



# 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](http://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

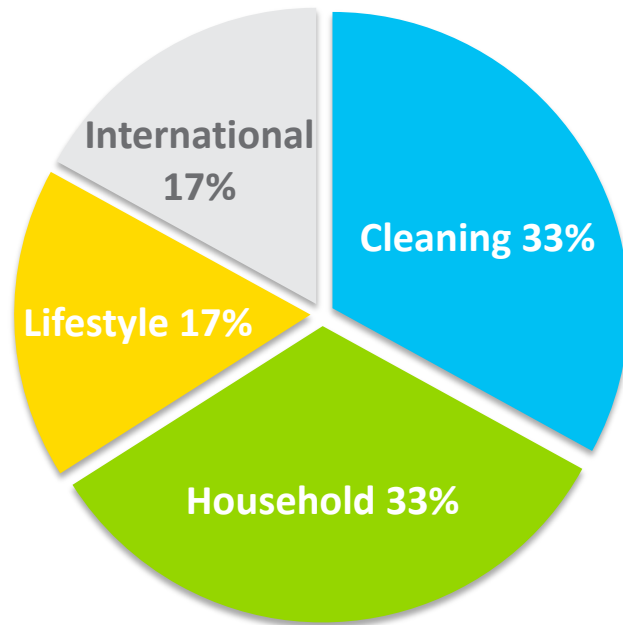
### International : 17%

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%

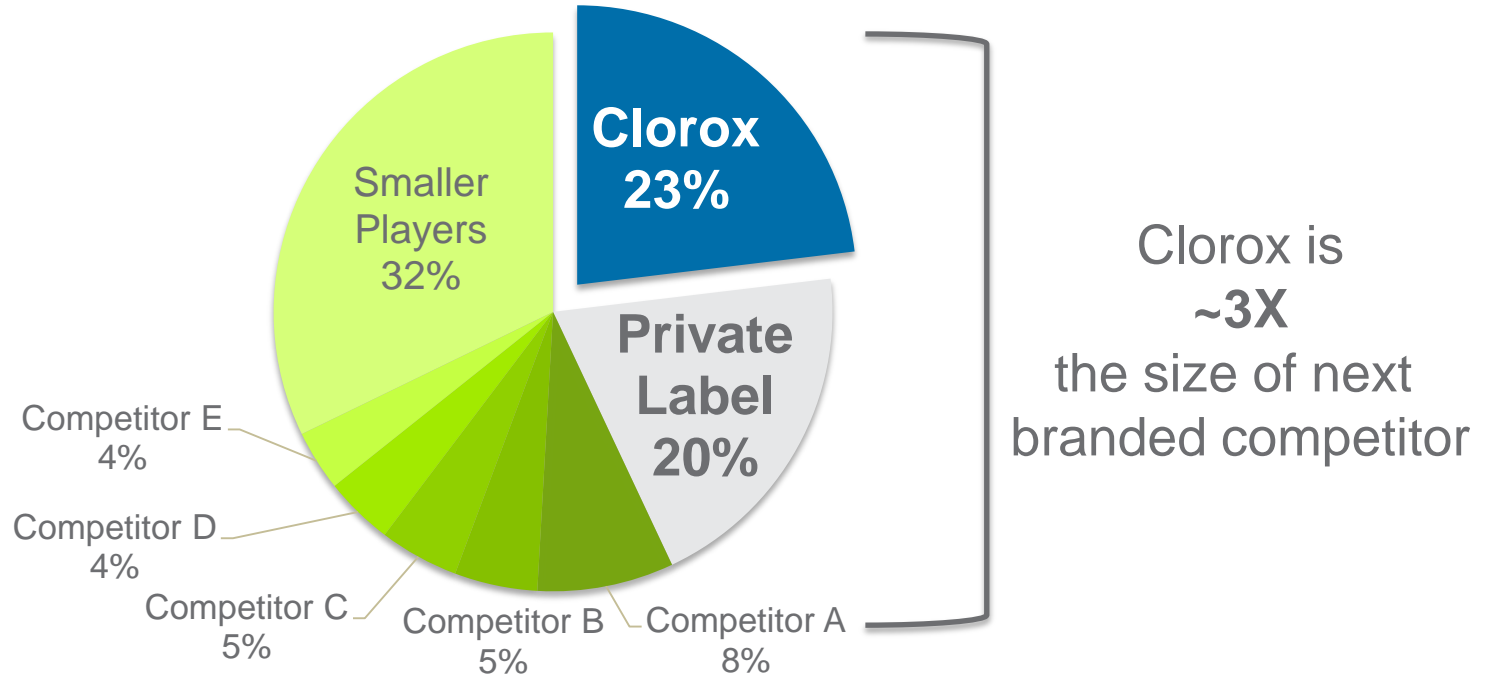
### Household : 33%

 GLAD	15%
 KINGSFORD	11%
 Fresh Step	6%
 RenewLife DIGESTIVE WELLNESS. NATURALLY.	<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

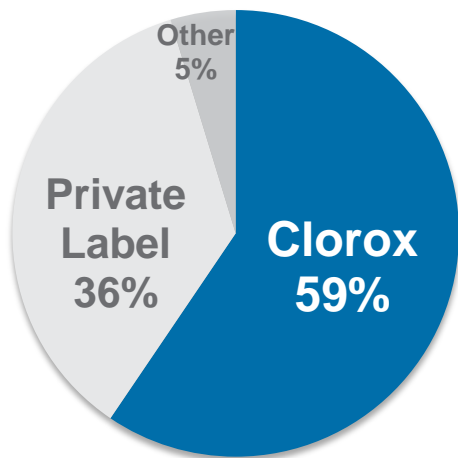


Source: IRI Infoscan Data - Total U.S. Multi-Outlet (Food/Drug/Mass + Walmart + Sam's + BJ's + Family Dollar + Dollar General + Fred's + DeCA.) for 52 weeks ending 9/18/2016

