hhgregg, Inc.
Non-GAAP Financial Measures As Discussed in Investor Conference Call on November 5, 2009
(Unaudited)

During our Investor Conference Call on November 5, 2009 and on previous investor calls, we discussed adjusted EBITDA and net income, as adjusted and net income per diluted share, as adjusted, which are considered non-GAAP financial measures.

Adjusted EBITDA

Adjusted EBITDA (net income before net interest expense, income tax expense (benefit), depreciation and amortization) adjusted to exclude the following items:

- Stock-based compensation related to the outstanding stock issued in exchange for a non-recourse note and stock appreciation rights representing variable awards;

- De-consolidation adjustments reflecting amounts that were required to be included in our financial statements from the consolidation of variable interest entities that lease property to us. These adjustments add back rent expense paid to related entities, eliminate depreciation and amortization related to the leased properties and eliminate minority interest and the interest related to third-party secured debt on some of the leased property;

- Recapitalization transaction costs representing non-capitalized transaction costs related to our recapitalization;

- Non-cash fair market value adjustments to the carrying value of long-lived assets as reflected in the restructuring line item in the consolidated statements of income for the impairment of assets related to our product service and repair restructuring initiative;

- Severance and benefits costs related to our product service and repair restructuring initiative;

- Other charges related to our product service and repair restructuring (these charges were reflected in the cost of goods sold and the selling, general and administrative expense line items in the condensed consolidated statements of income);

- Gain on the transfer of certain extended service plan warranties as reflected on the gain on transfer of extended maintenance obligations line item in the consolidated statements of income;

- Non-cash fair market value adjustments to the carrying value of long-lived assets in service where the estimated future cash flows are less than the carrying amount of the assets.

- Gain / Loss related to early extinguishment of debt representing the difference between the purchase price and the carrying value of the senior notes, as well as the associated write-off of debt issuance costs. Additionally, includes loss related to debt issuance cost for the pro-rata share of debt issuance cost associated with the early pay down of debt; and

EBITDA represents net income before net interest expense, income tax expense (benefit), depreciation and amortization. We have presented EBITDA because we consider it an important supplemental measure of our performance and believe it is frequently used by analysts, investors and other interested parties in the evaluation of companies in our industry. Management uses EBITDA as a measurement tool for evaluating our actual operating performance compared to budget and prior periods. Other companies in our industry may calculate EBITDA differently than we do. EBITDA is not a measure of performance under generally accepted accounting principles (GAAP) and should not be considered as a substitute for net income prepared in accordance with GAAP. EBITDA has limitations as an analytical tool, and you should not consider it in isolation or as a substitute for analysis of our results as reported under GAAP. Some of these limitations are:

- EBITDA does not reflect our cash expenditures, or future requirements, for capital expenditures or contractual commitments;
- EBITDA does not reflect interest expense or the cash requirements necessary to service interest or principal payments on our debt;
- EBITDA does not reflect tax expense or the cash requirements necessary to pay for tax obligations; and
- Although depreciation and amortization are non-cash charges, the asset being depreciated and amortized will often have to be replaced in the future, and EBITDA does not reflect any cash requirements for such replacements.

We compensate for these limitations by relying primarily on our GAAP results and using EBITDA only as a supplement.

Adjusted EBITDA is defined as EBITDA, without giving effect to stock-based compensation related to the outstanding stock issued in exchange for a non-recourse note and stock appreciation rights representing variable awards, the consolidation of the variable interest entities which are no longer consolidated, the non-capitalized transaction costs related to the recapitalization, restructuring charges, gain on the sale of certain extended service plan warranties, asset impairments and gain/loss related to early extinguishment of debt. We have presented Adjusted EBITDA because we believe that the exclusion of these non-recurring items is necessary to provide the most accurate measure of our core operating results and as a means to analyze period-to-period changes in operating results. We have provided this information to analysts, investors and other third parties to enable them to perform more meaningful comparisons of past, present, and future operating results and as a means to evaluate the results of our on-going operations. Management uses Adjusted EBITDA to determine payment levels on our executives' incentive compensation plan. Other companies in our industry may calculate Adjusted EBITDA differently than we do. Adjusted EBITDA is not a measure of performance under GAAP and should not be considered as a substitute for net income prepared in accordance with GAAP. Adjusted EBITDA has limitations as an analytical tool, and you should not consider it in isolation or as a substitute for analysis of our results as reported under GAAP. Some of these limitations are:

- Adjusted EBITDA does not reflect our cash expenditures, or future requirements, for capital expenditures or contractual commitments;
- Adjusted EBITDA does not reflect interest expense or the cash requirements necessary to service interest or principal payments on our debt;
- Adjusted EBITDA does not reflect tax expense or the cash requirements necessary to pay for tax obligations; and
- Although depreciation and amortization are non-cash charges, the asset being depreciated and amortized will often have to be replaced in the future, and Adjusted EBITDA does not reflect any cash requirements for such replacements.

