

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 adjusted gross profit, adjusted SG&A, adjusted operating income, adjusted net earnings and adjusted diluted earnings per share for continuing operations (non-GAAP financial measures) for the periods presented.

	<u>Three Months Ended</u>		<u>Three Months Ended</u>	
	<u>Aug 3, 2013</u>		<u>Aug 4, 2012</u>	
	\$	% of Rev.	\$	% of Rev.
<u>Domestic - Continuing Operations</u>				
Gross profit	\$2,136	27.4%	\$1,896	24.3%
LCD settlements	(264)	(3.4%)	0	0.0%
Adjusted gross profit	<u>\$1,872</u>	24.0%	<u>\$1,896</u>	24.3%
SG&A	\$1,715	22.0%	\$1,722	22.1%
Non-restructuring asset impairments - SG&A	(13)	(0.2%)	(1)	(0.0%)
LCD settlement legal fees and costs	(35)	(0.4%)	0	0.0%
Adjusted SG&A	<u>\$1,667</u>	21.3%	<u>\$1,721</u>	22.1%
Operating income	\$420	5.4%	\$83	1.1%
Net LCD settlements	(229)	(2.9%)	0	0.0%
Non-restructuring asset impairments - SG&A	13	0.2%	1	0.0%
Restructuring charges	1	0.0%	91	1.2%
Adjusted operating income	<u>\$205</u>	2.6%	<u>\$175</u>	2.2%
<u>International - Continuing Operations</u>				
SG&A	\$334	22.4%	\$360	23.4%
Non-restructuring asset impairments - SG&A	(2)	(0.1%)	(1)	(0.1%)
Adjusted SG&A	<u>\$332</u>	22.3%	<u>\$359</u>	23.4%
Operating income (loss)	(\$7)	(0.5%)	\$5	0.3%
Non-restructuring asset impairments - SG&A	2	0.1%	1	0.1%
Restructuring charges	6	0.4%	0	0.0%
Adjusted operating income	<u>\$1</u>	0.1%	<u>\$6</u>	0.4%
<u>Consolidated - Continuing Operations</u>				
Gross profit	\$2,469	26.5%	\$2,261	24.2%
LCD settlements	(264)	(2.8%)	0	0.0%
Adjusted gross profit	<u>\$2,205</u>	23.7%	<u>\$2,261</u>	24.2%
SG&A	\$2,049	22.0%	\$2,082	22.3%
Non-restructuring asset impairments - SG&A	(15)	(0.2%)	(2)	(0.0%)
LCD settlement legal fees and costs	(35)	(0.4%)	0	0.0%
Adjusted SG&A	<u>\$1,999</u>	21.5%	<u>\$2,080</u>	22.3%
Operating income	\$413	4.4%	\$88	0.9%
Net LCD settlements	(229)	(2.5%)	0	0.0%
Non-restructuring asset impairments - SG&A	15	0.2%	2	0.0%
Restructuring charges	7	0.1%	91	1.0%
Adjusted operating income	<u>\$206</u>	2.2%	<u>\$181</u>	1.9%

Net earnings	\$237	\$31
After-tax impact of net LCD settlements	(147)	0
After-tax impact of non-restructuring asset impairments - SG&A	10	1
After-tax impact of restructuring charges	5	57
After-tax impact of gain on sale of investments	(9)	0
Income tax impact of Best Buy Europe sale ¹	16	0
Adjusted net earnings	<u>\$112</u>	<u>\$89</u>
Diluted EPS	\$0.69	\$0.09
Per share impact of net LCD settlements	(0.43)	0.00
Per share impact of non-restructuring asset impairments - SG&A	0.03	0.00
Per share impact of restructuring charges	0.01	0.17
Per share impact of gain on sale of investments	(0.03)	0.00
Per share impact of income tax impact of Best Buy Europe sale ¹	0.05	0.00
Adjusted diluted EPS	<u>\$0.32</u>	<u>\$0.26</u>

