

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	
	October 31, 2015		November 1, 2014	
	\$	% of Rev.	\$	% of Rev.
<u>Domestic - Continuing Operations</u>				
SG&A	\$1,702	21.0%	\$1,632	20.4%
Non-restructuring asset impairments - SG&A	(9)	(0.1%)	(6)	(0.1%)
Non-GAAP SG&A	<u>\$1,693</u>	20.9%	<u>\$1,626</u>	20.3%
Operating income	\$244	3.0%	\$204	2.6%
Non-restructuring asset impairments - SG&A	9	0.1%	6	0.1%
Restructuring charges	2	0.0%	5	0.1%
Non-GAAP operating income	<u>\$255</u>	3.2%	<u>\$215</u>	2.7%
<u>International - Continuing Operations</u>				
Gross profit	\$164	22.5%	\$235	22.6%
Restructuring charges - COGS	(1)	(0.1%)	0	0.0%
Non-GAAP gross profit	<u>\$163</u>	22.4%	<u>\$235</u>	22.6%
SG&A	\$172	23.6%	\$234	22.5%
Other Canada brand consolidation charges - SG&A ²	(1)	(0.1%)	0	0.0%
Non-GAAP SG&A	<u>\$171</u>	23.5%	<u>\$234</u>	22.5%
Operating income (loss)	(\$14)	(1.9%)	\$1	0.1%
Restructuring charges - COGS	(1)	(0.1%)	0	0.0%
Other Canada brand consolidation charges - SG&A ²	1	0.1%	0	0.0%
Restructuring charges	6	0.8%	0	0.0%
Non-GAAP operating income (loss)	<u>(\$8)</u>	(1.1%)	<u>\$1</u>	0.1%
<u>Consolidated - Continuing Operations</u>				
Gross profit	\$2,112	23.9%	\$2,076	23.0%
Restructuring charges - COGS	(1)	(0.0%)	0	0.0%
Non-GAAP gross profit	<u>\$2,111</u>	23.9%	<u>\$2,076</u>	23.0%

SG&A	\$1,874	21.2%	\$1,866	20.7%
Other Canada brand consolidation charges - SG&A ²	(1)	(0.0%)	0	0.0%
Non-restructuring asset impairments - SG&A	(9)	(0.1%)	(6)	(0.1%)
Non-GAAP SG&A	<u>\$1,864</u>	21.1%	<u>\$1,860</u>	20.6%
Operating income	\$230	2.6%	\$205	2.3%
Restructuring charges - COGS	(1)	(0.0%)	0	0.0%
Other Canada brand consolidation charges - SG&A ²	1	0.0%	0	0.0%
Non-restructuring asset impairments - SG&A	9	0.1%	6	0.1%
Restructuring charges	8	0.1%	5	0.1%
Non-GAAP operating income	<u>\$247</u>	2.8%	<u>\$216</u>	2.4%
Net earnings	\$129		\$116	
Restructuring charges - COGS	(1)		0	
Other Canada brand consolidation charges - SG&A ²	1		0	
Non-restructuring asset impairments - SG&A	9		6	
Restructuring charges	8		5	
Gain on investments, net	0		(5)	
Income tax impact of Non-GAAP adjustments ⁴	(2)		(1)	
Non-GAAP net earnings	<u>\$144</u>		<u>\$121</u>	
Diluted EPS	\$0.37		\$0.33	
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	0.02		0.02	
Per share impact of restructuring charges	0.02		0.01	
Per share impact of gain on investments, net	0.00		(0.01)	
Per share income tax impact of Non-GAAP adjustments ⁴	0.00		(0.01)	
Non-GAAP diluted EPS	<u>\$0.41</u>		<u>\$0.34</u>	

	Nine Months Ended October 31, 2015		Nine Months Ended November 1, 2014	
	\$	% of Rev.	\$	% of Rev.
<u>Domestic - Continuing Operations</u>				
Gross profit	\$5,780	24.2%	\$5,382	23.0%
CRT settlements ¹	(88)	(0.4%)	0	0.0%
Non-GAAP gross profit	<u>\$5,692</u>	23.9%	<u>\$5,382</u>	23.0%
SG&A	\$4,922	20.6%	\$4,688	20.1%
CRT settlement legal fees and costs ¹	(13)	(0.1%)	0	0.0%
Non-restructuring asset impairments - SG&A	(31)	(0.1%)	(26)	(0.1%)
Non-GAAP SG&A	<u>\$4,878</u>	20.4%	<u>\$4,662</u>	20.0%
Operating income	\$857	3.6%	\$688	2.9%
Net CRT settlements ¹	(75)	(0.3%)	0	0.0%
Non-restructuring asset impairments - SG&A	31	0.1%	26	0.1%
Restructuring charges	1	0.0%	6	0.0%

