

BEST BUY CO INC  
Form DEF 14A  
May 01, 2019  
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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

**SCHEDULE 14A**

Proxy Statement Pursuant to Section 14(a) of  
the Securities Exchange Act of 1934 (Amendment No. )

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
  - Definitive Proxy Statement
  - Definitive Additional Materials
  - Soliciting Material pursuant to §240.14a-12

**BEST BUY CO., INC.**

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

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(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

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(1) Amount Previously Paid:

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(3) Filing Party:

(4) Date Filed:

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**BEST BUY CO., INC.**  
**7601 Penn Avenue South**  
**Richfield, Minnesota 55423**

**NOTICE OF 2019 REGULAR MEETING OF SHAREHOLDERS**

- Time:** 9:00 a.m., Central Time, on Tuesday, June 11, 2019
- Place:** Online at [www.virtualshareholdermeeting.com/BBY2019](http://www.virtualshareholdermeeting.com/BBY2019)
- Internet:** Submit pre-meeting questions online by visiting [www.proxyvote.com](http://www.proxyvote.com) and attend the Regular Meeting of Shareholders online at [www.virtualshareholdermeeting.com/BBY2019](http://www.virtualshareholdermeeting.com/BBY2019)
- Items of Business:**
1. To elect the thirteen director nominees listed herein to serve on our Board of Directors for a term of one year.
  2. To ratify the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for the fiscal year ending February 1, 2020.
  3. To conduct a non-binding advisory vote to approve our named executive officer compensation.
  4. To transact such other business as may properly come before the meeting.
- Record Date:** You may vote if you were a shareholder of Best Buy Co., Inc. as of the close of business on Monday, April 15, 2019.
- Proxy Voting:** Your vote is important. You may vote via proxy as a shareholder of record:
1. By visiting [www.proxyvote.com](http://www.proxyvote.com) on the internet;
  2. By calling (within the U.S. or Canada) toll-free at **1-800-690-6903**; or
  3. By signing and returning your proxy card if you have received paper materials.

For shares held through a broker, bank or other nominee, you may vote by submitting voting instructions to your broker, bank or other nominee.

Regardless of whether you expect to attend the meeting, please vote your shares in one of the ways outlined above.

By Order of the Board of Directors

Richfield, Minnesota  
May 1, 2019

Todd G. Hartman  
Secretary

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**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE REGULAR MEETING OF SHAREHOLDERS TO BE HELD ON JUNE 11, 2019:**

**This Notice of 2019 Regular Meeting of Shareholders and Proxy Statement and our Annual Report on Form 10-K for the fiscal year ended February 2, 2019, are available at [www.proxyvote.com](http://www.proxyvote.com).**

Help us make a difference by eliminating paper proxy mailings to your home or business. As permitted by rules adopted by the U.S. Securities and Exchange Commission ( SEC ), we are furnishing proxy materials to our shareholders primarily via the internet. On or about May 1, 2019, we mailed or made available to our shareholders a Notice of Internet Availability containing instructions on how to access our proxy materials, including our proxy statement and our Annual Report. The Notice of Internet Availability also includes instructions to access your form of proxy to vote via the internet. Certain shareholders, in accordance with their prior requests, have received e-mail notification of how to access our proxy materials and vote via the internet or have been mailed paper copies of our proxy materials and proxy card.

Internet distribution of our proxy materials is designed to expedite receipt by our shareholders, lower the cost of the Regular Meeting of Shareholders and conserve precious natural resources. If you would prefer to receive paper proxy materials, please follow the instructions included in the Notice of Internet Availability. If you have previously elected to receive our proxy materials electronically, you will continue to receive e-mail notification with instructions to access these materials via the internet unless you elect otherwise.

**ATTENDING THE REGULAR MEETING OF SHAREHOLDERS**

Like last year, we invite you to attend the 2019 Regular Meeting of Shareholders (the Meeting ) virtually.

- There will not be a physical meeting at the corporate campus. You will be able to attend the Meeting virtually, vote your shares electronically, and submit your questions during the Meeting by visiting: [www.virtualshareholdermeeting.com/BBY2019](http://www.virtualshareholdermeeting.com/BBY2019) and following the instructions on your proxy card.
- The Meeting starts at 9:00 a.m. Central Time.
- You do not need to attend the Meeting online to vote if you submitted your vote via proxy in advance of the Meeting.
- You can vote via telephone, the internet or by mail by following the instructions on your proxy card.
- A replay of the Meeting will be available on [www.investors.bestbuy.com](http://www.investors.bestbuy.com).

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Dear Fellow Shareholders,

On behalf of the entire Board of Directors (the Board), we welcome the opportunity to invite you to attend our 2019 Regular Meeting of Shareholders on Tuesday, June 11, 2019.

During this past year, your Board has continued its diligent work in its key areas of responsibility. In the second year of our *Best Buy 2020: Building the New Blue* growth strategy, we continued to focus our efforts around our purpose to enrich lives through technology and our philosophy to contribute to the common good. We are proud of our accomplishments over the past year, including strong financial performance, significant achievements in our Environmental, Social & Governance initiatives, and the addition of three new Board members. We also just announced an evolution of our leadership roles that we believe will support the long-term success of the Company.

### ***Purpose, Culture & Long-term Value Creation***

The Board has continued to be active and engaged in the development and oversight of programs that support our purpose, culture and long-term value creation. During fiscal 2019, this resulted in enhanced benefits for our employees, expansion of our In-Home Advisor program, the nation-wide launch of our Total Tech Support offering, and the acquisition of GreatCall, a leading connected health services provider for aging consumers. We are proud of the performance we achieved, including revenue of \$42.9 billion and 4.8 percent enterprise comparable sales growth (on top of 5.6 percent in fiscal 2018). Our total shareholder return for 2016 to 2018 is 125.5 percent, while the average of the S&P 500 is 64.5 percent. Concurrently, we maintained high employee engagement scores and further reduced store turnover rates to record lows.

### ***Environmental, Social & Governance***

We seek to apply our sense of corporate responsibility and focus on sustainable development to our interactions with all our stakeholders, including our customers, our employees, our vendor partners, our stockholders, the communities in which we operate and the environment. We are proud that we were recently ranked No. 1 on Barron's Most Sustainable Companies list and were one of two U.S. retailers named to Ethisphere's World's Most Ethical Companies list. The Board continues to be actively involved in our various programs, including the expansion of our Teen Tech Centers across the country.

### ***Board Composition***

As a company, we believe diversity and inclusion is important to our employees, customers and shareholders. In support of our strategy and this belief, we are proud of the highly relevant and diverse set of skills we have assembled on our Board over the last several years. We note that our Board is now comprised of six women and six men, and that a third of our Board members are people of color, which makes us a leader in gender and ethnic diversity among public company Boards.

### ***CEO Succession***

We recently announced an evolution in leadership roles. After seven years of leading the company, Hubert will transition to the role of Executive Chairman of the Board, effective at the end of our Meeting. At that time, Corie Barry, our Chief Financial and Strategic Transformation Officer, will become Chief Executive Officer. Corie has played a critical role in the development and execution of our proven growth strategy, and we are confident she has the vision, skills, experience and leadership capabilities necessary to be our CEO. At the same time, Mike Mohan,

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current U.S. Chief Operating Officer, will be promoted to President and Chief Operating Officer. We believe this orderly transition is a tribute to the Board's attention to succession planning and will ensure great continuity from a strategic and leadership standpoint.

Your feedback is important to us, and we encourage you to vote for the proposals set forth in this proxy statement and participate in our upcoming shareholder meeting.

With gratitude for your confidence and support,

Hubert Joly, Chairman & CEO

Russ Fradin, Lead Independent Director

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Section 27A of the Securities Act of 1933, as amended ( *Securities Act* ), and Section 21E of the Securities Exchange Act of 1934, as amended ( *Exchange Act* ), provide a “safe harbor” for forward-looking statements to encourage companies to provide prospective information about their companies. With the exception of historical information, the matters discussed in this proxy statement on Form 14A are forward-looking statements and may be identified by the use of words such as anticipate, assume, believe, estimate, expect, intend, foresee, outlook, plan, p words and terms of similar meaning. Such statements reflect our current view with respect to future events and are subject to certain risks, uncertainties and assumptions. A variety of factors could cause our future results to differ materially from the anticipated results expressed in such forward-looking statements. Readers should review Item 1A, *Risk Factors*, of our Annual Report on Form 10-K for a description of important factors that could cause our future results to differ materially from those contemplated by the forward-looking statements made in this proxy statement on Schedule 14A. Our forward-looking statements speak only as of the date of this proxy statement or as of the date they are made, and we undertake no obligation to update our forward-looking statements.

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At our 2019 Regular Meeting of Shareholders, we are asking shareholders to vote on three key items. This section highlights information contained in other parts of this proxy statement. We encourage you to review the entire proxy statement for more detail on these items, as well as our Annual Report and our Chairman and CEO's Letter to Shareholders posted on our website at [www.investors.bestbuy.com](http://www.investors.bestbuy.com).

**Items of Business for Vote at our Regular Meeting of Shareholders**

This year, we are requesting your support for the following Items of Business:

Item Number	Item Description	Board Recommendation
1	<p><b>Election of Directors</b></p> <p>We have thirteen director nominees standing for election this year. More information about our nominees' qualifications and experience can be found starting on page <u>21</u>.</p>	<b>FOR Each Nominee</b>
2	<p><b>Ratification of Appointment of our Independent Registered Public Accounting Firm</b></p> <p>We are asking our shareholders to ratify the appointment of Deloitte &amp; Touche LLP as our independent registered public accounting firm for fiscal 2020, as described on page <u>42</u>.</p>	<b>FOR</b>
3	<p><b>Advisory Vote to Approve our Named Executive Officer Compensation</b></p> <p>We are seeking, in an advisory capacity, approval by our shareholders of our named executive officer compensation, the "Say on Pay" vote. Our Compensation Discussion &amp; Analysis ( "CD&amp;A" ), which begins on page <u>45</u>, describes our executive compensation programs and decisions for fiscal 2019.</p>	<b>FOR</b>

**Attending the Meeting**

*How will the Meeting be conducted?*

The Meeting will be conducted online, in a fashion similar to an in-person meeting. All of our board members and executive officers will attend the Meeting and be available for questions. You may attend the Meeting online, vote your shares electronically, and submit your questions during the Meeting by visiting our virtual shareholder forum at: [www.virtualshareholdermeeting.com/BBY2019](http://www.virtualshareholdermeeting.com/BBY2019) and following the instructions on your proxy card.

*How can I ask questions during the Meeting?*

Questions may be submitted prior to the Meeting or you may submit questions in real time during the Meeting through our virtual shareholder forum. We are committed to acknowledging each question we receive. We will allot approximately 15 minutes for questions during the Meeting and submitted questions should follow our Rules of Conduct in order to be addressed during the Meeting. Our Rules of Conduct are posted on the forum.

*What can I do if I need technical assistance during the Meeting?*

If you encounter any difficulties accessing the virtual meeting during the check-in or meeting time, please call the technical support number that will be posted on the Virtual Shareholder Meeting log-in page.

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*If I can't attend the Meeting, can I vote or listen to it later?*

You do not need to attend the online Meeting to vote if you submitted your vote via proxy in advance of the meeting. A replay of the Meeting, including the questions answered during the meeting, will be available on [www.investors.bestbuy.com](http://www.investors.bestbuy.com).

Additional information about how to vote your shares and attend our Meeting can be found in the *General Information* section of this proxy statement.

### **Corporate Governance**

Our long-standing approach to corporate governance is to develop and implement principles that: (1) enable the success of our strategy and business objectives; (2) are rooted in a robust ongoing dialogue with our shareholders; and (3) are inspired by best practices. Consistent with this approach, we continue to build upon a strong framework of corporate governance policies and practices, including the following:

#### ***Board Structure***

- Lead Independent Director
- Annual Director Elections
- Robust Annual Board Evaluation Process
- Majority Vote for Directors
- All Independent Committees
- No Director Related Party Transactions
- Director Overboarding Policy
- Director Retirement Policy

#### ***Shareholder Rights***

- No Cumulative Voting Rights
- No Poison Pill
- Proxy Access By-laws
- No Exclusive Forum/Venue or Fee-Shifting Provisions

#### ***Compensation***

- Pay for Performance Compensation Programs
- Annual Say-on-Pay Vote
- Anti-hedging and -pledging Policies
- Clawback Policy for both Cash and Equity Awards

The Board seeks a wide range of experience and expertise from a variety of industries and professional disciplines in its directors and carefully assesses and plans for the director skill sets, qualifications and diverse perspectives required to support the Company's long-term strategic goals. Our slate of director nominees reflects the strong results of these efforts.

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Additional information on our Corporate Governance policies and practices can be found in the *Corporate Governance at Best Buy* section of this proxy statement.

**Environment, Social & Governance**

Our Board, with oversight by the Nominating, Corporate Governance and Public Policy Committee, is integrally involved in the Company's environmental, social and governance ( ESG ) initiatives. We are an organization built upon values-driven leadership and we are focused on our purpose to enrich lives through technology. When we began the Renew Blue stage of our transformation strategy in 2012, we identified five strategic pillars focused on the needs and interests of our stakeholders – our customers, employees, vendor partners, shareholders, and communities. These five stakeholders continue to be our motivation today. We are honored that our commitment to and progress in effecting positive change for our stakeholders has been recognized within the corporate community.

Additional information regarding our purpose and programs relating to our ESG efforts can be found in the *Corporate Governance at Best Buy — Environment, Social & Governance* section of this proxy statement.

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The following individuals are standing for election to our Board. The Board recommends a vote **FOR** each of the nominees. All nominees, with the exception of Ms. Barry, are current members of the Board. Ms. Barry's appointment is in conjunction with her appointment as our CEO, which is effective at the end of the Meeting.

Name	Director Since	Most Recent Employer	Independent	Committee Membership <sup>(1)</sup>			
				AC	CC	FC	NC
Corie S. Barry	—	Chief Financial Officer & Strategic Transformation Officer; CEO-elect, Best Buy Co., Inc.	No				
Lisa M. Caputo	2009	Executive Vice President, Chief Marketing & Communications Officer, The Travelers Companies, Inc.	Yes		√		√
J. Patrick Doyle <sup>(2)</sup>	2014	President & CEO (Former), Domino's Pizza, Inc.	Yes				
Russell P. Fradin <sup>(3)</sup>	2013	Operating Partner, Clayton, Dubilier & Rice	Yes		√		
Kathy J. Higgins Victor	1999	President & Founder, Centera Corporation	Yes		√		C
Hubert Joly	2012	Chairman & CEO, Best Buy Co., Inc.	No				
David W. Kenny	2013	CEO, Nielsen	Yes		C		√
Cindy R. Kent	2018	President & GM, Infection Prevention Division, (Former) 3M	Yes			√	
Karen A. McLoughlin	2015	Chief Financial Officer, Cognizant Technology Solutions Corp.	Yes	√			C
Thomas L. Millner	2014	CEO (Former), Cabela's Inc.	Yes	C			√
Claudia F. Munce	2016	Venture Advisor, New Enterprise Associates	Yes	√		√	
Richelle P. Parham	2018	General Partner, Camden Partners Holdings, LLC	Yes	√			
Eugene A. Woods	2018	CEO, Atrium Health	Yes			√	

(1) Reflects committee membership approved in April 2019, effective following the Meeting.

(2) Mr. Doyle will serve as Lead Independent Director, effective after the Meeting.

(3) Mr. Fradin currently serves as our Lead Independent Director.

**Key:** AC = Audit Committee; CC = Compensation & Human Resources Committee; FC = Finance & Investment Policy Committee; NC = Nominating, Corporate Governance & Public Policy Committee √ = Member; C = Chair

Additional information about each of our nominees and director qualification and nomination process can be found in *Item of Business No. 1 — Election of Directors*.

**Item 2: Appointment of Independent Registered Public Accounting Firm**

The Board recommends a vote **FOR** ratification of Deloitte & Touche LLP as our independent registered public accounting firm for the fiscal year ending February 1, 2020.

Deloitte & Touche LLP ( D&T ) served as our auditors for fiscal 2019. Our Audit Committee has selected D&T to audit our financial statements for fiscal 2020 and is submitting its selection of our independent registered public accounting firm for ratification by the shareholders in order to ascertain the view of our shareholders on this selection. The following table summarizes the aggregate fees incurred for services rendered by D&T during fiscal 2019 and fiscal 2018. Additional information can be found in *Item of Business No. 2 — Ratification of Appointment of our Independent Registered Public Accounting Firm*.

<b>Service Type</b>	<b>Fiscal 2019</b>	<b>Fiscal 2018</b>
Audit Fees	\$ 2,912,000	\$ 2,770,000
Audit-Related Fees	654,000	334,000
Tax Fees	—	—
Total Fees	\$ 3,566,000	\$ 3,104,000

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The Board recommends a vote **FOR** approval of our named executive officer compensation.

Our shareholders have consistently strongly supported our executive compensation program. For the last five years, our average Say-on-Pay vote has been 96.8%. We believe this support reflects our strong pay-for-performance philosophy, our commitment to sound compensation policies, and our active engagement and open dialogue with our shareholders. The Compensation Committee regularly takes feedback received from shareholders into consideration when making decisions regarding our executive compensation program.

Our executive compensation program contains the following elements:

**C o m p e n s a t i o n**

<b>Component</b>	<b>Key Characteristics</b>	<b>Purpose</b>
Base Salary	Cash	Provide competitive, fixed compensation to attract and retain executive talent.
Short-Term Incentive	Cash award paid based on achievement of various performance metrics	Create a strong financial incentive for achieving or exceeding Company performance goals.
Long-Term Incentive	Stock options, performance-conditioned time-based restricted shares, and performance share awards	Create a strong financial incentive for increasing shareholder value, encouraging ownership stake, and promote retention.

Pay is tied to performance. The majority of executive compensation is not guaranteed and is based on performance metrics designed to drive shareholder value.

Additional information can be found in *Item of Business No. 3 — Advisory Vote to Approve Named Executive Officer Compensation* and the *Compensation Discussion and Analysis* sections of this proxy statement.



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**BEST BUY CO., INC.**  
**7601 Penn Avenue South**  
**Richfield, Minnesota 55423**

## **PROXY STATEMENT**

### **REGULAR MEETING OF SHAREHOLDERS — JUNE 11, 2019**

## **GENERAL INFORMATION**

This proxy statement is furnished in connection with the solicitation of proxies by the Board of Directors ( Board ) of Best Buy Co., Inc. ( Best Buy, we, us, our or the Company ) to be voted at our 2019 Regular Meeting of Shareholders (the Meeting ) to be held virtually on Tuesday, June 11, 2019, at 9:00 a.m., Central Time, at [www.virtualshareholdermeeting.com/BBY2019](http://www.virtualshareholdermeeting.com/BBY2019) or at any postponement or adjournment of the Meeting. On, or about May 1, 2019, we mailed or made available our proxy materials, including the proxy statement, our Annual Report and form of proxy or the Notice of Internet Availability.

### **Background**

*What is the purpose of the Meeting?*

At the Meeting, shareholders will vote on the items of business outlined in the Notice of 2019 Regular Meeting of Shareholders ( Meeting Notice ) included as the cover page to this proxy statement. In addition, management will provide a brief update on our business and respond to questions from shareholders.

*Why did I receive this proxy statement and a proxy card or the Notice of Internet Availability?*

You received this proxy statement and a proxy card or the Notice of Internet Availability because you owned shares of Best Buy common stock as of April 15, 2019, the record date for the Meeting and are entitled to vote on the items of business at the Meeting. This proxy statement describes the items of business that will be voted on at the Meeting and provides information on these items so that you can make an informed decision.

*How can I attend the Meeting?*

You can attend the meeting online by logging on to [www.virtualshareholdermeeting.com/BBY2019](http://www.virtualshareholdermeeting.com/BBY2019) and following the instructions provided on your proxy or notice card.

*How will the Meeting be conducted?*

The Meeting will be conducted online, in a fashion similar to an in-person meeting. All of our board members and executive officers will attend the Meeting and be available for questions. You will be able to attend the Meeting online, vote your shares electronically, and submit your questions during the Meeting by visiting our virtual shareholder forum at: [www.virtualshareholdermeeting.com/BBY2019](http://www.virtualshareholdermeeting.com/BBY2019) and following the instructions on your proxy card.

*How can I ask questions during the Meeting?*

Questions may be submitted prior to the Meeting through our virtual shareholder forum at [www.virtualshareholdermeeting.com/BBY2019](http://www.virtualshareholdermeeting.com/BBY2019), or you may submit questions in real time during the meeting through

the forum. We are committed to acknowledging each question we receive. We will allot approximately 15 minutes for questions during the Meeting and submitted questions should follow our Rules of Conduct for the meeting in order to be addressed during the Meeting. Our Rules of Conduct are posted on the forum.

*What can I do if I need technical assistance during the Meeting?*

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*Who may vote?*

In order to vote at the Meeting, you must have been a shareholder of record of Best Buy as of April 15, 2019, which is the record date for the Meeting. If your shares are held in street name (that is, through a bank, broker or other nominee), you will receive instructions from the bank, broker or nominee that you must follow in order for your shares to be voted as you choose.

*When is the record date?*

The Board has established April 15, 2019, as the record date for the Meeting.

*How many shares of Best Buy common stock are outstanding?*

As of the record date, there were 267,916,309 shares of Best Buy common stock outstanding. There are no other classes of capital stock outstanding.

## **Voting Procedures**

*On what items of business am I voting?*

1. The election of the 13 director nominees listed herein for a term of one year expiring in 2020;
2. The ratification of the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for the fiscal year ending February 1, 2020;
3. The non-binding advisory vote to approve our named executive officer compensation; and
4. Such other business as may properly come before the Meeting.

*How does the Board recommend that I vote?*

Our Board recommends that you vote your shares:

- **FOR** the election of directors as set forth in this proxy statement;
- **FOR** the ratification of the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for the fiscal year ending February 1, 2020; and
- **FOR** the non-binding advisory vote to approve our named executive officer compensation.

If you are a record holder and you sign and submit your proxy card without indicating your voting instructions, your shares will be voted as indicated above.

*How do I vote?*

If you are a shareholder of record (that is, if your shares are owned in your name and not in street name), you may vote:

- Via the internet at [www.proxyvote.com](http://www.proxyvote.com);
- By telephone (within the U.S. or Canada) toll-free at 1-800-690-6903;

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- By mail, by signing and returning the enclosed proxy card if you have received paper materials; or
- By attending the virtual Meeting and voting online at [www.virtualshareholdermeeting.com/BBY2019](http://www.virtualshareholdermeeting.com/BBY2019).

If your shares are held in a brokerage account by a broker, bank or other nominee, you should follow the voting instructions provided by your broker, bank or other nominee.

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If you wish to vote by telephone or via the internet, you must do so before 11:59 p.m., Eastern Time, on Monday, June 10, 2019. After that time, telephone and internet voting on *www.proxyvote.com* will not be permitted and any shareholder of record wishing to vote thereafter must vote online during the Meeting. Shareholders of record will be verified online by way of the personal identification number included on your proxy or notice card. Voting by a shareholder during the Meeting will replace any previous votes submitted by proxy.

We have made all proxy materials available via the internet. However, you may opt to receive paper copies of proxy materials, at no cost to you, by following the instructions contained in the Notice of Internet Availability that we have mailed to most shareholders. We encourage you to take advantage of the option to vote your shares electronically through the internet or by telephone. Doing so will result in cost savings for the Company.

### *How are my voting instructions carried out?*

When you vote via proxy, you appoint the Chairman of the Board, Hubert Joly and the Secretary of the Company, Todd G. Hartman (collectively, the Proxy Agents), as your representatives to vote at the Meeting. The Proxy Agents will vote your shares at the Meeting, or at any postponement or adjournment of the Meeting, as you have instructed them on the proxy card. If you return a properly executed proxy card without specific voting instructions, the Proxy Agents will vote your shares in accordance with the Board's recommendations as disclosed in this proxy statement. If you submit a proxy, your shares will be voted regardless of whether you attend the Meeting. Even if you plan to attend the Meeting, it is advisable to vote your shares via proxy in advance of the Meeting in case your plans change.

If an item properly comes up for vote at the Meeting, or at any postponement or adjournment of the Meeting, that is not described in the Meeting Notice, including adjournment of the Meeting and any other matters incident to the conduct of the Meeting, the Proxy Agents will vote the shares subject to your proxy in their discretion. Discretionary authority for them to do so is contained in the proxy.

### *How many votes do I have?*

You have one vote for each share you own, and you can vote those shares for each item of business to be addressed at the Meeting.

### *How many shares must be present to hold a valid Meeting?*

For us to hold a valid Meeting, we must have a quorum. In order to have a quorum, a majority of the outstanding shares of our common stock that are entitled to vote need to be present or represented by proxy at the Meeting. Your shares will be counted as present at the Meeting if you:

- Vote prior to the Meeting via the internet or by telephone;
- Properly submit a proxy card (even if you do not provide voting instructions); or
- Vote while attending the Meeting online.

Broker non-votes, as defined below, will be included in determining the presence of a quorum at the Meeting so long as there is at least one routine matter which the broker, bank or other nominee can vote on, as is the case with the Meeting. In addition, abstentions on any matter are included in determining the presence of a quorum.

### *How many votes are required to approve an item of business and what are the effects of abstentions and broker non-votes on the voting results?*

Pursuant to our Amended and Restated Articles of Incorporation (Articles) and our Amended and Restated By-laws (By-laws), each item of business to be voted on by the shareholders at the Meeting, with the exception of Item 1,

requires the affirmative vote of the holders of a majority of the voting power of the shares of Best Buy common stock present at a meeting and entitled to vote. Item 1, the election of directors, requires the affirmative vote of a majority of votes cast with respect to the director.

Under the rules of the New York Stock Exchange ( NYSE ), if you are a beneficial owner of shares and you do not provide voting instructions to your broker, bank or nominee, that firm has discretion to vote your shares for certain routine matters. Item 2, the ratification of the appointment of Deloitte & Touche LLP as our independent registered

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public accounting firm, is considered a routine matter under NYSE rules. However, your broker, bank or nominee does not have discretion to vote your shares for non-routine matters. Items 1 and 3, the election of directors and the advisory vote related to named executive officer compensation, respectively, are not considered routine matters under NYSE rules.

When a broker, bank or nominee votes a beneficial owner's shares on certain but not all of the proposals, because it is unable to vote due to the beneficial owner's failure to provide voting instructions on a matter as to which the broker, bank or nominee has no discretion to vote otherwise, the missing votes are referred to as broker non-votes.

Abstentions will have the same effect as votes against Items 2 and 3 described in this proxy statement, but will have no effect on Item 1. Broker non-votes will have no effect on Items 1 and 3.

*What if I change my mind after I vote via proxy?*

If you are a shareholder of record, you may revoke your proxy at any time before your shares are voted by:

- Submitting a later-dated proxy prior to the Meeting (by mail, internet or telephone);
- Voting online during the Meeting (attendance will not, by itself, revoke a proxy); or
- Providing written notice of revocation to Best Buy's Secretary at our principal office at any time before your shares are voted.

If your shares are held in a brokerage account by a broker, bank or other nominee, you should follow the instructions provided by your broker, bank or other nominee.

*Who will count the vote?*

Representatives of Broadridge will tabulate the vote and act as the inspector of elections.

*Where can I find the voting results of the Meeting?*

We plan to publish the final voting results in a Current Report on Form 8-K ( Form 8-K ) filed within four business days of the Meeting. If final voting results are not available within the four business day timeframe, we plan to file a Form 8-K disclosing preliminary voting results within the required four business days, to be followed as soon as practicable by an amendment to the Form 8-K containing final voting results.

## **Proxy Solicitation**

*How are proxies solicited?*

We expect to solicit proxies primarily by internet and mail, but our directors, officers, other employees and agents may also solicit proxies in person, by telephone, through electronic communication and by facsimile transmission. We will request that brokerage firms, banks, other custodians, nominees, fiduciaries and other representatives of shareholders forward the Notice of Internet Availability and, as applicable, the proxy materials and Annual Reports themselves, to the beneficial owners of our common stock. Our directors and employees do not receive additional compensation for soliciting shareholder proxies. We have retained Georgeson Inc. as our proxy solicitor for a fee estimated to be \$15,000, plus reimbursement of out-of-pocket expenses.

*Who will pay for the cost of soliciting proxies?*

We pay all of the costs of preparing, printing and distributing our proxy materials. We will reimburse brokerage firms, banks and other representatives of shareholders for reasonable expenses incurred as defined in the NYSE schedule of charges in connection with proxy solicitations.

