Influencing the Customer
Retailers and ENERGY STAR qualified electronics

Thad Carlson – Best Buy Co., Inc.
Best Buy’s brand promise: what we do

We promise to:
Make Sure You Know ALL
That We Know

We promise to:
Deliver An Experience That
Inspires You

We promise to:
Make a difference

We promise to:
Never leaving you hanging

We promise to:
Blow you away with the
latest & greatest

Trusted Perspective
for Inspired Living
Best Buy: Who we aspire to be

Five years from now:

1. Best Buy Co., Inc. is a global champion for human ingenuity and opportunity
   • Our employees provide leadership for our industry, our customers, and our communities worldwide

2. Best Buy Co., Inc. is the global consumer advocate for consumer technology
   • We deliver consumer electronics products and services to more people than any other company in the world

3. Best Buy Co., Inc. accounts financially, environmentally, and socially for its brands and business operations worldwide

Our aspirations evolve customer centricity and define our corporate citizenship
Products that are ingested, inhaled, or touched, such as food and cleaning products, offer the most compelling rationale to go green, along with high ticket items, such as appliances and automobiles.
Consumer research tells us that…

• (1) Consumers make a clear distinction between *My* environment and *The* environment
  • Consumers are focused primarily about the effects of the environment on themselves, and secondarily about the benefits of ES products toward the greater good
  • Similarly, a product’s impact on home and family is the most important Environmental Sustainable product aspect, while the supply-side practices of the manufacturer and retailer are farther removed and less critical

• (2) Most consumers participate in the most common Environmental Sustainability activities (e.g., recycling, using recycled materials, energy conservation, etc.) but other behaviors vary greatly by degree of commitment to “living green.”

• (3) Green products that cost more, are of lower quality, or are less convenient to use or acquire are still purchased relatively infrequently. Personal and family health and safety (e.g., organic foods), as well as cost payback over time (e.g., energy efficient appliances) are the primary drivers of the purchase of Green products.

• (4) Whereas marketing ENERGY STAR qualified appliances may leverage a message of impacting “my environment,” marketing the energy and carbon savings of many consumer electronics ENERGY STAR rated products would benefit more from a message impacting “the environment.”
Gathering Employee Perceptions

Best Buy “Going Green” – How do you feel about it?
An internal, online employee poll conducted in July, revealed the following results.

- 4,120 responses - across corporate and the field
- 30% of employees: it’s merely a profit making trend
- 29% company and customer win
- “Going Green” topic captures a lot of passion from employees
About two of three have no or very little awareness versus less than one of ten who do claim awareness of Best Buy’s actions.

Question: To what extent are you aware of the actions that Best Buy takes to lessen the environmental impact of consumer electronics products? (10-point scale where 1=Not at all aware and 10=Extremely aware)

Question: To what extent are you aware of the ways that Best Buy can help you lessen the environmental impact of consumer electronics products (e.g., recycling, taking away old appliances or televisions, purchasing efficient products, etc.)? (10-point scale where 1=Not at all aware and 10=Extremely aware)

Based on 3648 Best Buy customers who completed the CSI survey between Jan. 7 and Feb. 1, 2008.
Customers influenced by Environmental Information

Extent looking for a guiding perspective on environmental issues from retailers where shop

- Frequently/Always (8,9,10): 18%
- Moderately (4,5,6,7): 49%
- Little (2,3): 16%
- Never (1): 17%

Extent info about environmental impact of manufacturing & using CE products would impact purchase decisions

- Significantly (8,9,10): 27%
- Moderately (4,5,6,7): 51%
- Little (2,3): 13%
- Not at all (1): 9%

Question: To what extent are you looking for a guiding perspective on environmental issues from retailers where you shop? (10-point scale where 1=Never and 10=Always)

Question: To what extent would information about the environmental impact of manufacturing and using various consumer electronics products impact your purchase decisions? (10-point scale where 1=Not at all and 10=Very significantly)

Based on 3648 Best Buy customers who completed the CSI survey between Jan. 7 and Feb. 1, 2008
Fiscal 2009: Green initiatives

**Grow our Green Business**
- ENERGY STAR products & energy Efficient solutions
- Packaging non-toxic materials

**Recycling Efforts**
- Consumer Electronics end-of-life solutions
- Internal trash recycling

**Carbon Footprint Reduction**
- LEED and Green Building standards in stores and DCs
- Efficient lighting in our facilities

**Innovative Green Solutions**
- Ensure a diverse network of contributors
- New Green customer solutions

**Fiscal 2009: Green initiatives**
Growing our green business: ENERGY STAR®

BEST BUY AND ENERGY STAR® QUALIFIED PRODUCT SALES 2007

TOTAL SAVINGS

TOTAL ENERGY SAVINGS
960,425,787 KWH/YEAR

TOTAL UTILITY BILL SAVINGS
$101,036,793

TOTAL CARBON SAVINGS
1,479,055,711 POUNDS OF CO₂

EQUAL TO 128,950 CARS REMOVED FROM THE ROAD

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ENERGY STAR qualified TV & Video Sales 2007

