

FY18 Q1 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, 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; volatility and increases in commodity, energy, transportation and other costs; the Company's ability to drive sales growth and increase market share; dependence on key customers; increase in sales of consumer products through alternative retail channels; information technology security breaches or cyber attacks; government regulations; political, legal and tax risks; risks relating to acquisitions, new ventures and divestitures; economic and financial market conditions; international operations and international trade, including price controls, foreign currency fluctuations, labor claims and labor unrest, and potential harm and liabilities from use, storage and transportation of chlorine in certain markets; the ability of the Company to innovate, to develop commercially successful products and to implement cost savings; the success of the Company's business strategies; the Company's business reputation; the venture agreement with P&G related to the Company's Glad® business; supply disruptions; product liability claims, labor claims and other legal proceedings; the Company's ability to attract and retain key personnel; environmental matters; the Company's ability to assert and defend its intellectual property rights; and the impacts of potential stockholder activism.

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How We Create Value



Leading Brands

Over 80% of Global Sales from #1 or #2 Share Brands



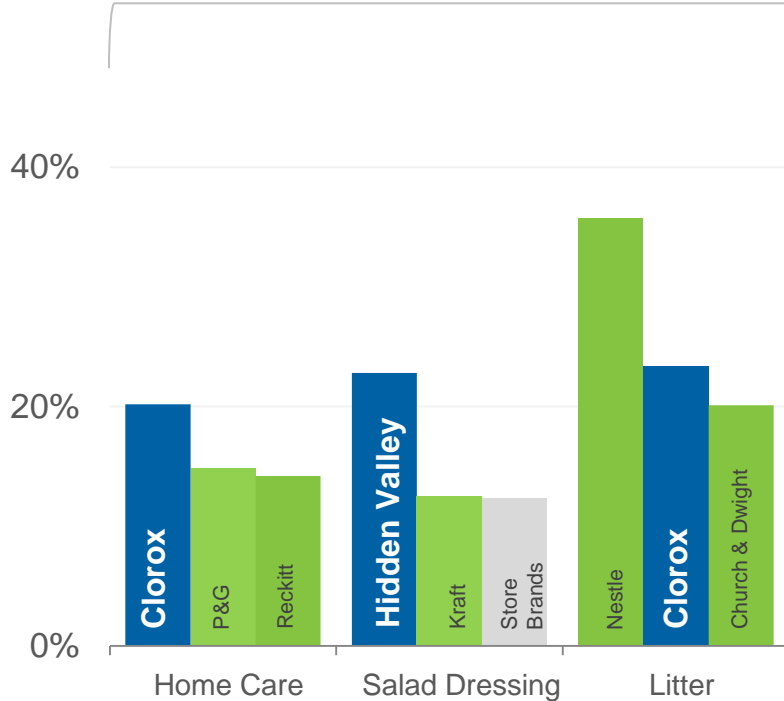
	United States	Share Position		International	Share Position
	Disinfecting Wipes	#1		Argentina	#1
	Bleach	#1		Saudi Arabia	#1
	Toilet Bowl Cleaner	#1		Mexico	#2
	Clean Up Spray	#1		Peru	#1
				Colombia	#2
	Dilutable Cleaners	#1		Chile	#1
	Drain Care	#2			
	Charcoal	#1		Canada	#2
	Salad Dressing	#1		Canada	#1
				Australia	#1
	Cat Litter	#2		Argentina	#1
				Chile	#1
	Premium Trash Bags	#1		Canada Trash Bags	#1
	Food Wraps	#2		Canada Food Wraps	#1
	Natural Lip Care	#1		New Zealand Food Protection	#1
				Hong Kong Food Protection	#1
	Water Filtration	#1		Canada Lip Care	#2
	Probiotics – Natural Channel	#2			

US share position: dollar market share, IRI MULOP 52 weeks ending 06/18/17, International share position: dollar market share, Nielsen Retail Measurement for International geographies except; IRI for Australia

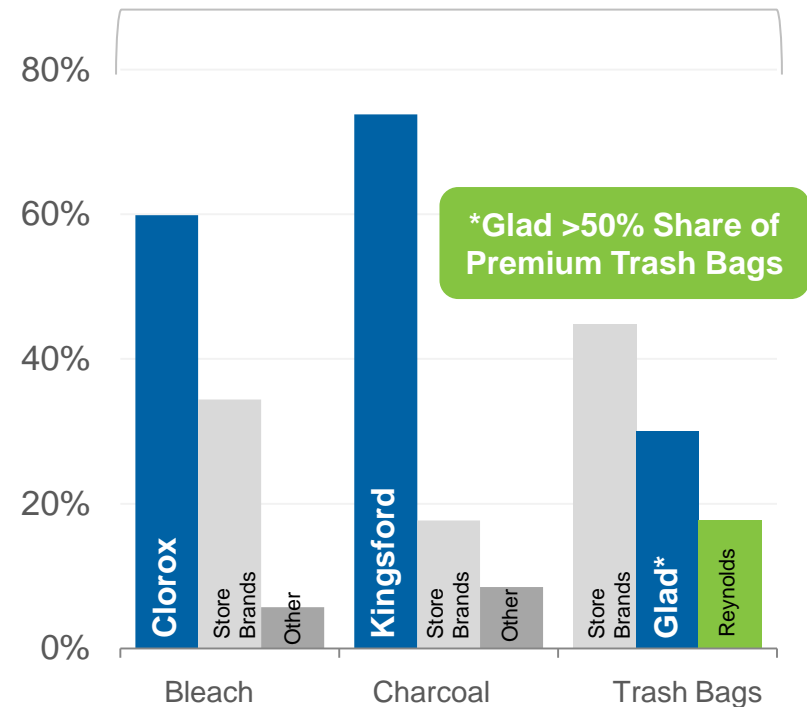
Competing Well with National & Store Brands



Categories with National Brands



Categories with Store Brands



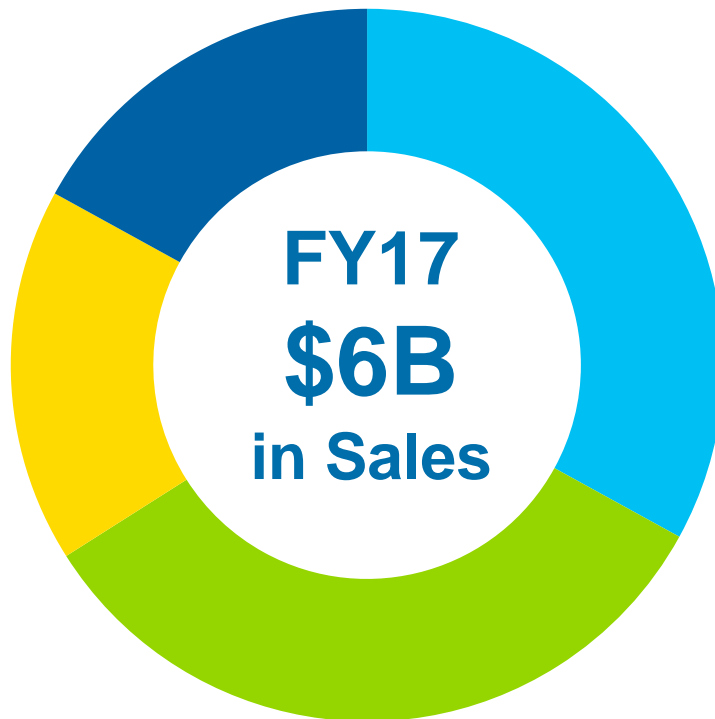
Mid-Sized Categories

International : 17%




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

Lifestyle : 16%

	9%
	4%
	3%



Cleaning : 34%

	Home Care	19%
	Laundry	9%
	Professional	6%

Household : 33%

	14%
	10%
	7%
	2%



Operational Excellence



*As of June 30th, 2017, Clorox's S&A/Sales was ~13.6% 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 (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.



Good Growth



Profitable, Sustainable, Responsible



Leading Through Strategic Change in CPG



**Digital
Revolution**



**Consumer
Focus on Value**



**Challenging
Retail
Environment**



**International
Macro
Headwinds**

Evolved 2020 Strategy

Mission

- We make everyday life better, every day

Objectives

- Maximize economic profit
- Big-share brands in mid-sized categories and countries

Strategy

- Drive superior consumer value behind strong brand investment, innovation and technology transformation
- Accelerate portfolio momentum in and around the core
- Fuel growth by reducing waste in our work, products and supply chain
- Engage our people as business owners



Long-Term Growth Algorithm 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

Total Company

annual growth
= +3 to 5pts

Annual EBIT Margin Improvement:

Annual Free Cash Flow:

+25 to +50 bps

10% to 12% of Sales

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.

Free Cash Flow (a non-GAAP measure) represents Operating Cash Flow from Continuing Operations less Capital Expenditures. See reconciliation in the Appendix

FY18 Q1 Performance and FY18 Outlook



	<u>FY18 Q1</u>	<u>FY18 FY Outlook</u> <u>(Nov 1 earnings call)</u>
Sales (vs Year Ago)	\$1.5B (+4%)	+1 to +3% Innovation: ~+3pts Aplicare Divestiture: ~-1pt Pricing: less than +1pt F/X: less than -1pt
Diluted EPS from cont. ops (vs Year Ago)	\$1.46 (+7%)	\$5.47 to \$5.67 (+2 to +6%) Gross Margin: down slightly Selling & Admin: <14% of Sales

Strategy 2020: Drive Superior Consumer Value

Mission

- We make everyday life better, every day

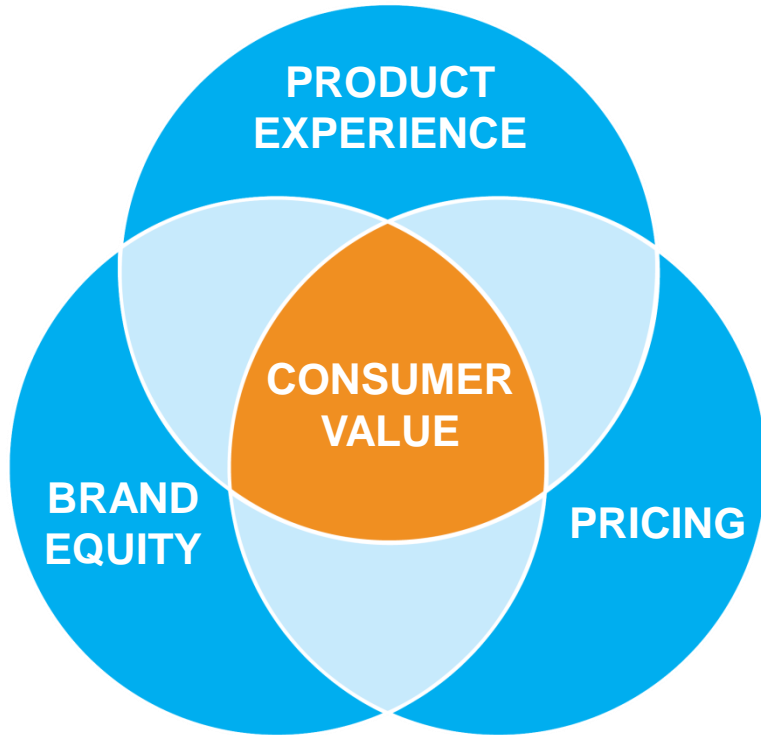
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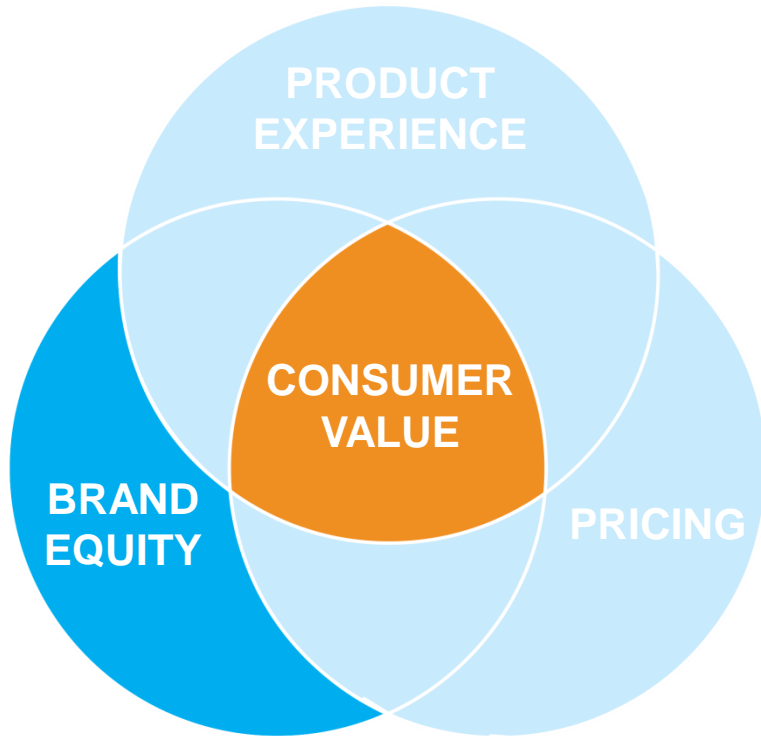
- Drive superior consumer value behind strong brand investment, innovation and technology transformation
- Accelerate portfolio momentum in and around the core
- Fuel growth by reducing waste in our work, products and supply chain
- Engage our people as business owners

