

Best Buy to buy back stock, expand

by Chris Williams, *Associated Press Writer*

Electronics retailer Best Buy Co. moved aggressively Wednesday to support its stock, saying it would immediately start a \$5.5 billion buyback program and raise its quarterly dividend by nearly a third.

It also said it was increasing its North American growth plans by 400 stores, bringing its target to 1,800. The company would provide no details on when it expected to hit those targets nor where the stores would be.

Wall Street applauded the news, with analysts saying it showed the company had confidence in its future.

The announcement was made before the company's annual meeting just outside Minneapolis. It came a week after Best Buy reported a disappointing first quarter and revised downward its profit forecast for fiscal 2008 amid a softening economy.

"The company is returning (money) to shareholders, it will remain focused on its expansion through store growth plans," wrote Scot Ciccarelli of RBC Capital Markets. "Today's news should lift shares from current depressed levels."

He said that the buyback "shows that the company is confident in its business. This is by far the most aggressive repurchase that has ever been done."

The only negative, according to BMO Capital Markets analyst Rick Weinhart, is that Best Buy will no longer have a large cash reserve if the industry or company's finances falter in coming quarters.

Best Buy plans to fund the buyback with cash, short term investments and interim borrowing.

Best Buy plans to open 1,800 stores in the United States and Canada, up from its prior plan of 1,400 stores. The new total assumes 1,400 superstores, up from 1,000 in the previous plan. It now operates 852 Best Buy stores domestically and 47 in Canada.