THE CLOROX COMPANY

FY17 Q4 Investor Deck

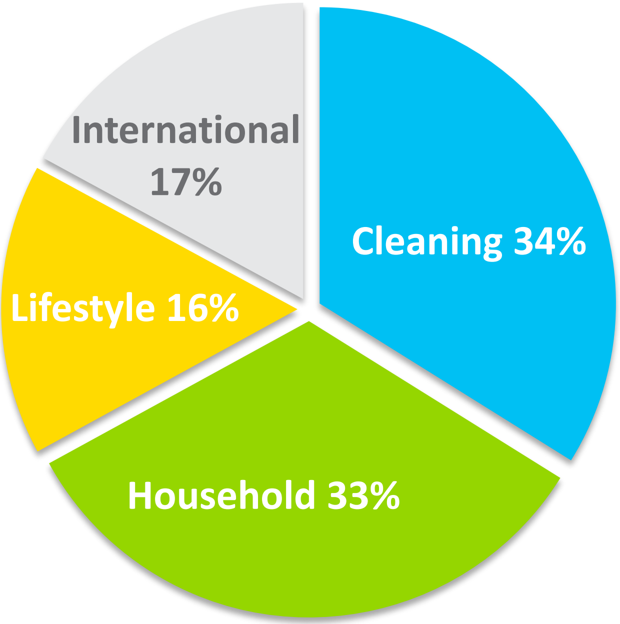
Safe Harbor

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, earnings per share, diluted earnings per share, margins, 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; volatility and increases in commodity, energy and other costs; dependence on key customers; information technology security breaches or cyber attacks; government regulations; political, legal and tax risks; 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; risks relating to acquisitions, new ventures and divestitures; the success of the Company's business strategies and products; supply disruptions; 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.

Advantaged Portfolio
Over 80% of Sales From #1 or #2 Share Brands

FY17 Company Sales: $6.0B



International : 17%

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

Lifestyle : 16%

Hidden Valley	9%
Burt's Bees	4%
Brita	3%

Cleaning : 34%

Pine-Sol	Home Care	19%
Clorox	Laundry	9%
Clorox Commercial Solutions	Professional	6%

Household : 33%

Glad	14%
Kingsford	10%
Fresh Step	7%
RenewLife	2%

Advantaged Portfolio: #1 or #2 Market Share

Compete Well in Categories with Branded Players

	Home Care	Salad Dressing	Cat Litter
#1	Clorox 20%	Hidden Valley 23%	Nestle 36%
#2	P&G 15%	Kraft 13%	Clorox 23%
#3	Reckitt 14%	Private Label 12%	Church & Dwight 20%

Sales from select business units represent approx. **35%** of portfolio
Source: $ Market Share IRI MULOP 52 weeks ending 06/18/17

Advantaged Portfolio: #1 or #2 Market Share

Compete Well in Categories with Private Label

Charcoal

- #1 Kingsford 74%
- #2 Private Label 17%
- #3 All Other 9%

Bleach

- #1 Clorox 60%
- #2 Private Label 35%
- #3 All Other 5%

Trash Bags

- #1 Private Label 45%
- #2 Glad* 30%
- #3 Reynolds 17%

***Glad >50% Share of Premium Trash**

Sales from select business units represent approx. **33%** of portfolio

Source: $ Market Share IRI MULOP 52 weeks ending 06/18/17

Advantaged Portfolio
Supported by Consumer Megatrends

MEGA TRENDS

Health & Wellness

Sustainability

Fragmentation

Affordability

Advantaged Portfolio
Driving Significant Synergies

COMMON CORE CAPABILITIES

Brand Building	Customer	Supply Chain

COMMON MEGA TRENDS

Big Share Brands ● Low SG&A* (% of Sales) ● Top-tier ROIC ● Strong Cash Flows

*As of June 30, 2017, Clorox's S&A/Sales was ~14% vs. peer average of 19% . 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 (Reckitt-Benckiser). Peer group consists of CHD, CL, PG, NWL, CPB, GIS, HSY, K, KHC, DPS, KO, PEP, COTY, EL, KMB, RB-GB.

2020 Strategy

Mission

- We make everyday life better, every day

Objectives

- Maximize economic profit across categories, channels, and countries
- 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, channels, and existing countries
- Reduce waste in work, products, and supply chain to fund growth

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

Strong Progress Across Strategy Accelerators

3D Technology Transformation

New, Digital-Led Agencies

3D Innovation

Cutting Speed to Market by up to 50%

Portfolio Momentum

Investing in Growth Brands

Growth Culture

FY17 Record-High Engagement

Increased Investments in Profitable Growth

Focus on Core

Increased Demand Investment

Investments in Innovation

Leading Through Strategic Change in CPG

Digital Revolution

Consumer Focus on Value

Challenging Retail Environment

International Macro Headwinds

Focus on Portfolio Momentum

Portfolio
Momentum

Portfolio Segmentation

1 Point of Household Penetration = $50M+ Sales

Opportunity by Segment

Cleaning Segment	Household Segment	Lifestyle Segment
		
$22M	$20M	$10M

*Dollar Opportunity of 1pt of HH Pen based on 1 purchase per year
Source: IRI Panel Data, Total U.S. All Outlets, NBD Weighted

New Usage Occasions → 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

Growth With New Faces, Spaces & Places

Drive Trial & Awareness on Core

Expand into Adjacencies

International Expansion

Growth With New Faces, Spaces & Places

Targeted Demand Spend	Drive New Usage Occasions	Expand Retail Distribution

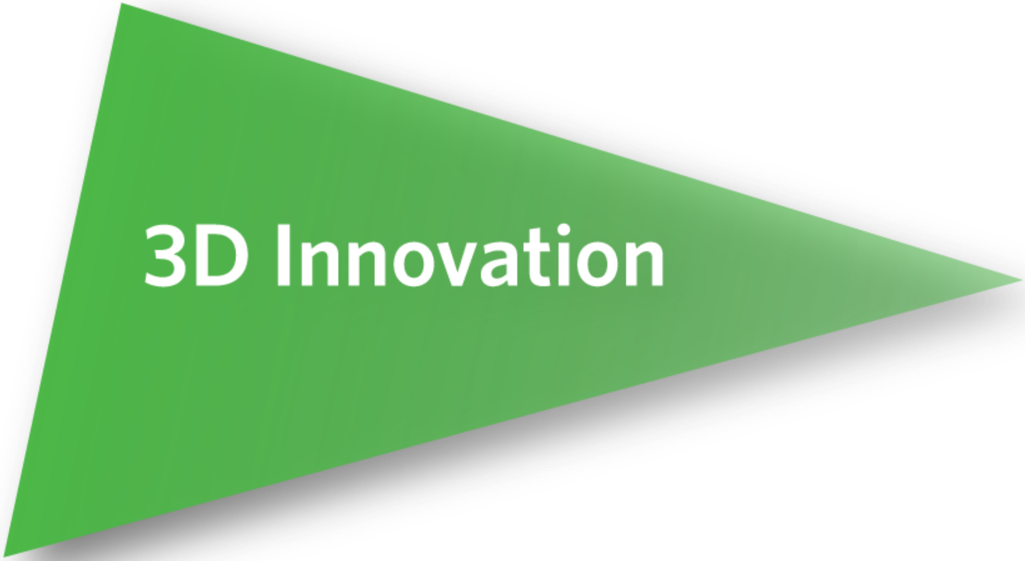
Margin Enhancement Through Operational Excellence

