



FY17 Q2 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, 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

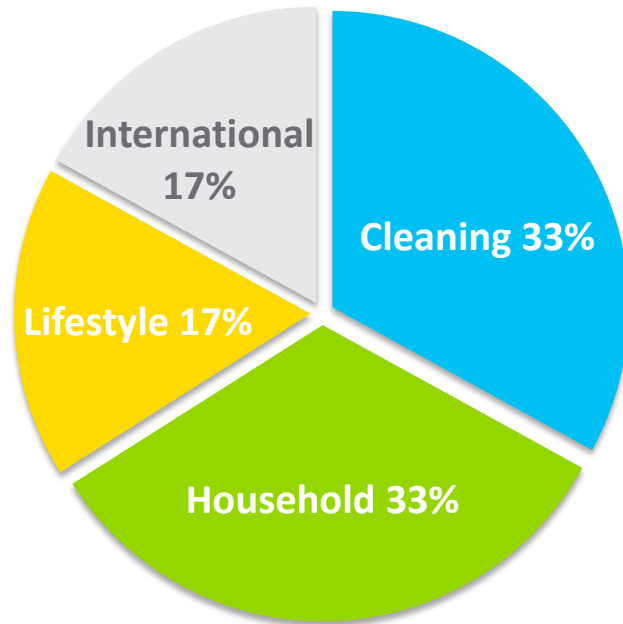
International : 17%

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%
 Commercial SOLUTIONS®	Professional	6%

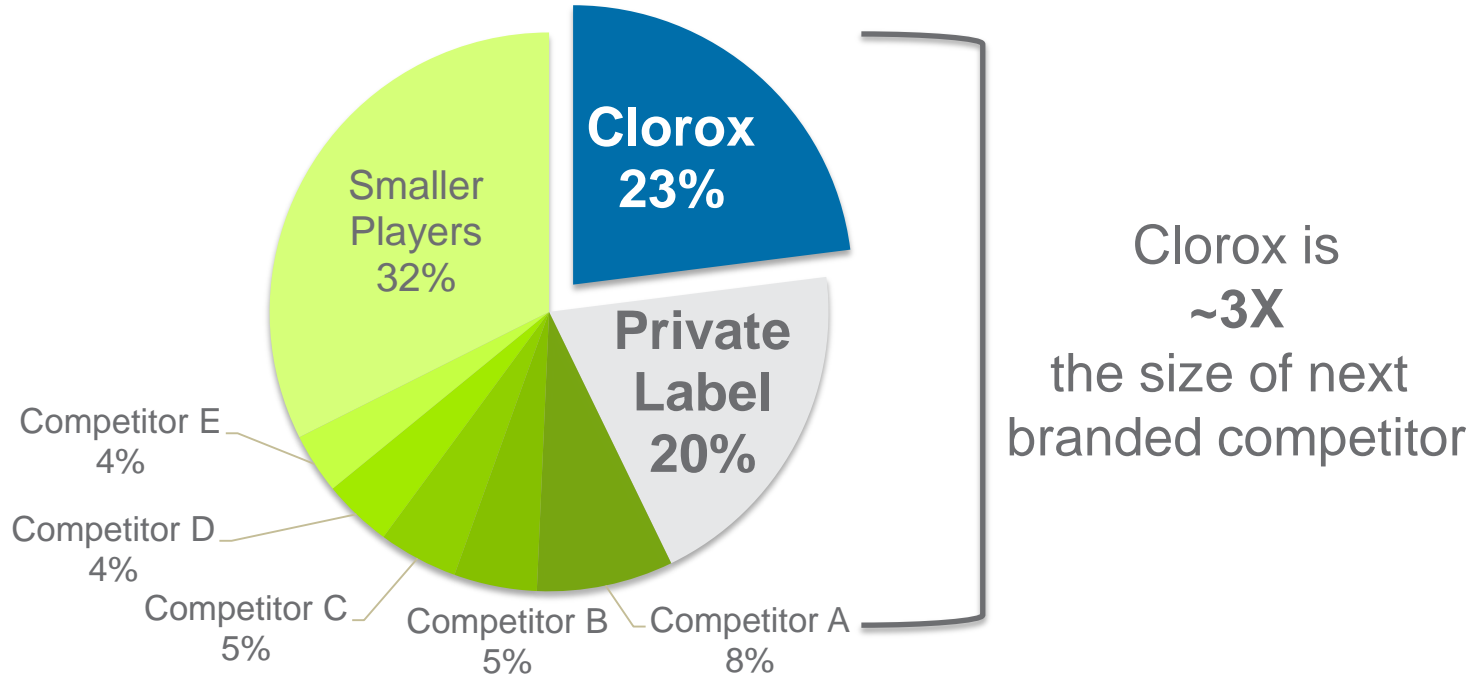
Household : 33%

 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

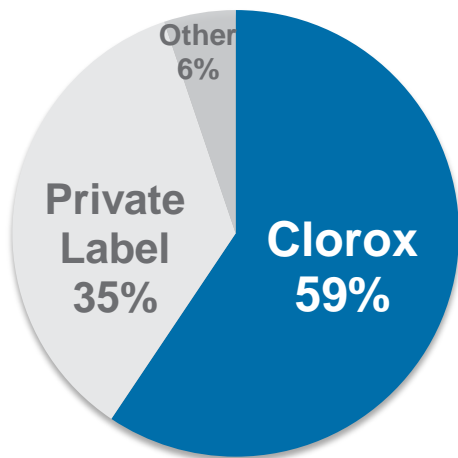
Big Share Brands in Mid-Sized Categories



