

INTERNATIONAL BUSINESS MACHINES CORP  
Form 8-K  
July 16, 2009

**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: July 16, 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)

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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:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
-

**Item 2.02. Results of Operations and Financial Condition.**

The registrant's press release dated July 16, 2009, regarding its financial results for the periods ended June 30, 2009, including consolidated financial statements for the periods ended June 30, 2009, is Attachment I of this Form 8-K.

Attachment II are the slides for IBM's Chief Financial Officer Mark Loughridge's second quarter earnings presentation on July 16, 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:

- On Slide 6 (Margin Trends), the data for 1999, 2002, 2004 and 2005.
- In their entirety, each of Slide 29 (Supplemental EPS Information Acquisition-Related Activity 2009), Slide 30 (Supplemental EPS Information Acquisition-Related Activity 2008) and Slide 31 (Supplemental EPS Information Acquisition-Related Activity 2007).

IBM's web site ([www.ibm.com](http://www.ibm.com)) contains a significant amount of information about IBM, including financial and other information for investors ([www.ibm.com/investor/](http://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: July 16, 2009

By: /s/ James J. Kavanaugh

James J. Kavanaugh  
Vice President and Controller

**IBM REPORTS 2009 SECOND-QUARTER RESULTS**

- **Diluted earnings of \$2.32 per share, up 18 percent;**
- **Raises full-year 2009 EPS expectations to at least \$9.70 from \$9.20;**
- **Free cash flow of \$3.4 billion; cash balance of \$12.5 billion;**
- Net income of \$3.1 billion, up 12 percent; net margin of 13.3 percent, up 3.0 points;
- **Pre-tax income margin of 18.3 percent, up 4.1 points; largest increase in more than 3 years;**
- Gross profit margin of 45.5 percent, up 2.3 points; up 19 of last 20 quarters;
- Revenue of \$23.3 billion, down 13 percent, or 7 percent adjusting for currency;
- Software pre-tax margin up 8.3 points; income up 24 percent;
- Full-year 2009 Software pre-tax income expected to grow at double-digit rate and reach \$8 billion;
- Services pre-tax margin up 4.1 points; income up 23 percent;
- Services signings up 3 percent; strategic outsourcing signings up 38 percent, both adjusting for currency;

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- 17 services deals greater than \$100 million;
- Public sector revenue up 7 percent, adjusting for currency.

ARMONK, N.Y., July 16, 2009 . . . IBM (NYSE: IBM) today announced second-quarter 2009 diluted earnings of \$2.32 per share compared with diluted earnings of \$1.97 per share in the second quarter of 2008, an increase of 18 percent.

The earnings per share results were the highest for any first, second or third quarter in the company's history, adjusted for stock splits.

Second-quarter net income was \$3.1 billion compared with \$2.8 billion in the second quarter of 2008, an increase of 12 percent. Total revenues for the second quarter of 2009 of \$23.3 billion decreased 13 percent (7 percent, adjusting for currency) from the second quarter of 2008.

As a result of our strategic transformation, we have a very strong business model that is delivering superior earnings, cash and client value, said Samuel J. Palmisano, IBM chairman, president and chief executive officer.

We have continued our strategic investments in Smarter Planet solutions, business analytics and next generation data centers. As a result we are optimistic about how IBM is positioned to make the most of current growth opportunities as well as those that emerge as the economy recovers. We are well ahead of pace for our 2010 roadmap of \$10 to \$11 per share.

IBM said it now expects full-year 2009 earnings of at least \$9.70 per share compared with its previous expectation of at least \$9.20 per share.

The company expects full-year 2009 pre-tax income for its Software segment to grow at a double-digit rate and reach approximately \$8 billion.

