

2Q08

IBM Income Statement

Jun-08

Forecast

Currency impact: 2%

(Forecast)	2Q08 (\$ mill)	% of Total	Annual Change	2Q07 (\$ mill)	% of Total	2Q06 (\$ mill)	% of Total	
Revenue (Gross Income):								
Hardware	5,357	20.7%	5.0%	5,102	21.5%	5,014	22.9%	
Global Bus Services	4,771	18.4%	10.0%	4,338	18.2%	3,939	18.0%	
Global Tech Services	9,632	37.2%	10.0%	8,756	36.8%	6,572	30.0%	
Maintenance					0.0%	1,383	6.3%	
Software	5,303	20.5%	11.0%	4,777	20.1%	4,241	19.4%	
Other	222	0.9%	10.0%	201	0.8%	165	0.8%	
Global Financing	627	2.4%	5.0%	597	2.5%	576	2.6%	
Total Revenue	25,911	100.0%	9.0%	23,772	100.0%	21,890	100.0%	
Currency adjusted	25,393		6.8%					
Costs (e)								
	GM							
Cost of Hardware	38.0%	3,321	12.8%	3.8%	3,199	13.5%	3,183	14.5%
Cost of Bus Services	24.0%	3,626	14.0%	10.4%	3,284	13.8%	3,017	13.8%
Cost of Tech Services	30.0%	6,742	26.0%	9.7%	6,147	25.9%	4,777	21.8%
Cost of Maintenance	38.0%					806	3.7%	
Cost of Software	84.0%	848	3.3%	17.7%	721	3.0%	668	3.1%
Other	20.0%	177	0.7%	9.4%	162	0.7%	140	0.6%
Global Financing	46.0%	338	1.3%	5.1%	322	1.4%	284	1.3%
Total Cost of Rev.		15,054	58.1%	8.8%	13,835	58.2%	12,876	58.8%
Gross Profit	10,858	41.9%	9.3%	9,937	41.8%	9,014	41.2%	
SG&A Expenses								
One-time Charges		6,194	23.9%	10.0%	5,631	23.7%	4,916	22.5%
RD&E Expenses								
		1,546	6.0%	0.8%	1,534	6.5%	1,522	7.0%
Total Costs & Expenses		22,794	88.0%	8.5%	21,000	88.3%	19,314	88.2%
Operating Income	3,117	12.0%	12.3%	2,775	11.7%	2,579	11.8%	
Intellectual Property Income**		-246	-0.9%	0.0%	-246	-1.0%	-188	-0.9%
Other Income		-253	-1.0%	0.0%	-253	-1.1%	-196	-0.9%
Interest Expense		130	0.5%	0.0%	130	0.5%	72	0.3%
Earnings (Loss) Before Tax		3,487	13.5%	10.9%	3,144	13.2%	2,891	13.2%
Tax/Rate (Credit)		873	25.0%	34.7%	648	20.6%	867	30.0%
Net Earnings	2,614	10.1%	4.7%	2,496	10.5%	2,024	9.2%	
Disco'd Operations								
Net Earnings after Disc Ops		2,614	10.1%	4.7%	2,496	10.5%	2,024	9.2%
Shares # (basic)								
		1,379.5	-4.0%		1,437.0		1,538.1	
EPS (basic)	1.89	1.89	9.1%	1.74		1.32		

Source: Annex Research