RenewLife®: Strong First Year

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

RenewLife®

Focus on 3D Innovation



Broad-Based Approach to Innovation

KEEP THE CORE HEALTHY

Product & Marketing

GROW MARKET SHARE

Product Superiority

EXPAND MARGIN

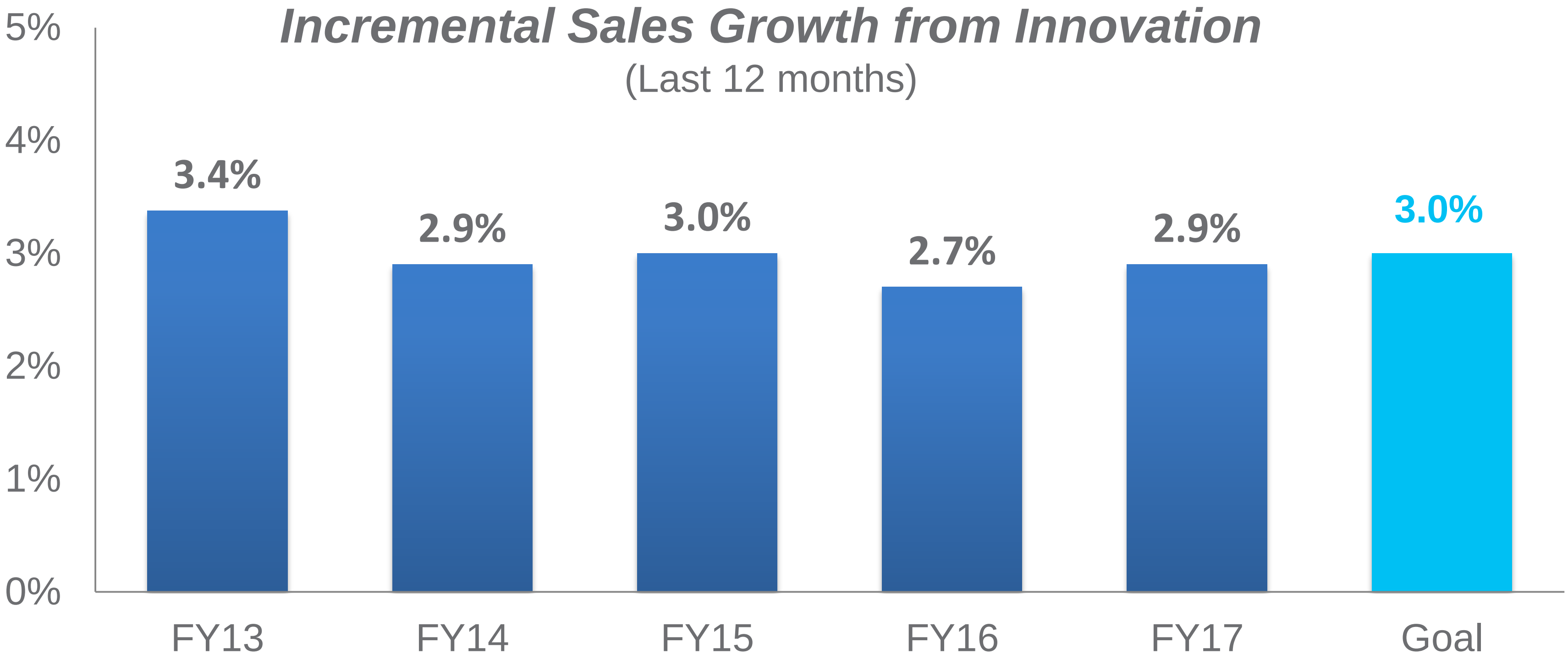
Cost-o-vation*

ACCELERATE GROWTH

New Product Platforms & Adjacency Expansion

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

Innovation is Delivering Growth



Source: Clorox Internal

2017 Innovation:
Broad-Based Across the Portfolio

Glad Kitchen Pro with Leakguard

Scentiva Cleaning Platform

Clorox Healthcare Fuzion

Lip Balm with Flavor Crystals

Fresh Step with Febreze Hawaiian Aloha

Brita Stream

Hidden Valley Simply Ranch

Long-Burning Charcoal

Generating Long-Term Value from Innovation

Increased Demand Investment

Optimize the 3Ds

Internal 3-Year Metric

3-Year Metric to Improve Innovation "Stickiness"

Internal 3-Year Metric

- Increase year 2 & 3 spending on successful innovation
- Leverage platforms to allow for "Blockbuster" introductions, followed by "Sequels"
- More "Adjust & Nurture" post-launch for slower building innovations

Blockbuster & Sequels
Differentiated Technology Provides Staying Power

Faster Time to Market

Goal: ***Reduce time to market by 50%***

- Accelerate decision making
- Right-sized testing plans
- Faster, more efficient development process

Improving Value via Consumer Value Measure (CVM)

	FY15 & Prior	*FY16 & Beyond*
Product Experience	☑ 60/40 Testing	☑ 60/40 Testing
Perception		☑ Brand Equity
Price		☑ Price

→ Total Consumer Value

Consumer Value Measure

$$\left(\frac{\text{Product Experience x Perception}}{\text{Price}} \right) = \boxed{\text{Total Consumer Value}}$$

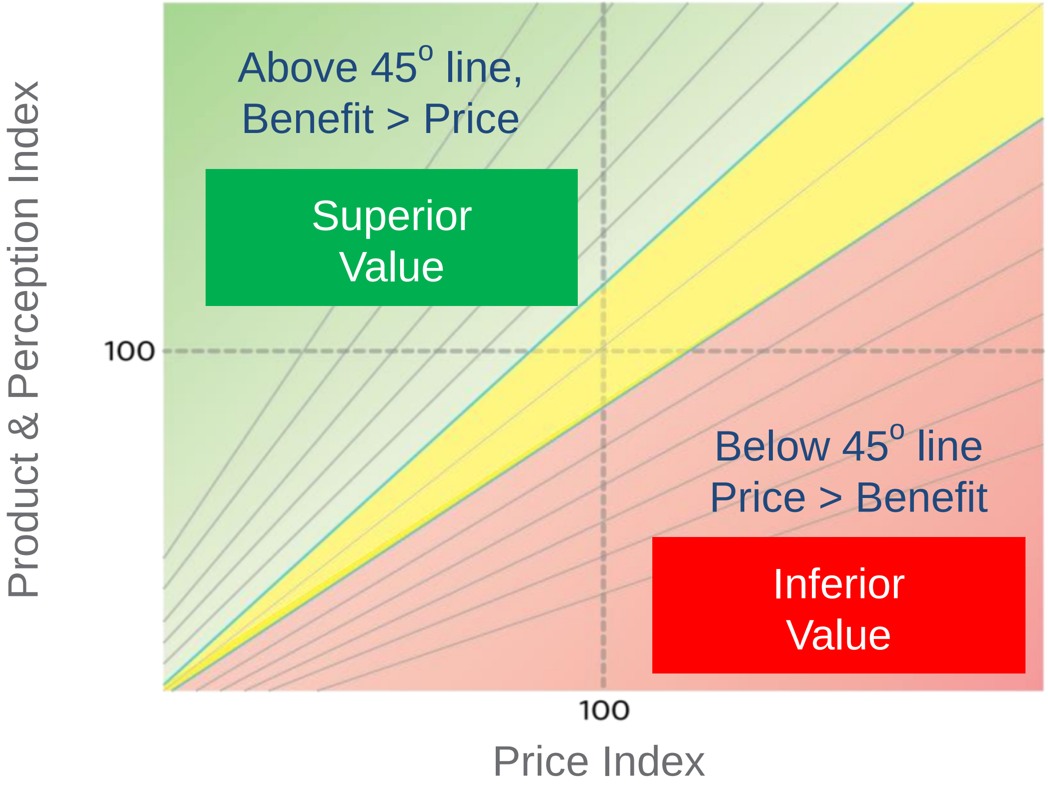
- Proprietary real-time data
- Correlates to change in market share
- Captures all value drivers

Superior Value

Parity Value

Inferior Value

CVM: How Do We Use It?



