INTERNATIONAL BUSINESS MACHINES CORP
Form 10-Q
April 26, 2016

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

FORM 10 - Q

QUARTERLY REPORT PURSUANT TO SECTION 13 or 15(d)

OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE QUARTER ENDED MARCH 31, 2016

1-2360

(Commission file number)

INTERNATIONAL BUSINESS MACHINES CORPORATION

(Exact name of registrant as specified in its charter)

New York	**13-0871985**
(State of incorporation)	(IRS employer identification number)
Armonk , New York	**10504**
(Address of principal executive offices)	(Zip Code)

914-499-1900

(Registrant's telephone number)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section l3 or l5(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ý No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ý No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ý	Accelerated filer
Non-accelerated filer (Do not check if a smaller reporting company)	Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No ý

The registrant had 959,961,852 shares of common stock outstanding at March 31, 2016.

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Part I - Financial Information

Item 1. Consolidated Financial Statements:

**INTERNATIONAL BUSINESS MACHINES CORPORATION
AND SUBSIDIARY COMPANIES**

**CONSOLIDATED STATEMENT OF EARNINGS
(UNAUDITED)**

(Dollars in millions except per share amounts)	Three Months Ended March 31, 2016	Three Months Ended March 31, 2015
Revenue:		
Services	$ 12,391	$ 12,366
Sales	5,879	6,757
Financing	414	467
Total revenue	18,684	19,590
Cost:		
Services	8,382	8,278
Sales	1,378	1,625
Financing	238	235
Total cost	9,999	10,138
Gross profit	8,686	9,452
Expense and other (income):		
Selling, general and administrative	6,012	5,362
Research, development and engineering	1,458	1,298
Intellectual property and custom development income	(217)	(173)
Other (income) and expense	253	(143)
Interest expense	147	108
Total expense and other (income)	7,652	6,451
Income from continuing operations before income taxes	1,034	3,001
Provision for/(benefit from) income taxes	(983)	585
Income from continuing operations	$ 2,016	$ 2,415
Loss from discontinued operations, net of tax	(3)	(88)
Net income	$ 2,014	$ 2,328
Earnings/(loss) per share of common stock:		
Assuming dilution:		
Continuing operations	$ 2.09	$ 2.44
Discontinued operations	0.00	(0.09)
Total	$ 2.09	$ 2.35
Basic:		
Continuing operations	$ 2.09	$ 2.45
Discontinued operations	0.00	(0.09)
Total	$ 2.09	$ 2.36

Weighted-average number of common shares outstanding: (millions)				
Assuming dilution		964.4		992.3
Basic		961.7		988.1
Cash dividend per common share	$	1.30	$	1.10

(Amounts may not add due to rounding.)
(The accompanying notes are an integral part of the financial statements.)

**INTERNATIONAL BUSINESS MACHINES CORPORATION
AND SUBSIDIARY COMPANIES**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(UNAUDITED)**

	Three Months Ended March 31,	
(Dollars in millions)	**2016**	**2015**
Net income	$ 2,014	$ 2,328
Other comprehensive income/(loss), before tax:		
Foreign currency translation adjustments	239	(452)
Net changes related to available-for-sale securities:		
Unrealized gains/(losses) arising during the period	(36)	32
Reclassification of (gains)/losses to net income	37	0
Total net changes related to available-for-sale securities	1	32
Unrealized gains/(losses) on cash flow hedges:		
Unrealized gains/(losses) arising during the period	(265)	619
Reclassification of (gains)/losses to net income	(91)	(249)
Total unrealized gains/(losses) on cash flow hedges	(356)	370
Retirement-related benefit plans:		
Prior service costs/(credits)	—	5
Net (losses)/gains arising during the period	(147)	(77)
Curtailments and settlements	5	4
Amortization of prior service (credits)/costs	(25)	(26)
Amortization of net (gains)/losses	690	835
Total retirement-related benefit plans	522	740
Other comprehensive income/(loss), before tax	406	690
Income tax (expense)/benefit related to items of other comprehensive income	202	(657)
Other comprehensive income/(loss)	608	33
Total comprehensive income/(loss)	$ 2,622	$ 2,361

(Amounts may not add due to rounding.)
(The accompanying notes are an integral part of the financial statements.)

