



BEST BUY

Corporate Responsibility Report
2007

TABLE OF CONTENTS

Best Buy Co., Inc. - 2007 Corporate Social Responsibility Report



- I. INTRODUCTION
- II. RESPONSIBLE LEADERSHIP
- III. OUR PEOPLE
- IV. OUR PRODUCTS
- V. OUR PLANET
- VI. APPENDIX

Power of our people

Roughly 1,000 of our retail, corporate, and Geek Squad employees spent a day in October 2006 cleaning up an Orlando, Fla. park, damaged in 2005 by Hurricane Rita. The employees were honored by USA Weekend in April 2007, as one of the 10 annual "Make a Difference Day" award winners. We gave the \$10,000 award to the Boys & Girls Clubs of America.

On the cover

Maggie Mai, with our Quality Assurance/Quality Control team at Lotus Mountain Park, Shenzhen, China, January 20 2007.



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WHO CARES WHETHER BEST BUY IS A RESPONSIBLE COMPANY?

We do. And we think you do, too.

You might be one of our 140,000 employees. Perhaps you're a customer, or a shareholder. You might be a representative of a community where we do business. You might be one of our business partners, or perhaps you represent an advocacy group. We think there is a very good chance you are more than one of these. You're a stakeholder of ours – you have a vested interest in our business. This report is for you.

At Best Buy, we aspire to be a responsible, values-driven global corporation – we believe that's what you expect, as well as a great shopping experience. This means we have to critically examine, change, and improve how we make business decisions.

We believe we can live our values, through our people and operations, anywhere we go in the world. Our operations in the U.S. have built that foundation, as well as the means by which we measure it: For the past five years, Best Buy employees – including our CEO and executive team – have been evaluated and rewarded for how well he or she lives and teaches the company values and meets and exceeds performance goals.



OUR VALUES

- Unleash the power of our people.
- Show respect, humility and integrity.
- Learn from challenge and change.
- Have fun while being the best.

In fiscal year 2007, we began to examine every aspect of our operations from a responsibility perspective. You will find this assessment in the pages of data inside this report. More importantly, it led us to acknowledge two things:

1. Corporate responsibility is not a function unto itself; rather, it's the responsibility of every function, every operation, and every employee around the world; and
2. Responsible business decisions must reflect our values.

We must actively think of how our values drive our global expansion. We also must consider how the way we operate our businesses affects not only our financial performance, but also its impact on people, communities, and environment. And as we expand into new geographical and cultural markets, we must continually assess how we measure our performance against these values.

Our entry into the China consumer electronics retailing market this past year is a good example of making a responsible, values-based business decision. When we acquired a majority stake in Jiangsu Five Star – at the time, China's fourth-largest consumer electronics retailer (today, it's the third largest) – the decision was based on more than just the financial opportunity – their existing corporate values were more closely aligned to ours than other potential partners. Our work today to integrate the two companies is much easier with shared values, and it put us on a faster track to see shareholder return on this investment.

Taking this approach to business decisions requires an enormous investment in our relationships with our employees, customers, and stakeholders. As you read through this report, you'll see references to numerous issues facing our business – we've outlined them on the next page. Some might see them as risks. But we think they provide tremendous opportunity for responsible, values-based decision-making. Together, values and responsibility are evolving our definition of the "right business decision."

II. RESPONSIBLE LEADERSHIP

Best Buy Co., Inc. - 2007 Corporate Social Responsibility Report

OTHERS MIGHT SEE CHALLENGES FOR BEST BUY...

Commoditization of consumer electronics – new competitors and price put pressure on our market share, increase shareholder expectations

New customers with powerful wallets, voices – cultural shifts; buying power of women; new geographies; cacophony of media, Web; emerging social, environmental concerns

Blurring lines between employees, customers, stakeholders – 140,000 employees worldwide with annual 65% turnover rate

Exponential growth – 1966: two Sound of Music stereo shops in South St. Paul, Minn.; 2007: \$36 billion revenue, Fortune 100 ranking, and 1,150 stores in three countries

Private label manufacturing – increased accountability for not only what we sell in our stores, but what we also now manufacture

Our values – can we live them anywhere in the world?

...BUT WE INSTEAD SEE OPPORTUNITIES

Customer centricity – meeting the end-to-end needs of our customers for the experience they seek from technology

New customers = new innovations – cultural shifts, the buying power of women, and new geographies provide opportunities for employees to bring forward new ideas, new thinking, new tests – constant state of change

Blurring lines between employees, customers, stakeholders – the greatest innovations and ideas for customer centricity, profits, growth come from our employees

Retail as a career path – our CEO, president and COO, and other senior leaders were once “Blue Shirt” employees in our stores – they champion employees as key to the success of customer centricity

Private label manufacturing – we have greater opportunities to bring the voice and need of the customer upstream to the electronics manufacturing sector

An enlightened culture – our culture is inherently responsible – and demonstrating our values is accounted for in employees’ performance (including our leaders and our CEO)

RESPONSIBLE LEADERSHIP

The greatest innovations and ideas for customer centricity, profits, and growth come from our employees. One of the reasons we are actively exploring responsible decision-making is because of employees who care passionately about the social and environmental impact of our business. They, along with our socially-responsible investors, have challenged us to bring this philosophy to life – to demonstrate how we deliver shareholder return while doing well by people, communities, and the environment.

The three following groups are examples of leadership – regardless of title or functional area inside Best Buy – that continue to fuel our aspirations to be a responsible, values-driven global corporation.

Nominating, Corporate Governance, and Public Policy Committee

This committee, entirely composed of independent members of the Best Buy Co., Inc. board of directors, provides oversight with respect to matters of public policy and corporate responsibility that affect our company, domestically and internationally.

The following are among the committee’s responsibilities:

- Develop and recommend to the Board for approval a set of corporate governance principles applicable to the company; review such principles at least annually; and recommend changes as necessary.

- Respond to management’s point of view regarding social, political, economic and environmental trends and public policy issues that affect or could affect our business activities, performance and public image;
- Assist the board in determining how Best Buy can anticipate and adjust to public policy trends in order to more effectively achieve its business goals and/or actively participate in the policy dialogue;
- Provide oversight of and make recommendations to the board regarding our response to shareholder proposals that relate to public policy or social responsibility issues;
- Offer advice and counsel to management regarding the effectiveness of our corporate responsibility programs and corporate citizenship.

A full list of this committee’s responsibilities is available online at www.bestbuy.com (“for our investors” link).

The Best Buy Corporate Responsibility Business Leadership Team

To address both our good-faith commitment to responsible decision-making and the need for accountability, our Corporate Responsibility Business Leadership Team meets monthly. This was the inaugural year of the team, and much of its work was to help set the agenda – and the tone – for our approach to corporate responsibility. Moving forward, this group will continue to evaluate

our operations and plans, offering a unified voice of recommendation to our executive leaders on responsible decision-making. The two leading members of this team – our ethics officer, and our vice president, public affairs – will continue to report regularly to the governance committee of our board of directors.

Charter:

Assist in developing and refining Best Buy's strategy on corporate responsibility, both across the enterprise and related to specific key issues.

- Provide counsel and advocacy to guide Best Buy's actions on specific corporate responsibility issues.
- Provide unified voice to executive leadership and board on responsible business practices and strategic decision making
- Serve as executive champions for corporate responsibility in respective areas of the business, helping other teams and leaders understand the benefits of responsible business to Best Buy growth and strategies
- Influence formal corporate responsibility practices and policies as they evolve
- Integrate accountability for corporate responsibility in each member's respective business unit

Members:

- Lead – Vice President, Public Affairs
- Lead – Ethics Officer
- Vice President, Associate General Counsel and Chief Compliance Officer
- Senior Vice President, Brand Strategy
- Vice President, Human Resources
- Director, Sourcing and Procurement
- Director, Environmental Affairs
- Vice President, Operations and International General Counsel
- Vice President, Private Brands
- Senior Vice President, Retail Operations
- Vice President, Merchandising

The Best Buy Social Responsibility (BBSR) Employee Network

Sometimes the best way to encourage our company to do things better is to create a little discomfort. About two years ago, roughly one dozen of our corporate employees in Richfield, Minn. came together, sharing both a passion for social and environmental justice and a respect for the realities of a publicly-traded, multi-national corporation. They saw unlimited opportunities for Best Buy to be an even better corporation, something of which every employee could truly be proud.