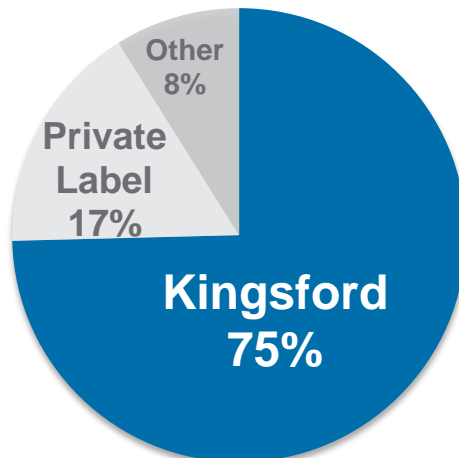
# Advantaged Portfolio

## Strong Position in Categories with Private Label Exposure

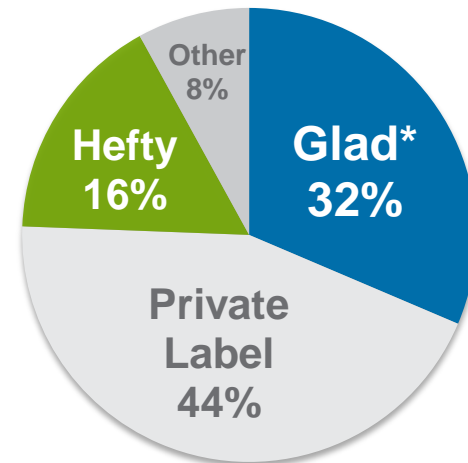
*Bleach*



*Charcoal*



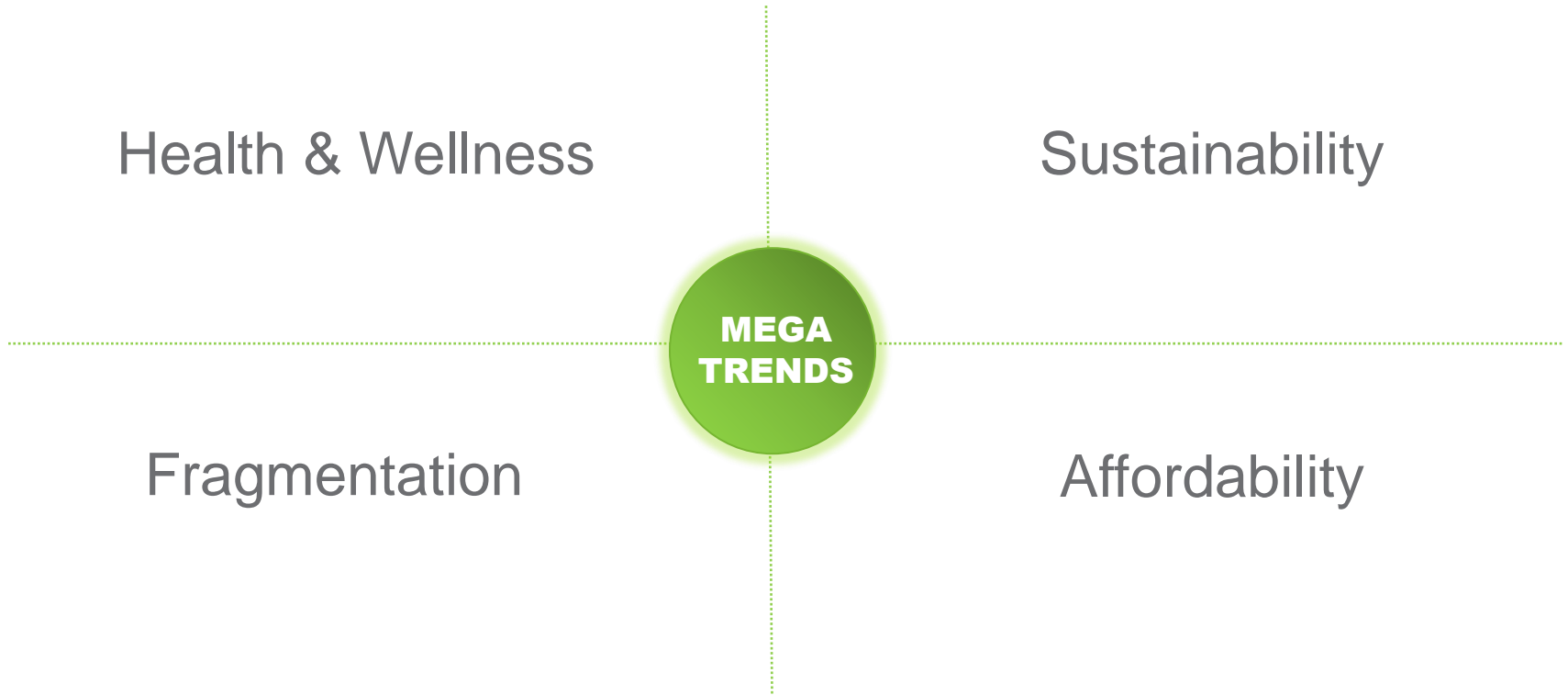
*Trash Bags*



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

Source: IRI Infoscan Data - Total U.S. Multi-Outlet (Food/Drug/Mass + Walmart + Sam's + BJ's + Family Dollar + Dollar General + Fred's + DeCA.) for 52 weeks ending 9/18/2016. Premium Trash contains Forceflex + Odorshield

# Advantaged Portfolio Supported by Consumer Megatrends



# Advantaged Portfolio

## Driving Significant Synergies



(1) As of June 30<sup>th</sup>, 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



Portfolio  
Momentum

Investing Behind Growth  
Brands to Accelerate Top-line



3D Innovation

Cutting Speed to Market by 50%



Growth Culture

FY16 Record-High Engagement

# Increased Investments in Profitable Growth

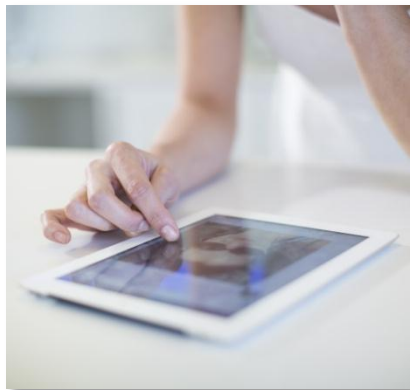


**Focus on Core**

**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

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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

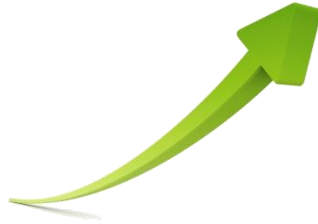
*Margin Enhancement through Operational Excellence*