BEST BUY AND ENERGY STAR® QUALIFIED PRODUCT SALES 2007

TV & VIDEO

<table>
<thead>
<tr>
<th>DVD PLAYERS</th>
<th>FLAT PANEL AND PROJECTION TVs</th>
<th>HTIB AND SHELF SYSTEMS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ENERGY SAVINGS</strong></td>
<td><strong>ENERGY SAVINGS</strong></td>
<td><strong>ENERGY SAVINGS</strong></td>
</tr>
<tr>
<td>21,897,213 kWh/y</td>
<td>231,928,066 kWh/y</td>
<td>10,937,347 kWh/y</td>
</tr>
<tr>
<td><strong>MONEY SAVINGS</strong></td>
<td><strong>MONEY SAVINGS</strong></td>
<td><strong>MONEY SAVINGS</strong></td>
</tr>
<tr>
<td>$2,303,587</td>
<td>$24,398,833</td>
<td>$1,150,609</td>
</tr>
<tr>
<td><strong>CARBON SAVINGS</strong></td>
<td><strong>CARBON SAVINGS</strong></td>
<td><strong>CARBON SAVINGS</strong></td>
</tr>
<tr>
<td>33,721,708 lb/CO²</td>
<td>357,169,222 lb/CO²</td>
<td>16,843,514 lb/CO²</td>
</tr>
</tbody>
</table>

CARS REMOVED FROM THE ROAD

2,940  31,139  1,468

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BEST BUY AND ENERGY STAR® QUALIFIED PRODUCT SALES 2007

HOME OFFICE ELECTRONICS

<table>
<thead>
<tr>
<th>CATEGORY</th>
<th>ENERGY SAVINGS kWh/y</th>
<th>MONEY SAVINGS $</th>
<th>CARBON SAVINGS lb/CO²</th>
</tr>
</thead>
<tbody>
<tr>
<td>DESKTOP COMPUTERS</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>LAPTOP COMPUTERS</td>
<td>892,838</td>
<td>89,927</td>
<td>1,374,971</td>
</tr>
<tr>
<td>MONITORS</td>
<td>562,186,662</td>
<td>59,142,037</td>
<td>865,767,459</td>
</tr>
<tr>
<td>PRINTERS</td>
<td>5,878,316</td>
<td>618,399</td>
<td>9,052,606</td>
</tr>
<tr>
<td>SCANNERS</td>
<td>725,321</td>
<td>76,304</td>
<td>1,116,995</td>
</tr>
</tbody>
</table>

CARS REMOVED FROM THE ROAD

|                | 0       | 120     | 75,481  | 789 | 97 |

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Best Buy, ENERGY STAR, and EEPS

What can we do together?
Finding the right ways to connect with consumers - together

• Incentives – where to direct?
  – Incentives direct to consumers seldom work
    • Incentives (coupons, rebates, etc.) for CE products don’t carry great enough influence with consumers to drive the desired purchase behavior
  – Incentives direct to retailers are more effective
    • Influences the retailer to make assortment, advertising decisions based on the profitability of specific products

• What Best Buy brings to the table
  – Market share and reach
  – Consumer and customer insight
  – 100,000+ employees who are inspired to help consumers make smarter choices with CE and Appliance purchases

• What Best Buy does not bring to the table
  – Sharing any customer identifiable information
EEPS and Best Buy: Let’s start working together

• Cooperative marketing efforts are ideal
  – Look beyond in-store signage – consider full-scale marketing campaign efforts
    • Truly help drive consumer behavior together
    • Respecting customer privacy, detailed sales reporting can validate, justify program efforts
    • Best Buy can help ENERGY STAR and EEPS partners expand the retail scope in their service territory – other joint efforts
    • Drive brand awareness for Best Buy, ENERGY STAR, and our EEPS utility partner

• Best Buy is open to exploring
  – Retail training initiatives sponsored or coordinated by utility partners
  – Partnerships with EEPS to promote both CE and appliance recycling programs
Recycling efforts: Customer needs

• Manage their own waste streams
  – E-waste is the fastest growing municipal waste stream

• Complete solutions
  – Sell products, install/repair, end-of-life recycle

• Back to our brand promise
  – Never leave you hanging
  – Make a difference
Recycling efforts: Current program and impact

- 20k Tons saved in 2005
- 50k Tons saved in 2006
- 142k Tons saved in 2007
- 152k Tons saved in 2008

- 190k trees saved
- 2900 households' energy saved
- 6800 households' energy saved
- 38,700 households' energy saved

