BEST BUY CO., INC.
RECONCILIATION OF NON-GAAP FINANCIAL MEASURES
($ in millions, except per share amounts)
(Unaudited and subject to reclassification)

The following information provides reconciliations of the most comparable financial measures presented in accordance with accounting principles generally accepted in the U.S. (GAAP financial measures) to presented non-GAAP financial measures. The company believes that non-GAAP financial measures, when reviewed in conjunction with GAAP financial measures, can provide more information to assist investors in evaluating current period performance and in assessing future performance. For these reasons, internal management reporting also includes non-GAAP financial measures. Generally, presented non-GAAP financial measures include adjustments for items such as restructuring charges, goodwill impairments, gains and losses on investments, intangible asset amortization, certain acquisition-related costs and the tax effect of all such items. In addition, certain other items may be excluded from non-GAAP financial measures when the company believes this provides greater clarity to management and investors. These non-GAAP financial measures should be considered in addition to, and not superior to or as a substitute for, the GAAP financial measures presented in this earnings release and the company's financial statements and other publicly filed reports. Non-GAAP financial measures as presented herein may not be comparable to similarly titled measures used by other companies.

	Three Months Ended November 2, 2019			Three Months Ended November 3, 2018		
	Domestic	International	Consolidated	Domestic	International	Consolidated
SG&A	$ 1,800	$ 173	$ 1,973	$ 1,824	$ 178	$ 2,002
% of revenue	*20.1 %*	*21.6 %*	*20.2 %*	*20.8 %*	*21.3 %*	*20.9 %*
Intangible asset amortization[1]	(18)	-	(18)	(5)	-	(5)
Acquisition-related transaction costs[1]	-	-	-	(13)	-	(13)
Non-GAAP SG&A	$ 1,782	$ 173	$ 1,955	$ 1,806	$ 178	$ 1,984
% of revenue	*19.9 %*	*21.6 %*	*20.0 %*	*20.6 %*	*21.3 %*	*20.7 %*
Operating income	$ 388	$ 7	$ 395	$ 315	$ 7	$ 322
% of revenue	*4.3 %*	*0.9 %*	*4.0 %*	*3.6 %*	*0.8 %*	*3.4 %*
Intangible asset amortization[1]	18	-	18	5	-	5
Acquisition-related transaction costs[1]	-	-	-	13	-	13
Restructuring charges[2]	(7)	-	(7)	-	-	-
Non-GAAP operating income	$ 399	$ 7	$ 406	$ 333	$ 7	$ 340
% of revenue	*4.5 %*	*0.9 %*	*4.2 %*	*3.8 %*	*0.8 %*	*3.5 %*
Effective tax rate			24.8 %			16.1 %
Intangible asset amortization[1]			0.1 %			(0.3)%
Acquisition-related transaction costs[1]			-%			(0.6)%
Restructuring charges[2]			(0.1)%			-%
(Gain) loss on investments, net			-%			0.6 %
Tax reform - repatriation tax[3]			-%			5.4 %
Tax reform - deferred tax rate change[3]			-%			1.5 %
Non-GAAP effective tax rate			24.8 %			22.7 %

	Three Months Ended November 2, 2019			Three Months Ended November 3, 2018		
	Pretax Earnings	Net of Tax[4]	Per Share	Pretax Earnings	Net of Tax[4]	Per Share
GAAP diluted EPS			$ 1.10			$ 0.99
Intangible asset amortization[1]	$ 18	$ 14	0.05	$ 5	$ 4	0.02
Acquisition-related transaction costs[1]	-	-	-	13	10	0.03
Restructuring charges[2]	(7)	(5)	(0.02)	-	-	-
(Gain) loss on investments, net	(1)	(1)	-	(12)	(9)	(0.03)
Tax reform - repatriation tax[3]	-	-	-	-	(18)	(0.06)
Tax reform - deferred tax rate change[3]	-	-	-	-	(5)	(0.02)
Non-GAAP diluted EPS			$ 1.13			$ 0.93

