

Income Statements	2007		2008		2009			2010		
	Actual	% of	Actual	% of	Forecast	% of	Change	Forecast	% of	Change
	(\$ Mill)	Sales	(\$ Mill)	Sales	(\$ Mill)	Sales	09/08	(\$ Mill)	Sales	10/09
Revenue:										
Hardware	21,315	21.6%	19,287	18.8%	15,890	16.5%	-17.6%	15,095	15.3%	-5.0%
Global Business Services	18,041	18.3%	19,628	19.1%	18,295	19.0%	-6.8%	18,844	19.1%	3.0%
Global Technology Services	36,105	36.5%	39,264	38.2%	37,246	38.7%	-5.1%	38,363	39.0%	3.0%
Software	19,980	20.2%	22,089	21.5%	21,514	22.4%	-2.6%	23,019	23.4%	7.0%
Other	842	0.9%			786	0.8%		786	0.8%	0.0%
<u>Global Financing</u>	<u>2,502</u>	<u>2.5%</u>	<u>2,559</u>	<u>2.5%</u>	<u>2,394</u>	<u>2.5%</u>	<u>-6.4%</u>	<u>2,322</u>	<u>2.4%</u>	<u>-3.0%</u>
Total Revenue	98,786	100.0%	102,827	100.0%	96,126	100.0%	-6.5%	98,429	100.0%	2.4%
Costs										
Cost of Hardware	12,854	13.0%	12,854	12.5%	9,880	10.3%	-23.1%	9,057	9.2%	-8.3%
Cost of Business Services	13,804	14.0%	13,804	13.4%	13,048	13.6%	-5.5%	12,623	12.8%	-3.3%
Cost of Technology Services	25,293	25.6%	25,293	24.6%	24,338	25.3%	-3.8%	24,210	24.6%	-0.5%
Cost of Software	2,969	3.0%	2,969	2.9%	2,986	3.1%	0.6%	3,223	3.3%	7.9%
Other	805	0.8%	805	0.8%	399	0.4%	-50.4%	707	0.7%	77.1%
<u>Global Financing</u>	<u>1,333</u>	<u>1.3%</u>	<u>1,333</u>	<u>1.3%</u>	<u>1,249</u>	<u>1.3%</u>	<u>-6.3%</u>	<u>1,277</u>	<u>1.3%</u>	<u>2.2%</u>
Total Costs	57,057	57.8%	57,057	55.5%	51,901	54.0%	-9.0%	51,097	51.9%	-1.5%
Gross Profit	41,729	42.2%	45,770	44.5%	44,224	46.0%	-3.4%	47,332	48.1%	7.0%
SG&A Expenses	22,060	22.3%	22,060	21.5%	21,626	22.5%	-2.0%	21,654	22.0%	0.1%
<u>RD&E Expenses</u>	<u>6,153</u>	<u>6.2%</u>	<u>6,153</u>	<u>6.0%</u>	<u>6,023</u>	<u>6.3%</u>	<u>-2.1%</u>	<u>6,103</u>	<u>6.2%</u>	<u>1.3%</u>
Total Costs & Expenses	85,270	86.3%	85,270	82.9%	79,550	82.8%	-6.7%	78,855	80.1%	-0.9%
Operating Income	13,516	13.7%	17,557	17.1%	16,575	17.2%	-5.6%	19,575	19.9%	18.1%
Intellectual Property Income	-958	-1.0%	-958	-0.9%	-1,153	-1.2%	20.4%	-1,176	-1.2%	2.0%
Other Income	-626	-0.6%	-626	-0.6%	-298	-0.3%	-52.4%	-304	-0.3%	2.0%
Interest Expenses	611	0.6%	611	0.6%	673	0.7%	10.1%	707	0.7%	5.0%
Earnings Before Tax	14,489	14.7%	18,530	18.0%	17,630	18.3%	-4.9%	20,348	20.7%	15.4%
Tax/Rate	4,071	28.1%	4,071	22.0%	4,516	25.6%	10.9%	6,511	32.0%	44.2%
Net Earnings	10,418	10.5%	14,459	14.1%	13,114	13.6%	-9.3%	13,837	14.1%	5.5%
Disco'd ops, acct change										
Net Earnings (Loss)	10,418	10.5%	14,459	14.1%	13,114	13.6%	-9.3%	13,837	14.1%	5.5%
No. of Shares (Mill)	1,423.0		1,423.0		1,359.8		-4.4%	1,332.6		-2.0%
Earnings/Share (Basic)	7.32		10.16		9.64		-5.1%	10.38		7.7%

Source: Annex Research