

4Q08

IBM Income Statement

Jan-09

Forecast

Currency impact: 0%

	(Forecast)	4Q08 (\$ mill)	% of Total	Annual Change	4Q07 (\$ mill)	% of Total	4Q06 (\$ mill)	% of Total
Revenue (Gross Income):								
Hardware		6,116	21.5%	-10.0%	6,796	23.5%	7,070	26.9%
Global Bus Services		5,032	17.7%	2.0%	4,933	17.1%	4,223	16.1%
Global Tech Services		10,197	35.8%	2.0%	9,997	34.6%	6,737	25.7%
Maintenance							1,853	7.1%
Software		6,322	22.2%	1.0%	6,259	21.7%	5,607	21.4%
Other		214	0.8%	1.0%	212	0.7%	147	0.6%
Global Financing		601	2.1%	-10.0%	668	2.3%	620	2.4%
Total	31,762	28,483	100.0%	-1.3%	28,865	100.0%	26,257	100.0%
	<i>Currency adjusted</i>	28,483		-1.3%				
Costs (e)								
	<i>GP Margin</i>							
Cost of Hardware	45.0%	3,364	11.8%	-8.9%	3,694	12.8%	4,118	15.7%
Cost of Bus Services	30.0%	3,522	12.4%	-7.2%	3,795	13.1%	3,180	12.1%
Cost of Tech Service	31.0%	7,036	24.7%	0.7%	6,989	24.2%	5,238	19.9%
Maintenance							806	3.1%
Cost of Software	85.0%	948	3.3%	17.5%	807	2.8%	759	2.9%
Other	-10.0%	236	0.8%	-4.2%	246	0.9%	157	0.6%
Global Financing	45.0%	331	1.2%	-9.2%	364	1.3%	318	1.2%
Total Cost of Rev.		15,436	54.2%	-2.9%	15,895	55.1%	14,576	55.5%
Gross Profit	14,063	13,046	45.8%	0.6%	12,970	44.9%	11,701	44.6%
SG&A Expenses		6,440	22.6%	7.0%	6,016	20.8%	5,620	21.4%
One-time Charges								
RD&E Expenses		1,586	5.6%	0.0%	1,586	5.5%	1,587	6.0%
Total Costs		23,462	82.4%	-0.2%	23,497	81.4%	21,783	83.0%
Operating Income	6,038	5,021	17.6%	-6.5%	5,368	18.6%	4,494	17.1%
Intellectual Property Income		-236	-0.8%	0.0%	-236	-0.8%	-241	-0.9%
Other Income		-98	-0.3%	0.0%	-98	-0.3%	-150	-0.6%
Interest Expenses		214	0.8%	0.0%	214	0.7%	71	0.3%
Earnings (Loss) Before Tax		5,141	18.0%	-6.3%	5,488	19.0%	4,814	18.3%
Tax/Rate		1,439	28.0%	-6.4%	1,537	28.0%	1,350	28.0%
Preferred Stock Div.								
Net Earnings		3,701	615.7%	-6.3%	3,951	591.4%	3,464	558.8%
Disco'd Ops (loss); Acctng Chng							76	
Net Earnings	4,433	3,700	13.0%	-6.4%	3,951	13.7%	3,541	13.5%
Shares # (basic)		1,328.6		-4.0%	1,384.0		1,507.3	
EPS (basic)	3.34	2.79		-2.4%	2.85		2.35	

Source: Annex Research