Category Average

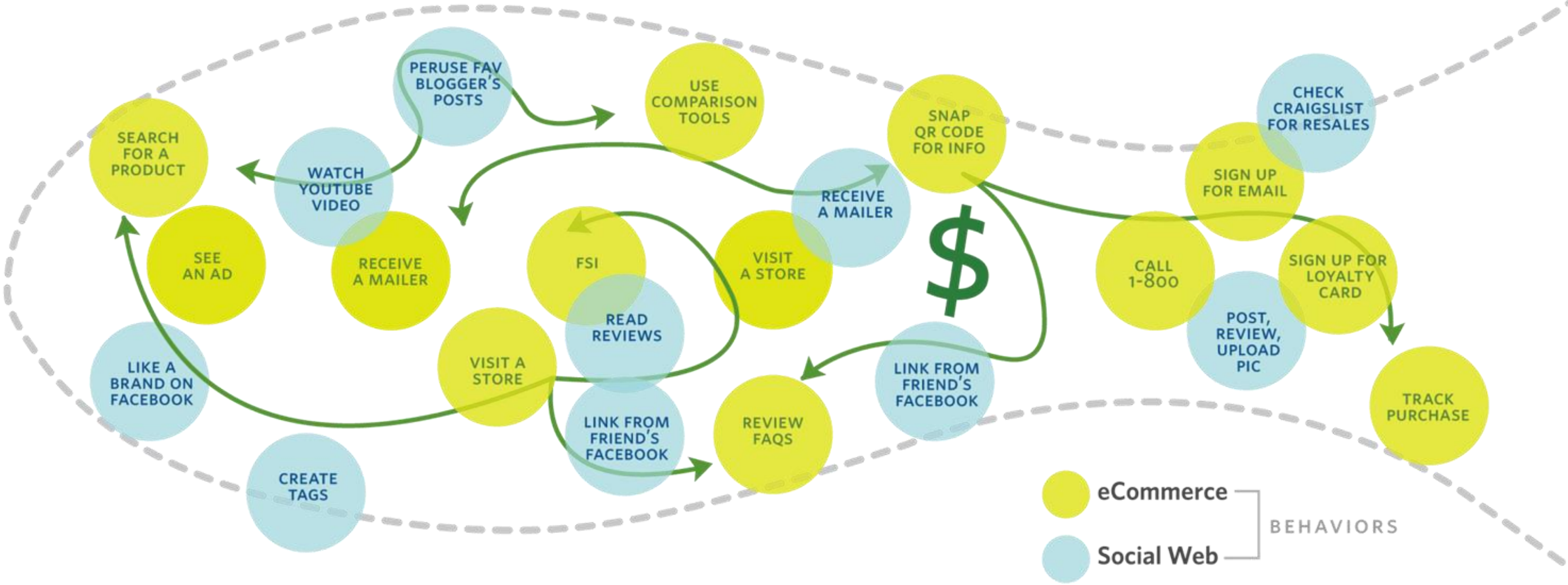
$$\left(\frac{\text{Product x Perception}}{\text{Price}}\right)$$

Based on Marn, Roegner, Zawada (McKinsey) pricing work published in "The Pricing Advantage" (April 2004)

Focus on 3D Technology Transformation

3D Technology Transformation

Technology Reshapes Consumer Journeys



Leading the Industry in Digital Consumer Engagement

Driving Consumer Engagement

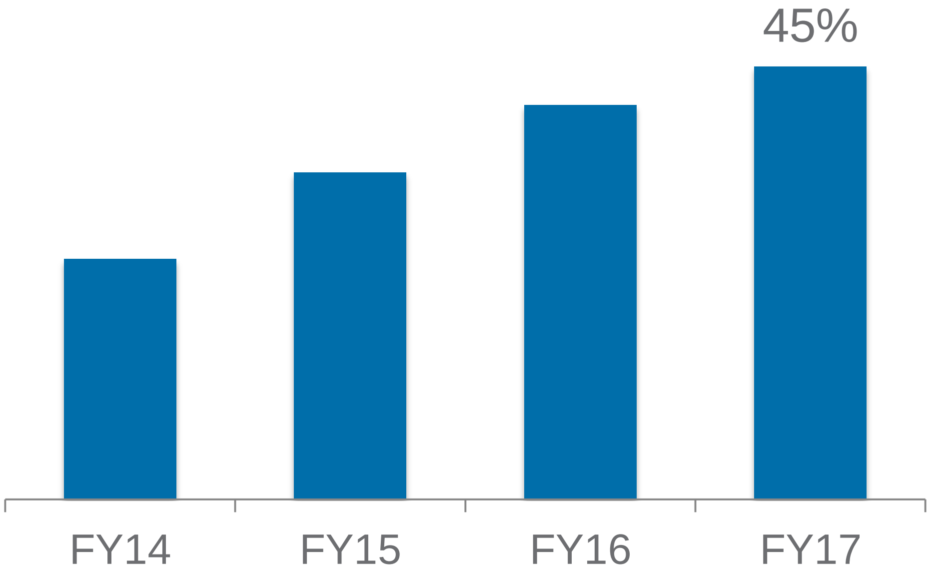
More Targeted

More Personal

More Real-Time

Accelerating Investments in Digital Media

Clorox invested ~45% of our media in digital



Source: Clorox Internal

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Technology Enables One-to-One Communication

Hidden Valley
RECIPES

Right Message,

Right Context,

Right Medium

Digital Improves ROI

Enhanced Targeting

More Personalized

More Real-Time Across Channels

We Leverage our Location for Innovative Partnerships

Google | ORACLE MARKETING CLOUD | facebook | BuzzFeed | MAGNETIC
bluekai | datalogix | twitter | MOAT | millennialmedia
STAPLES Advantage | amazon.com | Walmart.com | TubeMogul | VERVE
TARGET | Aol. THE HUFFINGTON POST | Integral Ad Science | CONVERSANT

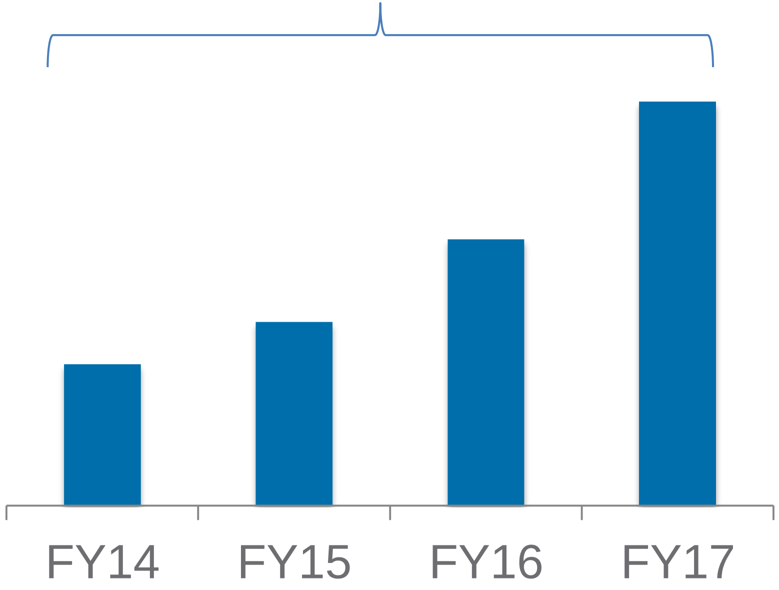
Strong Momentum in eCommerce

Walmart

amazon.com

STAPLES Advantage

Sales more than doubled
(FY17 vs FY14)



