

BEST BUY CO INC

FORM 8-K (Current report filing)

Filed 08/21/12 for the Period Ending 08/19/12

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| CIK | 0000764478 |
| Symbol | BBY |
| SIC Code | 5731 - Radio, Television, and Consumer Electronics Stores |
| Industry | Retail (Technology) |
| Sector | Services |
| Fiscal Year | 02/03 |

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

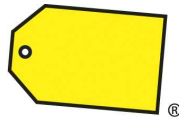
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

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

Date of Report (Date of earliest event reported) **August 19, 2012**



BEST BUY®

BEST BUY CO., INC.

(Exact name of registrant as specified in its charter)

Minnesota

(State or other jurisdiction
of incorporation)

1-9595

(Commission
File Number)

41-0907483

(IRS Employer
Identification No.)

7601 Penn Avenue South

Richfield, Minnesota

(Address of principal executive offices)

55423

(Zip Code)

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

N/A

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

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

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

(b), (c), (d), (e) On August 20, 2012, Best Buy Co., Inc. (“Best Buy” or the “registrant”) announced that its Board of Directors (the “Board”) appointed Hubert Joly, 53, as Best Buy's President and Chief Executive Officer (“CEO”). The effectiveness of Mr. Joly's appointment as President and CEO is subject to and conditioned upon the approval of his registrant-sponsored U.S. work authorization permitting Mr. Joly to commence employment with Best Buy. The registrant anticipates that, if Mr. Joly's work authorization is approved, his employment will commence in early September. Until such time as Mr. Joly's employment with the registrant commences, George L. Mikan III, a current director of the registrant, will continue to serve as interim CEO and thereafter will continue to be a director of the registrant and become chair of the registrant's Audit Committee of the Board.

Over the past 15 years, Mr. Joly has held senior executive positions and led turnarounds and growth strategies in the technology, media and services sectors and demonstrated skills and qualifications that the Board deemed necessary to the CEO role.

Since 2008, Mr. Joly has been the CEO of Carlson, the worldwide hospitality and travel company headquartered in Minneapolis, which includes a hotel business (Carlson Rezidor Hotel Group) with more than 1,300 hotels in operation and development, including Radisson Blu, Radisson, Park Plaza, Park Inn by Radisson, Country Inns & Suites By Carlson and Hotel Missoni; a restaurant business, with more than 900 T.G.I. Friday's restaurants; and a majority stake in Carlson Wagonlit Travel.

Prior to becoming chief executive officer of Carlson, Mr. Joly was president and CEO of Carlson Wagonlit Travel (2004-2008) and held a series of senior executive positions with Vivendi S.A. and its subsidiaries (1999-2004) and with Electronic Data Systems (now part of Hewlett-Packard Company) in France (1996-1999). Mr. Joly also was with McKinsey & Company, Inc., working with clients in the technology, financial services and luxury industries (1983-1996).

Mr. Joly is a graduate of École des Hautes Études Commerciales de Paris (HEC Paris) and the Institut d'Etudes Politiques de Paris. He was elected a Global Leader for Tomorrow by the World Economic Forum (Davos, 1997-1999) and is a knight in the French National Order of Merit. He serves as a member of the board of directors of Ralph Lauren Corp., the Rezidor Hotel Group (where he is vice chair), and on several not-for-profit and charitable organizations in and around Minneapolis. Mr. Joly has also previously served as chair of the board of directors of Carlson Wagonlit Travel, a member of Carlson's board of directors, chair of the Travel Facilitation Sub-Committee of the U.S. Department of Commerce Travel and Tourism Advisory Board, and on the executive committee of the World Travel and Tourism Council.

Mr. Joly has no direct or indirect material interest in any transaction required to be disclosed pursuant to Item 404(a) of Regulation S-K.

In connection with Mr. Joly's appointment, the registrant entered into an employment agreement with Mr. Joly dated August 19, 2012 (the “Agreement”), pursuant to which Mr. Joly has also been appointed to the registrant's Board, effective as of the start date of his employment with the registrant. The principal terms of the Agreement are described below.

Annual Compensation

Subject to and effective upon commencement of employment with the registrant, the material elements of Mr. Joly's annual compensation will be as follows:

Base Salary . Mr. Joly will receive an initial annual base salary of \$1.175 million.

Annual Bonus Opportunity . Mr. Joly will be eligible for a bonus under the registrant's Short-Term Incentive Plan beginning in fiscal 2014 at a target annual bonus opportunity equal to 200% of his then current base salary, with a maximum bonus of at least 400% of his base salary and a threshold bonus to be set by the Board. Commencing in fiscal 2014, Mr. Joly will be eligible for annual long-term incentive compensation awards as determined by the Compensation Committee of the Board. However, Mr. Joly's fiscal 2014 award will have a target value of not less than \$8.75 million.

Mr. Joly will also be eligible to participate in all existing benefit plans and perquisites generally available to the registrant's senior executives.

Buy-out Awards

To compensate Mr. Joly for certain forfeitures incurred upon termination of his employment with his prior employer, the registrant will grant to Mr. Joly certain buy-out awards as summarized below, subject to and effective upon commencement of his employment with the registrant. The value of the following buy-out awards was determined based on amounts forfeitable or forfeited by Mr. Joly as a result of the termination of his employment with his prior employer and, in the case of item (5), is subject to future performance:

(1) a buy-out cash award of \$3.5 million;

(2) a grant of fully vested shares of common stock of the registrant under the 2004 Omnibus Stock and Incentive Plan (the "LTIP") valued at \$3.0 million on the date of grant (the "Buy-Out Stock Award"). Mr. Joly has agreed to hold such shares for at least two years from the date of grant or, if earlier, his termination.

(3) a grant of restricted stock units (the "RSUs") under the LTIP with a grant date value of \$6.0 million, vesting in 36 equal monthly installments and, to the extent they become vested, payable six months after Mr. Joly's separation from the registrant. Each vested RSU is payable in one share of the registrant's common stock;

(4) a stock option grant (the "Buy-Out Options") under the LTIP having a Black Scholes value of \$3.75 million, an exercise price equal to the "fair market value" on the grant date (as defined in the LTIP), and vesting 25% on the date of grant and 75% in equal installments on the first three anniversaries of Mr. Joly's employment commencement date; and

(5) a grant of performance share units (the "PSUs") under the LTIP having a grant date accounting value, at target, of \$3.75 million, subject to goals based on the performance of the registrant's total shareholder return (as defined in the Agreement), relative to a peer group, at the end of the 36-month period beginning on the first day of the month immediately following Mr. Joly's employment commencement date and three-year cliff time vesting on the last day of the performance period.

Employment Termination

Work Authorization . In the event Mr. Joly's petition for U.S. work authorization is not approved permitting him to commence his employment by September 30, 2012, either the registrant or Mr. Joly may terminate the Agreement. In such event, and only if Mr. Joly's employment with his prior employer has been terminated and he had incurred a forfeiture of compensation as a result of such termination, Mr. Joly is entitled to receive a payment of \$6.25 million from the registrant.

Buy-out Awards . If Mr. Joly is terminated for "Cause" (as defined in the Agreement) or resigns without "Good Reason" (as defined in the Agreement) prior to the first anniversary of Mr. Joly's employment commencement date, the grant date after-tax value of his buy-out cash award and the net after-tax amount of the Buy-Out Stock Award must be repaid in full to the registrant within 30 days after such termination. If the registrant terminates Mr. Joly's employment without "Cause", he resigns for "Good Reason" or his employment terminates due to his death or disability at any time, any unvested RSUs and Buy-Out Options will become fully vested, and the PSUs will vest on a pro rata basis based on the number of days Mr. Joly was employed during the performance period and achievement of performance goals through the date of termination. In such event, the vested Buy-Out Options will be exercisable for two years following such termination or resignation.

Change in Control

Generally . In the event of Mr. Joly's termination by the registrant without Cause or voluntary termination for Good Reason upon or within one year after a "change of control" of the registrant (as defined in the Agreement), or in anticipation of or in connection with a change in control, Mr. Joly would be entitled to the benefits provided in the registrant's Severance Plan, except that he will be entitled to receive cash severance in an amount equal to two times the sum of his base salary plus target bonus, and he will be entitled to a pro rata annual bonus for the fiscal year in which such termination occurs determined based on actual performance in accordance with the STI Plan for such year.

Buy-out Awards . In the event of a "change of control" of the registrant (as defined under the LTIP), the PSUs will be measured for performance on the date of the change of control and deemed earned at target or such greater number as have been already previously earned based on the terms of the award through the change of control date, and otherwise would vest and be payable in the same manner as provided above. The PSUs are subject to certain other adjustments as described in the Agreement.

Restrictive Covenants

In consideration for the payments and benefits provided under the Agreement, Mr. Joly is subject to under the Agreement reasonable and necessary restrictive covenants to protect the registrant, including restrictions on post-termination disclosure of confidential information, competitive activity and solicitation of the registrant's employees.

The foregoing description of the principal terms of the Agreement is qualified in its entirety by reference to the Agreement, a copy of which is filed with this report as Exhibit 10.1 and incorporated by reference herein.

Item 7.01 Regulation FD.

On August 20, 2012, the registrant issued a news release announcing the appointment of Hubert Joly as President and CEO and as a director of the registrant . The registrant also announced that following the effective date of employment for Mr. Joly, the current director and interim CEO, George L. Mikan III, will serve as the Chair of the registrant's Audit Committee of the Board, and effective immediately, directors Lisa M. Caputo and Sanjay Khosla will serve on the Board's Compensation and Human Resources Committee.

The news release issued on August 20, 2012 is furnished as Exhibit 99.1 to this Current Report on Form 8-K and shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to liability of that Section unless the registrant specifically incorporates it by reference in a document filed under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended.

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

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

The following Exhibit 10.1 is filed as an Exhibit to this Current Report on Form 8-K. The following Exhibit 99.1 is furnished as an Exhibit to this Current Report on Form 8-K .

| <u>Exhibit No.</u> | <u>Description of Exhibit</u> |
|--------------------|--|
| 10.1 | Employment Agreement, dated August 19, 2012, between the Company and Hubert Joly |
| 99.1 | News release issued August 20, 2012. Any internet address provided in this release is for information purposes only and is not intended to be a hyperlink. Accordingly, no information at any internet address is included herein. |

SIGNATURES

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

BEST BUY CO., INC.
(Registrant)

Date: August 21, 2012

By: /s/ KEITH J. NELSEN
Keith J. Nelsen
Executive Vice President, General Counsel and Secretary



August 19, 2012

Mr. Hubert Joly

Re: Employment Terms

Dear Hubert:

On behalf of Best Buy Co. Inc. (the “Company”), I am pleased to offer you employment with the Company on the terms of this letter agreement (“Agreement”). This offer is irrevocable and will remain open for your acceptance, by your signature on the last page hereof and delivery to me, until August 19, 2012 at 5:00 p.m. (Central Time). This Agreement will become effective upon your execution and receipt by the Company and your employment will commence in accordance with Section 1.

1. Commencement Date; Term of Agreement. The term of your employment under this Agreement with the Company will commence on or about August 27, 2012 or such later date, subject to Section 15 below, after applicable permission has been obtained from United States immigration authorities to commence work for the Company in the United States (“Commencement Date”), and will continue until the date that your employment terminates as provided in Section 9 hereof (the “Term”).

2. Position; Principal Place of Employment; Other Activities.

(a) During the Term, you will be employed as the President and Chief Executive Officer of the Company, reporting to the Board of Directors of the Company (the “Board”). Your principal place of employment will be at the Company's headquarters in Richfield, Minnesota.

