

INTERNATIONAL BUSINESS MACHINES CORP

Form 11-K

June 15, 2016

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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, 2015

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**

**New Orchard Road, M/D 261**

**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 15, 2016

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 the IBM 401(k) Plus Plan (the Plan) at December 31, 2015 and 2014, and the changes in net assets available for benefits for the year ended December 31, 2015 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 15, 2016

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

	<b>2015</b>	<b>2014*</b>
	<b>(Dollars in thousands)</b>	
<b>Assets:</b>		
Investments, at fair value (Note 3)	\$ 36,972,487	\$ 38,805,401
Investments in fully benefit-responsive investment contracts, at contract value (Note 5)	8,587,661	8,636,389
Total investments	45,560,148	47,441,790
Receivables:		
Notes receivable from participants	272,452	302,031
Income, sales proceeds and other receivables	90,840	173,896
Total receivables	363,292	475,927
Total assets	45,923,440	47,917,717
<b>Liabilities:</b>		
Accrued expenses and other liabilities	255,968	342,743
Total liabilities	255,968	342,743
<b>Net assets available for benefits</b>	<b>\$ 45,667,471</b>	<b>\$ 47,574,974</b>

\*Reclassified to reflect adoption of the FASB guidance on FBRICs. Refer to note 2, Summary of Significant Accounting Policies, for additional information.

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,**

	<b>2015</b>
	<b>(Dollars in thousands)</b>
<b>Additions to net assets attributed to:</b>	
Investment income:	
Net depreciation in fair value of investments (Note 3)	\$ (1,216,901)
Interest income from investments (Note 5)	346,581
Dividends	566,606
	(303,714)
Interest income on notes receivable from participants	11,688
Contributions:	
Participants	1,135,701
Employer	675,753
	1,811,454
Total additions	1,519,428
<b>Deductions from net assets attributed to:</b>	
Distributions to participants	3,383,338
Administrative expenses, net	43,593
Total deductions	3,426,931
<b>Net decrease in net assets during the year</b>	<b>(1,907,504)</b>
<b>Net assets available for benefits:</b>	
Beginning of year	47,574,974
End of year	\$ 45,667,471

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.

Participants have the choice to enroll in Managed Accounts, an account management service provided by Financial Engines for a fee which is deducted from the participant's account.

At December 31, 2015 and 2014, the number of participants with an account balance in the Plan was 187,937 and 191,921, 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**

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. 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.

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**Contributions**

Generally, 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. If a participant's IBM Pension Plan eligibility as of December 31, 2007 was (1) the Pension Credit Formula, the participant is eligible to receive a 6% matching contribution and a 4% automatic contribution; or (2) the Personal Pension Account, the participant is eligible to receive a 6% matching contribution and a 2% automatic contribution. If the participant was hired or rehired on or after January 1, 2005, and is not in one of the job families described below, then the participant is eligible for a 5% employer matching contribution, and 1% automatic contribution (Note: Band 6 GBS Entry Professional Hires on or after April 1, 2015 shall become eligible for these benefits only upon promotion.). If a participant is in any one of the following categories (1) GBS Application Development Specialist Job Family hired or rehired on or after April 15, 2013; (2) Multi Vendor Service Representative hired or rehired on or after April 1, 2015; (3) Systems Services Representative hired or rehired on or after November 1, 2015; or (4) is in one of the following job families in IBM GTS Infrastructure Services on or after January 1, 2016 (a) IT Specialist; (b) Technical Services; (c) Project Management (excluding Project Executives and Delivery Project Executives); (d) Enterprise Operations; and (e) Product Services, then the participant is eligible for a 2% matching contribution and a 1% automatic contribution.

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. New hires become eligible for the IBM automatic contribution and the IBM matching contribution after completing the applicable service requirement, which generally is one year. GBS Application Development Specialist Job Family hires, Multi Vendor Service Representative Hires on or after April 1, 2015 and Systems Services Representative Hires on or after November 1, 2015 have a service requirement of two years. GBS Entry Professional Hires on or after April 1, 2015 shall become eligible for these employer contributions only upon promotion.

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, and meet all eligibility requirements. 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 matching and automatic contributions for which they are eligible, 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**

Target Date 2005 Fund (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 (Added in 2015)

Income Plus Life Strategy Fund

Conservative Life Strategy Fund

Moderate Life Strategy Fund

Aggressive Life Strategy Fund

**Core Funds**

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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 (Effective June 30, 2016 moved to Expanded Choice Funds)  
International Real Estate Index Fund (Effective June 30, 2016 moved to Expanded Choice Funds)

Global Real Estate Stock Index Fund (Effective March 30, 2016, 70% Real Estate Investment Trust (REIT) Index Fund and 30% International Real Estate Index Fund)

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**Expanded Choice Funds**

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

Real Estate Investment Trust (REIT) Index Fund (Effective June 30, 2016)

International Real Estate Index Fund (Effective June 30, 2016)

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).

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**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.

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

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**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 ½) 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 ½.

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 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.



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**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, 2015 and 2014 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.

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**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. Investments held by a defined contribution plan are required to be reported at fair value, except for fully benefit-responsive investment contracts. Contract value is the relevant measure for the 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. 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.

**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.

**Valuation of Investments**

Investments are stated at fair value (except for fully benefit-responsive investment contracts, which are stated at contract 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.

**Revenue Sharing**

Certain fund families may pass a portion of their fees to Fidelity as provider of recordkeeping services for the Plan. In addition, Fidelity attributes a certain portion of Fidelity mutual fund expenses to recordkeeping. Participants invested in mutual funds that have such arrangements (currently Dodge & Cox and Fidelity) will receive a credit based on their investment in those funds, if the participant has an account balance in the Plan when the credit is calculated. Following each quarter-end (currently within 30 days of quarter-end), a pro rata share of the fees received from the mutual fund will be allocated to the participant's account, based on the participant's investment in the mutual fund. The amount allocated will be used to purchase additional shares of the mutual fund to which the credit relates. Any revenue sharing that is attributable to a participant who no longer has an account in the Plan will be used to reduce future Plan expenses.

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**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.

**Standards Implemented**

In July 2015, the FASB issued a three-part standard that provides guidance on certain aspects of the accounting by employee benefit plans. Part I amended the guidance for fully benefit-responsive investment contracts (FBRICs) to report them only at contract value and to no longer present a reconciliation of a FBRIC's fair value to its contract value on the face of the plan financial statements. In addition, FBRICs including the underlying investments of a synthetic guaranteed investment contract are not included in the fair value hierarchy table. The 2014 collateral associated with the underlying investments of the synthetic guaranteed investment contracts was reclassified from payable for collateral deposits to investments, at fair value on the 2014 Statement of Net Assets Available For Benefits. Part II amended certain plan investment disclosures, including the elimination of investments greater than 5 percent of net assets; reporting the net appreciation/depreciation only in the aggregate and investments in the fair value hierarchy table are segregated only by general type of investment. In addition, if an investment is measured using the net asset value per share (or its equivalent) practical expedient and that investment is in a fund that files a U.S. Department of Labor Form 5500, Annual Return/Report of Employee Benefit Plan, as a direct filing entity, a disclosure of that investment's strategy is not required. The guidance is effective January 1, 2016 with early adoption permitted. The Plan adopted the guidance for 2015, on a retrospective basis.

Table of Contents**NOTE 3 INVESTMENTS**

The following tables set forth by level, within the fair value hierarchy, the Plan's investments at fair value at December 31, 2015 and 2014.

**Investments at Fair Value as of December 31, 2015**

(Dollars in Thousands)	Level 1	Level 2	Level 3	Total
<b>Equity:</b>				
Equity commingled*/mutual funds	\$ 3,586,614	\$ 14,361,234	\$	\$ 17,947,848
IBM Corporation common stock	1,321,957			1,321,957
Equity securities	5,063,625	3,196,596	1,660	8,261,881
<b>Fixed income:</b>				
Government securities		4,246,733		4,246,733
Corporate bonds		1,211,075	1,346	1,212,421
Mortgage and asset-backed securities		55,323		55,323
Fixed income commingled*/mutual funds	1,158,277			1,158,277
Cash and cash equivalents	29,655	881,422		911,076
Derivatives	470	115		585
Other commingled*/mutual funds	737,793	1,118,592		1,856,385
<b>Total investments at fair value</b>	<b>\$ 11,898,392</b>	<b>\$ 25,071,089</b>	<b>\$ 3,006</b>	<b>\$ 36,972,487</b>

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

The balances of and changes in the fair values of the Plan's level 3 assets for the period ending December 31, 2015 were not material.

Table of Contents**Investments at Fair Value as of December 31, 2014\*\***

(Dollars in Thousands)	Level 1	Level 2	Level 3	Total
<b>Equity:</b>				
Equity commingled*/mutual funds	\$ 3,820,468	\$ 14,856,322	\$	\$ 18,676,790
IBM Corporation common stock	1,652,777			1,652,777
Equity securities	5,689,164	3,125,971	243	8,815,378
<b>Fixed income:</b>				
Government securities		4,197,456		4,197,456
Corporate bonds		1,144,601	26	1,144,626
Mortgage and asset-backed securities		51,894		51,894
Fixed income commingled*/mutual funds	1,258,361			1,258,361
Cash and cash equivalents	22,628	1,082,353		1,104,981
Derivatives	1,950	47		1,997
Other commingled*/mutual funds	723,964	1,177,179		1,901,143
<b>Total investments at fair value</b>	<b>\$ 13,169,311</b>	<b>\$ 25,635,822</b>	<b>\$ 268</b>	<b>\$ 38,805,401</b>

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

\*\* Reclassified to reflect adoption of ASU 2015-12 and the 2015 presentation. Refer to note 2, Summary of Significant Accounting Policies, for additional information.

