

FY17

LONG-TERM
INCENTIVE (LTI)
PROGRAM



LONG-TERM INCENTIVE PROGRAM **TERMS & CONDITIONS**

INTRODUCTION

At Best Buy, there are many ways you can be rewarded with **Pay, Benefits & More**. Our pay-for-performance philosophy delivers results — for you, your team and the Company. The **Long-term Incentive (LTI) Program** is a core component of your total rewards package as a leader of Best Buy. The program is designed to align you with shareholder interests and reward you for our long-term success.

The LTI program has three key objectives:

- **Retain key employees.** Best Buy wants to motivate and retain high-performing leaders like you to ensure that our business succeeds in both the short- and long-term.
- **Link employees to shareholders.** The actions you take and decisions you make have a direct impact on our revenues and expenses, which are important factors in how the market and our shareholders value our stock.
- **Give you the opportunity to build ownership in the Company.** When Best Buy succeeds and is rewarded in the market with a rising stock price, you benefit directly as an owner of Best Buy stock.

YOUR FY17 LTI AWARD

Your LTI award is granted annually in the form of time-based restricted stock (i.e., whole shares). Restricted shares are shares of Best Buy common stock that are subject to vesting requirements. They are called “restricted” shares because you cannot sell them until they vest. Your position in the Company determines the number of shares you will be granted each year. Here is how you can realize the value of your award:

- Your restricted shares are based on a three-year vesting schedule.
- When your restricted shares vest, you receive actual shares of Best Buy stock, which are yours to hold or sell as you please.

Your LTI award will be recorded in Best Buy’s stock plan administration system maintained by Fidelity Investments®. If you do not already have a Best Buy stock account with Fidelity, you will receive a Welcome Kit explaining how to activate an account, and how to access and manage your award. Your award agreement will be posted on Fidelity’s website under your account. Here is Fidelity’s contact information:

Online Access: Visit the website at www.netbenefits.com
Telephone Access: 1-800-544-9354

FY17 ELIGIBILITY

You are eligible to participate in the Best Buy LTI program if you meet the following criteria: *

- Corporate: Director-level and above
- Field: Store GMs and above

**You must have an annual performance rating above 2.5 and a values/people score of 2.0 or above in order to receive an annual LTI award.*

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FY17 PRORATION SCHEDULE

If you become eligible for the plan during the year as a new hire or as the result of a promotion, you will receive a prorated award. These awards will be approved by a delegation of the Compensation and Human Resources Committee of the Best Buy Board of Directors.

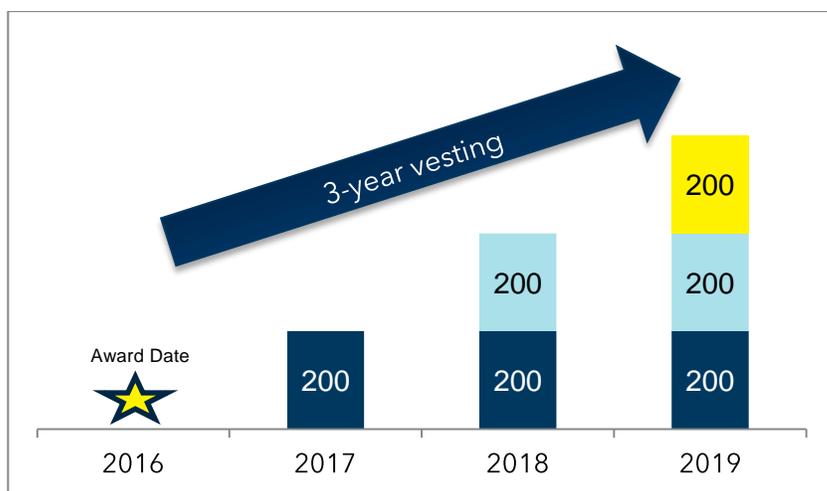
Employees hired or promoted into an LTI-eligible role during FY17, will receive a prorated grant as outlined below:

From	To	Grant Amount
Before 3/14/16		100%
3/15/2016	4/30/2016	75%
5/1/2016	7/31/2016	50%
8/1/2016	10/31/2016	25%
11/1/2016	1/31/2017	0%

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A RESTRICTED STOCK EXAMPLE

The graph below illustrates how a grant of 600 restricted shares in 2016 vest over time:



When your restricted shares vest, you receive actual shares of Best Buy stock, which are yours to hold or sell as you please. The table below illustrates the potential value of restricted stock.

