

**The Merriam Report** **bby** 11/27/10 **BEST BUY CO INC**

All amounts in millions except for earnings per share

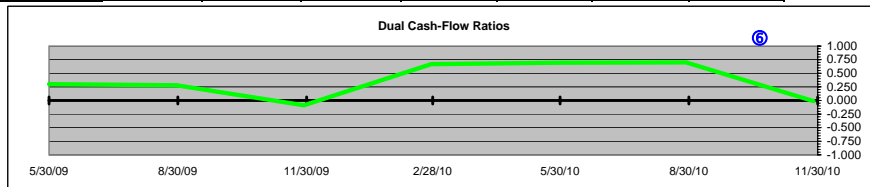
Quarterly period ending:	1	2	3	4	1	2	3	Averages	Recent / Avg.
	5/30/09	8/29/09	11/28/09	2/27/10	5/29/10	8/28/10	11/27/10		
Earnings Per Share (Incl. Ext. Items)	\$ 0.360	\$ 0.370	\$ 0.530	\$ 1.830	\$ 0.36000	\$ 0.600	\$ 0.540	\$ 0.656	
% Change in E.P.S. (from prev. qtr.)		2.8%	43.2%	245.3%	-80.3%	66.7%	-10.0%	44.6%	
Total Revenues	1009500.0	1102200.0	1202400.0	1655300.0	1078700.0	1133900.0	1189000.0	1195857.1	
% Change in Revenues (from prev. qtr.)		9.2%	9.1%	37.7%	-34.8%	5.1%	4.9%	5.2%	
Cost of Revenues	753800.0	833800.0	908200.0	1257600.0	799400.0	842100.0	890700.0	8010257.1	
Accounts Receivable:	142700.0	177000.0	263000.0	202000.0	157900.0	172000.0	279300.0	199128.6	
% Change in Receivables (from prev. qtr.)		24.0%	48.6%	-23.2%	-21.8%	8.9%	62.4%	16.5%	1
DSO's (# of days it took customers to pay)	12.9	14.6	19.9	11.1	13.3	13.8	21.4	15.3	2
Inventories:	548600.0	573800.0	897800.0	548600.0	633500.0	634600.0	1006400.0	691900.0	
% Change in Inventory (from prev. qtr.)		4.6%	56.5%	-38.9%	15.5%	0.2%	58.6%	16.1%	3
Inventory as a % of Sales	54.3%	52.1%	74.7%	33.1%	58.7%	56.0%	84.6%	59.08%	4
Prepaid Expenses:	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.0	
Other Current Assets:	95400.0	103500.0	100200.0	114400.0	103000.0	104800.0	104500.0	103685.7	
Property, Plant & Equip. (net):	418400.0	416200.0	412300.0	407000.0	398200.0	391500.0	399400.0	406142.9	
% Change in P, P & E (from prev. qtr.)		-0.5%	-0.9%	-1.3%	-2.2%	-1.7%	2.0%	-0.8%	
Accounts Payable:	676500.0	737700.0	1142100.0	750100.0	789700.0	762900.0	1224200.0	869028.6	
% Change in Payables (from prev. qtr.)		9.0%	54.8%	-34.3%	5.3%	-3.4%	60.5%	15.3%	5
Quarterly period ending:	5/30/09	8/29/09	11/28/09	2/27/10	5/29/10	8/28/10	11/27/10		
Total Liabilities:	1122400.0	1188500.0	1557100.0	1198200.0	1158800.0	1134700.0	1635100.0	1284971.4	
Shareholder equity:	499000.0	530600.0	552900.0	632000.0	636800.0	601500.0	600100.0	578985.7	
Retained Earnings (Accum. Deficit)	480800.0	490800.0	507600.0	579700.0	589200.0	600000.0	582400.0	547214.3	
Operating Cash Flow (OCF)	750103.3	777101.0	818269.0	966404.4	987296.8	964897.4	938259.4	886047.3	
OCF as % of Revenues	74.3%	70.5%	68.1%	58.4%	91.5%	85.1%	78.9%	75.25%	6
Balance Sheet Cash Flow (BSCF)	1122308.5	1188398.2	1556949.5	1198093.4	1158694.9	1134596.0	1634939.2	1284854.2	
BSCF as % of Revenues	111.2%	107.8%	129.5%	72.4%	107.4%	100.1%	137.5%	109.41%	7
Spread between OCF & BSCF	-372205.2	-411297.2	-738680.5	-231688.9	-171398.1	-169698.6	-696679.8	-398806.9	
Ratios									
Spread to Revenues	-36.87%	-37.32%	-61.43%	-14.00%	-15.89%	-14.97%	-58.59%	-0.342	
Spread to OCF	0.668	0.654	0.526	0.807	0.852	0.850	0.574	0.704	
MR Dual Cash-Flow Figure	0.300	0.281	-0.089	0.667	0.693	0.701	-0.012	0.363	

