

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 earnings 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 earnings release. The non-GAAP financial measures in the accompanying earnings release may differ from similar measures used by other companies. The following tables reconcile SG&A, operating income, net earnings and diluted earnings per share for the periods presented for continuing operations (GAAP financial measures) to non-GAAP SG&A, non-GAAP operating income, non-GAAP net earnings and non-GAAP diluted earnings per share for continuing operations for the periods presented.

	Three Months Ended May 3, 2014		Three Months Ended May 4, 2013	
	\$	% of Rev.	\$	% of Rev.
<u>Domestic - Continuing Operations</u>				
SG&A	\$1,535	19.7%	\$1,636	20.6%
Non-restructuring asset impairments - SG&A	(8)	(0.1%)	(4)	(0.1%)
Non-GAAP SG&A	<u>\$1,527</u>	19.6%	<u>\$1,632</u>	20.5%
Operating income	\$226	2.9%	\$222	2.8%
Non-restructuring asset impairments - SG&A	8	0.1%	4	0.1%
Restructuring charges	2	0.0%	1	0.0%
Non-GAAP operating income	<u>\$236</u>	3.0%	<u>\$227</u>	2.9%
<u>International - Continuing Operations</u>				
SG&A	\$285	22.7%	\$348	24.8%
Non-restructuring asset impairments - SG&A	(1)	(0.1%)	(8)	(0.6%)
Non-GAAP SG&A	<u>\$284</u>	22.6%	<u>\$340</u>	24.3%
Operating loss	(\$29)	(2.3%)	(\$54)	(3.9%)
Non-restructuring asset impairments - SG&A	1	0.1%	8	0.6%
Restructuring charges	1	0.1%	5	0.4%
Non-GAAP operating loss	<u>(\$27)</u>	(2.2%)	<u>(\$41)</u>	(2.9%)
<u>Consolidated - Continuing Operations</u>				
SG&A	\$1,820	20.1%	\$1,984	21.2%
Non-restructuring asset impairments - SG&A	(9)	(0.1%)	(12)	(0.1%)
Non-GAAP SG&A	<u>\$1,811</u>	20.0%	<u>\$1,972</u>	21.1%
Operating income	\$197	2.2%	\$168	1.8%
Non-restructuring asset impairments - SG&A	9	0.1%	12	0.1%
Restructuring charges	3	0.0%	6	0.1%
Non-GAAP operating income	<u>\$209</u>	2.3%	<u>\$186</u>	2.0%
Net earnings	\$461		\$97	
After-tax impact of non-restructuring asset impairments - SG&A	6		9	
After-tax impact of restructuring charges	2		4	
Income tax impact of Europe legal entity reorganization ¹	(353)		0	
Non-GAAP net earnings	<u>\$116</u>		<u>\$110</u>	
Diluted EPS	\$1.31		\$0.29	
Per share impact of non-restructuring asset impairments - SG&A	0.02		0.02	
Per share impact of restructuring charges	0.01		0.01	
Per share impact of income tax effect of Europe legal entity reorganization ¹	(1.01)		0.00	
Non-GAAP diluted EPS	<u>\$0.33</u>		<u>\$0.32</u>	

(1) 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 earnings 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, 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>May 3, 2014²</u>	<u>May 4, 2013²</u>
<u>Net Operating Profit After Taxes (NOPAT)</u>		
Operating income - continuing operations	\$ 1,170	\$ 74
Operating loss - discontinued operations	(50)	(155)
Total operating income (loss)	1,120	(81)
Add: Operating lease interest ³	489	581
Add: Investment income	31	35
Less: Net (earnings) loss attributable to noncontrolling interest (NCI)	17	(30)
Less: Income taxes ⁴	(616)	(693)
NOPAT	\$ 1,041	\$ (188)
Add: Restructuring charges and impairments ⁵	47	1,412
Add: NCI impact of restructuring charges and impairments	(26)	(13)
Non-GAAP NOPAT	\$ 1,062	\$ 1,211
<u>Average Invested Capital</u>		
Total assets	\$ 14,069	\$ 16,131
Less: Excess cash ⁶	(2,077)	(487)
Add: Capitalized operating lease obligations ⁷	7,819	9,294
Total liabilities	(10,129)	(12,255)
Exclude: Debt ⁸	1,663	2,056
Less: Noncontrolling interests	(3)	(626)
Average invested capital	\$ 11,342	\$ 14,113
Non-GAAP return on invested capital (ROIC)	9.4%	8.6%

Calculation of Return on Assets¹

	<u>May 3, 2014²</u>	<u>May 4, 2013²</u>
Net earnings (loss) including noncontrolling interests	\$ 1,057	\$ (458)
Total assets	14,069	16,131
Return on assets (ROA)	7.5%	(2.8%)

(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.