**INTERNATIONAL BUSINESS MACHINES CORPORATION
AND SUBSIDIARY COMPANIES**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(UNAUDITED)**

ASSETS

(Dollars in millions)	At March 31, 2016	At December 31, 2015
Assets:		
Current assets:		
Cash and cash equivalents	$ 14,354	$ 7,686
Marketable securities	515	508
Notes and accounts receivable - trade (net of allowances of $336 in 2016 and $367 in 2015)	8,527	8,333
Short-term financing receivables (net of allowances of $529 in 2016 and $490 in 2015)	16,646	19,020
Other accounts receivable (net of allowances of $55 in 2016 and $51 in 2015)	1,557	1,201
Inventories, at lower of average cost or market:		
Finished goods	393	352
Work in process and raw materials	1,296	1,199
Total inventories	1,690	1,551
Prepaid expenses and other current assets	4,334	4,205
Total current assets	47,623	42,504
Property, plant and equipment	29,627	29,342
Less: Accumulated depreciation	18,717	18,615
Property, plant and equipment — net	10,910	10,727
Long-term financing receivables (net of allowances of $154 in 2016 and $118 in 2015)	9,266	10,013
Prepaid pension assets	2,332	1,734
Deferred taxes	4,809	4,822
Goodwill	34,322	32,021
Intangible assets — net	4,373	3,487
Investments and sundry assets	5,223	5,187
Total assets	$ 118,856	$ 110,495

(Amounts may not add due to rounding.)
(The accompanying notes are an integral part of the financial statements.)

**INTERNATIONAL BUSINESS MACHINES CORPORATION
AND SUBSIDIARY COMPANIES**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION – (CONTINUED)
(UNAUDITED)**

LIABILITIES AND EQUITY

(Dollars in millions)	**At March 31, 2016**	**At December 31, 2015**
Liabilities:		
Current liabilities:		
Taxes	$ 2,203	$ 2,847
Short-term debt	5,303	6,461
Accounts payable	5,302	6,028
Compensation and benefits	3,444	3,560
Deferred income	12,609	11,021
Other accrued expenses and liabilities	5,804	4,353
Total current liabilities	34,664	34,269
Long-term debt	40,254	33,428
Retirement and nonpension postretirement benefit obligations	16,939	16,504
Deferred income	3,662	3,771
Other liabilities	8,264	8,099
Total liabilities	103,784	96,071
Equity:		
IBM stockholders' equity:		
Common stock, par value $0.20 per share, and additional paid-in capital	53,439	53,262
Shares authorized: 4,687,500,000		
Shares issued: 2016 - 2,222,272,532		
2015 - 2,221,223,449		
Retained earnings	146,888	146,124
Treasury stock - at cost	(156,404)	(155,518)
Shares: 2016 - 1,262,310,680		
2015 - 1,255,494,724		
Accumulated other comprehensive income/(loss)	(28,998)	(29,607)
Total IBM stockholders' equity	14,925	14,262
Noncontrolling interests	147	162
Total equity	15,072	14,424
Total liabilities and equity	$ 118,856	$ 110,495

(Amounts may not add due to rounding.)
(The accompanying notes are an integral part of the financial statements.)