Driving Superior Consumer Value



- Value is an outcome of:
 - Great brand equity
 - Differentiated products
 - The right pricing
- Executing with excellence by delivering seamless consumer experience in-store and online

Driving Superior Consumer Value



- Value is an outcome of:
 - **Great brand equity**
 - Differentiated products
 - The right pricing
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Brand Equity: Evolving How We Build Brands



Brand
Studios

FCB

New Agency
Partners

mcgarrybowen

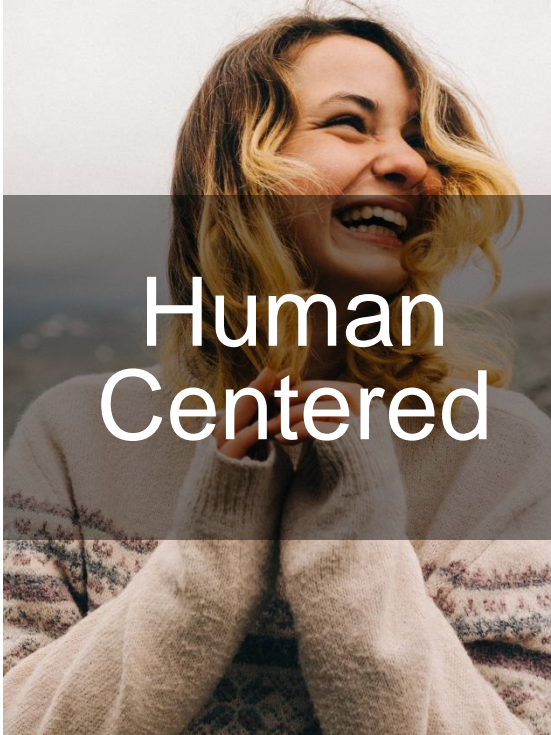
ALMA

HAVE SOUL



Marketing
Technology

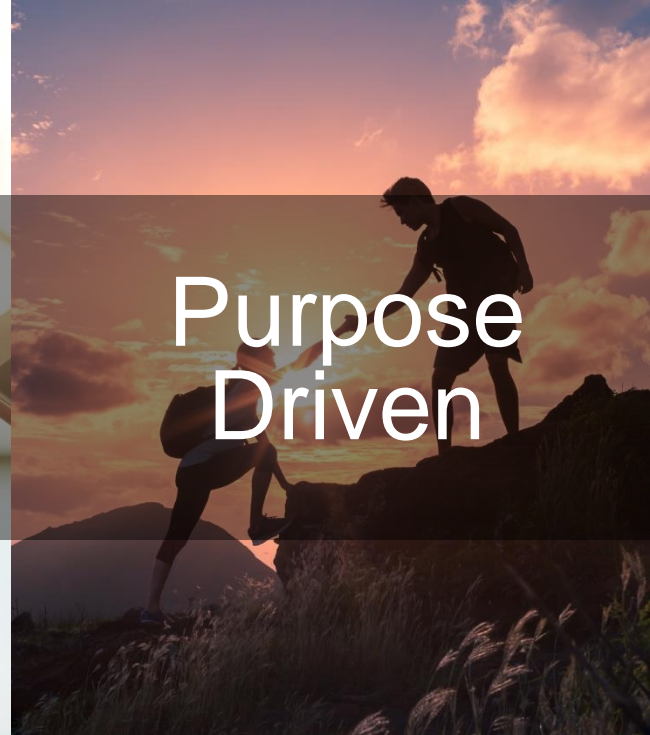
Brand Equity: Building Brands with Purpose



Human
Centered



Technology
Enabled



Purpose
Driven

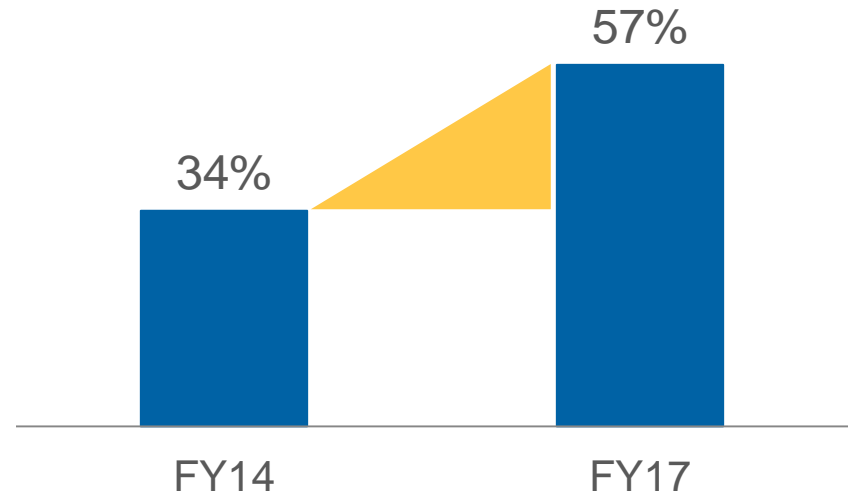
A Majority of our Portfolio is Value Advantaged



57%

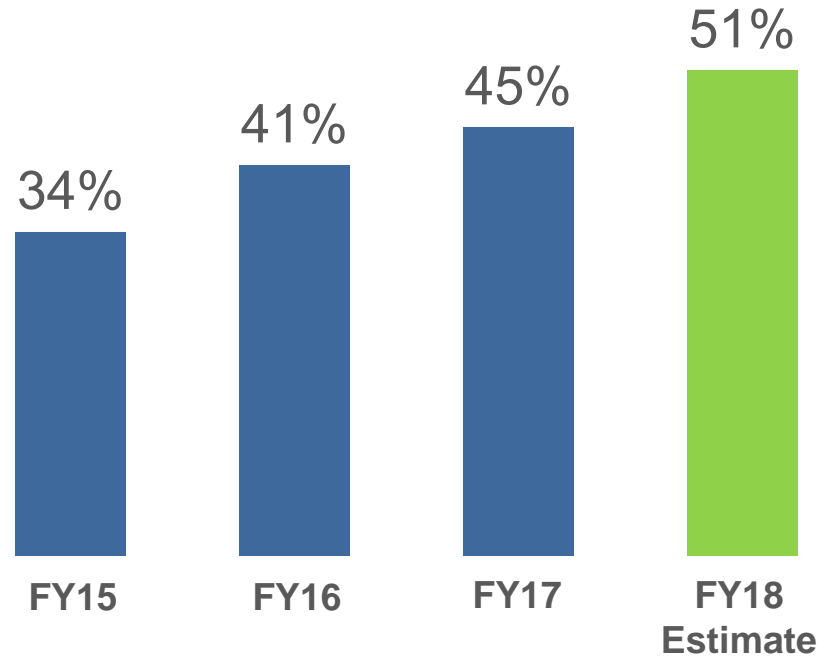
of portfolio has
superior consumer
value.

% Sales Superior
Consumer Value



We Continue to Lean Into Digital Engagement

Clorox invests **over 50%**
of our media in digital



Strong Operating Discipline in Digital



Right Level of Targeting



Effective Digital Levers



Digital Safety & Ad Fraud

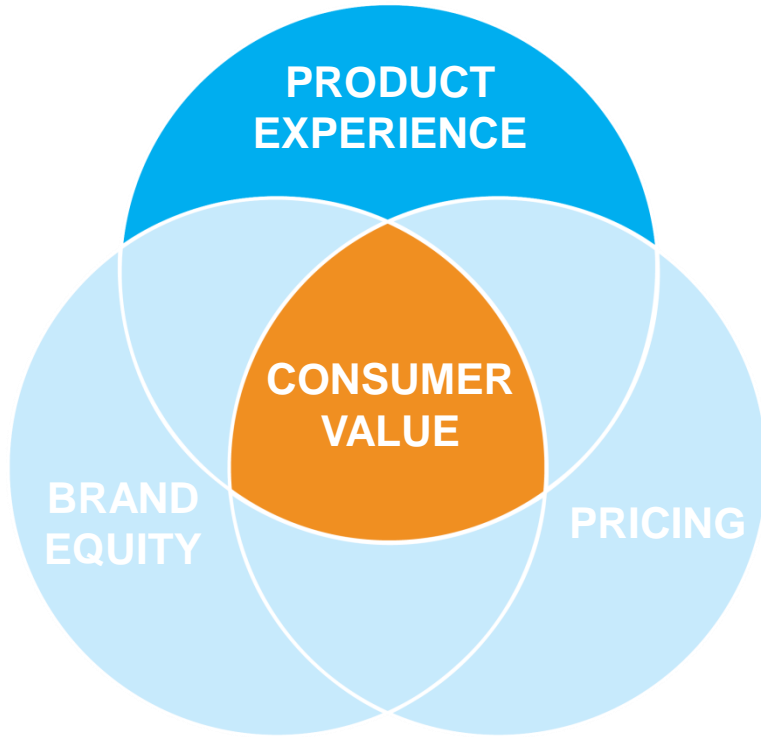


Our Partners Help Build World-Class Digital

Select Partners:



Driving Superior Consumer Value



- Value is an outcome of:
 - Great brand equity
 - **Differentiated products**
 - The right pricing
- Executing with excellence by delivering seamless consumer experience in-store and online

Broad-Based Approach to Innovation

KEEP THE CORE HEALTHY

Product & Marketing

Product Superiority

GROW MARKET SHARE

EXPAND MARGIN

Cost-o-
vation*

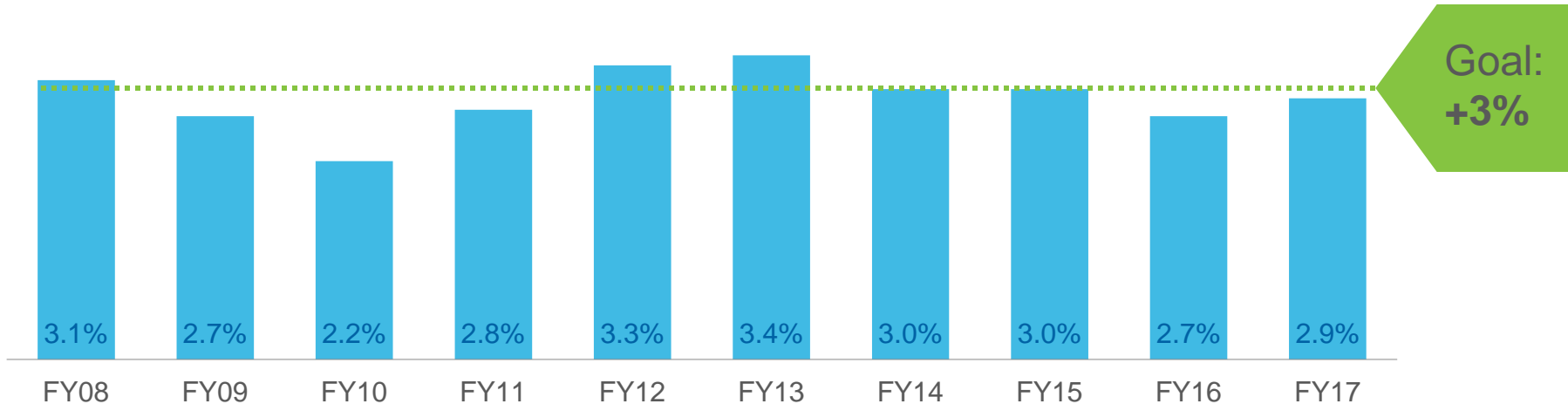
New Product
Platforms
&
Adjacency
Expansion

ACCELERATE GROWTH

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

Strong Track Record of Innovation

Incremental Sales Growth from Product Innovation (Last 12 months)



Strong Track Record of Innovation



Glad Odorshield with Gain



Clorox Power Gel



Scentiva Cleaning Platform



Fresh Step with Febreze



Clorox Splash-less Bleach



Long-Burning Charcoal



Brita Stream



Hidden Valley Ranch Withs



Clorox Fuzion Cleaner & Disinfectant



Burt's Bees Lipsticks



Evolving our Processes

BIGGER

Size of
Prize

Redesigned front-end innovation processes:

- Leverage consumer “Jobs” framework
- Embed external perspectives

Harness the power of design



BETTER

Innovation
Processes

- Consumer Feedback
- Insights
- Technology
- Design Engagement

FASTER

to
Market

New product development process cuts average time to market by nearly **40%**:

- Applies Agile principles
- R&D and marketing organizations redesigned for faster decision-making
- Leverages co-location benefits of innovation center



