

INTERNATIONAL BUSINESS MACHINES CORP
Form 8-K
January 20, 2009
o

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 8-K

**CURRENT REPORT PURSUANT TO SECTION 13 OR 15 (d)
OF THE SECURITIES EXCHANGE ACT OF 1934**

Date of Report: January 20, 2009

(Date of earliest event reported)

**INTERNATIONAL BUSINESS MACHINES
CORPORATION**

(Exact name of registrant as specified in its charter)

New York
(State of Incorporation)

1-2360
(Commission File Number)

13-0871985
(IRS employer Identification No.)

ARMONK, NEW YORK
(Address of principal executive offices)

10504
(Zip Code)

914-499-1900

(Registrant's telephone number)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- o Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

 - o Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

 - o Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

 - o Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 2.02. Results of Operations and Financial Condition.

The registrant's press release dated January 20, 2009, regarding its financial results for the periods ended December 31, 2008, including consolidated financial statements for the periods ended December 31, 2008, is Attachment I of this Form 8-K. Attachment II are the slides for IBM's Chief Financial Officer Mark Loughridge's fourth quarter earnings presentation on January 20, 2009, as well as certain reconciliation and other information (Non-GAAP Supplementary Materials) for information in Attachment I (press release), Attachment II (slides) and in Mr. Loughridge's presentation. All of the information in Attachment I and II is hereby filed except for the following information in Attachment II, which is furnished but not filed:

Slides

On Slide 6 (Transformational Impact on Segment PTI Mix), the information bars for 2000 and 2001, and the last information bar for 2008.

On Slide 11 (Expense Summary), the following statement: SG&A Ops: Growth Markets grew 9% yr/yr, Rest of World down 5% yr/yr

IBM's web site (www.ibm.com) contains a significant amount of information about IBM, including financial and other information for investors (www.ibm.com/investor/). IBM encourages investors to visit its various web sites from time to time, as information is updated and new information is posted.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, hereunto duly authorized.

Date: January 20, 2009

By: /s/ James J. Kavanaugh

James J. Kavanaugh
Vice President and Controller

IBM REPORTS 2008 FOURTH-QUARTER AND FULL-YEAR RESULTS

Full-Year 2008:

- Record revenue of \$103.6 billion;
- Record pre-tax profit of \$16.7 billion;
- Record earnings per share of \$8.93;
- Record free cash flow of \$14.3 billion, up \$1.9 billion, excluding Global Financing receivables.

Full-Year 2009:

- Earnings-per-share expectation of at least \$9.20.

Fourth-Quarter 2008:

- Diluted earnings of \$3.28 per share, up 17 percent;
- Net income of \$4.4 billion, up 12 percent;
- Gross profit margin of 47.9 percent, up 3 points;
- Revenue of \$27.0 billion, impacted by strong U.S. dollar, down 6 percent, down 1 percent adjusting for currency;
- Software revenues up 3 percent, up 9 percent adjusting for currency; pre-tax income up 15 percent;
- Global Technology Services revenue down 4 percent, up 3 percent adjusting for currency; pre-tax income up 35 percent;
- Global Business Services revenues down 5 percent, flat adjusting for currency; pre-tax income up 26 percent;
- Services signings of \$17.2 billion, 24 deals greater than \$100 million;

- Strategic outsourcing signings up 20 percent worldwide, up 44 percent in North America.

ARMONK, N.Y., January 20, 2009 . . . IBM (NYSE: IBM) today announced fourth-quarter 2008 diluted earnings of \$3.28 per share from continuing operations compared with diluted earnings of \$2.80 per share in the fourth quarter of 2007, an increase of 17 percent as reported. Fourth-quarter income from continuing operations was \$4.4 billion compared with \$4.0 billion in the fourth quarter of 2007, an increase of 12 percent. Total revenues for the fourth quarter of 2008 of \$27.0 billion decreased 6 percent (1 percent, adjusting for currency) from the fourth quarter of 2007.

A strong fourth quarter capped an outstanding year. In 2008 IBM performed well in an extremely difficult economic environment. Clearly our strategic transformation — migrating to the more profitable segments of the industry, investing in growth regions of the world, and driving productivity through global integration — is continuing to pay dividends, said Samuel J. Palmisano, IBM chairman, president and chief executive officer.

