buy offers a unique, and meaningful nationwide physical platform that is of value to its vendors and its customers.

4. *We have improved our financial performance.* We have been able to deliver increased earnings as a result of a better topline and more than \$1 billion in Renew Blue annualized cost reductions. We improved our bottom line *despite* substantial investments in making Best Buy more price competitive, improving the customer experience in our stores and online.



At the same time, we divested our underperforming European and Chinese businesses, freeing up cash and bringing focus to our efforts to rejuvenate the core business.

This improved financial performance and our increased cash position has allowed us to implement a special, one-time dividend of \$0.51 a share, increase our regular quarterly dividend by 21% and resume our share repurchase program with the intent to buy back \$1 billion worth of shares over the next three years. We are pleased to return this capital to our shareholders and intend for it to reflect our commitment to you.

5. While we were transforming Best Buy, *we remained committed to our role in positively impacting the world and the communities in which we work and live.* From our leading electronics recycling program (more than one billion pounds recycled to date) to our Teen Tech Centers (eight launched around the country to serve underprivileged teens who might not otherwise view technology as a viable career), our partnership with St. Jude Children's Research Hospital (nearly \$10 million raised this last holiday season) and our carbon-reduction program (20% reduction from a 2009 baseline), Best Buy has remained a leader in corporate social responsibility and sustainable development.

These successes are, of course, the fruit of the hard work and talent of the more than 125,000 men and women who work at Best Buy. We have a very talented and dedicated set of leaders and employees. It is an honor to lead this group of amazing individuals and a privilege to work with each and every one of them.

Altogether, we feel that we are at an exciting turning point in our journey. We are moving from a turnaround phase where we were focused on solving two problems - negative comps and declining margins - to a transformation phase focused on two imperatives: driving profitable growth and continuing to improve our margins, while funding our investments in our future.

As we look ahead, we aspire to build our position as the leading provider of technology products, services and solutions, as measured by our customers, our employees, our investors and the communities in which we operate. We are excited by our mission to "Ignite Human Potential" as we strive to attract and develop great talent and unleash their potential. In addition, we strive to do more than sell products, instead, we aim to help our customers achieve new possibilities with the help of technology. In summary, our goal is to build an exciting, successful Best Buy, focused on delivering growth for all our stakeholders.



Our strategy continues to be focused on delivering *Expert Service. Unbeatable Price.* to our customers. Within this strategy, we are driving a number of growth initiatives around key product categories, "Life Events" and Services. In support of these initiatives, we are pursuing and investing in the transformation of our key functions and processes.

To move this strategy forward in FY16, we will continue to implement the two-year road map we laid out at the beginning of FY15 and that I shared with you last year. We have made progress against this road map in F15 and are confident in our ability to continue this progress this year.

Our road map is structured around several key priorities:

1. **Merchandising:** We will continue to create a compelling assortment online and in stores that provide a superior end-to-end customer experience and yields enhanced financial returns. In support of this, we are planning to continue rolling out more vendor experiences, as well as additional Pacific Kitchen and Home, and Magnolia Design Center stores-within-a-store.
2. **Marketing:** We are continuing the evolution from analog and mass, to digital and personalized marketing. This includes the ongoing development of our Athena customer database to create even more targeted and relevant communication with our customers. As another example, we will ramp up our home-mover and wedding registry programs as a way of better assisting consumers during key events in their life.
3. **Online:** Our goal is to serve customers based on how, when and where they want to be served. We will continue to enhance the omni-channel customer experience, whether a consumer is seeking to buy products or services on BestBuy.com, through our Best Buy app or in our stores.
4. **Retail Stores:** We will continue driving increased sales effectiveness through a focus on individual sales productivity, and enhance the customer experience with expert service and a compelling, physical environment.
5. **Services:** Our plan is to continue transforming our traditional service offerings to better address customer needs, while increasing our investments in the marketing of our Services offerings and better integrating Geek Squad into BestBuy.com.
6. **Supply Chain:** We remain intent on leveraging our network and improving the customer experience with increased inventory availability, faster speed-to-customer and improved home delivery and installation.



7. **Cost Structure:** We have launched phase two of our Renew Blue cost reduction and gross profit optimization program, with a target of approximately \$400 million in annualized savings over three years.