# 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

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**3D Innovation**

# Broad-based Approach to Innovation

KEEP THE CORE HEALTHY

Product & Marketing

Product Superiority

GROW MARKET SHARE

EXPAND MARGIN

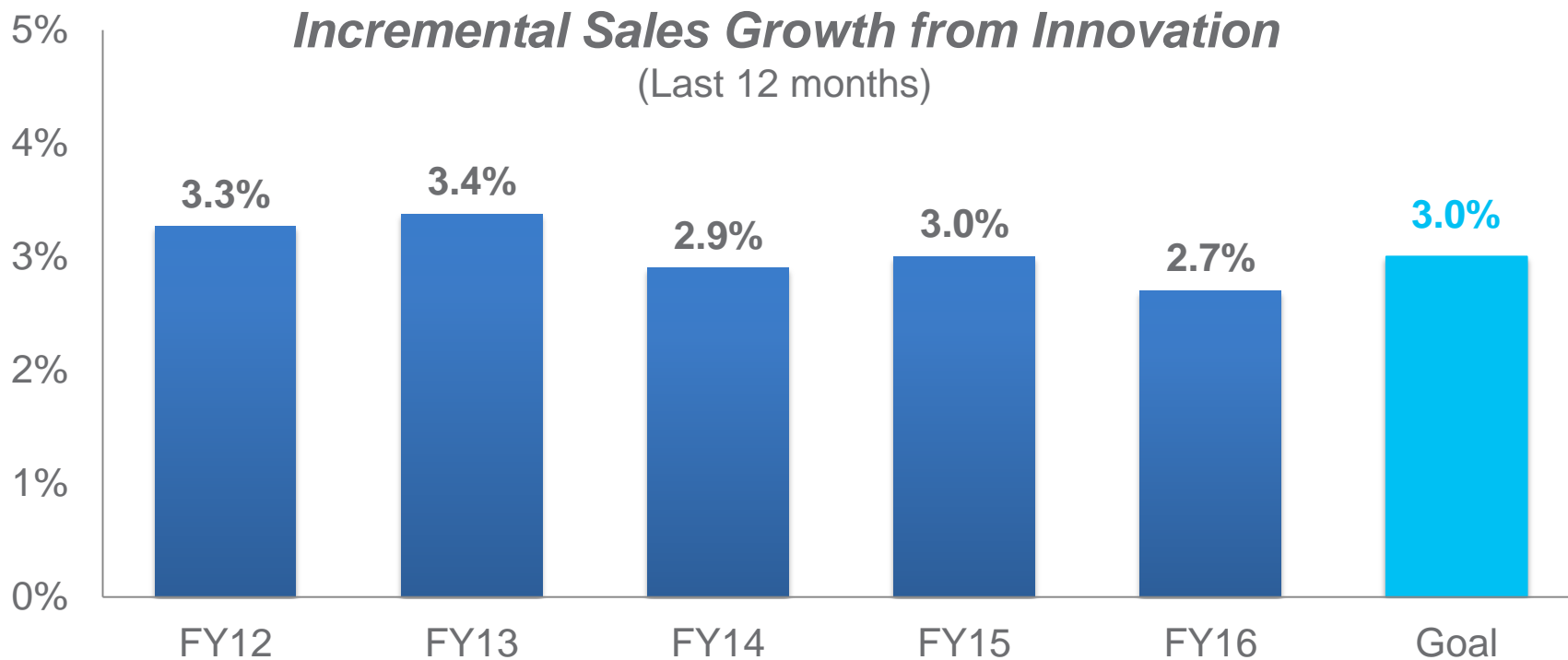
Cost-o-  
vation\*

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



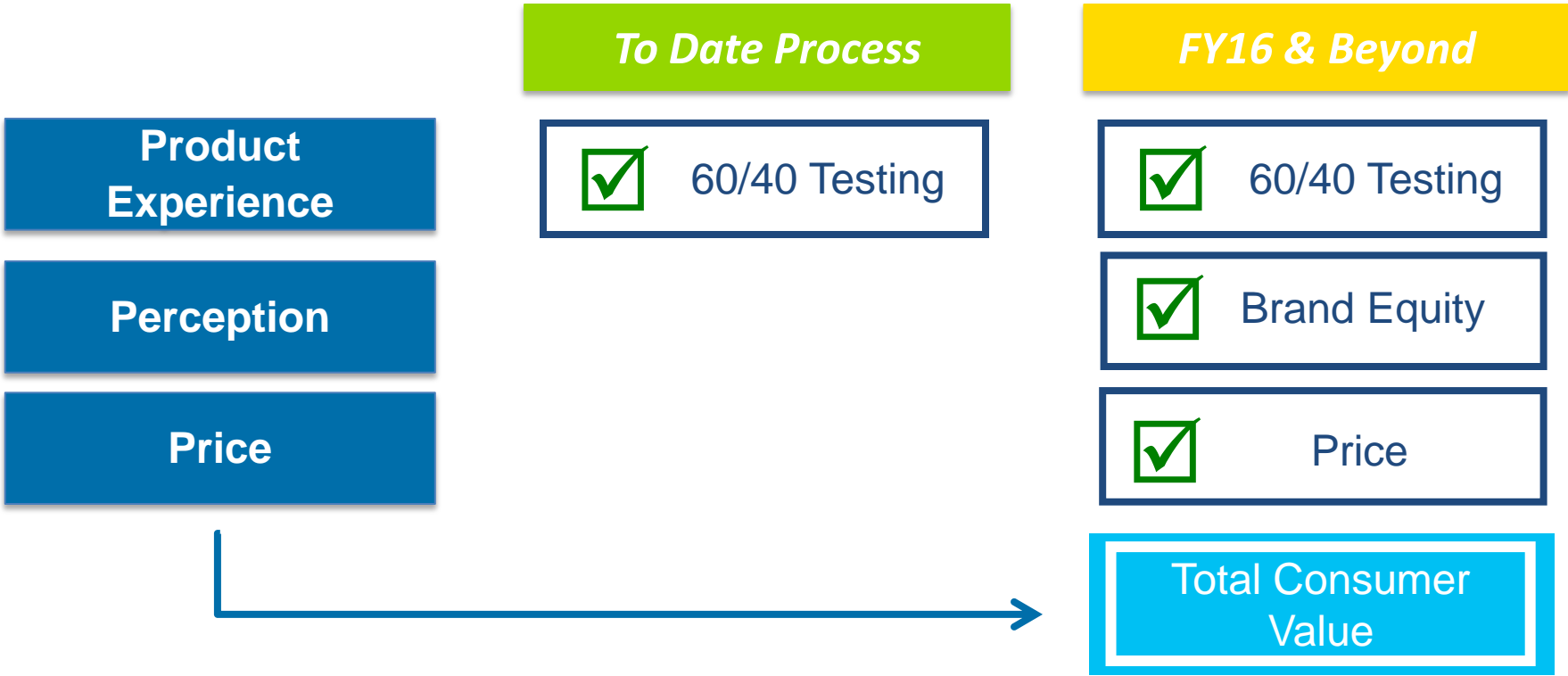
# Faster Time to Market

***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

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

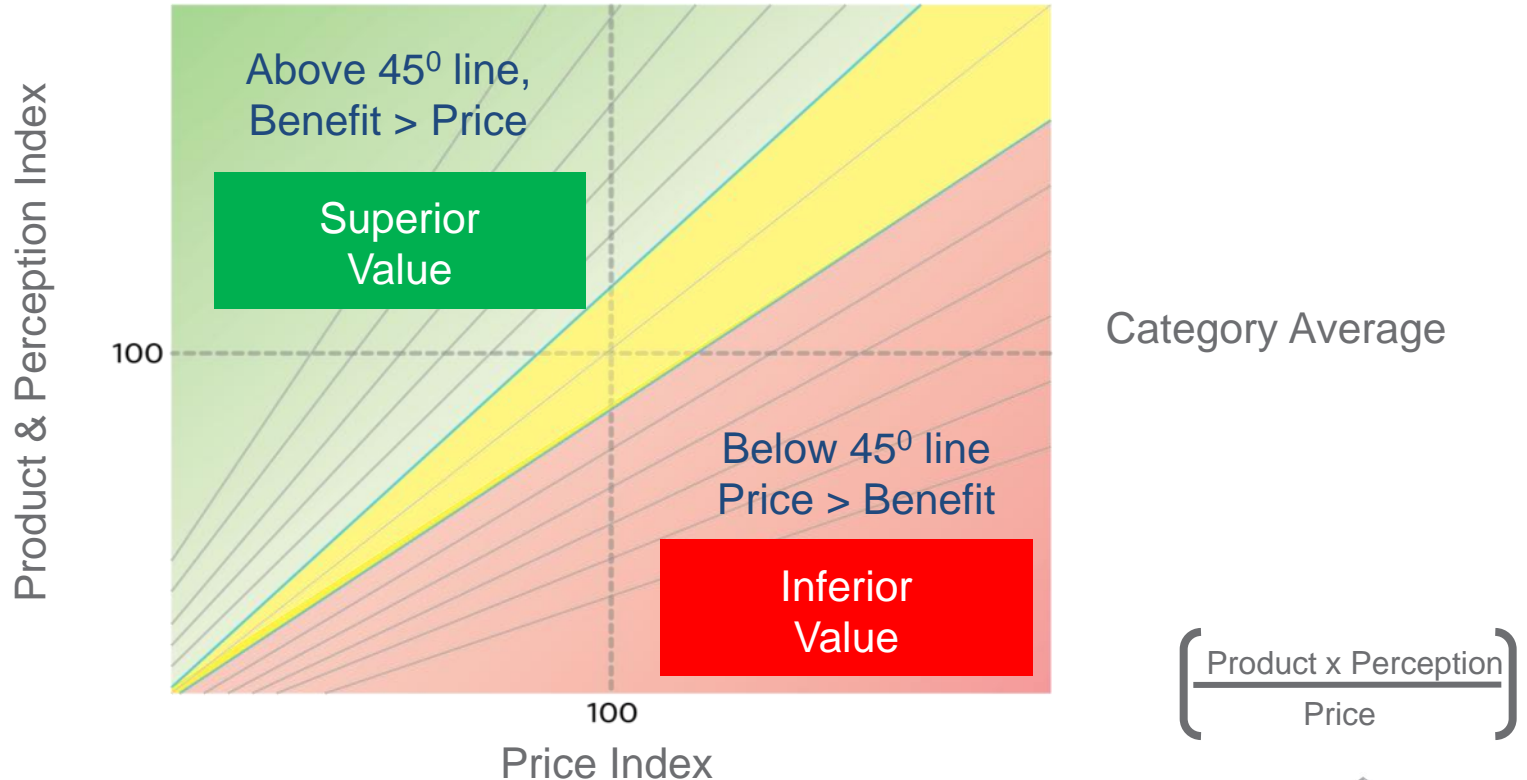
- Proprietary real-time data
- Correlates to change in market share
- Captures all value drivers

Superior Value

Parity Value

Inferior Value

# CVM: How Do We Use It?





# Focus on 3D Technology Transformation

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**3D Technology  
Transformation**