Reinventing Scent Experience in Home Care



Hawaiian Sunshine

Clorox® Scentiva™

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



Tuscan Lavender & Jasmine

Reinventing Scent Experience in Home Care



Clorox® Scentiva™

New scent: Pacific Breeze and Coconut

New product form



Solid Pipeline to Continue the Momentum

FY18
Front Half



FY18
Back Half



Clorox Performance
Bleach with Cloromax

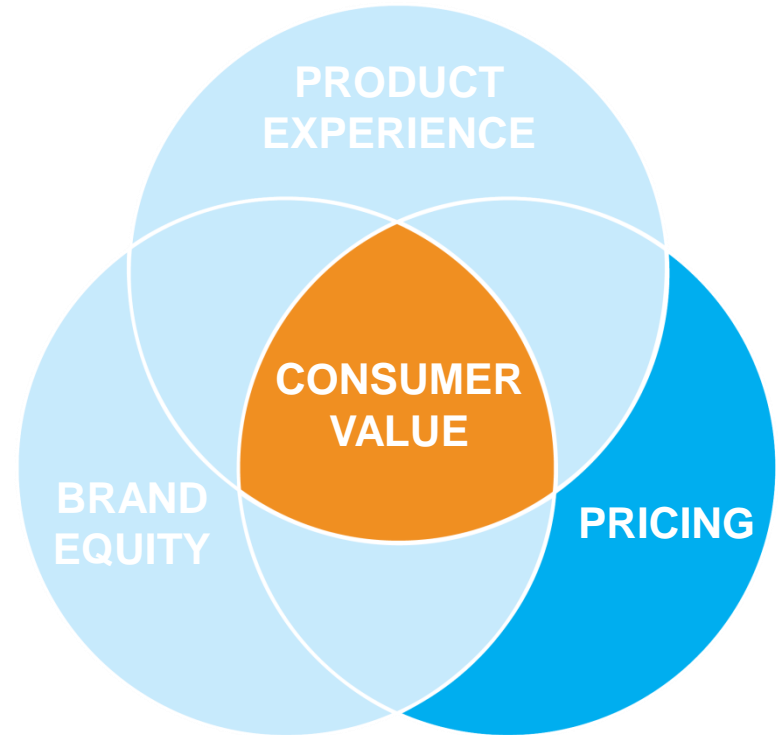


Scentiva Cleaning Platform

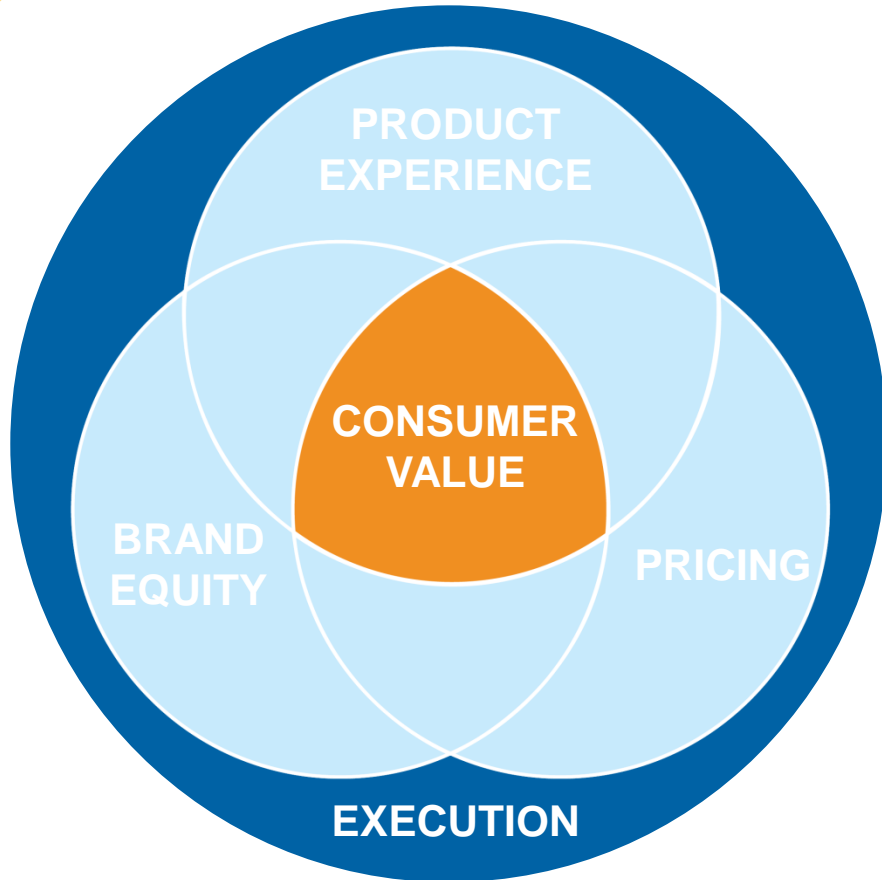


Strategic Approach to Pricing Guided by Consumer Value

- Price for value, considering all elements of consumer value
- Leverage value-added innovation as a pricing opportunity
- Strong track record of price increases over past 5 years

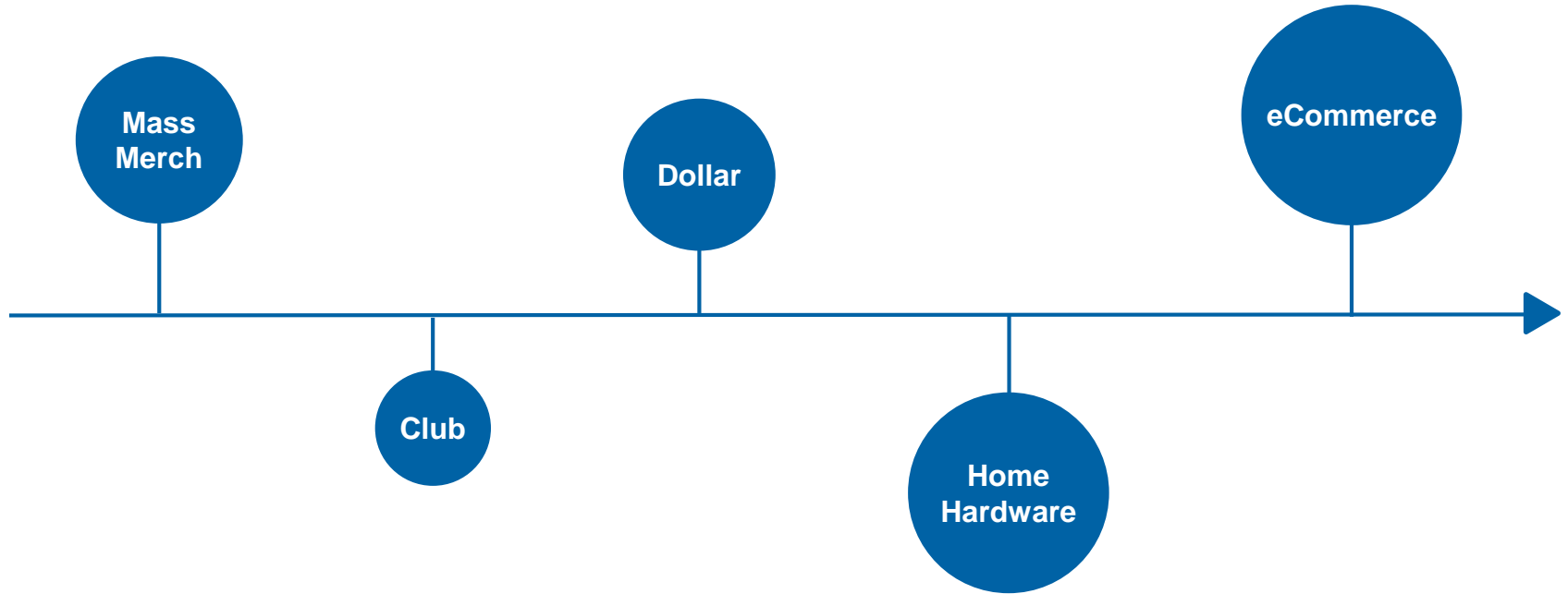


Driving Superior Consumer Value



- Value is an outcome of:
 - Great brand equity
 - Differentiated products
 - The right pricing
- **Executing with excellence** by delivering seamless consumer experience in-store and online

Clorox has a Long History of Retail Success



Clorox Capabilities are World Class and Adaptable

- Insights
- Category management
- Shopper marketing
- Retail operations
- Supply chain
- Omni-channel retailing



Accelerating Growth in eCommerce

- Early investment in eCommerce is paying off
- Adapting Clorox capabilities to a digital application
- Leveraging our strength in category management and shopper marketing



amazon

chewy

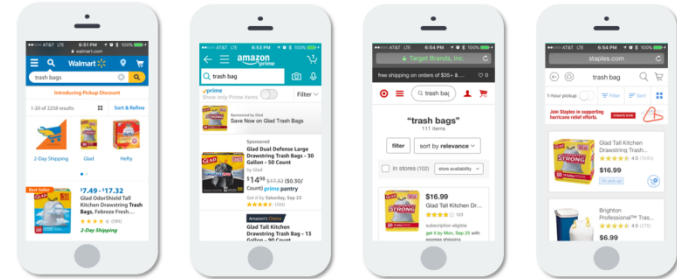
STAPLES

jet

Walmart

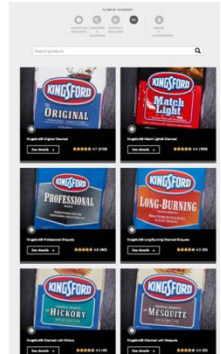
Translating Category Management from Physical to Digital

- Winning with assortment and shelving in brick & mortar
- 'Top of the page' is online equivalent of eye-level shelving



Translating Shopper Marketing from Physical to Digital

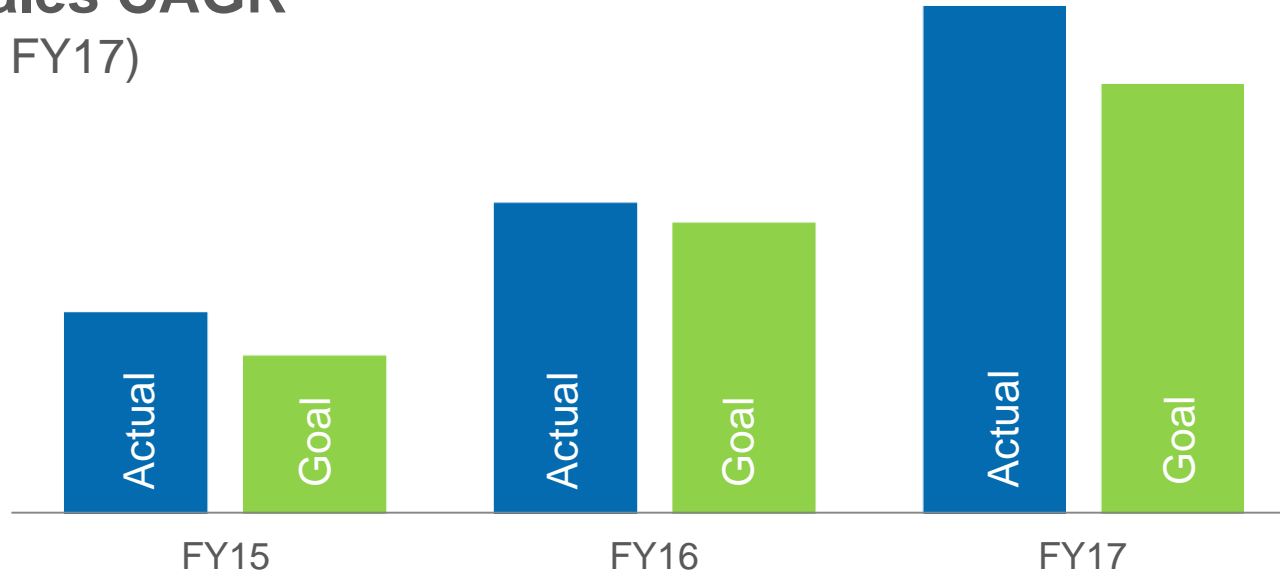
- Engaging shoppers in store with bundles and disruptive displays
- Engaging shoppers online with relevant and customized content



eCommerce Sales Well Ahead of Goals

~4% of Total Company Sales

37% Sales CAGR
(FY15 to FY17)



