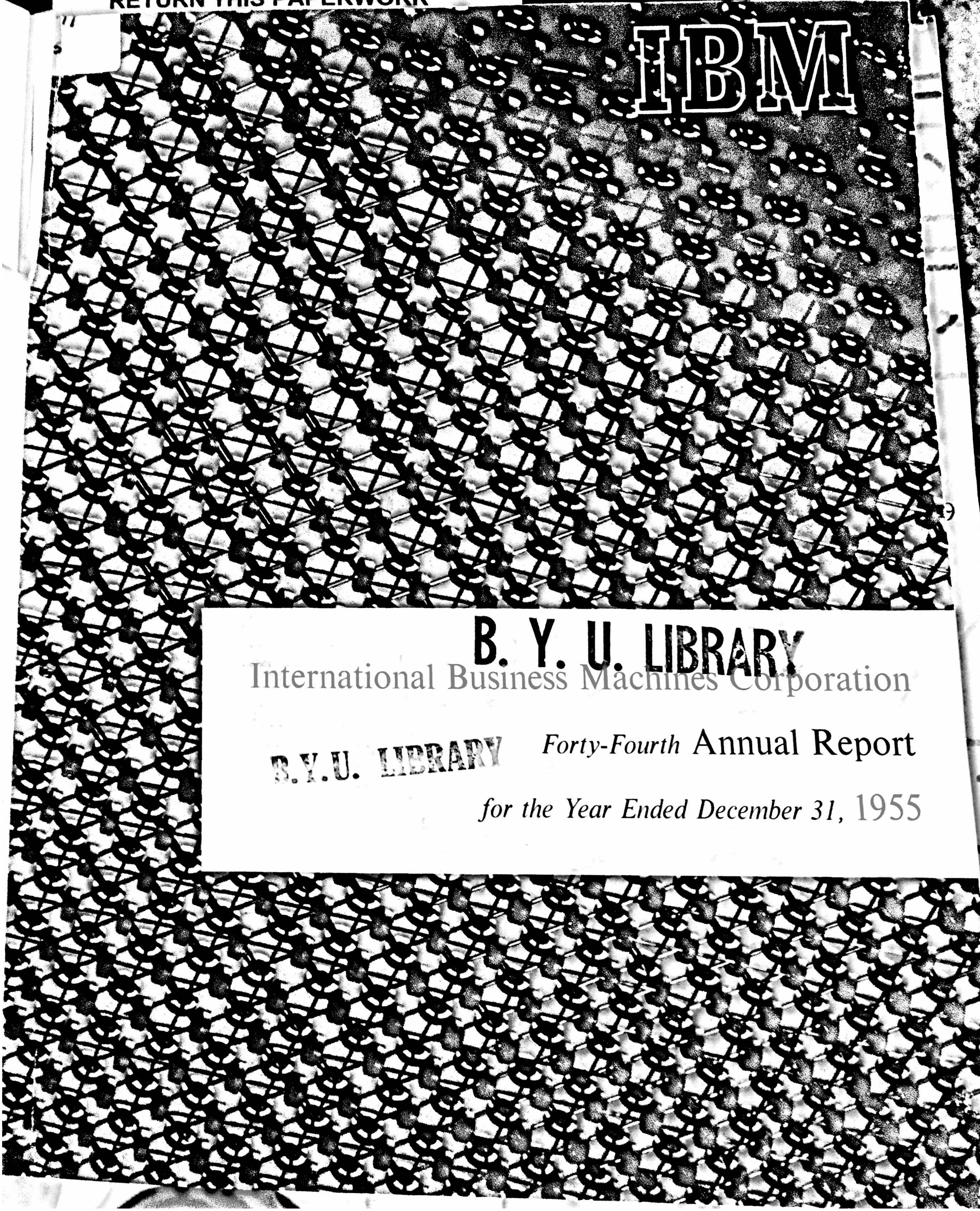


International Business Machines Corporation

Forty-Fourth Annual Report

for the Year Ended December 31, 1955

BOARD OF DIRECTORS

Thomas J. Watson, *Chairman*
John G. Phillips, *Vice-Chairman*

Willis H. Booth	Edward E. Ford
Walker G. Buckner	Grayson Kirk
Drury W. Cooper	Louis H. LaMotte
Edward M. Douglas	A. Lindsay O'Connor
Sherman M. Fairchild	Gilbert H. Scribner
John Clifford Folger	Thomas J. Watson, Jr.

Albert L. Williams

EXECUTIVE AND FINANCE COMMITTEE

John G. Phillips, *Chairman*

Willis H. Booth	Gilbert H. Scribner
Drury W. Cooper	Thomas J. Watson

Thomas J. Watson, Jr.

OFFICERS

Thomas J. Watson	*Chairman of the Board*
John G. Phillips	*Vice-Chairman of the Board*
Thomas J. Watson, Jr.	*President*
Louis H. LaMotte	*Executive Vice-President*
Albert L. Williams	*Executive Vice-President*
John J. Kenney	*Vice-President*
T. Vincent Learson	*Vice-President*
William L. Lewis	*Vice-President*
William J. Mair	*Vice-President*
W. Wallace McDowell	*Vice-President*
John C. McPherson	*Vice-President*
Jay W. Schnackel	*Vice-President*
Charles V. Boulton	*Treasurer*
Fred H. Fick	*Secretary*
Harry M. Sibley	*Controller*
Garland B. Briggs	*Assistant Treasurer*
Herbert T. Hansford	*Assistant Treasurer*
Bernard F. Wiegard	*Assistant Controller*

Transfer Agent:
EMPIRE TRUST COMPANY
New York

Registrar and Trustee:
GUARANTY TRUST COMPANY
of New York

IBM

PICTURED ON THE COVER *are the tiny iron-like cores which help make up the "memory" system of the powerful new IBM 705 Electronic Data Processing Machine. The cores, which are strung on a wire network, are magnetized to hold information before and after it is processed. The 140,000 cores and other magnetic devices which make up the memory system store more alphabetic and numerical information than the 1,824 page Manhattan telephone directory.*

IBM

590 Madison Ave., New York

FORTY-FOURTH ANNUAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 1955

International Business Machines Corporation

CONTENTS

HIGHLIGHTS OF THE YEAR

	1955	1954
Gross income from sales, service and rentals	$563,548,792	$461,350,278
Net income before taxes	$117,672,633	$ 98,336,625
Federal taxes on income	$ 61,800,000	$ 51,800,000
Net income after taxes	$ 55,872,633	$ 46,536,625
Per share—outstanding December 31, 1955	$13.63	$11.35
Cash dividends	$ 16,386,489	$ 15,558,278
Per share—outstanding December 31, 1955	$ 4.00	$ 3.80
Stock dividends and split-ups*	—	2½% & *25%
Expenditures for rental machines and parts, factory and office equipment, and land and buildings	$134,015,108	$132,920,234
AT END OF YEAR:		
Net investment in factories, offices, rental machines and parts	$409,453,926	$367,272,221
Long-term indebtedness	$295,000,000	$250,000,000
Net current assets	$131,340,147	$ 86,802,892
Number of employees—domestic	39,033	33,732
Number of employees—IBM World Trade Corporation	17,388	16,521
Number of stockholders	25,923	22,522

January 30, 1956

To the Stockholders:

Your directors submit for the information of stockholders the annual report for the year 1955, including the Corporation's comparative financial statements, auditor's certificate, and other information about the Company.