# Leading the Industry in Digital Consumer Engagement

Driving Consumer Engagement



**More  
Targeted**



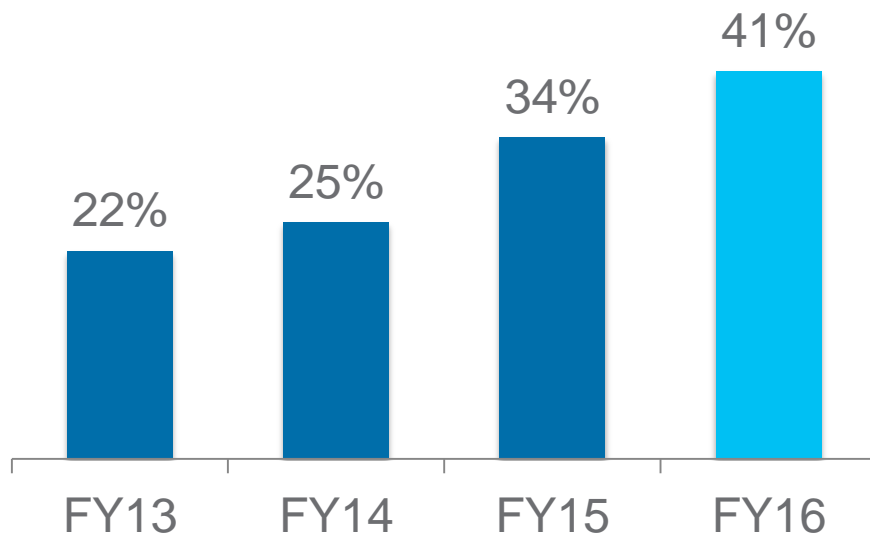
**More  
Personal**



**More  
Real-Time**

# Accelerating Investments in Digital Media

Clorox now invests **over 40%** 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<sup>®</sup>  
MARKETING  
CLOUD

facebook.

BuzzFeed

MAGNE+IC<sup>™</sup>

bluekai

datalogix<sup>®</sup>

twitter

MOAT

millennialmedia.

STAPLES Advantage

amazon.com<sup>®</sup>

Walmart.com

TubeMogul

VERVE<sup>®</sup>  
LABORATORY SOLUTIONS

TARGET.

Aol.  
THE HUFFINGTON POST

Integral  
Ad Science

CONVERSANT

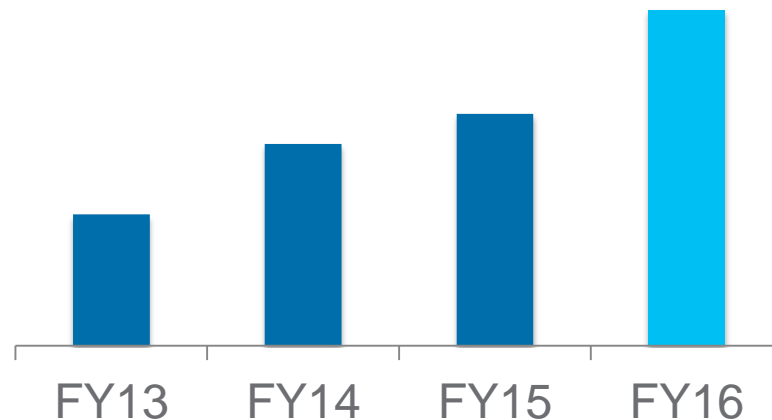
# Strong Momentum in eCommerce

Walmart 

amazon.com<sup>®</sup>

**STAPLES**<sup>®</sup> Advantage

~2x Sales Growth  
(FY16 vs FY13)





# eCommerce-Enabled Innovation

amazon.com<sup>®</sup>



# eCommerce-Enabled Innovation

amazon.com<sup>®</sup>

 **BRITA**<sup>®</sup>  
Infinity Pitcher



# Focus on Growth Culture

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**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)<sup>1</sup>



0.61

Recordable Incident Rate

(vs. World-Class Level <1.0)<sup>2</sup>

25%

Ethnic Minorities Among U.S. Nonproduction Managers

(vs. 22% U.S. Census Bureau)<sup>3</sup>

31%

Ethnic Minorities Among U.S. Nonproduction Employees

(vs. 28% U.S. Census Bureau)<sup>3</sup>

49%

Global Female Nonproduction Employees

41%

Global Female Nonproduction Managers

30%

Female Independent Board Members

(vs. 20% Fortune 500 Average)<sup>4</sup>

31%



Female Executive Committee Members

# International is a Key Component of our Portfolio

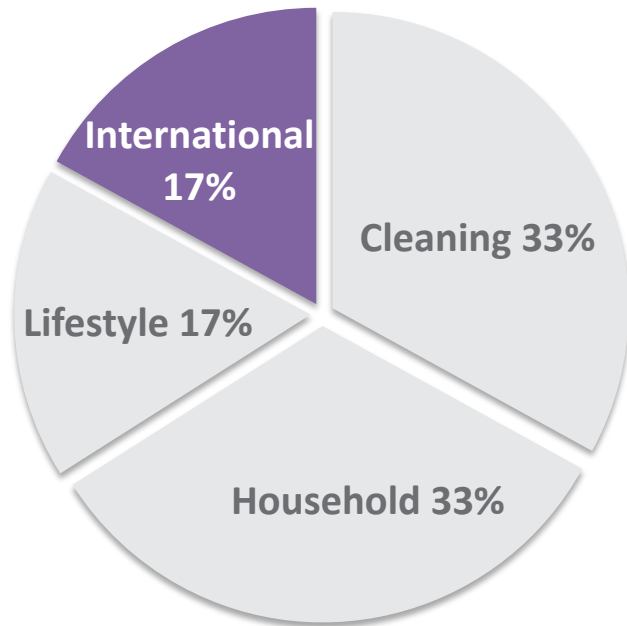
## International : 17%

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 Nov 2<sup>nd</sup> Earnings Call

**Sales**  
**+2% to +4%**

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

**EBIT Margin**  
**+25 to +50bps**

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

**Diluted EPS**  
**\$5.23 to \$5.43**  
**(+6% to +10%)**

- Tax rate: 32% to 33% including +\$0.10 to +\$0.15 of potential tax benefit from the adoption of (ASU) 2016-09 for stock-based compensation (actual tax impact from (ASU) 2016-09 TBD)
- Excluding potential tax benefit, EPS range is \$5.13 to \$5.28

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 Q1 Performance

	<u>FY17 Q1</u>	<u>Vs. Year Ago</u>
Sales	\$1.4B	+4% (+6% FX Neutral)
EBIT Margin	19.8%	-80 bps
Diluted EPS (cont. ops)	\$1.36	+3%

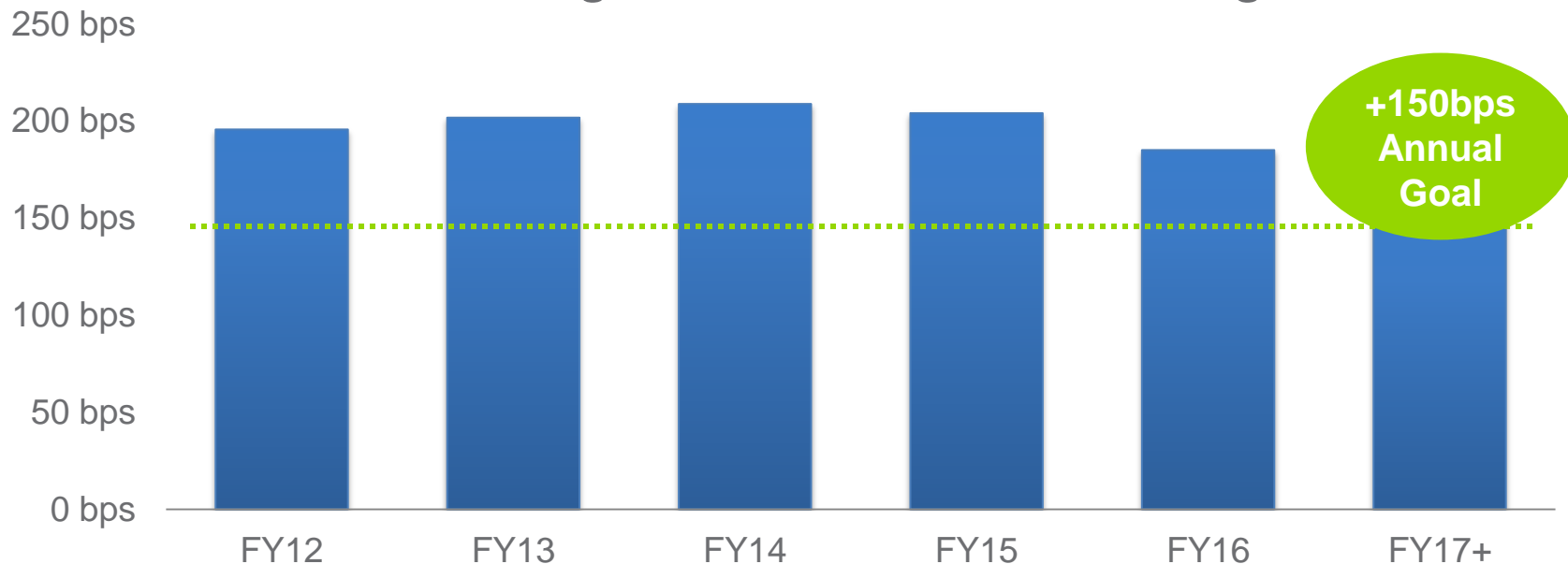
EBIT (a non-GAAP measure) represents earnings from continuing operations before income taxes (a GAAP measure), excluding interest income & interest expense. EBIT margin is a measure of EBIT as a percentage of sales. See reconciliation on our website (<https://investors.thecloroxcompany.com/investors/financial-information/quarterly-results/default.aspx>)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

