BEST BUY CO INC

FORM 8-K
(Current report filing)

Filed 01/24/12 for the Period Ending 01/24/12

Address	7601 PENN AVE SOUTH RICHFIELD, MN 55423
Telephone	6122911000
CIK	0000764478
Symbol	BBY
SIC Code	5731 - Radio, Television, and Consumer Electronics Stores
Industry	Retail (Technology)
Sector	Services
Fiscal Year	02/03

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 OR 15(d) of The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported) **January 24, 2012**

BEST BUY®

BEST BUY CO., INC.

(Exact name of registrant as specified in its charter)

Minnesota	**1-9595**	**41-0907483**
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

7601 Penn Avenue South	
Richfield, Minnesota	**55423**
(Address of principal executive offices)	(Zip Code)

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

N/A
(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 7.01 Regulation FD Disclosure.

On January 24, 2012, Carphone Warehouse Group plc ("CPW") released its interim management statement for its fiscal third quarter ended December 31, 2011. In the news release, CPW reported its fiscal third quarter financial results and outlook, which included financial results of Best Buy Europe, a venture between Best Buy Co., Inc. ("Best Buy" or the "registrant") and CPW, which is owned 50% by the registrant. Figures for Best Buy Europe are presented by CPW in accordance with International Financial Reporting Standards and do not reflect accounting principles generally accepted in the United States of America ("US GAAP") or include purchase accounting applied by the registrant. As such, the figures presented by CPW for Best Buy Europe do not necessarily reflect the results that will be reported by the registrant in its consolidated statements of earnings. The registrant will report the results of Best Buy Europe in accordance with US GAAP for the 13 weeks ended December 31, 2011, within its fiscal 2012 fourth quarter results, as Best Buy Europe is consolidated on a two-month reporting lag. It is the registrant's policy to accelerate recording the effect of significant intervening events occurring in the lag period that materially affect its consolidated financial statements. As such, the registrant's quarterly results, which include the results of Best Buy Europe in accordance with US GAAP, may differ from those reported by CPW due to the impact of recording these intervening events.

As reported on its Current Report on Form 8-K filed with the U.S. Securities and Exchange Commission ("SEC") on November 7, 2011 (the "Previous Report"), Best Buy and CPW agreed to strategic and commercial changes in respect of their interests in Best Buy Europe. The registrant subsequently filed an amendment to the Previous Report with the SEC on December 12, 2011, announcing that Best Buy and CPW had entered into an Implementation Agreement to implement the material elements described in the Previous Report. As reported on its Current Report on Form 8-K filed with the SEC on December 27, 2011, CPW posted a circular seeking shareholder approval for these changes. In the news release issued on January 24, 2012, CPW reported that its shareholders approved the aforementioned changes at a general meeting. With this contingency now removed, the registrant expects to complete the $1.3 billion purchase of CPW's contractual interest in the profit share-based management fee (paid to Best Buy Europe under the 2007 Best Buy Mobile agreement), as well as the other transactions announced in the Previous Report, on January 25, 2012.

The news release issued by CPW on January 24, 2012, is furnished as Exhibit No. 99 to this Current Report on Form 8-K and shall not be deemed "filed" for purposes of Section 18 of the U.S. Securities Exchange Act of 1934, as amended, or otherwise subject to liability of that Section unless the registrant specifically incorporates it by reference in a document filed under the U.S. Securities Act of 1933, as amended, or the U.S. Securities Exchange Act of 1934, as amended.

The registrant's Annual Report to Shareholders and its reports on Forms 10-K, 10-Q and 8-K and other publicly available information should be consulted for other important information about the registrant.

Some of the matters discussed in this Current Report on Form 8-K (including Exhibit No. 99) constitute forward-looking statements within the meaning of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements include statements other than those made solely with respect to historical fact and are based on the intent, belief or current expectations of CPW, the registrant and/or its management. The registrant's business and operations are subject to a variety of risks and uncertainties that might cause actual results to differ materially from those projected by any forward-looking statements. Factors that could cause such differences include, but are not limited to, the risk factors set forth in the registrant's filings with the SEC.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

The following is furnished as an Exhibit to this Report.

