



# Investor Presentation

March 2018



# Forward Looking Statements

This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including but not limited to the statements on the slides entitled "Q1 FY18 Key Highlights", "Full-Year 2018 Guidance", "Long-Term Growth FY18-FY22", "Acquisition of KapStone Paper & Packaging", "KapStone Brings Enhanced Scale and Expanded Product Offering", "Expected KapStone Synergies", "Acquisition of Plymouth Packaging", "Synergy and Performance Improvements", and "Mill Maintenance Schedule", that give guidance or estimates for future periods as well as statements regarding, among other things, that we expect to realize \$150 million of additional adjusted operating cash flow due to the Tax Cuts and Jobs Act; our integration of MPS is on track; we expect 10% revenue growth (to >\$16.3 billion), 25% to 30% adjusted operating cash flow growth (to > \$2.45 billion) and 20% adjusted segment EBITDA growth (to >\$2.8 billion) in fiscal 2018 compared to fiscal 2017; we will generate adjusted segment EBITDA of more than \$2.8 billion in fiscal 2018, more than \$3.3 billion under the base case and more than \$4 billion in fiscal 2022; the acquisition of KapStone (a) creates opportunity for approximately \$200 million in cost synergies and performance improvements, (b) strengthens WestRock's presence on the West Coast, (c) broadens WestRock's portfolio of differentiated paper and packaging solutions with the addition of attractive paper grades and distribution capabilities, (d) increases mix of virgin fiber based paper in WestRock's paper portfolio and (e) is expected to be immediately accretive to WestRock's adjusted earnings and cash flow, inclusive of purchase accounting adjustments; the combined company will be positioned to generate strong cash flow for rapid debt paydown that should allow the leverage ratio to return to 2.25x to 2.50x target by the end of fiscal 2019; the transaction is expected to close in the quarter ending September 30, 2018; we expect fiscal 2018 combined net sales of approximately \$20 billion, with 63% from corrugated packaging and 37% from consumer packaging; we expect the full run rate of synergies and performance improvements by the end of fiscal 2021 and the allocation of synergies and performance improvements as presented on slide 12; the acquisition of Plymouth Packaging (i) further develops our innovation platform and our differentiation strategy, (ii) enhances our automated packaging systems business and our differentiation in e-commerce and other custom applications where on-site box making is needed and (iii) improves our margin profile and growth prospects, and moves us closer to our 80% integration goal; we are on track to achieve our \$1 billion synergy and performance improvement target by the end of the third quarter of fiscal 2018; and we expect our mill maintenance schedule in fiscal 2018 to be executed as presented on slide 18.

Forward-looking statements are based on our current expectations, beliefs, plans or forecasts and are typically identified by words or phrases such as "may," "will," "could," "should," "would," "anticipate," "estimate," "expect," "project," "intend," "plan," "believe," "target," "prospects," "potential" and "forecast," and other words, terms and phrases of similar meaning. Forward-looking statements involve estimates, expectations, projections, goals, forecasts, assumptions, risks and uncertainties. WestRock cautions readers that a forward-looking statement is not a guarantee of future performance and that actual results could differ materially from those contained in the forward-looking statement. With respect to forward-looking statements, WestRock has made assumptions regarding, among other things, the results and impacts of the acquisition of KapStone; whether and when the waiting period under the Hart-Scott-Rodino Antitrust Improvements Act will expire or terminate; whether and when antitrust approvals in Austria, Germany and Mexico are obtained; whether and when the other conditions to the completion of the KapStone acquisition, including the receipt of KapStone stockholder approval, will be satisfied; economic, competitive and market conditions generally; volumes and price levels of purchases by customers; competitive conditions in WestRock's businesses and possible adverse actions of their customers, competitors and suppliers. Further, WestRock's businesses are subject to a number of general risks that would affect any such forward-looking statements. Such risks and other factors that may impact management's assumptions are more particularly described in our filings with the Securities and Exchange Commission, including in Item 1A under the caption "Risk Factors" in our Annual Report on Form 10-K for the year ended September 30, 2017 and our Quarterly Report on Form 10-Q for the quarter ended December 31, 2017. The information contained herein speaks as of the date hereof and WestRock does not have or undertake any obligation to update or revise its forward-looking statements, whether as a result of new information, future events or otherwise.

# Additional Information

## Additional Information and Where to Find It

This communication may be deemed to be solicitation material in respect of the proposed transaction among Whiskey Holdco, Inc., a Delaware corporation (“Holdco”), WestRock, a Delaware corporation (“WestRock”), and KapStone Paper and Packaging Corporation, a Delaware corporation (“KapStone”). In connection with the proposed transaction, Holdco intends to file with the SEC the registration statement on Form S-4 (the “Registration Statement”) which will include a prospectus with respect to shares of Holdco’s common stock to be issued in the proposed transaction and a proxy statement for KapStone’s stockholders (the “Proxy Statement”) and KapStone will mail the Proxy Statement to its stockholders and file other documents regarding the proposed acquisition with the SEC. **Stockholders of WestRock and KapStone are urged to read all relevant documents filed with the SEC, including the Registration Statement and the Proxy Statement, because they will contain important information about the proposed transaction.** Investors and security holders are able to obtain the documents (once available) free of charge at the SEC’s web site, <http://www.sec.gov>. Such documents are not currently available.

## Participants in Solicitation

WestRock, Holdco and KapStone and their respective directors and executive officers, may be deemed to be participants in the solicitation of proxies from the holders of shares of KapStone common stock in respect of the proposed transaction. Information about the directors and executive officers of WestRock is set forth in the proxy statement for WestRock’s 2018 Annual Meeting of stockholders, which was filed with the SEC on December 19, 2017. Information about the directors and executive officers of KapStone is set forth in the proxy statement for KapStone’s 2017 Annual Meeting of stockholders, which was filed with the SEC on April 5, 2017. Investors may obtain additional information regarding the interest of such participants by reading the Registration Statement and the Proxy Statement (once available).