Gross and Net Income

IBM Corporation gross income for the year 1955 from sales, service and rentals in the United States amounted to $563,548,792, compared with $461,350,278 in 1954, an increase of $102,198,514.

Net income before taxes amounted to $117,672,633, compared with $98,336,625 for the previous year, an increase of $19,336,008.

U. S. Federal income taxes amounted to $61,800,000, compared with $51,800,000 in 1954, an increase of $10,000,000.

Net income after taxes amounted to $55,872,633, compared with $46,536,625 in 1954, an increase of $9,336,008. Net income after taxes for the year 1955 was equivalent to $13.63 per share on the 4,098,471 shares of capital stock outstanding at the end of the year, compared with $11.35 per share in 1954.

Dividends

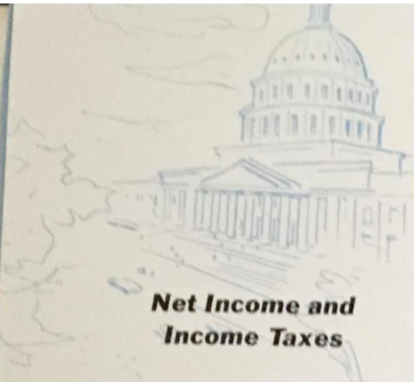
During the year, the Corporation paid cash dividends totaling $16,386,489, representing four quarterly cash dividends of $1.00 per share.

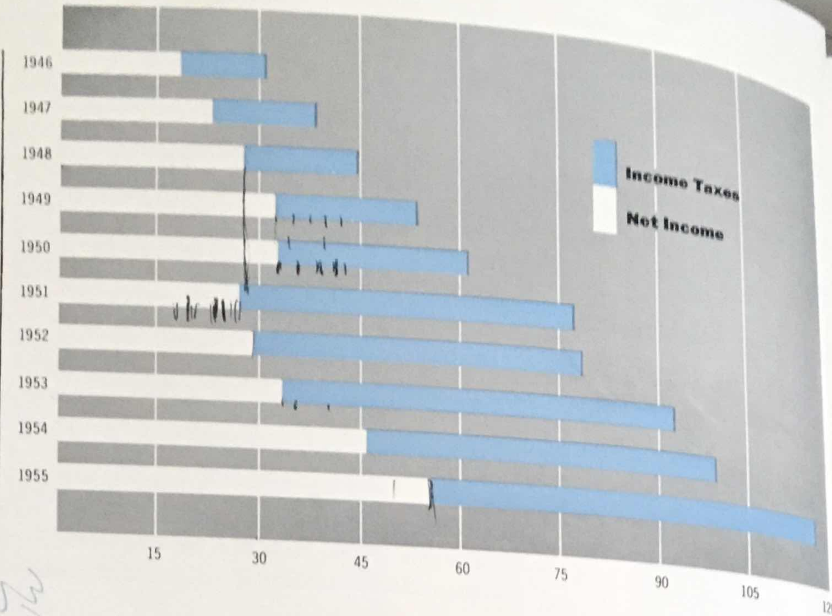
The Board of Directors on October 25, 1955 declared a 2½% stock dividend, payable on January 27, 1956 to stockholders of record at the close of business on January 4, 1956.

The quarterly cash dividend payable March 10, 1956 at the rate of $1.00 per share is the one hundred and sixty-fourth consecutive quarterly cash dividend paid by the Company.

Net Income and Income Taxes

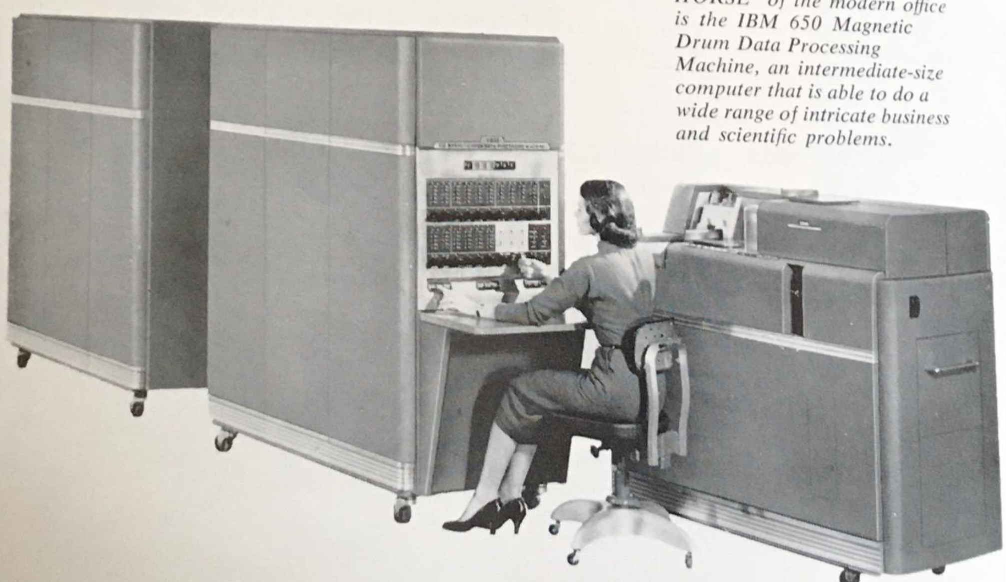
in Millions of Dollars





Unfilled Orders

Unfilled orders at the end of 1955 were higher than at any period in IBM's history. More of the Corporation's regular products were manufactured in 1955 than in any previous year and production has been increased to meet the continued demand. In addition, IBM's Military Products Division continues to be engaged in a substantial amount of defense work under direct contracts with the United States Government.



ELECTRONIC "WORK-HORSE" of the modern office is the IBM 650 Magnetic Drum Data Processing Machine, an intermediate-size computer that is able to do a wide range of intricate business and scientific problems.

IBM Products

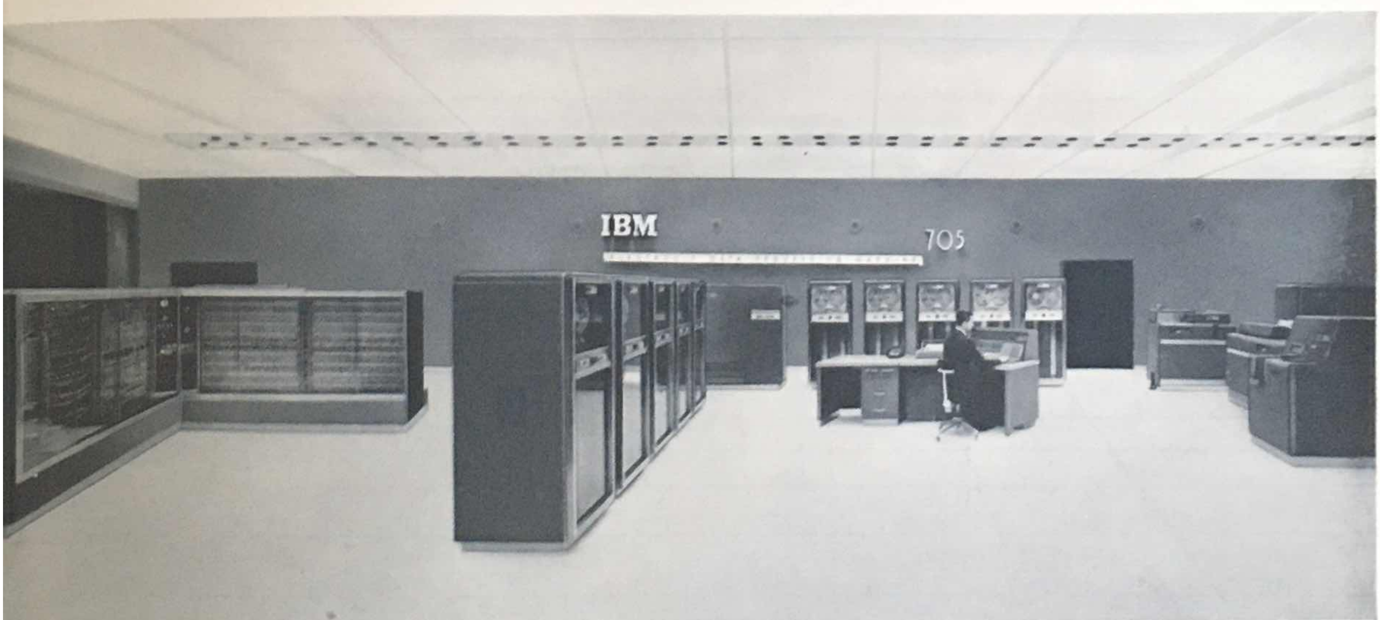
For the information of new stockholders, principal IBM products include Punched Card Accounting Machines and Cards, Electronic Data Processing Machines, Bank Proof Machines, Electronic and Synchronous-Wired Time Systems, Time Recorders and Electric Typewriters. These products are widely used by industry, government, scientific and educational institutions.