They started small with their efforts. They went under the radar, with creative tactics that spread their messages. Magnets in the corporate bathroom stalls challenged employees to read the 2006 corporate responsibility report; an impromptu screening of "An Inconvenient Truth" prompted others to look inside and examine our own environmental footprint.

Two years later, the Best Buy Social Responsibility (BBSR) Network is still small, but growing – about 75 corporate employees have

voluntarily signed up. And it has big aspirations in 2008: through connections with other employee resource groups and robust interactive communications mediums, the BBSR Network plans to connect with our retail employees across the U.S., as well as recruit local representatives through our operations in Canada and China, to bring their voices to the conversation and help guide better practices.

RESPONSIBILITY THROUGH CUSTOMER CENTRICITY

Our financial performance – our promise to our shareholders – is based on our customer-centric business model. Customer centricity is what differentiates us from other consumer electronics retailers. The idea is that a customer isn't just looking for a product. She is looking for a solution or experience that improves her life – whether it's technology products and services that make her life more manageable, or provide her entertainment that helps her escape.

We deliver on the promise of customer centricity by providing the knowledge, products, services and support to people where they learn, live, work and play. And our profit and growth comes from the relationship between an energized employee and a customer whose needs are thoroughly understood and satisfied.

Customer centricity has three core philosophies:

- invite each employee to contribute their unique ideas and experiences in service of customers
- treat customers uniquely and honor their differences – as segments and individuals
- meet customers' unique needs, end-to-end

All three of these indicate the amount of responsibility we carry with a customer-centric strategy – because the relationship with the customer and the employee is so much more than transactional. Customer centricity requires an ongoing relationship of trust between employee and the customer – and a vision of the entire scope of our business that is responsible, sustainable and centered around evolving customer lifestyle preferences and needs.

We examined our responsible business performance over fiscal 2007 through three ways a customer experiences Best Buy:

1. **Our people:** our employees who help in the store, and teach, learn, and lead in the communities where we do business
2. **Our products:** our supply chain, manufacturing, and sourcing; our advertising standards and parental advocacy for responsible choices; and our systems to protect their private information
3. **Our planet:** our consumer education for responsible recycling, and our commitment to responsible energy consumption and green design in the communities in which we operate

The rest of this report reviews our performance through these three lenses.

III. OUR PEOPLE

Best Buy Co., Inc. - 2007 Corporate Social Responsibility Report

OUR PEOPLE

Our employees are the primary ingredient for customer centricity. Our employee base has grown to nearly 140,000 people world-wide. If we want each of our employees to help deliver customer centricity to this changing customer base, then we have to treat them as our primary asset.

The spending power in the U.S. market for consumer electronics is drastically shifting, culturally and by gender. At the same time, we are expanding into new countries and markets. In order to bring each store to its full potential, we must authentically address the individual needs of each employee and the diverse nature of our total workforce, as well as the communities where our stores do business.

Best Buy is a strengths-based organization – it means we focus on the individual strengths of our employees, instead of trying to fix their weaknesses. We believe this creates an environment where everyone is invited to do their best work and bring forward new ideas for Best Buy. Because ultimately, individual employees fuel our growth, and they're the reason we can authentically deliver customer centricity, from one store to the next, and be profitable.

Our Talent System helps to provide a differentiated experience at Best Buy for each employee, through each stage of employment – from hiring, to performance management, to training and development. We provide comprehensive training programs for our employees that touch on policies and procedures as well as ways to maximize individual strengths and respect characteristics of diversity. (Please see the Appendix section for a list of training programs offered in fiscal 2007, as well as our employee relations and EEO/AA policies.) In fiscal 2007, this workforce approach delivered notable improvements in our employee retention, particularly in the U.S.

Employee workforce

	End of fiscal 2007
Total employee workforce	140,060
U.S.	
• Full-time	58,234
• Part-time	57,016
Canada	
• Full-time	7,807
• Part-time	9,125
China	
• Full-time	7,878
• Part-time	0



Employee breakouts, U.S. (corporate, retail, service centers, distribution centers)

	End of fiscal 2007	End of fiscal 2006
Female, percentage	27	26
Male, percentage	73	74
<hr/>		
African-American, percentage	14	13
Asian-American, percentage	6	6
Caucasian, percentage	66	67
Hispanic, percentage	14	13

Employee Resource Groups

Our employees form Employee Resource Groups based on the primary areas of diversity, such as race, ethnicity, gender, disability, sexual identity and gender expression. Employee Resource Groups, working in partnership with our diversity officer and diversity team, positively impact the employee experience, customer experience, and profitable growth. They also are valuable resources to support recruitment, retention, mentoring, new employee integration, networking, customer solutions, expanding the customer base, and community advocacy. And they take risks they believe are the right thing to do: for example, members of our PRIDE Employee Resource Group lobbied U.S. Congress in fiscal 2007 for same-sex benefits.

In fiscal 2007, we welcomed a new Employee Resource Group, INCLUDE (“focus on abilities, not disabilities”). We also launched our Employee Resource Groups in our U.S. retail stores.

- Asian Employee Network (AEN)
- Black Employee Network (BEN)
- LatIN Involvement Network (LatIN)
- People Respecting Individual Differences Equally (PRIDE) – supporting our gay, lesbian, bisexual and transgender employees
- INCLUDE – supporting our employees with varying physical abilities
- Women’s Leadership Forum (WOLF)

In fiscal 2008, we will continue to expand leadership development and training; continue to integrate diversity and strengths into

our key programs, processes, and policies; encourage more Employee Resource Groups to form, and make it easier for those already involved to stay active; and help fuel our market expansion through new initiatives like human resource strategies to support our Hispanic market growth, international expansions, new store openings, and community partnerships and contributions.

Discrimination

Safety and trust are essential elements to a healthy environment. We are committed to fair, equitable and consistent treatment of all applicants, employees and customers as outlined in our values, policies and practices, and in accordance with all federal, state and local laws.

WOLF – WOMEN’S LEADERSHIP FORUM

Many women growing up in the U.S. might have received advice similar to that from Drew Gilpin Faust’s* mother: “This is a man’s world, sweetie, and the sooner you learn that, the better off you’ll be.”

We certainly don’t see it that way. Women spend \$68 billion, annually, on consumer electronics, and they influence 89 percent of all electronics purchases. Last year, females accounted for 43 percent of our customers and 37 percent of our total sales.

The spending power of women cannot be denied; they have a direct impact on our opportunity for growth and market share. If we want Best Buy to be a place where women want to shop, that means we have to be a place where women want to work.

Since 2003, our Women’s Leadership Forum – Wolf – has embraced this philosophy by inviting employees – female and male – to work together and improve the experience for both female employees and customers.

Wolf actively addresses leadership, growth and professional development opportunities for our female employees. Through employee networks, called Wolf Packs, retail and corporate employees work together to test programs that increase recruitment and retention of female employees. Over time, these Wolf Packs evolve into tight-knit units that encourage and support each member to bring their unique strengths and talents to their jobs.

Along with the Packs, the Wolf leadership team works to address nearly every aspect of our business, from general marketing and online shopping improvements to strategies for new store openings, product assortment, store layouts and new services.

We launched 22 additional Wolf packs in fiscal 2007 across the U.S., bringing 440 more employees into the effort. We plan to launch 35 more packs in fiscal 2008, including Packs in Canada. And while our percentage of female employees is still

only 27 percent, we have seen a 5.7 percent reduction in our female turnover rate in areas with Wolf Packs – with the savings alone covering all of the fiscal 2007 costs for the Wolf program.

Wolf also had a few key milestones in fiscal 2007:

- We increased the number of female general managers in our U.S. stores by 40 percent, female sales managers by 100 percent, and the number of female U.S. district managers by 200 percent
- We increased the number of females working in home theater departments by 100 percent in the past year (and decreased their turnover by 7 percent)
- We increased the number of female Geek Squad employees by 284 percent in three years
- We established partnerships with Women Venture, International Museum of Women and Ann Bancroft Foundation

We’re also pleased to note that 30 percent of our Jiangsu Five Star stores in China have female general managers.

Wolf is a perfect example of how customer centricity, our values, and our responsibility work together to deliver something terrific for the employee, the customer, and our growth.

**Faust, by the way, refused to accept her mother’s advice – and in February 2007, she was named the first female president in the 371-year history of Harvard University.*



III. OUR PEOPLE

Best Buy Co., Inc. - 2007 Corporate Social Responsibility Report

Safety

We work to ensure programs and policies are in place to ensure their safety – from day-to-day operations, to times of disaster and crisis.

