

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 4, 2024

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
(State or other jurisdiction of incorporation or organization)

41-0907483
(I.R.S. Employer Identification No.)

7601 Penn Avenue South
Richfield, Minnesota
(Address of principal executive offices)

55423
(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

215,713,754
shares of common stock outstanding as of June 5, 2024.

**BEST BUY CO., INC.
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WEBSITE AND SOCIAL MEDIA DISCLOSURE

We disclose information to the public concerning Best Buy, Best Buy's products, content and services and other items through our websites in order to achieve broad, non-exclusionary distribution of information to the public. Some of the information distributed through this channel may be considered material information. Investors and others are encouraged to review the information we make public in the locations below.* This list may be updated from time to time.

- For information concerning Best Buy and its products, content and services, please visit: <https://bestbuy.com>.
- For information provided to the investment community, including news releases, events and presentations, and filings with the SEC, please visit: <https://investors.bestbuy.com>.
- For the latest information from Best Buy, including press releases, please visit: <https://corporate.bestbuy.com/archive/>.

* These corporate websites, and the contents thereof, are not incorporated by reference into this Quarterly Report on Form 10-Q nor deemed filed with the SEC.

PART I — FINANCIAL INFORMATION
Item 1. Financial Statements
Condensed Consolidated Balance Sheets

\$ in millions, except per share amounts (unaudited)

	May 4, 2024	February 3, 2024	April 29, 2023
Assets			
Current assets			
Cash and cash equivalents	\$ 1,214	\$ 1,447	\$ 1,030
Receivables, net	770	939	860
Merchandise inventories	5,225	4,958	5,219
Other current assets	544	553	653
Total current assets	7,753	7,897	7,762
Property and equipment, net	2,196	2,260	2,321
Operating lease assets	2,771	2,758	2,694
Goodwill	1,383	1,383	1,383
Other assets	649	669	528
Total assets	\$ 14,752	\$ 14,967	\$ 14,688
Liabilities and equity			
Current liabilities			
Accounts payable	\$ 4,664	\$ 4,637	\$ 4,874
Unredeemed gift card liabilities	242	253	256
Deferred revenue	923	1,000	1,015
Accrued compensation and related expenses	380	486	364
Accrued liabilities	812	902	759
Current portion of operating lease liabilities	613	618	625
Current portion of long-term debt	15	13	15
Total current liabilities	7,649	7,909	7,908
Long-term operating lease liabilities	2,222	2,199	2,128
Long-term debt	1,134	1,152	1,155
Long-term liabilities	665	654	704
Contingencies (Note 10)			
Equity			
Best Buy Co., Inc. Shareholders' 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 -

216.1

million,

215.4

million and

218.5

million shares, respectively

22

22

22

Additional paid-in capital

26

31

Retained earnings

2,722

2,683

2,454

Accumulated other comprehensive income

312

317

317

Total equity

3,082

3,053

2,793

Total liabilities and equity

\$ 14,752

\$ 14,967

\$ 14,688

NOTE: The Consolidated Balance Sheet as of February 3, 2024, 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 4, 2024	April 29, 2023
Revenue	\$ 8,847	\$ 9,467
Cost of sales	6,783	7,317
Gross profit	2,064	2,150
Selling, general and administrative expenses	1,737	1,848
Restructuring charges	15	9 ()
Operating income	312	311
Other income (expense):		
Investment income and other	25	21
Interest expense	(12)	(12) ()
Earnings before income tax expense and equity in income (loss) of affiliates	325	320
Income tax expense	80	75 ()
Equity in income (loss) of affiliates	1	1 ()
Net earnings	\$ 246	\$ 244
Basic earnings per share	\$ 1.14	\$ 1.11
Diluted earnings per share	\$ 1.13	\$ 1.11
Weighted-average common shares outstanding:		
Basic	216.2	218.9
Diluted	217.2	219.9

See Notes to Condensed Consolidated Financial Statements.

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

	Three Months Ended	
	May 4, 2024	April 29, 2023
Net earnings	\$ 246	\$ 244
Foreign currency translation adjustments, net of tax	(5)	(5)
Comprehensive income	\$ 241	\$ 239

See Notes to Condensed Consolidated Financial Statements.

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

	Three Months Ended	
	May 4, 2024	April 29, 2023
Operating activities		
Net earnings	\$ 246	\$ 244
Adjustments to reconcile net earnings to total cash provided by (used in) operating activities:		
Depreciation and amortization	219	237
Restructuring charges	15	9
Stock-based compensation	38	38
Other, net	12	14
Changes in operating assets and liabilities:		
Receivables	168	279
Merchandise inventories	273	86
Other assets	8	17
Accounts payable	43	790
Income taxes	13	46
Other liabilities	317	287
Total cash provided by (used in) operating activities	156	331
Investing activities		
Additions to property and equipment	152	204
Other, net	15	-
Total cash used in investing activities	167	204
Financing activities		
Repurchase of common stock	50	79
Dividends paid	202	202
Total cash used in financing activities	252	281
Effect of exchange rate changes on cash and cash equivalents		
Decrease in cash, cash equivalents and restricted cash	266	821
Cash, cash equivalents and restricted cash at beginning of period	1,793	2,253
Cash, cash equivalents and restricted cash at end of period	\$ 1,527	\$ 1,432

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 3, 2024	215.4	\$ 22	\$ 31	\$ 2,683	\$ 317	\$ 3,053
Net earnings, three months ended May 4, 2024	-	-	-	246	-	246
Other comprehensive loss:					(5)	(5)
Foreign currency translation adjustments, net of tax	-	-	-	-	5	5
Stock-based compensation	-	-	38	-	-	38
Issuance of common stock	1.4	-	4	-	-	4
Common stock dividends, \$ 0.94 per share	-	-	5	207	-	202
Repurchase of common stock	0.7	-	52	-	-	52
Balances at May 4, 2024	216.1	\$ 22	\$ 26	\$ 2,722	\$ 312	\$ 3,082
Balances at January 28, 2023	218.1	\$ 22	\$ 21	\$ 2,430	\$ 322	\$ 2,795
Net earnings, three months ended April 29, 2023	-	-	-	244	-	244
Other comprehensive loss:					(5)	(5)
Foreign currency translation adjustments, net of tax	-	-	-	-	5	5
Stock-based compensation	-	-	38	-	-	38
Issuance of common stock	1.5	-	4	-	-	4
Common stock dividends, \$ 0.92 per share	-	-	4	206	-	202
Repurchase of common stock	1.1	-	67	14	-	81
Balances at April 29, 2023	218.5	\$ 22	\$ -	\$ 2,454	\$ 317	\$ 2,793

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 U.S. ("GAAP"). All adjustments were comprised of normal recurring adjustments, except as noted in these Notes to Condensed Consolidated Financial Statements.

A large proportion of our revenue and earnings is generated in the fiscal fourth quarter, which includes the majority of the holiday shopping season. 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 3, 2024. The first three months of fiscal 2025 and fiscal 2024 included 13 weeks.

In preparing the accompanying condensed consolidated financial statements, we evaluated the period from May 4, 2024, through the date the financial statements were issued for material subsequent events requiring recognition or disclosure. No such events were identified.

Recently Issued Accounting Pronouncements

In November 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures*, which enhances reportable segment disclosure requirements primarily through expanded disclosures around significant segment expenses. The amendments are effective for fiscal years beginning after December 15, 2023, and for interim periods within fiscal years beginning after December 15, 2024. The amendments should be applied retrospectively to all prior periods presented in the financial statements. We are currently evaluating the impact of the ASU and expect to include updated segment expense disclosures in our fiscal 2025 Form 10-K.

In December 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*, which requires disclosure of specific categories meeting a quantitative threshold within the income tax rate reconciliation, as well as disaggregation of income taxes paid by jurisdiction. This ASU, which can be applied either prospectively or retrospectively, is effective for annual periods beginning after December 15, 2024, with early adoption permitted. We are currently evaluating the impact of the ASU and expect to include updated income tax disclosures in our fiscal 2026 Form 10-K.

Supply Chain Financing

We have a supply chain financing program with an independent financial institution, whereby some of our suppliers have the opportunity to receive accounts payable settlements early, at a discount, facilitated by the financial institution. Our liability associated with the funded participation in the program, which is included in Accounts payable on our Condensed Consolidated Balance Sheets, was \$

505
million, \$

426
million and \$

490
million as of May 4, 2024, February 3, 2024, and April 29, 2023, respectively.

Total Cash, Cash Equivalents and Restricted Cash

Cash, cash equivalents and restricted cash reported on our Condensed Consolidated Balance Sheets are reconciled to the total shown on our Condensed Consolidated Statements of Cash Flows as follows (\$ in millions):

	May 4, 2024	February 3, 2024	April 29, 2023
Cash and cash equivalents	\$ 1,214	\$ 1,447	\$ 1,030
Restricted cash included in Other current assets	313	346	402
Total cash, cash equivalents and restricted cash	\$ 1,527	\$ 1,793	\$ 1,432

Amounts included in restricted cash are primarily restricted to cover product protection plans provided under our membership offerings and other self-insurance liabilities.

2. Restructuring

Restructuring charges were as follows (\$ in millions):

	Three Months Ended	
	May 4, 2024	April 29, 2023
Fiscal 2024 Restructuring Initiative	\$ 16	\$ -
	()	()
Fiscal 2023 Resource Optimization Initiative	1	9
	()	()
Total	\$ 15	\$ 9
	<u>\$ 15</u>	<u>\$ 9</u>

Fiscal 2024 Restructuring Initiative

During the fourth quarter of fiscal 2024, we commenced an enterprise-wide restructuring initiative intended to accomplish the following: (1) align field labor resources with where customers want to shop to optimize the customer experience; (2) redirect corporate resources for better alignment with our strategy; and (3) right-size resources to better align with our revenue outlook for fiscal 2025.

All charges incurred related to this initiative were comprised of employee termination benefits from continuing operations and were presented within Restructuring charges on our Condensed Consolidated Statements of Earnings as follows (\$ in millions):

	Three Months Ended	Cumulative Amount
	May 4, 2024	As of May 4, 2024
Domestic	\$ 17	\$ 180
	()	
International	1	7
	()	
Total	\$ 16	\$ 187
	<u>\$ 16</u>	<u>\$ 187</u>

Restructuring accrual activity related to this initiative was as follows (\$ in millions):

	Termination Benefits		
	Domestic	International	Total
Balances at February 3, 2024	\$ 163	\$ 8	\$ 171
Charges	17	-	17
	()		()
Cash payments	9	-	9
	()		()
Adjustments ⁽¹⁾	-	1	1
		()	()
Balances at May 4, 2024	\$ 171	\$ 7	\$ 178

(1) Represents adjustments primarily related to higher-than-expected employee retention from previously planned organizational changes.

We do not expect to incur material future restructuring charges related to this initiative.

Fiscal 2023 Resource Optimization Initiative

During the second quarter of fiscal 2023, we commenced an enterprise-wide initiative to better align our spending with critical strategies and operations, as well as to optimize our cost structure. We do not expect to incur material future restructuring charges related to this initiative. All charges incurred related to this initiative were comprised of employee termination benefits from continuing operations and were presented within Restructuring charges on our Condensed Consolidated Statements of Earnings.

We recorded reductions to employee termination benefits of \$

1 million and \$

9 million in the first quarter of fiscal 2025 and fiscal 2024, respectively, primarily related to higher-than-expected employee retention. Cumulative charges incurred related to this initiative as of May 4, 2024, were \$

126 million, comprised of \$

123 million and \$

3 million of employee termination benefits within our Domestic and International segments, respectively.

