

# Non-GAAP Measures

The Company's presentations may include certain non-GAAP financial measures, such as its adjusted debt/EBITDAR ratio. This supplemental information should not be considered in isolation or as a substitute for related GAAP measures. The Company believes that its adjusted debt/EBITDAR ratio better enables management and investors to understand and analyze the Company's level of indebtedness in relation to its capital structure. The Company defines adjusted debt/EBITDAR as follows:

## **Adjusted Debt**

The Company defines adjusted debt as long-term debt, plus current installments of long-term debt, plus short-term debt as shown on the balance sheet, plus eight times operating rents, excluding the impact of stores no longer operated by the Company, for the last four quarters. The Company believes eight times operating rents is a reasonable industry standard for estimating the economic value of its leased assets.

## **EBITDAR**

The Company defines EBITDAR as net earnings before interest and other, taxes, depreciation and amortization, and operating rents, calculated on a four quarter rolling basis.

## **Adjusted Debt/EBITDAR**

The Company defines adjusted debt/EBITDAR as adjusted debt divided by EBITDAR.



# EBITDAR Calculation

	Four Quarters Ended	
(USD millions)	5/1/2016	5/3/2015
Net Earnings	\$7,233	\$6,545
Interest and Other, net	797	595
Taxes	4,224	3,649
Depreciation and Amortization (Note 1)	1,895	1,793
Operating Rents (Last 4 Quarters)	887	895
<b>EBITDAR</b>	<b>\$15,036</b>	<b>\$13,477</b>

Note 1: Total depreciation & amortization includes depreciation of distribution centers and tool rental equipment included in Cost of Sales and amortization of deferred financing costs included in Interest Expense.



# Adjusted Debt/EBITDAR Calculation

(USD Millions)	Period Ended	
	5/1/2016	5/3/2015
Long-Term Debt	\$20,904	\$13,738
Current Installments of Long-Term Debt	44	3,052
<b>Total Debt (Note 1)</b>	<b>\$20,948</b>	<b>\$16,790</b>
8x Operating Rents (Note 2)	\$6,954	\$7,016
<b>Adjusted Debt</b>	<b>\$27,902</b>	<b>\$23,806</b>
<b>Adjusted Debt/EBITDAR</b>	<b>1.9x</b>	<b>1.8x</b>

Note 1: Amounts for the period ended May 3, 2015 were retrospectively adjusted to reflect the adoption of Accounting Standards Update No. 2015-03, "Interest - Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs" in the first quarter of fiscal 2016.

Note 2: The Company excludes certain rent payments from its 8x operating rents calculation to reflect the impact of stores no longer operated by the Company. This adjustment reduces 8x operating rents by \$142 million for the period ended 5/1/2016 and \$144 million for the period ended 5/3/2015.