**Transfers between Levels**

The Plan's policy is to recognize transfers in and transfers out at the beginning of the period. For the years ended December 31, 2015, and 2014, there were no transfers between Levels 1 and 2 and no transfers in or out of Level 3.

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, 2015 and 2014, respectively:

Investments at fair value:	2015	(Dollars in thousands)		2014
Equity funds	\$	14,361,234	\$	14,856,322
Other funds		1,118,592		1,177,179

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, 2015 and 2014, no funds were subject to redemption restrictions.

**NOTE 4 DERIVATIVES**

In accordance with the investment strategy of the separately-managed funds, 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.

Derivative instruments are carried at fair value. The net fair value of derivative financial instruments was an asset of \$0.6 million and \$2 million as of December 31, 2015 and 2014, respectively. The notional amount of derivative financial instruments reported in Investments, at fair value within the Statement of Net Assets Available for Benefits was \$478 million and \$264 million as of December 31, 2015 and 2014, respectively.

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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.

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 disaggregation of contract value between types of Investment Contracts held by the Plan.

Investment Contracts at December 31,	2015	2014
	(Dollars in thousands)	
Contract value:		
Synthetic GICs	\$ 7,032,426	\$ 7,506,530
Separate account GIC	1,555,235	1,129,859
Total Investment Contracts	\$ 8,587,661	\$ 8,636,389

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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 2015 are described below:

**Life Cycle Funds**

The 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 as needed. The funds are structured by the IBM Retirement Fund organization and managed by the underlying funds' managers.

The Target Date Funds 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 2055, with the 2030 through 2055 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. It was 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 36% stocks\*, 64% bonds.
- **Target Date 2015 Fund** - seeks relatively high returns at a moderate risk level. Target asset allocation between stocks and bonds is 49% stocks\*, 51% bonds.
- **Target Date 2020 Fund** - seeks high returns over the long term. Target asset allocation between stocks and bonds is 61% stocks\*, 39% bonds.
- **Target Date 2025 Fund** - seeks high returns over the long term. Target asset allocation between stocks and bonds is 73% stocks\*, 27% bonds.
- **Target Date 2030 Fund** - seeks high returns over the long term. Target asset allocation between stocks and bonds is 84% stocks\*, 16% bonds.
- **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** - seeks high returns over the long term. Target asset allocation between stocks and bonds is 90% stocks\*, 10% bonds.

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

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The 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.

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

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**Core Funds** - 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.
- **Global Real Estate Index Fund** was added March 30, 2016 seeks to replicate the returns of a customized composite benchmark of 70% MSCI US REIT Index and 30% FTSE EPRA/NAREIT Developed ex-US Rental Index. The fund is managed by BlackRock Institutional Trust Company.
- **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. Effective June 30, 2016, will be moved to Expanded Choice Funds.
- **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. Effective June 30, 2016, will be moved to Expanded Choice Funds.

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**Expanded Choice Funds** 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.
- **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 Markets All Cap China A Transition 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.

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**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.

**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 and a request for a new determination letter to the IRS on January 21, 2016.

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, 2015, 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 and do not believe this position will change in the next twelve months. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

Table of Contents**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 2015		12/31 2014
	(Dollars in thousands)		
Net assets available for benefits per the financial statements	\$ 45,667,471	\$	47,574,974
Plus:			
Adjustment from contract value to fair value for fully benefit-responsive investment contracts held by the Interest Income Fund	261,230		442,161
Net assets available for benefits per the Form 5500	\$ 45,928,701	\$	48,017,136

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

	Year Ended December 31, 2015	
	(Dollars in thousands)	
Total investment income and interest income on notes receivable from participants per the financial statements	\$	(292,026)
Less:		
Adjustment from fair value to contract value for fully benefit-responsive investment contracts at December 31, 2014		442,161
Plus:		
Adjustment from fair value to contract value for fully benefit-responsive investment contracts at December 31, 2015		261,230
Total investment income per the Form 5500	\$	(472,957)

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**NOTE 9 - RELATED-PARTY TRANSACTIONS**

At December 31, 2015, 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, 2015 and 2014, the Plan held 9,605,847 and 10,301,527 shares of IBM common stock valued at \$1,321,956,664 and \$1,652,776,992, respectively. During the year ended December 31, 2015, purchases of IBM common stock by the Plan totaled \$123,670,075 and sales of IBM common stock by the Plan totaled \$238,932,365.

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**IBM 401(k) PLUS PLAN AT DECEMBER 31, 2015**

**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	(e) Amount received during reporting year		(g) Unpaid balance at end of year	(h) Principal	(i) Interest
								Principal	Interest			
	Glitnir Bank HF, Islandsbanki, Kirkjusandi 2-155 Reykjavik, Iceland	379308AA7	6/15/2006	6/15/2016	6.693		\$ 2,100,000			\$ 1,054,148		\$ 1,045,852
	Glitnir Bank HF, Islandsbanki, Kirkjusandi 2-155 Reykjavik, Iceland	379308AB5	9/14/2006	9/14/2049	7.451		200,000			104,314		195,686
	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			22,203		64,819
	Kaupthing Bank hf., Borgartun 26 IS-105 Reykjavik, Iceland	48632HAA5	5/19/2006	5/19/2016	7.125		700,000			349,125		350,875
	Lehman Brothers Holdings Inc., 745 Seventh Avenue, New York, NY 10019	524ESC7M6	12/21/2007	12/28/2017	6.75		9,850,000			4,654,125		4,654,125
	Lehman Brothers Holdings Inc., 745 Seventh Avenue, New York, NY 10019	524ESCXA3	5/17/2007	11/30/2056	5.857		1,730,000			2,056,749		2,056,749
	Sigma Finance Corp., M&C Corp. Services LTD, Box 309GT, Uglund House, South Church St., George Town, Grand Cayman, Grand Cayman Islands	8265Q0XQ0	6/4/2007	6/4/2009	variable		10,000,000	\$ 90,052	\$ 536	9,463,894	\$ 9,407,906	\$ 56,988

\* 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, 2015**

(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
<b>IBM Stock Fund</b>				
*	International Business Machines Corporation	IBM Common Stock 9,605,847 shares	\$	1,321,956,664
	Managed by State Street Global Advisors	State Street Bank and Trust Company Government Short-Term Investment Fund		1,906,682
<b>Mutual Funds</b>				
	Administered by Fidelity	Mutual Fund Window (refer to Exhibit K - investments)		5,405,923,826
	Vanguard Emerging Markets Stock Index Fund	Vanguard Emerging Markets Stock Index Fund Institutional Plus Shares 978,752 shares		67,661,142
<b>Commingled Funds</b>				
	Vanguard Employee Benefit Index Fund	Large Company Index		5,511,989,825
	Vanguard Total Stock Market Index Trust	Total Stock Market Index		4,702,325,493
	Vanguard Russell 1000 Growth Index Trust	Large Cap Growth Index		1,089,568,760
	Vanguard Russell 1000 Value Index Trust	Large Cap Value Index		904,708,946
	Vanguard Russell 2000 Growth Index Trust	Small Cap Growth Index		722,715,672
	Bridgewater All Weather Portfolio III, LTD.	Balanced Fund		643,317,527
	Vanguard Russell 2000 Value Index Trust	Small Cap Value Index		602,579,594
	Vanguard European Stock Index Trust	European Stock Index		476,415,697
	Vanguard Pacific Stock Index Trust	Pacific Stock Index		349,919,222
	PIMCO Commodities Plus Trust II	Commodity		261,469,595
	AQR Global Risk Parity Enhanced Liquidity Fund	Balanced Fund		213,805,162

\* 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
<b>Separately-Managed Funds</b>				
	Managed by State Street Global Advisors	Small/Mid Cap Stock Index (refer to Exhibit A - investments)	\$	3,523,594,920
	Managed by State Street Global Advisors	Total International Stock Market Index (refer to Exhibit B - investments)		3,274,934,720
	Managed by Neuberger Berman	Total Bond Market (refer to Exhibit C - investments)		2,647,342,039
	Managed by State Street Global Advisors	Inflation Protected Bond (refer to Exhibit D - investments)		1,654,342,026
	Managed by BlackRock Institutional Trust Company	Real Estate Investment Trust (refer to Exhibit E - investments)		1,269,950,295
	Managed by Neuberger Berman	Long-Term Corporate Bond (refer to Exhibit F - investments)		387,945,356
	Managed by BlackRock Institutional Trust Company	International Real Estate Index (refer to Exhibit G - investments)		295,385,275
	Managed by Pacific Investment Management Company (PIMCO)	High Yield and Emerging Markets Bond (refer to Exhibit H - investments)		228,957,600
	Managed by Lazard	Emerging Markets Debt (Refer to Exhibit I - investments)		132,531,600
	Managed by JP Morgan	High Yield Debt (Refer to Exhibit J - investments)		88,697,145

