

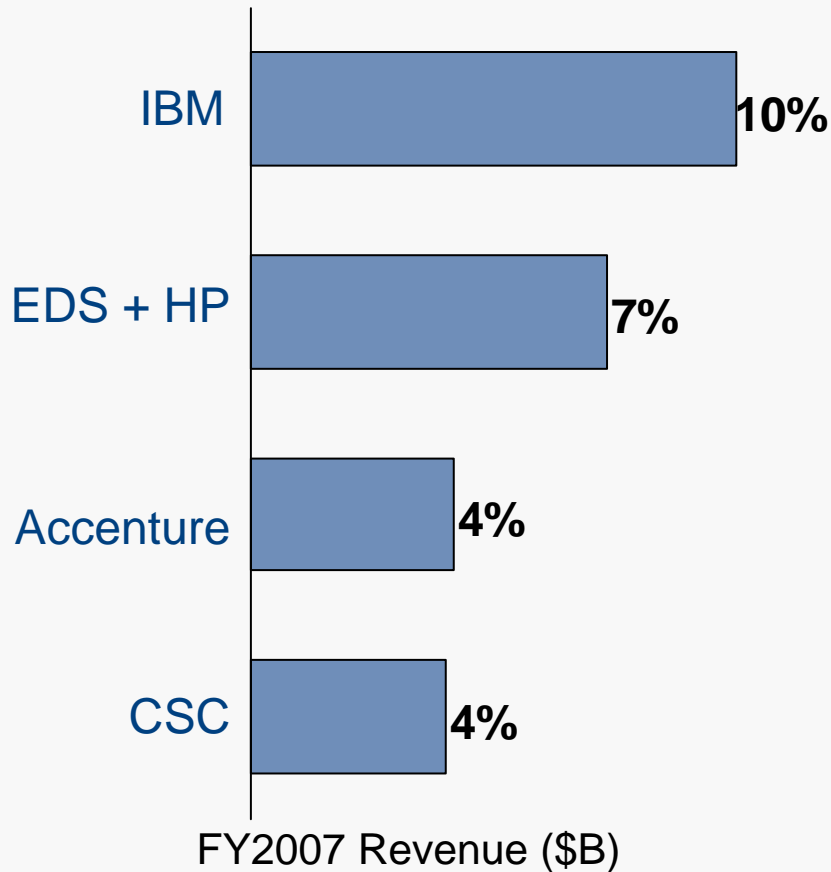
HP & EDS – what it means to IT Buyers

- Enhances HP's ability to deliver
- Expands global scale, scope of HP's delivery capabilities and offerings
- Strengthens onshore, near-shore, offshore offerings
- Links HP's annual \$3.6B in R&D spend/HP Labs innovation, technology platform leadership to EDS clients
- Broadens industry expertise – in healthcare, transportation, financial services, energy, consumer & retail, government, and manufacturing
- Offers a solid option to clients who might have traditionally went to IBM

HP/EDS Creates a New Tier 1

IT Services

Estimated addressable market (2007): \$500B-\$550B



Source: Companies Public Filings and other public sources

Key Takeaways

- IBM retains top market share at approximately 10%
- HP/EDS will have about 7% of the market
- The combined company is estimated to have a clear market share in the following areas:
 - #2 player globally
 - #2 in the Americas and EMEA
 - #1 in Applications Outsourcing
 - #2 in IT Outsourcing

Customer Issues to Consider

- Evaluate your relationship and seek to understand the structure of a sustainable relationship going forward
- Be careful of pricing pressure
- Consider the balance of issues in future negotiations and a decreased tier 1 provider set
- Are there new services you should request and evaluate?
- What will be the next move in the M&A cycle of Outsourcing providers?