- 10k vehicles removed
- 21k vehicles removed
- 95k vehicles removed
- 121k vehicles removed

Reduced CO2 emissions:
- 1.4m trees saved
- 777k trees saved

Test recycling program: customer feedback

- Overall Satisfaction with Experience: 97% (Very Satisfied)
- Best Buy employees were courteous & helpful: 94% (Strongly Agreed)
- It was a very easy process: 96% (Strongly Agreed)
- It was a quick process: 92% (Strongly Agreed)
- Better experience at Best Buy compared to other places or methods: 84% (Strongly Agree), 16% (Neither better nor worse)
Recycling Programs


**Recycling**

**Helping Consumers Take Action to Recycle Old Consumer Electronics**

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 the materials in e-waste can be recycled or refurbished.

As the largest U.S. retailer of consumer electronics, Best Buy has a responsibility to help consumers make safe and smart decisions when disposing of the devices they use in their daily lives. We’re proud of the long-standing programs that help our employees, customers and communities ensure that consumer electronics are disposed of in ways that are safe, smart, and considerate of their impact on the environment. Thanks to the action of consumers, more than 20 million pounds of e-waste were recycled in 2006 through Best Buy programs.

**NEW: Recycling grant program** – Best Buy now offers grants to help increase the recycling opportunities available in communities across the country. Grants range from $500 to $1,500 per event, depending on the size of and scope of the program hosted by nonprofit organizations, cities, counties, or public-private partnerships. Click [here](http://www.bbycommunications.com/crnew/recycling.asp) to get information on the grant program and apply for a grant. Click [here](http://www.bbycommunications.com/crnew/recycling.asp) to see a list of Grant Recipients.
Carbon footprint reduction: Climate Leaders partnership

- Climate Leaders – EPA partnership to develop Green House Gases (GHG) reduction strategies
  - Partner since 2007
  - October 6th, 2008 Best Buy will announce results of completed inventory and our Carbon Footprint reduction goal
Connect to Best Buy

- Home Theater Marketing  Kara.Williams@bestbuy.com or (612) 291-7920
- Notebook Computer Marketing  Anastasia.Maier@bestbuy.com or (612) 291-9008
- Desktop Computer Marketing  Pam.Freeman@bestbuy.com or (612) 291-5691
- Computer Monitor Marketing  Joseph.Yost@bestbuy.com or (612) 291-5105

- Home Theater Training  Kenneth.Churchill@bestbuy.com or (612) 291-5679
- Home Office Training  Ian.Osborne@bestbuy.com or (612) 291-5251

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- “Green” Marketing  Bridgette.Hanson@bestbuy.com or (612) 291-4275
- “Green” online  Paul.Hagenson@bestbuy.com or (612) 291-9209
Thank you!

Any questions?
Appendix to follow
Appendix: Who are our employees?

- 80% of employees under 30
- 68% of employees under 24
- Net Gen @ Stores: 81%
- Net Gen @ Corp: 26%

*U.S. population courtesy of New Paradigm, 2007
## Appendix: Innovating with the “Net Generation”

<table>
<thead>
<tr>
<th><strong>WaterCooler</strong></th>
<th><strong>Over 100,000 unique active users.</strong></th>
<th><strong>Discussion around business, strategy and execution of duties.</strong></th>
<th><strong>The business side of social networking.</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>What I Know Is…</strong></td>
<td><strong>10,000 visits per day and one contribution per every two page views.</strong></td>
<td><strong>Collaboration, knowledge sharing, and reference.</strong></td>
<td><strong>Technology used to power a collaborative Web site for community knowledge sharing and reference.</strong></td>
</tr>
<tr>
<td><strong>Loop</strong></td>
<td><strong>Almost 2000 users at Corporate and Retail.</strong></td>
<td><strong>Provide opportunity to all employees to submit innovative ideas for collaboration and funding.</strong></td>
<td><strong>Micro financing and mass collaboration principles.</strong></td>
</tr>
</tbody>
</table>
Appendix: The Cambridge Study Aggregates Information from Numerous Proprietary and Public Sources to Create a Thorough Picture of Demand for ES Products (ES = Environmental Sustainability)

**Overall Methodology**

1. **Forces and Factors**
   - Determine the market Forces and Factors that are driving demand for ES products

2. **Secondary Research**
   - Review existing literature, research, and studies to understand behaviors and opinions around ES

3. **Demand Discovery Qualitative Groups**
   - Conduct focus groups to understand consumers’ motivations and attitudes toward ES

4. **Understanding the Evolving Demand for Environmentally Friendly Products**

5. **Quantitative Survey**
   - Field a survey to 1,500 individuals to quantify the findings from the Demand Discovery Groups as well as segment the population

6. **Benchmarking**
   - Understand the existing processes and competencies among large companies across categories

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