*How can multiple shareholders sharing the same address request to receive only one set of proxy materials and other investor communications?*

You may elect to receive future proxy materials, as well as other investor communications, in a single package per address. This practice, known as *householding*, is designed to reduce our paper use and printing and postage costs. To make the election, please indicate on your proxy card under *Householding Election* your consent to receive such communications in a single package per address. Once we receive your consent, we will send a single



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package per household until you revoke your consent or request separate copies of our proxy materials by notifying our Investor Relations Department in writing at 7601 Penn Avenue South, Richfield, MN, 55423, or by telephone at 612-291-6147. We will start sending you individual copies of proxy materials and other investor communications following receipt of your revocation.

*Can I receive the proxy materials electronically?*

Yes. All shareholders may access our proxy materials electronically via the internet. We encourage our shareholders to access our proxy materials via the internet because it reduces the expenses for, and the environmental impact of, our shareholder meetings. You may opt to receive paper copies of proxy materials, including our Annual Report, proxy statement and proxy card at no cost to you, by following the instructions on your Notice of Internet Availability.

An electronic version of this proxy statement is posted on our website at [www.investors.bestbuy.com](http://www.investors.bestbuy.com).

**Additional Information**

*Where can I find additional information about Best Buy?*

Our reports on Forms 10-K, 10-Q and 8-K and other publicly available information should be consulted for other important information about Best Buy. You can find these reports and additional information about us on our website at [www.investors.bestbuy.com](http://www.investors.bestbuy.com).

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### **CORPORATE GOVERNANCE AT BEST BUY**

Our Board is committed to developing and implementing corporate governance principles that: (1) enable the success of our strategy and business objectives; (2) are rooted in a robust ongoing dialogue with our shareholders; and (3) are inspired by best practices. Consistent with this approach, we continue to build upon a strong framework of corporate governance practices. Shareholder perspectives play an important role in that process. Some key aspects of our current Board and governance structure and practices are as follows:

#### ***Board Leadership & Composition***

- Our Board has been led by our Chairman and CEO. Our Lead Independent Director ensures independent oversight of management whenever our Chairman is not independent. Going forward, our Board will be led by our Executive Chairman and Lead Independent Director.
- All of our director nominees, other than the CEO- and Executive Chairman-elect, are independent.
- Our Board places an emphasis on diverse representation among its members. Seven of our 13 director nominees are women and one-third of our Board is ethnically diverse.
- The average tenure of our director nominees is approximately 5 years, with a balance of skills, new perspectives and historical knowledge.
- All Committees are comprised exclusively of independent directors.
- Our directors are required to retire at the expiration of their term during which they reach the age of 72, and must tender their resignation for consideration: (a) five years after ceasing the principal career they held when they joined our Board and (b) when their principal employment, public company board membership or other material affiliation changes.

#### ***Board Accountability***

- We conduct a robust annual Board, individual director and CEO evaluation process, and periodically engage an independent third party to provide independent assessments of Board and director performance.
- None of our directors are involved in a material related party transaction.
- Our directors and officers are prohibited from hedging and pledging Company securities.
- Our directors and executive officers are required to comply with stock ownership guidelines.
- Our Board has adopted Corporate Governance Principles as part of its commitment to good governance practices. These principles are available on our website at [www.investors.bestbuy.com](http://www.investors.bestbuy.com).

#### ***Shareholder Rights & Engagement***

- We do not have a shareholder rights plan (commonly known as a Poison Pill).
- We have proxy access provisions consistent with market practice (3/3/20/20).
- We have no exclusive forum/venue or fee-shifting provisions.
- We have no cumulative voting rights and our only class of voting shares is our common stock.
- A shareholder(s) must own 10% of the voting shares of our stock to call a special meeting, or 25% if the special meeting relates to a business combination or change in our Board composition.
- We regularly engage with shareholders to solicit feedback, address questions and concerns and provide perspective on Company policies and practices.

In this section of our proxy statement, we provide detail on specific aspects of our Corporate Governance program, policies and practices, as well as additional information on the operations and composition of our Board.

### **Board Leadership**

Our Board has been led by our Chairman and CEO, Mr. Joly, and our Lead Independent Director, Mr. Fradin. Our Lead Independent Director complements our Chairman by providing effective, independent leadership on the Board through clearly defined authority. Additional leadership roles continue to be filled by other directors, all of whom are independent and play an active role in our strategic planning, risk oversight and governance. We believe this leadership structure is ideally suited to this stage of our Company. As part of our CEO succession, Mr. Joly will transition to the role of Executive Chairman at the end of the Meeting, with substantially similar responsibilities as those set forth below. The independent directors believe that Mr. Joly's continued leadership of the Board will provide a valuable resource to the Board and will help facilitate a smooth transition of the CEO role.

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Our Lead Independent Director is nominated by the Nominating, Corporate Governance and Public Policy Committee, and final selection is subject to ratification by the vote of a majority of the independent directors on the Board. The Lead Independent Director serves for an annual term beginning at the Board meeting following the first regular meeting of shareholders at which directors are elected. In April 2019, the Board appointed Mr. Doyle to succeed Mr. Fradin as Lead Independent Director, effective at the Meeting.

The Board leadership duties and responsibilities are outlined below and in our Corporate Governance Principles, which are also posted online at [www.investors.bestbuy.com](http://www.investors.bestbuy.com).

Our Chairman is responsible for:

- Setting the agenda for Board meetings (in partnership with the CEO and Lead Independent Director) and presiding over and leading discussion at meetings of the full Board;
- Presiding over the Company's regular meeting of shareholders;
- Setting the Board meeting calendar and leading oversight activities of the Board;
- Overseeing the Company's strategic planning process to create alignment with the Board and management and supporting execution of the strategy;
- Assisting the Board with its oversight of the Company's risks;
- Speaking on behalf of the Company to both internal and external stakeholders, as appropriate; and
- Serving as the Board's liaison to management.

Our Lead Independent Director performs the following duties:

- Partners with the Chairman (and CEO) to set the Board meeting agenda;
- Presides at all Board meetings at which the Chairman is not present;
- Presides at executive sessions of independent directors (which take place at each regular Board meeting);
- Calls additional meetings of the independent directors, as appropriate;
- Serves as a liaison between the independent directors and our stakeholders by being available for direct consultation and communication;
- Provides ongoing counsel to the Chairman regarding key items of business and overall Board functions; and
- Performs any other duties requested by the Board, the independent directors or the Chairman.

### **Board Composition**

The Board seeks a wide range of experience and expertise from a variety of industries and professional disciplines in its directors. It carefully assesses the director skill sets, qualifications and diverse perspectives required to support the Company's long-term strategic goals, and for an orderly succession and transition of directors, as evidenced by the composition changes over the past seven years. We believe our Board should be composed of individuals with highly relevant skills, independence, integrity, sound judgment, proven records of accomplishments and diverse genders, ethnicities, ages and geographic locations. In addition, the Board emphasizes independent voices and adding new perspectives to its membership. Eleven of our 13 director nominees are independent, and the average tenure of our director nominees is 5 years. More information regarding our Director Qualification Standards and Director Nomination Process can be found within *Item 1* of this proxy statement.

### **Director Independence**

Pursuant to our Corporate Governance Principles, the Board has established independence standards consistent with the requirements of the SEC and NYSE. To be considered independent under the NYSE rules, the Board must affirmatively determine that a director or director nominee does not have a material relationship with us (directly, or as a partner, shareholder or officer of an organization that has a relationship with us). In addition, each member of the Compensation and Human Resources Committee must meet a standard of enhanced independence such that the Board

must consider the source of compensation of the director and whether the director is affiliated with us or one of our subsidiaries to determine whether there are any factors that would materially affect a director's ability to be independent, specifically in regard to their duties as a compensation committee member.

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Our Director Independence Guidelines, consistent with the NYSE rules, generally provide that no director or director nominee may be deemed independent if the director or director nominee:

— has in the past three years:

received (or whose immediate family member has received as a result of service as an executive officer)

- more than \$120,000 during any 12-month period in direct compensation from Best Buy, other than director and committee fees and certain pension payments and other deferred compensation;
- been an employee of Best Buy;
- had an immediate family member who was an executive officer of Best Buy;
- personally worked on (or whose immediate family member has personally worked on) our audit as a partner or an employee of our internal or external auditors or independent registered public accounting firm; or
- been (or whose immediate family member has been) employed as an executive officer of another company whose compensation committee at that time included a present executive officer of Best Buy; or

— is:

- a partner or employee of our independent registered public accounting firm, or a director whose immediate family member is a partner of such firm or is employed by such firm and personally works on our audit; or
- an employee (or has an immediate family member who is an executive officer) of another company that has made payments to Best Buy, or received payments from Best Buy, for property or services in an amount which, in any of the last three fiscal years, exceeded the greater of \$1 million or 2% of such other company's consolidated gross revenues.

Under our director independence standards described above, the Board has determined that each director who served during any part of fiscal 2019 and each director nominee is independent, with the exception of Mr. Joly, our Chairman and CEO, and Ms. Barry, our Chief Financial Officer and Strategic Transformation Officer. Ms. Barry was nominated to stand for election to the Board in connection with her appointment as our new CEO, effective at the Meeting. The Board based these determinations primarily on a review of the responses of the directors to questions regarding employment and compensation history, affiliations, family and other relationships and on discussions with our directors.

As part of its independence analysis, the Board reviewed our relationships with companies with which our directors are affiliated. As part of that review, the Board considered our relationship with Nielsen, a company affiliated with Mr. Kenny. Mr. Kenny, a director since September 2013, serves as CEO and a director of Nielsen. Since 1999, Nielsen has provided us with data analytics services. The amounts we have paid to Nielsen were less than 2% of the annual consolidated gross revenues of Nielsen for each of the past three fiscal years. In addition, Mr. Kenny did not influence or participate in negotiating our agreements with Nielsen. The Board determined that the Company's relationship with Nielsen was not material and did not impair Mr. Kenny's independence.

In addition, the Board also considered our relationship with Cognizant Technology Solutions Corp., which has provided us with information technology and business solution services since 2017. Ms. McLoughlin, a director since September 2015, is the Chief Financial Officer of Cognizant. The amounts paid to Cognizant were less than 2% of Cognizant's annual consolidated gross revenues for the past three fiscal years. Ms. McLoughlin did not influence or participate in negotiating our agreements with Cognizant. The Board determined that the Company's relationship with Cognizant was not material and did not impair Ms. McLoughlin's independence.

### **Board Meetings and Attendance**

During fiscal 2019, the Board held four regular meetings and one special meeting. Each incumbent director attended, in person or by telephone, 100 percent of the meetings of both the Board and committees on which he or she served. Directors are required to attend our regular meetings of shareholders, and all of our director nominees that were then directors attended the 2018 Meeting either in-person or telephonically.

**Executive Sessions of Independent Directors**

Our independent directors, led by Mr. Fradin, meet in executive sessions of independent directors during each regularly scheduled Board meeting. Independent directors use these sessions as a forum for open discussion about the Company, our senior management, and any other matters they deem appropriate.

TABLE OF CONTENTS**Committees of the Board**

The Board has four committees: Audit, Compensation and Human Resources (the Compensation Committee), Finance and Investment Policy, and Nominating, Corporate Governance and Public Policy (the Nominating Committee). The charters for each committee are posted on our website at [www.investors.bestbuy.com](http://www.investors.bestbuy.com). The charters are reviewed annually and include information regarding each committee's composition, purpose and responsibilities.

The Board has determined that all members of the Audit Committee, Compensation Committee and Nominating Committee are independent as defined under the SEC and NYSE rules, and all members of the Compensation Committee are outside directors for purposes of Internal Revenue Code section 162(m). The Board has also determined that, during fiscal 2019, two of the four members of the Audit Committee qualified as audit committee financial experts under SEC rules, and that each of the members of the Audit Committee has accounting and related financial management expertise in accordance with the NYSE listing standards.

The key responsibilities, fiscal 2019 membership and number of meetings held in fiscal 2019 for each committee are set forth below:

<b>Committee</b>	<b>Key Responsibilities</b>	<b>Committee Members</b>	<b>Number of Meetings held in Fiscal 2019</b>
Audit	<ul style="list-style-type: none"> <li>Assists the Board in its oversight of: <ul style="list-style-type: none"> <li>the integrity of our financial statements and financial reporting processes;</li> <li>our internal accounting systems and financial and operational controls;</li> <li>the qualifications and independence of our independent registered public accounting firm;</li> <li>the performance of our internal audit function and our independent registered public accounting firm; and</li> <li>our legal compliance and ethics programs, including our legal, regulatory and risk oversight requirements, and the major risks facing the Company (including risks related to finance, operations, privacy and cyber-security), related party transactions and our Code of Business Ethics.</li> </ul> </li> <li>Is responsible for the preparation of a report as required by the SEC to be included in this proxy statement.</li> </ul>	Thomas L. Millner*† Karen A. McLoughlin† Claudia F. Munce Richelle P. Parham	9
Compensation & Human Resources	<ul style="list-style-type: none"> <li>Determines executive officer compensation and executive officer and director compensation philosophies, evaluates the performance of our CEO, approves CEO and executive officer compensation, and oversees preparation of a report as required by the SEC to be included in this proxy statement.</li> <li>Reviews and recommends director compensation for Board approval.</li> <li>Is responsible for succession planning and compensation-related risk oversight.</li> <li></li> </ul>	Russell P. Fradin* Lisa M. Caputo J. Patrick Doyle Kathy J. Higgins Victor	5



Approves and oversees the development and evaluation of equity-based and other incentive compensation and certain other employee benefit plans.

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<b>Committee</b>	<b>Key Responsibilities</b>	<b>Committee Members</b>	<b>Number of Meetings held in Fiscal 2019</b>
Finance & Investment Policy	<ul style="list-style-type: none"> <li>Provides oversight of, and advises the Board regarding, our financial policies and financial condition to help enable us to achieve our long-range goals.</li> <li>Oversees, evaluates and monitors the: (i) protection and safety of our cash and investments; (ii) achievement of reasonable returns on financial assets within acceptable risk tolerance; (iii) maintenance of adequate liquidity to support our activities; (iv) assessment of the cost and availability of capital; and (v) alignment of our strategic goals and financial resources.</li> <li>Is responsible for approving certain significant contractual obligations.</li> </ul>	J. Patrick Doyle* David W. Kenny Karen A. McLoughlin Claudia F. Munce	4
Nominating, Corporate Governance & Public Policy	<ul style="list-style-type: none"> <li>Identifies and recommends director nominees, reviews and recommends corporate governance principles to the Board, and oversees the evaluation of the performance of the Board and its committees.</li> <li>Assists the Board with general corporate governance, including Board organization, membership, training and evaluation.</li> <li>Oversees public policy and corporate responsibility and sustainability matters that affect us.</li> </ul>	Kathy J. Higgins Victor* Lisa M. Caputo David W. Kenny Thomas L. Millner	4

\* Chair

† Designated as an audit committee financial expert

In March 2019, Ms. Kent was appointed to the Finance & Investment Policy Committee, and in April 2019, the Board approved several changes to the committee composition, effective following the Meeting. At that time, the committees

will be comprised of the following individuals and Mr. Doyle will serve as Lead Independent Director:

<b>Committee</b>	<b>Committee Membership (Eff. June 2019)</b>	
Audit	<ul style="list-style-type: none"> <li>• Thomas L. Millner*†</li> <li>• Karen A. McLoughlin†</li> <li>• David W. Kenny*</li> </ul>	<ul style="list-style-type: none"> <li>• Claudia F. Munce</li> <li>• Richelle P. Parham</li> <li>• Russell P. Fradin</li> </ul>
Compensation & Human Resources	<ul style="list-style-type: none"> <li>• Lisa M. Caputo</li> <li>• Karen A. McLoughlin*</li> </ul>	<ul style="list-style-type: none"> <li>• Kathy J. Higgins Victor</li> <li>• Claudia F. Munce</li> </ul>
Finance & Investment Policy	<ul style="list-style-type: none"> <li>• Cindy R. Kent</li> <li>• Kathy J. Higgins Victor*</li> </ul>	<ul style="list-style-type: none"> <li>• Eugene A. Woods</li> <li>• David W. Kenny</li> </ul>
Nominating, Corporate Governance & Public Policy	<ul style="list-style-type: none"> <li>• Lisa M. Caputo</li> </ul>	<ul style="list-style-type: none"> <li>• Thomas L. Millner</li> </ul>

\* Chair

† Designated as an audit committee financial expert

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**Board Risk Oversight**

In addition to its responsibilities as set forth above, the Board and its committees take an active role in the oversight of various risks to the Company. These risk oversight responsibilities are set forth below.

The Audit Committee also oversees management's processes to identify and quantify the material risks that we face. Our Chief Risk and Compliance Officer is a direct liaison to the Audit Committee on our risk oversight processes and procedures. In connection with its risk oversight role, the Audit Committee meets privately with representatives of our independent registered public accounting firm, the Chief Risk and Compliance Officer, our internal audit staff and our legal staff. Our internal audit staff, which reports directly to the Audit Committee at least quarterly, assist management in identifying, evaluating and implementing controls and procedures to address identified risks.

**Compensation Risk Assessment**

In connection with their oversight of compensation-related risks, Compensation Committee members annually review the most important enterprise risks to ensure that compensation programs do not encourage risk-taking that is reasonably likely to have a material adverse effect on us. As in past years, the review process in fiscal 2019 identified our existing risk management framework and the key business risks that may materially affect us, reviewed all compensation plans and identified those plans that are most likely to impact these risks or introduce new risks, and balanced these risks against our existing processes and compensation program safeguards. The review process also took into account mitigating features contained within our compensation plan design, which includes elements such as: metric-based pay, time-matching performance periods, payment for outputs, goal diversification, stock ownership guidelines, payment caps, and our clawback policy.

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The Compensation Committee also considered additional controls outside of compensation plan design which contribute to risk mitigation, including the independence of our performance measurement teams and our internal control environment.

Based upon the process we employed, the Compensation Committee determined that our compensation programs do not encourage risk-taking that is reasonably likely to result in a material adverse effect on the Company.

### **Board Evaluation Process**

Our Nominating Committee oversees the Board's composition, effectiveness, accountability and evaluation of the performance of the Board, its committees and individual directors. On an annual basis, members of the Board complete a questionnaire evaluating the performance of the Board as a whole, each member's respective committee and the performance of the Chairman and Lead Independent Director. Directors are asked about roles and responsibilities, as well as more general performance-related questions. The Nominating Committee reviews the results of these questionnaires and determines whether the results warrant any action. The results and any proposed actions are then shared with the full Board for further discussion and approval of final action plans.

In addition, the Chair of our Nominating Committee, the Board Chairman and the Lead Independent Director review each individual director's contributions to the Board during the past year and his or her performance against the director qualification standards and Board needs. The Nominating Committee also annually reviews the skills and qualifications of each Board member and the strategic goals of the Company to determine whether the skill sets of the individual directors on the Board continue to support the Company's long-term strategic goals. This process is utilized by the Nominating Committee to assess whether a director should continue to serve on the Board and stand for re-election at the next Regular Meeting of Shareholders and to otherwise address Board composition needs.

In addition to the process described above, the Nominating Committee engaged an independent third-party consultant in 2016 to conduct individual interviews with each director and certain senior executives and perform a comprehensive analysis of the Board's overall effectiveness. The Committee anticipates utilizing this approach periodically to obtain independent assessments of the Board's performance and has engaged an independent third party to conduct an evaluation of the Board's effectiveness in 2019.

### **CEO Evaluation Process**

Our Compensation Committee conducts a robust annual CEO evaluation process, consisting of both a performance review and a compensation analysis. The performance evaluation component includes an assessment of the Company's performance in light of set objectives, personal interviews with the individual Board members and the CEO's direct reports, and feedback evaluations provided by several individuals who interact with the CEO. Separately, the Compensation Committee's compensation consultant conducts extensive market research. CEO compensation market data is collected from Fortune 100 companies, our peer group, and a retail-industry focused subset of our peer group, to ensure both market competitiveness and appropriateness of our CEO's compensation relative to his peers. The Compensation Committee's independent consultant reviews the market data and provides its recommendations to the Compensation Committee. Once all of the relevant performance and compensation data has been collected, the Compensation Committee meets in executive session to discuss the CEO performance evaluation results and CEO compensation. After reviewing all of the collected data regarding performance, the Compensation Committee makes its decision regarding CEO compensation for the forthcoming year. The Compensation Committee then provides its final assessment on CEO performance and decision regarding CEO compensation to the Board for discussion during executive session. Our Chairman and CEO abstains from participating in all related discussions of the Compensation Committee and Board prior to delivery of the final assessment.

**Director Orientation and Continuing Education**

Our Nominating Committee oversees the orientation and continuing education of our directors. Director orientation familiarizes directors with our strategic plans, significant financial, accounting and risk management issues, compliance programs, policies, principal officers, internal auditors and our independent registered public accounting firm. The orientation also addresses Board procedures, director responsibilities, our Corporate Governance Principles and our Board committee charters. Each of our new directors attended a director orientation following their appointment.

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We also offer continuing education programs and provide opportunities to attend commercial director education seminars outside of the Company to assist our directors in maintaining their expertise in areas related to the work of the Board and the directors' committee assignments.

In fiscal 2019, the Board conducted its annual continuing education seminar for the full Board in June 2018, focusing on culture as a corporate asset.

### **Anti-Hedging and Anti-Pledging Policies**

Our executive officers and Board members are prohibited from pledging Company securities as collateral for a loan or from holding Company securities in a margin account. In addition, all employees and Board members are prohibited from hedging Company securities, including by way of forward contracts, equity swaps, collars, exchange funds or otherwise.

### **Director Stock Ownership**

Our stock ownership guidelines require each of our non-management directors to own 10,000 shares and to hold 50 percent of their granted equity until that ownership target is met. Directors are required to hold all restricted stock units granted to them during their Board tenure until their service on the Board ends. In fiscal 2019, all of our non-management directors were in compliance with the ownership guidelines. Our stock ownership guidelines for executive officers are discussed in the *Executive and Director Compensation — Compensation Discussion and Analysis — Executive Compensation Elements — Other Compensation* section.

### **Shareholder Engagement**

A key part of our corporate governance program is our annual shareholder engagement process. We regularly engage with our shareholders on a variety of topics throughout the year to ensure we are addressing their questions and concerns, to seek input and to provide perspective on Company policies and practices. Our typical engagement follows a seasonal cycle, as outlined below.

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We have taken several actions in prior years in consideration of shareholder feedback elicited during this process, including: adoption of proxy access, declassification of our Board, the determination to hold the advisory vote on our executive compensation on an annual basis, adjustments to the director appointments on our Board committees, and the development of our corporate social responsibility program and reporting. We also continue to facilitate direct shareholder communication with management and members of our Board and the ability to easily access and obtain information regarding our Company on our website at [www.investors.bestbuy.com](http://www.investors.bestbuy.com). Please see the *Executive and Director Compensation — Introduction* section for more information regarding actions taken as a result of shareholder feedback received regarding our prior year's executive compensation decisions.

### **Environment, Social & Governance**

We take our role in corporate social responsibility and sustainability seriously, aiming to positively impact people, communities and the environment and contribute to the common good. We believe businesses exist to deliver value to society, not just to shareholders. Simply put, we aim to do well by doing good.

Here are a number of ways that we reflect this approach in the management of the Company's corporate social responsibility and sustainability initiatives:

*Company Strategy.* We have anchored our strategy around a clear purpose of enriching people's lives through technology. We think that having our employees focused on our purpose and matching it to their individual purpose is a key driver of both performance and sustainability.

*Employee Engagement & Diversity.* We invest in the long-term development and engagement of our employees by aspiring to have an increasingly diverse workforce and inclusive environment, robust training and development programs and a culture where our people can thrive. We ranked third in the world for employee training and development by Training Magazine and our employees completed 22 million online learning modules last year. We also received a perfect score of 100 in the Human Rights Campaign Foundation's Corporate Equality Index for the fourteenth year.

*Vendor Partners.* We partner with our private label suppliers to ensure they meet our expectations for safe workplaces where workers are treated fairly. We perform audits, led by either us or third parties, to identify gaps between factory performance and our Supplier Code of Conduct, which is aligned with the code established by the Responsible Business Alliance, where we've been a member since 2011. We also provide supplier training and assist in program development to support best practices in relation to conflict minerals, customs and trade anti-terrorism measures and factory working conditions.

*Environment.* We are reducing our impact on the environment and are proud of our efforts in this area. We have lowered our carbon emissions by more than 51 percent and are on our way to a 60 percent reduction by 2020. In fact, we were recently named the most sustainable company in the United States by Barron's. Also, we were named to CDP's Carbon A List, for leadership in carbon reduction and management, for the third time. Recycling is a key part of our sustainability efforts as we operate the most comprehensive recycling service in the U.S. We repair nearly 5 million customer electronic products each year and have collected nearly 2 billion pounds of electronics and appliances for recycling since 2009. We are committed to providing an assortment of sustainable technology, including ENERGY STAR® certified products, and have helped customers realize nearly \$800 million in utility savings since 2009.

*Community.* We are committed to helping prepare teens from underserved communities for tech-reliant jobs. We are accomplishing this through the creation and operation of 29 Best Buy Teen Tech Centers (year-round after school programs), with plans to expand to more than 60 centers by 2020; career mentoring and internship opportunities



through our Career Pathways Program; and, the hosting of Geek Squad Academy events (free, interactive technology camps) across the country. Our employees also volunteer more than 100,000 hours each year, and Best Buy was the top fundraiser for St. Jude Children's Research Hospital during this year's *Thanks and Giving* campaign, raising \$20.8 million in employee and customer donations. We are proud to have raised more than \$80 million in total for St. Jude since 2013.

Our Code of Ethics and additional information regarding these initiatives and our progress towards them can be found in our annual Corporate Responsibility and Sustainability report, available at [www.investors.bestbuy.com](http://www.investors.bestbuy.com), and at <https://corporate.bestbuy.com> under Sustainability.

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### **Public Policy**

As a major corporation and corporate citizen, we believe that it is important to work with policymakers on issues impacting our customers, employees, businesses, shareholders and communities. We know that collaboration helps bring about change that better serve our industry and the communities where we live and work. In fiscal 2019, our public policy priorities included: tariffs/fair trade practices; marketplace fairness; competitive workplace; privacy, data security and the internet of things; and fair competition through emerging technologies and innovation. More information about these priorities, as well as our annual political activity reports and related policies, can be found at <https://corporate.bestbuy.com> under Government Affairs.

### **Communications with the Board**

Shareholders and interested parties who wish to contact the Board, any individual director, or the independent directors as a group, are welcome to do so in writing, addressed to such person(s) in care of:

Mr. Todd G. Hartman  
General Counsel, Chief Risk & Compliance Officer and Secretary  
Best Buy Co., Inc.  
7601 Penn Avenue South  
Richfield, Minnesota 55423

Mr. Hartman will forward all written shareholder correspondence to the appropriate director(s), except for spam, junk mail, mass mailings, customer complaints or inquiries, job inquiries, surveys, business solicitations or advertisements, or patently offensive or otherwise inappropriate material. Mr. Hartman may, at his discretion, forward certain correspondence, such as customer-related inquiries, elsewhere within the Company for review and possible response. Comments or questions regarding our accounting, internal controls or auditing matters will be referred to the Audit Committee. Comments or questions regarding the nomination of directors and other corporate governance matters will be referred to the Nominating Committee. Comments or questions regarding executive compensation will be referred to the Compensation Committee.

### **Corporate Governance Website**

If you would like additional information about our corporate governance practices, you may view the following documents at [www.investors.bestbuy.com](http://www.investors.bestbuy.com) under *Corporate Governance* section.

- Amended and Restated Articles of Incorporation
- Amended and Restated By-laws
- Corporate Governance Principles
- Audit Committee Charter
- Compensation and Human Resources Committee Charter
- Finance and Investment Policy Committee Charter
- Nominating, Corporate Governance and Public Policy Committee Charter
- Code of Business Ethics
- Best Buy Co., Inc. Amended & Restated 2014 Omnibus Incentive Plan
- Policy for Shareholder Nomination of Candidates to Become Directors of the Company
- Process for Communication with the Board

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**ITEM OF BUSINESS NO. 1 — ELECTION OF DIRECTORS**

**General Information**

Our By-laws provide that our Board consist of one or more directors and that the number of directors may be increased or decreased from time to time by the affirmative vote of a majority of the directors serving at the time that the action is taken. The number of directors on our Board is reviewed and set by our Board no less often than annually. In April 2019 in connection with our CEO succession announcement, the Board set the number of directors at thirteen, effective at the Meeting. The Board will continue to evaluate the size of the Board and make adjustments as needed to meet the current and future needs of the Company.