Restructuring accrual activity related to this initiative was as follows (\$ in millions):

	Termination Benefits			Total
	Domestic	International		
Balances at January 28, 2023	\$ 102	\$ 5	\$	107
Cash payments	9	2		11
Adjustments ⁽¹⁾	8	1		9
Balances at April 29, 2023	<u>\$ 85</u>	<u>\$ 2</u>	<u>\$</u>	<u>87</u>
Balances at February 3, 2024	\$ 16	\$ -	\$	16
Cash payments	2	-		2
Adjustments ⁽¹⁾	1	-		1
Balances at May 4, 2024	<u>\$ 13</u>	<u>\$ -</u>	<u>\$</u>	<u>13</u>

(1) Represents adjustments primarily related to higher-than-expected employee retention from previously planned organizational changes

3. Goodwill and Intangible Assets

Goodwill

Goodwill balances were as follows as of May 4, 2024, February 3, 2024, and April 29, 2023 (\$ in millions):

	Gross Carrying Amount	Cumulative Impairment
Domestic	\$ 1,450	\$ 67
International	608	608
Total	<u>\$ 2,058</u>	<u>\$ 675</u>

No

impairment charges were recorded during the periods presented.

Definite-Lived Intangible Assets

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

	May 4, 2024			Weighted-Average Useful Life Remaining as of May 4, 2024 (in years)		
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Customer relationships	\$ 360	\$ 278	\$ 360	\$ 276	\$ 360	\$ 249
Tradenames	108	72	108	69	108	60
Developed technology	64	60	64	59	64	54
Total	<u>\$ 532</u>	<u>\$ 410</u>	<u>\$ 532</u>	<u>\$ 404</u>	<u>\$ 532</u>	<u>\$ 363</u>

Amortization expense was as follows (\$ in millions):

	Statement of Earnings Location	Three Months Ended	
		May 4, 2024	April 29, 2023
Amortization expense	SG&A	\$ 6	\$ 20

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

Amortization Expense

Remainder of fiscal 2025	\$ 15
Fiscal 2026	21
Fiscal 2027	18
Fiscal 2028	12
Fiscal 2029	11
Fiscal 2030	9
Thereafter	36

4 . 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):

	Balance Sheet Location ⁽¹⁾	Fair Value Hierarchy	Fair Value at		
			May 4, 2024	February 3, 2024	April 29, 2023
Assets					
Money market funds ⁽²⁾	Cash and cash equivalents	Level 1	\$ 234	\$ 330	\$ 133
Time deposits ⁽³⁾	Cash and cash equivalents	Level 2	110	60	115
Money market funds ⁽²⁾	Other current assets	Level 1	184	182	200
Time deposits ⁽³⁾	Other current assets	Level 2	51	50	40
Marketable securities that fund deferred compensation ⁽⁴⁾	Other assets	Level 1	49	48	46
Liabilities					
Interest rate swap derivative instruments ⁽⁵⁾	Long-term liabilities	Level 2	27	11	11

(1) Balance sheet location is determined by the length to maturity at date of purchase and whether the assets are restricted for particular use.

(2) Valued at quoted market prices in active markets at period end.

(3) Valued at face value plus accrued interest at period end, which approximates fair value.

(4) Valued using the performance of mutual funds that trade with sufficient frequency and volume to obtain pricing information on an ongoing basis.

(5) 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. See Note 5, *Derivative Instruments*, for additional information.

Fair Value of Financial Instruments

The fair values of cash, certain restricted cash, receivables, accounts payable and other payables approximated their carrying values because of the short-term nature of these instruments. If these instruments were measured at fair value in the financial statements, they would be classified as Level 1 in the fair value hierarchy. 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 4, 2024		February 3, 2024		April 29, 2023	
	Fair Value	Carrying Value	Fair Value	Carrying Value	Fair Value	Carrying Value
Long-term debt ⁽¹⁾	\$ 994	\$ 1,123	\$ 1,022	\$ 1,139	\$ 1,023	\$ 1,139

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

5. 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 by using interest rate swaps to mitigate interest rate risk on our \$

500 million of 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 fair value hedges are recorded on our Condensed Consolidated Balance Sheets at fair value. When significant, the gross fair values of our outstanding derivative instruments and corresponding fair value classifications are included in Note 4, *Fair Value Measurements*.

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

Contract Type	May 4, 2024	February 3, 2024	April 29, 2023
Derivatives designated as net investment hedges	\$ 191	\$ 100	\$ 102
Derivatives designated as fair value hedges (interest rate swaps)	500	500	500
No hedge designation (foreign exchange contracts)	57	66	57
Total	\$ 748	\$ 666	\$ 659

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

	Statement of Earnings Location	Gain (Loss) Recognized	
		Three Months Ended	
		May 4, 2024	April 29, 2023
Interest rate swaps	Interest expense	\$ 15)	\$ 4)
Adjustments to carrying value of long-term debt	Interest expense	15	4
Total		\$ -	\$ -

6. Debt

Short-Term Debt

U.S. Revolving Credit Facility

We have a \$

1.25 billion five-year senior unsecured revolving credit facility agreement (the "Five-Year Facility Agreement") with a syndicate of banks that expires in April 2028. There were

no

borrowings outstanding under the Five-Year Facility Agreement as of May 4, 2024, February 3, 2024, or April 29, 2023.

Long-Term Debt

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

		May 4, 2024	February 3, 2024	April 29, 2023
Notes,				
4.45 %, due October 1, 2028		\$ 500	\$ 500	\$ 500
Notes,				
1.95 %, due October 1, 2030		650	650	650
Interest rate swap valuation adjustments		27)	11)	11)
Subtotal		1,123	1,139	1,139
Debt discounts and issuance costs		8)	8)	9)
Finance lease obligations		34	34	40
Total long-term debt		1,149	1,165	1,170
Less current portion		15	13	15
Total long-term debt, less current portion		\$ 1,134	\$ 1,152	\$ 1,155

Fair Value and Future Maturities

See Note 4, *Fair Value Measurements*, for the fair value of long-term debt. Other than the \$

500 million of principal amount of notes due October 1, 2028, we do

no

have any future maturities of long-term debt within the next five fiscal years.

7. Revenue

We generate substantially all of our revenue from contracts with customers from the sale of products and services. Contract balances primarily consist of receivables and liabilities related to unfulfilled membership benefits and services not yet completed, product merchandise not yet delivered to customers, deferred revenue from our private label and co-branded credit card arrangement and unredeemed gift cards. Contract balances were as follows (\$ in millions):

	May 4, 2024	February 3, 2024	April 29, 2023
Receivables, net ⁽¹⁾	\$ 453	\$ 512	\$ 523
Short-term contract liabilities included in:			

Unredeemed gift card liabilities	242	253	256
Deferred revenue	923	1,000	1,015
Accrued liabilities	57	53	68
Long-term contract liabilities included in:			
Long-term liabilities	239	245	260

(1) Receivables are recorded net of allowances for expected credit losses of \$

17 million, \$

23 million and \$

18 million as of May 4, 2024, February 3, 2024, and April 29, 2023, respectively.

During the first three months of fiscal 2025 and fiscal 2024, \$

642 million and \$

747 million of revenue was recognized, respectively, that was included in the contract liabilities at the beginning of the respective periods.

Estimated revenue from our contract liability balances expected to be recognized in future periods if the performance of the contract is expected to have an initial duration of more than one year is as follows (\$ in millions):

Fiscal Year	Amount
Remainder of fiscal 2025	\$ 26
Fiscal 2026	32
Fiscal 2027	26
Fiscal 2028	25
Fiscal 2029	25
Fiscal 2030	25
Thereafter	112

See Note 11, *Segments*, for information on our revenue by reportable segment and product category.

8. Earnings per Share

We compute our basic earnings per share based on the weighted-average number of common shares outstanding and our diluted earnings per share based on the weighted-average number of 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 4, 2024	April 29, 2023
Numerator		
Net earnings	\$ 246	\$ 244
Denominator		
Weighted-average common shares outstanding	216.2	218.9
Dilutive effect of stock compensation plan awards	1.0	1.0
Weighted-average common shares outstanding, assuming dilution	217.2	219.9
Potential shares which were anti-dilutive and excluded from weighted-average share computations	0.6	1.0
Basic earnings per share	\$ 1.14	\$ 1.11
Diluted earnings per share	\$ 1.13	\$ 1.11

9. Repurchase of Common Stock

On February 28, 2022, our Board of Directors approved a \$

5.0 billion share repurchase program. There is no expiration date governing the period over which we can repurchase shares under this authorization.

Information regarding share repurchases was as follows (\$ and shares in millions, except per share amounts):

	Three Months Ended	
	May 4, 2024	April 29, 2023
Total cost of shares repurchased	\$ 52	\$ 81
Average price per share	\$ 77.81	\$ 76.15
Total number of shares repurchased	0.7	1.1

As of May 4, 2024, \$

3.7 billion of the \$

5.0 billion share repurchase authorization was available. Between the end of the first quarter of fiscal 2025 on May 4, 2024 and June 5, 2024, we repurchased an incremental

0.4 million shares of our common stock at a cost of \$

34 million. We currently expect total share repurchases of approximately \$

350 million in fiscal 2025.

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.

11. Segments

Reportable segment and product category revenue information was as follows (\$ in millions):

	Three Months Ended	
	May 4, 2024	April 29, 2023
Revenue by reportable segment		
Domestic	\$ 8,203	\$ 8,801
International	644	666
Total revenue	<u>\$ 8,847</u>	<u>\$ 9,467</u>
Revenue by product category		
Domestic:		
Computing and Mobile Phones	\$ 3,588	\$ 3,688
Consumer Electronics	2,364	2,592
Appliances	1,090	1,339
Entertainment	520	591
Services	578	537
Other	63	54
Total Domestic revenue	<u>\$ 8,203</u>	<u>\$ 8,801</u>
International:		
Computing and Mobile Phones	\$ 318	\$ 316
Consumer Electronics	173	184
Appliances	60	59
Entertainment	46	60
Services	39	36
Other	8	11
Total International revenue	<u>\$ 644</u>	<u>\$ 666</u>

Operating income by reportable segment and the reconciliation to consolidated earnings before income tax expense and equity in income (loss) of affiliates was as follows (\$ in millions):

	Three Months Ended	
	May 4, 2024	April 29, 2023
Domestic		
	\$ 303	\$ 290
International	9	21
Total operating income	312	311
Other income (expense):		
Investment income and other	25	21
Interest expense	(12)	(12)
Earnings before income tax expense and equity in income (loss) of affiliates	<u>\$ 325</u>	<u>\$ 320</u>

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

	May 4, 2024	February 3, 2024	April 29, 2023
Domestic	\$ 13,483	\$ 13,660	\$ 13,561
International	1,269	1,307	1,127
Total assets	<u>\$ 14,752</u>	<u>\$ 14,967</u>	<u>\$ 14,688</u>

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 should be read in conjunction with our Annual Report on Form 10-K for the fiscal year ended February 3, 2024 (including the information presented therein under *Risk Factors*), as well as our other reports on Forms 10-Q and 8-K and other publicly available information. All amounts herein are unaudited.

Overview

We are driven by our purpose to enrich lives through technology and our vision to personalize and humanize technology solutions for every stage of life. We accomplish this by leveraging our combination of technology and a human touch to meet our customers' everyday needs, whether they come to us online, visit our stores or invite us into their homes.

We have two reportable segments: Domestic and International. The Domestic segment is comprised of our operations in all states, districts and territories of the U.S. and our Best Buy Health business. The International segment is comprised of all our operations in Canada.

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.