IBM Punched Card Accounting Machines accomplish a wide variety of office work, such as accounts payable and receivable, cost accounting, payroll and personnel records, production control, budgetary control, billing, sales analysis and general and property accounting.

The Series 700 Electronic Data Processing Machines, frequently called "giant brains", are solving problems ranging from payroll to guided missile design. An intermediate-size electronic computer, the IBM 650, is performing widely diversified accounting and scientific computations.

The IBM Electric Typewriter, which was the first electric typewriter to be produced in volume, is available in a variety of models to meet the many typing requirements of customers. The Executive model has proportional spacing, which produces distinctive letters resembling fine book printing. All models appear in attractive color combinations.

IBM Time Recorders, Master Clocks, Central Control Systems, and other related products appear today in thousands of schools, hospitals, and commercial and industrial establishments, including hotels, airports, television studios and ocean liners. IBM toll collection equipment automatically counts, weighs and classifies vehicles in motion, then punches fare cards that become the source records for the road's accounting and audit procedures.



IBM 705, encased in an air-conditioned room, works on problems ranging from payroll to nuclear physics. The operator is seated at the console, which controls all parts of the "giant brain." Reels of magnetic tape, framing the console, feed huge quantities of information into the computing unit at left.

Electric Typewriter Division

In September 1955 the Corporation created the Electric Typewriter Division as an autonomous operating unit within the Company. It is believed this organizational change will facilitate the continued growth of this rapidly increasing segment of the Corporation's operations.

Military Products Division

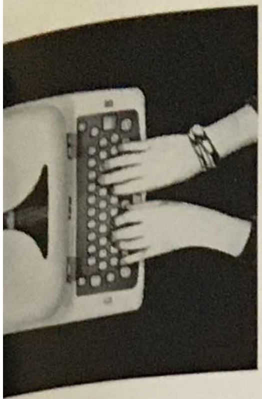
For the defense of the United States, complex electronic computers are being built for the Air Force which instantly calculate the course, speed and altitude of approaching aircraft. The computers, to be alerted by radar stations ringing the nation, will direct missiles and interceptor aircraft to meet an attacker. The Company is undertaking this part of Project Lincoln in coop-

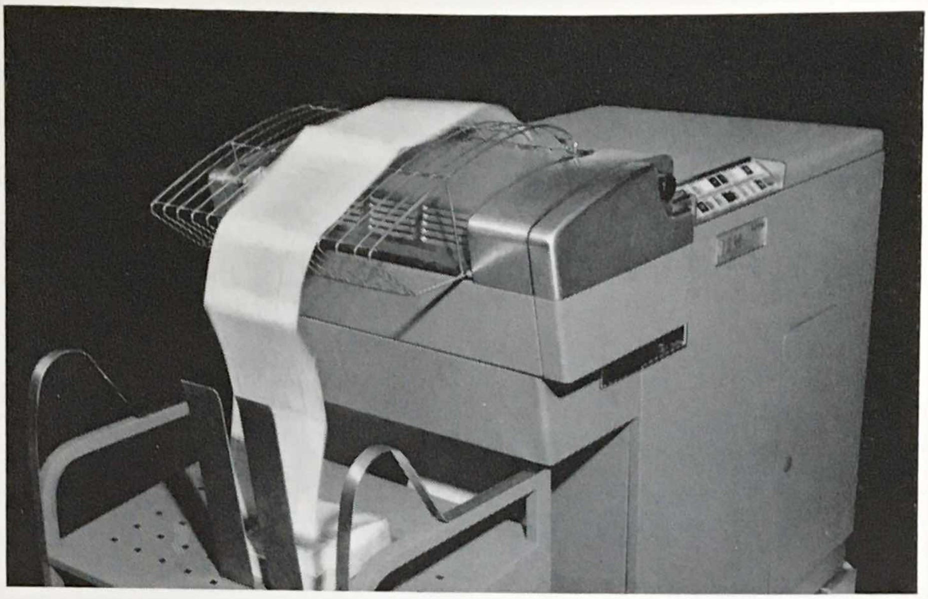
"SEEING-EYES" of the world's fastest jet bomber, above, are the elaborate navigational and bombing devices developed by IBM. At left, an Air Force officer peers into the bombsight periscope.

eration with the Massachusetts Institute of Technology.

To bolster the nation's retaliatory power, the company is also engaged in the engineering and production of advanced electronic bombing and navigational systems and other defense materiel for the United States Government.

In October 1955, the Military Products Division was made an autonomous operating unit within the Company to enhance IBM's ability to serve our Government in connection with the defense program.





QUICK IMPRESSIONS are made by the IBM High-Speed Printer, which travels at 1,000 lines a minute. The machine is used in electronic data processing.

Research and Development

The Company continued to expand its research and development activities in 1955, during which period $16,037,403 was spent for this purpose, as compared with $14,086,292 in 1954. Major new products coming from the research laboratories and added to the Corporation's regular product lines during 1955 include:

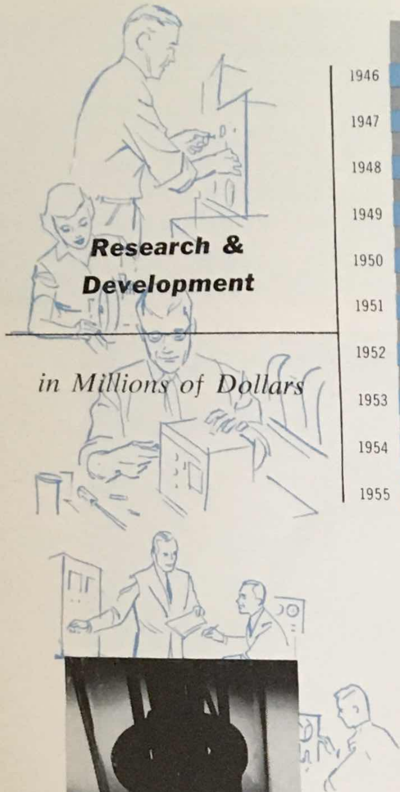
Magnetic core storage units which greatly enlarge the memory systems and increase the speed of the IBM 704 and 705 Electronic Data Processing Machines. The units are attached to the processing machines just as extra diesel units increase the power available to pull a train.