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\* 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
<b>Separately-Managed Funds (continued)</b>				
	Underlying assets managed by various investment companies	Interest Income Fund (refer to Exhibit L - investments)		\$ 10,069,221,414
*	Mass Mutual Life Insurance Company	Synthetic GIC Wrapper Contract, Rate of Interest 3.17%		
	Royal Bank of Canada	Synthetic GIC Wrapper Contract, Rate of Interest 3.84%		
*	State Street Bank and Trust Company	Synthetic GIC Wrapper Contract, Rate of Interest 3.84%		
*	The Prudential Insurance Company of America	Synthetic GIC Wrapper Contract, Rate of Interest 3.02%		
*	New York Life Insurance Company	Synthetic GIC Wrapper Contract, Rate of Interest 2.85%		
*	Metropolitan Life Insurance Company	Separate Account GIC Contract, Rate of Interest 2.61%		
*	Notes receivable from participants	Interest rates range: 4.25% - 11.00% Terms: one to thirty years		272,452,196
<b>Interest-Bearing Cash</b>				
	Managed by State Street Global Advisors	State Street Bank and Trust Company Government Short-Term Investment Fund		686,019,591

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\* Party-In-Interest

Table of Contents**IBM 401(K) PLUS PLAN AT DECEMBER 31, 2015****Schedule H, line 4i-Schedule of Assets (Acquired and Disposed of Within Year)****FOR THE YEAR ENDED DECEMBER 31, 2015**

(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		
	BARCLAYS CAPITAL INC	INTEREST-BEARING CASH	830,000	\$ 830,000
	BARCLAYS CAPITAL INC	INTEREST-BEARING CASH	300,000	300,000
	BNP PARIBAS CASH BOC	INTEREST-BEARING CASH	720,000	720,000
	BNP PARIBUS CASH COLLATERAL	INTEREST-BEARING CASH	262,000	262,000
	CCSCXIUS6 STANDARD CHARTER BOC	INTEREST-BEARING CASH	680,000	680,000
	CCSCXIUS6 STANDARD CHARTER BOC	INTEREST-BEARING CASH	4,820,000	4,820,000
	CITIGROUP	INTEREST-BEARING CASH	575,000	575,000
	CREDIT SUISSE SEC (USD) LLC	INTEREST-BEARING CASH	340,000	340,000
	CREDIT SUISSE SEC (USD) LLC	INTEREST-BEARING CASH	4,490,000	4,050,000
	DEUTSCHE BANK	INTEREST-BEARING CASH	290,000	290,000
	FUTURES MORGAN STANLEY COC	INTEREST-BEARING CASH	60,000	60,000
	GOLDMAN SACH AND CO	INTEREST-BEARING CASH	540,000	540,000
	GOLDMAN SACHS BANK USA BOC	INTEREST-BEARING CASH	15,290,000	14,610,000
	GOLDMAN SACHS BANK USA COC	INTEREST-BEARING CASH	1,160,000	1,160,000
	MORGAN STANLEY	INTEREST-BEARING CASH	530,000	530,000
	MORGAN STANLEY CASH BOC	INTEREST-BEARING CASH	5,380,000	5,680,000
	NATIONAL AUSTRALIAN BANK CASH	INTEREST-BEARING CASH	790,000	790,000
	ROYAL BANK OF CANADA COC	INTEREST-BEARING CASH	290,000	290,000
	SWAP BANK OF AMERICA BOC	INTEREST-BEARING CASH	5,010,000	5,010,000
	SWAP BANK OF AMERICA COC	INTEREST-BEARING CASH	1,420,000	1,420,000
	SWAP BARCLAYS BANK BOC	INTEREST-BEARING CASH	300,000	300,000
	SWAP BNP PARIBAS COC	INTEREST-BEARING CASH	530,000	530,000
	SWAP BNP PARIBAS COC	INTEREST-BEARING CASH	1,750,000	1,750,000
	SWAP CITIBANK BOC	INTEREST-BEARING CASH	560,000	560,000
	SWAP CITIBANK COC	INTEREST-BEARING CASH	5,360,000	5,360,000
	SWAP CREDIT SUISSE BOC	INTEREST-BEARING CASH	2,160,000	2,160,000
	SWAP CREDIT SUISSE COC	INTEREST-BEARING CASH	2,120,000	2,120,000
	SWAP DEUTSCHE BANK COC	INTEREST-BEARING CASH	1,090,000	1,090,000
*	SWAP JP MORGAN BOC	INTEREST-BEARING CASH	850,000	850,000
	SWAP UBS BOC	INTEREST-BEARING CASH	5,320,000	5,320,000
	SWAP UBS COC	INTEREST-BEARING CASH	4,610,000	4,610,000
	TBA MORGAN STANLEY BOC	INTEREST-BEARING CASH	410,000	410,000
	TBA WELLS FARGO BOC	INTEREST-BEARING CASH	1,973,000	1,973,000
	<b>Total</b>			<b>\$ 69,990,000</b>

\* **Party-In-Interest**

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, 2015****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 USD.01	27,500	\$ 200,200
	1ST SOURCE CORP	COMMON STOCK	18,830	581,282
	2U INC	COMMON STOCK USD.001	18,700	523,226
	3D SYSTEMS CORP	COMMON STOCK USD.001	98,739	858,042
	8X8 INC	COMMON STOCK USD.001	89,100	1,020,195
	A10 NETWORKS INC	COMMON STOCK USD.00001	21,100	138,416
	AAC HOLDINGS INC	COMMON STOCK USD.001	6,900	131,514
	AAON INC	COMMON STOCK USD.004	41,236	957,500
	AAR CORP	COMMON STOCK USD1.	28,400	746,636
	AARON S INC	COMMON STOCK USD.5	60,062	1,344,788
	ABAXIS INC	COMMON STOCK	19,456	1,083,310
	ABENGOA YIELD PLC	COMMON STOCK	40,000	771,600
	ABEONA THERAPEUTICS INC	COMMON STOCK USD.01	6,400	21,504
	ABERCROMBIE + FITCH CO CL A	COMMON STOCK USD.01	60,100	1,622,700
	ABIOMED INC	COMMON STOCK USD.01	36,600	3,304,248
	ABM INDUSTRIES INC	COMMON STOCK USD.01	47,100	1,340,937
	ABRAXAS PETROLEUM CORP	COMMON STOCK USD.01	85,900	91,054
	ACACIA RESEARCH CORP	COMMON STOCK USD.001	44,300	190,047
	ACADIA HEALTHCARE CO INC	COMMON STOCK USD.01	44,000	2,748,240
	ACADIA PHARMACEUTICALS INC	COMMON STOCK USD.0001	68,800	2,452,720
	ACADIA REALTY TRUST	REIT USD.001	64,507	2,138,407
	ACCELERATE DIAGNOSTICS INC	COMMON STOCK	19,600	421,204
	ACCELERON PHARMA INC	COMMON STOCK USD.001	18,800	916,688
	ACCO BRANDS CORP	COMMON STOCK USD.01	95,434	680,444
	ACCURAY INC	COMMON STOCK USD.001	65,085	439,324
	ACCURIDE CORP	COMMON STOCK	36,100	59,926
	ACETO CORP	COMMON STOCK USD.01	26,700	720,366
	ACHILLION PHARMACEUTICALS	COMMON STOCK USD.001	94,900	1,023,971
	ACI WORLDWIDE INC	COMMON STOCK USD.005	103,400	2,212,760
	ACORDA THERAPEUTICS INC	COMMON STOCK USD.001	37,814	1,617,683
	ACTUA CORP	COMMON STOCK USD.001	41,600	476,320
	ACTUANT CORP A	COMMON STOCK USD.2	50,000	1,198,000
	ACUITY BRANDS INC	COMMON STOCK USD.01	37,650	8,802,570
	ACXIOM CORP	COMMON STOCK USD.1	69,700	1,458,124
	ADAMAS PHARMACEUTICALS INC	COMMON STOCK USD.001	12,300	348,336
	ADAMS RESOURCES + ENERGY INC	COMMON STOCK USD.1	2,700	103,680
	ADDUS HOMECARE CORP	COMMON STOCK USD.001	1,400	32,592
	ADEPTUS HEALTH INC CLASS A	COMMON STOCK USD.01	4,900	267,148
	ADTRAN INC	COMMON STOCK USD.01	51,437	885,745
	ADURO BIOTECH INC	COMMON STOCK USD.0001	8,700	244,818