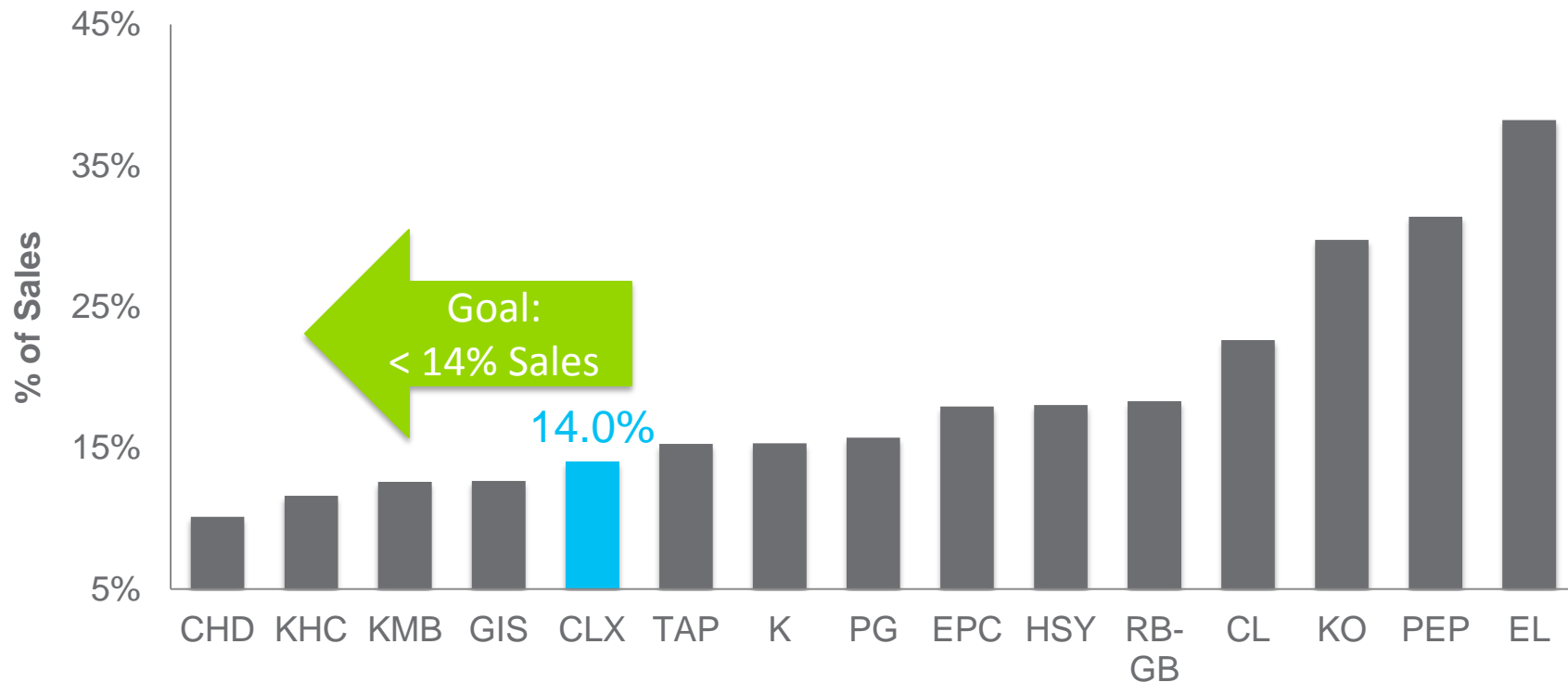
# Cost Savings Continue to Deliver

## *EBIT Margin Benefit from Cost Savings*



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 and 71.

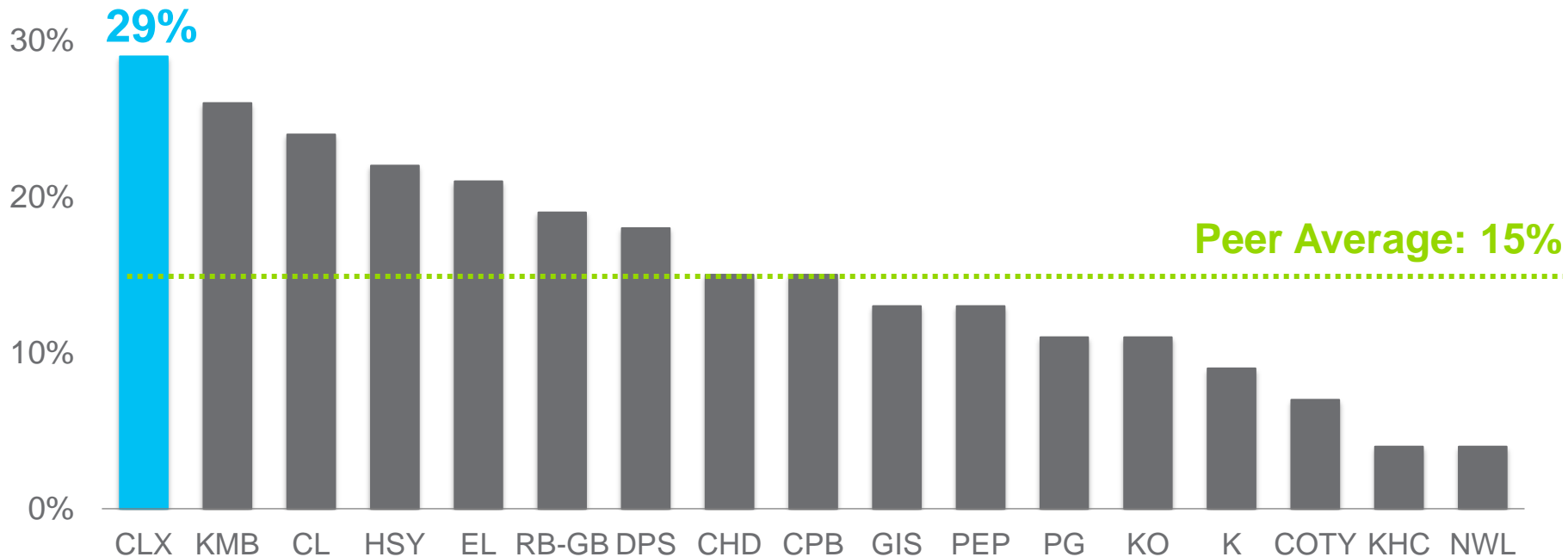
# Opportunities Exist Within SG&A



SG&A % of Sales as of Latest Fiscal Year End  
CLX as of June 30<sup>th</sup>, 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