Strong Progress on our Tech Transformation

eCommerce

Integrate the Physical and Digital Retail Worlds to Meet Shopper Needs



Product & Packaging



Winning the Algorithm



Enhanced Content

Digital Marketing

Leverage Data, Technology and Analytics to Drive Consumer Engagement



More Targeted



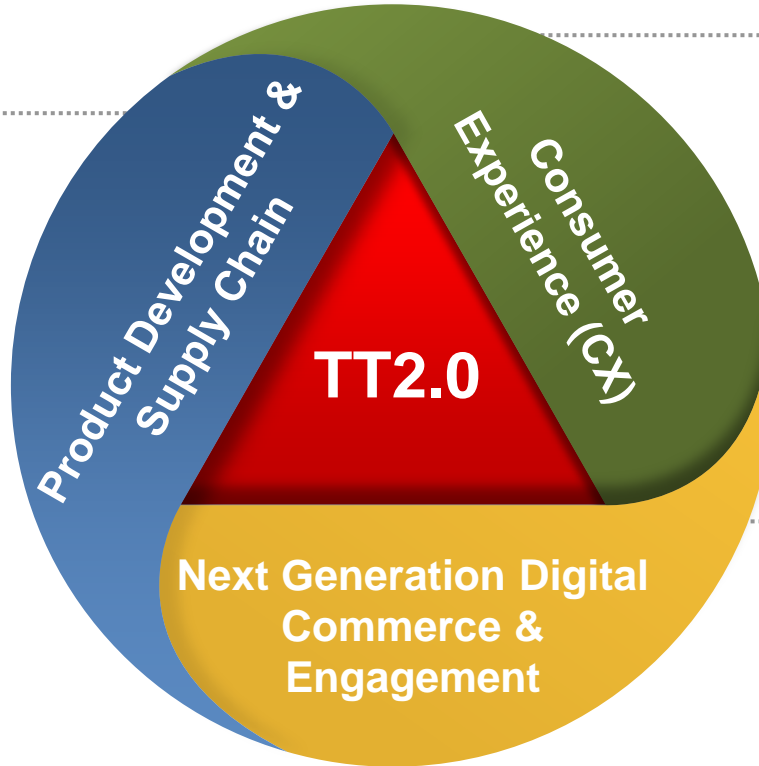
More Personalized



More Real-Time

Technology Transformation 2.0

**Broadens Digital
Across the Value
Chain**



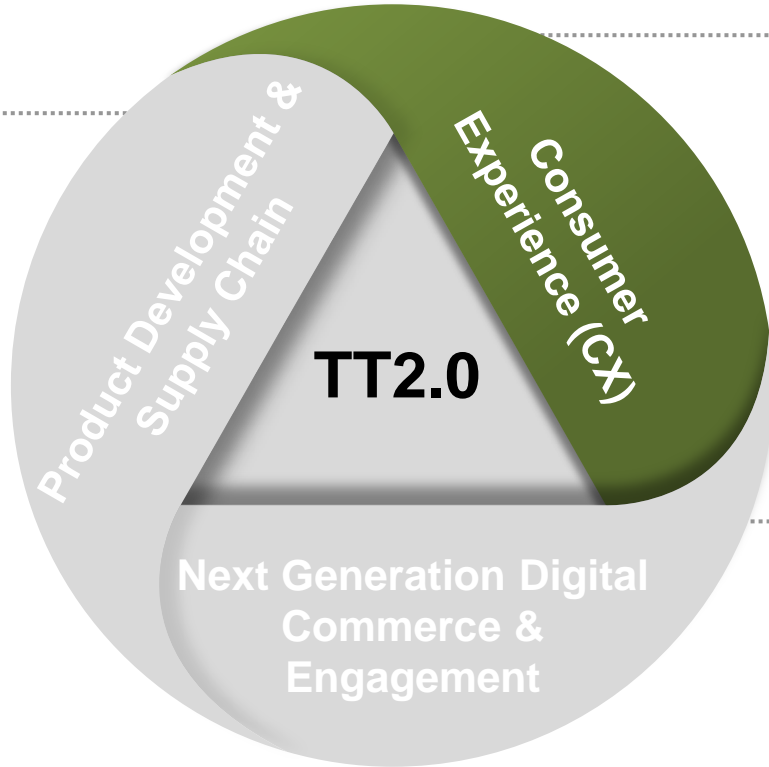
**Organizes Around
Consumers' Goals**

**Goes Deeper into
What's Working on
Demand**

Technology Transformation 2.0



Broadens Digital
across the Value
Chain



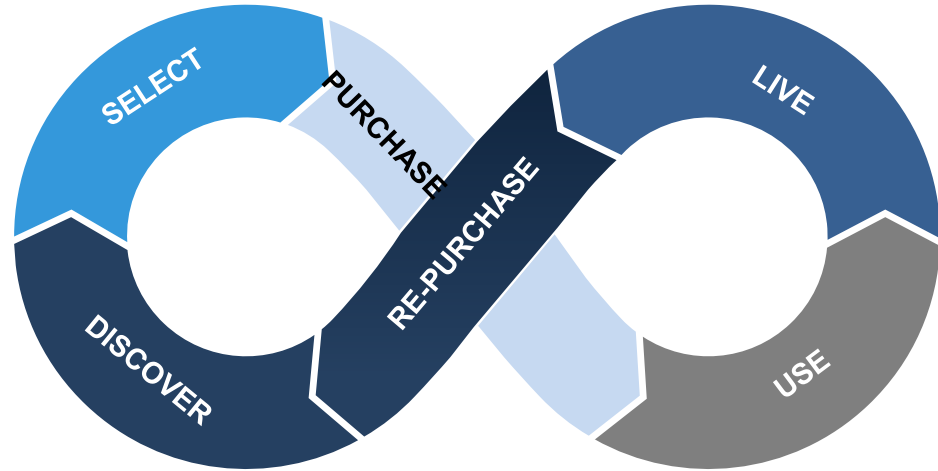
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Goes Deeper into
What's Working on
Demand

Evolving in a Digital World

From: **3Ds**

To: Seamless **Consumer Experience (CX)**



Across the enterprise, **everyone focuses** on critical points of **consumer journeys** to cultivate and **enhance engagement**

Moments to Engage Consumers on their Journey



RenewLife™



Diagnosing:

“What’s the issue I should work on?”



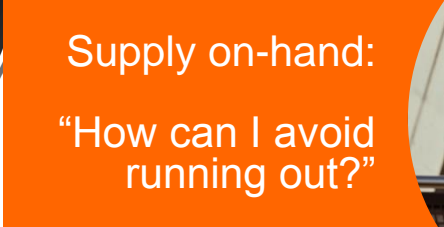
Tracking:

“How do I track progress?”



Choosing:

“Which product addresses my needs?”



Supply on-hand:

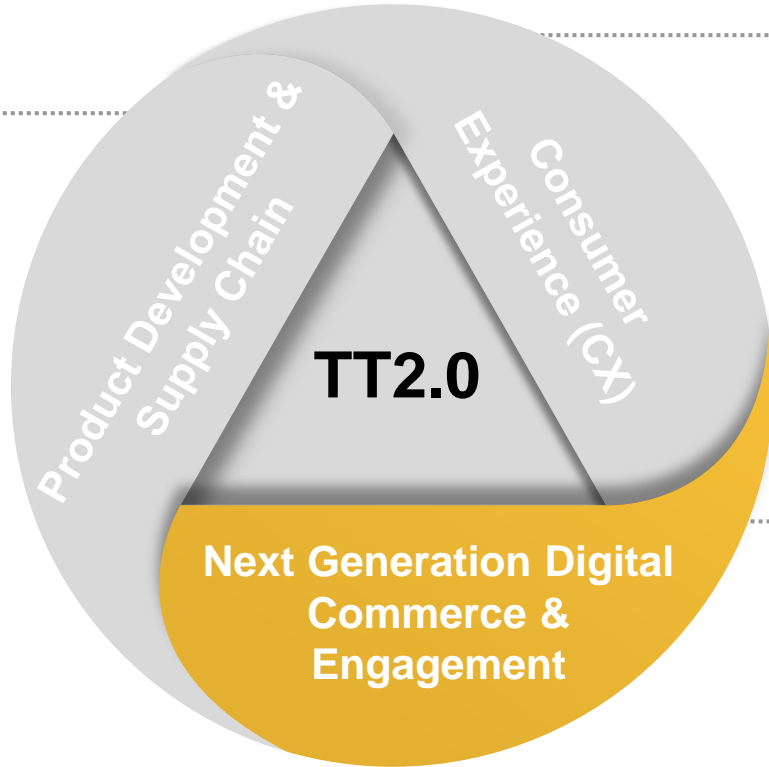
“How can I avoid running out?”



Technology Transformation 2.0



Broadens Digital
across the Value
Chain



Organizes Around
Consumers' Goals

**Goes Deeper into
What's Working on
Demand**

Next-Gen Digital Commerce & Engagement



All in on eCommerce



Enhanced Digital Engagement



Personalized Experiences



Leveraging Game-Changing Technology



Today

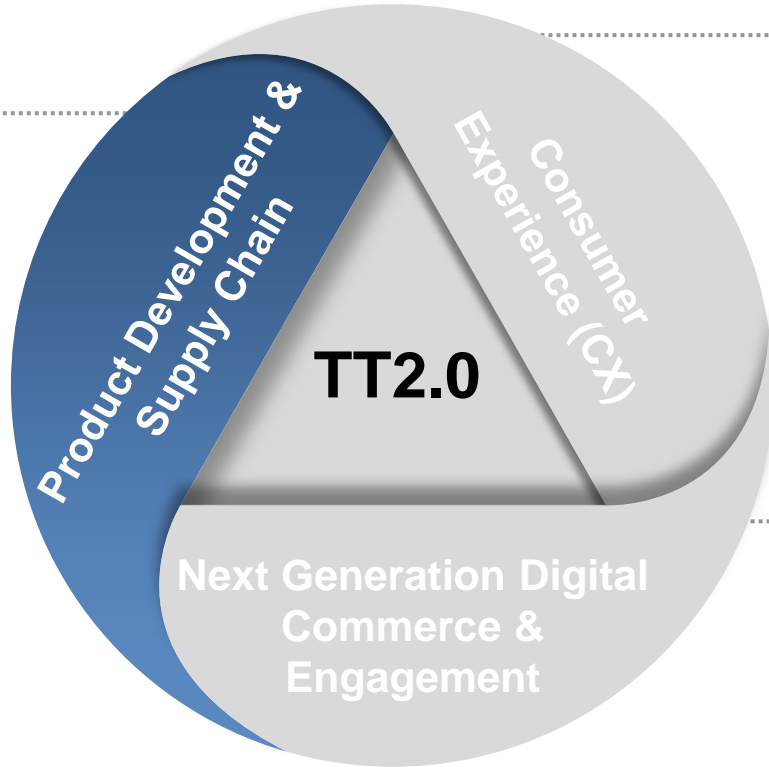
- Ubiquitous Connectivity/Mobile
- Big Data & Analytics
- Cloud Computing & Storage

Technology Transformation Focus

- Artificial Intelligence (AI)
- Voice Activated Technology
- Mixed Reality
- Dynamic Promotion Technology

Technology Transformation 2.0

**Broadens Digital
Across the Value
Chain**



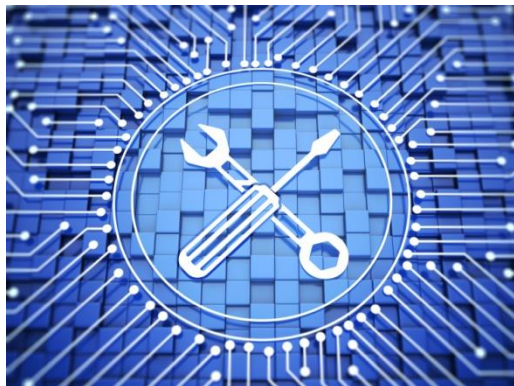
**Organizes Around
Consumers' Goals**

**Goes Deeper into
What's Working on
Demand**

Technology-Enabled Innovation



Digital Development Tools



Product Innovation for eCommerce



Connected Products & Services



Technology-Enabled Supply Chain



Digital End-to-End Supply Chain



Technology-Enabled eCommerce



Strategy 2020: Accelerate Portfolio Momentum

Mission

- We make everyday life better, every day

Objectives

- Maximize economic profit
- Big-share brands in mid-sized categories and countries

Strategy

- Drive superior consumer value behind strong brand investment, innovation and technology transformation
- Accelerate portfolio momentum in and around the core
- Fuel growth by reducing waste in our work, products and supply chain
- Engage our people as business owners

Portfolio Segmentation

High

FUEL

GROWTH

Profit Margin Potential



Low

Sales Growth Potential

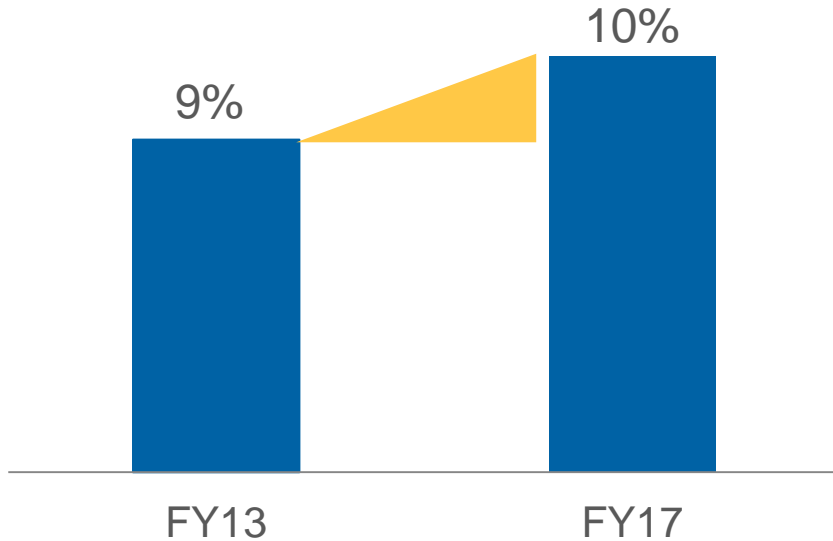
High



Fuel Brands Create Investment Dollars

Investing in A&SP ...