Source: Clorox Internal

eCommerce-Enabled Innovation

amazon.com

eCommerce-Enabled Innovation

amazon.com

BRITA

Infinity Pitcher

Focus on Growth Culture

Strong Organizational Culture is a Solid Foundation

Strong Values

People Centric

Operational Excellence

Winning the Right Way

#12

CR's 100 Best Corporate Citizens 2017

UN Global Compact

United Nations Global Compact

Newsweek Green Rankings 2016

Safer Choice U.S. EPA Partner of the Year 2017

Human Rights Campaign Foundation

2017 Best Places to Work for LGBT Equality

100% Corporate Equality Index

#12

glassdoor

2017 Best Places to Work

Employees' Choice

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 <A>

↓14%
Energy Consumption <A>

↓14%
Water Consumption <A>

↓25%
Solid Waste to Landfill

<A> Reviewed by Ernst & Young LLP
Footnotes: Data as of June 30, 2016, refer to http://annualreport.thecloroxcompany.com/_pdf/CLX-012_2016_Integrated_Report.pdf page 27

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)[5]

31%
Ethnic Minorities Among U.S. Nonproduction Employees
(vs. 28% U.S. Census Bureau)[5]

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

<A> Reviewed by Ernst & Young LLP

Footnotes: Data as of June 30, 2016, refer to http://annualreport.thecloroxcompany.com/_pdf/CLX-012_2016_Integrated_Report.pdf page 26

International is a Key Component of our Portfolio

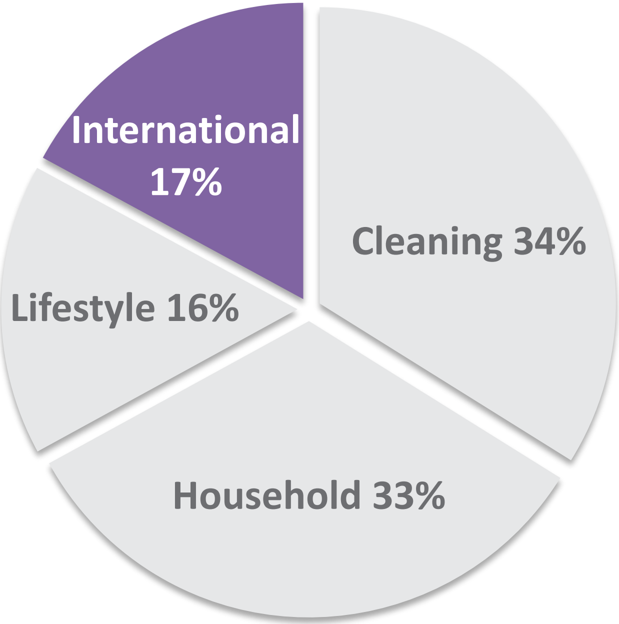
International : 17%

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

Lifestyle : 16%

Hidden Valley	9%
Burt's Bees	4%
Brita	3%

FY17 Company Sales: $6.0B



Cleaning : 34%

Pine-Sol	Home Care	19%
Clorox	Laundry	9%
Clorox Commercial Solutions	Professional	6%

Household : 33%

Glad	14%
Kingsford	10%
Fresh Step	7%
RenewLife	2%

Why We Like International

Leading Brands

Midsized Countries

Faster Category Growth Rates

Strong Operational Performance

International: “Go Lean” Approach

Pricing Maximization	Focus on Cost Savings	Right-Size Infrastructure	Optimize Demand Creation

4 Pillars of Profitability

We Have Strong Leading Brands Across International

45 Brands Hold
#1 or #2 Market Share

Source: Nielsen Retail Measurement for International geographies except; IRI for Australia and IDRetail for Uruguay ending FY17

FY18 Outlook
Based on August 3rd Earnings Call

Sales
+2% to +4%

- Innovation: ~ +3pts
- Pricing: ~1%
- F/X: ~ -1pt

Diluted EPS
$5.52 to $5.72
(+3 to +7%)

- Gross Margin: up slightly
- Selling & Admin: <14% of Sales
- EBIT: modest expansion
- 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.

FY17 Performance

	FY17	Vs. Year Ago
Sales	$6.0B	+4%
Diluted EPS (cont. ops)	$5.35	+9%

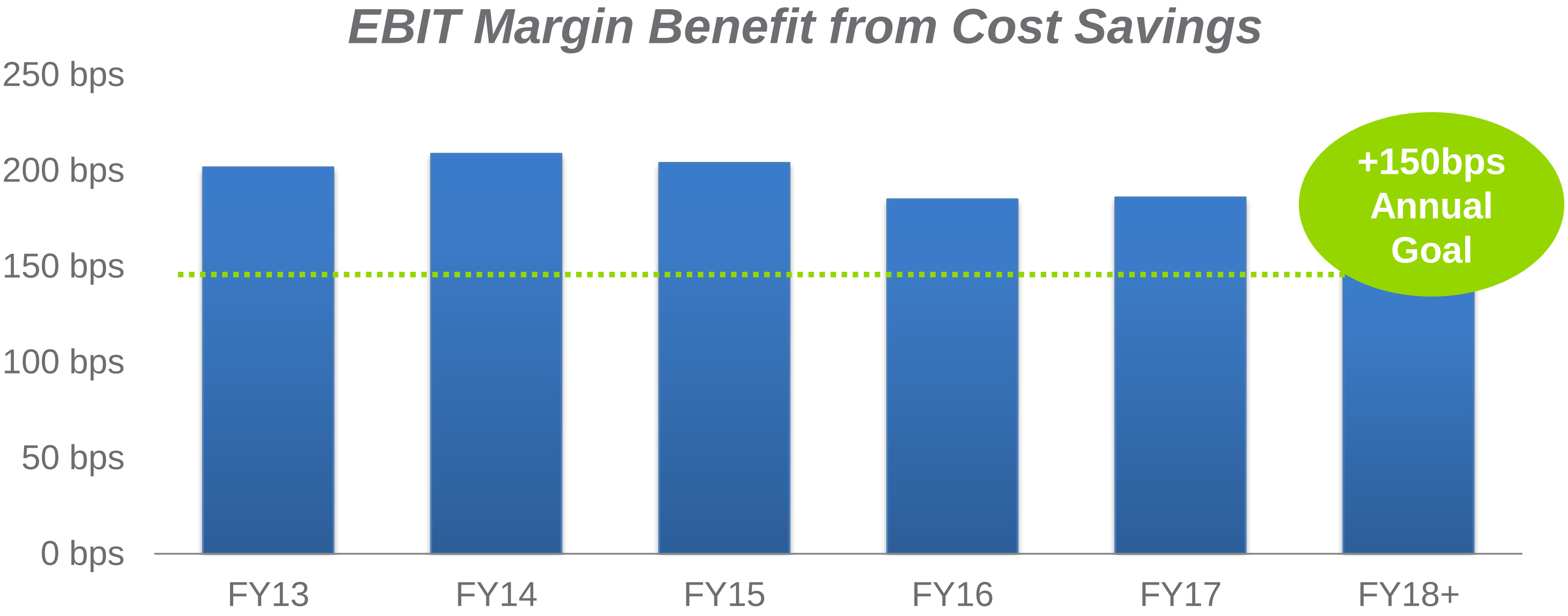
Long-Term Investment Case Remains Solid

- Investing behind leading brands to grow categories and share
  - 3%+ annual growth from innovation
  - Maintain healthy brand building investments

- 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
  - Recently announced +5% dividend increase

Cost Savings Continue to Deliver



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 reconcilation on our website (https://investors.thecloroxcompany.com/investors/financial-information/quarterly-results/default.aspx) and on slide 66 and 67.