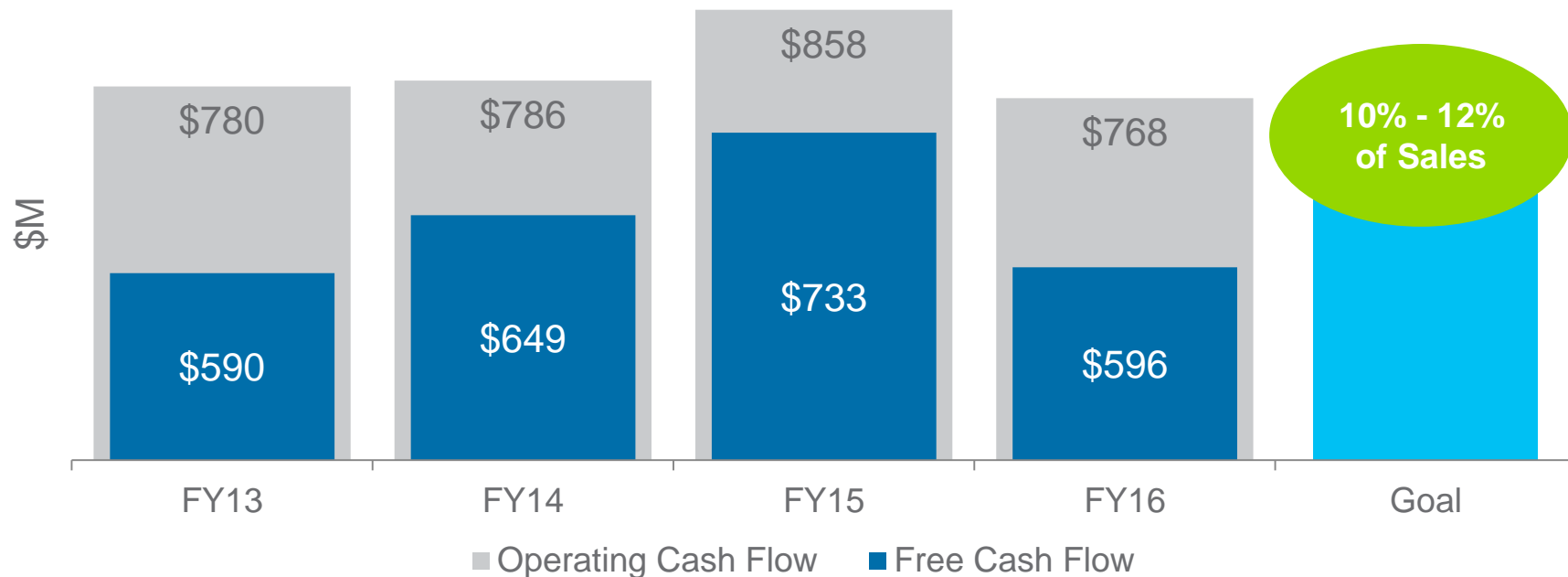
% of Sales

11%

12%

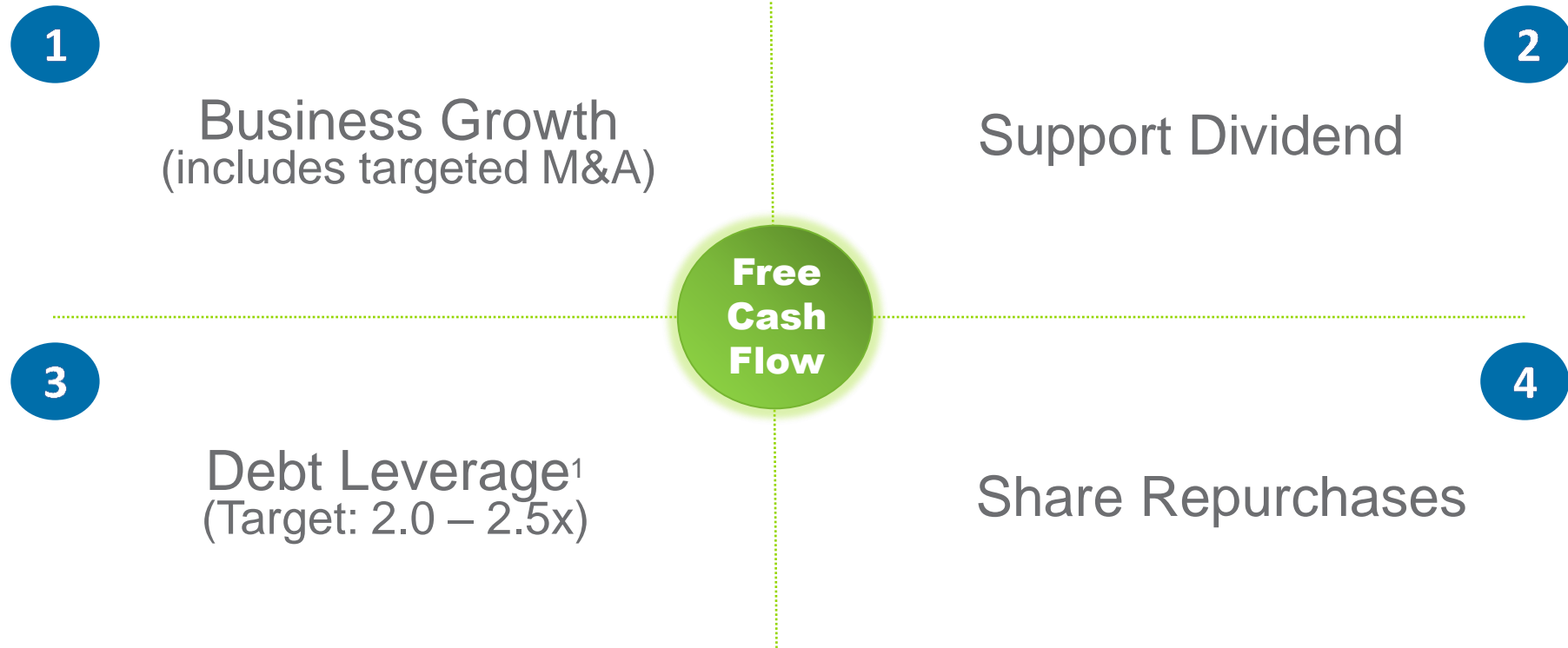
13%

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

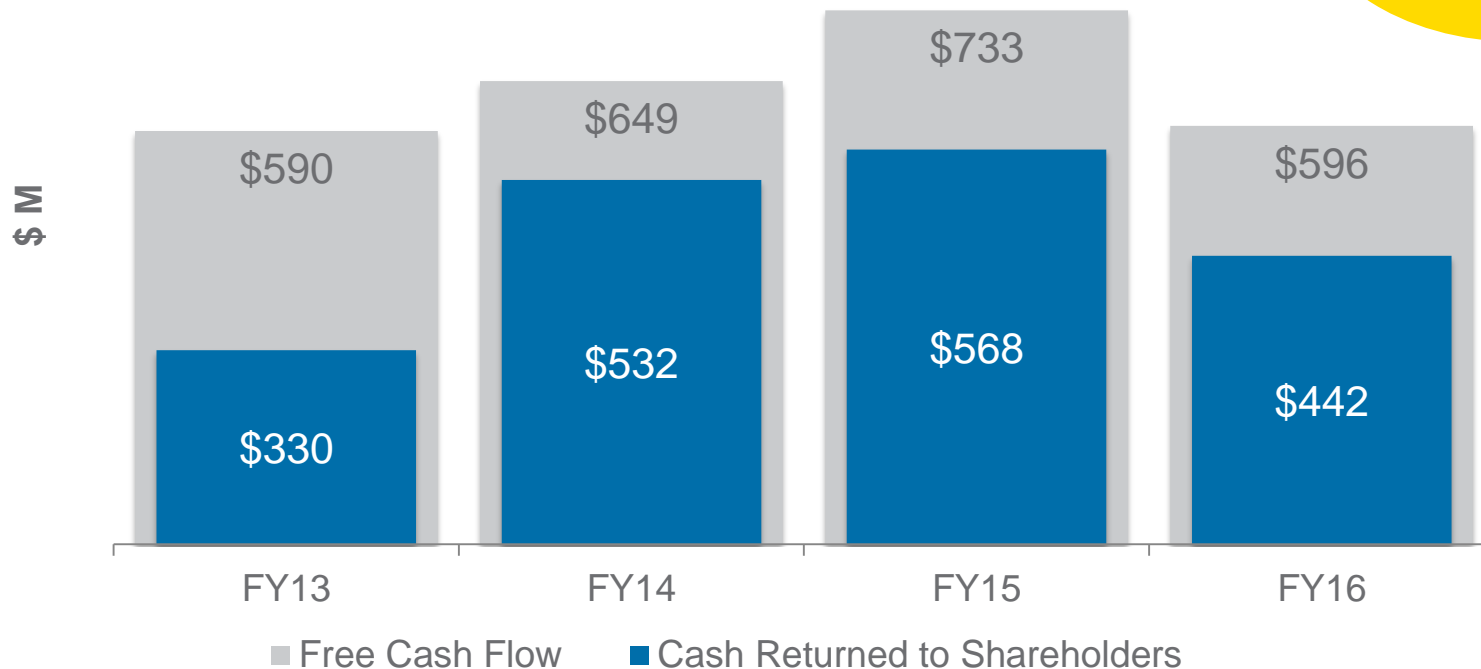
# M&A Focus

- 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
