

Consolidated Statements of Income

Years Ended September 30

Thousands of dollars, except per share amounts

	2007	2006	2005
Operations			
Revenues	\$6,359,708	\$5,738,017	\$5,340,833
Cost of products sold	3,071,921	2,793,265	2,622,427
Selling and administrative expense	1,602,404	1,448,166	1,386,897
Research and development expense	360,050	301,872	267,664
Acquired in-process research and development	122,133	53,300	—
Total Operating Costs and Expenses	5,156,508	4,596,603	4,276,988
Operating Income	1,203,200	1,141,414	1,063,845
Interest expense	(46,420)	(66,046)	(55,673)
Interest income	46,221	59,296	36,421
Other income (expense), net	944	(8,762)	(7,064)
Income From Continuing Operations			
Before Income Taxes	1,203,945	1,125,902	1,037,529
Income tax provision	347,778	310,792	325,009
Income from Continuing Operations	856,167	815,110	712,520
Income (loss) from Discontinued Operations			
Net of income tax provision (benefit) of \$15,242, \$(32,823) and \$(26,877)	33,866	(62,830)	9,743
Net Income	\$ 890,033	\$ 752,280	\$ 722,263
Basic Earnings per Share			
Income from Continuing Operations	\$ 3.50	\$ 3.30	\$ 2.83
Income (loss) from Discontinued Operations	\$ 0.14	\$ (0.25)	\$ 0.04
Basic Earnings per Share ^(A)	\$ 3.63	\$ 3.04	\$ 2.87
Diluted Earnings per Share			
Income from Continuing Operations	\$ 3.36	\$ 3.18	\$ 2.73
Income (loss) from Discontinued Operations	\$ 0.13	\$ (0.24)	\$ 0.04
Diluted Earnings per Share ^(A)	\$ 3.49	\$ 2.93	\$ 2.77

(A) Total per share amounts may not add due to rounding.

See notes to consolidated financial statements

Consolidated Statements of Comprehensive Income

Years Ended September 30

Thousands of dollars

	2007	2006	2005
Net Income	\$ 890,033	\$752,280	\$722,263
Other Comprehensive Income (Loss), Net of Tax			
Foreign currency translation adjustments	250,411	77,396	(17,742)
Minimum pension liability adjustment	3,159	77,086	4,494
Unrealized (loss) gain on investments, net of amounts recognized	(10,643)	1,212	(1,112)
Unrealized loss on cash flow hedges, net of amounts realized	(2,596)	(1,307)	(135)
Other Comprehensive Income (Loss), Net of Tax	240,331	154,387	(14,495)
Comprehensive Income	\$1,130,364	\$906,667	\$707,768

See notes to consolidated financial statements

Consolidated Balance Sheets

September 30

Thousands of dollars, except per share amounts and numbers of shares

	2007	2006
Assets		
Current Assets		
Cash and equivalents	\$ 511,482	\$1,000,289
Short-term investments	158,040	106,386
Trade receivables, net	1,083,152	885,748
Inventories	1,051,959	875,738
Prepaid expenses, deferred taxes and other	325,933	317,092
Total Current Assets	3,130,566	3,185,253
Property, Plant and Equipment, Net	2,497,338	2,133,548
Goodwill	621,414	565,146
Core and Developed Technology, Net	374,779	244,811
Other Intangibles, Net	95,938	91,501
Capitalized Software, Net	142,738	189,355
Other	466,592	414,911
Total Assets	\$ 7,329,365	\$6,824,525
Liabilities		
Current Liabilities		
Short-term debt	\$ 207,634	\$ 427,218
Accounts payable	266,993	243,602
Accrued expenses	481,429	490,425
Salaries, wages and related items	435,854	380,478
Income taxes	86,899	34,606
Total Current Liabilities	1,478,809	1,576,329
Long-Term Debt	955,713	956,971
Long-Term Employee Benefit Obligations	444,874	270,495
Deferred Income Taxes and Other	88,012	184,526
Commitments and Contingencies	—	—
Shareholders' Equity		
Common stock—\$1 par value: authorized—640,000,000 shares; issued—332,662,160 shares in 2007 and 2006	332,662	332,662
Capital in excess of par value	1,125,368	873,535
Retained earnings	5,995,787	5,345,697
Deferred compensation	12,205	11,134
Common stock in treasury—at cost—88,825,066 shares in 2007 and 87,194,060 shares in 2006	(3,105,893)	(2,698,016)
Accumulated other comprehensive income (loss)	1,828	(28,808)
Total Shareholders' Equity	4,361,957	3,836,204
Total Liabilities and Shareholders' Equity	\$ 7,329,365	\$6,824,525

See notes to consolidated financial statements

Consolidated Statements of Cash Flows

Years Ended September 30

Thousands of dollars

	2007	2006	2005
Operating Activities			
Net income	\$ 890,033	\$ 752,280	\$ 722,263
(Income) loss from discontinued operations, net	(33,866)	62,830	(9,743)
Income from continuing operations, net	856,167	815,110	712,520
Adjustments to income from continuing operations to derive net cash provided by continuing operating activities, net of amounts acquired:			
Depreciation and amortization	441,341	402,332	382,669
Share-based compensation	107,706	108,613	70,199
Deferred income taxes	(115,489)	(108,285)	63,769
Acquired in-process research and development	122,133	53,300	—
Change in operating assets and liabilities:			
Trade receivables, net	(117,048)	(19,977)	(34,332)
Inventories	(126,863)	(99,505)	(57,371)
Prepaid expenses, deferred taxes and other	(24,965)	(122,496)	(897)
Accounts payable, income taxes and other liabilities	102,996	100,636	107,929
Pension obligation	(22,119)	(64,971)	(58,842)
Other, net	12,189	39,416	35,105
Net Cash Provided by Continuing Operating Activities	1,236,048	1,104,173	1,220,749
Investing Activities			
Capital expenditures	(556,394)	(457,067)	(315,840)
Capitalized software	(22,334)	(22,454)	(18,922)
Change in short-term investments	(30,167)	(18,633)	(43,775)
Purchases of long-term investments	(3,881)	(9,672)	(1,171)
Acquisitions of businesses, net of cash acquired	(339,528)	(231,464)	—
Proceeds from discontinued operations	19,971	—	62,051
Other, net	(85,922)	(44,656)	(62,566)
Net Cash Used for Continuing Investing Activities	(1,018,255)	(783,946)	(380,223)
Financing Activities			
Change in short-term debt	(121,102)	121,563	157,103
Payments of debt	(100,790)	(828)	(104,522)
Repurchase of common stock	(450,124)	(448,882)	(549,999)
Issuance of common stock	130,679	147,796	123,494
Excess tax benefit from payments under share-based compensation plans	55,118	50,609	40,594
Dividends paid	(239,810)	(212,431)	(182,236)
Net Cash Used for Continuing Financing Activities	(726,029)	(342,173)	(515,566)
Discontinued Operations:			
Net cash provided by (used for) operating activities	4,388	(27,773)	(3,954)
Net cash used for investing activities	—	(2,580)	(528)
Net cash used for financing activities	—	—	(15)
Net Cash Provided by (Used for) Discontinued Operations	4,388	(30,353)	(4,497)
Effect of exchange rate changes on cash and equivalents	15,041	9,698	3,049
Net (Decrease) Increase in Cash and Equivalents	(488,807)	(42,601)	323,512
Opening Cash and Equivalents	1,000,289	1,042,890	719,378
Closing Cash and Equivalents	\$ 511,482	\$ 1,000,289	\$ 1,042,890

See notes to consolidated financial statements