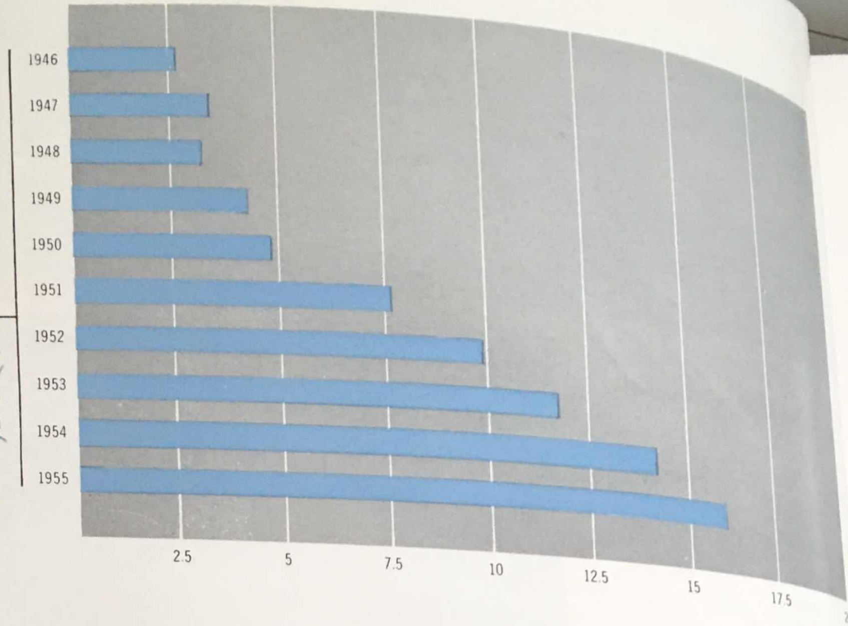
A series of High-Speed Printers which enable large data processing machines to record the results of their computations at the rate of 1,000 lines a minute. This is more than six times the speed of previous IBM equipment.

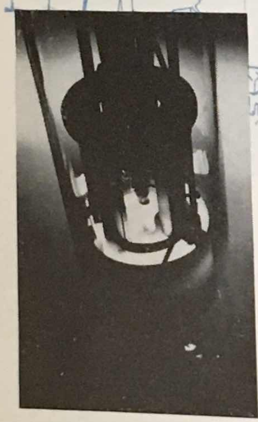
The 777 Tape Record Coordinator which substantially increases the efficiency of the 705 Data Processing Machines through its unique

Research & Development

in Millions of Dollars







GERMANIUM "GROWS UP" *in a fiery glass bowl, then is cut into minute pieces for insertion in transistors. No bigger than a paper clip, the transistor performs comparable functions to those of a vacuum tube, but generates no heat.*

abilities to handle simultaneously tape reading, tape writing and internal processing. In addition, it permits entirely new and advanced techniques of multiprogramming wherein several different operations may share the central processing unit at the same time.

The 608 Transistor Calculator which is the first commercial calculator to employ advanced engineering techniques such as transistors, printed circuitry and modular design. As a result, substantial reductions in power consumption, heat dissipation and physical size have been effected over earlier models.

The 858 Cardatype Accounting Machine that automatically keeps up to four electric typewriters busy simultaneously filling out separate forms related to a particular application. The Cardatype is operated by punched cards carrying repetitive information. Non-repetitive data

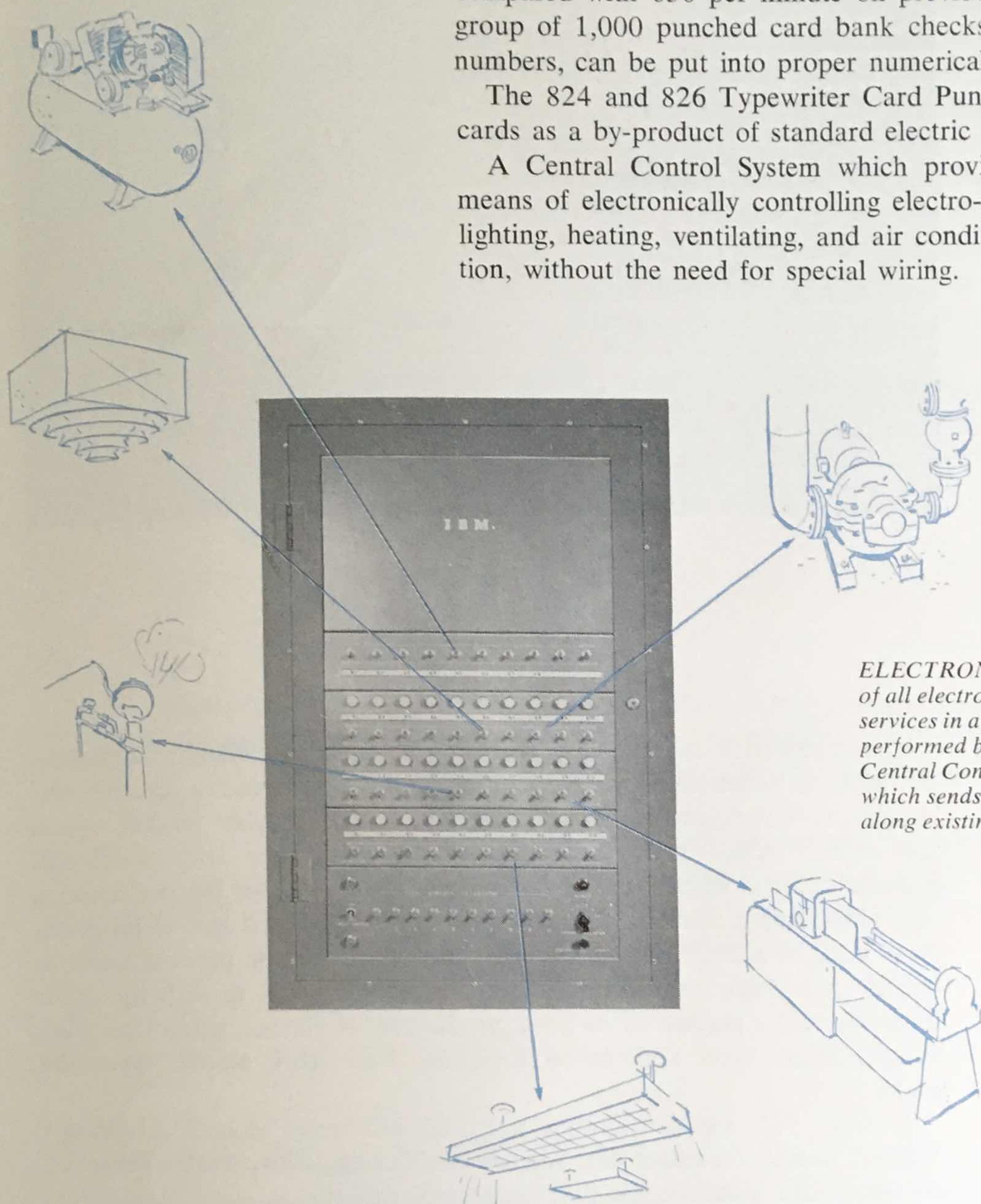
AUTOMATIC "FINGERS" *of the IBM Cardatype keep up to four IBM Electric Typewriters busy filling out routine office forms.*

is entered on the forms from the master typewriter and an auxiliary numerical keyboard.