	Nine Months Ended November 2, 2019			Nine Months Ended November 3, 2018		
	Domestic	International	Consolidated	Domestic	International	Consolidated
SG&A	$ 5,233	$ 497	$ 5,730	$ 5,201	$ 508	$ 5,709
% of revenue	*19.9 %*	*22.8 %*	*20.1 %*	*20.2 %*	*22.4 %*	*20.3 %*
Intangible asset amortization[1]	(53)	-	(53)	(5)	-	(5)
Acquisition-related transaction costs[1]	(3)	-	(3)	(13)	-	(13)
Tax reform-related item - employee bonus[3]	-	-	-	(6)	(1)	(7)
Non-GAAP SG&A	$ 5,177	$ 497	$ 5,674	$ 5,177	$ 507	$ 5,684
% of revenue	*19.7 %*	*22.8 %*	*19.9 %*	*20.1 %*	*22.3 %*	*20.2 %*
Operating income	$ 1,029	$ 13	$ 1,042	$ 911	$ 11	$ 922
% of revenue	*3.9 %*	*0.6 %*	*3.7 %*	*3.5 %*	*0.5 %*	*3.3 %*
Intangible asset amortization[1]	53	-	53	5	-	5
Acquisition-related transaction costs[1]	3	-	3	13	-	13
Restructuring charges[2]	41	-	41	47	-	47
Tax reform-related item - employee bonus[3]	-	-	-	6	1	7
Non-GAAP operating income	$ 1,126	$ 13	$ 1,139	$ 982	$ 12	$ 994
% of revenue	*4.3 %*	*0.6 %*	*4.0 %*	*3.8 %*	*0.5 %*	*3.5 %*
Effective tax rate			22.5 %			20.4 %
Intangible asset amortization[1]			0.1 %			-%
Restructuring charges[2]			-%			0.1 %
Tax reform - repatriation tax[3]			-%			1.9 %
Tax reform - deferred tax rate change[3]			-%			0.5 %
Non-GAAP effective tax rate			22.6 %			22.9 %

	Nine Months Ended November 2, 2019			Nine Months Ended November 3, 2018		
	Pretax Earnings	Net of Tax[4]	Per Share	Pretax Earnings	Net of Tax[4]	Per Share
GAAP diluted EPS			$ 2.96			$ 2.57
Intangible asset amortization[1]	$ 53	$ 40	0.15	$ 5	$ 4	0.01
Acquisition-related transaction costs[1]	3	2	-	13	10	0.03
Restructuring charges[2]	41	32	0.12	47	36	0.13
(Gain) loss on investments, net	(1)	(1)	-	(12)	(9)	(0.03)
Tax reform - repatriation tax[3]	-	-	-	-	(18)	(0.06)
Tax reform - deferred tax rate change[3]	-	-	-	-	(5)	(0.02)
Tax reform-related item - employee bonus[3]	-	-	-	7	5	0.02
Non-GAAP diluted EPS			$ 3.23			$ 2.65

(1) Represents charges associated with acquisitions including (1) the non-cash amortization of definite-lived intangible assets, including customer relationships, tradenames and developed technology, and (2) acquisition-related transaction costs primarily comprised of professional fees.

(2) Represents charges and adjustments associated with U.S. retail operating model changes for the periods ended November 2, 2019, and the closure of Best Buy Mobile stand-alone stores in the U.S. for the periods ended November 3, 2018.

(3) Represents adjustments to the provisional tax expense recorded in Q4 FY18 resulting from the Tax Cuts and Jobs Act of 2017 (“tax reform”) enacted into law in Q4 FY18, including adjustments associated with a deemed repatriation tax and the revaluation of deferred tax assets and liabilities, as well as adjustments to tax reform-related items announced in response to future tax savings created by tax reform, including a one-time bonus for certain employees.

(4) The non-GAAP adjustments relate primarily to adjustments in the U.S. As such, the income tax charge is calculated using the statutory tax rate for the U.S. (24.5% for the periods ended November 2, 2019, and November 3, 2018).

Return on Assets and Non-GAAP Return on Investment

The tables below provide calculations of return on assets ("ROA") (GAAP financial measure) and non-GAAP return on investment ("ROI") (non-GAAP financial measure) for the periods presented. The company believes ROA is the most directly comparable financial measure to ROI. Prior to Q3 FY20, the company provided a calculation of non-GAAP return on invested capital ("ROIC") that was defined as non-GAAP net operating profit after tax divided by average invested capital. Beginning in Q3 FY20, the company will no longer provide non-GAAP ROIC but instead a calculation of non-GAAP ROI, defined as non-GAAP adjusted operating income after tax divided by average invested operating assets. All periods presented below apply this methodology consistently. The company believes non-GAAP ROI is a meaningful metric for investors to evaluate capital efficiency because it measures how key assets are deployed by adjusting operating income and total assets for the items noted below. This method of determining non-GAAP ROI may differ from other companies' methods and therefore may not be comparable to those used by other companies.