With our strong financial position, solid recurring revenue and profit streams and global reach, we are confident about 2009 and, based on our 2008 performance, we are ahead of pace on our roadmap for \$10 to \$11 per share.

IBM said that it expects full-year 2009 earnings of at least \$9.20 per share.

From a geographic perspective, the Americas' fourth-quarter revenues were \$11.5 billion, a decrease of 2 percent (up 2 percent, adjusting for currency) from the 2007 period. Revenues from Europe/Middle East/Africa were \$9.5 billion, down 12 percent (1 percent, adjusting for currency). Asia-Pacific revenues decreased 1 percent (1 percent, adjusting for currency) to \$5.5 billion. OEM revenues were \$615 million, down 31 percent compared with the 2007 fourth quarter. Revenues from the company's growth markets organization decreased 7 percent (up 6 percent, adjusting for currency) and represented 18 percent of geographic revenues.

Total Global Services revenues decreased 4 percent (up 2 percent, adjusting for currency). Global Technology Services segment revenues decreased 4 percent (up 3 percent, adjusting for currency) to \$9.6 billion. Global Business Services segment revenues decreased 5 percent (flat, adjusting for currency) to \$4.7 billion. IBM signed services

contracts totaling \$17.2 billion, at actual rates, a decrease of 5 percent (\$15.6 billion, adjusting for currency, up 2 percent), including 24 contracts greater than \$100 million. Short-term signings were \$7.3 billion, a decrease of 7 percent at actual rates (1 percent to \$6.6 billion, adjusting for currency). Long-term signings decreased 3 percent, at actual rates, to \$9.9 billion (up 3 percent to \$9.0 billion, adjusting for currency). The estimated services backlog at December 31 was \$117 billion, adjusting for currency.

Revenues from the Software segment were \$6.4 billion, an increase of 3 percent (9 percent, adjusting for currency) compared with the fourth quarter of 2007; pre-tax income increased 15 percent. Revenues from IBM's middleware products, which primarily include WebSphere, Information Management, Tivoli, Lotus and Rational products, were \$5.2 billion, up 4 percent versus the fourth quarter of 2007. Operating systems revenues of \$622 million decreased 6 percent compared with the prior-year quarter.

For the WebSphere family of software products, which facilitate customers' ability to manage a wide variety of business processes using open standards to interconnect applications, data and operating systems, revenues decreased 1 percent. Revenues from Information Management software, which enables clients to leverage information on demand, increased 18 percent. Revenues from Tivoli software, infrastructure software that enables clients to centrally manage networks including security and storage capability, decreased 4 percent, and revenues from Lotus software, which allows collaborating and messaging by clients in real-time communication and knowledge management, was flat year over year. Revenues from Rational software, integrated tools to improve the processes of software development, decreased 1 percent compared with the year-ago quarter.

Revenues from the Systems and Technology segment totaled \$5.4 billion for the quarter, down 20 percent (16 percent, adjusting for currency). Systems revenues decreased 18 percent (14 percent, adjusting for currency). Revenues from the converged System p server products increased 8 percent compared with the 2007 period. Revenues from System z mainframe server products decreased 6 percent compared with the year-ago period. Total delivery of System z computing power, which is measured in MIPS (millions of instructions per second), increased 12 percent. Revenues from the System x servers decreased 32 percent, and revenues from the legacy System i servers decreased 92 percent. Revenues from System Storage decreased 20 percent, and revenues from Retail Store Solutions decreased 28 percent. Revenues from Microelectronics OEM decreased 34 percent.

Global Financing segment revenues decreased 1 percent (up 5 percent, adjusting for currency) in the fourth quarter to \$660 million.

The company's total gross profit margin was 47.9 percent in the 2008 fourth quarter compared with 44.9 percent in the 2007 period, led by strong performance in both services segments.