The 83 Sorter which arranges up to 1,000 punched cards a minute, compared with 650 per minute on previous models. For example, a group of 1,000 punched card bank checks, having four-digit account numbers, can be put into proper numerical sequence in four minutes.

The 824 and 826 Typewriter Card Punches that produce punched cards as a by-product of standard electric typewriter operations.

A Central Control System which provides a simple and efficient means of electronically controlling electro-mechanical devices such as lighting, heating, ventilating, and air conditioning from a central location, without the need for special wiring.



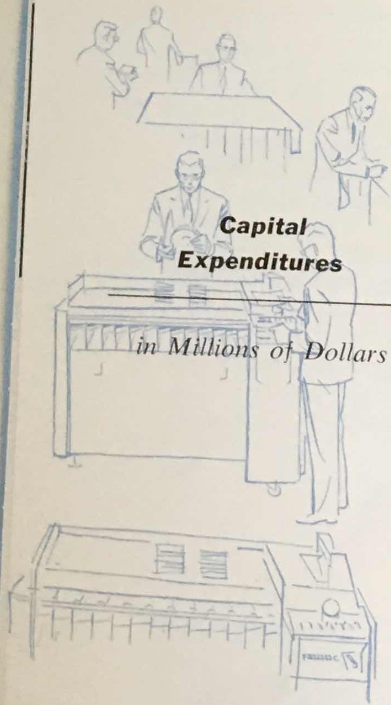
ELECTRONIC CONTROL of all electro-mechanical services in a building is performed by the IBM Central Control System, which sends its instructions along existing lighting wires.

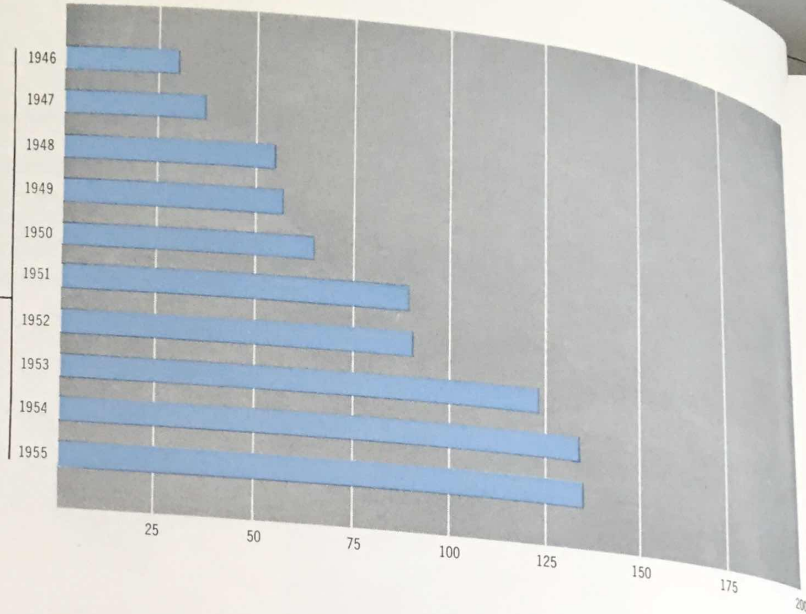
Rental Machines, Plant and Equipment

During the year 1955, the Corporation's increased volume of business and replacement of obsolete equipment required an investment of $134,015,108 in rental machines and parts, factory and office equipment, and land and buildings. Dismantled and obsolete equipment amounting to $32,401,646 was written off and charged against reserves provided out of prior and current years' earnings.

Capital Expenditures

in Millions of Dollars





Construction is nearing completion under necessity certificates granted by the U. S. Government of an addition to the Corporation's research laboratory at Poughkeepsie, New York, which will provide 96,000 square feet of floor space, and a new plant at Kingston, New York, which will provide 459,000 square feet of floor space to be used for the performance of a Government contract. Construction has been started also at Kingston, New York of a 322,000 square foot plant which will be devoted solely to electric typewriter manufacture. The Corporation plans to shift the entire assembly and a portion of its parts production of electric typewriters from Poughkeepsie, New York to its Kingston, New York electric typewriter plant.

During 1955, the Corporation acquired 443 acres of land in Armonk Village, Town of Northcastle, Westchester County, New York. There are no immediate plans for the development of this site.

The Corporation has commenced construction of a plant which will provide 406,000 square feet of manufacturing floor space at Owego, New York. This factory, built under a necessity certificate granted by the United States Government, is required for production under defense contracts.

Construction is scheduled to start in 1956 of a new school building at Endicott, New York which will add 85,000 square feet to educational facilities at that location. The Company also plans in 1956 to erect a plant and laboratory comprising 411,000 square feet on land acquired during the year in San Jose, California.

Long-Term Indebtedness

On December 15, 1955, the Corporation took down $45,000,000 of the $100,000,000 provided for in the Corporation's agreement of August 24, 1954 with The Prudential Insurance Company of America. As previously reported to stockholders, under this agreement the Corporation will borrow from The Prudential Insurance Company a total of $100,000,000 against the Corporation's 3¾% notes, to mature May 1, 2055. The remaining $55,000,000 of notes will be issued in various amounts from time to time, not later than December 31, 1957. There are no sinking fund requirements, but optional prepayments may be made without premium from available funds arising out of operations or from the sale of stock. After May 1, 1963, at the option of either the Corporation or Prudential, the notes may be converted as a whole but not in part into 25-year 3½% notes, with provision for equal annual prepayments, without premium, commencing with the sixth year after the date of such conversion, to effect complete retirement of the notes by their maturity. The notes sold in 1955, together with the Corporation's other long-term indebtedness, brought the total long-term indebtedness to $295,000,000 at December 31, 1955, on which the average rate of interest is 3.39%.

Employees' Retirement Plan

For the information of new stockholders, employees retired after ten or more years of service are provided a retirement income under the IBM Retirement Plan, supplemented by the Watson Fund for Supplementing the IBM Retirement Plan.

Retirement Plan payments to the Trustee totaled $4,527,659 during 1955. This amount includes payments of $3,205,928 under the IBM Retirement Plan, and $1,321,731 from the Watson Fund for Supplementing the IBM Retirement Plan.

Watson Fund for Supplementing IBM Retirement Plan

For the year 1955, the Board of Directors added $2,498,819 to the Watson Fund for Supplementing the IBM Retirement Plan. This amount was determined by the Board to be the voluntary reduction made by Mr. Thomas J. Watson in his percentage compensation under his employment contract in effect in 1955. In accordance with its past practice, as recommended by Mr. Watson and approved by the Board of Directors in connection with Mr. Watson's voluntary reductions for each year 1942 to 1954 inclusive, the above amount was added to the Watson Fund for Supplementing the IBM Retirement Plan. The Fund, after taking into account interest income and the payment of $1,321,731 to the Trustee, previously mentioned, had a balance at December 31, 1955 of $7,764,949.

Litigation

As stockholders have previously been advised, the United States Government, Department of Justice instituted an antitrust suit against the Company on January 21, 1952. On January 25, 1956, IBM consented to the entry of a judgment settling all issues raised by the Department of Justice in its antitrust suit. The Company's consent to the entry of this judgment is, as the judgment states, not an admission of any violation of the antitrust laws, which it continues emphatically to deny having violated. The Company will, of course, conform in good faith to the undertaking which it has accepted. It is the opinion of the management that IBM will continue to be successful under the terms of the judgment. However, the Company would not be realistic if it did not recognize that some of the terms of the judgment are severe. In other respects, terms of the judgment conform to long standing Company policies and impose no major change.

