

Consolidated Balance Sheets

\$ in millions, except per share and share amounts

	March 3, 2012	February 26, 2011
Assets		
Current Assets		
Cash and cash equivalents	\$ 1,199	\$ 1,103
Short-term investments	—	22
Receivables	2,288	2,348
Merchandise inventories	5,731	5,897
Other current assets	1,079	1,103
Total current assets	10,297	10,473
Property and Equipment		
Land and buildings	775	766
Leasehold improvements	2,367	2,318
Fixtures and equipment	4,981	4,701
Property under capital lease	129	120
	8,252	7,905
Less accumulated depreciation	4,781	4,082
Net property and equipment	3,471	3,823
Goodwill	1,335	2,454
Tradenames, Net	130	133
Customer Relationships, Net	229	203
Equity and Other Investments	140	328
Other Assets	403	435
Total Assets	<u>\$ 16,005</u>	<u>\$ 17,849</u>
Liabilities and Equity		
Current Liabilities		
Accounts payable	\$ 5,364	\$ 4,894
Unredeemed gift card liabilities	456	474
Accrued compensation and related expenses	539	570
Accrued liabilities	1,685	1,471
Accrued income taxes	288	256
Short-term debt	480	557
Current portion of long-term debt	43	441
Total current liabilities	8,855	8,663
Long-Term Liabilities	1,099	1,183
Long-Term Debt	1,685	711
Contingencies and Commitments (Note 15)		
Equity		
Best Buy Co., Inc. Shareholders' Equity		
Preferred stock, \$1.00 par value: Authorized — 400,000 shares; Issued and outstanding — none	—	—
Common stock, \$0.10 par value: Authorized — 1.0 billion shares; Issued and outstanding — 341,400,000 and 392,590,000 shares, respectively	34	39
Additional paid-in capital	—	18
Retained earnings	3,621	6,372
Accumulated other comprehensive income	90	173
Total Best Buy Co., Inc. shareholders' equity	3,745	6,602
Noncontrolling interests	621	690
Total equity	4,366	7,292
Total Liabilities and Equity	<u>\$ 16,005</u>	<u>\$ 17,849</u>

See Notes to Consolidated Financial Statements.

Consolidated Statements of Earnings

\$ in millions, except per share amounts

Fiscal Years Ended	March 3, 2012	February 26, 2011	February 27, 2010
Revenue	\$ 50,705	\$ 49,747	\$ 49,243
Cost of goods sold	38,113	37,197	37,201
Restructuring charges — cost of goods sold	19	9	—
Gross profit	12,573	12,541	12,042
Selling, general and administrative expenses	10,242	10,029	9,622
Restructuring charges	39	138	52
Goodwill impairment	1,207	—	—
Operating income	1,085	2,374	2,368
Other income (expense)			
Gain on sale of investments	55	—	—
Investment income and other	37	43	53
Interest expense	(134)	(86)	(92)
Earnings from continuing operations before income tax expense and equity in (loss) income of affiliates	1,043	2,331	2,329
Income tax expense	709	779	835
Equity in (loss) income of affiliates	(4)	2	1
Net earnings from continuing operations	330	1,554	1,495
Loss from discontinued operations (Note 3), net of tax of \$89, \$65 and \$33	(308)	(188)	(101)
Net earnings including noncontrolling interests	22	1,366	1,394
Net (earnings) from continuing operations attributable to noncontrolling interests	(1,387)	(127)	(96)
Net loss from discontinued operations attributable to noncontrolling interests	134	38	19
Net (loss) earnings attributable to Best Buy Co., Inc.	<u>\$ (1,231)</u>	<u>\$ 1,277</u>	<u>\$ 1,317</u>
Basic (loss) earnings per share attributable to Best Buy Co., Inc.			
Continuing operations	\$ (2.89)	\$ 3.51	\$ 3.36
Discontinued operations	(0.47)	(0.37)	(0.20)
Basic (loss) earnings per share	<u>\$ (3.36)</u>	<u>\$ 3.14</u>	<u>\$ 3.16</u>
Diluted (loss) earnings per share attributable to Best Buy Co., Inc.			
Continuing operations	\$ (2.89)	\$ 3.44	\$ 3.29
Discontinued operations	(0.47)	(0.36)	(0.19)
Diluted (loss) earnings per share	<u>\$ (3.36)</u>	<u>\$ 3.08</u>	<u>\$ 3.10</u>
Weighted-average common shares outstanding (in millions)			
Basic	366.3	406.1	416.8
Diluted	366.3	416.5	427.5

See Notes to Consolidated Financial Statements.

