

## Reconciliation of GAAP and Non-GAAP Information

We recognized a tax charge in the third quarter of 2005 related to the Company's intention to repatriate \$7.5 billion of international earnings under the provisions of the American Jobs Creation Act (AJCA). Additionally, during the third quarter of 2004, we recognized certain tax benefits.

Earnings per share and our effective tax rate, excluding the impact of the above tax items, are not measures defined by generally accepted accounting principles (GAAP). We believe investors should consider our earnings per share and effective tax rate without the impact of these tax items, since management believes it is more indicative of our ongoing performance.

In 2005, we have an additional week of results (53<sup>rd</sup> week) as our fiscal year ends on the last Saturday of each December, resulting in an additional week of results every five or six years. We believe investors should consider our fourth quarter and full year 2005 earnings per share, as well as our full year 2005 division operating profit, without the impact of the 53<sup>rd</sup> week, and with respect to the full year 2005 earnings per share, without the AJCA tax charge, as management believes it is more indicative of our ongoing performance.

Management operating cash flow is the primary measure management uses to monitor cash flow performance. It is not a measure defined under GAAP. 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.

### Effective Tax Rate Reconciliation (12 Weeks Ended) (\$ in millions)

	Pre-tax Income	Income Taxes	Effective Tax Rate
Reported Effective Tax Rate .....	\$1,868	\$1,004	53.8%
Impact of AJCA Tax Charge .....	—	(468)	
Effective Tax Rate Excluding AJCA Tax Charge .....	<u>\$1,868</u>	<u>\$ 536</u>	28.7%

### Effective Tax Rate Reconciliation (36 Weeks Ended) (\$ in millions)

	Pre-tax Income	Income Taxes	Effective Tax Rate
Reported Effective Tax Rate .....	\$4,840	\$1,870	38.6%
Impact of AJCA Tax Charge .....	—	(468)	
Effective Tax Rate Excluding AJCA Tax Charge .....	<u>\$4,840</u>	<u>\$1,402</u>	29.0%

### Diluted EPS Reconciliation

	12 Weeks Ended 9/3/05	12 Weeks Ended 9/4/04	% Change
Reported Diluted EPS .....	\$0.51	\$0.79	(36)
Impact of AJCA Tax Charge .....	0.27	—	
Impact of Tax Benefits .....	—	(0.13)	
Diluted EPS Excluding Tax Items .....	<u>\$0.78</u>	<u>\$0.66</u>	18

	Q3 YTD 2005	Estimated Q4 2005	Estimated FY 2005
Reported Diluted EPS .....	\$1.74	\$0.67-\$0.68	\$2.41-\$2.42
Impact of AJCA Tax Charge .....	0.27	—	0.27
Impact of 53 <sup>rd</sup> Week .....	—	(0.04)	(0.04)
Diluted EPS Excluding Tax Charge and 53 <sup>rd</sup> Week .....	<u>\$2.01</u>	<u>\$0.63-\$0.64</u>	<u>\$2.64-\$2.65</u>

**Cash Flow Reconciliation**  
**(\$ in millions)**

	36 Weeks Ended 9/3/05	36 Weeks Ended 9/4/04	Growth
Net Cash Provided by Operating Activities .....	\$4,558	\$3,717	23%
Capital spending.....	(796)	(700)	
Sales of property, plant and equipment .....	65	15	
Management Operating Cash Flow .....	<u>\$3,827</u>	<u>\$3,032</u>	26%

**2005 Division Operating Profit**

	Estimated 52 Weeks	Impact of 53 <sup>rd</sup> Week	Estimated 53 Weeks
Division Operating Profit	~9-10%	~2%	~11-12%

This material contains certain forward-looking statements based on our current expectations and projections about future events. Our actual results could differ materially from those anticipated in any forward-looking statements, but we undertake no obligation to update any such statements. Please see our filings with the Securities and Exchange Commission, including our Annual Report on Form 10-K, for a discussion of specific risks that may affect our performance.