Though the judgment is complex, and conformity to it by the Company will require a great deal of administrative and procedural effort, the terms do not enjoin the Company from continuing to furnish good products and good service to its customers. These are the foundations upon which the Company's business has been built and upon which it will continue to grow in an atmosphere of ever-increasing demand and ever-increasing competition.

On December 27, 1955, the Sperry Rand Corporation filed a complaint against IBM, charging violations of the antitrust laws. The complaint claims damages in the sum of $30,000,000, which allegedly were sustained over a period of ten years, and asks that such damages be trebled in accordance with provisions of the antitrust laws. The Company denies any violation of the antitrust laws or that its conduct has at any time been adverse to the legitimate business interests of Sperry Rand Corporation.

IBM World Trade Corporation

The Corporation's investment in and advances to IBM World Trade Corporation, a wholly owned but independently operated subsidiary conducting all IBM business outside the United States, its territories and possessions, decreased during the year 1955 from $30,857,088 to $29,212,145 as a result of the year's transactions.

The Corporation's total equity in IBM World Trade Corporation at December 31, 1955, including undistributed surplus, aggregated $99,862,267 compared with $84,683,987 at December 31, 1954.

A comparison of the results of operations of IBM World Trade Corporation and its foreign subsidiaries for the years ended December 31, 1955 and 1954 is as follows:

Net Income

	1955	*1954*
Net income before U. S. Federal income taxes	$24,473,222	$18,111,004
Less: U. S. Federal income taxes	5,150,000	3,700,000
Net income for the year	19,323,222	14,411,004
Cash dividends to IBM Corporation	2,500,000	1,500,000
Net income retained in the foreign business	$16,823,222	$12,911,004

Stockholders were previously advised that the Corporation had unconditionally guaranteed long-term notes in the aggregate principal amount of $12,000,000, issued and sold by International Business Machines Company Limited, Canada (subsidiary of IBM World Trade Corporation) to seven Canadian insurance companies. As a result of agreements made in November 1955 with the holders of such notes, International Business Machines Corporation is no longer the guarantor of these loans.

It is with deep regret that your Directors report the death on April 11, 1955 of Mr. Norvin H. Green, who was elected to the Board of Directors of the Corporation in 1939, and served with distinction on the Board and the Executive and Finance Committee.

The Board of Directors wishes to pay tribute to the employees of IBM for their outstanding performance which greatly contributed to the continued growth of the Corporation during the year.

By order of the Board of Directors,

THOMAS J. WATSON, JR.
President

THOS. J. WATSON
Chairman of the Board

Annual Meeting of Stockholders

A notice, proxy statement and form of proxy for the annual meeting of stockholders to be held April 24, 1956, will be sent to stockholders on or about April 1, 1956.

IBM

International Business Machines Corporation

BALANCE

F DECEMBER

ASSETS

	1955		1954	
Current Assets:				
Cash	$ 36,226,328		$ 33,484,712	
U. S. Treasury securities	39,513,516		38,150,000	
Notes and accounts receivable—less reserve: December 31, 1955, $776,080; December 31, 1954, $773,230	47,091,194		38,103,446	
Accounts receivable (December 31, 1955, $24,851,256; December 31, 1954, $11,787,452) and unreimbursed expenditures on ordnance contracts	29,768,863		17,136,850	
Inventories—valued at lower of average cost or market	21,813,727	$174,413,628	24,731,253	$151,606,261
Deferred Assets:				
Prepaid insurance, taxes, etc.		1,835,704		1,768,284
Watson Fund for Supplementing IBM Retirement Plan:				
Cash	149,429		56,167	
U. S. Treasury securities—at cost plus accrued interest	7,615,520	7,764,949	6,392,272	6,448,439
Investments and Advances:				
Investment in and advances to IBM World Trade Corporation, wholly owned subsidiary, operating in countries outside of the United States	29,212,145		30,857,088	
Other investments	1,412,395	30,624,540	1,604,610	32,461,698
Factories, Office Buildings and Other Property in United States—at cost:				
Land	10,113,081		8,139,253	
Buildings	78,729,259		65,475,094	
	88,842,340		73,614,347	
Less: Reserve for depreciation and amortization	25,988,306		21,470,452	
	62,854,034		52,143,895	
Factory and office equipment, rental machines and parts	635,508,746		549,123,276	
Less: Reserve for depreciation and amortization	288,908,854		233,994,950	
	346,599,892	409,453,926	315,128,326	367,272,221
Patents and Goodwill	11,608,848		11,608,848	
Less: Reserve for amortization	6,190,597	5,418,251	5,690,597	5,918,251
		$629,510,998		$565,475,154

IBM

International Business Machines Corporation

DECEMBER 31

LIABILITIES AND CAPITAL

	1955		1954	
Current Liabilities:				
U. S. Federal income taxes—estimated	$ 57,671,799		$ 52,918,261	
Less: U. S. Treasury securities	54,951,240		29,999,219	
	2,720,559		22,919,042	
Accounts payable and accruals	40,352,922	$ 43,073,481	41,884,327	$ 64,803,369
Long-Term Indebtedness:				
Twelve-year 2¼% debentures—due August 1, 1958	30,000,000		30,000,000	
Eighteen-year 2⅝% debentures—due February 1, 1965	20,000,000		20,000,000	
Twenty-year 3% promissory note—due July 1, 1968	35,000,000		35,000,000	
3½% promissory notes—due December 1, 1971	50,000,000		50,000,000	
3¾% promissory notes—due January 1, 2052	115,000,000		115,000,000	
3¾% promissory note—due May 1, 2055	45,000,000	295,000,000	—	250,000,000
Reserves:				
Watson fund for supplementing IBM retirement plan	7,764,949		6,448,439	
Widows and orphans of IBM veterans who lost their lives in World War II and the Korean Conflict	857,731	8,622,680	894,653	7,343,092
Capital Stock—Without Par Value	150,935,987		150,935,987	
Represented by 4,098,471 shares issued and outstanding.				
Earned Surplus	131,878,850	282,814,837	92,392,706	243,328,693
Subject, at December 31, 1955, to a charge of $37,897,000 in respect of stock dividend payable January 27, 1956, to stockholders of record January 4, 1956.				
		$629,510,998		$565,475,154

International Business Machines Corporation

INCOME AND EARNED SURPLUS ACCOUNT

for the year ended December 31

	1955		1954	
Gross income from sales, service and rentals in United States		$563,548,792		$461,350,278
Cost of sales, service and rentals, and operating expenses—exclusive of depreciation and amortization	$342,444,815		$272,815,648	
Depreciation of rental machines, depreciation and amortization of plant and equipment	82,271,049		71,539,293	
Development and engineering expense	16,037,403		14,086,292	
Interest on long-term indebtedness	8,387,500		7,207,812	
Amortization of patents and goodwill	500,000	449,640,767	500,000	366,149,045
		113,908,025		95,201,233
Other income		1,264,608		1,635,392
		115,172,633		96,836,625
Dividends received from IBM World Trade Corporation		2,500,000		1,500,000
NET INCOME BEFORE UNITED STATES FEDERAL INCOME TAXES		117,672,633		98,336,625
Provision for United States Federal income taxes —estimated		61,800,000		51,800,000
NET INCOME FOR THE YEAR		55,872,633		46,536,625
EARNED SURPLUS, JANUARY 1		92,392,706		89,379,505
TOTAL		148,265,339		135,916,130
ADD:				
Transfer from reserve for foreign investment		—		11,201,413
		148,265,339		147,117,543
LESS:				
Undistributed surplus of IBM World Trade Corporation and its foreign subsidiaries, December 31, 1953, previously included		—		21,187,226
		148,265,339		125,930,317
Dividends for the year:				
Cash dividends	16,386,489		15,558,278	
Stock dividend—79,909 shares, involving transfer from earned surplus to capital stock account of	—	16,386,489	17,979,333	33,537,611
EARNED SURPLUS, DECEMBER 31		$131,878,850		$ 92,392,706

The foregoing income account includes estimated provision for renegotiation of Government contracts.

