



2017 CAGNY Conference

Benno Dorer
Chairman and
Chief Executive Officer

February 22nd, 2017

Safe Harbor

Except for historical information, matters discussed in this presentation, including statements about the success of the Company's future volume, sales, costs, cost savings, earnings, foreign currencies, and foreign currency exchange rates, cash flows, plans, objectives, expectations, growth or profitability, are forward-looking statements based on management's estimates, assumptions and projections. Important factors that could affect performance and cause results to differ materially from management's expectations are described in the Company's most recent Form 10-K filed with the SEC, as updated from time to time in the Company's SEC filings. Those factors include, but are not limited to, risks related to competition in the Company's markets; economic conditions and financial market volatility; the Company's ability to drive sales growth and increase market share; international operations, including price controls, foreign currency fluctuations, labor claims and labor unrest, potential harm and liabilities from use, storage and transportation of chlorine in certain markets and discontinuation of operations in Venezuela; volatility and increases in commodity, energy and other costs; supply disruptions; dependence on key customers; government regulations; political, legal and tax risks; information technology security breaches or cyber attacks; risks relating to acquisitions, new ventures and divestitures; the success of the Company's business strategies and products; product liability claims, labor claims and other legal proceedings; the Company's business reputation; environmental matters; the Company's ability to assert and defend its intellectual property rights; and the impacts of potential stockholder activism.

The Company may also use non-GAAP financial measures, which could differ from reported results using Generally Accepted Accounting Principles (GAAP). The most directly comparable GAAP financial measures and reconciliation to non-GAAP financial measures are set forth in the Appendix hereto, the Supplemental Schedules of the Company's quarterly financial results and in the Company's SEC filings, including its Form 10-K and its exhibits furnished to the SEC, which are posted at www.TheCloroxCompany.com in the Investors/Financial Information/Financial Results and SEC Filings sections, respectively.

Key Messages

- Strategy focus on profitable growth continues to produce strong results
- We are confident in our business plans




Advantaged Portfolio

Over 80% of Sales in U.S. and from #1 or #2 Share Brands

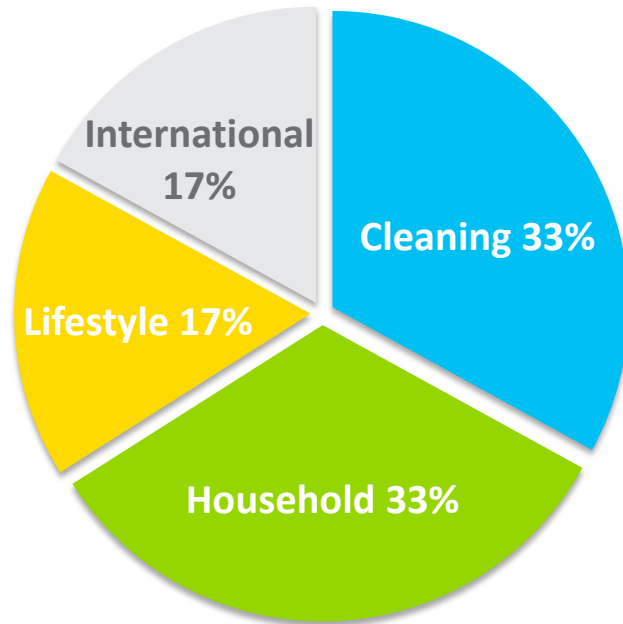
International : 17%

Latin America	9%
Canada	3%
Australia / NZ	2%
Rest of World	3%

Lifestyle : 17%

 Hidden Valley	9%
 BURT'S BEES	4%
 BRITA	4%





FY16 Company Sales: \$5.8B



Cleaning : 33%

 Pine-Sol	Home Care	18%
 CLOROX	Laundry	9%
 CLOROX HEALTHCARE®	Professional	6%

Household : 33%

 GLAD	15%
 KINGSFORD	11%
 Fresh Step	6%
 RenewLife® <small>DIETARY WELLNESS. NATURALLY.</small>	<1%*

Note: Reflects results following May 2016 Acquisition. Expect Renew Life to contribute 2pts of Sales in FY17

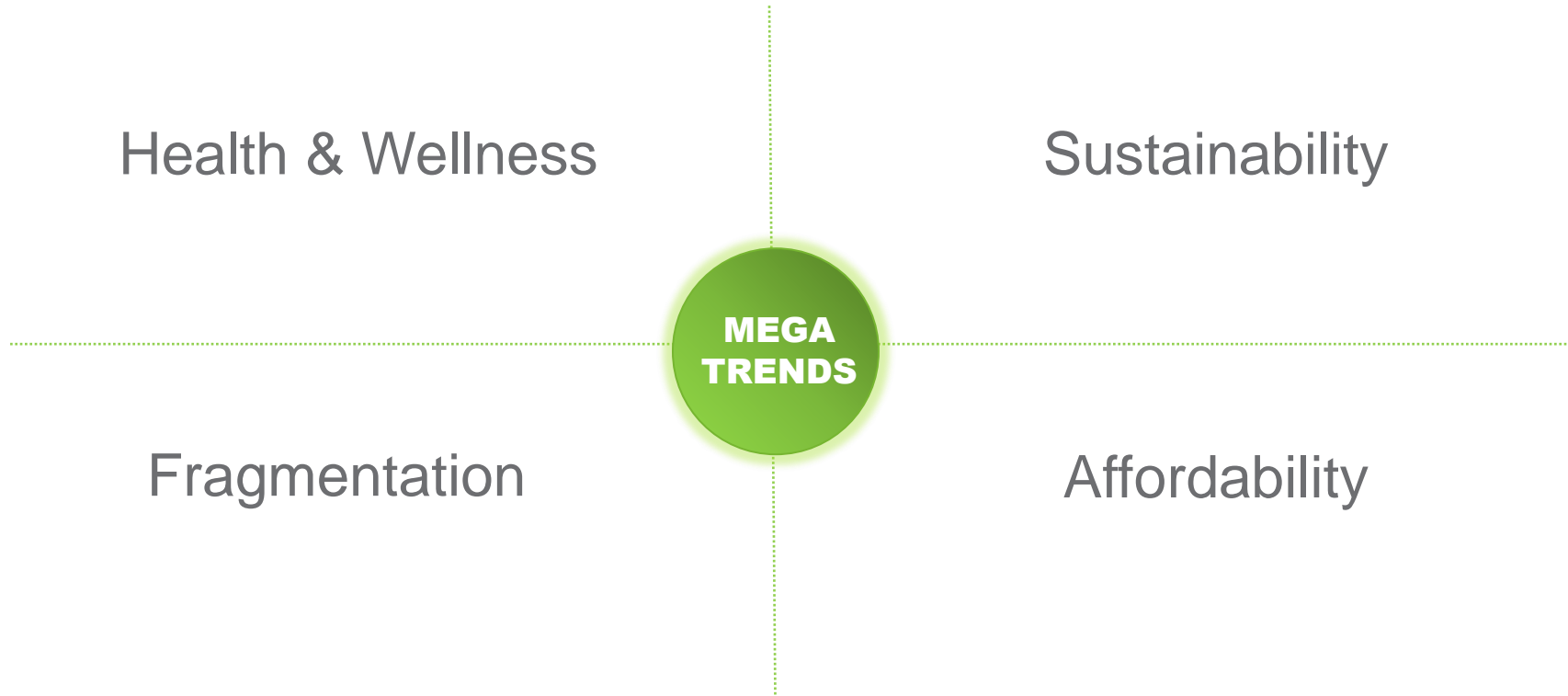
Advantaged Portfolio

Driving Significant Synergies



(1) As of June 30th, 2016, Clorox's S&A/Sales was ~14% vs. peer average of 20% . This number does not include R&D or marketing expenses and excludes peers that do not disclose S&A separately from SG&A in their reported financial statements (Kimberly-Clark, Reckitt-Benckiser). Peer group consists of CHD, CL, PG, NWL, CPB, GIS, HSY, K, KHC, DPS, KO, PEP, COTY, EL, KMB, RB-GB.

Advantaged Portfolio Supported by Consumer Megatrends



2020 Strategy

Mission

- We make everyday life better, every day

Objectives

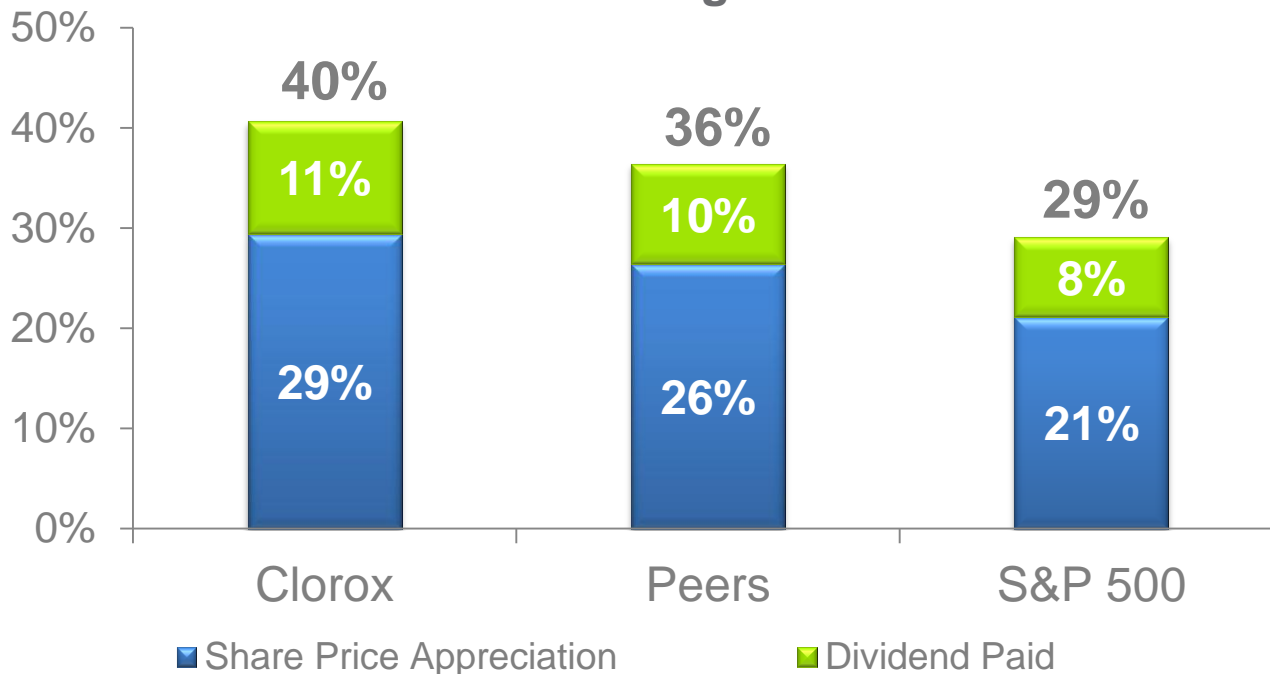
- Maximize economic profit
- Big-share brands in midsized categories and countries

Strategy

- Engage our people as business owners
- Increase brand investment behind superior value and more targeted 3D plans
- Keep the core healthy and grow into new categories and channels
- Reduce waste in work, products, and supply chain

Strategy has Produced Strong Shareholder Return

Total Shareholder Return
3 Years Ending 12/31/2016



Peers consist of 13 companies: CPB, KMB, K, RB-GB, KO, GIS, NWL, EL, PEP, CHD, CL, PG and HSY

FY17 Outlook

Based on Feb 3rd Earnings Call

Sales

+3% to +4%

EBIT Margin

+25bps
to +50bps

Diluted EPS

\$5.23 to \$5.38
(+6% to +9%)

EBIT (a non-GAAP measure) represents earnings from continuing operations before income taxes (a GAAP measure), excluding interest income & interest expense. EBIT margin is a measure of EBIT as a percentage of sales.