From a geographic perspective, the Americas' second-quarter revenues were \$9.9 billion, a decrease of 9 percent (7 percent, adjusting for currency) from the 2008 period. Revenues from Europe/Middle East/Africa were \$7.9 billion, down 20 percent (7 percent, adjusting for currency). Asia-Pacific revenues decreased 7 percent (5 percent, adjusting for currency) to \$4.9 billion. OEM revenues were \$537 million, down 24 percent compared with the 2008 second quarter. Revenues from the company's growth markets organization decreased 11 percent (up 1 percent, adjusting for currency) and represented 18 percent of geographic revenues.

Total Global Services revenues decreased 12 percent (4 percent, adjusting for currency); pre-tax income increased 23 percent. Global Technology Services segment revenues decreased 10 percent (2 percent, adjusting for currency) to \$9.1 billion. Global Business Services segment revenues decreased 15 percent (9 percent, adjusting for currency) to \$4.3 billion. IBM signed services contracts totaling \$14.0 billion, at actual rates, a



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decrease of 5 percent (up 3 percent, adjusting for currency), including 17 contracts greater than \$100 million. Signings in Consulting and Systems Integration and in Integrated Technology Services were \$6.0 billion, a decrease of 14 percent (7 percent, adjusting for currency). Total outsourcing signings increased 3 percent (12 percent, adjusting for currency) to \$8.0 billion. The estimated services backlog at June 30 was \$132 billion at actual rates compared with \$126 billion at March 31, 2009.

Revenues from the Software segment were \$5.2 billion, a decrease of 7 percent (flat, adjusting for currency) compared with the second quarter of 2008. Revenues from IBM's key middleware products, which include WebSphere, Information Management, Tivoli, Lotus and Rational products, were \$3.0 billion, a decrease of 2 percent (up 5 percent, adjusting for currency) versus the second quarter of 2008. Operating systems revenues of \$529 million decreased 11 percent (4 percent, adjusting for currency) compared with the prior-year quarter.

Revenues from 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, increased 8 percent year over year. Revenues from Information Management software, which enables clients to leverage information on demand, decreased 4 percent. Revenues from Tivoli software, infrastructure software that enables clients to centrally manage networks including security and storage capability, decreased 2 percent, and revenues from Lotus software, which allows collaborating and messaging by clients in real-time communication and knowledge management, decreased 14 percent. Revenues from Rational software, integrated tools to improve the processes of software development, decreased 2 percent.

Revenues from the Systems and Technology segment totaled \$3.9 billion for the quarter, down 26 percent (22 percent, adjusting for currency). Systems revenues decreased 26 percent (22 percent, adjusting for currency). Revenues from the converged System p products decreased 13 percent compared with the 2008 period. Revenues from System z mainframe server products decreased 39 percent compared with the year-ago period. Total delivery of System z computing power, which is measured in MIPS (millions of instructions per second), decreased 20 percent. Revenues from the System x servers decreased 22 percent. Revenues from System Storage decreased 20 percent, and revenues from Retail Store Solutions decreased 41 percent. Revenues from Microelectronics OEM decreased 23 percent.

Global Financing segment revenues decreased 10 percent (4 percent, adjusting for currency) in the second quarter to \$568 million.

The company's total gross profit margin was 45.5 percent in the 2009 second quarter compared with 43.2 percent in the 2008 second-quarter period, led by improving margins in services and software.

Total expense and other income decreased 19 percent to \$6.3 billion compared with the prior-year period. SG&A expense decreased 19 percent to \$5.1 billion. RD&E expense of \$1.4 billion decreased 14 percent compared with the year-ago period. Intellectual property and custom development income increased to \$302 million compared with \$285 million a year ago. Other (income) and expense was income of \$28 million compared with income of \$24 million from a year ago. Interest expense decreased to \$101 million compared with \$145 million in the prior year.

IBM's tax rate in the second-quarter 2009 was 27.2 percent compared with 27.5 percent in the second quarter of 2008.

The weighted-average number of diluted common shares outstanding in the second-quarter 2009 was 1.34 billion compared with 1.40 billion shares in the same period of 2008. As of June 30, 2009, there were 1.31 billion basic common shares outstanding.