	Six Months Ended		Six Months Ended	
	Aug 3, 2013		Aug 4, 2012	
	\$	% of Rev.	\$	% of Rev.
<u>Domestic - Continuing Operations</u>				
Gross profit	\$4,007	25.4%	\$4,129	24.8%
LCD settlements ²	(264)	(1.7%)	0	0.0%
Adjusted gross profit	<u>\$3,743</u>	23.7%	<u>\$4,129</u>	24.8%
SG&A	\$3,363	21.3%	\$3,533	21.3%
Non-restructuring asset impairments - SG&A	(17)	(0.1%)	(14)	(0.1%)
LCD settlement legal fees and costs	(35)	(0.2%)	0	0.0%
Adjusted SG&A	<u>\$3,311</u>	21.0%	<u>\$3,519</u>	21.2%
Operating income	\$642	4.1%	\$378	2.3%
Net LCD settlements	(229)	(1.5%)	0	0.0%
Non-restructuring asset impairments - SG&A	17	0.1%	14	0.1%
Restructuring charges	2	0.0%	218	1.3%
Adjusted operating income	<u>\$432</u>	2.7%	<u>\$610</u>	3.7%
<u>International - Continuing Operations</u>				
SG&A	\$682	23.6%	\$742	24.0%
Non-restructuring asset impairments - SG&A	(10)	(0.3%)	(2)	(0.1%)
Adjusted SG&A	<u>\$672</u>	23.2%	<u>\$740</u>	24.0%
Operating loss	(\$61)	(2.1%)	(\$26)	(0.8%)
Non-restructuring asset impairments - SG&A	10	0.3%	2	0.1%
Restructuring charges	11	0.4%	0	0.0%
Adjusted operating loss	<u>(\$40)</u>	(1.4%)	<u>(\$24)</u>	(0.8%)
<u>Consolidated - Continuing Operations</u>				
Gross profit	\$4,639	24.8%	\$4,845	24.6%
LCD settlements	(264)	(1.4%)	0	0.0%
Adjusted gross profit	<u>\$4,375</u>	23.4%	<u>\$4,845</u>	24.6%
SG&A	\$4,045	21.7%	\$4,275	21.7%
Non-restructuring asset impairments - SG&A	(27)	(0.1%)	(16)	(0.1%)
LCD settlement legal fees and costs	(35)	(0.2%)	0	0.0%
Adjusted SG&A	<u>\$3,983</u>	21.3%	<u>\$4,259</u>	21.6%

Operating income	\$581	3.1%	\$352	1.8%
Net LCD settlements ²	(229)	(1.2%)	0	0.0%
Non-restructuring asset impairments - SG&A	27	0.1%	16	0.1%
Restructuring charges	13	0.1%	218	1.1%
Adjusted operating income	<u>\$392</u>	2.1%	<u>\$586</u>	3.0%
Net earnings	\$334		\$200	
After-tax impact of net LCD settlements	(147)		0	
After-tax impact of non-restructuring asset impairments - SG&A	19		10	
After-tax impact of restructuring charges	9		141	
After-tax impact of gain on sale of investments	(9)		0	
Income tax impact of Best Buy Europe sale ¹	16		0	
Adjusted net earnings	<u>\$222</u>		<u>\$351</u>	
Diluted EPS	\$0.97		\$0.59	
Per share impact of net LCD settlements ²	(0.43)		0.00	
Per share impact of non-restructuring asset impairments - SG&A	0.06		0.03	
Per share impact of restructuring charges	0.03		0.41	
Per share impact of gain on sale of investments	(0.03)		0.00	
Per share impact of income tax impact of Best Buy Europe sale ¹	0.05		0.00	
Adjusted diluted EPS	<u>\$0.65</u>		<u>\$1.03</u>	

(1) Tax impact of Best Buy Europe sale and resulting required tax allocation between continuing and discontinued operations.

(2) Settlements reached prior to Q2 FY14 are not included.

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 Adjusted 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>Aug 3, 2013²</u>	<u>Aug 4, 2012²</u>
<u>Net Operating Profit After Taxes (NOPAT)</u>		
Operating income - continuing operations	\$ 401	\$ 1,732
Operating loss - discontinued operations	(131)	(1,489)
Total operating income	270	243
Add: Operating lease interest ³	574	597
Add: Investment income	37	33
Less: Net earnings attributable to noncontrolling interest (NCI)	(30)	(1,219)
Less: Income taxes ⁴	(714)	(948)
NOPAT	\$ 137	\$ (1,294)
Add: Restructuring charges, impairments and other adjustments ⁵	1,135	1,779
Add: NCI impact of BBYM profit share buyout, restructuring charges and impairments	(39)	1,202
Adjusted NOPAT	\$ 1,233	\$ 1,687
<u>Average Invested Capital</u>		
Total assets	\$ 15,491	\$ 17,308
Less: Excess Cash ⁶	(794)	(888)
Add: Capitalized operating lease obligations ⁷	9,190	9,547
Total liabilities	(11,742)	(12,502)
Exclude: Debt ⁸	1,919	2,190
Less: Noncontrolling interests	(478)	(640)
Average invested capital	\$ 13,586	\$ 15,015
Adjusted return on invested capital (ROIC)	9.1%	11.2%

Calculation of Return on Assets¹

	<u>Aug 3, 2013²</u>	<u>Aug 4, 2012²</u>
Net loss including noncontrolling interests	\$ (203)	\$ (274)
Total assets	15,491	17,308
Return on assets (ROA)	(1.3%)	(1.6%)

(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 a multiple of eight times annual rent expense and represents 50% of our annual rental expense, which we consider it to be an appropriate multiple 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, goodwill and tradename impairments, non-restructuring impairments, Q2 FY14 LCD legal settlements and the BBE transaction costs.

(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.