

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,	2006 ¹	2005 ²	2004 ^{2,3}	2003	2002 ^{4,5}
(In millions except per share data)					
SUMMARY OF OPERATIONS					
Net operating revenues	\$ 24,088	\$ 23,104	\$ 21,742	\$ 20,857	\$ 19,394
Cost of goods sold	8,164	8,195	7,674	7,776	7,118
Gross profit	15,924	14,909	14,068	13,081	12,276
Selling, general and administrative expenses	9,431	8,739	7,890	7,287	6,818
Other operating charges	185	85	480	573	—
Operating income	6,308	6,085	5,698	5,221	5,458
Interest income	193	235	157	176	209
Interest expense	220	240	196	178	199
Equity income — net	102	680	621	406	384
Other income (loss) — net	195	(93)	(82)	(138)	(353)
Gains on issuances of stock by equity investees	—	23	24	8	—
Income before income taxes and changes in accounting principles	6,578	6,690	6,222	5,495	5,499
Income taxes	1,498	1,818	1,375	1,148	1,523
Net income before changes in accounting principles	\$ 5,080	\$ 4,872	\$ 4,847	\$ 4,347	\$ 3,976
Net income	\$ 5,080	\$ 4,872	\$ 4,847	\$ 4,347	\$ 3,050
Average shares outstanding	2,348	2,392	2,426	2,459	2,478
Average shares outstanding assuming dilution	2,350	2,393	2,429	2,462	2,483
PER SHARE DATA					
Net income before changes in accounting principles — basic	\$ 2.16	\$ 2.04	\$ 2.00	\$ 1.77	\$ 1.60
Net income before changes in accounting principles — diluted	2.16	2.04	2.00	1.77	1.60
Basic net income	2.16	2.04	2.00	1.77	1.23
Diluted net income	2.16	2.04	2.00	1.77	1.23
Cash dividends	1.24	1.12	1.00	0.88	0.80
Market price on December 31	48.25	40.31	41.64	50.75	43.84
TOTAL MARKET VALUE OF COMMON STOCK	\$ 111,857	\$ 95,504	\$ 100,325	\$ 123,908	\$ 108,328
BALANCE SHEET DATA					
Cash, cash equivalents and current marketable securities	\$ 2,590	\$ 4,767	\$ 6,768	\$ 3,482	\$ 2,345
Property, plant and equipment — net	6,903	5,831	6,091	6,097	5,911
Depreciation	763	752	715	667	614
Capital expenditures	1,407	899	755	812	851
Total assets	29,963	29,427	31,441	27,410	24,470
Long-term debt	1,314	1,154	1,157	2,517	2,701
Shareowners’ equity	16,920	16,355	15,935	14,090	11,800
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 5,957	\$ 6,423	\$ 5,968	\$ 5,456	\$ 4,742

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

¹ In 2006, we adopted 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).”

² We adopted 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.

³ We adopted FASB Interpretation No. 46 (revised December 2003), “Consolidation of Variable Interest Entities,” effective April 2, 2004.

⁴ In 2002, we adopted SFAS No. 142, “Goodwill and Other Intangible Assets.”

⁵ In 2002, we adopted the fair value method provisions of SFAS No. 123, “Accounting for Stock-Based Compensation,” and we adopted SFAS No. 148, “Accounting for Stock-Based Compensation—Transition and Disclosure.”