In fiscal 2007:

- We increased the number of store employees represented in formal joint management-worker health and safety committees, which help monitor and advise on occupational health and safety programs for our operations;
- A pandemic plan was finalized for our operations, in partnership with our Enterprise Business Continuity team;
- On-site influenza vaccinations were provided at our corporate campus;
- Revised guidelines for heavy-lifting safety were rolled out to our store employees; and
- Revised safety/crisis flipcharts for in-store trainings were produced (to roll out in June 2007 during National Safety Month).

Rewards

Employees are the heart of the company, and it starts with words and actions of our top leaders. We work hard to solicit feedback and incorporate the voice of our employees into our programs, and show our appreciation to them for being the innovative individuals that they are. We want our employees to stay with us – their knowledge, expertise and enthusiasm are our differentiators. More importantly, we want to show them how much we appreciate how hard they work to understand the customers and meet their needs on the front lines of our business.

Our hourly employees (those who don't typically receive bonuses or stock options) are eligible for profit sharing through our Blue Crew Bucks plan. In the two years since the program's inception, \$30 million has been distributed to more than 65,000 employees, above and beyond their standard hourly pay.

Additionally, our CEO, Brad Anderson, has declined stock options for himself in recent years, instead requesting that options be granted to employees who aren't eligible for stock options and who make extraordinary business contributions and test innovative ideas. Over the past year, we shared more than 600,000 stock options with over 2,300 of those employees.



Political involvement

We strive to provide opportunities for our people to lend their voices on issues that matter to our business and our employees. There are specific laws to be followed when doing so; please see the Appendix section for specific information about our policy on political involvement.

While we don't make corporate contributions to federal candidates or national political parties, we do provide a non-partisan, federally-registered political action committee for our eligible U.S. employees, shareholders, and their families. The Employee Political Forum promotes good citizenship among our employees, and furthers the business interests of concern to our shareholders and employees. It raises voluntary, personal contributions from its members and uses those funds to support federal candidates and committees. Please see the Appendix section for the specific guidelines we follow to administer this forum.

Corruption

We strive to never forsake propriety or ethical conduct in our business decisions. We maintain a corporate policy that prohibits corruption worldwide in our operations. Please refer to our Appendix section for specific details of our policy, as well as guidelines and reporting requirements for Foreign Corrupt Practices Act (FCPA) compliance.



Employees of our Quality Assurance and Quality Control team spent the afternoon of January 20, 2007 collecting litter in Lotus Mountain Park, Shenzhen, China. The flag sums up their motivation and intent to continue such community efforts: "good environment, good life."

TE@CH \$250,000 AWARD WINNER, FISCAL 2007 – KANSAS CITY, MO. SCHOOL DISTRICT

Most K-12 schools in the U.S. have overcome the first technology hurdle – getting computers into the classroom. The second is broadening the interaction beyond word-processing tools and the like to bring the curriculum to life for students who likely are stimulated by more than one teaching method.

While funding remains a barrier, teachers across the U.S. are taking their own initiative to incorporate personal technology into their curricula. It's this spirit of classroom innovation that fuels our Te@ch Awards program – and the winner of the 2006 Best Buy \$250,000 Te@ch Award is a terrific example.

In 2006, J.S. Chick Elementary School, of the Kansas City, Mo. school district, had a student population entirely of African-American descent. Gloria Bandstra, one of the school's fifth-grade teachers, took an innovative approach to classroom learning with "Listen to Our Elders," an ancestry recording program that helped her students not only learn about the African-American experience, but also personally engaged them to document history through the stories of their own families.

"Listen to our Elders" centered around segregation, sports, music, and the rise of the civil rights movement. With the help of digital cameras, camcorders, and computers, students asked



their own families and community members to share personal stories, as firsthand witnesses to these facets of the American experience. The students then shared these stories interactively with other Chick Elementary students via podcasts. The documentaries were then archived for future reference.

This innovative classroom work earned the \$250,000 Best Buy Te@ch Award in fiscal 2007 for the Kansas City, Mo. school district. The district is using the award, with help from our local Best Buy employees, to expand classroom technology for interactive learning programs through three schools – including a full expansion of the "Listening to Our Elders" curriculum in all J.S. Chick Elementary classrooms.

Community relations

We think personal technology is pretty amazing. Our business is all about delivering the promise of a better life by providing the knowledge, products, services, and support to people where they learn, live, work, and play.

When you think about it, this is also the role of a teacher, a community volunteer, an elected official, or even a nonprofit organization. They, too, work to deliver the promise of a better life for people where they learn, live, work, and play.

Customer centricity means something more – something beyond the transaction in our store. We aren't just a store; we are members of a community. We therefore have a duty to encourage our people to bring their strengths and their voices forward to help others in the communities in which we do business. And we have a responsibility as an enterprise to bring our expertise in personal technology to our communities – to help them teach, learn, and lead in ways that truly make things better.

Technology-inspired Te@ching

In fiscal 2007, we surveyed approximately 10,000 K-12 teachers in the U.S. to determine technology need and access in the average classroom:

- 94 percent believe technology is very to critically important to help students learn and understand subject matter
- 61 percent think current technology levels cannot meet that need

- Nearly half believe that classroom technology is not on par with how it's used in daily life
- 81 percent say lack of funding is the biggest barrier
- Only 40 percent are using technology for every class they teach

Despite the barriers, teachers are doing amazing things with technology - often on a shoestring, or their own dime. Think of the power, for example, of helping kids learn algebra – with good grades to prove it – through rap music. It's happening at A.P. Giannini Middle School in San Francisco, Calif. – and we are helping them expand this great opportunity for students.

Through the Best Buy Te@ch Awards program, we provide much needed funds to schools, so they can purchase technology for their classrooms. Since 2003, Best Buy stores have given more than \$13 million in Best Buy Te@ch Awards to more than 4,800 schools – public, private, charter, parochial – across the U.S. Winning schools are demonstrating classroom innovation – like rap and algebra. We reward the power of technology in the hands of a teacher who knows what will help engage her students and make learning fun and effective.

In fiscal 2007, we increased the impact of the program – not only did 1,300 classrooms receive \$2,500 Te@ch Awards, 50 received additional \$15,000 awards – and one ultimately received a district-level, \$250,000 award for classroom technology.

III. OUR PEOPLE

Best Buy Co., Inc. - 2007 Corporate Social Responsibility Report

Technology-inspired Le@rning

A great education is the foundation for success, but we also believe community service and volunteerism are equally important. Since 1999, we have awarded more than \$10 million in scholarships to more than 9,000 high school seniors who excel in the classroom and in their communities. In fiscal 2007, we awarded \$2.4 million, including eight students who received \$25,000 scholarships.

Technology-inspired Le@ding

By encouraging our people to share their strengths with our communities, and matching their efforts with financial contributions, we can return something ever greater back to our communities.

We promote employee community service through our Tag Team Awards, which match every 40 hours of individual or team service for a qualifying nonprofit with grants up to \$1,000. We saw a 65 percent increase in Tag Team Awards in fiscal 2007, over the previous year. Our employees volunteered 59,724 hours of their time, with 869 awards to nonprofit organizations totaling \$890,769.

And we are proud of the recognition our employees have earned for their hard work – *USA Weekend* magazine's 2006 "Make a Difference Day" Awards selected our volunteers for a community clean-up event in Orlando, Fla., and the \$10,000 award was given to the Boys and Girls Clubs of America. Plus, 71 of our employees received the 2006 President's Volunteer Service Award, a national honor offered by the President of the United States' Council on Service and Civic Participation in recognition of volunteer service.

We also work with the American Red Cross to provide support in times of disaster and support the United Way to meet local community needs. And in partnership with the U.S. Marine Corps Toys for Tots Foundation, we created the Toys for Teens program to help raise funds to purchase age-appropriate gifts for teenagers in need during the holidays. Toys for Tots raised \$1.4 million during the 2006 holiday season.

Corporate giving

Each year, we typically donate 1.5 percent of pretax earnings through these major giving programs – a common standard for corporate giving in the U.S. Our giving strategy combines the resources of Best Buy, the Best Buy Children's Foundation, and store donations with the time and talent of our Tag Team employee volunteers. In fiscal 2007, we donated approximately \$25.3 million to our communities, exceeding our typical 1.5 percent commitment.

