

INTERNATIONAL BUSINESS MACHINES CORP
Form 11-K
June 24, 2015
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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 11-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2014

OR

TRANSITION REPORT PURSUANT TO SECTION 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission file number 1-2360

A. Full title of the plan and address of the plan, if different from that of the issuer named below:

IBM 401(k) Plus Plan

Director of Compensation and Benefits

IBM

North Castle Drive, M/D 147

Armonk, New York 10504

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

INTERNATIONAL BUSINESS MACHINES CORPORATION

New Orchard Road

Armonk, New York 10504

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IBM 401(k) PLUS PLAN

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* Other schedules required by Section 2520.103-10 of the Department of Labor Rules and Regulations for Reporting and Disclosures under the Employee Retirement Income Security Act of 1974 are omitted because they are not applicable.

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SIGNATURE

The Plan. Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the employee benefit plan) have duly caused this annual report to be signed on its behalf by the undersigned thereunto duly authorized.

IBM 401(k) Plus Plan

Date: June 24, 2015

By:

/s/ Stanley J. Sutula III
Stanley J. Sutula III
Vice President and Controller

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Report of Independent Registered Public Accounting Firm

To the Plan Administrator of the IBM 401(k) Plus Plan

In our opinion, the accompanying statements of net assets available for benefits and the related statement of changes in net assets available for benefits present fairly, in all material respects, the net assets available for benefits of IBM 401(k) Plus Plan (the Plan) at December 31, 2014 and 2013, and the changes in net assets available for benefits for the year ended December 31, 2014 in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

The supplemental schedules of loans or fixed income obligations in default or classified as uncollectible, of assets (held at end of year) and of assets (acquired and disposed of within year) have been subjected to audit procedures performed in conjunction with the audit of the Plan's financial statements. The supplemental schedules are the responsibility of the Plan's management. Our audit procedures included determining whether the supplemental schedules reconcile to the financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the supplemental schedules. In forming our opinion on the supplemental schedules, we evaluated whether the supplemental schedules, including their form and content, are presented in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. In our opinion, the supplemental schedules of loans or fixed income obligations in default or classified as uncollectible, of assets (held at end of year) and of assets (acquired and disposed of within year) are fairly stated, in all material respects, in relation to the financial statements as a whole.

/s/ PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
New York, NY
June 24, 2015

Table of Contents**IBM 401(k) PLUS PLAN****STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS****AT DECEMBER 31,**

	2014	2013
	(Dollars in thousands)	
Assets:		
Investments, at fair value (Note 3)	\$ 48,480,685	\$ 46,791,660
Receivables:		
Notes receivable from participants	302,031	315,264
Income, sales proceeds and other receivables	1,556,231	1,044,073
Total receivables	1,858,263	1,359,337
Total assets	50,338,948	48,150,997
Liabilities:		
Payable for collateral deposits	11,788	8,643
Accrued expenses and other liabilities	2,310,024	1,563,603
Total liabilities	2,321,812	1,572,246
Net assets at fair value	48,017,136	46,578,751
Adjustment from fair value to contract value for fully benefit-responsive investment contracts	(442,161)	(293,477)
Net assets available for benefits	\$ 47,574,974	\$ 46,285,274

The accompanying notes are an integral part of these financial statements.

Table of Contents**IBM 401(k) PLUS PLAN****STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS****FOR THE YEAR ENDED DECEMBER 31,**

	2014
	(Dollars in thousands)
Additions to net assets attributed to:	
Investment income:	
Net appreciation in fair value of investments (Note 3)	\$ 1,638,261
Interest income from investments	388,050
Dividends	630,252
	2,656,564
Interest income on notes receivable from participants	12,736
Contributions:	
Participants	1,133,473
Employer	712,979
	1,846,452
Transfers from other benefit plans	59,347
Total additions	4,575,099
Deductions from net assets attributed to:	
Distributions to participants	3,238,587
Administrative expenses, net	46,811
Total deductions	3,285,399
Net increase in net assets during the year	1,289,700
Net assets available for benefits:	
Beginning of year	46,285,274
End of year	\$ 47,574,974

The accompanying notes are an integral part of these financial statements.

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IBM 401(k) PLUS PLAN

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - DESCRIPTION OF THE PLAN

The following description of the IBM 401(k) Plus Plan (the Plan) provides only general information. Participants should refer to the Plan prospectus (Summary Plan Description) for a complete description of the Plan's provisions.

General

The Plan was established by resolution of International Business Machines Corporation's Retirement Plans Committee (the Committee) effective July 1, 1983 and Plan assets are held in trust for the benefit of its participants. The Plan offers all eligible active, full-time and part-time regular and long-term supplemental United States (U.S.) employees of International Business Machines Corporation (IBM) and certain of its domestic related companies and partnerships an opportunity to defer from one to eighty percent of their eligible compensation for before-tax 401(k) and/or Roth 401(k) contributions to any of thirty-three primary investment funds and about 165 mutual funds in a mutual fund window. The investment objectives of the primary funds are described in Note 6, Description of Investment Funds. In addition, participants are able to contribute up to ten percent of their eligible compensation on an after-tax basis. Roth 401(k) and after-tax contributions are not available for employees working in Puerto Rico. Annual contributions are subject to the legal limits permitted by Internal Revenue Service (IRS) regulations.

Participants are provided the choice to enroll in a disability protection program under which a portion of the participant's account is used to pay premiums to purchase term insurance (underwritten by Metropolitan Life Insurance Company), which will pay the amount of their before-tax 401(k) contributions, matching contributions, automatic contributions and/or Special Savings Awards into their accounts in the event the participant becomes disabled while insured.

At December 31, 2014 and 2013, the number of participants with an account balance in the Plan was 191,921 and 196,397, respectively.

The Plan is dual qualified under Section 401(a) of the Internal Revenue Code of 1986, as amended, and Section 1081.01(a) of the Internal Revenue Code for a New Puerto Rico, as amended (the PRIRC). It is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA), as amended.

Administration

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The Plan is administered by the Committee, which appointed certain officials of IBM to assist in administering the Plan. The Committee appointed State Street Bank and Trust Company (SSBT), as Trustee, to safeguard the assets of the funds and State Street Global Advisors (SSGA), the institutional investment management affiliate of SSBT, The Vanguard Group and other investment managers to direct investments in the various funds.

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Fidelity Workplace Services LLC (Fidelity) is the provider of record keeping and participant services, operator of the IBM Employee Services Center for the Plan in Raleigh, North Carolina as well as the provider of administrative services related to the mutual fund window. Communication services were provided by Fidelity as well as The Vanguard Group.

Contributions

Under the Plan, IBM provides employer contributions for eligible participants as shown in the table below:

IBM Pension Plan Eligibility at 12/31/2007	IBM Automatic Contribution	IBM Matching Contribution
Pension Credit Formula	4%	100% on 6% of eligible compensation
Personal Pension Account	2%	100% on 6% of eligible compensation
New Hires on or after 1/1/2005	1%	100% on 5% of eligible compensation
GBS Application Development Specialist Job Family Hires on or after 4/15/2013	1%	100% on 2% of eligible compensation

IBM employer contributions are based upon the IBM pension formula for which the employee was eligible on December 31, 2007, or on hire date on or after January 1, 2005. Any employees who terminate employment and are rehired on or after January 1, 2005 will be eligible to participate in the New Hires on or after 1/1/2005 contribution rates or the Global Business Services (GBS) Application Development Specialist Job Family Hires on or after 4/15/2013 as applicable.

A contribution equal to five percent of eligible compensation (referred to as a Special Savings Award) will be added to the accounts of participants who are non-exempt employees at each year-end (effective January 1, 2013, the determination will be made on December 15 and the Special Savings Award will be contributed to eligible participants on the last business day of the year) and who participated in the Pension Credit Formula as of December 31, 2007 and have been continuously employed by IBM since that date.

Newly hired employees are automatically enrolled at five percent of eligible salary and performance pay after approximately thirty days of employment with IBM, unless they elect otherwise. After completing one year of service with IBM, they are eligible for the IBM automatic contribution and the IBM matching contribution. GBS Application Development Specialist Job Family Hires are eligible for a matching contribution equal to two percent and automatic contributions equal to one percent, if they complete two years of service.

Matching and automatic contributions are made once annually at the end of the year. In order to receive such IBM employer contributions each year, a participant must be employed on December 15 of the plan year. However, if a participant separates from service prior to December 15, and has completed certain service and/or age requirements, then the participant will be eligible to receive such matching and automatic contributions following separation from service.

Eligible compensation under the Plan includes regular salary, commissions, overtime, shift premium and similar additional compensation payments for nonscheduled workdays, recurring payments under an employee variable compensation plan, regular IBM Short-Term Disability

Income Plan payments, holiday pay and vacation pay, and payments made under any executive incentive compensation plan. Non-recurring compensation, such as awards, deal team payments and significant signing bonuses are not eligible compensation and cannot be deferred under the Plan.

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Participants are able to choose to have their contributions invested entirely in one of, or in any combination of, the following funds or in the mutual fund window funds, in multiples of one percent. If participants do not make an investment election, then contributions will be invested in the default Target Date fund that most closely corresponds to the year in which they will reach age 60.

These funds and their investment objectives are more fully described in Note 6, Description of Investment Funds.

Life Cycle Funds (14)

Target Date 2005 Fund (Will be merged into the Income Plus Life Strategy Fund in 2015)

Target Date 2010 Fund

Target Date 2015 Fund

Target Date 2020 Fund

Target Date 2025 Fund

Target Date 2030 Fund

Target Date 2035 Fund

Target Date 2040 Fund

Target Date 2045 Fund

Target Date 2050 Fund

Target Date 2055 Fund (Will be added in 2015)

Income Plus Life Strategy Fund

Conservative Life Strategy Fund

Moderate Life Strategy Fund

Aggressive Life Strategy Fund

Core Funds (8)

Interest Income Fund
Inflation Protected Bond Fund

Total Bond Market Fund

High Yield and Emerging Markets Bond Fund

Total Stock Market Index Fund

Total International Stock Market Index Fund

Real Estate Investment Trust (REIT) Index Fund

International Real Estate Index Fund

Expanded Choice Funds (11)

Long-Term Corporate Bond Fund

Large Company Index Fund

Large-Cap Value Index Fund

Large-Cap Growth Index Fund

Small/Mid-Cap Stock Index Fund

Small-Cap Value Index Fund

Small-Cap Growth Index Fund

European Stock Index Fund

Pacific Stock Index Fund

Emerging Markets Stock Index Fund

IBM Stock Fund

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The Plan participants also have access to the mutual fund window investment options.

Participants may change their deferral percentage and investment selection for future contributions at any time. The changes will take effect for the next eligible pay cycle if the request is completed before the applicable cutoff date. Also, participants may transfer part or all of existing account balances among funds in the Plan once daily, subject to the Plan restrictions on trading.

The Committee is committed to preserving the integrity of the Plan as a long-term savings vehicle for its employees. Frequent, short-term trading that is intended to take advantage of pricing lags in funds can harm long-term investors, or increase trading expenses in general. Therefore, the Plan has implemented frequent trading transaction restrictions and reserves the right to take other appropriate action to curb short-term transactions (buying/selling).

Participant Accounts

The Plan record keeper maintains an account in the name of each participant to which each participant's contributions and share of the net earnings, losses and expenses, if any, of the various investment funds are recorded. The earnings on the assets held in each of the funds and all proceeds from the sale of such assets are held and reinvested in the respective funds.

Participants may transfer rollover contributions of before-tax and Roth 401(k) amounts from other qualified savings plans or Individual Retirement Accounts into their Plan account. Rollovers must be made in cash within the time limits specified by the IRS; stock or in-kind rollovers are not accepted. These rollovers are limited to active employees on the payroll of IBM (or affiliated companies) who have existing accounts in the Plan. Retirees are not eligible for such rollovers, except that a retiree or separated employee who has an existing account in the Plan may roll over a lump-sum distribution from an IBM-sponsored qualified retirement plan, including the IBM Personal Pension Plan. After-tax amounts may also be directly rolled over into the Plan from another qualified savings plan.

On each valuation date, the unit/share value of each fund is determined by dividing the current investment value of the assets in that fund on that date by the number of units/shares in the fund. The participant's investment value of assets equals the market value of assets for all funds except the Interest Income Fund for which the participant's investment value of assets equals the contract value of assets. In determining the unit/share value, new contributions that are to be allocated as of the valuation date are excluded from the calculation. On the next day, the cash related to new contributions is transferred into the fund and the number of additional units to be credited to a participant's account for each fund, due to new contributions, is equal to the amount of the participant's new contributions to the fund divided by the prior night's unit value.

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Contributions (with the exception of after-tax contributions and Roth 401(k) contributions) made to the Plan, as well as interest, dividends, or other earnings of the Plan are generally not included in the taxable income of the participant until withdrawal, at which time all earnings and contributions withdrawn generally are taxed as ordinary income to the participant. Additionally, withdrawals by the participant before attaining age 59 1/2 generally are subject to a penalty tax of 10 percent. After-tax contributions made to the Plan are not tax deferred, but are taxable income prior to the participant making the contribution. Any interest, dividends or other earnings on the after-tax contributions are generally not included in the taxable income of the participant until withdrawal, at which time all earnings withdrawn are generally taxed as ordinary income to the participant. Any distribution of earnings on after-tax contributions that are withdrawn by the participant before attaining age 59 1/2 generally are subject to a penalty tax of 10 percent. Roth 401(k) contributions are not tax deferred, but are taxable income prior to the participant making the contribution. Interest, dividends or other earnings on Roth 401(k) contributions may not be taxable at withdrawal provided the participant has met the applicable rules.

Consistent with provisions established by the IRS, the Plan's 2014 limit on employee salary and performance pay deferrals was \$17,500. (The limit for 2015 is \$18,000.) Participants who were age 50 or older during 2014 could take advantage of a higher 401(k) contribution limit of \$23,000. (The limit for 2015 is \$24,000.) The 2014 maximum annual deferral amount for employees residing in Puerto Rico was limited by local government regulations to \$17,500. (The Puerto Rico limit for 2015 is \$18,000.) Puerto Rico participants who were age 50 or older in 2014 could take advantage of a higher contribution limit of \$19,000. (The limit for 2015 is \$19,500.)

Vesting

Participants in the Plan are at all times fully vested in their account balance, including employee contributions, employer contributions and earnings thereon, if any.

Distributions

Participants who have terminated employment or are eligible for in-service distributions (e.g. have reached age 59 1/2) may request ad hoc distributions (\$500 minimum) or a full distribution.

In addition, participants who (1) terminate employment with at least 30 years of IBM service, or (2) become eligible for benefits under the IBM Long-Term Disability Plan or the IBM Medical Disability Income Plan, or (3) are age 55 or older at the time installments begin, may also elect to receive the balance of their account in annual, quarterly or monthly installments. Eligible participants may request installments over a fixed period of time or at a flat dollar amount (\$500 minimum per period for a flat dollar election). Distributions are subject to the required minimum distribution rules for participants who have reached age 70 1/2.