**Director Nomination Process**

The Nominating Committee is responsible for screening and recommending to the full Board director candidates for nomination. When the Board and its Nominating Committee determines that a director nomination or search is necessary, the process is robust, thorough and deliberate.

Ms. Kent and Mr. Woods, who were appointed by the Board in September and December 2018, respectively, were presented to the Nominating and Governance Committee by a third-party search firm as part of the Nominating Committee's director search. After reviewing Ms. Kent and Mr. Woods' qualifications, meeting with them several times and discussing their potential nominations, the Nominating Committee voted unanimously to recommend Ms. Kent and Mr. Woods to the Board, which unanimously approved the appointments.

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The Nominating Committee will consider director candidates nominated by shareholders. Shareholder nominations must be accompanied by a candidate resume that addresses the extent to which the nominee meets the director qualification standards and any additional search criteria posted on our website. Nominations will be considered only if we are then seeking to fill an open director position. All nominations by shareholders should be submitted as follows:

Chair, Nominating, Corporate Governance and Public Policy Committee  
c/o Mr. Todd G. Hartman  
General Counsel, Chief Risk & Compliance Officer and Secretary  
Best Buy Co., Inc.  
7601 Penn Avenue South  
Richfield, Minnesota 55423

### **Director Qualification Standards**

In seeking new board members, our objective is to identify and retain directors that can effectively develop the Company's strategy and oversee management's execution of that strategy. We only consider director candidates who embody the highest standards of personal and professional integrity and ethics and are committed to a culture of transparency and open communication at the Board level and throughout the Company. Successful candidates are dedicated to accountability and continuous improvement with a belief in innovation as a key business success factor. They are also actively engaged and have an innate intellectual curiosity and entrepreneurial spirit.

As part of its annual evaluation process for director nominees, the Nominating Committee considers other criteria, including the candidate's history of achievement and superior standards, ability to think strategically, willingness to share examples based upon experience, policy-making experience, and ability to articulate a point of view, take tough positions and constructively challenge management. Directors must also be committed to actively engaging in their Board roles, with sufficient time to carry out the duties of Board and Board committee membership. Finally, one or more of our directors must possess the education or experience required to qualify as an audit committee financial expert pursuant to SEC rules.

Our Corporate Governance Principles describe our policy of considering diversity in the director identification and nomination process. When considering Board candidates, the Nominating Committee seeks nominees with a broad range of experience from a variety of industries and professional disciplines, such as finance, professional services and technology, along with a diversity of gender, ethnicity, age and geographic location. The Nominating Committee does not assign specific weights to particular criteria, and no particular criterion is necessarily applied to all prospective nominees. As part of its annual review of the Board's composition and director nominees, the Nominating Committee assesses the effectiveness of its approach to diversity. When the Nominating Committee identifies an area of which the Board may benefit from greater representation, it may focus its candidate search on particular experience, background or diversity characteristics, including gender, ethnic and geographical attributes. The Board believes that diversity in the backgrounds and qualifications of Board members ensures the mix of experience, knowledge and abilities necessary for the Board to fulfill its responsibilities and leads to a more effective oversight and decision-making process.

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The grid below summarizes the key qualifications and skills each of our director nominees possess that were most relevant to the decision to nominate him or her to serve on the Board. The lack of a mark does not mean the director does not possess that qualification or skill; rather a mark indicates a specific area of focus or expertise on which the Board relies most heavily. Each director's biography describes these qualifications and relevant experience in more detail.

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**Director Nominees** (*Ages and Committee roles as of May 1, 2019*)

The biographies of each of the nominees include information regarding the person's service as a director, business experience, public company director positions held currently or at any time during the last five years, information regarding involvement in certain legal or administrative proceedings during the last ten years, if any, and the key experiences, qualifications, attributes or skills that led the Nominating Committee and the Board to determine that the person should serve as a director.

There are no family relationships among the nominees or between any nominee and any director, executive officer or person chosen to become an executive officer. There are also no material proceedings to which any director, officer, affiliate of the Company, any 5 percent shareholder or any associate is a party adverse to the Company or its subsidiaries or has a material interest adverse to the Company or its subsidiaries.

**Corie S. Barry**

**Age:** 44

**Director Since:** Nominee

**Committees:**

*None*

**Other Public Company Directorships:**

- Domino's Pizza, Inc.

**Current Role:**

- Chief Financial Officer (2016-present) & Strategic Transformation Officer (2018-present), and CEO-elect, Best Buy Co., Inc.

**Prior Roles:**

- Chief Strategic Growth Officer & interim President, Services, Best Buy Co., Inc. (2015-2016);
- Senior Vice President, Domestic Finance, Best Buy Co., Inc. (2013-2015);
- Vice President, Chief Financial Officer & Business Development, Home Business Group, Best Buy Co., Inc. (2012-2013);
- Vice President, Finance – Home Customer Solutions Group, Best Buy Co., Inc. (2010-2012).

**Education:** Ms. Barry holds degrees from the College of St. Benedict.

**Key Qualifications & Experience:**

- **Finance Expertise** — As Best Buy's Chief Financial Officer since 2016, Ms. Barry brings strong financial acumen to the board. She previously served in a variety of financial and operational roles within the company, including Senior Vice President of Domestic Finance. Prior to joining Best Buy in 1999, she worked at Deloitte & Touche.
- **Growth/Transformation Experience** — As a key member of the Best Buy executive team, Ms. Barry has played a critical role in the company's successful Renew Blue transformation and in developing and executing the proven growth strategy in place today. She has led Best Buy's strategic transformation and growth efforts, including the launch of its In-Home Consultation program and its expansion in the health space. Ms. Barry has demonstrated track record of advocating for and mentoring women in the workplace and in the community through her close involvement with the company's women's development group, local women's leadership organizations and her alma mater.
-

**Knowledge of Best Buy and/or Industry** — As Best Buy’s Chief Financial Officer and incoming CEO, Ms. Barry has a deep knowledge of the company, its business partners and the broader industry in which it competes. She has worked at the company for nearly 20 years across a wide variety of roles, both in the field and at the corporate office.

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**Lisa M. Caputo**

**Age:** 55

**Director Since:** December 2009

**Independent**

**Committees:**

- Compensation Committee
- Nominating Committee

**Other Public Company Directorships:**

*None*

**Current Role:**

- Executive Vice President of Marketing, Communications and Customer Experience of The Travelers Companies, Inc., a property casualty insurer (2011-present)

**Prior Roles:**

- Managing Director and Senior Banker of the Public Sector Group of the Institutional Clients Group of Citigroup, Inc., a financial services company (2010-2011);
- Global Chief Marketing Officer and Executive Vice President of Citigroup, Inc. (2007-2010);
- Chief Marketing and Community Relations Officer, Global Consumer Group, Citigroup, Inc. (2005-2007);
- Founder, Chairman and Chief Executive Officer of Citi's Women & Co., a membership service that provides financial education and services for women (2000-2011).

**Education:** Ms. Caputo holds degrees from Brown University and Northwestern University.

**Key Qualifications & Experience:**

- **Marketing / Customer Experience Expertise** - Ms. Caputo's position as Executive Vice President of Marketing, Communications and Customer Experience of The Travelers Companies, Inc., makes her invaluable to Best Buy's efforts to broaden its brand, rejuvenate the customer experience and transform its marketing and communications efforts to drive growth. In addition, her perspective gained from driving innovation efforts to explore partnership and investment opportunities at Travelers is helpful as we develop growth initiatives within the Company's Best Buy 2020 strategy. Ms. Caputo also spent 11 years at Citigroup, advising three CEOs on topics from marketing and communications to government affairs and community relations.
- **Environmental, Social & Governance Expertise** - Ms. Caputo has an exceptional track record throughout her career of enhancing community and employee engagement, building social impact strategies and leading corporate responsibility and sustainability.
- **Corporate Public Affairs Expertise** - Ms. Caputo has also been a senior executive at Walt Disney Co. and CBS Corp., and she spent more than a decade in the public sector, serving as Deputy Assistant to President Bill Clinton and Press Secretary to First Lady Hillary Rodham Clinton. Her diverse public/private background lends an important voice to Board deliberations, particularly those that involve the Company's government relations and communications efforts.



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**J. Patrick Doyle**

**Age:** 55

**Director Since:** October 2014

**Independent**

**Committees:**

- Compensation Committee
- Finance & Investment Policy Committee (Chair)

**Other Public Company Directorships:**

*None*

**Current Role:**

- None. Effective at the end of the meeting, Mr. Doyle will serve as our Lead Independent Director.

**Prior Roles:**

- President and CEO of Domino's Pizza, Inc., the largest pizza restaurant chain in the world (2010-2018);
- President of Domino's Pizza (2007-2018);
- Executive Vice President of Team U.S.A. at Domino's Pizza (2004-2007);
- Executive Vice President of Domino's Pizza International (1999-2004).

**Education:** Mr. Doyle holds degrees from The University of Chicago Booth School of Business and The University of Michigan.

**Key Qualifications & Experience:**

- **CEO Experience** - Mr. Doyle served as Chief Executive Officer of Domino's Pizza, Inc, from 2010 to 2018. Prior to that, he held a variety of other senior leadership roles at Domino's.
- **Digital / E-Commerce Expertise** - Under Mr. Doyle's leadership, Domino's significantly enhanced its multichannel presence, with digital channels now accounting for 60 percent of U.S. orders. That expertise supports Best Buy's goal of increasing its online market share.
- **Growth / Transformation Experience** - Having led remarkable growth and transformation at Domino's, Mr. Doyle's experience and insights are valuable to the Board and senior management as Best Buy undertakes a similar effort. Under Mr. Doyle, Domino's rebuilt its reputation among consumers and nearly doubled its global retail sales from \$5.5 billion in 2008 to \$10.9 billion in 2016. During Domino's transformation, Mr. Doyle increased the company's contributions to communities and disaster relief and initiated a partnership to support students interested in careers in agriculture.

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**Russell P. Fradin**

**Age:** 63

**Director Since:** April 2013

**Independent**

**Lead Independent Director**

**Committees:**

- Compensation Committee (Chair)

**Other Public Company Directorships:**

- TransUnion

**Current Role:**

- Operating Partner at Clayton, Dubilier & Rice, a private investment firm (April 2016-present)

**Prior Roles:**

- Chief Executive Officer, President and a Director of SunGard Data Systems, Inc., a leading software and technology services company now owned by Fidelity National Information Services, Inc. (2011-2015);
- Chairman and Chief Executive Officer of AonHewitt, a global provider of human resources consulting and outsourcing solutions (2010-2011);
- Chief Executive Officer of Hewitt Associates (2006-2010);
- President and Chief Executive Officer of The BISYS Group, Inc., a provider of outsourcing solutions for the financial services sector (2004-2006).

**Education:** Mr. Fradin holds degrees from the Wharton School of the University of Pennsylvania and from Harvard Business School.

**Key Qualifications & Experience:**

**Corporate Governance Expertise** - Mr. Fradin brings experience as both a CEO and an executive board chair to his role as Best Buy's Lead Independent Director. He has firsthand insight into the partnership between an engaged board and an effective, high-performing management team. As CEO of SunGard, Mr. Fradin affirmed the company's obligation and commitment to help raise ethical, social and environmental standards wherever they did business.

- **Business Operations / Services Expertise** - As the former CEO of Hewitt Associations and AonHewitt, Mr. Fradin is able to provide valuable advice on issues such as developing service-based initiatives, streamlining operations, reducing costs and establishing appropriate executive compensation. Earlier in his career, he spent 18 years at McKinsey and Co., where he specialized in providing Fortune 500 clients advice on new product and service innovations.

- **CEO Experience** - Mr. Fradin currently serves as Operating Partner at Clayton, Dubilier & Rice. He previously served as CEO of SunGard (now acquired by Fidelity National Information Services, Inc.), Aon Hewitt, Hewitt Associates and The BISYS Group, Inc.

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**Kathy J. Higgins Victor**

**Age:** 62

**Director Since:** November 1999

**Independent**

**Committees:**

- Compensation Committee
- Nominating Committee (Chair)

**Other Public Company Directorships:**

*None*

**Current Role:**

- President and Founder of Centera Corporation, an executive development and leadership coaching firm (1995-present)

**Prior Roles:**

- Senior Vice President, Chief Human Resources Officer at Northwest Airlines, Inc., a global commercial airline now merged with Delta Air Lines (1991-1995)

**Education:** Ms. Higgins Victor holds a degree from the University of Avila.

**Key Qualifications & Experience:**

- **Talent Management Expertise** - Ms. Higgins Victor is the founder and president of Centera Corp., an executive development and leadership coaching firm. She has extensive experience in human resources, talent management, organizational culture and succession planning. While serving as Chief Human Resources Officer at Northwest Airlines, Inc., she was responsible for executive compensation, employee benefits and labor relations. She also held Human Resource-related leadership roles at The Pillsbury Co. and Burger King Corp. earlier in her career.
- **Corporate Governance Expertise** - Ms. Higgins Victor has decades of experience advising senior Fortune 100 executives and expertise in governance, change management and human resources. That gives her the ability to offer insights into how to build foundational capabilities in the areas of governance, engagement and diversity & inclusion necessary to cultivate a high-performing workforce and unlock future growth strategies. As Chair of the Nominating Committee, Ms. Higgins Victor leads the Board's efforts around board refreshment, engagement and evaluation as well as increasing the racial and gender diversity of the Company's Board. Best Buy is one of few large, public companies to achieve gender parity among its board members.
- **Knowledge of Best Buy and/or Industry** - As a Best Buy director since 1999, Ms. Higgins Victor has extensive knowledge of the company's business and culture. Her understanding of our history is particularly helpful as the Company moves into its next stage of growth.

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**Hubert Joly**

**Age:** 59

**Director Since:** September 2012

**Committees:**

*None*

**Other Public Company Directorships:**

**Appointed Chairman in June 2015**

- Ralph Lauren Corporation

**Current Role:**

- Chairman (2015-present) and Chief Executive Officer of Best Buy Co., Inc. (2012-present). Effective at the Meeting, Mr. Joly will transition to the role of Executive Chairman.

**Prior Roles:**

- President and Chief Executive Officer of Carlson, Inc., a worldwide hospitality and travel company (2008-2012);
- President and Chief Executive Officer of Carlson Wagonlit Travel, a business travel management company (2004-2008);
- Senior executive positions with Vivendi S.A., a French multinational media and telecommunications company (1999-2004).

**Education:** Mr. Joly holds degrees from the École des Hautes Études Commerciales de Paris (HEC Paris) and the Institut d'Études Politiques de Paris.

**Key Qualifications & Experience:**

- **CEO Experience** - Mr. Joly has served as Chief Executive Officer of Best Buy since 2012. He previously served as President and Chief Executive Officer of Carlson, Inc., a worldwide hospitality and travel company, and President and Chief Executive Officer of Carlson Wagonlit Travel, a business travel management company.
- **Growth / Transformation Experience** - Mr. Joly led Best Buy through its successful customer-focused Renew Blue transformation, which delivered improved customer satisfaction, market share gains, revenue growth and improved margins, and reduced costs by \$1.4 billion to fund necessary investments. He is now leading the Company's Best Buy 2020 growth strategy, focused on enriching lives through technology.
- During both phases, Mr. Joly has pursued a purposeful leadership approach, focused on positively impacting all stakeholders. The company's renewed success with customers has been fueled by the enhanced engagement and proficiency of its employees, investments in their compensation and benefits and a strong focus on diversity and inclusion. In addition, corporate social responsibility and sustainability efforts have been embedded in all aspects of the company's operations, notably resulting in a reduced carbon footprint.
- **Knowledge of Best Buy and/or Industry** - As the Company's Chief Executive Officer, Mr. Joly has a deep knowledge of Best Buy, its business partners and the broader industry in which it competes. He also sits on the executive committees for the Retail Industry Leaders Association and the Minnesota Business Partnership, and serves as the Vice Chairman of The Business Council.

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**David W. Kenny**

**Age:** 57

**Director Since:** September 2013

**Independent**

**Committees:**

- Finance & Investment Policy Committee
- Nominating Committee

**Other Public Company Directorships:**

- Nielsen

**Current Role:**

- CEO and a director of Nielsen, a global measurement and data analytics company (December 2018-present)

**Prior Roles:**

- Senior Vice President of IBM Watson (January 2016-2018) and IBM Cloud (November 2016-2018), business units of IBM, an American multinational technology and consulting corporation;
- Chairman and Chief Executive Officer of The Weather Company, a leading provider of weather forecasts and information (2012-2015);
- President of Akamai, a leading cloud platform technology company (2011-2012);
- Managing Partner of VivaKi, a provider of integrated strategy, technology and marketing solutions for internet-based ecommerce companies (2006-2010);
- Founder and Chief Executive Officer of Digitas, Inc., which was later merged with VivaKi (1997-2006).

**Education:** Mr. Kenny holds degrees from the GM Institute (now Kettering University) and Harvard University.

**Key Qualifications & Experience:**

- **CEO Experience** - Prior to his current role as CEO of Nielsen, Mr. Kenny was Senior Vice President of IBM Watson and IBM Cloud, and chairman and CEO of The Weather Co., a leading provider of weather forecasts and information, from 2012 to 2015. He also previously served as President of Akamai, Managing Partner of VivaKi, and CEO of Digitas Inc., all technology-related companies.
- **Technology Expertise** - As Senior Vice President of IBM Watson, Mr. Kenny led the company's growth initiatives around cloud and artificial intelligence services. His online leadership dates to 1997, when he founded Digitas, Inc., a provider of technology and marketing solutions for e-commerce and multichannel companies. His experience leading The Weather Company offers the Company strong environmental leadership and climate change expertise.
- **Customer Engagement Expertise** - As chairman and chief executive officer of The Weather Company, acquired by IBM in 2016, Mr. Kenny helped turn the organization into a media heavyweight that produced television programming, developed apps, published content and used analytics to connect businesses to consumers through weather and climate-related content. He uses those consumer centric and strategic skills to support Best Buy's growth and transformation efforts, including our goal of capturing online share and responsible use of data to serve customers based on how, where and when they want to be served.

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**Cindy R. Kent**

**Age:** 50

**Director Since:** September 2018

**Independent**

**Committees:**

- Finance & Investment Policy

**Other Public Company Directorships:**

*None*

**Current Role:**

- None

**Prior Roles:**

- President & General Manager, Infection Prevention Division, 3M (2016 - 2018);
- President & General Manager, Drug Delivery Systems Division, 3M (2014 - 2016);
- Vice President, Strategy, Business Development and US Medical Key Accounts, Healthcare Group (2013 - 2014);
- Vice President & General Manager and various other executive leadership roles, Medtronic (2007 - 2013);
- Various marketing, human resources, sales and engineering roles, Eli Lilly & Co. (1991 - 2007).

**Education:** Ms. Kent holds degrees from Northwestern University and Vanderbilt University.

**Key Qualifications & Experience:**

**Health Care Expertise** - Ms. Kent has more than 25 years of experience across a variety of roles and segments of the health care industry. She most recently served as president and general manager of the Infection Prevention Division at 3M Co. She also previously worked at medical device maker Medtronic Inc. and pharmaceutical company Eli Lilly & Co. This expertise will be invaluable as the company pursues its Best Buy 2020: Building the New Blue growth strategy, which includes an emphasis on growing a strong health and wellness business.

**Growth / Transformation Experience** - At 3M, Ms. Kent was tasked with reinvigorating growth in multiple divisions. Under her leadership, the Infection Prevention Division unit posted some of the highest growth numbers in the past two decades. She also championed an agile innovation process that led to one of the fastest new product introductions, requiring regulatory clearance, in the history of the company's healthcare business. She has a strong understanding of the marketplace, which will be valuable as the Company pursues the next phase of its growth.

**Marketing Expertise & Civic Leadership** - Ms. Kent has spent much of her career leading organizations in marketing roles, influencing corporate reputation. She has a proven track record of civic leadership and philanthropy, focusing on advocating for and mentoring women in STEM careers, both of which are highly valuable to the Company's social impact work.

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**Karen A. McLoughlin**

**Age:** 54

**Director Since:** September 2015

**Independent**

**Committees:**

- Audit Committee
- Finance & Investment Policy Committee

**Other Public Company Directorships:**

*None*

**Current Role:**

- Chief Financial Officer of Cognizant Technology Solutions Corporation, a Fortune 500 company and leading provider of information technology, business process and consulting services (2012-present)

**Prior Roles:**

- Senior Vice President, Financial Planning and Analysis and Enterprise Transformation of Cognizant (2008-2012);
- Vice President, Global Financial Planning and Analysis of Cognizant (2003-2008);
- Vice President, Finance of Spherion Corp., now SFN Group Inc., which was acquired by Randstadt (1997-2003).

**Education:** Ms. McLoughlin holds degrees from Wellesley College and Columbia University.

**Key Qualifications & Experience:**

- **Finance Expertise** - As the Chief Financial Officer of Cognizant Technology Solutions Corp., Ms. McLoughlin brings strong financial acumen to the Best Buy board. Prior to that, she spent more than 20 years in various finance management roles at Cognizant, Spherion and Rider System Inc.
- **Services Expertise** - Having been at Cognizant since 2003, she has developed a deep knowledge of the IT services sector, which will be invaluable to Best Buy as we consider our own internal IT processes and continue to emphasize Services across the organization as part of its Best Buy 2020 growth strategy.
- **Growth / Transformation Expertise** - During Ms. McLoughlin's time at Cognizant, the company has experienced tremendous growth, with revenue increasing from \$368 million in 2003 to \$14.81 billion in 2017. Cognizant ranked No. 205 on the 2017 Fortune 500 list. Ms. McLoughlin brings experience in social impact through Cognizant's efforts to help youth build the skills to compete and thrive in the global economy. Her leadership in Cognizant's Women Empowered program, which aims to elevate women at all levels, is beneficial in the Company's diversity and inclusion work.

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**Thomas L. Tommy Millner**

**Age:** 65

**Director Since:** January 2014

**Independent**

**Committees:**

- Audit Committee (Chair)
- Nominating Committee

**Other Public Company Directorships:**

*None*

**Current Role:**

- None

**Prior Roles:**

- Chief Executive Officer and a Director of Cabela's Inc., a leading multi-channel retailer of hunting, fishing and camping products (2009-2017);
- President and Chief Executive Officer of Freedom Group, Inc. and its successor company, Remington Arms Company, Inc., a firearms and ammunition manufacturer (1999-2009).

**Education:** Mr. Millner holds a degree from Randolph Macon College.

**Key Qualifications & Experience:**

- **CEO Experience** - Mr. Millner served as CEO of Cabela's, Inc., a leading multi-channel retailer of hunting, fishing and camping products, from 2009 to 2017. He also previously served as CEO of Freedom Group, Inc. and Remington Arms Co., Inc., a firearms and ammunition manufacturer.
- **Growth / Transformation Expertise** - Mr. Millner has experience leading a specialty retailer through a transformation and significant growth, taking Cabela's from \$2.6 billion in revenue in 2009 to \$4.13 billion in 2016. Bass Pro Shops Inc. bought the company for \$4.0 billion in 2017. Throughout this period of Mr. Millner's leadership, Cabela's maintained its dedication to conserving fish, game and natural resources, and created Camp Cabela, a program dedicated to providing thousands of underprivileged inner-city children the opportunity to camp, fish and enjoy the outdoors.
- **Knowledge of Best Buy and/or Industry** - As the former president and CEO of Cabela's, Inc., Mr. Millner was a prominent player in multichannel retail. He brings to the Best Buy Board expertise in support of the Company's Best Buy 2020 growth strategy, particularly priorities concerning effective merchandising and multichannel operations.



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**Claudia F. Munce**

**Age:** 59

**Director Since:** March 2016

**Independent**

**Committees:**

- Audit Committee
- Finance & Investment Policy Committee

**Other Public Company Directorships:**

- CoreLogic

**Current Role:**

- Venture Advisor at New Enterprise Associates (NEA), one of the world's largest and most active venture capital firms (January 2016-present)

**Prior Roles:**

- Managing Director of IBM Venture Capital Group and Vice President of Corporate Strategy at IBM Corp. (2004-2015);
- Director of Strategy, IBM Venture Capital Group (2000-2004);
- Head of Technology Transfer and Licensing, IBM Research (1994-2000).

**Education:** Ms. Munce holds degrees from the Santa Clara University School of Engineering and the Stanford University Graduate School of Business.

**Key Qualifications & Experience:**

**Venture Capital Expertise** - As a seasoned venture capital leader, Ms. Munce has developed a deep knowledge of strategic partnerships and M&A activities. She currently is a venture adviser at New Enterprise Associates, one of the world's largest and most active venture capital firms. She also serves on the organizational boards of the National Venture Capital Association and Global Corporate Venturing Leadership Society.

- **Technology Expertise** - Ms. Munce's many years of focusing on emerging markets and disruptive technology are valuable to Best Buy as it explores growth opportunities consistent with its Best Buy 2020 strategy. She brings the perspective of someone with a highly technical engineering and computer science background, as well as business acumen and a strategic mindset. She is also a NACD certified Cybersecurity Oversight director.

- **Growth / Transformation Experience** - Ms. Munce was a founding member of the IBM Venture Capital Group, a unit within IBM that drives non-organic growth through partnerships and M&A activities globally, focusing on growth markets and disruptive technology and business models. While at IBM, she worked with more than 300 venture capital firms across 30 countries to advance the company's strategic goals for developing innovations worldwide. Ms. Munce is an advocate for women's leadership in the technology industry and works to close the gender gap at the highest levels of business.

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**Richelle P. Parham**

**Age:** 51

**Director Since:** March 2018

**Independent**

**Committees:**

- Audit

**Other Public Company Directorships:**

- E.L.F.
- Laboratory Corporation of America Holdings

**Current Role:**

- General Partner, Camden Partners Holdings, LLC, a private equity firm (2016-present)

**Prior Roles:**

- Vice President and Chief Marketing Officer, eBay, Inc., a global e-commerce company (2010-2015); Head, Global Marketing Innovation (2010); and Head, Global Marketing Services (2008-2010) of Visa, Inc., a global payments technology company;
- Senior Vice President, Strategy and Enablement, Rapp Worldwide (2007-2008);
- Various marketing-related leadership roles, Bronner Slosberg Humphrey, now known as Digitas Inc. (1994-2007);
- Former Director at Scripps Network Interactive (2012-2018).

**Education:** Ms. Parham holds degrees from Drexel University.

**Key Qualifications & Experience:**

**Marketing Expertise** - As Vice President and Chief Marketing Officer of eBay, Inc., Ms. Parham was tasked with transforming the company's brand reputation. She focused on optimizing the company's marketing budget to improve return on investment and new revenue streams, and she helped decrease attrition rates by building out the company's CRM strategy and better understanding the customer's path to making purchase decisions. She has strong knowledge of how to use data analytics for more effective targeting and pricing. Her experience in nonprofit and social impact, including work to encourage girls to pursue STEM, are in line with the Company's programs to prepare youth from underserved communities for higher education and technology careers.

**Digital / E-commerce Experience** - With extensive experience in e-commerce, Ms. Parham takes pride in understanding the fundamental needs of consumers, rethinking what is possible and executing effectively at scale. She has led strategy and built brands via various digital channels. Her insight will be highly valuable to the Board as it moves forward with the Best Buy 2020 strategy.

**Business Operations / Strategy Expertise** - Ms. Parham is a seasoned, senior-level executive with more than 25 years of experience at best-in-class corporations such as eBay, Visa, Digitas and Citibank. She has a proven track record of leading high-performing teams and using strategic planning and analytical decision-making to successfully drive key business performance.

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**Eugene A. Woods**

**Age:** 54

**Director Since:** December 2018

**Independent**

**Committees:**

- Finance and Investment Policy (eff. June 2019)

**Other Public Company Directorships:**

*None*

**Current Role:**

- President and Chief Executive Officer of Atrium Health (2016 - present)

**Prior Roles:**

- President and Chief Operating Officer of Christus Health (2014 - 2015);
- Executive Vice President and Chief Operating Officer of Christus Health (2011 - 2014);
- Senior Vice President, Operations and Chief Executive Officer of St. Joseph Health Care for Catholic Health Initiatives (2005 - 2011);
- Senior Vice President and Chief Operating Officer of Washington Hospital Center (2001 - 2005);
- President and Chief Executive Officer of Roy Schneider Hospital (1998 - 2001);
- Vice President, Administration at Southside Regional Medical Center (1993 - 1998).