Exhibit No.	Description of Exhibit
99	News release issued by Carphone Warehouse Group plc dated January 24, 2012. Any internet addresses provided in this release are for information purposes only and are not intended to be hyperlinks. Accordingly, no information in any of these internet addresses is included herein.

SIGNATURES

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

		BEST BUY CO., INC. (Registrant)
Date: January 24, 2012	By:	/s/ SUSAN S. GRAFTON
		Susan S. Grafton Senior Vice President, Controller and Chief Accounting Officer

CARPHONE WAREHOUSE GROUP PLC

Tuesday 24 January 2012

Embargoed until 7am

Carphone Warehouse Group plc

Interim Management Statement for Q3 2011-12

Reiterating full year Headline earnings guidance

- **CPW Europe**
  - **performed strongly on postpay and non-cellular**
  - **growth in postpay volumes year-on-year**
  - **weakness in lower value prepay market drove total Q3 LFL revenue down by 4.7%**
- **Virgin Mobile France**
  - **Q3 revenue growth of 15%**
  - **growth in the postpay base offset by reduced focus on the lower value prepay market**
- **Sale of interest in Best Buy Mobile US**
  - **Shareholder approval obtained 20 January 2012**
  - **172 pence per share return of value to shareholders**
  - **Ex-dividend date, 27 January at 6pm**
- **Full year Headline earnings expected to be in line with guidance**

Roger Taylor, CEO, said:

"CPW Europe has performed strongly on postpay sales and is now benefiting from the improved profitability of its new postpay commercial terms. In addition, we achieved 15% growth in our non-cellular revenues, with the sale of tablets and other devices accelerating. As expected, the prepay segment remains weak, with a significant decline in low-end prepay sales year-on-year.

"We remain well-placed to benefit from continued consumer enthusiasm for connected technology, and as such we are accelerating the roll-out of our Wireless World stores to meet this demand and deliver a strong service proposition that complements this segment of the consumer electronics market.

"In Virgin Mobile France we also continued to perform strongly in postpay, driving year-on-year revenue growth of 15%. The business is about to start operating as a full virtual network operator, transitioning its customers to its own SIM cards over the next 18 to 24 months.

"As with all retailers, we face a tough consumer backdrop, but our customers value our proposition and we are capitalising on the strong product cycle in smartphones and non-cellular categories, where we continue to broaden our range. With confidence in our future, we are reiterating our guidance for this year's Headline earnings."

CPW Europe (JV with Best Buy)

Reversing the pattern of H1, which was affected by the shift from 18 to 24 month contracts in the UK from 2009 onwards, Q3 saw a resumption of growth in postpay connections. This was predominantly driven by customer contract renewals coinciding with exciting new smartphone products. As expected, the low-end prepay market was very weak during the period and we estimate that the prepay market was down 35-40% in Q3 in the UK. This was driven by a reduction in subsidies from the networks in low-end prepay, a lack of smartphone product in this segment, and a weak consumer environment. As a result, total like-for-like revenue was down 4.7%, with total connections down 16.6%. However, postpay remains the key profit driver and we are therefore confident of achieving full year Headline earnings within guidance.

One of the key opportunities for CPW Europe is to broaden the non-cellular product category by moving more deeply into tablets, accessories, applications and content, making CPW Europe the home of technology and giving our customers many more reasons to come into our stores. Non-cellular revenue grew by approximately 15% year-on-year in Q3 but this still represents less than 10% of total revenue. We continue to develop our multi-channel proposition and our new Wireless World format stores, combining a focused connected electronics range with a strong service proposition, which will in turn drive our non-cellular revenue growth.