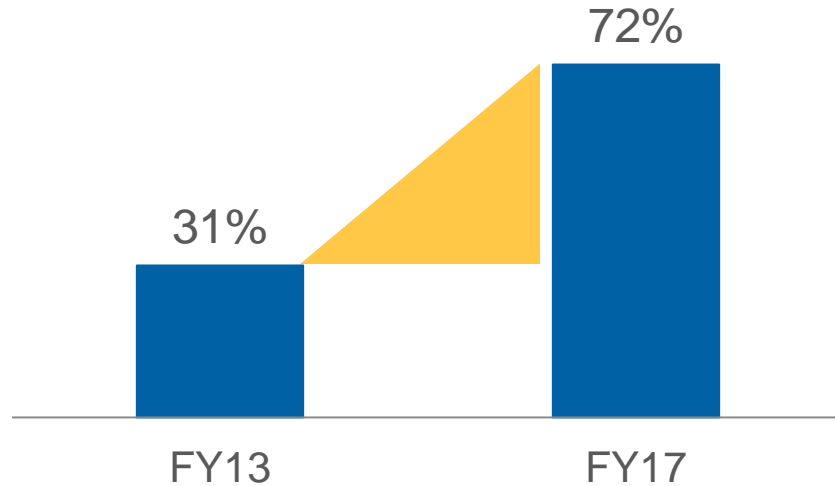
... and across all demand spend



AS&P as a % of Sales

Investments Drive Household Penetration

% Sales with
Growing/Stable HH Pen

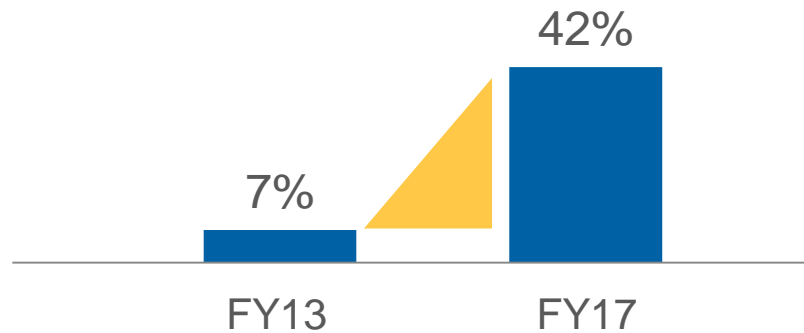


72%
of portfolio has
growing or stable
household penetration

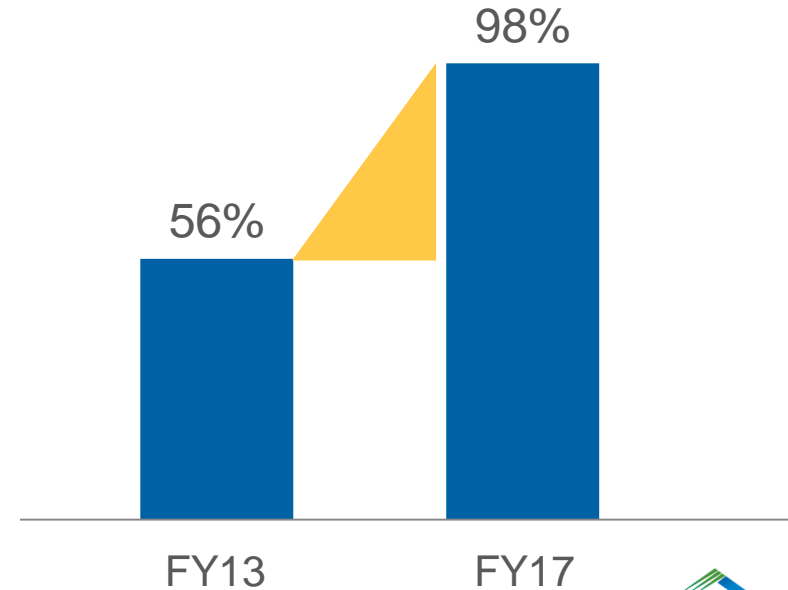
Growing Households in Both Growth and Fuel

% of sales from brands that have expanding or stable household penetration:

Fuel Brands



Growth Brands



Focused on Long-Term Gross Margin Expansion



**Strong Cost Savings
Track Record**



**Pricing, Mix and
Demand Optimization**

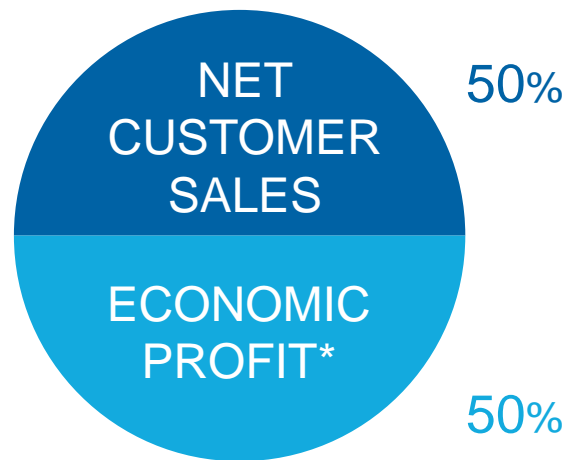


**Margin-Accretive
Innovation**

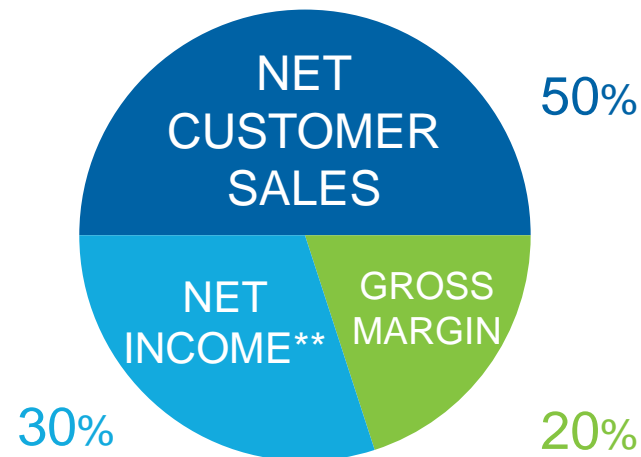
Adjusting Short-Term Incentive Target Metrics

- Short-Term Incentive Metrics:

From (before FY18):



To (starting in FY18):



- Long-Term Incentive Metric Unchanged: 100% Economic Profit

*Economic profit is a non-GAAP measure. Reconciliation and calculation can be found here: <https://annualreport.thecoloroxcompany.com/scorecard.php#performance>

**From continuing operations

Strategy 2020: Fuel Growth by Reducing Waste

Mission

- We make everyday life better, every day

Objectives

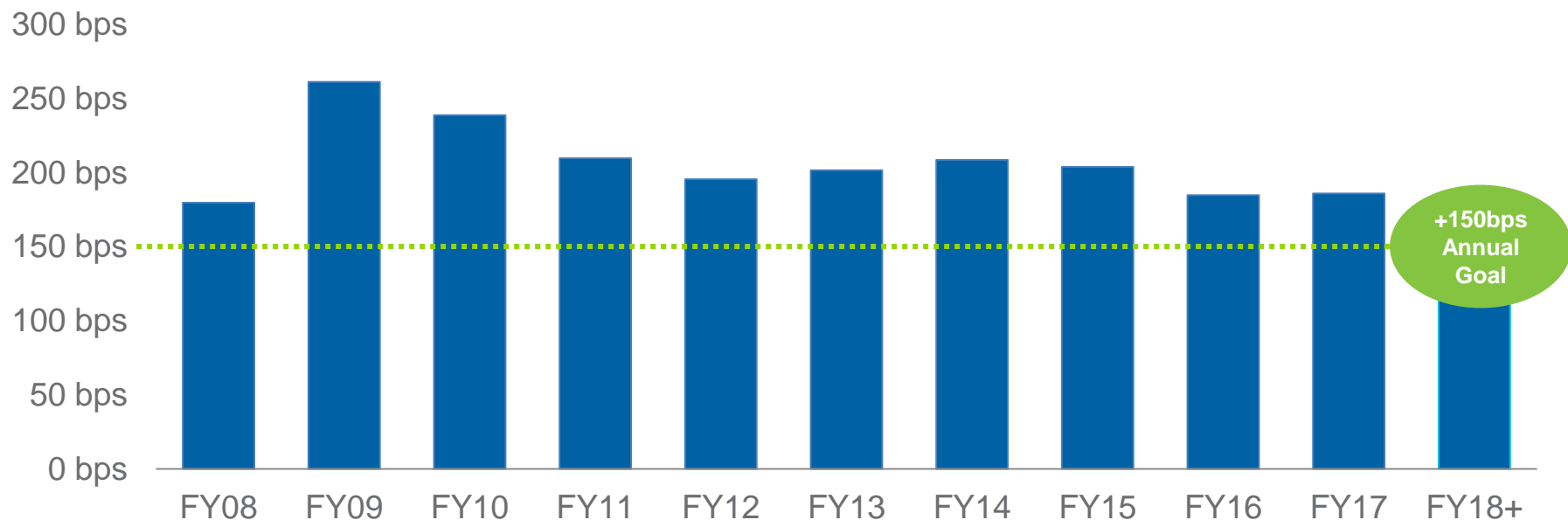
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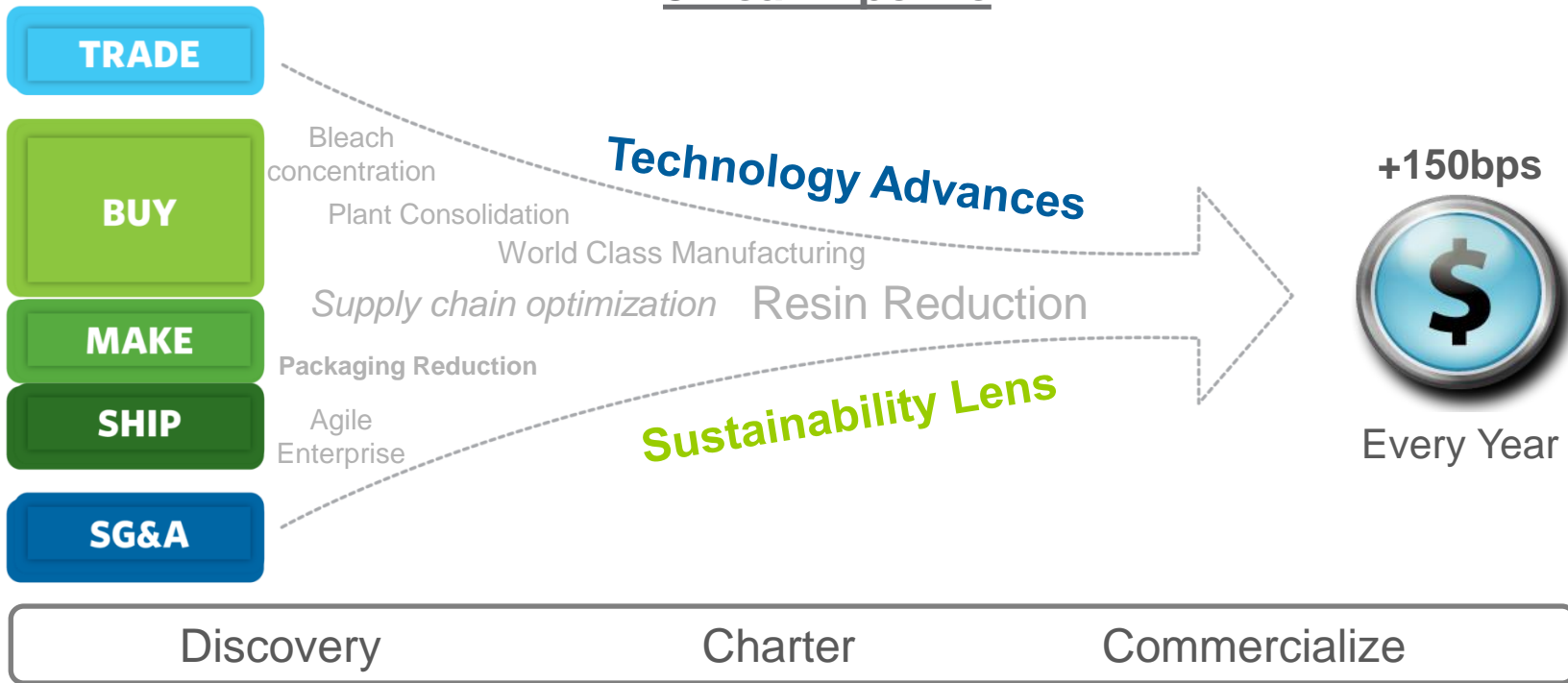
Strong Track Record of Cost Savings

