

1Q07

## IBM Income Statement

Apr-07

Actual

Currency impact: 3%

		1Q07 (\$ mill)	% of Total	Annual Change	1Q06 (\$ mill)	% of Total	1Q05 (\$ mill)	% of Total
<b>Revenue</b>	<i>Fcst</i>							
Hardware	4,803	4,521	20.5%	2.3%	4,419	21.4%	4,289	18.7%
Global Bus Services		4,183	19.0%	8.7%	3,848	18.6%	3,887	17.0%
Global Tech Services	10,677	8,258	37.5%	7.0%	6,393	30.9%	6,479	28.3%
Maintenance	1,353				1,326	6.4%	1,343	5.9%
Software	4,259	4,251	19.3%	8.8%	3,907	18.9%	3,814	16.6%
Other (incl PC in 2005)	25	203	0.9%	10.3%	184		2,517	
Global Financing	589	614	2.8%	5.6%	582	2.8%	579	2.5%
<b>Total Revenue</b>	21,705	22,029	100.0%	6.6%	20,659	99.1%	22,908	89.0%
	<i>Currency adjusted</i>	21,368		3.4%				
<b>Costs</b>	GM							
Cost of Hardware	34.8%	2,949	13.4%	-1.9%	3,006	14.6%	4,894	21.4%
Cost of Bus Services	23.8%	3,189	14.5%	5.4%	3,025	14.6%	3,230	14.1%
Cost of Tech Services	29.2%	5,847	26.5%	25.5%	4,660	22.6%	4,820	21.0%
Cost of Maintenance	38.0%				806	3.9%	806	3.5%
Cost of Software	83.6%	698	3.2%	13.2%	617	3.0%	483	2.1%
Other	12.0%	179	0.8%	-1.8%	182	0.9%	157	0.7%
Global Financing	50.9%	302	1.4%	9.7%	275	1.3%	264	1.2%
<b>Total Costs</b>		13,164	59.8%	4.7%	12,571	60.8%	14,654	64.0%
<b>Gross Profit</b>	8,394	8,866	40.2%	9.6%	8,088	39.2%	8,254	36.0%
SG&A Expenses		5,089	23.1%	10.6%	4,602	22.3%	4,933	21.5%
RD&E Expenses		1,509	6.9%	3.7%	1,456	7.0%	1,459	6.4%
<b>Total Costs &amp; Expenses</b>		19,762	89.7%	6.1%	18,629	90.2%	21,046	91.9%
<b>Operating Income</b>	2,428	2,267	10.3%	11.6%	2,031	9.8%	1,862	8.1%
Intellectual Property Income		-205	-0.9%	-10.5%	-229	-1.1%	-219	-1.0%
Other Income		-180	-0.8%	-26.8%	-246	-1.2%	22	0.1%
Interest Expenses		73	0.3%	10.6%	66	0.3%	49	0.2%
<b>Earnings (Loss) Before Tax</b>		2,579	11.7%	5.7%	2,440	11.8%	2,010	8.8%
Tax/Rate		735	28.5%	0.4%	732	30.0%	603	30.0%
Disco'd Operations							-5	
<b>Net Earnings</b>	1,929	1,844	8.4%	8.0%	1,708	8.3%	1,402	6.1%
Shares # (basic)		1,499.6		-4.2%	1,564.5		1,628.7	
EPS (basic)	1.28	1.23		12.7%	1.09		0.85	