**The Merriam Report**

Quarterly period ending:	5/30/09	8/29/09	11/28/09	2/27/10	5/29/10	8/28/10	11/27/10	Averages	Recent / Avg.
MR Dual Cash-Flow Figure	0.300	0.281	-0.089	0.667	0.693	0.701	-0.012	0.363	-103.32%
									-14.76%

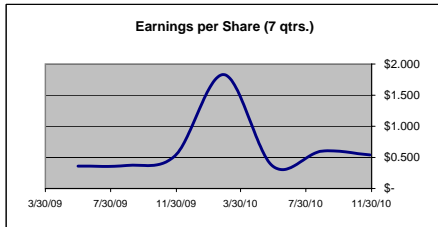
**Merriam Report Signals:**

- Recent Bearish
- Confirmed Bearish
- Recent Bullish
- Confirmed Bullish



**MR Dual Cash-Flow Figure (avg.)**

	0.363	05/30/09	08/29/09	11/28/09	02/27/10	05/29/10	08/28/10	11/27/10	
P/E	0.363	14.87	16.61	16.04	11.55	13.37	9.4	13.16	13.57
P/S	0.363	0.32	0.34	0.38	0.31	0.36	0.27	1.68	0.523
P/FCF	0.363	38.4115	22.2324	11.7824	11.4987	11.3782	11.535	8.9	16.53
PEG	0.363	-0.5595	-0.59	-6.1644	0.3888	0.3977	0.1897	0.4857	-0.836
Earnings Yield	0.363	0.0672	0.0602	0.0623	0.0866	0.0748	0.1064	0.0760	0.076
Cash to Total Asse	0.363	0.0335	0.0443	0.0311	0.1047	0.0804	0.0487	0.0415	0.055
Debt-to-Assets	0.363	0.0725	0.0672	0.054	0.0622	0.0628	0.0645	0.0507	0.062



**Accrual Ratios**  
Average Accruals

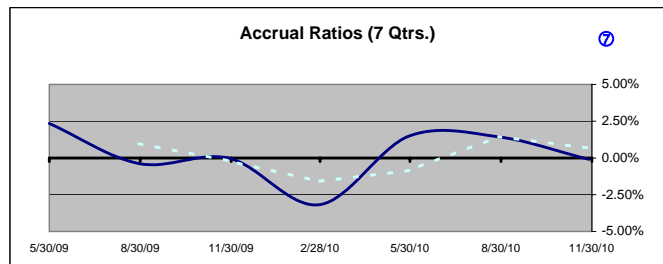
	5/30/09	8/29/09	11/28/09	2/27/10	5/29/10	8/28/10	11/27/10	
2.34%	2.34%	-0.39%	-0.01%	-3.18%	1.48%	1.43%	-0.09%	0
0.23%	0.23%							

**Revenue Metrics (as % of Sales)**

	Recent Qtr.	Combined Avg.
Research & Development	0.00%	0.00%
Cost of Sales	74.91%	75.09%
S/G/A	21.85%	20.86%
Payables	102.96%	72.67%

**Capital Productivity**

	Recent Qtr.	Combined Avg.
Inventory / Revenues	\$ 0.846	\$ 0.579
Receivables / Revenues	\$ 0.235	\$ 0.167
Inventory & Receivables / Revenues	\$ 1.081	\$ 0.745
P,P&E / Revenues	\$ 0.336	\$ 0.340



Accrual Ratios: According to the MR model, a ratio of -5 or less is very bullish and a ratio of +5 or more is very bearish.