## No Offer or Solicitation

This communication is neither an offer to sell, nor a solicitation of an offer to buy any securities, the solicitation of any vote or approval in any jurisdiction pursuant to or in connection with the proposed transaction or otherwise, nor shall there be any sale, issuance or transfer of securities in any jurisdiction in contravention of applicable law. No offer of securities shall be made except by means of a prospectus meeting the requirements of Section 10 of the Securities Act of 1933, as amended (the “Securities Act”), and otherwise in accordance with applicable law.

# Disclaimer; Non-GAAP Financial Measures

We may from time to time be in possession of certain information regarding WestRock that applicable law would not require us to disclose to the public in the ordinary course of business, but would require us to disclose if we were engaged in the purchase or sale of our securities. This presentation shall not be considered to be part of any solicitation of an offer to buy or sell WestRock securities. This presentation also may not include all of the information regarding WestRock that you may need to make an investment decision regarding WestRock securities. Any investment decision should be made on the basis of the total mix of information regarding WestRock that is publicly available as of the date of the investment decision.

We report our financial results in accordance with accounting principles generally accepted in the United States ("GAAP"). However, management believes certain non-GAAP financial measures provide users with additional meaningful financial information that should be considered when assessing our ongoing performance. Management also uses these non-GAAP financial measures in making financial, operating and planning decisions and in evaluating our performance. Non-GAAP financial measures should be viewed in addition to, and not as an alternative for, our GAAP results. The non-GAAP financial measures we present may differ from similarly captioned measures presented by other companies. See the Appendix for details about these non-GAAP financial measures, as well as the required reconciliations.

# Q1 FY18 Key Highlights

## Financial Performance

- Earned \$0.87<sup>(1)</sup> of adjusted earnings per share, up 85% from \$0.47 in prior year
- Achieved \$60 million of productivity
- December run rate of \$910 million of synergies and performance improvements
- Adjusted EBITDA margin of 16.8%<sup>(2)</sup>, an increase of 260 bps y-o-y
- Significant benefit from Tax Cuts and Jobs Act
  - Increase of \$150 million to FY18 adjusted operating cash flow guidance<sup>(2)</sup>

## Markets & Operations

- Strong Corrugated Packaging supply and demand fundamentals
  - Fully implemented previously published PPW price increases and raised export pricing to align our supply with demand
- Stable consumer markets
- MPS performing well; integration on track
- Advanced our strategy to provide differentiated solutions to our customers

## Capital Allocation

- Invested \$214 million to maintain and improve our mill and converting network
- Announced transformative capital investment in Florence, SC mill
- Paid \$110 million in cash dividends to stockholders
- Increased our ownership in the Grupo Gondi joint venture to 32%
- Announced acquisition of Plymouth Packaging for \$198 million
- Leverage ratio of 2.45x<sup>(2)</sup> at the end of the quarter

1) On a GAAP basis, adjusted earnings per diluted share were \$4.38 in Q1 FY18 and \$0.32 in Q1 FY17. See Non-GAAP Financial Measures and Reconciliations in the Appendix.

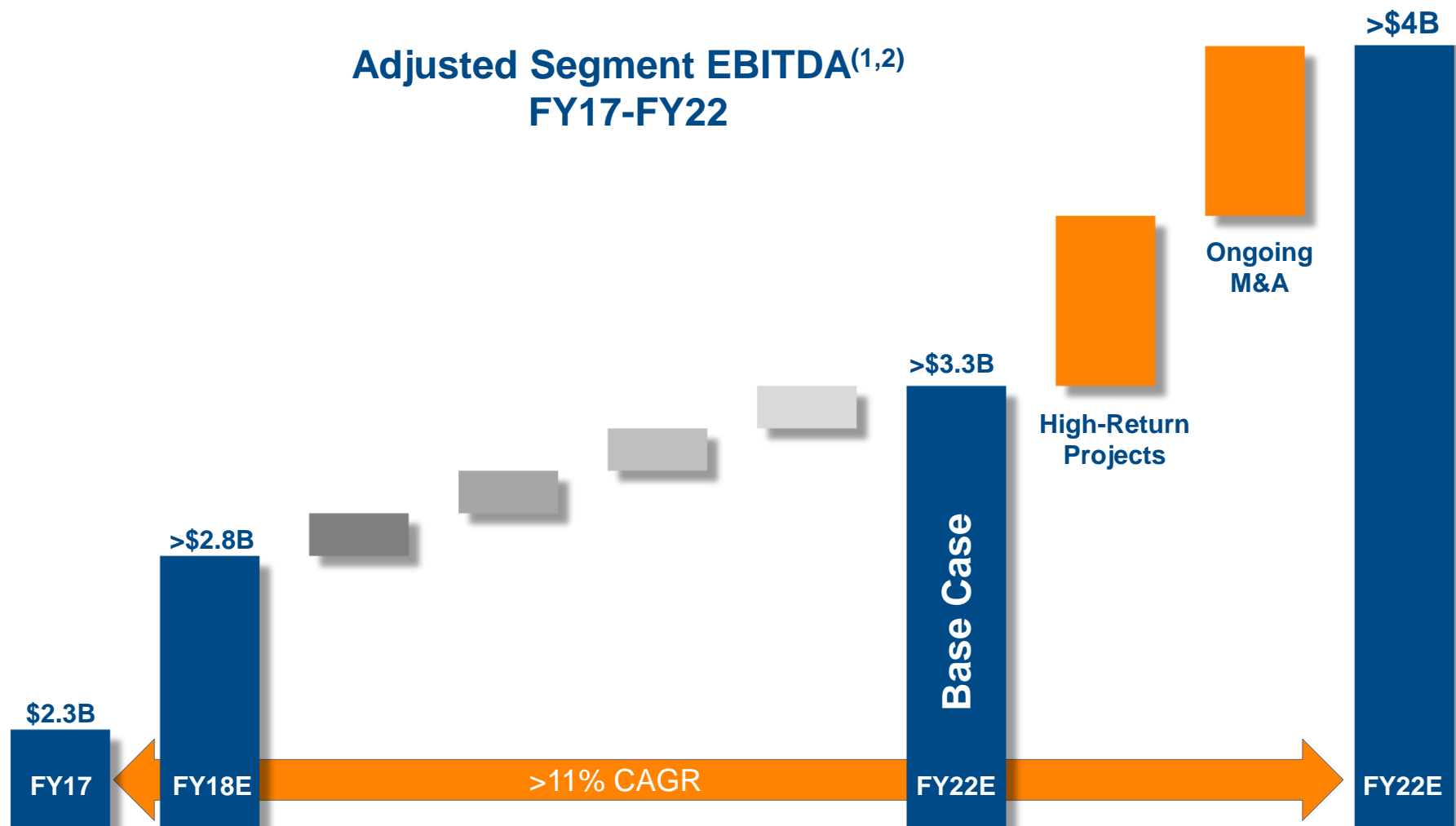
2) Non-GAAP Financial Measure. See Non-GAAP Financial Measures and Reconciliations in the Appendix.