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ADVANCED DRAINAGE SYSTEMS IN	COMMON STOCK USD.01	26,900	646,407
ADVANCED ENERGY INDUSTRIES	COMMON STOCK USD.001	34,300	968,289
ADVANCED MICRO DEVICES	COMMON STOCK USD.01	577,000	1,655,990
ADVAXIS INC	COMMON STOCK USD.001	23,300	234,398
ADVISORY BOARD CO/THE	COMMON STOCK USD.01	37,904	1,880,417
AECOM	COMMON STOCK USD.01	135,128	4,057,894
AEGERION PHARMACEUTICALS INC	COMMON STOCK USD.001	27,937	282,164
AEGION CORP	COMMON STOCK USD.01	38,091	735,537
AEP INDUSTRIES INC	COMMON STOCK USD.01	4,100	316,315
AERIE PHARMACEUTICALS INC	COMMON STOCK USD.001	18,700	455,345
AEROJET ROCKETDYNE HOLDINGS	COMMON STOCK USD.1	55,000	861,300
AEROVIRONMENT INC	COMMON STOCK USD.0001	17,000	500,990
AFFIMED NV	COMMON STOCK	18,500	131,720
AFFYMETRIX INC	COMMON STOCK USD.01	76,400	770,876
AG MORTGAGE INVESTMENT TRUST	REIT USD.01	23,400	300,456
AGCO CORP	COMMON STOCK USD.01	63,400	2,877,726
AGENUS INC	COMMON STOCK USD.01	58,900	267,406
AGILYSYS INC	COMMON STOCK USD.3	17,100	170,829
AGIOS PHARMACEUTICALS INC	COMMON STOCK USD.001	22,300	1,447,716
AGREE REALTY CORP	REIT USD.0001	13,240	450,028
AIR LEASE CORP	COMMON STOCK USD.01	89,100	2,983,068
AIR METHODS CORP	COMMON STOCK USD.06	38,100	1,597,533
AIR TRANSPORT SERVICES GROUP	COMMON STOCK USD.01	57,400	578,592
AIRCASTLE LTD	COMMON STOCK USD.01	52,600	1,098,814
AK STEEL HOLDING CORP	COMMON STOCK USD.01	147,800	331,072
AKEBIA THERAPEUTICS INC	COMMON STOCK USD.0001	6,400	82,688
AKORN INC	COMMON STOCK	65,465	2,442,499
ALAMO GROUP INC	COMMON STOCK USD.1	7,800	406,380
ALASKA AIR GROUP INC	COMMON STOCK USD.01	113,000	9,097,630
ALBANY INTL CORP CL A	COMMON STOCK USD.001	23,660	864,773
ALBANY MOLECULAR RESEARCH	COMMON STOCK USD.01	21,300	422,805
ALBEMARLE CORP	COMMON STOCK USD.01	94,410	5,287,904
ALDER BIOPHARMACEUTICALS INC	COMMON STOCK USD.0001	17,500	578,025
ALERE INC	COMMON STOCK USD.001	72,096	2,818,233
ALEXANDER + BALDWIN INC	COMMON STOCK	44,224	1,561,549
ALEXANDER S INC	REIT USD1.	2,214	850,420
ALEXANDRIA REAL ESTATE EQUIT	REIT USD.01	63,793	5,764,335

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ALICO INC	COMMON STOCK USD1.	4,280	165,593
ALIGN TECHNOLOGY INC	COMMON STOCK USD.0001	70,300	4,629,255
ALIMERA SCIENCES INC	COMMON STOCK USD.01	11,700	28,314
ALKERMES PLC	COMMON STOCK USD.01	126,700	10,057,446
ALLEGHANY CORP	COMMON STOCK USD1.	13,561	6,481,209
ALLEGHENY TECHNOLOGIES INC	COMMON STOCK USD.1	94,600	1,064,250
ALLEGIANT TRAVEL CO	COMMON STOCK USD.001	11,100	1,862,913
ALLETE INC	COMMON STOCK	41,100	2,089,113
ALLIANCE FIBER OPTIC PRODUCT	COMMON STOCK USD.001	13,300	201,628
ALLIANCE HEALTHCARE SERVICE	COMMON STOCK USD.01	2,200	20,196
ALLIANT ENERGY CORP	COMMON STOCK USD.01	99,100	6,188,795
ALLIED WORLD ASSURANCE CO	COMMON STOCK USD12.98	79,500	2,956,605
ALLISON TRANSMISSION HOLDING	COMMON STOCK USD.01	150,100	3,886,089
ALLSCRIPTS HEALTHCARE SOLUTI	COMMON STOCK USD.01	163,482	2,514,353
ALLY FINANCIAL INC	COMMON STOCK USD.1	406,800	7,582,752
ALMOST FAMILY INC	COMMON STOCK USD.1	8,100	309,663
ALNYLAM PHARMACEUTICALS INC	COMMON STOCK USD.01	64,100	6,034,374
ALON USA ENERGY INC	COMMON STOCK USD.01	15,500	230,020
ALPHA + OMEGA SEMICONDUCTOR	COMMON STOCK	13,875	127,511
ALTISOURCE ASSET MANAGEMENT	COMMON STOCK	1,500	25,740
ALTISOURCE PORTFOLIO SOL	COMMON STOCK USD1.	12,900	358,749
ALTISOURCE RESIDENTIAL CORP	REIT USD.01	53,600	665,176
ALTRA INDUSTRIAL MOTION CORP	COMMON STOCK USD.001	25,581	641,571
AMAG PHARMACEUTICALS INC	COMMON STOCK USD.01	29,700	896,643
AMBAC FINANCIAL GROUP INC	COMMON STOCK USD.01	43,100	607,279
AMBARELLA INC	COMMON STOCK USD.00045	26,200	1,460,388
AMC ENTERTAINMENT HLDS CL A	COMMON STOCK USD.01	21,100	506,400
AMC NETWORKS INC A	COMMON STOCK	50,000	3,734,000
AMDOCS LTD	COMMON STOCK GBP.0001	130,950	7,145,942
AMEDISYS INC	COMMON STOCK USD.001	24,879	978,242
AMER NATL BNKSHS/DANVILLE VA	COMMON STOCK USD1.	2,000	51,220
AMERCO	COMMON STOCK USD.25	5,983	2,330,379
AMERESCO INC CL A	COMMON STOCK USD.0001	17,400	108,750
AMERICA S CAR MART INC	COMMON STOCK USD.01	7,800	208,182
AMERICAN ASSETS TRUST INC	REIT USD.01	33,848	1,298,071
AMERICAN AXLE + MFG HOLDINGS	COMMON STOCK USD.01	66,450	1,258,563
AMERICAN CAMPUS COMMUNITIES	REIT USD.01	94,183	3,893,525
AMERICAN CAPITAL AGENCY CORP	REIT USD.01	304,900	5,286,966
AMERICAN CAPITAL MORTGAGE IN	REIT USD.01	51,400	717,544
AMERICAN EAGLE OUTFITTERS	COMMON STOCK USD.01	168,864	2,617,392
AMERICAN EQUITY INVT LIFE HL	COMMON STOCK USD1.	70,400	1,691,712
AMERICAN FINANCIAL GROUP INC	COMMON STOCK	58,039	4,183,451
AMERICAN HOMES 4 RENT A	REIT USD.01	132,300	2,204,118
AMERICAN NATIONAL INSURANCE	COMMON STOCK USD1.	7,700	787,479
AMERICAN PUBLIC EDUCATION	COMMON STOCK USD.01	18,700	348,007
AMERICAN RAILCAR INDUSTRIES	COMMON STOCK USD.01	8,200	379,496
AMERICAN RESIDENTIAL PROPERT	REIT USD.01	21,000	396,900
AMERICAN SCIENCE + ENGINEERI	COMMON STOCK USD.667	7,956	329,219
AMERICAN SOFTWARE INC CL A	COMMON STOCK USD.1	32,300	328,814
AMERICAN STATES WATER CO	COMMON STOCK	36,482	1,530,420
AMERICAN VANGUARD CORP	COMMON STOCK USD.1	29,899	418,885
AMERICAN WATER WORKS CO INC	COMMON STOCK USD.01	156,999	9,380,690
AMERICAN WOODMARK CORP	COMMON STOCK	10,300	823,794
AMERIS BANCORP	COMMON STOCK USD1.	23,264	790,743
AMERISAFE INC	COMMON STOCK USD.01	16,924	861,432
AMES NATIONAL CORP	COMMON STOCK USD2.	12,479	303,115
AMICUS THERAPEUTICS INC	COMMON STOCK USD.01	100,100	970,970
AMKOR TECHNOLOGY INC	COMMON STOCK USD.001	76,100	462,688
AMN HEALTHCARE SERVICES INC	COMMON STOCK USD.01	41,090	1,275,845
AMPHASTAR PHARMACEUTICALS IN	COMMON STOCK USD.0001	32,100	456,783
AMSURG CORP	COMMON STOCK	46,525	3,535,900
AMTRUST FINANCIAL SERVICES	COMMON STOCK USD.01	33,888	2,086,823
ANACOR PHARMACEUTICALS INC	COMMON STOCK USD.001	35,200	3,976,544