(b) During the Term, you may participate in charitable, civic, educational, professional, community and industry affairs (including serving on boards of directors of such entities) and, with prior written approval of the Board, serve on the board of directors of non-profit companies and (ii) manage your personal investments, so long as such activities do not materially interfere with the performance of your duties hereunder or create a potential business conflict or the appearance thereof. The Board hereby approves your continuing service on the boards of directors that you disclosed to the Company prior to the date hereof.

3. Board Membership. The Board will take such action as may be necessary to appoint or elect you as a member of the Board effective on your Commencement Date. Thereafter, during the Term, the Board will nominate you for re-election as a member of the Board as and when your term as a director otherwise would expire. You agree to serve without additional compensation as a director of the Company and as chief executive officer or director of any of the Company's subsidiaries.

4. Base Salary. During the Term, you will be paid a base salary at an annual rate of \$1,175,000, payable in accordance with the regular payroll practices of the Company. Your base salary will be reviewed annually by the Board (or a committee thereof) for any increase (or decrease, to the extent permitted without causing an event of Good Reason (as defined on Attachment A hereto)) in the sole discretion of the Board (or committee). For all purposes under this Agreement, your "Base Salary" is the amount then applicable under this Section 4.

5. Annual Bonus. Beginning with the Company's fiscal year commencing in 2013 and for each fiscal year of the Company during your employment with the Company thereafter during the Term, you will be eligible to participate in the Company's Short-Term Incentive Plan ("STI Plan") and all other annual cash and incentive award programs generally applicable to the Company's senior executives. You will have the opportunity to earn a target bonus under the STI Plan, measured against criteria to be determined by the Board (or a committee thereof), of 200% of your Base Salary (the "Target Bonus") and with a maximum bonus of at least 400% of your Base Salary and a threshold bonus as set by the Board (or a committee thereof).

6. Long-Term Incentive Compensation.

(a) Commencing with annual awards to senior executives granted during the Company's fiscal year commencing in 2013, and thereafter during the Term, you will be eligible to participate in the Company's 2004 Omnibus Stock and Incentive Plan ("LTIP") (and any successor or other long-term incentive plans and programs for the Company's senior executives) in a manner consistent with awards to other senior executives granted at such time; provided, the aggregate target value of the annual long-term incentive award granted to you during the Company's fiscal year commencing in 2013 will not be less than \$8,750,000. All such awards granted with respect to fiscal years commencing after 2013 will be determined and granted in the good faith discretion of the Board (or a committee thereof).

7. Buy-Out Awards. To compensate you for certain forfeitures incurred in connection with the termination of your employment with your immediately preceding employer, the Company will pay or provide you the following awards within 7 days following the Commencement Date:

(a) The Company will pay you a cash lump sum in the amount of \$3,500,000 (less applicable withholding taxes).

(b) The Company will grant you an award of fully vested fully registered Company common stock under the Company's 2004 Omnibus Stock and Incentive Plan ("LTIP") having a face value on the date of grant of \$3,000,000 (less applicable withholding taxes) ("Buy-Out Stock Award"). You will be required to hold the net shares granted under the Buy-Out Stock Award for two (2) years after the date of grant or, if earlier, until a termination of your employment. The Buy-Out Stock Award (or applicable part thereof) will at all times be subject to the Company's senior executive stock ownership policy (described under Section 8(b)).

Provided, if your employment is involuntarily terminated by the Company for Cause, or you voluntarily terminate your employment without Good Reason (and not due to Disability or death), prior to the first anniversary of the Commencement Date, you will repay to the Company the aggregate after-tax value of the Buy-Out Cash Award and the net after-tax number of shares granted of the Buy-Out Stock Award within 30 days after such termination. For purposes of this Agreement, "Cause", "Good Reason" and "Disability" have the meanings defined on Attachment A hereto.

(c) The Company will grant you an award of restricted stock units under the LTIP having a face value on the date of grant of \$6,000,000, vesting in 36 equal monthly installments commencing on same day of the first succeeding month as the Commencement Date and each succeeding month thereafter until fully vested, provided that you are employed on the date on which such installment is scheduled to vest or as otherwise provided herein or in the grant, and having such other terms and conditions as are set forth in the form of a long-term incentive program buy-out award agreement attached hereto as Exhibit A ("Buy-Out RSUs"). The Buy-Out RSUs, to the extent becoming vested, will be paid in one share of Company common stock for each vested restricted stock unit as soon as is practicable after you incur a separation from service from the Company, subject to the 6 months delay following such separation from service to the extent required under the Internal Revenue Code Section 409A if you are a "Specified Employee" upon such separation.

(d) The Company will grant you an award of stock options under the LTIP having a Black Scholes value on the date of grant of \$3,750,000, an exercise price equal to Fair Market Value on the grant date (as defined under the LTIP), a 10-year option term, vesting as to 25% of the option on the date of grant and as to the other 75% of the option in equal installments on each of the first three anniversaries of the Commencement Date and having such other terms and conditions as are set forth in Exhibit A hereto ("Buy-Out Options").

(e) The Company will grant you an award of performance share units under the LTIP having a target grant date face value of \$3,750,000, subject to goals based on the performance of Company total shareholder return relative to the S&P 500 over the 3 year period commencing on the first day of the month immediately following the start date and three-year cliff time-vesting ending on the last day of the performance period, payable to you in one share of Company common stock for each performance share stock unit, and having such other terms and conditions as are set forth in Exhibit A hereto ("Buy-Out PSUs").

8. Employee Benefits; Policies; Expenses .

(a) During the Term, you will be entitled to participate in all employee benefit plans and perquisites that the Company has adopted or may adopt, maintain, sponsor or contribute to for the benefit of its senior executives from time to time at a level commensurate with your position. You will be entitled to annual paid vacation in accordance with the Company's time off policy applicable to senior executives (which provides 23 days of Paid Time Off in your first full year of employment, prorated for calendar year 2012).

(b) In accordance with the Company's senior executive stock ownership policy, as may be in effect from time to time, you will be required to attain the guideline shareholding (currently 140,000 shares of Company common stock). Such policy currently provides that, until you reach the guideline stock ownership amount, you must be retain at least 50% of the after-tax value of all stock (and stock unit) awards and vested stock option exercises. Vested unpaid restricted stock unit awards are credited towards your holding requirement. You will at all times during your employment be subject to the Company policies in effect from time to time regarding engaging in transactions in Company stock.

(c) During the Term, upon presentation of appropriate documentation, you will be reimbursed in accordance with the Company's expense reimbursement policy for all reasonable and necessary business expenses incurred in connection with the performance of your duties hereunder.

9. Termination .

(a) Your employment under this Agreement, may be terminated by either party at any time, and will terminate on the first of the following to occur of your death, Disability, involuntary termination by the Company for Cause, involuntary termination by the Company without Cause, voluntary termination by you for Good Reason or voluntary termination by you without Good Reason. You will not voluntarily terminate your employment without Good Reason without giving the Company at least thirty (30) days' prior notice, and during such thirty (30)-day period shall assist the Company, as and to the extent reasonably requested by the Company, to effect an orderly transition of your duties and responsibilities to the Company. This Agreement may be terminated by the Company or you, by notice to the other such party, at any time after September 30, 2012 if permission is not granted to you by the applicable United States immigration authorities to commence employment pursuant to the Company's O-1 petition by September 30, 2012 and your employment has not commenced by such date or a later date and prior to the giving of notice of such termination (“Expiration”). In the event of an Expiration and you forfeited or did not receive amounts that otherwise would be due from your current employer as a result of your employment with such employer being terminated in connection with this offer letter, the Company will pay you a cash lump sum in the amount of \$6,250,000 within fifteen (15) days after the date of such termination.

(b) During the Term, you will be entitled to participate and will participate in the Company's Severance Plan (notwithstanding the definition of “Employee” in such plan) as such plan may be in effect from time to time (“Severance Plan”) at the same level of benefits as provided for Enterprise Executive Vice Presidents; provided, however, that, during the Term: (i) any amendment or termination of the Severance Plan adverse to you (other than any amendment applicable to all participants as to the form and timing of any severance payments that may become due thereunder to the extent such changes would not create a violation under Code Section 409A as applicable to you), and without your prior written consent, will be disregarded; (ii) an “Employment Termination” as provided under the Severance Plan, will also mean an involuntary termination of your employment by the Company without Cause or a voluntary termination by you for Good Reason; (iii) all determinations with regard to you under

the Severance Plan will be subject to Section 12 hereof and not the determination procedures in the Severance Plan; (iv) the last paragraph of Section 3 of the Severance Plan shall not apply to you and any reference to a “release” in the Severance Plan shall mean the “separation agreement” referred to below; and (v) in the event that your employment is involuntarily terminated by the Company without Cause or you voluntarily terminate for Good Reason on or within one year after the occurrence of a Change of Control (as defined in the LTIP) (or such termination occurs prior to but (x) at the direction of a third party or (y) otherwise in anticipation of and in connection with such Change of Control (any such termination by the Company without Cause or you voluntarily terminate for Good Reason, an “Anticipatory Termination”), and in all events such Change of Control occurs and such Change of Control either satisfies the requirements of Treasury Regulation 1.409-3(i)(5) or any amounts payable to you as a result of such Change of Control is payable in the “short term deferral” period under Code Section 409A) after the Anticipatory Termination, in lieu of the amount of cash severance provided under the Severance Plan (other than the payments and benefits described under the heading “Other Benefits” of Section 4 of the Severance Plan, which payments and benefits shall be paid to you), you will receive (a) cash severance in the amount of the product of (x) two multiplied by (y) the sum of your Base Salary plus your Target Bonus amount, payable when such amount otherwise would be payable under the Severance Plan and (b) a prorated Annual Bonus for the fiscal year in which such termination occurs determined based on actual performance in accordance with the STI Plan (or successor plan if applicable) for such year and payable when such bonuses are payable to other senior executives, such proration to be equal to the fraction the numerator of which is the number of days you are employed during such fiscal year and the denominator of which is 365. In the event of an Anticipatory Termination, the excess amounts payable as a result thereof over the severance entitlements otherwise payable under the Severance Plan upon an employment termination shall be paid in a lump sum at the later of the date of the Change of Control and the date the amounts due on such termination are scheduled to be paid. In accordance with the Severance Plan, your entitlement to severance benefits thereunder (and as provided in this Agreement) will be subject to your returning all Company property to the Company, as provided in the Separation Agreement and signing a separation agreement in the form attached hereto as Exhibit B. Your entitlement (and continuing entitlement) to severance benefits thereunder and hereunder will also be subject to (1) your delivery to the Company of a resignation from all offices, directorships and fiduciary positions with the Company, its affiliates and employee benefit plans in which you are then serving and (2) your material compliance, to the extent provided in Section 11 (and Attachment B), with the restrictive covenants applicable to you post-termination (for which purpose any breach of the noncompetition covenant will be deemed a material noncompliance) under Section 11 (and Attachment B) hereof. Except as otherwise provided in this Agreement, any termination payments made and benefits provided under this Agreement to you, including pursuant to the Severance Plan and this Section 9(b), shall be in lieu of any other termination or severance payments or benefits of a similar nature for which you may be eligible under any of the plans, practices, policies or programs of the Company or its affiliates. All benefits, including, without limitation, the Buy-Out Options, Buy-Out PSUs and Buy-Out RSUs, and all other equity, cash and other awards under the Company's long-term incentive programs will be subject to the terms and conditions of the plan, arrangement or agreement under which such benefits accrue, are granted or are awarded.

