

Consolidated Income Statement

International Business Machines Corporation and Subsidiary Companies

(\$ in millions except per share amounts)

For the year ended December 31:	Notes	2019	2018	2017
Revenue				
Services		\$47,493	\$49,257*	\$48,652*
Sales		28,252	28,735*	28,772*
Financing		1,402	1,599	1,715
Total revenue	C	77,147	79,591	79,139
Cost				
Services		32,491	33,687*	33,399*
Sales		7,263	7,835*	7,587*
Financing		904	1,132	1,210
Total cost		40,659	42,655	42,196
Gross profit		36,488	36,936	36,943
Expense and other (income)				
Selling, general and administrative		20,604	19,366	19,680
Research, development and engineering	F	5,989	5,379	5,590
Intellectual property and custom development income		(648)	(1,026)	(1,466)
Other (income) and expense		(968)	1,152	1,125
Interest expense	P&T	1,344	723	615
Total expense and other (income)		26,322	25,594	25,543
Income from continuing operations before income taxes		10,166	11,342	11,400
Provision for income taxes	G	731	2,619	5,642
Income from continuing operations		9,435	8,723	5,758
Income/(loss) from discontinued operations, net of tax		(4)	5	(5)
Net income		\$ 9,431	\$ 8,728	\$ 5,753
Earnings/(loss) per share of common stock				
Assuming dilution				
Continuing operations	H	\$ 10.57	\$ 9.51	\$ 6.14
Discontinued operations	H	(0.01)	0.01	0.00
Total	H	\$ 10.56	\$ 9.52	\$ 6.14
Basic				
Continuing operations	H	\$ 10.63	\$ 9.56	\$ 6.17
Discontinued operations	H	0.00	0.01	0.00
Total	H	\$ 10.63	\$ 9.57	\$ 6.17
Weighted-average number of common shares outstanding				
Assuming dilution		892,813,376	916,315,714	937,385,625
Basic		887,235,105	912,048,072	932,828,295

* Reclassified to conform to 2019 presentation. Refer to "Basis of Presentation" in note A, "Significant Accounting Policies."

Amounts may not add due to rounding.

The accompanying notes are an integral part of the financial statements.