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. Revenue from online sales is included in comparable sales and represents sales initiated on a website or app, regardless of whether customers choose to pick up product in store, curbside, at an alternative pick-up location or take delivery direct to their homes. Revenue from acquisitions is 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. Revenue from stores closed more than 14 days, including but not limited to relocated, remodeled, expanded and downsized stores, or stores impacted by natural disasters, is excluded from comparable sales until at least 14 full months after reopening. Comparable sales excludes the impact of certain periodic warranty-related profit-share revenue, the effect of fluctuations in foreign currency exchange rates (applicable to our International segment only) and the impact of the 53rd week (applicable in 53-week fiscal years only). Comparable sales is based on our fiscal calendar and is not adjusted to align calendar weeks. All periods presented apply this methodology consistently.

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.

Non-GAAP Financial Measures

This MD&A includes financial information prepared in accordance with accounting principles generally accepted in the U.S. ("GAAP"), as well as certain adjusted or non-GAAP financial measures, such as non-GAAP operating income, non-GAAP effective tax rate and non-GAAP diluted earnings per share ("EPS"). We believe that non-GAAP financial measures, when reviewed in conjunction with GAAP financial measures, provide additional useful information for evaluating current period performance and assessing future performance. For these reasons, internal management reporting, including budgets, forecasts and financial targets used for short-term incentives are based on non-GAAP financial measures. Generally, our non-GAAP financial measures include adjustments for items such as restructuring charges, goodwill and intangible asset impairments, price-fixing settlements, gains and losses on sales of subsidiaries and certain 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. We provide reconciliations of the most comparable financial measures presented in accordance with GAAP to presented non-GAAP financial measures that enable investors to understand the adjustments made in arriving at the non-GAAP financial measures and to evaluate performance using the same metrics as management. 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 may be calculated differently from similarly titled measures used by other companies, thereby limiting their usefulness for comparative purposes.

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 Non-GAAP Financial Measures section below for detailed reconciliations of items impacting non-GAAP operating income, non-GAAP effective tax rate and non-GAAP diluted EPS in the presented periods.

Business Strategy Update

In the first quarter of fiscal 2025, we continued to manage our profitability through strong execution, while at the same time preparing for future growth. We made progress on our fiscal 2025 priorities, grew our paid membership base, implemented previously announced restructuring actions and drove improvements in our prioritized customer experiences. While macroeconomic factors continued to create a challenging sales environment during the quarter, we will continue to navigate this fluctuating environment and its impact on customer demand while remaining focused and energized about our purpose to enrich lives through technology.

We expect fiscal 2025 to be a year of increasing industry stabilization as the pace of innovation increases and consumers begin to upgrade and replace technology products bought early in the pandemic. To ensure we are in the best position possible to benefit, we are focused on the following four priorities: 1) invigorate and progress targeted customer experiences; 2) drive operational effectiveness and efficiency; 3) continue our disciplined approach to capital allocation; and 4) explore, pilot and drive incremental revenue streams.

In the first quarter of fiscal 2025, we focused on providing increasingly personalized, highly relevant and motivational content to our App users to drive higher engagement. Each of our App users' home screens will eventually look different based on their personal preferences and a number of factors like current location, shopping history, membership status and what we know they care about the most based on their activity. We are also driving speed improvements on the product pages and in checkout in the mobile experience to drive customer experience and sales performance.

In our stores, we plan to make enhancements to every store in the chain in some fashion throughout the second and third quarters, improving both our merchandising and ease of shopping for customers. This includes working with many of our vendors to implement new and enhanced in-store experiences across the store. To continue to elevate the expert service we provide customers, we are adding fully dedicated labor expertise to our in-store computing, home theater and major appliances departments in hundreds of stores. These changes are in addition to the actions taken throughout the past year to streamline our leadership model, allowing us to invest in more customer-facing sales associate hours in our stores.

While we elevate our customer experiences, we are simultaneously executing on our longstanding commitment to drive operational effectiveness and efficiencies and identify cost reductions, as this is paramount to help offset inflationary pressures in our business and fund investment capacity. For example, in fiscal 2025 we are focused on driving further efficiencies across forward and reverse supply chain, our Geek Squad repair operations, and our customer care experience. We will continue to lean heavily on analytics and technology to achieve these efficiencies.

Our third key priority for the year is to continue our disciplined approach to capital allocation. This will include striking the appropriate balance of prioritizing areas that best position us for the future while prudently dealing with the near-term uncertainty in the consumer electronics industry.

Our fourth key priority for fiscal 2025 is longer-term in focus. We will continue to explore opportunities that leverage our scale and capabilities to drive incremental profitable revenue streams over time.

We believe we are starting to see the pace of technology innovation increase as computing devices powered by artificial intelligence are expected to launch this summer. We are the largest consumer electronics specialty retailer with what we believe to be a unique range of product assortment and expert services to help humanize tech, especially new innovation, for every stage of our customers' lives. We intend to strengthen our position in key categories like computing, home theater and major appliances through our differentiated experiences, pointed marketing spend and competitive pricing. We believe we are putting ourselves in the best position for fiscal 2025 and beyond.

Results of Operations

Consolidated Results

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

	Three Months Ended	
	May 4, 2024	April 29, 2023
Revenue	\$ 8,847	\$ 9,467
Revenue % change	(6.5)%	(11.1)%
Comparable sales % change	(6.1)%	(10.1)%
Gross profit	\$ 2,064	\$ 2,150
Gross profit as a % of revenue ⁽¹⁾	23.3 %	22.7 %
SG&A	\$ 1,737	\$ 1,848
SG&A as a % of revenue ⁽¹⁾	19.6 %	19.5 %
Restructuring charges	\$ 15	\$ (9)
Operating income	\$ 312	\$ 311
Operating income as a % of revenue	3.5 %	3.3 %
Net earnings	\$ 246	\$ 244
Diluted earnings per share	\$ 1.13	\$ 1.11

(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*, of the Notes to Consolidated Financial Statements included in our Annual Report on Form 10-K for the fiscal year ended February 3, 2024.

In the first quarter of fiscal 2025, we generated \$8.8 billion in revenue and our comparable sales declined 6.1% as we continued to operate in a consumer electronics industry that is challenged by various macroeconomic pressures, including high inflation, increased spending outside the home in areas such as travel and entertainment and lower levels of product innovation.

Revenue, gross profit rate, SG&A and operating income rate changes in the first quarter of fiscal 2025 were primarily driven by our Domestic segment. For further discussion of our Domestic and International segments, see *Segment Performance Summary*, below.

Store Summary

Stores open by reportable segment were as follows:

	May 4, 2024	April 29, 2023
Best Buy	891	908
Outlet Centers	23	20
Pacific Sales	20	20
Yardbird	23	18
Total Domestic stores	957	966
Canada Best Buy stores	128	127
Canada Best Buy Mobile stand-alone stores	32	32
Total International stores	160	159
Total stores	1,117	1,125

We continuously monitor store performance as part of a market-driven, omnichannel strategy. As we approach the expiration of leases, we evaluate various options for each location, including whether a store should remain open. We currently expect to close approximately 10 to 15 Domestic Best Buy stores in fiscal 2025.

Income Tax Expense

Income tax expense increased in the first quarter of fiscal 2025, primarily due to reduced benefits from the resolution of tax matters and stock-based compensation. Our effective tax rate ("ETR") increased to 24.7% in the first quarter of fiscal 2025 compared to 23.3% in the first quarter of fiscal 2024, primarily due to reduced tax benefits from the resolution of tax matters and stock-based compensation, partially offset by benefits from green energy incentives.

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 Segment

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

	Three Months Ended	
	May 4, 2024	April 29, 2023
Revenue	\$ 8,203	\$ 8,801
Revenue % change	(6.8)%	(11.0)%
Comparable sales % change ⁽¹⁾	(6.3)%	(10.4)%
Gross profit	\$ 1,917	\$ 1,992
Gross profit as a % of revenue	23.4 %	22.6 %
SG&A	\$ 1,598	\$ 1,710
SG&A as a % of revenue	19.5 %	19.4 %
Restructuring charges	\$ 16	\$ (8)
Operating income	\$ 303	\$ 290
Operating income as a % of revenue	3.7 %	3.3 %
Selected Online Revenue Data		
Total online revenue	\$ 2,525	\$ 2,688
Online revenue as a % of total segment revenue	30.8 %	30.5 %
Comparable online sales % change ⁽¹⁾	(6.1)%	(12.1)%

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

Domestic revenue decreased in the first quarter of fiscal 2025, primarily driven by comparable sales declines in appliances, home theater, gaming and mobile phones. These drivers were partially offset by comparable sales growth in services and laptops. Online revenue of \$2.5 billion decreased 6.1% on a comparable basis in the first quarter of fiscal 2025. Domestic segment revenue declines were also due to the factors described within the Consolidated Results section, above.

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 4, 2024	April 29, 2023	May 4, 2024	April 29, 2023
Computing and Mobile Phones	44 %	42 %	(2.2)%	(13.3)%
Consumer Electronics	29 %	29 %	(8.3)%	(9.8)%
Appliances	13 %	15 %	(18.5)%	(15.5)%
Entertainment	6 %	7 %	(11.3)%	3.8 %
Services	7 %	6 %	9.0 %	12.0 %
Other	1 %	1 %	18.2 %	(12.1)%
Total	100 %	100 %	(6.3)%	(10.4)%

Notable comparable sales changes by revenue category were as follows:

- **Computing and Mobile Phones:** The 2.2% comparable sales decline was driven primarily by declines in mobile phones and wearables, partially offset by comparable sales growth in laptops.
- **Consumer Electronics:** The 8.3% comparable sales decline was driven primarily by home theater.
- **Appliances:** The 18.5% comparable sales decline was driven primarily by large appliances.
- **Entertainment:** The 11.3% comparable sales decline was driven primarily by gaming.
- **Services:** The 9.0% comparable sales growth was driven primarily by delivery and installation services.

Domestic gross profit rate increased in the first quarter of fiscal 2025, primarily due to improved financial performance from our services category, including our membership offerings, which was partially offset by lower product margin rates and lower profit-sharing revenue from our private label and co-branded credit card arrangement.

Domestic SG&A decreased in the first quarter of fiscal 2025, primarily due to: (1) lower employee compensation expense, which was primarily store payroll; (2) reduced vehicle rental costs; and (3) lower expenses across multiple other areas, such as advertising and credit card fees. These decreases were partially offset by higher technology expense.

Domestic restructuring charges in the first quarter of fiscal 2025 were primarily related to employee termination benefits associated with an enterprise-wide restructuring initiative that commenced in the fourth quarter of fiscal 2024. Refer to Note 2, *Restructuring*, of the Notes to Condensed Consolidated Financial Statements, included in this Quarterly Report on Form 10-Q for additional information.

Domestic operating income rate increased in the first quarter of fiscal 2025, primarily due to favorability in gross profit rate, partially offset by higher restructuring charges and an unfavorable SG&A rate that was driven by decreased leverage from lower sales volume on our fixed expenses.

International Segment

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

	Three Months Ended	
	May 4, 2024	April 29, 2023
Revenue	\$ 644	\$ 666
Revenue % change	(3.3)%	(11.6)%
Comparable sales % change	(3.3)%	(5.5)%
Gross profit	\$ 147	\$ 158
Gross profit as a % of revenue	22.8 %	23.7 %
SG&A	\$ 139	\$ 138
SG&A as a % of revenue	21.6 %	20.7 %
Operating income	\$ 9	\$ 21
Operating income as a % of revenue	1.4 %	3.2 %

International revenue decreased in the first quarter of fiscal 2025, primarily driven by a comparable sales decline in gaming.