INTERNATIONAL BUSINESS MACHINES CORPORATION
AND SUBSIDIARY COMPANIES

CONSOLIDATED STATEMENT OF CASH FLOWS
(UNAUDITED)

	Three Months Ended March 31,	
(Dollars in millions)	**2016**	**2015**
Cash flows from operating activities:		
Net income	$ 2,014	$ 2,328
Adjustments to reconcile net income to cash provided by operating activities		
Depreciation	677	670
Amortization of intangibles	347	298
Stock-based compensation	133	127
Net (gain)/loss on asset sales and other	172	352
Changes in operating assets and liabilities, net of acquisitions/divestitures	2,302	(165)
Net cash provided by operating activities	5,645	3,610
Cash flows from investing activities:		
Payments for property, plant and equipment	(956)	(857)
Proceeds from disposition of property, plant and equipment	129	47
Investment in software	(144)	(113)
Acquisition of businesses, net of cash acquired	(2,590)	(148)
Divestitures of businesses, net of cash transferred	47	19
Non-operating finance receivables — net	1,358	1,615
Purchases of marketable securities and other investments	(1,041)	(819)
Proceeds from disposition of marketable securities and other investments	1,169	816
Net cash (used in)/provided by investing activities	(2,028)	560
Cash flows from financing activities:		
Proceeds from new debt	8,085	2,290
Payments to settle debt	(2,211)	(2,824)
Short-term borrowings/(repayments) less than 90 days — net	(910)	(776)
Common stock repurchases	(939)	(1,165)
Common stock transactions — other	59	161
Cash dividends paid	(1,250)	(1,088)
Net cash provided by/(used in) financing activities	2,834	(3,402)
Effect of exchange rate changes on cash and cash equivalents	217	(449)
Net change in cash and cash equivalents	6,668	319
Cash and cash equivalents at January 1	7,686	8,476
Cash and cash equivalents at March 31	$ 14,354	$ 8,796

(Amounts may not add due to rounding.)
(The accompanying notes are an integral part of the financial statements.)

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INTERNATIONAL BUSINESS MACHINES CORPORATION
AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(UNAUDITED)

(Dollars in millions)	Common Stock and Additional Paid-in Capital	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income/(Loss)	Total IBM Stockholders' Equity	Non-Controlling Interests	Total Equity
Equity - January 1, 2016	$ 53,262	$ 146,124	$ (155,518)	$ (29,607)	$ 14,262	$ 162	$ 14,424
Net income plus other comprehensive income/(loss)							
Net income		2,014			2,014		2,014
Other comprehensive income/(loss)				608	608		608
Total comprehensive income/(loss)					$ 2,622		$ 2,622
Cash dividends paid – common stock		(1,250)			(1,250)		(1,250)
Common stock issued under employee plans (1,049,083 shares)	185				185		185
Purchases (216,803 shares) and sales (40,129 shares) of treasury stock under employee plans – net		0	(22)		(22)		(22)
Other treasury shares purchased, not retired (6,639,282 shares)			(863)		(863)		(863)
Changes in other equity	(9)				(9)		(9)
Changes in noncontrolling interests						(14)	(14)
Equity - March 31, 2016	$ 53,439	$ 146,888	$ (156,404)	$ (28,998)	$ 14,925	$ 147	$ 15,072

(Dollars in millions)	Common Stock and Additional Paid-in Capital	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income/(Loss)	Total IBM Stockholders' Equity	Non-Controlling Interests	Total Equity
Equity - January 1, 2015	$ 52,666	$ 137,793	$ (150,715)	$ (27,875)	$ 11,868	$ 146	$ 12,014
Net income plus other comprehensive income/(loss)							
Net income		2,328			2,328		2,328
Other comprehensive income/(loss)				33	33		33
Total comprehensive income/(loss)					$ 2,361		$ 2,361
Cash dividends paid – common stock		(1,088)			(1,088)		(1,088)
Common stock issued under							

employee plans (2,125,560 shares)	259				259		259
Purchases (363,779 shares) and sales (187,271 shares) of treasury stock under employee plans – net		(3)	(33)		(35)		(35)
Other treasury shares purchased, not retired (7,738,744 shares)			(1,227)		(1,227)		(1,227)
Changes in other equity	3				3		3
Changes in noncontrolling interests						3	3
Equity - March 31, 2015	$ 52,928	$ 139,030	$ (151,975)	$ (27,842)	$ 12,141	$ 148	$ 12,289

(Amounts may not add due to rounding.)
(The accompanying notes are an integral part of the financial statements.)

