

Table 2

IBM Global Services - Financial Results

May-09

(Fiscal year end: Dec 31)

	2008	% of	Change	2007	% of	2006	% of
	(\$ Mill)	Rev	06/05	(\$ Mill)	Rev	(\$ Mill)	Rev
Revenue (by business segment)							
Customer Revenue (w/o Maint.)	\$51,642		9.0%	\$47,387		\$42,342	
Global Technical Service	\$39,266	67%	9%	\$36,103	67%	\$32,322	67%
Outsourcing	\$20,183	34%	8%	\$18,701	35%	\$17,043	35%
Integrated Technology Serv	\$9,283	16%	10%	\$8,438	16%	\$7,448	15%
Business Process Outsourc	\$2,550	4%	11%	\$2,294	4%	\$1,845	4%
Maintenance	\$7,250	12%	9%	\$6,670	12%	\$5,986	12%
Global Business Services	\$19,628	33%	9%	\$18,041	33%	\$15,969	33%
Total Revenue	\$58,892	100%	8.9%	\$54,057	100%	\$48,328	100%
Cost of Revenues	\$40,937	69.5%	4.5%	\$39,160	72.4%	\$35,065	72.6%
Gross Profit/Margin	17,955	30.5%	20.5%	14,897	27.6%	13,263	27.4%
Expenses							
R&D Expenses	\$3,003	5.1%	11.3%	\$2,699	5.0%	\$2,354	4.9%
<u>Selling, Gen. & Administrative</u>	<u>\$7,491</u>	<u>12.7%</u>	<u>16.9%</u>	<u>\$6,406</u>	<u>11.9%</u>	<u>\$5,766</u>	<u>11.9%</u>
Total Expenses	\$10,495	17.8%	15.3%	\$9,105	16.8%	\$8,119	16.8%
Total Costs and Expenses	\$51,432	87.3%	6.6%	\$48,265	89.3%	\$43,184	89.4%
Operating Profit (Loss)	\$7,460	12.7%	28.8%	\$5,792	10.7%	\$5,144	10.6%
Other Expenses (Income)	\$177	0.3%	21.9%	\$162	0.3%	\$145	0.3%
Income (Loss) Before Tax	\$7,288	12.4%	29.7%	\$5,621	10.4%	\$4,994	10.3%
Income Tax	\$1,909	26.2%	20.9%	\$1,580	28.1%	\$1,463	29.3%
Net Income (Loss)	\$5,378	9.1%	33.1%	\$4,042	7.5%	\$3,531	7.3%

Source: Annex Research