**Education:** Mr. Woods holds multiple degrees from Pennsylvania State University.

**Key Qualifications & Experience:**

**Health Care Expertise** - Mr. Woods has more than 25 years of health care experience, having overseen nonprofit and for-profit hospitals, academic and community-based delivery systems and rural and urban facilities. He is currently president and CEO of Atrium Health, a health care system with nearly \$10 billion of annual revenue, 55 hospitals and 900 care locations. He ranked No. 25 on *Modern Healthcare's* list of the 100 Most Influential People in Healthcare for 2018 and is the former Chair of the American Hospital Association Board.

**CEO Experience** - Mr. Woods has served as CEO of Atrium Health, one of the nation's most comprehensive and highly integrated and innovative health care systems, since 2016. He also previously served as President & COO of CHRISTUS Health and was SVP of CHI Divisional Operations/CEO of Saint Joseph Health System. He has also held a variety of other senior leadership roles at health care organizations throughout the country.

**Growth / Transformation Expertise** - Since becoming CEO in 2016, Mr. Woods has led Atrium Health's expansion beyond the Carolinas into other areas of the Southeast, including Georgia. He also has led a digitalization initiative by building out Atrium's strong telehealth program, and he is working on new models for long-term cost of care and changing quality-of-care metrics. Mr. Woods brings to the Company a track record of leadership in uniting a large organization around a vision and mission, fostering a diverse, inclusive and engaging work environment, and a strong commitment to serving the community.

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**Voting Information**

You may vote for all, some or none of the nominees for election to the Board. However, you may not vote for more individuals than the number nominated. Each of the nominees has agreed to continue serving as a director if elected. However, if any nominee becomes unwilling or unable to serve and the Board elects to fill the vacancy, the Proxy Agents named in the proxy will vote for an alternative person nominated by the Board. Our Articles prohibit cumulative voting, which means you can vote only once for any nominee. The affirmative vote of a majority of the votes cast with respect to the director is required to elect a director.

Proxy cards that are properly executed will be voted for the election of all of the nominees unless otherwise specified.

**Board Voting Recommendation**

The Board recommends that shareholders vote **FOR** the election of Corie S. Barry, Lisa M. Caputo, J. Patrick Doyle, Russell P. Fradin, Kathy J. Higgins Victor, Hubert Joly, David W. Kenny, Cindy R. Kent, Karen A. McLoughlin, Thomas L. Millner, Claudia F. Munce, Richelle P. Parham, and Eugene A. Woods for a term of one year. All of the nominees, other than Ms. Barry, are current members of the Board.

TABLE OF CONTENTS**SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

The following table provides information about the number of shares of our common stock beneficially owned on March 31, 2019 (unless otherwise indicated), by each of our named executive officers. The table provides similar information for each director and director nominee, all directors and executive officers as a group, and each person, or any group that we know who beneficially owns more than 5 percent of the outstanding shares of our common stock.

<b>Name and Address<sup>(1)</sup></b>	<b>Number of Shares Beneficially Owned</b>	<b>Percent of Shares Beneficially Owned</b>
Hubert Joly, Chairman and Chief Executive Officer	1,899,625 <sup>(2)</sup>	*
Corie S. Barry, Chief Financial Officer & Strategic Transformation Officer	168,920 <sup>(3)</sup>	*
R. Michael Mohan, Chief Operating Officer, U.S.	121,334 <sup>(4)</sup>	*
Keith J. Nelsen, General Counsel and Secretary (Former)	92,877 <sup>(5)</sup>	*
Kamy Scarlett, Chief Human Resources Officer & President, U.S. Retail Stores	24,776 <sup>(6)</sup>	*
Shari L. Ballard, President, Multi-Channel Retail (Former)	—	
Lisa M. Caputo, Director	52,811 <sup>(7)</sup>	*
J. Patrick Doyle, Director	20,933 <sup>(8)</sup>	*
Russell P. Fradin, Director	30,311 <sup>(8)</sup>	*
Kathy J. Higgins Victor, Director	51,041 <sup>(9)</sup>	*
David W. Kenny, Director	26,288 <sup>(8)</sup>	*
Cindy R. Kent, Director	983 <sup>(8)</sup>	*
Karen A. McLoughlin, Director	16,151 <sup>(8)</sup>	*
Thomas L. Millner, Director	24,775 <sup>(8)</sup>	*
Claudia F. Munce, Director	13,928 <sup>(8)</sup>	*
Richelle P. Parham, Director	2,617 <sup>(8)</sup>	*
Eugene A. Woods, Director	608 <sup>(8)</sup>	*
All current directors and executive officers, as a group (18 individuals)	2,576,600 <sup>(10)</sup>	0.95%
Richard M. Schulze, Founder and Chairman Emeritus 6600 France Avenue South, Suite 550 Minneapolis, MN 55435	36,832,529 <sup>(11)</sup>	13.75%
The Vanguard Group 100 Vanguard Blvd. Malvern, PA 19355	29,170,548 <sup>(12)</sup>	10.83%
FMR LLC ( Fidelity ) 245 Summer Street Boston, MA 02210	23,545,958 <sup>(13)</sup>	8.749%
BlackRock, Inc. 55 East 52 <sup>nd</sup> Street New York, NY 10055	17,111,560 <sup>(14)</sup>	6.4%

\* Less than 1%.

- (1) The business address for all current directors and executive officers is 7601 Penn Avenue South, Richfield, Minnesota, 55423.  
The figure represents: (a) 171,634 outstanding shares owned by Mr. Joly; (b) 409,116 restricted stock units,
- (2) which Mr. Joly could convert to shares within 60 days of March 31, 2019; and (c) options to purchase 1,318,875 shares, which Mr. Joly could exercise within 60 days of March 31, 2019.  
The figure represents: (a) 93,540 outstanding shares owned by Ms. Barry; (b) 2,333 outstanding shares held in the
- (3) name of the Trustee in connection with the Retirement Saving Plan for the benefit of Ms. Barry; and (c) options to purchase 73,047 shares, which Ms. Barry could exercise within 60 days of March 31, 2019.
- (4) The figure represents: (a) 115,591 outstanding shares owned by Mr. Mohan; and (b) 5,743 restricted shares subject to a time-based vesting schedule, which vest within 60 days of March 31, 2019.

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- (5) The figure represents: (a) 91,940 outstanding shares owned by Mr. Nelsen; and (b) 937 outstanding shares held in the name of the Trustee in connection with the Retirement Saving Plan for the benefit of Mr. Nelsen.
- (6) The figure represents: (a) 20,678 outstanding shares owned by Ms. Scarlett; and (b) options to purchase 4,098 shares, which Ms. Scarlett could exercise within 60 days of March 31, 2019.  
The figure represents: (a) 10,000 outstanding shares owned by Ms. Caputo; (b) 30,311 restricted stock
- (7) units, which Ms. Caputo could convert to shares within 60 days of March 31, 2019; and (c) options to purchase 12,500 shares, which Ms. Caputo could exercise within 60 days of March 31, 2019.
- (8) The figure represents restricted stock units that could be converted to shares within 60 days of March 31, 2019. The figure represents: (a) 10,730 outstanding shares owned by Ms. Higgins Victor; (b) 30,311 restricted stock
- (9) units, which Ms. Higgins Victor could convert to shares within 60 days of March 31, 2019; and (c) options to purchase 10,000 shares, which Ms. Higgins Victor could exercise within 60 days of March 31, 2019.  
The figure represents: (a) the outstanding shares, restricted stock units and options described in the preceding footnotes (2) through (9); (b) 13,391 outstanding shares owned by other executive officers; (c) 7,106 restricted
- (10) shares subject to time-based vesting schedules, which are held by other executive officers and which vest within 60 days of March 31, 2019; and (d) options to purchase 8,124 shares, which the other executive officers could exercise within 60 days of March 31, 2019.  
Mr. Schulze is our Founder and Chairman Emeritus. He is not a member of our Board and is not considered an executive officer but is listed here due to his status as a beneficial owner of more than 5% of our common stock. The figure represents: (a) 1,732,500 outstanding shares owned by Mr. Schulze; (b) 16,545,801 outstanding shares registered in the name of Mr. Schulze and a co-trustee, and held by them as trustees of a trust for the benefit of Mr. Schulze, of which up to \$150 million in aggregate value of shares have been pledged by the trust as collateral to secure a line of credit; (c) 13,943,296 outstanding shares registered in the name of Mr. Schulze and co-trustees, and held by them as trustees of Grantor Retained Annuity Trusts for the benefit of Mr. Schulze and his family; (d) 1,143,043 outstanding shares registered in the name of Mr. Schulze and a co-trustee, and held by them as trustees of the Sandra Schulze Grantor Retained Annuity Trust; (e) 950,169 outstanding shares held by a limited partnership of which Mr. Schulze is the sole general partner (Mr. Schulze has disclaimed beneficial ownership of these shares except to the extent of his pecuniary interest therein); (f) 252,312 outstanding shares held by a
- (11) limited partnership of which a limited liability company owned by Mr. Schulze is the sole general partner; (g) 31,672 outstanding shares held by a limited partnership of which a limited liability company owned by Mr. Schulze is the sole general partner; (h) 11,998 outstanding shares registered in the name of Mr. Schulze's spouse and co-trustees, and held by them as trustees of trusts for the benefit of Mr. Schulze's spouse (Mr. Schulze has disclaimed beneficial ownership of these shares); (i) 183,726 outstanding shares registered in the name of Mr. Schulze and a co-trustee, and held by them as trustees of the Sandra Schulze Revocable Trust dated June 14, 2001 (Mr. Schulze has disclaimed beneficial ownership of these shares); (j) 2,568 outstanding shares registered in the name of Mr. Schulze's sister and co-trustees, and held by them as trustees of trusts for the benefit of Mr. Schulze's sister (Mr. Schulze has disclaimed beneficial ownership of these shares); (k) 2,061 outstanding shares held in Mr. Schulze's individual retirement account; (l) 1,960,643 outstanding shares owned by The Richard M. Schulze Family Foundation, of which Mr. Schulze is the sole director and (m) 72,740 outstanding shares registered in the name of the Trustee in connection with the Retirement Saving Plan for the benefit of Mr. Schulze.  
As reported on the owner's most recent Schedule 13G filed with the SEC on February 11, 2019, to report
- (12) ownership as of December 31, 2018. The Vanguard Group has sole voting power over 281,441 shares, shared voting power over 64,636 shares, sole dispositive power over 28,829,278 shares and shared dispositive power over 341,270 shares.  
As reported on the owner's most recent Schedule 13G filed with the SEC on February 13, 2019, to report
- (13) ownership as of December 31, 2018. FMR LLC and certain related entities have sole voting power over 2,565,529 shares and sole dispositive power over 23,545,958 shares.  
As reported on the owner's most recent Schedule 13G filed with the SEC on February 4, 2019, to report ownership
- (14) as of December 31, 2018. BlackRock, Inc. has sole voting power over 14,649,042 shares and sole dispositive power over 17,111,560 shares.

**SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE**

Section 16(a) of the Securities Exchange Act of 1934 requires that our directors, executive officers and shareholders who beneficially own more than 10% of our common stock file initial reports of ownership with the SEC. They must also file reports of changes in ownership with the SEC. In addition, they are required by SEC regulations to provide us copies of all Section 16(a) reports that they file with the SEC. Based solely on a review of such Section 16(a) reports, management and the Board believe our directors, and executive officers who served during any part of fiscal 2019 and shareholders who beneficially own more than 10% of our common stock complied with the Section 16(a) filing requirements during the fiscal year ended February 2, 2019, except that one equity award, which was granted to Mathew R. Watson on March 12, 2018, was reported on a delayed basis due to administrative error (see Mr. Watson's Form 4 dated March 15, 2018, for additional detail).



TABLE OF CONTENTS**CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS**

Our Related Party Transactions Policy prohibits related party transactions unless approved by the Audit Committee and the Board. For purposes of our policy, a related party transaction is a transaction or series of transactions in which (a) the Company or a subsidiary is a participant, (b) the aggregate amount involved exceeds \$120,000 and (c) any director, executive officer or shareholder beneficially owning more than 5 percent of our common stock, or any of their respective immediate family members has a direct or indirect material interest.

A related party transaction will generally not be approved unless it provides us with a demonstrable incremental benefit and the terms are competitive with those available from unaffiliated third parties. Only Board members who do not have an interest in the transaction are permitted to vote on a related party transaction. In addition, ongoing related party transactions are reviewed by the Audit Committee and the Board to ensure that such transactions continue to provide the necessary incremental benefit to us and have competitive terms. Each of the transactions discussed below were approved (or re-approved if ongoing) by the Audit Committee and the Board in March 2019, unless otherwise noted, in accordance with our Related Party Transactions Policy. We do not have any credit arrangements between our officers, directors, controlling persons and other insiders.

**Richard M. Schulze**

As of the date of this filing, Mr. Schulze owned approximately 13.75 percent of our common stock. On March 25, 2013, we entered into a letter agreement with Mr. Schulze pursuant to which, among other things, Mr. Schulze was given the lifetime honorary title of Founder and Chairman Emeritus of the Company, although he is not an executive and is no longer a member of our Board. Under this letter agreement, we agreed to compensate Mr. Schulze with an annual base salary of \$150,000 through fiscal 2018 for his services as Chairman Emeritus, and to provide lifetime medical benefits for him, his spouse and his eligible dependents in accordance with our plans, practices, programs and policies in effect generally for our executives and their dependents. We also agreed to provide office space and administrative support, and to reimburse Mr. Schulze for his costs and out-of-pocket expenses incurred in the performance of his duties as Chairman Emeritus. The letter agreement's term was renewed in January 2018 through the end of fiscal 2020, except as specifically described above in regard to certain lifetime health benefits.

Ryan Green, Mr. Schulze's step-son, is employed with us as a Senior Director in our Properties department at our corporate headquarters in Richfield, Minnesota. Mr. Green's total cash compensation in fiscal 2019 was approximately \$271,000. Mr. Green also received an annual long-term incentive award of 1,075 time-based restricted shares, which vest in one-third increments on each anniversary of the grant for three years. His award is consistent for other employees at his level. Mr. Green is eligible to receive employee benefits generally available to all employees. Mr. Green's employment with us began in August 2012. Mr. Schulze's family member is compensated at a level comparable to the compensation paid to non-family members in similar positions at Best Buy.

**Fidelity**

FMR LLC ( Fidelity ) filed an amended Schedule 13G in February 2019, stating that it beneficially owns 8.75 percent of the Company's common stock. As a result of beneficially owning more than 5 percent of our common stock, Fidelity is currently considered a related party under our Related Party Transactions Policy. Certain affiliates of Fidelity provide services to us in connection with the record keeping and administration of our stock plans (including the Employee Stock Purchase Plan and the Long-Term Incentive Plan). We paid these entities approximately \$354,000 for these services for fiscal 2019. The administrative services contracts were initially entered into prior to Fidelity's Schedule 13G filing and 5 percent holder status. The contracts were negotiated at arm's length, and there is no indication that the Company or Fidelity received preferential treatment as a result of the relationship.



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### **AUDIT COMMITTEE REPORT**

The key responsibility of the Audit Committee is to assist the Board in overseeing the integrity of the Company's financial statements and financial reporting processes. The Audit Committee's charter, which was approved by our Board, is posted on our website at [www.investors.bestbuy.com](http://www.investors.bestbuy.com). During fiscal 2019, the Audit Committee included four members. All Audit Committee members meet the SEC and NYSE definitions of independence and financial literacy for audit committee members. The Board has determined that Ms. McLoughlin and Mr. Millner are audit committee financial experts for purposes of SEC rules based on their relevant experience. No member of the Audit Committee serves on the audit committee of more than three public companies.

#### *Committee Meetings*

The Audit Committee met nine times during fiscal 2019, including five times via conference call. The Audit Committee schedules its meetings to ensure it has sufficient time to devote appropriate attention to all of its tasks. The Audit Committee meetings include regular executive sessions with our independent registered public accounting firm, Deloitte & Touche LLP ( D&T ), our internal auditors and management. The Audit Committee also discusses with our internal auditors and D&T the overall scope and plans for their respective audits.

#### *Fiscal 2019 Audited Financial Statements*

The Audit Committee, on behalf of the Board, reviewed and discussed with both management and D&T our annual audited consolidated financial statements for the fiscal year ended February 2, 2019, and our quarterly operating results for each quarter in such fiscal year, along with the related significant accounting and disclosure issues. The Audit Committee has discussed with the independent auditors the matters required to be discussed by Public Company Accounting Oversight Board Auditing Standard No. 1301 Communications with Audit Committees.

The Audit Committee reviewed and discussed with D&T its independence from us and our management. As part of that review, the Audit Committee received from D&T the written disclosures and the letter required by applicable rules of the Public Company Accounting Oversight Board (U.S.) regarding the independent accountant's communications with audit committees concerning independence. In addition, the Audit Committee reviewed all services provided by and the amount of fees paid to D&T in fiscal 2019. In reliance on the reviews and discussions with management and D&T, the Audit Committee believes that the services provided by D&T were compatible with, and did not impair, its independence.

Based on the reviews and discussions referred to above, the Audit Committee recommended to the Board, and the Board approved, that our annual audited consolidated financial statements be included in our Annual Report on Form 10-K for the period ended February 2, 2019, for filing with the SEC.

### **AUDIT COMMITTEE**

*Thomas L. Millner (Chair)*

*Karen A. McLoughlin*

*Claudia F. Munce*

*Richelle P. Parham*

TABLE OF CONTENTS**ITEM OF BUSINESS NO. 2 — RATIFICATION OF APPOINTMENT OF OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM****THIS SECTION SHOULD BE READ IN CONJUNCTION WITH THE *AUDIT COMMITTEE REPORT***

The Audit Committee is directly responsible for the appointment, compensation, retention and oversight of the independent registered public accounting firm retained to audit the Company's financial statements. As part of this oversight, the Audit Committee considers the firm's independence, qualifications, performance, and whether the independent registered public accounting firm should be rotated, as well as the impact of such a rotation. Deloitte & Touche LLP ( D&T ) has been retained as our independent registered public accounting firm since fiscal 2006. In compliance with Sarbanes-Oxley requirements, the Lead Audit Partner from D&T rotates off our account every five years, with oversight in selection by the Audit Committee. The last Lead Audit Partner rotation occurred in March 2016. The Audit Committee has appointed D&T as our independent registered public accounting firm for the fiscal year ending February 1, 2020. We will ask shareholders to ratify the appointment of D&T as our independent registered public accounting firm at the Meeting. Representatives of D&T are expected to attend the Meeting. They will have the opportunity to make a statement if they desire to do so and are expected to be available to respond to appropriate questions.

**Principal Accountant Services and Fees**

The Audit Committee is responsible for the audit fee negotiations associated with the retention of our independent registered public accounting firm. For the fiscal years ended February 2, 2019, and February 3, 2018, D&T served as our independent registered public accounting firm. The following table presents the aggregate fees incurred for services rendered by D&T during fiscal 2019 and fiscal 2018, respectively. The fees listed below were pre-approved by our Audit Committee pursuant to the Audit Committee's pre-approval policy as described below:

<b>Service Type</b>	<b>Fiscal 2019</b>	<b>Fiscal 2018</b>
Audit Fees <sup>(1)</sup>	\$ 2,912,000	\$ 2,770,000
Audit-Related Fees <sup>(2)</sup>	654,000	334,000
Tax Fees	—	—
<b>Total Fees</b>	<b>\$ 3,566,000</b>	<b>\$ 3,104,000</b>

(1) Consists of fees for professional services rendered in connection with the audits of our consolidated financial statements and the effectiveness of our internal control over financial reporting for the fiscal years ended February 2, 2019, and February 3, 2018; the reviews of the consolidated financial statements included in each of our Quarterly Reports on Form 10-Q during those fiscal years; and consultations on accounting matters.

(2) Consists primarily of fees for statutory audit filings, as well as the audits of our retirement savings plans and foundation, as well as due diligence services related to the acquisition of GreatCall, Inc. for the fiscal year ended February 2, 2019.

It is our policy that our independent registered public accounting firm be engaged to provide primarily audit and audit-related services. However, pursuant to the policy, in certain circumstances and using stringent standards in its evaluation, the Audit Committee may authorize our independent registered public accounting firm to provide tax services when it determines that D&T is the most efficient and effective tax service provider.

**Pre-Approval Policy**

Consistent with SEC rules regarding auditor independence, the Audit Committee is responsible for appointing, setting fees for and overseeing the work of our independent registered public accounting firm. In recognition of this responsibility and in accordance with the Securities Exchange Act of 1934, as amended, it is the policy of the Audit

Committee to pre-approve all permissible services provided by our independent registered public accounting firm, except for minor audit-related engagements which in the aggregate do not exceed 5 percent of the fees we pay to our independent registered public accounting firm during a fiscal year.

Each year, prior to engaging our independent registered public accounting firm, management submits to the Audit Committee for approval a list of services expected to be provided during that fiscal year within each of the three categories of services described below, as well as related estimated fees, which are generally based on time and materials.

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Audit services include audit work performed on the financial statements, as well as work that generally only the independent registered public accounting firm can reasonably be expected to provide, including comfort letters and discussions surrounding the proper application of financial accounting and/or reporting standards.

Audit-related services include assurance and related services that are traditionally performed by the independent registered public accounting firm, including due diligence related to mergers and acquisitions, statutory audits, employee benefit plan audits and special procedures required to meet certain regulatory requirements.

Tax services include compliance and other non-advisory services performed by the independent registered public accounting firm when it is most efficient and effective to use such firm as the tax service provider.

As appropriate, the Audit Committee then pre-approves the services and the related estimated fees. The Audit Committee requires our independent registered public accounting firm and management to report actual fees versus the estimate periodically throughout the year by category of service. During the year, circumstances may arise when it becomes necessary to engage our independent registered public accounting firm for additional services not contemplated in the initial annual proposal. In those instances, the Audit Committee pre-approves the additional services and related fees before engaging our independent registered public accounting firm to provide the additional services.

### **Board Voting Recommendation**

The members of the Audit Committee and the Board believe that the continued retention of D&T to serve as the Company's independent registered public accounting firm is in the best interests of the Company and our shareholders. The Board recommends that shareholders vote **FOR** the proposal to ratify the appointment of D&T as our independent registered public accounting firm for the fiscal year ending February 1, 2020.

The affirmative vote of a majority of the voting power of the shares present and entitled to vote at the Meeting is required to ratify D&T as our independent registered accounting firm.

Although ratification is not required pursuant to our By-laws or otherwise, the Board is submitting the selection of D&T to our shareholders for ratification because we value our shareholders' views on the Company's independent registered public accounting firm. If the appointment of D&T were not to be ratified by the shareholders, the Audit Committee would not be required to appoint another independent registered public accounting firm, but would give consideration to an unfavorable vote. Even if the selection is ratified, the Audit Committee, in its discretion, may select a different independent registered public accounting firm at any time during the year if it determines that such a change would be in the best interests of the Company and our shareholders.

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**ITEM OF BUSINESS NO. 3 — ADVISORY VOTE TO APPROVE NAMED EXECUTIVE OFFICER COMPENSATION**

We are providing our shareholders with an opportunity to cast an advisory vote, a *Say on Pay*, regarding our fiscal 2019 named executive officer (NEO) compensation program, as described in the *Executive and Director Compensation* section of this proxy statement.

**Information About the Advisory Vote to Approve Named Executive Officer Compensation**

The Compensation Committee establishes, recommends and governs all of the compensation and benefits policies and actions for the Company's NEOs. While the advisory vote to approve the compensation of our named executive officers is not binding, it provides useful information to our Board and Compensation Committee regarding our shareholders' views of our executive compensation philosophy, policies and practices. The Compensation Committee values our shareholders' opinions and will take the results of the vote into consideration when determining the future compensation arrangements for our named executive officers. At the Company's 2018 Regular Meeting of Shareholders, our shareholders voted to hold the non-binding shareholder vote to approve the compensation of our named executive officers each year. Accordingly, the Company currently intends to hold such votes annually. The next such vote is expected to be held at the Company's 2020 Regular Meeting of Shareholders.

As detailed in the *Executive and Director Compensation — Compensation Discussion and Analysis* section, we believe our fiscal 2019 executive compensation program reflects market appropriate practices and balances risk and reward in relation to our overall business strategy. Our executive compensation program is focused on pay-for-performance and seeks to mitigate risks related to compensation in order to further align management's interests with shareholders' interests in long-term value creation.

Accordingly, we ask that our shareholders cast an advisory vote to approve the following resolution:

RESOLVED, that the shareholders of the Company approve, on an advisory basis, the compensation of the named executive officers for the fiscal year ended February 2, 2019, as described in the *Executive and Director Compensation — Compensation Discussion and Analysis* section and the compensation tables and related material disclosed in the Company's proxy statement for its 2019 Regular Meeting of Shareholders pursuant to the compensation disclosure rules of the Securities and Exchange Commission.

**Board Voting Recommendation**

Our Board recommends an advisory vote **FOR** approval of the fiscal 2019 compensation of our NEOs as disclosed in this proxy statement pursuant to the SEC's compensation disclosure rules.

The affirmative vote of at least a majority of the voting power of the shares present, in person or by proxy, and entitled to vote (excluding broker non-votes) is required for advisory approval of our NEO compensation.

It is intended that, unless otherwise instructed, the shares represented by proxy (other than broker non-votes) will be voted for the advisory vote on executive compensation.

TABLE OF CONTENTS**EXECUTIVE AND DIRECTOR COMPENSATION****Compensation Discussion and Analysis****Introduction**

The following *Compensation Discussion and Analysis* describes how the Compensation Committee of the Board decided to compensate our fiscal 2019 Named Executive Officers ( NEOs ):

<b>Name</b>	<b>Principal Position</b>
<b>Hubert Joly</b>	Chairman and Chief Executive Officer
<b>Corie S. Barry</b>	Chief Financial Officer & Strategic Transformation Officer
<b>Mike Mohan</b>	Chief Operating Officer, Best Buy U.S.
<b>Keith J. Nelsen</b>	General Counsel and Secretary (Former)
<b>Kamy Scarlett</b>	Chief Human Resources Officer and President, U.S. Retail Stores
<b>Shari L. Ballard</b>	President, Multi-Channel Retail (Former)

In July 2018, Ms. Ballard announced that she would be leaving Best Buy effective March 2019. Ms. Ballard stepped down from her responsibilities as President, Multi-Channel Retail but continued to act in an advisory capacity to assist with the transition of those responsibilities through the end of her tenure with the Company.

Ms. Scarlett took on the responsibilities as President, U.S. Retail Stores in January 2019, in addition to her existing role as our Chief Human Resources Officer.

In April 2019, we announced several additional changes to our leadership team. Following the Meeting in June, Ms. Barry will become our CEO. Mr. Joly will continue to serve as an advisor to Ms. Barry and as our Executive Chairman. Mr. Nelsen transitioned to an advisory role through September 2019 in support of his successor, Mr. Todd Hartman, our General Counsel, Chief Risk & Compliance Officer and Secretary.

The *Compensation Discussion and Analysis* portion of our proxy statement includes the following:

<b>CD&amp;A Section</b>	<b>What's included?</b>
Executive Summary	Highlights of our executive compensation program, including our shareholder engagement process and Committee consideration of Say on Pay votes, a summary of our fiscal 2019 executive compensation decisions, and a preview of our fiscal 2020 executive compensation
Compensation Philosophy, Objectives & Policies	Overview of the philosophy, objective & policies utilized by the Compensation Committee in implementing our executive compensation program
Governance	Summary of the key participants in our executive compensation process and the role each plays in the decision-making
Factors in Decision-Making	Overview of factors considered by the Compensation Committee in its decision-making process



Executive Compensation  
Elements

Description of each element of our NEO pay-mix within our executive compensation program, including specific details regarding decisions made within each element

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*Prior Say on Pay Votes*

At our 2018 Meeting, 96.2 percent of our shareholders voted in support of our Say on Pay proposal, which was on par with our results in 2017 and 2016.

We believe the high level of support we received from shareholders for the last several years is driven in part by our performance and in part by our continued commitment to align pay and performance. In the fall of fiscal 2019, following our 2018 Meeting, we reached out to all of our top twenty shareholders, representing approximately 65 percent of our outstanding shares, offering to discuss any questions or concerns regarding executive compensation practices and other governance issues. As a result of these outreach efforts, we engaged in direct conversations with several shareholders to answer questions, provide commentary on the compensation decisions made during the year, and received feedback to be considered when making future decisions. Further, as discussed in the *Corporate Governance at Best Buy — Shareholder Engagement* section, we regularly engage with our shareholders throughout the year regarding their various priorities, and we welcome their feedback on our practices and policies.