We also tested new initiatives to better meet the unique needs of our communities. We launched the local giving program, designed to empower local employees to award grants, in two of our U.S. business territories. This pilot provided \$100,000 in funding, per territory, and we are looking to expand to all U.S. business territories in fiscal 2008.

OUR PRODUCTS

Imagine the challenge to keep ahead of changes in technology today so that our customers can be well prepared. The average Best Buy store carries thousands of different products – and our online stores carry even more. An immense, complex supply chain manages this assortment. Each week, new products are added, other products are discontinued. And with manufacturers advertising their latest wares, it creates demand – not only for these new products, but for people who can help customers understand them and make smart choices whether or not to use them.

This is where the power of people comes alive for our customers – and which powers our profit and growth comes from. A delighted customer trusts that our products are ethically sourced; that employees can help them understand how to get the most from our products and services; and that we do everything possible to protect their sensitive information.

We have the constant challenge of providing customers with the newest and broadest array of technology products from around the world. And we equally have a responsibility to ensure that these products are produced, offered and used in a manner that is consistent with our values and those of the communities and cultures we serve.

Let’s follow our products through the supply chain – from where they’re built, to how they’re sourced, to how they’re advertised and sold.

Private label manufacturing

Each day, around the world, the stores of Best Buy feature one the broadest ranges of consumer electronics brands found anywhere. Since 2003, we also have offered customers the choice of our private label branded-products, including Insignia, Init, Dynex, Rocketfish, and Geek Squad.

These products are built in countries that have their own unique values, cultures, and laws. Criticism of the consumer electronics manufacturing sector, particularly around worker rights and environmental stewardship, is well-established; indeed, many of the non-Best Buy brands we sell in our stores have been subject to objections over factory conditions, worker conditions, and the materials and processes for building electronics.

While our private label business is a newer and smaller player in the global pool of manufacturers, we nonetheless bear responsibility for how our private-label products are manufactured – and we also are subject to the broader criticism facing all of the brands we sell.



Supplier Compliance Standards

We require all suppliers to ensure their goods – goods for sale, such as consumer electronics, as well as goods not for sale – are not produced through the use of forced or child labor. The Standards also require that our suppliers comply with all applicable laws and regulations, maintain just and decent working conditions, share our respect for the environment, and implement sound security measures. (Please find a full copy of our current Supplier Compliance Standards at www.extendingthereach.com).

For several years we have conducted a factory monitoring program, administered by Best Buy’s Quality Assurance and Quality Control (QAQC) team with third-party audit partners. The team works closely with a centralized ethical sourcing team led by our chief ethics officer who, in turn, reports to the audit committee and the governance committee of the company board of directors, with additional oversight from our Ethics Leadership Committee and our Executive International Trade Council.

The factory monitoring program:

- Integrates social and environmental concerns into our manufacturing and sourcing;
- Conducts pre-contract assessment on-site for each new factory;
- Includes regular monitoring/assessment and follows-up on corrective actions to ensure factory operations are compliant; and
- Provides compliance, social, and environmental responsibility training for all sourcing managers; additionally, provides education and programs for workers that help enhance effectiveness of social and environmental considerations in the factory setting

IV. OUR PRODUCTS

Best Buy Co., Inc. - 2007 Corporate Social Responsibility Report

In fiscal 2007, we audited 100 percent of factories we did business with – in total, 278 audits took place with 102 factories through this program. (Numbers shown indicate findings for calendar year 2006, which includes the first three quarters of fiscal 2007.) We believe that in order to truly live our values through our supplier practices, we must adopt a philosophy of continuous improvement – one of partnership, for example, with factories where our audit program finds violations. We have learned that to truly influence change in factory practices, we have to meet our suppliers “where they are,” and build program goals that are realistic and achievable in their settings over a set period of time. We are working with our current suppliers to set these milestones for improvement in their factory conditions.

Overall results, factory monitoring, calendar 2006

	Total audits	Excellent	Acceptable	Conditional Acceptable	Unacceptable
January	17	0	10	4	3
February	12	0	2	7	3
March	20	0	7	9	4
April	24	0	11	13	0
May	17	0	5	9	3
June	20	0	8	10	2
July	23	0	5	18	0
August	30	0	12	15	3
September	34	0	8	17	8
October	19	0	6	12	1
November	37	0	13	21	3
December	25	0	5	16	4
YTD Total	278	0	92	151	34
Percent		0%	33%	54%	12%

Findings of non-compliance during audits, calendar 2006

free employment (monetary deposit/ lodging personal document)	employment age (child labor/ young worker)	working hours	wages and benefits	harassment or abuse	discrimination	health and safety	freedom of association
3%	6%	23%	26%	1%	0%	41%	0%

Electronics Industry Code of Conduct (EICC)

Many electronics manufacturers have already been working to ensure that manufacturing practices evolve in ways that improve and protect worker rights, factory conditions, and environmental stewardship. With the added responsibility of our private label manufacturing, we are making investments that put us in good company as a global standard for electronics manufacturing emerges.

This past year, we joined the Electronics Industry Code of Conduct (EICC) coalition, a group of 26 companies around the world (including Apple, HP, Microsoft, Sony, and others) with a common interest to improve working conditions and environmental stewardship throughout the electronics supply chain. (Visit www.eicc.info for a list of all current members.) This group supports a common Code of Conduct for electronics companies for performance across a range of issues, including labor, health & safety, environmental practices, ethics and management systems.

The members of our Quality Assurance/Quality Control and compliance teams, including our chief ethics officer, actively work with EICC members to address such areas as governance, the standard ethical code, and stakeholder relationships. And we have committed to incorporate the EICC code of conduct in our

Supplier Compliance Standards as the foundation of our factory auditing program over the next two years.

Supply chain security

We carry Tier 3 status – the highest designation available for importers – of the U.S. Customs and Border Protection (CBP) Customs-Trade Partnership Against Terrorism (C-TPAT). This joint effort between CBP and the trade community works to protect the integrity of cargo imported into the United States. We also require our suppliers and service providers involved in the import of goods to scrutinize and, where necessary, develop sufficient security measures. Such security standards are included in the Supplier Compliance Standards. (More information about C-TPAT can be found at www.cpb.gov.)

Supplier diversity

Our decisions to outsource work to third-party partners are based on the embedding of standards, such as ethics and supplier diversity. Our practices are evolving as we expand our diverse supplier network, and we are learning from other companies who also strive to increase the cultural and gender ownership of suppliers in their networks. We are continuing to ask questions and working to execute against these aspirations.

In fiscal 2008, our goal is to develop and contribute to the growth of diverse suppliers for goods and services not for resale. This includes:

- Build awareness around issues of supplier diversity and inclusion
- Identify potential minority- and women-owned suppliers
- Support business units in building a diverse supplier resource and network

Competition and pricing

We make every effort to price and present product in a manner that is fair and accurate for our customers. Our employees are trained to not engage in the following practices - in particular when offering complete solution sales (including Performance Service Plans (PSPs), Product Replacement Plans (PRPs), accessories or services:

- Misleading or deceiving customers about the coverage or benefits of PSPs or PRPs.
- Disparaging products or manufacturers' warranties by saying "the manufacturer doesn't cover anything."
- Misleading customers about product availability if they refuse complete solution purchases.
- Pressuring customers to buy a complete solution item to the point of jeopardizing the sale.
- "Turning over" or directing customers to another employee after unsuccessful attempts at selling the PSP or PRP.

- Price cutting or "inboarding" to include a complete solution in the sale.
- Forcing customers to sign or initial receipts when refusing or declining the PSP or PRP.
- Refusing a return or exchange on any product meeting return and exchange guidelines (whether or not a PSP or PRP had been purchased).
- Failing to provide a copy of the manufacturer's full text warranty to customers upon their request.

Additionally, our employees are required by law to comply with antitrust laws and to deal fairly with customers, suppliers and competitors. Prohibited activities include price fixing, group boycotts, tying arrangements, and agreements to split territories or customers. Our marketing teams, including new hires, are trained on antitrust compliance and the implications of the Sherman Act and Robinson-Patman Act, including horizontal and vertical price fixing, territory/customer allocation, minimum advertised price policies, and exclusive selling and dealing arrangements.

MORE RESPONSIBLE PRODUCT ASSORTMENTS

Listening to our customers' needs includes understanding their concerns and challenges. While we might carry thousands of products and services, we take seriously our responsibility to help our customers – particularly, parents – make smart electronics and entertainment decisions for their families. So that means we are always seeking new product choices that meet these needs and satisfy everyone in the family.

