

Consolidated Statements of Shareholders' Equity

(Dollars in millions)	Additional Paid-In Capital	Treasury Stock	ShareValue Trust	Accumulated Other Comprehensive Loss	Retained Earnings	Comprehensive Income/(Loss)
Balance January 1, 2003	\$2,141	\$(8,397)	\$(1,324)	\$(4,045)	\$14,262	\$(3,068)
Share-based compensation	456					
Tax benefit related to share-based plans	(79)					
ShareValue Trust market value adjustment	416		(416)			
Treasury shares issued for share-based plans, net	(54)	75				
Net earnings					718	718
Cash dividends declared (\$0.68 per share)					(573)	
Minimum pension liability adjustment, net of tax of \$132				(222)		(222)
Reclassification adjustment for losses realized in net earnings, net of tax of \$(11)				20		20
Unrealized holding gain, net of tax of \$(1)				3		3
Gain on derivative instruments, net of tax of \$(18)				32		32
Currency translation adjustment				67		67
Balance December 31, 2003	\$2,880	\$(8,322)	\$(1,740)	\$(4,145)	\$14,407	\$ 618
Share-based compensation	576					
Tax benefit related to share-based plans	13					
Shares paid out, net of fees			143			
ShareValue Trust market value adjustment	283		(426)			
Treasury shares issued for share-based plans, net	(332)	264				
Treasury shares repurchased		(752)				
Net earnings					1,872	1,872
Cash dividends declared (\$0.85 per share)					(714)	
Minimum pension liability adjustment, net of tax of \$(1,257)				2,188		2,188
Reclassification adjustment for losses realized in net earnings, net of tax of \$(12)				21		21
Gain on derivative instruments, net of tax of \$(8)				14		14
Unrealized loss on certain investments, net of tax of \$18				(34)		(34)
Currency translation adjustment				31		31
Balance December 31, 2004	\$3,420	\$(8,810)	\$(2,023)	\$(1,925)	\$15,565	\$ 4,092
Share-based compensation	720					
Tax benefit related to share-based plans	35					
Restricted stock compensation and reclassification of deferred compensation	3					
Changes in capital stock	23					
ShareValue Trust market value adjustment	773		(773)			
Excess tax pools	63					
Treasury shares issued for share-based plans, net	(666)	612				
Treasury shares repurchased		(2,877)				
Net earnings					2,572	2,572
Cash dividends declared (\$1.05 per share)					(861)	
Minimum pension liability adjustment, net of tax of \$(45)				167		167
Reclassification adjustment for losses realized in net earnings, net of taxes of \$(15)				21		21
Unrealized loss on certain investments, net of tax of \$8				(12)		(12)
Currency translation adjustment				(29)		(29)
Balance December 31, 2005	\$4,371	\$(11,075)	\$(2,796)	\$(1,778)	\$17,276	\$ 6,811

See notes to consolidated financial statements on pages 50–84.

Issued common shares totaled 1,012,261,159 as of December 31, 2005 and 1,011,870,159 as of December 31, 2004 and 2003. The par value of these shares was \$5,061 as of December 31, 2005 and \$5,059 as of December 31, 2004 and 2003. Treasury shares as of December 31, 2005, 2004 and 2003 were 212,090,978, 179,686,231 and 170,388,053. There were 45,217,300 and 14,708,856 treasury shares acquired for the years ended December 31, 2005 and 2004 and no treasury shares acquired for the year ended December 31, 2003. Treasury shares issued for share-based plans for the years ended December 31, 2005, 2004 and 2003, were 12,812,111, 5,410,678 and 1,451,897. ShareValue Trust shares as of December 31, 2005, 2004 and 2003, were 39,593,463, 38,982,205 and 41,203,694. ShareValue Trust shares acquired primarily from dividend reinvestment were 611,257, 645,866 and 829,884 for the same periods. There was a Share Value Trust payout of zero and 2,867,355 shares during the years ended December 31, 2005 and 2004 and no payout for the year ended December 31, 2003.

No adjustments to Accumulated other comprehensive loss are included in reported net earnings except for the \$21, \$21, and \$20 reclassification adjustment, for losses realized in net earnings, net of tax, of which \$(3), \$10, and \$20 relate to derivatives and \$24, \$11, and \$0 relate to investments, during the years ended December 31, 2005, 2004, and 2003.