

Income Statements	2006		2007		2008 Forecast			2009 Forecast		
	Actual	% of	Actual	% of	Forecast	% of	Change	Forecast	% of	Change
	(\$ Mill)	Sales	(\$ Mill)	Sales	(\$ Mill)	Sales	08/07	(\$ Mill)	Sales	09/08
Revenue:										
Hardware	21,970	24.0%	21,315	21.6%	21,757	20.0%	2.1%	22,627	19.4%	4.0%
Global Business Services	15,969	17.5%	18,041	18.3%	20,344	18.7%	12.8%	22,174	19.0%	9.0%
Global Technology Services	32,322	35.4%	36,105	36.5%	40,689	37.5%	12.7%	43,944	37.7%	8.0%
Software	18,161	19.9%	19,980	20.2%	22,214	20.5%	11.2%	24,214	20.8%	9.0%
Other	637	0.7%	842	0.9%	962	0.9%	14.2%	962	0.8%	0.0%
Global Financing	<u>2,365</u>	<u>2.6%</u>	<u>2,502</u>	<u>2.5%</u>	<u>2,609</u>	<u>2.4%</u>	<u>4.3%</u>	<u>2,583</u>	<u>2.2%</u>	<u>-1.0%</u>
Total Revenue	91,424	100.0%	98,786	100.0%	108,575	100.0%	9.9%	116,504	100.0%	7.3%
Costs										
Cost of Hardware	13,686	15.0%	12,854	13.0%	13,053	12.0%	1.5%	14,255	12.2%	9.2%
Cost of Business Services	12,278	13.4%	13,804	14.0%	15,488	14.3%	12.2%	15,461	13.3%	-0.2%
Cost of Technology Services	22,713	24.8%	25,293	25.6%	28,357	26.1%	12.1%	28,889	24.8%	1.9%
Cost of Software	2,690	2.9%	2,969	3.0%	3,410	3.1%	14.9%	3,874	3.3%	13.6%
Other	601	0.7%	805	0.8%	978	0.9%	21.5%	865	0.7%	-11.5%
Global Financing	<u>1,177</u>	<u>1.3%</u>	<u>1,333</u>	<u>1.3%</u>	<u>1,392</u>	<u>1.3%</u>	<u>4.4%</u>	<u>1,601</u>	<u>1.4%</u>	<u>15.0%</u>
Total Costs	53,145	58.1%	57,057	57.8%	62,677	57.7%	9.8%	64,946	55.7%	3.6%
Gross Profit	38,297	41.9%	41,729	42.2%	45,899	42.3%	10.0%	51,557	44.3%	12.3%
SG&A Expenses	20,259	22.2%	22,060	22.3%	23,789	21.9%	7.8%	25,631	22.0%	7.7%
RD&E Expenses	<u>6,107</u>	<u>6.7%</u>	<u>6,153</u>	<u>6.2%</u>	<u>6,225</u>	<u>5.7%</u>	<u>1.2%</u>	<u>7,223</u>	<u>6.2%</u>	<u>16.0%</u>
Total Costs & Expenses	79,511	87.0%	85,270	86.3%	92,691	85.4%	8.7%	97,800	83.9%	5.5%
Operating Income	11,931	13.1%	13,516	13.7%	15,884	14.6%	17.5%	18,703	16.1%	17.7%
Intellectual Property Income	-900	-1.0%	-958	-1.0%	-958	-0.9%	0.0%	-977	-0.8%	2.0%
Other Income	-766	-0.8%	-626	-0.6%	-626	-0.6%	0.0%	-639	-0.5%	2.0%
Interest Expenses	278	0.3%	611	0.6%	611	0.6%	0.0%	642	0.6%	5.0%
Earnings Before Tax	13,319	14.6%	14,489	14.7%	16,767	15.4%	15.7%	19,677	16.9%	17.4%
Tax/Rate	3,901	29.3%	4,071	28.1%	4,574	27.3%	12.4%	6,297	32.0%	37.7%
Net Earnings	9,418	10.3%	10,418	10.5%	12,192	11.2%	17.0%	13,381	11.5%	9.7%
Disco'd ops, acct change	76									
Net Earnings (Loss)	9,494	10.4%	10,418	10.5%	12,192	11.2%	17.0%	13,381	11.5%	9.7%
No. of Shares (Mill)	1,530.8		1,423.0		1,351.8		-5.0%	1,324.8		-2.0%
Earnings/Share (Basic)	6.20		7.32		9.02		23.2%	10.10		12.0%

Source: Annex Research