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### **Summary of Executive Compensation Practices**

#### *Pay for Performance*

- We tie pay to performance by setting clear financial goals and delivering the majority of each NEO's compensation opportunity through variable incentives in which payout is based on performance against predetermined goals or absolute and relative changes in our stock price over time.
- We use multiple performance metrics that differ for long-term and short-term plans.
- Our short-term incentive plan includes a performance threshold that requires a minimal level of operating income be achieved before any short-term award may be earned.
- A significant amount of our long-term incentive program is performance based, and long-term and short-term incentives comprise a majority of our total compensation opportunity (92 percent for the CEO and 82 percent, on average, for the other NEOs).

#### *Risk Mitigators*

- We utilize peer group market data when making executive compensation decisions.
- We utilize a variety of short and long-term performance measures to mitigate the risk that our executives could be motivated to unduly pursue performance under one metric to the detriment of the Company.
- The amounts that can be earned on both our short and long-term awards are capped to discourage excessive risk taking.
- Our clawback policy provides for potential recoupment of both cash and equity executive compensation in the event of triggering events, such as violations of our Code of Business Ethics or certain financial restatements.
- We have share ownership and trading guidelines for executive officers and Board members.
- Our executives are prohibited from hedging or pledging securities of Best Buy.
- We have robust processes to identify and mitigate compensation risk.
- Our Compensation Committee engages an outside independent compensation consulting firm that performs no other services for the Company.

#### *Shareholder Engagement*

- We regularly solicit shareholder feedback on executive compensation and related corporate governance matters.
- We provide shareholder feedback to the Compensation Committee, which considers the feedback when reviewing executive compensation programs and policies.

#### *Key Fiscal 2019 Compensation Decisions*

In fiscal 2018, we declared Renew Blue complete and unveiled a new strategy: Best Buy 2020: Building the New Blue. Taking the strong fiscal 2018 results into account, in March 2018, the Compensation Committee made a few adjustments to the NEO compensation for fiscal 2019 compensation. A summary of the changes is included below and explained in further detail within our *Compensation Discussion and Analysis*:

- *Base Salaries:* We increased the base salary rates for five of the NEOs (excluding Mr. Joly) in light of the scope of their roles and responsibilities and market data.
- *Short-Term Incentives:* We made no changes to the short-term incentive plan target payout percentages other than an increase to Ms. Scarlett's payout percentage, commensurate with her increased responsibilities. The Committee also made some changes to more closely align the performance metrics with our strategy.
- *Long-Term Incentives:* We increased the long-term incentive plan grant values for five of the NEOs to reflect the scope of their roles and responsibilities and market conditions. We also provided a special grant to Ms. Scarlett, upon the significant expansion of her responsibilities.

- *Other Compensation:* We made no material changes to the employee benefits, perquisites or other rewards offered to our NEOs.

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*Fiscal 2019 Pay and Performance Outcomes*

In fiscal 2019, we made significant progress on implementing our Best Buy 2020 strategy to enrich lives through technology and further develop our competitive differentiation. We believe that our fiscal 2019 results confirm that our strategy is working. On a full-year basis in fiscal 2019, we grew our enterprise comparable sales by 4.8 percent on top of 5.6 percent in fiscal 2018, increased GAAP diluted EPS by 59.5 percent to \$5.20 and increased our non-GAAP diluted EPS by 20.4 percent to \$5.32\*. In addition, we recorded annual revenue of \$42.9 billion, GAAP operating income of \$1.9 billion and non-GAAP operating income of \$2.0 billion in fiscal 2019.\* With these results, we essentially met our fiscal 2021 targets provided at our Investor Day in 2017 two years earlier than anticipated. From a capital allocation standpoint, we returned \$2.0 billion to our shareholder through share repurchases and dividends. In addition to these results, the following performance measures were tied specifically to the compensation of our executives and resulted in the short-term incentive and long-term incentive award payouts shown below.

Enterprise Revenue was added to the Performance Share Award mix in fiscal 2018. The first year of potential payout applying this metric will be in fiscal 2020. These awards and payouts are explained in further detail within the *Executive Compensation Elements* section of this proxy statement.

*\*For GAAP to non-GAAP reconciliations, please refer to the schedule entitled Reconciliation of Non-GAAP Financial Measures.*

TABLE OF CONTENTS*Compensation Changes Related to CEO Succession*

As part of our recently announced CEO succession plan effective at the end of the Meeting, Mr. Joly's annual base salary will decrease to \$650,000, and his annual short-term incentive award target will decrease to 100% of base salary for the portion of the year he holds the position of Executive Chair. He will continue to participate in all benefit programs available to the Company's senior executives. Upon her promotion to CEO, Ms. Barry's base salary will increase to \$1.1 million and her annual short-term incentive award target will increase to 175% of base salary for the portion of the year she holds the position of CEO. Upon her promotion, Ms. Barry will also receive a true-up equity award with a target value of \$5.475 million comprised of 50% of the value in performance shares, 20% in stock options, and 30% in restricted shares, consistent with the fiscal 2020 annual awards. Upon Mr. Mohan's promotion to President and Chief Operating Officer, his base salary will increase to \$1 million and his short-term incentive award target will increase to 160% of base salary for the portion of the year he holds this role. At the time of this promotion, Mr. Mohan will also receive a true-up equity award with a target value of \$2.475 million comprised of 50% of the value in performance shares, 20% in stock options, and 30% in restricted shares, consistent with the fiscal 2020 annual awards. Mr. Mohan will also receive an additional grant of restricted shares valued at \$2.5 million that will vest in full on the second anniversary of the grant date. Consistent with the Compensation Committee's approach in setting annual compensation levels, in determining these compensation adjustments, the Compensation Committee considered each NEO's prior performance, Company performance, the compensation levels paid to similarly situated executive officers at the Company, the competitive median of the market data to provide a perspective on external practices, and input from the Compensation Committee's independent compensation consultant. Additional details regarding our CEO succession plan and related compensation was disclosed in a Current Report on Form 8-K filed by the Company on April 15, 2019.

**Compensation Philosophy, Objectives and Policies**

The Company's compensation philosophy is to align executive compensation with shareholders' interests. To that end, the Compensation Committee works to ensure that base salaries are market competitive, and short and long-term incentives are heavily weighted toward Company performance and are within the range of market practice.

We achieve these objectives by using programs that are designed to align employee interests with Company goals and create a common vision of success without undue risk.

We continue to utilize the following executive compensation policies and practices:

- *Pay-for-performance.* We tie pay to performance. The majority of executive pay is not guaranteed but instead tied to performance metrics designed to drive shareholder value. If performance goals are not attained, no incentive compensation is paid.
- *Mitigate undue risk.* We mitigate undue risk by, among other things, utilizing caps on incentive award payments and vesting periods on long-term incentive awards, clawback provisions, restrictive covenants and multiple performance metrics. The Compensation Committee annually reviews our compensation risk profile to ensure that our compensation-related risks are not reasonably likely to have a material adverse effect on the Company.
- *Independent Compensation Committee and compensation consultant.* The Compensation Committee is comprised solely of independent directors. The Compensation Committee's independent compensation consultant is retained directly by the Compensation Committee and performs no other consulting or other services for the Company.
- *Shareholder engagement.* We routinely engage with shareholders regarding executive compensation and related issues.
-

*Re-pricing of stock options.* Stock options may not, without the approval of our shareholders, be (i) amended to reduce their initial exercise price (except for adjustments in the case of a stock split or similar event); (ii) canceled and replaced by stock options having a lower exercise price; or (iii) canceled and replaced with cash or other securities.

*Stock ownership and trading policies.* We have stock ownership guidelines for all of our executive officers and Board members. As of the end of fiscal 2019, each NEO and director was in compliance with the guidelines. We prohibit all employees, including the NEOs and members of the Board, from hedging Company securities. Executive officers and Board members are also prohibited from pledging Company securities as collateral for a loan or from holding Company securities in a margin account.

- *NEO benefits.* Our executive officers, including the NEOs, generally receive the same employee benefits as other officers. We do not have an executive retirement plan that provides extra benefits to the NEOs.

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### **Governance**

The following table summarizes the roles of each of the key participants in the executive compensation decision-making process for our NEOs.

#### **Key Participant**

##### **Compensation Committee**

###### *Role in Decision-Making Process*

- Establishes our compensation objectives.
- Determines, approves and oversees executive compensation, including the design, competitiveness and effectiveness of our compensation programs.
- The Compensation Committee's charter is available on our website at [www.investors.bestbuy.com](http://www.investors.bestbuy.com).

##### **Compensation Committee's Independent Compensation Consultant**

###### *Role in Decision-Making Process*

- Reviews the recommendations of management with the Compensation Committee to ensure that the recommendations are aligned with our objectives and are reasonable when compared to our market for executive and director talent.
- Assists the Compensation Committee in the design of the variable incentive plans, the determination of the overall compensation mix, the selection of performance metrics and the setting of the performance goals and ranges.
- Provides analysis and crafts recommendations for the Compensation Committee in the setting of CEO compensation opportunity.
- Reviews the results of the compensation risk assessment with the Compensation Committee and identifies key conclusions.
- Provides perspective on market practice and information about emerging trends.
- The Compensation Committee has sole discretion and adequate funding to engage consultants in connection with compensation-related matters. Frederic W. Cook & Co., Inc. has served as the Compensation Committee's independent compensation consultant since the fall of 2012.

#### **CEO**

###### *Role in Decision-Making Process*

- Creates and presents recommendations to the Compensation Committee for our other executive officers and provides his or her own perspective. Does not participate in, or otherwise influence, recommendations regarding his own compensation.



## **Human Resources ( HR ) and Finance**

### *Role in Decision-Making Process*

- HR provides the Compensation Committee with market analytics in support of the CEO's recommendations for our executive officers, other than the CEO. Management does not make recommendations on CEO compensation. As necessary, HR engages outside consultants to assist with its analytics and recommendations. Finance provides the Compensation Committee with financial analytics in support of the short- and long-term program design and target setting.

### *Compensation Consultant Independence*

The Compensation Committee reviewed the independence of Frederic W. Cook & Co., Inc. under NYSE and SEC listing standards. Based on its review and information provided by Frederic W. Cook & Co., Inc. regarding the provision of its services, fees, policies and procedures, presence (if any) of any conflicts of interest, ownership of Best Buy stock, and other relevant factors, the Compensation Committee concluded that the work of Frederic W. Cook & Co., Inc. has not raised any conflicts of interest and deemed them to be an independent advisor to the Compensation Committee.

TABLE OF CONTENTS**Factors in Decision-Making**

*Market Competitive Data.* For fiscal 2019, each element of compensation and the level of total direct compensation for our NEOs was considered against market benchmarks and views of individual performance. Our Compensation Committee reviewed publicly available compensation data and private surveys for our peer group of companies, Fortune 100 companies and general and retail industry survey data. We used available information and monitored actions taken by our peer group to evaluate market trends and to assess the long-term incentive program and overall competitiveness of our executive compensation levels. We did not, however, seek to establish any specific element of compensation or total direct compensation that falls within a prescribed range relative to our peer group of companies or the Fortune 100 companies.

*Change in Peer Group for Fiscal 2019.* We review our peer group annually. The Compensation Committee strives to ensure that our peer group is an accurate reflection of our business model, represents the labor market for executive talent and includes external perspectives. For fiscal 2019, the peer group was approved after consideration of the following criteria:

- Business model: combination of physical retailers, e-commerce retailers, digital companies, global companies and iconic brands;
- Size: revenue similar to ours;
- Current peers: preference, but not obligation, toward consistency in an effort to maintain reliability from year to year in the results of our compensation analysis; and
- Labor market consideration: companies that listed us as a peer.

The Compensation Committee considered the Company's position relative to the peer group on the basis of earnings, revenue and market cap, and made no changes to our peer group for fiscal 2019 from fiscal 2018. For fiscal 2019, our peer group consisted of the following companies:

Alphabet, Inc.	Kohl's Corporation	Office Depot, Inc.
Amazon.com, Inc.	Lowe's Companies Inc.	Staples, Inc.
Apple Inc.	Macy's, Inc.	Target Corporation
Costco Wholesale Corporation	Microsoft Corporation	Wal-Mart, Inc.
eBay Inc.	Nike, Inc.	Walgreens Boots Alliance, Inc.
The Home Depot, Inc.	Nordstrom, Inc.	

TABLE OF CONTENTS**Executive Compensation Elements**

*Overview.* Our NEOs' compensation in fiscal 2019 included the following elements (for additional details on specific awards, see the discussion below and the *Compensation of Executive Officers — Summary Compensation Table* section):

<b>Compensation Component</b>	<b>Key Characteristics</b>	<b>Purpose</b>	<b>Principal Fiscal 2019 Actions</b>
Base Salary	Cash; reviewed annually and adjusted if appropriate.	Provide competitive, fixed compensation to attract and retain executive talent.	Base salary increases for all of the NEOs except Mr. Joly due to increased responsibilities, role changes and/or market data.
Short-Term Incentive ( STI )	Cash. Variable compensation component. Performance-based award opportunity. Payable based on achievement of financial targets.	Create a strong financial incentive for achieving or exceeding Company goals.	There were no significant changes to the design of the STI metrics, other than to refine the Services metric. Financial metrics for fiscal 2019 were compensable enterprise operating income, enterprise comparable sales growth, U.S. cost reduction, U.S. online revenue growth, U.S. net promoter score and U.S. services point of sale revenue. The NEOs received payouts equal to 166.3% of the target based on performance results.
Long-Term Incentive ( LTI )	Performance share awards, stock options and restricted shares, subject to certain performance-conditions and time-based vesting requirements.	Create a strong financial incentive for increasing shareholder value, encourage ownership stake, and promote retention.	LTI changes included increased targets for Messrs. Joly and Mohan and Messes Barry, Ballard and Scarlett to recognize their performance and market data, and a special award for Ms. Scarlett to reflect her increased responsibilities. The NEOs received a payout equal to 150% of the target based on performance results.
Health, Retirement and Other Benefits	Eligibility to participate in benefit plans generally available to our employees, including health, retirement, stock purchase, severance, paid time off, life insurance and disability plans.	Plans are part of our broad-based employee benefits program.	The NEOs are eligible to participate in the 2019 enhancements to our benefit plans, which include caregiver leave and back-up childcare support.
Executive Benefits	Annual executive physical exam, supplemental long-term disability insurance, and tax planning/preparation services.	Provide competitive benefits to promote the health, well-being and financial security of our executive officers.	No material changes were made to the NEOs' benefits in fiscal 2019.

*Fiscal 2019 Pay Mix.* The Compensation Committee emphasizes variable performance-based pay when setting the target pay mix for our executive officers, but does not establish a set pay mix for them. The target pay mix for fiscal 2019 for our CEO and other NEOs, on average, is shown below. Actual salary levels, STI awards (discussed in further detail in the *Short-Term Incentive* section) and LTI awards (discussed in further detail in the *Long-Term Incentive*

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section) vary based on the market analysis described above. Approximately 90 percent of the CEO's target pay and, on average, approximately 80 percent of the other NEOs' target pay is variable based on operating performance, changes in our stock price and/or total shareholder return relative to the S&P 500 companies.

Each element in the pay mix is discussed below and shown in the *Summary Compensation Table* as found in the *Compensation of Executive Officers* section of this proxy statement.

**Base Salary**

In March 2018, the Compensation Committee reviewed the total compensation for each NEO, including their base salaries. Based on the stage of the Company's strategy, its assessment of each officer relative to market data, and distribution of responsibilities, the Compensation Committee approved base salary increases for Messes. Barry, Ballard and Scarlett and Messers. Mohan and Nelsen in light of relative market data, increased responsibilities and in recognition of each of their changing positions or continued growth in their respective roles.

<b>Name</b>	<b>Fiscal 2019 Annual Base Salary</b>	<b>Fiscal 2018 Annual Base Salary</b>	<b>Percent Change</b>
Mr. Joly	\$ 1,275,000	\$ 1,275,000	0 %
Ms. Barry	850,000	750,000	13 %
Mr. Mohan	900,000	850,000	6 %
Mr. Nelsen	750,000	690,000	9 %
Ms. Scarlett <sup>(1)</sup>	800,000	550,000	45 %
Ms. Ballard	900,000	850,000	6 %

(1) Ms. Scarlett's salary increased twice during the year: from \$550,000 to \$700,000 in April 2018, and to \$800,000 in January 2019 in connection with her role as President, U.S. Retail Stores.

**Short-Term Incentive**

Our executive compensation programs are designed to ensure that a significant percentage of total compensation is linked to Company performance. For fiscal 2019, the NEOs were eligible for performance-based, short-term incentive cash awards pursuant to our fiscal 2019 STI plan.

*Fiscal 2019 STI Performance Criteria.* In December 2017, the Compensation Committee approved the performance metrics for the fiscal 2019 STI plan. For fiscal 2019, the Compensation Committee approved similar performance metrics as in fiscal 2018, except domestic services productive revenue was replaced with domestic services point of sale revenue. The reason for this change was to align the timing of recognition of services revenue with sales behaviors and customer actions. The other metrics for fiscal 2019 remained consistent with fiscal 2018.

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Accordingly, financial metrics under the fiscal 2019 STI were: compensable enterprise operating income, enterprise comparable sales growth, U.S. net promoter score, U.S. online revenue growth, U.S. services point of sale revenue, and U.S. cost reduction.

STI Metric	Metric Weighting	Definition
Compensable Enterprise Operating Income	40%. Served as the minimum threshold for STI awards to be paid	Enterprise non-GAAP operating income, adjusted for foreign exchange rate variances.
Enterprise Comparable Sales Growth	30%	Revenue growth at websites, stores, and call centers operating for at least 14 full months, compared to revenue from similar channels open at least 14 full months in the prior fiscal year.
Best Buy 2020 Priorities:		
U.S. Net Promoter Score	7.5%	Customer experience metric in which customers (both purchasers and non-purchasers) are asked how likely they are to recommend Best Buy to a friend, colleague or family member; the percentage of those likely to recommend less the percentage of those unlikely to recommend is Net Promoter Score.
U.S. Online Revenue Growth	7.5%	Total fiscal 2019 online revenue less total fiscal 2018 online revenue divided by total fiscal 2018 online revenue.
U.S. Services Point of Sale Revenue	7.5%	Point of sale revenue associated with warranty, tech support, services, installation, delivery and repair sales.
U.S. Cost Reduction	7.5%	Annualized year-over-year cost savings (compared to fiscal 2018 expense) of cost reduction actions put into effect in fiscal 2019.

In March 2018, the Compensation Committee approved the performance goals for each metric. The minimum, target and maximum goals for each metric were evaluated to ensure they would incent the desired level of performance for each priority. For some metrics, this evaluation resulted in changes to the minimum, target, and maximum goals in light of anticipated year-over-year industry trends, product cycles, and other market factors.

The following chart shows actual fiscal 2019 performance compared to the minimum, target and maximum goals for each metric. Minimum performance against the goal results in a no payout, Target performance results in a 1.00 payout, and Maximum performance results in a 2.00 payout. The final metric score is interpolated as an exact point somewhere between 0.00 and 2.00. The chart also includes the same information from fiscal 2018, if applicable (as presented in last year's proxy statement) to illustrate how the goals changed and how our actual performance compared to last year.

Metric (\$ in millions)	Minimum	Target	Maximum	Actual Result	Metric Score
<b>Compensable Enterprise Operating Income (40%)<sup>(1)(2)</sup></b>	\$ 1,802	\$ 1,892	\$ 2,072	\$ 2,003	1.61
<i>Fiscal 2018 Compensable Enterprise Operating Income (40%)<sup>(1)(3)</sup></i>	\$ 1,741	\$ 1,831	\$ 2,011	\$ 1,950	1.66
<b>Enterprise Comparable Sales Growth (30%)</b>	1.88 %	2.34 %	3.26 %	4.79 %	2.00

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<i>Fiscal 2018 Comparable Sales Growth (30%)</i>	0.50 %	2.17 %	3.09 %	5.60 %	2.00
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**Best Buy 2020 Priorities:**

<b>U.S. Net Promoter Score (7.5%)(4) (for purchasers and non-purchasers)</b>	38.2	38.6	39.4	41.3	2.0
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<i>Fiscal 2018 U.S. Net Promoter Score (7.5%) (for purchasers and non-purchasers)</i>	35.9	36.3	37.1	38.0	2.0
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<b>U.S. Online Revenue Growth (7.5%)</b>	9.59 %	14.59 %	24.59 %	10.69 %	0.61
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<i>Fiscal 2018 U.S. Online Revenue Growth (7.5%)</i>	11.43 %	16.43 %	26.43 %	23.70 %	1.72
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<b>U.S. Services POS Revenue (7.5%)(5)</b>	\$ 1,811	\$ 1,871	\$ 1,991	\$ 1,952	1.67
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<i>Fiscal 2018 U.S. Services Productive Revenue (7.5%)(6)</i>	\$ 1,392	\$ 1,452	\$ 1,572	\$ 1,464	1.09
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Metric (\$ in millions)	Minimum	Target	Maximum	Actual Result	Metric Score
U.S. Cost Reduction (7.5%)(7)	\$ 200	\$ 250	\$ 300	\$ 265	1.30
Fiscal 2018 U.S. Cost Reduction (7.5%)	\$ 175	\$ 200	\$ 300	\$ 286	2.72
				<b>Fiscal 2019 Blended Score:</b>	<b>1.663</b>
				<i>Fiscal 2018 Blended Score:</i>	<i>1.829</i>

Actual performance for this metric had to be above the minimum threshold in order for STI payments to be made.

- (1) A result lower than the minimum threshold would have resulted in an overall blended score of zero, and no STI payments.

Compensable Enterprise Operating Income was determined based on the non-GAAP operating income from continuing operations of \$1,988 million in our Annual Report on Form 10-K for fiscal 2019, adjusted for differences from targeted foreign exchange rates.

- (2) Compensable Enterprise Operating Income was determined based on the non-GAAP operating income from continuing operations of \$1,953 million in our Annual Report on Form 10-K for fiscal 2018, adjusted for differences from targeted foreign exchange rates.

U.S. Net Promoter score is a customer experience metric that measures a customer's likelihood to recommend Best Buy. Methods of measuring U.S. Net Promoter Score can differ widely among different retailers, with many retailers measuring only purchaser satisfaction; however, we measure both purchasing and non-purchasing customers across our sales channels and therefore our total score may be lower than other companies as non-purchaser results are materially lower than those of purchasers.

- (4) U.S. Services POS Revenue is the point of sales revenue associated with warranty, tech support, services, installation, delivery, and repair sales
- (5) U.S. Services Productive Revenue is the net revenue associated with sales of warranty, tech support, services, and installation, but excluding delivery and reimbursement revenue.
- (6) U.S. Cost Reduction is the annualized year-over-year cost savings (compared to fiscal 2018 expense) as a result of cost reduction actions put into effect in fiscal 2019. Cost savings must be permanent changes to the business.

*Determination of Fiscal 2019 STI Target Payout.* The Compensation Committee reviewed the target payout percentages for our NEOs under the fiscal 2019 STI plan as part of its review of the NEOs' total fiscal 2019 target compensation. The Compensation Committee generally applies a tiered approach in determining the potential target payout ranging from 100 percent to 200 percent of annual earnings based on each NEO's eligible earnings as of the 15<sup>th</sup> day of each fiscal month. The specific target payout percentage for each NEO is determined based on external market data (including survey and proxy data from the Fortune 100 and our peer group) for equivalent roles, with emphasis placed on job value and internal pay equity among the NEOs.

For fiscal 2019, the tiered target opportunities were 100 percent to 200 percent of salary. The target payout percentages for each NEO remained the same as in fiscal 2018, except for Ms. Scarlett whose STI increased at the same time as her base salary increased. For each of the metrics, the NEOs could earn zero to two times their weighted target payout percentage for that metric.

The following chart shows fiscal 2019 STI opportunities and payments as a dollar value and percent of annual base salary (based on their eligible base salary as of the 15<sup>th</sup> day of each fiscal month):

Name	Fiscal 2019 Annual Base Salary <sup>(1)</sup>	Target Payout Percentage	Annual Target Payout Value, based on	Fiscal 2019 Blended STI Score	Fiscal 2019 STI Payment	Fiscal 2019 STI Payment, as a Percentage of Annual
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			<b>Annual Earnings</b>			<b>Earnings</b>
Mr. Joly	\$ 1,275,000	200 %	\$ 2,550,000	1.663	\$ 4,240,650	333 %
Ms. Barry	833,333	150 %	1,250,000	1.663	2,078,750	249 %
Mr. Mohan	891,666	150 %	1,337,500	1.663	2,224,262	249 %
Mr. Nelsen	740,000	100 %	740,000	1.663	1,230,620	166 %
Ms. Scarlett <sup>(2)</sup>	683,333	102 %	693,750	1.663	1,153,706	169 %
Ms. Ballard	891,666	150 %	1,337,500	1.663	2,224,262	249 %

Annual base salary is based on the average of each NEO's annual base salary rate on the fifteenth fiscal day of (1) each month for twelve months of the fiscal year. This number may differ slightly from actual earnings listed in the *Summary Compensation Table*.

(2) Ms. Scarlett's Annual Base Salary and STI Target increased twice during fiscal 2019 based on changes in role and responsibilities.

*Preview — Fiscal 2020 STI Performance Metrics.* In December 2018, the Compensation Committee approved the performance criteria in the form of metrics for the fiscal 2020 STI, as follows:

- Compensable Enterprise Operating Income — 40%
- Enterprise Revenue Growth — 30%

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- Best Buy 2020 Priorities:
  - Relationship Net Promoter Score — 15%
  - Domestic Cost Reduction – 15%

***Long-Term Incentive***

Awards of equity-based LTI compensation to our executive officers enhance the alignment of interests of our NEOs and shareholders. All LTI awards for our NEOs and directors must be approved by the Compensation Committee. In March 2018, the Compensation Committee approved long-term incentive awards to our NEOs pursuant to our fiscal 2019 LTI program under our Amended & Restated 2014 Omnibus Incentive Plan.

The fiscal 2019 LTI program featured a mix of performance share awards, performance conditioned time-based restricted shares, and stock options. This results in a balanced portfolio of compensation rewards consisting of, for the CEO, 50 percent performance share awards based on relative total shareholder return (to reward relative performance) and enterprise revenue growth (to reward growth), 30 percent performance-conditioned time-based restricted shares, based on adjusted net earnings (to reward earnings and promote retention), and 20 percent stock options (to reward absolute share price appreciation), as shown below. The mix for the other NEOs was 50 percent performance share awards and 50 percent performance-conditioned time-based restricted shares, both with the same performance metrics as the CEO's awards.

*Form of Fiscal 2019 LTI Award.* The NEOs receive an LTI grant once per year at a regularly scheduled Compensation Committee meeting that typically occurs in the first quarter of our fiscal year. In fiscal 2019, the closing price of our common stock on the grant date was used to convert the award dollar value to a number of units.

In March 2018, the Compensation Committee approved the addition of dividend equivalents to restricted stock and performance share awards. These dividend equivalents begin to accrue for each declared dividend following the grant but are not converted into dividends until the restricted shares underlying the grants are earned, vested or payable.

*Determination of Fiscal 2019 LTI Target Award Values.* The Compensation Committee approved the executive team's fiscal 2019 compensation, which included increased target award values for Mr. Joly, Ms. Barry, Ms. Ballard, Mr. Mohan and Ms. Scarlett to reflect increased responsibilities, role changes and market adjustments.

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LTI award amounts are determined based upon analysis of external market data, with overall compensation mix and external market data for equivalent roles being key factors in the determination of the award made to each NEO. The fiscal 2019 LTI awards for each NEO are set forth below:

Name	No. of Stock Options	No. of Performance- Conditioned Time- Based Restricted Shares	Target No. of Shares under Performance Share Award <sup>(2)</sup>	Target Grant Date Value
Mr. Joly	103,981	49,287	80,950	\$ 11,750,000
Ms. Barry	—	20,819	20,517	3,000,000
Mr. Mohan	—	24,636	24,278	3,550,000
Mr. Nelsen	—	11,451	11,285	1,650,000
Ms. Scarlett <sup>(1)</sup>	57,109	6,246	6,155	1,250,000
Ms. Ballard	—	24,636	24,278	3,550,000

Ms. Scarlett received her annual LTI grant in March 2018, before her promotion, plus a stock option grant with a

- (1) 4-year cliff vesting in January 2019 in recognition of her increased responsibilities. The grant date value reflects her annual LTI target effective for fiscal 2020.
- (2) Performance Share Awards include shares for both the TSR and Revenue performance metrics, as described below.