# Full-Year 2018 Guidance<sup>(1)</sup>



1) Growth on a year-over-year basis vs. as reported results; excludes any potential contribution from the acquisition of KapStone  
2) Non-GAAP Financial Measure. See Non-GAAP Financial Measures and Forward-looking Guidance in the Appendix.

# Long-Term Growth FY18 – FY22



1) Non-GAAP Financial Measure. See Non-GAAP Financial Measures and Forward-looking Guidance in the Appendix  
2) Assumptions include stable pricing, normal inflation offset by ongoing productivity, and incremental returns from high-return projects and acquisitions

# Acquisition of KapStone Paper & Packaging

## Compelling Strategic Combination

- Creates opportunity for approximately \$200 million in cost synergies and performance improvements
- Strengthens WestRock's presence on the West Coast
- Broadens WestRock's portfolio of differentiated paper and packaging solutions with the addition of attractive paper grades and distribution capabilities
- Increases mix of virgin fiber based paper in WestRock's paper portfolio

## Attractive Financial Profile

- Purchase price of \$35 per share for a total enterprise value of \$4.9 billion, a 7x<sup>(1)</sup> adjusted EBITDA multiple including anticipated synergy and performance improvements
- Expected to be immediately accretive to WestRock's adjusted earnings and cash flow, inclusive of purchase accounting adjustments
- Combined company will be positioned to generate strong cash flow for rapid debt paydown that should allow leverage ratio<sup>(2)</sup> to return to 2.25x to 2.50x target by the end of FY 2019

## Timeline

- Announced January 29<sup>th</sup>, 2018
- Expected to close in quarter ending September 30<sup>th</sup>, 2018

1) Based on KapStone's annualized EBITDA performance in the second half of its fiscal 2017  
2) Non-GAAP Financial Measure. See Non-GAAP Financial Measures and Forward-looking Guidance in the Appendix



# KapStone Brings Enhanced Scale and Expanded Product Offering



**\$16.3B<sup>(1)</sup>** SALES

**13.4M** TON MILL SYSTEM  
ACROSS 27 MILLS

**300** OPERATING AND  
BUSINESS LOCATIONS

**A LEADER** IN GROWING  
CONSUMER AND  
CORRUGATED  
PACKAGING  
SEGMENTS

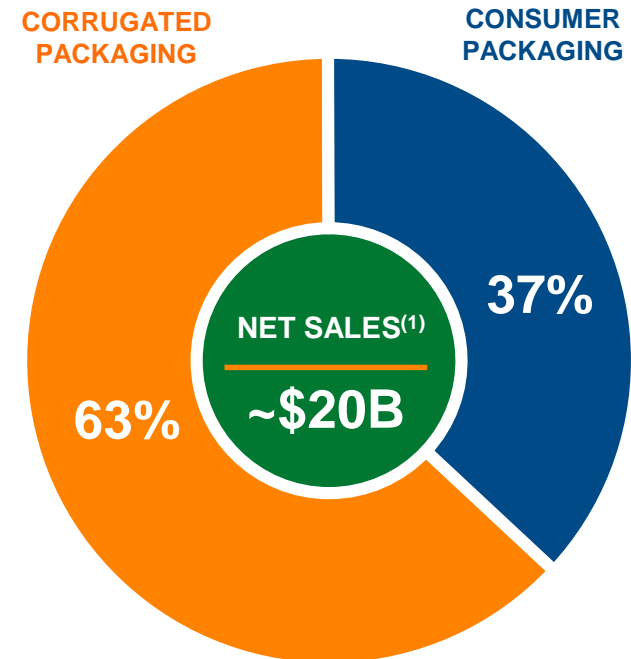


**\$3.2B<sup>(1)</sup>** SALES

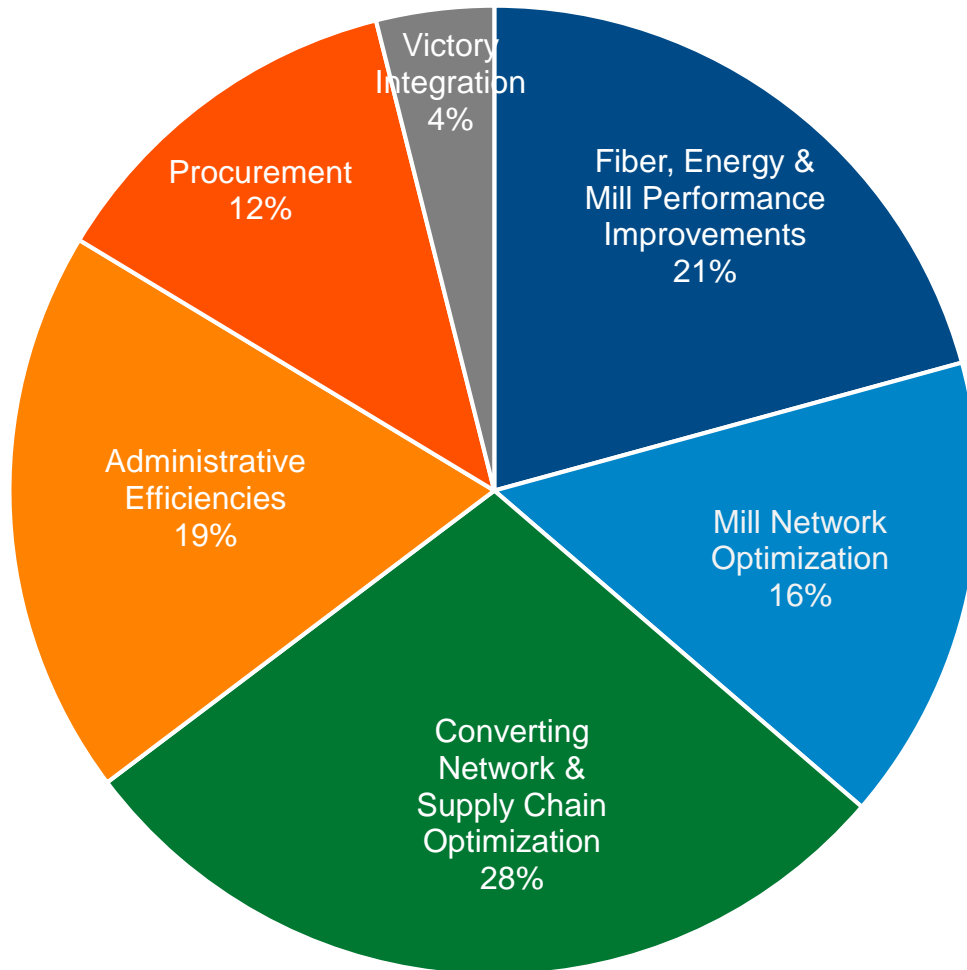
**3.0M** TON MILL SYSTEM  
ACROSS 4 MILLS