Strong Progress Across Strategy Accelerators

3D Innovation

3D Technology
Transformation

Portfolio
Momentum

Growth Culture

Focus on 3D Innovation



3D Innovation

Broad-based Approach to Innovation

KEEP THE CORE HEALTHY

Product &
Marketing

Product
Superiority

GROW MARKET SHARE

EXPAND MARGIN

Cost-o-
vation*

New
Product
Platforms
&
Adjacency
Expansion

ACCELERATE GROWTH

*Cost-o-vation is a term used at Clorox that describes innovation that improves product performance at a reduced cost.

Driving Upside from Strong FY16 Innovation



Glad with Clorox Antimicrobial



Clorox Clothes (International)



Burt's Bees Lipsticks



Clorox Wipes with Micro-Scrubbers



Fresh Step with Febreze



Stephen Curry Partnership



Brita Infinity "Connected" Pitcher



Hidden Valley with Greek Yogurt



Clorox Bleach Crystals

Setting the Odor Control Gold Standard in Cat Litter



+4%

FYTD Sales vs YA



+0.4 Share Pts

FYTD vs YA

Continuing Cat Litter Innovation in FY17

Product Innovation



Fresh Step with Febreze
Hawaiian Aloha

Cost-o-vation



New Convenient
Compact Packs

2017 New Product Launches



Glad Kitchen Pro with Leakguard



Scentiva Cleaning Platform



Burt's Bees Protein Drink



Lip Balm with Flavor Crystals



Brita LONGLAST Filter



Brita Stream



Hidden Valley Simply Ranch






Long-Burning Charcoal

Innovation Spotlight: Cleaning

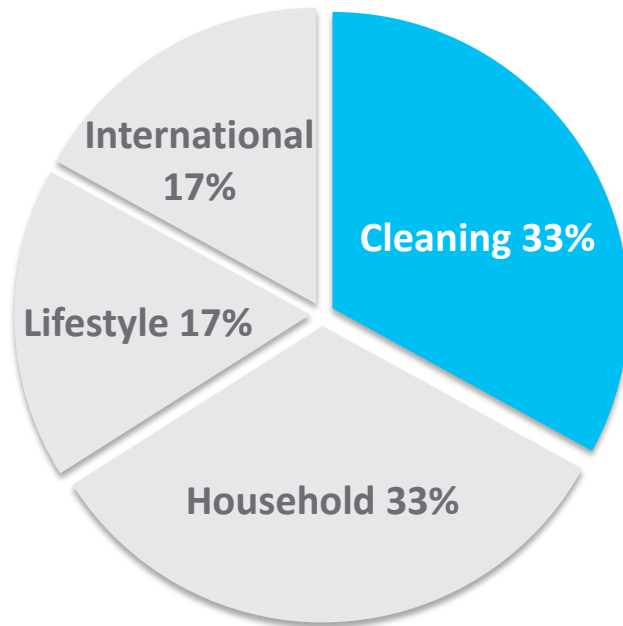
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Lifestyle : 17%

	9%
	4%
	4%

FY16 Company Sales: \$5.8B



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 Laundry 9%

 Professional 6%

Household : 33%

 15%

 11%

 6%

 <1%*

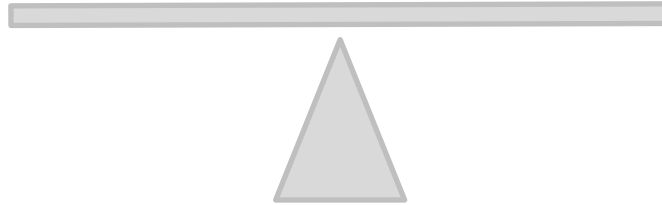
Note: Reflects results following May 2016 Acquisition. Expect Renew Life to contribute 2pts of Sales in FY17

Innovating to Improve the Cleaning Experience



Sensorial

Efficacious



“Cleaning is boring...
unfulfilling...
And never ending “



73% of consumers
seek new
experiences

Clorox® Scentiva™ = Cleaning Power + Scent Experience

- ✓ Kills 99.9% of Bacteria & Viruses
- ✓ Cleans, Disinfects and Deodorizes
- ✓ Two experiential custom blended scents from top fragrance houses



Tuscan Lavender & Jasmine



Hawaiian Sunshine



Experiential Scent Without the Sacrifice

*“I absolutely **loved the scent**...a lot better than that cleaning-type scent of other products.”*



*“The fact that it has **good fragrance** but is the **Clorox product** is a plus.”*

*“After cleaning, **the scent lingers** almost like I have flowers in the room.”*

*Scentiva™ resonates
with both
scent and **efficacy***

*“I **trust the Clorox name** and I would **love scents** that aren't harsh chemical smells.”*

Innovation Spotlight: Lifestyle

International : 17%

Latin America	9%
Canada	3%
Australia / NZ	2%
Rest of World	3%

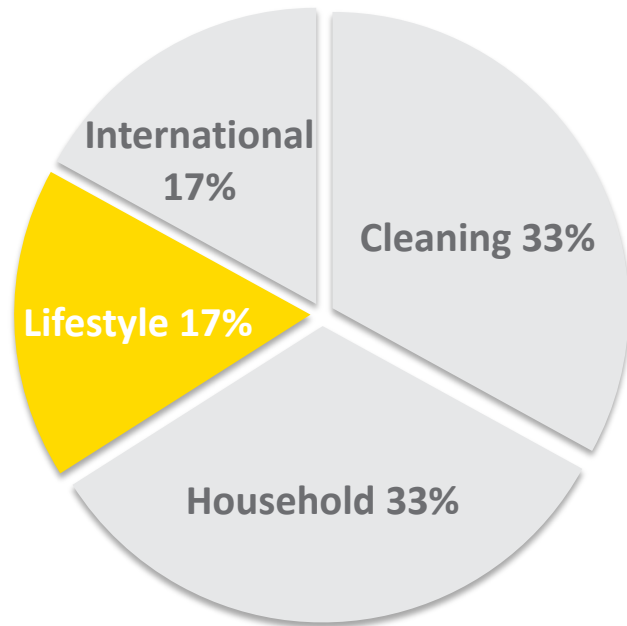
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FY16 Company Sales: \$5.8B



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Household : 33%

 15%

 11%

 6%

 <1%*

Addressing Opportunities in Water Filtration



Opportunity #1 – Driving Household Penetration

Key Consumer Issue: Refilling pitchers takes too long

Introducing Brita® Stream with Filter-As-You-Pour™

- Improves convenience by filtering 10x faster
- Precision pouring
- Modern design



FILLS QUICKLY



**POURS
IMMEDIATELY**

Addressing Opportunities in Water Filtration



Opportunity #2 – Filter Market Share

Key Consumer Issue: Value vs Private Label

Improving Consumer Value with Brita® LONGLAST™



- 💧 Lasts 3x longer than legacy filters
- 💧 Reduces more contaminants, including lead
- 💧 Improved value vs Private Label*

*WQA Certification . Brita Longlast SRP \$16.99 and certified to filter for 120 gallons.
Brita Legacy \$7.99 SRP for 40 gallons. Private Label \$4.99 SRP for 40 gallons.

Burt's Bees®: Innovation Focus



**Drive
Trial & Awareness
on Core**



**Expand into
Adjacencies**



**International
Expansion**

Innovating Across the Portfolio



Hawaiian Aloha
Fresh Step with Febreze



Glad Kitchen Pro
with Leakguard



Burt's Bees Protein Drink



Long-Burning Charcoal



Hidden Valley Simply Ranch



Lip Balm with
Flavor Crystals

Innovation Drives Value in Multiple Ways



**Increases
Company
Margin**

**Improves
Assortment in
Store**

**Helps
Maintain
Pricing Power**

**Drives
Brand Value
Perception**

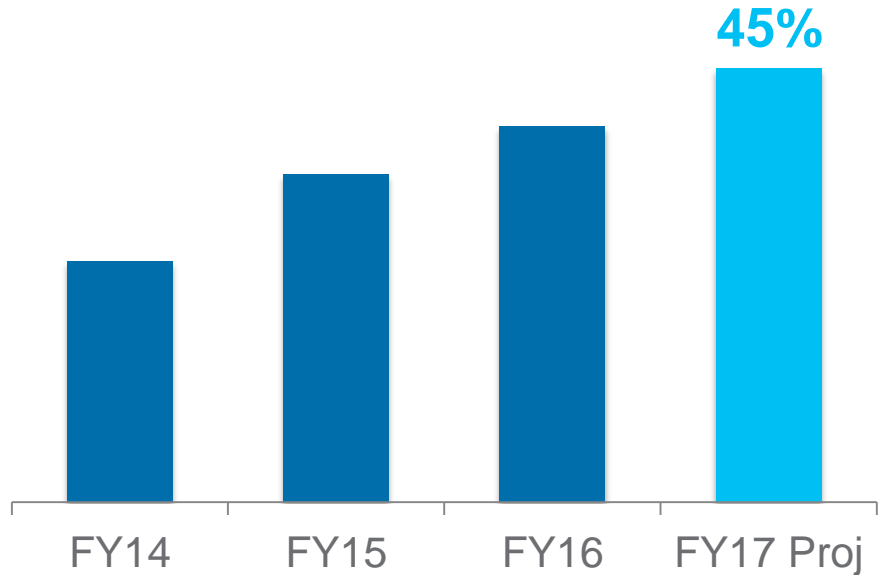
Focus on 3D Technology Transformation



3D Technology
Transformation

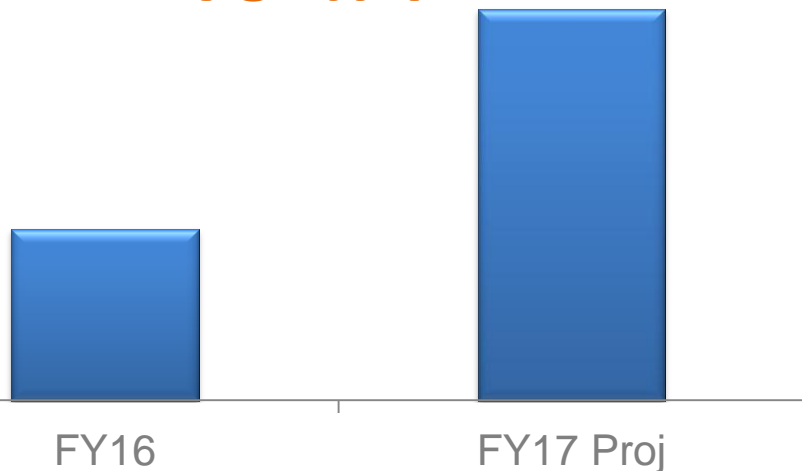
Leading the Industry in Digital Consumer Engagement

Clorox now
invests **45%**
of our media in
digital



Winning with e-Commerce Across Portfolio

+30% Sales
vs YA



2020 Strategy

- Increase brand investment behind superior value and more targeted 3D plans
- Keep the core healthy and grow into new categories and channels

e-Commerce Enabled Innovation

amazon.com[®]



Focus on Portfolio Momentum

A large orange arrow pointing to the right, with the text "Portfolio Momentum" centered inside it in white.

