Non-GAAP Measures

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

Return on Invested Capital
We believe that ROIC is meaningful for management and investors because it measures how effectively we deploy our capital base. We define ROIC as follows:

> **Net Operating Profit After Tax (Page 2)**
> We define net operating profit after tax as operating income for the trailing twelve months less income taxes calculated using the effective tax rate for that period.
>
> **Average Debt and Equity (Page 2)**
> We define 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 trailing twelve months. Beginning debt and equity may be adjusted for changes in accounting principles which require historical restatement or an opening balance sheet adjustment to the amount previously reported.
>
> **Return on Invested Capital (Page 2)**
> We define ROIC as net operating profit after tax divided by average debt and equity.

Adjusted Debt/EBITDAR
We believe that our adjusted debt/EBITDAR ratio better enables management and investors to understand and analyze our level of indebtedness in relation to our capital structure. We define adjusted debt/EBITDAR as follows:

> **Adjusted Debt (Page 3)**
> We define adjusted debt as long-term debt (including current installments of long-term debt), plus short-term debt, plus eight times operating rents (excluding the impact of stores no longer operated by us) for the trailing twelve months. We continue to use the eight times operating rents methodology to calculate adjusted debt post implementation of Accounting Standards Codification 842, *Leases*, ("Topic 842") as it typically results in a more conservative estimate and is still used by a primary U.S. rating agency.
>
> **EBITDAR (Page 4)**
> We define EBITDAR as net earnings before interest and other, net, income taxes, depreciation and amortization, and operating rents calculated on a trailing twelve month basis.
>
> **Adjusted Debt/EBITDAR (Page 5)**
> We define adjusted debt/EBITDAR as adjusted debt divided by EBITDAR.

Return on Invested Capital Calculation

(USD millions)	Twelve Months Ended May 2, 2021	Twelve Months Ended May 3, 2020
Net earnings	$14,766	$10,974
Interest and other, net	1,326	1,162
Income taxes	4,691	3,386
Operating income	**$20,783**	**$15,522**
Income tax adjustment [(1)]	(5,012)	(3,689)
Net operating profit after tax	**$15,771**	**$11,833**
Average debt and equity	**$34,970**	**$29,038**
Return on invested capital	**45.1 %**	**40.8 %**

(1) Defined as operating income multiplied by our effective tax rate for the trailing twelve months.

Adjusted Debt Calculation

	Period Ended	
(USD millions)	May 2, 2021	May 3, 2020
Long-term debt (including current installments of long-term debt)	$35,861	$35,822
Total debt	**$35,861**	**$35,822**
Eight times operating rents [1]	7,547	7,676
Adjusted debt	**$43,408**	**$43,498**

(1) Excludes certain rent payments to remove the impact of stores no longer operated by us. We continue to use the eight times operating rents methodology to calculate adjusted debt post Topic 842 implementation as it typically results in a more conservative estimate and is still used by a primary U.S. rating agency. As of May 2, 2021 the operating lease liabilities included on our consolidated balance sheet were $6,082 million.

EBITDAR Calculation

	Twelve Months Ended [2]	
(USD millions)	May 2, 2021	May 3, 2020
Net earnings	$14,766	$10,974
Interest and other, net	1,326	1,162
Income taxes	4,691	3,386
Depreciation and amortization [1]	2,569	2,313
Operating rents	955	971
EBITDAR	**$24,307**	**$18,806**

(1) Includes depreciation of distribution centers and tool rental equipment included in cost of sales, and excludes deferred financing cost and other debt related amortization of $46 million and $43 million for the twelve months ended May 2, 2021 and May 3, 2020, respectively, which is included in interest and other, net above.
(2) Certain prior year amounts have been immaterially adjusted to conform with current year presentation.

Adjusted Debt/EBITDAR Calculation

	Twelve Months Ended	
(USD millions)	May 2, 2021	May 3, 2020
Adjusted debt	$43,408	$43,498
EBITDAR	$24,307	$18,806
Adjusted debt/EBITDAR [1]	**1.8 x**	**2.3 x**

(1) Adjusted debt/EBITDAR for the twelve months ended May 2, 2021 would have been 1.7x had it been calculated using the operating lease liabilities recorded on the consolidated balance sheet. We continue to use the eight times operating rents methodology to calculate adjusted debt post Topic 842 implementation as it typically results in a more conservative estimate and is still used by a primary U.S. rating agency.