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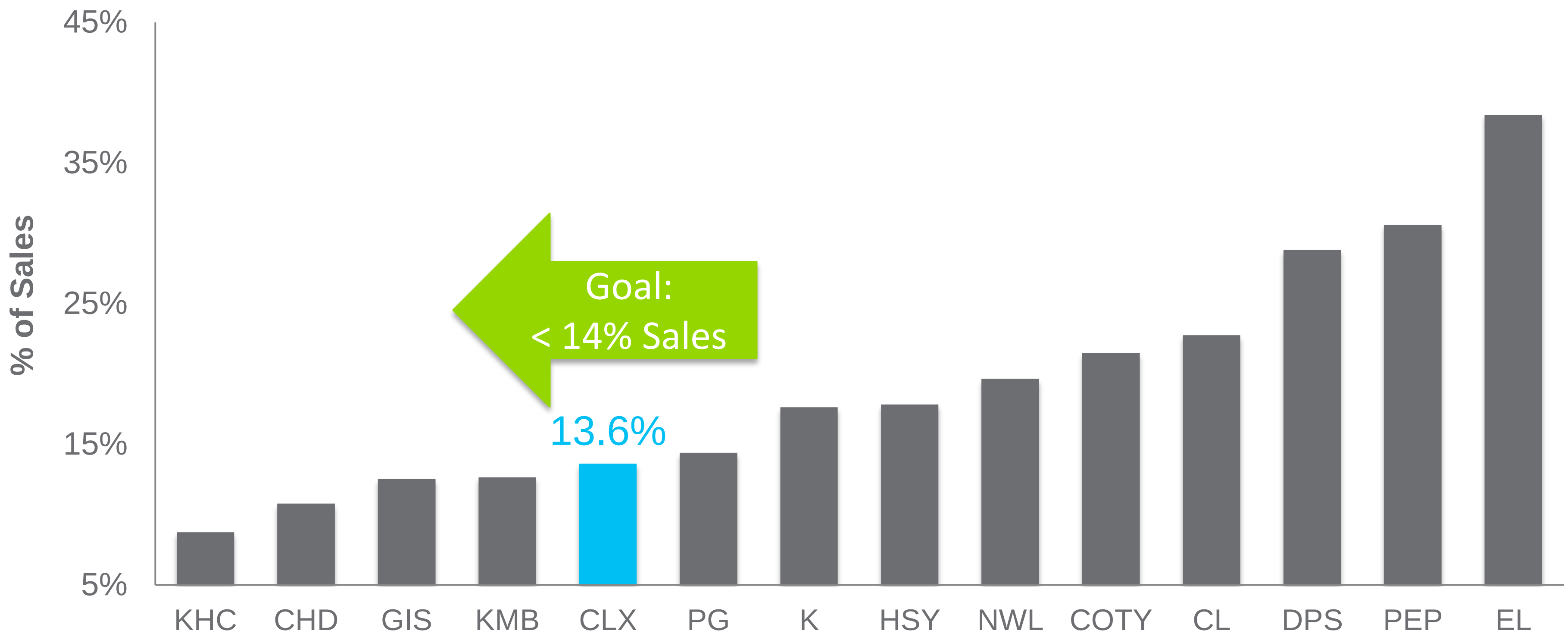
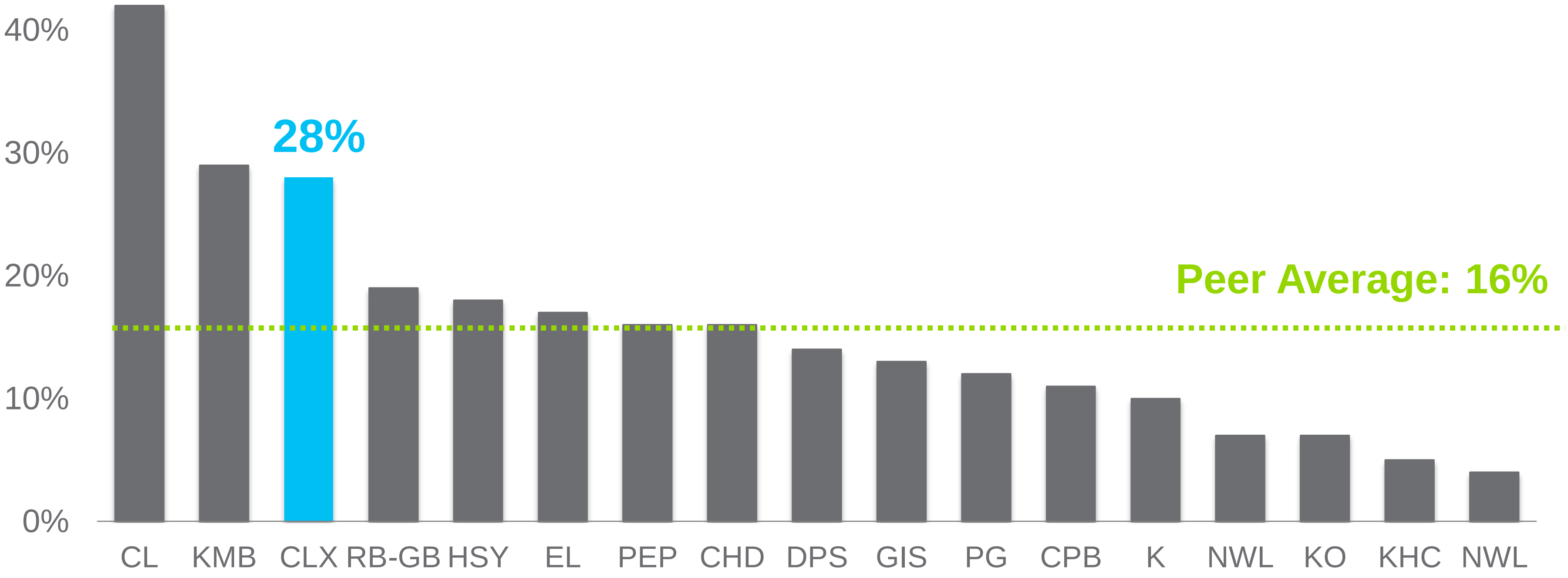
Opportunities Exist Within SG&A



SG&A % of Sales as of Latest Fiscal Year End
CLX as of June 30, 2017

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 6/30/2017. See Slide 71 and 72 for reconciliation.