Debt, including Global Financing, totaled \$29.4 billion, compared with \$33.9 billion at year-end 2008. From a management segment view, Global Financing debt decreased \$1.6 billion from year-end 2008 to a total of \$22.8 billion at June 30, 2009, resulting in a debt-to-equity ratio of 6.9 to 1. Non-global financing debt totaled \$6.6 billion, a decrease of \$3.0 billion since year-end 2008, resulting in a debt-to-capitalization ratio of 35.0 percent from 48.7 percent.

IBM ended the second quarter of 2009 with \$12.5 billion of cash on hand and generated free cash flow of \$3.4 billion, excluding Global Financing receivables. The company returned \$2.4 billion to shareholders through \$732 million in dividends and \$1.7 billion of

share repurchases. The balance sheet remains strong, and the company is well positioned to take advantage of opportunities.

### **Year-To-Date 2009 Results**

Net income for the six months ended June 30, 2009 was \$5.4 billion compared with \$5.1 billion in the year-ago period, an increase of 6 percent. Diluted earnings per share were \$4.02 compared with \$3.61 per diluted share for the 2008 period, an increase of 11 percent. Revenues for the six-month period totaled \$45.0 billion, a decrease of 12 percent (5 percent, adjusting for currency) compared with \$51.3 billion for the six months of 2008.

### **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, uncertainties and other factors that could cause actual results to differ materially, including the following: a downturn in the economic environment and corporate IT spending budgets; the company's failure to meet growth and productivity objectives, a failure of the company's innovation initiatives; risks from investing in growth opportunities; failure of the company's intellectual property portfolio to prevent competitive offerings and the failure of the company to obtain necessary licenses; breaches of data protection; fluctuations in revenue and purchases, impact of local legal, economic, political and health conditions; adverse effects from environmental matters, tax matters and the company's pension plans; ineffective internal controls; the company's use of accounting estimates; competitive conditions; the company's ability to attract and retain key personnel and its reliance on critical skills; impact of relationships with critical suppliers; currency fluctuations and customer financing risks; impact of changes in market liquidity conditions and customer credit risk on receivables; reliance on third party distribution channels; the company's ability to successfully manage acquisitions and alliances; 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**

- showing non-Global Financing debt-to-capitalization ratio;
- adjusting for free cash flow;

- adjusting for currency (i.e., at constant currency).

The rationale for management's use of non-GAAP measures is included as part of the supplementary materials presented within the second-quarter earnings materials. These materials are available on the IBM investor relations Web site at [www.ibm.com/investor](http://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. EDT, today. Investors may participate by viewing the Webcast at [www.ibm.com/investor/2q09](http://www.ibm.com/investor/2q09). 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

(Unaudited; Dollars in millions except per share amounts)