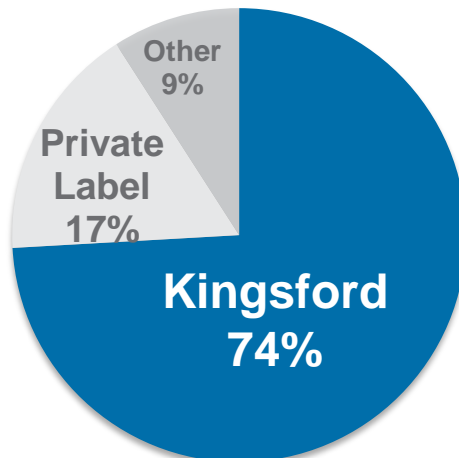
Advantaged Portfolio

Strong Position in Categories with Private Label Exposure

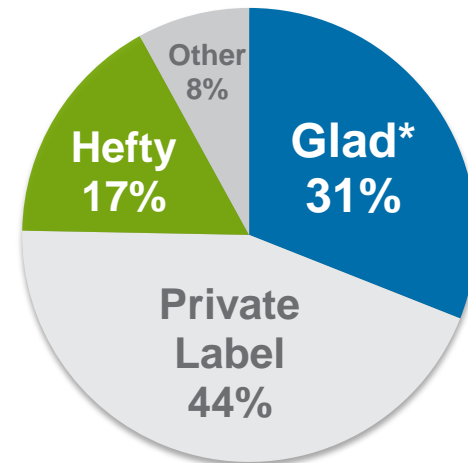
Bleach



Charcoal

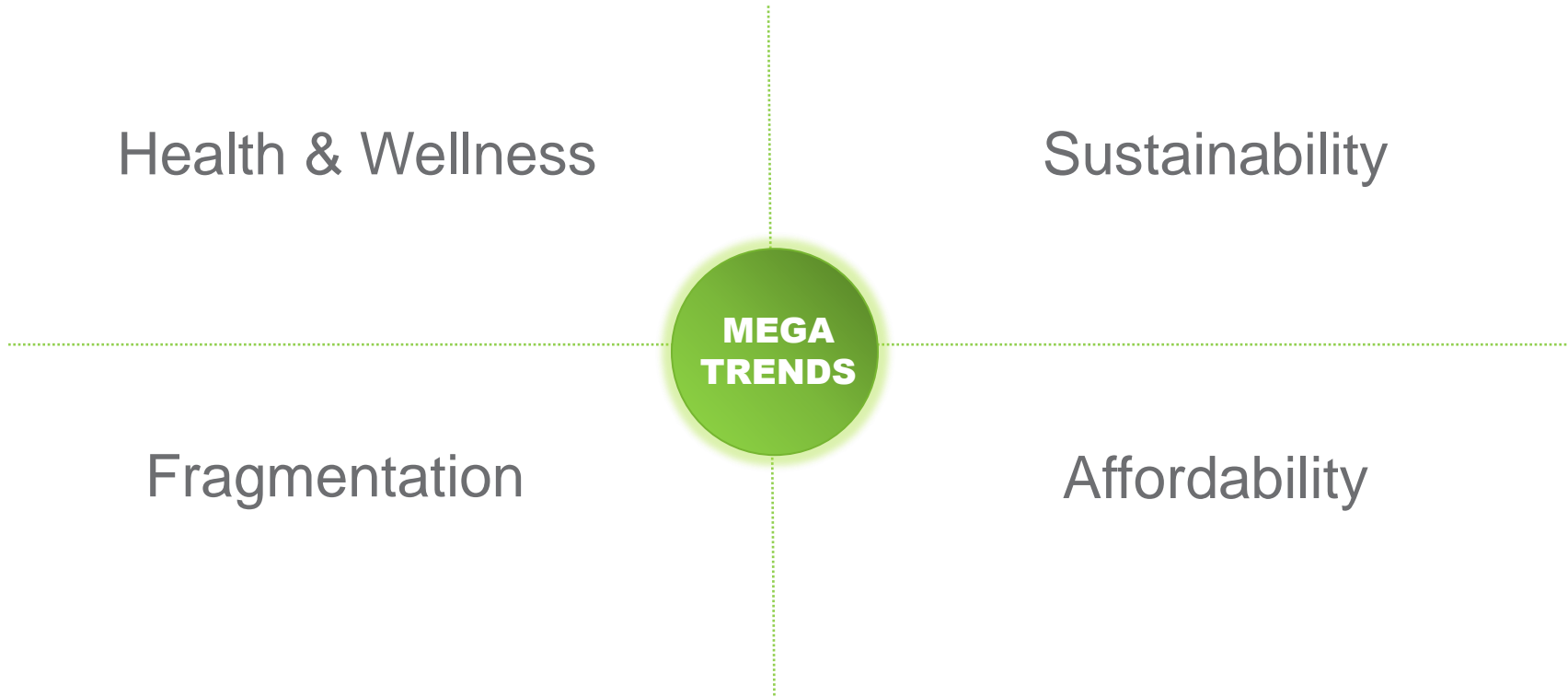


Trash Bags



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

Advantaged Portfolio Supported by Consumer Megatrends



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.

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
Creative Agency Partners



3D Innovation

Cutting Speed to Market by 50%



Portfolio
Momentum

Investing Behind Growth
Brands to Accelerate Top-line



Growth Culture

FY16 Record-High Engagement

Increased Investments in Profitable Growth

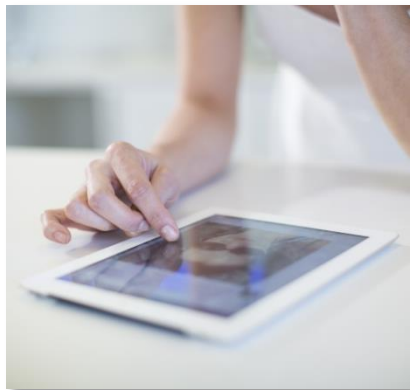


Focus on Core

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



\$22M

Household



\$20M

Lifestyle



\$10M

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

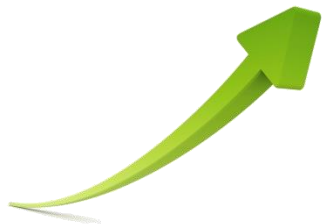
Margin Enhancement through Operational Excellence

Renew Life Acquisition

- Closed May 2, 2016
- Purchase Price – \$290M (2.5x Sales)
- Calendar 2015 Sales – About \$115M
- Leading brand in the natural channel



Probiotics: An Attractive Category



+15% expected category growth



Two-thirds of US consumers experience digestive health issues

50% of purchases are based on a Doctor recommendation



Renew Life: Strong Strategic Fit



**Health &
Wellness**

US Centric

**Clear Plan for
Value Creation**

Focus on 3D Innovation



3D Innovation

Broad-based Approach to Innovation

KEEP THE CORE HEALTHY

Product &
Marketing

Product
Superiority

GROW MARKET SHARE

EXPAND MARGIN

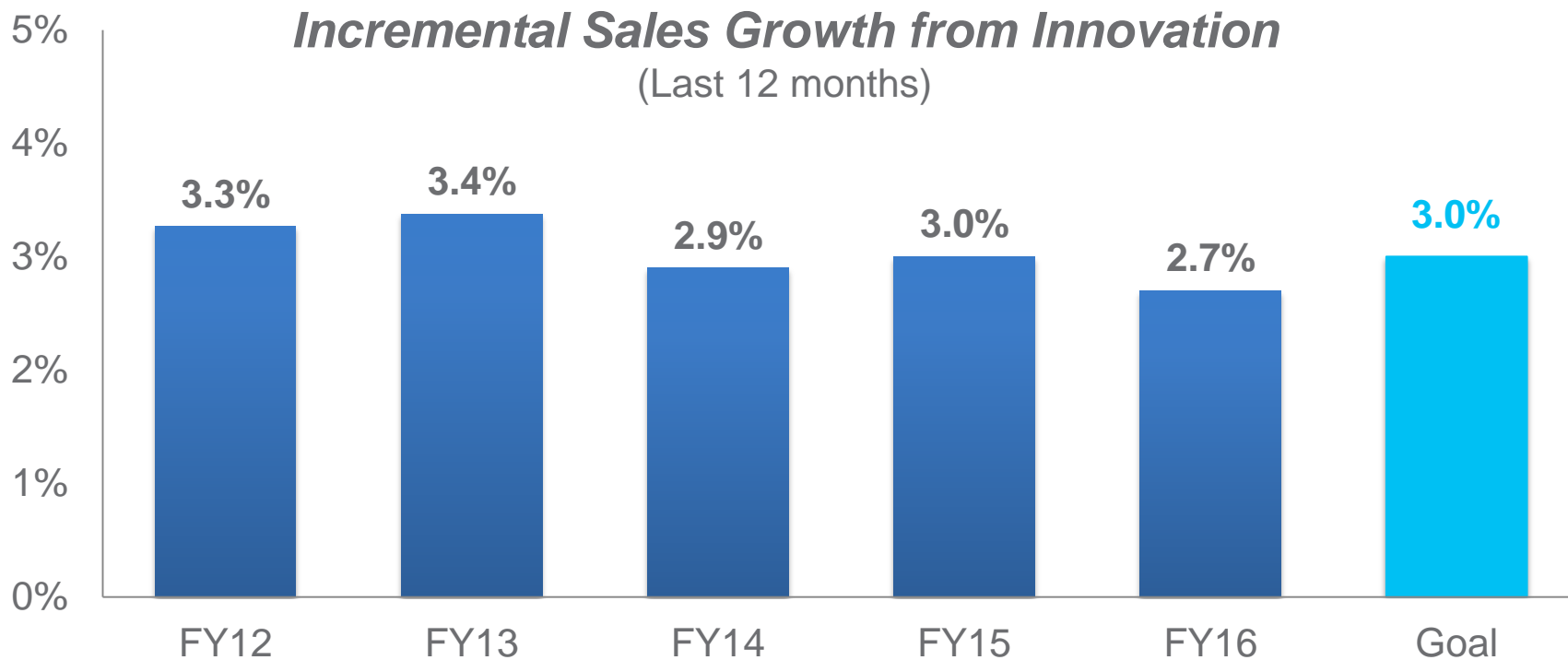
Cost-o-
vation*

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.