Return on Assets ("ROA")	**November 2, 2019[1]**	**November 3, 2018[1]**
Net earnings	$ 1,531	$ 1,093
Total assets	15,219	13,474
ROA	**10.1 %**	**8.1 %**

Non-GAAP Return on Investment ("ROI")	**November 2, 2019[1]**	**November 3, 2018[1]**
Numerator		
Operating income - total operations	$ 2,020	$ 1,794
Add: Non-GAAP operating income adjustments[2]	113	182
Add: Operating lease interest[3]	112	117
Less: Income taxes[4]	(550)	(634)
Add: Depreciation	757	728
Add: Operating lease amortization[5]	653	662
Adjusted operating income after tax	**$ 3,105**	**$ 2,849**
Denominator		
Total assets	$ 15,219	$ 13,474
Less: Excess cash[6]	(855)	(1,716)
Add: Capitalized operating lease assets[7]	720	3,113
Add: Accumulated depreciation and amortization[8]	6,640	6,393
Less: Adjusted current liabilities[9]	(7,940)	(8,037)
Average invested operating assets	**$ 13,784**	**$ 13,227**
Non-GAAP ROI	**22.5 %**	**21.5 %**

(1) Income statement accounts represent the activity for the trailing 12 months ended as of each of the balance sheet dates. Balance sheet accounts represent the average account balances for the trailing 12 months ended as of each of the balance sheet dates.

(2) Non-GAAP operating income adjustments include continuing operations adjustments for intangible asset amortization, acquisition-related transaction costs, restructuring charges, tax reform and tax reform-related items. Additional details regarding these adjustments are included in the Reconciliation of Non-GAAP Financial Measures schedule within the company's quarterly earnings releases.

(3) Operating lease interest represents the add-back to operating income to approximate the total interest expense that the company would incur if its operating leases were owned and financed by debt. Historically, the company used an add-back multiple of 30% of annual rent expense; however, following the adoption of new lease accounting guidance in Q1 FY20 that resulted in the recognition of operating lease assets and operating lease liabilities on the balance sheet, the multiple was lowered and prior periods have been updated to reflect this change. For periods prior to FY20, the add-back is approximated by using a multiple of 15% of total rent expense. For periods beginning on or after FY20, the add-back is approximated by multiplying average operating lease assets by 4%, which approximates the interest rate on the company's operating lease liabilities.

(4) Income taxes are approximated by using a blended statutory rate at the Enterprise level based on statutory rates from the countries in which the company does business, which primarily consists of the U.S. (with a statutory rate ranging from 24.5% to 36.7% for the periods presented).

(5) Operating lease amortization represents operating lease cost less operating lease interest. Operating lease cost includes short-term leases, which are immaterial, and excludes variable lease costs as these costs are not included in the operating lease asset balance.

(6) Excess cash represents the amount of cash, cash equivalents and short-term investments greater than $1 billion, which approximates the amount of cash the company believes is necessary to run the business and may fluctuate over time.

(7) Capitalized operating lease assets represent the estimated net assets that the company would record if the company's operating leases were owned. Historically, the company used a multiple of five times annual rent expense; however, following the adoption of new lease accounting guidance in Q1 FY20 that resulted in the recognition of operating lease assets and operating lease liabilities on the balance sheet, the multiple was lowered and prior periods have been updated to reflect this change. For periods prior to FY20, the asset is approximated by using a multiple of four times total rent expense. For periods beginning on or after FY20, capitalized operating lease assets are included within Total assets and therefore no adjustment is necessary.

(8) Accumulated depreciation and amortization represents accumulated depreciation related to property and equipment and accumulated amortization related to definite-lived intangible assets.

(9) Adjusted current liabilities represent total current liabilities less short-term debt and the current portions of operating lease liabilities and long-term debt.