

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

	Three Months Ended		Three Months Ended	
	Nov 2, 2013		Nov 3, 2012	
	\$	% of Rev.	\$	% of Rev.
<u>Domestic - Continuing Operations</u>				
SG&A	\$1,714	21.8%	\$1,805	23.5%
Non-restructuring asset impairments - SG&A	(8)	(0.1%)	0	0.0%
Adjusted SG&A	<u>\$1,706</u>	21.7%	<u>\$1,805</u>	23.5%
Operating income	\$111	1.4%	\$16	0.2%
Non-restructuring asset impairments - SG&A	8	0.1%	0	0.0%
Restructuring charges	24	0.3%	34	0.4%
Adjusted operating income	<u>\$143</u>	1.8%	<u>\$50</u>	0.7%
<u>International - Continuing Operations</u>				
SG&A	\$334	22.0%	\$387	22.7%
Non-restructuring asset impairments - SG&A	(1)	(0.1%)	0	0.0%
Adjusted SG&A	<u>\$333</u>	22.0%	<u>\$387</u>	22.7%
Operating loss	(\$20)	(1.3%)	(\$14)	(0.8%)
Non-restructuring asset impairments - SG&A	1	0.1%	0	0.0%
Restructuring charges	7	0.5%	0	0.0%
Adjusted operating loss	<u>(\$12)</u>	(0.8%)	<u>(\$14)</u>	(0.8%)
<u>Consolidated - Continuing Operations</u>				
SG&A	\$2,048	21.9%	\$2,192	23.4%
Non-restructuring asset impairments - SG&A	(9)	(0.1%)	0	0.0%
Adjusted SG&A	<u>\$2,039</u>	21.8%	<u>\$2,192</u>	23.4%
Operating income	\$91	1.0%	\$2	0.0%
Non-restructuring asset impairments - SG&A	9	0.1%	0	0.0%
Restructuring charges	31	0.3%	34	0.4%
Adjusted operating income	<u>\$131</u>	1.4%	<u>\$36</u>	0.4%
Net earnings (loss)	\$43		(\$9)	
After-tax impact of net LCD settlements ¹	(1)		0	
After-tax impact of non-restructuring asset impairments - SG&A	6		0	
After-tax impact of restructuring charges	21		23	
After-tax impact of gain on sale of investments	(3)		0	
Income tax impact of Best Buy Europe sale ²	(2)		0	
Adjusted net earnings	<u>\$64</u>		<u>\$14</u>	
Diluted EPS	\$0.12		(\$0.03)	
Per share impact of net LCD settlements ¹	0.00		0.00	
Per share impact of non-restructuring asset impairments - SG&A	0.02		0.00	
Per share impact of restructuring charges	0.06		0.07	
Per share impact of gain on sale of investments	(0.01)		0.00	
Per share impact of Best Buy Europe sale ²	(0.01)		0.00	
Adjusted diluted EPS	<u>\$0.18</u>		<u>\$0.04</u>	