Innovation is Delivering Growth



Strong Product & Commercial Innovation



Glad with Clorox Antimicrobial



Clorox Clothes (International)



Burt's Natural 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

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



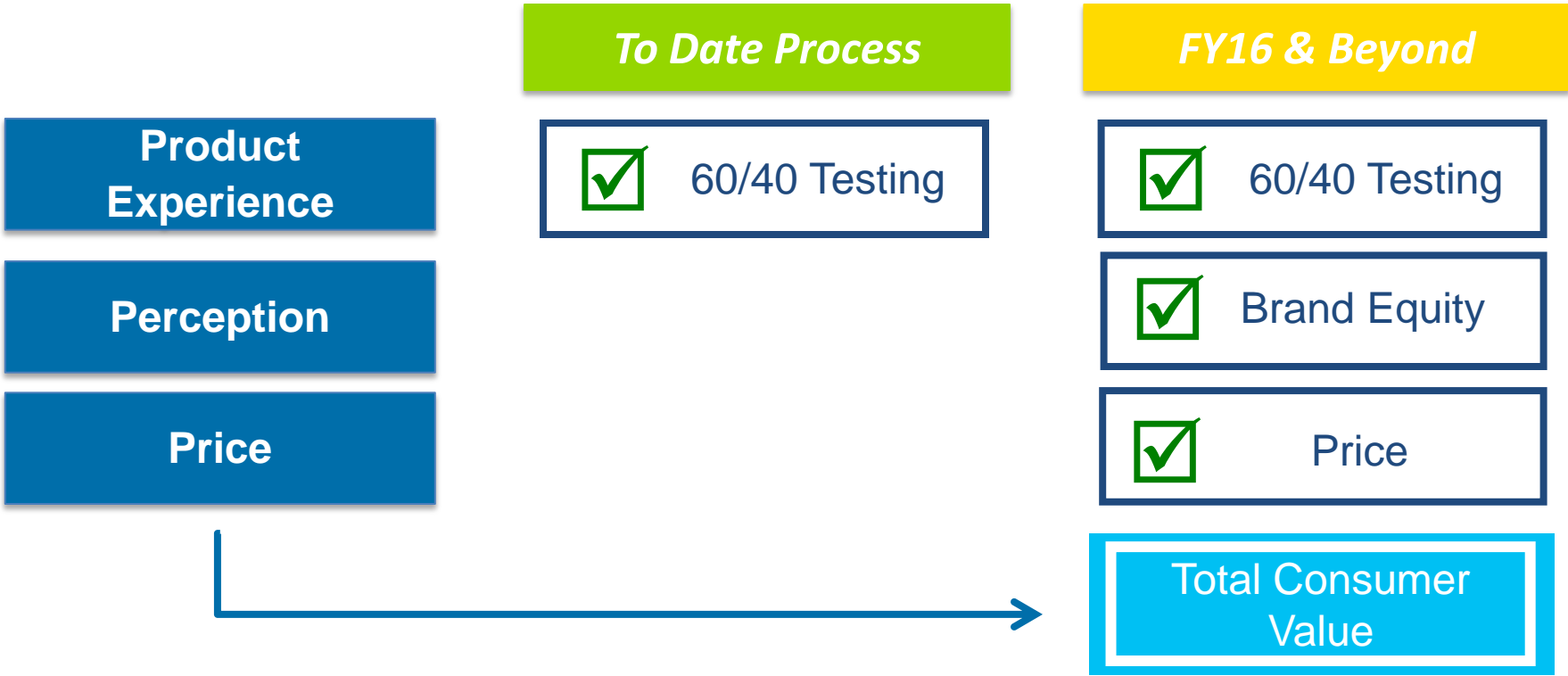
Faster Time to Market

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)



Consumer Value Measure

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

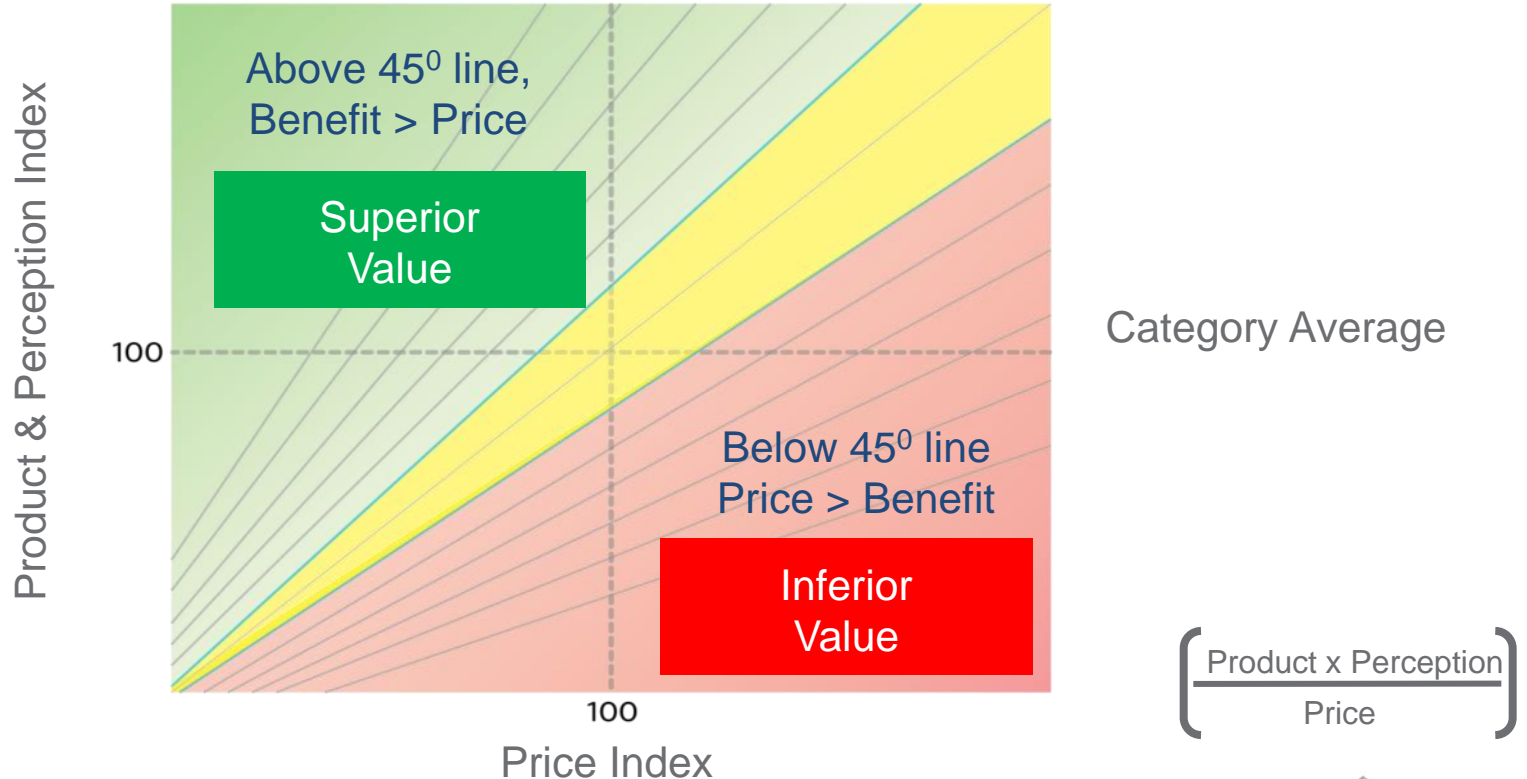
- Proprietary real-time data
- Correlates to change in market share
- Captures all value drivers