Performance Share Awards. The performance share awards are earned based on two metrics: half on total shareholder return ( TSR ) relative to the S&P 500 Index and the other half on enterprise revenue growth, both over a three-year period. TSR was selected as one of the metrics based on its direct link to shareholder value creation. The S&P 500 was used as a proxy for the broad variety of other investment opportunities available to investors. The relative TSR performance goals were as follows:

	Relative TSR Percentile Ranking	No. of Shares Earned (as % of Target)
Less than Threshold	Less than 30 <sup>th</sup> Percentile	—%
Threshold	30 <sup>th</sup> Percentile	50%
Target	50 <sup>th</sup> Percentile	100%
Maximum	70 <sup>th</sup> Percentile	150%

The number of performance shares earned are interpolated on a linear basis for performance between Threshold and Target and between Target and Maximum.

The other half of the performance share awards are earned based on the compound annual growth rate of enterprise revenue over the three fiscal years ending on the end of fiscal 2021. The Compensation Committee chose this metric in fiscal 2017 to sharpen our focus on profitable growth and to further align our performance metrics with our Best Buy 2020 growth strategy. The Committee believes this metric is an effective measurement of Company performance, particularly when combined with our TSR based awards. Although the Committee has not specifically assessed the probability of achieving any performance metric, based on the Company's historical results and its assessment of the Company's strategy, it believes achieving target performance under this award is reasonably attainable while providing appropriately challenging incentives, and that achieving maximum performance would be difficult. Shares will be earned under this metric as follows:

**No. of Shares Earned (as % of Target)**

Less than Threshold	—%
Threshold to Target	50% to 100%
Target to Maximum	100% to 150%
Above Maximum	150%

The final number of performance shares earned are interpolated on a linear basis for performance between Threshold and Target and between Target and Maximum.

Performance-conditioned Time-based Restricted Share Awards. The performance-conditioned time-based restricted shares also vest in equal installments of one-third on the three successive anniversaries of the grant date, provided the performance condition has been met in any fiscal year during the term of the award. The performance condition was added to the time-based restricted shares to further align compensation with shareholder interests. The vesting of these shares is conditioned upon the Company's achievement of positive Adjusted Net Earnings. Adjusted Net Earnings means net earnings determined in accordance with GAAP, adjusted to eliminate the following: (1) the

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cumulative effect of changes in GAAP; (2) gains and losses from discontinued operations; (3) extraordinary gains and losses; and (4) other unusual or nonrecurring gains or losses which are separately identified and quantified, including merger-related charges. Achievement of positive Adjusted Net Earnings may occur in any fiscal year during the term of the award for the award to begin to vest. For example, if the performance condition is not achieved until year two, two-thirds of the award will vest following Compensation Committee approval of achievement of the performance condition, with the remaining one-third to vest in the third year of the award.

**Stock Options.** The non-qualified stock options granted to Mr. Joly and Ms. Scarlett have a term of ten years and become exercisable over either a three-year period at the rate of one-third per year, beginning one year from the grant date or become fully vested after a four-year period, subject to being employed on the vesting date. The exercise price for such options is equal to the closing price of our common stock on the grant date, as quoted on the NYSE. Under the terms of the Amended and Restated 2014 Omnibus Incentive Plan, we may not grant stock options with a strike price at a discount to fair market value. Unless otherwise determined by the Compensation Committee, fair market value as of a given date is the closing price of our common stock as quoted on the NYSE on such date or, if the shares were not traded on that date, the most recent preceding date when the shares were traded.

**Performance Share Payout.** In March 2015, the Compensation Committee adopted a performance share plan design, based on relative TSR versus the S&P 500 Index over the 36-month period from March 1, 2015 to February 28, 2018. The shares vested (0 to 150%) after the three-year period if the performance criteria was met. Because the Company's TSR during the performance period exceeded the 70<sup>th</sup> percentile of all companies in the S&P 500, these shares paid out at the maximum of 150 percent in fiscal 2019 and are reflected in the *Compensation of Executive Officers — Option Exercises and Stock Vested* section.

**Canadian Special Award.** In January 2016, the Compensation Committee approved a special cash-based long-term incentive plan for the Best Buy Canada executive team which was tied to the profitability of our Canadian business, specifically the level of Canadian operating income achieved during fiscal 2019. Prior to becoming the Company's Chief Human Resources Officer in June 2017, Ms. Scarlett was the Senior Vice President of Retail and Chief Human Resources Officer for Best Buy Canada and was, therefore, eligible for a prorated payout under this award for her time in that role. Ms. Scarlett's payout under this award is reflected in the *Compensation of Executive Officers — Summary Compensation Table* section.

**Preview - Fiscal 2020 LTI Program Design.** For fiscal 2020, the Committee aligned the mix of equity vehicles for Ms. Barry, Ms. Scarlett and Mr. Mohan with Mr. Joly's mix.

**Other Compensation**

**Benefits.** Our executive officers, including our NEOs, are generally offered the same employee benefits offered to all U.S.-based officers, except as summarized in the following table:

<b>Benefit</b>	<b>All Full-Time U.S.-Based Employees</b>	<b>Executive Officers</b>
Accidental Death & Dismemberment	•	•
Deferred Compensation Plan <sup>(1)</sup>		•
Employee Discount	•	•
Employee Stock Purchase Plan	•	•
Health Insurance	•	•
— Executive Physical Exam		•

Life Insurance	•	•
Long-Term Disability	•	•
— Executive Long-Term Disability		•
Retirement Savings Plan	•	•
Severance Plan	•	•
Short-Term Disability	•	•
Tax Planning and Preparation <sup>(2)</sup>		•

(1) Only officers and directors are eligible to participate in the Deferred Compensation Plan, as described in the *Compensation of Executive Officers – Nonqualified Deferred Compensation – Deferred Compensation Plan* section.

(2) Only Senior Vice Presidents and above are eligible to receive the tax planning and preparation benefit.

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We provide the executive benefits noted above to compete for executive talent and to promote the health, well-being and financial security of our NEOs. A description of executive benefits, and the costs associated with providing them for the NEOs, are reflected in the "All Other Compensation" column of the *Summary Compensation Table* as found in the *Compensation of Executive Officers* section of this proxy statement.

*Private Jet Use Policy.* In June 2018, the Audit Committee adopted a Private Jet Use Policy governing the use of private jet services by the CEO. Under the policy, only the CEO is allowed to request private jet services for business or personal travel. When requesting the jet for personal travel, the policy dictates that Mr. Joly pay the jet provider directly for those services. For flights that will be for both business and personal purposes, Mr. Joly is to reimburse the Company for any amounts that do not qualify as business expense, up to any limitations imposed by the Federal Aviation Administration.

*Severance Plan.* We have a severance plan that complies with the applicable provisions of the Employee Retirement Income Security Act ( "ERISA" ). The purpose of the severance plan is to provide financial assistance to employees while they seek other employment, in exchange for a release of any claims. Although there are differences in benefits depending on the employee's job level, the basic elements of the plan are comparable for all eligible employees. The plan generally covers all full-time and part-time U.S. employees of Best Buy Co., Inc. and Best Buy Stores, L.P. and their respective direct and indirect U.S.-domiciled subsidiaries, including the NEOs, except for those subject to a separate severance agreement or specifically excluded.

The plan covers involuntary terminations due to job elimination and discontinuation, office closing, reduction in force, business restructuring and other circumstances as we determine. Eligible terminated employees receive a severance payment based on their role and time with the Company, with basic employee benefits such as medical, dental and life insurance continued for an equivalent period. Except as modified or replaced by individual employment agreements, the NEOs (other than Mr. Joly and Ms. Barry who currently have employment agreements) are eligible for the following severance benefits: Mses. Ballard and Scarlett and Messrs. Mohan and Nelsen, at an enterprise executive vice president level, are eligible for two years of salary, a payment of \$25,000 in lieu of outplacement and other tax and financial planning assistance, and a payment of 150% of the cost of 24 months of basic employee benefits such as medical, dental and life insurance.

See *Compensation of Executive Officers - Potential Payments Upon Termination or Change-of-Control* for more information regarding potential payments following an involuntary termination and for the severance provisions of Mr. Joly's and Ms. Barry's employment agreements. Upon her departure, Ms. Ballard did not receive any severance payments.

*Executive Stock Ownership Guidelines.* The Compensation Committee has established stock ownership guidelines to promote the alignment of officer and shareholder interests and to encourage behaviors that have a positive influence on stock price appreciation and total shareholder return. Under the guidelines, we expect our NEOs to acquire ownership of a fixed number of shares, based on their positions. The stock ownership expectation generally remains effective for as long as the officer holds the position.

In addition to shares personally owned by each officer, the following forms of stock ownership count toward the ownership target:

- Equivalent shares owned in the Best Buy Stock Fund within our Retirement Savings Plan;
- 100% of non-vested shares (net of taxes) subject to time-based conditions granted under our LTI program;
- and
- 50% of the intrinsic value of vested stock options (denominated as a number of shares) granted under our LTI program.

We require that until the ownership target is met, NEOs will retain: (i) 50% of the net proceeds received from the exercise of a stock option in the form of Best Buy common stock; (ii) 50% of vested time-based restricted shares (net of taxes); and (iii) 50% of all performance share awards (net of taxes) issued. The ownership target does not need to be met within a certain time frame, and our NEOs are considered in compliance with the guidelines as long as progress towards the ownership target is being made consistent with the expectations noted above.



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In fiscal 2019, all NEOs were in compliance with the ownership guidelines. The ownership targets and ownership levels as of the end of fiscal 2019 for our continuing NEOs are shown below.

<b>Name</b>	<b>Ownership Target (in shares)</b>	<b>Ownership as of Fiscal 2019 Year-End Using Guidelines (in shares)</b>
Mr. Joly	200,000	800,660
Ms. Barry	55,000	101,729
Mr. Mohan	55,000	99,340
Mr. Nelsen	35,000	80,522
Ms. Scarlett	35,000	23,538

*Tax Deductibility of Compensation.* Until recently, Section 162(m) of the Internal Revenue Code ( Section 162(m) ) has limited the deductibility of compensation in excess of \$1 million paid to the chief executive officer and each of our three most highly compensated executive officers (other than the chief financial officer), unless the compensation qualifies as performance-based compensation. The Tax Cuts and Jobs Act of 2017 amended Section 162(m) with respect to fiscal years beginning after December 31, 2017 to remove the performance-based compensation exception and expand the scope of Section 162(m) to apply to our chief financial officer and certain other NEOs, other than in the case of certain arrangements in place as of November 2, 2017, which qualify for transition relief. The Committee has historically attempted to structure its compensation arrangements to achieve deductibility under Section 162(m) of the Internal Revenue Code, unless the benefit of such deductibility was considered by the Committee to be outweighed by the need for flexibility or the attainment of other objectives. As was the case prior to the enactment of the Tax Cuts and Jobs Act, the Committee will continue to monitor issues concerning the deductibility of executive compensation. We do not, however, make compensation decisions based solely on the availability of a deduction under Section 162(m). Accordingly, we expect that at least a portion of the compensation paid to our NEOs in excess of \$1 million per officer will be non-deductible.

For purposes of Section 162(m), we created a sub-plan under our Amended & Restated 2014 Omnibus Incentive Plan for our fiscal year ended February 2, 2019. The sub-plan sets the maximum award pool for the CEO and five other NEOs (excluding the CFO) at 7 percent of adjusted net earnings to align compensation with shareholder interests. The maximum potential individual allocations from that pool were set at 2 percent for the CEO and 1 percent for each of the three other NEOs (excluding the CFO). The Committee then used negative discretion to reduce the amounts that were potentially payable under the sub-plan award pool to equal amounts based on achievement of STI plan metrics.

*Clawback and Restrictive Covenant Provisions.* All STI and LTI awards granted to our NEOs are subject to our clawback policy. The triggers for potential recoupment of such awards include breach of the restrictive covenants in our long-term incentive award agreements, breach of our Code of Business Ethics, and issuance of a financial restatement as a result of fraud or misconduct. We also include confidentiality, non-compete, non-solicitation and, in select situations, non-disparagement provisions in our long-term incentive award agreements.

*Prohibition on Hedging and Pledging Company Securities.* We prohibit all employees, including NEOs, and members of the Board from hedging Company securities, including by way of forward contracts, equity swaps, collars, exchange funds or otherwise. In addition, our executive officers and Board members are prohibited from holding Company securities in a margin account or pledging Company securities as collateral for a loan.

## **Compensation and Human Resources Committee Report on Executive Compensation**

The Compensation Committee has reviewed and discussed the *Compensation Discussion and Analysis* with management. Based on this review and discussion, the Compensation Committee recommended to the Board that the *Compensation Discussion and Analysis* be incorporated by reference into our Annual Report on Form 10-K for the fiscal year ended February 2, 2019, and in this proxy statement.

COMPENSATION AND HUMAN RESOURCES COMMITTEE

*Russell P. Fradin (Chair)*

*Lisa M. Caputo*

*J. Patrick Doyle*

*Kathy J. Higgins Victor*

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**Compensation and Human Resources Committee Interlocks and Insider Participation**

The Compensation Committee is comprised entirely of independent directors. At no time during fiscal 2019 was any member of the Compensation Committee a current or former officer or employee of the Company or any of its subsidiaries. During fiscal 2019, no member of the Compensation Committee had a relationship that must be described pursuant to SEC disclosure rules on related party transactions. In fiscal 2019, none of our executive officers served on the board of directors or compensation committee of another company that had one or more executive officers serving on our Board or Compensation Committee.

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The table below summarizes the total compensation earned by each of our NEOs during fiscal 2019 and the two preceding fiscal years (if applicable).

Name and Principal Position	Year	Salary <sup>(1)</sup>	Stock Awards <sup>(2)(3)</sup>	Option Awards <sup>(2)</sup>	Non-Equity Incentive	All Other Compensation <sup>(5)</sup>	Total
					Plan Compensation <sup>(4)</sup>		
<b>Hubert Joly</b> <sup>(7)</sup> <i>Chairman and Chief Executive Officer</i>	2019	\$ 1,275,000	\$ 9,391,513	\$ 2,267,826	\$ 4,240,650	\$ 207,497	\$ 17,382,486
	2018	1,286,058	8,644,644	2,198,462	4,602,983	81,558 <sup>(6)</sup>	16,813,704
	2017	1,175,000	7,689,879	1,800,076	2,878,750	494,275	14,037,980
<b>Corie S. Barry</b> <i>Chief Financial Officer and Strategic Transformation Officer</i>	2019	834,615	2,997,563	—	2,078,750	8,752	5,919,680
	2018	764,423	2,008,397	—	2,057,625	8,203	4,838,648
	2017	713,462	1,689,495	—	1,184,167	14,893	3,602,017
<b>R. Michael Mohan</b> <i>Chief Operating Officer, Best Buy U.S.</i>	2019	892,308	3,547,097	—	2,224,262	30,098	6,693,765
	2018	866,346	3,012,512	—	2,331,975	22,907	6,233,740
	2017	833,654	2,895,073	—	1,531,251	55,284	5,315,262
<b>Keith J. Nelsen</b> <sup>(8)</sup> <i>General Counsel and Secretary (Former)</i>	2019	740,769	1,651,340	—	1,230,620	34,602	3,657,331
	2018	697,885	1,656,905	—	1,249,817	22,507	3,627,114
	2017	650,000	1,592,960	—	796,250	68,761	3,107,971
<b>Kamy Scarlett</b> <i>Chief Human Resources Officer and President, U.S. Retail Stores</i>	2019	684,615	899,283	1,009,116	1,444,451	165,029	4,202,494
	2018	892,308	3,547,097	—	2,224,262	41,430	6,705,097
	2017	859,616	3,012,512	—	2,309,113	24,367	6,205,608
<b>Shari L. Ballard</b> <sup>(9)</sup> <i>President, Multi-Channel Retail (Former)</i>	2019	800,000	1,930,865	—	1,470,000	62,737	4,263,602

(1) These amounts reflect actual earnings based on a blend of prior annual base salary rates and the go-forward base salary rates approved by the Compensation Committee during its annual review in March of each year, as well as

any off-cycle increases approved by the Compensation Committee during the year. Further, these amounts are before any deferrals under the Deferred Compensation Plan. We do not provide guaranteed, above-market or preferential earnings on compensation deferred under the Deferred Compensation Plan. The investment options available for notional investment of deferred compensation are similar to those available under the Retirement Savings Plan and can be found, along with additional information about deferred amounts, in the *Nonqualified Deferred Compensation* section.

(2) These amounts reflect the aggregate grant date fair value for stock-based awards granted to our NEOs for all fiscal years reflected; however, fiscal 2019 amounts are explained in greater detail under the heading *Grants of Plan-Based Awards*. The grant date fair value reflected for any award subject to performance conditions is the value at the grant date of the probable outcome of the award. The grant date fair value of an award is measured in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718, *Compensation - Stock Compensation* ( ASC Topic 718 ). The amounts reported have not been adjusted to eliminate service-based forfeiture assumptions. The other assumptions used in calculating these amounts are set forth in Note 7, *Shareholders' Equity*, of the Notes to Consolidated Financial Statements included in our Annual Report on Form 10-K for the fiscal year ended February 2, 2019.

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- The fiscal 2019 amounts reflected in this column include the probable grant date fair value of: (a) one or more restricted share awards that vest on a time-based schedule subject to achievement of positive adjusted net earnings in any fiscal year during the three-year term of the award (described in greater detail in the *Grants of Plan-Based Awards* section), and (b) one or more performance share awards that will be earned depending on the
- (3) performance of our stock's total shareholder return, relative to the S&P 500 Index, over a three-year period or depending on the compound annual growth rate of our enterprise revenue over a three-year period (also described in greater detail in the *Grants of Plan-Based Awards* section). The maximum value of the performance share awards for each NEO as of the grant date, assuming the highest level of performance, is noted in the following table:

Name	Target Performance Grant (in Shares)	Probable Grant Date Fair Value of Performance Grant (as reflected in Stock Awards Column)	Maximum Performance Grant (in Shares)	Maximum Grant Date Fair Value of Performance Grant
Mr. Joly	80,950	\$ 5,866,507	121,425	\$8,799,760
Ms. Barry	20,517	1,497,554	30,776	2,246,331
Mr. Mohan	24,278	1,772,074	36,417	2,658,110
Mr. Nelsen	11,321	826,296	16,982	1,239,444
Ms. Scarlett	6,155	449,259	9,233	673,888
Ms. Ballard	24,278	1,772,074	36,417	2,658,110

\* Multiple performance share awards for each NEO have been aggregated in the table above. For additional detail, see the *Grants of Plan-Based Awards* section.

- (4) These amounts reflect STI payments made for all fiscal years shown, except for Ms. Scarlett's fiscal 2019 amount which includes her fiscal 2019 STI payment (\$1,153,706) as well as her Canadian special award payment (\$290,745\*). The fiscal 2019 STI plan is described in the section *Compensation Discussion and Analysis – Executive Compensation Elements – Short-Term Incentive*. The Canadian special award relative to Ms. Scarlett is described in the section *Compensation Discussion and Analysis – Executive Compensation Elements – Long-Term Incentive*.

Ms. Scarlett's Canadian special award payment is reflected in USD using a rate of 1.3095 CAD per USD,

\* which was the USD:CAD exchange rate as determined by the Board of Governors of the Federal Reserve Bank of New York for February 1, 2019 (the last business day of fiscal 2019).

- (5) The fiscal 2019 amounts reflected in this column include All Other Compensation as described in the following table:

Name	Retirement Plan Contribution <sup>(a)</sup>	Life Insurance Premiums <sup>(b)</sup>	Other	Total
Mr. Joly	\$ 11,000	\$ 492	\$ 196,005 <sup>(c)</sup>	\$ 207,497
Ms. Barry	8,260	492	— <sup>(d)</sup>	8,752
Mr. Mohan	11,154	492	18,452 <sup>(e)</sup>	30,098
Mr. Nelsen	10,077	492	24,033 <sup>(f)</sup>	34,602
Ms. Scarlett	11,615	345	153,069 <sup>(g)</sup>	165,029
Ms. Ballard	11,481	492	29,457 <sup>(h)</sup>	41,430

(a) These amounts reflect our matching contributions to the NEOs' Retirement Savings Plan accounts.

(b) These amounts reflect premiums paid by us for group term life insurance coverage.

(c) The amount reflects premiums paid by us for supplemental executive long-term disability insurance

(\$63,215), the cost of an executive physical and the incremental cost of Mr. Joly's use of private jet services for travel to outside board meetings (\$129,763).

The Company considers travel to outside board meetings to be business-related as part of Mr. Joly's professional development as determined by our Board, and therefore, Mr. Joly is not required to reimburse the Company for those flights. Nevertheless, the incremental cost to the Company of those flights is being reported here and includes the lease cost and other variable charges.

- (d) Any perquisites and other benefits provided to Ms. Barry for fiscal 2019 were less than \$10,000 and information regarding any such perquisites or other personal benefits has therefore not been included.
  - (e) The amount reflects premiums paid by us for supplemental executive long-term disability insurance (\$16,512) and company-paid tax preparation and planning services (\$1,940).
  - (f) The amount reflects premiums paid by us for supplemental executive long-term disability insurance (\$20,000) and the cost of an executive physical (\$4,033).  
The amount reflects premiums paid by us for supplemental executive long-term disability insurance and benefits provided as part of Ms. Scarlett's relocation from Canada to the United States, including
  - (g) company-paid estate planning services, tax gross-ups on the estate planning services (\$2,850), company-paid tax preparation and planning services (\$47,377), tax gross-ups on the tax preparation and planning services (\$39,713), tax equalization payments made on Ms. Scarlett's behalf to cover incremental taxes (\$26,263), tax gross-ups on the tax equalization payments (\$22,015) and company-paid green card expenses.
  - (h) The amount reflects premiums paid by us for supplemental executive long-term disability insurance.
- Mr. Joly's All Other Compensation total for fiscal 2018 has been amended to include the incremental cost of Mr. Joly's use of private jet services for travel to outside board meetings in fiscal 2018 (\$53,251), which had been inadvertently excluded.
- (6) On June 11, 2019, Mr. Joly will step down from his role as our CEO and transition to the role of Executive Chairman.
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- (8) On April 12, 2019, Mr. Nelsen stepped down from his role as General Counsel and Secretary and transitioned into an advisory capacity with the Company.
- (9) During fiscal 2019, Ms. Ballard stepped down from her role as President, Multi-Channel Retail and transitioned into an advisory capacity with the Company.

**Grants of Plan-Based Awards**

The table below summarizes the grants made to each of our NEOs during fiscal 2019 under the 2014 Omnibus Incentive Plan and the Short-Term Incentive Plan:

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards <sup>(1)</sup>			Estimated Future Payouts Under Equity Incentive Plan Awards			All Other Option Awards: Number of Securities Underlying Options (#)	Exercise or Base Price of Option Awards (\$ / Sh)	Grant Date Fair Value of Stock and Option Awards (\$) <sup>(2)</sup>	
		Threshold (\$)	Target (\$)	Maximum (\$)	Threshold (#)	Target (#)	Maximum (#)				
		—	\$ 510,000	\$ 2,550,000	\$ 5,100,000	—	—	—	—\$	—\$	
Mr. Tolly <sup>(3)</sup>	3/12/2018 <sup>(4)</sup>	—	—	—	—	—	—	—	103,981	71.52	2,267,826
	3/12/2018 <sup>(5)</sup>	—	—	—	—	49,287	49,287	—	—	—	3,525,006
	3/12/2018 <sup>(6)</sup>	—	—	—	19,939	39,877	59,816	—	—	—	2,928,966
	3/12/2018 <sup>(7)</sup>	—	—	—	20,537	41,073	61,610	—	—	—	2,937,541
		—	250,000	1,250,000	2,500,000	—	—	—	—	—	—
Ms. Barry	3/12/2018 <sup>(8)</sup>	—	—	—	—	20,819	20,819	—	—	—	1,500,009
	3/12/2018 <sup>(6)</sup>	—	—	—	5,054	10,107	15,161	—	—	—	747,514
	3/12/2018 <sup>(7)</sup>	—	—	—	5,205	10,410	15,615	—	—	—	750,041
		—	267,000	1,337,500	2,675,000	—	—	—	—	—	—
Mr. Mohan	3/12/2018 <sup>(8)</sup>	—	—	—	—	24,636	24,636	—	—	—	1,775,024
	3/12/2018 <sup>(6)</sup>	—	—	—	5,980	11,960	17,940	—	—	—	884,562
	3/12/2018 <sup>(7)</sup>	—	—	—	6,159	12,318	18,477	—	—	—	887,512
		—	148,000	740,000	1,480,000	—	—	—	—	—	—
Mr. Nelsen	3/12/2018 <sup>(8)</sup>	—	—	—	—	11,451	11,451	—	—	—	825,045
	3/12/2018 <sup>(6)</sup>	—	—	—	2,780	5,559	8,339	—	—	—	411,144
	3/12/2018 <sup>(7)</sup>	—	—	—	2,881	5,762	8,643	—	—	—	415,152
		—	138,750	693,750	1,387,500	—	—	—	—	—	—
Ms. Carlett	3/12/2018 <sup>(8)</sup>	—	—	—	—	6,246	6,246	—	—	—	450,024
	3/12/2018 <sup>(6)</sup>	—	—	—	1,516	3,032	4,548	—	—	—	224,247
	3/12/2018 <sup>(7)</sup>	—	—	—	1,562	3,123	4,685	—	—	—	225,012
	1/24/2019 <sup>(9)</sup>	—	—	—	—	—	—	—	57,109	57.60	1,009,116
		—	267,500	1,337,500	2,675,000	—	—	—	—	—	—
Ms. Ballard	3/12/2018 <sup>(8)</sup>	—	—	—	—	24,636	24,636	—	—	—	1,775,024
	3/12/2018 <sup>(6)</sup>	—	—	—	5,980	11,960	17,940	—	—	—	884,562



3/12/2018 <sup>(7)</sup>	—	—	—	6,159	12,318	18,477	—	—	887,512
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These amounts reflect the potential threshold, target and maximum payout for each NEO under our fiscal 2019 STI, which is described in greater detail under the heading *Compensation Discussion and Analysis – Executive*

- (1) *Compensation Elements – Short-Term Incentive*. The actual payout to each NEO for fiscal 2019 is provided in the following sections: *Compensation Discussion and Analysis – Executive Compensation Elements – Short-Term Incentive* and the *Summary Compensation Table*.

These amounts reflect the aggregate grant date fair value, measured in accordance with ASC Topic 718. The amounts reported have not been adjusted to eliminate service-based forfeiture assumptions. The other

- (2) assumptions used in calculating these amounts are set forth in Note 7, *Shareholders' Equity*, of the Notes to the Consolidated Financial Statements included in our Annual Report on Form 10-K for the fiscal year ended February 2, 2019. The value reflected for any performance-conditioned award is the value at the grant date based upon the probable outcome of the award – see footnote (3) to the *Summary Compensation Table*.

Mr. Joly will meet the age and service conditions for qualified retirement, as defined in our award agreements, in August 2019, prior to the second scheduled vesting of his fiscal 2019 time-based awards and prior to the end of

- (3) the performance period for his fiscal 2019 performance share awards. The effect of qualified retirement on all of our outstanding equity awards is discussed in the *Potential Payments Upon Termination or Change-of-Control* section.

The amounts reflect nonqualified stock options, as discussed under the heading *Compensation Discussion and Analysis – Executive Compensation Elements – Long-Term Incentive*, that have a term of ten years and become

- (4) exercisable in three equal installments of one-third on each of the first three anniversaries of the grant date provided the NEO has been continually employed with us through those dates. The option exercise price is equal to the closing price of our common stock on the grant date, as quoted on the NYSE.

The amounts reflect performance-conditioned time-based restricted stock units, as discussed under the heading

- (5) *Compensation Discussion and Analysis – Executive Compensation Elements – Long-Term Incentive*, which will vest in three equal installments of one-third on each of

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the first three anniversaries of the grant date, provided the NEO has been continually employed with us through those dates and provided that we have achieved positive adjusted net earnings as of the end of any fiscal year during the three-year term of the award. The NEO is also entitled to an accrual of dividend equivalents, equal to the cash amount that would have been payable on the number of restricted stock units held by them as of the close of business on the record date for each declared dividend, which shall be credited to them as the equivalent amount of shares that could have been purchased as of the close of business on the dividend payment date. The accrued dividend equivalents will be payable when the restricted stock units on which such dividend equivalents were credited have become earned, vested and payable.

