4Q07 IBM Income Statement

Apr-07

Forecast

Currency impact: *3%*

		4Q07 ($ mill)	% of Total	*Annual Change*	4Q06 ($ mill)	% of Total	4Q05 ($ mill)	% of Total
Revenue (Gross Income):								
Hardware		7,494	27.1%	6.0%	7,070	26.9%	6,849	28.0%
Global Bus Services		4,476	16.2%	*6.0%*	4,223	16.1%	3,980	16.3%
Global Tech Services		8,934	32.3%	*4.0%*	6,737	25.7%	6,256	25.6%
Maintenance					*1,853*	*7.1%*	*1,764*	*7.2%*
Software		6,056	21.9%	*8.0%*	5,607	21.4%	4,901	20.1%
Other		19	0.1%	*-87.1%*	147	0.6%	74	0.3%
Global Financing		639	2.3%	*3.0%*	620	2.4%	603	2.5%
Total	27,617	27,617	100.0%	*5.2%*	26,257	100.0%	24,427	100.0%
Currency adjusted		***26,789***		***2.0%***				
Costs (e)	*GP Margin*							
Cost of Hardware	*39.0%*	4,571	16.6%	*11.0%*	4,118	15.7%	3,992	16.3%
Cost of Bus Services	*24.0%*	3,402	12.3%	*7.0%*	3,180	12.1%	3,168	13.0%
Cost of Tech Service	*30.0%*	6,254	22.6%	*19.4%*	5,238	19.9%	4,736	19.4%
Cost of Maintenance	*38.0%*				*806*	*3.1%*	*806*	*3.3%*
Cost of Software	*86.0%*	848	3.1%	*11.7%*	759	2.9%	502	2.1%
Other	*10.0%*	17	0.1%	*-89.1%*	157	0.6%	49	0.2%
Global Financing	*48.0%*	332	1.2%	*4.4%*	318	1.2%	258	1.1%
Total Cost of Rev.		15,424	55.8%	*5.8%*	14,576	55.5%	13,510	55.3%
Gross Profit	12,193	12,193	44.2%	*4.4%*	11,681	44.5%	10,917	44.7%
SG&A Expenses		6,013	21.8%	*7.0%*	5,620	21.4%	5,252	21.5%
One-time Charges								
RD&E Expenses		1,698	6.1%	*7.0%*	1,587	6.0%	1,459	6.0%
Total Costs		23,135	83.8%	*6.2%*	21,783	83.0%	20,221	82.8%
Operating Income	4,482	**4,482**	**16.2%**	***0.2%***	**4,474**	**17.0%**	**4,206**	**17.2%**
Intellectual Property Income		-241	-0.9%	*0.0%*	-241	-0.9%	-228	-0.9%
Other Income		-150	-0.5%	*0.0%*	-150	-0.6%	-334	-1.4%
Interest Expenses		71	0.3%	*0.0%*	71	0.3%	48	0.2%
Earnings (Loss) Before Tax		**4,802**	**17.4%**	***0.2%***	**4,794**	**18.3%**	**4,720**	**19.3%**
Tax/Rate		1,393	29.0%	*3.1%*	1,350	28.2%	1,348	28.6%
Preferred Stock Div.								
Net Earnings		3,409	533.9%	*-1.0%*	3,444	555.6%	3,372	559.2%
Disco'd Ops (loss); Acctng Chng					76		-33	
Net Earnings	*3,410*	**3,410**	**12.3%**	***-3.1%***	**3,521**	**13.4%**	**3,340**	**13.7%**
Shares # (basic)		1,439.3		*-4.5%*	1,507.3		1,578.5	
EPS (basic)	*2.37*	2.37		*1.4%*	2.34		2.12	

Source: Annex Research