Total expense and other income decreased 5 percent to \$7.1 billion compared with the prior-year period. Adjusting for currency and estimated acquisitions impacts, total expense and other income decreased 2 percent year over year. SG&A expense decreased 3 percent to \$5.8 billion. RD&E expense of \$1.5 billion decreased 4 percent compared with the year-ago period. Intellectual property and custom development income increased to \$328 million compared with \$236 million a year ago. Other (income) and expense was income of \$97 million, down \$1 million from a year ago. Interest expense decreased to \$192 million compared with \$214 million in the prior year.

IBM's tax rate in the fourth-quarter 2008 was 23.8 percent compared with 28.0 percent in the fourth quarter of 2007, a decline of 4.2 points due primarily to the utilization of tax credits, including the retroactive benefit of the recently-enacted U.S. research tax credit. The full-year 2008 tax rate was 26.2 percent, and IBM expects its full-year 2009 tax rate to be sustained at approximately 26.5 percent.

The weighted-average number of diluted common shares outstanding in the fourth-quarter 2008 was 1.35 billion compared with 1.41 billion shares in the same period of 2007.

Full-Year 2008 Results

- Diluted earnings of \$8.93 per share, up 24 percent as reported;
- Total revenues of \$103.6 billion, up 5 percent, 2 percent adjusting for currency;
- Global Technology Services revenues up 9 percent, 6 percent adjusting for currency; pre-tax income up 30 percent;

- Global Business Services revenues up 9 percent, 5 percent adjusting for currency; pre-tax income up 30 percent;
- Software revenues up 11 percent, 8 percent adjusting for currency; pre-tax income up 18 percent.

Income from continuing operations for the year ended December 31, 2008 was \$12.3 billion compared with \$10.4 billion in the year-ago period, an increase of 18 percent. Diluted earnings were \$8.93 per share compared with \$7.18 per diluted share in 2007, an increase of 24 percent. Revenues from continuing operations for 2008 totaled \$103.6 billion, an increase of 5 percent (2 percent, adjusting for currency), compared with \$98.8 billion in 2007.

From a geographic perspective, the America's full-year revenues were \$42.8 billion, an increase of 4 percent as reported (4 percent, adjusting for currency) from the 2007 period. Revenues from Europe/Middle East/Africa were \$37.0 billion, an increase of 7 percent (3 percent, adjusting for currency). Asia-Pacific revenues increased 8 percent (2 percent, adjusting for currency) to \$21.1 billion. OEM revenues were \$2.7 billion, down 22 percent compared with 2007. Revenues from the company's growth markets organization increased 10 percent (10 percent, adjusting for currency) and represented 18 percent of geographic revenues.

Revenues from the Global Technology Services segment totaled \$39.3 billion, an increase of 9 percent (6 percent, adjusting for currency) compared with 2007. Revenues from the Global Business Services segment were \$19.6 billion, up 9 percent (5 percent, adjusting for currency). Total services signings were \$57.2 billion. Software segment revenues in 2008 totaled \$22.1 billion, an increase of 11 percent (8 percent, adjusting for currency). Systems and Technology segment revenues were \$19.3 billion, a decrease of 10 percent (11 percent, adjusting for currency). Global Financing segment revenues totaled \$2.6 billion, an increase of 2 percent (essentially flat, adjusting for currency).

IBM ended 2008 with \$12.9 billion of cash on hand and generated free cash flow of \$14.3 billion, up \$1.9 billion year over year, excluding Global Financing receivables. The balance sheet remains strong, and the company is well positioned to take advantage of opportunities.

Shares repurchased totaled approximately \$10.6 billion on a cash-paid basis in 2008. The weighted-average number of diluted common shares outstanding in 2008 was 1.38 billion compared with 1.45 billion shares in 2007. As of December 31, 2008, there were 1.34 billion basic common shares outstanding.

Debt, including Global Financing, totaled \$33.9 billion, compared with \$35.3 billion at year-end 2007. From a management segment view, Global Financing debt totaled \$24.4 billion versus \$24.5 billion at year-end 2007, resulting in a debt-to-equity ratio of 7.0 to 1. Non-global financing debt totaled \$9.6 billion, a decrease of \$1.2 billion since year-end 2007. This decrease coupled with a non-cash adjustment related to year-end pension remeasurements, which is reflected as a reduction in stockholders' equity, resulted in a debt-to-capitalization ratio of 49.0 percent as compared to 30.0 percent at year-end 2007.