Withdrawals for financial hardship are permitted provided they are for an immediate and significant financial need, and the distribution is necessary to satisfy that need. Employees are required to fully use the Plan loan program, described below, before requesting a hardship withdrawal. Only an employee's contributions are eligible for hardship withdrawal; earnings on before-tax 401(k) and Roth 401(k), and IBM contributions (match, automatic, transition credits and Special Savings Award) are not

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eligible for withdrawal. Employees must submit evidence of hardship to the record keeper who will determine whether the situation qualifies for a hardship withdrawal based on guidance from the Plan administrator. A hardship withdrawal is taxed as ordinary income to the employee and may be subject to the 10 percent additional tax on early distributions.

If the participant dies and is married at the time of death, the participant's spouse must be the beneficiary of the participant's Plan account, unless the participant's spouse has previously given written, notarized consent to designate another person as beneficiary. If the participant marries or remarries, any prior beneficiary designation is canceled and the spouse automatically becomes the beneficiary. If the participant is single, the beneficiary may be anyone previously designated by the participant under the Plan. In the absence of an effective designation under the Plan at the time of death, the proceeds normally will be paid in the following order: the participant's spouse, the participant's children in equal shares, or to surviving parents equally. If no spouse, child, or parent is living, payments will be made to the executors or administrators of the participant's estate.

After the death of a participant, an account will be established for the participant's beneficiary. If the beneficiary is a spouse or domestic partner, the beneficiary's account may be maintained in the Plan, subject to IRS required minimum distributions. If the beneficiary is neither a spouse nor a domestic partner, the account will be paid to the beneficiary in a lump sum. Beneficiaries may roll over distributions from the Plan.

Participant Loans

Participants may borrow up to one-half of the value of their account balance, not to exceed \$50,000, within a twelve month period. Loans will be granted in \$1 increments subject to a minimum loan amount of \$500. Participants are limited to two simultaneous outstanding Plan loans. Repayment of a loan is made through semi-monthly payroll deductions. Loans originated under the Plan have a repayment term of one to four years for a general purpose loan or one to ten years for a primary residence loan. There are a limited number of outstanding loans originated under acquired company plans that were merged into the Plan having repayment terms greater than 10 years and up to a maximum term of 30 years. The loans originated under the Plan bear a fixed rate of interest, set quarterly, for the term of the loan, determined by the plan administrator to be 1.25 points above the prime rate. The interest is credited to the participant's account as the semi-monthly repayments of principal and interest are made. Interest rates on outstanding loans at December 31, 2014 and 2013 ranged from 4.25 percent to 11.00 percent.

Participants may prepay the entire remaining loan principal at any time. Employees on an approved leave of absence may elect to make scheduled loan payments directly to the Plan. Participants may continue to contribute to the Plan while having an outstanding loan. A loan default is a taxable event to the participant and will be reported as such in the year of the loan default.

Participants who retire or separate from IBM and have outstanding Plan loans may make loan repayments via coupon payments or ACH deductions to continue monthly loan repayments according to their original amortization schedule.

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Termination of Service

If the value of a participant's account is \$1,000 or less, it will be distributed to the participant in a lump-sum payment following the termination of the participant's employment with IBM. If the account balance is greater than \$1,000 at the time of separation, the participant may defer distribution of the account until age 70 ½.

Termination of the Plan

IBM reserves the right to terminate this Plan at any time by action of the Board of Directors of IBM. In that event, each participant or beneficiary receiving or entitled to receive payments under the Plan would receive the balance of the account at such time and in accordance with applicable law and regulations. In the event of a full or partial termination of the Plan, or upon complete discontinuance of contributions under the Plan, the rights of all affected participants in the value of their accounts would be non-forfeitable.

Risks and Uncertainties

The Plan provides for various investment options in the form of mutual funds, commingled funds or separately-managed funds. These funds invest in equities, fixed income securities, synthetic guaranteed investment contracts (synthetic GICs), a separate account investment contract (separate account GIC) and derivative contracts. Investment securities are exposed to various risks, such as interest rate movements, credit quality changes and overall market volatility. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is reasonably possible that changes in risks in the near term could materially affect participants' account balances and the amounts reported in the statement of net assets available for benefits. The Plan is potentially exposed to credit loss in the event of non-performance by the companies with whom the Plan entered into the synthetic GICs and a separate account GIC. However, the Committee does not anticipate non-performance by these companies at this time.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements are prepared under the accrual basis of accounting, except distributions, which are recorded when paid. Notes receivable from participants are measured at their unpaid principal balance plus any accrued interest. Within the financial tables presented, certain columns and rows may not add due to the use of rounded numbers for disclosure purposes.

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Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and changes therein, and disclosures of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

Investment Contracts

Investment contracts held by a defined contribution plan are reported at fair value. However, contract value is the relevant measurement attribute for that portion of the net assets available for benefits of a defined contribution plan attributable to fully benefit responsive investment contracts because contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the Plan. Contract value represents contributions made to investment contracts plus interest at the contract rates less withdrawals and administrative expenses. The statements of net assets available for benefits present the fair value of the investments in the Interest Income Fund as well as the adjustment from fair value to contract value for the fully benefit responsive investment contracts within the Interest Income Fund. The statement of changes in net assets available for benefits presents these investments on a contract value basis.

Valuation of Investments

The Plan's investments are stated at fair value. Accounting guidance defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Under this guidance, the Plan is required to classify certain assets and liabilities based on the following fair value hierarchy:

- Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date;

- Level 2 Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and

- Level 3 Unobservable inputs for the asset or liability.

The guidance requires the use of observable market data if such data is available without undue cost and effort.

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Assets are classified within the fair value hierarchy according to the lowest level input that is significant to the fair value measurement. Valuation techniques used maximize the use of observable inputs and minimize the use of unobservable inputs. A security that is categorized as Level 3 is valued using the last available market price or a price from an alternate pricing source. The valuation methodology is applied consistently from period to period.

Investments in mutual funds and commingled funds are valued at the net asset values per share using available inputs to measure fair value by such companies or funds as of the valuation date. Generally, mutual funds have a quoted market price in an active market and are classified as Level 1 and commingled funds which may include 103-12 investments, common collective trusts and pooled separate accounts are classified as Level 2 based upon observable data.

Common stocks and financial derivative instruments, such as futures contracts or options contracts that are traded on a national securities exchange are stated at the last reported sale or settlement price on the day of valuation. Valuation adjustments may be applied to certain securities that are solely traded on a foreign exchange to account for the market movement between the close of the foreign market and the close of the New York Stock Exchange. These securities are valued using pricing service providers that consider the correlation of the trading patterns of the foreign security to the intraday trading in the U.S. markets for investments.

Fixed income investments are valued on the basis of valuations furnished by Trustee-approved independent pricing services. These services determine valuations for normal institutional-size trading units of such securities using models or matrix pricing, which incorporates yield and/or price with respect to bonds that are considered comparable in characteristics such as rating, interest rate and maturity date and quotations from bond dealers to determine current value. If these valuations are deemed to be either not reliable or not readily available, the fair value will be determined in good faith by the Trustee.

Over-the-counter derivatives are typically valued using proprietary pricing models that use as their basis readily observable market parameters that is, parameters that are actively quoted and can be validated to external sources, including industry pricing services. Depending on the types and contractual terms of derivatives, fair value can be modeled using a series of techniques, such as the Black-Scholes option pricing model, simulation models or a combination of various models, which are consistently applied. Where derivative products have been established for some time, the Plan uses models that are widely accepted in the financial services industry. These models reflect the contractual terms of the derivatives, including the period to maturity, and market-based parameters such as interest rates, volatility, and the credit quality of the counterparty. Further, many of these models do not contain a high level of subjectivity, as the methodologies used in the models do not require significant judgment, and inputs to the model are readily observable from actively quoted markets, as is the case for plain vanilla interest rate swaps, option contracts and credit default swaps.

Interest bearing cash securities are valued at amortized cost, which includes cost and accrued interest and approximates fair value.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in a different fair value measurement

at the reporting date.

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Security Transactions and Related Investment Income

Security transactions are recorded on a trade-date basis. Dividend income is recorded on the ex-dividend date and interest income is recorded on the accrual basis.

The Plan presents in the Statement of Changes in Net Assets Available for Benefits the net change in the fair value of its investments, which consists of realized gains and losses and the unrealized appreciation and depreciation on those investments.

Administrative Expenses and Investment Management Fees

Participants pay for administrative expenses of the Plan which are included in each fund's expense ratio. These costs include (a) investment management, custody and benefit responsive investment contract fees which are charged to the applicable funds and (b) operational expenses required for administration of the Plan including trustee and recordkeeping which are charged against the funds' assets on a pro rata basis throughout the year. Operational expenses related to balances in the Mutual Fund Window are deducted from participant account balances. Brokerage fees, and commissions are included in the cost of investments and in determining net proceeds on sales of investments. Investment management, custody and administrative fees for commingled trusts and mutual funds are charged based on a percentage of net asset value and are paid from the assets of the respective funds.

Standards to be Implemented

In May 2015, the Financial Accounting Standards Board (FASB) amended guidance for reporting investments in certain entities that calculate net asset value per share (or its equivalent) so that entities will no longer be required to categorize these investments in the fair value hierarchy or to provide the related fair value disclosures. The guidance is effective for the year ending December 31, 2016 with early adoption permitted and is not expected to have a material impact on the Plan's Financial Statements.

Table of Contents**NOTE 3 INVESTMENTS**

The following schedules summarize the fair value of investments within the fair value hierarchy, Level 3 gains and losses, fair value of investments that calculate net asset value, investments that represent 5 percent or more of the Plan's net assets and the related net change in the fair value of investments by type of investment.

The following tables set forth by level, within the fair value hierarchy, the Plan's investments at fair value at December 31, 2014 and 2013.

Investments at Fair Value as of December 31, 2014

(Dollars in Thousands)	Level 1	Level 2	Level 3	Total
Equity:				
Equity commingled*/mutual funds	\$ 3,820,468	\$ 14,856,322	\$	\$ 18,676,790
IBM Corporation common stock	1,652,777			1,652,777
International equity securities	358,505	3,125,971	85	3,484,560
US large-cap equity securities	1,247,182			1,247,182
US mid-cap equity securities	2,985,613		153	2,985,767
US small-cap equity securities	1,113,205		4	1,113,209
Fixed income:				
Government securities rated A or higher		8,314,007		8,314,007
Government securities rated below A		416,287		416,287
Corporate bonds rated A or higher		1,000,185		1,000,185
Corporate bonds rated below A		2,408,496	382	2,408,879
Mortgage and asset-backed securities		736,280	370	736,650
Fixed income commingled*/mutual funds	1,258,361	607,082		1,865,442
Investment contracts		1,180,812		1,180,812
Cash and cash equivalents	38,156	1,452,403		1,490,559
Derivatives	(1,880)	8,318		6,437
Other commingled*/mutual funds	723,964	1,177,179		1,901,143
Total investments at fair value	\$ 13,196,350	\$ 35,283,341	\$ 994	\$ 48,480,685

*Commingled funds may include 103-12 investments, common collective trusts, and pooled separate accounts.

There were no transfers between Levels 1 and 2.

Table of Contents**Investments at Fair Value as of December 31, 2013**

(Dollars in Thousands)	Level 1	Level 2	Level 3	Total
Equity:				
Equity commingled*/mutual funds	\$ 3,494,914	\$ 13,884,615	\$	\$ 17,379,529
IBM Corporation common stock	2,209,214			2,209,214
International equity securities	366,811	3,168,796	24	3,535,632
US large-cap equity securities	886,340			886,340
US mid-cap equity securities	2,901,805			2,901,805
US small-cap equity securities	1,244,469		12	1,244,481
Fixed income:				
Government securities rated A or higher		8,676,257		8,676,257
Government securities rated below A		305,417	1,314	306,731
Corporate bonds rated A or higher		1,157,594		1,157,594
Corporate bonds rated below A		2,093,707	590	2,094,296
Mortgage and asset-backed securities		743,435	499	743,935
Fixed income commingled*/mutual funds	1,175,897	569,130		1,745,027
Investment contracts		633,210		633,210
Cash and cash equivalents	37,847	1,502,634		1,540,481
Derivatives	5,872	9,027		14,898
Other commingled*/mutual funds	604,047	1,118,184		1,722,231
Total investments at fair value	\$ 12,927,216	\$ 33,862,005	\$ 2,440	\$ 46,791,660

*Commingled funds may include 103-12 investments, common collective trusts, and pooled separate accounts.

There were no transfers between Levels 1 and 2.

Table of Contents**Level 3 Gains and Losses**

The following table presents the changes in the fair value of the plan's Level 3 investments for the year ended December 31, 2014:

(Dollars in Thousands)	International Companies	US Mid-Cap Companies	US Small- Cap Companies	Government Securities Rated Below A	Corporate Bonds Rated Below A	Mortgage and Asset-Backed Securities	Total
Balance at January 1, 2014	\$ 24	\$	\$ 12	\$ 1,314	\$ 590	\$ 499	\$ 2,440
Unrealized gains/(losses) on assets held at end of year*	(334)	153	(8)		(24)	28	(184)
Realized gains/(losses)*	2			126	204	(2)	331
Purchases	131				665		797
Sales	(26)			(1,441)	(1,080)	(156)	(2,702)
Transfers into Level 3 **	287				26		313
Transfers out of Level Balance at December 31, 2014	\$ 85	\$ 153	\$ 4	\$ 0	\$ 382	\$ 370	\$ 994

*Reported in the net change in fair value of investments in the Statement of Changes in Net Assets Available for Benefits.

**Transferred from Level 2 to Level 3 because observable market data was not available for the securities.

The Plan's policy is to recognize transfers in and transfers out at the beginning of the period.

Table of Contents**Fair Value of Investments that Calculate Net Asset Value**

The following table summarizes investments measured at fair value based on net asset value per share at December 31, 2014 and 2013, respectively:

Investments at fair value:	2014	2013
	(Dollars in thousands)	
Equity funds (a)	\$ 14,856,322	\$ 13,884,615
Fixed income funds (b)	607,082	569,130
Other funds (c)	1,177,179	1,118,184

(a) The equity funds are invested to gain exposure to broad public indices, including U.S. and international market securities.

(b) The fixed income funds are part of the underlying holdings within the Interest Income Fund and include investments in public and private bonds.

(c) The other funds consist of a balanced exposure fund and a commodities fund that are only available to participants as part of the Life Cycle funds. The balanced exposure fund invests in stocks, bonds and commodities with the objective of balancing risk across different economic environments or risk factors.

Generally, under ordinary market conditions, investments in the funds included in the table above provide daily market liquidity to Plan participants and the Plan, facilitating daily participant transactions (issuances and redemptions). Investment in some of these funds may be subject to redemption restrictions at the fund's discretion in limited situations including, but not limited to, a major market event, closure of a market on which any significant portion of the assets of the fund are invested, a situation deemed to be an emergency by the fund, and a situation in which price or value of the assets cannot be promptly and accurately ascertained. At December 31, 2014 and 2013, no funds were subject to redemption restrictions.

