

# FINANCIAL STATEMENTS

## CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS

Years ended June 30

*Dollars in millions, except share and per share data*

	2016	2015	2014
Net sales	\$ 5,761	\$ 5,655	\$ 5,514
Cost of products sold	3,163	3,190	3,158
Gross profit	2,598	2,465	2,356
Selling and administrative expenses	806	798	751
Advertising costs	587	523	503
Research and development costs	141	136	125
Interest expense	88	100	103
Other (income) expense, net	(7)	(13)	(10)
Earnings from continuing operations before income taxes	983	921	884
Income taxes on continuing operations	335	315	305
Earnings from continuing operations	648	606	579
Losses from discontinued operations, net of tax	—	(26)	(21)
Net earnings	\$ 648	\$ 580	\$ 558
Net earnings (losses) per share			
Basic			
Continuing operations	\$ 5.01	\$ 4.65	\$ 4.47
Discontinued operations	—	(0.20)	(0.16)
Basic net earnings per share	\$ 5.01	\$ 4.45	\$ 4.31
Diluted			
Continuing operations	\$ 4.92	\$ 4.57	\$ 4.39
Discontinued operations	—	(0.20)	(0.16)
Diluted net earnings per share	\$ 4.92	\$ 4.37	\$ 4.23
Weighted average shares outstanding (in thousands)			
Basic	129,472	130,310	129,558
Diluted	131,717	132,776	131,742

# FINANCIAL STATEMENTS

## CONDENSED CONSOLIDATED BALANCE SHEETS

As of June 30

*Dollars in millions, except share and per share data*

	2016	2015
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 401	\$ 382
Receivables, net	569	519
Inventories, net	443	385
Other current assets	72	143
Total current assets	1,485	1,429
Property, plant and equipment, net	906	918
Goodwill	1,197	1,067
Trademarks, net	657	535
Other intangible assets, net	78	50
Other assets	195	165
Total assets	\$ 4,518	\$ 4,164
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities		
Notes and loans payable	\$ 523	\$ 95
Current maturities of long-term debt	—	300
Accounts payable and accrued liabilities	1,035	979
Income taxes payable	—	31
Total current liabilities	1,558	1,405
Long-term debt	1,797	1,796
Other liabilities	784	750
Deferred income taxes	82	95
Total liabilities	\$ 4,221	\$ 4,046
Commitments and contingencies		
Stockholders' equity		
Preferred 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, 2016 and 2015; and 129,355,263 and 128,614,310 shares outstanding as of June 30, 2016 and 2015, respectively	159	159
Additional paid-in capital	868	775
Retained earnings	2,163	1,923
Treasury shares, at cost: 29,386,198 and 30,127,151 shares as of June 30, 2016 and 2015, respectively	(2,323)	(2,237)
Accumulated other comprehensive net (losses) income	(570)	(502)
Stockholders' equity	297	118
Total liabilities and stockholders' equity	\$ 4,518	\$ 4,164

# FINANCIAL STATEMENTS

## CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended June 30

*Dollars in millions*

	2016	2015	2014
Operating activities:			
Net earnings	\$ 648	\$ 580	\$ 558
Deduct: Losses from discontinued operations, net of tax	—	(26)	(21)
Earnings from continuing operations	648	606	579
Adjustments to reconcile earnings from continuing operations to net cash provided by continuing operations:			
Depreciation and amortization	165	169	177
Stock-based compensation	45	32	36
Deferred income taxes	5	(16)	(21)
Settlement of interest rate forward contracts	—	(25)	—
Other	1	(17)	6
Changes in:			
Receivables, net	(52)	6	20
Inventories, net	(45)	(25)	1
Other current assets	6	6	5
Accounts payable and accrued liabilities	57	93	(12)
Income taxes payable	(62)	29	(5)
Net cash provided by continuing operations	768	858	786
Net cash provided by (used for) discontinued operations	10	16	(19)
Net cash provided by operations	778	874	767
Investing activities:			
Capital expenditures	(172)	(125)	(137)
Business acquired, net of cash acquired	(290)	—	—
Other	32	19	—
Net cash used for investing activities from continuing operations	(430)	(106)	(137)
Net cash used for investing activities by discontinued operations	—	—	(1)
Net cash used for investing activities	(430)	(106)	(138)
Financing activities:			
Notes and loans payable, net	426	(48)	(60)
Long-term debt borrowings, net of issuance costs	—	495	—
Long-term debt repayments	(300)	(575)	—
Treasury stock purchased	(254)	(434)	(260)
Cash dividends paid	(398)	(385)	(368)
Issuance of common stock for employee stock plans and other	210	251	96
Net cash used for financing activities	(316)	(696)	(592)
Effect of exchange rate changes on cash and cash equivalents	(13)	(19)	(7)
Net increase in cash and cash equivalents	19	53	30
Cash and cash equivalents:			
Beginning of year	382	329	299
End of year	\$ 401	\$ 382	\$ 329
Supplemental cash flow information:			
Interest paid	\$ 79	\$ 104	\$ 76
Income taxes paid, net of refunds	323	236	312
Noncash financing activities:			
Cash dividends declared and accrued, but not paid	104	99	95