10. Reduction of Payments in Certain Circumstances .

(a) During the Term, anything in this Agreement to the contrary notwithstanding, in the event that the Company's independent auditors or such other nationally recognized certified public accounting firm as may be designated by the Company (the "Accounting Firm") determine that receipt of any payment or distribution by the Company or affiliates in the nature of compensation to or for your benefit, whether paid or payable pursuant to this Agreement or otherwise (a "Payment") would subject you to the excise tax under Section 4999 of the Code, the Accounting Firm will determine whether to reduce any of the Payments paid or payable pursuant to this Agreement (including pursuant to any annual or long-term incentive award) (collectively and selectively, the "Agreement Payments") to the Reduced Amount (as defined below). The Agreement Payments will be reduced to the Reduced Amount only if the Accounting Firm determines that you would have a greater Net After-Tax Receipt (as defined below) of aggregate Payments if your Agreement Payments were reduced to the Reduced Amount. If the Accounting Firm determines that you would not have a greater Net After-Tax Receipt of aggregate Payments if your Agreement Payments were so reduced, you will receive all Agreement Payments to which you are entitled under this Agreement or otherwise. For purposes of this Section 10, (i) "Reduced Amount" shall mean the greatest amount of Agreement Payments that can be paid that would not result in the imposition of the excise tax under Section 4999 of the Code if the Accounting Firm determines to reduce Agreement Payments pursuant to this Section 10(a); and (ii) "Net After-Tax Receipt" shall mean the present value (as determined in accordance with Sections 280G(b)(2)(A)(ii) and 280G(d)(4) of the Code) of a Payment net of all taxes imposed on you with respect thereto under Sections 1 and 4999 of the Code and under applicable state and local laws, determined by applying the highest marginal rate under Section 1 of the Code and under state and local laws which applied to your taxable income for the immediately preceding taxable year, or such other rate(s) as the Accounting Firm determined to be likely to apply to you in the relevant tax year(s).

(b) If the Accounting Firm determines that aggregate Agreement Payments should be reduced to the Reduced Amount, the Company will promptly give you notice to that effect and a copy of the detailed calculation thereof. All determinations made by the Accounting Firm under this Section 10 shall be binding upon the Company and you and will be made as soon as reasonably practicable and in no event later than thirty (30) days following the date of any termination of your employment. For purposes of reducing the Agreement Payments to the Reduced Amount, the reduction will be made by reducing the payments and benefits in the following order: (i) payments due under Section 9 (b) hereof, (ii) payments due in respect of restricted stock units under any affected long-term incentive award, (iii) payments due in respect of performance share units under any affected long-term incentive award, and (iv) the forfeiture of such portion of any stock options constituting an "excess parachute payment" under Section 280G of the Code. All fees and expenses of the Accounting Firm shall be borne solely by the Company.

(c) As a result of the uncertainty in the application of Section 4999 of the Code at the time of the initial determination by the Accounting Firm hereunder, it is possible that amounts will have been paid or distributed by the Company to or for the benefit of you pursuant

to this Agreement which should not have been so paid or distributed (“Overpayment”) or that additional amounts which will have not been paid or distributed by the Company to or for the benefit of you pursuant to this Agreement could have been so paid or distributed (“Underpayment”), in each case, consistent with the calculation of the Reduced Amount hereunder. In the event that the Accounting Firm, based upon the assertion of a deficiency by the Internal Revenue Service against either the Company or you which the Accounting Firm believes has a high probability of success determines that an Overpayment has been made, you shall, except to the extent that it would cause a violation of the Sarbanes-Oxley Act of 2002, pay any such Overpayment to the Company together with interest at the applicable federal rate provided for in Section 7872(f)(2) of the Code; provided, however, that no amount will be payable by you to the Company if and to the extent such payment would not either reduce the amount on which you is subject to tax under Section 1 and Section 4999 of the Code or generate a refund of such taxes. In the event that the Accounting Firm, based upon controlling precedent or substantial authority, determines that an Underpayment has occurred, any such Underpayment will be paid promptly (and in no event later than 60 days following the date on which the Underpayment is determined) by the Company to or for the benefit of you together with interest at the applicable federal rate provided for in Section 7872(f)(2) of the Code.

(d) The Company will use its good faith efforts to obtain from the Accounting Firm, at Company expense, for delivery to both you and the Company a more-likely-than-not opinion as to its conclusions.

11. Covenants; Cooperation. By entering into this Agreement and in consideration for the payments and benefits provided hereunder, the covenants and the remedies set forth in Attachment B hereto shall apply, which you agree are reasonable and necessary to protect the legitimate interests of the Company Group (as defined in Attachment B). In no event shall any other grant or agreement subject you to, or cause a forfeiture of amounts that would be due to you on the basis of non-compliance with a restrictive covenant broader or in addition to those set forth in Attachment B (notwithstanding you signing or acknowledging any grant or agreement containing such broader or additional covenants).

12. Arbitration.

(a) During and after the Term, excepting any claim for benefits under any employee benefit plan in which you are a participant (which claims shall be determined in accordance with the terms of such plan), to the fullest extent permitted by law, all claims that you may have against Company or which Company may have against you, in any way related to the subject matter, interpretation, application, or alleged breach of this Agreement (“Arbitrable Claims”) shall be resolved by binding arbitration in the state of Minnesota. The arbitration will be held pursuant to the rules of the American Arbitration Association (applicable to commercial disputes). The decision of the arbitrator shall be in writing and shall include a statement of the essential conclusions and findings upon which the decision is based. Each party shall bear its own fees and expenses in connection with any such arbitration, provided that in the event you prevail on any material issue in such dispute, and the arbitrator determines that the Company

should pay your costs of arbitration, such award to you may include your reasonable attorneys fees and expenses, as well as the arbitrator's fees and expenses.

(b) Arbitration shall be final and binding upon the parties and shall be the exclusive remedy for all Arbitrable Claims. Either party may bring an action in a Minnesota court to compel arbitration under this Agreement and to enforce an arbitration award. Otherwise, neither party shall initiate or prosecute any lawsuit or administrative action in any way related to any Arbitrable Claim. Notwithstanding the foregoing, either party may, in the event of an actual or threatened breach of this Agreement (including but not limited to the provisions of the Restrictive Covenant Agreement), seek a temporary restraining order or injunction in a Minnesota court restraining breach pending a determination on the merits by the arbitrator.

(c) **THE PARTIES HEREBY WAIVE ANY RIGHTS THEY MAY HAVE TO TRIAL BY JURY IN REGARD TO ARBITRABLE CLAIMS, INCLUDING WITHOUT LIMITATION ANY RIGHT TO TRIAL BY JURY AS TO THE MAKING, EXISTENCE, VALIDITY, OR ENFORCEABILITY OF THE AGREEMENT TO ARBITRATE.**

13. Indemnification; Liability Insurance. The Company agrees to indemnify you (including advance of expenses) and hold you harmless to the fullest extent permitted by the certificate of incorporation and by-laws of the Company against and in respect to any and all actions, suits, proceedings, claims, demands, judgments, costs, expenses (including reasonable attorneys' fees), losses, and damages resulting from your performance of your duties and obligations with the Company, its affiliates and its and their benefits plans in good faith and with a reasonable belief that such performance was in, and not opposed to, the best interests of the Company or its affiliates or, with regard to fiduciary duties as to benefit plans, if you acted in good faith. The Company will cover you as an insured, during your employment and service as a member of the Board, or as a fiduciary of any benefit plan, and at all times thereafter during which you may be subject to any liability for which you may be indemnified above, to the extent of any contract of officers and directors liability insurance of the Company that insures members of the Board. The provision shall survive any termination of your employment or services.

14. Forfeiture; Recoupment of Incentive Compensation. All annual, long-term and other incentive compensation hereunder or pursuant to any plan, program or other agreement in which you are a participant or a party shall be subject to cancellation, forfeiture and recoupment by the Company, and shall be repaid by you to the Company, to the extent required by law, regulation or stock exchange listing requirement, or, except the Buy Out Awards, as may be required pursuant to any good faith broad-based Company policy adopted pursuant thereto or any other requirements set forth in the Company good faith broad-based corporate governance guidelines or policies and to any similar or successor provisions as may be in effect from time to time.

15. Your Representations; Pre-Employment Conditions.

(a) You represent and warrant that your entering into this Agreement and your employment with the Company will not be in breach of any agreement with any current or former employer. The Company acknowledges that it is aware that you are subject to non-

competition, non-solicitation of customers, non-solicitation of employees and general confidentiality requirements relating to your current employer (which the parties agree is non-competitive with the Company) and certain fiduciary obligations with regard to entities on which boards of directors you are a member. You understand that the Company has relied on this representation in entering into this Agreement.

(b) The Company's offer of employment is contingent upon drug screening and legally-required verification of your authorization to work in the United States, including applicable visa requirements.

(c) The Company is taking all commercially reasonable steps to petition for and pursue an O-1 permission to commence employment on your behalf with the applicable immigration authorities and to assist you in obtaining such permission and you will fully cooperate with the Company in this endeavor. In the event such permission is not timely obtained, Section 9(a) shall apply.

16. Attorneys Fees . The Company will reimburse you for the reasonable attorneys fees you incur in connection with the negotiation and documentation of this agreement.

17. Section 409A . Anything in this Agreement to the contrary notwithstanding:

(a) It is intended that any amounts payable under this Agreement will either be exempt from or comply with Section 409A of the Code (“Section 409A”) and all regulations, guidance and other interpretive authority issued thereunder so as not to subject you to payment of any additional tax, penalty or interest imposed under Section 409A, and this Agreement will be interpreted on a basis consistent with such intent.

(b) To the extent that the reimbursement of any expenses or the provision of any in-kind benefits under this Agreement is subject to Section 409A, (i) the amount of such expenses eligible for reimbursement, or in-kind benefits to be provided, during any one calendar year shall not affect the amount of such expenses eligible for reimbursement, or in-kind benefits to be provided, in any other calendar year (provided , that, this clause (i) will not be violated with regard to expenses reimbursed under any arrangement covered by Code Section 105(b) solely because such expenses are subject to a limit related to the period the arrangement is in effect); (ii) reimbursement of any such expense shall be made by no later than December 31 of the year following the calendar year in which such expense is incurred; and (iii) your right to receive such reimbursements or in-kind benefits shall not be subject to liquidation or exchange for another benefit. Anything in this Agreement to the contrary notwithstanding, any tax gross-up payment (within the meaning of Treas. Reg. Section 1.409A-3(i)(1)(v)) provided for in this Agreement shall be made to you no later than the end of your taxable year next following your taxable year in which you remit the related taxes.

(c) If you are a “specified employee” within the meaning of Treasury Regulation Section 1.409A-1(i) as of the date of your separation from service (within the meaning of Treas. Reg. Section 1.409A-1(h)), then any payment or benefit pursuant to this Agreement on account of your separation from service, to the extent such payment constitutes

non-qualified deferred compensation subject to Section 409A and required to be delayed pursuant to Section 409A(a)(2)(B)(i) of the Code (after taking into account any exclusions applicable to such payment under Section 409A), shall not be made until the first business day after (i) the expiration of six (6) months from the date of your separation from service, or (ii) if earlier, the date of your death (the “Delay Period”). Upon the expiration of the Delay Period, all payments and benefits delayed pursuant to this Section 17(c) (whether they would have otherwise been payable in a single sum or in installments in the absence of such delay) will be paid or reimbursed to you in a lump sum and any remaining payments and benefits due under this Agreement will be paid or provided in accordance with the normal payment dates specified for them herein. Notwithstanding any provision of this Agreement to the contrary, for purposes of any provision of this Agreement providing for the payment of any amounts or benefits upon or following a termination of employment that are considered deferred compensation under Section 409A, references to your “termination of employment” (and corollary terms) with the Company shall be construed to refer to your “separation from service” (within the meaning of Treas. Reg. Section 1.409A-1(h)) with the Company.