	Three Months Ended June 30,			Six Months Ended June 30,		
	2009	2008	Percent Change	2009	2008	Percent Change
<b>REVENUE</b>						
Global Technology Services	\$ 9,108	\$ 10,100	-9.8%	\$ 17,862	\$ 19,777	-9.7%
Gross margin	34.8%	31.6%		34.3%	31.5%	
Global Business Services	4,338	5,107	-15.0%	8,736	10,018	-12.8%
Gross margin	27.2%	25.8%		26.8%	25.4%	
Software	5,166	5,574	-7.3%	9,705	10,421	-6.9%
Gross margin	85.9%	84.6%		85.1%	84.3%	
Systems and Technology	3,855	5,212	-26.0%	7,083	9,431	-24.9%
Gross margin	37.1%	38.6%		35.7%	37.9%	
Global Financing	568	634	-10.5%	1,146	1,266	-9.5%
Gross margin	47.1%	55.3%		46.5%	53.1%	
Other	215	193	11.4%	429	409	4.9%
Gross margin	47.4%	5.8%		50.1%	-7.7%	
<b>TOTAL REVENUE</b>	<b>23,250</b>	<b>26,820</b>	<b>-13.3%</b>	<b>44,962</b>	<b>51,322</b>	<b>-12.4%</b>
<b>GROSS PROFIT</b>	<b>10,581</b>	<b>11,599</b>	<b>-8.8%</b>	<b>20,012</b>	<b>21,766</b>	<b>-8.1%</b>
Gross margin	45.5%	43.2%		44.5%	42.4%	
<b>EXPENSE AND OTHER INCOME</b>						
S,G&A	5,115	6,289	-18.7%	10,379	11,909	-12.9%
% of revenue	22.0%	23.4%		23.1%	23.2%	
R,D&E	1,434	1,660	-13.6%	2,914	3,229	-9.8%
% of revenue	6.2%	6.2%		6.5%	6.3%	
Intellectual property and custom development income	(302)	(285)	6.2%	(570)	(559)	2.0%
Other (income) and expense	(28)	(24)	14.0%	(331)	(149)	121.8%
Interest expense	101	145	-30.7%	237	323	-26.6%
<b>TOTAL EXPENSE AND OTHER INCOME</b>	<b>6,319</b>	<b>7,786</b>	<b>-18.8%</b>	<b>12,628</b>	<b>14,754</b>	<b>-14.4%</b>
% of revenue	27.2%	29.0%		28.1%	28.7%	
<b>INCOME BEFORE INCOME TAXES</b>	<b>4,262</b>	<b>3,814</b>	<b>11.8%</b>	<b>7,385</b>	<b>7,012</b>	<b>5.3%</b>

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Pre-tax margin		18.3%		14.2%		16.4%		13.7%		
Provision for income taxes	1,159		1,049	10.5%	1,986		1,928	3.0%		
Effective tax rate		27.2%		27.5%		26.9%		27.5%		
NET INCOME	\$	3,103	\$	2,765	12.2%	\$	5,398	\$	5,084	6.2%
Net margin		13.3%		10.3%		12.0%		9.9%		
EARNINGS PER SHARE OF COMMON STOCK:										
ASSUMING DILUTION	\$	2.32	\$	1.97*	17.8%	\$	4.02	\$	3.61*	11.4%
BASIC	\$	2.34	\$	2.01*	16.4%	\$	4.04	\$	3.67*	10.1%
WEIGHTED-AVERAGE NUMBER OF COMMON SHARES										
OUTSTANDING (M s):										
ASSUMING DILUTION		1,336.9		1,402.1*		1,343.2		1,406.7*		
BASIC		1,326.1		1,376.2*		1,335.2		1,385.2*		

\* Restated to reflect the implementation of FSP EITF 03-6-1, Determining Whether Instruments Granted in Share-Based Payment Transactions Are Participating Securities.

## INTERNATIONAL BUSINESS MACHINES CORPORATION

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Unaudited)

(Dollars in Millions)	At June 30, 2009	At December 31, 2008
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 11,678	\$ 12,741
Marketable securities	848	166
Notes and accounts receivable - trade (net of allowances of \$241 in 2009 and \$226 in 2008)	9,561	10,906
Short-term financing receivables (net of allowances of \$400 in 2009 and \$351 in 2008)	13,116	15,477
Other accounts receivable (net of allowances of \$57 in 2009 and \$55 in 2008)	1,179	1,172
Inventories, at lower of average cost or market:		
Finished goods	565	524
Work in process and raw materials	2,126	2,176
Total inventories	2,691	2,701
Deferred taxes	1,652	1,542
Prepaid expenses and other current assets	3,709	4,299
Total Current Assets	44,435	49,004
Plant, rental machines, and other property	38,669	38,445
Less: Accumulated depreciation	24,721	24,140
Plant, rental machines, and other property - net	13,948	14,305
Long-term financing receivables (net of allowances of \$132 in 2009 and \$179 in 2008)	10,197	11,183
Prepaid pension assets	2,182	1,601
Deferred taxes	6,762	7,270
Goodwill	18,737	18,226
Intangible assets - net	2,580	2,878
Investments and sundry assets	4,813	5,058
Total Assets	\$ 103,655	\$ 109,524
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current Liabilities:		
Taxes	\$ 2,259	\$ 2,743
Short-term debt	8,504	11,236
Accounts payable	5,869	7,014
Compensation and benefits	3,901	4,623
Deferred income	10,335	10,239
Other accrued expenses and liabilities	5,562	6,580
Total Current Liabilities	36,430	42,435
Long-term debt	20,868	22,689
Retirement and nonpension postretirement benefit obligations	18,459	19,452
Deferred income	3,283	3,171
Other liabilities	9,141	8,192*
Total Liabilities	88,182	95,939*
Equity:		
Common stock	39,774	39,129
Retained earnings	74,328	70,353

