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[22155002]

The main reason was a delay in shipment of new high-end disk drives, a business that accounts for some 10 % of IBM's \$ 60 billion of annual revenue.

[22155003]

IBM, which telegraphed the poor results three weeks ago, also cited an increase in its leasing business, which tends to lock in business long-term but cut revenue in the near term.

[22155004]

In addition, IBM noted that the stronger dollar has cut the value of overseas revenue and earnings when they are translated into dollars.

[22155005]

Earnings fell to \$ 877 million, or \$ 1.51 a share, somewhat below securities analysts' revised expectations of around \$ 1.60 a share.

[22155006]

That compared with the year-earlier \$ 1.25 billion, or \$ 2.10 a share - which was inflated by a 15-cents-a-share gain from the sale of some MCI Communications Corp. stock and by an unspecified amount from a payment by Fujitsu Ltd. relating to a software dispute.

[22155007]

Revenue climbed 4.3 % to \$ 14.31 billion from \$ 13.71 billion.

[22155008]

IBM, Armonk, N.Y., remained upbeat.

[22155009]

The computer giant, whose U.S. results have been dismal for years, noted that revenue rose again in the U.S. in the third quarter, following an increase in the second period.

[22155010]

The company said in a statement that "demand for IBM products and services continues to be good world-wide."

[22155011]

We do not see anything in the fundamentals of our business that would cause us to change our strategy of investing for profitable growth.

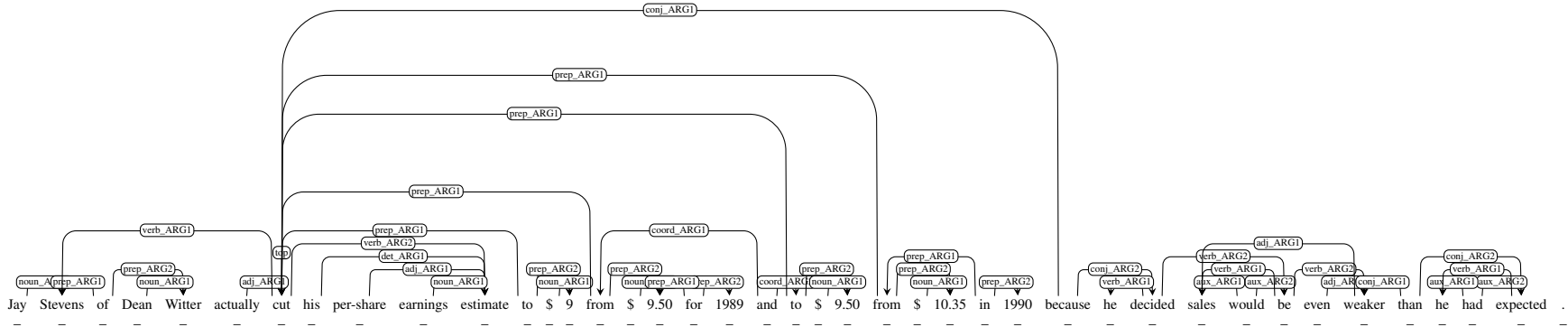
[22155012]

Securities analysts, however, remained downbeat.

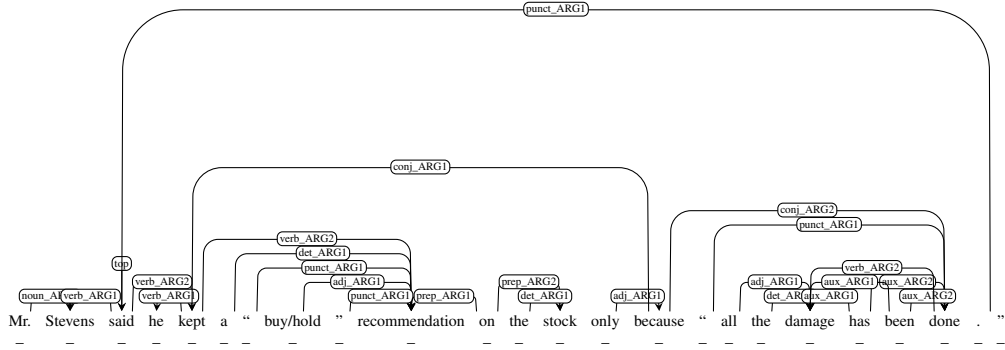
[22155013]

"I think 1990 will be another mediocre year," said Steve Milunovich of First Boston.

