

# STANDARD & POOR'S

## S&P 500: 2007 GLOBAL SALES

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- **S&P 500 foreign sales increased 12.5% while domestic sales increased 2.6%.**
- **European sales represented 28.8% of foreign sales, with 4.6% coming from the United Kingdom. Asian sales represented 16.8%.**
- Foreign income taxes increased US\$ 10.9 billion or 9.7%; U.S. federal income taxes declined US\$ 4.2 billion or 2.7%.
- Higher growth for Emerging markets, the decline in the dollar and concern over U.S. consumer spending are fueling the continuing shift to sales abroad.
- Half of the issues still do not report sufficient information for a complete breakdown – big on pictures, short on tabular tables.
- **Of the reporting issues, 45.8% of all sales were produced and sold outside of the United States, up from 43.6% in 2006.**

## OVERVIEW

Five years ago U.S. equity markets were 57.6% of world markets, today they are 40.5%. Five years ago, the U.S. GDP comprised 29.6% of the world GWP, today it is 21.2%. While the U.S. equity market and consumer remain the largest and dominant component of their respective groups, they are no longer the overpowering element. Where the U.S. used to catch a cold and the rest of the world got pneumonia, now the rest of the world gets the flu. The destination and manufacturing of U.S. products and services have equally changed. Helped along by lower costs for labor, healthcare, pension (and OPEB), and assisted at times by tax laws and product regulations, U.S. companies have moved their operations abroad where products can be more cost efficient to both manufacture and sell.

This report quantifies the current status of known foreign sales within the S&P 500. While globalization is apparent in almost all company reports, exact sales and export levels are difficult to obtain. Many companies tend to categorize sales by regions or markets, while others segregate government sales. Additionally, intra-company sales, (and hence profits) are sometimes structured to take advantage of trade, tax and regulatory policies. The resulting reported data available for shareholders is therefore significantly less than the desired level for analysis. Still, with utilization of over slightly half the issues in the S&P 500, it does permit a rare glimpse into its composition. What are needed are actually defined reporting classifications and values in a tabular form, similar in nature to the many GAAP-required items. Additional reporting on country of manufacturing, country of sale, and insight via a matrix of how a change in currency would impact costs (both hedged and unhedged) would be ideal, but at this point there appears little hope for that on the near-term horizon.

The summary of data is that reporting has improved for 2007, with more companies incorporating regional data on sales; however, data on exports, which currently is a main focus, appears to have declined. In the short run this “evolution” of reporting complicates the year-to-year analysis, but longer-term adds to available knowledge, and permits additional insight into the current situation.

## GLOBAL SALES

[Note: Sales are on a fiscal basis, since quarterly reporting is materially less than annual; foreign sales are products and services produced and sold outside of the United States; data comparisons are of the current S&P 500 membership reported data for 2006 and 2007.]

Total reported sales for the S&P 500 increased 6.83% in 2007, with reported foreign sales increasing 7.18% and U.S. domestic sales increasing 6.72%. Total reported Foreign sales as a percentage of full sales (regardless of whether they reported Foreign sales) increased from 24.69% in 2006 to 24.77% in 2007. It is imperative, however, to grasp that these values include issues that have not reported their foreign data, and therefore underestimate the actual values. For comparison we utilized a sub-set of issues that reported full, compatible data for both periods. These issues painted a different picture. For those issues, the S&P 500 sales increased slightly more at 6.88% in 2007, foreign sales increased significantly more at 12.49%, and U.S. domestic sales increased 2.56%, not even keeping up with inflation. Foreign sales reported as a percentage of total sales increased from 43.55% in 2006 to 45.84% in 2007.