**86+** OPERATING AND  
DISTRIBUTION  
FACILITIES

**#5** LARGEST NORTH  
AMERICAN  
CONTAINERBOARD  
PRODUCER



# Expected KapStone Synergies



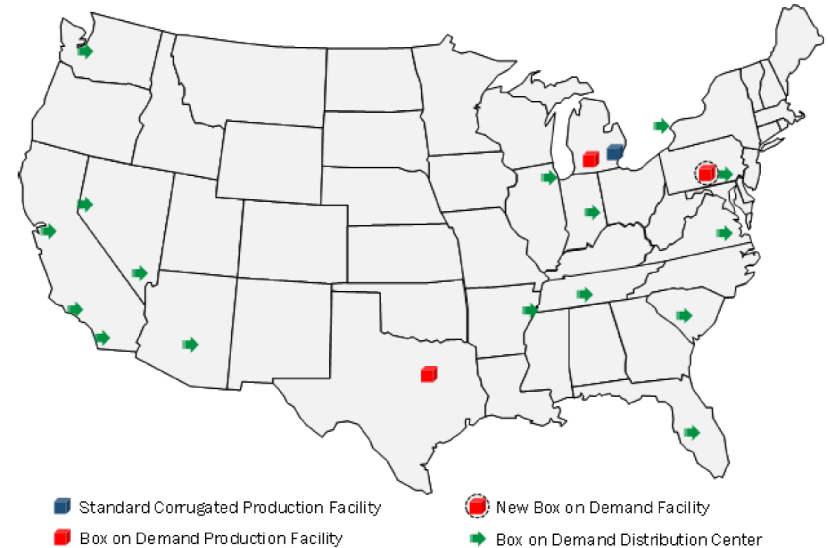
- Expect full run-rate of cost synergies and performance improvements by end of fiscal 2021
- Significant mill performance improvements
- Network optimization opportunities
- Leverage procurement scale
- Integration of additional tons into Victory Packaging

**Approximately \$200 Million of Run-Rate Cost Synergies & Performance Improvements**

# Acquisition of Plymouth Packaging

- On January 5, 2018, we completed the acquisition of Plymouth Packaging for \$197.6 million
- Further develops our innovation platform and our differentiation strategy
- Enhances our automated packaging systems business and our differentiation in e-commerce and other custom applications where on-site box making is needed
- Improves our margin profile and growth prospects; and moves us closer to our 80% integration goal
- Acquired Plymouth's equity interest in Panotec and exclusive right to distribute Panotec's equipment in the United States and Canada

## Plymouth Packaging Footprint



## “Box on Demand” Value Proposition

- Provides on-demand boxes with proper dimensions that lower customer's inventory and freight costs, and deliver productivity savings
- Located on the customer's site and use fanfold corrugated to produce custom, on-demand corrugated packaging
- Installed on customers' sites under multi-year exclusive agreements for the fanfold corrugated supply

## Product and Machinery Examples



# WestRock: Creating Shareholder Value



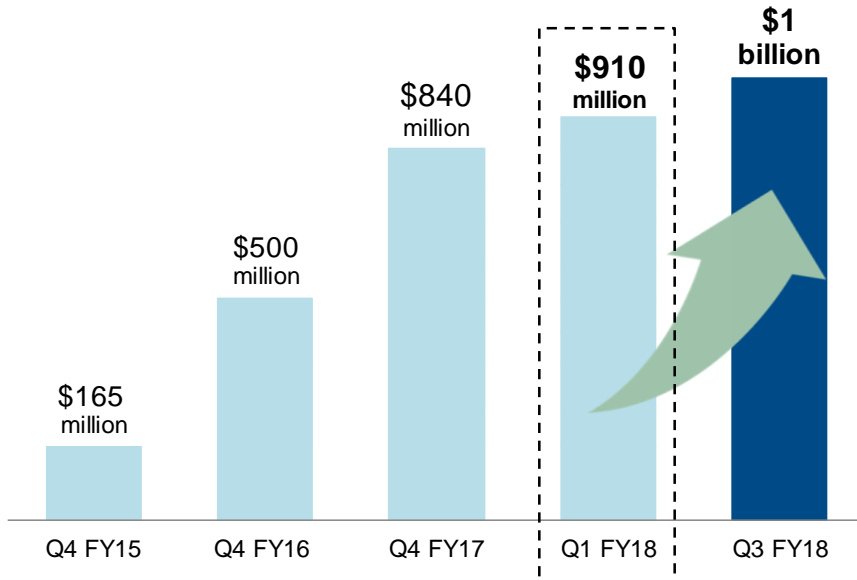
We are the leading paper and packaging company with the strategy and capabilities to generate attractive returns

- ✓ **Delivering** our broad portfolio of differentiated solutions to customers
- ✓ **Executing** on productivity opportunities and generating strong cash flow
- ✓ **Reinvesting** our cash flow back into the business and returning capital to stockholders

