

Selected Quarterly Data

International Business Machines Corporation and Subsidiary Companies

(\$ in millions except per share amounts)

2019	First Quarter	Second Quarter	Third Quarter*	Fourth Quarter*	Full Year
Revenue	\$18,182	\$19,161	\$18,028	\$21,777	\$77,147
Gross profit	\$ 8,043	\$ 9,010	\$ 8,336	\$11,100	\$36,488
Income from continuing operations	\$ 1,593	\$ 2,499	\$ 1,673	\$ 3,669	\$ 9,435
Income/(loss) from discontinued operations, net of tax	\$ (2)	\$ (1)	\$ (1)	\$ 0	\$ (4)
Net income	\$ 1,591	\$ 2,498	\$ 1,672	\$ 3,670	\$ 9,431
Operating (non-GAAP) earnings**	\$ 2,009	\$ 2,827	\$ 2,394	\$ 4,206	\$11,436
Earnings per share of common stock— continuing operations ⁺					
Assuming dilution	\$ 1.78	\$ 2.81	\$ 1.87	\$ 4.11	\$ 10.57
Basic	\$ 1.79	\$ 2.82	\$ 1.89	\$ 4.14	\$ 10.63
Earnings per share of common stock—total ⁺					
Assuming dilution	\$ 1.78	\$ 2.81	\$ 1.87	\$ 4.11	\$ 10.56
Basic	\$ 1.79	\$ 2.82	\$ 1.89	\$ 4.14	\$ 10.63
Diluted operating (non-GAAP)**	\$ 2.25	\$ 3.17	\$ 2.68	\$ 4.71	\$ 12.81

(\$ in millions except per share amounts)

2018	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Full Year
Revenue	\$19,072	\$20,003	\$18,756	\$21,760	\$79,591
Gross profit	\$ 8,247	\$ 9,199	\$ 8,803	\$10,687	\$36,936
Income from continuing operations	\$ 1,675	\$ 2,402	\$ 2,692	\$ 1,954	\$ 8,723
Income/(loss) from discontinued operations, net of tax	\$ 4	\$ 1	\$ 2	\$ (2)	\$ 5
Net income	\$ 1,679	\$ 2,404	\$ 2,694	\$ 1,951	\$ 8,728
Operating (non-GAAP) earnings**	\$ 2,272	\$ 2,834	\$ 3,134	\$ 4,417	\$12,657
Earnings per share of common stock— continuing operations ⁺					
Assuming dilution	\$ 1.81	\$ 2.61	\$ 2.94	\$ 2.15	\$ 9.51
Basic	\$ 1.82	\$ 2.63	\$ 2.95	\$ 2.17	\$ 9.56
Earnings per share of common stock—total ⁺					
Assuming dilution	\$ 1.81	\$ 2.61	\$ 2.94	\$ 2.15	\$ 9.52
Basic	\$ 1.82	\$ 2.63	\$ 2.95	\$ 2.17	\$ 9.57
Diluted operating (non-GAAP)**	\$ 2.45	\$ 3.08	\$ 3.42	\$ 4.87	\$ 13.81

* The company acquired Red Hat on July 9, 2019, impacting third- and fourth-quarter results.

** Refer to page 74 of the company's first-quarter 2019 Form 10-Q filed on April 30, 2019, page 98 of the company's second-quarter 2019 Form 10-Q filed on July 30, 2019, page 102 of the company's third-quarter 2019 Form 10-Q filed on October 29, 2019, and page 52 under the heading "GAAP Reconciliation" for the reconciliation of non-GAAP financial information for the quarterly periods of 2019 and 2018. Also see "GAAP Reconciliation," on page 46 for the reconciliation of non-GAAP financial information for full-year 2019 and 2018.

⁺ Earnings Per Share (EPS) in each quarter is computed using the weighted-average number of shares outstanding during that quarter while EPS for the full year is computed using the weighted-average number of shares outstanding during the year. Thus, the sum of the four quarters' EPS does not equal the full-year EPS.