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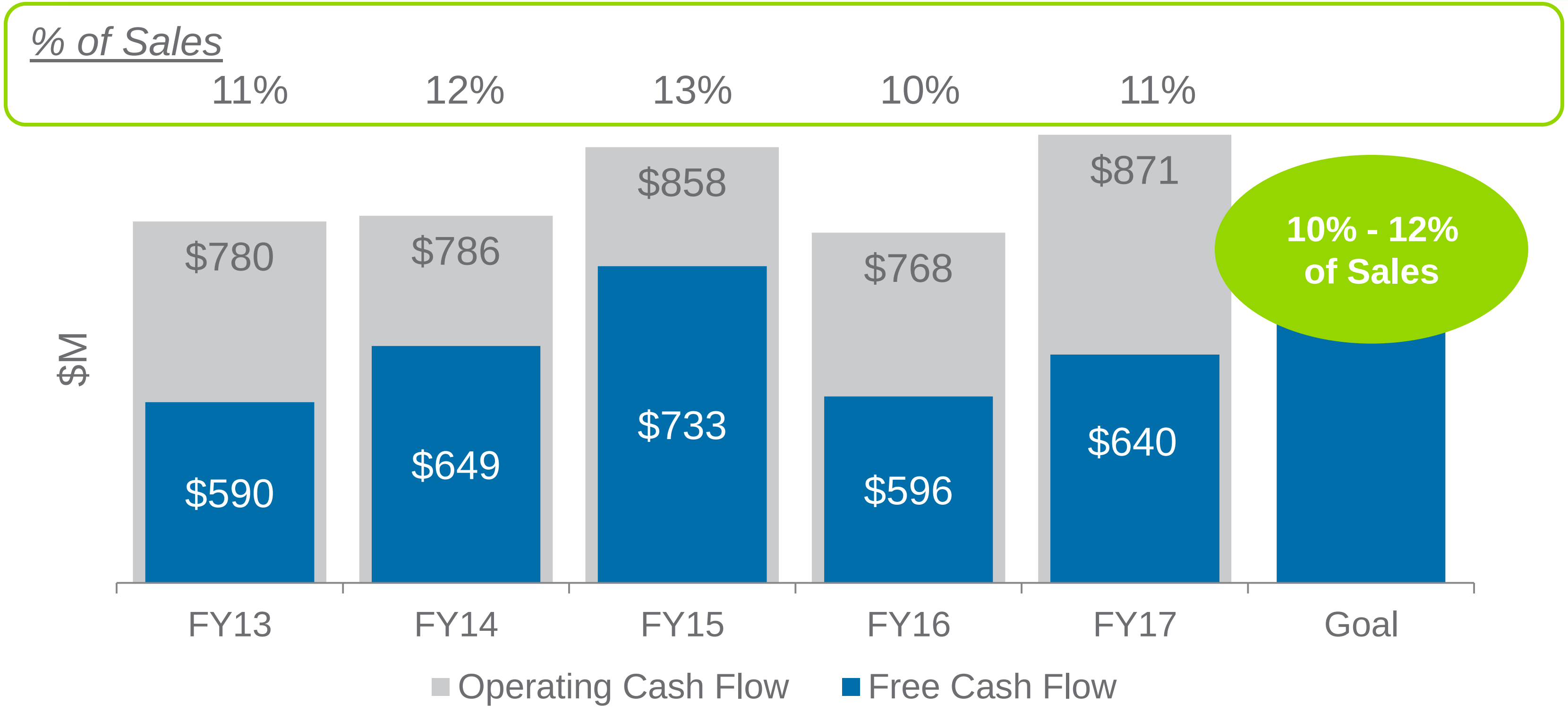
Strong Free Cash Flow



Free Cash Flow (a non-GAAP measure) represents Operating Cash Flow from Continuing Operations less Capital Expenditures. See reconcilation on our website (https://investors.thecloroxcompany.com/investors/financial-information/quarterly-results/default.aspx) and on slide 69.

Use of Cash Priorities

1

Business Growth
(includes targeted M&A)

2

Support Dividend

Free Cash Flow

3

Debt Leverage[1]
(Target: 2.0 – 2.5x)

4

Share Repurchases

1. Debt Leverage = Gross Debt / EBITDA

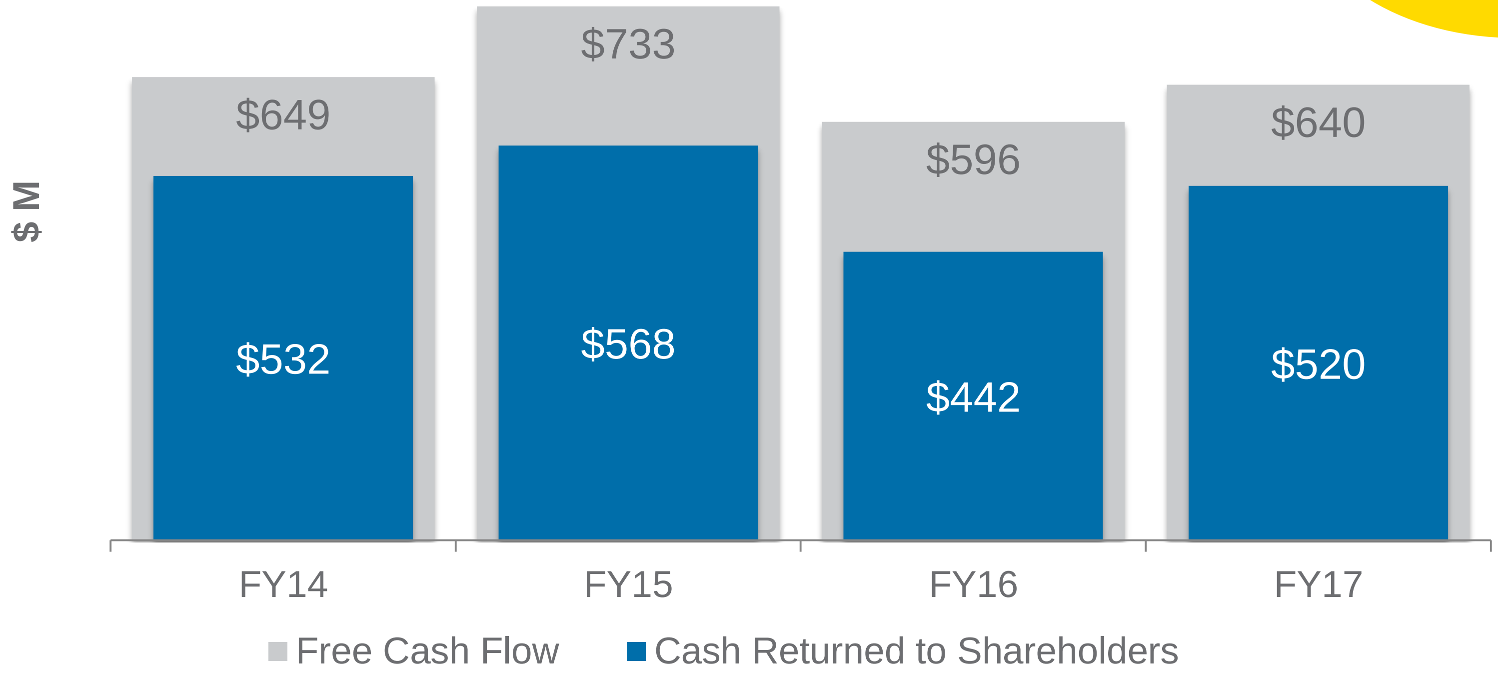
M&A Focus

- Areas with Tailwinds in Categories, Countries, and Channels
- Strong Fit with Clorox Strategy and Capabilities
- Brands with Good Market Positions
- Attractive Margins
- Balance Sheet Flexibility
  - Gross Debt/EBITA as of 6/30/17 is 1.7x (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 may not be relevant or applicable to each potential M&A transaction.