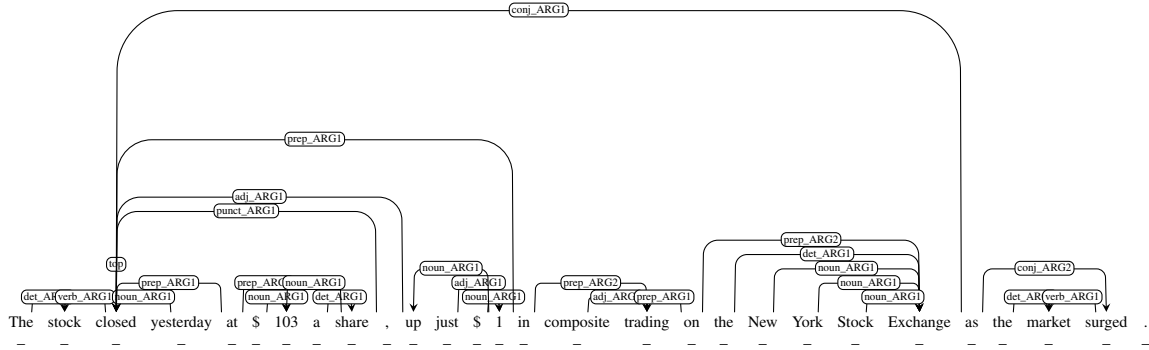
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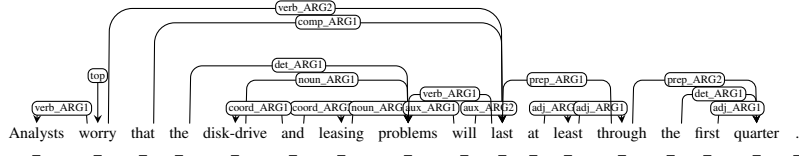
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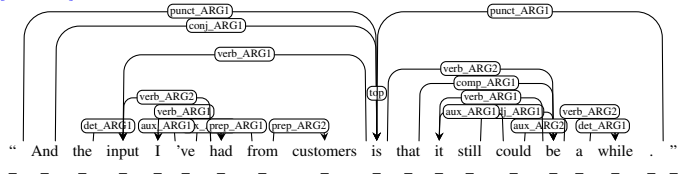
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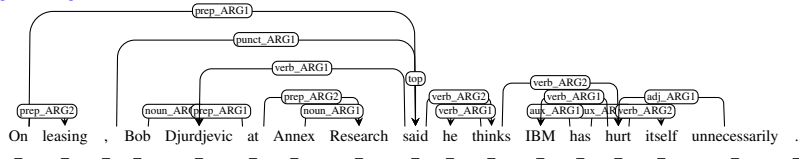
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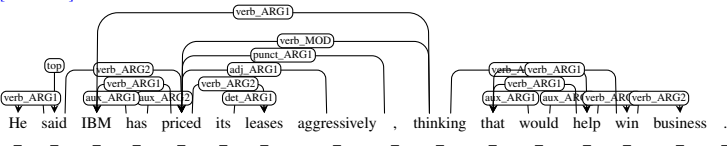
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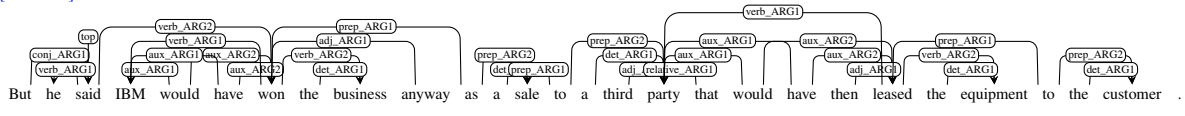
