

# BEST BUY CO INC

## FORM 8-K (Current report filing)

Filed 04/13/15 for the Period Ending 04/10/15

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

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

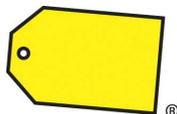
Washington, D.C. 20549

**FORM 8-K**

**CURRENT REPORT**

**Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported) **April 10, 2015**



**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) On April 10, 2015, Messrs. Sanjay Khosla, Allen Lenzmeier and Hatim Tyabji notified the Board of Directors (the "Board") of Best Buy Co., Inc. ("Best Buy" or the "registrant") of their decision not to stand for re-election to the Board at the next Regular Meeting of Shareholders scheduled to be held on June 9, 2015 (the "2015 Meeting") and to resign from the Board and all committees of the Board on which each of them serve, as described below, to be effective at the conclusion of the 2015 Meeting. The Board has accepted the resignations from Mr. Khosla, Mr. Lenzmeier and Mr. Tyabji.

Mr. Tyabji has served as a director since April 1998 and as our Chairman since June 2012. He is also the chairman of the Audit Committee. Mr. Tyabji indicated that he declined to stand for re-election for personal reasons and did not indicate that he had any disagreements with the registrant.

Mr. Khosla has served as a director since October 2008 and is a member of the Compensation and Human Resources Committee and a member of the Finance and Investment Policy Committee. Mr. Khosla indicated that he declined to stand for re-election for personal reasons and did not indicate that he had any disagreements with the registrant.

Mr. Lenzmeier has served as a director since March 2013 and is a member of the Finance and Investment Policy Committee. Mr. Lenzmeier indicated that he declined to stand for re-election for personal reasons and did not indicate that he had any disagreements with the registrant.

Mr. Lenzmeier was appointed to the Board as part of the registrant's agreement with Mr. Richard Schulze, as described in Current Report on Form 8-K filed March 25, 2013, in which Mr. Schulze was entitled to nominate two directors for appointment to the Best Buy Board until he reaches the age of 75 (which will occur in January 2016). Mr. Schulze informed the registrant that he will not be nominating a new candidate to replace Mr. Lenzmeier at the 2015 Meeting.

The information set forth in item 5.02(c) below is incorporated by reference into this item 5.02(b).

(c) On April 10, 2015, the Board also appointed Mathew Watson, age 44, as its principal accounting officer with the title of Vice President, Finance - Controller and Chief Accounting Officer, effective immediately. This role was previously held by Ms. Sharon McCollam, our Chief Administrative and Financial Officer. Mr. Watson has served in the role of Vice President, Finance - Controller since February 2014. Prior to that role, he was Vice President - Finance, Domestic Controller from July 2013 to February 2014. Mr. Watson was also Senior Director, External Reporting and Corporate Accounting from February 2010 to July 2013 and Director, External Reporting and Corporate Accounting beginning in February 2007.

There is no family relationship between Mr. Watson and any director, executive officer, or person nominated or chosen by the registrant to become a director or executive officer. There is no arrangement or understanding between Mr. Watson and any other person pursuant to which Mr. Watson was appointed as the principal accounting officer of the registrant. Mr. Watson has no direct or indirect material interest in any transaction required to be disclosed pursuant to Item 404(a) of Regulation S-K.

Mr. Watson has not entered into any material plan, contract, arrangement or amendment in connection with his appointment as Best Buy's principal accounting officer.

**Item 8.01 Other Events.**

On April 10, 2015, the Board appointed Hubert Joly, the registrant's President and Chief Executive Officer and a director, to serve as Chairman of the Board, effective upon Mr. Tyabji's retirement at the conclusion of the registrant's 2015 Meeting. The Board also appointed Mr. Russell Fradin to serve as Lead Independent Director, effective upon Mr. Tyabji's retirement.

The Board also approved several changes to the membership of the committees of the Board, to be effective June 9, 2015 following the 2015 Meeting. Mr. David Kenny was appointed the chairman of the Audit Committee. Mr. Kenny was also appointed to serve as a member of the Compensation and Human Resources Committee and will no longer be a member of the Nominating, Corporate Governance and Public Policy Committee.

A news release announcing the upcoming resignations of Messrs. Khosla, Lenzmeier and Tyabji and appointments of Messrs. Joly and Fradin was issued on April 13, 2015, and is filed herewith as Exhibit 99.1 to this Current Report on Form 8-K. A copy of Mr. Tyabji's letter to the registrant and its shareholders, received in conjunction with his retirement, is filed herewith as Exhibit 99.2 to this Current Report on Form 8-K. Best Buy'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.

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**Item 9.01 Financial Statements and Exhibits.**

(d) Exhibits.

The following exhibits are filed as part of this Current Report on Form 8-K.

| <u>Exhibit No.</u> | <u>Description of Exhibit</u>   |
|--------------------|---|
| 99.1               | News release issued April 13, 2015. 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. |
| 99.2               | Correspondence received April 13, 2015 from Hatim A. Tyabji to the registrant and its shareholders.   |

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## 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: April 13, 2015

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

**Best Buy Announces Retirement of Board Chairman, Hatim Tyabji,  
Names Hubert Joly as Chairman & CEO**

**MINNEAPOLIS, April 13, 2015** – Best Buy Co., Inc. (NYSE: BBY) announced today that Board Chairman Hatim Tyabji is retiring from the Board effective June 9, 2015. Tyabji has been a Board member since 1998 and chairman of the Best Buy Board of Directors since 2012.

Best Buy President and CEO, Hubert Joly, will succeed Tyabji and take on the additional role of Board chairman. Russell P. Fradin, President and CEO of SunGard and a Best Buy Board member since April 2013, will serve as Lead Independent Director.