Over $2B Returned to Shareholders in the Last 4 Years

FY17 Dividend Payout Ratio = 59%



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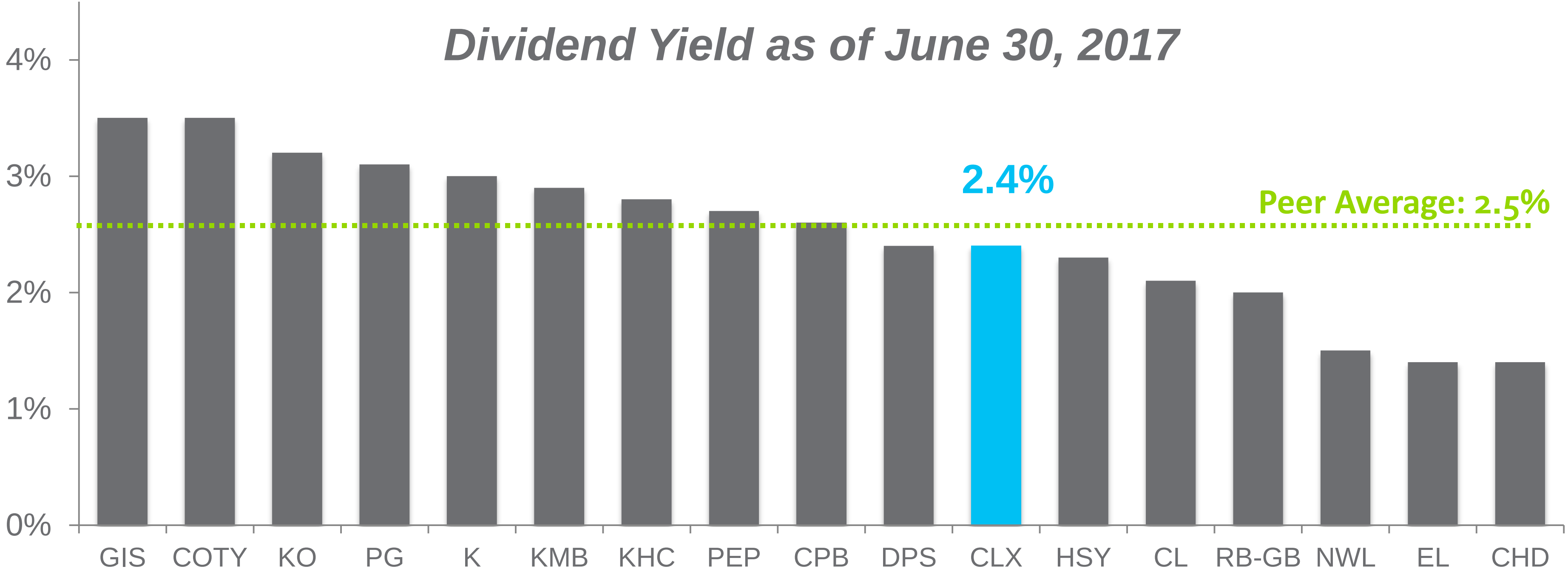
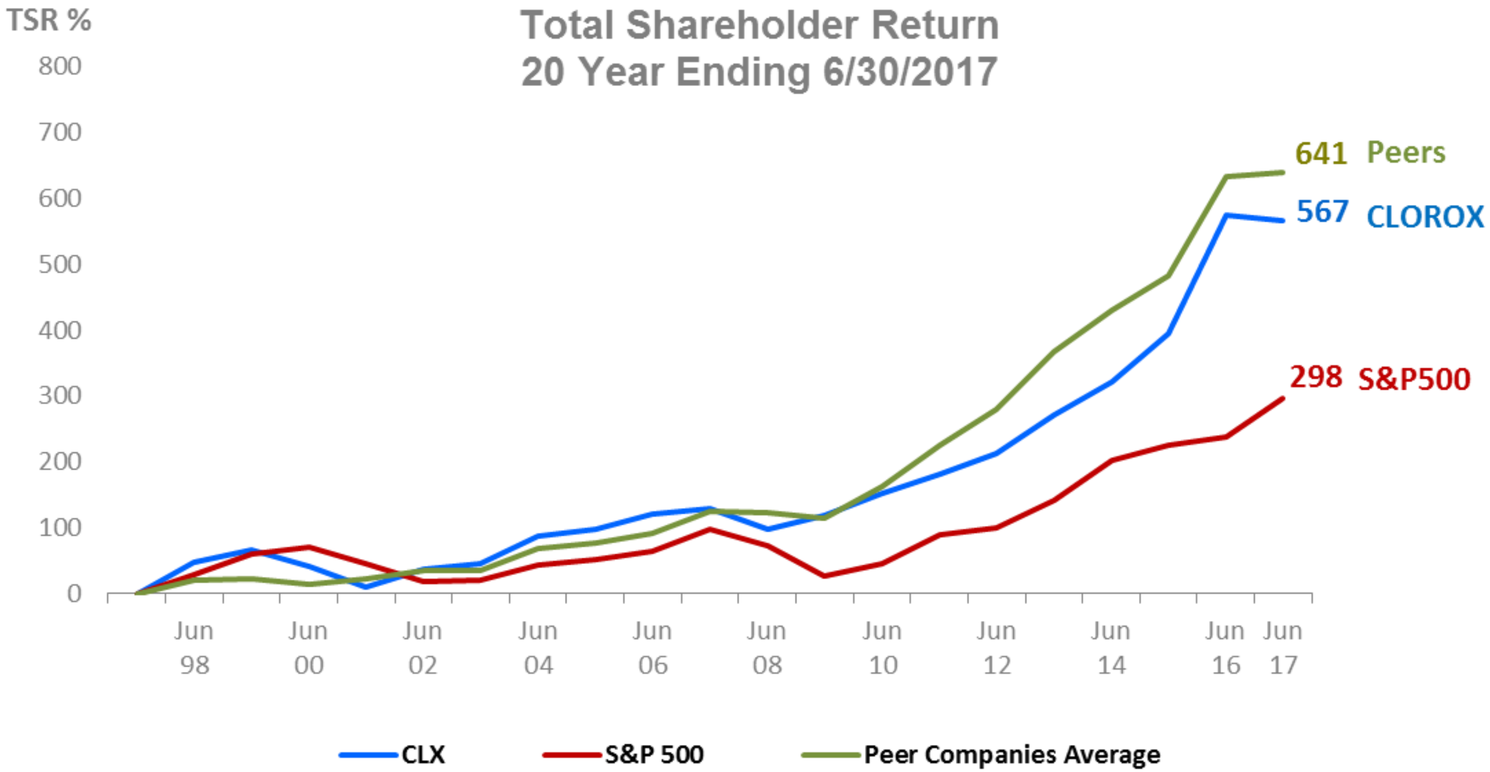
Healthy Dividend Growth…
Dividends Have Increased Each Year Since 1977



Strong Shareholder Return



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

Appendix

Key Credit Metrics

$ in B	FY13	FY14	FY15	FY16	FY17
EBITDA	$1.2	$1.1	$1.2	$1.2	$1.3
Total Debt / EBITDA	2.1x	2.0x	1.8x	1.9x	1.7x
EBITDA Interest Coverage	9.5x	11.3x	11.9x	14.0x	14.5x
EBIT / Interest	8.0x	9.6x	10.2x	12.1x	12.7x
Free Cash Flow / Debt	25%	28%	33%	26%	29%
FCF after Dividends / Debt	10%	12%	16%	9%	10%
FCF as % of sales	10%	12%	13%	10%	11%
FCF after Dividends as % of Sales	4%	5%	6%	3%	4%
Long Term Credit Ratings	BBB+ /Baa1	BBB+/Baa 1	BBB+/Baa 1	A- / Baa1	A-/Baa1
CP Ratings	A-2/P-2	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 67-70