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 4, 2024	April 29, 2023	May 4, 2024	April 29, 2023
Computing and Mobile Phones	50 %	47 %	0.7 %	(3.6)%
Consumer Electronics	27 %	28 %	(6.6)%	(9.1)%
Appliances	9 %	9 %	2.0 %	(11.7)%
Entertainment	7 %	9 %	(22.9)%	12.0 %
Services	6 %	5 %	5.0 %	(11.2)%
Other	1 %	2 %	(13.4)%	(19.0)%
Total	100 %	100 %	(3.3)%	(5.5)%

Notable comparable sales changes by revenue category were as follows:

- **Computing and Mobile Phones:** The 0.7% comparable sales growth was driven primarily by mobile phones, partially offset by a comparable sales decline in computing.
- **Consumer Electronics:** The 6.6% comparable sales decline was driven primarily by headphones and portable speakers, and home theater.
- **Appliances:** The 2.0% comparable sales growth was driven primarily by small appliances.
- **Entertainment:** The 22.9% comparable sales decline was driven primarily by gaming.
- **Services:** The 5.0% comparable sales growth was driven primarily by warranty-related services.

International gross profit rate decreased in the first quarter of fiscal 2025, primarily driven by lower product margin rates.

International SG&A in the first quarter of fiscal 2025 was relatively flat to last year.

International operating income rate decreased in the first quarter of fiscal 2025, primarily due to an unfavorable gross profit rate and decreased leverage from lower sales volume on our fixed expenses, which resulted in an unfavorable SG&A rate.

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 4, 2024	April 29, 2023
Operating income	\$ 312	\$ 311
% of revenue	3.5 %	3.3 %
Intangible asset amortization ⁽¹⁾	6	20
Restructuring charges ⁽²⁾	15	(9)
Non-GAAP operating income	<u>\$ 333</u>	<u>\$ 322</u>
% of revenue	3.8 %	3.4 %
Effective tax rate	24.7 %	23.3 %
Intangible asset amortization ⁽¹⁾	-%	0.1 %
Non-GAAP effective tax rate	<u>24.7 %</u>	<u>23.4 %</u>
Diluted EPS	\$ 1.13	\$ 1.11
Intangible asset amortization ⁽¹⁾	0.03	0.09
Restructuring charges ⁽²⁾	0.07	(0.04)
Income tax impact of non-GAAP adjustments ⁽³⁾	(0.03)	(0.01)
Non-GAAP diluted EPS	<u>\$ 1.20</u>	<u>\$ 1.15</u>

For additional information regarding the nature of charges discussed below, refer to Note 2, *Restructuring*, and Note 3, *Goodwill and Intangible Assets*, of the Notes to Condensed Consolidated Financial Statements, included in this Quarterly Report on Form 10-Q.

(1) Represents the non-cash amortization of definite-lived intangible assets associated with acquisitions, including customer relationships, tradenames and developed technology assets.

(2) Represents restructuring charges related to the Fiscal 2024 Restructuring Initiative and the Fiscal 2023 Resource Optimization Initiative.

(3) The non-GAAP adjustments primarily relate to the U.S. As such, the income tax charge on the U.S. non-GAAP adjustments is calculated using the statutory tax rate of 24.5%.

Non-GAAP operating income rate increased in the first quarter of fiscal 2025, primarily due to a favorable gross profit rate in our Domestic segment.

Non-GAAP effective tax rate increased in the first quarter of fiscal 2025, primarily due to reduced tax benefits from the resolution of tax matters and stock-based compensation, partially offset by benefits from green energy incentives.

Non-GAAP diluted EPS increased in the first quarter of fiscal 2025, primarily due to the increase 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, dividends, credit facilities, short-term borrowing arrangements and working capital management. We modify our approach to managing these variables as changes in our operating environment arise. For example, 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.

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

	May 4, 2024	February 3, 2024	April 29, 2023
Cash and cash equivalents	\$ 1,214	\$ 1,447	\$ 1,030

The decrease in cash and cash equivalents from February 3, 2024, was primarily due to the timing and volume of inventory purchases and payments, dividend payments and capital expenditures, partially offset by positive cash flows from operations, primarily driven by earnings.

The increase in cash and cash equivalents from April 29, 2023, was primarily due to positive cash flows from operations, primarily driven by earnings, partially offset by dividend payments, capital expenditures and share repurchases.

Cash Flows

Cash flows were as follows (\$ in millions):

	Three Months Ended	
	May 4, 2024	April 29, 2023
Total cash provided by (used in):		
Operating activities	\$ 156	\$ (331)
Investing activities	(167)	(204)
Financing activities	(252)	(281)
Effect of exchange rate changes on cash and cash equivalents	(3)	(5)
Decrease in cash, cash equivalents and restricted cash	<u>\$ (266)</u>	<u>\$ (821)</u>

Operating Activities

The increase in cash provided by operating activities in the first quarter of fiscal 2025 was primarily driven by the timing and volume of inventory purchases and payments, partially offset by the timing of vendor funding receivables and higher incentive compensation payments in the current year.

Investing Activities

Cash used in investing activities in the first quarter of fiscal 2025 decreased, primarily driven by lower capital spending. We currently expect capital expenditures to approximate \$750 million in fiscal 2025 compared to \$795 million in fiscal 2024.

Financing Activities

The decrease in cash used in financing activities in the first quarter of fiscal 2025 was primarily driven by lower share repurchases.

Sources of Liquidity

Funds generated by operating activities, available cash and cash equivalents, our credit facilities, other debt arrangements and trade payables 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 "Five-Year Facility Agreement") with a syndicate of banks that expires in April 2028. There were no borrowings outstanding under the Five-Year Facility Agreement as of May 4, 2024, February 3, 2024, or April 29, 2023.

Restricted Cash

Our liquidity is also affected by restricted cash balances that are primarily restricted to cover product protection plans provided under our membership offerings and other self-insurance liabilities. Restricted cash, which is included in Other current assets on our Condensed Consolidated Balance Sheets, was \$313 million, \$346 million and \$402 million at May 4, 2024, February 3, 2024, and April 29, 2023, respectively. The decrease in restricted cash from April 29, 2023, was primarily due to releases of product protection reserves based on claims and purchasing behaviors of customers participating in our membership offerings.

Debt and Capital

As of May 4, 2024, we had \$500 million of principal amount of notes due October 1, 2028, and \$650 million of principal amount of notes due October 1, 2030. Refer to Note 6, *Debt*, of the Notes to Condensed Consolidated Financial Statements, included in this Quarterly Report on Form 10-Q, and Note 8, *Debt*, of the Notes to Consolidated Financial Statements included in our Annual Report on Form 10-K for the fiscal year ended February 3, 2024, for additional 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. Our share repurchase plans are evaluated on an ongoing basis, considering factors such as our financial condition and cash flows, our economic outlook, the impact of tax laws, our liquidity needs, and the health and stability of global credit markets. The timing and amount of future repurchases may vary depending on such factors.

On February 28, 2022, our Board approved a \$5.0 billion share repurchase program. There is no expiration date governing the period over which we can repurchase shares under this authorization.

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

	Three Months Ended	
	May 4, 2024	April 29, 2023
Total cost of shares repurchased	\$ 52	\$ 81
Average price per share	\$ 77.81	\$ 76.15
Total number of shares repurchased	0.7	1.1
Regular quarterly cash dividend per share	\$ 0.94	\$ 0.92
Cash dividends declared and paid	\$ 202	\$ 202

The total cost of shares repurchased decreased in the first quarter of fiscal 2025, primarily due to a decrease in the volume of repurchases. Cash dividends declared and paid remained consistent during the first quarter of fiscal 2025, due to the increase in the regular quarterly cash dividend per share offset by fewer shares outstanding.

Between the end of the first quarter of fiscal 2025 on May 4, 2024, and June 5, 2024, we repurchased an incremental 0.4 million shares of our common stock at a cost of \$34 million. We currently expect total share repurchases of approximately \$350 million in fiscal 2025.

Off-Balance-Sheet Arrangements and Contractual Obligations

Our liquidity is not dependent on the use of off-balance-sheet financing arrangements other than in connection with our \$1.25 billion in undrawn capacity on our Five-Year Facility Agreement as of May 4, 2024, which, if drawn upon, would be included in either short-term or long-term debt on our Condensed Consolidated Balance Sheets.

There has been no material change in our contractual obligations other than in the ordinary course of business since the end of fiscal 2024. See our Annual Report on Form 10-K for the fiscal year ended February 3, 2024, 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, and 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 3, 2024. There have been no significant changes in our significant accounting policies or critical accounting estimates since the end of fiscal 2024.

New or Recently Issued Accounting Pronouncements

For a description of applicable new or recently issued accounting pronouncements, including our assessment of the impact on our financial statements, 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," "appear," "approximate," "assume," "believe," "continue," "could," "estimate," "expect," "foresee," "guidance," "intend," "may," "might," "outlook," "plan," "possible," "project," "seek," "should," "would," and other words and terms of similar meaning or the negatives thereof. Such statements reflect our current views and estimates with respect to future market conditions, company performance and financial results, operational investments, business prospects, our operating model, new strategies and growth initiatives, the competitive environment, consumer behavior and other events. These statements involve a number of judgments and are subject to certain risks and uncertainties, many of which are outside the control of the Company, 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 most recent Annual Report on Form 10-K, and any updated information in subsequent Quarterly Reports 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: macroeconomic pressures in the markets in which we operate (including but not limited to recession, inflation rates, fluctuations in foreign currency exchange rates, limitations on a government's ability to borrow and/or spend capital, fluctuations in housing prices, energy markets, jobless rates and effects related to the conflicts in Eastern Europe and the Middle East or other geopolitical events); catastrophic events, health crises and pandemics; susceptibility of the products we sell to technological advancements, product life cycle fluctuations and changes in consumer preferences; competition (including from multi-channel retailers, e-commerce business, technology service providers, traditional store-based retailers, vendors and mobile network carriers and in the provision of delivery speed and options); our ability to attract and retain qualified employees; changes in market compensation rates; our expansion into health and new products, services and technologies; our focus on services as a strategic priority; our reliance on key vendors and mobile network carriers (including product availability); our ability to maintain positive brand perception and recognition; our ability to effectively manage strategic ventures, alliances or acquisitions; our ability to effectively manage our real estate portfolio; inability of vendors or service providers to perform components of our supply chain (impacting our stores or other aspects of our operations) and other various functions of our business; risks arising from and potentially unique to our exclusive brands products; risks associated with vendors that source products outside of the U.S.; our reliance on our information technology systems, internet and telecommunications access and capabilities; our ability to prevent or effectively respond to a cyber-attack, privacy or security breach; product safety and quality concerns; changes to labor or employment laws or regulations; risks arising from statutory, regulatory and legal developments (including statutes and/or regulations related to tax or privacy); evolving corporate governance and public disclosure regulations and expectations (including, but not limited to, cybersecurity and environmental, social and governance matters); risks arising from our international activities (including those related to the conflicts in Eastern Europe and the Middle East or fluctuations in foreign currency exchange rates) and those of our vendors; failure to effectively manage our costs; our dependence on cash flows and net earnings generated during the fourth fiscal quarter; pricing investments and promotional activity; economic or regulatory developments that might affect our ability to provide attractive promotional financing; constraints in the capital markets; changes to our vendor credit terms; changes in our credit ratings; and failure to meet financial-performance guidance or other forward-looking statements. 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 3, 2024, 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. Our cash, cash equivalents and restricted cash generate interest income that will vary based on changes in short-term interest rates. In addition, we have swapped a portion of our fixed-rate debt to floating rate such that the interest expense on this debt will vary with short-term interest rates. Refer to 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 3, 2024, for further information regarding our interest rate swaps.

As of May 4, 2024, we had \$1.5 billion of cash, cash equivalents and restricted cash and \$0.5 billion of debt that has been swapped to floating rate, and therefore the net asset balance exposed to interest rate changes was \$1.0 billion. As of May 4, 2024, a 50-basis point increase in short-term interest rates would have led to an estimated \$5 million increase in interest income, and conversely a 50-basis point decrease in short-term interest rates would have led to an estimated \$5 million decrease in interest income.