(d) Whenever payments under this Agreement are to be made in installments, each such installment shall be deemed to be a separate payment for purposes of Section 409A. Whenever a payment under this Agreement specifies a payment period with reference to a number of days (e.g., “payment will be made within thirty (30) days following the date of termination”), the actual date of payment within the specified period shall be within the sole discretion of the Company.

(e) To the extent any amount payable to you is subject to your entering into a release of claims with the Company and any such amount is a deferral of compensation under Section 409A and which amount could be payable in either of two taxable years for you, and the timing of such payment is not subject to terms and conditions under another plan, program or agreement of the Company that otherwise satisfies Section 409A, such payments shall be made or commence, as applicable, on January 15 (or any later date that is not earlier than 8 days after the date that the release becomes irrevocable) of such later taxable year and shall include all payments that otherwise would have been made before such date.

18. Miscellaneous .

(a) Notices . Any notices, consents, demands, requests, approvals and other communications to be given under this Agreement by either party to the other shall be in writing and (i) personally delivered, (ii) mailed by registered or certified mail, postage prepaid with return receipt requested, or (iii) delivered by overnight express delivery service or same-day local courier service, to the address set forth below, or to such other address as may be designated by the parties from time to time in accordance with this Section 18(a):

If to the Company:

Best Buy Co., Inc.
7601 Penn Avenue South
Richfield, Minnesota 55423
Attention: EVP and Chief Human Resources Officer

If to you: At the most recent address on file at the Company

Notices delivered personally or by overnight express delivery service or by local courier service are deemed given as of actual receipt. Mailed notices are deemed given three business days after mailing.

(b) Survival. Upon the expiration or other termination of this Agreement or of your employment, the respective rights and obligations of the parties hereto shall survive to the extent necessary to carry out the intentions of the parties under this Agreement.

(c) Entire Agreement; Amendments; No Waiver. This Agreement supersedes all previous employment agreements, whether written or oral between you and the Company and constitutes the entire agreement and understanding between the Company and you concerning the subject matter hereof. If, and to the extent that, any other written or oral agreement between you and the Company is inconsistent with or contradictory to the terms of this Agreement, the terms of this Agreement shall apply. No modification, amendment, termination, or waiver of this Agreement shall be binding unless in writing and signed by you and a duly authorized officer of the Company. Failure of the any party to insist upon strict compliance with any of the terms, covenants, or conditions hereof shall not be deemed a waiver of such terms, covenants, and conditions.

(d) Successors and Assigns. This Agreement is binding upon and shall inure to the benefit of you and your heirs, executors, assigns and administrators or your estate and property and the Company and its successors and permitted assigns. You may not assign or transfer to others the obligation to perform your duties hereunder. The Company may not assign this Agreement other than to a successor to all or substantially all of its business and then only upon such assignee's delivery to you of a written assumption of this Agreement.

(e) Counterparts. This Agreement may be signed in counterparts each of which will be deemed an original, but all of which will constitute one and the same instrument. This Agreement may be executed by a signature delivered by facsimile or in e-mail/PDF or other electronic format.

[Signatures are on the following page]

Mr. Hubert Joly
August 19, 2012

On behalf of the Company, I am excited to offer you employment with the Company and look forward to a mutually rewarding relationship.

Very truly yours,

/s/ KATHY HIGGINS VICTOR

Kathy Higgins Victor, Chair
Nominating, Corporate Governance and Public Policy
Committee of the Board of Directors

Agreed and Accepted:

/s/ HUBERT JOLY

Hubert Joly

Dated: August 19, 2012

ATTACHMENT A

1. “Cause” is deemed to exist if you:

(i) are convicted of or enter a plea of guilty or *nolo contendere* to: (A) a felony, (B) a crime of moral turpitude resulting in demonstrable adverse financial or reputational impact on the Company Group or (C) any crime involving the business of the Company and its affiliates;

(ii) in the performance of your duties for the Company Group or otherwise, engage in: (A) material dishonesty, (B) gross misconduct, or (C) willful or gross neglect resulting, in each case, in a material adverse financial or reputational impact on the Company Group;

(iii) willfully disobey the lawful directions of the Board acting within the scope of its authority and does not cure such disobedience within ten (10) days of receipt of written notice thereof;

(iv) willfully and materially fail to comply with the material written policies of the Company Group and, if curable, failure to cure within ten (10) days of written notice thereof;

(v) fail to devote substantially all of your business time and effort to the Company Group which is not cured within ten (10) days of written notice thereof, subject to activities permitted under Section 2 (b); or

(vi) materially breach any material provision of the Agreement and do not cure the same within ten (10) days of written notice thereof;

For purposes of this definition of “Cause”, no act or omission to act by you will be “willful” if such conduct was in your good faith and with a reasonable belief that such act or omission was in the best interests of the Company. You will have the right to appear before the Board for any Cause termination hereunder (excepting clause (i)).

2. “Good Reason” means the occurrence of any of the following events (other than due to your Disability):

(i) a material adverse change in your title, duties or responsibilities (including reporting responsibilities) or a failure to re-nominate you as a member of the Board;

(ii) without your consent, a material reduction in your Base Salary, other than across-the-board reductions affecting senior executives on a proportionate basis not to exceed 10% of Base Salary;

(iii) your being required to work in a location more than 50 miles from his office location in Richfield, Minnesota on the start date, except for requirements of temporary travel on the Company Group's business;

(iv) any failure to assign to a successor to the business and substantially all assets of the Company, and of such successor to assume, the obligations of the Company under the Agreement; or

(v) a material uncured breach of the Agreement by the Company.

“Good Reason” shall not exist unless and until you provide the Company with written notice of the acts alleged to constitute Good Reason within ninety (90) days of the initial occurrence of such event, and the Company fails to cure such acts within thirty (30) days of receipt of such notice. You must terminate your employment within sixty (60) days following the expiration of such cure period for the termination to be on account of Good Reason.

3. “Disability” means that you either (a) have qualified for long term disability payments under the Company's long term disability plan; or (b) are unable to perform the essential functions of your position (with or without reasonable accommodation) with any such Company Group member due to a physical or mental impairment resulting from your illness, injury, and such inability to perform continues for at least 6 consecutive months.

ATTACHMENT B

1. Definitions . For purposes of this Attachment B, the following defined terms shall apply:

a. “ Affiliates ” means an entity controlled directly or indirectly by the Company, where “control” means the right, either directly or indirectly, to elect a majority of the directors or other governing body thereof without the consent or acquiescence of any third party.

b. “ Company Group ” means, collectively, the Company and its Affiliates.

c. “ Confidential Information ” will mean any and all information in whatever form, whether written, electronically stored, orally transmitted or memorized pertaining to: trade secrets; customer lists, records and other information regarding customers; price lists and pricing policies, financial plans, records, ledgers and information; purchase orders, agreements and related data; business development plans; products and technologies; product tests; manufacturing costs; product or service pricing; sales and marketing plans; research and development plans; personnel and employment records, files, data and policies (regardless of whether the information pertains to you or other employees of the Company Group); tax or financial information; business and sales methods and operations; business correspondence, memoranda and other records; inventions, improvements and discoveries; processes and methods; and business operations and related data formulae; computer records and related data; know-how, research and development; trademark, technology, technical information, copyrighted material; and any other confidential or proprietary data and information which you encounter during employment, all of which are held, possessed and/or owned by the Company Group and all of which are used in the operations and business of the Company Group. Confidential Information does not include information which is or becomes generally known within the Company Group's industry through no act or omission by you; provided, however, that the compilation, manipulation or other exploitation of generally known information may constitute Confidential Information.

2. Confidentiality . You acknowledge that the Company Group operates in a competitive environment and has a substantial interest in protecting its Confidential Information, and you agree, during your employment with the Company Group and thereafter, except in the good faith performance of your duties to the Company Group, to maintain the confidentiality of the Company Group's Confidential Information and to use such Confidential Information for the exclusive benefit of the Company Group, provided that you may comply with legal process or governmental inquiry provided that, to the extent legally permitted, you give the Company prompt written notice thereof so it has an opportunity to seek a protective order.

3. Competitive Activity . During your employment with the Company Group and for 2 years following the termination of your employment for any reason, you shall not as an employee, director, officer, manager, executive, partner, independent contractor, board member, consultant or technical or business advisor (or any foreign equivalents of the foregoing) engage or assist any (and only) of the following companies or their respective affiliates, subsidiaries and successors to all or substantially all of the business of: Amazon, Apple, AT&T, Barnes and Noble, Brookstone, Buy.com, Costco Wholesale Corporation, Dell, Ebay, GameStop, Google,

Hewlett-Packard, H.H. Gregg, Newegg, OfficeMax, Office Depot, RadioShack/Tandy, Samsung, Sears Holdings Corporation, Sony, Sprint, Staples, T-Mobile, Target, Verizon and Wal-Mart; provided, however, that you may be a passive holder of not more than 1% of the combined voting power of the outstanding stock of any of the above that are a publicly held company as long as you are not otherwise engaged in that company's business. Because the Company Group's business competes on a global basis, your obligations hereunder shall apply anywhere in the world. The provisions of this Section 3 shall cease to apply upon any termination of employment occurring on or after (including an Anticipatory Termination) the occurrence of a Change of Control.

4. Non-Solicitation. During your employment, except in the good faith performance of your duties, and for 2 years following the termination of your employment for any reason, you shall not

a. induce or attempt to induce any employee of the Company Group to leave the employ of the Company Group, or in any way interfere adversely with the relationship between any such employee and the Company Group;

b. induce or attempt to induce any employee of the Company Group to work for, render services to, provide advice to, or supply Confidential Information of the Company Group to any third person, firm, or corporation;

c. employ, or otherwise pay for services rendered by, any management employee of the Company Group in any business enterprise which you control or where you are directly (or through others) making the hiring decision and knowingly employ or pay such a person, other than employees hired through solicitations of general advertising;

d. interfere with the then existing business relationship between any customer, supplier, licensee, licensor or other business relation and the Company Group (excepting consumers) other than via mass marketing; or

e. assist, solicit, or encourage any other person, directly or indirectly, in carrying out any activity set forth above that would be prohibited by any of the provisions of this Attachment B if such activity were carried out by you. In particular, you will not, directly or indirectly, induce any employee of the Company Group to carry out any such activity.

f. Provided that clauses (a) through (e) above shall not be violated by general solicitation not targeted at the prohibited group or by serving as a reference upon request.

5. Partial Invalidity. In the event that any portion of this Attachment B shall be determined by any court of competent jurisdiction to be unenforceable because it is unreasonably restrictive or otherwise unenforceable in any respect, it shall be interpreted to be valid to the maximum extent for which it reasonably may be enforced, and enforced as so interpreted, all as determined by such court in such action. You acknowledge the uncertainty of the law in this respect and expressly stipulate that this Attachment B is to be given the construction that renders

its provisions valid and enforceable to the maximum extent (not exceeding its express terms) possible under applicable law.

6. Remedy for Breach. You agree that a breach of any of the provisions of Sections 3, 4 or 5 of this Attachment B (collectively, the “Restricted Covenants”) may cause material and irreparable harm to the Company Group that would be difficult or impossible to measure, and that damages or other legal remedies available to the Company Group for any such injury would, therefore, be an inadequate remedy for any such breach. Accordingly, you agree that if you breach any Restrictive Covenant, the Company Group shall be entitled, in addition to and without limitation upon all other remedies the Company Group may have under this Agreement or any other agreement between the Company and you, at law or otherwise, to obtain injunctive or other appropriate equitable relief, without bond or other security, to restrain any such breach. Such equitable relief in any court shall be available to the Company Group in lieu of, or prior to or pending determination in any arbitration proceeding. You further agree that the applicable 2-year post-termination restriction period of the Restrictive Covenants under Sections 4 and 5 shall be tolled during the period in which you are in breach.