# Appendix

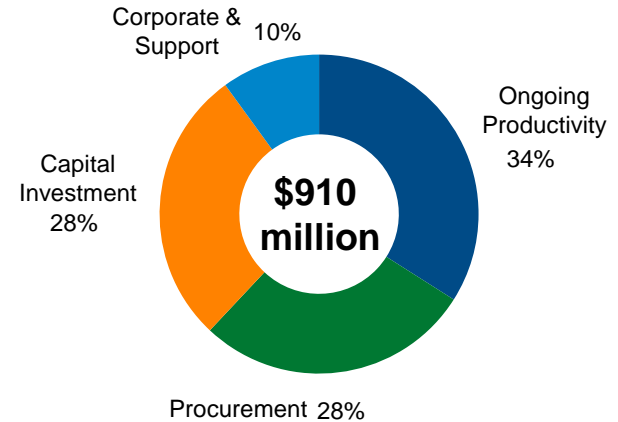
# Synergy and Performance Improvements

## Q1 FY18 PROGRESS

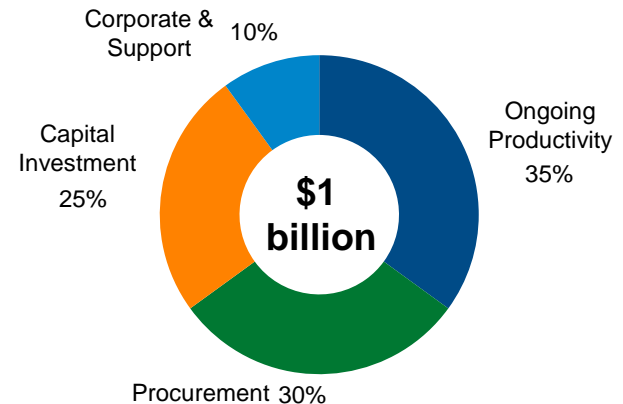


On track to achieve \$1 billion objective by end of Q3 FY18

## RUN-RATE AT 12/31/17

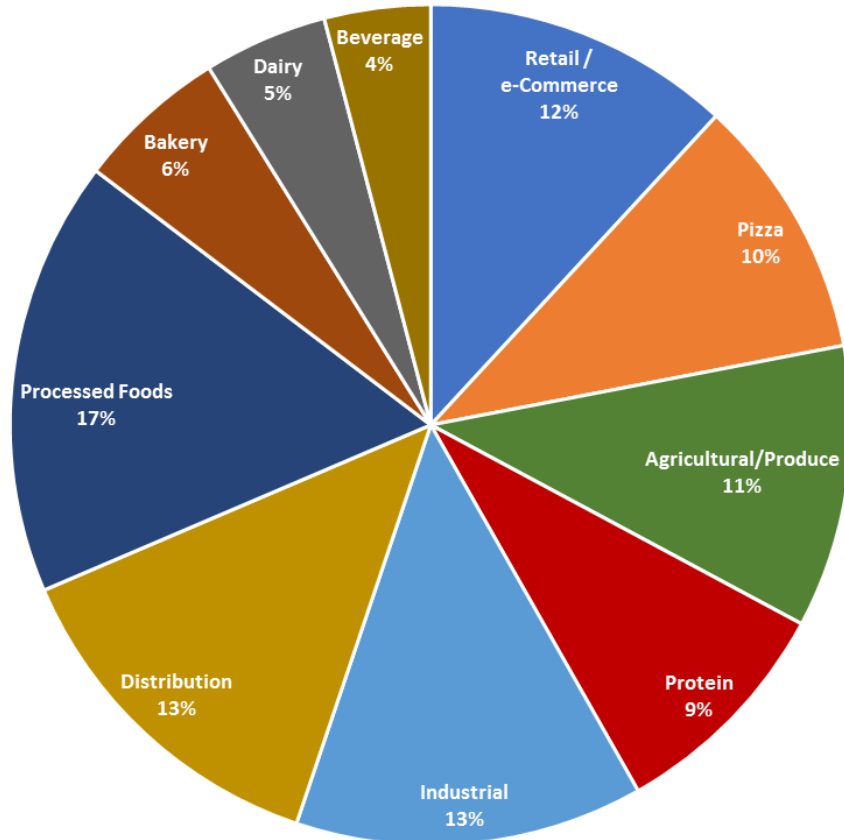


## THREE YEAR GOAL



# N.A. Corrugated End Market Mix / Examples

## WestRock's N.A. Corrugated Sales Mix



### Corrugated Containers



### Kraft Paper



### Beverage



### Pizza



### Food Service



### Produce & Protein

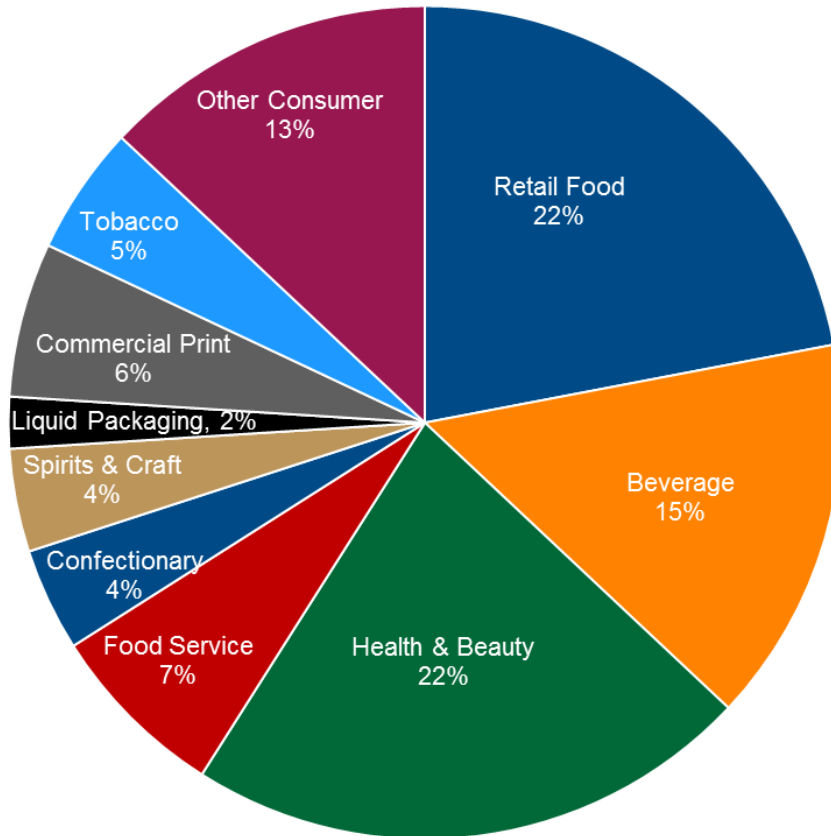


### E-Commerce



# Consumer End Market Mix / Examples

## WestRock's Consumer Sales Mix



### Food Service



### Beverage



### Folding Carton



### Multi Packaging Solutions



### Merchandising Displays





# Key Commodity Annual Consumption Volumes and FX by Currency<sup>(1)</sup>

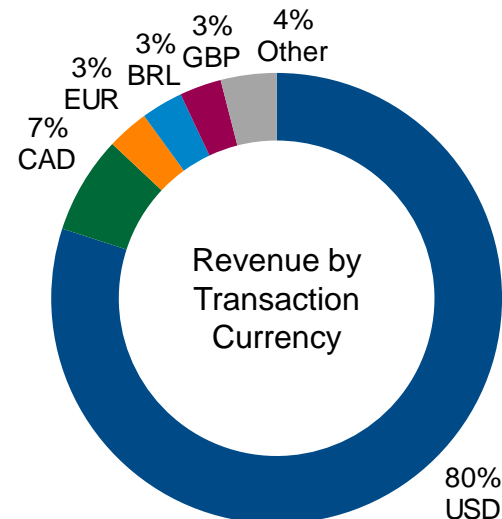