  - Transaction Size: Targeting “bolt-on” companies/brands/technologies with flexibility to consider other opportunities
  - Gross Debt/EBITA is 2.0x (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%**

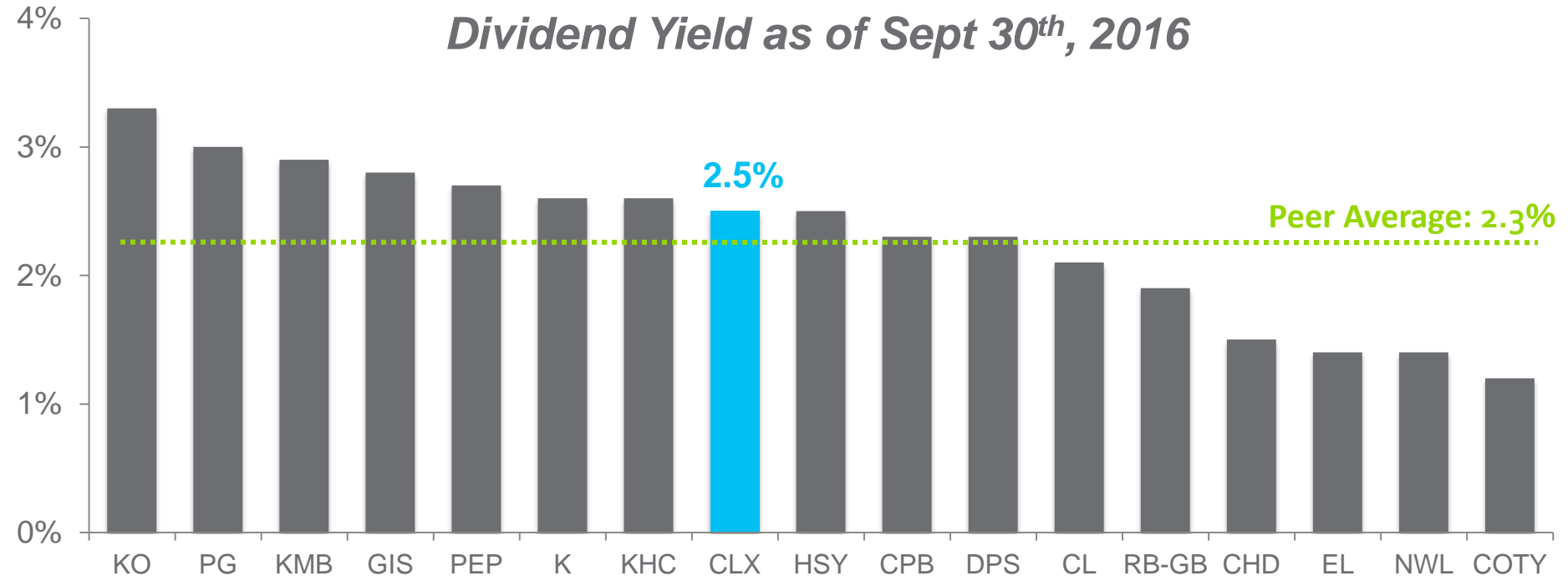


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# Healthy Dividend Growth...