Consolidated Statements of Cash Flows

\$ in millions

Fiscal Years Ended	March 3, 2012	February 26, 2011	February 27, 2010
Operating Activities			
Net earnings including noncontrolling interests	\$ 22	\$ 1,366	\$ 1,394
Adjustments to reconcile net earnings to total cash provided by operating activities:			
Depreciation	897	896	838
Amortization of definite-lived intangible assets	48	82	88
Restructuring charges	288	222	52
Goodwill impairment	1,207	—	—
Stock-based compensation	120	121	118
Realized gain on sale of investment	(55)	—	—
Deferred income taxes	28	(134)	(30)
Excess tax benefits from stock-based compensation	—	(11)	(7)
Other, net	25	11	—
Changes in operating assets and liabilities, net of acquired assets and liabilities:			
Receivables	41	(371)	(63)
Merchandise inventories	120	(400)	(609)
Other assets	(24)	40	(98)
Accounts payable	574	(443)	141
Other liabilities	(23)	(156)	279
Income taxes	25	(33)	103
Total cash provided by operating activities	<u>3,293</u>	<u>1,190</u>	<u>2,206</u>
Investing Activities			
Additions to property and equipment, net of \$18, \$81 and \$9 non-cash capital expenditures in fiscal 2012, 2011 and 2010, respectively	(766)	(744)	(615)
Purchases of investments	(112)	(267)	(16)
Sales of investments	290	415	56
Acquisition of businesses, net of cash acquired	(174)	—	(7)
Proceeds from sale of business, net of cash transferred	—	21	—
Change in restricted assets	40	(2)	18
Settlement of net investment hedges	—	12	40
Other, net	(2)	(4)	(16)
Total cash used in investing activities	<u>(724)</u>	<u>(569)</u>	<u>(540)</u>
Financing Activities			
Repurchase of common stock	(1,500)	(1,193)	—
Issuance of common stock under employee stock purchase plan and for the exercise of stock options	67	179	138
Dividends paid	(228)	(237)	(234)
Repayments of debt	(3,412)	(3,120)	(5,342)
Proceeds from issuance of debt	3,921	3,021	5,132
Payment to noncontrolling interest (Note 2)	(1,303)	—	—
Acquisition of noncontrolling interests	—	(21)	(34)
Excess tax benefits from stock-based compensation	—	11	7
Other, net	(23)	3	(15)
Total cash used in financing activities	<u>(2,478)</u>	<u>(1,357)</u>	<u>(348)</u>
Effect of Exchange Rate Changes on Cash	<u>5</u>	<u>13</u>	<u>10</u>
Increase (Decrease) in Cash and Cash Equivalents	<u>96</u>	<u>(723)</u>	<u>1,328</u>
Cash and Cash Equivalents at Beginning of Year	<u>1,103</u>	<u>1,826</u>	<u>498</u>
Cash and Cash Equivalents at End of Year	<u>\$ 1,199</u>	<u>\$ 1,103</u>	<u>\$ 1,826</u>
Supplemental Disclosure of Cash Flow Information			
Income taxes paid	\$ 568	\$ 882	\$ 732
Interest paid	89	68	78

See Notes to Consolidated Financial Statements.

Consolidated Statements of Changes in Shareholders' Equity

\$ and shares in millions

	Common Shares	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive (Loss) Income	Total Best Buy Co., Inc. Shareholders' Equity	Non controlling Interests	Total Equity
Balances at February 28, 2009	414	\$ 41	\$ 205	\$ 4,714	\$ (317)	\$ 4,643	\$ 513	\$ 5,156
Net earnings	—	—	—	1,317	—	1,317	77	1,394
Other comprehensive income, net of tax:								
Foreign currency translation adjustments	—	—	—	—	329	329	76	405
Unrealized gains on available-for-sale securities	—	—	—	—	28	28	—	28
Total comprehensive income						1,674	153	1,827
Purchase accounting adjustments	—	—	—	—	—	—	(22)	(22)
Stock options exercised	4	1	95	—	—	96	—	96
Tax loss from stock options, restricted stock and employee stock purchase plan	—	—	(19)	—	—	(19)	—	(19)
Issuance of common stock under employee stock purchase plan	1	—	42	—	—	42	—	42
Stock-based compensation	—	—	118	—	—	118	—	118
Common stock dividends, \$0.56 per share	—	—	—	(234)	—	(234)	—	(234)
Balances at February 27, 2010	419	42	441	5,797	40	6,320	644	6,964
Net earnings	—	—	—	1,277	—	1,277	89	1,366
Other comprehensive income (loss), net of tax:								
Foreign currency translation adjustments	—	—	—	—	76	76	(42)	34
Unrealized gains on available-for-sale securities	—	—	—	—	58	58	—	58
Cash flow hedging instruments — unrealized loss	—	—	—	—	(1)	(1)	(1)	(2)
Total comprehensive income						1,410	46	1,456
Stock options exercised	4	—	134	—	—	134	—	134
Vesting of restricted stock	1	—	—	—	—	—	—	—
Tax benefits from stock options, restricted stock and employee stock purchase plan	—	—	3	—	—	3	—	3
Issuance of common stock under employee stock purchase plan	1	—	45	—	—	45	—	45
Stock-based compensation	—	—	121	—	—	121	—	121
Common stock dividends, \$0.58 per share	—	—	—	(238)	—	(238)	—	(238)
Repurchase of common stock	(32)	(3)	(726)	(464)	—	(1,193)	—	(1,193)
Balances at February 26, 2011	393	39	18	6,372	173	6,602	690	7,292
Net (loss) earnings	—	—	—	(1,231)	—	(1,231)	1,253	22
Other comprehensive loss, net of tax:								
Foreign currency translation adjustments	—	—	—	—	(9)	(9)	(12)	(21)
Unrealized losses on available-for-sale securities	—	—	—	—	(26)	(26)	—	(26)
Reclassification adjustment for gain on available-for-sale securities included in net earnings	—	—	—	—	(48)	(48)	—	(48)
Total comprehensive (loss) income						(1,314)	1,241	(73)
Payment to noncontrolling interest	—	—	—	—	—	—	(1,303)	(1,303)
Dividend distribution	—	—	—	—	—	—	(7)	(7)
Stock options exercised	1	—	27	—	—	27	—	27
Tax loss from stock options, restricted stock and employee stock purchase plan	—	—	(2)	—	—	(2)	—	(2)
Issuance of common stock under employee stock purchase plan	2	—	40	—	—	40	—	40
Stock-based compensation	—	—	120	—	—	120	—	120
Common stock dividends, \$0.62 per share	—	—	—	(228)	—	(228)	—	(228)
Repurchase of common stock	(55)	(5)	(203)	(1,292)	—	(1,500)	—	(1,500)
Balances at March 3, 2012	341	\$ 34	\$ —	\$ 3,621	\$ 90	\$ 3,745	\$ 621	\$ 4,366

See Notes to Consolidated Financial Statements.