

1Q07

IBM Income Statement

Apr-07

Forecast

Currency impact: 3%

		1Q07 (\$ mill)	% of Total	Annual Change	1Q06 (\$ mill)	% of Total	1Q05 (\$ mill)	% of Total
Revenue (Gross Income):								
	<i>Fcst</i>							
Hardware	4,803	4,803	22.1%	5.0%	4,574	22.1%	6,754	29.5%
Services	10,677	10,677	49.2%	4.3%	10,241	49.6%	10,366	45.3%
Maintenance	1,353	1,353	6.2%	2.0%	1,326	6.4%	1,343	5.9%
Software	4,259	4,259	19.6%	9.0%	3,907	18.9%	3,814	16.6%
Other	25	25	0.1%	-10.7%	28		51	
Global Financing	589	589	2.7%	1.0%	583	2.8%	580	2.5%
Total Revenue	21,705	21,705	100.0%	5.1%	20,659	99.9%	22,908	99.8%
	<i>Currency adjusted</i>	21,054		1.9%				
Costs								
	GM							
Cost of Hardware	33.0%	3,218	14.8%	2.1%	3,151	15.3%	4,894	21.4%
Cost of Services	23.4%	8,184	37.7%	6.6%	7,680	37.2%	8,049	35.1%
Cost of Maintenance	38.0%	839	3.9%	4.1%	806	3.9%	806	3.5%
Cost of Software	83.0%	724	3.3%	17.3%	617	3.0%	483	2.1%
Other	10.0%	23	0.1%	-46.4%	42	0.2%	157	0.7%
Global Financing	45.0%	324	1.5%	17.8%	275	1.3%	264	1.2%
Total Costs		13,310	61.3%	5.9%	12,571	60.8%	14,654	64.0%
Gross Profit	8,394	8,394	38.7%	3.8%	8,088	39.2%	8,254	36.0%
SG&A Expenses		4,510	20.8%	-2.0%	4,602	22.3%	4,933	21.5%
RD&E Expenses		1,456	6.7%	0.0%	1,456	7.0%	1,459	6.4%
Total Costs & Expenses		19,276	88.8%	3.5%	18,629	90.2%	21,046	91.9%
Operating Income	2,428	2,428	11.2%	19.6%	2,030	9.8%	1,862	8.1%
Intellectual Property Income		-229	-1.1%	0.0%	-229	-1.1%	-219	-1.0%
Other Income		-246	-1.1%	0.0%	-246	-1.2%	22	0.1%
Interest Expenses		66	0.3%	0.0%	66	0.3%	49	0.2%
Earnings (Loss) Before Tax		2,837	13.1%	16.3%	2,440	11.8%	2,010	8.8%
Tax/Rate		908	32.0%	24.0%	732	30.0%	603	30.0%
Disco'd Operations							-5	
Net Earnings	1,929	1,929	8.9%	13.0%	1,708	8.3%	1,402	6.1%
Shares # (basic)		1,502.9		-3.9%	1,564.5		1,628.7	
EPS (basic)	1.28	1.28		17.6%	1.09		0.85	
Gross Profit:								
		GP	G M		GP	G M	GP	G M
Hardware		1,585	33.0%	11.4%	1,423	31.1%	1,860	27.5%
Services		2,493	23.4%	-2.6%	2,561	25.0%	2,317	22.3%
Software		3,535	83.0%	7.4%	3,290	84.2%	3,331	87.3%
Maintenance		514	38.0%	-1.2%	520	39.2%	537	40.0%
Other		3	10.0%	-117.9%	-14	-50.0%	-106	-208.8%
Global Financing		265	45.0%	-14.0%	308	52.8%	316	54.5%