**Portfolio
Momentum**

RenewLife®: Strong Strategic Fit



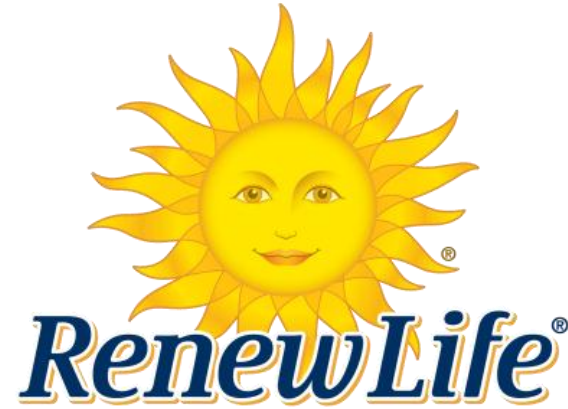
**Health &
Wellness**

US Centric

**Clear Plan for
Value Creation**

RenewLife®: Strong Start to FY17

- Integration is on track, ahead of valuation in year 1
- Distribution wins in Food, Drug and Mass
- New marketing campaign



Portfolio Segmentation

High

Fuel

Growth

Profit Margin
Potential



Sales Growth Potential

Low

High

Focus on Increasing Household Penetration

New Faces

New Demographic or Behavioral Group

New Spaces

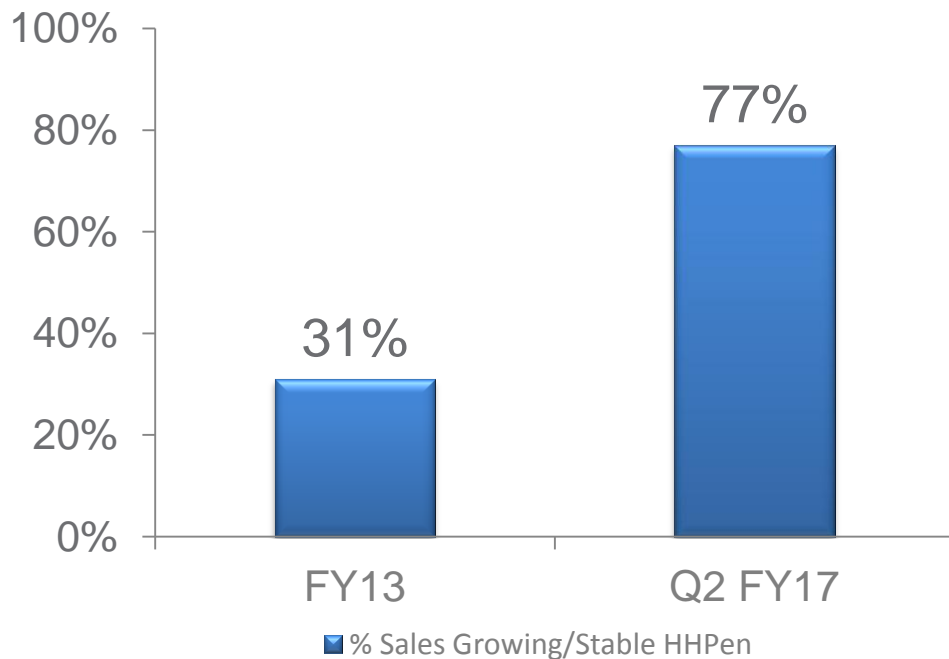
Consumes Product in a New Way

New Places

New Channel or Location in Store

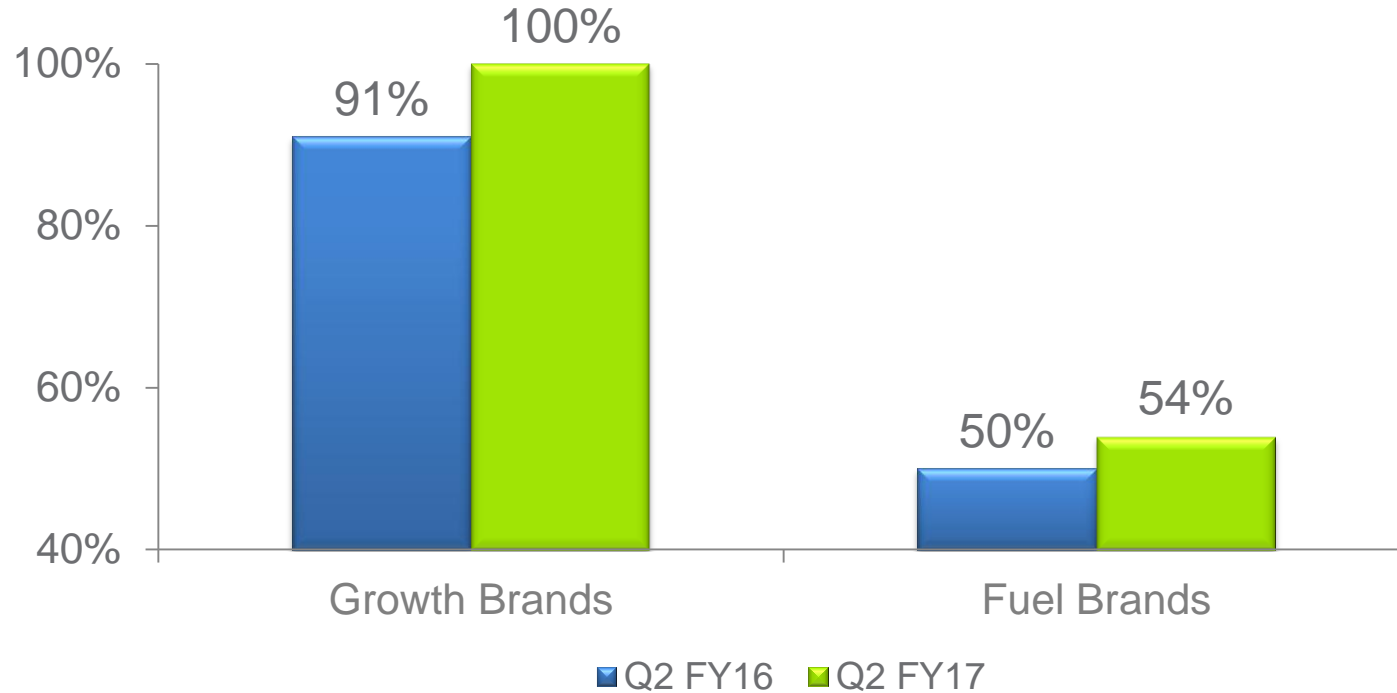


Strategic Choices are Working



Over **75%**
of portfolio has
expanding or stable
household penetration

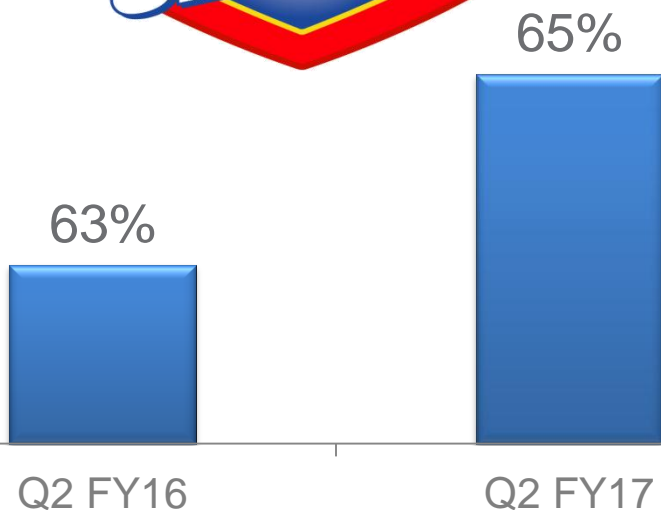
Expanding Households on Growth and Fuel Brands



Above represents the sales contribution from brands that have expanding or stable household penetration

Source: IRI Panel Data, Total U.S. All Outlets, NBD Weighted.