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Investments Five Percent or More of Plan's Net Assets

The investments that represent 5 percent or more of the Plan's net assets available for benefits at December 31, 2014 and/or 2013 are as follows:

Investments	2014	2013
	(Dollars in thousands)	
Large Company Index Fund (Vanguard Employee Benefit Index Fund)	\$ 5,761,434	\$ 5,305,752
Total Stock Market Index Fund (Vanguard Total Stock Market Index Trust)	4,878,696	4,402,837

Net Change in Fair Value of Investments

The following table represents the net appreciation in the Plan's investments (including gains and losses on investments bought and sold, as well as held during the year):

	2014
	(Dollars in thousands)
Investments at fair value:	
Commingled / Mutual Funds	\$ 1,517,235
Equity Securities	2,005
Fixed Income Securities	119,021
Total	\$ 1,638,261

NOTE 4 DERIVATIVES

In accordance with the investment strategy of the separately-managed funds and the Interest Income Fund, investment managers execute transactions in various derivative instruments. These derivative instruments include swaps, options, bond and equity futures and forward contracts. The use of derivatives is permitted principally to gain or reduce exposure or execute an investment strategy more efficiently. The investment managers use these derivative instruments to manage duration and interest rate volatility and exposure to credit, currency, equity, and cash.

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Within the fixed income funds, the investment managers either sell or purchase credit protection through credit default swaps. The investment managers also enter into interest rate swap transactions where a series of fixed versus floating rate amounts are exchanged.

Derivatives may be executed on exchange traded investment instruments or via over the counter (OTC) transactions. When an OTC contract is executed, there is exposure to credit loss in the event of non-performance by the counterparties to these transactions. IBM manages this exposure through the credit criteria included in the investment guidelines and monitors and reports market and counterparty credit risks associated with these instruments. The Plan's investment managers negotiate and enter into collateral and netting agreements with counterparties on the Plan's behalf. In the event of a counterparty default, these agreements reduce the potential loss to the Plan. These arrangements define the nature of the collateral (cash or U.S. Treasury securities) and the established thresholds for when additional collateral is required by either party. For OTC transactions, the Plan has posted collateral of \$1 million and \$11 million and received collateral of \$10 million and \$8 million at December 31, 2014 and 2013, respectively. In addition, for exchange traded transactions, the Plan has posted \$8 million and \$3 million of collateral as of December 31, 2014 and 2013, respectively and received \$0.4 million and no collateral at December 31, 2014 and 2013, respectively. Derivative collateral received is recorded in Investments, at fair value and Payable for collateral deposits in the Statements of Net Assets Available For Benefits. Derivative collateral posted is recorded in Investments, at fair value in the Statements of Net Assets Available For Benefits. In the Statements of Net Assets Available For Benefits, the Plan does not offset derivative assets against liabilities where the Plan has a legal right of setoff under a master netting agreement nor does it offset Investments, at fair value or Payable for collateral deposits recognized upon payment or receipt of cash collateral against the fair value of the related derivative instruments. Derivative liabilities are recorded in Investments, at fair value in the Statements of Net Assets Available For Benefits.

Market risk arises from the potential for changes in value of financial instruments resulting from fluctuations in interest and foreign exchange rates and in prices of debt and equity securities. The notional (or contractual) amounts used to express the volume of these transactions do not necessarily represent the amounts potentially subject to market risk.

Derivative financial instruments are carried at fair value. The net fair value of derivative financial instruments was an asset of \$6 million and \$15 million as of December 31, 2014 and 2013, respectively.

The Plan has authorized Investment Managers to use specific derivative instruments in the implementation of their investment strategy for financial instruments that are managed by the Plan. The following section discloses how these derivatives may be used, their fair value and financial position at year-end, and the risks associated with each. Exchange traded derivatives, including futures and options, are regulated by the exchange and approved broker dealers. OTC derivatives include foreign currency, forward contracts, options, and swaps. These transactions will be contracted between two counterparties and governed by separate agreements. A description of these instruments and the risks are below.

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Futures Contracts

Futures contracts are standardized agreements to buy or sell a specific amount of a financial instrument on a future date for a specified price. Futures are valued based upon their quoted daily price. The primary risks associated with futures are the accuracy of the correlation between the value of bonds or equities and the price of the futures contracts. Futures contracts may be used to equitize cash and manage exposure to changes in interest rates. Upon entering into a futures contract, the investment manager is required to deposit collateral or initial margin and subsequent margin payments are moved daily depending on the value of the contract. Futures contracts may be subject to risk of loss in excess of the daily variation margin. They are classified as either interest rate or equity contracts on the derivative instrument tables that follow.

Options Contracts

Options include equity options, index options, options on swaps (swaptions), and options on futures. Options are contracts that give the owner the right, but not the obligation, to buy or sell an asset at a specified price (strike price) on a future date. Options may be purchased or written to help manage exposure to the securities markets. Investment managers may write (sell) call and put options and the premiums received from writing options which expire are treated as realized gains. Premiums received from a position which is exercised/closed are offset against the amount paid for the underlying security to calculate the gain or loss. An option writer (seller) has no control over whether the underlying instrument may be sold (call) or purchased (put) and bears the market risk of an unfavorable change in the price of the underlying instrument. Investment managers may also purchase put and call options. Purchasing call options is intended to increase exposure to the underlying instrument, while purchasing put options would tend to decrease exposure to the underlying issue. Premiums paid for purchasing options which expire are realized losses. The risk associated with purchasing put and call options is limited to the premium paid. Options may be traded on an exchange or OTC. For OTC options, the Plan could be exposed to risk if the counterparties are unable to meet the terms of the contracts. This risk is mitigated by the posting of collateral by the counterparty and monitored against the contract terms. Options are classified as interest rate or foreign exchange contracts on the derivative instruments tables that follow.

Foreign Currency Forwards

A foreign currency forward is a contract between two parties to exchange money denominated in one currency into another currency at a set price on a specified future date. Foreign currency forwards are used to hedge the currency exposure, as a part of an investment strategy, or in connection with settling transactions. Foreign currency contracts may involve market risk in excess of the unrealized gain or loss. Forward transactions are typically not collateralized. The Plan could be exposed to risk if the counterparties are unable to meet the terms of the contracts.

Swap Agreements

Swap agreements are privately negotiated contracts to exchange investment cash flows at a future date based on the underlying value of the assets. Swap agreements involve elements of credit, market, and documentation risk. The Plan could be exposed to risk if the counterparties are unable to meet the terms of the contracts. This risk is mitigated by the posting of collateral by the counterparty and monitored against the contract terms. Swap agreements may be centrally cleared or traded OTC. For OTC swap agreements, the Plan could be exposed to risk if the counterparties are unable to meet the terms of the contracts. This risk is mitigated by the posting of collateral by the counterparty and monitored against the contract terms. Swap agreements are classified as interest rate or credit contracts on the derivative instruments tables that follow.

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Interest Rate Swaps

An Interest rate swap is an agreement in which two parties exchange cash flows based upon a notional principal amount and pay or receive fixed or floating rate amounts of interest. One party exchanges a stream of fixed interest payments for another party's stream of floating interest payments. Investment managers may enter into interest rate swap agreements to help hedge against interest rate risk and to maintain its ability to generate income at prevailing market rates. Interest rate swaps expose users to interest rate risk and credit risk. The notional value of an interest rate swap is not at risk.

Credit Default Swaps

Credit default swaps are agreements where one party (the buyer of protection) makes payments to another party (seller of protection) in exchange for the right to receive a specified return in the event of a default or other credit event. Investment managers may use credit default swaps to provide a measure of protection against defaults of the issuers or to gain or reduce exposure to a particular credit exposure. The typical term of an agreement is five years. If an investment manager is a buyer of protection and a credit event occurs, the portfolio will either receive from the seller of protection an amount equal to the notional amount of the swap or receive a net settlement amount in the form of cash or securities equal to the notional amount of the swap less the recovery value of the referenced obligation. If an investment manager is a seller of protection and a credit event occurs, the portfolio will either pay to the buyer of protection an amount equal to the notional amount of the swap or pay a net settlement amount in the form of cash or securities equal to the notional amount of the swap less the recovery value of the referenced obligation. The maximum potential amount of future payments that the Plan as a seller could be required to make is \$124 million. Credit default swaps are considered to have credit risk-related contingent features since they require payment by the protection seller upon the occurrence of a defined credit event.

Total Return Swaps

A Total Return Swap allows one party to derive the economic benefit of owning an asset without putting that asset on its balance sheet, and allows the other party, which does retain the asset on its balance sheet, to buy protection against loss in value. Investment managers may enter into Total Return Swaps to gain/reduce exposure on the Referenced Asset.

The following tables provide a quantitative summary of the derivative activity as of December 31, 2014 and 2013 and for the year ended December 31, 2014.

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Fair Values of Derivative Instruments on Statements of Net Assets Available for Benefits

(Dollars in Thousands)

At December 31, 2014:	Notional/ contractual amount	Assets *	Liabilities *
Interest rate contracts	\$ 2,153,468	\$ 12,761	\$ 17,617
Foreign exchange contracts	610,967	11,803	3,412
Credit contracts	132,713	2,368	1,415
Equity contracts	106,458	2,162	213
Carrying value of derivatives on the statement of net assets available for benefits		\$ 29,094	\$ 22,657

At December 31, 2013:	Notional/ contractual amount	Assets *	Liabilities *
Interest rate contracts	\$ 2,197,844	\$ 21,339	\$ 14,533
Foreign exchange contracts	432,486	3,184	3,094
Credit contracts	272,820	8,053	5,269
Equity contracts	128,311	5,218	
Carrying value of derivatives on the statement of net assets available for benefits		\$ 37,794	\$ 22,896

* Reported in Investments, at fair value

The Effect of Derivative Instruments on the Statement of Changes in Net Assets Available for Benefits

(Dollars in Thousands)	For the year ended December 31, 2014 *
Interest rate contracts	\$ (20,379)
Foreign exchange contracts	19,912
Credit contracts	6,533
Equity contracts	4,167
Total net gain	\$ 10,234

* Reported in Net change in fair value of investments

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The following table provides a quantitative summary of derivatives that are subject to a master netting agreement less the amounts subject to counter party netting, cash and securities collateral and the net amount.

(Dollars in thousands)	Gross amount*	Counter-party netting	Cash collateral	Securities collateral	Net amount
At December 31, 2014					
Asset derivatives	\$ 17,695	\$ 5,944	\$ 8,016	\$ 255	\$ 3,479
Liability derivatives	9,063	5,944	1,125	486	1,507
At December 31, 2013					
Asset derivatives	\$ 16,035	\$ 8,083	\$ 4,594	\$ 1,463	\$ 1,894
Liability derivatives	13,821	8,083	365	2,820	2,553

*Reported in Investments, at fair value on the Statements of Net Assets Available for Benefits

For futures and centrally cleared derivative assets of \$11M and \$22M and derivative liabilities of \$14M and \$9M at December 31, 2014 and 2013, respectively, the Plan does not have a legal right of setoff under a master netting agreement.

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NOTE 5 INVESTMENT CONTRACTS

The Plan entered into benefit-responsive synthetic investment contracts (synthetic GICs) and a separate account investment contract (separate account GIC) and together with the synthetic GICs, Investment Contracts), for the Interest Income Fund (the Fund), with various third parties, i.e., insurance companies and banks. The fair value of the Investment Contracts was determined using a discounted cash flow model which considers recent rebids as determined by recognized dealers, a discount rate and the duration of the underlying portfolio.

A synthetic GIC provides for a fixed return on principal over a specified period of time, e.g., a quarterly crediting rate. These investment contracts, which are backed by underlying assets owned by the Plan, are issued by third parties. A separate account GIC also provides for a fixed return on principal and these investment contracts are funded by contributions which are held in separate accounts at the third party established for the sole benefit of the Fund participants. Both types of Investment Contracts are meant to be fully benefit-responsive. Participants transact at contract value, which represents contributions plus interest earned based on a formula called the crediting rate. The crediting rate formula smooths and decreases differences over time between the market value of the covered assets and the contract value. The crediting rate is most impacted by the change in the annual effective yield to maturity of the underlying securities, but is also affected by changes in general level of interest rates, administrative expenses and cash flows into or out of the contract. The difference between the contract value and the market value of the covered assets is amortized over time as determined by the terms of the contract, typically the Investment Contract's actual or benchmark duration. A change in duration of the covered assets or benchmark from reset period to reset period can affect the speed with which any difference is amortized. Crediting rates are reset quarterly or more often if deemed appropriate. Investment Contracts provide a guarantee that the crediting rate will not fall below zero percent.

An Investment Contract crediting rate, and hence the Fund's return, may be affected by many factors, including purchases and redemptions by participants. The precise impact on the Investment Contract depends on whether the market value of the covered assets is higher or lower than the contract value of those assets. If the market value of the covered assets is higher than the contract value, the crediting rate will ordinarily be higher than the yield of the covered assets. Under these circumstances, cash from new investors will tend to lower the crediting rate and the Fund's return, and redemptions by existing participants will tend to increase the crediting rate and the Fund's return. If the market value of the covered assets is less than the contract value, the crediting rate will ordinarily be lower than the yield of the covered assets. Under these circumstances, cash from new investors will tend to increase the crediting rate and the Fund's return, and redemptions by existing participants will tend to decrease the crediting rate and the Fund's return. If the Investment Contract experiences significant redemptions when the market value is below the contract value, the Investment Contract's crediting rate may be reduced significantly, to a level that may not be competitive with other investment options. If redemptions continued, the crediting rate could be reduced to zero. If the Investment Contract has insufficient covered assets to meet redemption requests, the Fund would require payments from the investment contract issuer to pay further participant redemptions.

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The Fund and the Investment Contracts purchased for the Fund are designed to pay all participant-initiated transactions at contract value. Participant-initiated transactions are those transactions allowed by the provisions of the Plan (typically this would include withdrawals for benefits, loans, or transfers to non-competing funds within the Plan). However, the Investment Contracts may limit the ability of the Fund to transact at contract value upon the occurrence of certain events. At this time, the occurrence of any of these events is not probable. These events include:

- The Plan's failure to qualify under Section 401(a) or Section 401(k) of the Internal Revenue Code.
- The establishment of a defined contribution plan that competes with the Plan for employee contributions.
- Any substantive modification of the Plan or the administration of the Plan that is not consented to by the investment contract issuer.
- Complete or partial termination of the Plan.
- Any change in law, regulation or administrative ruling applicable to the Plan that could have a material adverse effect on the Fund's cash flow.
- Merger or consolidation of the Plan with another plan, the transfer of plan assets to another plan, or the sale, spin-off or merger of a subsidiary or division of the plan sponsor.
- Any communication given to participants by the Plan sponsor or any other plan fiduciary that is designed to induce or influence participants not to invest in the Fund or to transfer assets out of the Fund.
- Exclusion of a group of previously eligible employees from eligibility in the Plan.
- Any significant retirement program, group termination, group layoff, facility closing or similar program.
- Any transfer of assets from the Fund directly to a competing option, if such transfers are prohibited.