**STANDARD & POOR'S INDEX SERVICES  
S&P 500 FOREIGN REGIONAL SALES DATA**

REGION	FOREIGN SALES 2007 US\$ MILLIONS	% OF FOREIGN SALES	FOREIGN SALES 2006 US\$ MILLIONS	% OF FOREIGN SALES	FOREIGN SALES 1-YEAR CHANGE%
Africa	\$156,401	6.82%	\$119,142	5.57%	31.27%
Asia	\$384,466	16.76%	\$405,526	18.97%	-5.19%
Australia	\$4,917	0.21%	\$3,448	0.16%	42.59%
Europe	\$660,453	28.79%	\$664,663	31.09%	-0.63%
North America	\$204,749	8.92%	\$101,553	4.75%	101.62%
South America	\$85,723	3.74%	\$76,859	3.59%	11.53%
Foreign Countries	\$797,510	34.76%	\$766,848	35.87%	4.00%
	\$2,294,219	100.00%	\$2,138,039	100.00%	7.30%

**SELECTED ISSUES WITH REPORTED FOREIGN SALES**

Foreign Reported	\$2,074,923	45.84%	\$1,844,505	43.55%	12.49%
Domestic Reported	\$2,451,928	54.16%	\$2,390,777	56.45%	2.56%
Total Sales Reported	\$4,526,851		\$4,235,282		6.88%

**INCOME TAXES**

Taxes paid by S&P 500 companies to foreign countries through income taxes increased US\$ 10.9 billion or 9.7%, while U.S. Federal income taxes declined US\$ 4.2 billion, or 2.7%. As a percentage of full income taxes, U.S. payments posted their third consecutive decline, and represent 55% of all payments, with the remaining 45% being paid abroad.

**STANDARD & POOR'S INDEX SERVICES  
S&P 500 2007 INCOME TAXES PAID, \$US**

	2007	2006	2005	2004	2003
<b>FOREIGN US\$ MILLION</b>	<b>\$123,610</b>	<b>\$112,686</b>	<b>\$91,794</b>	<b>\$72,172</b>	<b>\$51,670</b>
<b>U.S.</b>	<b>\$151,104</b>	<b>\$155,269</b>	<b>\$141,471</b>	<b>\$100,376</b>	<b>\$70,254</b>
<b>FOREIGN % CHANGE</b>	9.69%	22.76%	27.19%	39.68%	
<b>U.S. % CHANGE</b>	-2.68%	9.75%	40.94%	42.88%	
<b>FOREIGN \$ MILLION CHANGE</b>	\$10,924	\$20,893	\$19,622	\$20,503	
<b>U.S. \$ MILLION CHANGE</b>	-\$4,165	\$13,799	\$41,095	\$30,122	
<b>FOREIGN % OF TOTAL</b>	45.0%	42.1%	39.4%	41.8%	42.4%
<b>U.S. % OF TOTAL</b>	55.0%	57.9%	60.6%	58.2%	57.6%

**SELECTED SECTOR SALES**

Due to specific disclosure and reporting, the above aggregate data do not permit simple foreign representation or sector analysis. We have therefore reduced the S&P 500 to issues that have only reported full foreign sales, where the percentage of foreign sales represents between 15% and 85% of total sales. At this stage of reporting we still believe this is the best approximation for calculating aggregates, though we eagerly look forward to a time when the analysis can be done on the full group without such restraints.

For 2007, 12 more issues were utilized than in the 2006 reporting, and 90.4% of the foreign sales were utilized.

**S&P 500 SELECTED ISSUES**

	2007	2006
Foreign sales between 15% and 85%	251	239
Issues with no or incomplete issues	182	193
Issues under 15%	57	61
Issues over 85%	10	8

Using the sub-set of issues, 45.8% of sales were foreign, up from 43.6% for the same issues in 2006. Information Technology still dominates the sectors with 55.4% of its sales coming from abroad, representing 19.1% of all foreign sales (note that Energy had slightly more foreign sales than IT, but due to the nature of their products, IT is typically used as the leading sector). Half the issues not used due to foreign sales in excess of 85% were Information Technology issues. Therefore we believe that this value underestimates the representation. Energy and Utilities both reported over 55% of foreign sales; however, both lacked reporting from significant issues. Financials reported the lowest representation at 31.6%.