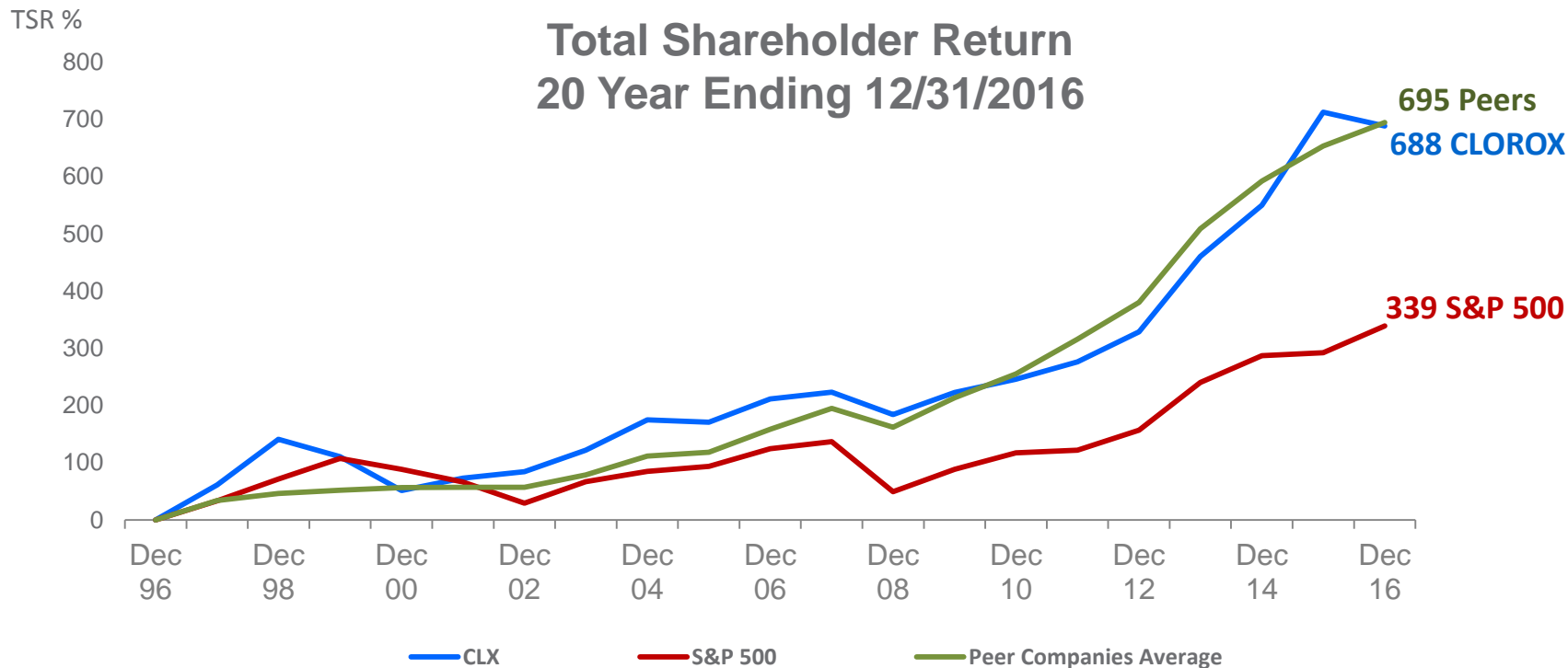
Clorox® Brand is Leading the Way



■ Household Penetration

+1.25M
Households
vs YA

Strong Shareholder Return



Strong Shareholder Return, The Right Way



2015 Manufacturing Safety
Excellence Award, Rockwell
Automation

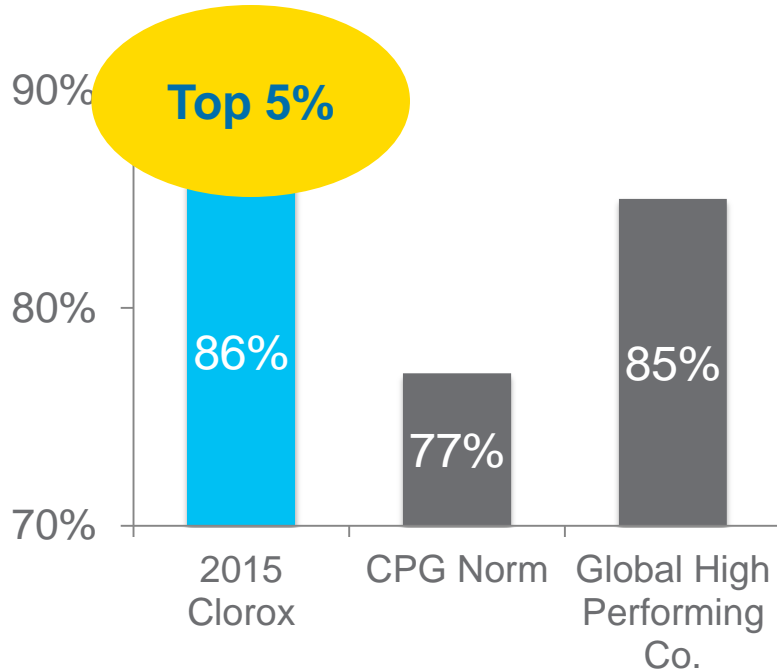


"Best-in-Class" Retirement Plan,
The White House



Global Citizen Award, United
Nations Association of the East Bay
(Northern California)

With a Highly Engaged Workforce



"I am empowered to make the decisions needed to do my job well."

"Clorox has established a climate where one can challenge our traditional ways of doing things."

"I understand how my work contributes to Clorox's strategy."

CPG Norm: The Towers Watson global fast-moving consumer goods norm is based on responses from more than 126,346 employees from 61 global organizations.

Global High Performing Companies: The Towers Watson Global High Performance Norm is comprised of a weighted average of employee survey results. Companies qualify for the norm by meeting two criteria: (a) superior financial performance, defined by a net profit margin and/or return on invested capital that exceeds industry averages; and (b) superior human resource practices, defined by employee opinion scores near the top among the most financially successful companies surveyed by Towers Watson. This norm includes responses from over 145,000 employees at 28 global organizations.

Key Messages

- Strategy focus on profitable growth continues to produce strong results
- We are confident in our business plans

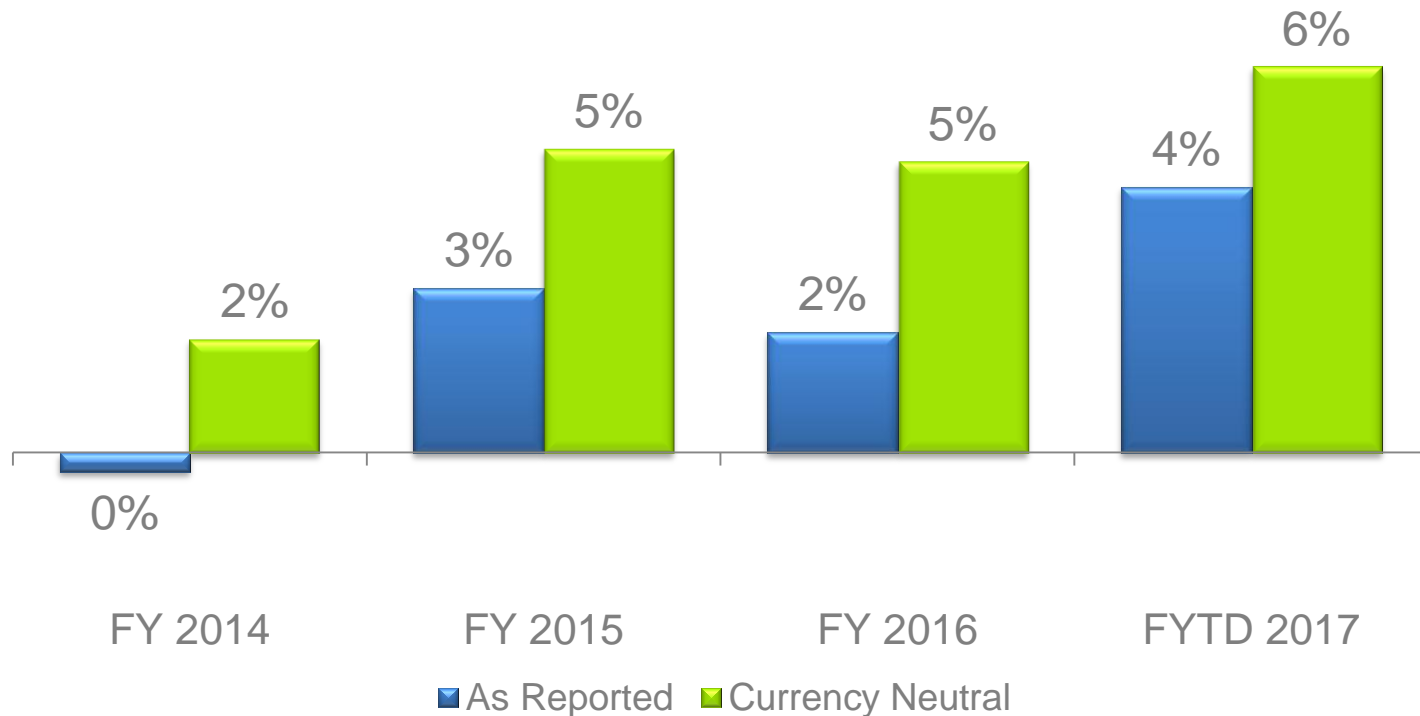


Steve Robb
Chief Financial Officer

Key Messages

- Strategy focus on profitable growth continues to produce strong results
- We are confident in our business plans

Strong FY17 Sales Growth (thru Q2)



Note: As Reported is GAAP Sales Growth vs YA. Currency Neutral represents GAAP Sales Growth net of Foreign Exchange . For Reconciliation see Slide 73

FY17 Outlook

Based on Feb 3rd Earnings Call

Sales
+3% to +4%

- Categories: about 1%
- Innovation: +3pts
- Renew Life: +2pts
- Mix/Other: about -1pt
- FX: -1pt to -2pts

EBIT Margin
+25 to +50bps

- Gross Margin: Down slightly
- Selling & Admin: <14% of Sales
- Advertising & Sales Promotion: about 10% of Sales

Diluted EPS
\$5.23 to \$5.38
(+6% to +9%)

- Tax rate: 32% to 33%

EBIT (a non-GAAP measure) represents earnings from continuing operations before income taxes (a GAAP measure), excluding interest income & interest expense. EBIT margin is a measure of EBIT as a percentage of sales.

Long-Term Growth Algorithm Remains Unchanged

U.S. Domestic

~80% of Clorox Sales
+2-4% annual growth

1.5 - 3.0 pts
company growth

International

~20% of Clorox Sales
+5-7% annual growth

1.0 - 1.5 pts
company growth

= +3 to +5pts
company
growth

Annual EBIT Margin Improvement: +25 to +50 bps

Annual Free Cash Flow: 10% to 12% of Sales

Focused on Long-Term Gross Margin Expansion



**Investing Behind
Cost Savings**



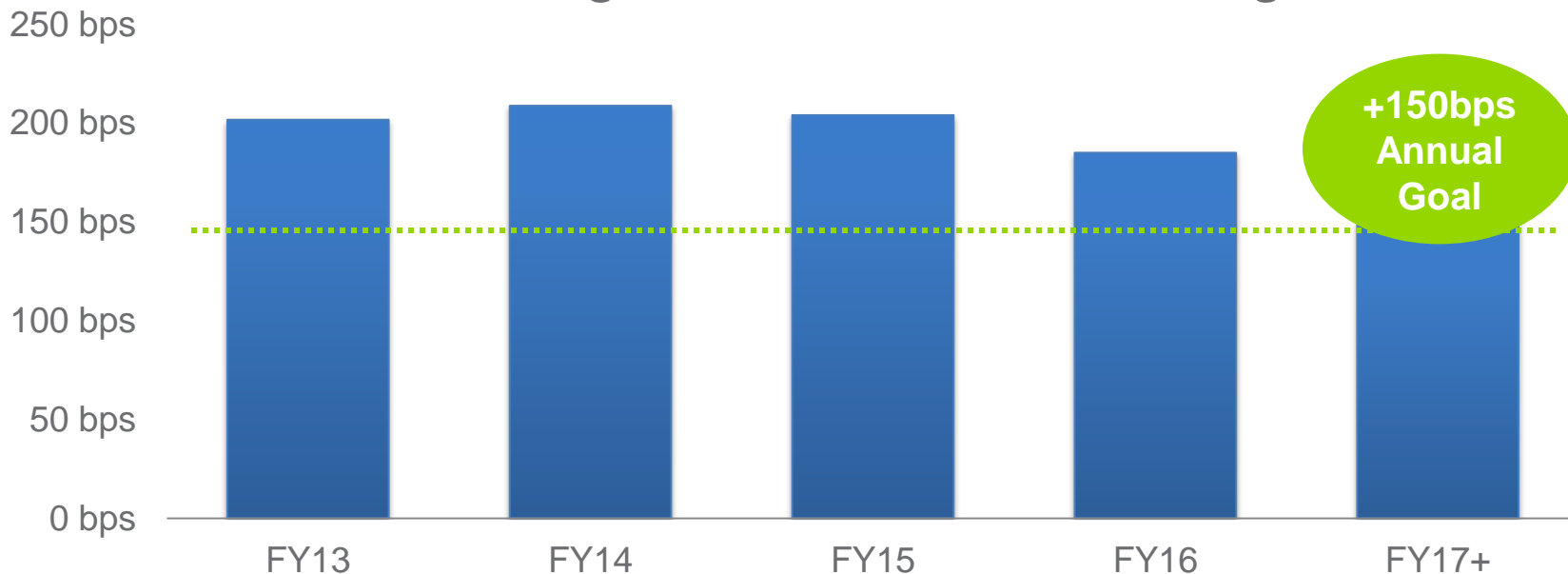
**Focus on
International
Profitability**



