Financial Statements

Condensed Consolidated Statements of Earnings

Years ended June 30 Dollars in millions, except share and per share data	2017	2016	2015
Net sales	\$ 5.973	\$ 5,761	\$ 5,655
Cost of products sold	3,302	3.163	3.190
Gross profit	2,671	2,598	2,465
Selling and administrative expenses	810	806	798
Advertising costs	599	587	523
Research and development costs	135	141	136
Interest expense	88	88	100
Other (income) expense, net	6	(7)	(13)
Earnings from continuing operations before income taxes	1,033	983	921
Income taxes on continuing operations	330	335	315
Earnings from continuing operations	703	648	606
Losses from discontinued operations, net of tax	(2)	_	(26)
Net earnings	\$ 701	\$ 648	\$ 580
Net earnings (losses) per share			
Basic	¢ 5.45	¢ 5.04	. 4.75
Continuing operations	\$ 5.45	\$ 5.01	\$ 4.65
Discontinued operations	(0.02)		(0.20)
Basic net earnings per share	\$ 5.43	\$ 5.01	\$ 4.45
Diluted			
Continuing operations	\$ 5.35	\$ 4.92	\$ 4.57
Discontinued operations	(0.02)	_	(0.20)
Diluted net earnings per share	\$ 5.33	\$ 4.92	\$ 4.37
Weighted average shares outstanding (in thousands)	400	400 475	1000:-
Basic	128,953	129,472	130,310
Diluted	131,566	131,717	132,776