**STANDARD & POOR'S INDEX SERVICES**  
**S&P 500 FOREIGN SALES SECTOR REPORT**

	FOREIGN SALES 2007	FOREIGN SALES 2006	FOREIGN SALES 2005	FOREIGN SALES 2004	FOREIGN SALES 2003
<b>FOREIGN SALES IN US\$ MILLIONS</b>					
Consumer Discretionary	\$338,758	\$304,013	\$279,215	\$249,176	\$226,367
Consumer Staples	\$126,212	\$109,430	\$107,056	\$104,916	\$85,027
Energy	\$397,361	\$377,984	\$353,123	\$260,987	\$233,329
Financials	\$171,505	\$151,853	\$128,668	\$110,411	\$85,413
Health Care	\$136,686	\$111,340	\$89,730	\$91,003	\$79,278
Industrials	\$356,302	\$316,475	\$276,719	\$266,736	\$227,732
Information Technology	\$395,660	\$345,643	\$324,741	\$332,927	\$251,972
Materials	\$139,264	\$116,030	\$106,138	\$99,476	\$84,709
Telecommunication Services	\$0	\$0	\$0	\$0	\$0
Utilities	\$13,173	\$11,737	\$10,917	\$8,400	\$6,829
Total Non-U.S. for 15%-85%	\$2,074,923	\$1,844,505	\$1,676,307	\$1,524,032	\$1,280,657
Total sales for 15%-85%	\$4,526,851	\$4,235,282	\$3,874,935	\$3,483,798	\$3,060,845

**% OF TOTAL FOREIGN SALES**

Consumer Discretionary	42.46%	38.76%	37.28%	34.98%	34.59%
Consumer Staples	39.06%	36.57%	37.51%	38.89%	34.48%
Energy	55.69%	56.50%	56.62%	53.51%	60.03%
Financials	31.59%	29.93%	31.36%	32.06%	28.53%
Health Care	44.54%	41.76%	37.54%	40.81%	39.09%
Industrials	44.11%	41.14%	39.68%	41.47%	40.47%
Information Technology	55.38%	53.50%	54.86%	61.18%	52.83%
Materials	46.99%	42.22%	40.81%	40.66%	39.16%
Telecommunication Services					
Utilities	55.16%	63.60%	60.48%	58.52%	53.62%
Total Non-U.S. 15%-85%	45.84%	43.55%	43.26%	43.75%	41.84%

## ISSUE LEVEL DATA

STANDARD & POOR'S INDEX SERVICES  
S&P 500 LARGEST FOREIGN SALES INCREASE, US\$ MILLIONS

TICKER	COMPANY	FOREIGN SALES 2007	FOREIGN SALES 2006	CHANGE US\$ MILLIONS	CHANGE %
XOM	EXXON MOBIL CORP	\$269,184	\$252,680	\$16,504	6.53%
F	FORD MOTOR CO	\$91,581	\$78,968	\$12,613	15.97%
GE	GENERAL ELECTRIC CO	\$86,500	\$74,300	\$12,200	16.42%
HPQ	HEWLETT-PACKARD CO	\$69,472	\$59,414	\$10,058	16.93%
AIG	AMERICAN INTERNATIONAL GROUP	\$63,662	\$55,208	\$8,454	15.31%
PM	PHILIP MORRIS INTERNATIONAL	\$55,096	\$48,260	\$6,836	14.16%
IBM	INTL BUSINESS MACHINES CORP	\$62,275	\$55,507	\$6,768	12.19%
CAT	CATERPILLAR INC	\$27,867	\$21,881	\$5,986	27.36%
FCX	FREEMONT-MCMORAN COP&GOLD	\$10,459	\$4,588	\$5,871	127.95%
GS	GOLDMAN SACHS GROUP INC	\$22,575	\$17,304	\$5,271	30.46%

STANDARD & POOR'S INDEX SERVICES  
S&P 500 2007 GLOBAL SALES REPORT  
Top 25 Issues in declared regional sales, US\$ millions