Non-GAAP operating income	\$814	3.4%	\$720	3.1%
<u>International - Continuing Operations</u>				
Gross profit	\$460	22.5%	\$639	23.1%
Restructuring charges - COGS	4	0.2%	0	0.0%
Non-GAAP gross profit	\$464	22.7%	\$639	23.1%
SG&A	\$529	25.8%	\$681	24.6%
Other Canada brand consolidation charges - SG&A ²	(6)	(0.3%)	0	0.0%
Non-restructuring asset impairments - SG&A	(3)	(0.1%)	(1)	(0.0%)
Non-GAAP SG&A	\$520	25.4%	\$680	24.5%
Operating loss	(\$253)	(12.4%)	(\$48)	(1.7%)
Restructuring charges - COGS	4	0.2%	0	0.0%
Other Canada brand consolidation charges - SG&A ²	6	0.3%	0	0.0%
Non-restructuring asset impairments - SG&A	3	0.1%	1	0.0%
Restructuring charges	184	9.0%	6	0.2%
Non-GAAP operating loss	(\$56)	(2.7%)	(\$41)	(1.5%)
<u>Consolidated - Continuing Operations</u>				
Gross profit	\$6,240	24.1%	\$6,021	23.0%
CRT settlements ¹	(88)	(0.3%)	0	0.0%
Restructuring charges - COGS	4	0.0%	0	0.0%
Non-GAAP gross profit	\$6,156	23.8%	\$6,021	23.0%
SG&A	\$5,451	21.0%	\$5,369	20.5%
CRT settlement legal fees and costs ¹	(13)	(0.1%)	0	0.0%
Other Canada brand consolidation charges - SG&A ²	(6)	(0.0%)	0	0.0%
Non-restructuring asset impairments - SG&A	(34)	(0.1%)	(27)	(0.1%)
Non-GAAP SG&A	\$5,398	20.8%	\$5,342	20.4%
Operating income	\$604	2.3%	\$640	2.4%
Net CRT settlements ¹	(75)	(0.3%)	0	0.0%
Restructuring charges - COGS	4	0.0%	0	0.0%
Other Canada brand consolidation charges - SG&A ²	6	0.0%	0	0.0%
Non-restructuring asset impairments - SG&A	34	0.1%	27	0.1%
Restructuring charges	185	0.7%	12	0.0%
Non-GAAP operating income	\$758	2.9%	\$679	2.6%
Net earnings	\$330		\$722	
Impact of net CRT settlements ¹	(75)		0	
Impact of restructuring charges - COGS	4		0	
Impact of other Canada brand consolidation charges - SG&A ²	6		0	
Impact of non-restructuring asset impairments - SG&A	34		27	
Impact of restructuring charges	185		12	
Impact of gain on investments, net	(2)		(7)	
Income tax impact of Europe legal entity reorganization ³	0		(353)	
Income tax impact of Non-GAAP adjustments ⁴	(33)		(9)	
Non-GAAP net earnings	\$449		\$392	

Diluted EPS	\$0.93	\$2.04
Per share impact of net CRT settlements ¹	(0.21)	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	0.02	0.00
Per share impact of non-restructuring asset impairments - SG&A	0.10	0.08
Per share impact of restructuring charges	0.52	0.03
Per share impact of gain on investments, net	(0.01)	(0.02)
Per share impact of income tax effect of Europe legal entity reorganization ³	0.00	(1.00)
Per share income tax impact of Non-GAAP adjustments ⁴	(0.09)	(0.02)
Non-GAAP diluted EPS	<u>\$1.27</u>	<u>\$1.11</u>

(1) On November 14, 2011, Best Buy filed a lawsuit captioned In re Cathode Ray Tube Antitrust Litigation in the United States District Court for the Northern District of California ("CRT Litigation"). The company alleges that the defendants engaged in price fixing in violation of antitrust regulations relating to cathode ray tubes for the time period between March 1, 1995 and November 25, 2007. No trial date has been set. In connection with this action, the company received settlement proceeds net of legal expenses and costs in the amount of \$8 million in Q2 FY16. Best Buy will continue to litigate against the remaining defendants and expect further settlement discussions as this matter proceeds; however, it is uncertain whether the company will recover additional settlement sums or a favorable verdict at trial.

(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.

(4) Income tax impact of Non-GAAP adjustments is the summation of the calculated income tax charge related to each non-GAAP non-income tax adjustment. Income tax charge is calculated using the estimated annual effective tax rate in effect during the period of the related non-GAAP adjustment.

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

	October 31, 2015²	November 1, 2014²
<u>Net Operating Profit After Taxes (NOPAT)</u>		
Operating income - continuing operations	\$ 1,414	\$ 1,092
Operating income (loss) - discontinued operations	77	(19)
Total operating income	1,491	1,073
Add: Operating lease interest ³	411	465
Add: Investment income	21	26
Less: Net (earnings) loss attributable to noncontrolling interest (NCI)	(1)	(2)
Less: Income taxes ⁴	(767)	(659)
NOPAT	\$ 1,155	\$ 903
Add: Restructuring charges and impairments ⁵	176	225
Non-GAAP NOPAT	\$ 1,331	\$ 1,128
<u>Average Invested Capital</u>		
Total assets	\$ 14,423	\$ 14,509
Less: Excess cash ⁶	(3,259)	(2,628)
Add: Capitalized operating lease obligations ⁷	6,581	7,434
Total liabilities	(9,638)	(10,130)
Exclude: Debt ⁸	1,613	1,644
Less: Noncontrolling interests	(1)	(4)
Average invested capital	\$ 9,719	\$ 10,825
Non-GAAP return on invested capital (ROIC)	13.7%	10.4%

Calculation of Return on Assets¹

	October 31, 2015²	November 1, 2014²
Net earnings including noncontrolling interests	\$ 938	\$ 1,009
Total assets	14,423	14,509
Return on assets (ROA)	6.5%	7.0%

(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, 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.