

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, non-restructuring asset 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	
	January 28, 2017		January 30, 2016	
	\$	% of Rev.	\$	% of Rev.
<u>Domestic - Continuing Operations</u>				
SG&A	\$1,940	15.7%	\$1,975	15.8%
Non-restructuring asset impairments - SG&A	(10)	(0.1%)	(27)	(0.2%)
Non-GAAP SG&A	<u>\$1,930</u>	15.6%	<u>\$1,948</u>	15.6%
Operating income	\$805	6.5%	\$728	5.8%
Non-restructuring asset impairments - SG&A	10	0.1%	27	0.2%
Restructuring charges	4	0.0%	1	0.0%
Non-GAAP operating income	<u>\$819</u>	6.6%	<u>\$756</u>	6.0%
<u>International - Continuing Operations</u>				
Gross profit	\$281	24.6%	\$247	22.1%
CRT/LCD settlements ¹	0	0.0%	(2)	(0.2%)
Restructuring charges - COGS	0	0.0%	(1)	(0.1%)
Non-GAAP gross profit	<u>\$281</u>	24.6%	<u>\$244</u>	21.8%
Operating income	\$76	6.6%	\$43	3.9%
Net CRT/LCD settlements ¹	0	0.0%	(2)	(0.2%)
Restructuring charges - COGS	0	0.0%	(1)	(0.1%)
Restructuring charges	5	0.4%	12	1.1%
Non-GAAP operating income	<u>\$81</u>	7.1%	<u>\$52</u>	4.7%
<u>Consolidated - Continuing Operations</u>				
Gross profit	\$3,030	22.5%	\$2,951	21.7%
CRT/LCD settlements ¹	0	0.0%	(2)	(0.0%)
Restructuring charges - COGS	0	0.0%	(1)	(0.0%)
Non-GAAP gross profit	<u>\$3,030</u>	22.5%	<u>\$2,948</u>	21.6%

SG&A	\$2,140	15.9%	\$2,167	15.9%
Non-restructuring asset impairments - SG&A	(10)	(0.1%)	(27)	(0.2%)
Non-GAAP SG&A	<u>\$2,130</u>	15.8%	<u>\$2,140</u>	15.7%
Operating income	\$881	6.5%	\$771	5.7%
Net CRT/LCD settlements ¹	0	0.0%	(2)	(0.0%)
Restructuring charges - COGS	0	0.0%	(1)	(0.0%)
Non-restructuring asset impairments - SG&A	10	0.1%	27	0.2%
Restructuring charges	9	0.1%	13	0.1%
Non-GAAP operating income	<u>\$900</u>	6.7%	<u>\$808</u>	5.9%
Income tax expense	\$266		\$273	
Effective tax rate	30.4%		36.4%	
Income tax impact of non-GAAP adjustments ²	5		(3)	
Non-GAAP income tax expense	<u>\$271</u>		<u>\$270</u>	
Non-GAAP effective tax rate	30.3%		34.0%	
Net earnings	\$607		\$477	
Net CRT/LCD settlements ¹	0		(2)	
Restructuring charges - COGS	0		(1)	
Non-restructuring asset impairments - SG&A	10		27	
Restructuring charges	9		13	
Loss on investments, net	0		7	
Income tax impact of non-GAAP adjustments ²	(5)		3	
Non-GAAP net earnings	<u>\$621</u>		<u>\$524</u>	
Diluted EPS	\$1.91		\$1.39	
Per share impact of net CRT/LCD settlements ¹	0.00		(0.01)	
Per share impact of restructuring charges - COGS	0.00		0.00	
Per share impact of non-restructuring asset impairments - SG&A	0.03		0.08	
Per share impact of restructuring charges	0.03		0.04	
Per share impact of loss on investments, net	0.00		0.02	
Per share income tax impact of non-GAAP adjustments ²	(0.02)		0.01	
Non-GAAP diluted EPS	<u>\$1.95</u>		<u>\$1.53</u>	

	Twelve Months Ended		Twelve Months Ended	
	January 28, 2017		January 30, 2016	
	\$	% of Rev.	\$	% of Rev.
<u>Domestic - Continuing Operations</u>				
Gross profit	\$8,650	23.9%	\$8,484	23.3%
CRT/LCD settlements ¹	(183)	(0.5%)	(88)	(0.2%)
Non-GAAP gross profit	<u>\$8,467</u>	23.4%	<u>\$8,396</u>	23.1%
SG&A	\$6,855	18.9%	\$6,897	19.0%
CRT/LCD settlement legal fees and costs ¹	(22)	(0.1%)	(13)	(0.0%)
Non-restructuring asset impairments - SG&A	(24)	(0.1%)	(58)	(0.2%)
Non-GAAP SG&A	<u>\$6,809</u>	18.8%	<u>\$6,826</u>	18.8%