In fiscal 2007, for example, we started looking for more responsible product offerings in our mobile line. Our mobile team soon found itself in a conversation with kajeet, a small cellular phone company in Maryland. This, from their Web site, sums up their philosophy:

"kajeet may be based in Bethesda, Maryland, but kids are the center of our universe. That's why we made the only pay-as-you-go cell phone service that puts kids first.

"Our story began with three dads figuring out how technology, kids, and parents work best. Thinking of our own kids, we designed a service to provide them with everything they need to safely explore the exciting new world of mobile tech.

"We believe kids are smart. We want kids to be agile with technology. We want kids to have fun. We want them to be empowered and safe, and we want to help them respond with confidence to what's happening in their world.

"We [also] want their parents and guardians to be involved too. Because having a cell phone is not just fun, it's a responsibility - a shared responsibility. (We've put "use it for good" in our logo for a reason.) So we've designed kajeet to incorporate a full suite of tools to help families customize and manage every aspect of their kajeet experience."

We are proud to now be the exclusive consumer electronics retailer offering the kajeet line of phones.



We seek new products, like the Kajeet phone, that help customers make responsible electronics decisions for their families.

IV. OUR PRODUCTS

Best Buy Co., Inc. - 2007 Corporate Social Responsibility Report

Product safety

We require that all products we sell pass nationally certified laboratory testing standards. This includes all such products intended for resale via our retail stores and Web sites operating under the brands Best Buy, Magnolia Audio Video and Future Shop. For those that require certification, only products that have been tested and certified by Underwriters Laboratories Inc. ("UL") and/or CSA International ("CSA") are approved for purchase by our company, subsidiaries and affiliates.

Parental advocacy

We proudly support the Entertainment Software Ratings Board (ESRB), which provides a ratings system for video games we sell in our stores. We provide information for our customers about the ESRB ratings, in and out of our stores. And in 2007, we partnered with Microsoft and the Boys and Girls Clubs of America for a nationwide "citizenship tour" to help consumers, parents, nonprofit organizations, and elected officials understand the shared role we play to make sure entertainment choices are age appropriate.

For our part, we are committed to age-appropriate sales of video games. For example, when purchasing an M-rated (mature) video game title, the cashier must ask for a valid ID to ensure the customer is over the age of 17. It also requires validation of identification and age for online purchases from www.bestbuy.com.

Our store employees, including new hires, are trained on a standard operating procedure (SOP) for M-rated carding. We also conduct secret shopping programs to measure how well our people are following the M-rated SOP. And for the past two years, we have been honored by the National Institute on Media and the Family, the leading U.S. resource on the effects of media and video games on children, for carding 100 percent of their own mystery shoppers, as part of its annual MediaWise Video Game Report Card.

Advertising and marketing communications

Our employees are trained to provide customers with clear, accurate information to make buying decisions. Accurate information is the foundation of our advertising practices and communicates the competitive advantages that distinguish us and our customer-centric strategy.

Advertising includes product information, pricing, comparative pricing, product availability, credit terms, warranty terms and more. The following are the ethical behaviors we expect from our people:

Pricing and/or scanning errors - Employees must make sure scanned and posted prices are correct. If an error is identified, employees are expected to work with their manager to resolve the issue immediately.

Sale pricing - Best Buy advertises items as "on sale" only when they are reduced by at least five percent (5%) from the "matrix," or normal price. In Canada, the minimum price reduction from

regular price is three percent (3%). During a sale, items are either reduced on the price tag or clearly designated by a sign as "on sale." An advertised item is not always a sale item.

Data privacy

The relationship between our employee and our customer is more than just a personal interaction. Our customers expect us to provide a personalized shopping experience, and they in turn share us with information about their preference. They also share sensitive information with us, such as credit card information. And they may use the devices they purchase from us to house personal and sensitive information - from social security numbers to treasured family photos. With the average reported cost in 2006 for a security breach of private data at \$4.1 million, we have both an ethical and a business obligation to ensure our systems and people are protecting and using data wisely.

Our Customer Privacy Group works through our legal services team to address customer privacy issues for Best Buy. We have monitored our customer data collection and management since 2001, and constantly work to both enhance security controls that protect customer data and internal standards to help our people make responsible decisions when handling it. The Privacy Group also navigates the vast number of international, national and state security and privacy laws and regulations that exist: Best Buy simultaneously conducts business in China, a country with rudimentary and emerging privacy protections, and the European Union, which has developed the most elaborate privacy laws and regulations in the world.

We also work hard to immediately fix problems that put our customers at risk. For example, in calendar 2006, we learned that the hard drives of several customers' computers were not destroyed, as promised, but instead resold. These hard drives contained sensitive information belonging to their original owners. We jeopardized the trust of those customers - something we regret. However, the incidents led to a comprehensive audit of how we handle customer computers and hard drives. Today, whenever possible, we return upgraded or replaced storage devices - like computers and hard drives - directly to our customers, giving them the maximum amount of control over their personal data.

OUR PLANET

We are constantly seeking ways to reduce our environmental footprint. We believe that if we first look at the environmental impact of what we sell in our stores, and the amount of energy our stores use to operate, we can then make better decisions and reduce our environmental impact as we continue to grow and expand into communities around the world.

The products we sell are not suitable for landfills, and people who own them must decide to recycle them. And since we sell more consumer electronics than any other company, we have a responsibility to help consumers make safe and smart decisions when ridding themselves of these devices.

This year, according to the Environmental Protection Agency, consumers will retire 2 million tons in e-waste, or "tech trash" – old or obsolete cellular phones, rechargeable batteries, ink jet cartridges, televisions, computer components, monitors, appliances, etc. The good news is that many of their materials can be recycled or refurbished.

But many people don't take action – they either store old electronics away, or dispose of them in ways that are not earth-friendly. Of the 130 million cellular phones that will be retired this year, alone, fewer than 10 percent will be recycled.

We saw the need to provide our customers with these options long before it was regulated (as is the case in many states today in the U.S.). Today, more than ever, consumers are looking for ways to reduce their own environmental footprint, and their heightened awareness has only increased the positive impact of these programs through demand: over the past year, alone, consumer demand has driven us to double the number of our recycling events, and the volume of cell phones recycled through our free in-store kiosks tripled. In total, through our combined programs, U.S. consumers recycled more than 30,000 tons of e-waste (appliances and consumer electronics) in fiscal 2007.

And as a founding member of the Environmental Protection Agency (EPA) Plug-In to eCycling program, we joined other members in calendar 2006 to recycle more than 17,000 tons, combined, of e-waste.

We are pleased with the success of our long-standing consumer electronics recycling programs, and we expect demand for them to grow as more and more electronics are retired. We also work with commercial partners that handle the recycling process for these materials, so we can continue to provide our customers with easy, smart options for disposing their electronics.

Beyond the products we sell, we are actively exploring ways to improve our energy use, transportation, packaging, waste minimization, and new store designs and construction. Our ability to improve the energy management and waste reduction in our stores comes from more than systems and protocols – we expect the people running our stores to make environmentally-responsible decisions about the local operations.



For example, most of our energy use in our stores results from the cooling systems. Most people in our stores – customers, employees – likely wouldn't notice if the store temperature increased by one degree. However, that one degree increase on our thermostats would save over 11 million kilowatt hours of energy and close to \$1,000,000 annually in energy costs for our U.S. stores. These are the conversations we have today. Teams of retail employees, working with our energy management and environmental affairs teams, are seeking ways to reduce costs while maintaining the customer experience we promise.

All of our existing U.S. stores are controlled by a central Energy Management System for lighting, heating and cooling equipment. These systems have reduced our annual electric use by approximately 85 million kilowatts, enough to power about 9,000 U.S. homes for one year.

Our store employees have created innovative ways to improve waste minimization and improving financial performance within the stores. The TV Wrap, for example, is a reusable, padded wrap for flat-panel televisions delivered to customer homes. Not only has this invention reduced the number of damaged units during home delivery, it reduced the amount of packaging delivered to customer's homes by 80 percent in fiscal 2007. The box and foam used in packaging of the television are recycled through the store.

