

Non-GAAP Measures

The Company's presentations may include certain non-GAAP financial measures, such as its adjusted debt/EBITDAR ratio and its Return on Invested Capital ("ROIC") calculation. This supplemental information should not be considered in isolation or as a substitute for related GAAP measures.

Adjusted Debt/EBITDAR

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 (Page 2)

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 (Page 3)

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 (Page 4)

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

Return on Invested Capital

The Company believes that ROIC is meaningful for investors and management because it measures how effectively the Company deploys its capital base. The Company defines ROIC as follows:

Net Operating Profit After Tax (Page 5)

The Company defines Net Operating Profit After Tax as operating income for the most recent twelve-month period less income taxes calculated using the effective tax rate for the period.

Average Debt and Equity (Page 5)

The Company defines Average Debt and Equity as the average of beginning and ending long-term debt, including current installments of long-term debt, and equity for the most recent twelve-month period.

Return on Invested Capital (Page 5)

The Company defines ROIC as Net Operating Profit After Tax divided by Average Debt and Equity.



Adjusted Debt Calculation

(USD Millions)	Period Ended	
	04/30/2017	05/01/2016
Long-Term Debt	\$22,393	\$20,904
Current Installments of Long-Term Debt	544	44
Total Debt	\$22,937	\$20,948
8x Operating Rents (Note 1)	6,940	6,954
Adjusted Debt	\$29,877	\$27,902

Note 1: 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 \$84 million for the period ended 04/30/2017 and \$140 million for the period ended 05/01/2016.



EBITDAR Calculation

	Four Quarters Ended	
(USD Millions)	04/30/2017	05/1/2016
Net Earnings	\$8,168	\$7,233
Interest and Other, net	940	797
Taxes	4,591	4,224
Depreciation and Amortization (Note 1)	1,992	1,895
Operating Rents (Last 4 Quarters)	878	887
EBITDAR	\$16,569	\$15,036

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	
	04/30/2017	05/01/2016
Adjusted Debt (Note 1)	\$29,877	\$27,902
EBITDAR (Note 2)	\$16,569	\$15,036
Adjusted Debt/EBITDAR	1.8x	1.9x

Note 1: 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.

Note 2: 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.



Return on Invested Capital Calculation

(USD Millions)	Twelve Months Ended	
	04/30/2017	05/01/2016
Net Earnings	\$8,168	\$7,233
Interest and Other, net	940	797
Taxes	4,591	4,224
Operating Income	\$13,699	\$12,254
Income Tax Adjustment (Note 1)	(4,936)	(4,464)
Net Operating Profit After Tax	\$8,763	\$7,790
Average Debt and Equity (Note 2)	\$27,091	\$26,639
Return on Invested Capital (Note 3)	32.3%	29.2%

Note 1: Income Tax Adjustment is defined as Operating Income multiplied by the Effective Tax Rate.

Note 2: Average Debt and Equity is defined as the average of beginning and ending long-term debt, including current installments of long-term debt, and equity for the most recent twelve-month period.

Note 3: Return on Invested Capital is calculated as Net Operating Profit After Tax divided by Average Debt and Equity.