AUDITOR'S CERTIFICATE

R. G. RANKIN & CO.
CERTIFIED PUBLIC ACCOUNTANTS

[illegible] PINE STREET
NEW YORK 5, N. Y.

January 30, 1956

To the Stockholders of the
International Business Machines Corporation

In our opinion, the accompanying statements present fairly the financial position of International Business Machines Corporation at December 31, 1955, and the results of operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with the previous year, and the comparative statement of operations for the past ten years fairly presents the financial information included therein. The examination of such statements was made in accordance with generally accepted auditing standards, and accordingly included such tests of accounting records and such other auditing procedures as we considered necessary.

R. G. Rankin & Co.

IBM

International Business Machines
Corporation

10-YEAR COMPAR... ATEMENT OF

	1955	1954	1953	1952	1951
Gross income from sales, service and rentals in United States	$563,548,792	$461,350,278	$409,989,104	$333,72[illegible]	$266,798,483
Net income before U. S. Federal income and excess profits taxes	$117,672,633	$ 98,336,625	$ 92,319,210	$ 78,474[illegible]	$ 77,292,090
U. S. Federal income and excess profits taxes	$ 61,800,000	$ 51,800,000	$ 58,200,000	$ 48,600[illegible]	$ 49,400,000
Net income for the year	$ 55,872,633	$ 46,536,625	$ 34,119,210	$ 29,874[illegible]	$ 27,892,090
Per share—outstanding in year	($13.63)	($11.35)	($10.67)	($9.81)	($9.61)
Per share—outstanding December 31, 1955	($13.63)	($11.35)	($ 8.32)	($7.29)	($6.81)
Number of shares outstanding at end of year	4,098,471	4,098,471	3,198,868	3,046,[illegible]	2,901,652
Cash dividends	$ 16,386,489	$ 15,558,278	$ 12,779,015	$ 12,172,[illegible]	$ 11,577,189
Per share—outstanding in year	($4.00)	($4.00)	($4.00)	($4.00)	($4.00)
Per share—outstanding December 31, 1955	($4.00)	($3.80)	($3.12)	($2.97)	($2.82)
Stock dividends and split-ups*					
Per cent	—	2½% & *25%	5%	5%	5%
Number of shares issued in year	—	899,603	152,227	144,9[illegible]	138,104
Net investment in factories, offices, rental machines and parts in United States at end of year	$409,453,926	$367,272,221	$314,789,286	$260,986,3[illegible]	$227,632,96[illegible]
Long-term indebtedness at end of year	$295,000,000	$250,000,000	$215,000,000	$175,000,00[illegible]	$135,000,[illegible]
Net current assets at end of year	$131,340,147	$ 86,802,892	$ 72,399,460	$ 66,777,2[illegible]	$ 45,034,[illegible]

Note: Effective January 1, 1954, the Corporation revised its method of taking up earnings in countries outside the United States to include only the distributed income (cash dividends) from its wholly owned subsidiary, IBM World Trade Corporation.

EMENT OF OPERATIONS

1951	1950	1949	1948	1947	1946
56,798,483	$214,916,717	$183,464,706	$156,397,720	$139,404,026	$115,644,604
77,292,090	$ 61,101,309	$ 53,202,332	$ 44,933,035	$ 38,765,752	$ 30,908,034
49,400,000	$ 27,800,000	$ 19,925,000	$ 16,832,500	$ 15,211,800	$ 12,141,600
27,892,090 ($9.61)	$ 33,301,309 ($12.05)	$ 33,277,332 ($12.64)	$ 28,100,535 ($11.21)	$ 23,553,952 ($16.44)	$ 18,766,434 ($13.10)
($6.81)	($ 8.13)	($ 8.12)	($ 6.86)	($ 5.75)	($ 4.58)
2,901,652	2,763,548	2,632,007	2,506,712	1,432,407	1,432,407
11,577,189 ($4.00)	$11,044,169 ($4.00)	$ 10,518,821 ($4.00)	$ 10,022,778 ($4.00)	$ 8,589,738 ($6.00)	$ 8,587,415 ($6.00)
($2.82)	($2.69)	($2.57)	($2.45)	($2.10)	($2.10)
5% 138,104	5% 131,541	5% 125,295	*75% 1,074,305	— —	*25% 286,481
$227,632,963	$182,704,559	$156,005,004	$128,361,455	$ 95,341,142	$ 74,658,105
$135,000,000	$ 85,000,000	$ 85,000,000	$ 85,000,000	$ 50,000,000	$ 30,000,000
$ 45,034,221	$ 23,707,234	$ 32,436,501	$ 40,528,513	$ 24,765,181	$ 12,465,591

Domestic Branch Office and Manufacturing Locations

BRANCH OFFICES

Alabama
Birmingham
Mobile
Montgomery

Alaska
Anchorage

Arizona
Phoenix

Arkansas
Little Rock

California
Bakersfield
Fresno
Glendale
Long Beach
Los Angeles
Oakland
Richmond
Riverside
Sacramento
San Diego
San Francisco
San Jose
Santa Monica
South Gate

Canal Zone
Balboa Heights

Colorado
Colorado Springs
Denver

Connecticut
Bridgeport
Hartford
New Haven
Waterbury

Delaware
Wilmington

District of Columbia
Washington

Florida
Jacksonville
Miami
Tallahassee
Tampa

Georgia
Atlanta
Savannah

Hawaii
Honolulu

Idaho
Boise

Illinois
Aurora
Chicago
East St. Louis
Evanston
Moline
Peoria
River Forest
Rockford
Springfield

Indiana
Evansville
Fort Wayne
Hammond
Indianapolis
Lafayette
South Bend
Terre Haute

Iowa
Cedar Rapids
Des Moines

Kansas
Topeka
Wichita

Kentucky
Louisville

Louisiana
Baton Rouge
New Orleans
Shreveport

Maine
Portland

Maryland
Baltimore
Hagerstown

Massachusetts
Boston
Cambridge
Framingham
Pittsfield
Salem
Springfield
Worcester

Michigan
Dearborn
Detroit
Flint
Grand Rapids
Kalamazoo
Lansing

Minnesota
Duluth
Minneapolis
St. Paul

Mississippi
Jackson

Missouri
Jefferson City
Joplin
Kansas City
St. Louis

Montana
Helena

Nebraska
Lincoln
Omaha

Nevada
Reno

New Hampshire
Concord

New Jersey
Camden
Elizabeth
Jersey City
Newark
Paterson
Trenton

New Mexico
Albuquerque

New York
Albany
Bronx
Brooklyn
Buffalo
Elmira
Endicott
Garden City
Jamestown
New York
Poughkeepsie
Queens
Rochester
Schenectady
Syracuse
Utica
White Plains

North Carolina
Asheville
Charlotte
Greensboro
Raleigh
Winston-Salem

North Dakota
Bismarck

Ohio
Akron
Canton
Cincinnati
Cleveland
Columbus
Dayton
Lima
Mansfield
Toledo
Youngstown