**Margin Accretive
Innovation
& Pricing**

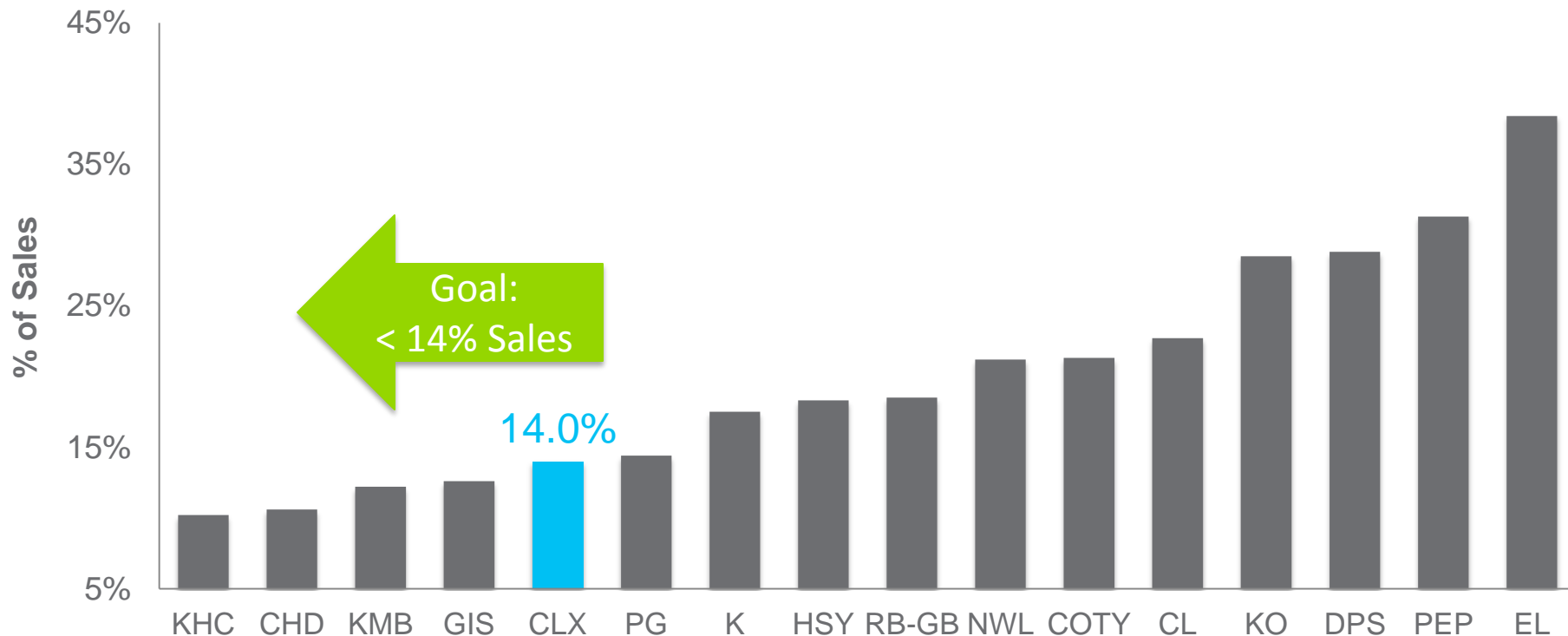
Cost Savings Continue to Deliver

EBIT Margin Benefit from Cost Savings



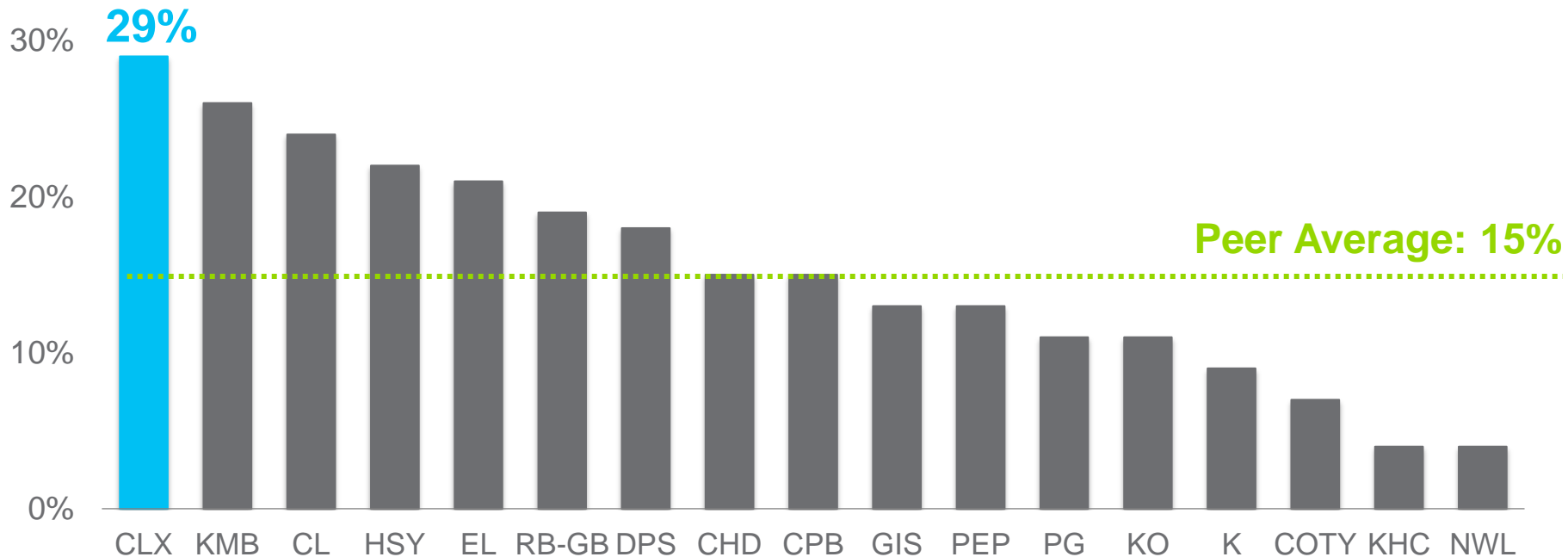
EBIT (a non-GAAP measure) represents earnings from continuing operations before income taxes (a GAAP measure), excluding interest income & interest expense. EBIT margin is a measure of EBIT as a percentage of sales. See reconciliation on our website (<https://investors.thecloroxcompany.com/investors/financial-information/quarterly-results/default.aspx>) and on slide 76 and 77

Opportunities Exist Within SG&A



SG&A % of Sales as of Latest Fiscal Year End
CLX as of June 30th, 2016

Top-Tier ROIC



Return on invested capital (ROIC), a non-GAAP measure, is calculated as earnings from continuing operations before income taxes and interest expense, computed on an after-tax basis as a percentage of average invested capital. Average invested capital represents a five quarter average of total assets less non-interest bearing liabilities. ROIC is a measure of how effectively the company allocates capital. Information on the Peer ROIC is based on publicly available Fiscal-end data (FactSet) as of 6/30/2016. See Slide 81 and 82 for reconciliation.