Superior Value

Parity Value

Inferior Value

CVM: How Do We Use It?

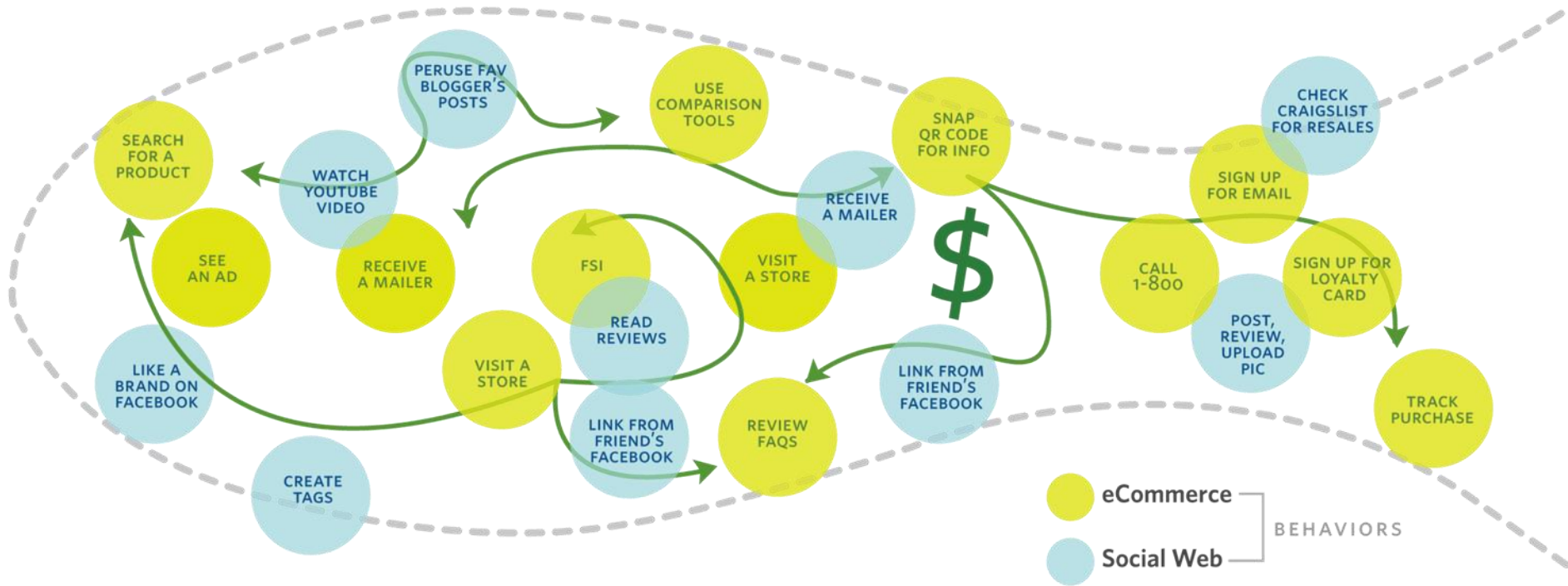


Focus on 3D Technology Transformation



**3D Technology
Transformation**

Technology Reshapes Consumer Journeys



Leading the Industry in Digital Consumer Engagement

Driving Consumer Engagement



**More
Targeted**



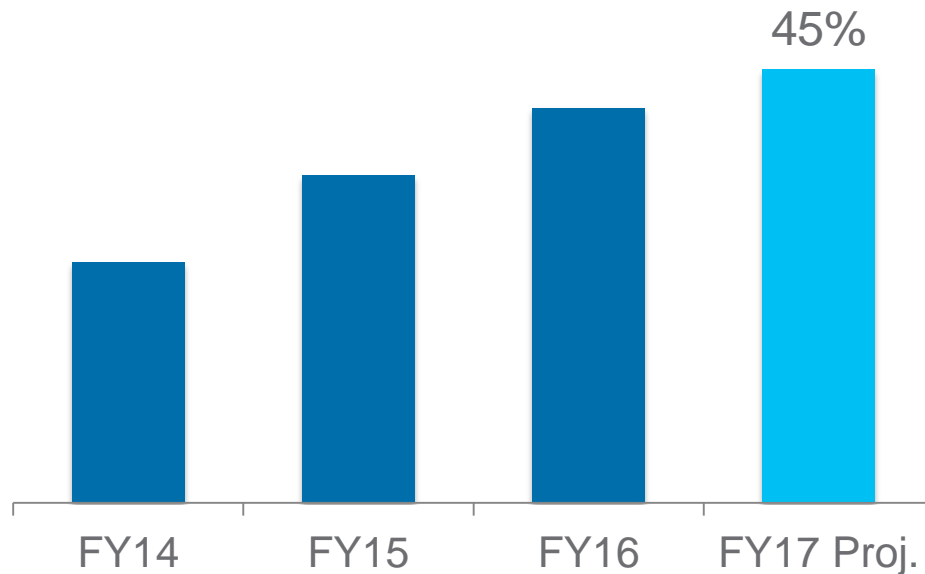
**More
Personal**



**More
Real-Time**

Accelerating Investments in Digital Media

Clorox projecting
to invest **45%**
of our media in
digital



Technology Enables One-to-One Communication



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

MAGNE+IC™

bluekai

datalogix[®]

twitter

MOAT

millennialmedia.

STAPLES Advantage

amazon.com[®]

Walmart.com

TubeMogul

VERVE
LABORATORY PARTNERS

TARGET.