Financial Statements

Condensed Consolidated Balance Sheets

turnent assets 4 18 (Years ended June 30 Dollars in millions, except share and per share data	2017	2016
Cash and cash equivalents \$418 \$401 Receivables, net 555 569 Inventories, net 459 443 Prepaid expenses and other current assets 72 72 Total current assets 1,514 1,885 roperty, plant and equipment, net coordinates 931 906 coodwill 1,196 1,197 rademarks, net 66 4657 other intangible assets, net 68 78 other assets 210 \$4,573 \$4,510 Notes and loans payable 400 - - - Current maturities of long-term debt 400 -<	ASSETS		
Receivables, net 565 569 Inventories, net 459 443 Prepaid expenses and other current assets 1,514 1,485 Total current assets 1,514 1,485 roperty, plant and equipment, net 931 906 roddwarks, net 654 657 other intangible assets, net 68 78 ther intangible assets 210 187 otal assets 210 187 otal assets 4,573 \$ 4,510 ABILITIES AND STOCKHOLDERS' EQUITY 187 urrent liabilities 400 - Notes and loans payable \$ 404 \$ 523 Current maturities of long-term debt 400 - Accounts payable and accrued liabilities 1,005 1,035 Income taxes payable - - - ong-term debt 1,391 1,789 1,588 ong-term debt 1,391 1,789 1,588 ong-termed debt 1,391 1,789 1,588 otack-f	Current assets		
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Prepaid expenses and other current assets 72 72 Total current assets 1,514 1,485 roperty, plant and equipment, net coordinated 331 906 code will 1,196 1,197 code will 1,196 1,197 obther intangible assets, net 68 78 other assets 210 187 ALBILITIES AND STOCKHOLDERS' EQUITY 187 188 Unrent liabilities 404 \$ 23 Notes and loans payable 404 \$ 23 Current maturities of long-term debt 400 — Accounts payable and accrued liabilities 1,005 1,035 Income taxes payable 1,809 1,558 ong-term debt 1,391 1,789 Other liabilities 770 784 Other liabilities 770 784 Other liabilities 4,031 4,213 Ommitteents and contingencies 4,031 4,213 Other liabilities 4,031 4,213 Total liabilities 4,031 <td></td> <td>565</td> <td>569</td>		565	569
Total current assets 1,514 1,485 roperty, plant and equipment, net coording of co	Inventories, net	459	443
roperty, plant and equipment, net 931 906 soodwill 1,196 1,197 rademarks, net 654 657 ther intangible assets, net 654 657 other intangible assets, net 658 788 78 ther assets 210 187 otal		72	72
doodwill 1,196 1,197 rademarks, net 654 657 other intangible assets, net 68 78 otal assets 210 187 otal assets \$4,573 \$4,510 ABBILITIES AND STOCKHOLDERS' EQUITY **** **** Unrent liabilities **** **** Notes and loans payable \$404 \$523 Current maturities of long-term debt 400 - Accounts payable and accrued liabilities 1,005 1,035 Income taxes payable - - - Total current liabilities 1,809 1,558 1,589 1,558 ong-term debt 1,391 1,789 1,789 1,789 1,789 other liabilities 770 784 1,891 1,789	Total current assets	1,514	1,485
bloodwill rademarks, net rad	Property, plant and equipment, net	931	906
other intangible assets, net 68 78 other assets 210 187 otal assets \$4,573 \$4,510 IABILITIES AND STOCKHOLDERS' EQUITY Jurrent liabilities Variety of the control	Goodwill	1,196	1,197
State Stat	rademarks, net	654	657
State Stat	Other intangible assets, net	68	78
IABILITIES AND STOCKHOLDERS' EQUITY turrent liabilities Notes and loans payable Current maturities of long-term debt Accounts payable and accrued liabilities Income taxes payable Total current liabilities Total liabilit	Other assets Other assets	210	187
Notes and loans payable \$404 \$523 Current maturities of long-term debt \$400	otal assets	\$ 4,573	\$ 4,510
Current maturities of long-term debt 400 – Accounts payable and accrued liabilities 1,005 1,035 Income taxes payable – – Total current liabilities 1,809 1,558 ong-term debt 1,391 1,789 other liabilities 770 784 beferred income taxes 61 82 Total liabilities 4,031 4,213 commitments and contingencies 4,031 4,213 common stock: \$1.00 par value; 5,000,000 shares authorized; none issued or outstanding ommon stock: \$1.00 par value; 750,000,000 shares authorized; 158,741,461 shares issued as of June 30, 2017 and 2016; and 129,014,172 and 129,355,263 shares outstanding as of June 30, 2017 and 2016, respectively 159 159 June 30, 2017 and 2016, respectively 928 868 8	LIABILITIES AND STOCKHOLDERS' EQUITY Current liabilities		
Accounts payable and accrued liabilities Income taxes payable Total current liabilities Total current liabilities Total current liabilities Total current debt Total current debt Total current debt Total liabilities Trotal liabilities Trotal liabilities Trotal liabilities Total liab	Notes and loans payable	\$ 404	\$ 523
Income taxes payable — — — Total current liabilities		400	_
Total current liabilities ong-term debt ong-term debt ther liabilities ong-term debt there liabiliti		1,005	1,035
ong-term debt Other liabilities Other liabilitie	Income taxes payable	_	_
other liabilities 770 784 Deferred income taxes 61 82 Total liabilities 4,031 4,213 Dommitments and contingencies tockholders' equity referred stock: \$1.00 par value; 5,000,000 shares authorized; none issued or outstanding Dommon stock: \$1.00 par value; 750,000,000 shares authorized; 158,741,461 shares issued as of June 30, 2017 and 2016; and 129,014,172 and 129,355,263 shares outstanding as of June 30, 2017 and 2016, respectively diditional paid-in capital 928 868 etained earnings 2,440 2,163 reasury shares, at cost: 29,727,289 and 29,386,198 shares as of June 30, 2017 and 2016, respectively (2,442) (2,323) doccumulated other comprehensive net (losses) income (543) (570) tockholders' equity 542 297	Total current liabilities	1,809	1,558
Total liabilities 4,031 4,213 Total liabilities 4,031 4,213 Commitments and contingencies tockholders' equity referred stock: \$1.00 par value; 5,000,000 shares authorized; none issued or outstanding — — Common stock: \$1.00 par value; 750,000,000 shares authorized; 158,741,461 shares issued as of June 30, 2017 and 2016; and 129,014,172 and 129,355,263 shares outstanding as of June 30, 2017 and 2016, respectively diditional paid-in capital 928 868 etained earnings 2,440 2,163 reasury shares, at cost: 29,727,289 and 29,386,198 shares as of June 30, 2017 and 2016, respectively (2,442) (2,323) cccumulated other comprehensive net (losses) income (543) (570) tockholders' equity	ong-term debt	1,391	1,789
Total liabilities 4,031 4,213 commitments and contingencies tockholders' equity referred stock: \$1.00 par value; 5,000,000 shares authorized; none issued or outstanding — — — common stock: \$1.00 par value; 750,000,000 shares authorized; 158,741,461 shares issued as of June 30, 2017 and 2016; and 129,014,172 and 129,355,263 shares outstanding as of June 30, 2017 and 2016, respectively 159 159 159 159 28 868 29,440 2,163 20,440 2,163 20,440 2,163 20,440 2,163 20,440 2,163 20,440 2,163 20,440 2,163 20,440 2,163 20,440 2,163 20,440 2,163 20,440 2,163 20,440 2,163 20,440 2,163 20,440 2,163 20,440 2,163 20,440 2,163 20,440 2,163 20,440 2,442 20,442 20,442 20,442 20,442 20,442 20,442 20,442 20,442 20,442 20,442 20,442 20,442 20,442 20,442 20,442 20,442 20,442 20,444 2	Other liabilities	770	784
tockholders' equity referred stock: \$1.00 par value; 5,000,000 shares authorized; none issued or outstanding rommon stock: \$1.00 par value; 750,000,000 shares authorized; 158,741,461 shares issued as of June 30, 2017 and 2016; and 129,014,172 and 129,355,263 shares outstanding as of June 30, 2017 and 2016, respectively dditional paid-in capital etained earnings reasury shares, at cost: 29,727,289 and 29,386,198 shares as of June 30, 2017 and 2016, respectively (2,442) (2,323) (ccumulated other comprehensive net (losses) income (543) (570) tockholders' equity	Deferred income taxes	61	82
tockholders' equity referred stock: \$1.00 par value; 5,000,000 shares authorized; none issued or outstanding common stock: \$1.00 par value; 750,000,000 shares authorized; 158,741,461 shares issued as of June 30, 2017 and 2016; and 129,014,172 and 129,355,263 shares outstanding as of June 30, 2017 and 2016, respectively dditional paid-in capital etained earnings reasury shares, at cost: 29,727,289 and 29,386,198 shares as of June 30, 2017 and 2016, respectively (2,442) (2,323) (ccumulated other comprehensive net (losses) income (543) (570) tockholders' equity	Total liabilities	4,031	4,213
tommon stock: \$1.00 par value; 750,000,000 shares authorized; 158,741,461 shares issued as of June 30, 2017 and 2016; and 129,014,172 and 129,355,263 shares outstanding as of June 30, 2017 and 2016, respectively 159 159 dditional paid-in capital 928 868 etained earnings 2,440 2,163 reasury shares, at cost: 29,727,289 and 29,386,198 shares as of June 30, 2017 and 2016, respectively (2,442) (2,323) (2,442) (2,323) (2,442) (2,323) (2,443) (2,443) (2,443) (2,443) (2,444	Commitments and contingencies Stockholders' equity		
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accumulated other comprehensive net (losses) income (543) (570) tockholders' equity 542 297	<u> </u>		
tockholders' equity 542 297			
	otal liabilities and stockholders' equity	\$ 4,573	\$ 4,510

