

Reconciliation of GAAP and Non-GAAP Information

Management operating cash flow is the primary measure management uses to monitor cash flow performance. It is not a measure calculated under generally accepted accounting principles (GAAP) in the United States. Since net capital spending is essential to our product innovation initiatives and maintaining our operational capabilities, we believe that it is a recurring and necessary use of cash. As such, we believe investors should also consider net capital spending when evaluating our cash from operating activities. The table below reconciles net cash provided by operating activities as reflected in our Condensed Consolidated Statement of Cash Flows to our management operating cash flow.

	36 Weeks Ended		Full-Year Outlook
	9/6/03	9/7/02	2003
Net Cash Provided by Operating Activities .	\$3,527	\$3,418	\$4,500
Capital spending	(844)	(807)	(1,500)
Management Operating Cash Flow	\$2,683	\$2,611	\$3,000

Management monitors our earnings per share excluding merger-related costs. This is not a measure calculated under generally accepted accounting principles in the United States. Management believes that the integration and restructuring costs associated with our merger with The Quaker Oats Company are unique to the transaction and are not part of our ongoing business results. Management believes that investors will better understand our historical and future trends if merger costs are excluded from our results. The tables below reconcile earnings per share on a GAAP basis, as reflected in our Condensed Consolidated Statement of Income, to earnings per share excluding merger costs.

	12 Weeks Ended			36 Weeks Ended		
	9/6/03	9/7/02	Change	9/6/03	9/7/02	Change
Earnings per share	\$0.62	\$0.53	15%	\$1.64	\$1.40	17%
Merger-related costs	-	0.02		0.01	0.06	
Earnings per share, excluding merger costs	\$0.62	\$0.55	13%	\$1.65	\$1.46	13%
	Full Year Outlook 2003					
Earnings per share	\$2.19					
Merger-related costs	0.02					
Earnings per share, excluding merger costs	\$2.21					