Aol.
THE HUFFINGTON POST

Integral
Ad Science

CONVERSANT

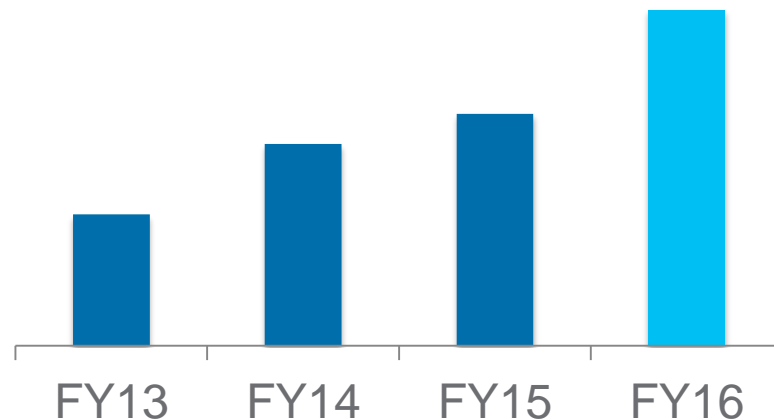
Strong Momentum in eCommerce

Walmart 

amazon.com[®]

STAPLES[®] Advantage

~2x Sales Growth
(FY16 vs FY13)



eCommerce-Enabled Innovation

amazon.com[®]



eCommerce-Enabled Innovation

amazon.com[®]

 **BRITA**[®]
Infinity Pitcher



Focus on Growth Culture



Growth Culture

Strong Organizational Culture is a Solid Foundation



Strong Values



People Centric



**Operational
Excellence**

Winning 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)

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

International is a Key Component of our Portfolio

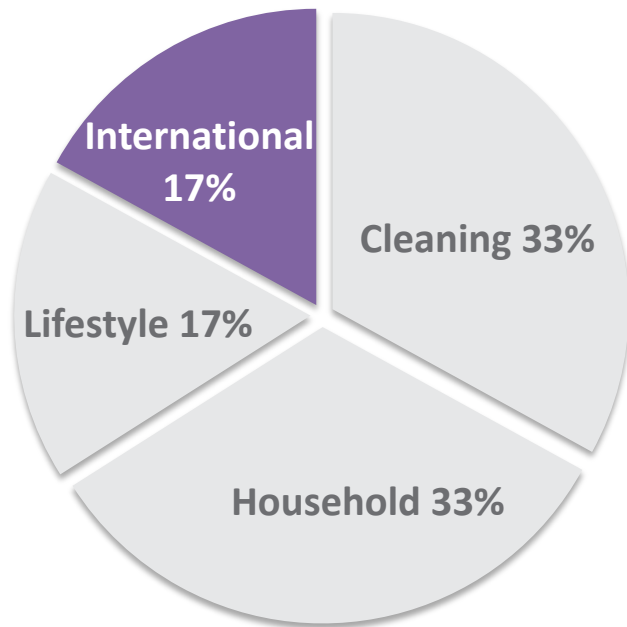
International : 17%

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

Lifestyle : 17%

	9%
	4%
	4%





FY16 Company Sales: \$5.8B



Cleaning : 33%

	Home Care	18%
	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

Why We Like International



Peru



**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, Horwath for Dominican Republic and IDRetail for Uruguay ending FY16

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.

FY17 YTD Performance

	<u>FY17 YTD</u>	<u>Vs. Year Ago</u>
Sales	\$2.8B	+4% (+6% FX Neutral)
EBIT Margin	18.7%	-90 bps
Diluted EPS (cont. ops)	\$2.50	+2%

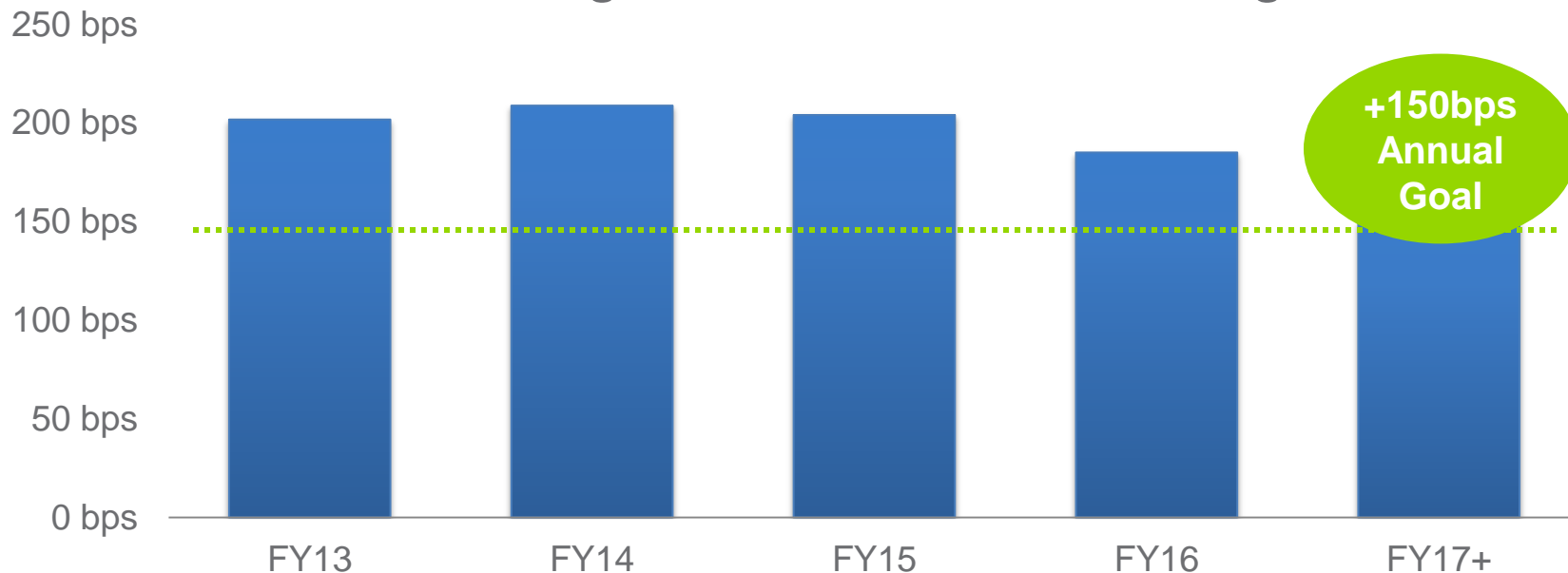
EBIT (a non-GAAP measure) represents earnings from continuing operations before income taxes (a GAAP measure), excluding interest income & interest expense. EBIT margin is a measure of EBIT as a percentage of sales. See reconciliation on our website (<https://investors.thecloroxcompany.com/investors/financial-information/quarterly-results/default.aspx>) and on slide 70. Currency Neutral Sales growth (a non-GAAP measure) represents GAAP net sales growth excluding the impact of the change in foreign currency exchange rates. See reconciliation on slide 67.