Foreign Currency Exchange Rate Risk

We have market risk arising from changes in foreign currency exchange rates related to operations in our International segment. On a limited basis, we utilize foreign exchange forward contracts to manage foreign currency exposure to certain forecasted inventory purchases, recognized receivable and payable balances and our investment in our Canadian operations. Refer to 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 3, 2024, for additional information regarding these instruments.

In the first quarter of fiscal 2025, foreign currency exchange rate fluctuations were primarily driven by the strength of the U.S. dollar against the Canadian dollar compared to the prior-year period. Foreign currency exchange rate fluctuations did not have a significant impact on our revenue or net earnings in the first quarter of fiscal 2025.

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 U.S. Securities and Exchange Commission's ("SEC") 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 more often if necessary.

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 4, 2024. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, at May 4, 2024, our disclosure controls and procedures were effective.

There were no changes in internal control over financial reporting during the fiscal quarter ended May 4, 2024, 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 2. Unregistered Sales of Equity Securities and Use of Proceeds**c) Stock Repurchases**

On February 28, 2022, our Board approved a \$5.0 billion share repurchase program. There is no expiration date governing the period over which we can repurchase shares under this authorization. For additional information, see Note 9, *Repurchase of Common Stock*, of the Notes to the Condensed Consolidated Financial Statements included in this Quarterly Report on Form 10-Q.

Fiscal Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Program	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Program
February 4, 2024 through March 2, 2024	10,360	\$ 78.42	10,360	\$ 3,783,000,000
March 3, 2024 through April 6, 2024	308,226	\$ 79.50	308,226	\$ 3,759,000,000
April 7, 2024 through May 4, 2024	347,784	\$ 76.30	347,784	\$ 3,732,000,000
Total fiscal 2025 first quarter	<u>666,370</u>	<u>\$ 77.81</u>	<u>666,370</u>	<u>\$ 3,732,000,000</u>

Item 5. Other Information**Rule 10b5-1 Plan Elections**

During the fiscal quarter ended May 4, 2024, none of the Company's directors or officers (as defined in Rule 16a-1(f) of the Securities Exchange Act of 1934, as amended) adopted, terminated or modified a Rule 10b5-1 trading arrangement or non-Rule 10b5-1 trading arrangement (as such terms are defined in Item 408 of Regulation S-K of the Securities Act of 1933, as amended).

Item 6. Exhibits

3.1	Amended and Restated Articles of Incorporation (incorporated herein by reference to Exhibit 3.1 to the Current Report on Form 8-K filed by Best Buy Co., Inc. on June 12, 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*	Form of Best Buy Co., Inc. Long-Term Incentive Program Award Agreement (2024) – Restricted Shares.
10.2*	Form of Best Buy Co., Inc. Long-Term Incentive Program Award Agreement (2024) – Restricted Stock Units.
10.3*	Policy Regarding Shareholder Ratification of Executive Officer Cash Severance Agreements (incorporated herein by reference to Exhibit 10.1 to the Current Report on Form 8-K filed by Best Buy Co., Inc. on March 7, 2024).
10.4*	Restated Best Buy Severance Plan and Summary Plan Description (2023).
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 2025, filed with the SEC on June 7, 2024, formatted in Inline Extensible Business Reporting Language ("iXBRL"): (i) the Condensed Consolidated Balance Sheets as of May 4, 2024, February 3, 2024, and April 29, 2023, (ii) the Condensed Consolidated Statements of Earnings for the three months ended May 4, 2024, and April 29, 2023, (iii) the Condensed Consolidated Statements of Comprehensive Income for the three months ended May 4, 2024, and April 29, 2023, (iv) the Condensed Consolidated Statements of Cash Flows for the three months ended May 4, 2024, and April 29, 2023, (v) the Condensed Consolidated Statements of Changes in Shareholders' Equity for the three months ended May 4, 2024, and April 29, 2023, 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 2025, filed with the SEC on June 7, 2024, 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.

* Management contracts or compensatory plans or arrangements

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: June 7, 2024

By: /s/ CORIE BARRY
Corie Barry
Chief Executive Officer

Date: June 7, 2024

By: /s/ MATTHEW BILUNAS
Matthew Bilunas
Senior Executive Vice President of Enterprise Strategy and Chief Financial Officer

Date: June 7, 2024

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: #GrantDate#

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. 2020 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 of 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, at the election of the Participant, 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) **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 your Performance Share Award (the “**Performance Share Number**”) will be equal to a percentage of the target number of Shares stated in your Award Notification (the “**TSR Target**”), as determined below.
- (b) **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 as of the first day of the Performance Period, (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 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 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 Performance Share Number would be 125% of your TSR Target. Your 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.	

(c) 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) **"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.
- (iii) **"Performance Period"** means the performance period stated in the Award Notification.
- (iv) **"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.
- (d) **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 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 Performance Share Number will be equal to the greater of (i) the number determined pursuant to Section 4(b)(ii) above and (ii) the TSR Target.
- (e) **Performance Share Number Not Guaranteed.** If Relative TSR is less than Threshold TSR, your Performance Share Number will be 0 and there will be no Shares issued under your Performance Share Award. The Committee shall have sole discretion to determine Relative TSR.

(f) **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; 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.

(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 Performance Share Number. 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 Performance Share Number. 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 Performance Share Number. 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 the 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) does not apply to you if you are employed in the state of California. 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). You are advised to consult with an attorney before entering into these Restrictive Covenants.

(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) 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, within the United States:

- (i) 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;
- (ii) 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;
- (iii) 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;
- (iv) 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
- (v) 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.

(c) Intellectual Property Assignment and Disclosure.

- (i) **Assignment.** You hereby assign, agree to assign and transfer to the Company Group, for valuable consideration, the adequacy of which you acknowledge, all right, title and interest, including all "Intellectual Property Rights", as defined in Section 8(k), in the following (referred to as "Developments"): (a) any and all works and inventions that have been or will be conceived, created, made, invented, developed, discovered or reduced to practice by you in the performance of your duties for the Company Group or that relate to the Company Group's business or any of the products or services being offered, developed, manufactured, marketed, sold or otherwise provided by the Company Group or which may be used in relation therewith, (b) all algorithms, ideas or information that will be or have been conceived, originated, adapted, discovered, developed, acquired, evaluated, tested

or applied by you while employed by the Company Group, (c) and all drafts, notes, concepts, suggestions, and approaches, modifications, improvements and derivative works related thereto and each element and part thereof. You acknowledge that your work and services while employed by the Company Group, including, without limitation, Developments, will be works done under the Company Group's direction and control and specially ordered or commissioned by the Company Group. To the extent the Developments are copyrightable subject matter, they shall constitute "works made for hire" under the United States Copyright Act. If for any reason a Development is determined not to be a work made for hire under applicable law, you hereby assign and transfer to the Company Group all of your right, title, and interest in and to the Development and Intellectual Property Rights pertaining thereto.

NOTICE: The foregoing assignment of Developments and Intellectual Property Rights in this Agreement does not apply to any invention for which no Company Group equipment, supplies, facilities or trade secret information are used and which is developed entirely on your own time, unless (a) the invention relates (i) directly to the Company Group's business, or (ii) to the Company Group's actual or demonstrably anticipated research or development, or (b) the invention results from any work performed by you for the Company Group.

- (ii) **Disclosure.** During the course of your employment and after termination thereof, you agree to promptly disclose, deliver and communicate, without additional compensation, all Developments, if the Developments or information pertaining thereto could reasonably be expected to prove useful or valuable to the Company Group. Following disclosure of each Development and at the request of the Company Group and without additional consideration, you agree to promptly execute documents and take actions so that the Company can perfect its interest in and protect any Intellectual Property Rights pertaining to the Development including, but not limited to, documents necessary to obtain and maintain patent protection, copyrights or other analogous protection in any country throughout the world and when so obtained or vested to renew and restore the same and to defend any opposition, petitions or application for revocation of a patent, copyright or other analogous protection. In the event the Company Group is unable, after reasonable effort, to secure your signature to perfect its Intellectual Property Rights relating to a Development, you hereby irrevocably designate and appoint the Company Group and its duly authorized officers and agents as attorney-in-fact to act for and on your behalf and execute and file any necessary documents to perfect and protect its Intellectual Property Rights with the same legal force and effect as if executed by you.
- (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**"), available upon request, 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. In that regard, you authorize the Company, or its agents, to satisfy its obligations to withhold taxes by withholding Shares to be issued at exercise of the Option having a Fair Market Value equal to the statutory minimum withholding obligation. If you are a Section 16 Officer of the Company, (i) the Company, or its agents, will satisfy its obligations to withhold taxes by withholding Shares to be issued at exercise of the Option having a Fair Market Value equal to the statutory minimum withholding obligation, and (ii) prior to any such exercise, you may elect, in a manner and on such forms as provided by the plan administrator, to have additional Shares withheld in excess of the statutory minimum up to the maximum amount of your total tax obligation.

(B) **Restricted Shares.** Upon vesting of any Restricted Shares you authorize the Company, or its agents, to satisfy its obligations to withhold taxes by withholding Shares having a Fair Market Value equal to the statutory minimum withholding obligation. If you are a Section 16 Officer of the Company, (i) the Company, or its agents, will satisfy its obligations to withhold taxes (upon the lapse of the substantial risk of forfeiture) by withholding Restricted Shares having a Fair Market Value equal to the statutory minimum withholding obligation, and (ii) prior to the time such withholding is due, you may elect, in a manner and on such forms as provided by the plan administrator, to have additional Shares withheld in excess of the statutory minimum up to the maximum amount of your total tax obligation.

(C) **Performance Share Award.** Upon issuance of any Shares of your Performance Share Award, you authorize the Company, or its agents, to satisfy its obligations to withhold taxes by withholding Shares having a Fair Market Value equal to the statutory minimum withholding obligation. If you are a Section 16 Officer of the Company, (i) the Company, or its agents, will satisfy its obligations to withhold taxes by withholding Shares to be issued at the end of the Performance Period having a Fair Market Value equal to the statutory minimum withholding obligation, and (ii) prior to the time such withholding is due, you may elect, in a manner and on such forms as provided by the plan administrator, to have additional Shares withheld in excess of the statutory minimum up to the maximum amount of your total tax obligation.

(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, be deemed to exist if you:

- (i) are charged with, convicted of or enter a plea of guilty or *no contest* 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) **“Intellectual Property Rights”** means any and all (i) copyrights and other rights associated with works of authorship throughout the world (ii) patents, patent disclosures and all rights to inventions whether patentable or not (iii) trade secrets and other confidential information (including Confidential Information defined herein) (iv) trademarks, trade names, domain names, and the goodwill associated therewith (v) all other intellectual and industrial property rights of every kind and nature however designated, whether arising out of operation of law, contract, license, or otherwise, and (vi) all registrations, applications, renewals, extensions, divisions, continuations or reissues thereof now or hereafter in effect.

- (l) "**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.
- (m) "**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.
- (n) "**Section 16 Officer**" means an officer of the Company subject to Section 16 of the Securities Exchange Act of 1934, as amended.



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

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. 2020 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 of 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, at the election of the Participant, 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 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 upon the lapse of the restrictions set forth in this Agreement provided you meet certain employment criteria. 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) **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.

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 your Performance Share Award (the “**Performance Share Number**”) will be equal to a percentage of the target number of Shares stated in your Award Notification (the “**TSR Target**”), as determined below.
- (b) **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 as of the first day of the Performance Period, (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 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 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 Performance Share Number would be 125% of your TSR Target. Your 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.	

(c) Certain Definitions.

- (A) "**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.
- (B) "**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.
- (C) "**Performance Period**" means the performance period stated in the Award Notification.
- (D) "**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.

