

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		Three Months Ended	
	Nov 1, 2014		Nov 2, 2013	
	\$	% of Rev.	\$	% of Rev.
<u>Domestic - Continuing Operations</u>				
SG&A	\$1,632	20.4%	\$1,702	21.8%
Non-restructuring asset impairments - SG&A	(6)	(0.1%)	(8)	(0.1%)
Non-GAAP SG&A	<u>\$1,626</u>	20.3%	<u>\$1,694</u>	21.7%
Operating income	\$204	2.6%	\$110	1.4%
Non-restructuring asset impairments - SG&A	6	0.1%	8	0.1%
Restructuring charges	5	0.1%	24	0.3%
Non-GAAP operating income	<u>\$215</u>	2.7%	<u>\$142</u>	1.8%
<u>International - Continuing Operations</u>				
SG&A	\$297	21.4%	\$334	22.0%
Non-restructuring asset impairments - SG&A	0	0.0%	(1)	(0.1%)
Non-GAAP SG&A	<u>\$297</u>	21.4%	<u>\$333</u>	22.0%
Operating loss	(\$14)	(1.0%)	(\$20)	(1.3%)
Non-restructuring asset impairments - SG&A	0	0.0%	1	0.1%
Restructuring charges	4	0.3%	7	0.5%
Non-GAAP operating loss	<u>(\$10)</u>	(0.7%)	<u>(\$12)</u>	(0.8%)
<u>Consolidated - Continuing Operations</u>				
SG&A	\$1,929	20.6%	\$2,036	21.8%
Non-restructuring asset impairments - SG&A	(6)	(0.1%)	(9)	(0.1%)
Non-GAAP SG&A	<u>\$1,923</u>	20.5%	<u>\$2,027</u>	21.7%
Operating income	\$190	2.0%	\$90	1.0%
Non-restructuring asset impairments - SG&A	6	0.1%	9	0.1%
Restructuring charges	9	0.1%	31	0.3%
Non-GAAP operating income	<u>\$205</u>	2.2%	<u>\$130</u>	1.4%

Net earnings	\$107	\$43
After-tax impact of net LCD settlements ¹	0	(1)
After-tax impact of non-restructuring asset impairments - SG&A	4	6
After-tax impact of restructuring charges	6	21
After-tax impact of gain on sale of investments	(3)	(3)
Income tax impact of Best Buy Europe sale ²	0	(2)
Non-GAAP net earnings	<u>\$114</u>	<u>\$64</u>
Diluted EPS	\$0.30	\$ 0.12
Per share impact of net LCD settlements ¹	0.00	0.00
Per share impact of non-restructuring asset impairments - SG&A	0.01	0.02
Per share impact of restructuring charges	0.02	0.06
Per share impact of gain on sale of investments	(0.01)	(0.01)
Per share impact of Best Buy Europe sale ²	0.00	(0.01)
Non-GAAP diluted EPS	<u>\$0.32</u>	<u>\$0.18</u>

	Nine Months Ended Nov 1, 2014		Nine Months Ended Nov 2, 2013	
	\$	% of Rev.	\$	% of Rev.
<u>Domestic - Continuing Operations</u>				
Gross profit	\$5,382	23.0%	\$5,820	24.7%
LCD settlements ³	0	0.0%	(264)	(1.1%)
Non-GAAP gross profit	<u>\$5,382</u>	23.0%	<u>\$5,556</u>	23.6%
SG&A	\$4,688	20.1%	\$5,042	21.4%
Non-restructuring asset impairments - SG&A	(26)	(0.1%)	(25)	(0.1%)
LCD settlement legal fees ³	0	0.0%	(35)	(0.1%)
Non-GAAP SG&A	<u>\$4,662</u>	20.0%	<u>\$4,982</u>	21.2%
Operating income	\$688	2.9%	\$752	3.2%
Net LCD settlements ³	0	0.0%	(229)	(1.0%)
Non-restructuring asset impairments - SG&A	26	0.1%	25	0.1%
Restructuring charges	6	0.0%	26	0.1%
Non-GAAP operating income	<u>\$720</u>	3.1%	<u>\$574</u>	2.4%
<u>International - Continuing Operations</u>				
SG&A	\$873	22.1%	\$1,016	23.1%
Non-restructuring asset impairments - SG&A	(2)	(0.1%)	(11)	(0.2%)
Non-GAAP SG&A	<u>\$871</u>	22.0%	<u>\$1,005</u>	22.8%
Operating loss	(\$63)	(1.6%)	(\$81)	(1.8%)
Non-restructuring asset impairments - SG&A	2	0.1%	11	0.2%
Restructuring charges	11	0.3%	18	0.4%
Non-GAAP operating loss	<u>(\$50)</u>	(1.3%)	<u>(\$52)</u>	(1.2%)
<u>Consolidated - Continuing Operations</u>				
Gross profit	\$6,203	22.7%	\$6,773	24.2%
LCD settlements ³	0	0.0%	(264)	(0.9%)
Non-GAAP gross profit	<u>\$6,203</u>	22.7%	<u>\$6,509</u>	23.3%
SG&A	\$5,561	20.4%	\$6,058	21.7%
Non-restructuring asset impairments - SG&A	(28)	(0.1%)	(36)	(0.1%)
LCD settlement legal fees ³	0	0.0%	(35)	(0.1%)
Non-GAAP SG&A	<u>\$5,533</u>	20.3%	<u>\$5,987</u>	21.4%

