

3Q08

IBM Income Statement

Jun-08

Forecast

Currency impact: 2%

	(Forecast)	3Q08 (\$ mill)	% of Total	Annual Change	3Q07 (\$ mill)	% of Total	3Q06 (\$ mill)	% of Total
Revenue (Gross Income):								
Hardware*		5,045	19.1%	3%	4,898	20.3%	5,466	24.2%
Global Bus Services		5,136	19.5%	12.0%	4,586	19.0%	3,959	17.5%
Global Tech Services		10,184	38.6%	12.0%	9,093	37.7%	6,635	29.3%
Maintenance						0.0%	1,423	6.3%
Software		5,116	19.4%	9%	4,694	19.5%	4,406	19.5%
Other		270	1.0%	20%	225	0.9%	141	0.6%
Global Financing		648	2.5%	4%	623	2.6%	587	2.6%
Total	26,400	26,400	100.0%	9%	24,119	100.0%	22,617	100.0%
	<i>Currency adjusted</i>	25,872		7.3%				
Costs								
Cost of Hardware	GP Margin 39.0%	3,077	11.7%	2.2%	3,012	12.5%	3,379	14.9%
Cost of Bus Services	23.0%	3,955	15.0%	11.8%	3,536	14.7%	3,056	13.5%
Cost of Tech Services	30.0%	7,129	27.0%	13.0%	6,311	26.2%	4,813	21.3%
Cost of Maintenance	38.0%						806	3.6%
Cost of Software	84.2%	808	3.1%	8.9%	742	3.1%	646	2.9%
Other	2.7%	263	1.0%	20.0%	219	0.9%	122	0.5%
Global Financing	45.0%	356	1.3%	3.3%	345	1.4%	302	1.3%
Total Cost of Rev.		15,589	59.0%	10.1%	14,165	58.7%	13,125	58.0%
Gross Profit	10,812	10,812	41.0%	8.6%	9,954	41.3%	9,492	42.0%
SG&A Expenses		5,537	21.0%	4.0%	5,324	22.1%	5,121	22.6%
One-time Charges								
RD&E Expenses		1,524	5.8%	0.0%	1,524	6.3%	1,543	6.8%
Total Costs & Exp.		22,650	85.8%	7.8%	21,013	87.1%	19,789	87.5%
Operating Income	3,750	3,750	14.2%	20.7%	3,106	12.9%	2,828	12.5%
Intellectual Property Income		-270	-1.0%	0.0%	-270	-1.1%	-242	-1.1%
Other Income		-95	-0.4%	0.0%	-95	-0.4%	-174	-0.8%
Interest Expense		193	0.7%	0.0%	193	0.8%	70	0.3%
Earnings (Loss) Before Tax		3,924	14.9%	19.7%	3,278	13.6%	3,174	14.0%
Tax/Rate		1,099	28.0%	19.7%	918	28.0%	952	30.0%
Net Earnings (Loss)		2,826	436.1%	19.7%	2,360	378.8%	2,222	378.6%
Disco'd Operations (loss)								
Net Earnings	2,826	2,826	10.7%	19.7%	2,360	9.8%	2,222	9.8%
Shares # (basic)		1,316.2		-4.0%	1,371.0		1,513.2	
EPS (basic)	2.15	2.15		24.7%	1.72		1.47	

Source: Annex Research