

calculation of after-tax return on invested capital (ROIC)



Numerator	2022			2021				2020				2019				2018			
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3 ^(a)	Q2 ^(a)	Q1 ^(a)
(dollars in millions) (unaudited)																			
Operating income	\$ 4,784	\$ 5,773	\$ 7,918	\$ 8,946	\$ 8,687	\$ 8,611	\$ 8,444	\$ 6,539	\$ 5,901	\$ 4,968	\$ 3,992	\$ 4,658	\$ 4,577	\$ 4,395	\$ 4,204	\$ 4,110	\$ 4,122	\$ 4,150	\$ 4,110
+ Net other income / (expense)	61	54	55	382	358	346	350	(16)	(46)	(28)	(26)	9	45	42	33	27	35	41	51
EBIT	\$ 4,845	\$ 5,827	\$ 7,973	\$ 9,328	\$ 9,045	\$ 8,957	\$ 8,794	\$ 6,523	\$ 5,855	\$ 4,940	\$ 3,966	\$ 4,667	\$ 4,622	\$ 4,437	\$ 4,237	\$ 4,137	\$ 4,157	\$ 4,191	\$ 4,161
+ Operating lease interest ^(b)	89	88	87	87	85	84	85	87	87	87	87	86	86	85	84	83	83	81	80
Adjusted EBIT	4,934	5,915	8,060	9,415	9,130	9,041	8,879	6,610	5,942	5,027	4,053	4,753	4,708	4,522	4,321	4,220	4,240	4,272	4,241
- Income taxes ^{(c)(f)}	1,059	1,282	1,804	2,073	1,947	1,918	1,864	1,404	1,277	1,076	855	1,045	1,043	937	878	856	524	589	692
Net operating profit after taxes	\$ 3,875	\$ 4,633	\$ 6,256	\$ 7,342	\$ 7,183	\$ 7,123	\$ 7,015	\$ 5,206	\$ 4,665	\$ 3,951	\$ 3,198	\$ 3,708	\$ 3,665	\$ 3,585	\$ 3,443	\$ 3,364	\$ 3,716	\$ 3,683	\$ 3,549

Denominator	2022			2021				2020				2019				2018			
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3 ^(a)	Q2 ^(a)	Q1 ^(a)
(dollars in millions) (unaudited)																			
Current portion of long-term debt and other borrowings	\$ 2,207	\$ 1,649	\$ 1,089	\$ 171	\$ 1,176	\$ 1,190	\$ 1,173	\$ 1,144	\$ 131	\$ 109	\$ 168	\$ 161	\$ 1,159	\$ 1,153	\$ 1,056	\$ 1,052	\$ 1,535	\$ 1,044	\$ 283
+ Noncurrent portion of long-term debt	14,237	13,453	13,379	13,549	11,586	11,589	11,509	11,536	12,490	14,188	14,073	11,338	10,513	10,365	11,357	10,223	10,104	10,108	11,107
+ Shareholders' equity	11,019	10,592	10,774	12,827	13,803	14,860	14,959	14,440	13,319	12,578	11,169	11,833	11,545	11,836	11,117	11,297	11,080	11,167	11,158
+ Operating lease liabilities ^(d)	2,879	2,823	2,854	2,747	2,737	2,695	2,563	2,429	2,400	2,448	2,448	2,475	2,390	2,285	2,231	2,170	2,208	2,183	2,157
- Cash and cash equivalents	954	1,117	1,112	5,911	5,753	7,368	7,816	8,511	5,996	7,284	4,566	2,577	969	1,656	1,173	1,556	825	1,180	1,060
Invested capital	\$ 29,388	\$ 27,400	\$ 26,984	\$ 23,383	\$ 23,549	\$ 22,966	\$ 22,388	\$ 21,038	\$ 22,344	\$ 22,039	\$ 23,292	\$ 23,230	\$ 24,638	\$ 23,983	\$ 24,588	\$ 23,186	\$ 24,102	\$ 23,322	\$ 23,645
Average invested capital^(e)	\$ 26,469	\$ 25,183	\$ 24,686	\$ 22,210	\$ 22,947	\$ 22,502	\$ 22,840	\$ 22,134	\$ 23,491	\$ 23,011	\$ 23,940	\$ 23,208	\$ 24,369	\$ 23,652	\$ 24,116	\$ 22,832	\$ 23,481	\$ 23,090	\$ 23,310

ROIC	14.6 %	18.4 %	25.3 %	33.1 %	31.3 %	31.7 %	30.7 %	23.5 %	19.9 %	17.2 %	13.4 %	16.0 %	15.0 %	15.2 %	14.3 %	14.7 %	15.8 %	16.0 %	15.2 %
------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------

^(a) The trailing 12 months ended November 3, 2018, August 4, 2018, and May 5, 2018 consisted of 53 weeks compared with 52 weeks in the comparable periods presented.

^(b) Represents the add-back to operating income to reflect the hypothetical interest expense we would incur if the property under our operating leases were owned or accounted for as finance leases. Calculated using the discount rate for each lease and recorded as a component of rent expense within SG&A expense.

^(c) Calculated using the effective tax rate for continuing operations.

^(d) Total short-term and long-term operating lease liabilities included within Accrued and Other Current Liabilities and Noncurrent Operating Lease Liabilities, respectively.

^(e) Average based on the invested capital at the end of the current period and the invested capital at the end of the comparable prior period.

^(f) The effective tax rate for the trailing twelve months ended November 2, 2019, August 3, 2019, May 4, 2019, February 2, 2019, November 3, 2018, August 4, 2018, and May 5, 2018 includes discrete tax benefits of the Tax Cuts and Jobs Act (Tax Act).