7. Return of Company Property and Records. Upon a termination of your employment for any reason, you will surrender to the Company in good condition (reasonable wear and tear excepted) all property and equipment belonging to the Company Group and all records kept by you containing the names, addresses or any other information with regard to customers or customer contacts of the Company, or concerning any proprietary or confidential information of the Company or any operational, financial or other documents given to you during your employment with the Company other than documents given to you as information to you as an individual employee about your benefits, compensation, equity rights or other matters with the Company. You may retain your address books to the extent they only contain contact information.

8. Cooperation. You agree that, following termination of your employment for any reason, you will upon reasonable advance notice, and to the extent it does not interfere with previously scheduled travel plans and does not unreasonably interfere with other full-time business activities, employment obligations, or reasonably firm personal commitments, reasonably assist and cooperate with the Company with regard to any matter or project in which you were involved during your employment, including any litigation. The Company will reimburse your reasonable expenses incurred in connection with such cooperation and assistance.

9. Assignment of Inventions. You will promptly communicate and disclose in writing to the Company all inventions and developments including software, whether patentable or not, as well as patents and patent applications (hereinafter collectively called “Inventions”), made, conceived, developed, or purchased by you, or under which you acquire the right to grant licenses or to become licensed, alone or jointly with others, which have arisen or jointly with others, which have arisen or may arise out of your employment, or relate to any matters pertaining to, or useful in connection therewith, the business or affairs of the Company or any of its subsidiaries. Included herein as if developed during the employment period is any specialized

Mr. Hubert Joly
August 19, 2012

equipment and software developed for use in the business of the Company. All of your right, title and interest in, to, and under all such Inventions, licenses, and right to grant licenses shall be the sole property of the Company. As to all such Inventions, you will, upon request of the Company execute all documents which the Company deems necessary or proper to enable it to establish title to such Inventions or other rights, and to enable it to file and prosecute applications for letters patent of the United States and any foreign country; and do all things (including the giving of evidence in suits and other proceedings) which the Company deems necessary or proper to obtain, maintain, or assert patents for any and all such Inventions or to assert its rights in any Inventions not patented.

10. Survival. The provisions of this Attachment B shall survive a termination of your employment and the Agreement.

BEST BUY CO., INC.

LONG-TERM INCENTIVE PROGRAM BUY-OUT AWARD AGREEMENT

Award Date: _____, 2012

1. **The Award and the Plan** . Pursuant to the Best Buy Co., Inc. 2004 Omnibus Stock and Incentive Plan, as amended (the “Plan”) and this Long-Term Incentive Program Buy-Out Award Agreement (“Agreement”), as of the Award Date set forth above (the “Award Date”), Best Buy Co., Inc. (“Best Buy”) grants to Hubert Joly (“you”) the Awards set forth below (collectively, this “Award”):
- 1.1 An option to purchase [insert number] of Shares of Best Buy common stock (the “Option”) at the option price of \$____ per Share; Note to draft : The number of options granted will be equal to the Black Scholes value of Best Buy stock on the date of grant as determined by the outside advisors for Best Buy who value Best Buy stock options granted under the Plan.
- 1.2 [insert number] time-based restricted stock units payable in one (1) Share for each restricted stock unit becoming vested and nonforfeitable in accordance with the terms of this Award (the “RSUs”); Note to draft : The number of restricted stock units granted will be equal to quotient of (x) the value of the award set forth in Section 7(c) of the Employment Agreement divided by (y) the closing price of Best Buy stock on the date employment commences. and
- 1.3 [insert number] of performance stock units payable in one (1) Share for each performance share unit becoming earned (upon attainment of target performance (or such lesser (or no) or greater number of performance stock units as are earned hereunder, all in accordance with Appendix A hereto)), vested and nonforfeitable in accordance with the terms of this Award (the “PSUs”).

This Award is being granted to you pursuant to the Employment Agreement entered into between Best Buy and you dated August __, 2012 (“Employment Agreement”). Capitalized terms not defined in this Agreement (including the Appendices hereto and by reference to the Employment Agreement where so identified) shall have the meaning defined in the Plan. Except as otherwise stated, all references to “Sections” or “Articles” refer to Sections or Articles of this Agreement.

2. **Terms of Option Grant** .

- 2.1 **Duration, Vesting and Exercisability of Option** . The Option expires on the tenth (10th) anniversary of the Award Date (the “Expiration Date”). You may exercise the Option in cumulative installments of one-quarter (1/4) of the Option each, with the first such installment becoming vested and exercisable on the Award Date and the remaining three such installments becoming vested and exercisable successively on each of the first three anniversaries of the

¹ **Note to draft: The number of options granted will be equal to the Black Scholes value of Best Buy stock on the date of grant as determined by the outside advisors for Best Buy who value Best Buy stock options granted under the Plan.**

² **Note to draft: The number of restricted stock units granted will be equal to quotient of (x) the value of the award set forth in Section 7(c) of the Employment Agreement divided by (y) the closing price of Best Buy stock on the date employment commences.**

³ **Note to draft: The target number of performance stock units granted will be based on the grant date accounting value of the dollar amount of the award set forth in Section 7(e) of the Employment Agreement, with such accounting value determined using a Monte Carlo model as required under GAAP accounting rules. The target number of shares will be determined by dividing the target value by the fair value cost on a per share basis.**

Award Date, provided that you are employed on the date such installment is scheduled to so vest (except as provided in Section 3.4(a)(ii)). The Option may only be exercised by you during your lifetime, and may not be assigned or transferred other than by will or the laws of descent and distribution.

2.2 Exercise and Tax Withholding . The Option may be exercised in whole or in part by written notice to Best Buy (through the Plan administrator or other means as shall be specified by Best Buy from time-to-time) stating the number of Shares to be purchased under the Option and the method of payment. The notice must be accompanied by payment in full of the exercise price for all Shares designated in the notice. Payment of the exercise price may be made by cash, check, delivery of previously owned Shares having a Fair Market Value on the date of exercise that is equal to the exercise price, or withholding of Shares that would otherwise be issued upon such exercise having a Fair Market Value on the date of exercise that is equal to the exercise price, or a combination thereof. The Option is a Non-Qualified Stock Option that is not eligible for treatment as a qualified or incentive stock option for federal income tax purposes. You are liable for any federal and state income or other taxes applicable upon the grant or exercise of the Option or any disposition of the underlying Shares; and you acknowledge that you should consult with your own tax advisor regarding the applicable tax consequences. Prior to exercising the Option, you will pay or make adequate arrangements satisfactory to Best Buy to satisfy all applicable taxes. In this regard, you authorize Best Buy, or its respective agents, at their discretion, to satisfy the obligations with regard to all taxes by one or a combination of the following: (i) withholding from your wages or other cash compensation paid to you by Best Buy; or (ii) withholding from proceeds of the sale of shares of Best Buy common stock acquired at exercise of the Option either through a voluntary sale or through a mandatory sale arranged by Best Buy (on your behalf pursuant to this authorization); or (iii) withholding in shares of Best Buy common stock to be issued at exercise of the Option. You have no rights in the Shares subject to the Option until such Shares are received by you upon exercise of the Option.

2.3 Limited Exercise Rights after your Qualified Retirement, Disability, Death or other Termination of Employment . Your employment with the Company Group (as defined in Appendix B) may be terminated by your employer at any time for any reason (with or without advance notice). Subject to the forfeiture provisions of Article 4 and the exceptions in paragraph (e) of this Section 2.3:

- a. If you resign or otherwise voluntarily terminate your employment with the Company Group without Good Reason (and not due to Disability, death or Qualified Retirement), you will have 90 days after the date of your termination to exercise the Option, to the extent the Option had become vested as of your termination date.
- b. Upon your Qualified Retirement (as defined in Appendix B) from the Company Group, you will have three (3) years after the effective date of your retirement to exercise the Option, to the extent the Option had become vested as of your termination date.
- c. If you die while employed by the Company Group, the representative of your estate or your heirs will have one (1) year after the date of your death to exercise the Option, to the extent the Option had become vested as of the date of your death. If you become Disabled while employed with the Company Group, you will have one (1) year after the effective date of such classification to exercise the Option, to the extent the Option had become vested as of your termination date.
- d. If your employment with the Company Group is terminated by your employer without Cause (and not due to your Disability), or if you resign or otherwise voluntarily terminate your employment with the Company Group for Good Reason, you will have two (2) years after the date of your termination to exercise the Option, to the extent the Option had become vested as of your termination date.

- e. In no case, however, may the Option be exercised after the Expiration Date. The Option may not be exercised following termination of your employment with the Company Group for Cause.

3. Terms of Time-Based Restricted Stock Units and Performance-Based Restricted Stock Units .

3.1 Time-Based Restricted Stock Units: Vesting and Payment .

- a. Until your RSUs vest as provided below, they are subject to the restrictions described in Section 3.3 during the period (the “Restricted Period”) beginning on the Award Date and ending three years later. Except as otherwise provided in Section 3.3, Section 3.4 and Article 4, the RSUs will vest and become nonforfeitable in thirty-six equal monthly installments of [insert 1/36th of award shares] Shares, with each such installment becoming vested on the [insert day of the month as corresponds to the Award Date] day of the month commencing with [insert first vesting date; one month after award date] and each successive month thereafter until becoming fully vested and nonforfeitable, provided that you are employed on the date such installment is scheduled to so vest (except as provided at Section 3.4(a)(i)).
- b. RSUs, to the extent vested, will be payable to you, subject to Section 5.4, within 30 days following your separation from service with the Company Group, in the form of either book-entry registration or a stock certificate representing one (1) Share for each restricted stock unit that had so vested.

3.2 Performance Share Units: Performance Period; Performance Goals; Vesting; and Payment .

- a. Your PSUs are subject to the Performance Goal during the Performance Period as defined and set forth in Appendix A hereto. Your PSUs also are subject to your continued employment until the last day of the Performance Period, except as set forth in Section 3.4(a)(iii).
- b. Provided that you satisfy the continued employment requirement of Section 3.2(a) (or Section 3.4(a)(iii), as may apply), such number of PSUs will become earned, vested and nonforfeitable on the last day of the Performance Period as satisfies the Performance Goal and such earned and vested PSUs will be payable to you thirty (30) days following the last day of the Performance Period (or such earlier date as may apply under Section 3.4(a)(iii)), provided that to the extent that the value of such PSUs exceeds the specified annual calendar year limit in Section 4(d)(ii) of the Plan, the excess shall be paid on January 15th of successive calendar years using up in each such year the maximum amount permitted to be paid in each such year under such Section 4(d)(ii) as to performance-based compensation. Payment of your earned and vested PSUs will be in the form of either book-entry registration or a stock certificate representing one (1) Share for each performance share unit that had become so earned and vested. The Compensation and Human Resources Committee will determine and certify, within thirty (30) days after the end of the Performance Period, in accordance with Section 162(m), whether and to what extent the Performance Goal may have been attained.
- c. The foregoing provisions of this Section 3.2 to the contrary notwithstanding, upon the occurrence of a Change of Control, the Compensation and Human Resources Committee will thereupon determine and certify, in accordance with Section 162(m) and based on the Performance Goal as set forth in Appendix A as of the date of such Change of Control, whether and to what extent the Performance Goal may have been attained through the date of such Change of Control, and you will be deemed to have earned the greater of (i) such number of PSUs as would have been earned based on the attainment of Target performance under the Performance Goal or (ii) such number of PSUs as would be earned

based on the actual Performance Goal attained as so certified by the Compensation and Human Resources Committee. In such event, your obligation to continue employment until the last day of the Performance Period under Section 3.2(a) (except as provided in Section 3.4(a)(iii)) shall be unaffected by such Change of Control. "Change of Control" has the meaning defined in Appendix B hereto.

