

ITEM 6. SELECTED FINANCIAL DATA

The following selected financial data should be read in conjunction with “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations” and consolidated financial statements and notes thereto contained in “Item 8. Financial Statements and Supplementary Data” of this report.

Year Ended December 31, (In millions except per share data)	2007 ¹	2006 ²	2005 ³	2004 ^{3,4}	2003
SUMMARY OF OPERATIONS					
Net operating revenues	\$ 28,857	\$ 24,088	\$ 23,104	\$ 21,742	\$ 20,857
Cost of goods sold	10,406	8,164	8,195	7,674	7,776
Gross profit	18,451	15,924	14,909	14,068	13,081
Selling, general and administrative expenses	10,945	9,431	8,739	7,890	7,287
Other operating charges	254	185	85	480	573
Operating income	7,252	6,308	6,085	5,698	5,221
Interest income	236	193	235	157	176
Interest expense	456	220	240	196	178
Equity income—net	668	102	680	621	406
Other income (loss)—net	173	195	(93)	(82)	(138)
Gains on issuances of stock by equity investees	—	—	23	24	8
Income before income taxes	7,873	6,578	6,690	6,222	5,495
Income taxes	1,892	1,498	1,818	1,375	1,148
Net income	\$ 5,981	\$ 5,080	\$ 4,872	\$ 4,847	\$ 4,347
Average shares outstanding	2,313	2,348	2,392	2,426	2,459
Average shares outstanding assuming dilution	2,331	2,350	2,393	2,429	2,462
PER SHARE DATA					
Basic net income	\$ 2.59	\$ 2.16	\$ 2.04	\$ 2.00	\$ 1.77
Diluted net income	2.57	2.16	2.04	2.00	1.77
Cash dividends	1.36	1.24	1.12	1.00	0.88
Closing market price on December 31	61.37	48.25	40.31	41.64	50.75
TOTAL MARKET VALUE OF COMMON STOCK	\$ 142,289	\$ 111,857	\$ 95,504	\$ 100,325	\$ 123,908
BALANCE SHEET DATA					
Cash, cash equivalents and current marketable securities	\$ 4,308	\$ 2,590	\$ 4,767	\$ 6,768	\$ 3,482
Property, plant and equipment—net	8,493	6,903	5,831	6,091	6,097
Depreciation	958	763	752	715	667
Capital expenditures	1,648	1,407	899	755	812
Total assets	43,269	29,963	29,427	31,441	27,410
Long-term debt	3,277	1,314	1,154	1,157	2,517
Shareowners’ equity	21,744	16,920	16,355	15,935	14,090
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 7,150	\$ 5,957	\$ 6,423	\$ 5,968	\$ 5,456

Certain prior year amounts have been reclassified to conform to the current year presentation.

¹ In 2007, we adopted FASB Interpretation No. 48, “Accounting for Uncertainty in Income Taxes” and recorded an approximate \$65 million increase in accrued income taxes in our consolidated balance sheet for unrecognized tax benefits, which was accounted for as a cumulative effect adjustment to the January 1, 2007 balance of reinvested earnings.

² In 2006, we adopted Statement of Financial Accounting Standards (“SFAS”) No. 158, “Employers’ Accounting for Defined Benefit Pension and Other Postretirement Plans—an amendment of FASB Statements No. 87, 88, 106, and 132(R).”

³ We adopted FASB Staff Position (“FSP”) No. 109-2, “Accounting and Disclosure Guidance for the Foreign Earnings Repatriation Provision within the American Jobs Creation Act of 2004” in 2004. FSP No. 109-2 allowed the Company to record the tax expense associated with the repatriation of foreign earnings in 2005 when the previously unremitted foreign earnings were actually repatriated.

⁴ We adopted Interpretation No. 46(R), “Consolidation of Variable Interest Entities,” effective April 2, 2004.