

Reconciliation of Non-GAAP Measures Adjusted Earnings Per Share (Unaudited)

In addition to disclosing results that are determined in accordance with U.S. generally accepted accounting principles (GAAP), the company also discloses non-GAAP results that exclude certain significant charges or credits that are important to an understanding of the company's ongoing operations. The company provides reconciliations of its non-GAAP financial reporting to the most comparable GAAP reporting. The

company believes that discussion of results excluding certain significant charges or credits provides additional insights into underlying business performance. Adjusted earnings per share is not a measure recognized under GAAP. The determination of significant charges or credits may not be comparable to similarly titled measures used by other companies and may vary from quarter to quarter.

(Dollars in millions except per share data)	Twelve months ended December 31		Increase/ (Decrease)
	2006	2005	
GAAP Diluted earnings per share*	\$ 2.85	\$ 3.20	(11)%
Global settlement with U.S. Department of Justice	0.75 (a)		
Business Shutdown/Asset Dispositions/Divestitures	0.24 (b)	(0.04)(c)	
Income tax adjustments	(0.20)(d)	(0.71)(e)	
Interest associated with income tax benefits	(0.01)(f)	(0.05)(g)	
Cumulative effect of Accounting Change, Net of Taxes		(0.02)(h)	
Net (gain)/loss on Discontinued Operations, Net of Taxes	(0.01)(i)	0.01 (i)	
Adjusted earnings per share* "Core Earnings" per share	\$ 3.62	\$ 2.39	51%
Weighted average diluted shares (millions)	787.6	802.9	

(a) Represents the net earnings per share impact for the global settlement of the Evolved Expendable Launch Vehicle (EELV) and Druyun matters with the U.S. Department of Justice (\$571 pre-tax charge and reversal of a tax benefit of \$16, which was recorded on previous accruals of \$44) at 37.3%. No tax benefit recognized relating to global settlement.

(b) Represents the net earnings per share impact related to shutdown of the Connexion business (\$320 pre-tax charge) and the EDD divestiture which was completed in 2005 (\$15 pre-tax benefit). The per share amount is presented net of income taxes at 37.3%.

(c) Represents the net earnings per share impact including pension and other postretirement benefits on the sale of Rocketdyne, Wichita, and EDD. The per share amount for the year is presented net of income taxes at 37.8%.

(d) Represents tax benefits of \$155 due to a settlement with the Internal Revenue Service for the years 1993–1997 (\$46 tax benefit), tax benefit from a state income tax audit settlement (\$25 tax benefit), and provision adjustments primarily related to tax filings for 2005 and prior years (\$84 tax benefit).

(e) Represents tax benefits of \$570 due to a settlement with the Internal Revenue Service for the years 1998–2001, a change in valuation allowances and provision adjustments related to tax filings for 2004 and prior years partly offset by the tax cost of repatriating foreign earnings.

(f) Represents interest income of \$16 related to income tax audit settlements. The per share amount is net of income taxes at 37.3%.

(g) Represents interest income of \$64 related to income tax audit settlements. The per share amount is net of income taxes at 37.8%.

(h) Primarily represents the adoption of SFAS No. 123 (revised 2004) *Share-Based Payment* in Q1 2005 and the adoption of FASB Interpretation No. 47, *Accounting for Conditional Asset Retirement Obligations* in Q4 2005.

(i) Represents an after-tax adjustment to the 2004 sale of assets from BCC's Commercial Financial Services to General Electric Capital Corporation.

*GAAP diluted earnings per share and adjusted earnings per share exclude the pro-forma impact of 29 missed commercial aircraft deliveries as a result of the International Association of Machinists (IAM) strike. The strike reduced EPS by \$0.35 per share.