## Annual Consumption Volumes

Commodity Category	Volume
Recycled Fiber (tons millions)	4.9
Wood (tons millions)	32
Natural Gas (cubic feet billions)	67
Diesel (gallons millions)	88
Electricity (kwh billions)	4.7
Polyethylene (lbs millions)	44
Caustic Soda (tons thousands)	202
Starch (lbs millions)	526

## Sensitivity Analysis

Category	Increase in Spot Price	Annual EPS Impact
Recycled Fiber (tons millions)	+\$10.00 / ton	(\$0.14)
Natural Gas (cubic feet billions)	+\$0.25 / MMBTU	(\$0.05)
FX Translation Impact	+10% USD Appreciation	(\$0.07 - \$0.08)

## FX By Currency in Q1 FY18

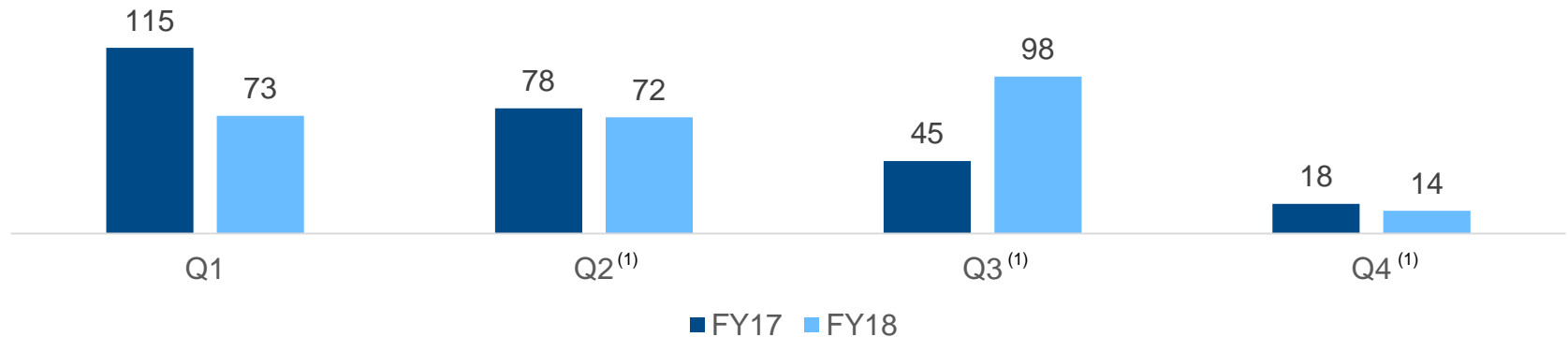


1) All data is WestRock only and excludes KapStone

# Mill Maintenance Schedule

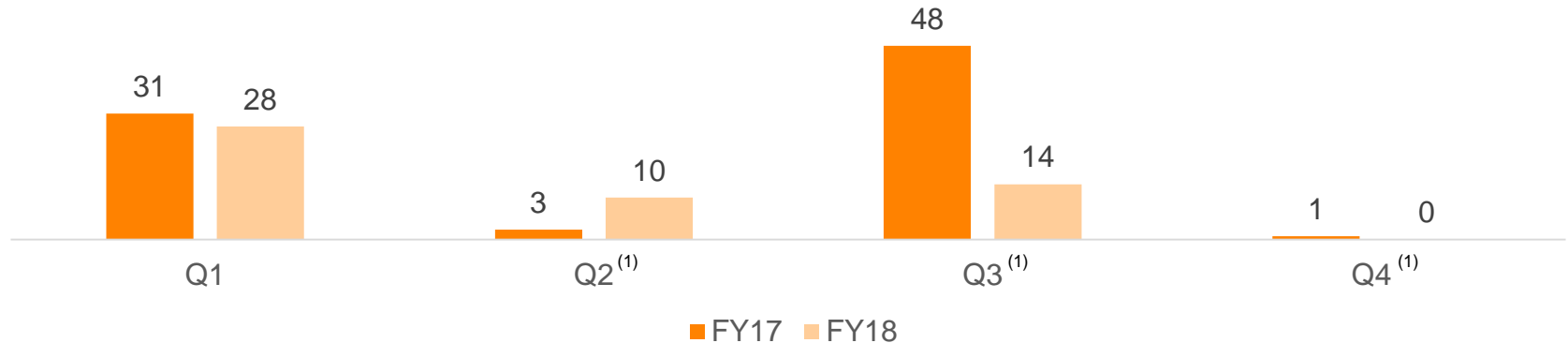
## North American Corrugated Packaging

(tons in thousands)



