

BEST BUY CO., INC.
RECONCILIATION OF NON-GAAP FINANCIAL MEASURES
CONTINUING OPERATIONS

(\$ in millions, except per share amounts)
(Unaudited and subject to reclassification)

The following information provides reconciliations of non-GAAP financial measures from continuing operations to the most comparable financial measures calculated and presented in accordance with accounting principles generally accepted in the U.S. ("GAAP"). The company has provided non-GAAP financial measures, which are not calculated or presented in accordance with GAAP, as information supplemental and in addition to the financial measures presented in the accompanying news release that are calculated and presented in accordance with GAAP. Such non-GAAP financial measures should not be considered superior to, as a substitute for, or as an alternative to, and should be considered in conjunction with, the GAAP financial measures presented in the news release. The non-GAAP financial measures in the accompanying news release may differ from similar measures used by other companies.

The following tables reconcile gross profit, SG&A, operating income, net earnings and diluted earnings per share for the periods presented for continuing operations (GAAP financial measures) to non-GAAP gross profit, non-GAAP SG&A, non-GAAP operating income, non-GAAP net earnings and non-GAAP diluted earnings per share for continuing operations (non-GAAP financial measures) for the periods presented.

	Three Months Ended Aug 2, 2014		Three Month Ended Aug 3, 2013	
	\$	% of Rev.	\$	% of Rev.
<u>Domestic - Continuing Operations</u>				
Gross profit	\$1,778	23.4%	\$2,125	27.3%
LCD settlements ¹	0	0.0%	(264)	(3.4%)
Non-GAAP gross profit	\$1,778	23.4%	\$1,861	23.9%
SG&A	\$1,521	20.1%	\$1,704	21.9%
Non-restructuring asset impairments - SG&A	(12)	(0.2%)	(13)	(0.2%)
LCD settlement legal fees ¹	0	0.0%	(35)	(0.5%)
Non-GAAP SG&A	\$1,509	19.9%	\$1,656	21.3%
Operating income	\$258	3.4%	\$420	5.4%
Net LCD settlements ¹	0	0.0%	(229)	(2.9%)
Non-restructuring asset impairments - SG&A	12	0.2%	13	0.2%
Restructuring charges	(1)	(0.0%)	1	0.0%
Non-GAAP operating income	\$269	3.5%	\$205	2.6%
<u>International - Continuing Operations</u>				
SG&A	\$291	22.2%	\$334	22.4%
Non-restructuring asset impairments - SG&A	(1)	(0.1%)	(2)	(0.1%)
Non-GAAP SG&A	\$290	22.1%	\$332	22.3%
Operating loss	(\$20)	(1.5%)	(\$7)	(0.5%)
Non-restructuring asset impairments - SG&A	1	0.1%	2	0.1%
Restructuring charges	6	0.5%	6	0.4%
Non-GAAP operating income (loss)	(\$13)	(1.0%)	\$1	0.1%
<u>Consolidated - Continuing Operations</u>				
Gross profit	\$2,055	23.1%	\$2,458	26.5%
LCD settlements ¹	0	0.0%	(264)	(2.8%)
Non-GAAP gross profit	\$2,055	23.1%	\$2,194	23.7%
SG&A	\$1,812	20.4%	\$2,038	22.0%
Non-restructuring asset impairments - SG&A	(13)	(0.1%)	(15)	(0.2%)
LCD settlement legal fees ¹	0	0.0%	(35)	(0.4%)
Non-GAAP SG&A	\$1,799	20.2%	\$1,988	21.5%

Operating income	\$238	2.7%	\$413	4.5%
Net LCD settlements ¹	0	0.0%	(229)	(2.5%)
Non-restructuring asset impairments - SG&A	13	0.1%	15	0.2%
Restructuring charges	5	0.1%	7	0.1%
Non-GAAP operating income	<u>\$256</u>	2.9%	<u>\$206</u>	2.2%
Net earnings	\$145		\$237	
After-tax impact of net LCD settlements ¹	0		(147)	
After-tax impact of non-restructuring asset impairments - SG&A	8		10	
After-tax impact of restructuring charges	4		5	
After-tax impact of gain on sale of investments	(1)		(9)	
Income tax impact of Best Buy Europe sale ²	0		16	
Non-GAAP net earnings	<u>\$156</u>		<u>\$112</u>	
Diluted EPS	\$0.42		\$	
Per share impact of net LCD settlements ¹	0.00		(0.43)	
Per share impact of non-restructuring asset impairments - SG&A	0.02		0.03	
Per share impact of restructuring charges	0.00		0.01	
Per share impact of gain on sale of investments	0.00		(0.03)	
Per share impact of income tax impact of Best Buy Europe sale ²	0.00		0.05	
Non-GAAP diluted EPS	<u>\$0.44</u>		<u>\$0.32</u>	