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
 - Recently announced +4% dividend increase

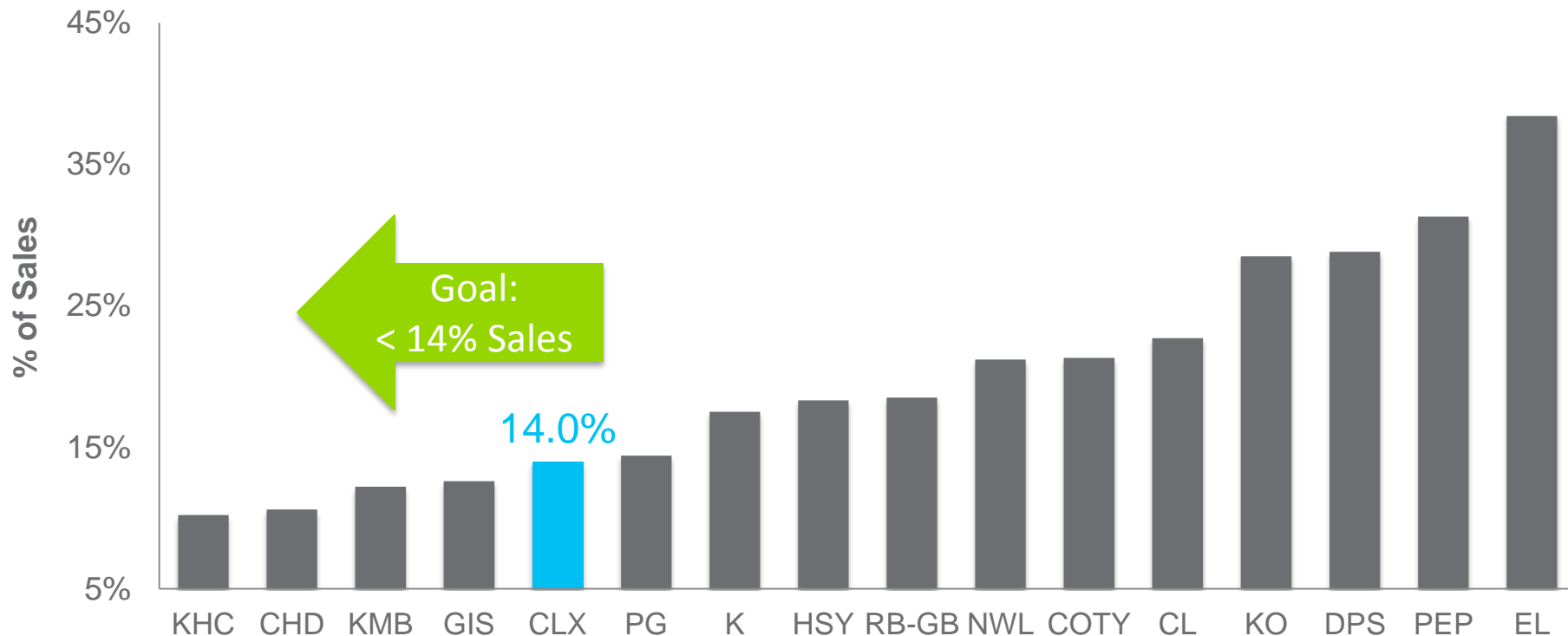
Cost Savings Continue to Deliver

EBIT Margin Benefit from Cost Savings



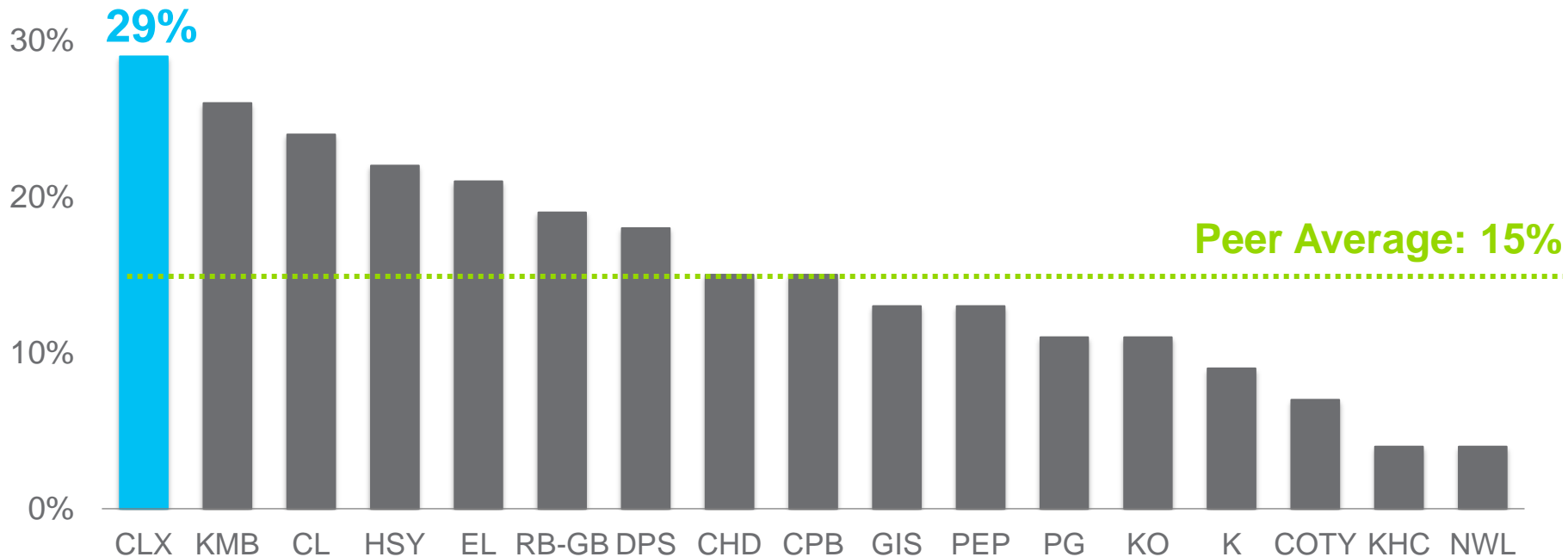
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Opportunities Exist Within SG&A



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 75 and 76 for reconciliation.

