



Return on Invested Capital (Unaudited) ⁽¹⁾

Reconciliation of earnings from continuing operations before income taxes to return on invested capital (ROIC)

Dollars in millions and all calculations on a rounded basis

	FY10	FY09	FY08	FY07	FY06
Earnings from continuing operations before income taxes	\$ 925	\$ 811	\$ 693	\$ 743	\$ 653
Restructuring and asset impairment costs ⁽²⁾	4	20	36	13	1
Interest expense ⁽³⁾	139	161	168	113	127
Earnings from continuing operations before income taxes, restructuring and asset impairment costs, and interest expense	\$ 1,068	\$ 992	\$ 897	\$ 869	\$ 781
Adjusted after tax profit ⁽⁴⁾	\$ 696	\$ 657	\$ 596	\$ 580	\$ 530
Adjusted average invested capital ⁽⁵⁾	\$ 3,049	\$ 3,019	\$ 2,805	\$ 2,189	\$ 2,095
Return on invested capital ⁽⁶⁾	22.8%	21.8%	21.2%	26.5%	25.3%

(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. Management believes the presentation of return on invested capital (ROIC) provides additional information to investors about current trends in the business. ROIC is a measure of how effectively the company allocates capital. Beginning with fiscal year 2008, the company adopted a simplified ROIC calculation (see definition below).

(2) Restructuring and asset impairment costs are added back to earnings and average invested capital to more closely reflect operating results.

(3) Interest expense is added back to earnings because it is factored in debt, a component of average invested capital (as defined below).

(4) Adjusted after tax profit represents earnings from continuing operations before income taxes, restructuring and asset impairment costs, and interest expense; after tax. The tax rate applied is the effective tax rate on continuing operations, which was 34.8%, 33.8%, 33.6%, 33.2% and 32.1% in fiscal years 2010, 2009, 2008, 2007, and 2006, respectively.

(5) Average invested capital represents a five quarter average of debt and equity. Adjusted average invested capital represents average invested capital adjusted to add back a five quarter average of cumulative, current-year after-tax restructuring and asset impairment costs. See below for details of the adjusted average invested capital calculation:

(amounts shown below are five quarter averages)

	FY10	FY09	FY08	FY07	FY06
Debt	\$ 3,033	\$ 3,338	\$ 3,161	\$ 2,181	\$ 2,533
Equity	14	(324)	(372)	4	(439)
Average invested capital	3,047	3,014	2,789	2,185	2,094
Cumulative after-tax restructuring and asset impairment costs	2	5	16	4	1
Adjusted average invested capital	\$ 3,049	\$ 3,019	\$ 2,805	\$ 2,189	\$ 2,095

(6) ROIC is calculated as earnings from continuing operations before income taxes, excluding restructuring and asset impairment costs and interest expense, computed on an after-tax basis as a percentage of adjusted average invested capital (as defined above).