Notes to Consolidated Financial Statements:

1. Basis of Presentation: The accompanying Consolidated Financial Statements and footnotes of the International Business Machines Corporation (IBM or the company) have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The financial statements and footnotes are unaudited. In the opinion of the company's management, these statements include all adjustments, which are only of a normal recurring nature, necessary to present a fair statement of the company's results of operations, financial position and cash flows.

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amount of assets, liabilities, revenue, costs, expenses and other comprehensive income/(loss) that are reported in the Consolidated Financial Statements and accompanying disclosures. These estimates are based on management's best knowledge of current events, historical experience, actions that the company may undertake in the future and on various other assumptions that are believed to be reasonable under the circumstances. As a result, actual results may be different from these estimates. Refer to the company's 2015 Annual Report on pages 64 to 67 for a discussion of the company's critical accounting estimates.

In January 2016, the company made a number of changes to its organizational structure and management system. These changes impacted the company's reportable segments, but did not impact the company's Consolidated Financial Statements. Refer to note 6, "Segments," on pages 26 to 27 for additional information on the changes in reportable segments. The periods presented in this Form 10-Q are reported on a comparable basis. The company intends to file a revised 2015 Annual Report in a Form 8-K in the second quarter of 2016 to reclassify its historical segment information to reflect these changes.

In the first quarter 2016, the company classified certain properties, primarily office space, as held for sale. As a result of the company's reassessment of its real estate portfolio, certain properties were approved for sale and are being actively marketed. The sales are expected to be completed within twelve months. A pre-tax impairment charge of $252 million was recorded to other income (expense) related to the applicable land, buildings and furniture and fixtures. The pre-tax charge reflected the difference between the net book value and the fair value (estimated proceeds) less the estimated costs to sell the properties. The fair value of these assets was not material at March 31, 2016.

In the first quarter of 2016, the company reported a benefit from income taxes of $983 million, and its effective tax rate was (95.1) percent. This was primarily driven by the resolution of a long-standing non-U.S. tax matter in February 2016. See Taxes on pages 56 to 57 for additional information.

On October 20, 2014, the company announced a definitive agreement to divest its Microelectronics business and manufacturing operations to GLOBALFOUNDRIES. The assets and liabilities of the Microelectronics business were reported as held for sale at December 31, 2014, and the operating results of the Microelectronics business have been reported as discontinued operations. The transaction closed on July 1, 2015. Refer to note 9, "Acquisitions/Divestitures," for additional information on the transaction.

Noncontrolling interest amounts of $1.3 million and $1.2 million, net of tax, for the three months ended March 31, 2016 and 2015, respectively, are included in the Consolidated Statement of Earnings within the other (income) and expense line item.

Interim results are not necessarily indicative of financial results for a full year. The information included in this Form 10-Q should be read in conjunction with the company's 2015 Annual Report.

Within the financial statements and tables presented, certain columns and rows may not add due to the use of rounded numbers for disclosure purposes. Percentages presented are calculated from the underlying whole-dollar amounts. Certain prior year amounts have been reclassified to conform to the current year presentation. This is annotated where applicable.

2. Accounting Changes:

New Standards to be Implemented

In March 2016, the Financial Accounting Standards Board (FASB) issued guidance which changes the accounting for share-based payment transactions, including the income tax consequences, classification of awards as either equity or liabilities, and classification in the Consolidated Statement of Cash Flows. The guidance is effective January 1, 2017 and early adoption is permitted. The company is currently evaluating the impact of the new guidance.

Notes to Consolidated Financial Statements – (continued)

In February 2016, the FASB issued guidance which changes the accounting for leases. The guidance requires lessees to recognize right-of-use assets and lease liabilities for most leases in the Consolidated Statement of Financial Position. The guidance makes some changes to lessor accounting and aligns with the new revenue recognition guidance. The guidance also requires qualitative and quantitative disclosures to assess the amount, timing and uncertainty of cash flows arising from leases. The guidance is effective January 1, 2019 and early adoption is permitted. The company is currently evaluating the impact of the new guidance and the effective date. The company's operating lease commitments were $6.4 billion at December 31, 2015.

