

Full Year

IBM Income Statement

Jan-09

Income Statements	2006		2007		2008 Forecast			2009 Forecast		
	Actual	% of	Actual	% of	Forecast	% of	Change	Forecast	% of	Change
	(\$ Mill)	Sales	(\$ Mill)	Sales	(\$ Mill)	Sales	08/07	(\$ Mill)	Sales	09/08
Revenue:										
Hardware	21,970	24.0%	21,315	21.6%	19,978	19.0%	-6.3%	19,579	18.1%	-2.0%
Global Business Services	15,969	17.5%	18,041	18.3%	19,949	19.0%	10.6%	20,946	19.3%	5.0%
Global Technology Services	32,322	35.4%	36,105	36.5%	39,837	37.9%	10.3%	41,829	38.6%	5.0%
Software	18,161	19.9%	19,980	20.2%	21,992	20.9%	10.1%	22,652	20.9%	3.0%
Other	637	0.7%	842	0.9%	847	0.8%	0.6%	847	0.8%	0.0%
<u>Global Financing</u>	<u>2,365</u>	<u>2.6%</u>	<u>2,502</u>	<u>2.5%</u>	<u>2,500</u>	<u>2.4%</u>	<u>-0.1%</u>	<u>2,425</u>	<u>2.2%</u>	<u>-3.0%</u>
Total Revenue	91,424	100.0%	98,786	100.0%	105,106	100.0%	6.4%	108,279	100.0%	3.0%
Costs										
Cost of Hardware	13,686	15.0%	12,854	13.0%	12,049	11.5%	-6.3%	11,747	10.8%	-2.5%
Cost of Business Services	12,278	13.4%	13,804	14.0%	14,550	13.8%	5.4%	14,563	13.4%	0.1%
Cost of Technology Services	22,713	24.8%	25,293	25.6%	27,235	25.9%	7.7%	28,285	26.1%	3.9%
Cost of Software	2,690	2.9%	2,969	3.0%	3,390	3.2%	14.2%	3,851	3.6%	13.6%
Other	601	0.7%	805	0.8%	865	0.8%	7.5%	762	0.7%	-11.9%
<u>Global Financing</u>	<u>1,177</u>	<u>1.3%</u>	<u>1,333</u>	<u>1.3%</u>	<u>1,247</u>	<u>1.2%</u>	<u>-6.4%</u>	<u>1,577</u>	<u>1.5%</u>	<u>26.4%</u>
Total Costs	53,145	58.1%	57,057	57.8%	59,337	56.5%	4.0%	60,784	56.1%	2.4%
Gross Profit	38,297	41.9%	41,729	42.2%	45,771	43.5%	9.7%	47,495	43.9%	3.8%
SG&A Expenses	20,259	22.2%	22,060	22.3%	23,992	22.8%	8.8%	23,821	22.0%	-0.7%
<u>RD&E Expenses</u>	<u>6,107</u>	<u>6.7%</u>	<u>6,153</u>	<u>6.2%</u>	<u>6,393</u>	<u>6.1%</u>	<u>3.9%</u>	<u>6,713</u>	<u>6.2%</u>	<u>5.0%</u>
Total Costs & Expenses	79,511	87.0%	85,270	86.3%	89,721	85.4%	5.2%	91,319	84.3%	1.8%
Operating Income	11,931	13.1%	13,516	13.7%	15,385	14.6%	13.8%	16,960	15.7%	10.2%
Intellectual Property Income	-900	-1.0%	-958	-1.0%	-958	-0.9%	0.0%	-977	-0.9%	2.0%
Other Income	-766	-0.8%	-626	-0.6%	-626	-0.6%	0.0%	-639	-0.6%	2.0%
Interest Expenses	278	0.3%	611	0.6%	611	0.6%	0.0%	642	0.6%	5.0%
Earnings Before Tax	13,319	14.6%	14,489	14.7%	16,048	15.3%	10.8%	17,934	16.6%	11.8%
Tax/Rate	3,901	29.3%	4,071	28.1%	4,438	27.7%	9.0%	5,739	32.0%	29.3%
Net Earnings	9,418	10.3%	10,418	10.5%	11,610	11.0%	11.4%	12,195	11.3%	5.0%
Disco'd ops, acct change	76									
Net Earnings (Loss)	9,494	10.4%	10,418	10.5%	11,610	11.0%	11.4%	12,195	11.3%	5.0%
No. of Shares (Mill)	1,530.8		1,423.0		1,364.4		-4.1%	1,337.1		-2.0%
Earnings/Share (Basic)	6.20		7.32		8.51		16.2%	9.12		7.2%

Source: Annex Research