

**Consolidated Statements of Income**

Years Ended September 30

Thousands of dollars, except per share amounts

	2008	2007	2006
<b>Operations</b>			
Revenues	<b>\$7,155,910</b>	\$6,359,708	\$5,738,017
Cost of products sold	<b>3,492,561</b>	3,071,921	2,793,265
Selling and administrative expense	<b>1,715,045</b>	1,602,404	1,448,166
Research and development expense	<b>396,238</b>	360,050	301,872
Acquired in-process research and development	<b>—</b>	122,133	53,300
Total Operating Costs and Expenses	<b>5,603,844</b>	5,156,508	4,596,603
Operating Income	<b>1,552,066</b>	1,203,200	1,141,414
Interest expense	<b>(36,343)</b>	(46,420)	(66,046)
Interest income	<b>39,368</b>	46,221	59,296
Other (expense) income, net	<b>(1,484)</b>	944	(8,762)
Income From Continuing Operations Before Income Taxes	<b>1,553,607</b>	1,203,945	1,125,902
Income tax provision	<b>425,689</b>	347,778	310,792
Income from Continuing Operations	<b>1,127,918</b>	856,167	815,110
(Loss) income from Discontinued Operations Net of income tax (benefit) provision of \$(567), \$15,242 and \$(32,823)	<b>(922)</b>	33,866	(62,830)
Net Income	<b>\$1,126,996</b>	\$ 890,033	\$ 752,280
<b>Basic Earnings per Share</b>			
Income from Continuing Operations	<b>\$ 4.62</b>	\$ 3.50	\$ 3.30
Income (loss) from Discontinued Operations	<b>\$ —</b>	\$ 0.14	\$ (0.25)
Basic Earnings per Share <sup>(A)</sup>	<b>\$ 4.61</b>	\$ 3.63	\$ 3.04
<b>Diluted Earnings per Share</b>			
Income from Continuing Operations	<b>\$ 4.46</b>	\$ 3.36	\$ 3.18
Income (loss) from Discontinued Operations	<b>\$ —</b>	\$ 0.13	\$ (0.24)
Diluted Earnings per Share <sup>(A)</sup>	<b>\$ 4.46</b>	\$ 3.49	\$ 2.93

<sup>(A)</sup> 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

	2008	2007	2006
Net Income	<b>\$1,126,996</b>	\$ 890,033	\$752,280
Other Comprehensive (Loss) Income, Net of Tax			
Foreign currency translation adjustments	<b>(80,305)</b>	250,411	77,396
Minimum pension liability adjustment	<b>—</b>	3,159	77,086
Defined benefit pension and postretirement plans	<b>(42,862)</b>	—	—
Unrealized (loss) gain on investments, net of amounts recognized	<b>(42)</b>	(10,643)	1,212
Unrealized gain (loss) on cash flow hedges, net of amounts realized	<b>43,871</b>	(2,596)	(1,307)
Other Comprehensive (Loss) Income, Net of Tax	<b>(79,338)</b>	240,331	154,387
Comprehensive Income	<b>\$1,047,658</b>	\$1,130,364	\$906,667

See notes to consolidated financial statements

**Consolidated Balance Sheets**

September 30

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

	2008	2007
<b>Assets</b>		
Current Assets		
Cash and equivalents	\$ 830,477	\$ 511,482
Short-term investments	199,942	158,040
Trade receivables, net	1,079,051	1,083,152
Inventories	1,080,426	1,051,959
Prepaid expenses, deferred taxes and other	424,779	325,933
Total Current Assets	3,614,675	3,130,566
Property, Plant and Equipment, Net	2,744,474	2,497,338
Goodwill	625,768	621,414
Core and Developed Technology, Net	348,531	374,779
Other Intangibles, Net	89,675	95,938
Capitalized Software, Net	133,486	142,738
Other	356,334	466,592
<b>Total Assets</b>	<b>\$7,912,943</b>	<b>\$7,329,365</b>
<b>Liabilities</b>		
Current Liabilities		
Short-term debt	\$ 201,312	\$ 207,634
Accounts payable	260,882	266,993
Accrued expenses	519,117	481,429
Salaries, wages and related items	406,379	435,854
Income taxes	28,889	86,899
Total Current Liabilities	1,416,579	1,478,809
Long-Term Debt	953,226	955,713
Long-Term Employee Benefit Obligations	464,982	444,874
Deferred Income Taxes and Other	142,588	88,012
Commitments and Contingencies	—	—
<b>Shareholders' Equity</b>		
Common stock - \$1 par value: authorized - 640,000,000 shares; issued-332,662,160 shares in 2008 and 2007	332,662	332,662
Capital in excess of par value	1,359,531	1,125,368
Retained earnings	6,838,589	5,995,787
Deferred compensation	14,694	12,205
Common stock in treasury - at cost - 89,584,786 shares in 2008 and 88,825,066 shares in 2007	(3,532,398)	(3,105,893)
Accumulated other comprehensive (loss) income	(77,510)	1,828
<b>Total Shareholders' Equity</b>	<b>4,935,568</b>	<b>4,361,957</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$7,912,943</b>	<b>\$7,329,365</b>