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Treasury stock	(77,679)	(74,171)
Accumulated other comprehensive income/(loss)	(21,043)	(21,845)
Total IBM Corporation stockholders' equity	15,380	13,465*
Noncontrolling interests*	94	119*
Total Stockholders' Equity	15,473	13,584*
Total Liabilities and Stockholders' Equity	\$ 103,655	\$ 109,524

\* Reflects implementation of SFAS No. 160, Noncontrolling Interests in Consolidated Financial Statements, an amendment of ARB No. 51.

## INTERNATIONAL BUSINESS MACHINES CORPORATION

## CASH FLOW ANALYSIS

(Unaudited)

(Dollars in Millions)	Three Months Ended June 30,		Six Months Ended June 30,	
	2009	2008	2009	2008
Net Cash from Operations	\$ 4,741	\$ 4,251	\$ 9,127	\$ 8,453
Less: Global Financing (GF) Accounts Receivable	430	(628)	3,014	1,769
Net Cash from Operations (Excluding GF Accounts Receivable)	4,311	4,879	6,113	6,683
Net Capital Expenditures	(864)	(1,169)	(1,624)	(2,380)
Free Cash Flow (Excluding GF Receivables)	3,447	3,710	4,490	4,303
Acquisitions	(79)	(930)	(100)	(5,891)
Divestitures	0	0	356	29
Share Repurchase	(1,670)	(4,736)	(3,436)	(7,164)
Dividends	(732)	(685)	(1,407)	(1,239)
Non-GF Debt	(266)	395	(2,181)	(1,325)
Other (including GF Accounts Receivable, GF Debt)	(469)	67	1,898	4,988
Change in Cash & Marketable Securities	\$ 231	\$ (2,180)	\$ (381)	\$ (6,299)

## INTERNATIONAL BUSINESS MACHINES CORPORATION

## SEGMENT DATA

(Unaudited)

(Dollars in millions)	SECOND-QUARTER 2009			Pre-tax Income	Pre-tax Margin
	External	Revenue Internal	Total		
<b>SEGMENTS</b>					
Global Technology Services	\$ 9,108	\$ 343	\$ 9,451	\$ 1,405	14.9%
Y-T-Y Change	-9.8%	-12.1%	-9.9%	41.3%	
Global Business Services	4,338	223	4,562	608	13.3%
Y-T-Y Change	-15.0%	-13.8%	-15.0%	-4.5%	



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Software	5,166	614	5,780	1,852	32.0%
Y-T-Y Change	-7.3%	-14.6%	-8.2%	24.1%	
Systems and Technology	3,855	244	4,098	333	8.1%
Y-T-Y Change	-26.0%	13.1%	-24.5%	-16.7%	
Global Financing	568	447	1,014	465	45.8%
Y-T-Y Change	-10.5%	-14.9%	-12.5%	8.6%	
<b>TOTAL REPORTABLE SEGMENTS</b>	<b>23,035</b>	<b>1,870</b>	<b>24,905</b>	<b>4,663</b>	<b>18.7%</b>
Y-T-Y Change	-13.5%	-11.3%	-13.3%	18.0%	
Eliminations / Other	215	(1,870)	(1,655)	(401)	
<b>TOTAL IBM CONSOLIDATED</b>	<b>\$ 23,250</b>	<b>\$ 0</b>	<b>\$ 23,250</b>	<b>\$ 4,262</b>	<b>18.3%</b>
Y-T-Y Change	-13.3%		-13.3%	11.8%	