Strong Free Cash Flow

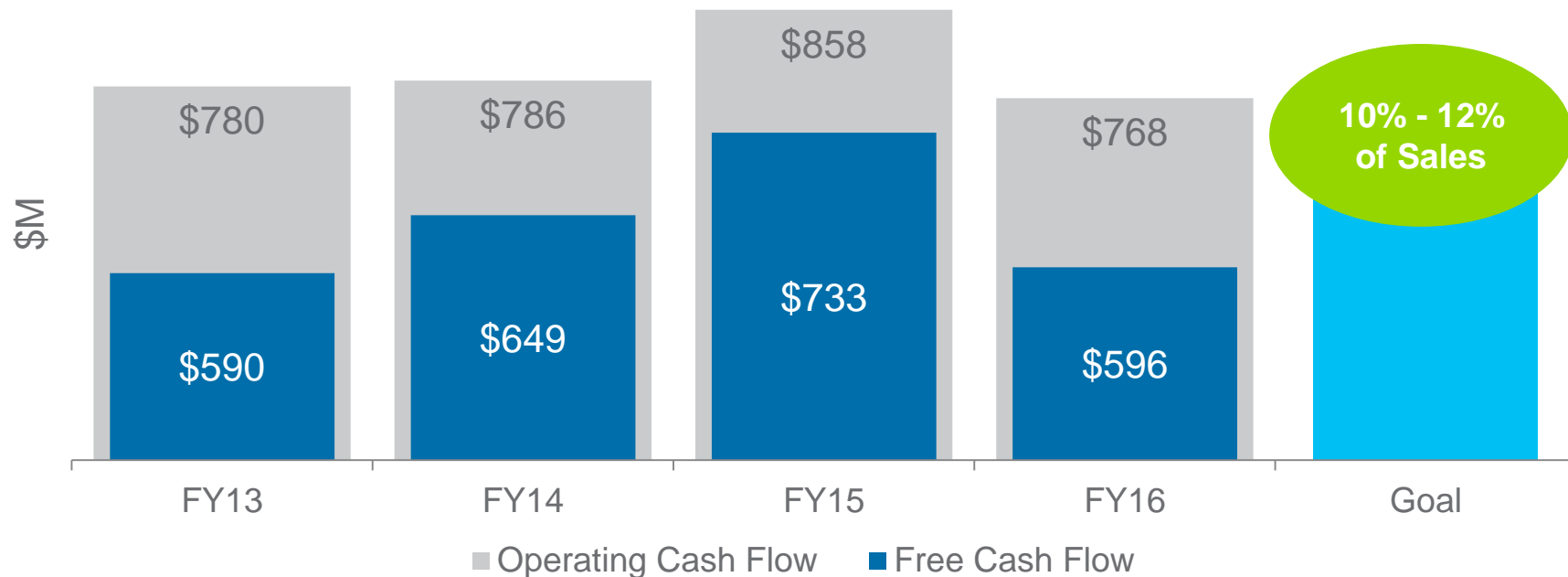
% of Sales

11%

12%

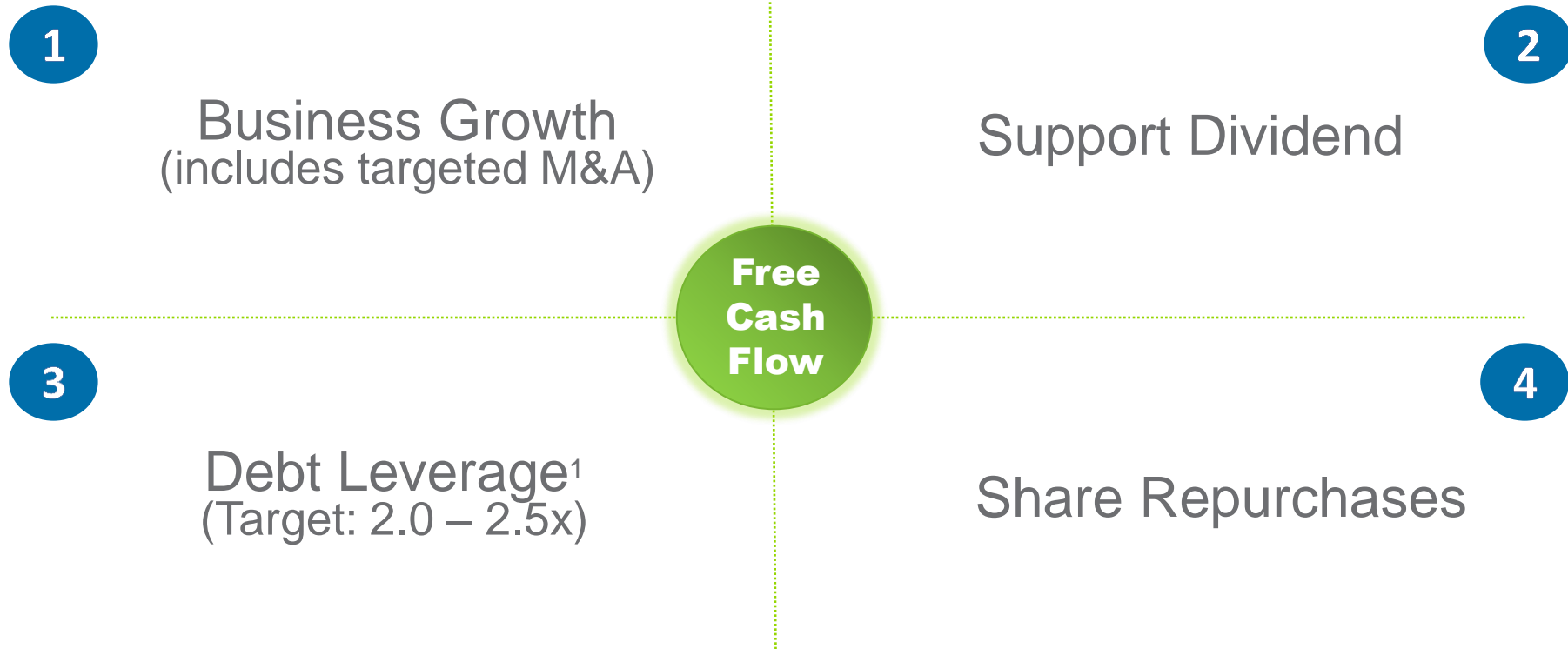
13%

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 73.

Use of Cash Priorities



1. Debt Leverage = Gross Debt / EBITDA

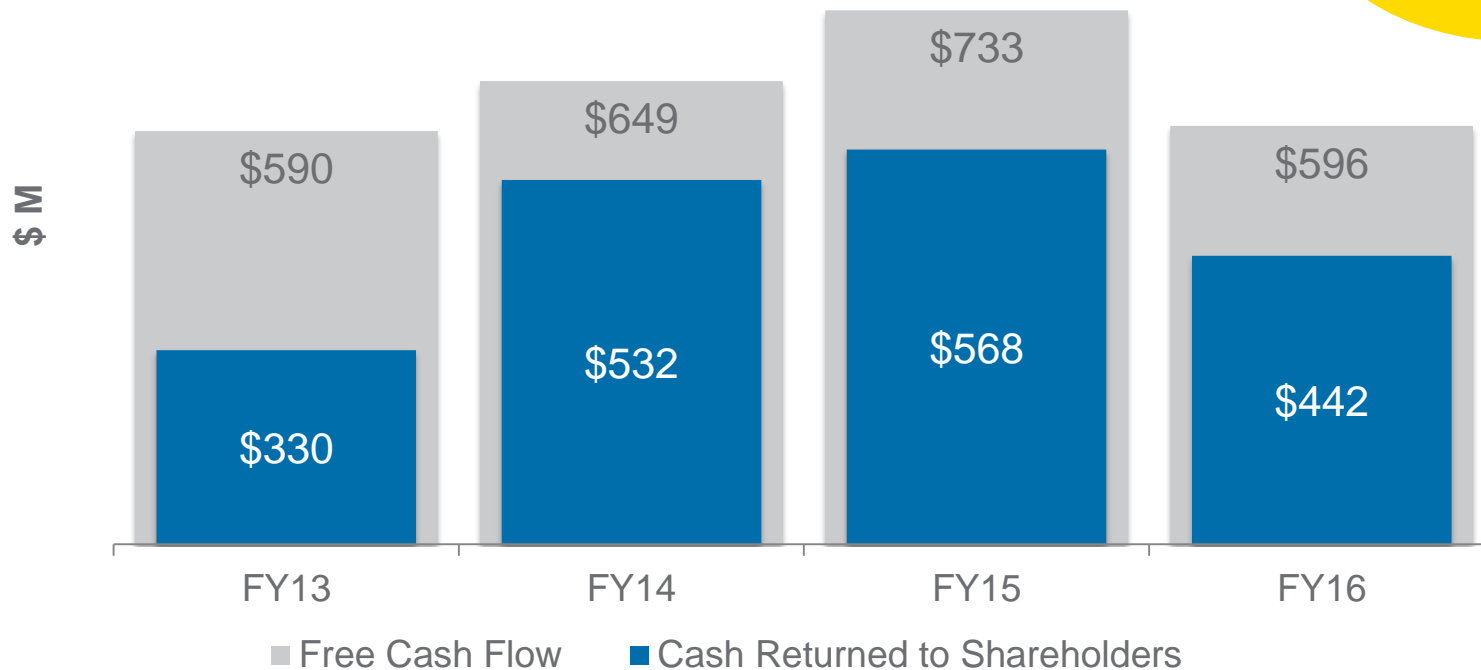
M&A Focus

- 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
- #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 M&A potential transaction.