(d) **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 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 Performance Share Number will be equal to the greater of (i) the number determined pursuant to Section 4(b)(ii) above and (ii) the TSR Target.

- (e) **Performance Share Number Not Guaranteed.** If Relative TSR is less than Threshold TSR, your Performance Share Number will be 0 and there will be no Shares issued under your Performance Share Award. The Committee shall have sole discretion to determine Relative TSR.
- (f) **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; 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 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, 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(c) 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 Performance Share Number. 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(c) 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 Performance Share Number. 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 Performance Share Number. 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.

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 the 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. Section 6(b) does not apply to you if you are employed in the state of California. 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). You are advised to consult with an attorney before entering into these Restrictive Covenants.

- (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) **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, within the United States:
 - (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.

(c) Intellectual Property Assignment and Disclosure.

(i) **Assignment.** You hereby assign, agree to assign and transfer to the Company Group, for valuable consideration, the adequacy of which you acknowledge, all right, title and interest, including all "**Intellectual Property Rights**", as defined in Section 8(k), in the following (referred to as "**Developments**"):

(a) any and all works and inventions that have been or will be conceived, created, made, invented, developed, discovered or reduced to practice by you in the performance of your duties for the Company Group or that relate to the Company Group's business or any of the products or services being offered, developed, manufactured, marketed, sold or otherwise provided by the Company Group or which may be used in relation therewith,

(b) all algorithms, ideas or information that will be or have been conceived, originated, adapted, discovered, developed, acquired, evaluated, tested or applied by you while employed by the Company Group,

(c) and all drafts, notes, concepts, suggestions, and approaches, modifications, improvements and derivative works related thereto and each element and part thereof.

You acknowledge that your work and services while employed by the Company Group, including, without limitation, Developments, will be works done under the Company Group's direction and control and specially ordered or commissioned by the Company Group. To the extent the Developments are copyrightable subject matter, they shall constitute "works made for hire" under the United States Copyright Act. If for any reason a Development is determined not to be a work made for hire under applicable law, you hereby assign and transfer to the Company Group all of your right, title, and interest in and to the Development and Intellectual Property Rights pertaining thereto.

NOTICE: The foregoing assignment of Developments and Intellectual Property Rights in this Agreement does not apply to any invention for which no Company Group equipment, supplies, facilities or trade secret information are used and which is developed entirely on your own time, unless (a) the invention relates (i) directly to the Company Group's business, or (ii) to the Company Group's actual or demonstrably anticipated research or development, or (b) the invention results from any work performed by you for the Company Group.

(ii) **Disclosure.** During the course of your employment and after termination thereof, you agree to promptly disclose, deliver and communicate, without additional compensation, all Developments, if the Developments or information pertaining thereto could reasonably be expected to prove useful or valuable to the Company Group. Following disclosure of each Development and at the request of the Company Group and without additional consideration, you agree to promptly execute documents and take actions so that the Company can perfect its interest in and protect any Intellectual Property Rights pertaining to the Development including, but not limited to, documents necessary to obtain and maintain patent protection, copyrights or other analogous protection in any country throughout the world and when so obtained or vested to renew and restore the same and to defend any opposition, petitions or application for revocation of a patent, copyright or other analogous protection. In the event the Company Group is unable, after reasonable

effort, to secure your signature to perfect its Intellectual Property Rights relating to a Development, you hereby irrevocably designate and appoint the Company Group and its duly authorized officers and agents as attorney-in-fact to act for and on your behalf and execute and file any necessary documents to perfect and protect its Intellectual Property Rights with the same legal force and effect as if executed by you.

- (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**"), available upon request, 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 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.

(iii) **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.

(iv) **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.

- (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 Stock Units.** Restricted Stock Units 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 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).
 - (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. In that regard, you authorize the Company, or its agents, to satisfy its obligations to withhold taxes by withholding Shares to be issued at exercise of the Option having a Fair Market Value equal to the statutory minimum withholding obligation. If you are a Section 16 Officer of the Company, (i) the Company, or its agents, will satisfy its obligations to withhold taxes by withholding Shares to be issued at exercise of the Option having a Fair Market Value equal to the statutory minimum withholding obligation, and (ii) prior to any such exercise, you may elect, in a manner and on such forms as provided by the plan administrator, to have additional Shares withheld in excess of the statutory minimum up to the maximum amount of your total tax obligation.
 - (B) **Restricted Stock Units.** Upon issuance of any Shares underlying your Restricted Stock Units, you authorize the Company, or its agents, to satisfy its obligations to withhold taxes by withholding Shares having a Fair Market Value equal to the statutory minimum withholding obligation. If you are a Section 16 Officer of the Company, (i) the Company, or its agents, will satisfy its obligations to withhold taxes by withholding Restricted Stock Units having a Fair Market Value equal to the statutory minimum withholding obligation, and (ii) prior to the time such withholding is due, you may elect, in a manner and on such forms as provided by the plan administrator, to have additional Units withheld in excess of the statutory minimum up to the maximum amount of your total tax obligation.
 - (C) **Performance Share Award.** Upon issuance of any Shares of your Performance Share Award, you authorize the Company, or its agents, to satisfy its obligations to withhold taxes by withholding Shares having a Fair Market Value equal to the statutory minimum withholding obligation. If you are a Section 16 Officer of the Company, (i) the Company, or its agents, will satisfy its obligations to withhold taxes

by withholding Shares to be issued at the end of the Performance Period having a Fair Market Value equal to the statutory minimum withholding obligation, and (ii) prior to the time such withholding is due, you may elect, in a manner and on such forms as provided by the plan administrator, to have additional Shares withheld in excess of the statutory minimum up to the maximum amount of your total tax obligation.

(D) 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.

- (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.
- (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.

(iii) 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 *no contest* 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) **“Intellectual Property Rights”** means any and all (i) copyrights and other rights associated with works of authorship throughout the world (ii) patents, patent disclosures and all rights to inventions whether patentable or not (iii) trade secrets and other confidential information (including Confidential Information defined herein) (iv) trademarks, trade names, domain names, and the goodwill associated therewith (v) all other intellectual and industrial property rights of every kind and nature however designated, whether arising out of operation of law, contract, license, or otherwise, and (vi) all registrations, applications, renewals, extensions, divisions, continuations or reissues thereof now or hereafter in effect.

(l) **“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.

(m) "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.

(n) "Section 16 Officer" means an officer of the Company subject to Section 16 of the Securities Exchange Act of 1934, as amended.

BEST BUY SEVERANCE PLAN AND SUMMARY PLAN DESCRIPTION

Restatement Effective August 7, 2023

**BEST BUY SEVERANCE PLAN
AND SUMMARY PLAN DESCRIPTION**

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BEST BUY SEVERANCE PLAN AND SUMMARY PLAN DESCRIPTION

SECTION 1 - INTRODUCTION

This Best Buy Severance Plan (the "Plan") is effective for Employees who receive notice on or after August 7, 2023, of an Employment Termination. The Plan replaces and supersedes all severance plans, policies and/or practices of Best Buy Co., Inc. (the "Company") and its participating affiliates that existed prior to the Plan's effective date. The Plan is an "employee welfare benefit plan" governed by the Employee Retirement Income Security Act (ERISA).

SECTION 2 - DEFINITIONS

Claims Administrator. Best Buy Benefits Committee

Company. Best Buy Co., Inc.

Plan Administrator for ERISA Section 3(16). Best Buy Co., Inc.

Employer. Best Buy Co., Inc., Best Buy Stores, L.P. and their respective direct and indirect United States domiciled subsidiaries. Employer also excludes any entities acquired by the Company or its subsidiaries after the effective date of the Plan, unless and until the Plan is amended to include any such entities.

Employer includes, but is not limited to, Best Buy Enterprise Services, Inc., BBY Services, Inc., BBY Solutions, Inc., Best Buy Health, Inc., Best Buy Warehousing Logistics, Inc., Nichols Distribution, LLC, BBY Holdings International, Inc., Magnolia Hi-Fi, LLC, Pacific Sales Kitchen and Bath Centers, LLC, and Two Peaks, LLC.

Employee. A regular full-time or part-time United States-based employee of an Employer other than:

- an employee who is a party to a written agreement with an Employer that provides for severance, termination or similar benefits for an employment termination;
- an employee who is eligible for severance benefits under another severance plan of an Employer that is established after the effective date of this Plan; or
- an employee represented by a union and/or covered by a collective bargaining agreement.

The term "Employee" does not include any person:

- classified by an Employer as an independent contractor;
- being paid by or through a temporary agency, employee leasing company or other third party;
- classified by an Employer as a seasonal, occasional or temporary employee; or
- who is in one of the above categories, even if they are later retroactively reclassified as a common- law employee of an Employer under applicable law or otherwise.

SECTION 3 - ELIGIBILITY FOR SEVERANCE AND OTHER BENEFITS

An Employee will become a "Participant" eligible for severance and other benefits under the Plan if: (a) the Employee has had a termination that qualifies as an "Employment Termination"; (b) the Employee has returned all property of the Employer's to Employer and its affiliates; (c) the Employee has signed and returned to the Company a separation agreement in a form acceptable to the Company, in its sole discretion, on or before the deadline communicated to the Employee; and (d) any revocation period described in the agreement has expired.

An Employee will no longer be a Participant once all severance benefits have been provided to such Employee under the Plan.

Employment Termination

An Employment Termination for purposes of severance benefit eligibility is the Employee's involuntary employment termination by an Employer as a result of job elimination, reduction in force, business restructuring or other circumstances the Company deems appropriate, in its sole discretion, as qualifying for benefits under the Plan. In addition, the Employee must remain employed in good standing through the date determined by the Employee's Employer in order to have a qualifying Employment Termination.

An Employee's employment termination for any other reason, including (but not limited to) the following, is not a qualifying Employment Termination under the Plan:

- termination based on the Employee's misconduct, violation of policy, absenteeism, failure to return from leave of absence or poor job performance;
- the Employee's voluntary resignation or job abandonment;
- the Employee's termination due to death or disability;
- the Employee's termination due to the sale, outsourcing or similar transaction of all or a portion of a business and/or assets of an Employer, where the Employee is offered employment by the purchaser or other third party in connection with the transaction in a position (whether or not the Employee accepts the position) that provides the Employee with substantially equivalent base pay and, for nonexempt Employees, substantially equivalent anticipated nonovertime work hours, and does not require the Employee to unreasonably relocate;
- the Employee's termination due to the sale, outsourcing or similar transaction of all or a portion of a business and/or assets of an Employer, where the Employee accepts any employment with the purchaser or other third party in connection with the transaction; or
- A temporary layoff or furlough.

The determination of whether a termination is a qualifying Employment Termination under the Plan will be made by the Benefits Committee, in its sole discretion, and such determination will be conclusive.

If the Company discovers serious misconduct by the Employee that is detrimental to the Company or an Employer, whether such misconduct occurred before or after the Employee's termination, the Benefits Committee may determine, in its sole discretion, that the Employee's termination is deemed not to have been a qualifying Employment Termination. If such determination is made after the Employee has been paid severance benefits under the Plan, the Employee will be required to repay all such benefits upon the Company's written demand. Examples of serious misconduct under this provision include:

- Theft
- Competition with an Employer during employment
- Improper disclosure of confidential Company or Employer information
- Abuse of an Employer's employee discount policy

Dishonest or fraudulent behavior in connection with employment Separation

Agreement the Employee Must Sign

The agreement the Employee must sign will contain a comprehensive release of claims relating to the Employee's employment and termination, and may also contain other provisions in the Company's discretion, such as an agreement not to solicit employees or vendors of the Company and/or its affiliates for a period of time, and an assignment of intellectual property the Employee created or conceived within the scope of the Employee's duties with an Employer. If the Employee breaches the separation agreement in any material respect, the Employee may be required to repay to the Company the severance benefits provided to the Employee.