-45.13% -0.99%

## Summary of Merriam Report Signals

Dual Cash-Flow Figures

Recent Bearish

Confirmed Bullish

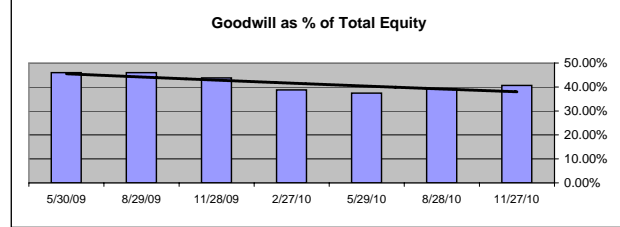
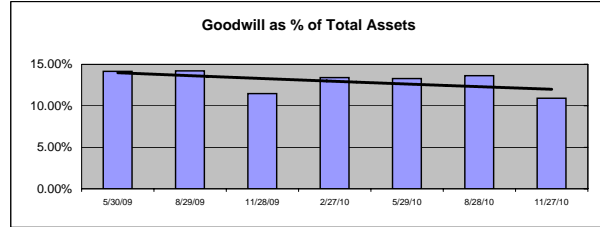
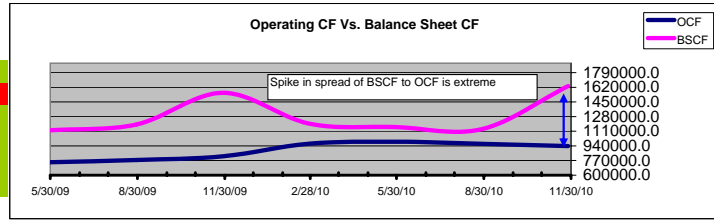
Operating Cash-Flow Trend  
Balance Sheet Cash-Flow Trend

Bearish  
Bearish

	5/30/09	8/29/09	11/28/09	2/27/10	5/29/10	8/28/10	11/27/10
OCF	750103.3	777101.0	818269.0	966404.4	987296.8	964897.4	938259.4
BSCF	1122308.5	1188398.2	1556949.5	1198093.4	1158694.9	1134596.0	1634939.2

### Comparison of Recent Quarter Changes to Average

EPS Bullish  
 Revenues Bearish  
 Accounts Receivable Bullish  
 Days Sales Outstanding Bullish  
 Inventory Bullish  
 Accounts Payable Bullish  
 Accrual Ratios Neutral



	5/30/09	8/29/09	11/28/09	2/27/10	5/29/10	8/28/10	11/27/10	AVG.	
Goodwill as % of Total Assets	14.16%	14.21%	11.47%	13.40%	13.29%	13.62%	10.92%	13.01%	1
Goodwill as % of Total Equity	46.01%	46.02%	43.79%	38.80%	37.47%	39.32%	40.68%	41.73%	1
	3.25	3.24	3.82	2.90	2.82	2.89	3.72	3.21	-1
									1

Dual Cash Flow Trend	-2
Financial Ratios (conventional)	1
Balance Sheet and Income Statement	-14
Accrual Ratios	0
Revenue Metrics and Capital Productivity	-3
Goodwill Trends	1

BEST BUY CO INC		11/27/10	1/27/11
Ending Period Share Price		44.75	\$ 34.97
Estimated Fair Value		\$ 29.68	
End Price to Est. FV		10.08%	17.84% ABOVE FAIR-VALUE

Next Earnings Report

**Merriam Report Score** -17

10.08%

Adjustments (Payables)	\$ (2.62)
Adjustments (Receivables)	\$ (2.67)
Adjustments (DSO)	\$ (2.32)
Adjustments (OCF)	\$ 0.28
Adjustments (BSCF)	\$ (1.19)
Adjustments (Inventory)	\$ (2.47)
<b>Total Adjustments</b>	<b>\$ (10.98)</b>

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