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ANALOGIC CORP	COMMON STOCK USD.05	12,000	991,200
ANCHOR BANCORP WISCONSIN INC	COMMON STOCK USD.01	2,400	104,448
ANDERSONS INC/THE	COMMON STOCK	25,770	815,105
ANGIE S LIST INC	COMMON STOCK USD.001	31,000	289,850
ANGIODYNAMICS INC	COMMON STOCK USD.01	29,300	355,702
ANI PHARMACEUTICALS INC	COMMON STOCK USD.0001	7,800	351,975
ANIKA THERAPEUTICS INC	COMMON STOCK USD.01	10,000	381,600
ANIXTER INTERNATIONAL INC	COMMON STOCK USD1.	26,350	1,591,277
ANNALY CAPITAL MANAGEMENT IN	REIT USD.01	808,670	7,585,325
ANSYS INC	COMMON STOCK USD.01	78,123	7,226,378
ANTARES PHARMA INC	COMMON STOCK USD.01	152,300	184,283
ANTERO RESOURCES CORP	COMMON STOCK USD.01	56,200	1,225,160
ANTHERA PHARMACEUTICALS INC	COMMON STOCK USD.001	31,000	143,840
ANWORTH MORTGAGE ASSET CORP	REIT USD.01	107,388	467,138
APOGEE ENTERPRISES INC	COMMON STOCK USD.333	25,177	1,095,451
APOLLO COMMERCIAL REAL ESTAT	REIT USD.01	42,000	723,660
APOLLO EDUCATION GROUP INC	COMMON STOCK	85,600	656,552
APOLLO RESIDENTIAL MORTGAGE	REIT USD.01	28,000	334,600
APPLE HOSPITALITY REIT INC	REIT	154,500	3,085,365
APPLIED INDUSTRIAL TECH INC	COMMON STOCK	38,525	1,559,877
APPLIED MICRO CIRCUITS CORP	COMMON STOCK USD.01	76,999	490,484
APPLIED OPTOELECTRONICS INC	COMMON STOCK USD.001	14,500	248,820
APPROACH RESOURCES INC	COMMON STOCK USD.01	31,800	58,512
APTARGROUP INC	COMMON STOCK USD.01	52,144	3,788,262
AQUA AMERICA INC	COMMON STOCK USD.5	160,075	4,770,235
ARAMARK	COMMON STOCK USD.01	161,600	5,211,600
ARATANA THERAPEUTICS INC	COMMON STOCK USD.001	20,400	113,832
ARC DOCUMENT SOLUTIONS INC	COMMON STOCK USD.001	36,300	160,446

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ARCBEST CORP	COMMON STOCK USD.01	25,000	534,750
ARCH CAPITAL GROUP LTD	COMMON STOCK USD.01	107,883	7,524,839
ARCHROCK INC	COMMON STOCK USD.01	56,436	424,399
ARCTIC CAT INC	COMMON STOCK USD.01	14,700	240,786
ARDELYX INC	COMMON STOCK USD.000001	14,300	259,116
ARENA PHARMACEUTICALS INC	COMMON STOCK USD.0001	212,980	404,662
ARES COMMERCIAL REAL ESTATE	REIT USD.01	24,600	281,424
ARGAN INC	COMMON STOCK USD.15	8,000	259,200
ARGO GROUP INTERNATIONAL	COMMON STOCK USD1.	24,905	1,490,315
ARIAD PHARMACEUTICALS INC	COMMON STOCK USD.001	151,000	943,750
ARISTA NETWORKS INC	COMMON STOCK USD.0001	28,200	2,195,088
ARLINGTON ASSET INVESTMENT A	COMMON STOCK USD.01	18,800	248,724
ARMADA HOFFLER PROPERTIES IN	REIT USD.01	5,700	59,736
ARMOUR RESIDENTIAL REIT INC	REIT USD.0001	34,275	745,824
ARMSTRONG WORLD INDUSTRIES	COMMON STOCK USD.01	32,156	1,470,494
ARRAY BIOPHARMA INC	COMMON STOCK USD.001	132,504	559,167
ARRIS GROUP INC	COMMON STOCK USD.01	114,672	3,505,523
ARROW ELECTRONICS INC	COMMON STOCK USD1.	79,950	4,331,691
ARROW FINANCIAL CORP	COMMON STOCK USD1.	14,233	386,711
ARROWHEAD RESEARCH CORP	COMMON STOCK USD.001	51,400	316,110
ARTESIAN RESOURCES CORP CL A	COMMON STOCK USD1.	9,341	258,746
ARTHUR J GALLAGHER + CO	COMMON STOCK USD1.	140,816	5,765,007
ARTISAN PARTNERS ASSET MA A	COMMON STOCK USD.01	31,900	1,150,314
ASBURY AUTOMOTIVE GROUP	COMMON STOCK USD.01	24,700	1,665,768
ASCENA RETAIL GROUP INC	COMMON STOCK USD.01	154,148	1,518,358
ASCENT CAPITAL GROUP INC A	COMMON STOCK USD.01	14,019	234,398
ASHFORD HOSPITALITY PRIME IN	REIT USD.01	22,118	320,711
ASHFORD HOSPITALITY TRUST	REIT USD.01	67,400	425,294
ASHFORD INC	COMMON STOCK USD.01	774	41,216
ASHLAND INC	COMMON STOCK USD.01	56,700	5,823,090
ASPEN INSURANCE HOLDINGS LTD	COMMON STOCK USD.001514456	53,300	2,574,390
ASPEN TECHNOLOGY INC	COMMON STOCK USD.1	78,100	2,949,056
ASSEMBLY BIOSCIENCES INC	COMMON STOCK USD.001	2,100	15,771
ASSOCIATED BANC CORP	COMMON STOCK USD.01	141,677	2,656,444
ASSOCIATED CAPITAL GROUP A	COMMON STOCK USD.001	6,690	204,045
ASSURED GUARANTY LTD	COMMON STOCK USD.01	128,000	3,383,040
ASTEC INDUSTRIES INC	COMMON STOCK USD.2	16,400	667,480
ASTERIAS BIOTHERAPEUTICS	COMMON STOCK USD.0001	7,500	29,475
ASTORIA FINANCIAL CORP	COMMON STOCK USD.01	77,788	1,232,940
ASTRONICS CORP	COMMON STOCK USD.01	18,957	771,739
ATARA BIOTHERAPEUTICS INC	COMMON STOCK USD.0001	13,800	364,458
ATHENAHEALTH INC	COMMON STOCK USD.01	34,500	5,553,465
ATLANTIC POWER CORP	COMMON STOCK	97,400	191,878
ATLANTIC TELE NETWORK INC	COMMON STOCK USD.01	9,000	704,070
ATLAS AIR WORLDWIDE HOLDINGS	COMMON STOCK USD.01	21,000	868,140
ATMEL CORP	COMMON STOCK USD.001	349,387	3,008,222
ATMOS ENERGY CORP	COMMON STOCK	87,350	5,506,544
ATRICURE INC	COMMON STOCK USD.001	19,300	433,092
ATRION CORPORATION	COMMON STOCK USD.1	1,199	457,059
ATWOOD OCEANICS INC	COMMON STOCK USD1.	58,770	601,217
ATYR PHARMA INC	COMMON STOCK USD.001	1,700	16,711
AV HOMES INC	COMMON STOCK USD1.	8,600	110,166
AVALANCHE BIOTECHNOLOGIES IN	COMMON STOCK USD.0001	16,900	160,888
AVANGRID INC	COMMON STOCK USD.01	52,133	2,001,907
AVG TECHNOLOGIES	COMMON STOCK EUR.01	37,400	749,870
AVID TECHNOLOGY INC	COMMON STOCK USD.01	24,100	175,689
AVIS BUDGET GROUP INC	COMMON STOCK USD.01	86,420	3,136,182
AVISTA CORP	COMMON STOCK	57,412	2,030,662
AVNET INC	COMMON STOCK USD1.	115,079	4,929,984
AVON PRODUCTS INC	COMMON STOCK USD.25	397,100	1,608,255
AVX CORP	COMMON STOCK USD.01	50,526	613,386
AXALTA COATING SYSTEMS LTD	COMMON STOCK USD1.0	83,800	2,233,270
AXCELIS TECHNOLOGIES INC	COMMON STOCK USD.001	137,900	357,161

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AXIALL CORP	COMMON STOCK USD.01	66,600	1,025,640
AXIS CAPITAL HOLDINGS LTD	COMMON STOCK USD.0125	84,300	4,739,346
AZZ INC	COMMON STOCK USD1.	25,200	1,400,364
B+G FOODS INC	COMMON STOCK USD.01	48,800	1,708,976
B/E AEROSPACE INC	COMMON STOCK USD.01	88,800	3,762,456
BABCOCK + WILCOX ENTERPR	COMMON STOCK USD.01	44,399	926,607
BADGER METER INC	COMMON STOCK USD1.	12,570	736,476
BALCHEM CORP	COMMON STOCK USD.0667	26,847	1,632,298
BALDWIN + LYONS INC CL B	COMMON STOCK	9,250	222,278
BANC OF CALIFORNIA INC	COMMON STOCK USD.01	19,600	286,552
BANCFIRST CORP	COMMON STOCK USD1.	7,800	457,236
BANCO LATINOAMERICANO COME E	COMMON STOCK	30,293	785,497
BANCORP INC/THE	COMMON STOCK USD1.	40,708	259,310
BANCORPSOUTH INC	COMMON STOCK USD2.5	83,481	2,002,709
BANK MUTUAL CORP	COMMON STOCK USD.01	52,892	412,558
BANK OF HAWAII CORP	COMMON STOCK USD.01	39,700	2,497,130
BANK OF MARIN BANCORP/CA	COMMON STOCK	5,300	283,020
BANK OF THE OZARKS	COMMON STOCK USD.01	64,800	3,205,008
BANKFINANCIAL CORP	COMMON STOCK USD.01	24,955	315,182
BANKRATE INC	COMMON STOCK USD.01	58,300	775,390
BANKUNITED INC	COMMON STOCK USD.01	90,500	3,263,430
BANNER CORPORATION	COMMON STOCK USD.01	18,300	839,238
BARNES + NOBLE EDUCATION INC	COMMON STOCK USD.01	24,467	243,447
BARNES + NOBLE INC	COMMON STOCK USD.001	38,715	337,208
BARNES GROUP INC	COMMON STOCK USD.01	46,200	1,635,018
BARRETT BUSINESS SVCS INC	COMMON STOCK USD.01	6,200	269,948
BASIC ENERGY SERVICES INC	COMMON STOCK USD.01	29,400	78,792
BASSETT FURNITURE INDS	COMMON STOCK USD5.	9,200	230,736