Strong Free Cash Flow

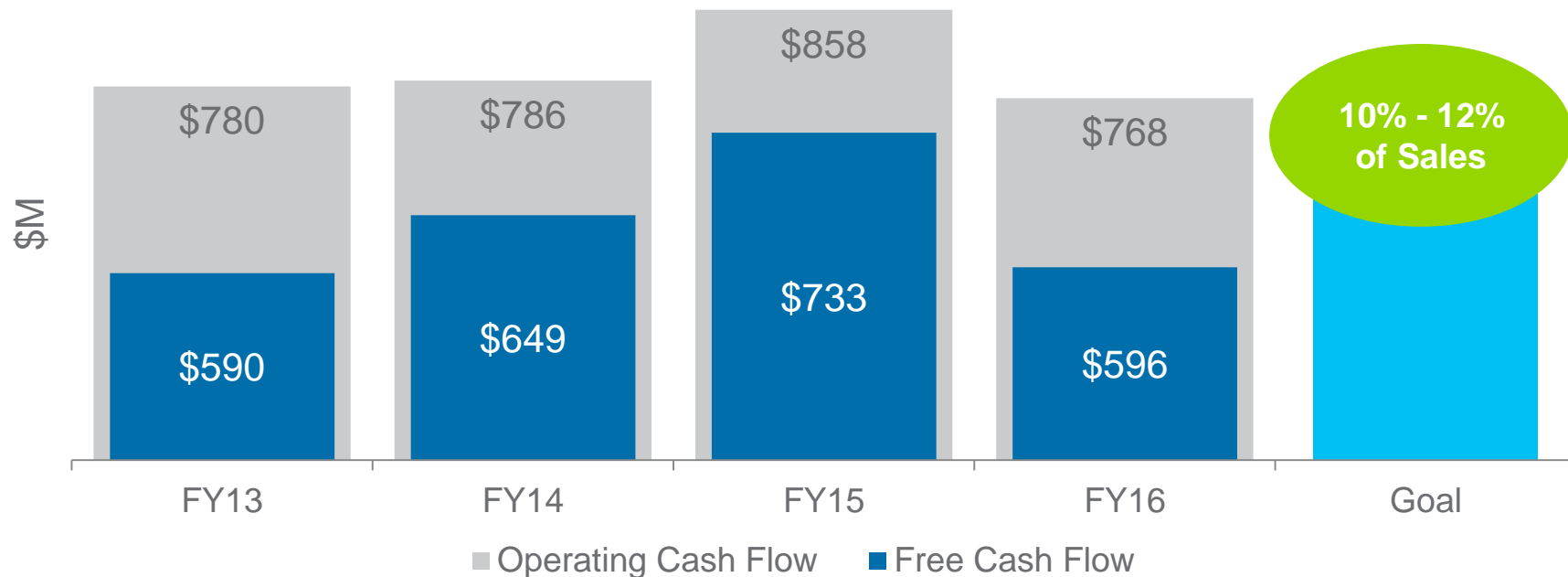
% of Sales

11%

12%

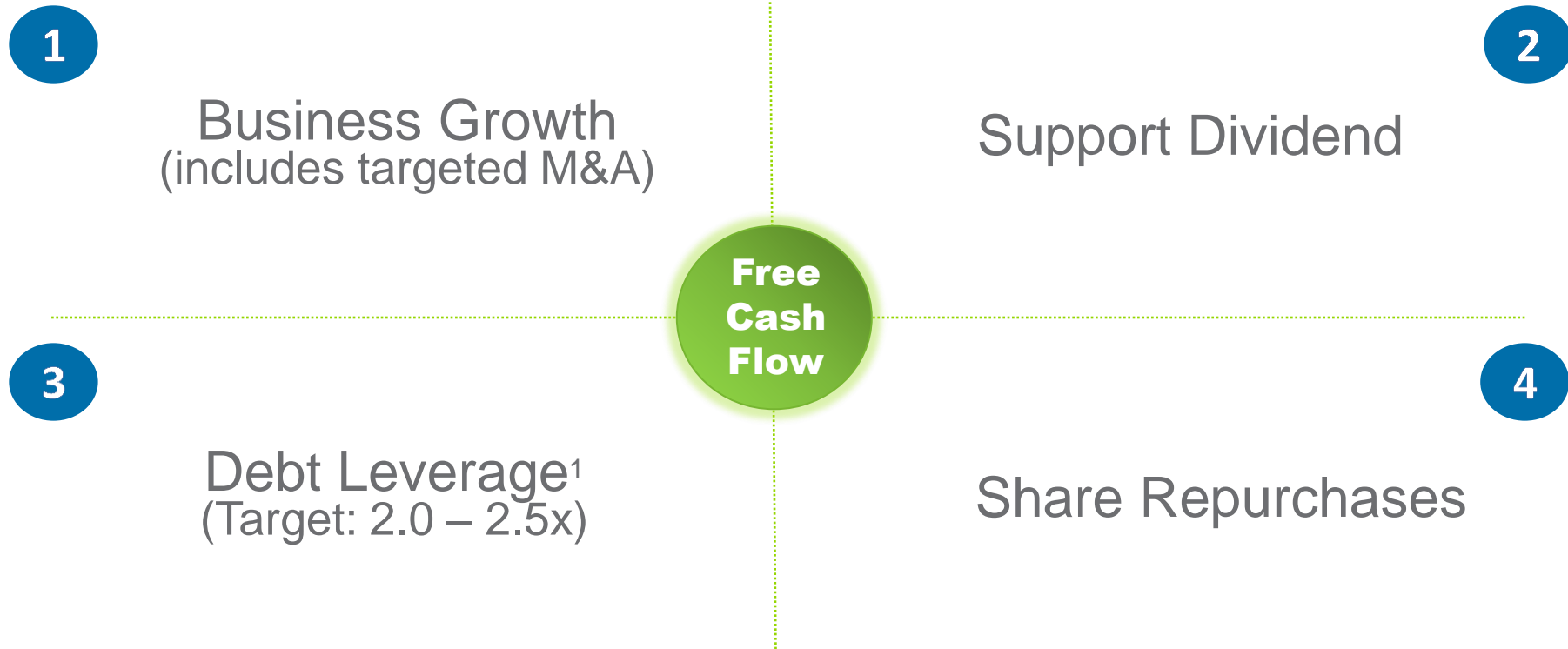
13%

10%



Free Cash Flow (a non-GAAP measure) represents Operating Cash Flow from Continuing Operations less Capital Expenditures. See reconciliation on our website (<https://investors.thecloroxcompany.com/investors/financial-information/quarterly-results/default.aspx>) and on slide 79

Use of Cash Priorities



1. Debt Leverage = Gross Debt / EBITDA

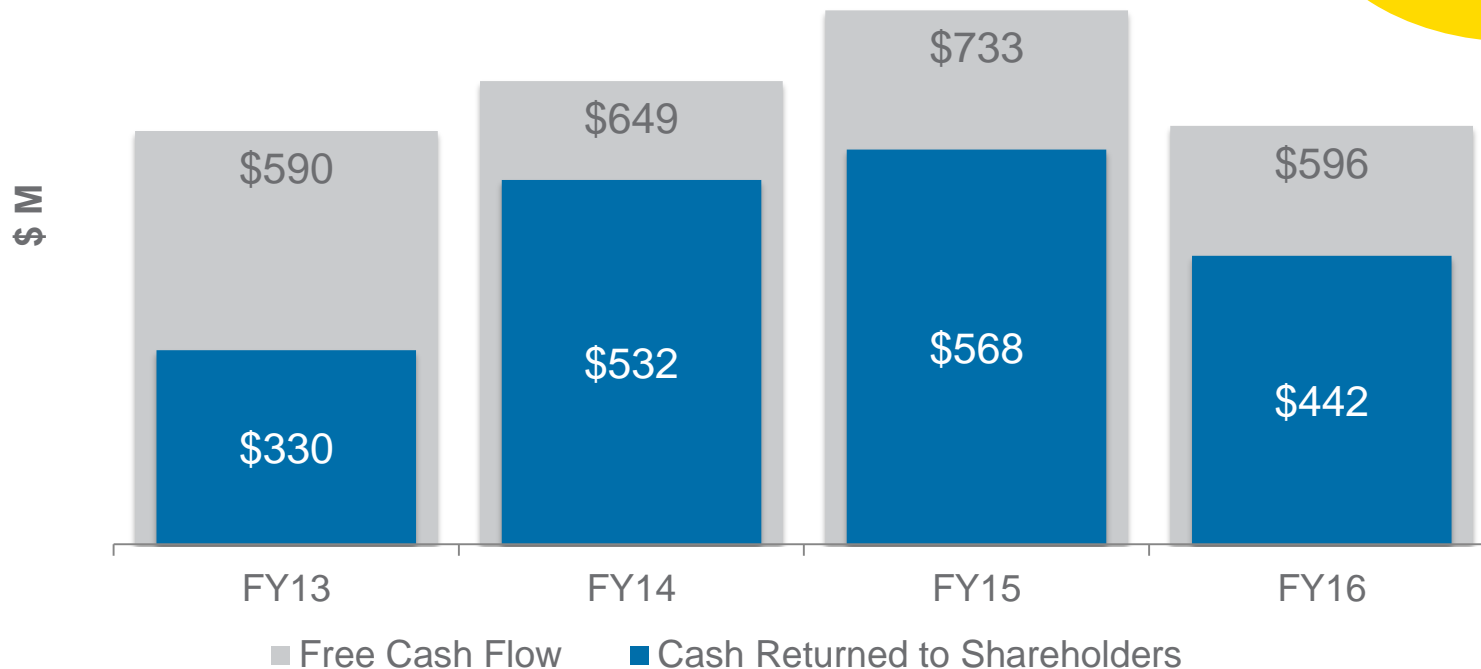
M&A Focus

- Target areas with tailwinds in categories, countries, and channels
 - Categories: Health & Wellness, Food Enhancers, and Natural Personal Care
 - Countries: US-centric, with possible International expansion
 - Channels: Current retail and professional markets
- Strong fit with Clorox strategy and capabilities
- Generally #1 (or strong #2) position in a defensible niche of a growing, sustainable category
- Accretive margin to the company average
- Balance Sheet flexibility
 - Gross Debt/EBITA is 2.1x (low end of targeted range of 2.0x to 2.5x)

Please note that this slide refers to general goals for Clorox's M&A focus – each element of focus may not be relevant or applicable to each potential M&A transaction.

Nearly \$2B Returned to Shareholders in the Last 4 Years

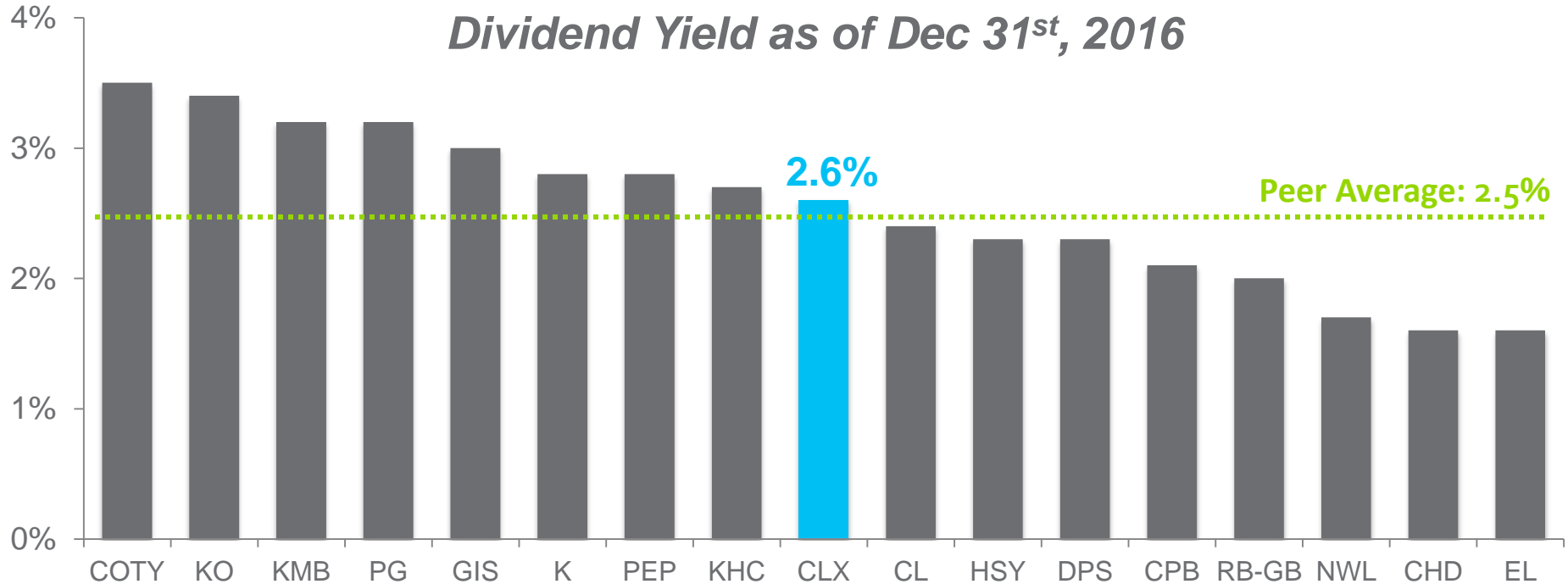
**FY16
Dividend
Payout Ratio
= 61%**



Free Cash Flow (a non-GAAP measure) represents Operating Cash Flow from Continuing Operations less Capital Expenditures. See reconciliation on our website (<https://investors.thecloroxcompany.com/investors/financial-information/quarterly-results/default.aspx>) and on slide 79

Healthy Dividend Growth...

