

Calculation of ROAIC and Reconciliation of NOPAT to Operating Income									
	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11
Operating Income	\$ 1,861	\$ 2,142	\$ 2,424	\$ 2,702	\$ 3,151	\$ 3,441	\$ 3,247	\$ 3,458	\$ 4,365
Earnings Before Taxes	\$ 1,872	\$ 2,160	\$ 2,456	\$ 2,754	\$ 3,189	\$ 3,430	\$ 3,164	\$ 3,373	\$ 4,294
Taxes	\$ (707)	\$ (810)	\$ (896)	\$ (1,004)	\$ (1,148)	\$ (1,273)	\$ (1,158)	\$ (1,282)	\$ (1,580)
+ Implied Interest Expense of Lease Payment ^{1,2}	\$ 493	\$ 557	\$ 627	\$ 687	\$ 777	\$ 858	\$ 952	\$ 1,065	\$ 1,200
= Adjusted Operating Income	\$ 2,354	\$ 2,699	\$ 3,051	\$ 3,389	\$ 3,928	\$ 4,299	\$ 4,199	\$ 4,523	\$ 5,565
<i>x Tax Rate</i>	37.75%	37.50%	36.49%	36.44%	35.99%	37.12%	36.60%	38.01%	36.80%
+ Taxes on Adjusted Operating Income	\$ (889)	\$ (1,012)	\$ (1,113)	\$ (1,235)	\$ (1,414)	\$ (1,596)	\$ (1,537)	\$ (1,719)	\$ (2,048)
= NOPAT	\$ 1,465	\$ 1,687	\$ 1,938	\$ 2,154	\$ 2,514	\$ 2,703	\$ 2,662	\$ 2,804	\$ 3,517
Invested Capital - OPERATING APPROACH									
Cash	\$ 1,268	\$ 1,696	\$ 1,072	\$ 1,335	\$ 255	\$ 443	\$ 2,587	\$ 1,880	\$ 1,556
Accts. Receivable, net	\$ 1,018	\$ 1,169	\$ 1,396	\$ 2,063	\$ 2,237	\$ 2,527	\$ 2,496	\$ 2,450	\$ 2,497
Inventories (LIFO)	\$ 4,203	\$ 4,739	\$ 5,593	\$ 6,050	\$ 6,791	\$ 7,249	\$ 6,789	\$ 7,378	\$ 8,044
Other Current Assets	\$ 121	\$ 161	\$ 256	\$ 257	\$ 229	\$ 214	\$ 177	\$ 214	\$ 225
Current Assets:	\$ 6,609	\$ 7,764	\$ 8,317	\$ 9,705	\$ 9,511	\$ 10,433	\$ 12,049	\$ 11,922	\$ 12,322
+ LIFO Reserve	\$ 730	\$ 736	\$ 804	\$ 900	\$ 969	\$ 1,067	\$ 1,239	\$ 1,380	\$ 1,588
Accts. Payable	\$ 2,408	\$ 2,642	\$ 2,918	\$ 4,039	\$ 3,733	\$ 4,289	\$ 4,308	\$ 4,585	\$ 4,810
Current Maturities of LT Debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Notes Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sinking Fund Debentures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued Expenses and Other Cur. Liab.	\$ 1,264	\$ 1,436	\$ 1,563	\$ 1,716	\$ 2,127	\$ 2,272	\$ 2,461	\$ 2,848	\$ 3,273
- Current Liabilities:	\$ 3,671	\$ 4,078	\$ 4,481	\$ 5,755	\$ 5,860	\$ 6,561	\$ 6,769	\$ 7,433	\$ 8,083
= Adjusted Operating Working Capital:	\$ 3,667	\$ 4,423	\$ 4,640	\$ 4,850	\$ 4,619	\$ 4,939	\$ 6,519	\$ 5,869	\$ 5,827
+ Net Fixed Assets (PPE):	\$ 4,940	\$ 5,446	\$ 6,165	\$ 6,949	\$ 8,204	\$ 9,776	\$ 10,802	\$ 11,184	\$ 11,526
+ Net Other Assets ³ :	\$ (579)	\$ (719)	\$ (870)	\$ (642)	\$ 314	\$ 791	\$ 895	\$ 1,434	\$ 1,821
<i>Rent Expense</i>	\$ 1,027	\$ 1,161	\$ 1,307	\$ 1,432	\$ 1,619	\$ 1,787	\$ 1,984	\$ 2,218	\$ 2,500
\$ 8,219	\$ 9,284	\$ 10,455	\$ 11,455	\$ 12,949	\$ 14,299	\$ 15,870	\$ 17,744	\$ 20,000	
+ Implied Principal Amount of Leases ⁴ :	\$ 8,219	\$ 9,284	\$ 10,455	\$ 11,455	\$ 12,949	\$ 14,299	\$ 15,870	\$ 17,744	\$ 20,000
= Total Invested Capital	\$ 16,247	\$ 18,434	\$ 20,390	\$ 22,612	\$ 26,086	\$ 29,805	\$ 34,086	\$ 36,231	\$ 39,174
Average Invested Capital	\$ 15,221	\$ 17,341	\$ 19,412	\$ 21,501	\$ 24,349	\$ 27,946	\$ 31,945	\$ 35,158	\$ 37,703
Return on Invested Capital	8.9%								
Return on Average Invested Capital ⁵	9.6%	9.7%	10.0%	10.0%	10.3%	9.7%	8.3%	8.0%	9.3%
Invested Capital - FINANCING APPROACH									
Shareholders' Equity	\$ 7,118	\$ 8,140	\$ 8,890	\$ 10,116	\$ 11,104	\$ 12,869	\$ 14,376	\$ 14,400	\$ 14,847
Debt	\$ -	\$ -	\$ -	\$ -	\$ 906	\$ 1,420	\$ 2,336	\$ 2,389	\$ 2,396
+ LIFO Reserve	\$ 730	\$ 736	\$ 804	\$ 900	\$ 969	\$ 1,067	\$ 1,239	\$ 1,380	\$ 1,588
+ Deferred Income Taxes	\$ 181	\$ 274	\$ 240	\$ 141	\$ 158	\$ 150	\$ 265	\$ 318	\$ 343
= Adjusted Equity:	\$ 8,028	\$ 9,150	\$ 9,934	\$ 11,156	\$ 13,138	\$ 15,506	\$ 18,216	\$ 18,487	\$ 19,174
+ Implied Principal Amount of Leases ⁴ :	\$ 8,219	\$ 9,284	\$ 10,455	\$ 11,455	\$ 12,949	\$ 14,299	\$ 15,870	\$ 17,744	\$ 20,000
= Total Invested Capital	\$ 16,247	\$ 18,434	\$ 20,390	\$ 22,612	\$ 26,086	\$ 29,805	\$ 34,086	\$ 36,231	\$ 39,174
Average Invested Capital	\$ 15,221	\$ 17,341	\$ 19,412	\$ 21,501	\$ 24,349	\$ 27,946	\$ 31,945	\$ 35,158	\$ 37,703
Return on Average Invested Capital ⁵	9.6%	9.7%	10.0%	10.0%	10.3%	9.7%	8.3%	8.0%	9.3%

1. Marginal Cost of Debt = 6.0%

2. Implied Interest Expense Portion of Lease Payment = Marginal Cost of Debt * Implied Principal Amount of Leases

3. Net Other Assets = Goodwill + Other Non-Current Assets - Other Non-Current Liabilities

4. Implied Principal Amount of Leases = 8 x Rent Expense

5. ROAIC = NOPAT/Average Invested Capital