TICKER	COMPANY	REGION	SECTOR	SALES 2007	SALES 2006
GM	GENERAL MOTORS CORP	Asia	Consumer Discretionary	\$47,118	N/A
GE	GENERAL ELECTRIC CO	Europe	Industrials	\$39,900	\$39,700
F	FORD MOTOR CO	Great Britain	Consumer Discretionary	\$37,847	\$34,392
XOM	EXXON MOBIL CORP	Europe	Energy	\$36,805	\$31,603
AIG	AMERICAN INTERNATIONAL GROUP	Asia	Financials	\$36,512	\$33,795
F	FORD MOTOR CO	Europe	Consumer Discretionary	\$34,386	\$27,224
PM	PHILIP MORRIS INTERNATIONAL	Europe	Consumer Staples	\$26,682	\$23,752
MO	ALTRIA GROUP INC	Europe	Consumer Staples	\$26,634	\$41,004
GE	GENERAL ELECTRIC CO	South America	Industrials	\$24,600	N/A
GE	GENERAL ELECTRIC CO	Pacific	Industrials	\$22,000	\$18,000
COP	CONOCOPHILLIPS	Great Britain	Energy	\$20,680	\$19,510
DOW	DOW CHEMICAL	Europe	Materials	\$19,614	\$17,846
GM	GENERAL MOTORS CORP	Europe	Consumer Discretionary	\$18,701	\$16,273
JNJ	JOHNSON & JOHNSON	Europe	Health Care	\$15,644	\$12,786
MO	ALTRIA GROUP INC	Asia	Consumer Staples	\$14,525	N/A
UTX	UNITED TECHNOLOGIES CORP	Europe	Industrials	\$14,341	\$12,069
BA	BOEING CO	Asia	Industrials	\$13,957	\$13,322
INTC	INTEL CORP	Asia	Information Technology	\$13,901	\$12,169
GS	GOLDMAN SACHS GROUP INC	Africa	Financials	\$13,538	\$9,354
PM	PHILIP MORRIS INTERNATIONAL	Africa	Consumer Staples	\$12,149	\$9,972
MO	ALTRIA GROUP INC	Africa	Consumer Staples	\$11,458	N/A
INTC	INTEL CORP	Asia	Information Technology	\$11,156	\$11,140
PM	PHILIP MORRIS INTERNATIONAL	Asia	Consumer Staples	\$11,099	\$10,142
MS	MORGAN STANLEY	Europe	Financials	\$10,008	\$9,451
IBM	INTL BUSINESS MACHINES CORP	Japan	Information Technology	\$9,632	\$9,638