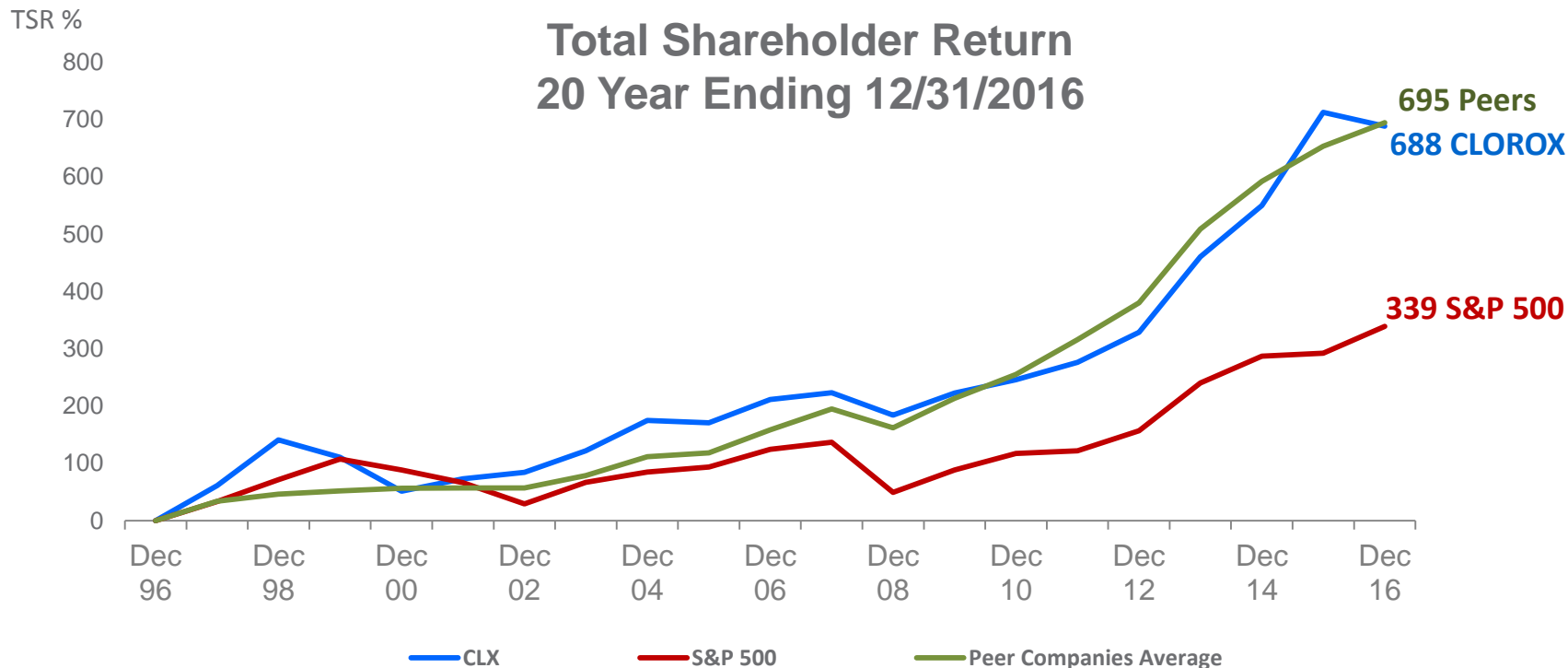
Dividends Have Increased Each Year Since 1977



Long-Term Investment Case Remains Solid

- Investing behind leading brands to grow categories and share
 - 3%+ annual growth from innovation
 - Advertising projected at about 10% of Sales in FY17
- Margin improvement opportunities continue to exist
 - Strong cost savings track record
 - Driving SG&A to below 14% of sales
- Strong cash flow generation
 - Goal to generate Free Cash Flow of 10-12% of sales
 - +4% dividend increase in 2016

Strong Shareholder Return



Peers consist of 13 companies: CPB, KMB, K, RB-GB, KO, GIS, NWL, EL, PEP, CHD, CL, PG and HSY

Areas We Are Watching

- Challenging global macroeconomic environment
- Commodity costs are expected to continue to firm up
- Potential for tax reform

Key Messages

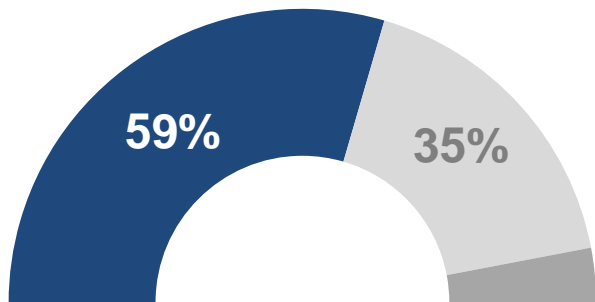
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Appendix

Advantaged Portfolio

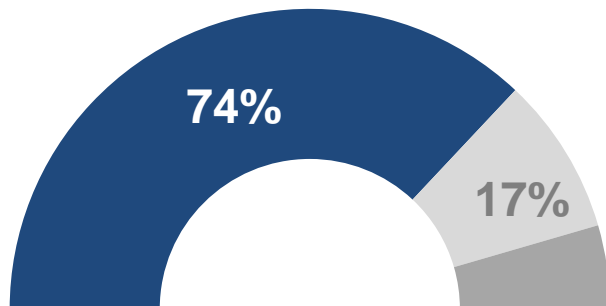
Strong Position in Categories with Private Label Exposure

Bleach



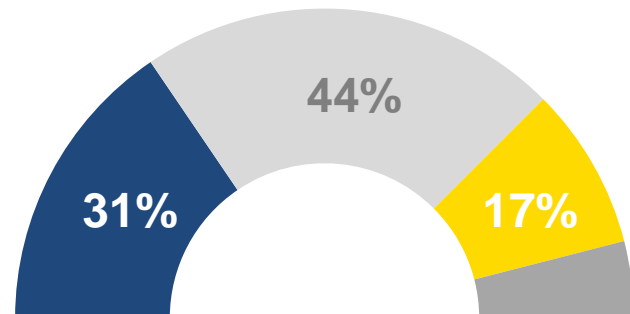
■ Clorox ■ Private Label ■ Other

Charcoal



■ Kingsford ■ Private Label ■ Other

Trash Bags



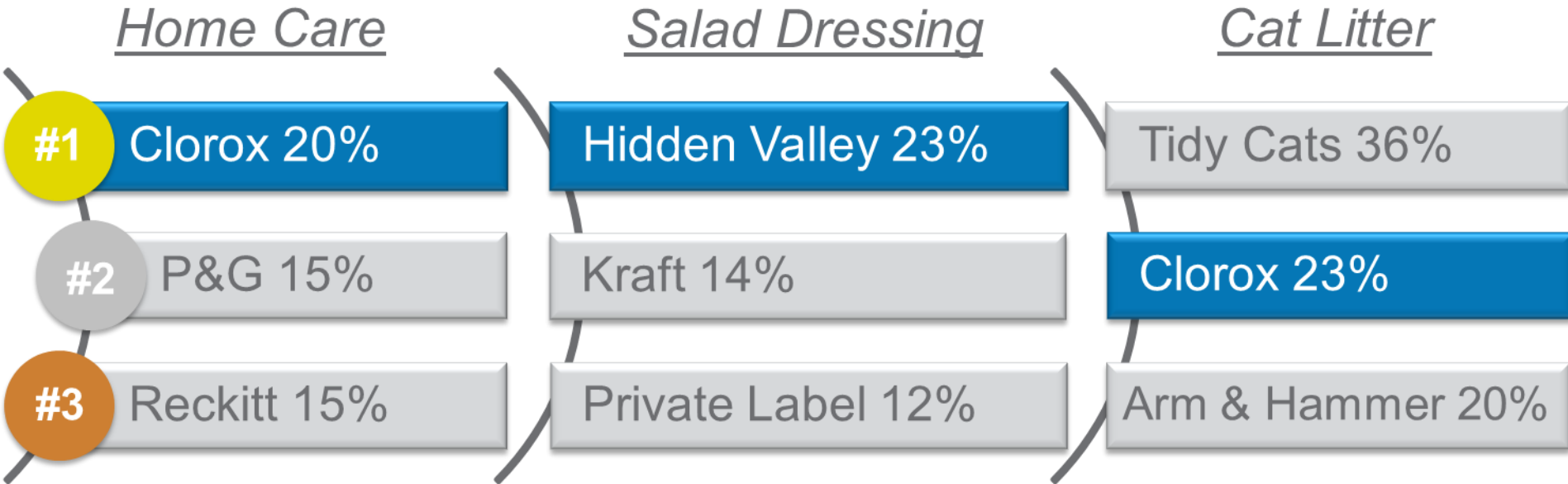
■ Glad ■ Private Label ■ Hefty ■ Other

Note: Sales from above business units represent approx. 35% of portfolio

Source: \$ Market Share IRI MULOP 52 weeks ending 12/18/16

Advantaged Portfolio

#1 or #2 Market Share in Competitive Categories



Note: Sales from above business units represent approx. 33% of portfolio

Source: \$ Market Share IRI MULOP 52 weeks ending 12/18/16

Corporate Responsibility at Clorox

Planet | Shrinking our environmental footprint while growing our business.

Operational Footprint Reduction
(CY 2015 vs CY 2011 per case of product sold)



GOALS
↓ 20%
BY 2020



↓ 17%
Greenhouse Gas Emissions ◆



↓ 14%
Energy Consumption ◆



↓ 14%
Water Consumption ◆



↓ 25%
Solid Waste to Landfill

Clorox Engagement Exceeds Global Benchmarks

People

Engaging our people as business owners and promoting diversity, opportunity and respectful treatment.



87%

Employee Engagement

(vs. 79% Benchmark)¹



0.61

Recordable Incident Rate

(vs. World-Class Level <1.0)²

25%

Ethnic Minorities Among U.S. Nonproduction Managers

(vs. 22% U.S. Census Bureau)³

31%

Ethnic Minorities Among U.S. Nonproduction Employees

(vs. 28% U.S. Census Bureau)³

49%

Global Female Nonproduction Employees

41%

Global Female Nonproduction Managers

30%

Female Independent Board Members

(vs. 20% Fortune 500 Average)⁴

31%

Female Executive Committee Members

Key Credit Metrics

\$ in B	FY13	FY14	FY15	FY16
EBITDA	\$1.2	\$1.1	\$1.2	\$1.2
Total Debt / EBITDA	2.1x	2.0x	1.8x	1.9x
EBITDA Interest Coverage	9.5x	11.3x	11.9x	14.0x
EBIT / Interest	8.0x	9.6x	10.2x	12.1x
Free Cash Flow / Debt	25%	28%	33%	26%
FCF after Dividends / Debt	10%	12%	16%	9%
FCF as % of sales	10%	12%	13%	10%
FCF after Dividends as % of Sales	4%	5%	6%	3%
Long Term Credit Ratings	BBB+ /Baa1	BBB+/Baa1	BBB+/Baa1	A- / Baa1
CP Ratings	A-2/P-2	A-2/P-2	A-2/P-2	A-2/P-2

Note: EBIT, EBITDA, FCF are Non-GAAP measures with reconciliations available on slides 76-80

Currency Neutral Net Sales Reconciliation

	Q2 FYTD Fiscal 2017	Q2 FYTD Fiscal 2016	FY Fiscal 2016	FY Fiscal 2015	FY Fiscal 2014
Total Net Sales Growth – GAAP	4.2%	1.4%	1.9%	2.6%	-0.3%
Less: Foreign exchange	<u>-1.9%</u>	<u>-2.8%</u>	<u>-2.7%</u>	<u>-2.1%</u>	<u>-2.0%</u>
Currency-Neutral Net Sales Growth - Non-GAAP⁽¹⁾	<u>6.1%</u>	<u>4.2%</u>	<u>4.6%</u>	<u>4.7%</u>	<u>1.7%</u>

(1) Currency-neutral net sales growth represents GAAP net sales growth excluding the impact of the change in foreign currency exchange rates, and is calculated by re-measuring the current period new sales using the comparable prior year's exchange rates.