3.3 Limit on Transfers . You may not sell, assign, pledge or otherwise transfer the RSUs or PSUs at any time (or any interest in or right therein), other than by will or the laws of descent and distribution, and any such attempted transfer will be void.

3.4 Effect of Retirement, Disability, Death or other Termination of Employment . Your employment with the Company Group may be terminated by your employer at any time in accordance with the Employment Agreement. Subject to the forfeiture provisions of Article 4:

- a. If your employment with the Company Group is terminated by reason of your death, you become Disabled, your employment is involuntarily terminated by the Company Group without Cause or you voluntarily terminate your employment for Good Reason at any time before the Option or the RSUs, respectively, have become fully vested or the PSUs have become earned and vested:
 - i. the unvested RSUs will become fully vested, nonforfeitable and payable to you in accordance with Section 3.1 hereof;
 - ii. the unvested portion of the Option will become fully vested and exercisable on the date of termination;
 - iii. the PSUs will become earned (to the extent not previously deemed earned under Section 3.2(c)) to the extent that the Performance Goals have been attained through the date of termination and a pro rata portion of such earned number of PSUs will become immediately vested and payable to you within thirty (30) days following the date of termination or the earliest such later date as is required to satisfy Section 409A of the Code; provided that to the extent the value of such PSUs exceeds the specified annual calendar year limit in Section 4(d)(ii) of the Plan, the excess shall be paid on January 15th of successive calendar years using up in each such year the maximum amount permitted to be paid in such year under such Section 4(d)(ii) as to performance-based compensation; and further provided that, if such termination is within two (2) years after a Change in Control that satisfies the requirements of Treasury Regulation 1.409A-3(i)(5), the full amount shall be paid on such termination or such later date as is required to comply with Section 409A of the Code. For such purpose, (x) the Compensation and Human Resources Committee will thereupon determine and certify the attainment of the Performance Goals and the resulting number, if any, of PSUs as have become earned and (y) the pro rata portion will equal the fraction of such earned PSUs the numerator of which is the number of days you were employed through the date of termination and the denominator of which is 1,095; and
 - iv. Your right to vesting, and consequent payment, of the unvested portion of your Option, RSUs and PSUs under this Section 3.4, pursuant to an involuntary termination of your employment by the Company Group without Cause (and not due to Disability) or your voluntary termination for Good Reason, is subject to your providing a complete release of all claims to the Company Group, not later than forty-five (45) days following the date of your termination of employment, in the form of Agreement and Release of Claims set forth as Exhibit B of the Employment Agreement.
 - v. For purposes of this Award, "Cause", "Good Reason" and "Disability" have the meaning as defined in the Employment Agreement.

- b. If your employment is involuntarily terminated by the Company Group for Cause, the vested but unexercised portion of the Option will be immediately forfeited and such portion of the Option will be immediately cancelled. You may retain all other vested equity.
- c. If your employment terminates for any reason other than as set forth in Section 3.4(a) or 3.4(b), such portion of each of the Option, RSUs and PSUs, that had not previously become vested, and earned (as applies), on the date of termination will be immediately forfeited and such portion of the Award will be immediately cancelled.

3.5 Dividend Equivalents . You will be entitled to an accrual of dividend equivalents with respect to the RSUs and PSUs under this Award from the Award Date until the date such RSUs and PSUs, respectively, are paid, as follows:

- a. As of each dividend date for holders of Shares, a dollar amount equal to the amount of the dividend that would have been paid on the number of Shares equal to the number of RSUs and PSUs, as applies, held by you under this Award as of the close of business on the record date for such dividend will be converted into a number of RSUs or PSUs, as applies, equal to the number of whole and fractional Shares that could have been purchased at the closing price on the dividend payment date with such dollar amount. In the case of any dividend declared on Shares which is payable in Shares, you will be credited with an additional number of RSUs and PSUs, as applies, equal to the product of (x) the number of RSUs or PSUs, as applies then held by you on the related dividend record date and the (y) the number of Shares (including any fraction thereof) distributable as a dividend on a Share.
- b. Such accrued dividend equivalents will be paid to you at such time and in accordance with Section 3.1(b), Section 3.2(b) or Section 3.4(a), as applies, but in each such case only to the extent that the RSUs on which such dividend equivalents were credited have become vested and payable and the PSUs on which such dividend equivalents were credited have become earned, vested and payable.

3.6 Limitation of Rights Regarding Shares . Until issuance of the Shares, you will not have any rights of a shareholder with respect to your RSUs or your PSUs.

3.7 Income Taxes . You are liable for any federal and state income or other taxes applicable upon the payment of vested RSUs and of earned and vested PSUs, and your subsequent disposition of any Shares paid with respect to such RSUs that have become vested and PSUs that have become earned and vested; and you acknowledge that you should consult with your own tax advisor regarding the applicable tax consequences. Upon the payment of Shares with respect to your vested RSUs and earned and vested PSUs (including RSUs and PSUs credited as accrued dividend equivalents thereon), Best Buy will withhold from those Shares the number of Shares having a Fair Market Value equal to the amount of the minimum applicable taxes required by Best Buy to be withheld upon the payment of those RSUs and PSUs as apply.

4. Restrictive Covenants and Remedies . By accepting this Award, you agree to the restrictions and agreements contained in Section 11 and Attachment B of the Employment Agreement (“Restrictive Covenants”) and the remedies in Section 9 of the Employment Agreement, and you agree that the Restrictive Covenants and the remedies described in such provisions of the Employment Agreement are reasonable and necessary to protect the legitimate interests of the Company Group.

5. General Terms and Conditions .

5.1 Employment and Terms of Plan . This Agreement does not guarantee your continued employment nor alter the right of any member of the Company Group to terminate your employment at any time. This Award is granted pursuant to the Plan and is subject to its terms.

In the event of any conflict between the provisions of this Agreement and the Plan, the provisions of the Plan will govern. By your acceptance of this Award, you acknowledge receipt of a copy of the Prospectus for the Plan and your agreement to the terms and conditions of the Plan and this Agreement.

5.2 Governing Law, Jurisdiction and Venue . The Performance Award and the provisions of this Agreement are governed by, and subject to, the laws of the State of Minnesota, without regard to the conflict of law provisions, as provided in the Plan. You and Best Buy agree that the state and federal courts located in the State of Minnesota shall have personal jurisdiction over the parties to this Agreement, and that the sole venues to adjudicate any dispute arising under this Agreement shall be the District Courts of Hennepin County, State of Minnesota and the United States District Court for the District of Minnesota; and each party waives any argument that any other forum would be more convenient or proper. Notwithstanding the foregoing or any provision of the Plan as to determinations, interpretations or disputes, all such determinations, interpretations and/or disputes shall be subject to a *de novo* determination in accordance with Section 12 of the Employment Agreement.

5.3 Section 409A .

- a. Anything herein to the contrary notwithstanding, this Agreement shall be interpreted so as to comply with or satisfy an exemption from Section 409A of the Code and the regulations and guidance promulgated thereunder (collectively, "Section 409A"). The Compensation and Human Resources Committee may in good faith make the minimum modifications to this Agreement as it may deem appropriate to comply with Section 409A while to the maximum extent reasonably possible maintaining the original intent and economic benefit to you and the Company Group of the applicable provision.
- b. To the extent required by Section 409A(a)(2)(B)(i), to the extent that you are a specified employee, payment of RSUs and PSUs to you upon your separation from service will be delayed and paid promptly after the earlier of the date that is six (6) months after the date of such separation from service or the date of your death after such separation from service. For purposes hereof, (x) any reference to your termination of employment under this Agreement shall mean your separation from service, (y) the occurrence of your "separation from service" will be determined in accordance with the default provisions of Treasury Regulation Section 1.409A-1(h) and (z) whether you are a "specified employee" will be determined in accordance with the default provisions of Treasury Regulation Section 1.409A-1(i) with the "identification date" to be December 31 and the "effective date" to be the April 1 following the identification date (as such terms are used under such regulation). Notwithstanding anything in this Agreement to the contrary, your employment shall not be deemed to have been terminated unless and until you have incurred a "separation from service" within the meaning of Section 409A.
- c. For purposes of Treasury Regulation Section 1.409A-2(b)(2)(iii), your right to receive any installment payments under this Agreement shall be treated as a right to receive a series of separate payments and, accordingly, each installment payment under this Agreement shall at all times be considered a separate and distinct payment.
- d. To the extent that the right to payment of your RSUs or your PSUs is subject to your providing a release of claims to the Company Group (under Section 3.4(a)(iv)) that is not revoked, and as a result of the timing of when you provide such release of claims such payment could be made in either of two of your taxable years, such payment shall be made in the later such taxable year.

By signing below, you and Best Buy agree that the Option, RSUs and PSUs are granted under and governed by the terms and conditions of the Plan and this Agreement.

Best Buy Co., Inc.

By: _____

Title: _____

Hubert Joly

APPENDIX A

Performance Stock Unit (PSU) Performance Goal

1. **Performance Goal; Performance Period; PSUs Earned** . The number of performance stock units that may be earned under this Award is based on the attainment of the following performance goal:

The performance of Best Buy common stock total shareholder return, relative to a peer group comprised of the S&P 500 Index, over the 36-month period commencing on [insert the first day of the month immediately following the employment commencement date] and ending on [insert the last day of the applicable 36th month], except ending on the date of termination of employment for purposes of Section 3.4(a)(iii) or the date of the occurrence of a Change of Control in for purposes of Section 3.2(c), (the “ Performance Period ”). The number of performance stock units that may be earned under this Award are as follows:

| Performance Level | Performance Achieved | Number of PSUs Earned |
|--|--|--|
| Below Threshold | Less than 30th percentile rank relative TSR | 0 PSUs |
| At Threshold | 30th percentile rank relative TSR | <u>[insert threshold number]</u> PSUs (50% of Target) |
| At Target | 50th percentile rank relative TSR | <u>[insert target number]</u> PSUs (100%) |
| At Maximum | 70th or greater percentile rank relative TSR | <u>[insert maximum number]</u> PSUs (150% of Target) |
| The number of performance stock units earned will be interpolated on a linear basis for performance between Threshold and Target and between Target and Maximum. | | |

2. **Total Shareholder Return” or “TSR”** . Total Shareholder Return” or “TSR” means total shareholder return as applied to Best Buy or each company in the S&P 500 Index, meaning common stock price appreciation from the beginning to the end of the Performance Period, plus dividends and distributions made or declared (assuming for such purpose that such dividends or distributions are reinvested in Best Buy common stock or of any such company in the S&P 500 Index) during the Performance Period, expressed as a percentage return. For purposes of determining common stock price appreciation as applied to Best Buy hereunder, the applicable stock price will be the Fair Market Value (as defined in the Plan) of Best Buy common stock, as applies.
3. **Calculation** . For purposes of the Award and this Appendix A, the number of PSUs earned will be calculated as follows:

FIRST : For Best Buy and for the companies comprising the S&P 500 Index, determine the TSR for the Performance Period. For purposes of this calculation, TSR will be calculated on a compounded annualized basis over the Performance Period.

SECOND : Rank the TSR values determined in the first step from low to high (with the company having the lowest TSR being ranked number 1, the company with the second lowest TSR ranked

number 2, and so on) and determine Best Buy's percentile rank based upon its position in the list by dividing Best Buy's position by the total number of companies (including Best Buy) in the S&P 500 and rounding the quotient to the nearest hundredth. For example, if Best Buy were ranked 300 on the list out of 500 companies (including Best Buy), its percentile rank would be 60%.