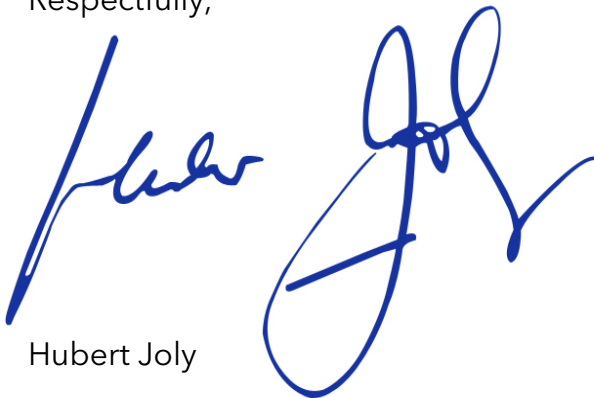
As we enter the second year of this road map, we are encouraged by the results we have achieved. To win in the face of these pressures, investing in our initiatives is imperative. We believe investing now will increase our executorial momentum and allow us to build a differentiated customer experience and the foundation for long-term success. Best Buy is playing to win and is making the kinds of investments that we believe will help us do just that.

The men and women of Best Buy are on a mission. They are on a mission to Ignite Human Potential and build an exciting and successful Best Buy that delivers growth for all stakeholders.

I am incredibly proud of our team and of the commitment, talent and passion I see every day throughout the company. I am equally proud of what we have accomplished together, and I am very excited about the opportunities that lay ahead.

And, all of us are grateful to you, our shareholders, for your ongoing support as we continue the transformation of Best Buy.

Respectfully,



Hubert Joly

† For GAAP to non-GAAP reconciliations, please refer to the non-GAAP reconciliation schedule on the last page of the Company's 2015 Annual Report, available on our website at www.investors.bestbuy.com. Non-GAAP financial information should not be considered superior to, as a substitute for, and should be read in conjunction with, the GAAP financial information reported in our 10-K, 10-Q and 8-K filings.

Forward-Looking and Cautionary Statements:

This earnings release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 as contained in Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 that reflect management's current views and estimates regarding future market conditions, company performance and financial results, business prospects, new strategies, the competitive environment and other events. You can identify these statements by the fact that they use words such as "anticipate," "believe," "assume," "estimate," "expect," "intend," "project," "guidance," "plan," "outlook," and other words and terms of similar meaning. These statements involve a number of risks and uncertainties that could cause actual results to differ materially from the potential results discussed in the forward-looking statements. Among the factors that could cause actual results and outcomes to differ materially from those contained in such forward-looking statements are the following: macro-economic conditions (including fluctuations in housing prices, oil markets, jobless rates and other indicators impacting consumer spending and confidence), conditions in the industries and categories in which we operate, changes in consumer preferences (including shopping preferences), changes in consumer confidence, consumer spending and debt levels, online sales levels and trends, average ticket size, the mix of products and services offered for sale in our physical stores and online, credit market changes and constraints, product availability, competitive initiatives of competitors (including pricing actions and promotional activities of competitors), strategic and business decisions of our vendors (including actions that could impact product margin or supply), the success of new product launches, the impact of pricing investments and promotional activity, weather, natural or man-made disasters, attacks on our data systems, the company's ability to react to a disaster recovery situation, changes in law or regulations, changes in tax rates, changes in taxable income in each jurisdiction, tax audit developments and resolution of other discrete tax matters, foreign currency fluctuation, availability of suitable real estate locations, the company's ability to manage its property portfolio, the impact of labor markets, the availability of qualified labor pools, the company's ability to retain qualified employees, failure to achieve anticipated expense and cost reductions from operational and restructuring changes, disruptions in our supply chain, the costs of procuring goods the company sells, failure to achieve anticipated revenue and profitability increases from operational and restructuring changes (including investments in our multi-channel capabilities), failure to accurately predict the duration over which we will incur costs, acquisitions and development of new businesses, divestitures of existing businesses, failure to complete or achieve anticipated benefits of announced transactions, integration challenges relating to new ventures, and our ability to protect information relating to our employees and customers. A further list and description of these risks, uncertainties and other matters can be found in the company's annual report and other reports filed from time to time with the Securities and Exchange Commission ("SEC"), including, but not limited to, Best Buy's Report on Form 10-K filed with the SEC on March 31, 2015. Best Buy cautions that the foregoing list of important factors is not complete, and any forward-looking statements speak only as of the date they are made, and Best Buy assumes no obligation to update any forward-looking statement that it may make.