Forward-Looking and Cautionary Statements

Except for the historical information and discussions contained herein, statements contained in this release may constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements involve a number of risks,

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uncertainties and other factors that could cause actual results to differ materially, including the company's failure to continue to develop and market new and innovative products and services and to keep pace with technological change; competitive pressures; failure to obtain or protect intellectual property rights; breaches of the company's data security measures; changes in the economic environment and corporate IT spending budgets; fluctuations in revenues and purchases, and volatility of stock prices; the company's ability to attract and retain key personnel and its reliance on critical skills; adverse affects from tax matters; environmental matters; currency fluctuations and customer financing risks; customer credit risk on receivables; risks from investing in growth opportunities; the company's failure to maintain the adequacy of its internal controls; the company's use of certain estimates and assumptions; dependence on certain suppliers; changes in the financial or business condition of the company's distributors or

resellers; the company's ability to successfully manage acquisitions and alliances; failure to have sufficient insurance; legal, political, health and economic conditions; risk factors related to IBM securities; and other risks, uncertainties and factors discussed in the company's Form 10-Q, Form 10-K and in the company's other filings with the U.S. Securities and Exchange Commission (SEC) or in materials incorporated therein by reference. The company assumes no obligation to update or revise any forward-looking statements.

Presentation of Information in this Press Release

In an effort to provide investors with additional information regarding the company's results as determined by generally accepted accounting principles (GAAP), the company has also disclosed in this press release the following non-GAAP information which management believes provides useful information to investors:

IBM Results

- adjusting for free cash flow;
- adjusting for currency (i.e., at constant currency);
- adjusting for estimated acquisitions impacts.

The rationale for management's use of non-GAAP measures is included as part of the supplementary materials presented within the fourth-quarter earnings materials. These materials are available on the IBM investor relations Web site at www.ibm.com/investor and are being included in Attachment II (Non-GAAP Supplementary Materials) to the Form 8-K that includes this press release and is being submitted today to the SEC.

Conference Call and Webcast

IBM's regular quarterly earnings conference call is scheduled to begin at 4:30 p.m. EST, today. Investors may participate by viewing the Webcast at www.ibm.com/investor/4q08. Presentation charts will be available on the Web site prior to the Webcast.

Financial Results Below (certain amounts may not add due to use of rounded numbers; percentages presented are calculated from the underlying whole-dollar amounts).

INTERNATIONAL BUSINESS MACHINES CORPORATION

COMPARATIVE FINANCIAL RESULTS

(Dollars in millions except per share amounts)

	Three Months Ended December 31,			Twelve Months Ended December 31,		
	2008	2007	Percent Change	2008	2007	Percent Change
REVENUE						
Global Technology Services	\$ 9,623	\$ 9,997	-3.7%	\$ 39,264	\$ 36,103	8.8%
Gross margin	34.9%	30.1%		32.6%	29.9%	
Global Business Services	4,709	4,933	-4.5%	19,628	18,041	8.8%
Gross margin	28.7%	23.1%		26.7%	23.5%	
Systems and Technology	5,425	6,796	-20.2%	19,287	21,317	-9.5%
Gross margin	39.9%	45.7%		38.1%	39.7%	
Software	6,420	6,259	2.6%	22,089	19,982	10.5%
Gross margin	87.7%	87.1%		85.4%	85.2%	
Global Financing	660	668	-1.3%	2,559	2,502	2.3%
Gross margin	50.0%	45.5%		51.3%	46.7%	
Other	169	212	-20.2%	803	842	-4.6%
Gross margin	61.6%	-15.8%		13.4%	4.4%	
TOTAL REVENUE	27,006	28,866	-6.4%	103,630	98,786	4.9%
GROSS PROFIT	12,936	12,970	-0.3%	45,661	41,729	9.4%
Gross margin	47.9%	44.9%		44.1%	42.2%	
EXPENSE AND OTHER INCOME						
S,G&A	5,832	6,016	-3.1%	23,386	22,060	6.0%
% of revenue	21.6%	20.8%		22.6%	22.3%	
R,D&E	1,528	1,586	-3.6%	6,337	6,153	3.0%
% of revenue	5.7%	5.5%		6.1%	6.2%	
Intellectual property and custom development income	(328)	(236)	38.7%	(1,153)	(958)	20.4%
Other (income) and expense	(97)	(98)	-1.5%	(298)	(626)	-52.4%
Interest expense	192	214	-10.6%	673	611	10.3%
TOTAL EXPENSE AND OTHER INCOME	7,127	7,481	-4.7%	28,945	27,240	6.3%
% of revenue	26.4%	25.9%		27.9%	27.6%	
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	5,808	5,489	5.8%	16,715	14,489	15.4%