SECTION 4 - AMOUNT OF SEVERANCE PAY AND OTHER BENEFITS

Participants will be entitled to severance pay, as described below, based on their classification as of the date of Employment Termination and Years of Service with an Employer.

Classification	Severance Pay	Minimum number of Weeks of Base Pay	Maximum number of Weeks of Base Pay
Nonexempt*	2 Weeks of Base Pay for each Year of Service	6	26
Exempt Grades 1 – 10	6 Months of Base Pay		
Exempt Grades 11 – 15**	9 Months of Base Pay		
Enterprise VP	12 Months of Base Pay		
Enterprise SVP	18 Months of Base Pay		
Enterprise EVP	24 Months of Base Pay		

*Employees who are exempt from overtime under the commissioned sales exemption in 29 U.S.C. 207(i) are considered nonexempt for purposes of this Plan.

**Employees in Grades 11 – 15 will be eligible for severance benefits at the Grade 11 – 15 level, regardless of any Vice President or other title they have.

A **Month of Base Pay** (exempt Employees) means the Employee's gross annual salary as of the time of the Employee's Employment Termination divided by 12.

A Week of Base Pay (nonexempt Employees) means:

- For an Employee whose status is listed as part-time in the Company's Human Resources Information System (HRIS) on the date of the Employee's Employment Termination, 20 multiplied by the Employee's base hourly rate in effect at the time of the Employee's Employment Termination. If the Employee was listed as full-time in the Company's HRIS at any time during the 30 calendar days prior to the Employee's Employment Termination, however, the Employee will be considered full-time for purposes of their severance pay eligibility.
- For an employee whose status is listed as full-time in the Company's HRIS on the date of the Employee's Employment Termination, 40 multiplied by the Employee's base hourly rate in effect at the time of the Employee's Employment Termination.
- For an employee whose status is listed as full-time in the Company's HRIS and who is treated as exempt from overtime under the commissioned sales exemption in 29 U.S.C. 207(i) as of the date of the Employee's Employment Termination, the higher of (a) the Employee's weekly guarantee amount in effect at the time of the Employee's Employment Termination, or (b) 40 multiplied by \$15.

Years of Service means the number of consecutive full 12-month periods from the Employee's last date of hire by the Employer through the Employee's Date of Termination. No credit will be given for partial years. Service with an entity acquired by the Company or its affiliates will only be granted to the extent agreed to by the Company in connection with the acquisition or in the Benefits Committee's sole discretion.

Offsets. The Company has the right to reduce the Employee's severance pay by any amounts owed by the Employee to the Company or an Employer. In addition, if an Employee becomes entitled to or receives any severance, termination or notice payments under any Federal, State or other law (for example, any WARN law, but excluding state unemployment compensation benefits) or otherwise, the Employee's severance pay under the Plan will be reduced by the amount of such other payments paid or payable.

Other Benefits

COBRA Continuation Coverage

Employees who are eligible for severance benefits under the Plan and who are participating: (a) in the group medical, dental and/or vision programs in the Best Buy Flexible Benefits Plan, or any successor Best Buy plans, or (b) another health insurance plan provided by an Employer, at the time of their Employment Terminations are also eligible for certain additional benefits as explained in this Section. To be eligible for these additional benefits, the severed Employee and any qualified beneficiaries must be eligible for COBRA continuation coverage and timely elect such coverage or the election may be made by the Company on behalf of the severed Employee and any qualified beneficiaries. After the initial Company-paid COBRA period, Employees must timely pay full COBRA rates to maintain COBRA continuation coverage for themselves and any of their qualified beneficiaries.

An Employee's company-paid COBRA continuation coverage will include medical, dental and/or vision coverage, as applicable, and be based on the coverage level and coverage option in place at the time of the Employee's Employment Termination (where such option remains available), or on such other level and option the Employee later elects due to a Qualified Status Change or during Open Enrollment..

As generally required by applicable tax law, Best Buy will report as taxable income to the Employee (on IRS Form W-2) the value of any subsidized COBRA coverage in excess of 6 months for the calendar year(s) in which the Employee receives this coverage (unless Best Buy determines to vary from such treatment based on

applicable tax law). Best Buy will also, on the severed Employee's behalf, remit to relevant tax authorities the Employee's required withholding taxes relating to the COBRA subsidy (including withholding taxes on the remittance itself). For purposes of determining the aggregate amount remitted on the Employee's behalf, Best Buy will treat the subsidy as supplemental wage income and withhold at the minimum required rate for all applicable federal, state and local income and employment taxes. If the Employee's actual tax liability is higher than the remittance, any additional tax liability relating to the COBRA subsidy will be the Employee's responsibility.

Nonexempt and Exempt Grades 1 – 10

Employees who, as of their termination, are classified as Nonexempt or Exempt Grades 1 – 10 are provided the initial 6 months of COBRA coverage at no premium cost.

Exempt Grades 11 – 15

Employees who, as of their termination, are classified as Exempt Grades 11 – 15 are provided the initial 9 months of COBRA coverage at no premium cost.

Enterprise VP and Enterprise SVP

Employees who, as of their termination, are classified as Enterprise VPs are provided the initial 12 months of COBRA coverage at no premium cost, and those who are classified as Enterprise SVPs are provided the initial 18 months at no premium cost.

Enterprise EVPs

For Employees who, as of their termination, are classified as Enterprise EVPs, Best Buy will provide the first month of COBRA at no premium cost, and will include in the Enterprise EVP's severance payment additional taxable compensation consisting of 150% of the cost of 23 months of medical, dental and vision coverage based on the COBRA cost of the coverage level and coverage option in place at the time of the Enterprise EVP's Employment Termination.

Employees must be eligible for COBRA coverage to receive this benefit and Employees (or their qualified beneficiaries) must timely elect COBRA coverage or the Company may make this election on their behalf. Employees must pay full COBRA rates to obtain COBRA coverage after the first month of such coverage.

Life Insurance Continuation

The Company will continue to pay the premiums for Employee group basic life insurance for Employees in the classifications in the chart below for the following periods of time.

Employment Classification at Termination	Subsidized Life Insurance Period
Nonexempt and Exempt Grades 1 – 10	6 months
Exempt Grades 11 – 15	9 months
Enterprise VP	12 months
Enterprise SVP	18 months
Enterprise EVP	One month + lump sum payment described below

This continued provision of life insurance by Best Buy will run at the same time (concurrently) with any continuation rights under Minnesota law. Severed Nonexempt, Exempt Grades 1 – 10, Exempt Grades 11 – 15 and Enterprise VPs wishing to continue group basic life insurance for the balance of the 18-month period provided under Minnesota law will be given an opportunity to elect continuation coverage. They will need to timely elect and pay the full cost of the coverage to maintain the coverage.

As required by applicable tax law, Best Buy will report as taxable income to the severed Employee (on IRS Form W-2) the cost of any subsidized coverage in excess of \$50,000 of coverage for the calendar year(s) in which the Employee receives this coverage. Best Buy will also, on the severed Employee's behalf, remit to relevant tax authorities the Employee's required withholding social security and Medicare taxes relating to the life insurance subsidy (including withholding taxes on the remittance itself). If the Employee's actual tax liability is higher than the remittance, any additional tax liability relating to the life insurance subsidy will be the Employee's responsibility. The severed Employee is also responsible for paying state and federal income taxes relating to the life insurance on the Employee's individual income tax return.

Enterprise EVPs

For Employees, who, as of their termination, are classified as Enterprise EVPs, Best Buy will include in the Enterprise EVP's severance payment additional taxable compensation consisting of 150% of the cost of 17 months of group basic life insurance based on the cost of the coverage in place at the time of the Enterprise EVP's Employment Termination.

Outplacement

The Company may offer outplacement services to Employees. The Company will determine, in its sole discretion, the length, provider and type of services.

Enterprise VP, Enterprise SVP and Enterprise EVP

For Employees who, as of their termination, are classified as Enterprise VPs, Enterprise SVPs and Enterprise EVPs, Best Buy will include in their severance the additional taxable compensation specified in the chart below for outplacement and tax and financial planning assistance. Such amounts will be paid in accordance with Section 5.

Employment Classification at Termination	Additional Taxable Compensation
Enterprise VP	\$5,000
Enterprise SVP	\$10,000
Enterprise EVP	\$25,000

Rehire

An Employee who is rehired by any Employer or any of its affiliates within the period of time represented by the severance pay the Employee received (or was credited with, if there was an offset for money owed to the Employer or the Company) must repay to the Company a pro rata portion of the severance pay. This repayment obligation also applies to an Employee who is hired by a third party, or engaged as independent contractor, to provide services to any Employer or its affiliates that are substantially similar to the Employee's former job duties with the Employee's Employer.

The amount to be repaid will be the difference between the period represented by the severance pay and the period between the Employment Termination date and the return to work date (for example, if an Employee received 6 Weeks of Base Pay as severance and was out of work for 2 weeks, the Employee is required to return 4 Weeks of Base Pay). If the Employee fails to repay the severance pay owed, the Employee must reimburse the Company for any attorneys' fees and costs it incurs in connection with seeking repayment.

The Employee will not be required to reimburse the Company for any COBRA payments, life insurance continuation benefits or outplacement services provided to the Employee. However, the Employee's right to outplacement services will end as of the date of rehire, and the Employee will no longer be entitled to any life Company-paid life insurance continuation for the period beginning on the date the Employee becomes eligible for life insurance coverage as a result of the rehire.

SECTION 5 - WHEN SEVERANCE PAY WILL BE PAID

Severance pay under the Plan will be paid to the Employee in either a lump sum or in installments over a period not to exceed 12 months as determined by the Company in its sole discretion, to commence as soon as practicable (generally, within two pay periods) after the Employee signs the required separation agreement and any revocation period has expired, subject to the limitations under Section 6.J. below.

SECTION 6 - MISCELLANEOUS PROVISIONS

- A. Amendment and Termination. The Company reserves the right, in its sole discretion, to amend or terminate the Plan, in whole or in part, at any time and for any reason. The Plan may be amended only in writing by the Benefits Committee, or any Company officer or participating Employer officer explicitly authorized by the Company to amend the Plan. An Employee's right to receive benefits under the Plan may be changed or eliminated by amendment or termination. However, severance benefits payable to an Employee who has had an Employment Termination before such amendment or termination will not be affected.
- B. Records. The Employer's records regarding Years of Service, Base Pay, job classification and all other relevant matters will be conclusive for all Plan purposes.
- C. Severability. If any of the Plan's provisions is found to be unlawful, such finding will not affect the Plan's other provisions unless such finding makes impossible or impracticable the Plan's functioning, in which case appropriate provisions will be adopted so that the Plan may continue to function.
- D. Incompetency. If the Benefits Committee finds that a Participant is unable to care for the Participant's affairs, and a claim for Plan benefits has not been made by a duly appointed legal representative, such benefits may be paid in any manner the Benefits Committee determines, and such payment will be a complete discharge of liability for Plan benefits to which such Participant was entitled.