Restricted Stock Example ⁽¹⁾		
Restricted Shares	Best Buy Stock Price in 3 Years	Pre-tax value of 600 Restricted Shares
600	\$40.00	\$24,000

(1) *The actual award value will vary depending on the actual share price at the time of sale. Although this example uses a share price of \$40.00, this is not an estimate of expected growth and is used here for illustrative purposes only.*

TAX INFORMATION

You are not required to pay any taxes when you receive your restricted shares. When the restrictions end (i.e., you become vested), you recognize ordinary income on the fair market value of the stock on that date. At this time, the payment of stock becomes a taxable event and Best Buy makes the necessary withholdings. Any subsequent appreciation in the stock is treated as a capital gain.

With the tax-withholding method of "Netting," Best Buy will withhold a portion of the award vesting to pay the tax withholding due upon receipt. The remaining proceeds will be deposited into your Fidelity account. For example, if you have 200 shares vest when the stock price is \$40, you recognize \$8,000 of income ($\$40 \times 200$ shares). If your combined tax rate is 39% you will owe \$3,120 in taxes. Best Buy will withhold 78 shares ($\$3,120/\40) to cover your taxes and 122 shares will be deposited into your Fidelity Account.

Be sure to speak with a trusted financial advisor about complete tax implications.

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TERMS TO KNOW

- Fair Market Value** – The value of Best Buy stock based on its trading price at any given point in time.
- Grant** – A number of restricted shares awarded to you at one time.
- Grant Date** – The date on which each restricted share is officially awarded to you.
- Restricted Shares** – Shares of Best Buy common stock that are subject to vesting requirements – typically time.
- Stock** – A unit of ownership in the Company.
- Vesting** – The process, over time, of acquiring stock through restricted shares, based on your continued employment with Best Buy.

SPECIAL SITUATIONS THAT AFFECT YOUR LTI AWARD

Changes in your employment status at Best Buy and certain events in the Company may affect your LTI award.

Termination	Unvested awards are immediately terminated and forfeited.
Retirement (at least age 60 with 5 years of service)	Continue to vest in the shares per the vesting schedule provided at the time of grant.
Stock Splits	LTI awards are increased to account for split.

A few exceptions (age 57 & Puerto Rico employees)

- Due to tax implications of retirement eligibility, those who will reach the qualified retirement age during the life of this grant (those age 57 and above) will receive restricted stock units instead of restricted stock. From an employee's perspective, these units perform exactly the same as restricted stock except in the taxation; however, they will be in a new category within their Fidelity account.
- To comply with local practices, Puerto Rico employees receiving LTI will also receive restricted stock units. From an employee's perspective, they perform exactly the same as restricted stock except in the taxation; however they will be in a new category within their Fidelity account.

INSIDER TRADING RESTRICTIONS

You are subject to federal and state securities laws and Best Buy's Securities Trading Policy (accessible through the MY HR website at hr.bestbuy.com. Search "blackout"). Among other things, the policy prohibits trading in Best Buy stock while in possession of material, non-public information about Best Buy, or while a blackout period imposed upon certain employees is in effect. You will be notified if you are subject to any blackout period.

In addition, there are certain days during the year when all Best Buy employees are not allowed to buy or sell Best Buy stock. This is usually on or around days when Best Buy announces its quarterly and annual earnings.

For further details on insider trading restrictions and examples, please refer to the Securities Trading section of our Code of Business Ethics found on ETK.

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Final Note

This brochure describes the Best Buy 2014 Omnibus Stock and Incentive Plan (the Plan). The Plan does not constitute a promise or a guarantee that any bonus or compensation, or particular amount of compensation, will be paid to any employee. It does not create a contractual relationship or agreement or any enforceable rights between Best Buy and the employee. Best Buy reserves the right, in its sole discretion, to change or discontinue the Plan at any time, with or without notice. Incentives otherwise payable may be forfeited in association with disciplinary actions, among other reasons. The employee agrees and understands that no bonus or compensation is earned, and that the employee has no vested right in any bonus or compensation from the Plan until a final determination is made about the payment, if any. Best Buy reserves, in its sole discretion, the right to decide any and all questions and issues arising under the Plan, and its decisions are final. Please consult the Plan itself for additional applicable terms and conditions.

If there is any difference between the information provided in this brochure and the provision of the Plan in combination with the award agreement, the Plan and award agreement will govern. You should refer to the award agreement and Plan prospectus for important information regarding your grant.

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