In January 2016, the FASB issued guidance which addresses aspects of recognition, measurement, presentation and disclosure of financial instruments. Certain equity investments will be measured at fair value with changes recognized in net income. The amendment also simplifies the impairment test of equity investments that lack readily determinable fair value. The guidance is effective January 1, 2018 and early adoption is not permitted except for limited provisions. The guidance is not expected to have a material impact in the consolidated financial results.

The FASB issued guidance on the recognition of revenue from contracts with customers in May 2014 with amendments in 2015 and 2016. Revenue recognition will depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The guidance also requires disclosures regarding the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. The guidance permits two methods of adoption: retrospectively to each prior reporting period presented, or retrospectively with the cumulative effect of initially applying the guidance recognized at the date of initial application (the cumulative catch-up transition method). The guidance was initially effective January 1, 2017 and early adoption was not permitted. The amended guidance provides for a one-year deferral of the effective date to January 1, 2018, with an option of applying the standard on the original effective date. The company will adopt the guidance on January 1, 2018 and apply the cumulative catch-up transition method. The company is continuing to evaluate the impact of the new guidance in the consolidated financial results.

Standards Implemented

In November 2015, the FASB issued guidance which requires deferred tax liabilities and assets be classified as noncurrent in the statement of financial position. The guidance was effective January 1, 2016 with early adoption permitted. The company adopted the guidance in the fourth quarter of 2015 on a retrospective basis. The company reclassified current deferred tax assets of $2.0 billion at December 31, 2014 to deferred tax assets and current deferred tax liabilities of $19 million at December 31, 2014 to other liabilities from other accrued expenses and liabilities in the Consolidated Statement of Financial Position. In order to offset deferred tax assets and liabilities for presentation as a single noncurrent amount by tax jurisdiction, the company also reclassified $178 million at December 31, 2014 from deferred tax assets to other liabilities in the Consolidated Statement of Financial Position.

In September 2015, the FASB issued guidance eliminating the requirement that an acquirer in a business combination account for a measurement-period adjustment retrospectively. Instead, an acquirer will recognize a measurement-period adjustment during the period in which the amount of the adjustment is determined. In addition, the portion of the amount recorded in current-period earnings by line item that would have been recorded in previous reporting periods if the adjustment to the provisional amounts had been recognized as of the acquisition date should be presented separately on the face of the income statement or disclosed in the notes. The guidance was effective January 1, 2016 on a prospective basis. The guidance did not have a material impact in the consolidated financial results.

In May 2015, the FASB issued guidance which removed the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value per share practical expedient. The amendments also removed the requirement to make certain disclosures for all investments that are eligible to be measured at fair value using the net asset value per share practical expedient. Rather, those disclosures are limited to investments for which the entity has elected to measure the fair value using that practical expedient. The guidance was effective January 1, 2016. The guidance was a change in disclosure only and did not have an impact in the consolidated financial results.

In April 2015, the FASB issued guidance about whether a cloud computing arrangement includes a software license. If a cloud computing arrangement includes a software license, then the customer should account for the software license element of the arrangement consistent with the acquisition of other software licenses. If a cloud computing arrangement does not include a software license, the customer should account for the arrangement as a services contract. All software licenses recognized under this guidance will be accounted for consistent with other licenses of intangible assets. The guidance was effective January 1, 2016 and the company adopted it on a prospective basis. The guidance did not have a material impact in the consolidated financial results.

Notes to Consolidated Financial Statements – (continued)

In April 2015, the FASB issued guidance which requires debt issuance costs related to a recognized debt liability to be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. The guidance was effective January 1, 2016 with early adoption permitted. The company adopted the guidance in the fourth quarter of 2015 on a retrospective basis. The company had debt issuance costs of $95 million and $74 million at March 31, 2016 and December 31, 2015, respectively. Debt issuance costs were previously included in investments and sundry assets in the Consolidated Statement of Financial Position.

