

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	
	January 30, 2016		January 31, 2015	
	\$	% of Rev.	\$	% of Rev.
<u>Domestic - Continuing Operations</u>				
SG&A	\$1,975	15.8%	\$1,951	15.4%
Non-restructuring asset impairments - SG&A	(27)	(0.2%)	(5)	0.0%
Non-GAAP SG&A	<u>\$1,948</u>	15.6%	<u>\$1,946</u>	15.3%
Operating income	\$728	5.8%	\$749	5.9%
Non-restructuring asset impairments - SG&A	27	0.2%	5	0.0%
Restructuring charges	1	0.0%	(2)	0.0%
Non-GAAP operating income	<u>\$756</u>	6.0%	<u>\$752</u>	5.9%
<u>International - Continuing Operations</u>				
Gross profit	\$247	22.1%	\$328	21.7%
CRT/LCD settlements ¹	(2)	(0.2%)	0	0.0%
Restructuring charges - COGS	(1)	(0.1%)	0	0.0%
Non-GAAP gross profit	<u>\$244</u>	21.8%	<u>\$328</u>	21.7%
SG&A	\$192	17.2%	\$272	18.0%
Non-restructuring asset impairments - SG&A	0	0.0%	(10)	(0.7%)
Non-GAAP SG&A	<u>\$192</u>	17.2%	<u>\$262</u>	17.3%
Operating income	\$43	3.9%	\$61	4.0%
Net CRT/LCD settlements ¹	(2)	(0.2%)	0	0.0%
Restructuring charges - COGS	(1)	(0.1%)	0	0.0%
Non-restructuring asset impairments - SG&A	0	0.0%	10	0.7%
Restructuring charges	12	1.1%	(5)	(0.3%)
Non-GAAP operating income	<u>\$52</u>	4.7%	<u>\$66</u>	4.4%
<u>Consolidated - Continuing Operations</u>				
Gross profit	\$2,951	21.7%	\$3,026	21.3%
CRT/LCD settlements ¹	(2)	0.0%	0	0.0%
Restructuring charges - COGS	(1)	0.0%	0	0.0%

Non-GAAP gross profit	<u>\$2,948</u>	21.6%	<u>\$3,026</u>	21.3%
SG&A	\$2,167	15.9%	\$2,223	15.6%
Non-restructuring asset impairments - SG&A	<u>(27)</u>	(0.2%)	<u>(15)</u>	(0.1%)
Non-GAAP SG&A	<u>\$2,140</u>	15.7%	<u>\$2,208</u>	15.5%
Operating income	\$771	5.7%	\$810	5.7%
Net CRT/LCD settlements ¹	(2)	0.0%	0	0.0%
Restructuring charges - COGS	(1)	0.0%	0	0.0%
Non-restructuring asset impairments - SG&A	27	0.2%	15	0.1%
Restructuring charges	<u>13</u>	0.1%	<u>(7)</u>	0.0%
Non-GAAP operating income	<u>\$808</u>	5.9%	<u>\$818</u>	5.8%
Income tax expense	\$273		\$274	
Effective tax rate	36.4%		34.3%	
Income tax impact of Non-GAAP adjustments ⁴	<u>(3)</u>		<u>1</u>	
Non-GAAP Income tax expense	<u>\$270</u>		<u>\$275</u>	
Non-GAAP Effective tax rate	34.0%		34.2%	
Net earnings	\$477		\$524	
Net CRT/LCD settlements ¹	(2)		0	
Restructuring charges - COGS	(1)		0	
Non-restructuring asset impairments - SG&A	27		15	
Restructuring charges	13		(7)	
(Gain) loss on investments, net	7		(5)	
Income tax impact of Non-GAAP adjustments ⁴	<u>3</u>		<u>(1)</u>	
Non-GAAP net earnings	<u>\$524</u>		<u>\$526</u>	
Diluted EPS	\$1.39		\$1.47	
Per share impact of net CRT/LCD settlements ¹	(0.01)		0.00	
Per share impact of restructuring charges - COGS	0.00		0.00	
Per share impact of non-restructuring asset impairments - SG&A	0.08		0.04	
Per share impact of restructuring charges	0.04		(0.02)	
Per share impact of (gain) loss on investments, net	0.02		(0.01)	
Per share income tax impact of Non-GAAP adjustments ⁴	<u>0.01</u>		<u>0.00</u>	
Non-GAAP diluted EPS	<u>\$1.53</u>		<u>\$1.48</u>	

	Twelve Months Ended January 30, 2016		Twelve Months Ended January 31, 2015	
	\$	% of Rev.	\$	% of Rev.
<u>Domestic - Continuing Operations</u>				
Gross profit	\$8,484	23.3%	\$8,080	22.4%
CRT/LCD settlements ¹	<u>(88)</u>	(0.2%)	<u>0</u>	0.0%
Non-GAAP gross profit	<u>\$8,396</u>	23.1%	<u>\$8,080</u>	22.4%
SG&A	\$6,897	19.0%	\$6,639	18.4%
CRT/LCD settlement legal fees and costs ¹	(13)	0.0%	0	0.0%
Non-restructuring asset impairments - SG&A	(58)	(0.2%)	(31)	(0.1%)