Gross Margin Reconciliation

Driver	Gross Margin Change vs. Prior Year (basis points)						
	FY16					FY17	
	Q1	Q2	Q3	Q4	FY	Q1	Q2
Cost Savings	+140	+130	+120	+110	+130	+140	+140
Price Changes	+110	+110	+100	+60	+90	+70	+70
Market Movement (commodities)	+100	+180	+180	+90	+140	+90	+10
Manufacturing & Logistics	-120	-150	-150	-120	-140	-220	-210
All other ⁽¹⁾	-10	-60	-40	-160	-70	-140	0
Change vs prior year	+220	+210	+210	-20	+150	-60	+10

<i>Gross Margin (%)</i>	45.0%	44.6%	45.3%	45.4%	45.1%	44.4%	44.7%
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(1) In Q4 of fiscal year 2016, "All other" includes about -60bps of unfavorable mix, -50bps related to acquisition of the RenewLife business in May 2016 primarily due to one-time integration costs, and -40bps of higher trade promotion spending.

In Q1 of fiscal year 2017, "All other" includes about -60bps of unfavorable mix and -50bps of unfavorable foreign exchange impact.

In Q2 of fiscal year 2017, "All other" includes +60bps related to volume gains, offset by -30bps of unfavorable mix and -30bps of higher trade promotion spending.

Reportable Segments (unaudited)

Dollars in Millions

	Net sales		
	Three Months Ended		
	12/31/2016	12/31/2015	% Change ⁽¹⁾
Cleaning	\$ 469	\$ 457	3%
Household	421	375	12%
Lifestyle	260	251	4%
International	256	262	-2%
Corporate	-	-	0%
Total	<u>\$ 1,406</u>	<u>\$ 1,345</u>	<u>5%</u>

	Net sales		
	Six Months Ended		
	12/31/2016	12/31/2015	% Change ⁽¹⁾
Cleaning	\$ 1,003	\$ 954	5%
Household	843	786	7%
Lifestyle	496	482	3%
International	507	513	-1%
Corporate	-	-	0%
Total	<u>\$ 2,849</u>	<u>\$ 2,735</u>	<u>4%</u>

	Earnings (losses) from continuing operations before income taxes		
	Three Months Ended		
	12/31/2016	12/31/2015	% Change ⁽¹⁾
	\$ 104	\$ 123	-15%
	71	67	6%
	77	72	7%
	28	22	27%
	(53)	(54)	-2%
Total	<u>\$ 227</u>	<u>\$ 230</u>	<u>-1%</u>

	Earnings (losses) from continuing operations before income taxes		
	Six Months Ended		
	12/31/2016	12/31/2015	% Change ⁽¹⁾
	\$ 268	\$ 272	-1%
	140	149	-6%
	139	131	6%
	55	54	2%
	(111)	(112)	-1%
Total	<u>\$ 491</u>	<u>\$ 494</u>	<u>-1%</u>

(1) Percentages based on rounded numbers.

EBIT and EBITDA (unaudited)

Dollars in Millions

	FY 2016					FY 2017	
	Q1 9/30/15	Q2 12/31/15	Q3 3/31/16	Q4 6/30/16	FY 6/30/16	Q1 9/30/16	Q2 12/31/16
Earnings from continuing operations before income taxes	\$264	\$230	\$237	\$252	\$983	\$264	\$227
Interest income	-\$1	-\$2	-\$1	-\$1	-\$5	-\$1	-\$1
Interest expense	\$23	\$22	\$22	\$21	\$88	\$22	\$22
EBIT ⁽¹⁾⁽³⁾	\$286	\$250	\$258	\$272	\$1,066	\$285	\$248
<i>EBIT margin ⁽¹⁾⁽³⁾</i>	20.6%	18.6%	18.1%	17.0%	18.5%	19.8%	17.6%
Depreciation and amortization	\$41	\$41	\$40	\$43	\$165	\$41	\$41
EBITDA ⁽²⁾⁽³⁾	\$327	\$291	\$298	\$315	\$1,231	\$326	\$289
<i>EBITDA margin ⁽²⁾⁽³⁾</i>	23.5%	21.6%	20.9%	19.7%	21.4%	22.6%	20.6%
Net sales	\$1,390	\$1,345	\$1,426	\$ 1,600	\$ 5,761	\$1,443	\$1,406
Total debt ⁽⁴⁾	\$2,218	\$2,287	\$2,219	\$2,312	\$2,312	\$2,407	\$2,549
Debt to EBITDA ⁽³⁾⁽⁵⁾	1.8	1.8	1.8	1.9	1.9	2.0	2.1

EBIT and EBITDA (unaudited)

Dollars in Millions

	FY 2013	FY 2014	FY 2015	FY 2016
	FY	FY	FY	FY
	6/30/13	6/30/14	6/30/15	6/30/16
Earnings from continuing operations before income taxes	\$852	\$884	\$921	\$ 983
Interest income	-\$3	-\$3	-\$4	-\$5
Interest expense	\$122	\$103	\$100	\$88
EBIT ⁽¹⁾⁽³⁾	\$971	\$984	\$1,017	\$1,066
<i>EBIT margin ⁽¹⁾⁽³⁾</i>	17.5%	17.8%	18.0%	18.5%
Depreciation and amortization	\$180	\$177	\$169	\$165
EBITDA ⁽²⁾⁽³⁾	\$1,151	\$1,161	\$1,186	\$1,231
<i>EBITDA margin ⁽²⁾⁽³⁾</i>	20.8%	21.1%	21.0%	21.4%
Net sales	\$5,533	\$5,514	\$5,655	\$ 5,761
Total debt ⁽⁴⁾	\$2,372	\$2,313	\$2,191	\$2,320
Debt to EBITDA ⁽³⁾⁽⁵⁾	2.1	2.0	1.8	1.9
EBITDA interest Coverage	9.4	11.3	11.9	14.0
EBIT / Interest	8.0	9.6	10.2	12.1

EBIT and EBITDA (unaudited)

- (1) EBIT (a non-GAAP measure) represents earnings from continuing operations before income taxes (a GAAP measure), excluding interest income and interest expense, as reported above. EBIT margin is the ratio of EBIT to net sales.
- (2) EBITDA (a non-GAAP measure) represents earnings from continuing operations before income taxes (a GAAP measure), excluding interest income, interest expense, depreciation and amortization, as reported above. EBITDA margin is the ratio of EBITDA to net sales.
- (3) In accordance with the SEC's Regulation G, this schedule provides the definition of certain non-GAAP measures and the reconciliation to the most closely related GAAP measure. Management believes the presentation of EBIT, EBIT margin, EBITDA, EBITDA margin and debt to EBITDA provides additional useful information to investors about current trends in the business.
- (4) Total debt represents the sum of notes and loans payable, current maturities of long-term debt, and long-term debt.
- (5) Debt to EBITDA (a non-GAAP measure) represents total debt divided by EBITDA for the trailing four quarters.

Free Cash Flow (FCF) Reconciliation

Dollars in Millions

	Fiscal Year 2016	Fiscal Year 2015	Fiscal Year 2014	Fiscal Year 2013
Net cash provided by continuing operations – GAAP	\$768	\$858	\$786	\$780
Less: Capital expenditures	\$172	\$125	\$137	\$190
Free cash flow – non-GAAP ⁽¹⁾	\$596	\$733	\$649	\$590

(1) In accordance with the SEC's Regulation G, this schedule provides the definition of certain non-GAAP measures and the reconciliation to the most closely related GAAP measure. Management uses free cash flow and free cash flow as a percent of sales to help assess the cash generation ability of the business and funds available for investing activities, such as acquisitions, investing in the business to drive growth, and financing activities, including debt payments, dividend payments and share repurchases. Free cash flow does not represent cash available only for discretionary expenditures, since the Company has mandatory debt service requirements and other contractual and non-discretionary expenditures. In addition, free cash flow may not be the same as similar measures provided by other companies due to potential differences in methods of calculation and items being excluded.

Free Cash Flow (FCF) Reconciliation

Dollars in Millions

	Fiscal Year 2016	Fiscal Year 2015	Fiscal Year 2014	Fiscal Year 2013
Free cash flow	\$596	\$733	\$649	\$590
Less : Dividends	\$398	\$391	\$374	\$348
Free cash flow after dividends	\$198	\$342	\$275	\$242
Total Debt	\$2,320	\$2,191	\$2,313	\$2,372
Net Sales	\$5,761	\$5,655	\$5,514	\$5,533
Free cash flow / Debt	26%	33%	28%	25%
Free cash flow after dividends / Debt	9%	16%	12%	10%
Free cash flow as % of sales	10%	13%	12%	11%
Free cash flow after dividends as % of sales	3%	6%	5%	4%

Note: In accordance with the SEC's Regulation G, this schedule provides the definition of certain non-GAAP measures and the reconciliation to the most closely related GAAP measure. Management uses free cash flow and free cash flow as a percent of sales to help assess the cash generation ability of the business and funds available for investing activities, such as acquisitions, investing in the business to drive growth, and financing activities, including debt payments, dividend payments and share repurchases. Free cash flow does not represent cash available only for discretionary expenditures, since the Company has mandatory debt service requirements and other contractual and non-discretionary expenditures. In addition, free cash flow may not be the same as similar measures provided by other companies due to potential differences in methods of calculation and items being excluded.

Return on Invested Capital (ROIC) Reconciliation

Dollars in millions and all calculations based on rounded numbers

	<u>FY16</u>
Earnings from continuing operations before income taxes	\$ 983
Interest expense	<u>88</u>
Earnings from continuing operations before income taxes and interest expense	\$ 1,071
Income taxes on earnings from continuing operations before income taxes and interest expense ⁽²⁾	<u>\$ (365)</u>
Adjusted after-tax profit	\$ 706
Average invested capital ⁽³⁾	\$ 2,457
Return on invested capital ⁽¹⁾	<u>29%</u>

- (1) In accordance with SEC's Regulation G, this schedule provides the definition of a non-GAAP measure and the reconciliation to the most closely related GAAP measure. Return on invested capital (ROIC), a non-GAAP measure, is calculated as earnings from continuing operations before income taxes and interest expense, computed on an after-tax basis as a percentage of average invested capital. Management believes ROIC provides additional information to investors about current trends in the business. ROIC is a measure of how effectively the company allocates capital.
- (2) The tax rate applied is the effective tax rate on continuing operations, which was 34.1%.
- (3) Average invested capital represents a five quarter average of total assets less non-interest bearing liabilities.

Return on Invested Capital (ROIC) Reconciliation

Dollars in millions and all calculations based on rounded numbers

(Amounts shown below are five quarter averages)

	FY16
Total assets	\$ 4,247
Less: non-interest bearing liabilities	(1,790)
Average invested capital	\$ 2,457