- Bankruptcy of the plan sponsor or other plan sponsor events which cause a significant withdrawal from the Plan.

An investment contract issuer may terminate a contract at any time. In the event that the market value of the covered assets is below the contract value at the time of such termination, the Plan may elect to keep a contract in place to allow for the convergence of the market value and the contract value. An investment contract issuer may also terminate a contract if certain terms of the Investment Contract fail to be met.

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Investment Contracts generally impose conditions on both the Plan and the issuer. If an event of default occurs and is not cured, the non-defaulting party may terminate the contract. The following may cause the Plan to be in default: a breach of material obligation under the contract; a material misrepresentation; or a material amendment to the Plan agreement. The issuer may be in default if it breaches a material obligation under the investment contract; makes a material misrepresentation; is acquired or reorganized. If, in the event of default of an issuer, the Fund were unable to obtain a replacement investment contract, the Fund may experience losses if the market value of the Plan's assets no longer covered by the contract is below contract value. The Fund may seek to add additional issuers over time to diversify the Fund's exposure to such risk, but there is no assurance the Fund will be able to do so. The combination of the default of an issuer and an inability to obtain a replacement agreement could render the Fund unable to maintain contract value. The terms of an Investment Contract generally provide for settlement of payments only upon termination of the contract or total liquidation of the covered investments. Generally, payments will be made pro-rata, based on the percentage of investments covered by each issuer. Contract termination occurs whenever the contract value or market value of the covered investments reaches zero or upon certain events of default. If the contract terminates when the market value equals zero, the issuer will pay the excess of contract value over market value to the Plan to the extent necessary for the Plan to satisfy outstanding contract value withdrawal requests. Contract termination also may occur by either party upon election and notice as agreed to under the terms of the contract.

The following table provides the fair value and contract value for the Investment Contracts and the fair value of the underlying assets net of all receivables and payables.

Investment Contracts at December 31,	2014	2013
	(Dollars in thousands)	
Fair value:		
Investment Contracts	\$ 1,180,812	\$ 633,210
Underlying assets net of payables/receivables	7,897,738	8,864,949
Fair value of Investment Contracts and underlying assets	\$ 9,078,549	\$ 9,498,159
Adjustment from fair value to contract value	(442,160)	(293,477)
Contract value of Investment Contracts	\$ 8,636,389	\$ 9,204,682

The Investment Contracts owned by the Interest Income Fund produced the following returns:

	2014	Year Ended December 31,	2013
Earned by the Plan	4.35%		-1.33%
Credited to participants	2.89%		3.04%

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NOTE 6 - DESCRIPTION OF INVESTMENT FUNDS

The objectives of the thirty-three primary investment funds in which participants could invest in 2014 are described below:

Life Cycle Funds

The fourteen Life Cycle funds reflect a portfolio of diversified investments — U.S. stocks, international stocks, real estate equity stocks, and fixed-income investments — from the existing core funds noted below, plus a balanced exposure fund and a commodities fund (not available to participants as standalone offerings). These funds offer a convenient low-cost way to achieve diversification, professional investment management and periodic rebalancing. The funds are structured by the IBM Retirement Fund organization and managed by the underlying funds' managers.

Ten Life Cycle Funds are Target Date Funds that offer portfolios with asset allocations designed for varying retirement dates or the year in which one expects to start drawing on their retirement assets. The portfolios are offered in five year increments from 2005 to 2050, with the 2030 through 2050 funds providing a significantly higher allocation to stocks. As a fund draws closer to its associated target date, the fund will automatically shift toward a more conservative risk level by reducing its allocation to stocks. Each fund's reduction to stocks continues through its target date for another 10 years, until the fund's allocation and risk profile matches that of the Income Plus Fund and will subsequently be merged into the Income Plus Life Strategy Fund. The Target Date funds assume a retirement age of 60.

- **Target Date 2005 Fund** - designed for investors who have retired or started to draw on their retirement assets on or around the year 2005; seeks returns that moderately outpace inflation over the long term. Target asset allocation between stocks and bonds is 26% stocks*, 74% bonds. It will be merged into the Income Plus Life Strategy Fund during 2015.
- **Target Date 2010 Fund** - seeks relatively high returns at a moderate risk level. Target asset allocation between stocks and bonds is 39% stocks*, 61% bonds.
- **Target Date 2015 Fund** - seeks relatively high returns at a moderate risk level. Target asset allocation between stocks and bonds is 51% stocks*, 49% bonds.
- **Target Date 2020 Fund** - seeks high returns over the long term. Target asset allocation between stocks and bonds is 63% stocks*, 37% bonds.
- **Target Date 2025 Fund** - seeks high returns over the long term. Target asset allocation between stocks and bonds is 75% stocks*, 25% bonds.
- **Target Date 2030 Fund** - seeks high returns over the long term. Target asset allocation between stocks and bonds is 86% stocks*, 14% bonds.
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Target Date 2035 Fund - seeks high returns over the long term. Target asset allocation between stocks and bonds is 90% stocks*, 10% bonds.

- **Target Date 2040 Fund** - seeks high returns over the long term. Target asset allocation between stocks and bonds is 90% stocks*, 10% bonds.
- **Target Date 2045 Fund** - seeks high returns over the long term. Target asset allocation between stocks and bonds is 90% stocks*, 10% bonds.
- **Target Date 2050 Fund** - seeks high returns over the long term. Target asset allocation between stocks and bonds is 90% stocks*, 10% bonds.
- **Target Date 2055 Fund will be added during 2015** will seek high returns over the long term. Target asset allocation between stocks and bonds will be 90% stocks*, 10% bonds.

* Exposure to the balanced exposure and commodities funds is considered part of the allocation to stocks.

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Four Life Cycle Funds are Life Strategy Funds that have a preset mix of stock and fixed income investments in order to provide broad diversification at four given levels of exposure to equities. The preset mix of each Life Strategy Fund is not expected to change over time.

- **Income Plus Life Strategy Fund** - target allocation: 25% stocks*, 75% bonds; seeks returns that modestly outpace inflation on a fairly consistent basis.
- **Conservative Life Strategy Fund** - target allocation: 50% stocks*, 50% bonds; seeks returns that moderately outpace inflation over the long term.
- **Moderate Life Strategy Fund** - target allocation: 65% stocks*, 35% bonds; seeks relatively high returns at a moderate risk level.
- **Aggressive Life Strategy Fund** - target allocation: 90% stocks*, 10% bonds; seeks high returns over the long term.

* Exposure to the balanced exposure and commodities funds is considered part of the allocation to stocks.

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Core Funds - eight funds that provide an opportunity to build a portfolio from a selection of broadly diversified U.S. and international stock funds and from funds that track the fixed-income markets.

- **Interest Income Fund** - seeks to provide income similar to an intermediate bond fund with low volatility and to preserve principal. The fund is managed by multiple investment managers.
- **Inflation Protected Bond Fund** - seeks over the long term to provide a rate of return similar to the Barclays U.S. Treasury Inflation Protected Securities - Series L Index (TIPS). The fund is managed by State Street Global Advisors.
- **Total Bond Market Fund** - seeks to provide a rate of return similar to its benchmark index (Barclays Aggregate Bond Index), which consists of a diversified group of U.S. Treasury, federal agency, mortgage-backed, and corporate securities. The fund is managed by Neuberger Berman.
- **High Yield and Emerging Markets Bond Fund** - seeks to modestly exceed the returns of a customized composite benchmark of 40% U.S. high yield, 40% emerging market bonds issued in local currencies and 20% emerging market bonds issued in U.S. dollars. The fund invests in below investment grade U.S. corporate and emerging market bonds. The fund is managed by multiple investment managers.
- **Total Stock Market Index Fund** - seeks long-term growth of capital and income with a market rate of return for a diversified group of U.S. equities. It attempts to match the performance of the Dow Jones U.S. Total Stock Market Index. The fund is managed by The Vanguard Group.
- **Total International Stock Market Index Fund** - seeks long-term capital growth with a market rate of return for a diversified group of non-U.S. equities in such major markets as Europe and Asia plus the emerging markets of the world. It attempts to match the performance of the MSCI All Country World Ex-USA Investable Market Index. The fund is managed by State Street Global Advisors.
- **Real Estate Investment Trust (REIT) Index Fund** - seeks a total rate of return approximating the returns of the MSCI U.S. REIT index. Investment consists of U.S. publicly traded real estate equity securities. The fund is managed by BlackRock Institutional Trust Company.
- **International Real Estate Index Fund** - seeks to replicate the returns of the FTSE EPRA/NAREIT Developed ex US Rental Index. Investment consists of the international market for securities of companies principally engaged in the real estate industry that derive greater than or equal to 70% of their total revenue from rental revenue of investment properties. The fund is managed by BlackRock Institutional Trust Company.

Expanded Choice Funds eleven funds that provide an opportunity to build an investment portfolio with funds that are less broadly diversified, focusing instead on discrete sectors of the stock and bond markets.

- **Long-Term Corporate Bond Fund** - seeks to modestly outperform the return of the Barclays U.S. Long Credit Index. The fund invests in a diversified group of investment grade corporate and local U.S. and non-U.S. government fixed-rate debt issues with maturities of ten years or more. The fund is managed by

Neuberger Berman.

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- **Large Company Index Fund** - seeks long-term growth of capital and income from dividends by holding all the stocks that make up the Standard & Poor's 500 Index. The fund is managed by The Vanguard Group.
- **Large-Cap Value Index Fund** - seeks long-term growth of capital and income from dividends. The fund holds all the stocks in the Russell 1000 Value Index in approximately the same proportion as those stocks represented in the index. The fund is managed by The Vanguard Group.
- **Large-Cap Growth Index Fund** - seeks long-term growth of capital by holding all the stocks in the Russell 1000 Growth Index in approximately the same proportion as those stocks represented in the index. The fund is managed by The Vanguard Group.
- **Small/Mid-Cap Stock Index Fund** - seeks long-term growth of capital with a market rate of return from a diversified group of medium- and small-company stocks. The fund holds stocks in the Russell 3000 index that are not part of the Standard and Poor's 500 index and attempts to match the performance of the Russell SmallCap Completeness Index. The fund is managed by State Street Global Advisors.
- **Small-Cap Value Index Fund** - seeks long-term growth of capital by attempting to match the performance of the Russell 2000 Value Index. The fund is managed by The Vanguard Group.
- **Small-Cap Growth Index Fund** - seeks long-term growth of capital by attempting to match the performance of the Russell 2000 Growth Index. The fund is managed by The Vanguard Group.
- **European Stock Index Fund** - seeks long-term growth of capital that corresponds to an index of European stocks. It attempts to match the investment results of the MSCI Europe Index. The fund is managed by The Vanguard Group.
- **Pacific Stock Index Fund** - seeks long-term growth of capital by attempting to match the performance of the MSCI Pacific Index. The fund is managed by The Vanguard Group.
- **Emerging Markets Stock Index Fund** - seeks long-term growth of capital by attempting to match the investment results of the FTSE Emerging Index. The fund is managed by The Vanguard Group.
- **IBM Stock Fund** - invests in IBM common stock and holds a small interest-bearing cash balance of approximately 0.35% for liquidity purposes. The fund is managed by State Street Bank and Trust Company.

IBM 401(k) participants also have access to the mutual fund window investments which expands the Plan's investment options to include about 165 mutual funds, most of which are actively managed. This feature gives more options to participants who are interested in investing in brand-name funds, or in simply having a broader range of investment options from which to choose.

Table of Contents**Securities Lending**

The Plan does not currently engage in securities lending for the separate accounts. Securities lending may be permitted in certain commingled funds and in funds within the mutual fund window. The prospectus for each fund will disclose if lending is permitted and the risks involved.

Repurchase Agreements

Certain investment managers of separately managed accounts may enter into repurchase agreements with the objective of managing cash in the portfolio. The repurchase agreements are short-term and managers are limited in the percent of assets which may be invested in them. Counterparties must meet credit rating requirements and permitted collateral is restricted to cash and/or government securities. The Plan received \$38 million and \$23 million of securities collateral at December 31, 2014 and 2013, respectively. The prospectus of commingled funds or funds within the mutual fund window will disclose if repurchase agreements are permitted.

The following table provides a quantitative summary of repurchase agreements that are subject to master netting agreements less cash and securities collateral and the net amount.

(Dollars in thousands)	Gross amount*	Cash collateral	Securities collateral	Net amount
At December 31, 2014				
Repurchase agreements	\$ 37,800	\$	\$ 37,800	\$
At December 31, 2013				
Repurchase agreements	\$ 22,600	\$	\$ 22,600	\$

*Reported in Investments, at fair value on the Statements of Net Assets Available for Benefits

Table of Contents**NOTE 7 - TAX STATUS**

The Trust established under the Plan is qualified under Section 401(a) of the Internal Revenue Code of 1986 and Section 1081.01 of the Internal Revenue Code for a New Puerto Rico (2011), and the Trustee intends for the Trust to remain dual-qualified in this manner. The Plan received a favorable determination letter from the IRS on January 8, 2015, and received a favorable determination letter from the Hacienda (Puerto Rico) on April 29, 1993. Subsequent to these determination letters by the IRS and the Hacienda, the Plan was amended. The Plan administrator and Counsel continue to believe the Plan is designed and is being operated in compliance with the applicable requirements of the Internal Revenue Code and the Internal Revenue Code for a New Puerto Rico (2011). The Plan submitted a request for a new determination letter to the Hacienda on April 15, 2014.

Accounting principles generally accepted in the United States of America require plan management to evaluate tax positions taken by the Plan and recognize a tax liability (or asset) if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. The Plan administrator has analyzed the tax positions taken by the Plan, and has concluded that as of December 31, 2014, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

NOTE 8 - RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500

The following is a reconciliation of net assets available for benefits per the financial statements to the Form 5500 as of:

	12/31 2014		12/31 2013
	(Dollars in thousands)		
Net assets available for benefits per the financial statements	\$ 47,574,974	\$	46,285,274
Plus:			
Adjustment from contract value to fair value for fully benefit-responsive investment contracts held by the Interest Income Fund	442,161		293,477
Net assets available for benefits per the Form 5500	\$ 48,017,136	\$	46,578,751

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The following is a reconciliation of investment income per the financial statements to the Form 5500:

	Year Ended December 31, 2014
	(Dollars in thousands)
Total investment income and interest income on notes receivable from participants per the financial statements	\$ 2,669,300
Less:	
Adjustment from fair value to contract value for fully benefit-responsive investment contracts at December 31, 2013	293,477
Plus:	
Adjustment from fair value to contract value for fully benefit-responsive investment contracts at December 31, 2014	442,161
Total investment income per the Form 5500	\$ 2,817,984

NOTE 9 - RELATED-PARTY TRANSACTIONS

At December 31, 2014, a significant portion of the Plan's assets were managed by SSGA, an affiliate of SSBT. SSBT also acts as the Trustee for the Plan and, therefore, these investments in addition to participant loans qualify as party-in-interest transactions. The Plan also pays a fee to the Trustee. These transactions qualify as party-in-interest transactions as well.