## Dividends Have Increased Each Year Since 1977

*Dividend Yield as of Sept 30<sup>th</sup>, 2016*



# 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

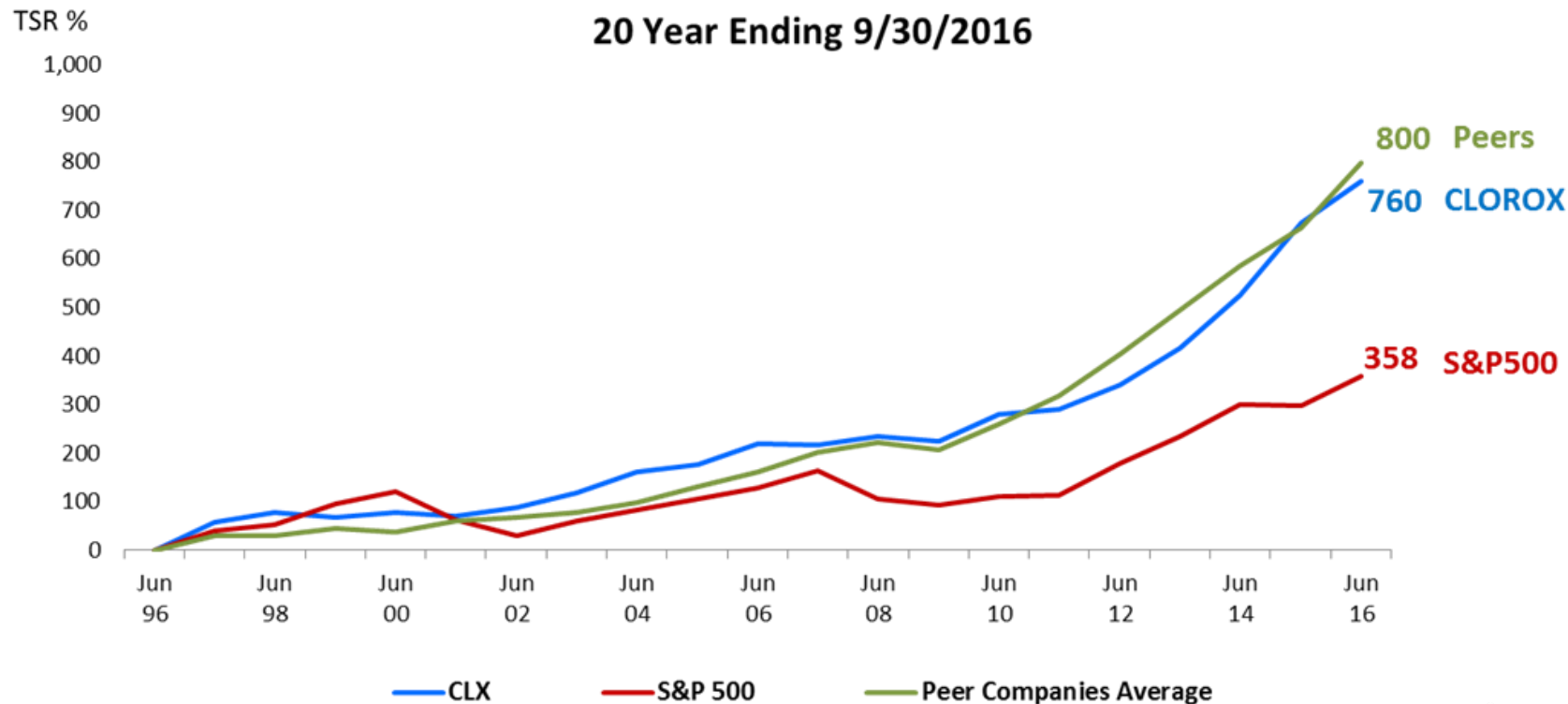
= +3 to +5pts  
company  
growth

Annual EBIT Margin Improvement: +25 to +50 bps

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

# Strong Shareholder Return

## Total Shareholder Return 20 Year Ending 9/30/2016



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	FY12	FY13	FY14	FY15	FY16
EBITDA	\$1.1	\$1.2	\$1.1	\$1.2	\$1.2
Total Debt / EBITDA	2.5x	2.1x	2.0x	1.8x	1.9x
EBITDA Interest Coverage	8.7x	9.5x	11.3x	11.9x	14.0x
EBIT / Interest	7.3x	8.0x	9.6x	10.2x	12.1x
Free Cash Flow / Debt	16%	25%	28%	33%	26%
FCF after Dividends / Debt	4%	10%	12%	16%	9%
FCF as % of sales	8%	10%	12%	13%	10%
FCF after Dividends as % of Sales	2%	4%	5%	6%	3%
Long Term Credit Ratings	BBB+ /Baa1	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	A-2/P-2

Note: EBIT, EBITDA, FCF are Non-GAAP measures with reconciliations available on slides 70-74

# Sales Growth Reconciliation

## *First Quarter Sales Growth Reconciliation*

	<b>Q1 Fiscal 2017</b>	<b>Q1 Fiscal 2016</b>
<b>Total Sales Growth – GAAP</b>	<b>3.8%</b>	<b>2.8%</b>
Less: Foreign exchange	<u>-1.9%</u>	<u>-2.8%</u>
<b>Currency Neutral Sales Growth - non-GAAP</b>	<b><u>5.7%</u></b>	<b><u>5.6%</u></b>

# Gross Margin Reconciliation

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

*Gross Margin (%)*

45.0%

44.6%

45.3%

45.4%

45.1%

44.4%

(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.

# Reportable Segments (unaudited)

*Dollars in Millions*

	Net sales			Earnings (losses) from continuing operations before income taxes		
	Three Months Ended			Three Months Ended		
	9/30/2016	9/30/2015	% Change <sup>(1)</sup>	9/30/2016	9/30/2015	% Change <sup>(1)</sup>
Cleaning	\$ 534	\$ 497	7%	\$ 164	\$ 149	10%
Household	422	411	3%	69	82	-16%
Lifestyle	236	231	2%	62	59	5%
International	251	251	0%	27	32	-16%
Corporate	-	-	0%	(58)	(58)	0%
<b>Total</b>	<b>\$ 1,443</b>	<b>\$ 1,390</b>	<b>4%</b>	<b>\$ 264</b>	<b>\$ 264</b>	<b>0%</b>

(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
Earnings from continuing operations before income taxes	\$264	\$230	\$237	\$252	\$983	\$264
Interest income	-\$1	-\$2	-\$1	-\$1	-\$5	-\$1
Interest expense	\$23	\$22	\$22	\$21	\$88	\$22
<b>EBIT <sup>(1)(3)</sup></b>	<b>\$286</b>	<b>\$250</b>	<b>\$258</b>	<b>\$272</b>	<b>\$1,066</b>	<b>\$285</b>
<i>EBIT margin <sup>(1)(3)</sup></i>	20.6%	18.6%	18.1%	17.0%	18.5%	19.8%
Depreciation and amortization	\$41	\$41	\$40	\$43	\$165	\$41
<b>EBITDA <sup>(2)(3)</sup></b>	<b>\$327</b>	<b>\$291</b>	<b>\$298</b>	<b>\$315</b>	<b>\$1,231</b>	<b>\$326</b>
<i>EBITDA margin <sup>(2)(3)</sup></i>	23.5%	21.6%	20.9%	19.7%	21.4%	22.6%
Net sales	\$1,390	\$1,345	\$1,426	\$ 1,600	\$ 5,761	\$1,443
Total debt <sup>(4)</sup>	\$2,218	\$2,287	\$2,219	\$2,312	\$2,312	\$2,407
<b>Debt to EBITDA <sup>(3)(5)</sup></b>	<b>1.8</b>	<b>1.8</b>	<b>1.8</b>	<b>1.9</b>	<b>1.9</b>	<b>2.0</b>

# EBIT and EBITDA (unaudited)

*Dollars in Millions*

	FY 2012	FY 2013	FY 2014	FY 2015
	FY	FY	FY	FY
	6/30/12	6/30/13	6/30/14	6/30/15
<b>Earnings from continuing operations before income taxes</b>	\$778	\$852	\$884	\$921
Interest income	-\$3	-\$3	-\$3	-\$4
Interest expense	\$125	\$122	\$103	\$100
<b>EBIT <sup>(1)(3)</sup></b>	<b>\$900</b>	<b>\$971</b>	<b>\$984</b>	<b>\$1,017</b>
<i>EBIT margin <sup>(1)(3)</sup></i>	16.7%	17.5%	17.8%	18.0%
Depreciation and amortization	\$177	\$180	\$177	\$169
<b>EBITDA <sup>(2)(3)</sup></b>	<b>\$1,077</b>	<b>\$1,151</b>	<b>\$1,161</b>	<b>\$1,186</b>
<i>EBITDA margin <sup>(2)(3)</sup></i>	20.0%	20.8%	21.1%	21.0%
Net sales	\$5,379	\$5,533	\$5,514	\$5,655
Total debt <sup>(4)</sup>	\$2,720	\$2,372	\$2,313	\$2,191
<b>Debt to EBITDA <sup>(3)(5)</sup></b>	<b>2.5</b>	<b>2.1</b>	<b>2.0</b>	<b>1.8</b>
<b>EBITDA interest Coverage</b>	<b>8.6</b>	<b>9.4</b>	<b>11.3</b>	<b>11.9</b>
<b>EBIT / Interest</b>	<b>7.2</b>	<b>8.0</b>	<b>9.6</b>	<b>10.2</b>

# EBIT and EBITDA (unaudited)

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- (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*

	<b>Fiscal Year 2016</b>	<b>Fiscal Year 2015</b>	<b>Fiscal Year 2014</b>	<b>Fiscal Year 2013</b>	<b>Fiscal Year 2012</b>
<b>Net cash provided by continuing operations – GAAP</b>	<b>\$768</b>	<b>\$858</b>	<b>\$786</b>	<b>\$780</b>	<b>\$622</b>
Less: Capital expenditures	<u>\$172</u>	<u>\$125</u>	<u>\$137</u>	<u>\$190</u>	<u>\$189</u>
<b>Free cash flow – non-GAAP <sup>(1)</sup></b>	<b><u>\$596</u></b>	<b><u>\$733</u></b>	<b><u>\$649</u></b>	<b><u>\$590</u></b>	<b><u>\$433</u></b>

(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	Fiscal Year 2012
<b>Free cash flow</b>	\$596	\$733	\$649	\$590	\$433
<b>Less : Dividends</b>	\$398	\$391	\$374	\$348	\$320
<b>Free cash flow after dividends</b>	\$198	\$342	\$275	\$242	\$113
<b>Total Debt</b>	\$2,320	\$2,191	\$2,313	\$2,372	\$2,720
<b>Net Sales</b>	\$5,761	\$5,655	\$5,514	\$5,533	\$5,379
<b>Free cash flow / Debt</b>	26%	33%	28%	25%	16%
<b>Free cash flow after dividends / Debt</b>	9%	16%	12%	10%	4%
<b>Free cash flow as % of sales</b>	10%	13%	12%	11%	8%
<b>Free cash flow after dividends as % of sales</b>	3%	6%	5%	4%	2%

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

- (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)*

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