	<u>Six Months Ended</u>		<u>Six Months Ended</u>	
	<u>Aug 2, 2014</u>		<u>Aug 3, 2013</u>	
	<u>\$</u>	<u>% of Rev.</u>	<u>\$</u>	<u>% of Rev.</u>
<u>Domestic - Continuing Operations</u>				
Gross profit	\$3,541	23.0%	\$3,984	25.3%
LCD settlements ¹	0	0.0%	(264)	(1.7%)
Non-GAAP gross profit	<u>\$3,541</u>	23.0%	<u>\$3,720</u>	23.7%
SG&A	\$3,056	19.9%	\$3,340	21.2%
Non-restructuring asset impairments - SG&A	(20)	(0.1%)	(17)	(0.1%)
LCD settlement legal fees ¹	0	0.0%	(35)	(0.2%)
Non-GAAP SG&A	<u>\$3,036</u>	19.8%	<u>\$3,288</u>	20.9%
Operating income	\$484	3.1%	\$642	4.1%
Net LCD settlements ¹	0	0.0%	(229)	(1.5%)
Non-restructuring asset impairments - SG&A	20	0.1%	17	0.1%
Restructuring charges	1	0.0%	2	0.0%
Non-GAAP operating income	<u>\$505</u>	3.3%	<u>\$432</u>	2.7%
<u>International - Continuing Operations</u>				
SG&A	\$576	22.5%	\$682	23.6%
Non-restructuring asset impairments - SG&A	(2)	(0.1%)	(10)	(0.3%)
Non-GAAP SG&A	<u>\$574</u>	22.4%	<u>\$672</u>	23.2%
Operating loss	(\$49)	(1.9%)	(\$61)	(2.1%)
Non-restructuring asset impairments - SG&A	2	0.1%	10	0.3%
Restructuring charges	7	0.3%	11	0.4%
Non-GAAP operating loss	<u>(\$40)</u>	(1.6%)	<u>(\$40)</u>	(1.4%)

Consolidated - Continuing Operations

Gross profit	\$4,075	22.7%	\$4,616	24.8%
LCD settlements ¹	0	0.0%	(264)	(1.4%)
Non-GAAP gross profit	<u>\$4,075</u>	22.7%	<u>\$4,352</u>	23.4%
SG&A	\$3,632	20.3%	\$4,022	21.6%
Non-restructuring asset impairments - SG&A	(22)	(0.1%)	(27)	(0.1%)
LCD settlement legal fees ¹	0	0.0%	(35)	(0.2%)
Non-GAAP SG&A	<u>\$3,610</u>	20.1%	<u>\$3,960</u>	21.3%
Operating income	\$435	2.4%	\$581	3.1%
Net LCD settlements ¹	0	0.0%	(229)	(1.2%)
Non-restructuring asset impairments - SG&A	22	0.1%	27	0.1%
Restructuring charges	8	0.0%	13	0.1%
Non-GAAP operating income	<u>\$465</u>	2.6%	<u>\$392</u>	2.1%
Net earnings	\$606		\$334	
After-tax impact of net LCD settlements ¹	0		(147)	
After-tax impact of non-restructuring asset impairments - SG&A	14		19	
After-tax impact of restructuring charges	6		9	
After-tax impact of gain on sale of investments	(1)		(9)	
Income tax impact of Best Buy Europe sale ²	0		16	
Income tax impact of Europe legal entity reorganization ³	(353)		0	
Non-GAAP net earnings	<u>\$272</u>		<u>\$222</u>	
Diluted EPS	\$1.73		\$	0.97
Per share impact of net LCD settlements ¹	0.00		(0.43)	
Per share impact of non-restructuring asset impairments - SG&A	0.04		0.06	
Per share impact of restructuring charges	0.01		0.03	
Per share impact of gain on sale of investments	0.00		(0.03)	
Per share income tax impact of Best Buy Europe sale ²	0.00		0.05	
Per share impact of income tax effect of Europe legal entity reorganization ³	(1.01)		0.00	
Non-GAAP diluted EPS	<u>\$0.77</u>		<u>\$0.65</u>	

(1) Represents LCD settlements reached in the second quarter of fiscal 2014. Amounts for the six months ended Aug 3, 2013 exclude the impact of \$44 million of pre-tax net proceeds from LCD settlements reached in the first quarter of fiscal 2014, as we did not adjust for LCD settlements prior to the material settlements reached in the second quarter of fiscal 2014.