EBIT Margin Benefit from Cost Savings



Cost Savings is in our DNA

3-Year Pipeline



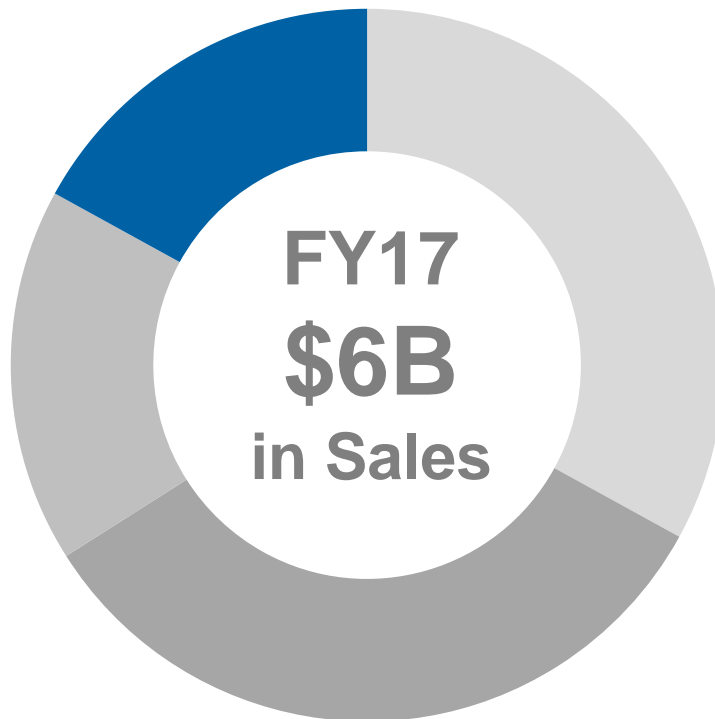
Fueling Growth in International

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 HEALTHCARE*	Professional	6%

Household : 33%




 GLAD	14%
 KINGSFORD	10%
 Fresh Step	7%
 RenewLife	2%

Leading Brands in International



>80% of our brands in International are #1 or #2 in their market

	Country	Share Position
	Argentina	#1
	Saudi Arabia	#1
	Mexico	#2
	Peru	#1
	Colombia	#2
	Chile	#1
  	Canada	#2
	Canada	#1
	Australia	#1

	Country	Share Position
	Argentina	#1
	Chile	#1
	Canada Trash Bags	#1
	Canada Food Wraps	#1
	New Zealand Food Protection	#1
	Hong Kong Food Protection	#1
	Canada Lip Care	#2

Applying Strong Capabilities to International

Innovation



+3 pts Sales

Cost Savings



+\$20M

Digital



45% of Media

eCommerce



+79% Sales Growth

International “Go Lean” Strategy is Working



**Pricing
Maximization**



**Focus on
Cost Savings**



**Right-Size
Infrastructure**



**Optimize Demand
Creation**

“Go Lean” Enables Selective Growth Investments

Category
Tailwinds

Right to
Win

High
Margin

Quick
Return



Optimistic about International

- “Go Lean” strategy is working
- “Go Lean” enables selective growth investments
- Leading brands
- Applying strong capabilities to International
- Expecting less unfavorable FX

Strategy 2020: Engage our People as Business Owners

Mission

- We make everyday life better, every day

Objectives

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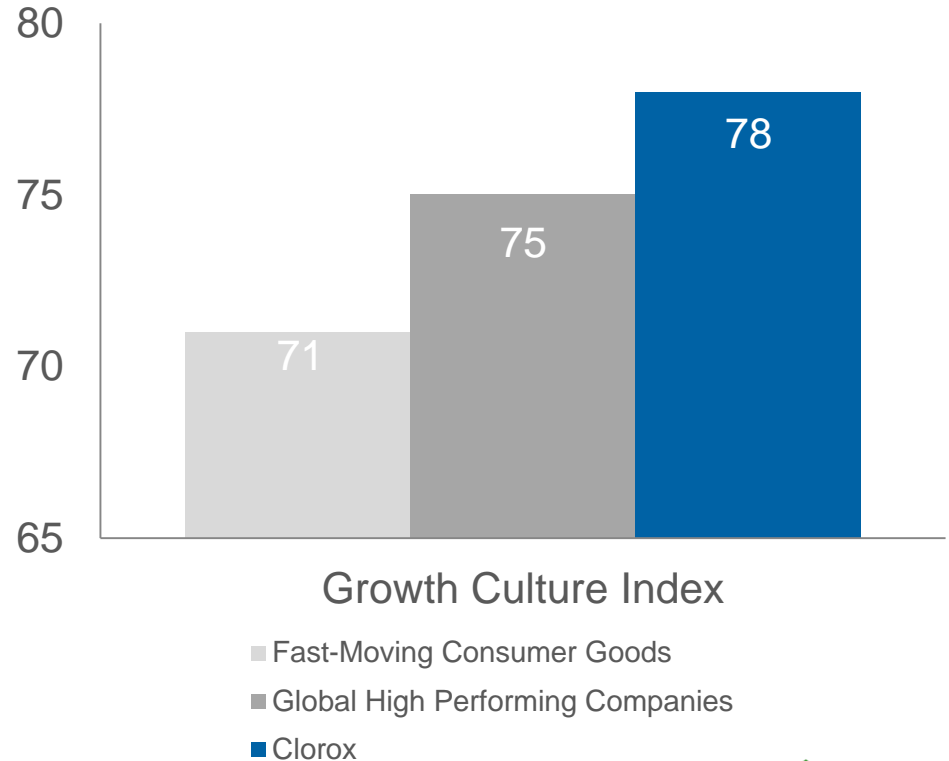
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Clorox Growth Culture Enables our 2020 Strategy

Growth Culture

- **Decisive**
- **Empowered**
- **Accountable**



Strong Engagement Distinguishes Us from Peers

SUSTAINABLE ENGAGEMENT



88%
(favorable score)

Strong Absolute Results

vs. Fast Moving
Consumer Goods

vs. Global High
Performing Companies

+8*

+3*

Strong Relative to Peers

86%

2015

87%

2016

88%

2017

Stronger Results Over Time

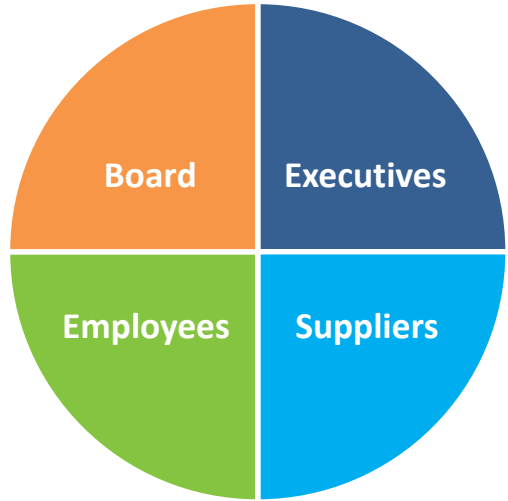
Source: Willis Towers Watson

FMCG Norm: Based on responses from more than 160,000 employees globally.

Global High Performing Companies: Companies 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 Willis Towers Watson. Includes responses from over 140,000 employees at dozens of global organizations.

*Statistically Significant

We Cultivate Diversity Broadly to Generate Value



36%

Female Clorox Executive Committee Members

33%

Female Board Members

33%

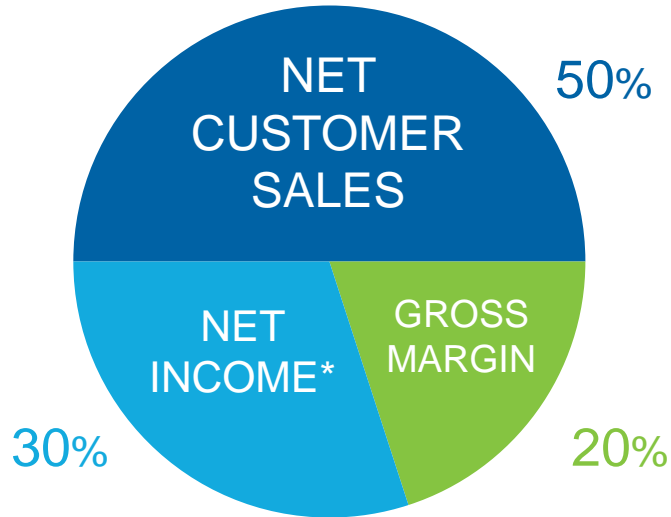
Minority Board Members

Clorox Employee Resource Groups



Employees Share in Rewards for Delivering Results

Short-term Incentives



*Continuing operations

Long-term Incentives



*Metric for Performance Share Units

Good Growth and Achieving Results the Right Way



Profitable, Sustainable, Responsible



Making Our Products More Sustainable

Sustainability improvements to **34% of the portfolio***



On track to meet our goal of 50% product portfolio by 2020

Reducing Our Environmental Footprint



On track to meet or beat our goal of 20% reduction by 2020

Safeguarding Families and Communities

**\$83
MILLION!**

**TOTAL VALUE OF
CONTRIBUTIONS
AND
VOLUNTEER HOURS
2014 - 2017**



Our Efforts are Being Recognized



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**
 - Leverage our brands pricing power to mitigate input cost
 - 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
 - Announced +5% dividend increase (May 2017)