THIRD : Plot the percentile rank for Best Buy determined in the second step above into the appropriate band in the left-hand column of the table above and determine the number of PSUs earned as a percent of Target, which is the figure in the right-hand column of the table (using linear interpolation between points as provided in the table above) corresponding to that percentile rank. For example, if Best Buy's percentile rank is 60%, then 125% of the Target number of PSUs would be earned.

4. **Rules** . The following rules apply to the computation of the number of PSUs earned:

No Guaranteed Payout : The minimum number of PSUs which may be earned is zero and the maximum number of PSUs which may be earned is 150% of the Target number of PSUs. There is no minimum number of PSUs or other consideration that will be paid out, and no PSUs will be earned if the percentile rank is less than the 30th percentile or lower in the Performance Period.

Effect of Changes on S&P 500 Index : The S&P 500 Index shall be such companies as comprise that index from time to time during the Performance Period.

APPENDIX B

Certain Definitions

“Affiliate” is generally defined in the Plan, but will mean, solely for purposes of the definitions of “Change of Control” and “Person” in this Addendum, a company controlled directly or indirectly by Best Buy, where “control” will mean the right, either directly or indirectly, to elect a majority of the directors or other governing body thereof without the consent or acquiescence of any third party.

“Beneficial Owner” will have the meaning defined in Rule 13d-3 under the Securities Exchange Act of 1934, as amended, or any successor provision.

A “Change of Control” will be deemed to have occurred solely for purposes of this Agreement, if the conditions set forth in any one of the following paragraphs are satisfied after the Award Date:

- (i) any Person is or becomes the Beneficial Owner, directly or indirectly, of securities of Best Buy representing 50% or more of the combined voting power of Best Buy's then outstanding securities excluding, at the time of their original acquisition, from the calculation of securities beneficially owned by such Person, any securities acquired directly from Best Buy or its Affiliates or in connection with a transaction described in clause (a) of paragraph III below; or
- (ii) individuals who at the Award Date constitute the Board and any new director (other than a director whose initial assumption of office is in connection with an actual or threatened election contest, including but not limited to a consent solicitation, relating to the election of directors of Best Buy) whose appointment or election by the Board or nomination for election by Best Buy's shareholders was approved or recommended by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors at the Award Date or whose appointment, election or nomination for election was previously so approved or recommended, cease for any reason to constitute a majority thereof; or
- (iii) there is consummated a merger or consolidation of Best Buy or any Affiliate with any other company, other than (a) a merger or consolidation which would result in the voting securities of Best Buy outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or any parent thereof), in combination with the ownership of any trustee or other fiduciary holding securities under an employee benefit plan of Best Buy or any Affiliate, at least 50% of the combined voting power of the voting securities of Best Buy or such surviving entity or parent thereof outstanding immediately after such merger or consolidation, or (b) a merger or consolidation effected to implement a recapitalization of Best Buy (or similar transaction) in which no Person is or becomes the Beneficial Owner, directly or indirectly of securities of Best Buy representing 50% or more of the combined voting power of Best Buy's then outstanding securities; or
- (iv) the shareholders of Best Buy approve a plan of complete liquidation of Best Buy or there is consummated an agreement for the sale or disposition by Best Buy of all or substantially all Best Buy's assets, other than a sale or disposition by Best Buy of all or substantially all of Best Buy's assets to an entity, at least 50% of the combined voting power of the voting securities of which are owned by shareholders of Best Buy in substantially the same proportions as their ownership of Best Buy immediately before such sale; or
- (v) the Board determines in its sole discretion that a change in control of Best Buy has occurred.

- (vi) Notwithstanding the foregoing, a “Change in Control” will not be deemed to have occurred by virtue of the consummation of any transaction or series of integrated transactions immediately following which the record holders of the common stock of Best Buy immediately before such transaction or series of transactions continue to have substantially the same proportionate ownership in an entity which owns all or substantially all of the assets of Best Buy immediately following such transaction or series of transactions.

“Company Group” will mean, collectively, Best Buy and its Affiliates.

“Person” is generally defined in the Plan, but solely for purposes of the definition of “Change of Control” in this Addendum, will have the meaning defined in Sections 3(a)(9) and 13(d) of the Securities Exchange Act of 1934, as amended, except that such term will not include (i) Best Buy or any of its Affiliates, (ii) a trustee or other fiduciary holding securities under an employee benefit plan of Best Buy or any of its Affiliates, (iii) an underwriter temporarily holding securities pursuant to an offering of such securities, or (iv) a corporation owned, directly or indirectly, by the shareholders of Best Buy in substantially the same proportions as their ownership of stock of Best Buy.

“Qualified Retirement” will mean any termination of your employment with the Company Group that occurs on or after your 60th birthday, at a time when no member of the Company Group is entitled to discharge you for Cause, so long as you have served the Company Group continuously for at least the five-year period immediately preceding that termination.

AGREEMENT AND RELEASE OF CLAIMS

This Agreement and Release of Claims (the “ Agreement ”) is entered into by and between _____ (the “ Executive ”) and Best Buy Co., Inc. (the “ Company ”). Collectively, the Executive and the Company are hereinafter referred to as the “Parties.”

WHEREAS, the Executive was recently employed by the Company as its President and Chief Executive Officer pursuant to an employment agreement dated August __, 2012 (“ Employment Agreement ”);

WHEREAS, the Executive's employment from the Company ceased effective _____, 20__;

WHEREAS, the Company hereby advises the Executive to review this Agreement with an attorney before signing this Agreement and the Executive is being provided with at least 21 days from the date he receives this Agreement to do so; and

WHEREAS, the Executive must sign and return this Agreement by _____, 20__.

NOW THEREFORE, in consideration of the promises contained herein, the receipt and sufficiency of which is hereby acknowledged by the Parties, the Company and the Executive agree as follows:

1. Termination Date . The Executive's effective date of termination of employment from the Company was _____, 20__ (the “ Termination Date ”). As of the Termination Date, all salary from the Company ceased and any benefits the Executive had as of the Termination Date under Company-provided benefit plans, programs, or practices terminated, except as required by federal or state law, as described in this Agreement, or as vested under [describe plans applicable at termination]. As of the Termination Date, Executive has \$_____ of accrued and unpaid vacation, which shall be immediately paid to the Executive.

2. Description of Separation Benefits . In return for the Executive's timely execution and return, and nonrevocation, of this Agreement, and his material compliance with the terms of this Agreement, including, but not limited to, the non-competition and non-solicitation provisions in Section 5 below, the Company agrees to pay or provide to the Executive the severance and benefits due under Section 9(b) of the Employment Agreement; provided, however, that the Executive will cease to have any entitlement to, and will repay within 10 business days, any amounts paid with respect to the period after the Termination Date if this agreement is revoked by the Executive as provided under Section __ below. All separation benefits provided under this Agreement will be paid less applicable taxes and withholdings.

3. Release of Claims . (a) In consideration for the separation benefits, and other good and valuable consideration, the Executive on behalf of himself and his successors, assigns, and agents hereby fully, forever, irrevocably and unconditionally releases, remises and forever

discharges the Company and its predecessors, successors, affiliates, subsidiaries, parent companies, and assigns, and, in their capacities as such, all of its and their respective past and present agents, directors, officers, partners, stockholders, members, plan administrators, fiduciaries, insurers, attorneys and employees (collectively “Releasees”) from any and all claims, charges, complaints, demands, actions, causes of action, suits, rights, debts, sums of money, costs, accounts, reckonings, covenants, contracts, agreements, promises, doings, omissions, damages, executions, obligations, liabilities and expenses (including attorneys' fees and costs), whether known or unknown, of every kind and nature that the Executive has ever had or now has against any or all of the Releasees arising prior to the date on which the Executive executes and delivers this Agreement to the Company, including, but not limited to, any and all claims arising out of or relating to the Executive's employment with and/or separation from the Company, including, but not limited to, all claims under the Age Discrimination in Employment Act, 29 U.S.C. § 621 et seq., Title VII of the Civil Rights Act of 1964, 42 U.S.C. § 2000e et seq., the Genetic Information and Nondiscrimination Act of 2008, 42 U.S.C. § 2000ff et seq., the Americans with Disabilities Act of 1990, 42 U.S.C. § 12101 et seq., the Family and Medical Leave Act, 29 U.S.C. § 2601 et seq., the Fair Credit Reporting Act, 15 U.S.C. § 1681 et seq., the Rehabilitation Act of 1973, 29 U.S.C. § 701 et seq., Executive Order 11246, Executive Order 11141, the Employee Retirement Income Security Act of 1974 (“ERISA”), 19 U.S.C. § 1001 et seq., the Minnesota Human Rights Act, Minn. Stat. § 363A.01 et seq., the Minnesota Equal Pay for Equal Work Law, Minn. Stat. § 181.66 et seq., Minn. Stat. § 181.81 (Minnesota age discrimination law), Minn. Stat. § 181.931 et seq. (Minnesota whistleblower protection law), Minn. Stat. § 181.938 (Minnesota law prohibiting certain employer conduct), Minn. Stat. § 181.940 et seq. (Minnesota parental leave law), and Minn. Stat. § 181.92 (Minnesota adoption leave law), all as amended; and any claim or damage arising out of the Executive's employment with or separation from the Company (including a claim for retaliation) under any common law theory or any federal, state or local statute or ordinance not expressly referenced above arising prior to the date on which the Executive executes and delivers this Agreement to the Company; provided, however, that nothing in this Agreement prevents the Executive from filing a charge with, cooperating with, or participating in any proceeding before the EEOC or a state fair employment practices agency (except that the Executive acknowledges that he may not recover any monetary benefits in connection with any such claim, charge or proceeding).

4. Post-Termination Obligations . The Executive acknowledges and reaffirms his obligation set forth in Section 11 and Attachment B of the Employment Agreement, as thereafter may have been amended or supplemented.

5. Indemnification . The Company reaffirms its obligations to indemnify and hold the Executive harmless, and to cover him under directors and officers liability insurance as provided in Section 13 of the Employment Agreement.

6. Other Summary Obligations . The Release alone does not apply to any provision under the Employment Agreement, any equity grant or any welfare plan that by its terms infers survival after termination of employment.

7. Return of Company Property . The Executive confirms that he has returned or will promptly upon Termination return to the Company all keys, files, records (and copies thereof), equipment (including, but not limited to, computer hardware, software and printers, wireless

handheld devices, cellular phones (but may retain his number), pagers, etc.), Company identification, Company confidential and proprietary information and any other Company-owned property in his possession or control and has left intact all electronic Company documents, including, but not limited to, those which he developed or helped to develop during his employment, and has deleted, or promptly upon Termination, delete from his personal computer, devices and equipment any Company confidential and proprietary information and any other Company-owned property in his possession or control. The Executive further confirms that he has cancelled all accounts for his benefit, if any, in the Company's name, including but not limited to, credit cards, telephone charge cards, cellular phone and/or pager accounts and computer accounts. The Executive may retain his address books to the extent they only contain contact information.

8. Business Expenses and Final Compensation. The Executive acknowledges that he has been reimbursed by the Company for all business expenses incurred in conjunction with the performance of his employment and that no other reimbursements are owed to him except _____. The Executive further acknowledges that he has received payment in full for all services rendered in conjunction with his employment by the Company and that no other compensation, including wages, bonuses, and severance, is owed to him, except as otherwise provided in the Agreement or by payment under any deferred compensation plan in which he participated (to be made in accordance with such plan's terms).

