

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 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. 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.

	Three Months Ended		Three Months Ended	
	August 1, 2015		August 2, 2014	
	\$	% of Rev.	\$	% of Rev.
<u>Domestic - Continuing Operations</u>				
Gross profit	\$1,946	24.7%	\$1,778	23.4%
CRT settlements ¹	(10)	(0.1%)	0	0.0%
Non-GAAP gross profit	<u>\$1,936</u>	24.6%	<u>\$1,778</u>	23.4%
SG&A	\$1,636	20.8%	\$1,521	20.1%
CRT settlement legal fees and costs ¹	(2)	(0.0%)	0	0.0%
Non-restructuring asset impairments - SG&A	(11)	(0.1%)	(12)	(0.2%)
Non-GAAP SG&A	<u>\$1,623</u>	20.6%	<u>\$1,509</u>	19.9%
Operating income	\$309	3.9%	\$258	3.4%
Net CRT settlements ¹	(8)	(0.1%)	0	0.0%
Non-restructuring asset impairments - SG&A	11	0.1%	12	0.2%
Restructuring charges	1	0.0%	(1)	(0.0%)
Non-GAAP operating income	<u>\$313</u>	4.0%	<u>\$269</u>	3.5%
<u>International - Continuing Operations</u>				
Gross profit	\$152	23.4%	\$200	22.9%
Restructuring charges - COGS	(3)	(0.5%)	0	0.0%
Non-GAAP gross profit	<u>\$149</u>	22.9%	<u>\$200</u>	22.9%
SG&A	\$175	26.9%	\$227	26.0%
Other Canada brand consolidation charges - SG&A ²	(2)	(0.3%)	0	0.0%
Non-restructuring asset impairments - SG&A	(3)	(0.5%)	0	0.0%
Non-GAAP SG&A	<u>\$170</u>	26.2%	<u>\$227</u>	26.0%

Operating loss	(\$21)	(3.2%)	(\$33)	(3.8%)
Restructuring charges - COGS	(3)	(0.5%)	0	0.0%
Other Canada brand consolidation charges - SG&A ²	2	0.3%	0	0.0%
Non-restructuring asset impairments - SG&A	3	0.5%	0	0.0%
Restructuring charges	(2)	(0.3%)	6	0.7%
Non-GAAP operating loss	<u>(\$21)</u>	<u>(3.2%)</u>	<u>(\$27)</u>	<u>(3.1%)</u>

Consolidated - Continuing Operations

Gross profit	\$2,098	24.6%	\$1,978	23.4%
CRT settlements ¹	(10)	(0.1%)	0	0.0%
Restructuring charges - COGS	(3)	(0.0%)	0	0.0%
Non-GAAP gross profit	<u>\$2,085</u>	<u>24.4%</u>	<u>\$1,978</u>	<u>23.4%</u>

SG&A	\$1,811	21.2%	\$1,748	20.7%
CRT settlement legal fees and costs ¹	(2)	(0.0%)	0	0.0%
Other Canada brand consolidation charges - SG&A ²	(2)	(0.0%)	0	0.0%
Non-restructuring asset impairments - SG&A	(14)	(0.2%)	(12)	(0.1%)
Non-GAAP SG&A	<u>\$1,793</u>	<u>21.0%</u>	<u>\$1,736</u>	<u>20.5%</u>

Operating income	\$288	3.4%	\$225	2.7%
Net CRT settlements ¹	(8)	(0.1%)	0	0.0%
Restructuring charges - COGS	(3)	(0.0%)	0	0.0%
Other Canada brand consolidation charges - SG&A ²	2	0.0%	0	0.0%
Non-restructuring asset impairments - SG&A	14	0.2%	12	0.1%
Restructuring charges	(1)	(0.0%)	5	0.1%
Non-GAAP operating income	<u>\$292</u>	<u>3.4%</u>	<u>\$242</u>	<u>2.9%</u>

Net earnings	\$164		\$137	
After-tax impact of net CRT settlements ¹	(9)		0	
After-tax impact of restructuring charges - COGS	(1)		0	
After-tax impact of other Canada brand consolidation charges – SG&A ²	1		0	
After-tax impact of non-restructuring asset impairments - SG&A	11		8	
After-tax impact of restructuring charges	8		4	
After-tax impact of gain on investments, net	0		(1)	
Non-GAAP net earnings	<u>\$174</u>		<u>\$148</u>	

Diluted EPS	\$0.46		\$0.39	
Per share impact of net CRT settlements ¹	(0.03)		0.00	
Per share impact of restructuring charges - COGS	0.00		0.00	
Per share impact of other Canada brand consolidation charges – SG&A ²	0.00		0.00	
Per share impact of non-restructuring asset impairments - SG&A	0.03		0.02	
Per share impact of restructuring charges	0.03		0.01	
Per share impact of gain on investments, net	0.00		0.00	
Non-GAAP diluted EPS	<u>\$0.49</u>		<u>\$0.42</u>	