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Pre-tax margin	21.5%	19.0%		16.1%	14.7%	
Provision for income taxes	1,382	1,537	-10.1%	4,381	4,071	7.6%
Effective tax rate	23.8%	28.0%		26.2%	28.1%	
INCOME FROM CONTINUING OPERATIONS						
Net margin	4,427	3,951	12.0%	12,334	10,418	18.4%
DISCONTINUED OPERATIONS						
Income/(loss) from discontinued operations		1			(0)	
NET INCOME	\$ 4,427	\$ 3,952	12.0%	\$ 12,334	\$ 10,418	18.4%
EARNINGS/(LOSS)PER SHARE OF COMMON STOCK:						
ASSUMING DILUTION						
CONTINUING OPERATIONS	\$ 3.28	\$ 2.80	17.1%	\$ 8.93	\$ 7.18	24.4%
DISCONTINUED OPERATIONS		0.00			(0.00)	
TOTAL	\$ 3.28	\$ 2.80	17.1%	\$ 8.93	\$ 7.18	24.4%
BASIC						
CONTINUING OPERATIONS	\$ 3.31	\$ 2.85	16.1%	\$ 9.07	\$ 7.32	23.9%
DISCONTINUED OPERATIONS		0.00			(0.00)	
TOTAL	\$ 3.31	\$ 2.86	15.7%	\$ 9.07	\$ 7.32	23.9%
WEIGHTED-AVERAGE NUMBER OF COMMON SHARES OUTSTANDING (M s)						
ASSUMING DILUTION	1,347.9	1,412.9		1,381.8	1,450.6	
BASIC	1,339.1	1,384.1		1,359.8	1,423.0	

INTERNATIONAL BUSINESS MACHINES CORPORATION

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Dollars in millions)	At December 31, 2008	At December 31, 2007	Percent Change
ASSETS			
Cash, cash equivalents, and marketable securities	\$ 12,907	\$ 16,146	-20.1%
Receivables - net, inventories, prepaid expenses	36,097	37,031	-2.5%
Plant, rental machines, and other property - net	14,305	15,081	-5.1%
Investments and other assets	46,215	52,172	-11.4%
TOTAL ASSETS	\$ 109,524	\$ 120,431	-9.1%
LIABILITIES AND STOCKHOLDERS EQUITY			
Total debt	\$ 33,926	\$ 35,274	-3.8%
Accounts payable, taxes, and accruals	31,199	32,076	-2.7%
Other liabilities	30,934	24,612	25.7%
TOTAL LIABILITIES	96,058	91,962	4.5%
STOCKHOLDERS EQUITY*	13,465	28,470	-52.7%
TOTAL LIABILITIES AND STOCKHOLDERS EQUITY	\$ 109,524	\$ 120,431	-9.1%

* Reflects a non-cash adjustment related to year-end pension remeasurements in both 2008 and 2007, as required by FAS 158, Employers Accounting for Defined Benefit Pension and Other Postretirement Plans.