## Consumer Packaging

(tons in thousands)



1) FY18 figures are forecasts

# Non-GAAP Financial Measures

## **Adjusted Earnings Per Diluted Share**

We use the non-GAAP financial measure “adjusted earnings per diluted share,” also referred to as “adjusted earnings per share” or “Adjusted EPS” because we believe this measure provides our board of directors, investors, potential investors, securities analysts and others with useful information to evaluate our performance since it excludes restructuring and other costs, net, and other specific items that we believe are not indicative of our ongoing operating results. Our management and board of directors use this information to evaluate our performance relative to other periods.

## **Adjusted Operating Cash Flow**

We use the non-GAAP financial measure “adjusted operating cash flow” because we believe this measure provides our board of directors, investors, potential investors, securities analysts and others with useful information to evaluate our performance since it excludes restructuring and other costs, net, and other specific items that we believe are not indicative of our ongoing operating results. While this measure is similar to adjusted free cash flow, we believe it provides greater comparability across periods when capital expenditures are changing since it excludes an adjustment for capital expenditures. We believe the most directly comparable GAAP measure is net cash provided by operating activities.

## **Adjusted Segment EBITDA and Adjusted Segment EBITDA Margins**

We use the non-GAAP financial measures “adjusted segment EBITDA” and “adjusted segment EBITDA margins”, along with other factors, to evaluate our segment performance against the performance of our peers. We believe that investors also use these measures to evaluate our performance relative to our peers. We calculate adjusted segment EBITDA for each segment by adding that segment’s adjusted segment income to its depreciation, depletion and amortization. We calculate adjusted segment EBITDA margin for each segment by dividing that segment’s adjusted segment EBITDA by its adjusted segment sales.

# Non-GAAP Financial Measures (cont.)

## **Leverage Ratio**

We use the non-GAAP financial measure “leverage ratio” as a measurement of our operating performance and to compare to our publicly disclosed target leverage ratio, and because we believe investors use this measure to evaluate our available borrowing capacity. We define leverage ratio as our Total Funded Debt divided by our Credit Agreement EBITDA, each of which term is defined in our credit agreement, dated July 1, 2015. Borrowing capacity under our credit agreement depends on, in addition to other measures, the Credit Agreement Debt/EBITDA ratio or the leverage ratio. As of the December 31, 2017 calculation, our leverage ratio was 2.45 times. While the leverage ratio under our credit agreement determines the credit spread on our debt, we are not subject to a leverage ratio cap. Our credit agreement is subject to a Debt to Capitalization and Consolidated Interest Coverage Ratio, as defined therein.

## **Forward-looking Guidance**

We are not providing forward-looking guidance for U.S. GAAP reported financial measures or a reconciliation of forward-looking non-GAAP financial measures to the most directly comparable U.S. GAAP measure because we are unable to predict with reasonable certainty the ultimate outcome of certain significant items without unreasonable effort. These items include, but are not limited to, merger and acquisition-related expenses, restructuring expenses, asset impairments, litigation settlements, changes to contingent consideration and certain other gains or losses. These items are uncertain, depend on various factors, and could have a material impact on U.S. GAAP reported results for the guidance period.

# Adjusted Net Income Reconciliation

(\$ in millions)

	Q1 FY18			Q1 FY17		
	Pre-Tax	Tax	Net of Tax	Pre-Tax	Tax	Net of Tax
<b>GAAP Results <sup>(1)</sup></b>	<b>\$ 60.3</b>	<b>\$ 1,073.2</b>	<b>\$ 1,133.5</b>	<b>\$ 82.1</b>	<b>\$ (3.6)</b>	<b>\$ 78.5</b>
Impact of Tax Cuts and Jobs Act	-	(1,086.9)	(1,086.9)	-	-	-
Multiemployer pension withdrawal	179.1	(46.6)	132.5	-	-	-
Restructuring and other items	16.3	(4.0)	12.3	81.0	(21.7)	59.3
Acquisition inventory step-up	0.6	(0.2)	0.4	-	-	-
One-time state tax benefit	-	-	-	-	(23.8)	(23.8)
Land and Development operating results including impairment	25.9	(6.5)	19.4	(1.0)	0.4	(0.6)
Losses at closed plants and transition costs	13.2	(3.5)	9.7	4.2	(1.4)	2.8
Accelerated depreciation on major capital projects	5.1	(1.3)	3.8	-	-	-
Loss on extinguishment of debt	1.0	(0.2)	0.8	-	-	-
Other	(1.4)	0.3	(1.1)	2.5	(0.8)	1.7
<b>Adjusted Results</b>	<b>\$ 300.1</b>	<b>\$ (75.7)</b>	<b>\$ 224.4</b>	<b>\$ 168.8</b>	<b>\$ (50.9)</b>	<b>\$ 117.9</b>
Noncontrolling interests			1.6			2.4
<b>Adjusted Net Income</b>			<b>\$ 226.0</b>			<b>\$ 120.3</b>

1) The GAAP results for Pre-Tax, Tax and Net of Tax are equivalent to the line items "Income before income taxes", "Income tax expense" and "Consolidated net income", respectively, as reported on the statements of operations.