In addition, Fidelity is the provider of administrative services related to the mutual fund window as well as an affiliate of the investment manager of Fidelity funds within the mutual fund window. Fidelity is also the provider of record keeping and participant services, and the operator of the IBM Employee Services Center for the IBM 401(k) Plus Plan.

At December 31, 2014 and 2013, the Plan held 10,301,527 and 11,778,076 shares of IBM common stock valued at \$1,652,776,992 and \$2,209,213,715, respectively. During the year ended December 31, 2014, purchases of IBM common stock by the Plan totaled \$110,826,417 and sales of IBM common stock by the Plan totaled \$391,794,541.

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IBM 401(k) PLUS PLAN AT DECEMBER 31, 2014

Schedule G, Part I - Schedule of Loans or Fixed Income Obligations in Default or Classified as Uncollectible

(a)*	(b) Identity and address of Obligor	Security ID	Issue Date	Maturity Date	Interest Rate	Capitalized Interest	(d) Original amount of loan	Amount received during (g) Unpaid reporting year balance at end of year		Amount (h) Principal	
								(e) Principal	(f) Interest		
	Glitnir Bank HF, Islandsbanki, Kirkjusandi 2-155 Reykjavik, Iceland	379308AA7	6/15/2006	6/15/2016	6.693		\$ 2,100,000			\$ 913,595	
	Glitnir Bank HF, Islandsbanki, Kirkjusandi 2-155 Reykjavik, Iceland	379308AB5	9/14/2006	9/14/2049	7.451		200,000			89,412	
	Hipotecaria Su Casita, S.A. de C.V., AV San Geronimo 478 Col. Jardines del Pedregal Mexico, DF 01090	433514AB2	6/29/2011	6/29/2018	7.5	\$ 1,791	87,022			15,542	
	Kaupthing Bank hf., Borgartun 26 IS-105 Reykjavik, Iceland	48632HAA5	5/19/2006	5/19/2016	7.125		700,000			299,250	
	Lehman Brothers Holdings Inc., 745 Seventh Avenue, New York, NY 10019	524ESC7M6	12/21/2007	12/28/2017	6.75		9,850,000			3,989,250	
	Lehman Brothers Holdings Inc., 745 Seventh Avenue, New York, NY 10019	524ESCXA3	5/17/2007	11/30/2056	5.857		1,730,000			1,955,423	
	Sigma Finance Corp., M&C Corp. Services LTD, Box 309GT, Uglan House, South Church St., George Town, Grand Cayman, Grand Cayman Islands	8265Q0XQ0	6/4/2007	6/4/2009	variable		10,000,000			9,554,482	9,494,97

* Party-in-interest

Schedule G, Part I - Overdue Loan Explanation

Investment managers have responsibility for these securities as well as other securities in their portfolio and they have or will take appropriate actions taking into consideration the circumstances surrounding each security and the overall portfolio that they manage.

Table of Contents**IBM 401(k) PLUS PLAN****Schedule H, line 4i - Schedule of Assets (Held at End of Year)****AT DECEMBER 31, 2014**

(a)	(b) Identity of issue, borrower, lessor, or similar party	(c) Description of investment including maturity date, rate of interest, collateral, par, or maturity value	(d) Cost (n/a)	(e) Fair value
IBM Stock Fund				
*	International Business Machines Corporation Managed by State Street Global Advisors	IBM Common Stock 10,301,527 shares State Street Bank and Trust Company Government Short-Term Investment Fund	\$	1,652,776,992 1,860,603
Mutual Funds				
	Administered by Fidelity	Mutual Fund Window (refer to Exhibit K - investments)		5,723,800,615
	Vanguard Emerging Markets Stock Index Fund	Vanguard Emerging Markets Stock Index Fund Institutional Plus Shares 617,765 shares		51,966,373
Commingled Funds				
	Vanguard Employee Benefit Index Fund	Large Company Index		5,761,434,385
	Vanguard Total Stock Market Index Trust	Total Stock Market Index		4,878,696,087
	Vanguard Russell 1000 Value Index Trust	Large Cap Value Index		1,037,995,925
	Vanguard Russell 1000 Growth Index Trust	Large Cap Growth Index		953,307,193
	Vanguard Russell 2000 Value Index Trust	Small Cap Value Index		757,673,459
	Vanguard Russell 2000 Growth Index Trust	Small Cap Growth Index		704,772,864
	Vanguard European Stock Index Trust	European Stock Index		438,290,010
	Vanguard Pacific Stock Index Trust	Pacific Stock Index		323,367,434
	PIMCO Commodities Plus Trust II	Commodity		267,769,272
	AQR Global Risk Parity Enhanced Liquidity Fund	Balanced Fund		226,174,885
	Bridgewater All Weather Portfolio III, LTD.	Balanced Fund		683,234,750

* Party-In-Interest

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(a)	(b) Identity of issue, borrower, lessor, or similar party	(c) Description of investment including maturity date, rate of interest, collateral, par, or maturity value	(d) Cost (n/a)	(e) Fair value
Separately-Managed Funds				
	Managed by State Street Global Advisors	Small/Mid Cap Stock Index (refer to Exhibit A - investments)	\$	3,974,023,194
	Managed by State Street Global Advisors	Total International Stock Market Index (refer to Exhibit B		
		- investments)		3,241,829,160
	Managed by Neuberger Berman	Total Bond Market (refer to Exhibit C - investments)		2,187,187,615
	Managed by State Street Global Advisors	Inflation Protected Bond (refer to Exhibit D - investments)		1,781,587,426
	Managed by BlackRock Institutional Trust Company	Real Estate Investment Trust (refer to Exhibit E - investments)		1,404,051,233
	Managed by Neuberger Berman	Long-Term Corporate Bond (refer to Exhibit F - investments)		410,019,822
	Managed by BlackRock Institutional Trust Company	International Real Estate Index (refer to Exhibit G -investments)		304,788,307
	Managed by Pacific Investment Management Company (PIMCO)	High Yield and Emerging Markets Bond (refer to Exhibit H - investments)		254,786,586
	Managed by Lazard	Emerging Markets Debt (Refer to Exhibit L - investments)		146,957,339
	Managed by JP Morgan	High Yield Debt (Refer to Exhibit M - investments)		103,323,156
	Collateral	(refer to Exhibit I - investments)		11,788,334

* Party-In-Interest

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(a)	(b) Identity of issue, borrower, lessor, or similar party	(c) Description of investment including maturity date, rate of interest, collateral, par, or maturity value	(d) Cost (n/a)	(e) Fair value
Separately-Managed Funds (continued)				
	Underlying assets managed by various investment companies	Interest Income Fund (refer to Exhibit J - investments)	\$	10,475,993,084
*	Mass Mutual Life Insurance Company	Synthetic GIC Wrapper Contract, Rate of Interest 2.70%		
	Royal Bank of Canada	Synthetic GIC Wrapper Contract, Rate of Interest 3.46%		
*	State Street Bank and Trust Company	Synthetic GIC Wrapper Contract, Rate of Interest 3.46%		
*	The Prudential Insurance Company of America	Synthetic GIC Wrapper Contract, Rate of Interest 2.72%		
*	New York Life Insurance Company	Synthetic GIC Wrapper Contract, Rate of Interest 2.73%		
*	Metropolitan Life Insurance Company	Separate Account GIC Contract, Rate of Interest 2.73%		
*	Notes receivable from participants	Interest rates range: 4.25% - 11.00% Terms: one to thirty years		302,031,278
Interest-Bearing Cash				
	Managed by State Street Global Advisors	State Street Bank and Trust Company Government Short-Term Investment Fund		721,229,097

* Party-In-Interest

Table of Contents**IBM 401(K) PLUS PLAN AT DECEMBER 31, 2014****Schedule H, line 4i-Schedule of Assets (Acquired and Disposed of Within Year)****FOR THE YEAR ENDED DECEMBER 31, 2014**

(a)	(b) Identity of issue, borrower, lessor, or similar party	(c) Description of investment including maturity date, rate of interest, collateral, par, or maturity value	(d) Cost (n/a)	(e) Fair value
		Shares/ Par Value		
	BANK OF AMERICA	INTEREST-BEARING CASH	280,000	\$ 280,000
	BARCLAYS CAPITAL INC	INTEREST-BEARING CASH	270,000	270,000
	BARCLAYS CAPITAL INC	INTEREST-BEARING CASH	300,000	300,000
	BARCLAYS CASH COLLATERAL	INTEREST-BEARING CASH	12,000	12,000
	CCGSCZUS9 GOLDMAN SACH COC	INTEREST-BEARING CASH	142,000	142,000
	CCMSCZUS2 CCPC COC EQUITY	INTEREST-BEARING CASH	565,000	565,000
	CCNOMTUS3 NOMURA BOC	INTEREST-BEARING CASH	72,000	72,000
	CREDIT SUISSE	INTEREST-BEARING CASH	1,240,000	1,240,000
	CREDIT SUISSE SEC (USD) LLC	INTEREST-BEARING CASH	2,150,000	2,590,000
	DEUTSCHE BANK	INTEREST-BEARING CASH	330,000	330,000
	ENERGY TRANSFER PARTNERS LP	PARTN./JOINT VENTURE INTEREST	11,931	678,408
	GOLDMAN CCP USD	INTEREST-BEARING CASH	170,000	170,000
	GOLDMAN SACH AND CO	INTEREST-BEARING CASH	257,000	257,000
	GOLDMAN SACH AND CO	INTEREST-BEARING CASH	650,000	650,000
	GOLDMAN SACHS BANK USA BOC	INTEREST-BEARING CASH	1,990,000	2,670,000
	GOLDMAN SACHS BANK USA COC	INTEREST-BEARING CASH	1,346,000	1,346,000
	JP MORGAN SEC INC	INTEREST-BEARING CASH	250,000	540,000
	MORGAN STANLEY CAP SVCS COC	INTEREST-BEARING CASH	871,000	601,000
	SWAP BANK OF AMERICA BOC	INTEREST-BEARING CASH	7,290,000	7,290,000
	SWAP BANK OF AMERICA BOC	INTEREST-BEARING CASH	1,380,000	1,380,000
	SWAP BANK OF AMERICA COC	INTEREST-BEARING CASH	1,835,000	2,057,000
	SWAP BARCLAYS BANK COC	INTEREST-BEARING CASH	360,000	360,000
	SWAP BNP PARIBAS COC	INTEREST-BEARING CASH	137,000	137,000
	SWAP CITIBANK COC	INTEREST-BEARING CASH	260,000	260,000
	SWAP CREDIT SUISSE BOC	INTEREST-BEARING CASH	320,000	320,000
	SWAP CREDIT SUISSE COC	INTEREST-BEARING CASH	974,000	974,000
	SWAP DEUTSCHE BANK COC	INTEREST-BEARING CASH	694,000	694,000
	SWAP GOLDMAN SACHS BOC	INTEREST-BEARING CASH	270,000	270,000
	SWAP HSBC BOC	INTEREST-BEARING CASH	2,680,000	2,680,000
	SWAP HSBC COC	INTEREST-BEARING CASH	290,000	290,000
*	SWAP JP MORGAN BOC	INTEREST-BEARING CASH	570,000	570,000
*	SWAP JP MORGAN COC	INTEREST-BEARING CASH	1,980,000	1,980,000
	SWAP UBS BOC	INTEREST-BEARING CASH	940,000	940,000
	SWAP UBS COC	INTEREST-BEARING CASH	226,000	226,000
	TBA JP MORGAN BOC	INTEREST-BEARING CASH	260,000	260,000

Total

\$ 33,401,408

* Party-In-Interest

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Table of Contents**EXHIBIT A - Small/Mid-Cap Stock Index Fund**

(Managed by State Street Global Advisors)

IBM 401(K) PLUS PLAN AT DECEMBER 31, 2014**Schedule H, line 4i-Schedule of Assets (Held At End of Year)**

(a)	(b) Identity of issue, borrower, lessor, or similar party	(c) Description of investment including maturity date, rate of interest, collateral, par, or maturity value	(d) Cost (n/a)	(e) Fair value
		Shares/ Par Value		
	1 800 FLOWERS.COM INC CL A	COMMON STOCK	27,500	\$ 226,600
	1ST SOURCE CORP	COMMON STOCK	17,119	587,353
	3D SYSTEMS CORP	COMMON STOCK	98,739	3,245,551
	8X8 INC	COMMON STOCK	69,300	634,788
	AAON INC	COMMON STOCK	41,236	923,274
	AAR CORP	COMMON STOCK	42,500	1,180,650
	AARON S INC	COMMON STOCK	57,262	1,750,499
	ABAXIS INC	COMMON STOCK	23,356	1,327,321
	ABENGOA YIELD PLC	COMMON STOCK	25,900	707,588
	ABERCROMBIE + FITCH CO CL A	COMMON STOCK	69,200	1,981,888
	ABIOMED INC	COMMON STOCK	40,600	1,545,236
	ABM INDUSTRIES INC	COMMON STOCK	55,400	1,587,210
	ABRAXAS PETROLEUM CORP	COMMON STOCK	85,900	252,546
	ACACIA RESEARCH CORP	COMMON STOCK	44,300	750,442
	ACADIA HEALTHCARE CO INC	COMMON STOCK	34,800	2,130,108
	ACADIA PHARMACEUTICALS INC	COMMON STOCK	67,700	2,149,475
	ACADIA REALTY TRUST	REAL ESTATE INV TRST	53,307	1,707,423
	ACCELERATE DIAGNOSTICS INC	COMMON STOCK	19,600	376,124
	ACCELERON PHARMA INC	COMMON STOCK	14,100	549,336
	ACCO BRANDS CORP	COMMON STOCK	115,734	1,042,763
	ACCURAY INC	COMMON STOCK	68,285	515,552
	ACCURIDE CORP	COMMON STOCK	36,100	156,674
	ACELRX PHARMACEUTICALS INC	COMMON STOCK	27,500	185,075
	ACETO CORP	COMMON STOCK	26,700	579,390
	ACHILLION PHARMACEUTICALS	COMMON STOCK	94,900	1,162,525
	ACI WORLDWIDE INC	COMMON STOCK	100,800	2,033,136
	ACORDA THERAPEUTICS INC	COMMON STOCK	39,414	1,610,850
	ACTIVISION BLIZZARD INC	COMMON STOCK	443,217	8,930,823
	ACTUA CORP	COMMON STOCK	41,600	768,352
	ACTUANT CORP A	COMMON STOCK	64,800	1,765,152
	ACTUATE CORP	COMMON STOCK	53,808	355,133
	ACUITY BRANDS INC	COMMON STOCK	38,550	5,399,699
	ACXIOM CORP	COMMON STOCK	69,700	1,412,819
	ADAMS RESOURCES + ENERGY INC	COMMON STOCK	2,700	134,865
	ADTRAN INC	COMMON STOCK	51,437	1,121,327
	ADVANCE AUTO PARTS INC	COMMON STOCK	65,300	10,400,984
	ADVANCED EMISSIONS SOLUTIONS	COMMON STOCK	17,800	405,662