Non-GAAP SG&A	<u>\$6,826</u>	18.8%	<u>\$6,608</u>	18.3%
Operating income	\$1,585	4.4%	\$1,437	4.0%
Net CRT/LCD settlements ¹	(75)	(0.2%)	0	0.0%
Non-restructuring asset impairments - SG&A	58	0.2%	31	0.1%
Restructuring charges	2	0.0%	4	0.0%
Non-GAAP operating income	<u>\$1,570</u>	4.3%	<u>\$1,472</u>	4.1%
<u>International - Continuing Operations</u>				
Gross profit	\$707	22.4%	\$967	22.6%
CRT/LCD settlements ¹	(2)	(0.1%)	0	0.0%
Restructuring charges - COGS	3	0.1%	0	0.0%
Non-GAAP gross profit	<u>\$708</u>	22.4%	<u>\$967</u>	22.6%
SG&A	\$721	22.8%	\$953	22.2%
Other Canada brand consolidation charges - SG&A ²	(6)	(0.2%)	0	0.0%
Non-restructuring asset impairments - SG&A	(3)	(0.1%)	(11)	(0.3%)
Non-GAAP SG&A	<u>\$712</u>	22.5%	<u>\$942</u>	22.0%
Operating loss (income)	(\$210)	(6.6%)	\$13	0.3%
Net CRT/LCD settlements ¹	(2)	(0.1%)	0	0.0%
Restructuring charges - COGS	3	0.1%	0	0.0%
Other Canada brand consolidation charges - SG&A ²	6	0.2%	0	0.0%
Non-restructuring asset impairments - SG&A	3	0.1%	11	0.3%
Restructuring charges	196	6.2%	1	0.0%
Non-GAAP operating loss	<u>(\$4)</u>	(0.1%)	<u>\$25</u>	0.6%
<u>Consolidated - Continuing Operations</u>				
Gross profit	\$9,191	23.3%	\$9,047	22.4%
CRT/LCD settlements ¹	(90)	(0.2%)	0	0.0%
Restructuring charges - COGS	3	0.0%	0	0.0%
Non-GAAP gross profit	<u>\$9,104</u>	23.0%	<u>\$9,047</u>	22.4%
SG&A	\$7,618	19.3%	\$7,592	18.8%
CRT/LCD legal fees and costs ¹	(13)	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	(61)	(0.2%)	(42)	(0.1%)
Non-GAAP SG&A	<u>\$7,538</u>	19.1%	<u>\$7,550</u>	18.7%
Operating income	\$1,375	3.5%	\$1,450	3.6%
Net CRT/LCD settlements ¹	(77)	(0.2%)	0	0.0%
Restructuring charges - COGS	3	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	61	0.2%	42	0.1%
Restructuring charges	198	0.5%	5	0.0%
Non-GAAP operating income	<u>\$1,566</u>	4.0%	<u>\$1,497</u>	3.7%

Income tax expense	\$503	\$141
<i>Effective tax rate</i>	38.4%	10.1%
Income tax impact of Europe legal entity reorganization ³	0	353
Income tax impact of Non-GAAP adjustments ⁴	30	11
Non-GAAP Income tax expense	<u>\$533</u>	<u>\$505</u>
<i>Non-GAAP Effective tax rate</i>	35.4%	35.5%
Net earnings	\$807	\$1,246
Net CRT/LCD settlements ¹	(77)	0
Restructuring charges - COGS	3	0
Other Canada brand consolidation charges - SG&A ²	6	0
Non-restructuring asset impairments - SG&A	61	42
Restructuring charges	198	5
(Gain) loss on investments, net	5	(11)
Income tax impact of Europe legal entity reorganization ³	0	(353)
Income tax impact of Non-GAAP adjustments ⁴	(30)	(11)
Non-GAAP net earnings	<u>\$973</u>	<u>\$918</u>
Diluted EPS	\$2.30	\$3.53
Per share impact of net CRT/LCD settlements ¹	(0.22)	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	0.17	0.12
Per share impact of restructuring charges	0.58	0.01
Per share impact of (gain) loss on investments, net	0.01	(0.03)
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)	(0.03)
Non-GAAP diluted EPS	<u>\$2.78</u>	<u>\$2.60</u>

(1) Represents CRT/LCD 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.

(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

	<u>January 30, 2016²</u>	<u>January 31, 2015²</u>
<u>Net Operating Profit After Taxes (NOPAT)</u>		
Operating income - continuing operations	\$ 1,375	\$ 1,450
Operating income (loss) - discontinued operations	90	(19)
Total operating income	<u>1,465</u>	<u>1,431</u>
Add: Operating lease interest ³	397	457
Add: Investment income	14	24
Less: Net (earnings) loss attributable to noncontrolling interest (NCI)	-	(2)
Less: Income taxes ⁴	<u>(771)</u>	<u>(735)</u>
NOPAT	\$ 1,105	\$ 1,175
Add: Restructuring charges and impairments ⁵	193	67
Non-GAAP NOPAT	\$ 1,298	\$ 1,242
<u>Average Invested Capital</u>		
Total assets	\$ 13,995	\$ 14,838
Less: Excess cash ⁶	(3,068)	(2,922)
Add: Capitalized operating lease obligations ⁷	6,345	7,308
Total liabilities	(9,365)	(10,207)
Exclude: Debt ⁸	1,648	1,635
Less: Noncontrolling interests	<u>-</u>	<u>(4)</u>
Average invested capital	\$ 9,555	\$ 10,648
Non-GAAP return on invested capital (ROIC)	<u>13.6%</u>	<u>11.7%</u>

Calculation of Return on Assets¹

	<u>January 30, 2016²</u>	<u>January 31, 2015²</u>
Net earnings including noncontrolling interests	\$ 897	\$ 1,235
Total assets	<u>13,995</u>	<u>14,838</u>
Return on assets (ROA)	<u>6.4%</u>	<u>8.3%</u>

(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% 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.