

Consolidated Fourth-Quarter Results

(\$ and shares in millions except per share amounts)

	2019	2018	Yr.-to-Yr. Percent/ Margin Change*
For the fourth quarter:			
Revenue	\$21,777	\$21,760	0.1%**
Gross profit margin	51.0%	49.1%	1.9 pts.
Total expense and other (income)	\$ 7,107	\$ 6,253	13.7%
Income from continuing operations before income taxes	\$ 3,993	\$ 4,434	(10.0)%
Provision for income taxes from continuing operations	\$ 324	\$ 2,481+	(87.0)%
Income from continuing operations	\$ 3,669	\$ 1,954+	87.8%
Income from continuing operations margin	16.8%	9.0%	7.9 pts.
Net income	\$ 3,670	\$ 1,951+	88.1%
Earnings per share from continuing operations—assuming dilution	\$ 4.11	\$ 2.15+	91.2%
Weighted-average shares outstanding—assuming dilution	893.7	905.2	(1.3)%

* 2019 results were impacted by Red Hat purchase accounting and acquisition-related activity.

**0.7 percent adjusted for currency; 2.8 percent excluding divested businesses and adjusted for currency.

+ Includes a charge of \$1.9 billion or \$2.15 of diluted earnings per share in 2018 associated with U.S. tax reform.

The following table provides operating (non-GAAP) earnings for the fourth quarter of 2019 and 2018. See page 52 for additional information.

(\$ in millions except per share amounts)

	2019	2018	Yr.-to-Yr. Percent Change*
For the fourth quarter:			
Net income/(loss) as reported	\$3,670	\$1,951**	88.1%
Loss from discontinued operations, net of tax	0	(2)	NM
Income/(loss) from continuing operations	\$3,669	\$1,954**	87.8%
Non-operating adjustments (net of tax)			
Acquisition-related charges	376	171	119.7
Non-operating retirement-related costs/(income)	175	348	(49.8)
U.S. tax reform charge	(14)	1,944	NM
Operating (non-GAAP) earnings	\$4,206	\$4,417	(4.8)%
Diluted operating (non-GAAP) earnings per share	\$ 4.71	\$ 4.87	(3.3)%

* 2019 results were impacted by Red Hat purchase accounting and acquisition-related activity.

**Includes a charge of \$1.9 billion in 2018 associated with U.S. tax reform.

NM—Not meaningful