Gross Margin Reconciliation

Driver	Gross Margin Change vs. Prior Year (basis points)									
	FY16					FY17				
	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY
Cost Savings	+140	+130	+120	+110	+130	+140	+140	+150	+150	+150
Price Changes	+110	+110	+100	+60	+90	+70	+70	+60	+50	+60
Market Movement (commodities)	+100	+180	+180	+90	+140	+90	+10	-70	-90	-20
Manufacturing & Logistics	-120	-150	-150	-120	-140	-220	-210	-130	-130	-170
All other (1)	-10	-60	-40	-160	-70	-140	0	-140	+50	-60
Change vs prior year	**+220**	**+210**	**+210**	**-20**	**+150**	**-60**	**+10**	**-130**	**+30**	**-40**
Gross Margin (%)	*45.0%*	*44.6%*	*45.3%*	*45.4%*	*45.1%*	*44.4%*	*44.7%*	*44.0%*	*45.7%*	*44.7%*

(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 Q3 of fiscal year 2017, “All other” includes about -100bps of unfavorable mix (negative mix in charcoal business and strong sales in club channel across multiple businesses) and -60bps of higher trade promotion spending.

Reportable Segments (unaudited)

Dollars in Millions

	Net sales			Earnings (losses) from continuing operations before income taxes		
	Three Months Ended			Three Months Ended		
	6/30/2017	6/30/2016	% Change[1]	6/30/2017	6/30/2016	% Change[1]
Cleaning	$ 502	$ 493	2%	$ 123	$ 117	5%
Household	632	609	4%	173	166	4%
Lifestyle	258	254	2%	54	50	8%
International	255	244	5%	6	1	500%
Corporate	-	-	0%	(61)	(82)	-26%
Total	$ 1,647	$ 1,600	3%	$ 295	$ 252	17%

	Net sales			Earnings (losses) from continuing operations before income taxes		
	Twelve Months Ended			Twelve Months Ended		
	6/30/2017	6/30/2016	% Change[1]	6/30/2017	6/30/2016	% Change[1]
Cleaning	$ 2,002	$ 1,912	5%	$ 523	$ 511	2%
Household	1,961	1,862	5%	419	428	-2%
Lifestyle	1,000	990	1%	244	251	-3%
International	1,010	997	1%	81	66	23%
Corporate	-	-	0%	(234)	(273)	-14%
Total	$ 5,973	$ 5,761	4%	$ 1,033	$ 983	5%

[1] Percentages based on rounded numbers.

(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	Q3 3/31/17	Q4 6/30/17	FY 6/30/17
Earnings from continuing operations before income taxes	$264	$230	$237	$252	$983	$264	$227	$247	$295	$1,033
Interest income	-$1	-$2	-$1	-$1	-$5	-$1	-$1	-$1	-$1	-$4
Interest expense	$23	$22	$22	$21	$88	$22	$22	$22	$22	$88
EBIT (1)(3)	**$286**	**$250**	**$258**	**$272**	**$1,066**	**$285**	**$248**	**$268**	**$316**	**$1,117**
EBIT margin (1)(3)	*20.6%*	*18.6%*	*18.1%*	*17.0%*	*18.5%*	*19.8%*	*17.6%*	*18.1%*	*19.2%*	*18.7%*
Depreciation and amortization	$41	$41	$40	$43	$165	$41	$41	$39	$42	$163
EBITDA (2)(3)	**$327**	**$291**	**$298**	**$315**	**$1,231**	**$326**	**$289**	**$307**	**$358**	**$1,280**
EBITDA margin (2)(3)	*23.5%*	*21.6%*	*20.9%*	*19.7%*	*21.4%*	*22.6%*	*20.6%*	*20.8%*	*21.7%*	*21.4%*
Net sales	$1,390	$1,345	$1,426	$ 1,600	$ 5,761	$1,443	$1,406	$1,477	$1,647	$5,973
Total debt (4)	$2,218	$2,287	$2,219	$2,312	$2,312	$2,407	$2,549	$2,440	$2,195	$2,195
Debt to EBITDA (3)(5)	**1.8**	**1.8**	**1.8**	**1.9**	**1.9**	**2.0**	**2.1**	**2.0**	**1.7**	**1.7**

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EBIT and EBITDA (unaudited)

Dollars in Millions

	FY 2014	FY 2015	FY 2016	FY 2017
	FY 6/30/14	FY 6/30/15	FY 6/30/16	FY 6/30/2017
Earnings from continuing operations before income taxes	$884	$921	$ 983	$ 1,033
Interest income	-$3	-$4	-$5	-$4
Interest expense	$103	$100	$88	$88
EBIT (1)(3)	**$984**	**$1,017**	**$1,066**	**$1,117**
EBIT margin (1)(3)	*17.8%*	*18.0%*	*18.5%*	*18.7%*
Depreciation and amortization	$177	$169	$165	$163
EBITDA (2)(3)	**$1,161**	**$1,186**	**$1,231**	**$1,280**
EBITDA margin (2)(3)	*21.1%*	*21.0%*	*21.4%*	*21.4%*
Net sales	$5,514	$5,655	$ 5,761	$ 5,973
Total debt (4)	$2,313	$2,191	$2,320	$2,195
Debt to EBITDA (3)(5)	**2.0**	**1.8**	**1.9**	**1.7**
EBITDA interest Coverage	**11.3**	**11.9**	**14.0**	**14.5**
EBIT / Intererst	**9.6**	**10.2**	**12.1**	**12.7**

Footnotes on Slide 68

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. In April 2015, the FASB issued ASU No. 2015-03, “Simplifying the Presentation of Debt Issuance Cost”, which requires that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. The Company adopted this standard in the first quarter of fiscal year 2017 and retrospectively applied the standard to all periods presented.

(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 2017	Fiscal Year 2016	Fiscal Year 2015	Fiscal Year 2014
Net cash provided by continuing operations – GAAP	**$871**	**$768**	**$858**	**$786**
Less: Capital expenditures	$231	$172	$125	$137
Free cash flow – non-GAAP (1)	**$640**	**$596**	**$733**	**$649**

(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 2017	Fiscal Year 2016	Fiscal Year 2015	Fiscal Year 2014
Free cash flow	**$640**	**$596**	**$733**	**$649**
Less : Dividends	$412	$398	$391	$374
Free cash flow after dividends	**$228**	**$198**	**$342**	**$275**
Total Debt	**$2,195**	**$2,312**	**$2,191**	**$2,313**
Net Sales	**$5,973**	**$5,761**	**$5,655**	**$5,514**
Free cash flow / Debt	**29%**	**26%**	**33%**	**28%**
Free cash flow after dividends / Debt	**10%**	**9%**	**16%**	**12%**
Free cash flow as % of sales	**11%**	**10%**	**13%**	**12%**
Free cash flow after dividends as % of sales	**4%**	**3%**	**6%**	**5%**

(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.

Return on Invested Capital (ROIC) Reconciliation

Dollars in millions and all calculations based on rounded numbers

		FY17
Earnings from continuing operations before income taxes	**$**	**1,033**
Interest expense		88
Earnings from continuing operations before income taxes and interest expense	**$**	**1,121**
Income taxes on earnings from continuing operations before income taxes and interest expense (2)	$	(358)
Adjusted after-tax profit	**$**	**763**
Average invested capital (3)	**$**	**2,744**
Return on invested capital (1)		**28%**

(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 31.9%.

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)	**FY17**
Total assets	$ 4,549
Less: non-interest bearing liabilities	(1,805)
Average invested capital	**$ 2,744**