

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 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.

	<u>Three Months Ended</u> <u>May 2, 2015</u>		<u>Three Months Ended</u> <u>May 3, 2014</u>	
	\$	% of Rev.	\$	% of Rev.
<u>Domestic - Continuing Operations</u>				
Gross profit	\$1,886	23.9%	\$1,763	22.7%
CRT settlements ¹	(78)	(1.0%)	0	0.0%
Non-GAAP gross profit	<u>\$1,808</u>	22.9%	<u>\$1,763</u>	22.7%
SG&A	\$1,584	20.1%	\$1,535	19.7%
CRT settlement legal fees and costs ¹	(11)	(0.1%)	0	0.0%
Non-restructuring asset impairments - SG&A	(11)	(0.1%)	(8)	(0.1%)
Non-GAAP SG&A	<u>\$1,562</u>	19.8%	<u>\$1,527</u>	19.6%
Operating income	\$304	3.9%	\$226	2.9%
Net CRT settlements ¹	(67)	(0.8%)	0	0.0%
Non-restructuring asset impairments - SG&A	11	0.1%	8	0.1%
Restructuring charges	(2)	(0.0%)	2	0.0%
Non-GAAP operating income	<u>\$246</u>	3.1%	<u>\$236</u>	3.0%
<u>International - Continuing Operations</u>				
Gross profit	\$144	21.6%	\$204	23.8%
Restructuring charges - COGS	8	1.2%	0	0.0%
Non-GAAP gross profit	<u>\$152</u>	22.8%	<u>\$204</u>	23.8%
SG&A	\$182	27.2%	\$220	25.6%
Other Canadian brand consolidation charges - SG&A ²	(3)	(0.4%)	0	0.0%
Non-restructuring asset impairments - SG&A	0	0.0%	(1)	(0.1%)
Non-GAAP SG&A	<u>\$179</u>	26.8%	<u>\$219</u>	25.5%
Operating loss	(\$218)	(32.6%)	(\$16)	(1.9%)
Restructuring charges - COGS	8	1.2%	0	0.0%
Other Canadian brand consolidation charges - SG&A ²	3	0.4%	0	0.0%
Non-restructuring asset impairments - SG&A	0	0.0%	1	0.1%
Restructuring charges	180	26.9%	0	0.0%
Non-GAAP operating loss	<u>(\$27)</u>	(4.0%)	<u>(\$15)</u>	(1.7%)

Consolidated - Continuing Operations

Gross profit	\$2,030	23.7%	\$1,967	22.8%
CRT settlements ¹	(78)	(0.9%)	0	0.0%
Restructuring charges - COGS	8	0.1%	0	0.0%
Non-GAAP gross profit	<u>\$1,960</u>	22.9%	<u>\$1,967</u>	22.8%
SG&A	\$1,766	20.6%	\$1,755	20.3%
CRT settlement legal fees and costs ¹	(11)	(0.1%)	0	0.0%
Other Canadian brand consolidation charges - SG&A ²	(3)	(0.0%)	0	0.0%
Non-restructuring asset impairments - SG&A	(11)	(0.1%)	(9)	(0.1%)
Non-GAAP SG&A	<u>\$1,741</u>	20.3%	<u>\$1,746</u>	20.2%
Operating income	\$86	1.0%	\$210	2.4%
Net CRT settlements ¹	(67)	(0.8%)	0	0.0%
Restructuring charges – COGS	8	0.1%	0	0.0%
Other Canadian brand consolidation charges - SG&A ²	3	0.0%	0	0.0%
Non-restructuring asset impairments - SG&A	11	0.1%	9	0.1%
Restructuring charges	178	2.1%	2	0.0%
Non-GAAP operating income	<u>\$219</u>	2.6%	<u>\$221</u>	2.6%
Net earnings	\$37		\$469	
After-tax impact of net CRT settlements	(44)		0	
After-tax impact of restructuring charges - COGS	5		0	
After-tax impact of other Canadian brand consolidation charges - SG&A ²	2		0	
After-tax impact of non-restructuring asset impairments - SG&A	7		6	
After-tax impact of restructuring charges	125		1	
After-tax impact of gain on investments, net	(1)		0	
Income tax impact of Europe legal entity reorganization ³	0		(353)	
Non-GAAP net earnings	<u>\$131</u>		<u>\$123</u>	
Diluted EPS	\$0.10		\$1.33	
Per share impact of net CRT settlements ¹	(0.12)		0.00	
Per share impact of restructuring charges - COGS	0.01		0.00	
Per share impact of other Canadian brand consolidation charges - SG&A ²	0.01		0.00	
Per share impact of non-restructuring asset impairments - SG&A	0.02		0.02	
Per share impact of restructuring charges	0.35		0.01	
Per share impact of gain on investments, net	0.00		0.00	
Per share impact of income tax effect of Europe legal entity ³ reorganization	0.00		(1.01)	
Non-GAAP diluted EPS	<u>\$0.37</u>		<u>\$0.35</u>	

(1) Represents CRT Litigation settlements reached in Q1 FY16 net of related legal fees and costs.

(2) Represents charges related to the Canadian brand consolidation, primarily retention bonuses and other store-related costs that did not qualify as restructuring charges.

(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 Q1 FY15.

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>May 2, 2015²</u>	<u>May 3, 2014²</u>
<u>Net Operating Profit After Taxes (NOPAT)</u>		
Operating income - continuing operations	\$ 1,326	\$ 1,167
Operating income (loss) - discontinued operations	83	(47)
Total operating income	1,409	1,120
Add: Operating lease interest ³	446	489
Add: Investment income	26	31
Less: Net (earnings) loss attributable to noncontrolling interest (NCI)	(2)	17
Less: Income taxes ⁴	(759)	(616)
NOPAT	\$ 1,120	\$ 1,041
Add: Restructuring charges and impairments ⁵	187	47
Add: NCI impact of restructuring charges and impairments	-	(26)
Non-GAAP NOPAT	\$ 1,307	\$ 1,062
<u>Average Invested Capital</u>		
Total assets	\$ 14,771	\$ 14,069
Less: Excess cash ⁶	(3,093)	(2,077)
Add: Capitalized operating lease obligations ⁷	7,140	7,819
Total liabilities	(10,029)	(10,129)
Exclude: Debt ⁸	1,625	1,663
Less: Noncontrolling interests	(3)	(3)
Average invested capital	\$ 10,411	\$ 11,342
Non-GAAP return on invested capital (ROIC)	12.6%	9.4%

Calculation of Return on Assets¹

	<u>May 2, 2015²</u>	<u>May 3, 2014²</u>
Net earnings including noncontrolling interests	\$ 903	\$ 1,057
Total assets	14,771	14,069
Return on assets (ROA)	6.1%	7.5%

(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 the capitalization of our lease obligations using the multiple of eight times annual rent expense and represents 50 percent of our annual rental expense, which we consider to be appropriate 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, 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.