Oklahoma
Oklahoma City
Tulsa

Oregon
Portland
Salem

Pennsylvania
Bethlehem
Chester
Erie
Harrisburg
Johnstown
Philadelphia
Pittsburgh
Reading
Scranton
York

Puerto Rico
San Juan

Rhode Island
Providence

South Carolina
Columbia
Greenville

South Dakota
Sioux Falls

Tennessee
Chattanooga
Kingsport
Knoxville
Memphis
Nashville

Texas
Austin
Beaumont
Corpus Christi
Dallas
El Paso
Fort Worth
Galveston
Houston
Lubbock
San Antonio
Tyler
Waco

Utah
Salt Lake City

Vermont
Montpelier

Virginia
Norfolk
Richmond
Roanoke

Washington
Olympia
Richland
Seattle
Spokane
Tacoma

West Virginia
Charleston
Huntington
Wheeling

Wisconsin
Green Bay
Madison
Milwaukee

Wyoming
Cheyenne

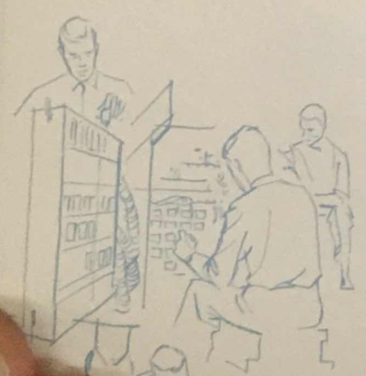
MANUFACTURING

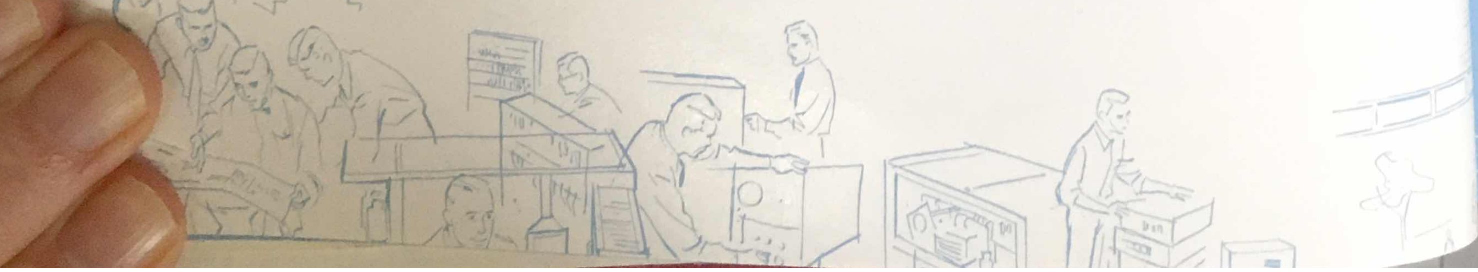
California
San Jose

District of Columbia
Washington

Indiana
Greencastle

New York
Endicott
Kingston
Poughkeepsie





Foreign Branch Office and Manufacturing Locations

BRANCH OFFICES

Algeria
Algiers

Angola
Lobito

Argentina
Buenos Aires
Cordoba
La Plata
Mendoza
Rosario

Australia
Adelaide
Melbourne
Perth
Sydney

Austria
Vienna

Bahrain
Awali

Belgian Congo
Leopoldville

Belgium
Antwerp
Brussels
Charleroi
Ghent
Liege

Bermuda
Hamilton

Bolivia
La Paz

Brazil
Belo Horizonte
Fortaleza
Porto Alegre
Recife
Rio de Janeiro
Salvador
Sao Paulo

Burma
Rangoon

Cameroons
Douala

Canada
Calgary
Edmonton
Halifax
Hamilton
Kingston
Kitchener
London
Moncton
Montreal
Ottawa
Quebec
Regina
Three Rivers
Toronto
Vancouver
Windsor
Winnipeg

Chile
Santiago

Colombia
Barranquilla
Bogota
Cali
Medellin

Costa Rica
San Jose

Cuba
Havana

Denmark
Aalborg
Aarhus
Copenhagen
Odense

Dominican Republic
Ciudad Trujillo

Ecuador
Guayaquil
Quito

Egypt
Cairo

El Salvador
San Salvador

Finland
Helsinki
Tampere
Turku

France
Bordeaux
Grenoble
Lille
Lyon
Marseille
Nancy
Nantes
Paris
Rouen
Saarbrucken
St. Etienne
Strasbourg
Toulouse

French Equatorial Africa
Brazzaville

French West Africa
Dakar

Germany (West)
Aachen
Augsburg
Berlin (West)
Bielefeld
Bonn
Braunschweig
Bremen
Cologne
Dortmund
Duesseldorf
Duisburg
Essen
Frankfurt
Freiburg
Hamburg
Hannover
Karlsruhe
Kassel
Kiel
Mannheim
Muenster
Munich
Nuernberg
Stuttgart
Ulm
Wiesbaden
Wuppertal

Greece
Athens

Guatemala
Guatemala City

Haiti
Port au Prince

Honduras
Tegucigalpa

Hong Kong
Hong Kong

Iceland
Reykjavik

Ireland
Dublin

India
Bombay
Calcutta
New Delhi

Indochina
Saigon

Indonesia
Djakarta

Iran
Teheran

Iraq
Baghdad

Israel
Tel Aviv

Italy
Bologna
Florence
Genoa
Milan
Naples
Palermo
Rome
Turin
Venice

Jamaica
Kingston

Japan
Fukuoka
Nagoya
Osaka
Tokyo

Jordan
Amman

Kenya
Nairobi

Lebanon
Beirut

Libya
Tripoli

Luxembourg
Luxembourg

Madagascar
Tananarive

Martinique
Fort de France

Mauritius
Port Louis

Mexico
Guadalajara
Mexico, D. F.
Monterrey

Morocco
Casablanca

Netherlands
Amsterdam
Arnhem
Eindhoven
Groningen
Rotterdam
The Hague
Utrecht

Netherlands Antilles
Aruba
Curacao

New Zealand
Wellington

Nicaragua
Managua

Norway
Bergen
Oslo
Trondheim

Pakistan
Karachi

Panama
Panama

Paraguay
Asuncion

Peru
Lima

Philippines
Manila

Portugal
Lisbon

Saudi Arabia
Dhahran

Singapore
Singapore

Spain
Barcelona
Bilbao
Madrid

Sweden
Eskilstuna
Gavle
Goteborg
Karlstad
Malmo
Norrkoping
Stockholm
Sundsvall

Switzerland
Basel
Bern
Geneva
Zurich

Syria
Damascus

Thailand
Bangkok

Trinidad and Tobago
Port of Spain

Tunisia
Tunis

Turkey
Ankara
Istanbul

Union of South Africa
Johannesburg

United Kingdom
Birmingham
Glasgow
Leeds
London
Manchester

Uruguay
Montevideo

Venezuela
Caracas
Maracaibo

Yugoslavia
Belgrade

MANUFACTURING

Argentina
Buenos Aires

Australia
Sydney

Belgium
Brussels

Brazil
Rio de Janeiro

Canada
Toronto

France
Essonnes
Vincennes

Germany (West)
Berlin (West)
Boeblingen
Sindelfingen

Italy
Milan

Japan
Tokyo

Netherlands
Amsterdam

Norway
Oslo

Sweden
Vallingby

Switzerland
Zurich

United Kingdom
Greenock
London