See notes to consolidated financial statements

**Consolidated Statements of Cash Flows**

Years Ended September 30

Thousands of dollars

	2008	2007	2006
<b>Operating Activities</b>			
Net income	<b>\$1,126,996</b>	\$890,033	\$ 752,280
Loss (income) from discontinued operations, net	<b>922</b>	(33,866)	62,830
Income from continuing operations, net	<b>1,127,918</b>	856,167	815,110
Adjustments to income from continuing operations to derive net cash provided by continuing operating activities, net of amounts acquired:			
Depreciation and amortization	<b>477,422</b>	441,341	402,332
Share-based compensation	<b>100,585</b>	107,706	108,613
Deferred income taxes	<b>80,088</b>	(115,489)	(108,285)
Acquired in-process research and development	<b>—</b>	122,133	53,300
Change in operating assets and liabilities:			
Trade receivables, net	<b>(1,927)</b>	(117,048)	(19,977)
Inventories	<b>(43,617)</b>	(126,863)	(99,505)
Prepaid expenses, deferred taxes and other	<b>(29,967)</b>	(24,965)	(122,496)
Accounts payable, income taxes and other liabilities	<b>(11,776)</b>	102,996	100,636
Pension obligation	<b>(56,083)</b>	(22,119)	(64,971)
Other, net	<b>45,355</b>	12,189	39,416
<b>Net Cash Provided by Continuing Operating Activities</b>	<b>1,687,998</b>	1,236,048	1,104,173
<b>Investing Activities</b>			
Capital expenditures	<b>(601,981)</b>	(556,394)	(457,067)
Capitalized software	<b>(49,306)</b>	(22,334)	(22,454)
Change in short-term investments	<b>(46,321)</b>	(30,167)	(18,633)
Purchases of long-term investments	<b>(5,666)</b>	(3,881)	(9,672)
Acquisitions of businesses, net of cash acquired	<b>(41,259)</b>	(339,528)	(231,464)
Proceeds from discontinued operations	<b>—</b>	19,971	—
Other, net	<b>(38,491)</b>	(85,922)	(44,656)
<b>Net Cash Used for Continuing Investing Activities</b>	<b>(783,024)</b>	(1,018,255)	(783,946)
<b>Financing Activities</b>			
Change in short-term debt	<b>(5,938)</b>	(121,102)	121,563
Payments of debt	<b>(1,114)</b>	(100,790)	(828)
Repurchase of common stock	<b>(450,001)</b>	(450,124)	(448,882)
Issuance of common stock	<b>85,396</b>	130,679	147,796
Excess tax benefit from payments under share-based compensation plans	<b>64,335</b>	55,118	50,609
Dividends paid	<b>(278,506)</b>	(239,810)	(212,431)
<b>Net Cash Used for Continuing Financing Activities</b>	<b>(585,828)</b>	(726,029)	(342,173)
<b>Discontinued Operations:</b>			
Net cash (used for) provided by operating activities	<b>(899)</b>	4,388	(27,773)
Net cash used for investing activities	<b>—</b>	—	(2,580)
Net cash used for financing activities	<b>—</b>	—	—
<b>Net Cash (Used for) Provided by Discontinued Operations</b>	<b>(899)</b>	4,388	(30,353)
Effect of exchange rate changes on cash and equivalents	<b>748</b>	15,041	9,698
<b>Net Increase (Decrease) in Cash and Equivalents</b>	<b>318,995</b>	(488,807)	(42,601)
Opening Cash and Equivalents	<b>511,482</b>	1,000,289	1,042,890
<b>Closing Cash and Equivalents</b>	<b>\$ 830,477</b>	\$511,482	\$1,000,289

See notes to consolidated financial statements