INTERNATIONAL BUSINESS MACHINES CORPORATION

SEGMENT DATA

FOURTH-QUARTER 2008

(Dollars in millions)	External	Revenue Internal	Total	Pre-tax Income (Loss) From Continuing Operations	Pre-tax Margin
SEGMENTS					
Global Technology Services	\$ 9,623	\$ 383	\$ 10,007	\$ 1,437	14.4%
Y-T-Y Change	-3.7%	-2.4%	-3.7%	35.5%	
Global Business Services	4,709	267	4,977	740	14.9%
Y-T-Y Change	-4.5%	-6.9%	-4.7%	26.0%	
Systems and Technology	5,425	249	5,674	722	12.7%
Y-T-Y Change	-20.2%	3.8%	-19.4%	-47.1%	
Software	6,420	720	7,139	2,789	39.1%
Y-T-Y Change	2.6%	1.0%	2.4%	14.6%	
Global Financing	660	525	1,184	452	38.2%
Y-T-Y Change	-1.3%	18.0%	6.4%	32.4%	
TOTAL REPORTABLE SEGMENTS	26,837	2,144	28,981	6,140	21.2%
Y-T-Y change	-6.3%	3.2%	-5.7%	6.1%	
Eliminations / Other	169	(2,144)	(1,975)	(331)	
TOTAL IBM CONSOLIDATED	\$ 27,006	\$ 0	\$ 27,006	\$ 5,808	21.5%
Y-T-Y Change	-6.4%		-6.4%	5.8%	

FOURTH-QUARTER 2007

(Dollars in millions)	External	Revenue Internal	Total	Pre-tax Income (Loss) From Continuing Operations	Pre-tax Margin
SEGMENTS					
Global Technology Services	\$ 9,997	\$ 393	\$ 10,390	\$ 1,061	10.2%
Global Business Services	4,933	287	5,220	588	11.3%
Systems and Technology	6,796	240	7,036	1,364	19.4%
Software	6,259	712	6,971	2,433	34.9%
Global Financing	668	445	1,113	341	30.7%

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TOTAL REPORTABLE SEGMENTS	28,654	2,077	30,731	5,787	18.8%
Eliminations / Other	212	(2,077)	(1,865)	(298)	
TOTAL IBM CONSOLIDATED	\$ 28,866	\$ 0	\$ 28,866	\$ 5,489	19.0%

INTERNATIONAL BUSINESS MACHINES CORPORATION

SEGMENT DATA

TWELVE-MONTHS 2008

(Dollars in millions)	External	Revenue Internal	Total	Pre-tax Income (Loss) From Continuing Operations	Pre-tax Margin
SEGMENTS					
Global Technology Services	\$ 39,264	\$ 1,546	\$ 40,810	\$ 4,607	11.3%
Y-T-Y Change	8.8%	-5.5%	8.1%	29.5%	
Global Business Services	19,628	1,044	20,671	2,681	13.0%
Y-T-Y Change	8.8%	-12.5%	7.5%	29.9%	
Systems and Technology	19,287	882	20,169	1,550	7.7%
Y-T-Y Change	-9.5%	-11.7%	-9.6%	-28.0%	
Software	22,089	2,761	24,850	7,075	28.5%
Y-T-Y Change	10.5%	14.3%	10.9%	17.9%	
Global Financing	2,559	1,892	4,451	1,617	36.3%
Y-T-Y Change	2.3%	27.7%	11.7%	16.7%	
TOTAL REPORTABLE SEGMENTS	102,827	8,125	110,951	17,531	15.8%
Y-T-Y Change	5.0%	5.2%	5.0%	15.6%	
Eliminations / Other	803	(8,125)	(7,322)	(815)	
TOTAL IBM CONSOLIDATED	\$ 103,630	\$ 0	\$ 103,630	\$ 16,715	16.1%
Y-T-Y Change	4.9%		4.9%	15.4%	

TWELVE-MONTHS 2007

(Dollars in millions)	External	Revenue Internal	Total	Pre-tax Income (Loss) From Continuing Operations	Pre-tax Margin
SEGMENTS					
Global Technology Services	\$ 36,103	\$ 1,636	\$ 37,739	\$ 3,557	9.4%
Global Business Services	18,041	1,193	19,234	2,064	10.7%
Systems and Technology	21,317	998	22,315	2,153	9.6%
Software	19,982	2,416	22,398	6,002	26.8%

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Global Financing	2,502	1,482	3,984	1,386	34.8%
TOTAL REPORTABLE SEGMENTS	97,944	7,726	105,670	15,163	14.3%
Eliminations / Other	842	(7,726)	(6,884)	(674)	
TOTAL IBM CONSOLIDATED	\$ 98,786	\$ 0	\$ 98,786	\$ 14,489	14.7%

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