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BAZARVOICE INC	COMMON STOCK USD.0001	60,000	262,800
BBCN BANCORP INC	COMMON STOCK USD.001	68,754	1,183,944
BEACON ROOFING SUPPLY INC	COMMON STOCK USD.01	42,750	1,760,445
BEAZER HOMES USA INC	COMMON STOCK USD.001	22,037	253,205
BEBE STORES INC	COMMON STOCK USD.001	41,004	23,167
BEL FUSE INC CL B	COMMON STOCK USD.1	11,600	200,564
BELDEN INC	COMMON STOCK USD.01	39,250	1,871,440
BELLICUM PHARMACEUTICALS INC	COMMON STOCK USD.01	1,900	38,513
BELMOND LTD CLASS A	COMMON STOCK USD.01	95,860	910,670
BEMIS COMPANY	COMMON STOCK USD.1	81,200	3,628,828
BENCHMARK ELECTRONICS INC	COMMON STOCK USD.1	52,822	1,091,831
BENEFICIAL BANCORP INC	COMMON STOCK USD.01	66,026	879,466
BENEFITFOCUS INC	COMMON STOCK USD.001	4,900	178,311
BERKSHIRE HILLS BANCORP INC	COMMON STOCK USD.01	23,195	675,206
BERRY PLASTICS GROUP INC	COMMON STOCK USD.01	99,400	3,596,292
BGC PARTNERS INC CL A	COMMON STOCK USD.01	158,725	1,557,092
BIG 5 SPORTING GOODS CORP	COMMON STOCK USD.01	23,041	230,180
BIG LOTS INC	COMMON STOCK USD.01	46,600	1,795,964
BIGLARI HOLDINGS INC	COMMON STOCK USD.5	1,322	430,734
BILL BARRETT CORP	COMMON STOCK USD.001	47,480	186,596
BIO RAD LABORATORIES A	COMMON STOCK USD.0001	17,888	2,480,350
BIO TECHNE CORP	COMMON STOCK USD.01	32,300	2,907,000
BIOCRIST PHARMACEUTICALS INC	COMMON STOCK USD.01	64,700	667,704
BIODELIVERY SCIENCES INTL	COMMON STOCK USD.001	39,500	189,205
BIOMARIN PHARMACEUTICAL INC	COMMON STOCK USD.001	138,600	14,519,736
BIOMED REALTY TRUST INC	REIT USD.01	183,200	4,340,008
BIOSCRIP INC	COMMON STOCK USD.0001	53,200	93,100
BIOSPECIFICS TECHNOLOGIES	COMMON STOCK USD.001	4,300	184,771
BIOTELEMETRY INC	COMMON STOCK USD.001	8,300	96,944
BIOTIME INC	COMMON STOCK	19,400	79,540
BJ S RESTAURANTS INC	COMMON STOCK	22,000	956,340
BLACK BOX CORP	COMMON STOCK USD.001	19,500	185,835
BLACK DIAMOND INC	COMMON STOCK USD.0001	8,400	37,128
BLACK HILLS CORP	COMMON STOCK USD.1	41,750	1,938,453
BLACK KNIGHT FINANCIAL CL A	COMMON STOCK USD.0001	16,400	542,184
BLACKBAUD INC	COMMON STOCK USD.001	43,400	2,858,324
BLACKHAWK NETWORK HOLDINGS I	COMMON STOCK USD.001	47,900	2,117,659
BLOOMIN BRANDS INC	COMMON STOCK USD.01	102,400	1,729,536
BLOUNT INTERNATIONAL INC	COMMON STOCK USD.01	42,200	413,982
BLUCORA INC	COMMON STOCK USD.0001	39,708	389,138
BLUE BUFFALO PET PRODUCTS IN	COMMON STOCK USD.01	33,400	624,914
BLUE HILLS BANCORP INC	COMMON STOCK USD.01	13,500	206,685
BLUE NILE INC	COMMON STOCK USD.001	15,410	572,173
BLUEBIRD BIO INC	COMMON STOCK USD.01	30,900	1,984,398
BLUEPRINT MEDICINES CORP	COMMON STOCK USD.001	9,300	244,962
BMC STOCK HOLDINGS INC	COMMON STOCK USD.01	32,300	541,025
BNC BANCORP	COMMON STOCK	21,500	545,670
BOB EVANS FARMS	COMMON STOCK USD.01	20,400	792,540
BOFI HOLDING INC	COMMON STOCK USD.01	55,600	1,170,380
BOISE CASCADE CO	COMMON STOCK USD.01	35,600	908,868
BOK FINANCIAL CORPORATION	COMMON STOCK USD.00006	25,752	1,539,712
BONANZA CREEK ENERGY INC	COMMON STOCK USD.001	26,500	139,655
BOOZ ALLEN HAMILTON HOLDINGS	COMMON STOCK USD.01	84,000	2,591,400
BOSTON BEER COMPANY INC A	COMMON STOCK USD.01	8,100	1,635,471
BOSTON PRIVATE FINL HOLDING	COMMON STOCK USD.1	82,155	931,638
BOTTOMLINE TECHNOLOGIES (DE)	COMMON STOCK USD.001	39,269	1,167,467
BOULDER BRANDS INC	COMMON STOCK USD.0001	59,800	656,604
BOYD GAMING CORP	COMMON STOCK USD.01	76,600	1,522,042
BRADY CORPORATION CL A	COMMON STOCK USD.01	44,900	1,031,802
BRANDYWINE REALTY TRUST	REIT USD.01	169,508	2,315,479
BRAVO BRIO RESTAURANT GROUP	COMMON STOCK	17,400	156,600
BRIDGE BANCORP INC	COMMON STOCK USD.01	8,100	246,483
BRIDGEPOINT EDUCATION IN W/D	COMMON STOCK USD.01	12,878	98,002

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BRIGGS + STRATTON	COMMON STOCK USD.01	38,700	669,510
BRIGHT HORIZONS FAMILY SOLUT	COMMON STOCK USD.001	29,900	1,997,320
BRIGHTCOVE	COMMON STOCK USD.001	20,700	128,340
BRINK S CO/THE	COMMON STOCK USD1.	46,100	1,330,446
BRINKER INTERNATIONAL INC	COMMON STOCK USD.1	52,354	2,510,374
BRISTOW GROUP INC	COMMON STOCK USD.01	29,327	759,569
BRIXMOR PROPERTY GROUP INC	REIT USD.01	144,000	3,718,080
BROADRIDGE FINANCIAL SOLUTIO	COMMON STOCK USD.01	102,200	5,491,206
BROADSOFT INC	COMMON STOCK	27,300	965,328
BROCADE COMMUNICATIONS SYS	COMMON STOCK USD.001	359,399	3,299,283
BROOKDALE SENIOR LIVING INC	COMMON STOCK USD.01	160,790	2,968,183
BROOKLINE BANCORP INC	COMMON STOCK USD.01	74,223	853,565
BROOKS AUTOMATION INC	COMMON STOCK USD.01	74,893	799,857
BROWN + BROWN INC	COMMON STOCK USD.1	96,400	3,094,440
BRUKER CORP	COMMON STOCK USD.01	103,107	2,502,407
BRUNSWICK CORP	COMMON STOCK USD.75	80,200	4,050,902
BRYN MAWR BANK CORP	COMMON STOCK USD1.	13,900	399,208
BUCKLE INC/THE	COMMON STOCK USD.01	27,475	845,681
BUFFALO WILD WINGS INC	COMMON STOCK	16,400	2,618,260
BUILDERS FIRSTSOURCE INC	COMMON STOCK USD.01	43,717	484,384
BUNGE LTD	COMMON STOCK USD.01	125,217	8,549,817
BURLINGTON STORES INC	COMMON STOCK USD.0001	62,700	2,689,830
BWX TECHNOLOGIES INC	COMMON STOCK USD.01	88,798	2,821,112
C+J ENERGY SERVICES LTD	COMMON STOCK	40,800	194,208
CABELA S INC	COMMON STOCK USD.01	46,400	2,168,272
CABLE ONE INC	COMMON STOCK USD.01	3,200	1,387,712
CABOT CORP	COMMON STOCK USD1.	54,800	2,240,224
CABOT MICROELECTRONICS CORP	COMMON STOCK USD.001	21,355	934,922