- E. Payments to a Minor. Benefits to a minor may be paid in the Benefits Committee's sole discretion (a) directly to such minor (b) to the legal or natural guardian of such minor, or (c) to any other person, whether or not appointed the minor's guardian, who has care and custody of such minor. Such payment will be a complete discharge of all liability for Plan benefits to which such minor was entitled.
- F. Not an Employment Contract. Nothing contained in this Plan is intended to create any Employer liability to retain any Employee in its service. All Employees remain subject to termination as if the Plan had not been established.
- G. Financing. Severance benefits payable under the Plan will be paid out of the general assets of the Company. No Participant's right to receive payments under the Plan will be secured by any assets of the Company or any Employer.
- H. Nontransferability. A Participant has no right to assign or otherwise dispose of any interest under the Plan, nor may any right be assigned or transferred by operation of law. Neither the Company nor any other Employer will make any payment under the Plan to a Participant's assignee or creditor, except as required by law.
- I. Legally-Required Withholdings. Benefits under the Plan will be subject to all legally-required withholdings, including tax withholdings.
- J. ERISA and 409A Limitation. Notwithstanding any provision in the Plan to the contrary, the total amount of benefits paid under the Plan to an eligible Employee will be completed within 24 months after the Employee's Employment Termination so as to prevent the Plan from constituting an employee pension plan under ERISA. Furthermore, the Plan is intended to qualify as an involuntary separation arrangement that is exempt from Section 409A of the Internal Revenue Code ("Section 409A"). Each payment made under the Plan will be treated as a separate payment for purposes of Section 409A. Specifically, any benefits paid within the Applicable 2 1/2 Month Period (as defined below) are intended to constitute separate payments (for purposes of Treasury Regulation § 1.409A-2(b)(2)) that are exempt from Section 409A pursuant to the "short-term deferral" rule set forth in Treasury Regulation § 1.409A-1(b)(4). Any provision of reimbursement for reasonable outplacement expenses actually incurred by the Employee is intended to be exempt under Treasury Regulation § 1.409A-1(b)(9)(v). To the extent that any benefits do not qualify for the foregoing exemptions, such benefits are intended to be exempt from Section 409A under the "involuntary separation pay plan" exception set forth in Treasury Regulation § 1.409A-1(b)(9)(iii), up to the maximum extent permitted by said provision (generally, two times the lesser of the Employee's annualized compensation or the compensation limit then in effect under section 401(a)(17) of the Code). Benefits in excess of the maximum shall be reduced or accelerated as necessary to avoid application of Section 409A (unless otherwise exempt). The term "Employment Termination" shall be interpreted to mean a "separation from service" as that term is defined under Section 409A to the extent necessary to qualify the arrangement as an involuntary separation arrangement. "Applicable 2-1/2 Month Period" means the period beginning upon the Employee's Employment Termination and ending 2 1/2 months after the later of (i) the end of the calendar year in which the Employee's Employment Termination occurred, or (ii) the end of the Company's fiscal year in which the Employee's Employment Termination occurred.

SECTION 7 - WHAT ELSE A PARTICIPANT NEEDS TO KNOW ABOUT THE PLAN

A. Claim Procedure. An individual who believes they are eligible for benefits under the Plan, or believes they are eligible for benefits that are different from those being offered to the individual, may submit a written claim outlining the reason(s) supporting their claim. The individual may submit their claim by following the instructions as outlined below.

Any such claim must be submitted within 180 days after the employment termination upon which the claim is based, and any claim submitted after that period will be denied as untimely. The claim will be reviewed by the Plan Administrator.

The claimant will be informed of the Plan Administrator's decision regarding the claim within 90 days after it is filed. Under special circumstances, the Plan Administrator may require an additional period of not more than 90 days to review a claim. If this occurs, the claimant will be notified in writing as to the length of the extension, the reason for the extension, and any other information needed in order to process the claim. If a claimant is not notified within the 90-day period (or 180-day period, if so extended), the claimant may consider the claim to be denied.

If a claim is denied, in whole or in part, the claimant will be notified in writing of the specific reason(s) for the denial, the Plan provision(s) on which the decision was based, what additional material or information is relevant to the case and what procedure the claimant should follow to get the claim reviewed again. The claimant then has 60 days to appeal the decision to the Benefits Committee. The appeal must be submitted in writing to the Benefits Committee. A claimant may request to review pertinent documents and may submit a written statement of issues and comments.

A decision as to a claimant's appeal will be made within 60 days after the appeal is received. Under special circumstances, the Benefits Committee may require an additional period of not more than 60 days to review an appeal. If this occurs, the claimant will be notified in writing as to the length of the extension, not to exceed 120 days from the day on which the appeal was received.

If a claimant's appeal is denied, in whole or in part, the claimant will be notified in writing of the specific reason(s) for the denial and the Plan provision(s) on which the decision was based. The Benefits Committee's decision on an appeal will be final and binding on all parties and persons affected. If a claimant is not notified within the 60-day (or 120-day, if so extended) period, the claimant may consider the appeal to be denied.

The claim procedure in the Plan, including any appeal, must be fully exhausted and a final determination made by the Benefits Committee before a claimant may file a lawsuit based on a denial of Plan benefits. Any lawsuit for Plan benefits must be filed within one year after the Benefits Committee's final determination of the claim for benefits.

Claim Procedure

- Call the HR Support Center at 1-866-692-2947 to request a severance claim form and copy of this Plan.
- After completing the form with the requested information, fax the form to 952-430-4259 or mail the completed form to:

Roles

Best Buy Co., Inc.
Attn: Vice President of Rewards 7601 Penn Avenue South
Richfield, MN 55423-3645

- Plan Administrator. The initial claim shall be reviewed and determined by the Vice President, Rewards.
- Benefits Committee. The Benefits Committee, comprised of individuals from Human Resources, Rewards, Finance and Tax, will review and make a final determination of any Plan claim appeal.

General Rules

- Any request or appeal must be made in writing. Oral inquiries to the HR Support Center are not considered a claim or an appeal.
- All time periods described above are in calendar days, not business days.
- If the individual does not follow the claim and appeal procedures explained above, the individual is giving up important legal rights.

B. Plan Interpretations and Benefit Determinations. The Plan is administered and operated by the Benefits Committee which has complete authority and sole discretion to interpret the Plan's terms (and any related documents), and to determine eligibility for, and amounts of, benefits under the Plan. All such interpretations and determinations (including factual determinations) by the Benefits Committee will be final and binding upon affected parties. The Benefits Committee may delegate such powers and duties as are deemed desirable to one or more individuals, in which case every reference made to the Benefits Committee will be deemed to mean or include such individuals as to matters within their jurisdiction.

C. Participants' Rights Under ERISA. Plan Participants have certain rights and protections under the Employee Retirement Income Security Act of 1974 (ERISA). ERISA provides that Plan participants are entitled to:

- Examine, without charge, at the Plan office and at other specified locations, such as worksites, all documents governing the Plan, including a copy of the annual Form 5500 filed with the Department of Labor.
- Obtain, upon written request to the Benefits Committee, copies of documents governing the Plan's operation, including insurance contracts and collective bargaining agreements, if any, the annual Form 5500 filed with the Department of Labor, and an updated summary plan description. The Benefits Committee may make a reasonable charge for the copies.

Prudent Actions by Plan Fiduciaries

ERISA imposes duties upon the people who are responsible for the Plan's operation. The people who operate the Plan, called Plan "fiduciaries," have a duty to do so prudently and in the interest of Plan participants and

beneficiaries. No one, including the Company or any other person, may fire an employee or otherwise discriminate against an employee in any way to prevent them from obtaining a benefit or exercising their rights under ERISA.

Enforcement of Rights

If a Participant makes a claim for severance benefits that is denied or ignored, in whole or in part, the Participant has a right to know why this was done, to obtain copies of documents relating to the decision without charge, and to appeal any denial, all within certain time limits.

Under ERISA, there are steps Participants can take to enforce the above rights. For instance, if a Participant requests materials from the Plan Administrator and does not receive them within 30 days, the Participant may file suit in federal court. The court may require the Plan Administrator to provide materials and pay the Participant up to \$110 per day until the Participant receives the materials, unless the materials were not sent because of reasons beyond the Plan Administrator's control. If a Participant has a claim for severance benefits that is denied or ignored, in whole or in part, they may file suit in a state or federal court. If a Participant is discriminated against for asserting their rights, they may seek assistance from the U.S. Department of Labor, or they may file suit in federal court. The court will decide who should pay court costs and legal fees. If the Participant is successful, the court may order the person the Participant has sued to pay these costs and fees. If the Participant loses, the court may order them to pay these costs and fees.

Assistance with Questions

If a Participant has questions about the Plan, they should contact the Plan Administrator. For questions about this statement or about a Participant's rights under ERISA, or if a Participant needs assistance in obtaining documents from the Plan Administrator, they should contact the nearest office of the Employee Benefits Security Administration, U.S. Department of Labor, listed in the telephone directory or the Division of Technical Assistance and Inquiries, Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Avenue N.W., Washington, D.C. 20210. A Participant may also obtain certain publications about their rights and responsibilities under ERISA by calling the publications hotline of the Employee Benefits Security Administration.

D. Plan Document. This document constitutes both the plan document and summary plan description.

E. Other Important Facts.

- THE PLAN'S OFFICIAL NAME: Best Buy Severance Plan
- THE PLAN'S SPONSOR:

Best Buy Co., Inc.
7601 Penn Avenue South
Richfield, MN 55423-3645
612-291-1000

- EMPLOYER IDENTIFICATION NUMBER (EIN): 41-0907483
- PLAN NUMBER: 556
- TYPE OF PLAN: Employee Welfare Severance Benefit Plan
- END OF PLAN YEAR: December 31
- TYPE OF ADMINISTRATION: Employer Administered

· PLAN ADMINISTRATOR:

Best Buy Co., Inc.
Attn: Vice President of Rewards 7601
Penn Avenue South Richfield, MN 55423-
3645
612-291-1000

· AGENT FOR SERVICE OF LEGAL PROCESS:

General Counsel
Best Buy Co., Inc.
7601 Penn Avenue South
Richfield, MN 55423-3645
612-291-1000

· EFFECTIVE DATE:

Original Effective Date: **June 23, 2010**
Amended effective: **September 1, 2011; January 1, 2012; February 15, 2013; August 1, 2013; January 31, 2014; January 1, 2015; February 5, 2017; September 1, 2020; January 31, 2021; June 1, 2022; August 7, 2023**

AMENDMENT OF THE BEST BUY SEVERANCE PLAN

Best Buy Co., Inc. ("Plan Sponsor") sponsors an employee welfare plan called the Best Buy Severance Plan (the "Severance Plan") for the purpose of providing severance pay and benefits to certain terminated employees. The Best Buy Severance Plan and Summary Plan Description serves as the official plan document and summary plan description of the Severance Plan. It was most recently amended and restated effective August 7, 2023. The Plan Sponsor has delegated to the Senior Vice President, Rewards, the authority to approve non-material benefit plan amendments.

The Senior Vice President, Rewards, hereby amends the Severance Plan as follows: A Participant in the Severance Plan who:

- (a) is terminated between February 1, 2024 and October 31, 2024
- (b) qualifies for benefits under the Severance Plan, and
- (c) satisfies the criteria to be an Eligible Employee under the Best Buy 2024 Voluntary Separation Plan,

is eligible for the benefits described in the 2024 Voluntary Separation Plan. Severance pay for such a Participant will be paid in either a lump sum or in installments over a period not to exceed 12 months as determined by the Company in its sole discretion, to commence as soon as practicable (generally, within two pay periods) after the Participant signs the required separation agreement and any revocation period has expired.

/s/ Charles M. Montreuil
Best Buy Co., Inc.
By Charles M. Montreuil, its Senior Vice President, Rewards

Dated: 2/21/2024 | 5:30 CST

**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: June 7, 2024

/s/ CORIE BARRY

Corie Barry

Chief Executive Officer

**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: June 7, 2024

/s/ MATTHEW BILUNAS

Matthew Bilunas
*Senior Executive Vice President of Enterprise Strategy, Chief
Financial Officer*

**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 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 4, 2024 (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: June 7, 2024

/s/ CORIE BARRY

Corie Barry

Chief Executive Officer

**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 4, 2024 (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: June 7, 2024

/s/ MATTHEW BILUNAS

Matthew Bilunas

Senior Executive Vice President of Enterprise Strategy, Chief Financial Officer