V. OUR PLANET

Best Buy Co., Inc. - 2007 Corporate Social Responsibility Report

Helping consumers recycle e-waste through our U.S. stores

Programs	Volume recycled		
	Fiscal 2006	Fiscal 2007	Plans for fiscal 2008
Recycling kiosks – Just inside the door of every single U.S. Best Buy store, kiosks are available for customers to recycle the following items, free of charge: cell phones, rechargeable batteries, ink-jet cartridges, PDAs, DVDs, and CDs	17.5 tons	45 tons	Evaluating the kiosk concept in Canada, China stores
Recycling and reuse programs – includes haul-away programs for television and appliance deliveries	5,100 tons of electronics; 11,500 tons of appliances	7,500 tons of electronics; 22,000 tons of appliances	15,000 tons of consumer electronics; 27,500 tons of appliances
Recycling events – we host or sponsor these events across the U.S.	20 events; 600 tons of e-waste	40 events; 900 tons of e-waste	A U.S. consumer electronics recycling grant program for events hosted by 501(c)3 nonprofit organizations, cities, counties, or public-private partnerships

Reducing waste in our U.S. store operations, fiscal 2007

Material	Tons	Net GHG emission reduction (MTCE)	Equivalent # of vehicles (off road/year)	Net energy saved (MBTU)	Energy savings (per household equivalent)	Reduced emissions (tons)	Metal recycling - natural resources saved (tons)	Trees saved
Plastics	1,492	635	480	79,536	756	1,861	N/A	N/A
Cardboard	64,752	53,430	40,316	1,020,938	9,705	80,342	N/A	777,024
Pallets	27,270	22,995	17,351	503,386	4,785	N/A	N/A	N/A
Metal(s)	5,025	2,510	1,894	102,980	979	30,038	10,100	N/A

At-a-glance: environmental goals for U.S. operations in fiscal 2008

Green design:	Waste minimization:	Energy use:	Recycling:	Transportation:
All new U.S. store openings LEED certified through the Green Building Council.	Improve light loads by 15%	Central energy management systems in all stores	Cardboard – 75,000 tons	Combine all service pallets at distribution centers for collection by our recycling vendors
Register our corporate campus for LEED certification.	Increase the use of reusable containers for shipping store and service products by 30%	Ceramic metal halide with dimmable lighting by zones in all new stores to reduce lighting costs by 20 percent	Plastics – 1,800 tons	Backhaul recyclable materials to the distribution centers to increase value by roughly 50% and reduce transportation charges
		Implement high-efficiency heating, ventilation and air conditioning system (HVAC) in all locations.	Recycling kiosks – 48 tons	
		Review the purchasing potential for renewable energy. Demand planning.	Consumer electronics – 15,000 tons	
			Appliances – 27,500 tons	
			Increase the amount of extruded polystyrene by 50%	Combine all manufacturers' product returns at our two product return centers to assure compliance and maximize the value of the material for reuse

CORPORATE INFORMATION: BEST BUY CO., INC.

Best Buy Co., Inc. (NYSE:BBY) operates a global portfolio of brands with a commitment to growth and innovation. Our employees strive to provide customers around the world with superior experiences by responding to their unique needs and aspirations. We sell consumer electronics, home-office products, entertainment software, appliances and related services through more than 1,150 retail stores across the United States, throughout Canada and in China. Best Buy Co., Inc. is a Minnesota corporation.

In fiscal year 2007, Best Buy focused on the following business goals and strategic priorities:

- Implementation of customer-centric operating model in all Best Buy stores
- Adding new stores to better serve existing and new markets
- Build our small business capabilities
- Expand and strengthen service offerings
- Enhance our ability to provide complete solutions for our customers
- Continue to implement a controlled international growth strategy

Our businesses:**Best Buy (www.bestbuy.com and www.bestbuy.ca)**

North America's No. 1 consumer electronics retail store. Best Buy offers an unparalleled assortment of entertainment and technology products.

Future Shop (www.futureshop.ca)

Canada's largest, fastest-growing retailer of consumer electronics. Future Shop offers the latest digital products along with a wide selection of brand-name televisions, computers, audio, entertainment software and hardware and appliances.

Magnolia (www.magnoliaav.com)

High-end electronics retailer specializing in audio and video solutions for homes, automobiles and businesses. Stand-alone stores are located primarily on the West Coast; boutique stores can be found inside select Best Buy stores across North America.

Pacific Sales (www.pacificsales.com)

Southern California's source for superior, brand-name appliances and products for the home. Pacific Sales has a reputation as a source for builders/contractors and designers, as well as a one-stop shopping alternative for consumers looking to save both time and money.

Geek Squad (www.geeksquad.com)

Offers consumers and small businesses a 24-hour rapid response computer service task force. Geek Squad precincts are located in every Best Buy store in North America, with stand-alone stores in several cities including Minneapolis, Atlanta and Dallas.

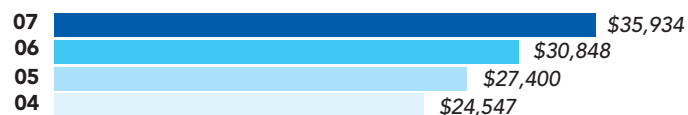
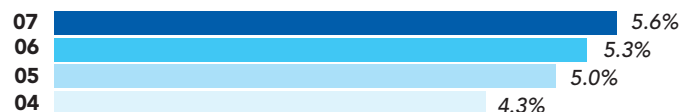
Audiovisions (www.avisions.com)

A leading commercial and residential custom audio and video retailer.

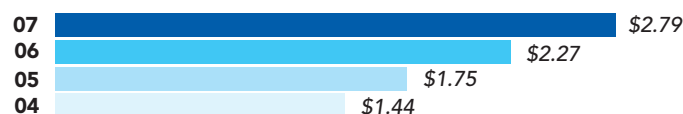
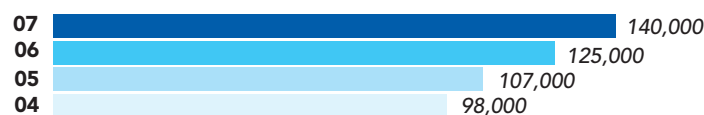
Jiangsu Five Star (www.five-star.cn)

China's third-largest appliance and consumer electronics retailer. Five Star has 131 stores in eight of China's 34 provinces.

Following are topline numbers for the fiscal year ended March 3, 2007. All additional economic information for Best Buy in fiscal 2007 can be found in our annual report. The printed version of our annual report is printed on paper with post-consumer waste content. The 10K will be produced on paper with 30 percent post-consumer waste, and the color pages of our annual report on 10 percent Forest Stewardship Council (FSC) certified, post-consumer waste paper. Please click here or visit www.bestbuy.com, "For Our Investors" to access electronic versions of our 10K, annual report, and related materials.

STOCK LISTING: NEW YORK STOCK EXCHANGE – BBY**REVENUE (\$ IN MILLIONS) from continuing operations****OPERATING INCOME RATE (adjusted for stock option expense)****EARNINGS PER DILUTED SHARE**

(from continuing operations adjusted for Q2 stock split)

**EMPLOYEE COUNTS****STORE COUNTS (as of April 4, 2007)**

- 832 - BEST BUY (U.S.)**
- 131 - FIVE STAR (China)**
- 121 - FUTURE SHOP (Canada)**
- 47 - BEST BUY (Canada)**
- 20 - MAGNOLIA AUDIO VIDEO (U.S.)**
- 14 - PACIFIC SALES (U.S.)**
- 12 - GEEK SQUAD (stand-alone, U.S.)**
- 4 - GEEK SQUAD (stand-alone, Canada)**
- 3 - AUDIOVISIONS (U.S.)**
- 1 - BEST BUY (China)**

VI. APPENDIX

Best Buy Co., Inc. - 2007 Corporate Social Responsibility Report

APPENDIX

Report profile

Best Buy is committed to fueling our growth worldwide as a responsible, values-driven global corporation. This means that we aspire to have our employees, each day, make business decisions that are considerate of their economic value to our shareholders, the ethical responsibility of the enterprise and their impact on people, communities, and environment.

This report is focused on the business practices, guidelines, and policies of Best Buy Co., Inc.,* its subsidiaries and affiliates, during the company's 2007 fiscal year (March 2006 through February 2007). It provides a picture of our operations and performance – economically, socially, and/or environmentally – for our employees, customers, investors, and communities around the world.

This is the second annual responsibility report from Best Buy, and follows the G3 guidelines provided by the Global Reporting Initiative (GRI). Use of the GRI guidelines are voluntary and intended to complement other initiatives to manage economic, environmental, and social performance and related information disclosure. Please refer to our Web site, www.bestbuy.com/responsibility, for the list of GRI indicators addressed in this report.

