

4Q07

IBM Pretax Profitability

Jan-08

Actual

Business Segments

	Revenue		<u>4Q07</u>	4Q06 (cust)	Pretax Profit		<u>4Q06</u>	<u>Margins</u>
	<u>Customer</u>	<u>Internal</u>			<u>4Q07</u>	<u>Margins</u>		
Systems & Tech	6,796	240	7,036	7,070	1,364	19.4%	1,158	16.4%
Global Tech Services	9,997	393	10,390	8,590	1,061	10.2%	843	9.8%
Global Bus Services	4,933	287	5,220	4,223	588	11.3%	538	12.7%
Software	6,056	632	6,688	5,607	2,015	30.1%	2,015	35.9%
<u>Global Financing</u>	589	<u>488</u>	1,077	<u>620</u>	387	<u>35.9%</u>	<u>387</u>	<u>62.4%</u>
Sub-Total	28,371	2,040	30,411	26,110	5,414	17.8%	4,941	18.9%
Eliminations			2,040	-2,266	-298			
Total	28,866		28,866	23,844	5,489	19.0%	4,814	20.2%

Source: Annex Research

*Includes maintenance