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ADVANCED ENERGY INDUSTRIES	COMMON STOCK	41,300	978,810
ADVANCED MICRO DEVICES	COMMON STOCK	577,100	1,540,857
ADVENT SOFTWARE INC	COMMON STOCK	45,396	1,390,933
ADVISORY BOARD CO/THE	COMMON STOCK	33,504	1,641,026
AECOM	COMMON STOCK	135,128	4,103,837
AEGERION PHARMACEUTICALS INC	COMMON STOCK	27,937	585,001
AEGION CORP	COMMON STOCK	38,091	708,874
AEP INDUSTRIES INC	COMMON STOCK	6,200	360,530
AEROPOSTALE INC	COMMON STOCK	74,455	172,736
AEROVIRONMENT INC	COMMON STOCK	18,100	493,225
AFFYMETRIX INC	COMMON STOCK	76,400	754,068
AG MORTGAGE INVESTMENT TRUST	REAL ESTATE INV TRST	26,400	490,248
AGCO CORP	COMMON STOCK	83,800	3,787,760
AGILYSYS INC	COMMON STOCK	17,100	215,289
AGIOS PHARMACEUTICALS INC	COMMON STOCK	11,600	1,299,664
AGREE REALTY CORP	REAL ESTATE INV TRST	13,240	411,632
AH BELO CORP A	COMMON STOCK	8,900	92,382
AIR LEASE CORP	COMMON STOCK	90,800	3,115,348
AIR METHODS CORP	COMMON STOCK	38,100	1,677,543
AIR TRANSPORT SERVICES GROUP	COMMON STOCK	57,400	491,344
AIRCASTLE LTD	COMMON STOCK	58,400	1,248,008
AK STEEL HOLDING CORP	COMMON STOCK	147,800	877,932
AKORN INC	COMMON STOCK	56,565	2,047,653
ALAMO GROUP INC	COMMON STOCK	7,800	377,832
ALASKA AIR GROUP INC	COMMON STOCK	122,800	7,338,528
ALBANY INTL CORP CL A	COMMON STOCK	27,160	1,031,808
ALBANY MOLECULAR RESEARCH	COMMON STOCK	21,300	346,764
ALBEMARLE CORP	COMMON STOCK	70,987	4,268,448
ALERE INC	COMMON STOCK	79,196	3,009,448
ALEXANDER + BALDWIN INC	COMMON STOCK	42,924	1,685,196
ALEXANDER S INC	REAL ESTATE INV TRST	2,214	967,917
ALEXANDRIA REAL ESTATE EQUIT	REAL ESTATE INV TRST	63,993	5,678,739
ALICO INC	COMMON STOCK	4,280	214,128
ALIGN TECHNOLOGY INC	COMMON STOCK	70,300	3,930,473
ALIMERA SCIENCES INC	COMMON STOCK	11,700	64,818
ALKERMES PLC	COMMON STOCK	129,100	7,560,096
ALLEGHANY CORP	COMMON STOCK	14,761	6,841,724
ALLEGiant TRAVEL CO	COMMON STOCK	13,600	2,044,488
ALLETE INC	COMMON STOCK	38,600	2,128,404
ALLIANCE FIBER OPTIC PRODUCT	COMMON STOCK	13,300	192,983

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ALLIANCE ONE INTERNATIONAL	COMMON STOCK	89,500	141,410
ALLIANT ENERGY CORP	COMMON STOCK	99,100	6,582,222
ALLIED NEVADA GOLD CORP	COMMON STOCK	90,500	78,735
ALLIED WORLD ASSURANCE CO	COMMON STOCK	90,000	3,412,800
ALLISON TRANSMISSION HOLDING	COMMON STOCK	120,300	4,078,170
ALLSCRIPTS HEALTHCARE SOLUTI	COMMON STOCK	158,482	2,023,815
ALLY FINANCIAL INC	COMMON STOCK	241,500	5,704,230
ALMOST FAMILY INC	COMMON STOCK	8,100	234,495
ALNYLAM PHARMACEUTICALS INC	COMMON STOCK	57,400	5,567,800
ALON USA ENERGY INC	COMMON STOCK	15,500	196,385
ALPHA + OMEGA SEMICONDUCTOR	COMMON STOCK	13,875	122,794
ALPHA NATURAL RESOURCES INC	COMMON STOCK	220,000	367,400
ALTISOURCE ASSET MANAGEMENT	COMMON STOCK	1,200	372,144
ALTISOURCE PORTFOLIO SOL	COMMON STOCK	12,900	435,891
ALTISOURCE RESIDENTIAL CORP	REAL ESTATE INV TRST	41,000	795,400
ALTRA INDUSTRIAL MOTION CORP	COMMON STOCK	25,581	726,245
AMAG PHARMACEUTICALS INC	COMMON STOCK	17,400	741,588
AMBAC FINANCIAL GROUP INC	COMMON STOCK	40,500	992,250
AMBARELLA INC	COMMON STOCK	26,200	1,328,864
AMC ENTERTAINMENT HLDS CL A	COMMON STOCK	17,200	450,296
AMC NETWORKS INC A	COMMON STOCK	53,100	3,386,187
AMDOCS LTD	COMMON STOCK	142,950	6,669,332
AMEDISYS INC	COMMON STOCK	24,879	730,199
AMER NATL BNKSHS/DANVILLE VA	COMMON STOCK	2,000	49,620
AMERCO	COMMON STOCK	7,283	2,070,266
AMERESCO INC CL A	COMMON STOCK	17,400	121,800
AMERICA S CAR MART INC	COMMON STOCK	7,800	416,364
AMERICAN AIRLINES GROUP INC	COMMON STOCK	643,200	34,494,816
AMERICAN ASSETS TRUST INC	REAL ESTATE INV TRST	33,848	1,347,489
AMERICAN AXLE + MFG HOLDINGS	COMMON STOCK	66,450	1,501,106
AMERICAN CAMPUS COMMUNITIES	REAL ESTATE INV TRST	93,683	3,874,729
AMERICAN CAPITAL AGENCY CORP	REAL ESTATE INV TRST	315,400	6,885,182
AMERICAN CAPITAL MORTGAGE IN	REAL ESTATE INV TRST	51,400	968,376
AMERICAN EAGLE OUTFITTERS	COMMON STOCK	170,664	2,368,816
AMERICAN EQUITY INVT LIFE HL	COMMON STOCK	64,400	1,879,836
AMERICAN FINANCIAL GROUP INC	COMMON STOCK	64,639	3,924,880
AMERICAN HOMES 4 RENT A	REAL ESTATE INV TRST	124,000	2,111,720
AMERICAN NATIONAL INSURANCE	COMMON STOCK	7,700	879,802
AMERICAN PUBLIC EDUCATION	COMMON STOCK	18,700	689,469
AMERICAN RAILCAR INDUSTRIES	COMMON STOCK	9,200	473,800
AMERICAN REALTY CAPITAL HEAL	REAL ESTATE INV TRST	149,700	1,781,430
AMERICAN REALTY CAPITAL PROP	REAL ESTATE INV TRST	812,500	7,353,125
AMERICAN RESIDENTIAL PROPERT	REAL ESTATE INV TRST	16,200	284,634
AMERICAN SCIENCE + ENGINEERI	COMMON STOCK	7,956	412,916
AMERICAN SOFTWARE INC CL A	COMMON STOCK	32,300	294,253
AMERICAN STATES WATER CO	COMMON STOCK	37,482	1,411,572
AMERICAN VANGUARD CORP	COMMON STOCK	29,899	347,426
AMERICAN WATER WORKS CO INC	COMMON STOCK	160,099	8,533,277
AMERICAN WOODMARK CORP	COMMON STOCK	10,300	416,532
AMERIS BANCORP	COMMON STOCK	23,264	596,489
AMERISAFE INC	COMMON STOCK	16,924	716,901
AMES NATIONAL CORP	COMMON STOCK	6,179	160,283
AMKOR TECHNOLOGY INC	COMMON STOCK	68,400	485,640
AMN HEALTHCARE SERVICES INC	COMMON STOCK	39,990	783,804
AMPCO PITTSBURGH CORP	COMMON STOCK	8,500	163,625
AMPIO PHARMACEUTICALS INC	COMMON STOCK	11,200	38,416
AMREIT INC	REAL ESTATE INV TRST	13,400	355,636
AMSURG CORP	COMMON STOCK	30,525	1,670,633
AMTRUST FINANCIAL SERVICES	COMMON STOCK	27,088	1,523,700
AMYRIS INC	COMMON STOCK	15,800	32,548
ANACOR PHARMACEUTICALS INC	COMMON STOCK	29,300	944,925
ANALOGIC CORP	COMMON STOCK	12,000	1,015,320
ANDERSONS INC/THE	COMMON STOCK	25,770	1,369,418

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ANGIE S LIST INC	COMMON STOCK	31,000	193,130
ANGIODYNAMICS INC	COMMON STOCK	29,300	556,993
ANIKA THERAPEUTICS INC	COMMON STOCK	8,400	342,216
ANIXTER INTERNATIONAL INC	COMMON STOCK	26,350	2,330,921
ANN INC	COMMON STOCK	40,312	1,470,582
ANNALY CAPITAL MANAGEMENT IN	REAL ESTATE INV TRST	847,770	9,164,394
ANSYS INC	COMMON STOCK	82,823	6,791,486
ANTARES PHARMA INC	COMMON STOCK	99,100	254,687
ANTERO RESOURCES CORP	COMMON STOCK	47,200	1,915,376
ANWORTH MORTGAGE ASSET CORP	REAL ESTATE INV TRST	143,288	752,262
AOL INC	COMMON STOCK	75,514	3,486,481
APCO OIL AND GAS INTL INC	COMMON STOCK	13,800	193,614
APOGEE ENTERPRISES INC	COMMON STOCK	28,177	1,193,859
APOLLO COMMERCIAL REAL ESTAT	REAL ESTATE INV TRST	36,800	602,048
APOLLO EDUCATION GROUP INC	COMMON STOCK	85,600	2,919,816
APOLLO RESIDENTIAL MORTGAGE	REAL ESTATE INV TRST	23,700	373,749
APPLIED INDUSTRIAL TECH INC	COMMON STOCK	39,625	1,806,504
APPLIED MICRO CIRCUITS CORP	COMMON STOCK	76,999	502,033
APPLIED OPTOELECTRONICS INC	COMMON STOCK	12,200	136,884
APPROACH RESOURCES INC	COMMON STOCK	31,800	203,202
APTARGROUP INC	COMMON STOCK	58,344	3,899,713
AQUA AMERICA INC	COMMON STOCK	160,075	4,274,003
ARAMARK	COMMON STOCK	38,100	1,186,815
ARATANA THERAPEUTICS INC	COMMON STOCK	20,400	363,528
ARC DOCUMENT SOLUTIONS INC	COMMON STOCK	36,300	370,986
ARCBEST CORP	COMMON STOCK	25,000	1,159,250
ARCH CAPITAL GROUP LTD	COMMON STOCK	119,883	7,085,085
ARCH COAL INC	COMMON STOCK	212,465	378,188

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ARCTIC CAT INC	COMMON STOCK	14,700	521,850
ARENA PHARMACEUTICALS INC	COMMON STOCK	212,980	739,041
ARES COMMERCIAL REAL ESTATE	REAL ESTATE INV TRST	24,600	282,408
ARGAN INC	COMMON STOCK	8,000	269,120
ARGO GROUP INTERNATIONAL	COMMON STOCK	22,641	1,255,896
ARIAD PHARMACEUTICALS INC	COMMON STOCK	180,600	1,240,722
ARISTA NETWORKS INC	COMMON STOCK	5,500	334,180
ARLINGTON ASSET INVESTMENT A	COMMON STOCK	16,600	441,726
ARMOUR RESIDENTIAL REIT INC	REAL ESTATE INV TRST	368,600	1,356,448
ARMSTRONG WORLD INDUSTRIES	COMMON STOCK	40,156	2,052,775
ARRAY BIOPHARMA INC	COMMON STOCK	132,504	626,744
ARRIS GROUP INC	COMMON STOCK	113,872	3,437,796
ARROW ELECTRONICS INC	COMMON STOCK	88,950	5,149,316
ARROW FINANCIAL CORP	COMMON STOCK	13,954	383,595
ARROWHEAD RESEARCH CORP	COMMON STOCK	44,900	331,362
ARTESIAN RESOURCES CORP CL A	COMMON STOCK	9,341	211,013
ARTHUR J GALLAGHER + CO	COMMON STOCK	144,016	6,780,273
ARTISAN PARTNERS ASSET MA A	COMMON STOCK	24,200	1,222,826
ARUBA NETWORKS INC	COMMON STOCK	97,300	1,768,914
ASBURY AUTOMOTIVE GROUP	COMMON STOCK	30,500	2,315,560
ASCENA RETAIL GROUP INC	COMMON STOCK	127,076	1,596,075
ASCENT CAPITAL GROUP INC A	COMMON STOCK	14,019	742,026
ASHFORD HOSPITALITY PRIME IN	REAL ESTATE INV TRST	12,060	206,950
ASHFORD HOSPITALITY TRUST	REAL ESTATE INV TRST	67,400	706,352
ASHFORD INC	COMMON STOCK	774	72,756
ASHLAND INC	COMMON STOCK	61,100	7,317,336
ASPEN INSURANCE HOLDINGS LTD	COMMON STOCK	58,000	2,538,660
ASPEN TECHNOLOGY INC	COMMON STOCK	82,100	2,875,142
ASSOCIATED BANC CORP	COMMON STOCK	141,677	2,639,443
ASSOCIATED ESTATES REALTY CP	REAL ESTATE INV TRST	45,581	1,057,935
ASSURED GUARANTY LTD	COMMON STOCK	154,200	4,007,658
ASTECH INDUSTRIES INC	COMMON STOCK	21,400	841,234
ASTORIA FINANCIAL CORP	COMMON STOCK	94,288	1,259,688
ASTRONICS CORP	COMMON STOCK	14,738	815,159
ASTRONICS CORP CL B	COMMON STOCK	2,947	163,853
ATHENAHEALTH INC	COMMON STOCK	33,200	4,837,240
ATLANTIC POWER CORP	COMMON STOCK	119,000	322,490
ATLANTIC TELE NETWORK INC	COMMON STOCK	9,000	608,310
ATLAS AIR WORLDWIDE HOLDINGS	COMMON STOCK	27,100	1,336,030
ATMEL CORP	COMMON STOCK	374,987	3,148,016
ATMOS ENERGY CORP	COMMON STOCK	91,750	5,114,145
ATRICURE INC	COMMON STOCK	19,300	385,228
ATRION CORPORATION	COMMON STOCK	1,899	645,679
ATWOOD OCEANICS INC	COMMON STOCK	56,370	1,599,217
AUXILIUM PHARMACEUTICALS INC	COMMON STOCK	47,900	1,647,042
AV HOMES INC	COMMON STOCK	8,600	125,302
AVANIR PHARMACEUTICALS INC	COMMON STOCK	143,800	2,437,410
AVG TECHNOLOGIES	COMMON STOCK	20,600	406,644
AVIS BUDGET GROUP INC	COMMON STOCK	94,120	6,242,980
AVISTA CORP	COMMON STOCK	54,312	1,919,929
AVIV REIT INC	REAL ESTATE INV TRST	13,200	455,136
AVNET INC	COMMON STOCK	123,579	5,316,369
AVX CORP	COMMON STOCK	50,526	707,364
AXALTA COATING SYSTEMS LTD	COMMON STOCK	47,800	1,243,756
AXCELIS TECHNOLOGIES INC	COMMON STOCK	137,900	353,024
AXIALL CORP	COMMON STOCK	68,300	2,900,701
AXIS CAPITAL HOLDINGS LTD	COMMON STOCK	96,100	4,909,749
AZZ INC	COMMON STOCK	25,200	1,182,384
B+G FOODS INC	COMMON STOCK	48,800	1,459,120
B/E AEROSPACE INC	COMMON STOCK	96,200	5,581,524
BABCOCK + WILCOX CO/THE	COMMON STOCK	104,598	3,169,319
BADGER METER INC	COMMON STOCK	14,570	864,730
BALCHEM CORP	COMMON STOCK	30,147	2,008,996