(6) The amounts reflect performance share awards, as discussed under the heading *Compensation Discussion and Analysis – Executive Compensation Elements – Long-Term Incentive*, that, if earned, will vest at or between the threshold (50% of target) and maximum (150% of target) levels depending on the performance of our stock's total shareholder return, relative to the S&P 500 Index, over the 36-month period commencing on February 4, 2018, and ending on January 30, 2021. The NEO is also entitled to an accrual of dividend equivalents, equal to the cash amount that would have been payable on the number of performance shares held by them as of the close of business on the record date for each declared dividend, which shall be credited to them as the equivalent amount of shares that could have been purchased as of the close of business on the dividend payment date. The accrued dividend equivalents will be payable when the performance shares on which such dividend equivalents were credited have become earned, vested and payable.

(7) The amounts reflect performance share awards, as discussed under the heading *Compensation Discussion and Analysis – Executive Compensation Elements – Long-Term Incentive*, that, if earned, will vest at or between the threshold (50% of target) and maximum (150% of target) levels depending on the compound annual growth rate of our enterprise revenue, over the 36-month period commencing on February 4, 2018, and ending on January 30, 2021. The NEO is also entitled to an accrual of dividend equivalents, equal to the cash amount that would have been payable on the number of performance shares held by them as of the close of business on the record date for each declared dividend, which shall be credited to them as the equivalent amount of shares that could have been purchased as of the close of business on the dividend payment date. The accrued dividend equivalents will be payable when the performance shares on which such dividend equivalents were credited have become earned, vested and payable.

(8) The amounts reflect performance-conditioned time-based restricted shares, as discussed under the heading *Compensation Discussion and Analysis – Executive Compensation Elements – Long-Term Incentive*, which will vest in three equal installments of one-third on each of the first three anniversaries of the grant date, provided the NEO has been continually employed with us through those dates and provided that we have achieved positive adjusted net earnings as of the end of any fiscal year during the three-year term of the award. The NEO is also entitled to an accrual of dividend equivalents, equal to the cash amount that would have been payable on the number of restricted shares held by them as of the close of business on the record date for each declared dividend, which shall be credited to them as the equivalent amount of shares that could have been purchased as of the close of business on the dividend payment date. The accrued dividend equivalents will be payable when the restricted shares on which such dividend equivalents were credited have become earned, vested and payable.

(9) The amounts reflect nonqualified stock options, as discussed under the heading *Compensation Discussion and Analysis – Executive Compensation Elements – Long-Term Incentive*, that have a term of ten years and become exercisable on the fourth anniversary of the grant date, provided the NEO has been continually employed with us through that date. The option exercise price is equal to the closing price of our common stock on the grant date, as quoted on the NYSE.

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The following table provides a summary of the NEO s equity-based awards outstanding as of the end of fiscal 2019:

Name	Option Awards					Stock Awards			
	Grant Date <sup>(1)</sup>	Number of Securities Underlying Unexercised Options Exercisable (#)	Number of Securities Underlying Unexercised Options Unexercisable (#)	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$) <sup>(2)</sup>	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$) <sup>(2)</sup>
Mr. Joly <sup>(3)</sup>	3/13/2018		103,981 <sup>(4)</sup>	\$ 71.52	3/12/2028	50,644 <sup>(5)</sup>	\$ 2,961,155	21,037 <sup>(6)</sup>	\$ 1,230,004
	3/13/2018							62,742 <sup>(7)</sup>	3,668,496
	3/13/2017	58,532	117,064 <sup>(4)</sup>	44.85	3/12/2027	50,889 <sup>(8)</sup>	2,975,480	97,277 <sup>(9)</sup>	5,687,757
	3/13/2017							98,342 <sup>(10)</sup>	5,750,028
	3/15/2016	149,260	74,630 <sup>(4)</sup>	31.79	3/14/2026	33,113 <sup>(11)</sup>	1,936,117	234,984 <sup>(12)</sup>	13,739,514
	3/12/2015	158,445		40.85	3/11/2025				
	8/18/2014	183,990		29.91	8/17/2024				
	4/16/2013	250,358		23.66	4/15/2023				
	9/4/2012	350,468		18.02	9/3/2022				
	3/12/2018					21,393 <sup>(13)</sup>	1,250,849	5,334 <sup>(14)</sup>	311,850
	3/12/2018							15,903 <sup>(15)</sup>	929,848
	3/13/2017					15,780 <sup>(16)</sup>	922,657	18,099 <sup>(9)</sup>	1,058,249
	3/13/2017							18,297 <sup>(10)</sup>	1,069,826
3/15/2016					9,658 <sup>(11)</sup>	564,703	41,123 <sup>(12)</sup>	2,404,433	
Ms. Barry	10/1/2015	33,253		37.16	9/30/2025				
	3/12/2015	12,293		40.85	3/11/2025				
	8/18/2014	14,730		29.91	8/17/2024				
	6/19/2013	3,246		27.66	6/18/2023				
	4/16/2013	3,243		23.66	4/15/2023				
	1/21/2011	2,125		35.67	1/12/2021				
	9/20/2010	2,125		38.32	9/20/2020				
	6/23/2010	463		36.63	6/23/2020				
	4/7/2010	523		44.20	4/7/2020				
1/13/2010	523		39.73	1/13/2020					

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	9/17/2009	523	37.59	9/17/2019				
<b>Mr. Mohan</b>	3/12/2018				25,316 <sup>(17)</sup>	1,480,227	6,311 <sup>(18)</sup>	369,004
	3/12/2018						18,817 <sup>(19)</sup>	1,100,230
	3/13/2017				23,670 <sup>(16)</sup>	1,383,985	27,147 <sup>(9)</sup>	1,587,285
	3/13/2017						27,444 <sup>(10)</sup>	1,604,651
	5/24/2016				5,743 <sup>(11)</sup>	335,793	24,453 <sup>(12)</sup>	1,429,767
	3/15/2016				11,038 <sup>(11)</sup>	645,392	46,998 <sup>(12)</sup>	2,747,973
	3/12/2018				11,769 <sup>(20)</sup>	688,133	2,936 <sup>(21)</sup>	171,639
<b>Mr. Nelsen</b>	3/12/2018						8,749 <sup>(22)</sup>	511,554
	3/13/2017				13,018 <sup>(16)</sup>	761,162	14,931 <sup>(9)</sup>	873,016
	3/13/2017						15,095 <sup>(10)</sup>	882,575
	3/15/2016				9,106 <sup>(11)</sup>	532,428	38,774 <sup>(12)</sup>	2,267,087
	1/24/2019	57,109 <sup>(23)</sup>	57.60	1/23/2029				
<b>Ms. Scarlett</b>	3/12/2018				6,420 <sup>(24)</sup>	375,377	1,602 <sup>(25)</sup>	93,669
	3/12/2018						4,773 <sup>(26)</sup>	279,048
	6/1/2017				5,481 <sup>(16)</sup>	320,474	6,288 <sup>(9)</sup>	367,659
	6/1/2017						6,357 <sup>(10)</sup>	371,694
	3/13/2017				4,546 <sup>(27)</sup>	265,805	5,214 <sup>(10)</sup>	304,863
	3/14/2016				3,420 <sup>(27)</sup>	199,967	7,280 <sup>(12)</sup>	425,632
	3/12/2015	4,098	40.85	3/11/2025				
<b>Ms. Ballard</b>	3/12/2018				25,316 <sup>(17)</sup>	1,480,227	6,311 <sup>(18)</sup>	369,004
	3/12/2018						18,817 <sup>(19)</sup>	1,100,230
	3/13/2017				23,670 <sup>(16)</sup>	1,383,985	27,147 <sup>(9)</sup>	1,587,285
	3/13/2017						27,444 <sup>(10)</sup>	1,604,651
	3/15/2016				11,038 <sup>(11)</sup>	645,392	46,998 <sup>(12)</sup>	2,747,973

(1) For a better understanding of the equity-based awards included in this table, we have provided the grant date of each award.

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- (2) These amounts were determined based on the closing price of Best Buy common stock on the NYSE of \$58.47 on February 1, 2019, the last trading day in fiscal 2019.
- Mr. Joly will meet the age and service conditions for qualified retirement, as defined in our award agreements, in August 2019, which is during the term of his fiscal 2018 and fiscal 2019 time-based awards and prior to the end of the performance period for his fiscal 2018 and fiscal 2019 performance share awards (see awards with March 13, 2017, and March 13, 2018, grant dates). The effect of qualified retirement on all of our outstanding equity awards is discussed in the *Potential Payments Upon Termination or Change-of-Control* section.
- (3) The amount reflects nonqualified stock options that become exercisable over a three-year period at the rate of one-third per year, beginning one year from the grant date, provided Mr. Joly has been continually employed with us through those dates.
- (4) The amount reflects performance-conditioned time-based restricted stock units (49,287 restricted stock units remaining from the original grant and 1,357 restricted stock units accrued as dividend equivalents) that vest over a three-year period at the rate of one-third per year, beginning one year from the grant date, provided Mr. Joly has been continually employed with us through those dates and provided that we have achieved positive adjusted net earnings as of the end of any fiscal year during the three-year term of the award (the Performance Condition). The Performance Condition was achieved as of the end of fiscal 2019.
- (5) The amount reflects an outstanding performance share award assuming a threshold payout (50% of the target grant, or 19,938 shares) plus accrued dividend equivalents as of fiscal year-end (1,098 shares). The number of shares ultimately earned will be based on the performance of our stock's total shareholder return, relative to the S&P 500 Index, over the 36-month period commencing on February 4, 2018, and ending on January 30, 2021. As of the end of fiscal 2019, performance was below the threshold payout level for these shares. Dividend equivalent shares accrue assuming a target payout and are adjusted and issued at the end of the performance period based on actual performance.
- (6) The amount reflects an outstanding performance share award assuming a maximum payout (150% of the target grant, or 61,610 shares) plus accrued dividend equivalents as of fiscal year-end (1,132 shares). The number of shares ultimately earned will be based on the compound annual growth rate of our enterprise revenue, over the 36-month period commencing on February 4, 2018, and ending on January 30, 2021. As of the end of fiscal 2019, performance was at the maximum payout level for these shares. Dividend equivalent shares accrue assuming a target payout and are adjusted and issued at the end of the performance period based on actual performance.
- (7) The amount reflects performance-conditioned time-based restricted stock units that vest over a three-year period at the rate of one-third per year, beginning one year from the grant date, provided Mr. Joly has been continually employed with us through those dates and provided that we have achieved the Performance Condition. The Performance Condition was achieved as of the end of fiscal 2018.
- (8) The amount reflects an outstanding performance share award assuming a maximum payout (150% of the target grant). The number of shares ultimately earned will be based on the performance of our stock's total shareholder return, relative to the S&P 500 Index, over the 36-month period commencing on January 29, 2017, and ending on February 1, 2020. As of the end of fiscal 2019, performance was at the maximum payout level for these shares.
- (9) The amount reflects an outstanding performance share award assuming a maximum payout (150% of the target grant). The number of shares ultimately earned will be based on the compound annual growth rate of our enterprise revenue, over the 36-month period commencing on January 29, 2017, and ending on February 1, 2020. As of the end of fiscal 2019, performance was at the maximum payout level for these shares.
- (10) The amount reflects performance-conditioned time-based restricted shares that vest over a three-year period at the rate of one-third per year, beginning one year from the grant date, provided the NEO has been continually employed with us through those dates and provided that we have achieved the Performance Condition. The Performance Condition was achieved as of the end of fiscal 2017.
- (11) The amount reflects an outstanding performance share award assuming a maximum payout (150% of the target grant). The number of shares ultimately earned will be based on the performance of our stock's total shareholder return, relative to the S&P 500 Index, over the 36-month period commencing on March 1, 2016, and ending on February 28, 2019. As of the end of fiscal 2019, performance was at the maximum payout level for these shares.
- (12)

The amount reflects performance-conditioned time-based restricted shares (20,819 restricted shares remaining from the original grant and 574 restricted shares accrued as dividend equivalents) that vest over a three-year (13) period at the rate of one-third per year, beginning one year from the grant date, provided Ms. Barry has been continually employed with us through those dates and provided that we have achieved the Performance Condition. The Performance Condition was achieved as of the end of fiscal 2019.

The amount reflects an outstanding performance share award assuming a threshold payout (50% of the target grant, or 5,053 shares) plus accrued dividend equivalents as of fiscal year-end (280 shares). The number of shares ultimately earned will be based on the performance of our stock's total shareholder return, relative to the S&P 500 (14) Index, over the 36-month period commencing on February 4, 2018, and ending on January 30, 2021. As of the end of fiscal 2019, performance was below the threshold payout level for these shares. Dividend equivalent shares accrue assuming a target payout and are adjusted and issued at the end of the performance period based on actual performance.

The amount reflects an outstanding performance share award assuming a maximum payout (150% of the target grant, or 15,615 shares) plus accrued dividend equivalents as of fiscal year-end (288 shares). The number of (15) shares ultimately earned will be based on the compound annual growth rate of our enterprise revenue, over the 36-month period commencing on February 4, 2018, and ending on January 30, 2021. As of the end of fiscal 2019, performance was at the maximum payout level for these shares. Dividend equivalent shares accrue assuming a target payout and are adjusted and issued at the end of the performance period based on actual performance.

The amount reflects performance-conditioned time-based restricted shares that vest over a three-year period at the (16) rate of one-third per year, beginning one year from the grant date, provided the NEO has been continually employed with us through those dates and provided that we have achieved the Performance Condition. The Performance Condition was achieved as of the end of fiscal 2018.

The amount reflects performance-conditioned time-based restricted shares (24,636 restricted shares remaining from the original grant and 680 restricted shares accrued as dividend equivalents) that vest over a three-year (17) period at the rate of one-third per year, beginning one year from the grant date, provided the NEO has been continually employed with us through those dates and provided that we have achieved the Performance Condition. The Performance Condition was achieved as of the end of fiscal 2019.

The amount reflects an outstanding performance share award assuming a threshold payout (50% of the target grant, or 5,980 shares) plus accrued dividend equivalents as of fiscal year-end (331 shares). The number of shares ultimately earned will be based on the performance of our stock's total shareholder return, relative to the S&P 500 (18) Index, over the 36-month period commencing on February 4, 2018, and ending on January 30, 2021. As of the end of fiscal 2019, performance was below the threshold payout level for these shares. Dividend equivalent shares accrue assuming a target payout and are adjusted and issued at the end of the performance period based on actual performance.

The amount reflects an outstanding performance share award assuming a maximum payout (150% of the target (19) grant, or 18,477 shares) plus accrued dividend equivalents as of fiscal year-end (340 shares). The number of shares ultimately earned will be based on the compound

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annual growth rate of our enterprise revenue, over the 36-month period commencing on February 4, 2018, and ending on January 30, 2021. As of the end of fiscal 2019, performance was at the maximum payout level for these shares. Dividend equivalent shares accrue assuming a target payout and are adjusted and issued at the end of the performance period based on actual performance.

The amount reflects performance-conditioned time-based restricted shares (11,451 restricted shares remaining from the original grant and 318 restricted shares accrued as dividend equivalents) that vest over a three-year (20) period at the rate of one-third per year, beginning one year from the grant date, provided Mr. Nelsen has been continually employed with us through those dates and provided that we have achieved the Performance Condition. The Performance Condition was achieved as of the end of fiscal 2019.

The amount reflects an outstanding performance share award assuming a threshold payout (50% of the target grant, or 2,780 shares) plus accrued dividend equivalents as of fiscal year-end (156 shares). The number of shares ultimately earned will be based on the performance of our stock's total shareholder return, relative to the S&P 500 (21) Index, over the 36-month period commencing on February 4, 2018, and ending on January 30, 2021. As of the end of fiscal 2019, performance was below the threshold payout level for these shares. Dividend equivalent shares accrue assuming a target payout and are adjusted and issued at the end of the performance period based on actual performance.

The amount reflects an outstanding performance share award assuming a maximum payout (150% of the target grant, or 8,589 shares) plus accrued dividend equivalents as of fiscal year-end (160 shares). The number of shares ultimately earned will be based on the compound annual growth rate of our enterprise revenue, over the 36-month (22) period commencing on February 4, 2018, and ending on January 30, 2021. As of the end of fiscal 2019, performance was at the maximum payout level for these shares. Dividend equivalent shares accrue assuming a target payout and are adjusted and issued at the end of the performance period based on actual performance.

The amount represents nonqualified stock options that will become exercisable on the fourth anniversary of the (23) grant date, provided Ms. Scarlett has been continually employed with us through that date.

The amount reflects performance-conditioned time-based restricted shares (6,246 restricted shares remaining from the original grant and 174 restricted shares accrued as dividend equivalents) that vest over a three-year (24) period at the rate of one-third per year, beginning one year from the grant date, provided Ms. Scarlett has been continually employed with us through those dates and provided that we have achieved the Performance Condition. The Performance Condition was achieved as of the end of fiscal 2019.

The amount reflects an outstanding performance share award assuming a threshold payout (50% of the target grant, or 1,516 shares) plus accrued dividend equivalents as of fiscal year-end (86 shares). The number of shares ultimately earned will be based on the performance of our stock's total shareholder return, relative to the S&P 500 (25) Index, over the 36-month period commencing on February 4, 2018, and ending on January 30, 2021. As of the end of fiscal 2019, performance was below the threshold payout level for these shares. Dividend equivalent shares accrue assuming a target payout and are adjusted and issued at the end of the performance period based on actual performance.

The amount reflects an outstanding performance share award assuming a maximum payout (150% of the target grant, or 4,684 shares) plus accrued dividend equivalents as of fiscal year-end (88 shares). The number of shares ultimately earned will be based on the compound annual growth rate of our enterprise revenue, over the 36-month (26) period commencing on February 4, 2018, and ending on January 30, 2021. As of the end of fiscal 2019, performance was at the maximum payout level for these shares. Dividend equivalent shares accrue assuming a target payout and are adjusted and issued at the end of the performance period based on actual performance.

The amount reflects time-based restricted stock units that vest over a three-year period at the rate of one-third per (27) year, beginning one year from the grant date, provided Ms. Scarlett has been continually employed with us through those dates.

**Option Exercises and Stock Vested**

The table below provides a summary of the value realized in connection with stock option awards exercised and stock awards vested for our NEOs during fiscal 2019.

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise <sup>(1)</sup> (\$)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting <sup>(2)</sup> (\$)
Mr. Joly	—	\$ —	261,832 <sup>(3)</sup>	\$ 18,780,319
Ms. Barry	3,700 <sup>(4)</sup>	129,093	45,775 <sup>(5)</sup>	3,327,187
Mr. Mohan	38,048 <sup>(6)</sup>	1,332,746	58,006 <sup>(7)</sup>	4,142,724
Mr. Nelsen	14,524 <sup>(8)</sup>	573,442	39,863 <sup>(9)</sup>	2,849,101
Ms. Scarlett	—	—	15,842 <sup>(10)</sup>	1,098,151
Ms. Ballard	35,210 <sup>(11)</sup>	995,355	81,653 <sup>(12)</sup>	5,853,094

(1) Value based on market value of Best Buy common stock at the time of exercise, minus the exercise cost.

(2) Value based on the closing market price of Best Buy common stock on the vesting date.

(3) The amount represents:

- (a) the vesting of restricted shares granted under our LTI program: 25,714 shares that were granted on March 12, 2015, which vested on March 12, 2018; 25,445 shares that were granted on March 13, 2017, which vested on March 13, 2018; and 33,112 shares that were granted on March 15, 2016, which vested on March 14, 2018; and
- (b) the shares (177,561) acquired upon the vesting and settlement of a performance share award which was granted on March 12, 2015, and was based on the performance of our stock's total shareholder return, relative to the S&P 500 Index, over a 36-month period which ended on February 28, 2018.



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On August 3, 2018, 3,700 stock options held by Ms. Barry auto-exercised on their expiration date. The options (4) had an exercise price of \$41.19 and were exercised when the market price of a share of Best Buy common stock was \$76.08.

(5) The amount represents:

- (a) the vesting of restricted shares granted under our LTI program: 1,330 shares that were granted on March 12, 2015, which vested on March 12, 2018; 7,890 shares that were granted on March 13, 2017, which vested on March 13, 2018; 9,658 shares that were granted on March 15, 2016, which vested on March 14, 2018; and 6,480 shares that were granted on October 1, 2015, which vested on October 1, 2018;
- (b) the shares (5,511) acquired upon the vesting and settlement of a performance share award which was granted on March 12, 2015, and was based on the performance of our stock's total shareholder return, relative to the S&P 500 Index, over a 36-month period which ended on February 28, 2018; and
- (c) the shares (14,906) acquired upon the vesting and settlement of a performance share award which was granted on October 1, 2015, and was based on the performance of our stock's total shareholder return, relative to the S&P 500 Index, over a 36-month period which ended on September 30, 2018.

On March 16, 2018, Mr. Mohan exercised options to purchase 17,605 shares at an exercise price of \$40.85 and (6) 20,443 shares at an exercise price of \$29.91. These options were exercised when the market price of a share of Best Buy common stock was \$70.00.

(7) The amount represents:

- (a) the vesting of restricted shares granted under our LTI program: 5,715 shares that were granted on March 12, 2015, which vested on March 12, 2018; 11,835 shares that were granted on March 13, 2017, which vested on March 13, 2018; 11,038 shares that were granted on March 15, 2016, which vested on March 14, 2018; and 5,743 shares that were granted on May 24, 2016, which vested on May 24, 2018; and
  - (b) the shares (23,675) acquired upon the vesting and settlement of a performance share award which was granted on March 12, 2015, and was based on the performance of our stock's total shareholder return, relative to the S&P 500 Index, over a 36-month period which ended on February 28, 2018.
- (8) On September 4, 2018, Mr. Nelsen exercised options to purchase 14,524 shares at an exercise price of \$40.85. These options were exercised when the market price of a share of Best Buy common stock was \$80.33.

(9) The amount represents:

- (a) the vesting of restricted shares granted under our LTI program: 4,715 shares that were granted on March 12, 2015, which vested on March 12, 2018; 6,510 shares that were granted on March 13, 2017, which vested on March 13, 2018; and 9,106 shares that were granted on March 15, 2016, which vested on March 14, 2018; and
- (b) the shares (19,532) acquired upon the vesting and settlement of a performance share award which was granted on March 12, 2015, and was based on the performance of our stock's total shareholder return, relative to the S&P 500 Index, over a 36-month period which ended on February 28, 2018.

(10) The amount represents:

- (a) the vesting of restricted shares granted under our LTI program: 1,235 shares that were granted on March 12, 2015, which vested on March 12, 2018; 2,273 shares that were granted on March 13, 2017, which vested on March 13, 2018; 3,419 shares that were granted on March 15, 2016, which vested on March 14, 2018; and 2,741 shares that were granted on June 1, 2017, which vested on June 1, 2018; and
- (b) the shares (5,814) acquired upon the vesting and settlement of a performance share award which was granted on March 12, 2015, and was based on the performance of our stock's total shareholder return, relative to the S&P 500 Index, over a 36-month period which ended on February 28, 2018.

On March 20, 2018, Ms. Ballard exercised options to purchase 35,210 shares at an exercise price of \$40.85. (11) These options were exercised when the market price of a share of Best Buy common stock ranged from \$68.85 to \$69.39.

(12) The amount represents:

- (a) the vesting of restricted shares granted under our LTI program: 11,430 shares that were granted on March 12, 2015, which vested on March 12, 2018; 11,835 shares that were granted on March 13, 2017, which vested on

March 13, 2018; and 11,038 shares that were granted on March 15, 2016, which vested on March 14, 2018; and  
the shares (47,350) acquired upon the vesting and settlement of a performance share award which was  
(b) granted on March 12, 2015, and was based on the performance of our stock's total shareholder return, relative to the S&P 500 Index, over a 36-month period which ended on February 28, 2018.

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The following table shows the account balances at February 2, 2019, and the contributions and earnings during fiscal 2019, for participating NEOs under the Best Buy Sixth Amended and Restated Deferred Compensation Plan ( Deferred Compensation Plan ), which is described in greater detail below the table. The table also includes the value of restricted stock units granted to Mr. Joly in 2012 that have vested but, as of the end of fiscal 2019, have not been issued as shares pursuant to the terms of his employment arrangement with the Company, as disclosed on the Current Report on Form 8-K filed by the Company on August 21, 2012. Such restricted stock units were part of the equity granted to Mr. Joly to compensate him for certain forfeitures he incurred upon termination of his employment with his former employer.

Name	Executive Contributions in Last Fiscal Year	Registrant Contributions in Last Fiscal Year	Aggregate Earnings (Losses) in Last Fiscal Year	Aggregate Withdrawals/ Distributions	Aggregate Balance at Last Fiscal Year End
Mr. Joly	\$ —	\$ —	\$ 723,439 <sup>(1)</sup>	\$ —	\$ 23,921,013 <sup>(2)</sup>
Ms. Barry	—	—	—	—	—
Mr. Mohan	—	—	(2,901 )	—	179,040 <sup>(3)</sup>
Mr. Nelsen	—	—	—	—	—
Ms. Scarlett	—	—	—	—	—
Ms. Ballard	—	—	(44,232 )	—	2,447,450 <sup>(4)</sup>

(1) This amount reflects the value of the dividend equivalents earned by Mr. Joly (10,948 dividend equivalent units) relative to his September 4, 2012, restricted stock unit award. The 10,948 units are payable to Mr. Joly in the form of shares of our common stock (one share per unit). The shares will be issued to Mr. Joly within six months following his separation from the Company.

(2) This amount reflects the end of fiscal year value of all vested restricted stock units and related dividend equivalents from Mr. Joly's September 4, 2012, restricted stock unit award (in total, 332,964 units and 76,152 dividend equivalent units), calculated based on the closing price of our common stock (\$58.47) as quoted on the NYSE on February 1, 2019, the last business day in fiscal 2019. Of this amount, \$5,051,064 has been previously reported in the Stock Awards column of the *Summary Compensation Table*.

(3) No portion of this amount has been previously reported in the *Summary Compensation Table*.

(4) This amount includes \$859,369 that has previously been reported as either Salary or Non-Equity Incentive Plan Compensation in the *Summary Compensation Table*.

*Deferred Compensation Plan*. The Company's Deferred Compensation Plan is unfunded and unsecured. We believe the plan provides a tax-deferred retirement savings vehicle that plays an important role in attracting and retaining executive talent. The Deferred Compensation Plan allows highly compensated employees, including the NEOs, to defer:

- Up to 75% of base salary; and
- Up to 100% of a cash bonus (earned and paid in the same year) and short-term incentive compensation (earned and paid in different years), as applicable.

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Amounts deferred under and contributed to the Deferred Compensation Plan are credited or charged with the performance of investment options selected by the participants. The investment options are notional and do not represent actual investments, but rather serve as a measurement of performance. The options available under the Deferred Compensation Plan and their one-year annualized average rates of return as of the end of fiscal 2019 were as follows:

<b>Investment</b>	<b>Rate of Return<sup>(1)</sup></b>
NVIT Money Market	1.54%
PIMCO VIT Total Return	1.81%
PIMCO VIT High-Yield Bond	1.65%
Fidelity VIP Balanced-Service Class	(1.99)%
Vanguard VIF Equity Income	(3.88)%
Vanguard VIF Equity Index	(2.44)%
T. Rowe Price Blue Chip Growth	2.35%
Franklin VIPT Small Cap Value Securities	(5.25)%
Vanguard VIF Small Company Growth	(1.19)%
Vanguard VIF International	(13.15)%

(1) Rate of return is net of investment management fees, fund expenses or administrative charges, as applicable. Participants who elect to defer compensation under the Deferred Compensation Plan also select when the deferred amounts will be distributed to them. Distributions may be made in a specific year, or at a specified time that begins on or after the participant's retirement. Distributions are paid in a lump sum or in quarterly installments, depending on the participant's election at the time of deferral. However, if a participant's employment ends prior to retirement, a distribution is made promptly in a lump sum or in quarterly installments, depending on their initial election and account balance.

We do not provide employer-matching contributions for amounts deferred under the plan. Participants are fully vested in their contributions.

**Potential Payments Upon Termination or Change-of-Control**

Upon termination of employment or in the event the Company experiences a change-of-control, our NEOs may be eligible to receive certain payments and their outstanding equity awards may be impacted. Following is a summary of the effects of various termination and change-of-control scenarios for each form of compensation, including a quantitative disclosure of the estimated payments and realizable value for each scenario assuming an effective date of February 2, 2019, the end of fiscal 2019, for each NEO with the exception of Ms. Ballard. Ms. Ballard's employment with us ended in March 2019; she did not receive any severance payments in connection with her departure and all of her then-unvested equity awards were forfeited.

*Cash compensation.* Pursuant to the terms of our severance plan, and subject to entering into a separation agreement with us, our NEOs are eligible for: severance pay equal to two years of base salary; a payment equal to 150% of the cost of 24 months of basic employee benefits, such as medical, dental and life insurance; and payment of \$25,000 in lieu of providing outplacement services and other tax and financial assistance upon involuntary termination due to job elimination, reduction in force, business restructuring or other circumstances as we determine at our discretion. For more detail regarding our severance plan, see the *Compensation Discussion and Analysis — Executive Compensation Elements — Other Compensation — Severance Plan* section.

