

4Q07

IBM Income Statement

Jan-08

Actual

Currency impact: 6%

	(Forecast)	4Q07 (\$ mill)	% of Total	Annual Change	4Q06 (\$ mill)	% of Total	4Q05 (\$ mill)	% of Total
Revenue (Gross Income):								
Hardware		6,796	23.5%	-3.9%	7,070	26.9%	6,849	28.0%
Global Bus Services		4,933	17.1%	16.8%	4,223	16.1%	3,980	16.3%
Global Tech Services		9,997	34.6%	16.4%	6,737	25.7%	6,256	25.6%
Maintenance					1,853	7.1%	1,764	7.2%
Software		6,259	21.7%	11.6%	5,607	21.4%	4,901	20.1%
Other		212	0.7%	44.5%	147	0.6%	74	0.3%
Global Financing		668	2.3%	7.7%	620	2.4%	603	2.5%
Total	27,617	28,866	100.0%	9.9%	26,257	100.0%	24,427	100.0%
	<i>Currency adjusted</i>	27,134		3.3%				
Costs (e)								
	GP Margin							
Cost of Hardware	45.7%	3,694	12.8%	-10.3%	4,118	15.7%	3,992	16.3%
Cost of Bus Services	23.1%	3,795	13.1%	19.4%	3,180	12.1%	3,168	13.0%
Cost of Tech Service	30.1%	6,989	24.2%	33.4%	5,238	19.9%	4,736	19.4%
Cost of Maintenance	38.0%				806	3.1%	806	3.3%
Cost of Software	87.1%	807	2.8%	6.4%	759	2.9%	502	2.1%
Other	-15.8%	246	0.9%	56.7%	157	0.6%	49	0.2%
Global Financing	45.5%	364	1.3%	14.4%	318	1.2%	258	1.1%
Total Cost of Rev.		15,895	55.1%	9.1%	14,576	55.5%	13,510	55.3%
Gross Profit	12,193	12,970	44.9%	10.8%	11,701	44.6%	10,917	44.7%
SG&A Expenses		6,016	20.8%	7.0%	5,620	21.4%	5,252	21.5%
One-time Charges								
RD&E Expenses		1,586	5.5%	-0.1%	1,587	6.0%	1,459	6.0%
Total Costs		23,497	81.4%	7.9%	21,783	83.0%	20,221	82.8%
Operating Income	4,482	5,369	18.6%	19.5%	4,494	17.1%	4,206	17.2%
Intellectual Property Income		-236	-0.8%	-2.1%	-241	-0.9%	-228	-0.9%
Other Income		-98	-0.3%	-34.7%	-150	-0.6%	-334	-1.4%
Interest Expenses		214	0.7%	201.4%	71	0.3%	48	0.2%
Earnings (Loss) Before Tax		5,489	19.0%	14.0%	4,814	18.3%	4,720	19.3%
Tax/Rate		1,537	28.0%	13.8%	1,350	28.0%	1,348	28.6%
Preferred Stock Div.								
Net Earnings		3,952	591.9%	14.1%	3,464	558.8%	3,372	559.2%
Disco'd Ops (loss); Acctng Chng					76		-33	
Net Earnings	3,410	3,951	13.7%	11.6%	3,541	13.5%	3,340	13.7%
Shares # (basic)		1,384.1		-8.2%	1,507.3		1,578.5	
EPS (basic)	2.37	2.85		21.5%	2.35		2.12	

Source: Annex Research