Long-Term Margin Expansion



**Strong Cost Savings
Track Record**



**Focus on International
Profitability**

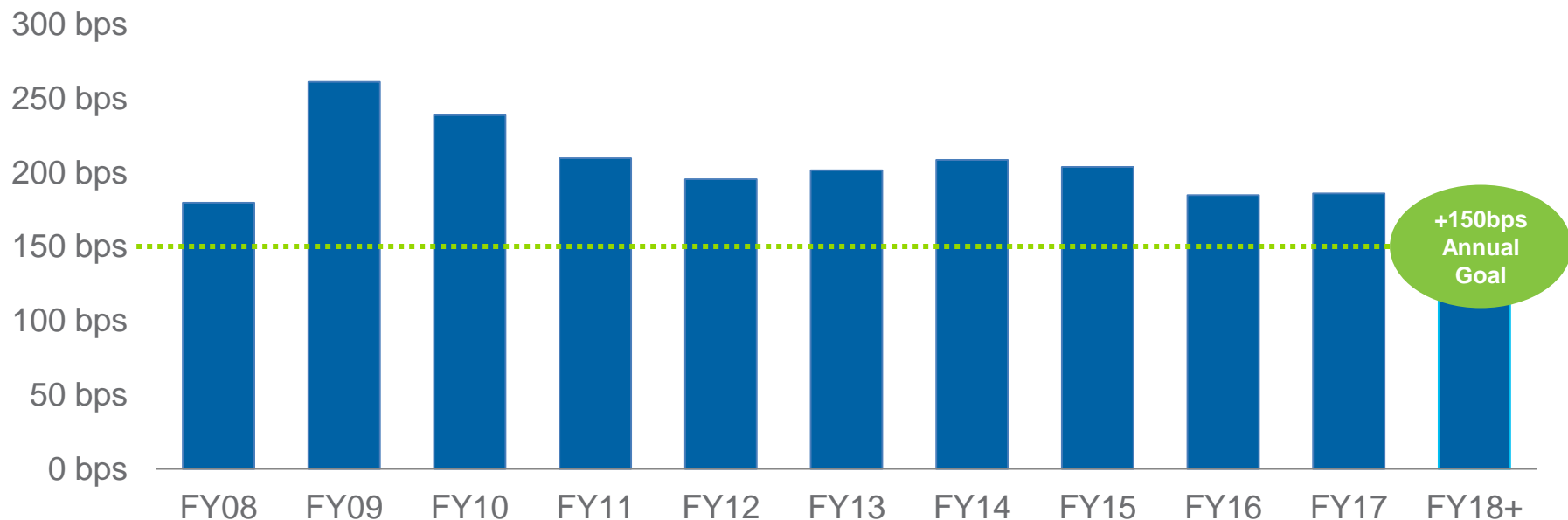


**Margin Accretive
Innovation & Pricing**



Strong Track Record of Cost Savings

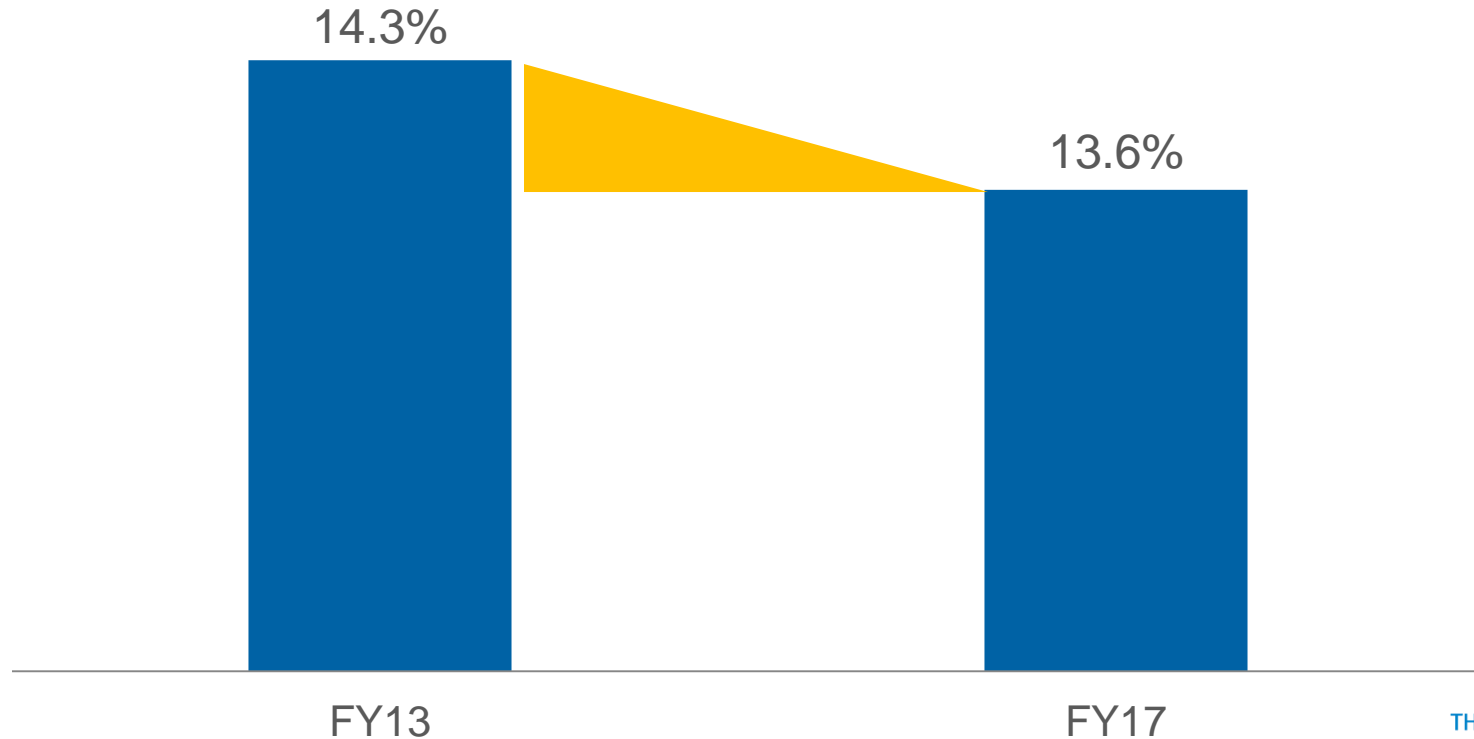
EBIT Margin Benefit from Cost Savings



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 in Appendix

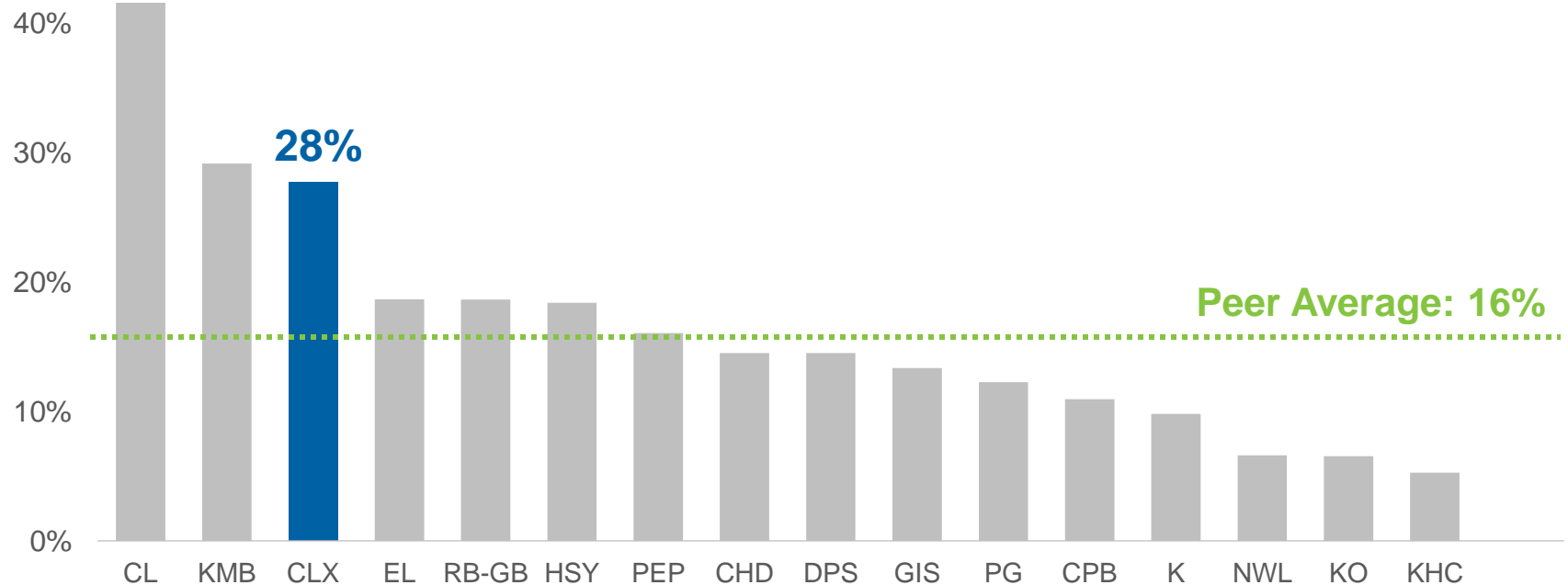
Continued Discipline on SG&A

SG&A as a Percentage of Sales



Delivering Top-Tier ROIC

As of Fiscal Year Ending June 30, 2017



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 reconciliation in Appendix

Strong Free Cash Flow

\$ in Millions

Annual Free Cash Flow Goal: 10%-12% of Sales

Free Cash Flow
% of Sales

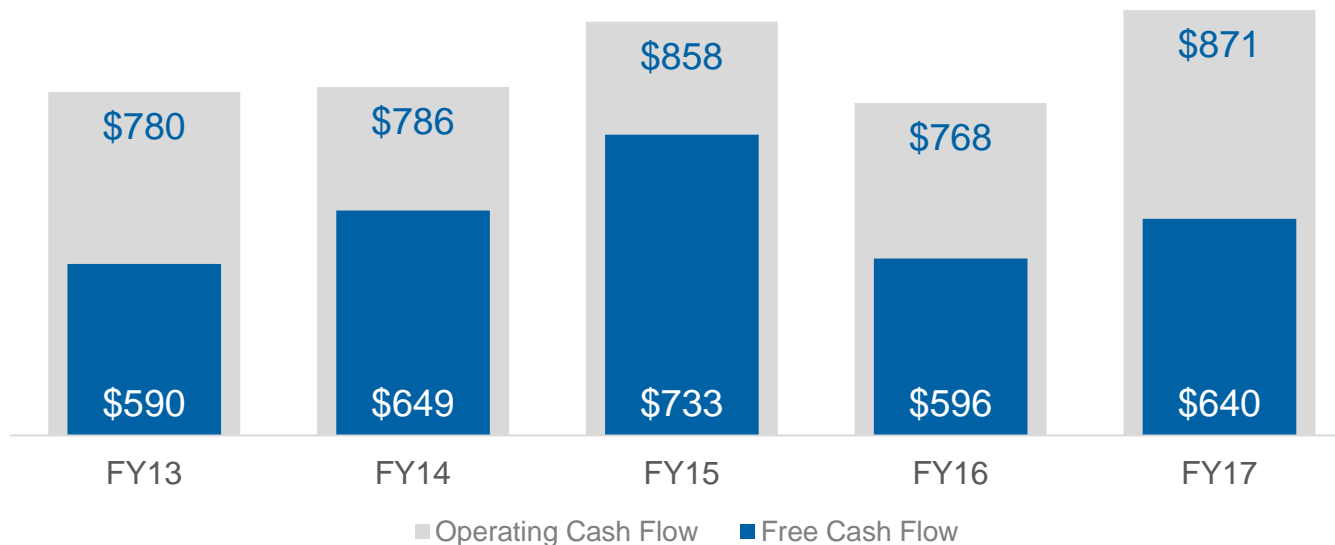
11%

12%

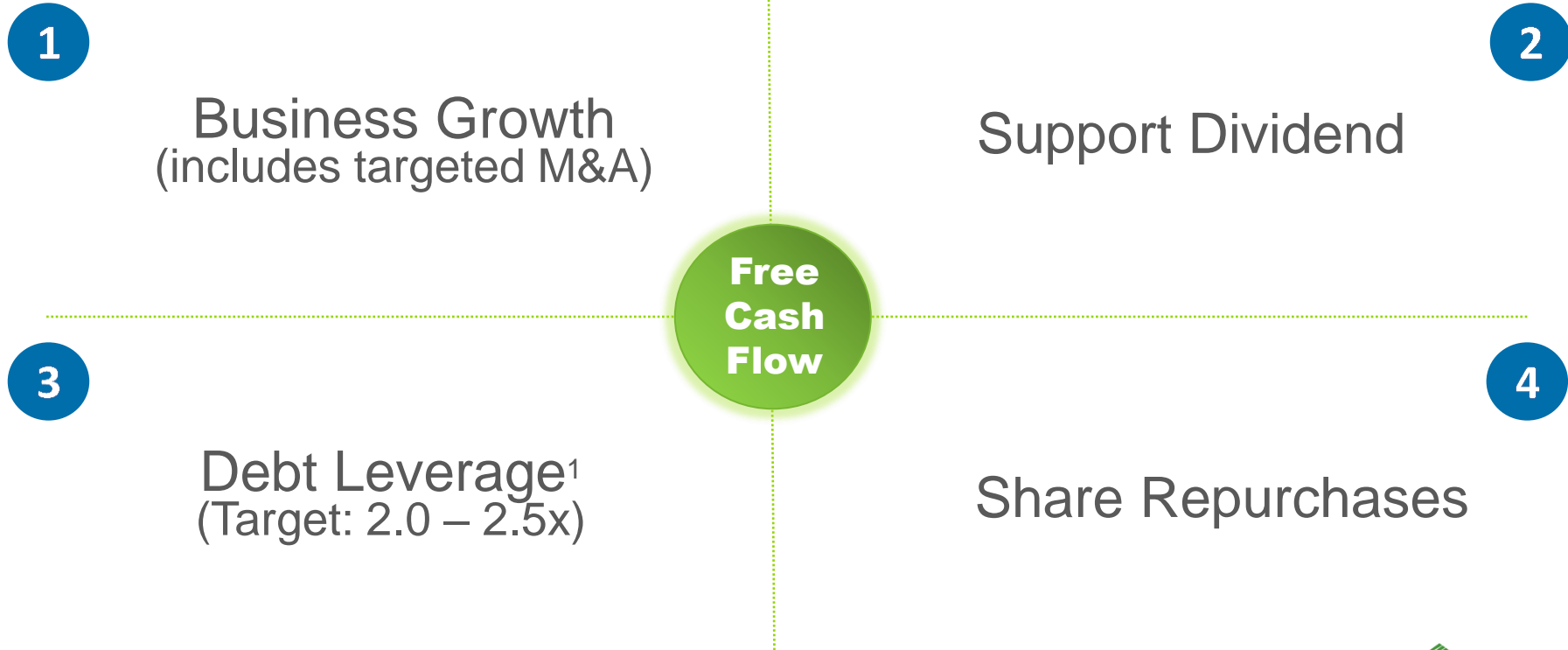
13%

10%

11%



Use of Cash Priorities



M&A Focus Unchanged

- Areas with tailwinds in categories, countries, and channels
- Strong fit with Clorox strategy and capabilities
- Brands with good market positions
- Attractive margins

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.