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BALDWIN + LYONS INC CL B	COMMON STOCK	9,250	238,465
BANC OF CALIFORNIA INC	COMMON STOCK	19,600	224,812
BANCFIRST CORP	COMMON STOCK	7,800	494,442
BANCO LATINOAMERICANO COME E	COMMON STOCK	30,293	911,819
BANCORP INC/THE	COMMON STOCK	21,608	235,311
BANCORPSOUTH INC	COMMON STOCK	86,781	1,953,440
BANK MUTUAL CORP	COMMON STOCK	52,892	362,839
BANK OF HAWAII CORP	COMMON STOCK	39,300	2,330,883
BANK OF KENTUCKY FINL CORP	COMMON STOCK	4,700	226,869
BANK OF MARIN BANCORP/CA	COMMON STOCK	5,300	278,727
BANK OF THE OZARKS	COMMON STOCK	70,700	2,680,944
BANKFINANCIAL CORP	COMMON STOCK	24,955	295,966
BANKRATE INC	COMMON STOCK	61,100	759,473
BANKUNITED INC	COMMON STOCK	90,500	2,621,785
BANNER CORPORATION	COMMON STOCK	19,100	821,682
BARNES + NOBLE INC	COMMON STOCK	33,315	773,574
BARNES GROUP INC	COMMON STOCK	53,900	1,994,839
BARRETT BUSINESS SVCS INC	COMMON STOCK	8,300	227,420
BASIC ENERGY SERVICES INC	COMMON STOCK	29,400	206,094
BAZAARVOICE INC	COMMON STOCK	41,100	330,444
BBCN BANCORP INC	COMMON STOCK	70,454	1,013,129
BEACON ROOFING SUPPLY INC	COMMON STOCK	46,750	1,299,650
BEAZER HOMES USA INC	COMMON STOCK	17,037	329,836
BEBE STORES INC	COMMON STOCK	41,004	89,799
BEL FUSE INC CL B	COMMON STOCK	11,600	317,144
BELDEN INC	COMMON STOCK	39,750	3,132,698
BELMOND LTD CLASS A	COMMON STOCK	95,860	1,185,788
BEMIS COMPANY	COMMON STOCK	91,100	4,118,631

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BENCHMARK ELECTRONICS INC	COMMON STOCK	52,822	1,343,792
BENEFICIAL MUTUAL BANCORP IN	COMMON STOCK	34,300	420,861
BENEFITFOCUS INC	COMMON STOCK	4,900	160,916
BERKSHIRE HILLS BANCORP INC	COMMON STOCK	23,195	618,379
BERRY PLASTICS GROUP INC	COMMON STOCK	79,700	2,514,535
BGC PARTNERS INC CL A	COMMON STOCK	158,725	1,452,334
BIG 5 SPORTING GOODS CORP	COMMON STOCK	23,041	337,090
BIG LOTS INC	COMMON STOCK	45,400	1,816,908
BIGLARI HOLDINGS INC	COMMON STOCK	1,886	753,476
BILL BARRETT CORP	COMMON STOCK	47,480	540,797
BIO RAD LABORATORIES A	COMMON STOCK	19,288	2,325,361
BIO REFERENCE LABS INC	COMMON STOCK	23,790	764,373
BIO TECHNE CORP	COMMON STOCK	32,900	3,039,960
BIOCRYST PHARMACEUTICALS INC	COMMON STOCK	60,900	740,544
BIODELIVERY SCIENCES INTL	COMMON STOCK	35,600	427,912
BIOMARIN PHARMACEUTICAL INC	COMMON STOCK	131,400	11,878,560
BIOMED REALTY TRUST INC	REAL ESTATE INV TRST	183,200	3,946,128
BIOSCRIP INC	COMMON STOCK	53,200	371,868
BIOTIME INC	COMMON STOCK	19,400	72,362
BJ S RESTAURANTS INC	COMMON STOCK	17,400	873,654
BLACK BOX CORP	COMMON STOCK	19,500	466,050
BLACK DIAMOND INC	COMMON STOCK	8,400	73,500
BLACK HILLS CORP	COMMON STOCK	42,850	2,272,764
BLACKBAUD INC	COMMON STOCK	43,400	1,877,484
BLACKHAWK NETWORK HD B	COMMON STOCK	34,000	1,281,460
BLACKHAWK NETWORK HOLDINGS I	COMMON STOCK	5,800	225,040
BLOOMIN BRANDS INC	COMMON STOCK	68,200	1,688,632
BLOUNT INTERNATIONAL INC	COMMON STOCK	49,600	871,472
BLUCORA INC	COMMON STOCK	39,708	549,956
BLUE NILE INC	COMMON STOCK	15,410	554,914
BLUEBIRD BIO INC	COMMON STOCK	16,500	1,513,380
BNC BANCORP	COMMON STOCK	21,500	370,015
BOB EVANS FARMS	COMMON STOCK	25,800	1,320,444
BOFI HOLDING INC	COMMON STOCK	12,000	933,720
BOISE CASCADE CO	COMMON STOCK	34,500	1,281,675
BOK FINANCIAL CORPORATION	COMMON STOCK	26,452	1,588,178
BON TON STORES INC/THE	COMMON STOCK	19,200	142,272
BONANZA CREEK ENERGY INC	COMMON STOCK	26,500	636,000
BOOZ ALLEN HAMILTON HOLDINGS	COMMON STOCK	65,600	1,740,368
BOSTON BEER COMPANY INC A	COMMON STOCK	8,100	2,345,274
BOSTON PRIVATE FINL HOLDING	COMMON STOCK	82,155	1,106,628
BOTTOMLINE TECHNOLOGIES (DE)	COMMON STOCK	39,269	992,720
BOULDER BRANDS INC	COMMON STOCK	59,800	661,388
BOYD GAMING CORP	COMMON STOCK	76,600	978,948
BPZ RESOURCES INC	COMMON STOCK	131,300	37,946
BRADY CORPORATION CL A	COMMON STOCK	46,300	1,265,842
BRANDYWINE REALTY TRUST	REAL ESTATE INV TRST	148,608	2,374,756
BRAVO BRIO RESTAURANT GROUP	COMMON STOCK	17,400	242,034
BRIDGE BANCORP INC	COMMON STOCK	6,400	171,200
BRIDGE CAPITAL HOLDINGS	COMMON STOCK	8,450	189,111
BRIDGEPOINT EDUCATION IN W/D	COMMON STOCK	12,878	145,779
BRIGGS + STRATTON	COMMON STOCK	50,900	1,039,378
BRIGHT HORIZONS FAMILY SOLUT	COMMON STOCK	27,000	1,269,270
BRIGHTCOVE	COMMON STOCK	16,000	124,480
BRINK S CO/THE	COMMON STOCK	47,100	1,149,711
BRINKER INTERNATIONAL INC	COMMON STOCK	59,254	3,477,617
BRISTOW GROUP INC	COMMON STOCK	31,627	2,080,740
BRIXMOR PROPERTY GROUP INC	REAL ESTATE INV TRST	46,000	1,142,640
BROADRIDGE FINANCIAL SOLUTIO	COMMON STOCK	107,600	4,968,968
BROADSOFT INC	COMMON STOCK	27,300	792,246
BROCADE COMMUNICATIONS SYS	COMMON STOCK	387,799	4,591,540
BROOKDALE SENIOR LIVING INC	COMMON STOCK	148,090	5,430,460
BROOKLINE BANCORP INC	COMMON STOCK	74,223	744,457

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BROOKS AUTOMATION INC	COMMON STOCK	74,893	954,886
BROWN + BROWN INC	COMMON STOCK	114,700	3,774,777
BROWN SHOE COMPANY INC	COMMON STOCK	43,125	1,386,469
BRUKER CORP	COMMON STOCK	103,107	2,022,959
BRUNSWICK CORP	COMMON STOCK	84,800	4,346,848
BRYN MAWR BANK CORP	COMMON STOCK	13,900	435,070
BUCKLE INC/THE	COMMON STOCK	27,475	1,442,987
BUFFALO WILD WINGS INC	COMMON STOCK	18,200	3,282,916
BUILDERS FIRSTSOURCE INC	COMMON STOCK	43,717	300,336
BUNGE LTD	COMMON STOCK	131,717	11,974,392
BURLINGTON STORES INC	COMMON STOCK	26,100	1,233,486
C+J ENERGY SERVICES INC	COMMON STOCK	40,800	538,968
CABELA S INC	COMMON STOCK	46,400	2,445,744
CABOT CORP	COMMON STOCK	60,800	2,666,688
CABOT MICROELECTRONICS CORP	COMMON STOCK	25,055	1,185,603
CACI INTERNATIONAL INC CL A	COMMON STOCK	23,316	2,009,373
CADENCE DESIGN SYS INC	COMMON STOCK	261,655	4,963,595
CAESARS ACQUISITION CO CL A	COMMON STOCK	39,000	402,090
CAESARS ENTERTAINMENT CORP	COMMON STOCK	36,900	578,961
CAI INTERNATIONAL INC	COMMON STOCK	10,500	243,600
CAL MAINE FOODS INC	COMMON STOCK	29,580	1,154,507
CALAMOS ASSET MANAGEMENT A	COMMON STOCK	22,380	298,102
CALAMP CORP	COMMON STOCK	34,500	631,350
CALAVO GROWERS INC	COMMON STOCK	12,600	595,980
CALGON CARBON CORP	COMMON STOCK	52,500	1,090,950
CALIFORNIA RESOURCES CORP	COMMON STOCK	226,400	1,247,464
CALIFORNIA WATER SERVICE GRP	COMMON STOCK	43,200	1,063,152
CALIX NETWORKS INC	COMMON STOCK	45,100	451,902

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CALLAWAY GOLF COMPANY	COMMON STOCK	73,773	568,052
CALLIDUS SOFTWARE INC	COMMON STOCK	43,400	708,722
CALLON PETROLEUM CO	COMMON STOCK	38,800	211,460
CALPINE CORP	COMMON STOCK	344,415	7,621,904
CAMBREX CORP	COMMON STOCK	31,700	685,354
CAMDEN NATIONAL CORP	COMMON STOCK	9,900	394,416
CAMDEN PROPERTY TRUST	REAL ESTATE INV TRST	76,398	5,641,228
CAMPUS CREST COMMUNITIES INC	REAL ESTATE INV TRST	63,200	461,992
CANTEL MEDICAL CORP	COMMON STOCK	34,673	1,499,954
CAPELLA EDUCATION CO	COMMON STOCK	10,500	808,080
CAPITAL BANK FINANCIAL CL A	COMMON STOCK	17,200	460,960
CAPITAL CITY BANK GROUP INC	COMMON STOCK	13,681	212,603
CAPITAL SENIOR LIVING CORP	COMMON STOCK	28,200	702,462
CAPITOL FEDERAL FINANCIAL IN	COMMON STOCK	130,565	1,668,621
CAPSTEAD MORTGAGE CORP	REAL ESTATE INV TRST	98,100	1,204,668
CAPSTONE TURBINE CORP	COMMON STOCK	225,300	166,564
CARBO CERAMICS INC	COMMON STOCK	19,350	774,968
CARBONITE INC	COMMON STOCK	500	7,135
CARDINAL FINANCIAL CORP	COMMON STOCK	32,500	644,475
CARDIOVASCULAR SYSTEMS INC	COMMON STOCK	18,300	550,464
CARDTRONICS INC	COMMON STOCK	40,208	1,551,225
CAREER EDUCATION CORP	COMMON STOCK	62,600	435,696
CARETRUST REIT INC	REAL ESTATE INV TRST	21,571	265,970
CARLISLE COS INC	COMMON STOCK	57,400	5,179,776
CARMIKE CINEMAS INC	COMMON STOCK	19,700	517,519
CARPENTER TECHNOLOGY	COMMON STOCK	43,878	2,160,992
CARRIAGE SERVICES INC	COMMON STOCK	14,700	307,965
CARRIZO OIL + GAS INC	COMMON STOCK	43,040	1,790,464
CARROLS RESTAURANT GROUP INC	COMMON STOCK	18,800	143,444
CARTER S INC	COMMON STOCK	49,000	4,278,190
CASCADE BANCORP	COMMON STOCK	28,847	149,716
CASELLA WASTE SYSTEMS INC A	COMMON STOCK	16,700	67,468
CASEY S GENERAL STORES INC	COMMON STOCK	35,050	3,165,716
CASH AMERICA INTL INC	COMMON STOCK	29,800	674,076
CASS INFORMATION SYSTEMS INC	COMMON STOCK	11,265	599,861
CASTLE (A.M.) + CO	COMMON STOCK	19,000	151,620
CATALENT INC	COMMON STOCK	44,200	1,232,296
CATAMARAN CORP	COMMON STOCK	185,034	9,575,510
CATHAY GENERAL BANCORP	COMMON STOCK	78,782	2,016,031
CATO CORP CLASS A	COMMON STOCK	27,050	1,140,969
CAVCO INDUSTRIES INC	COMMON STOCK	6,800	539,036
CAVIUM INC	COMMON STOCK	47,700	2,948,814
CBIZ INC	COMMON STOCK	43,943	376,152
CBL + ASSOCIATES PROPERTIES	REAL ESTATE INV TRST	150,430	2,921,351
CBOE HOLDINGS INC	COMMON STOCK	76,600	4,857,972
CDI CORP	COMMON STOCK	13,885	245,903
CDK GLOBAL INC	COMMON STOCK	146,000	5,950,960
CDW CORP/DE	COMMON STOCK	77,200	2,715,124
CECO ENVIRONMENTAL CORP	COMMON STOCK	13,798	214,421
CEDAR REALTY TRUST INC	REAL ESTATE INV TRST	72,400	531,416
CELADON GROUP INC	COMMON STOCK	20,380	462,422
CELANESE CORP SERIES A	COMMON STOCK	139,500	8,364,420
CELLEX THERAPEUTICS INC	COMMON STOCK	80,800	1,474,600
CEMPRA INC	COMMON STOCK	19,200	451,392
CENTENE CORP	COMMON STOCK	53,300	5,535,205
CENTERSTATE BANKS INC	COMMON STOCK	28,200	335,862
CENTRAL EUROPEAN MEDIA ENT A	COMMON STOCK	38,114	122,346
CENTRAL GARDEN AND PET CO A	COMMON STOCK	42,200	403,010
CENTRAL PACIFIC FINANCIAL CO	COMMON STOCK	14,800	318,200
CENTURY ALUMINUM COMPANY	COMMON STOCK	51,000	1,244,400
CENTURY BANCORP INC CL A	COMMON STOCK	3,800	152,228
CENVEO INC	COMMON STOCK	57,945	121,685
CEPHEID INC	COMMON STOCK	66,600	3,605,724