Operating income	\$1,764	4.9%	\$1,585	4.4%
Net CRT/LCD settlements ¹	(161)	(0.4%)	(75)	(0.2%)
Non-restructuring asset impairments - SG&A	24	0.1%	58	0.2%
Restructuring charges	31	0.1%	2	0.0%
Non-GAAP operating income	<u>\$1,658</u>	4.6%	<u>\$1,570</u>	4.3%

International - Continuing Operations

Gross profit	\$790	25.0%	\$707	22.4%
CRT/LCD settlements ¹	0	0.0%	(2)	(0.1%)
Restructuring charges - COGS	0	0.0%	3	0.1%
Non-GAAP gross profit	<u>\$790</u>	25.0%	<u>\$708</u>	22.4%

SG&A	\$692	21.9%	\$721	22.8%
Other Canada brand consolidation charges - SG&A ³	(1)	(0.0%)	(6)	(0.2%)
Non-restructuring asset impairments - SG&A	(2)	(0.1%)	(3)	(0.1%)
Non-GAAP SG&A	<u>\$689</u>	21.8%	<u>\$712</u>	22.5%

Operating income (loss)	\$90	2.9%	(\$210)	(6.6%)
Net CRT/LCD settlements ¹	0	0.0%	(2)	(0.1%)
Restructuring charges - COGS	0	0.0%	3	0.1%
Other Canada brand consolidation charges - SG&A ³	1	0.0%	6	0.2%
Non-restructuring asset impairments - SG&A	2	0.1%	3	0.1%
Restructuring charges	8	0.3%	196	6.2%
Non-GAAP operating income (loss)	<u>\$101</u>	3.2%	<u>(\$4)</u>	(0.1%)

Consolidated - Continuing Operations

Gross profit	\$9,440	24.0%	\$9,191	23.3%
CRT/LCD settlements ¹	(183)	(0.5%)	(90)	(0.2%)
Restructuring charges - COGS	0	0.0%	3	0.0%
Non-GAAP gross profit	<u>\$9,257</u>	23.5%	<u>\$9,104</u>	23.0%

SG&A	\$7,547	19.2%	\$7,618	19.3%
CRT/LCD settlement legal fees and costs ¹	(22)	(0.1%)	(13)	(0.0%)
Other Canada brand consolidation charges - SG&A ³	(1)	(0.0%)	(6)	(0.0%)
Non-restructuring asset impairments - SG&A	(26)	(0.1%)	(61)	(0.2%)
Non-GAAP SG&A	<u>\$7,498</u>	19.0%	<u>\$7,538</u>	19.1%

Operating income	\$1,854	4.7%	\$1,375	3.5%
Net CRT/LCD settlements ¹	(161)	(0.4%)	(77)	(0.2%)
Restructuring charges - COGS	0	0.0%	3	0.0%
Other Canada brand consolidation charges - SG&A ³	1	0.0%	6	0.0%
Non-restructuring asset impairments - SG&A	26	0.1%	61	0.2%
Restructuring charges	39	0.1%	198	0.5%
Non-GAAP operating income	<u>\$1,759</u>	4.5%	<u>\$1,566</u>	4.0%

Income tax expense	\$609	\$503
<i>Effective tax rate</i>	33.5%	38.4%
Income tax impact of non-GAAP adjustments ²	(38)	30
Non-GAAP income tax expense	<u>\$571</u>	<u>\$533</u>
<i>Non-GAAP effective tax rate</i>	33.2%	35.4%
Net earnings	\$1,207	\$807
Net CRT/LCD settlements ¹	(161)	(77)
Restructuring charges - COGS	0	3
Other Canada brand consolidation charges - SG&A ³	1	6
Non-restructuring asset impairments - SG&A	26	61
Restructuring charges	39	198
(Gain) loss on investments, net	(2)	5
Income tax impact of non-GAAP adjustments ²	38	(30)
Non-GAAP net earnings	<u>\$1,148</u>	<u>\$973</u>
Diluted EPS	\$3.74	\$2.30
Per share impact of net CRT/LCD settlements ¹	(0.50)	(0.22)
Per share impact of restructuring charges - COGS	0.00	0.01
Per share impact of other Canada brand consolidation charges - SG&A ³	0.01	0.02
Per share impact of non-restructuring asset impairments - SG&A	0.08	0.17
Per share impact of restructuring charges	0.12	0.58
Per share impact of (gain) loss on investments, net	(0.01)	0.01
Per share income tax impact of non-GAAP adjustments ²	0.12	(0.09)
Non-GAAP diluted EPS	<u>\$3.56</u>	<u>\$2.78</u>

(1) 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 30, 2016, for additional information.

(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 26.4% 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 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.