

Selected Financial Data

The following selected financial data should be read in conjunction with the consolidated financial statements and notes thereto included elsewhere in this annual report. The Statement of Operations, Statement of Financial Position and other data has been derived from our audited financial statements.

(in millions, except per share amounts)	YEARS ENDED SEPTEMBER 30				
	2007 ^a	2006 ^b	2005 ^c	2004 ^d	2003 ^e
STATEMENT OF OPERATIONS DATA:					
Sales	\$ 4,415	\$ 3,863	\$ 3,445	\$ 2,930	\$ 2,542
Cost of sales	3,092	2,752	2,502	2,144	1,866
Selling, general and administrative expenses	482	441	402	356	341
Income before income taxes	843	689	547	430	368
Net income	585	477	396	301	258
Diluted earnings per share	3.45	2.73	2.20	1.67	1.43
STATEMENT OF FINANCIAL POSITION DATA:					
Working capital ^f	\$ 710	\$ 603	\$ 596	\$ 699	\$ 530
Property	607	552	473	418	401
Goodwill and intangible assets	691	654	571	550	440
Total assets	3,750	3,278	3,148	2,874	2,591
Short-term debt	—	—	—	—	42
Long-term debt	223	245	200	201	—
Shareowners' equity ^g	1,573	1,206	939	1,133	833
OTHER DATA:					
Capital expenditures	\$ 125	\$ 144	\$ 111	\$ 92	\$ 69
Depreciation and amortization	118	106	104	109	105
Dividends per share	0.64	0.56	0.48	0.39	0.36
STOCK PRICE:					
High	\$ 74.69	\$ 60.41	\$ 49.80	\$ 38.08	\$ 27.67
Low	54.38	43.25	34.40	25.18	17.20

a Includes (i) \$17 million of stock-based compensation expense (\$11 million after taxes) and (ii) a \$5 million favorable adjustment to the 2006 restructuring charge discussed in item (b) below. The \$5 million adjustment in 2007 is primarily due to lower than expected employee separation costs (\$3 million gain after taxes).

b Includes (i) \$18 million of stock-based compensation expense (\$12 million after taxes), (ii) \$20 million gain on the sale of Rockwell Scientific Company, LLC, an equity affiliate that was jointly owned with Rockwell Automation, Inc. (\$13 million after taxes) and (iii) \$14 million restructuring charge related to decisions to implement certain business realignment and facility rationalization actions (\$9 million after taxes).

c Includes (i) \$10 million reduction in income tax expense related to the resolution of certain deferred tax matters that existed prior to our spin-off in 2001 and (ii) \$15 million write-off of certain indefinite-lived Kaiser tradenames (\$10 million after taxes). The tradename write-off was recorded in cost of sales.

d Includes (i) \$5 million gain (\$3 million after taxes) related to favorable insurance settlements, (ii) \$7 million gain (\$4 million after taxes) related to the resolution of a legal matter brought by us, and (iii) \$7 million impairment loss (\$4 million after taxes) related to our investment in Tenzing Communications, Inc.

e Includes a \$20 million gain (\$12 million after taxes) related to a favorable tax ruling on an over-funded life insurance reserve trust fund.

f Working capital consists of all current assets and liabilities, including cash and short-term debt.

g 2007 Shareowners' Equity includes (i) a \$360 million (after tax) adjustment to record the funded status of our pension and other retirement benefit plans on the Statement of Financial Position and (ii) a \$5 million adjustment to Retained Earnings (after tax) related to the change in measurement date from June 30 to September 30 for all defined benefit plans. See Note 11 in the consolidated financial statements for further information related to these adjustments.