

Income Statements	2005		2006		2007 Actual			2008e Forecast		
	Actual	% of	Actual	% of	Forecast	% of	Change	Forecast	% of	Change
	(\$ Mill)	Sales	(\$ Mill)	Sales	(\$ Mill)	Sales	07/06	(\$ Mill)	Sales	08/07
Revenue:										
Hardware	23,857	26.2%	21,970	24.0%	21,315	21.6%	-3.0%	22,168	21.5%	4.0%
Global Business Services	15,906	17.5%	15,969	17.5%	18,041	18.3%	13.0%	18,943	18.4%	5.0%
Global Technology Services	25,582	28.1%	26,337	28.8%	36,105	36.5%	11.7%	37,188	36.0%	3.0%
Maintenance	5,919	6.5%	5,985	6.5%	(incl. above)			(incl. above)		
Software	16,830	18.5%	18,161	19.9%	19,980	20.2%	10.0%	21,578	20.9%	8.0%
Other	639	0.7%	637	0.7%	842	0.9%	32.2%	842	0.8%	0.0%
Global Financing	2,401	2.6%	2,365	2.6%	2,502	2.5%	5.8%	2,477	2.4%	-1.0%
Total Revenue	91,134	100.0%	91,424	100.0%	98,786	100.0%	8.1%	103,196	100.0%	4.5%
Costs										
Cost of Hardware	15,139	16.6%	13,686	15.0%	12,854	13.0%	-6.1%	14,187	13.7%	10.4%
Cost of Business Services	12,819	14.1%	12,278	13.4%	13,804	14.0%	-29.2%	13,892	13.5%	0.6%
Cost of Technology Services	19,052	20.9%	19,489	21.3%	25,293	25.6%	684.5%	25,996	25.2%	2.8%
Cost of Maintenance	3,222	3.5%	3,224	3.5%	(incl. above)			(incl. above)		
Cost of Software	2,534	2.8%	2,690	2.9%	2,969	3.0%	10.4%	3,237	3.1%	9.0%
Other	747	0.8%	603	0.7%	805	0.8%	33.5%	758	0.7%	-5.9%
Global Financing	1,089	1.2%	1,177	1.3%	1,333	1.3%	13.3%	1,486	1.4%	11.5%
Total Costs	54,602	59.9%	53,147	58.1%	57,057	57.8%	7.4%	59,555	57.7%	4.4%
Gross Profit	36,532	40.1%	38,295	41.9%	41,729	42.2%	9.0%	43,641	42.3%	4.6%
SG&A Expenses	21,314	23.4%	20,259	22.2%	22,060	22.3%	8.9%	21,981	21.3%	-0.4%
RD&E Expenses	5,842	6.4%	6,107	6.7%	6,153	6.2%	0.8%	6,708	6.5%	9.0%
Total Costs & Expenses	81,758	89.7%	79,513	87.0%	85,270	86.3%	7.2%	88,244	85.5%	3.5%
Operating Income	9,376	10.3%	11,929	13.0%	13,516	13.7%	13.3%	14,952	14.5%	10.6%
Intellectual Property Income	-948	-1.0%	-900	-1.0%	-958	-1.0%	6.4%	-977	-0.9%	2.0%
Other Income	-2,122	-2.3%	-766	-0.8%	-626	-0.6%	-18.3%	-639	-0.6%	2.0%
Interest Expenses	220	0.2%	278	0.3%	611	0.6%	119.8%	642	0.6%	5.0%
Earnings Before Tax	12,226	13.4%	13,317	14.6%	14,489	14.7%	8.8%	15,927	15.4%	9.9%
Tax/Rate	4,232	34.6%	3,901	29.3%	4,071	28.1%	4.4%	5,415	34.0%	33.0%
Net Earnings	7,994	8.8%	9,416	10.3%	10,418	10.5%	10.6%	10,512	10.2%	0.9%
Disco'd ops, acct change	-60		76							
Net Earnings (Loss)	7,934	8.7%	9,492	10.4%	10,418	10.5%	9.7%	10,512	10.2%	0.9%
No. of Shares (Mill)	1,600.6		1,530.8		1,423.0		-7.0%	1,394.6		-2.0%
Earnings/Share (Basic)	4.96		6.20		7.32		18.1%	7.54		3.0%

Source: Annex Research