“My association with Best Buy has been more rewarding than words can express,” Tyabji said. “I have had a front-row seat to one of the most exciting business growth stories in recent times and, more recently, have participated in what I believe will be considered a historic business transformation. It is this transformation, led by my colleague and friend, Hubert Joly that I count as one of the highlights of my long career. Hubert and I have developed a wonderful partnership, and I am delighted he will succeed me as Board chairman.”

Tyabji continued: “I want to thank my colleagues on the Board – past and present – and, just as importantly, the 125,000 men and women of this great company. To have played even a small role in Best Buy’s story has been a great honor; leaving this company is more difficult than I could have anticipated. But, the time was right. We have moved from turnaround to transformation. Hubert, the Board and the executive team are prepared to take this company into the future.”

“Hatim is an admirable leader who possesses a remarkable combination of wisdom, intellect, tenacity and heart,” Joly said. “His advice has been crucial as we worked to stabilize and grow Best Buy, and our resurgence is in no small measure the result of his dedication to this company. I am honored to succeed him as Board chair and thank my colleagues on the Board for the confidence they have placed in me. I will do all that I can to live up to this honor as we continue to build an exciting, successful Best Buy that delivers growth for all stakeholders.”

Fradin assumes the role of Lead Independent Director upon Joly’s appointment as Board chairman on June 9, 2015. The Board believes that Fradin, with his strong leadership background and demonstrated skill in working with Joly and the other Board members as chair of the Compensation Committee, is well-suited to represent the independent interests of stakeholders and, along with the other active and independent Board leaders, help Joly guide the Board through the next stage of the company’s transformation.

The company also announced the retirement of directors Sanjay Khosla and Allen U. Lenzmeier, effective June 9, 2015. Khosla joined the Board in 2008 and brought key insights to the company’s global strategy. Lenzmeier, a distinguished long-time executive in the company, rejoined the Board in 2013. With the addition of four new Board members in the past two years, both Khosla and Lenzmeier felt this was an appropriate time.

“On behalf of the Board, let me thank Sanjay and Al for their service and unwavering commitment to Best Buy and our customers, shareholders and employees,” Tyabji said. “I am grateful for their service and wish them only the very best.”

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**Best Buy Co., Inc.**

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April 13, 2015

To My Fellow Shareholders:

It has been 17 years since I joined the Best Buy Board of Directors. In that time I have had great pride in my association with this company and deep admiration for what it has been able to accomplish. Best Buy is a genuine American success story and it has been enormously gratifying to play even a small role in its journey.

In recent years that journey has included a number of steep challenges. However, we have been fortunate to have guiding us Hubert Joly, our president and CEO. Only months after taking the helm in the fall of 2012, he stood before investors and laid out the framework for a return to growth. He called this effort “Renew Blue” and the company has followed this path as it took us from turnaround to transformation.

Since launching Renew Blue customer satisfaction has improved, vendor relationships have been strengthened, employee morale is up, investors have seen a meaningful return, and Best Buy continues to act as a leader in protecting our planet’s resources.

Each of these successes mirror closely what we said we would do:

- We said we would focus on the customer experience and we have in the form of refreshed stores and a revitalized ecommerce platform.
- We said that stronger vendor partnerships were key to profitable growth and that point has been well proven in the form of the successful in-store vendor experiences established with companies like Microsoft, Samsung and Sony.
- We said we would focus on core parts of our business and did just that with the sale of our businesses in Europe and China.
- We told investors that we would restore the strength of our balance sheet and we took our cash position from approximately \$1.4 billion at the end of fiscal 2013 to our current balance of \$4 billion.

Hubert would be the first to say that he was not alone in achieving these successes. He is fortunate to have working with him perhaps the most effective management team in corporate America today. In fact, there are a handful of companies in this country that are well known for their successful turnaround and, with an executive team like Best Buy’s, I am confident our company will someday join this impressive list.

As I look to summarize for my fellow shareholders where Best Buy is, and where I believe it is going, I would say the following:

- *Our accomplishments of the past few years were the result of action, not a lot of talk.*
- *Our key decisions were made as the result of strategic thinking, not blind obedience to conventional wisdom.*
- *Our commitment to the shareholder has been framed by the pursuit of long-term value, not short-term reward.*

I saw the same values and determination 17 years ago when I sat down for lunch with Best Buy’s Founder, Dick Schulze, and his trusted colleague, Elliot Kaplan. That day in March 1998, Dick invited me to join the Board, and, when I accepted, I could not have imagined how rewarding that decision would be. My thanks to Dick and Elliot for their faith in me and for their enduring friendship.

Now, nearly two decades later, I have decided it is time to retire from the Best Buy Board of Directors. This decision has been a hard one for me. I have enjoyed my time with this company more than I can express. As a man who has had more than his fair share of good fortune and rewarding experiences, I count the days spent with Best Buy as some of the most pleasant of my professional career.

As difficult as my decision was, it was made easier knowing that the chairman’s gavel goes to Hubert, a man of proven integrity, wisdom and energy. I am exceedingly pleased the Board has nominated him for this key role and know that he and Russ Fradin, who will serve as our Lead Independent Director, will carry on the work Hubert and I have partnered on.

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The people of Best Buy are resilient and battle tested. They understand and embrace their unique role in the fabric of American culture and commerce. They are determined to do more than simply survive in a changing retail landscape; they are determined to thrive in it. And thrive they will, with the guidance of my colleagues on the Board, the professionalism of an exceptional management team and the support of you, the shareholder.

In the end, however, it is the 125,000 men and women of Best Buy in whose hands our company's future truly rests. It is they in whom I have the greatest confidence and it is they who I offer this one final, grateful salute.

Respectfully,

Hatim Tyabji  
Chairman, Best Buy Board of Directors