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CACI INTERNATIONAL INC CL A	COMMON STOCK USD.1	20,916	1,940,586
CADENCE DESIGN SYS INC	COMMON STOCK USD.01	258,155	5,372,206
CAESARS ACQUISITION CO CL A	COMMON STOCK USD.001	44,900	305,769
CAESARS ENTERTAINMENT CORP	COMMON STOCK USD.01	47,700	376,353
CAI INTERNATIONAL INC	COMMON STOCK USD.0001	20,100	202,608
CAL MAINE FOODS INC	COMMON STOCK USD.01	29,580	1,370,737
CALAMOS ASSET MANAGEMENT A	COMMON STOCK USD.01	22,380	216,638
CALAMP CORP	COMMON STOCK USD.01	34,500	687,585
CALATLANTIC GROUP INC	COMMON STOCK USD.01	67,907	2,575,033
CALAVO GROWERS INC	COMMON STOCK USD.001	12,600	617,400
CALERES INC	COMMON STOCK USD.01	41,425	1,111,019
CALGON CARBON CORP	COMMON STOCK USD.01	52,500	905,625
CALIFORNIA RESOURCES CORP	COMMON STOCK USD.01	287,000	668,710
CALIFORNIA WATER SERVICE GRP	COMMON STOCK USD.01	43,200	1,005,264
CALIX INC	COMMON STOCK	39,800	313,226
CALLAWAY GOLF COMPANY	COMMON STOCK USD.01	73,773	694,942
CALLIDUS SOFTWARE INC	COMMON STOCK USD.001	43,400	805,938
CALLON PETROLEUM CO	COMMON STOCK USD.01	69,000	575,460
CALPINE CORP	COMMON STOCK USD.001	315,615	4,566,949
CAMBREX CORP	COMMON STOCK USD.1	27,100	1,276,139
CAMDEN NATIONAL CORP	COMMON STOCK	9,900	436,491
CAMDEN PROPERTY TRUST	REIT USD.01	76,398	5,864,310
CAMPUS CREST COMMUNITIES INC	REIT USD.01	63,200	429,760
CANTEL MEDICAL CORP	COMMON STOCK USD.1	29,673	1,843,880
CAPELLA EDUCATION CO	COMMON STOCK USD.01	10,500	485,310
CAPITAL BANK FINANCIAL CL A	COMMON STOCK	17,200	550,056
CAPITAL CITY BANK GROUP INC	COMMON STOCK USD.01	13,681	210,003
CAPITAL SENIOR LIVING CORP	COMMON STOCK USD.01	28,200	588,252
CAPITOL FEDERAL FINANCIAL IN	COMMON STOCK USD.01	130,565	1,639,896
CAPSTEAD MORTGAGE CORP	REIT USD.01	98,100	857,394
CARA THERAPEUTICS INC	COMMON STOCK USD.001	14,400	242,784
CARBO CERAMICS INC	COMMON STOCK USD.01	19,350	332,820
CARBONITE INC	COMMON STOCK USD.01	500	4,900
CARDINAL FINANCIAL CORP	COMMON STOCK USD.1	32,500	739,375
CARDIOVASCULAR SYSTEMS INC	COMMON STOCK	27,400	414,288
CARDTRONICS INC	COMMON STOCK USD.0001	43,808	1,474,139
CARE CAPITAL PROPERTIES INC	REIT USD.01	71,500	2,185,755
CAREER EDUCATION CORP	COMMON STOCK USD.01	62,600	227,238
CARETRUST REIT INC	REIT USD.01	29,671	324,897
CARLISLE COS INC	COMMON STOCK USD.1	57,400	5,090,806
CARMIKE CINEMAS INC	COMMON STOCK USD.03	21,200	486,328
CARPENTER TECHNOLOGY	COMMON STOCK USD.5	45,278	1,370,565
CARRIAGE SERVICES INC	COMMON STOCK USD.01	14,700	354,270
CARRIZO OIL + GAS INC	COMMON STOCK USD.01	48,340	1,429,897
CARROLS RESTAURANT GROUP INC	COMMON STOCK USD.01	18,800	220,712
CARTER S INC	COMMON STOCK USD.01	44,200	3,935,126
CASCADE BANCORP	COMMON STOCK	28,847	175,101
CASELLA WASTE SYSTEMS INC A	COMMON STOCK USD.01	28,200	168,636
CASEY S GENERAL STORES INC	COMMON STOCK NPV	35,050	4,221,773
CASH AMERICA INTL INC	COMMON STOCK USD.1	29,800	892,510
CASS INFORMATION SYSTEMS INC	COMMON STOCK USD.5	11,265	579,697
CASTLIGHT HEALTH INC B	COMMON STOCK USD.0001	31,000	132,370
CATALENT INC	COMMON STOCK USD.01	69,400	1,737,082
CATALYST PHARMACEUTICALS INC	COMMON STOCK USD.001	65,400	160,230
CATCHMARK TIMBER TRUST INC A	REIT USD.01	24,100	272,571
CATHAY GENERAL BANCORP	COMMON STOCK USD.01	65,982	2,067,216
CATO CORP CLASS A	COMMON STOCK USD.033	27,050	995,981
CAVCO INDUSTRIES INC	COMMON STOCK USD.01	7,100	591,501
CAVIUM INC	COMMON STOCK USD.001	49,300	3,239,503
CBIZ INC	COMMON STOCK USD.01	43,943	433,278
CBL + ASSOCIATES PROPERTIES	REIT USD.01	155,130	1,918,958
CBOE HOLDINGS INC	COMMON STOCK	69,600	4,517,040
CDI CORP	COMMON STOCK USD.1	13,885	93,863

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CDK GLOBAL INC	COMMON STOCK USD.01	135,700	6,441,679
CDW CORP/DE	COMMON STOCK USD.01	110,000	4,624,400
CEB INC	COMMON STOCK USD.01	28,246	1,734,022
CECO ENVIRONMENTAL CORP	COMMON STOCK USD.01	13,798	105,969
CEDAR REALTY TRUST INC	REIT USD.06	72,400	512,592
CELADON GROUP INC	COMMON STOCK USD.033	20,380	201,558
CELANESE CORP SERIES A	COMMON STOCK USD.0001	130,100	8,759,633
CELLDEX THERAPEUTICS INC	COMMON STOCK USD.001	85,100	1,334,368
CEMPRA INC	COMMON STOCK USD.001	27,500	856,075
CENTENE CORP	COMMON STOCK USD.001	100,100	6,587,581
CENTERSTATE BANKS INC	COMMON STOCK USD.01	28,200	441,330
CENTRAL EUROPEAN MEDIA ENT A	COMMON STOCK USD.08	62,014	166,818
CENTRAL GARDEN AND PET CO A	COMMON STOCK USD.01	42,200	573,920
CENTRAL PACIFIC FINANCIAL CO	COMMON STOCK	20,700	455,814
CENTURY ALUMINUM COMPANY	COMMON STOCK USD.01	51,000	225,420
CENTURY BANCORP INC CL A	COMMON STOCK USD1.	3,800	165,148
CENTURY COMMUNITIES INC	COMMON STOCK USD.01	11,200	198,352
CEPHEID INC	COMMON STOCK	62,100	2,268,513
CERUS CORP	COMMON STOCK USD.001	76,500	483,480
CEVA INC	COMMON STOCK USD.001	26,200	612,032
CHANNELADVISOR CORP	COMMON STOCK USD.001	6,200	85,870
CHARLES RIVER LABORATORIES	COMMON STOCK USD.01	40,891	3,287,227
CHART INDUSTRIES INC	COMMON STOCK USD.01	29,970	538,261
CHARTER COMMUNICATION A	COMMON STOCK	65,300	11,956,430
CHARTER FINANCIAL CORP	COMMON STOCK USD.01	8,106	107,080
CHASE CORP	COMMON STOCK USD.1	6,000	244,380
CHATHAM LODGING TRUST	REIT	29,100	595,968
CHECKPOINT SYSTEMS INC	COMMON STOCK USD.1	46,400	290,928