Fiscal Year Reconciliation

(in thousands)	Fiscal Year Ended March 31, 2009	2008	2007	2006	2005
Net income	$ 36,497	$ 21,406	$ 21,358	$ 22,215	$ 29,248
Adjustments:					
Depreciation and amortization	15,984	12,605	11,663	10,459	8,635
Interest expense, net	7,088	10,618	17,221	18,769	2,889
Income tax expense (benefit)	26,058	14,363	13,837	18,664	(14,780)
EBITDA	$ 85,627	$ 58,992	$ 64,079	$ 70,107	$ 25,992
Transactional Adjustments:					
Stock-based compensation	--	--	--	--	9,277
De-consolidation adjustments	--	--	--	--	(1,719)
Recapitalization transaction costs	--	--	--	--	4,745
Restructuring charges related to service exit include:					
Asset impairments	--	--	--	756	--
Severance and benefits costs	--	--	--	253	--
Other charges	--	--	--	1,369	--
Gain on transfer of extended service obligations	--	--	--	(27,850)	--
Asset impairments	602	--	1,997	--	--
Loss / (gain) related to early extinguishment of debt	--	21,930	1,403	(39)	--
Adjusted EBITDA	$ 86,229	$ 80,922	$ 67,479	$ 44,596	$ 38,295

Trailing Four Quarter – Current Year

(in thousands)	Fiscal Year 2009 Q - 3	2009 Q - 4	2010 Q - 1	2010 Q - 2	Total
Net income	$ 17,120	$ 13,875	$ 1,469	$ 4,947	$ 37,411
Adjustments:					
Depreciation and amortization	3,953	3,935	3,968	4,011	15,867
Interest expense, net	1,922	1,372	1,312	1,329	5,935
Income tax expense	11,557	10,787	983	3,077	26,404
EBITDA	$ 34,552	$ 29,969	$ 7,732	$ 13,364	$ 85,617
Asset impairment	-	602	-	-	602
Adjusted EBITDA	$ 34,552	$ 30,571	$ 7,732	$ 13,364	$ 86,219

Trailing Four Quarter – Prior Year

(in thousands)	Fiscal Year 2008 Q - 3	2008 Q - 4	2009 Q - 1	2009 Q - 2	Total
Net income	$ 15,102	$ 10,323	$ 2,104	$ 3,398	$ 30,927
Adjustments:					
Depreciation and amortization	3,287	3,436	3,872	4,224	14,819
Interest expense, net	2,576	1,929	1,800	1,994	8,299
Income tax expense	10,258	6,840	1,420	2,294	20,812
EBITDA	$ 31,223	$ 22,528	$ 9,196	$ 11,910	$ 74,857
Loss related to early extinguishment of debt	-	235	-	-	235
Adjusted EBITDA	$ 31,223	$ 22,763	$ 9,196	$ 11,910	$ 75,092

Net Income, as Adjusted and Net Income Per Diluted Share, as Adjusted

We have presented adjusted net income and net income per diluted share, as adjusted, to exclude the net loss on early extinguishment of debt as we believe that these transactions do not reflect our core business and adjusted net income and net income per diluted share, as adjusted, provide better year over year comparisons. We also believe that adjusted net income per share, as adjusted, and net income per diluted share will be used by analysts, investors and other interested parties in the evaluation of us to other companies in our industry. Net income and net income per diluted share, as adjusted are not measures of performance under GAAP and should not be considered as a substitute for net income prepared in accordance with GAAP. Net income and net income per diluted share, as adjusted, have limitations as analytical tools, and you should not consider them in isolation or as a substitute for analysis of our results as reported under GAAP. We compensate for these limitations by relying primarily on our GAAP results and using net income, as adjusted, and net income per diluted share, as adjusted only as a supplement.

Fiscal Year

	Fiscal Year Ended March 31,		
(in thousands, except share data)	**2009**	**2008**	**2007**
Net income, as reported	$ 36,497	$ 21,406	$ 21,358
Transactional Adjustments:			
Loss related to early extinguishment of debt	-	21,930	1,403
Tax impact of effect of early extinguishment of debt [1]	-	(8,772)	(561)
Net income, as adjusted	36,497	34,564	22,200
Weighted average shares outstanding-diluted	33,063,511	32,188,984	29,400,378
Net income per diluted share	$ 1.10	$ 0.67	$ 0.73
Net income per diluted share, as adjusted	$ 1.10	$ 1.07	$ 0.76

(1) Computed using a blended statutory rate of 40%