# Adjusted Earnings Per Diluted Share Reconciliation

(\$ per share)

	Q1 FY18	Q1 FY17
<b>Earnings per diluted share</b>	<b>\$ 4.38</b>	<b>\$ 0.32</b>
Impact of Tax Cuts and Jobs Act	(4.19)	-
Multiemployer pension withdrawal	0.51	-
Restructuring and other items	0.05	0.22
One-time state tax benefit	-	(0.09)
Land & Development operating results including impairment	0.07	-
Losses at closed plants and transition costs	0.04	0.01
Accelerated depreciation on major capital projects	0.01	-
Other	-	0.01
<b>Adjusted earnings per diluted share</b>	<b>\$ 0.87</b>	<b>\$ 0.47</b>

# Adjusted Segment EBITDA and Other Items

## Q1 FY18

(\$ in millions, except percentages)

	Corrugated Packaging	Consumer Packaging	Land and Development	Corporate / Eliminations	Consolidated
Segment / Net Sales	\$ 2,178.6	\$ 1,763.3	\$ 11.4	\$ (59.3)	\$ 3,894.0
Less: Trade Sales	(86.4)	-	-	-	(86.4)
Adjusted Segment Sales	<u>\$ 2,092.2</u>	<u>\$ 1,763.3</u>	<u>\$ 11.4</u>	<u>\$ (59.3)</u>	<u>\$ 3,807.6</u>
Segment Income (Loss)	\$ 264.1	\$ 92.4	\$ (0.7)	\$ -	\$ 355.8
Non-allocated Expenses	-	-	-	(8.3)	(8.3)
Depreciation and Amortization	163.1	142.0	0.1	2.5	307.7
Less: Deferred Financing Costs	-	-	-	(1.5)	(1.5)
Segment EBITDA	\$ 427.2	\$ 234.4	\$ (0.6)	\$ (7.3)	\$ 653.7
Plus: Inventory Step-up	0.6	-	-	-	0.6
Adjusted Segment EBITDA	<u>\$ 427.8</u>	<u>\$ 234.4</u>	<u>\$ (0.6)</u>	<u>\$ (7.3)</u>	<u>\$ 654.3</u>
Segment EBITDA Margins	<u>19.6%</u>	<u>13.3%</u>			<u>16.8%</u>
Adjusted Segment EBITDA Margins	<u>20.4%</u>	<u>13.3%</u>			<u>16.8%</u>

# Adjusted Segment EBITDA and Other Items

## Q1 FY17

(\$ in millions, except percentages)

	Corrugated Packaging	Consumer Packaging	Land and Development	Corporate / Eliminations	Consolidated
Segment / Net Sales	\$ 1,943.6	\$ 1,510.9	\$ 54.0	\$ (61.3)	\$ 3,447.2
Less: Trade Sales	(74.0)	-	-	-	(74.0)
Adjusted Segment Sales	<u>\$ 1,869.6</u>	<u>\$ 1,510.9</u>	<u>\$ 54.0</u>	<u>\$ (61.3)</u>	<u>\$ 3,373.2</u>
Segment Income	\$ 141.5	\$ 87.6	\$ 1.7	\$ -	\$ 230.8
Non-allocated Expenses	-	-	-	(14.7)	(14.7)
Depreciation and Amortization	145.4	127.0	0.2	2.6	275.2
Less: Deferred Financing Costs	-	-	-	(1.1)	(1.1)
Segment EBITDA	\$ 286.9	\$ 214.6	\$ 1.9	\$ (13.2)	\$ 490.2
Plus: Inventory Step-up	-	-	-	-	-
Adjusted Segment EBITDA	<u>\$ 286.9</u>	<u>\$ 214.6</u>	<u>\$ 1.9</u>	<u>\$ (13.2)</u>	<u>\$ 490.2</u>
Segment EBITDA Margins	<u>14.8%</u>	<u>14.2%</u>			<u>14.2%</u>
Adjusted Segment EBITDA Margins	<u>15.3%</u>	<u>14.2%</u>			<u>14.2%</u>



# Adjusted Segment EBITDA and Other Items

## FY17

(\$ in millions, except percentages)

	Corrugated Packaging	Consumer Packaging	Land and Development	Corporate / Eliminations	Consolidated
Segment Net Sales	\$ 8,408.3	\$ 6,452.5	\$ 243.8	\$ (244.9)	\$ 14,859.7
Less: Trade Sales	(318.2)	-	-	-	(318.2)
Adjusted Segment Sales	<u>\$ 8,090.1</u>	<u>\$ 6,452.5</u>	<u>\$ 243.8</u>	<u>\$ (244.9)</u>	<u>\$ 14,541.5</u>
Segment Income	\$ 753.9	\$ 425.8	\$ 13.8	\$ -	\$ 1,193.5
Non-allocated Expenses	-	-	-	(43.5)	(43.5)
Depreciation and Amortization	597.9	508.2	0.7	9.8	1,116.6
Less: Deferred Financing Costs	-	-	-	(4.5)	(4.5)
Segment EBITDA	1,351.8	934.0	14.5	(38.2)	2,262.1
Plus: Inventory Step-up	1.4	25.1	-	-	26.5
Adjusted Segment EBITDA	<u>\$ 1,353.2</u>	<u>\$ 959.1</u>	<u>\$ 14.5</u>	<u>\$ (38.2)</u>	<u>\$ 2,288.6</u>
Segment EBITDA Margins	<u>16.1%</u>	<u>14.5%</u>			<u>15.2%</u>
Adjusted Segment EBITDA Margins	<u>16.7%</u>	<u>14.9%</u>			<u>15.4%</u>

# LTM Credit Agreement EBITDA

(\$ in millions)

Q1 FY18

Consolidated Net Income	\$	1,753.6
Interest Expense, Net		210.3
Income Taxes		(917.8)
Depreciation & Amortization		1,149.1
Additional Permitted Charges <sup>(1)</sup>		369.1
<b>LTM Credit Agreement EBITDA</b>	<b>\$</b>	<b>2,564.3</b>

1) Additional Permitted Charges includes among other items, \$132 million of restructuring and other costs and \$27 million pre-tax expense for inventory stepped-up in purchase accounting.

# Total Debt, Funded Debt and Leverage Ratio

(\$ in millions, except ratios)

	Q1 FY18
Current Portion of Debt	\$ 1,244.6
Long-Term Debt Due After One Year	5,365.8
Total Debt	6,610.4
Less: Unamortized Debt Stepped-up to Fair Value in Purchase and Deferred Financing Costs	(260.0)
Plus: Letters of Credit, Guarantees and Other Adjustments	(79.2)
<b>Total Funded Debt</b>	<b>\$ 6,271.2</b>
LTM Credit Agreement EBITDA	\$ 2,564.3
<b>Leverage Ratio</b>	<b>2.45x</b>