Notice shall be given to the Company as follows:

If notice to the Company:

[Insert Name] _____
[Insert Title]
Best Buy Co. Inc.
7601 Penn Ave S.
Richfield, MN 55423

9. Termination from Positions. As of the Termination Date, the Executive shall no longer hold any offices and/or Board of Director's or other positions with the Company or any of the Company's subsidiaries or affiliates. The Executive shall promptly execute any document that the Company reasonably determines is necessary to effectuate his resignation as a director or from any other office or position from the Company.

10. Nature of Agreement. The Executive understands and agrees that this Agreement is a settlement agreement and does not constitute an admission of liability or wrongdoing on the part of the Company.

11. Acknowledgements. The Executive acknowledges that he has been given at least 21 days to consider this Agreement and that the Company has advised him in writing to consult with an attorney of his own choosing prior to signing this Agreement. The Executive also acknowledges that he has consulted with an attorney of his own choosing prior to signing this Agreement. The Executive understands that if he signs this Agreement, he may change his mind and revoke his agreement during the 15-day period after he has signed it. For the Executive's

revocation to be effective, the revocation must be in writing and delivered to the Company either by hand or mail within the 15-day revocation period. If the Executive chooses to deliver his revocation by mail, the revocation must be (a) postmarked within the 15-day revocation period; (b) properly addressed to _____ at the address provided above; and (c) sent by certified mail return receipt requested. If the Executive does not so revoke this Agreement, this Agreement will become a binding agreement between the Executive and the Company upon the expiration of the 15-day revocation period (the “Effective Date”). The Executive understands and agrees that by entering into this Agreement he is waiving any and all rights or claims he might have under the Age Discrimination in Employment Act, as amended by the Older Workers Benefit Protection Act, through the date of signature and that he has received consideration beyond that to which he was previously entitled.

12. Voluntary Assent. The Executive affirms that no other promises or agreements of any kind have been made to or with him by any person or entity whatsoever to cause him to sign this Agreement, and that he fully understands the meaning and intent of this Agreement. The Executive states and represents that he has had an opportunity to discuss fully and review the terms of this Agreement with an attorney. The Executive further states and represents that he has carefully read this Agreement, understands the contents herein and therein, freely and voluntarily assents to all of the terms and conditions hereof and thereof, and signs his name of his own free act.

13. Validity. Should any provision of this Agreement be declared or be determined by any court of competent jurisdiction to be illegal or invalid, the validity of the remaining parts, terms or provisions shall not be affected thereby and the illegal or invalid part, term or provision shall be deemed not to be a part of this Agreement. Notwithstanding the foregoing, if the Executive's release and waiver pursuant to Section 3 of this Agreement is found to be unenforceable, the Executive agrees that he will either sign a valid release and waiver of claims in favor of the Releasees, as drafted by the Company, or promptly return the separation benefits he received.

14. Governing Law and Arbitration. This Agreement shall be interpreted and construed by the laws of the State of Minnesota, without regard to conflict of laws provisions. The Parties agree that any controversy or claim arising out of or relating to this Agreement or breach thereof, or otherwise arising out of or relating to the Executive's employment, compensation and benefits with the Company or the termination thereof, including any claim for discrimination under any local, state or federal employment discrimination law, and including the arbitrability of the dispute itself, shall be resolved by arbitration in accordance with Section 12 of the Employment Agreement. The decision of the arbitrator shall be final and binding on the Parties, and judgment may be entered upon the award rendered by the arbitrator in any court having jurisdiction thereof. Claims for workers' compensation or unemployment compensation benefits are not covered by this Section __. Also not covered by this Section __ are claims by the Company or the Executive for temporary restraining orders, preliminary injunctions or permanent injunctions (“equitable relief”) in cases in which such equitable relief would be otherwise authorized by law or pursuant to Section 4 herein. Both the Company and the Executive expressly waive any right that either has or may have to a jury trial of any dispute arising out of or in any way related to the Executive's employment with and/or separation from the Company.

15. Amendment and Waiver. This Agreement shall be binding upon the Parties and may not be modified in any manner, except by an instrument in writing of concurrent or subsequent date signed by duly authorized representatives of the Parties hereto. This Agreement is binding upon and shall inure to the benefit of the Parties and their respective agents, assigns, heirs, executors, successors and administrators. In the event of the death of the Executive, the severance benefits under Section 2 shall be paid to the estate or beneficiary of the Executive. Neither the death nor disability of the Executive shall relieve the Company of its obligations under this Agreement. No delay or omission by the Company in exercising any right under this Agreement shall operate as a waiver of that or any other right. A waiver or consent given by the Company on any one occasion shall be effective only in that instance and shall not be construed as a bar to or waiver of any right on any other occasion.

16. Tax Provision. In connection with the separation benefits provided to the Executive pursuant to this Agreement, the Company will withhold and remit to the tax authorities the amounts required under applicable law, and the Executive shall be responsible for all applicable taxes with respect to such separation benefits under applicable law. The provisions of Section 17 of the Employment Agreement shall govern all payments and benefits provided under this Agreement. The Executive acknowledges that he is not relying upon the advice or representation of the Company with respect to the tax treatment of any of the separation benefits set forth above.

17. Captions. The captions of the sections of this Agreement are for convenience of reference only and in no way define, limit or affect the scope or substance of any section of this Agreement.

18. Entire Agreement. This Agreement contains and constitutes the complete agreement between the Parties hereto with respect to the Executive's employment with and separation from the Company and the settlement of claims against the Company and cancels all previous oral and written negotiations, agreements and commitments in connection therewith.

IN WITNESS HEREOF, the Parties have executed this Agreement as of the dates indicated below.

Dated: _____, 20__

[Replace Brackets with Executive Name]

Best Buy Co., Inc.

Dated: _____, 20__

By:

[Replace Brackets with Executive Name]

Best Buy Appoints Hubert Joly Chief Executive Officer

MINNEAPOLIS, August 20, 2012 -- Best Buy Co., Inc. (NYSE: BBY) today announced that its Board of Directors has appointed Hubert Joly, a leading global CEO with expertise in turnaround and growth across the media, technology and service sectors, as the company's President and Chief Executive Officer and a member of its Board of Directors.

"Hubert was an outstanding candidate for this position and I am confident he will be a great fit for Best Buy," said Hatim Tyabji, chairman of the Best Buy Board. "Hubert's range and depth of experience in transforming companies is exactly what the company needs at the moment, as is his energetic, imaginative and experienced leadership in executing strategies."

Joly said, "I am honored and excited to lead Best Buy. Best Buy has extraordinary assets -- including its 167,000 employees, its huge customer base, its distribution and service capabilities, its well-recognized brands, and its history of innovation. I look forward to working with the Company's management team and employees to pursue what are exciting growth opportunities for Best Buy -- both online and offline, through a combination of competitive prices, superior service, new growth engines and innovations, as we deliver to millions of customers the technology solutions that enable easy access to people, knowledge, ideas and fun."

Kathleen J. Higgins Victor, a member of the Best Buy Board and chairwoman of the CEO search committee, said: "Hubert is a strategic thinker with deep financial acumen and global experience leading large, international employee groups. Best Buy is a great company with great people, and I have every confidence that Hubert is the right person to expand Best Buy's leading position in the marketplace."

Mr. Joly is expected to step into his role as President and Chief Executive Officer in early September when his visa is secured. Mr. Joly will succeed G. Mike Mikan, a member of the Board of Directors who has served as CEO (interim) since April. Mr. Mikan will continue to be the interim CEO until Mr. Joly's start date. Following that, Mr. Mikan will continue to serve on the Board, where he will take the position of chairman of the Audit Committee.

Mr. Mikan stepped in as CEO (interim) at a critical moment for Best Buy, stabilizing the company while making considerable progress on a comprehensive plan to return Best Buy to sustained, profitable growth. Under his leadership, Best Buy established relationships with Target, Verizon and AARP, signaling a new focus on services, in addition to the company's traditional retail mission.

"We can't thank Mike enough for his service as CEO," Mr. Tyabji said. "We asked Mike to step into a difficult situation, and he moved the company forward in the right direction. We were fortunate to have his guidance and energy. I look forward to his continued service on the Board in his new position as chair of the Audit Committee."

In addition, the Board of Directors is pleased to announce that Lisa Caputo and Sanjay Khosla will now serve on the board's Compensation Committee.

"Building on the Company's strengths and ongoing work, I believe Best Buy has the capacity to write an exciting new chapter in its history. I sincerely look forward to writing this chapter with the Best Buy team and putting in place the short term and medium term actions that will help ensure its success," Joly said.

Hubert Joly Biographical Information

Over the last 15 years, Joly has developed a track record of successful turnarounds and growth in the media, technology and services sectors.

In the media sector, he led the restructuring and growth of Vivendi's video game's business (now part of Activision Blizzard) from 1999 to 2001, which included the development of a massive online presence with Diablo II and then World of Warcraft. He later oversaw the integration of Universal and Vivendi's media assets in the U.S., and was then part of the team that led the restructuring of Vivendi in 2002 to 2004.

In the technology sector, he drove the turnaround of EDS (now part of HP) in France from 1996 to 1999, boosting revenues from a then rapidly declining 1.3 billion French Francs to 2.1 billion, while increasing the profit margin by 20 points of revenue. He was also for a brief period of time Vivendi Universal's CIO.

In the service sector, he has led the transformation of Carlson Wagonlit Travel (CWT) into the global leader in corporate travel

management, increasing sales from \$ 8 billion in 2003 to \$ 25 billion in 2007, growing online bookings to more than 50%, and positioning the company as a leading edge, technology empowered, professional services provider, delivering savings, service and security to corporate and government clients, both off-line and on-line.

In 2008, he became the CEO of CWT's parent, Carlson, the worldwide hospitality and travel company headquartered in Minneapolis whose brands employ more than 170,000 people in 150 countries. As CEO of Carlson, he has crafted and led the implementation of Ambition 2015, a comprehensive strategy to strengthen the company's leadership position across its businesses, including its restaurant division with more than 900 T.G.I. Friday's restaurants, and its hotel division with more than 1,000 hotels around the world. The strategies that make up Ambition 2015 have included the repositioning of the company's core brands; significant changes at the front line to "operationalize" the brand promises and upgrade the guest experience; major investments and initiatives to boost revenue generation focused on the web, the company's loyalty programs, global sales and working with the trade; as well as the global expansion of the company in key emerging countries.

From 1983 to 1996, Joly was with McKinsey & Company, Inc., working in the firm's Paris, New York and San Francisco offices. Most of his clients were in high tech, financial services and luxury businesses.

Joly is a graduate of École des Hautes Études Commerciales de Paris (HEC Paris) and of the Institut d'Etudes Politiques de Paris. He was elected a Global Leader for Tomorrow by the World Economic Forum (Davos, 1997-1999) and is a knight in the French National Order of Merit.

Joly is a member of the board of directors of Ralph Lauren Corp., a leader in the design, marketing and retailing of premier lifestyle products.

Over the years, he has been active on industry issues, chairing the Travel Facilitation Sub-Committee of the U.S. Department of Commerce Travel and Tourism Advisory Board, and serving on the executive committee of the World Travel and Tourism Council.

An active member of the Twin Cities community, Joly serves on the board of overseers of the Carlson School of Management, the board of trustees of the Minneapolis Institute of Arts, and the executive committee of the Minnesota Business Partnership.

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About Best Buy Co., Inc.

Best Buy Co., Inc. (NYSE:BBY) is a leading multi-channel global retailer and developer of technology products and services. Every day our employees — 167,000 strong — are committed to helping deliver the technology solutions that enable easy access to people, knowledge, ideas and fun. We are keenly aware of our role and impact on the world, and we are committed to developing and implementing business strategies that bring sustainable technology solutions to our consumers and communities. For information about Best Buy, visit www.bby.com and to shop at Best Buy, visit www.bestbuy.com.

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