

Income Statements	2005		2006		2007e Forecast			2008e Forecast		
	Actual	% of	Actual	% of	Forecast	% of	Change	Forecast	% of	Change
	(\$ Mill)	Sales	(\$ Mill)	Sales	(\$ Mill)	Sales	07/06	(\$ Mill)	Sales	08/07
<b>Revenue:</b>										
Hardware	23,857	26.2%	21,970	24.0%	22,968	23.8%	4.5%	23,887	23.7%	4.0%
Global Business Services	15,906	17.5%	15,969	17.5%	17,031	17.7%	6.7%	17,883	17.7%	5.0%
Global Technology Services	25,582	28.1%	26,337	28.8%	33,845	35.1%	4.7%	34,860	34.6%	3.0%
Maintenance	5,919	6.5%	5,985	6.5%	(incl. above)			(incl. above)		
Software	16,830	18.5%	18,161	19.9%	19,645	20.4%	8.2%	21,217	21.1%	8.0%
Other	639	0.7%	637	0.7%	528	0.5%	-17.1%	528	0.5%	0.0%
Global Financing	2,401	2.6%	2,365	2.6%	2,416	2.5%	2.2%	2,392	2.4%	-1.0%
<b>Total Revenue</b>	<b>91,134</b>	<b>100.0%</b>	<b>91,424</b>	<b>100.0%</b>	<b>96,434</b>	<b>100.0%</b>	<b>5.5%</b>	<b>100,767</b>	<b>100.0%</b>	<b>4.5%</b>
<b>Costs</b>										
			34,991							
Cost of Hardware	15,139	16.6%	13,686	15.0%	14,474	15.0%	5.8%	15,288	15.2%	5.6%
Cost of Business Services	12,819	14.1%	12,278	13.4%	13,016	13.5%	-33.2%	13,114	13.0%	0.7%
Cost of Technology Services	19,052	20.9%	19,489	21.3%	23,965	24.9%	643.3%	24,368	24.2%	1.7%
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%	2,947	3.1%	9.6%	3,183	3.2%	8.0%
Other	747	0.8%	603	0.7%	471	0.5%	-21.9%	475	0.5%	0.9%
Global Financing	1,089	1.2%	1,177	1.3%	1,239	1.3%	5.2%	1,435	1.4%	15.9%
<b>Total Costs</b>	<b>54,602</b>	<b>59.9%</b>	<b>53,147</b>	<b>58.1%</b>	<b>56,112</b>	<b>58.2%</b>	<b>5.6%</b>	<b>57,863</b>	<b>57.4%</b>	<b>3.1%</b>
<b>Gross Profit</b>	<b>36,532</b>	<b>40.1%</b>	<b>38,295</b>	<b>41.9%</b>	<b>40,322</b>	<b>41.8%</b>	<b>5.3%</b>	<b>42,904</b>	<b>42.6%</b>	<b>6.4%</b>
SG&A Expenses	21,314	23.4%	20,259	22.2%	21,291	22.1%	5.1%	21,463	21.3%	0.8%
RD&E Expenses	5,842	6.4%	6,107	6.7%	6,380	6.6%	4.5%	6,550	6.5%	2.7%
Total Costs & Expenses	81,758	89.7%	79,513	87.0%	83,783	86.9%	5.4%	85,876	85.2%	2.5%
<b>Operating Income</b>	<b>9,376</b>	<b>10.3%</b>	<b>11,929</b>	<b>13.0%</b>	<b>12,650</b>	<b>13.1%</b>	<b>6.0%</b>	<b>14,891</b>	<b>14.8%</b>	<b>17.7%</b>
Intellectual Property Income	-948	-1.0%	-900	-1.0%	-876	-0.9%	-2.7%	-894	-0.9%	2.0%
Other Income	-2,122	-2.3%	-766	-0.8%	-700	-0.7%	-8.6%	-714	-0.7%	2.0%
Interest Expenses	220	0.2%	278	0.3%	286	0.3%	2.9%	300	0.3%	5.0%
<b>Earnings Before Tax</b>	<b>12,226</b>	<b>13.4%</b>	<b>13,317</b>	<b>14.6%</b>	<b>13,940</b>	<b>14.5%</b>	<b>4.7%</b>	<b>16,198</b>	<b>16.1%</b>	<b>16.2%</b>
Tax/Rate	4,232	34.6%	3,901	29.3%	4,127	29.6%	5.8%	5,507	34.0%	33.5%
Net Earnings	7,994	8.8%	9,416	10.3%	9,813	10.2%	4.2%	10,691	10.6%	8.9%
Disco'd ops, acct change	-60		76							
<b>Net Earnings (Loss)</b>	<b>7,934</b>	<b>8.7%</b>	<b>9,492</b>	<b>10.4%</b>	<b>9,813</b>	<b>10.2%</b>	<b>3.4%</b>	<b>10,691</b>	<b>10.6%</b>	<b>8.9%</b>
No. of Shares (Mill)	1,600.6		1,530.8		1,463.0		-4.4%	1,433.7		-2.0%
Earnings/Share (Basic)	4.96		6.20		6.71		8.2%	7.46		11.2%

Source: Annex Research