

4Q06

IBM Income Statement

Jan-07

- FORECAST/ACTUAL -

Currency impact: 3%

	4Q06	% of	Annual	4Q05	% of	4Q04	% of	
	(\$ mill)	Total	Change	(\$ mill)	Total	(\$ mill)	Total	
Revenue (Gross Income):								
Hardware	7,193	27.4%	4.3%	6,897	28.2%	9,495	34.3%	
Services	10,900	41.5%	6.5%	10,236	41.9%	10,909	39.4%	
Maintenance	1,870	7.1%	6.0%	1,764	7.2%	1,696	6.1%	
Software	5,651	21.5%	15.3%	4,901	20.1%	4,549	16.4%	
Other	19	0.1%	-20.8%	24	0.1%	365	1.3%	
Global Financing	625	2.4%	3.3%	605	2.5%	657	2.4%	
Total	26,257	100.0%	7.5%	24,427	100.0%	27,671	100.0%	
<i>Currency adjusted</i>	25,469		4.3%					
Costs (e)								
	<i>GP Margin</i>							
Cost of Hardware	41.0%	4,242	16.2%	6.3%	3,992	16.3%	6,364	23.0%
Cost of Services	26.2%	8,047	30.6%	6.2%	7,576	31.0%	8,387	30.3%
Cost of Maintenance	38.0%	1,159	4.4%	2.7%	1,129	4.6%	1,018	3.7%
Cost of Software	86.5%	763	2.9%	52.0%	502	2.1%	500	1.8%
Enterprise Investments	-28.6%	24	0.1%	-88.1%	206	0.8%	245	0.9%
Global Financing	48.7%	320	1.2%	24.4%	258	1.1%	265	1.0%
Total Cost of Rev.	14,556	55.4%	6.5%	13,662	55.9%	16,779	60.6%	
Gross Profit	11,701	44.6%	8.7%	10,765	44.1%	10,738	38.8%	
SG&A Expenses	5,620	21.4%	7.0%	5,252	21.5%	5,439	19.7%	
One-time Charges								
RD&E Expenses	1,587	6.0%	8.8%	1,459	6.0%	1,514	5.5%	
Total Costs	21,763	82.9%	6.8%	20,373	83.4%	23,732	85.8%	
Operating Income	4,494	17.1%	10.9%	4,053	16.6%	3,785	13.7%	
Intellectual Property Income	(241)	-0.9%	5.7%	(228)	-0.9%	(298)	-1.1%	
Other Income	(150)	-0.6%	-55.1%	(334)	-1.4%	(4)	-0.0%	
Interest Expenses	71	0.3%	47.9%	48	0.2%	39	0.1%	
Earnings (Loss) Before Tax	4,814	18.3%	5.4%	4,567	18.7%	4,048	14.6%	
Tax/Rate	1,350	28.1%	0.2%	1,348	29.5%	1,206	29.8%	
Preferred Stock Div.								
Net Earnings	3,464	554.5%	7.6%	3,219	532.4%	2,842	432.9%	
Disco'd Ops (loss); Acctng Chng	76			(33)		(15)		
Net Earnings	3,541	13.5%	11.1%	3,187	13.0%	2,827	10.2%	
Shares # (basic)	1,507.3		-4.5%	1,578.5		1,659.0		
Net Earnings/Share	2.35		16.3%	2.02		1.70		
Gross Profit:	GP	GM		GP	GM	GP	GM	
Hardware	2,951	41.0%	1.6%	2,905	42.1%	3,131	33.0%	
Services	2,852	26.2%	7.2%	2,660	26.0%	2,522	23.1%	
Software	4,888	86.5%	11.1%	4,399	89.8%	4,049	89.0%	
Maintenance	710	38.0%	11.9%	635	36.0%	678	40.0%	
Other	(5)	-28.6%	-97.0%	(182)	-758.6%	120	32.9%	
Global Financing	304	48.7%	-12.4%	347	57.4%	392	59.6%	

Source: Annex Research

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