	Nine Months Ended		Nine Months Ended	
	Nov 2, 2013		Nov 3, 2012	
	\$	% of Rev.	\$	% of Rev.
<u>Domestic - Continuing Operations</u>				
Gross profit	\$5,856	24.8%	\$5,984	24.6%
LCD settlements ³	(264)	(1.1%)	0	0.0%
Adjusted gross profit	<u>\$5,592</u>	23.7%	<u>\$5,984</u>	24.6%
SG&A	\$5,077	21.5%	\$5,338	22.0%
Non-restructuring asset impairments - SG&A	(25)	(0.1%)	(14)	(0.1%)
LCD settlement legal fees	(35)	(0.1%)	0	0.0%
Adjusted SG&A	<u>\$5,017</u>	21.2%	<u>\$5,324</u>	21.9%
Operating income	\$753	3.2%	\$394	1.6%
Net LCD settlements ³	(229)	(1.0%)	0	0.0%
Non-restructuring asset impairments - SG&A	25	0.1%	14	0.1%
Restructuring charges	26	0.1%	252	1.0%
Adjusted operating income	<u>\$575</u>	2.4%	<u>\$660</u>	2.7%
<u>International - Continuing Operations</u>				
SG&A	\$1,016	23.1%	\$1,129	23.5%
Non-restructuring asset impairments - SG&A	(11)	(0.2%)	(2)	(0.0%)
Adjusted SG&A	<u>\$1,005</u>	22.8%	<u>\$1,127</u>	23.5%
Operating loss	(\$81)	(1.8%)	(\$40)	(0.8%)
Non-restructuring asset impairments - SG&A	11	0.2%	2	0.0%
Restructuring charges	18	0.4%	0	0.0%
Adjusted operating loss	<u>(\$52)</u>	(1.2%)	<u>(\$38)</u>	(0.8%)
<u>Consolidated - Continuing Operations</u>				
Gross profit	\$6,809	24.3%	\$7,073	24.3%
LCD settlements ³	(264)	(0.9%)	0	0.0%
Adjusted gross profit	<u>\$6,545</u>	23.3%	<u>\$7,073</u>	24.3%
SG&A	\$6,093	21.7%	\$6,467	22.2%
Non-restructuring asset impairments - SG&A	(36)	(0.1%)	(16)	(0.1%)
LCD settlement legal fees	(35)	(0.1%)	0	0.0%
Adjusted SG&A	<u>\$6,022</u>	21.5%	<u>\$6,451</u>	22.2%
Operating income	\$672	2.4%	\$354	1.2%
Net LCD settlements ³	(229)	(0.8%)	0	0.0%
Non-restructuring asset impairments - SG&A	36	0.1%	16	0.1%
Restructuring charges	44	0.2%	252	0.9%
Adjusted operating income	<u>\$523</u>	1.9%	<u>\$622</u>	2.1%
Net earnings	\$377		\$191	
After-tax impact of net LCD settlements ³	(148)		0	
After-tax impact of non-restructuring asset impairments - SG&A	25		10	
After-tax impact of restructuring charges	30		164	
After-tax impact of gain on sale of investments	(12)		0	
Income tax impact of Best Buy Europe sale ²	14		0	
Adjusted net earnings	<u>\$286</u>		<u>\$365</u>	
Diluted EPS	\$1.09		\$0.56	
Per share impact of net LCD settlements ³	(0.43)		0.00	
Per share impact of non-restructuring asset impairments - SG&A	0.07		0.03	
Per share impact of restructuring charges	0.09		0.48	
Per share impact of gain on sale of investments	(0.03)		0.00	
Per share impact of Best Buy Europe sale ²	0.04		0.00	
Adjusted diluted EPS	<u>\$0.83</u>		<u>\$1.07</u>	

(1) Represents interim period tax reporting impact of Q2 FY14 LCD-related legal settlements.

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

(3) Includes settlements reached in Q2 FY14. Settlements reached prior to Q2 FY14 are not included.

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 Adjusted 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

	Nov 2, 2013²	Nov 3, 2012²
<u>Net Operating Profit After Taxes (NOPAT)</u>		
Operating income - continuing operations	\$ 490	\$ 1,395
Operating loss - discontinued operations	(149)	(1,450)
Total operating income (loss)	341	(55)
Add: Operating lease interest ³	545	594
Add: Investment income	31	47
Less: Net earnings attributable to noncontrolling interest (NCI)	(20)	(1,212)
Less: Income taxes ⁴	(737)	(854)
NOPAT	\$ 160	\$ (1,480)
Add: Restructuring charges and impairments ⁵	1,147	1,787
Add: NCI impact of BBYM profit share buyout, restructuring charges and impairments	(41)	1,202
Adjusted NOPAT	\$ 1,266	\$ 1,509
<u>Average Invested Capital</u>		
Total assets	\$ 14,867	\$ 16,666
Less: Excess Cash ⁶	(1,273)	(447)
Add: Capitalized operating lease obligations ⁷	8,722	9,498
Total liabilities	(11,215)	(12,468)
Exclude: Debt ⁸	1,834	2,119
Less: Noncontrolling interests	(323)	(619)
Average invested capital	\$ 12,612	\$ 14,749
Adjusted return on invested capital (ROIC)	10.0%	10.2%

Calculation of Return on Assets¹

	Nov 2, 2013²	Nov 3, 2012²
Net loss including noncontrolling interests	\$ (150)	\$ (447)
Total assets	14,867	16,666
Return on assets (ROA)	(1.0%)	(2.7%)

(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 in which we do business.

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

(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.