Specific information about our financial performance, which complements this corporate responsibility report, can be found in our fiscal 2007 annual report (10K). Locations and sources for additional information about Best Buy practices are referenced throughout this report.

Best Buy has an outsourcing relationship with Accenture LLP, which provides human resources, information technology and sourcing and procurement services to Best Buy. References will be made to this outsourcing arrangement where appropriate in this report.

To provide feedback on this report, or for more information, please visit www.bestbuy.com/responsibility, or send an e-mail message to ethics@bestbuy.com.

**All references to "Best Buy" in this report shall mean Best Buy Co., Inc. and its worldwide subsidiaries and affiliates. Unless otherwise indicated, the information provided does not include information concerning the operations or practices of third parties such as suppliers and service providers.*

EMPLOYEE RELATIONS POLICY

Best Buy is committed to providing an issue-free workplace. Best Buy recognizes that all employees are entitled to work in an engaging environment in which they receive individual respect and dignity; freedom from discrimination or harassment, the opportunity for professional and personal development, competitive rewards, a safe work environment, respectful leadership and a work experience that values each individual's unique contributions.

As a global corporation, Best Buy recognizes the necessity to understand the differences in local cultures, customs and governments and is committed to adapting our business model to respect those differences. Best Buy practices strict standards on human rights, legal and environmental issues and regardless of the culture, expects its employees and vendors to adhere to these standards wherever they operate.

Best Buy expects all employees to practice the company values and encourages employees to openly and freely discuss all work environment issues with supervisors and managers, and to contribute to improving the employee experience, including utilizing all available internal programs to promote the company values and to resolve problems and issues which may arise.

EEO/AA POLICY

Best Buy is committed to a policy of Equal Employment Opportunity (EEO) and maintains an Affirmative Action program. Best Buy will not discriminate on the basis of age, sex, race, color, creed, religion, ethnicity, sexual orientation, gender identity, gender expression, national origin, alienage or citizenship, disability, marital status, military or veteran status, or any other legally recognized protected basis under federal, state, or local laws, regulations or ordinances. Our management is dedicated to ensuring the fulfillment of this policy. When necessary, we will reasonably accommodate employees and applicants with disabilities and with religious requirements necessitating accommodation.

CORRUPTION

We maintain a corporate policy that prohibits corruption worldwide in our operations:

No company officer, employee or agent has authority to offer payments to a foreign official to induce that official to affect any government act or decision in a manner that will assist the Company or any of its subsidiaries or divisions to obtain or retain business. Furthermore, every officer, employee and agent is obligated by company policy and federal law to keep books, records, and accounts that accurately and fairly reflect all transactions and disposition of Company assets.

Guidelines for Foreign Corrupt Practices Act (FCPA) compliance: The consequences of failing to comply with the FCPA are serious for a company and its employees. Violation of the FCPA and related laws by a Best Buy employee can result in millions of dollars in fines against the company and can subject the employee to prosecution, criminal fines and imprisonment, as well as disciplinary action by Best Buy, including dismissal.

Accordingly, we have developed guidelines for complying with the FCPA and related laws. The purpose of these guidelines is to ensure full compliance with the FCPA and related laws and continuation of our fine record in maintaining lawful and ethical dealings with governments throughout the world.

Reporting Requirements: Any transaction, no matter how seemingly insignificant, that might give rise to a violation of the FCPA must promptly be reported to the company's Legal Department or, if the employee so desires, such report may be made anonymously by calling the Open and Honest Line at 800-520-1132, by e-mail to ethics@bestbuy.com, or by writing to Best Buy Ethics Office, 7601 Penn Avenue South, Richfield, Minnesota, USA 55423-3645.

All such reports will be treated as confidential, to be used only for the purpose of dealing with the specific problem they address. Such reports will be shared by Best Buy management and other authorized individuals only on a need-to-know basis. As long as a report is made honestly and in good faith, Best Buy will take no adverse action against any person based on the making of such a report. Employees must note, however, that failure to report known or suspected wrongdoing of which an employee has knowledge may, by itself, subject that employee to disciplinary action.

The following rules have been established for all employees, directors, agents and shareholders acting on behalf of Best Buy and its affiliates:

- Except as expressly provided elsewhere in this statement of policy, no payment or gift of any kind whatsoever may be promised, offered or made to any foreign official.
- Notwithstanding the foregoing, expenditures for meals, entertainment and other normal social amenities with respect to foreign officials are permitted provided they are not extravagant and otherwise conform to the laws and customs of the country in which the expenditures are incurred. Similarly, gifts may be given to foreign officials only if the gifts are of modest value and conform to laws and normal social customs in the official's country. Complete and accurate records sufficient to show compliance with the above rules, the FCPA in general, and any other policies of Best Buy must be maintained at all times.

POLICY ON POLITICAL INVOLVEMENT

Federal Candidates

Corporations are prohibited under federal law from using general treasury funds to make contributions or expenditures in connection with federal elections in the U.S. Federal law also restricts corporations from making "soft money" contributions to national political parties. Best Buy Co., Inc. does not make corporate contributions to federal candidates or national political parties.

The Federal Elections Campaign Act of 1971 allows corporations to establish and administer political action committees or ("PACs"). Corporate PACs raise voluntary, personal contributions from a restricted class of individuals (eligible employees, shareholders

and their families) and use those funds to support federal candidates and committees. PAC funds are required to be held in a separate account from the corporation's general treasury. Corporations are permitted to pay costs associated with establishing and administering a PAC but may not deposit corporate funds directly into the PAC.

Best Buy Co., Inc. has a non-partisan, federally-registered PAC ("Best Buy Employee Political Forum"). The purpose of the Best Buy Employee Political Forum is to promote good citizenship and further the business interests that are of concern to the shareholders and employees of the company and its affiliates. The PAC has a board of directors that oversees and manages its activities. Regular reports of receipts and expenditures are filed with the Federal Election Commission and can be viewed online at www.fec.gov. Best Buy Co., Inc. pays the administrative costs of the PAC.

State/Local Candidates

Certain states permit corporate contributions to candidates seeking elected office. Company participation in state political activities occurs at the discretion of company officers and under the direction of the public affairs department where permitted by law. In fiscal year 2007, Best Buy has not made any corporate contributions to state/local candidates in the states that allow them.

Description of the Procedures/Management Systems and Compliance Mechanisms for Managing Political Lobbying and Contributions

Roles and Responsibilities:

- Government Relations Staff – This staff is solely responsible for the management and administration (including all reporting) of any political action committees associated with the company or the distribution of corporate funds as allowed by state and federal law.
- Individual Employees – Employees may participate in campaigns and give funds in their own name to candidate(s) of their choice. The company respects and supports everyone's right to participate individually in the political process and in political activities. Any decision on whether to contribute personal time, money or resources to any political activity is entirely personal and voluntary. Company policy prohibits employees from purporting to represent Best Buy in their various political activities.
- Outside Legal Counsel – Our counsel advises the company on permissible political contributions and compliance with reporting requirements under law.

VI. APPENDIX

Best Buy Co., Inc. - 2007 Corporate Social Responsibility Report

STATEMENT, COMMITMENT TO ELECTRONICS INDUSTRY CODE OF CONDUCT (EICC)

At Best Buy, our suppliers are expected to comply with all national and other applicable laws and regulations. We also expect product materials suppliers for our private-label brand manufacturing to act responsibly on worker rights, social issues, and environmental stewardship. Our Supplier Compliance Standards, including a factory monitoring program, helps our private-label manufacturing suppliers' understand our expectations for compliance with all applicable laws and regulations, maintenance of just and decent working conditions, manufacturing practices that respect the environment, and implementation of sound security measures.

At the same time, we believe that in order to truly live our values through our supplier practices, we must also operate with a philosophy of continuous improvement – one of partnership with the factories we monitor. The good news is that many other electronics manufacturers – including brands we sell in our stores, alongside our private-label brands – have long worked to ensure that manufacturing practices evolve in ways that improve and protect worker rights, factory conditions, and environmental stewardship. And we are making investments that put us in good company as a global standard for electronics manufacturing emerges – and will help us better manage our own supplier relationships, balancing standards, laws, and our values.

This past fiscal year, in January 2007, Best Buy joined the Electronics Industry Code of Conduct (EICC) coalition, a group of 26 companies around the world with a common interest to improve working conditions and environmental stewardship throughout the electronics supply chain. This group supports a common Code of Conduct for electronics companies for performance across a range of issues, including labor, health & safety, environmental practices, ethics and management systems.