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(Dollars in millions)	SECOND-QUARTER 2008				
	External	Revenue Internal	Total	Pre-tax Income	Pre-tax Margin
<b>SEGMENTS</b>					
Global Technology Services	\$ 10,100	\$ 390	\$ 10,489	\$ 994	9.5%
Global Business Services	5,107	259	5,366	637	11.9%
Software	5,574	719	6,293	1,492	23.7%
Systems and Technology	5,212	215	5,427	400	7.4%
Global Financing	634	525	1,159	428	36.9%
<b>TOTAL REPORTABLE SEGMENTS</b>	<b>26,626</b>	<b>2,108</b>	<b>28,734</b>	<b>3,951</b>	<b>13.8%</b>
Eliminations / Other	193	(2,108)	(1,915)	(138)	
<b>TOTAL IBM CONSOLIDATED</b>	<b>\$ 26,820</b>	<b>\$ 0</b>	<b>\$ 26,820</b>	<b>\$ 3,814</b>	<b>14.2%</b>

INTERNATIONAL BUSINESS MACHINES CORPORATION

SEGMENT DATA

(Unaudited)

(Dollars in millions)	SIX-MONTHS 2009				
	External	Revenue Internal	Total	Pre-tax Income	Pre-tax Margin
<b>SEGMENTS</b>					
Global Technology Services	\$ 17,862	\$ 685	\$ 18,547	\$ 2,509	13.5%
Y-T-Y Change	-9.7%	-12.0%	-9.8%	26.6%	
Global Business Services	8,736	456	9,191	1,130	12.3%
Y-T-Y Change	-12.8%	-11.8%	-12.8%	-7.1%	
Software	9,705	1,227	10,933	3,186	29.1%
Y-T-Y Change	-6.9%	-11.5%	-7.4%	15.5%	
Systems and Technology	7,083	420	7,503	361	4.8%
Y-T-Y Change	-24.9%	2.3%	-23.8%	-33.7%	
Global Financing	1,146	836	1,982	825	41.6%
Y-T-Y Change	-9.5%	-8.2%	-9.0%	1.1%	
<b>TOTAL REPORTABLE SEGMENTS</b>	<b>44,533</b>	<b>3,624</b>	<b>48,156</b>	<b>8,011</b>	<b>16.6%</b>
Y-T-Y Change	-12.5%	-9.5%	-12.3%	9.5%	
Eliminations / Other	429	(3,624)	(3,195)	(627)	

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TOTAL IBM CONSOLIDATED	\$	44,962	\$	0	\$	44,962	\$	7,385	16.4%
Y-T-Y Change		-12.4%				-12.4%		5.3%	

(Dollars in millions)	SIX-MONTHS 2008								
	External	Revenue Internal	Total	Pre-tax Income	Pre-tax Margin				
<b>SEGMENTS</b>									
Global Technology Services	\$	19,777	\$	778	\$	20,555	\$	1,982	9.6%
Global Business Services		10,018		517		10,535		1,216	11.5%
Software		10,421		1,386		11,807		2,759	23.4%
Systems and Technology		9,431		410		9,841		546	5.5%
Global Financing		1,266		911		2,177		816	37.5%
<b>TOTAL REPORTABLE SEGMENTS</b>		50,913		4,002		54,915		7,319	13.3%
Eliminations / Other		409		(4,002)		(3,593)		(307)	
<b>TOTAL IBM CONSOLIDATED</b>	\$	51,322	\$	0	\$	51,322	\$	7,012	13.7%

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