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CERUS CORP	COMMON STOCK	69,200	431,808
CEVA INC	COMMON STOCK	26,200	475,268
CHAMBERS STREET PROPERTIES	REAL ESTATE INV TRST	227,900	1,836,874
CHANNELADVISOR CORP	COMMON STOCK	6,200	133,796
CHARLES RIVER LABORATORIES	COMMON STOCK	43,691	2,780,495
CHART INDUSTRIES INC	COMMON STOCK	29,970	1,024,974
CHARTER COMMUNICATION A	COMMON STOCK	71,000	11,830,020
CHARTER FINANCIAL CORP	COMMON STOCK	8,106	92,814
CHASE CORP	COMMON STOCK	6,000	215,940
CHATHAM LODGING TRUST	REAL ESTATE INV TRST	24,100	698,177
CHECKPOINT SYSTEMS INC	COMMON STOCK	46,400	637,072
CHEESECAKE FACTORY INC/THE	COMMON STOCK	48,450	2,437,520
CHEFS WAREHOUSE INC/THE	COMMON STOCK	15,200	350,208
CHEGG INC	COMMON STOCK	63,000	435,330
CHEMED CORP	COMMON STOCK	17,300	1,828,091
CHEMICAL FINANCIAL CORP	COMMON STOCK	32,656	1,000,580
CHEMOCENTRYX INC	COMMON STOCK	20,400	139,332
CHEMTURA CORP	COMMON STOCK	70,160	1,735,057
CHENIERE ENERGY INC	COMMON STOCK	213,036	14,997,734
CHESAPEAKE LODGING TRUST	REAL ESTATE INV TRST	43,700	1,626,077
CHESAPEAKE UTILITIES CORP	COMMON STOCK	14,103	700,355
CHICAGO BRIDGE + IRON CO NV	COMMON STOCK	87,999	3,694,198
CHICO S FAS INC	COMMON STOCK	141,300	2,290,473
CHILDREN S PLACE INC/THE	COMMON STOCK	18,300	1,043,100
CHIMERA INVESTMENT CORP	REAL ESTATE INV TRST	944,900	3,004,782
CHIMERIX INC	COMMON STOCK	23,100	930,006
CHIQUITA BRANDS INTL	COMMON STOCK	49,000	708,540
CHOICE HOTELS INTL INC	COMMON STOCK	27,097	1,517,974

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CHRISTOPHER + BANKS CORP	COMMON STOCK	42,100	240,391
CHURCH + DWIGHT CO INC	COMMON STOCK	121,590	9,582,508
CHURCHILL DOWNS INC	COMMON STOCK	13,508	1,287,312
CHUY S HOLDINGS INC	COMMON STOCK	14,300	281,281
CIBER INC	COMMON STOCK	78,100	277,255
CIENA CORP	COMMON STOCK	103,400	2,006,994
CIMPRESS NV	COMMON STOCK	28,500	2,132,940
CINCINNATI BELL INC	COMMON STOCK	200,587	639,873
CINEMARK HOLDINGS INC	COMMON STOCK	102,800	3,657,624
CIRCOR INTERNATIONAL INC	COMMON STOCK	16,872	1,017,044
CIRRUS LOGIC INC	COMMON STOCK	61,300	1,444,841
CIT GROUP INC	COMMON STOCK	161,800	7,738,894
CITI TRENDS INC	COMMON STOCK	15,247	384,987
CITIZENS + NORTHERN CORP	COMMON STOCK	12,596	260,359
CITIZENS FINANCIAL GROUP	COMMON STOCK	140,300	3,487,858
CITIZENS INC	COMMON STOCK	38,100	289,560
CITY HOLDING CO	COMMON STOCK	15,200	707,256
CITY NATIONAL CORP	COMMON STOCK	42,100	3,402,101
CIVEO CORP	COMMON STOCK	83,300	342,363
CLARCOR INC	COMMON STOCK	46,700	3,112,088
CLAYTON WILLIAMS ENERGY INC	COMMON STOCK	6,000	382,800
CLEAN ENERGY FUELS CORP	COMMON STOCK	68,300	341,159
CLEAN HARBORS INC	COMMON STOCK	58,520	2,811,886
CLEAR CHANNEL OUTDOOR CL A	COMMON STOCK	44,300	469,137
CLEARWATER PAPER CORP	COMMON STOCK	18,416	1,262,417
CLECO CORPORATION	COMMON STOCK	57,308	3,125,578
CLIFFS NATURAL RESOURCES INC	COMMON STOCK	150,000	1,071,000
CLIFTON BANCORP INC	COMMON STOCK	11,446	155,551
CLOUD PEAK ENERGY INC	COMMON STOCK	62,300	571,914
CLOVIS ONCOLOGY INC	COMMON STOCK	17,400	974,400
CLUBCORP HOLDINGS INC	COMMON STOCK	20,100	360,393
CNA FINANCIAL CORP	COMMON STOCK	25,624	991,905
CNB FINANCIAL CORP/PA	COMMON STOCK	17,800	329,300
CNO FINANCIAL GROUP INC	COMMON STOCK	194,039	3,341,352
COBALT INTERNATIONAL ENERGY	COMMON STOCK	313,700	2,788,793
COBIZ FINANCIAL INC	COMMON STOCK	45,586	598,544
COCA COLA BOTTLING CO CONSOL	COMMON STOCK	5,000	440,150
COEUR MINING INC	COMMON STOCK	92,717	473,784
COGENT COMMUNICATIONS HOLDIN	COMMON STOCK	46,394	1,641,884
COGNEX CORP	COMMON STOCK	77,200	3,190,676
COHEN + STEERS INC	COMMON STOCK	19,899	837,350
COHERENT INC	COMMON STOCK	25,414	1,543,138
COHU INC	COMMON STOCK	26,925	320,408
COLFAX CORP	COMMON STOCK	85,200	4,393,764
COLONY CAPITAL INC A	REAL ESTATE INV TRST	74,200	1,767,444
COLUMBIA BANKING SYSTEM INC	COMMON STOCK	50,207	1,386,215
COLUMBIA PROPERTY TRUST INC	REAL ESTATE INV TRST	111,200	2,818,920
COLUMBIA SPORTSWEAR CO	COMMON STOCK	26,900	1,198,126
COLUMBUS MCKINNON CORP/NY	COMMON STOCK	22,000	616,880
COMFORT SYSTEMS USA INC	COMMON STOCK	40,100	686,512
COMMERCE BANCSHARES INC	COMMON STOCK	76,080	3,308,719
COMMERCIAL METALS CO	COMMON STOCK	109,672	1,786,557
COMMERCIAL VEHICLE GROUP INC	COMMON STOCK	32,000	213,120
COMMSCOPE HOLDING CO INC	COMMON STOCK	54,900	1,253,367
COMMUNITY BANK SYSTEM INC	COMMON STOCK	38,740	1,477,156
COMMUNITY HEALTH SYSTEMS INC	COMMON STOCK	104,146	5,615,552
COMMUNITY TRUST BANCORP INC	COMMON STOCK	15,682	574,118
COMMVault SYSTEMS INC	COMMON STOCK	45,200	2,336,388
COMPASS MINERALS INTERNATION	COMMON STOCK	30,600	2,656,998
COMPUTER PROGRAMS + SYSTEMS	COMMON STOCK	11,100	674,325
COMPUTER TASK GROUP INC	COMMON STOCK	16,452	156,788
COMSCORE INC	COMMON STOCK	31,607	1,467,513
COMSTOCK RESOURCES INC	COMMON STOCK	49,133	334,596

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COMTECH TELECOMMUNICATIONS	COMMON STOCK	14,875	468,860
COMVERSE INC	COMMON STOCK	20,850	391,563
CON WAY INC	COMMON STOCK	55,584	2,733,621
CONCHO RESOURCES INC	COMMON STOCK	100,900	10,064,775
CONMED CORP	COMMON STOCK	27,090	1,217,966
CONN S INC	COMMON STOCK	22,231	415,497
CONNECTICUT WATER SVC INC	COMMON STOCK	10,300	373,787
CONNECTONE BANCORP INC	COMMON STOCK	8,500	161,500
CONS TOMOKA LAND CO FLORIDA	COMMON STOCK	6,600	368,280
CONSOLIDATED COMMUNICATIONS	COMMON STOCK	45,521	1,266,849
CONSTANT CONTACT INC	COMMON STOCK	29,829	1,094,724
CONSUMER PORTFOLIO SERVICES	COMMON STOCK	600	4,416
CONTAINER STORE GROUP INC/TH	COMMON STOCK	13,900	265,907
CONTANGO OIL + GAS	COMMON STOCK	15,200	444,448
CONTINENTAL RESOURCES INC/OK	COMMON STOCK	76,930	2,951,035
CONTRA FURIEX PHARMACEUTICALS	COMMON STOCK	6,489	0
CONTRA LEAP WIRELESS	COMMON STOCK	60,900	153,468
CONVERGYS CORP	COMMON STOCK	98,800	2,012,556
COOPER COS INC/THE	COMMON STOCK	42,788	6,935,507
COOPER STANDARD HOLDING	COMMON STOCK	11,900	688,772
COOPER TIRE + RUBBER	COMMON STOCK	55,650	1,928,273
COPA HOLDINGS SA CLASS A	COMMON STOCK	30,433	3,154,076
COPART INC	COMMON STOCK	100,212	3,656,736
CORCEPT THERAPEUTICS INC	COMMON STOCK	21,000	63,000
CORE MARK HOLDING CO INC	COMMON STOCK	23,400	1,449,162
CORELOGIC INC	COMMON STOCK	81,543	2,575,943
CORESITE REALTY CORP	REAL ESTATE INV TRST	20,100	784,905
CORNERSTONE ONDEMAND INC	COMMON STOCK	47,200	1,661,440

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CORPORATE EXECUTIVE BOARD CO	COMMON STOCK	31,746	2,302,537
CORPORATE OFFICE PROPERTIES	REAL ESTATE INV TRST	85,173	2,416,358
CORRECTIONS CORP OF AMERICA	REAL ESTATE INV TRST	103,656	3,766,859
CORVEL CORP	COMMON STOCK	10,800	401,976
COSTAR GROUP INC	COMMON STOCK	27,725	5,091,142
COTY INC CL A	COMMON STOCK	53,900	1,113,574
COUSINS PROPERTIES INC	REAL ESTATE INV TRST	199,950	2,283,429
COVANCE INC	COMMON STOCK	51,872	5,386,388
COVANTA HOLDING CORP	COMMON STOCK	106,310	2,339,883
COVISINT CORP W/I	COMMON STOCK	29,719	78,755
COWEN GROUP INC CLASS A	COMMON STOCK	56,250	270,000
CRA INTERNATIONAL INC	COMMON STOCK	11,600	351,712
CRACKER BARREL OLD COUNTRY	COMMON STOCK	16,793	2,363,783
CRAFT BREW ALLIANCE INC	COMMON STOCK	4,700	62,698
CRANE CO	COMMON STOCK	43,987	2,582,037
CRAWFORD + CO CL B	COMMON STOCK	34,733	357,055
CRAY INC	COMMON STOCK	40,330	1,390,578
CREDIT ACCEPTANCE CORP	COMMON STOCK	7,379	1,006,569
CREE INC	COMMON STOCK	112,300	3,618,306
CROCS INC	COMMON STOCK	92,600	1,156,574
CROSS COUNTRY HEALTHCARE INC	COMMON STOCK	39,071	487,606
CROWN HOLDINGS INC	COMMON STOCK	123,850	6,303,965
CROWN MEDIA HOLDINGS CLASS A	COMMON STOCK	30,600	108,324
CRYOLIFE INC	COMMON STOCK	26,900	304,777
CSG SYSTEMS INTL INC	COMMON STOCK	37,200	932,604
CSS INDUSTRIES INC	COMMON STOCK	12,195	337,070
CST BRANDS INC	COMMON STOCK	60,300	2,629,683
CTI BIOPHARMA CORP	COMMON STOCK	126,000	297,360
CTS CORP	COMMON STOCK	32,530	580,010
CUBESMART	REAL ESTATE INV TRST	129,900	2,866,893
CUBIC CORP	COMMON STOCK	17,713	932,412
CUBIST PHARMACEUTICALS INC	COMMON STOCK	64,350	6,476,828
CUBIST PHARMACEUTICALS INC	RIGHTS	47,500	1,900
CULLEN/FROST BANKERS INC	COMMON STOCK	48,225	3,406,614
CULP INC	COMMON STOCK	6,600	143,088
CUMULUS MEDIA INC CL A	COMMON STOCK	81,600	345,168
CURTISS WRIGHT CORP	COMMON STOCK	45,461	3,209,092
CUSTOMERS BANCORP INC	COMMON STOCK	18,370	357,480
CVB FINANCIAL CORP	COMMON STOCK	94,536	1,514,467
CVENT INC	COMMON STOCK	6,200	172,608
CVR ENERGY INC	COMMON STOCK	14,000	541,940
CYBERONICS INC	COMMON STOCK	27,250	1,517,280
CYNOSURE INC A	COMMON STOCK	17,512	480,179
CYPRESS SEMICONDUCTOR CORP	COMMON STOCK	148,694	2,123,350
CYRUSONE INC	REAL ESTATE INV TRST	18,600	512,430
CYS INVESTMENTS INC	REAL ESTATE INV TRST	163,200	1,423,104
CYTEC INDUSTRIES INC	COMMON STOCK	63,800	2,945,646
CYTOKINETICS INC	COMMON STOCK	20,516	164,333
CYTORI THERAPEUTICS INC	COMMON STOCK	45,300	22,138
DAILY JOURNAL CORP	COMMON STOCK	1,597	420,027
DAKTRONICS INC	COMMON STOCK	35,900	449,109
DANA HOLDING CORP	COMMON STOCK		