Operating income	\$625	2.3%	\$671	2.4%
Net LCD settlements ³	0	0.0%	(229)	(0.8%)
Non-restructuring asset impairments - SG&A	28	0.1%	36	0.1%
Restructuring charges	17	0.1%	44	0.2%
Non-GAAP operating income	<u>\$670</u>	2.5%	<u>\$522</u>	1.9%
Net earnings	\$713		\$377	
After-tax impact of net LCD settlements ³	0		(148)	
After-tax impact of non-restructuring asset impairments - SG&A	18		25	
After-tax impact of restructuring charges	12		30	
After-tax impact of gain on sale of investments	(4)		(12)	
Income tax impact of Best Buy Europe sale ²	0		14	
Income tax impact of Europe legal entity reorganization ⁴	(353)		0	
Non-GAAP net earnings	<u>\$386</u>		<u>\$286</u>	
Diluted EPS	\$2.02		\$	
Per share impact of net LCD settlements ³	0.00		(0.43)	
Per share impact of non-restructuring asset impairments - SG&A	0.05		0.07	
Per share impact of restructuring charges	0.04		0.09	
Per share impact of gain on sale of investments	(0.01)		(0.03)	
Per share impact of Best Buy Europe sale ²	0.00		0.04	
Per share impact of income tax effect of Europe legal entity reorganization ⁴	(1.01)		0.00	
Non-GAAP diluted EPS	<u>\$1.09</u>		<u>\$0.83</u>	

(1) Represents interim period tax reporting impact of LCD 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 LCD settlements reached in the second quarter of fiscal 2014. Amounts for the nine months ended Nov 2, 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.

(4) 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

	November 1, 2014²	November 2, 2013²
<u>Net Operating Profit After Taxes (NOPAT)</u>		
Operating income - continuing operations	\$ 1,094	\$ 490
Operating loss - discontinued operations	(21)	(149)
Total operating income	1,073	341
Add: Operating lease interest ³	465	545
Add: Investment income	26	31
Less: Net earnings attributable to noncontrolling interest (NCI)	(2)	(20)
Less: Income taxes ⁴	(659)	(737)
NOPAT	\$ 903	\$ 160
Add: Restructuring charges and impairments ⁵	225	1,147
Add: NCI impact of restructuring charges and impairments	-	(41)
Non-GAAP NOPAT	\$ 1,128	\$ 1,266
<u>Average Invested Capital</u>		
Total assets	\$ 14,509	\$ 14,867
Less: Excess Cash ⁶	(2,628)	(1,273)
Add: Capitalized operating lease obligations ⁷	7,434	8,722
Total liabilities	(10,130)	(11,215)
Exclude: Debt ⁸	1,644	1,834
Less: Noncontrolling interests	(4)	(323)
Average invested capital	\$ 10,825	\$ 12,612
Non-GAAP return on invested capital (ROIC)	10.4%	10.0%

Calculation of Return on Assets¹

	November 1, 2014²	November 2, 2013²
Net earnings (loss) including noncontrolling interests	\$ 1,009	\$ (150)
Total assets	14,509	14,867
Return on assets (ROA)	7.0%	(1.0%)

(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, 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.