## S&P 500: 2007 GLOBAL SALES

### STANDARD & POOR'S INDEX SERVICES

#### S&P 500 2007 GLOBAL SALES REPORT

Top 5 foreign sales issues in each declared region, US\$ millions

TICKER	COMPANY	REGION	SECTOR	SALES 2007	SALES 2006
GS	GOLDMAN SACHS GROUP INC	Africa	Financials	\$13,538	\$9,354
PM	PHILIP MORRIS INTERNATIONAL	Africa	Consumer Staples	\$12,149	\$9,972
MO	ALTRIA GROUP INC	Africa	Consumer Staples	\$11,458	N/A
GM	GENERAL MOTORS CORP	Asia	Consumer Discretionary	\$47,118	N/A
AIG	AMERICAN INTERNATIONAL GROUP	Asia	Financials	\$36,512	\$33,795
MO	ALTRIA GROUP INC	Asia	Consumer Staples	\$14,525	N/A
AA	ALCOA INC	Australia	Materials	\$3,224	\$3,160
NEM	NEWMONT MINING CORP	Australia	Materials	\$1,272	N/A
GME	GAMESTOP CORP	Australia	Consumer Discretionary	\$421	\$288
AES	AES CORP. (THE)	Brazil	Utilities	\$4,748	\$4,161
PX	PRAXAIR INC	Brazil	Materials	\$1,351	\$1,111
DTV	DIRECTV GROUP INC	Brazil	Consumer Discretionary	\$944	\$417
GE	GENERAL ELECTRIC CO	Europe	Industrials	\$39,900	\$39,700
XOM	EXXON MOBIL CORP	Europe	Energy	\$36,805	\$31,603
F	FORD MOTOR CO	Europe	Consumer Discretionary	\$34,386	\$27,224
SWK	STANLEY WORKS	France	Consumer Discretionary	\$531	\$465
GILD	GILEAD SCIENCES INC	France	Health Care	\$349	\$229
TIE	TITANIUM METALS CORP	France	Materials	\$141	\$131
ADM	ARCHER-DANIELS-MIDLAND CO	Germany	Consumer Staples	\$6,569	\$5,396
ABT	ABBOTT LABORATORIES	Germany	Health Care	\$4,659	N/A
JCI	JOHNSON CONTROLS INC	Germany	Consumer Discretionary	\$4,335	\$3,390
F	FORD MOTOR CO	Great Britain	Consumer Discretionary	\$37,847	\$34,392
COP	CONOCOPHILLIPS	Great Britain	Energy	\$20,680	\$19,510
EDS	ELECTRONIC DATA SYSTEMS CORP	Great Britain	Information Technology	\$4,057	\$4,213
IBM	INTL BUSINESS MACHINES CORP	Japan	Information Technology	\$9,632	\$9,638
ORCL	ORACLE CORP	Japan	Information Technology	\$3,646	\$2,812
FCX	FREEMPORT-MCMORAN COP&GOLD	Japan	Materials	\$2,479	\$1,242
PEP	PEPSICO INC	Mexico	Consumer Staples	\$3,498	\$3,228
PBG	PEPSI BOTTLING GROUP INC	Mexico	Consumer Staples	\$1,383	\$1,286
NE	NOBLE CORP	Mexico	Energy	\$452	N/A
BA	BOEING CO	Middle East	Industrials	\$6,798	N/A
LEH	LEHMAN BROTHERS HOLDINGS INC	Middle East	Financials	\$6,296	N/A
OXY	OCCIDENTAL PETROLEUM CORP	Middle East	Energy	\$2,886	\$2,272
ITW	ILLINOIS TOOL WORKS	North America	Industrials	\$2,211	\$1,920
BEN	FRANKLIN RESOURCES INC	North America	Financials	\$914	\$815
GE	GENERAL ELECTRIC CO	Pacific	Industrials	\$22,000	\$18,000
STZ	CONSTELLATION BRANDS -CL A	Pacific	Consumer Staples	\$424	N/A
GE	GENERAL ELECTRIC CO	South America	Industrials	\$24,600	N/A
PM	PHILIP MORRIS INTERNATIONAL	South America	Consumer Staples	\$5,166	\$4,394
DD	DU PONT (E I) DE NEMOURS	South America	Materials	\$4,095	\$3,618
WHR	WHIRLPOOL CORP	South America	Consumer Discretionary	\$3,437	\$2,430
TEL	TYCO ELECTRONICS LTD	United States	Information Technology	\$4,409	\$4,503
CBE	COOPER INDUSTRIES LTD	United States	Industrials	\$4,213	\$3,781
NBR	NABORS INDUSTRIES LTD	United States	Energy	\$3,189	N/A

### **S&P DATA AND CLASSIFICATIONS**

The data used in this report were compiled from Standard & Poor's Compustat and Stock Guide databases, and are based on SEC filings. Data for 2007 is preliminary. The constituents used are the current S&P 500 membership, and the data represent the latest fiscal values. Data that do not conform, or were deemed incomplete for presentation, were not utilized. Additionally, individual issues that did not have complete data were omitted from the summary data. For this reason, some of the sums or variances of the data do not match the aggregates. This report was prepared by the Standard & Poor's Index Analysis and Management Group, which is separate from the Standard & Poor's Credit Market Services Group (fixed income) and separate from Standard & Poor's Equity Research Services. This report does not discuss ratings or credit market aspects and does not make any buy/hold/sell recommendations for any securities.

The data is based on company fiscal year, due to a lack of quarterly reporting. The data aggregates therefore do not match official index series data.

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