

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 the most comparable financial measures from continuing operations calculated and presented in accordance with accounting principles generally accepted in the U.S. ("GAAP") to presented non-GAAP financial measures. The company believes that non-GAAP financial measures, when reviewed in conjunction with GAAP financial measures, can provide more information to assist investors in evaluating current period performance and in assessing future performance. For these reasons, internal management reporting also includes non-GAAP measures. Generally, presented non-GAAP measures include adjustments for items such as restructuring charges, goodwill impairments and gains or losses on investments. In addition, certain other items may be excluded from non-GAAP financial measures when the company believes this provides greater clarity to management and investors. These non-GAAP financial measures should be considered in addition to, and not superior to or as a substitute for the GAAP financial measures presented in this earnings release and the company's financial statements and other publicly filed reports. Non-GAAP measures as presented herein may not be comparable to similarly titled measures used by other companies.

The following tables reconcile gross profit, SG&A, operating income, effective tax rate, 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 effective tax rate, 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	
	April 29, 2017		April 30, 2016¹	
	\$	% of Rev.	\$	% of Rev.
<u>Domestic - Continuing Operations</u>				
Gross Profit	\$1,871	23.6%	\$1,986	25.4%
CRT/LCD settlements ²	0	0.0%	(183)	(2.3%)
Non-GAAP gross profit	<u>\$1,871</u>	23.6%	<u>\$1,803</u>	23.0%
SG&A	\$1,573	19.9%	\$1,587	20.3%
CRT/LCD settlement legal fees and costs ²	0	0.0%	(22)	(0.3%)
Non-GAAP SG&A	<u>\$1,573</u>	19.9%	<u>\$1,565</u>	20.0%
Operating income	\$298	3.8%	\$372	4.8%
Net CRT/LCD settlements ²	0	0.0%	(161)	(2.1%)
Restructuring charges	0	0.0%	27	0.3%
Non-GAAP operating income	<u>\$298</u>	3.8%	<u>\$238</u>	3.0%
<u>International - Continuing Operations</u>				
Operating income	\$2	0.3%	\$0	0.0%
Restructuring charges	0	0.0%	2	0.3%
Non-GAAP operating income	<u>\$2</u>	0.3%	<u>\$2</u>	0.3%
<u>Consolidated - Continuing Operations</u>				
Gross profit	\$2,022	23.7%	\$2,145	25.4%
CRT/LCD settlements ²	0	0.0%	(183)	(2.2%)
Non-GAAP gross profit	<u>\$2,022</u>	23.7%	<u>\$1,962</u>	23.2%
SG&A	\$1,722	20.2%	\$1,744	20.7%
CRT/LCD settlement legal fees and costs ²	0	0.0%	(\$22)	(0.3%)
Non-GAAP SG&A	<u>\$1,722</u>	20.2%	<u>\$1,722</u>	20.4%

Operating income	\$300	3.5%	\$372	4.4%
Net CRT/LCD settlements ²	0	0.0%	(161)	(1.9%)
Restructuring charges	0	0.0%	29	0.3%
Non-GAAP operating income	<u>\$300</u>	3.5%	<u>\$240</u>	2.8%
Income tax expense	\$104		\$134	
Effective tax rate	35.6%		37.3%	
Income tax impact of non-GAAP adjustments ³	-		(49)	
Non-GAAP income tax expense	<u>\$104</u>		<u>\$85</u>	
Non-GAAP effective tax rate	35.6%		37.7%	
Net earnings	\$188		\$226	
Net CRT/LCD settlements ²	0		(161)	
Restructuring charges	0		29	
Gain on investments, net	0		(2)	
Income tax impact of non-GAAP adjustments ³	0		49	
Non-GAAP net earnings	<u>\$188</u>		<u>\$141</u>	
Diluted EPS	\$0.60		\$0.69	
Per share impact of net CRT/LCD settlements ²	0.00		(0.49)	
Per share impact of restructuring charges	0.00		0.09	
Per share impact of gain on investments, net	0.00		(0.01)	
Per share income tax impact of non-GAAP adjustments ³	0.00		0.15	
Non-GAAP diluted EPS	<u>\$0.60</u>		<u>\$0.43</u>	

(1) Beginning in Q1 FY18, the company will no longer be excluding non-restructuring property and equipment impairment charges from its non-GAAP financial metrics. To ensure its financial results are comparable, the company has recast FY16 and FY17, by quarter, to reflect the previously excluded impairments now being included in non-GAAP SG&A. For additional details, please refer to the attached supporting schedule titled "FY16 and FY17 Recast Non-GAAP Segment Information".

(2) Represents cathode ray tube (CRT) and LCD litigation settlements reached, net of related legal fees and costs. Settlements relate to products purchased and sold in prior fiscal years. Refer to Note 12, *Contingencies and Commitments*, in the Notes to Consolidated Financial Statements included in the company's Annual Report on Form 10-K for the fiscal year ended January 28, 2017, for additional information.

(3) 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. The non-GAAP adjustments relate primarily to adjustments in the United States and Canada. As such, the income tax charge is calculated using the statutory tax rates of 38.0% for the United States and 26.6% for Canada, applied to the non-GAAP adjustments of each country, which are detailed in the Domestic and International segment reconciliations above, respectively.