

**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.

	<b>Three Months Ended</b>		<b>Three Months Ended</b>	
	<b>October 28, 2017</b>		<b>October 29, 2016<sup>1</sup></b>	
	<b>\$</b>	<b>% of Rev.</b>	<b>\$</b>	<b>% of Rev.</b>
<b><u>Domestic - Continuing Operations</u></b>				
Operating income	\$345	4.1%	\$298	3.6%
Restructuring charges	0	0.0%	2	0.0%
Non-GAAP operating income	<u>\$345</u>	4.1%	<u>\$300</u>	3.7%
<b><u>International - Continuing Operations</u></b>				
Operating income	\$5	0.6%	\$14	1.9%
Restructuring charges	(2)	(0.2%)	(1)	(0.1%)
Non-GAAP operating income	<u>\$3</u>	0.4%	<u>\$13</u>	1.7%
<b><u>Consolidated - Continuing Operations</u></b>				
Operating income	\$350	3.8%	\$312	3.5%
Restructuring charges	(2)	(0.0%)	1	0.0%
Non-GAAP operating income	<u>\$348</u>	3.7%	<u>\$313</u>	3.5%
Income tax expense	\$104		\$112	
<i>Effective tax rate</i>	30.4%		36.7%	
Income tax impact of non-GAAP adjustments <sup>2</sup>	0		0	
Non-GAAP income tax expense	<u>\$104</u>		<u>\$112</u>	
<i>Non-GAAP effective tax rate</i>	30.4%		36.6%	
Net earnings	\$238		\$192	
Restructuring charges	(2)		1	
Loss on investments, net	1		0	
Non-GAAP net earnings	<u>\$237</u>		<u>\$193</u>	
Diluted EPS	<u>\$0.78</u>		<u>\$0.60</u>	
Non-GAAP diluted EPS	<u>\$0.78</u>		<u>\$0.60</u>	

	Nine Months Ended		Nine Months Ended	
	October 28, 2017		October 29, 2016 <sup>1</sup>	
	\$	% of Rev.	\$	% of Rev.
<b><u>Domestic - Continuing Operations</u></b>				
Gross Profit	\$5,952	24.1%	\$5,901	24.7%
CRT/LCD settlements <sup>3</sup>	0	0.0%	(183)	(0.8%)
Non-GAAP gross profit	<u>\$5,952</u>	24.1%	<u>\$5,718</u>	23.9%
SG&A	\$4,993	20.2%	\$4,915	20.6%
CRT/LCD settlement legal fees and costs <sup>3</sup>	0	0.0%	(22)	(0.1%)
Non-GAAP SG&A	<u>\$4,993</u>	20.2%	<u>\$4,893</u>	20.5%
Operating Income	\$959	3.9%	\$959	4.0%
Net CRT/LCD settlements <sup>3</sup>	0	0.0%	(161)	(0.7%)
Restructuring charges	0	0.0%	27	0.1%
Non-GAAP operating income	<u>\$959</u>	3.9%	<u>\$825</u>	3.5%
<b><u>International - Continuing Operations</u></b>				
SG&A	\$491	23.2%	\$492	24.5%
Other Canada brand consolidation charges - SG&A <sup>4</sup>	0	0.0%	(1)	(0.0%)
Non-GAAP SG&A	<u>\$491</u>	23.2%	<u>\$491</u>	24.4%
Operating Income	\$12	0.6%	\$14	0.7%
Other Canada brand consolidation charges - SG&A <sup>4</sup>	0	0.0%	1	0.0%
Restructuring charges	0	0.0%	3	0.1%
Non-GAAP operating income	<u>\$12</u>	0.6%	<u>\$18</u>	0.9%
<b><u>Consolidated - Continuing Operations</u></b>				
Gross Profit	\$6,455	24.1%	\$6,410	24.7%
CRT/LCD settlements <sup>3</sup>	0	0.0%	(183)	(0.7%)
Non-GAAP gross profit	<u>\$6,455</u>	24.1%	<u>\$6,227</u>	24.0%
SG&A	\$5,484	20.5%	\$5,407	20.9%
CRT/LCD settlement legal fees and costs <sup>3</sup>	0	0.0%	(22)	(0.1%)
Other Canada brand consolidation charges - SG&A <sup>4</sup>	0	0.0%	(1)	(0.0%)
Non-GAAP SG&A	<u>\$5,484</u>	20.5%	<u>\$5,384</u>	20.8%
Operating income	\$971	3.6%	\$973	3.8%
Net CRT/LCD settlements <sup>3</sup>	0	0.0%	(161)	(0.6%)
Other Canada brand consolidation charges - SG&A <sup>4</sup>	0	0.0%	1	0.0%
Restructuring charges	0	0.0%	30	0.1%
Non-GAAP operating income	<u>\$971</u>	3.6%	<u>\$843</u>	3.3%
Income tax expense	\$309		\$343	
Effective tax rate	32.7%		36.4%	
Income tax impact of non-GAAP adjustments <sup>2</sup>	2		(49)	
Non-GAAP income tax expense	<u>\$311</u>		<u>\$294</u>	
Non-GAAP effective tax rate	32.8%		36.3%	

Net earnings	\$635	\$600
Net CRT/LCD settlements <sup>3</sup>	0	(161)
Other Canada brand consolidation charges - SG&A <sup>4</sup>	0	1
Restructuring charges	0	30
(Gain) loss on investments, net	6	(2)
Income tax impact of non-GAAP adjustments <sup>2</sup>	(2)	49
Non-GAAP net earnings	<u>\$639</u>	<u>\$517</u>
Diluted EPS	\$2.05	\$1.85
Per share impact of net CRT/LCD settlements <sup>3</sup>	0.00	(0.50)
Per share impact of other Canada brand consolidation charges - SG&A <sup>4</sup>	0.00	0.01
Per share impact of restructuring charges	0.00	0.09
Per share impact of (gain) loss on investments, net	0.02	(0.01)
Per share income tax impact of non-GAAP adjustments <sup>2</sup>	(0.01)	0.16
Non-GAAP diluted EPS	<u>\$2.06</u>	<u>\$1.60</u>

(1) Beginning in Q1 FY18, the company is no longer 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 GAAP to non-GAAP reconciliation for FY16 and FY17, by quarter, which is available on the company's investor relations website at [www.investors.bestbuy.com](http://www.investors.bestbuy.com).

(2) 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.

(3) 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.

(4) Represents charges related to the Canadian brand consolidation initiated in Q1 FY16, primarily due to retention bonuses and other-store related costs that were a direct result of the consolidation but did not qualify as restructuring charges.