	Six Months Ended		Six Months Ended	
	August 1, 2015		August 2, 2014	
	\$	% of Rev.	\$	% of Rev.
<u>Domestic - Continuing Operations</u>				
Gross profit	\$3,832	24.3%	\$3,541	23.0%
CRT settlements ¹	(88)	(0.6%)	0	0.0%
Non-GAAP gross profit	<u>\$3,744</u>	23.7%	<u>\$3,541</u>	23.0%
SG&A	\$3,220	20.4%	\$3,056	19.9%
CRT settlement legal fees and costs ¹	(13)	(0.1%)	0	0.0%
Non-restructuring asset impairments - SG&A	(22)	(0.1%)	(20)	(0.1%)
Non-GAAP SG&A	<u>\$3,185</u>	20.2%	<u>\$3,036</u>	19.8%
Operating income	\$613	3.9%	\$484	3.1%
Net CRT settlements ¹	(75)	(0.5%)	0	0.0%
Non-restructuring asset impairments - SG&A	22	0.1%	20	0.1%
Restructuring charges	(1)	(0.0%)	1	0.0%
Non-GAAP operating income	<u>\$559</u>	3.5%	<u>\$505</u>	3.3%
<u>International - Continuing Operations</u>				
Gross profit	\$296	22.5%	\$404	23.3%
Restructuring charges - COGS	5	0.4%	0	0.0%
Non-GAAP gross profit	<u>\$301</u>	22.8%	<u>\$404</u>	23.3%
SG&A	\$357	27.1%	\$447	25.8%
Other Canada brand consolidation charges - SG&A ²	(5)	(0.4%)	0	0.0%
Non-restructuring asset impairments - SG&A	(3)	(0.2%)	(1)	(0.1%)
Non-GAAP SG&A	<u>\$349</u>	26.5%	<u>\$446</u>	25.8%
Operating loss	(\$239)	(18.1%)	(\$49)	(2.8%)
Restructuring charges - COGS	5	0.4%	0	0.0%
Other Canada brand consolidation charges - SG&A ²	5	0.4%	0	0.0%
Non-restructuring asset impairments - SG&A	3	0.2%	1	0.1%
Restructuring charges	178	13.5%	6	0.3%
Non-GAAP operating income	<u>(\$48)</u>	(3.6%)	<u>(\$42)</u>	(2.4%)
<u>Consolidated - Continuing Operations</u>				
Gross profit	\$4,128	24.2%	\$3,945	23.1%
CRT settlements ¹	(88)	(0.5%)	0	0.0%
Restructuring charges - COGS	5	0.0%	0	0.0%
Non-GAAP gross profit	<u>\$4,045</u>	23.7%	<u>\$3,945</u>	23.1%
SG&A	\$3,577	20.9%	\$3,503	20.5%
CRT settlement legal fees and costs ¹	(13)	(0.1%)	0	0.0%
Other Canada brand consolidation charges - SG&A ²	(5)	0.0%	0	0.0%
Non-restructuring asset impairments - SG&A	(25)	(0.1%)	(21)	(0.1%)
Non-GAAP SG&A	<u>\$3,534</u>	20.7%	<u>\$3,482</u>	20.4%

Operating income	\$374	2.2%	\$435	2.5%
Net CRT settlements ¹	(75)	(0.4%)	0	0.0%
Restructuring charges - COGS	5	0.0%	0	0.0%
Other Canada brand consolidation charges - SG&A ²	5	0.0%	0	0.0%
Non-restructuring asset impairments - SG&A	25	0.1%	21	0.1%
Restructuring charges	177	1.0%	7	0.0%
Non-GAAP operating income	<u>\$511</u>	3.0%	<u>\$463</u>	2.7%
Net earnings	\$201		\$606	
After-tax impact of net CRT settlements ¹	(53)		0	
After-tax impact of restructuring charges - COGS	4		0	
After-tax impact of other Canada brand consolidation charges – SG&A ²	3		0	
After-tax impact of non-restructuring asset impairments - SG&A	18		14	
After-tax impact of restructuring charges	133		5	
After-tax impact of gain on investments, net	(1)		(1)	
Income tax impact of Europe legal entity reorganization ³	0		(353)	
Non-GAAP net earnings	<u>\$305</u>		<u>\$271</u>	
Diluted EPS	\$0.57		\$ 1.73	
Per share impact of net CRT settlements ¹	(0.15)		0.00	
Per share impact of restructuring charges - COGS	0.01		0.00	
Per share impact of other Canada brand consolidation charges – SG&A ²	0.01		0.00	
Per share impact of non-restructuring asset impairments - SG&A	0.05		0.04	
Per share impact of restructuring charges	0.37		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 reorganization ³	0.00		(1.01)	
Non-GAAP diluted EPS	<u>\$0.86</u>		<u>\$0.77</u>	

(1) Represents CRT Litigation settlements reached in each reported period, net of related legal fees and costs.

(2) Represents charges related to the Canadian brand consolidation primarily due to 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>August 1, 2015²</u>	<u>August 2, 2014²</u>
Net Operating Profit After Taxes (NOPAT)		
Operating income - continuing operations	\$ 1,390	\$ 987
Operating income (loss) - discontinued operations	65	(13)
Total operating income	<u>1,455</u>	<u>974</u>
Add: Operating lease interest ³	428	465
Add: Investment income	21	31
Less: Net (earnings) loss attributable to noncontrolling interest (NCI)	(1)	(2)
Less: Income taxes ⁴	<u>(767)</u>	<u>(633)</u>
NOPAT	\$ 1,136	\$ 835
Add: Restructuring charges and impairments ⁵	175	249
Non-GAAP NOPAT	\$ 1,311	\$ 1,084
Average Invested Capital		
Total assets	\$ 14,575	\$ 14,336
Less: Excess cash ⁶	(3,201)	(2,386)
Add: Capitalized operating lease obligations ⁷	6,855	7,440
Total liabilities	(9,810)	(10,164)
Exclude: Debt ⁸	1,618	1,652
Less: Noncontrolling interests	<u>(2)</u>	<u>(3)</u>
Average invested capital	\$ 10,035	\$ 10,875
Non-GAAP return on invested capital (ROIC)	13.1%	10.0%

Calculation of Return on Assets¹

	<u>August 1, 2015²</u>	<u>August 2, 2014²</u>
Net earnings including noncontrolling interests	\$ 919	\$ 957
Total assets	<u>14,575</u>	<u>14,336</u>
Return on assets (ROA)	6.3%	6.7%

(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 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.