

**Notes to Consolidated Financial Statements**

International Business Machines Corporation and Subsidiary Companies

**Goodwill**

The changes in the goodwill balances by reportable segment, for the years ended December 31, 2019 and 2018, are as follows:

(\$ in millions)

Segment	Balance January 1, 2019	Goodwill Additions	Purchase Price Adjustments	Divestitures	Foreign Currency Translation and Other Adjustments**	Balance December 31, 2019
Cloud & Cognitive Software	\$24,594	\$18,399	\$ 133	\$ (131)	\$41	\$43,037
Global Business Services	4,711	1,059	1	(1)	5	5,775
Global Technology Services	3,988	3,119	—	—	34	7,141
Systems	1,847	525	(110)	—	7	2,270
Other—divested businesses	1,126	—	—	(1,126)	—	—
<b>Total</b>	<b>\$36,265</b>	<b>\$23,102</b>	<b>\$ 24</b>	<b>\$(1,257)</b>	<b>\$87</b>	<b>\$58,222</b>

(\$ in millions)

Segment	Balance January 1, 2018	Goodwill Additions	Purchase Price Adjustments	Divestitures	Foreign Currency Translation and Other Adjustments**	Balance December 31, 2018
Cloud & Cognitive Software*	\$24,973	\$ 9	\$ 0	\$(1)	\$(388)	\$24,594
Global Business Services*	4,782	24	(3)	—	(92)	4,711
Global Technology Services*	4,044	—	0	—	(56)	3,988
Systems	1,862	—	0	—	(15)	1,847
Other—divested businesses*	1,127	1	0	0	(2)	1,126
<b>Total</b>	<b>\$36,788</b>	<b>\$34</b>	<b>\$(3)</b>	<b>\$(1)</b>	<b>\$(553)</b>	<b>\$36,265</b>

\* Recast to conform to 2019 presentation.

\*\*Primarily driven by foreign currency translation.

Goodwill additions recorded during 2019 were related to the acquisition of Red Hat in the third quarter of 2019. For additional information on this transaction and related purchase price adjustments, refer to note E, “Acquisitions & Divestitures.”

There were no goodwill impairment losses recorded during 2019 or 2018 and the company has no accumulated impairment losses.

Purchase price adjustments recorded in 2019 and 2018 were related to acquisitions that were still subject to the measurement period that ends at the earlier of 12 months from the acquisition date or when information becomes available. Net purchase price adjustments recorded in 2019 and 2018 were not material.

**NOTE O. INVESTMENTS & SUNDRY ASSETS**

(\$ in millions)

At December 31:	2019	2018
Derivatives—noncurrent	\$ 94	\$ 347
Alliance investments		
Equity method	184	192
Non-equity method	38	34
Long-term deposits	242	268
Other receivables	276	359
Employee benefit-related	253	263
Prepaid income taxes	664	626
Other assets	321	296
<b>Total</b>	<b>\$2,074</b>	<b>\$2,386</b>

**NOTE P. BORROWINGS****Short-Term Debt**

(\$ in millions)

At December 31:	2019	2018
Commercial paper	\$ 304	\$ 2,995
Short-term loans	971	161
Long-term debt—current maturities	7,522	7,051
<b>Total</b>	<b>\$8,797</b>	<b>\$10,207</b>

The weighted-average interest rate for commercial paper at December 31, 2019 and 2018 was 1.6 percent and 2.5 percent, respectively. The weighted-average interest rates for short-term loans were 6.1 percent and 4.3 percent at December 31, 2019 and 2018, respectively.