(2) Tax impact of Best Buy Europe sale and resulting required tax allocation between continuing and discontinued operations.

(3) Represents the acceleration of a non-cash tax benefit of \$353 million as a result of reorganizing certain European legal entities to simplify our overall structure in the first quarter of fiscal 2015.

BEST BUY CO., INC.
RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

(\$ in millions)

(Unaudited and subject to reclassification)

The following information provides a reconciliation of a non-GAAP financial measure to the most comparable financial measure calculated and presented in accordance with GAAP. The company has provided the non-GAAP financial measure, which is not calculated or presented in accordance with GAAP, as information supplemental and in addition to the financial measure that is calculated and presented in accordance with GAAP. Such non-GAAP financial measure should not be considered superior to, as a substitute for, or as an alternative to, and should be considered in conjunction with, the GAAP financial measure. The non-GAAP financial measure in the accompanying news release may differ from similar measures used by other companies.

The following table includes the calculation of Non-GAAP ROIC for total operations, which includes both continuing and discontinued operations (non-GAAP financial measures), along with a reconciliation to the calculation of return on total assets ("ROA") (GAAP financial measure) for the periods presented.

Calculation of Return on Invested Capital¹

	<u>August 2, 2014²</u>	<u>August 3, 2013²</u>
<u>Net Operating Profit After Taxes (NOPAT)</u>		
Operating income - continuing operations	\$ 994	\$ 400
Operating loss - discontinued operations	(20)	(130)
Total operating income	<u>974</u>	<u>270</u>
Add: Operating lease interest ³	465	574
Add: Investment income	31	37
Less: Net earnings attributable to noncontrolling interest (NCI)	(2)	(30)
Less: Income taxes ⁴	(633)	(714)
NOPAT	\$ 835	\$ 137
Add: Restructuring charges and impairments ⁵	249	1,135
Add: NCI impact of restructuring charges and impairments	-	(39)
Non-GAAP NOPAT	\$ 1,084	\$ 1,233
<u>Average Invested Capital</u>		
Total assets	\$ 14,336	\$ 15,491
Less: Excess Cash ⁶	(2,386)	(794)
Add: Capitalized operating lease obligations ⁷	7,440	9,190
Total liabilities	(10,164)	(11,742)
Exclude: Debt ⁸	1,652	1,919
Less: Noncontrolling interests	(3)	(478)
Average invested capital	\$ 10,875	\$ 13,586
Non-GAAP return on invested capital (ROIC)	10.0%	9.1%

Calculation of Return on Assets¹

	<u>August 2, 2014²</u>	<u>August 3, 2013²</u>
Net earnings (loss) including noncontrolling interests	\$ 957	\$ (203)
Total assets	<u>14,336</u>	<u>15,491</u>
Return on assets (ROA)	6.7%	(1.3%)

(1) The calculations of Return on Invested Capital and Return on Assets use total operations, which includes both continuing and discontinued operations.

(2) Income statement accounts represent the activity for the 12 months ended as of each of the balance sheet dates. Balance sheet accounts represent the average account balances for the 4 quarters ended as of each of the balance sheet dates.

(3) Operating lease interest represents the add-back to operating income driven by our capitalized lease obligations and represents fifty percent of our annual rental expense which is the multiple used for the retail sector by one of the nationally recognized credit rating agencies that rates our creditworthiness. We consider this to be an appropriate multiple for our lease portfolio.

(4) Income taxes are calculated using a blended statutory rate at the enterprise level based on statutory rates from the countries we do business in.

(5) Includes all restructuring charges in costs of goods sold and operating expenses, goodwill and tradename impairments and non-restructuring impairments.

(6) Cash and cash equivalents and short-term investments are capped at the greater of 1% of revenue or actual amounts on hand. The cash and cash equivalents and short-term investments in excess of the cap are subtracted from our calculation of average invested capital to show their exclusion from total assets.

(7) The multiple of eight times annual rental expense in the calculation of our capitalized operating lease obligations is the multiple used for the retail sector by one of the nationally recognized credit rating agencies that rates our creditworthiness, and we consider it to be an appropriate multiple for our lease portfolio.

(8) Debt includes short-term debt, current portion of long-term debt and long-term debt and is added back to our calculation of average invested capital to show its exclusion from total liabilities.