3. Financial Instruments:

Fair Value Measurements

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 company 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.

When available, the company uses unadjusted quoted market prices in active markets to measure the fair value and classifies such items as Level 1. If quoted market prices are not available, fair value is based upon internally developed models that use current market-based or independently sourced market parameters such as interest rates and currency rates. Items valued using internally generated models are classified according to the lowest level input or value driver that is significant to the valuation.

The determination of fair value considers various factors including interest rate yield curves and time value underlying the financial instruments. For derivatives and debt securities, the company uses a discounted cash flow analysis using discount rates commensurate with the duration of the instrument.

In determining the fair value of financial instruments, the company considers certain market valuation adjustments to the "base valuations" calculated using the methodologies described below for several parameters that market participants would consider in determining fair value:

- Counterparty credit risk adjustments are applied to financial instruments, taking into account the actual credit risk of a counterparty as observed in the credit default swap market to determine the true fair value of such an instrument.
- Credit risk adjustments are applied to reflect the company's own credit risk when valuing all liabilities measured at fair value. The methodology is consistent with that applied in developing counterparty credit risk adjustments, but incorporates the company's own credit risk as observed in the credit default swap market.

As an example, the fair value of derivatives is derived utilizing a discounted cash flow model that uses observable market inputs such as known notional value amounts, yield curves, spot and forward exchange rates as well as discount rates. These inputs relate to liquid, heavily traded currencies with active markets which are available for the full term of the derivative.

Certain financial assets are measured at fair value on a nonrecurring basis. These assets include equity method investments that are recognized at fair value at the measurement date to the extent that they are deemed to be other-than-temporarily impaired. Certain assets that are measured at fair value on a recurring basis can be subject to nonrecurring fair value measurements. These assets include available-for-sale equity investments that are deemed to be other-than-temporarily impaired. In the event of an other-than-temporary impairment of a financial investment, fair value is measured using a model described above.

Non-financial assets such as property, plant and equipment, land, goodwill and intangible assets are also subject to nonrecurring fair value measurements if they are deemed to be impaired. The impairment models used for nonfinancial assets depend on the type of asset. During the three months ended March 31, 2016, the company recorded an impairment on certain

Notes to Consolidated Financial Statements – (continued)

assets that are classified as held for sale. See note 1, “Basis of Presentation,” for additional information. There were no material impairments of non-financial assets for the three months ended March 31, 2015.

Accounting guidance permits the measurement of eligible financial assets, financial liabilities and firm commitments at fair value, on an instrument-by-instrument basis, that are otherwise not permitted to be accounted for at fair value under other accounting standards. This election is irrevocable. The company has not applied the fair value option to any eligible assets or liabilities.

The following tables present the company’s financial assets and financial liabilities that are measured at fair value on a recurring basis at March 31, 2016 and December 31, 2015.

(Dollars in millions) At March 31, 2016	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets:				
Cash equivalents (1)				
Time deposits and certificates of deposit	$ —	$ 5,784	$ —	$ 5,784
Commercial paper	—	325	—	325
Money market funds	3,076	—	—	3,076
U.S. government securities	—	1,300	—	1,300
Canadian government securities	—	463	—	463
Other securities	—	162	—	162
Total	3,076	8,034	—	11,109(6)
Debt securities - current (2)	—	514	—	514(6)
Debt securities - noncurrent (3)	1	7	—	8
Available-for-sale equity investments (3)	9	—	—	9
Derivative assets (4)				
Interest rate contracts	—	876	—	876
Foreign exchange contracts	—	206	—	206
Equity contracts	—	48	—	48
Total	—	1,129	—	1,129(7)
Total assets	$ 3,086	$ 9,685	$ —	$ 12,770(7)
Liabilities:				
Derivative liabilities (5)				
Foreign exchange contracts	$ —	$ 460	$ —	$ 460
Equity contracts	—	1	—	