



BEST BUY™

Brad Anderson
Vice Chairman and CEO

July 13, 2007

The Honorable Herb Kohl
Chairman
Special Committee on Aging
United States Senate
Washington, D.C. 20510-6400

Dear Senator Kohl:

Thank you for your June 15th letter outlining your concerns regarding the February 17, 2009 transition to digital broadcasting and its potential impacts on our nation's seniors. As the country's largest consumer electronics retailer, Best Buy understands its responsibility to help educate consumers and is committed to doing so to help ensure a smooth and successful transition. We also understand to be successful this responsibility must fall on all major stakeholders including the Federal government, broadcasters, manufacturers and retailers. None of these entities can accomplish this major transition alone. And each of these parties can touch consumers, including seniors, in a different way.

Best Buy is one of the nation's leading retailers of technology and entertainment products and services. We reach an estimated 300 million consumers per year in 49 states through more than 850 retail stores and online at www.bestbuy.com. Best Buy expects to be a retail destination for digital-to-analog converter boxes, and therefore, has great interest in the design and implementation of the federal government's coupon subsidy program, including consumer education.

As background, Best Buy is an active member of leading trade organizations including the Consumer Electronics Retailers Coalition (CERC), the Consumer Electronics Association (CEA) and the Retail Industry Leaders Association (RILA) and is a member of the broad based DTV Transition Coalition which also includes as its member the AARP. Together we have been providing consumer education and outreach on the digital transition for a number of years.

Since early 2006 Best Buy retail stores have provided in-store signage and brochures for consumers highlighting the digital transition, including frequently asked questions (FAQs) and updated information on the Federal government's converter box coupon program. Our Web site also includes a TV page with prominently displayed transition information, including FAQs and links to additional information from CERC, CEA and the Federal Communications Commission.

In May 2007 our stores posted consumer alert labels in-store and online on all remaining display and boxed analog-only television receivers alerting consumers of the transition. Best Buy employees also receive ongoing training on the transition to assist consumers.

Your letter raised several questions related to consumer education, and more specifically the NTIA's Coupon Eligible Converter Box program (CECB). As you know, the NTIA is not expected to announce the CECB program vendor until mid-August 2007. Therefore, our responses below represent our preliminary perspectives as they relate to the program.

1. Will Best Buy stores nationwide purchase and make available a sufficient amount of coupon-eligible converter boxes?

The converter box is a unique product and its demand will be difficult to predict. The NTIA is not expected to announce its solution vendor for the CECB program until mid-August. Without knowing the specific details of the program or the availability of the converter boxes it's difficult to answer this question with any specificity at this time. However, we do anticipate that we will be able to offer the coupon-eligible converter boxes in all stores where we feel there will be demand for them and on our Web site. We also hope to be able to allow customers to use our in-store kiosks to order boxes from our Web site for in-store pickup at a convenient store location if none are in stock when they visit a store.

2. Will Best Buy stores nationwide honor the NTIA issued coupons for the purchase of an eligible converter box?

We anticipate honoring the coupons and are hopeful the NTIA will be presented with and select a vendor solution that encourages retail participation in the program. Best Buy provided comment to the NTIA's September 2006 Notice of Proposed Rulemaking on the opportunities and challenges of developing a coupon for the CECB program.

3. How will Best Buy indicate/identify which converter boxes are eligible for the coupon program?

We anticipate the NTIA's coupon program vendor will have a process for communicating with consumers which digital-to-analog converter boxes are eligible for the coupon (in the mailing that accompanies the coupon or a Web site for example). At this time Best Buy anticipates only carrying converter box(es) that are eligible for the coupon and would conspicuously identify those boxes as being so. Our employees would also be able to assist customers seeking a coupon-eligible converter box.

4. How will Best Buy assist consumers, both on-line and in-store, in receiving the discount for coupon-eligible converter boxes?

Without knowing the specific details of the NTIA's coupon CECB program it's difficult to answer this question with any specificity at this time. We are hopeful the NTIA will select a coupon vendor solution that will encourage retail participation and as a participant, Best Buy would be able to accept and redeem them from consumers both on-line and in-store. Currently we are notifying consumers of the federal government's coupon program through our in-store brochures and Web site.

5. How will Best Buy assist customers with installing the converter boxes?

We expect installation instructions will accompany the converter boxes and perhaps additional assistance will be provided by the coupon vendor. Additionally, Best Buy employees are able to answer common installation questions about many technology products. In cases where consumers seek professional installation, Best Buy has a full-service home theater installation team to assist for an additional charge.

6. How will Best Buy mitigate the "up-selling" of converter boxes to consumers seeking to purchase a coupon-eligible converter box?

Our selling philosophy is to provide technology solutions to consumers that meet their unique needs. From our perspective we want to make sure our customers understand the digital transition issue and are aware of all the options they have to continue to receive over-the-air broadcasts after February 17, 2009, including:

1. Purchasing a converter box to keep using an analog television;
2. Subscribing to digital cable or satellite; or,
3. Replacing their analog television with a digital television.

7. How will Best Buy mitigate the occurrence of fraudulent schemes that may target consumers once the coupon program is initiated?

Fraud prevention has been an important concern to the NTIA and Congress in establishing the CECB program. Best Buy expects the coupon program vendor selected by NTIA to have mechanisms or guidelines in place to help consumers and participating retailers mitigate potential fraudulent schemes.

8. Has Best Buy considered initiating an industry-wide approach to identifying coupon-eligible converter boxes?

Best Buy is not aware of any industry-wide approach to uniformly label or identify CECBs and we anticipate at this time only carrying converter boxes that are coupon-eligible.

Best Buy remains committed to helping ensure a smooth and successful transition to digital broadcasting. Thank you for your committee's interest and the opportunity to comment on your concerns. We look forward to working together and hearing any additional feedback or recommendations your committee may have. Please feel free to contact me, or Paula Prah, Vice President of Public Affairs, at 612-291-6120 should you have any additional questions regarding our efforts.

Sincerely,



Bradbury H. Anderson
Vice Chairman & Chief Executive Officer