Our involvement with the EICC coalition creates a tremendous opportunity to evolve our Supplier Compliance Standards. We have made a commitment that the EICC code will be incorporated into our existing code as the foundation of the Best Buy factory auditing program for private-label brand manufacturing.

PARTIAL LIST – FISCAL YEAR 2007 TRAINING/DEVELOPMENT PROGRAMS FOR CORPORATE, RETAIL EMPLOYEES

Category/ Area	Program Name/ Topic	Required	Audience	Program Description	Average Training Hours Per Employee
Ethics/Fairness	High Stakes Conversations - Leader program (Train the Trainer)	Y	Directors and above	Instructor-led: teaches leaders about managing high stakes conversations (i.e. those where opinions vary, stakes are high, and emotions run strong)	2
Ethics/Fairness	High Stakes Conversations - Employee Teachout	Y	Corporate/Field employees	Instructor-led: directors teach back content from leader version of program to their employees (see above)	1
Ethics/Fairness	High Stakes Conversations - eLearning module	Y	Directors and above (those who did not attend ILT program)	Web-based: covers content from instructor-led programs: teaches leaders about managing high stakes conversations (i.e. those where opinions vary, stakes are high, and emotions run strong)	0.5
Ethics/Fairness	Conflict of Interest	N	Officers/ directors	Web-based: covers Best Buy conflict of interest policy.	0.5
Ethics/Fairness	Insider Trading	Y - Finance only	Finance employees (Required); optional for all others	Web-based: covers Best Buy's insider trading policy and the importance of complying with federal and state insider trading laws.	0.5
Ethics/Fairness	Road to Respect	Y	All Corporate employees	Web-based: covers company policy on respectful behavior, including sexual harassment, conflicts of interest, ageism, etc. Focus is on employees' responsibilities.	0.5
Ethics/Fairness	Drive for Respect (eLearning)	Y	Corporate/Field Managers	Web-based: covers company policy on respectful behavior, including sexual harassment, conflicts of interest, ageism, etc. Focus is on managers' responsibilities.	0.5
Ethics/Fairness	Corporate Management Series (Drive for Respect Module)	Y	Corporate Managers	Instructor-led: covers manager's responsibility in ensuring a respectful workplace whether people can do their best work. Includes modeling respectful behavior, recognizing offensive behavior, and acting to prevent offensive behavior issues.	4
Ethics/Fairness	Fiduciary Responsibility	Y	Finance employees (Required); optional for all others	Web-based program: defines fiduciary responsibility; profiles 3 companies who that violated their fiduciary responsibilities, including Enron, and the consequences of their actions.	0.5

VI. APPENDIX

Best Buy Co., Inc. - 2007 Corporate Social Responsibility Report

Category/ Area	Program Name/ Topic	Required	Audience	Program Description	Average Training Hours Per Employee
Ethics/Fairness	Trademarks	Y	Advertising/ Marketing employees	Web-based: covers basics of trademark law including how to properly use and identify Best Buy trademarks and how to not infringe on others' trademarks.	0.5
Ethics/Fairness	Advertising Foundations	Y	Advertising/ Marketing employees	Web-based: covers how to choose legally acceptable elements for various types of advertisements.	0.5
Ethics/Fairness	Human Resource Policies	Y	Corporate and Retail new hires	Web-based: describes common violations of critical Human Resource Policies, what could happen if you violate those policies, and where to find current policy information on eGO.	0.5
Ethics/Fairness	Peer Review Process	Y	Field/Corporate Employees	Instructor-led: teaches employees and managers about a peer review process designed to assist in creating an issue free work environment.	.2
Ethics/Fairness	Smart Management	Y	Retail Leadership	Web-based: teaches managers techniques that can resolve issues before employee escalation (HR Support): <ul style="list-style-type: none"> • treat employee policy violation issues consistently • describe what's at stake when employees seek legal remedies to what they see as unfair treatment (discrimination) 	0.5
Ethics/Fairness	Antitrust Associate	Y	anyone who has conversations with vendors and/or competitors	Web-based: learners will be familiar with basics of antitrust law and how to abide by these laws in day-to-day dealings with vendors, suppliers, and other retailers.	.5
Ethics/Fairness	Customer Privacy	Y	Corporate employees	Web-based: covers how to recognize customer data, use it properly and destroy it when usage complete.	0.5
Company Values	New Hire Orientation	Y	Corporate employees	Instructor-led: include module in NHO that teaches employees about Best Buy values (e.g. Have Fun While Being the Best, Learn from Challenge and Change, Show Respect, Humility and Integrity, Unleash the Power of our People)	1

Category/ Area	Program Name/ Topic	Required	Audience	Program Description	Average Training Hours Per Employee
Employee Engagement	Corporate Management Series (Performance Mgmt. module)	N	Corporate Managers	The purpose of this course is to align managers on company mindsets and values around coaching and counseling; build knowledge and skills for successful performance, and development conversations.	1
Employee Engagement	New Hire Orientation (Module: Strengths-based Organization - SBO)	Y	New Corporate employees	Instructor-led: covers basics of Best Buy's strengths-based organization philosophy.	1
Diversity	New Hire Orientation	Y	New Corporate employees	Instructor-led: include a module in NHO that focuses on valuing diversity and an inclusive work environment.	0.5
Diversity	Corporate Management Series (Diversity module)	Y	New Corporate Managers	Instructor-led: covers manager's responsibility for creating an environment that embraces diversity. Includes business case for diversity and manager's role in creating inclusive environment	1
Diversity	Affirmative Action	Y	Retail General Managers and above	Web-based: part 1 of Affirmative Action training. This course explains why Best Buy is becoming an Affirmative Action employer and what your role will be in implementing Affirmative Action.	0.5
Diversity	Affirmative Action: A Culture of Opportunity	Y	Retail General Managers and above	Web-based: part 2 of Affirmative Action training. This course teaches leaders how to read the AAP Progress Report, interpret the data, assess progress made toward placement goals, and update action plans based on the data contained in the reports as applied to their community.	0.5
Diversity	Mentoring	N	All Corporate/ Retail (exempt only)	Web-based training/matching software: provides information on the roles of mentors/mentees and how to get the most out of the relationship; teaches employees about the Mentor Scout program (i.e. a program/software that matches mentors and mentees within Best Buy)	0.5
Diversity	Corporate Management Series (Interviewing/Managing Diversity module)	N	New Corporate Managers	Diversity: This course starts managers to think about the filters they use when hiring, managing, and evaluating people. It discusses the impact of diversity issues on employee engagement and team productivity.	1

VI. APPENDIX

Best Buy Co., Inc. - 2007 Corporate Social Responsibility Report

Category/ Area	Program Name/ Topic	Required	Audience	Program Description	Average Training Hours Per Employee
Life Management/ Wellness	Employee Stock Purchase Plan	N	Corporate/Retail Employees	Web-based program describing how the Employee Stock Purchase plan works.	0.5
Life Management/ Wellness	Health Plan that fits your life and your wallet	N	Corporate/Retail Employees	Web-based program allowing the learner to locate and use tools to help select a health plan, understand the implications of health decisions, better understand new health plan options.	0.5
Life Management/ Wellness	Understanding Your Field Short Term Incentive	N	all incentive-eligible employees in Retail	Web-based course that explains Best Buy's total rewards philosophy, how your short-term incentive is calculated, and identify ways you can help influence your own incentive earnings by driving business results at your location.	0.5
Life Management/ Wellness	Setting Yourself Up for Success for Your Annual Performance Appraisal	Y	Retail Supervisors and above	Web-based: understand the six performance goals that make up 80% of your Performance Appraisal score: NOP, discipline specific, business behavioral anchor, customer experience behavioral anchor, turnover, and employee experience behavioral anchor. Understand the four values goals which make up 20% of your Performance Appraisal score.	0.5
Life Management/ Wellness	Skillsoft (off-the-shelf eLearning Programs)	N	Corporate/Field employees (supervisor & above)	Web-based: access to off-the-shelf eLearning modules and books on a wide variety of topics including ethics, conflict, diversity, corporate social responsibility, decision making, etc.).	Varies - interactive tool, multiple topics available.
Life Management/ Wellness	Capella University	N	Corporate/Field employees	Online degree program. Best Buy formed a corporate alliance with Capella to gain a 5% tuition discount for Best Buy employees who enroll in a degree program (Bachelor's, Master's, or PhD) at Capella University.	Varies