

	Calculation of ROAIC and Reconciliation of NOPAT to Operating Income				
	FY04	FY05	FY06	FY07	FY08
Operating Income	\$ 2,142	\$ 2,424	\$ 2,702	\$ 3,151	\$ 3,441
+ Implied Interest Expense of Lease Payment <sup>1,2</sup>	\$ 557	\$ 627	\$ 687	\$ 777	\$ 858
= Adjusted Operating Income	\$ 2,699	\$ 3,051	\$ 3,389	\$ 3,928	\$ 4,298
<i>x Tax Rate</i>	37.50%	36.49%	36.44%	35.99%	37.12%
+ Taxes on Adjusted Operating Income	\$ (1,012)	\$ (1,113)	\$ (1,235)	\$ (1,414)	\$ (1,596)
= NOPAT	\$ 1,687	\$ 1,938	\$ 2,154	\$ 2,514	\$ 2,703
<b>Invested Capital - OPERATING APPROACH</b>					
Current Assets:	\$ 7,764	\$ 8,317	\$ 9,705	\$ 9,511	\$ 10,433
+ LIFO Reserve	\$ 736	\$ 804	\$ 900	\$ 969	\$ 1,067
- Current Liabilities:	\$ 4,078	\$ 4,481	\$ 5,755	\$ 5,860	\$ 6,561
= Adjusted Operating Working Capital:	\$ 4,423	\$ 4,640	\$ 4,850	\$ 4,619	\$ 4,939
+ Net Fixed Assets (PPE):	\$ 5,446	\$ 6,165	\$ 6,949	\$ 8,204	\$ 9,775
+ Net Other Assets <sup>3</sup> :	\$ (719)	\$ (870)	\$ (642)	\$ 314	\$ 792
<i>Rent Expense</i>	\$ 1,161	\$ 1,307	\$ 1,432	\$ 1,619	\$ 1,787
+ Implied Principal Amount of Leases <sup>4</sup> :	\$ 9,284	\$ 10,455	\$ 11,455	\$ 12,949	\$ 14,296
= Total Invested Capital	\$ 18,434	\$ 20,390	\$ 22,612	\$ 26,086	\$ 29,802
Average Invested Capital	\$ 17,341	\$ 19,412	\$ 21,501	\$ 24,349	\$ 27,944
Return on Average Invested Capital <sup>5</sup>	9.7%	10.0%	10.0%	10.3%	9.7%
<b>Invested Capital - FINANCING APPROACH</b>					
Shareholders' Equity	\$ 8,140	\$ 8,890	\$ 10,116	\$ 11,104	\$ 12,869
Debt	\$ -	\$ -	\$ -	\$ 906	\$ 1,420
+ LIFO Reserve	\$ 736	\$ 804	\$ 900	\$ 969	\$ 1,067
+ Deferred Income Taxes	\$ 274	\$ 240	\$ 141	\$ 158	\$ 150
= Adjusted Equity:	\$ 9,150	\$ 9,934	\$ 11,156	\$ 13,138	\$ 15,506
+ Implied Principal Amount of Leases <sup>4</sup> :	\$ 9,284	\$ 10,455	\$ 11,455	\$ 12,949	\$ 14,296
= Total Invested Capital	\$ 18,434	\$ 20,390	\$ 22,612	\$ 26,086	\$ 29,802
Average Invested Capital	\$ 17,341	\$ 19,412	\$ 21,501	\$ 24,349	\$ 27,944
Return on Average Invested Capital <sup>5</sup>	9.7%	10.0%	10.0%	10.3%	9.7%

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