The Wireless World roll-out plans are on track and at the quarter end we had 294 Wireless World stores across Europe. These stores are delivering strong returns and we will continue the aggressive roll-out of this successful format. We are confident of having over 375 of these stores open by the end of March.

Best Buy UK (discontinued JV with Best Buy)

We have now closed all eleven Best Buy UK stores and Best Buy UK online. All the inventory has been cleared and we remain confident in assigning the leases. The expected financial impact of closure remains in line with the guidance given in November. We have also been able to offer credible alternative roles to almost everyone who wanted to remain within the business.

Virgin Mobile France (JV with Virgin Group)

Virgin Mobile France, in which we have a 47% stake, continues to acquire quality contract customers and the customer base is now almost 70% postpay. An increase in the postpay base drove Q3 revenue growth of 15.3% year-on-year to €109m, whilst the small reduction in the total customer base to 2.00 million reflected a deliberate strategy to reduce focus on low-end prepay customers.

Transactions with Best Buy Co., Inc.

On 7 November last year, the Group proposed a series of transactions with Best Buy Co., Inc. in relation to its interests in Europe, the US and Canada. These transactions have now been approved by shareholders and the Company will return 172 pence per Carphone Warehouse Ordinary Share (approximately £813m) in accordance with the payment dates set out on page 5 of the circular to shareholders. The ex-dividend date is 27 January 2012, 6pm.

Outlook

The consumer outlook remains challenging but CPW Europe is strongly supported by continued momentum in its postpay business and by the roll-out of our Wireless World format and wider offering. We believe the less favourable prepay dynamics will remain, albeit partly offset by non-cellular revenue growth. Accordingly, we expect to deliver full year Headline earnings within guidance and look forward to strengthening further the CPW Europe brands and product offering in the next financial year.

Conference call

There will be a conference call for investors and analysts at 9.00 am this morning. The call will also be broadcast on our website, www.cpwplc.com.
Dial-in details - UK/International: +44(0)20 7784 1036, USA +1646 254 3362, passcode 2585541.
A replay will be available until midnight, 31 January 2012.
Replay dial-in details - UK/International +44(0)20 7111 1244, USA +1 347 366 9565, passcode 2585541#.

Next announcement

The Group will publish its Q4 trading update on 3 May 2012.

For further information

For analyst and institutional enquiries

Roger Taylor, CEO	**07715 170 090**
Nigel Langstaff, CFO	**07802 210 248**
Kate Ferry, IR Director	**07748 933 206**

For media enquiries

Shane Conway, Head of PR, Best Buy Europe	**07932 199 659**
Anthony Carlisle (Citigate Dewe Rogerson)	**07973 611 888**
	020 7638 9571

Further operating and financial information

Best Buy Europe (100% basis)

	13 weeks to 31 December 2011			39 weeks to 31 December 2011		
	FY12	**FY11**	**% change**	**FY12**	**FY11**	**% change**
Revenue						
Total (£m)	990	1,033	(4.2)%	2,576	2,701	(4.6)%
CPW Europe LFL			(4.7)%			(4.2)%
Connections (000s)						
CPW Europe*/Best Buy UK	2,907	3,486	(16.6)%	8,147	9,235	(11.8)%

** Connections from own stores only.*

	At 31 December 2011		
	FY12	**FY11**	**% change**
Store numbers			
CPW Europe **			
Own stores	2,062	2,211	(6.7)%
Franchises	331	229	44.5 %
Total stores	2,393	2,440	(1.9)%

*** FY12 reflects the disposal of 82 own stores in Belgium.*

Virgin Mobile France (100% basis)

	3 months to 31 December 2011			9 months to 31 December 2011		
	FY12	**FY11**	**% change**	**FY12**	**FY11**	**% change**
Revenue (€m) ***	109	94	15.3 %	328	282	16.3 %

**** Revenue excludes contributions towards subscriber acquisition costs from network operators and customers, to simplify presentation.*

	At 31 December 2011		
	FY12	**FY11**	**% change**
Customer base (000s)	2,000	1,756	13.9 %