Mr. Joly's employment agreement entitles him to participate in the Company's severance plan, as detailed above, but also provides that he is eligible for the same severance pay if he were to be involuntarily terminated without Cause or were to voluntarily terminate his employment for Good Reason. Additionally, upon involuntary termination without Cause or voluntary termination for Good Reason on or within 12 months following (or in anticipation of) a change-of-control, Mr. Joly is eligible for enhanced severance equal to (a) two times the sum of base salary plus target bonus and (b) a pro-rata annual bonus payment, dependent on actual performance under the Company's STI plan for the fiscal year in which the termination occurs.

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The following table provides, for the specified NEOs, as of the end of fiscal 2019, the potential severance amount they are eligible for under the scenarios discussed above.

Name	Voluntary Termination for Good Reason	Involuntary Termination without Cause	Involuntary Termination — under Severance Plan <sup>(1)</sup>	Termination following Change-of-Control <sup>(2)</sup>
Mr. Joly	\$ 2,611,228	\$ 2,611,228	\$ 2,611,228	\$ 11,951,578
Ms. Barry	—	—	1,777,839	—
Mr. Mohan	—	—	1,877,295	—
Mr. Nelsen <sup>(3)</sup>	—	—	1,468,161	—
Ms. Scarlett	—	—	1,702,246	—

Pursuant to our Severance Plan, our NEOs are eligible for cash severance, as detailed above the table, if they are involuntarily terminated as a result of job elimination, reduction in force or business restructuring (or other (1) circumstances at our discretion). Since the applicability of the Severance Plan is more narrow than is implied by the column heading *Involuntary Termination without Cause*, the severance payments the NEOs are eligible for under those limited circumstances are detailed separately in this column.

(2) Specifically, involuntary termination without Cause or voluntary termination for Good Reason on or within 12 months following (or in anticipation of) a change-of-control.

On April 12, 2019, Mr. Nelsen stepped down from his role as General Counsel and Secretary and transitioned into an advisory capacity with the Company. The amount reported here reflects the severance payment Mr. (3) Nelsen would have been entitled to as of the end of fiscal 2019. When Mr. Nelsen's advisory role terminates on September 1, 2019, he will be eligible for a similar separation payment which will be calculated using Mr. Nelsen's then-current salary and benefits elections.

Under our STI plan, which is discussed in more detail in the *Compensation Discussion and Analysis – Executive Compensation Elements – Short-Term Incentive* section, our NEOs must remain employed with us through the end of the performance period in order to receive any payouts under the plan. If an NEO is terminated with Cause, they are not eligible for any STI plan payments. In fiscal 2019, all of our NEOs were employed with us through the end of fiscal 2019, which was the end of the fiscal 2019 STI plan. Each of their fiscal 2019 payments are discussed in the *Compensation Discussion and Analysis – Executive Compensation Elements – Short-Term Incentive* and *Summary Compensation Table* sections.

*Nonqualified stock options.* Our award agreements dictate what happens to unvested stock options and how long vested stock options are exercisable following different types of termination events. The following chart illustrates these various treatments under each possible scenario for stock options granted to our NEOs under our long-term incentive award programs and to Mr. Joly as part of his September 4, 2012, sign-on equity award (the *Sign-On Stock Options*).

Event	Effect on Vested Stock Options <sup>(1)</sup>	Effect on Unvested Stock Options
Voluntary termination without Good Reason <sup>(2)</sup>	Stock options granted under our LTI program are exercisable for a 60-day period following the termination date.	All stock options are forfeited.
	Mr. Joly's Sign-On Stock Options are exercisable for a 90-day period following the termination date.	

Voluntary termination for Good Reason <sup>(2)</sup>	Stock options granted under our LTI program are exercisable for a 60-day period following the termination date.  Mr. Joly's Sign-On Stock Options are exercisable for a two-year period following the termination date.	All stock options are forfeited.
Involuntary termination for Cause	Not exercisable.	All stock options are forfeited.

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<b>Event</b>	<b>Effect on Vested Stock Options<sup>(1)</sup></b>	<b>Effect on Unvested Stock Options</b>
Involuntary termination without Cause	Stock options granted under our LTI program are exercisable for a 60-day period following the termination date.	All stock options are forfeited.
	Mr. Joly's Sign-On Stock Options are exercisable for a two-year period following the termination date.	
Termination <sup>(3)</sup> within 12 months of a change-of-control	Stock options granted under our LTI program are exercisable for a 60-day period following the termination date.	All stock options vest 100%.
	Mr. Joly's Sign-On Stock Options are exercisable for a two-year period following the termination date.	
Death or disability	Generally exercisable for a one-year period.	All stock options vest 100%.
Qualified retirement <sup>(4)</sup>	Generally exercisable for a one- to three-year period depending on the terms and conditions of the respective award agreement.	Continue to vest according to their normal vesting terms.

(1) Stock options may not be exercised after their expiration dates under any circumstance.

Good Reason is usually deemed to exist if the Company makes a material adverse change to the NEO's title,

(2) responsibilities or salary or requires the NEO to work more than 50 miles from the corporate office location in Richfield, MN (except for temporary business-related travel).

For awards granted prior to fiscal 2015, this means involuntary termination without Cause or voluntary

(3) termination for Good Reason. For awards granted in fiscal 2015 and thereafter, this means only involuntary termination without Cause.

Qualified Retirement is defined in our employment and award agreements as: retirement by an employee,

(4) including our NEOs, on or after their 60<sup>th</sup> birthday, so long as they have been employed with the Company continuously for at least the five-year period immediately preceding their retirement date.

The table below provides, for the specified NEOs, as of the end of fiscal 2019, the value of their unvested, in-the-money stock options (as detailed in the *Outstanding Equity Awards at Fiscal Year End* section), under the situations discussed above. All values below were calculated using the closing price of our common stock as quoted on the NYSE on February 1, 2019, the last business day in fiscal 2019.

<b>Name</b>	<b>Death or Disability</b>	<b>Termination following Change-of-Control<sup>(1)</sup></b>
<b>Mr. Joly</b>	\$ 3,585,540	\$ 3,585,540
<b>Ms. Barry</b>	—	—
<b>Mr. Mohan</b>	—	—
<b>Mr. Nelsen</b>	—	—
<b>Ms. Scarlett</b>	65,104	65,104

Specifically, termination on or within 12 months of a change-of-control. For awards granted prior to fiscal 2015,

(1) this means involuntary termination without Cause or voluntary termination for Good Reason. For awards granted in fiscal 2015 and thereafter, this means only involuntary termination without Cause.

*Restricted share awards.* Pursuant to our award agreements, all unvested restricted share and restricted stock unit awards (including both time-based awards and time-based awards subject to performance conditions) held by our NEOs fully vest in the event of death or termination due to disability. Additionally, upon qualified retirement any



unvested restricted shares and restricted stock units would continue to vest according to their normal vesting schedule, subject to achievement of performance conditions (where applicable). Under all other termination scenarios, unvested restricted shares and restricted stock units are forfeited and there are no change-of-control provisions which impact them.

The table below provides, for the specified NEOs, as of the end of fiscal 2019, the value of their unvested restricted share and restricted stock unit awards (as detailed in the *Outstanding Equity Awards at Fiscal Year End* section) in the event of their death or disability. All values below were calculated using the closing price of our common stock as quoted on the NYSE on February 1, 2019, the last business day in fiscal 2019.

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Name	Death or Disability
Mr. Joly	\$ 7,872,752
Ms. Barry	2,738,209
Mr. Mohan	3,845,396
Mr. Nelsen	1,981,724
Ms. Scarlett	1,166,988

*Performance share awards.* The following chart illustrates the treatment of outstanding performance share awards under various scenarios pursuant to our award agreements.

Event	Effect on Unearned Shares
-Death or disability	-Deemed earned on a pro-rata basis (number of days employed through termination / total number of days in performance period) based on the level of performance achieved as of the <i>termination date</i> (as determined as of the last completed fiscal quarter or fiscal year, depending on the performance metric)
-Involuntary termination without Cause	-Deemed earned on a pro-rata basis (number of days employed through termination / total number of days in performance period) based on the level of performance achieved as of the end of the <i>performance period</i>
-Qualified retirement	
-Change-of-control	-Deemed earned based on the level of performance achieved or at target, whichever is greater, as of the date of the change-of-control (as determined as of the last completed fiscal quarter or fiscal year, depending on the performance metric). Issuance of earned shares is subject to the NEO's continued employment through the end of the performance period
-Termination following a change-of-control due to: death or disability, involuntary termination without Cause or qualified retirement	-A pro-rata portion (determined by number of days employed through termination / total number of days in performance period) of those shares deemed earned as of the date of the change-of-control are issued to the NEO

The table below provides, for the specified NEOs, as of the end of fiscal 2019, the value of their outstanding performance share awards (as detailed in the *Outstanding Equity Awards at Fiscal Year End* section), under the situations discussed above. All values below were calculated using the closing price of our common stock as quoted on the NYSE on February 1, 2019, the last business day in fiscal 2019, and assume the same vesting percentage (50% or 150%) as reflected in the *Outstanding Equity Awards at Fiscal Year End* section.

Name	Death or Disability	Involuntary Termination without Cause	Change-of-Control <sup>(1)</sup>
Mr. Joly	\$ 23,011,148	\$ 23,011,148	\$ 30,359,466
Ms. Barry	4,273,424	4,273,424	5,774,439
Mr. Mohan	6,805,031	6,805,031	8,839,173
Mr. Nelsen	3,661,613	3,661,613	4,705,987
Ms. Scarlett	1,264,876	1,264,876	1,842,624

(1) Reflects value realizable upon a change-of-control event, but assumes that the NEO will stay with the Company through the end of the performance period of each outstanding performance share award.

*Restrictive Covenants.* As further described in the *Compensation Discussion and Analysis – Executive Compensation Elements – Other Compensation – Clawback and Restrictive Covenant Provisions* section, our executive officer separation agreements and LTI award agreements generally include confidentiality, non-compete, and non-solicitation

provisions as generally described below:

*Confidentiality.* Award recipients agree to maintain the confidentiality of Best Buy's confidential information and to use such information for the exclusive benefit of Best Buy. This obligation has the appropriate application to the post-termination period.

*Non-Compete.* Award recipients agree not to engage in competitive activity for a period of one year following the later of termination of employment for any reason, or the last scheduled award vesting date.

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*Non-Solicitation.* Award recipients agree not to solicit Company employees for employment or parties with which we do business from engaging such business for a period of one year following the later of termination of employment for any reason, or the last scheduled award vesting date.

Upon violation of a restrictive covenant, unexercised options and unvested shares related to the respective award agreement under which they were issued may be canceled and forfeited, and likewise, the Company may require that the related issued shares (or their fair market value, as measured on the option exercise date or share vesting date) must be returned to the Company. Additionally, the Company may seek injunctive or other appropriate equitable relief.

*Employment agreements.* In connection with the CEO succession described above, we entered into an employment with Ms. Barry and a new employment agreement with Mr. Joly. Pursuant to the terms of the employment agreement with Ms. Barry, Ms. Barry's annual base salary will increase to \$1.1 million and her annual short-term incentive award target will increase to 175% of base salary for the portion of the year she holds the position of CEO. At the time of the Meeting, she will also receive a true-up equity award with a target value of \$5.475 million. The true-up award will be comprised of 50% of the value in performance shares, 20% in stock options, and 30% in restricted shares, consistent with the fiscal 2020 annual awards. Pursuant to the agreement with Ms. Barry, she is entitled to participate in the Company's severance plan and is eligible for the same severance pay if she were to be involuntarily terminated without cause or were to voluntarily terminate her employment for good reason. Additionally, upon involuntary termination without cause or voluntary termination for good reason on or within 12 months following a change-of-control, Ms. Barry is eligible for enhanced severance equal to (a) two times the sum of base salary plus target bonus and (b) a pro-rata annual bonus payment, dependent on actual performance under the Company's short-term incentive plan for the fiscal year in which the termination occurs. The initial term of Ms. Barry's employment agreement is three years from the Meeting, and the term will automatically renew for successive 12-month periods unless either the Company or Ms. Barry gives at least 60 days advance notice of non-renewal.

Pursuant to the employment agreement with Mr. Joly, Mr. Joly's annual base salary will decrease to \$650,000 and his annual short-term incentive award target will decrease to 100% of base salary for the portion of the year he holds the position of Executive Chairman. He will continue to participate in all benefit programs available to the Company's senior executives. Under the agreement, the Company has secured Mr. Joly's services as Executive Chairman at least through March 31, 2020. At or prior to March 31, 2020, the Board and Mr. Joly will discuss how long to extend his services as Executive Chairman.

## **Director Compensation**

### *Overview*

Each year, the Compensation Committee reviews the total compensation paid to non-management directors. The purpose of the review is to ensure that the level of compensation is appropriate to attract and retain a diverse group of directors with the breadth of experience necessary to perform the Board's duties, and to fairly compensate directors for their service. As part of their analysis, the Compensation Committee considers the total value of the compensation as compared with director compensation at other Fortune 100 companies and our peer group of companies, which is described in *Compensation Discussion and Analysis — Factors in Decision-Making*. In March 2018, the Compensation Committee and Board reviewed and approved the fiscal 2019 compensation for non-management directors, including the value and terms of the equity compensation component, as described in more detail below.

### *Cash Compensation*

The fiscal 2019 cash compensation for our non-management directors consisted of the following annual retainers:

	<b>Annual Amount</b>
Annual retainer	\$ 90,000
Lead independent director stipend	100,000
Annual committee chair retainer - Audit	25,000
Annual committee chair retainer - Compensation & Human Resources	20,000
Annual committee chair retainer - Nominating	15,000
Annual committee chair retainer - Finance and Investment Policy	10,000

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All annual retainers for non-management directors who serve on the Board or as chair of a committee for only a portion of a fiscal year are prorated. All annual retainers are paid in quarterly installments.

*Equity Compensation*

On June 11, 2018, the Compensation Committee approved an annual equity award for each of the then-serving non-management directors in the form of restricted stock units. The awards each had a value of \$195,000, which translated into 2,649 restricted stock units. The restricted stock units are entitled to dividend equivalents, which are subject to the same restrictions and vesting criteria as the underlying units. All restricted stock units granted to our directors fully vest one year from the grant date and must be held until the director leaves the Board. Director equity awards are prorated through a director's termination date if a director leaves the Board before the restricted stock units have vested, unless the director is terminated for Cause, in which case all unvested restricted stock units are forfeited.

The Compensation Committee also considers prorated annual equity awards for new directors who are appointed to the Board between each annual grant. As such, the Compensation Committee approved prorated equity awards for new directors, Ms. Kent (1,843 restricted stock units) and Mr. Woods (1,761 restricted stock units) in November, 2018, and January, 2019, respectively.

*Director Compensation Table*

The following table summarizes the compensation earned during fiscal 2019 by our non-management directors:

Name <sup>(1)</sup>	Fees Earned or Paid In Cash	Stock Awards <sup>(2)</sup>	Option Awards <sup>(3)</sup>	All Other Compensation <sup>(4)</sup>	Total
Lisa M. Caputo	\$ 90,000	\$ 195,072	\$ —	\$ —	\$ 161,124
J. Patrick Doyle <sup>(5)</sup>	96,044	195,072	—	—	291,116
Russell P. Fradin <sup>(6)</sup>	210,000	195,072	—	—	405,072
Kathy J. Higgins Victor <sup>(7)</sup>	105,000	195,072	—	—	300,072
David W. Kenny	90,000	195,072	—	—	285,072
Cindy R. Kent <sup>(8)</sup>	31,648	122,430	—	—	154,078
Karen L. McLoughlin	90,000	195,072	—	—	285,072
Thomas L. Millner <sup>(9)</sup>	115,000	195,072	—	—	310,072
Claudia F. Munce	90,000	195,072	—	—	285,072
Richelle P. Parham <sup>(10)</sup>	77,637	195,072	—	—	272,709
Gérard R. Vittecoq <sup>(11)</sup>	35,440	—	—	35,684	71,124
Eugene A. Woods <sup>(12)</sup>	12,610	101,434	—	—	114,044

(1) Mr. Joly, our only management director during fiscal 2019, did not receive any compensation for his service as a director.

(2) The amounts in this column reflect the aggregate grant date fair value for restricted stock units granted to our non-management directors during fiscal 2019, measured in accordance with ASC Topic 718. As of February 2, 2019, our non-management directors held outstanding stock units including both unvested restricted stock units and restricted stock units that have vested, but that are subject to a holding requirement until the director leaves the board ( deferred units ) as follows: Ms. Caputo — 2,706 unvested units and 27,694 deferred units; Mr. Doyle — 2,706 unvested units and 18,316 deferred units; Mr. Fradin — 2,706 unvested units and 27,694 deferred units; Ms. Higgins Victor — 2,706 unvested units and 27,694 deferred units; Mr. Kenny — 2,706 unvested units and 23,671

deferred units; Ms. Kent — 1,859 unvested units and 0 deferred units; Ms. McLoughlin — 2,706 unvested units and 13,534 deferred units; Mr. Millner — 2,706 unvested units and 22,158 deferred units; Ms. Munce — 2,706 unvested units and 11,311 deferred units; Ms. Parham — 2,706 unvested units and 0 deferred units; and Mr. Woods — 1,761 unvested units and 0 deferred units.

We did not grant stock option awards to our non-management directors in fiscal 2019. As of February 2, 2019, our non-management directors held outstanding stock options as follows: Ms. Caputo — 12,500 stock options; Mr.

- (3) Doyle — 0 stock options; Mr. Fradin — 0 stock options; Ms. Higgins Victor — 10,000 stock options; Mr. Kenny — 0 stock options; Ms. Kent — 0 stock options; Ms. McLoughlin — 0 stock options; Mr. Millner — 0 stock options; Ms. Munce — 0 stock options; Ms. Parham — 0 stock options; and Mr. Woods — 0 stock options.

Pursuant to the terms of the restricted stock units granted to our non-management directors on June 19, 2013, directors are entitled to an accrual of dividend equivalents from the vesting date (June 19, 2014) through the date

- (4) the restricted stock units are issued to the director as shares (upon departure from the Board). Dividend equivalent accruals are settled in cash at the time the shares are delivered to the departing director. The amount in this column reflects the dividend equivalent payment to Mr. Vittecoq upon his departure.

- (5) Mr. Doyle was appointed chair of the Finance and Investment Policy Committee on June 12, 2018.

- (6) Mr. Fradin is our Lead Independent Director. He is also chair of the Compensation Committee.

- (7) Ms. Higgins Victor is chair of the Nominating Committee.

- (8) Ms. Kent was appointed to the Board on September 28, 2018.

- (9) Mr. Millner is chair of the Audit Committee.

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(10) Ms. Parham was appointed to the Board on March 16, 2018.

(11) Mr. Vittecoq's Board service ended June 12, 2018.

(12) Mr. Woods was appointed to the Board on December 14, 2018.

### *Director Stock Ownership Guidelines*

The Compensation Committee has established stock ownership guidelines requiring our non-management directors to own, indirectly or directly, 10,000 shares. Historically, we have expected that, until the ownership target is met, directors would retain 50 percent of their granted equity (net of taxes). In further support of director stock ownership, we began in fiscal 2014 granting director equity subject to a holding requirement for the duration of a director's service on the Board. In fiscal 2019, all of our non-management directors were in compliance with the ownership guidelines, either by meeting the ownership target or by making progress towards the ownership target. Our stock ownership guidelines for executive officers are discussed in the *Compensation Discussion and Analysis — Executive Compensation Elements — Other Compensation* section.

### *Deferred Compensation Plan*

Each calendar year, we offer our directors the opportunity to defer up to 100 percent of their annual and committee chair retainers under the Deferred Compensation Plan which is described in the section *Compensation of Executive Officers — Nonqualified Deferred Compensation*. No Company contributions or matching contributions are made for the benefit of directors under the Deferred Compensation Plan.

### *Other Benefits*

We reimburse all directors for travel and other necessary business expenses incurred in performance of their services for us. In addition, all directors are covered under a directors' and officers' indemnity insurance policy.

## **CEO Pay Ratio**

Pursuant to SEC rules, we are providing the following information about the ratio of the annual total compensation of our median employee to the annual total compensation of Mr. Joly, our Chairman and CEO. Due to the flexibility afforded by the rules of the SEC in calculating the pay ratio amount, the ratio we calculated may not be comparable to the CEO pay ratio presented by other companies.

For fiscal 2019, our last completed fiscal year, Mr. Joly had annual total compensation of \$17,382,486 as reflected in the *Compensation of Executive Officers — Summary Compensation Table* section of this proxy statement. Our median employee's annual total compensation for fiscal 2019 was \$28,500. As a result, we estimate that Mr. Joly's annual total compensation was approximately 605 times that of our median employee.

In determining the median employee:

- We prepared a list of all Best Buy employees as of November 1, 2018. As of November 1, 2018, we had approximately 127,580 employees, including 111,830 U.S. employees, and 15,750 non-U.S. employees. In identifying our median employee, we included our approximately 13,290 Canadian employees, but, in accordance with SEC rules, we excluded our employees in China and Mexico where we have about 175 and 2,290 employees respectively, representing approximately 1.9 percent in the aggregate of our worldwide workforce. After excluding employees in these countries, as of November 1, 2018, we had 125,114 employees. Additionally, these numbers exclude approximately 1,200 GreatCall employees. We acquired the GreatCall business on October 1, 2018.



- As permitted under SEC rules, we used compensation that would equate to W-2 wages for the prior twelve months as our consistently applied compensation measure, which we believe provides a reasonable estimate of annual compensation for our employees. We annualized W-2 wages for employees, other than occasional/seasonal employees, who were not employed for the full twelve months. The median amount was then identified from the annualized list.

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**OTHER BUSINESS**

Management and the Board are not aware of any other item of business that will be addressed at the Meeting. If an item properly comes up for vote at the Meeting, or at any postponement or adjournment of the Meeting, that is not described in the Meeting Notice, including adjournment of the Meeting and any other matters incident to the conduct of the Meeting, the Proxy Agents will vote the shares subject to your proxy in their discretion. Discretionary authority for them to do so is contained in the proxy.

**PROPOSALS FOR THE NEXT REGULAR MEETING OF SHAREHOLDERS**

Any shareholder proposal intended to be presented for consideration at our 2020 Regular Meeting of Shareholders and to be included in our proxy statement for that meeting must be received by our Secretary no later than January 2, 2020, at our principal executive office, addressed as follows:

Mr. Todd G. Hartman  
General Counsel, Chief Risk & Compliance Officer and Secretary  
Best Buy Co., Inc.  
7601 Penn Avenue South  
Richfield, Minnesota 55423

In accordance with our By-laws, any shareholder proposal, including any director nominations, received and intended to be presented for consideration at our 2020 Regular Meeting of Shareholders, though not included in our proxy statement for that meeting, must be received by our Secretary at the address set forth above no more than 150 days and no less than 120 days before the anniversary of the prior year's regular meeting of shareholders. Accordingly, such proposals will be considered untimely if received before January 13, 2020, or after February 12, 2020. Any such shareholder proposal must also comply with the procedural requirements of our By-laws. The advance notice requirement in our By-laws supersedes the notice period in Rule 14a-4(c)(1) of the Securities Exchange Act of 1934 regarding discretionary proxy voting authority with respect to shareholder business.

By Order of the Board of Directors

May 1, 2019

Todd G. Hartman  
*Secretary*

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The following table reconciles operating income, effective tax rate and diluted earnings per share from continuing operations (GAAP financial measures) for the periods presented to non-GAAP operating income, non-GAAP effective tax rate and non-GAAP diluted earnings per share from continuing operations (non-GAAP financial measures) for the periods presented (\$ in millions, except per share amounts):

	<b>Fiscal Year</b>		
	<b>2019</b>	<b>2018</b>	<b>2017<sup>(1)</sup></b>
Operating income	\$ 1,900	\$ 1,843	\$ 1,854
Restructuring charges <sup>(2)</sup>	46	10	39
Intangible asset amortization <sup>(3)</sup>	22	—	—
Acquisition-related transaction costs <sup>(3)</sup>	13	—	—
Tax reform-related item - employee bonus <sup>(4)</sup>	7	80	—
Tax reform-related item - charitable contribution <sup>(4)</sup>	—	20	—
Net CRT/LCD settlements <sup>(5)</sup>	—	—	(161 )
Other Canada brand consolidation charges - SG&A <sup>(6)</sup>	—	—	1
Non-GAAP operating income	\$ 1,988	\$ 1,953	\$ 1,733
Diluted earnings per share from continuing operations	\$ 5.20	\$ 3.26	\$ 3.74
Restructuring charges <sup>(2)</sup>	0.16	0.03	0.12
Intangible asset amortization <sup>(3)</sup>	0.08	—	—
Acquisition-related transaction costs <sup>(3)</sup>	0.05	—	—
Tax reform - repatriation tax <sup>(4)</sup>	(0.07 )	0.68	—
Tax reform - deferred tax rate change <sup>(4)</sup>	(0.02 )	0.24	—
Tax reform-related item - employee bonus <sup>(4)</sup>	0.02	0.26	—
Tax reform-related item - charitable contribution <sup>(4)</sup>	—	0.07	—
Net CRT/LCD settlements <sup>(5)</sup>	—	—	(0.50 )
Other Canada brand consolidation charges - SG&A <sup>(6)</sup>	—	—	0.01
(Gain) loss on sale of investments, net <sup>(7)</sup>	(0.04 )	0.02	(0.01 )
Income tax impact of non-GAAP adjustments <sup>(8)</sup>	(0.06 )	(0.14 )	0.15
Non-GAAP diluted earnings per share from continuing operations	\$ 5.32	\$ 4.42	\$ 3.51

Beginning in the first quarter of fiscal 2018, we no longer exclude non-restructuring property and equipment impairment charges from our non-GAAP financial measures. To ensure our financial results are comparable, we

(1) have recast fiscal 2017 balances to conform to this presentation. Refer to the *Overview* section included in Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations, within our Annual Report on Form 10-K for fiscal 2019 for more information.

Refer to Note 9, *Restructuring Charges*, in the Notes to Consolidated Financial Statements, included in Item 8, *Financial Statements and Supplementary Data*, of our Annual Report on Form 10-K for fiscal 2019 for additional

(2) information regarding the nature of these charges. For fiscal 2019, \$47 million related to the U.S. and a benefit of \$1 million related to Canada. For fiscal 2018, \$9 million related to the U.S. and \$1 million related to Canada. For fiscal 2017, \$31 million related to the U.S. and \$8 million related to Canada.

- Represents charges associated with the acquisition of GreatCall, including (1) the non-cash amortization of definite-lived intangible assets, including customer relationships, tradenames and technology, and (2)
- (3) acquisition-related transaction costs primarily comprised of professional fees. Refer to Note 2, *Acquisition*, in the Notes to Consolidated Financial Statements, included in Item 8, *Financial Statements and Supplementary Data*, of our Annual Report on Form 10-K for fiscal 2019 for additional information.
- Represents charges and subsequent adjustments resulting from the Tax Act enacted into law in the fourth quarter of fiscal 2018, including amounts associated with a deemed repatriation tax and the revaluation of deferred tax
- (4) assets and liabilities, as well as tax reform-related items announced in response to future tax savings created by the Tax Act, including a one-time bonus for certain employees and a one-time contribution to the Best Buy Foundation.
- Represents CRT and LCD litigation settlements reached related to the U.S., net of related legal fees and costs.
- (5) The settlements related to products purchased and sold in prior fiscal years.
- Represents charges related to the Canadian brand consolidation initiated in the first quarter of fiscal 2016,
- (6) primarily due to retention bonuses and other store-related costs that were a direct result of the consolidation but did not qualify as restructuring charges.
- Represents (gain) loss on sale of investments and investment impairments included in Investment income and other on our Consolidated Statements of Earnings.
- (7)
- Represents the summation of the calculated income tax charge related to each non-GAAP non-income tax adjustment. The non-GAAP adjustments relate primarily to adjustments in the U.S. and Canada. As such, the
- (8) income tax charge is calculated using the statutory tax rates for the U.S. (24.5%, 36.7% and 38.0% for fiscal 2019, fiscal 2018 and fiscal 2017, respectively) and Canada (26.9%, 26.6% and 26.6% for fiscal 2019, fiscal 2018 and fiscal 2017, respectively), applied to the non-GAAP adjustments of each country.

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