Financial Statements

Condensed Consolidated Statements of Cash Flows

Years ended June 30 Dollars in millions	2017	2016	2015
Operating activities:			
Net earnings	\$ 701	\$ 648	\$ 580
Deduct: Losses from discontinued operations, net of tax	(2)	_	(26)
Earnings from continuing operations	703	648	606
Adjustments to reconcile earnings from continuing operations to net	700	0.10	000
cash provided by continuing operations:			
Depreciation and amortization	163	165	169
Stock-based compensation	51	45	32
Deferred income taxes	(35)	5	(16)
Settlement of interest rate forward contracts		_	(25)
Other	36	1	(17)
Changes in:			
Receivables, net	(1)	(52)	6
Inventories, net	(19)	(45)	(25)
Prepaid expenses and other current assets	(5)	6	6
Accounts payable and accrued liabilities	(34)	57	93
Income taxes payable	12	(62)	29
Net cash provided by continuing operations	871	768	858
Net cash (used for) provided by discontinued operations	(3)	10	16
Net cash provided by operations	868	778	874
Investing activities:		•	
Capital expenditures	(231)	(172)	(125)
Business acquired, net of cash acquired	_	(290)	_
Other	26	32	19
Net cash used for investing activities	(205)	(430)	(106)
Financing activities:	••••••	•••••	•••••
Notes and loans payable, net	125	426	(48)
Long-term debt borrowings, net of issuance costs	_	_	495
Long-term debt repayments	_	(300)	(575)
Treasury stock purchased	(183)	(254)	(434)
Cash dividends paid	(412)	(398)	(385)
Issuance of common stock for employee stock plans and other	75	210	251
Net cash used for financing activities	(645)	(316)	(696)
Effect of exchange rate changes on cash and cash equivalents	(1)	(13)	(19)
Net increase in cash and cash equivalents	17	19	53
Cash and cash equivalents:			
Beginning of year	401	382	329
End of year	\$ 418	\$ 401	\$ 382
Supplemental cash flow information:			
Interest paid	\$ 78	\$ 79	\$ 104
Income taxes paid, net of refunds	347	323	236
Noncash financing activities:			
Cash dividends declared and accrued, but not paid	108	104	99