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

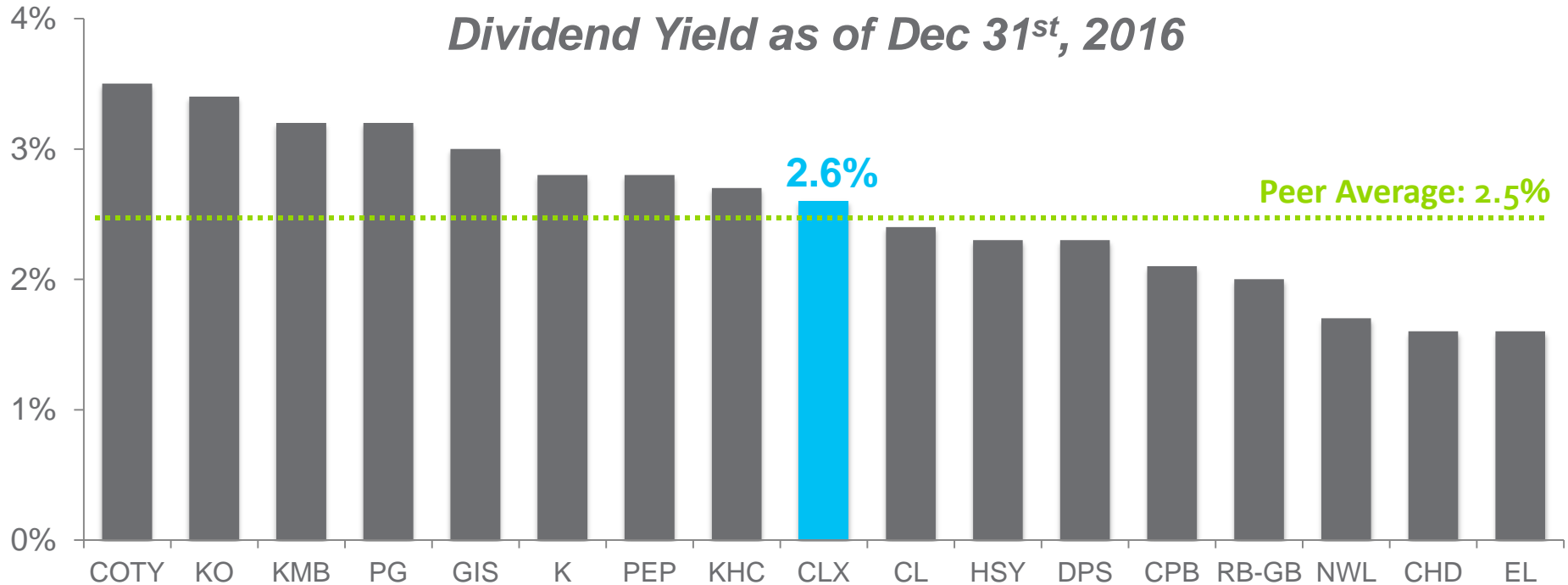
**FY16
Dividend
Payout Ratio
= 61%**



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Healthy Dividend Growth...

Dividends Have Increased Each Year Since 1977



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

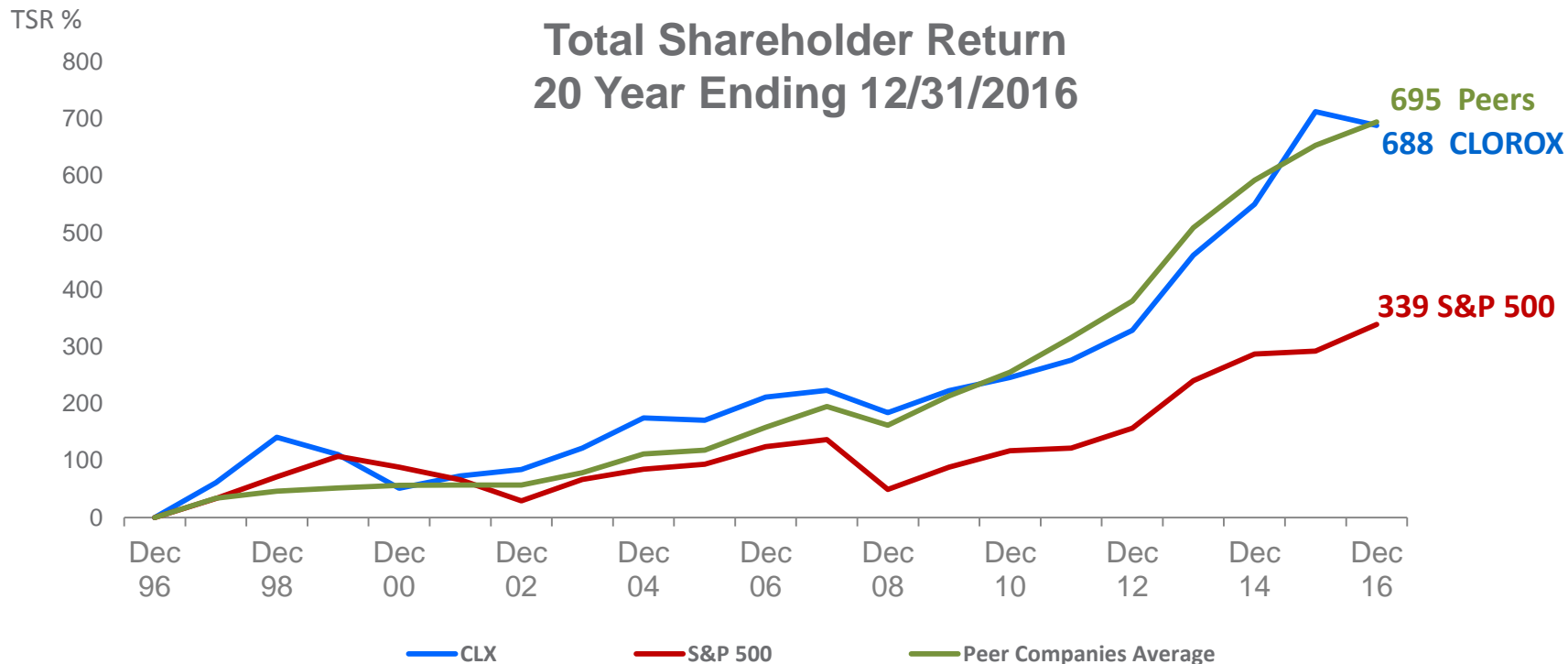
1.0 - 1.5 pts
company growth

= +3 to +5pts
company
growth

Annual EBIT Margin Improvement: +25 to +50 bps

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

Strong Shareholder Return



Appendix

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 70-74

Sales Growth Reconciliation

Second Quarter & FYTD Sales Growth Reconciliation

	Q2 Fiscal 2017	Q2 Fiscal 2016	Q2 FYTD Fiscal 2017	Q2 FYTD Fiscal 2016
Total Net Sales Growth – GAAP	4.5%	0.0%	4.2%	1.4%
Less: Foreign exchange	-1.9%	-2.7%	-1.9%	-2.8%
Currency-Neutral Net Sales Growth – Non-GAAP⁽¹⁾	6.4%	2.7%	6.1%	4.2%

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

Gross Margin (%)

45.0%

44.6%

45.3%

45.4%

45.1%

44.4%

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 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	Q2	Q3	Q4	FY	Q1	Q2
	9/30/15	12/31/15	3/31/16	6/30/16	6/30/16	9/30/16	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%

(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

	<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