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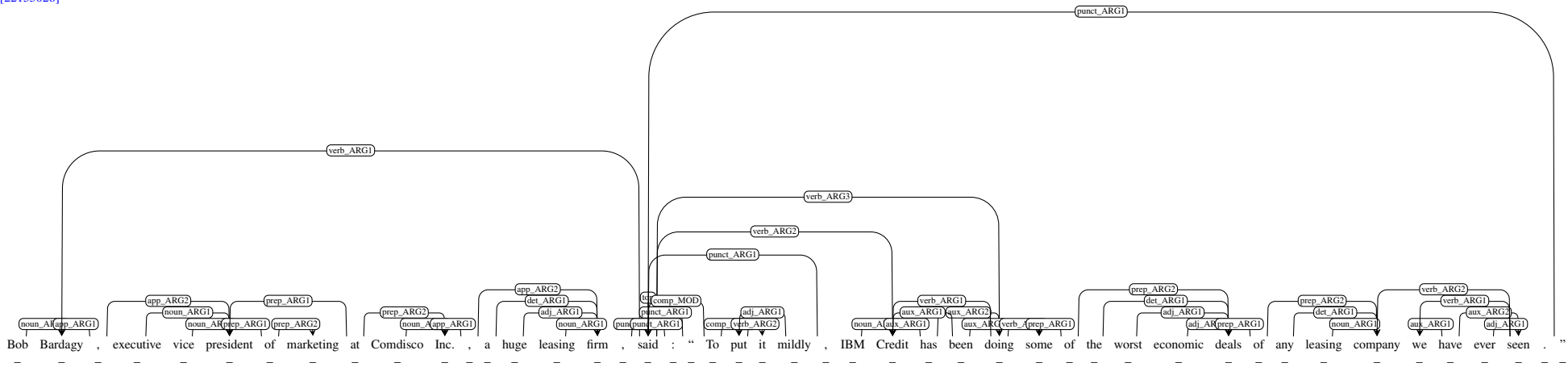
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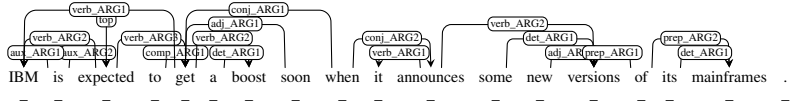
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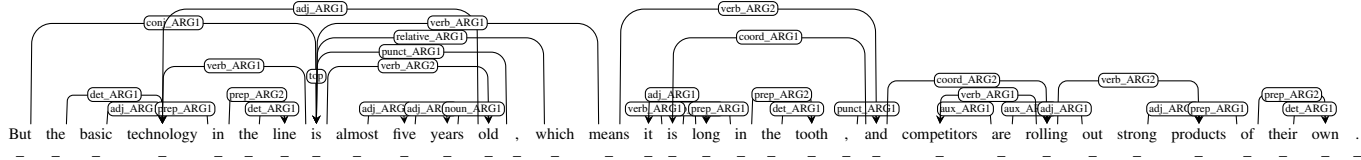
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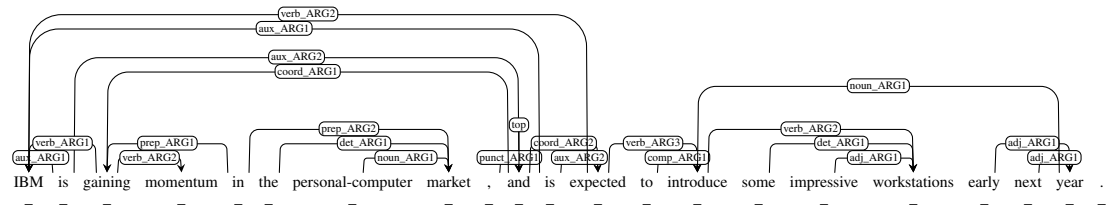
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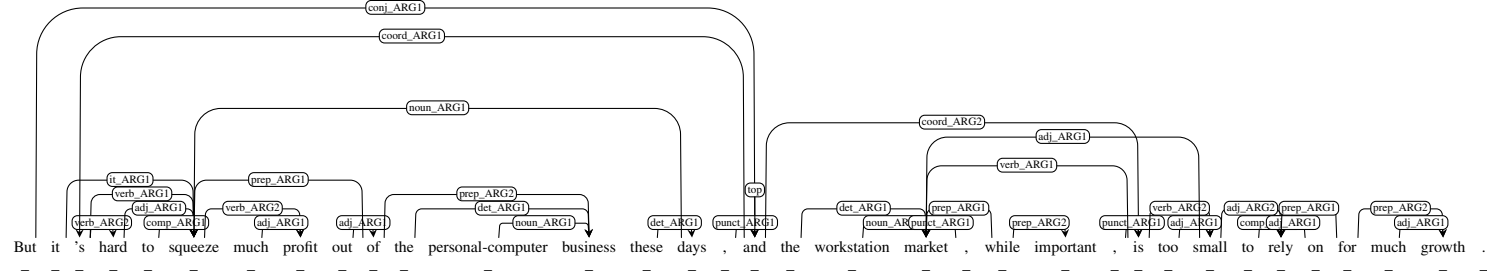
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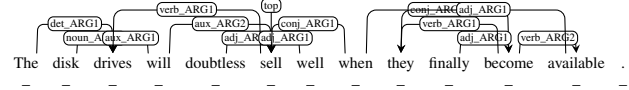