Evolving our Portfolio



RenewLife[®] - Strong First Year

- Transaction closed in May 2016
- About 2% of total company sales
- Purchase Price: \$290M (2.5x Sales)
- Integration is on track
- Distribution wins in Food, Drug, Mass and Club



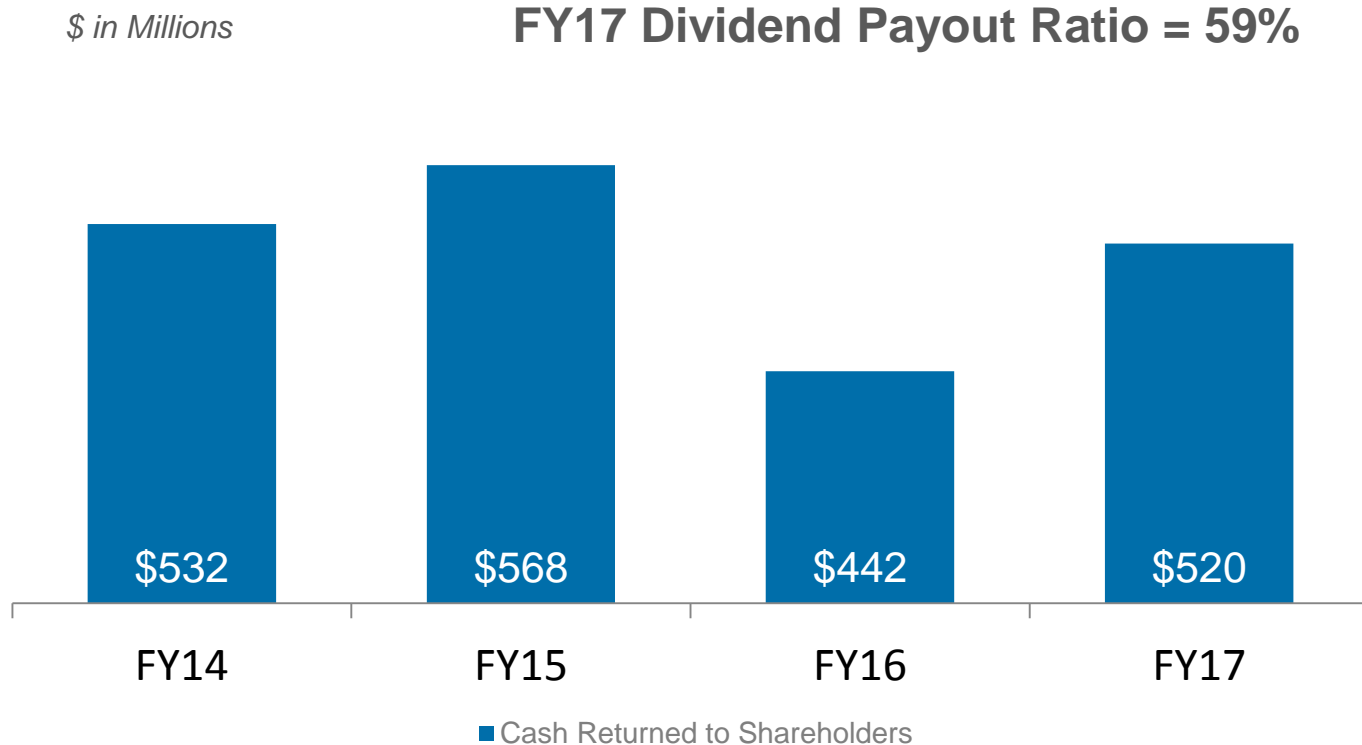
Aplicare - Sale Completed

- Transaction closed in August 2017
- No change to strategic focus of Professional Products Division

Balance Sheet Remains Strong

- Anticipate continued healthy cash flows
- Gross Debt/EBITDA as of 9/30/17 is **1.7x** (targeted range of 2.0x to 2.5x)
- Will continue to look at ways to return excess cash to shareholders

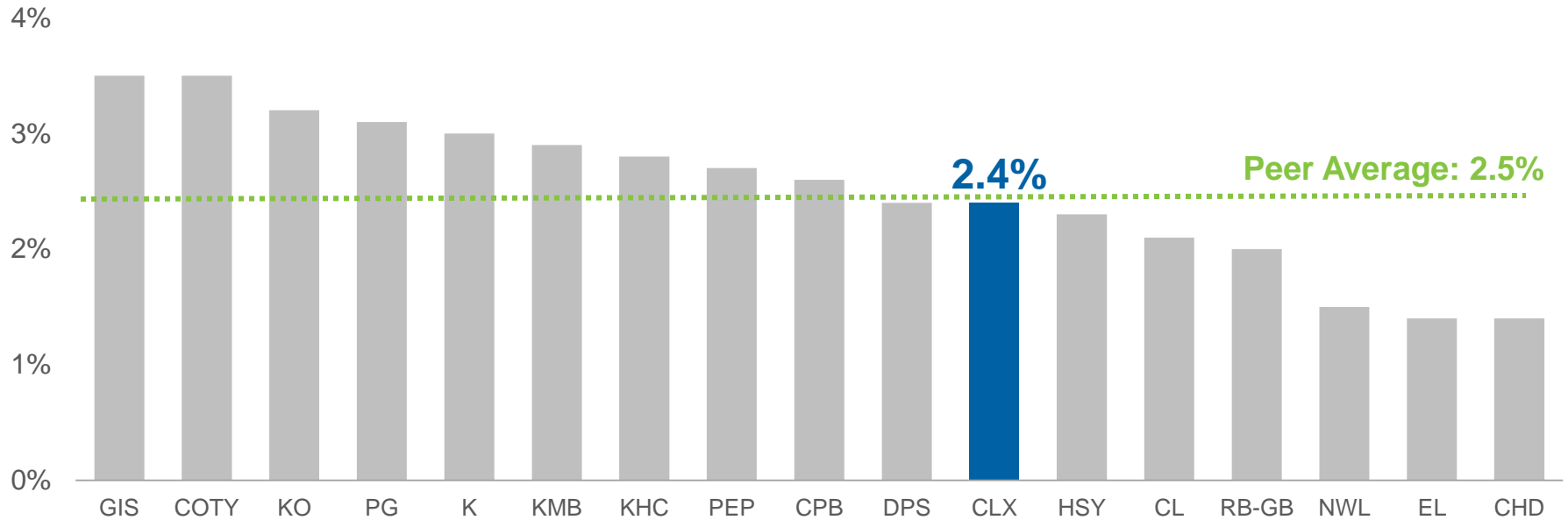
Over \$2B Returned to Shareholders in the Last 4 Years



Healthy Dividend Growth...

Dividends Have Increased Each Year Since 1977

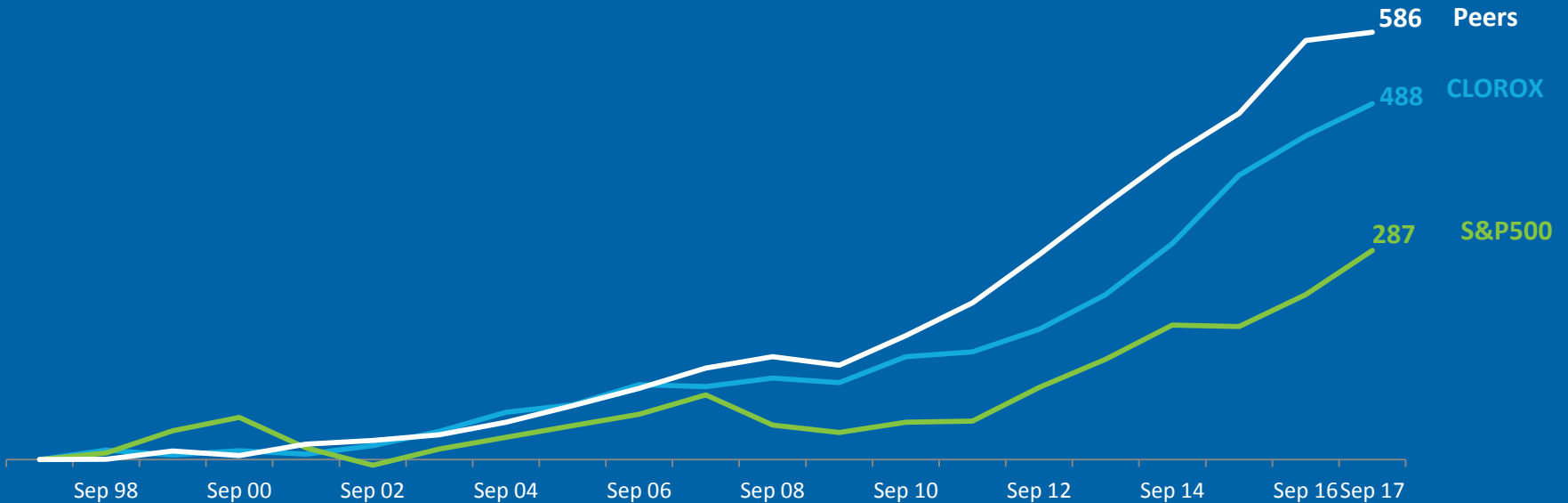
Dividend Yield as of Sept 30, 2017



Strong Shareholder Return



Total Shareholder Return - 20 Year Ending 9/30/2017



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

Gross Margin Reconciliation

Driver	Gross Margin Change vs. Prior Year (basis points)					
	FY17					FY18
	Q1	Q2	Q3	Q4	FY	Q1
Cost Savings	+140	+140	+150	+150	+150	+160
Price Changes	+70	+70	+60	+50	+60	+40
Market Movement (commodities)	+90	+10	-70	-90	-20	-90
Manufacturing & Logistics	-220	-210	-130	-130	-170	-80
All other ⁽¹⁾	-140	0	-140	+50	-60	+20
Change vs prior year	-60	+10	-130	+30	-40	+50
<i>Gross Margin (%)</i>	<i>44.4%</i>	<i>44.7%</i>	<i>44.0%</i>	<i>45.7%</i>	<i>44.7%</i>	<i>44.9%</i>

(1) 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		
	9/30/2017	9/30/2016	% Change ⁽¹⁾	9/30/2017	9/30/2016	% Change ⁽¹⁾
Cleaning	\$ 559	\$ 534	5%	\$ 172	\$ 164	5%
Household	441	422	5%	73	69	6%
Lifestyle	246	236	4%	64	62	3%
International	254	251	1%	23	27	-15%
Corporate	-	-	0%	(53)	(58)	-9%
Total	<u>\$ 1,500</u>	<u>\$ 1,443</u>	<u>4%</u>	<u>\$ 279</u>	<u>\$ 264</u>	<u>6%</u>

(1) Percentages based on rounded numbers.

EBIT and EBITDA (unaudited)

Dollars in Millions

	FY 2017					FY 2018
	Q1 9/30/16	Q2 12/31/16	Q3 3/31/17	Q4 6/30/17	FY 6/30/17	Q1 9/30/17
Earnings from continuing operations before income taxes	\$264	\$227	\$247	\$295	\$1,033	\$279
Interest income	-\$1	-\$1	-\$1	-\$1	-\$4	-\$1
Interest expense	\$22	\$22	\$22	\$22	\$88	\$21
EBIT ⁽¹⁾⁽³⁾	\$285	\$248	\$268	\$316	\$1,117	\$299
<i>EBIT margin</i> ⁽¹⁾⁽³⁾	19.8%	17.6%	18.1%	19.2%	18.7%	19.9%
Depreciation and amortization	\$41	\$41	\$39	\$42	\$163	\$40
EBITDA ⁽²⁾⁽³⁾	\$326	\$289	\$307	\$358	\$1,280	\$339
<i>EBITDA margin</i> ⁽²⁾⁽³⁾	22.6%	20.6%	20.8%	21.7%	21.4%	22.6%
Net sales	\$1,443	\$1,406	\$1,477	\$1,647	\$5,973	\$1,500
Total debt ⁽⁴⁾	\$2,407	\$2,549	\$2,440	\$2,195	\$2,195	\$2,200
Debt to EBITDA ⁽³⁾⁽⁵⁾	2.0	2.1	2.0	1.7	1.7	1.7

EBIT and EBITDA (unaudited)

Dollars in Millions

	FY 2014	FY 2015	FY 2016	FY 2017
	FY	FY	FY	FY
	6/30/14	6/30/15	6/30/16	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
<i>EBIT margin ⁽¹⁾⁽³⁾</i>	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
<i>EBITDA margin ⁽²⁾⁽³⁾</i>	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 / Interest	9.6	10.2	12.1	12.7

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 useful additional information to investors about trends in the company's operations and are useful for period-over-period comparisons.
- (4) Total debt represents the sum of notes and loans payable, current maturities of long-term debt and long-term debt. Current maturities of long-term debt and long-term debt are carried at face value net of unamortized discounts, premiums and debt issuance costs.
- (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

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

	<u>FY17</u>
Total assets	\$ 4,549
Less: non-interest bearing liabilities	<u>(1,805)</u>
Average invested capital	<u><u>\$ 2,744</u></u>