

[Table of Contents](#)**Exhibit 13****Report of Financials**

17

International Business Machines Corporation and Subsidiary Companies

<u>MANAGEMENT DISCUSSION</u>		<u>NOTES TO CONSOLIDATED FINANCIAL STATEMENTS</u>	
Overview	18	Basis & Policies	
Forward-Looking and Cautionary Statements	19	A Significant Accounting Policies	74
Management Discussion Snapshot	19	B Accounting Changes	87
Description of Business	23	Performance & Operations	
Year in Review	30	C Revenue Recognition	90
Prior Year in Review	53	D Segments	91
Other Information	55	E Acquisitions & Divestitures	96
Looking Forward	55	F Research, Development & Engineering	100
Liquidity and Capital Resources	56	G Taxes	100
Critical Accounting Estimates	59	H Earnings Per Share	104
Currency Rate Fluctuations	62	Balance Sheet & Liquidity	
Market Risk	63	I Financial Assets & Liabilities	105
Cybersecurity	64	J Inventory	106
Report of Management	65	K Financing Receivables	106
Report of Independent Registered Public Accounting Firm	66	L Property, Plant & Equipment	110
		M Leases	110
		N Intangible Assets Including Goodwill	112
<u>CONSOLIDATED FINANCIAL STATEMENTS</u>		O Investments & Sundry Assets	114
Income Statement	68	P Borrowings	114
Comprehensive Income	69	Q Other Liabilities	117
Balance Sheet	70	R Commitments & Contingencies	118
Cash Flows	71	S Equity Activity	120
Equity	72	Risk Management, Compensation/Benefits & Other	
		T Derivative Financial Instruments	123
		U Stock-Based Compensation	126
		V Retirement-Related Benefits	128
		W Subsequent Events	140
		Performance Graph	141
		Stockholder Information	142