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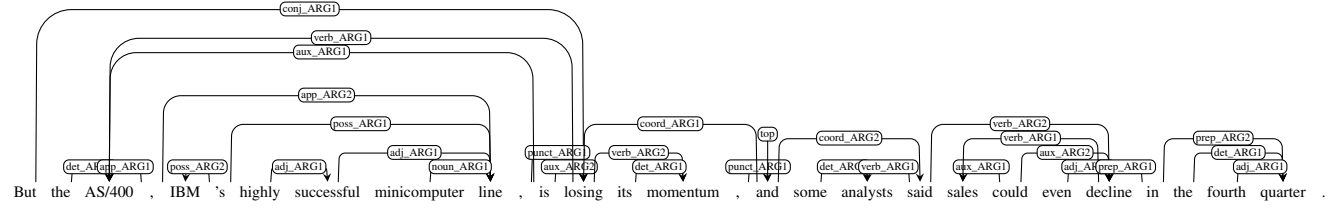
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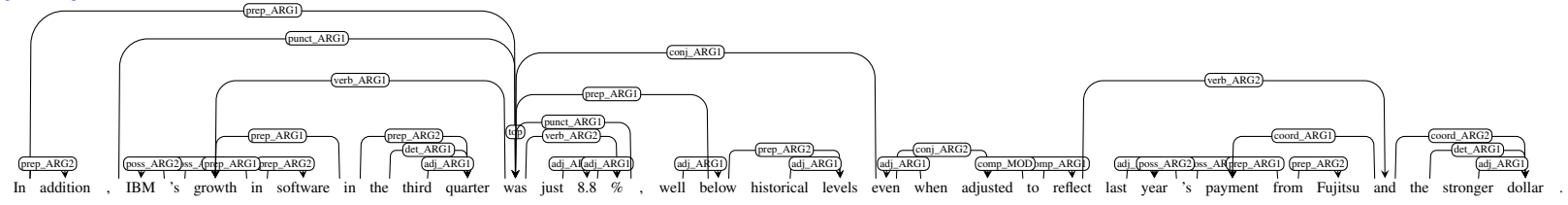
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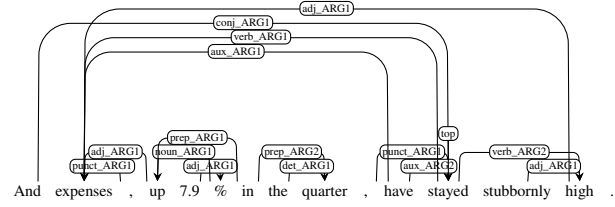
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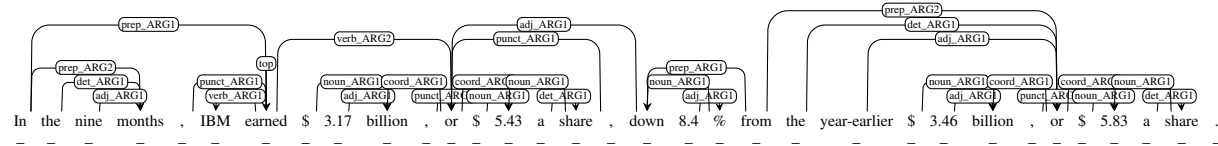
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[22155034]



[22155035]



[22155036]