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CHEESECAKE FACTORY INC/THE	COMMON STOCK USD.01	40,250	1,855,928
CHEFS WAREHOUSE INC/THE	COMMON STOCK USD.01	15,200	253,536
CHEGG INC	COMMON STOCK USD.001	79,100	532,343
CHEMED CORP	COMMON STOCK USD1.	15,000	2,247,000
CHEMICAL FINANCIAL CORP	COMMON STOCK USD1.	32,656	1,119,121
CHEMOCENTRYX INC	COMMON STOCK USD.001	20,400	165,240
CHEMOURS CO/THE	COMMON STOCK	156,800	840,448
CHEMTURA CORP	COMMON STOCK USD.01	61,860	1,686,922
CHENIERE ENERGY INC	COMMON STOCK USD.003	203,036	7,563,091
CHESAPEAKE LODGING TRUST	REIT USD.01	51,300	1,290,708
CHESAPEAKE UTILITIES CORP	COMMON STOCK USD.4867	14,103	800,345
CHICAGO BRIDGE + IRON CO NV	COMMON STOCK EUR.01	81,799	3,189,343
CHICO S FAS INC	COMMON STOCK USD.01	124,000	1,323,080
CHILDREN S PLACE INC/THE	COMMON STOCK USD.1	18,300	1,010,160
CHIMERA INVESTMENT CORP	REIT USD.01	162,780	2,220,319
CHIMERIX INC	COMMON STOCK USD.001	35,100	314,145
CHOICE HOTELS INTL INC	COMMON STOCK USD.01	27,097	1,365,960
CHRISTOPHER + BANKS CORP	COMMON STOCK USD.01	42,100	69,465
CHURCHILL DOWNS INC	COMMON STOCK	11,608	1,642,416
CHUY S HOLDINGS INC	COMMON STOCK USD.01	14,300	448,162
CIBER INC	COMMON STOCK USD.01	78,100	274,131
CIDARA THERAPEUTICS INC	COMMON STOCK USD.0001	2,300	39,468
CIENA CORP	COMMON STOCK USD.01	103,400	2,139,346
CIFC LLC	COMMON STOCK USD.001	4,500	25,110
CIMPRESS NV	COMMON STOCK USD.001	28,500	2,312,490
CINCINNATI BELL INC	COMMON STOCK USD.01	200,587	722,113
CINEMARK HOLDINGS INC	COMMON STOCK USD.001	97,000	3,242,710
CIRCOR INTERNATIONAL INC	COMMON STOCK USD.01	16,872	711,155
CIRRUS LOGIC INC	COMMON STOCK USD.001	54,800	1,618,244
CIT GROUP INC	COMMON STOCK USD.01	145,900	5,792,230
CITI TRENDS INC	COMMON STOCK USD.01	15,247	323,999
CITIZENS + NORTHERN CORP	COMMON STOCK USD1.	12,596	264,516
CITIZENS FINANCIAL GROUP	COMMON STOCK USD.01	271,500	7,110,585
CITIZENS INC	COMMON STOCK	38,100	283,083
CITY HOLDING CO	COMMON STOCK USD2.5	15,200	693,728
CIVEO CORP	COMMON STOCK USD.01	83,300	118,286
CIVITAS SOLUTIONS INC	COMMON STOCK USD.01	3,500	100,765
CLARCOR INC	COMMON STOCK USD1.	43,300	2,151,144
CLAYTON WILLIAMS ENERGY INC	COMMON STOCK USD.1	6,000	177,420
CLEAN ENERGY FUELS CORP	COMMON STOCK USD.0001	68,300	245,880
CLEAN HARBORS INC	COMMON STOCK USD.01	48,620	2,025,023
CLEAR CHANNEL OUTDOOR CL A	COMMON STOCK USD.01	44,300	247,637
CLEARWATER PAPER CORP	COMMON STOCK USD.0001	18,416	838,480
CLECO CORPORATION	COMMON STOCK USD1.	51,008	2,663,128
CLIFFS NATURAL RESOURCES INC	COMMON STOCK USD.125	150,000	237,000
CLIFTON BANCORP INC	COMMON STOCK USD.01	16,046	230,100
CLOUD PEAK ENERGY INC	COMMON STOCK USD.01	62,300	129,584
CLOVIS ONCOLOGY INC	COMMON STOCK USD.001	22,200	777,000
CLUBCORP HOLDINGS INC	COMMON STOCK USD.01	35,100	641,277
CNA FINANCIAL CORP	COMMON STOCK USD2.5	25,624	900,684
CNB FINANCIAL CORP/PA	COMMON STOCK	17,800	320,934
CNO FINANCIAL GROUP INC	COMMON STOCK USD.01	163,739	3,125,778
COBALT INTERNATIONAL ENERGY	COMMON STOCK USD.01	317,800	1,716,120
COBIZ FINANCIAL INC	COMMON STOCK USD.01	33,886	454,750
COCA COLA BOTTLING CO CONSOL	COMMON STOCK USD1.	4,600	839,546
COEUR MINING INC	COMMON STOCK USD.01	92,717	229,938
COGENT COMMUNICATIONS HOLDIN	COMMON STOCK USD.001	45,294	1,571,249
COGNEX CORP	COMMON STOCK USD.002	77,200	2,607,044
COHEN + STEERS INC	COMMON STOCK USD.01	19,899	606,522
COHERENT INC	COMMON STOCK USD.01	19,414	1,264,046
COHERUS BIOSCIENCES INC	COMMON STOCK USD.0001	18,200	417,872
COHU INC	COMMON STOCK USD1.	26,925	324,985
COLFAX CORP	COMMON STOCK USD.001	86,900	2,029,115

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COLLEGIUM PHARMACEUTICAL INC	COMMON STOCK USD.001	1,900	52,250
COLONY CAPITAL INC A	REIT USD.01	102,800	2,002,544
COLONY STARWOOD HOMES	REIT USD.01	36,880	834,963
COLUMBIA BANKING SYSTEM INC	COMMON STOCK	54,007	1,755,768
COLUMBIA PROPERTY TRUST INC	REIT USD.01	108,200	2,540,536
COLUMBIA SPORTSWEAR CO	COMMON STOCK	26,900	1,311,644
COLUMBUS MCKINNON CORP/NY	COMMON STOCK USD.01	22,000	415,800
COMFORT SYSTEMS USA INC	COMMON STOCK USD.01	32,200	915,124
COMMERCE BANCSHARES INC	COMMON STOCK USD5.	72,429	3,081,130
COMMERCIAL METALS CO	COMMON STOCK USD.01	99,772	1,365,879
COMMERCIAL VEHICLE GROUP INC	COMMON STOCK USD.01	32,000	88,320
COMMSCOPE HOLDING CO INC	COMMON STOCK USD.01	88,400	2,288,676
COMMUNICATIONS SALES + LE	REIT USD.0001	110,220	2,060,012
COMMUNITY BANK SYSTEM INC	COMMON STOCK USD1.	38,740	1,547,276
COMMUNITY HEALTH SYSTEMS INC	COMMON STOCK USD.01	103,946	2,757,687
COMMUNITY TRUST BANCORP INC	COMMON STOCK USD5.	15,682	548,243
COMMVAULT SYSTEMS INC	COMMON STOCK USD.01	39,100	1,538,585
COMPASS MINERALS INTERNATION	COMMON STOCK USD.01	30,600	2,303,262
COMPUTER PROGRAMS + SYSTEMS	COMMON STOCK USD.001	10,800	537,300
COMPUTER SCIENCES CORP	COMMON STOCK USD1.	119,800	3,915,064
COMSCORE INC	COMMON STOCK USD.001	31,607	1,300,628
COMTECH TELECOMMUNICATIONS	COMMON STOCK USD.1	14,875	298,839
CONCERT PHARMACEUTICALS INC	COMMON STOCK USD.001	18,500	350,945
CONCHO RESOURCES INC	COMMON STOCK USD.001	111,000	10,307,460
CONMED CORP	COMMON STOCK USD.01	27,090	1,193,315
CONN S INC	COMMON STOCK USD.01	23,731	556,967
CONNECTICUT WATER SVC INC	COMMON STOCK	10,300	391,503
CONNECTONE BANCORP INC	COMMON STOCK	16,200	302,778

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CONS TOMOKA LAND CO FLORIDA	COMMON STOCK USD1.	6,600	347,886
CONSOLIDATED COMMUNICATIONS	COMMON STOCK USD.01	45,521	953,665
CONSTANT CONTACT INC	COMMON STOCK USD.01	29,829	872,200
CONTAINER STORE GROUP INC/TH	COMMON STOCK USD.01	16,700	136,940
CONTANGO OIL + GAS	COMMON STOCK USD.04	15,200	97,432
CONTINENTAL BUILDING PRODUCT	COMMON STOCK USD.001	29,500	515,070
CONTINENTAL RESOURCES INC/OK	COMMON STOCK USD.01	76,930	1,767,851
CONTRA FURIEX PHARMACEUTICALS	COMMON STOCK	6,489	0
CONTRA LEAP WIRELESS	COMMON STOCK	60,900	609
CONVERGYS CORP	COMMON STOCK	81,600	2,031,024
COOPER COS INC/THE	COMMON STOCK USD.1	41,988	5,634,790
COOPER STANDARD HOLDING	COMMON STOCK USD.001	14,700	1,140,573
COOPER TIRE + RUBBER	COMMON STOCK USD1.	49,750	1,883,038
COPA HOLDINGS SA CLASS A	COMMON STOCK	30,433	1,468,697
COPART INC	COMMON STOCK	103,312	3,926,889
CORCEPT THERAPEUTICS INC	COMMON STOCK USD.001	53,600	266,928
CORE MARK HOLDING CO INC	COMMON STOCK USD.01	20,000	1,638,800
CORELOGIC INC	COMMON STOCK USD1.	75,643	2,561,272
COREENERGY INFRASTRUCTURE TRU	REIT USD.001	2,640	39,178
CORESITE REALTY CORP	REIT USD.01	20,100	1,140,072
CORIUM INTERNATIONAL INC	COMMON STOCK USD.001	2,200	17,864
CORMEDIX INC	COMMON STOCK USD.001	8,800	17,864
CORNERSTONE ONDEMAND INC	COMMON STOCK USD.0001	46,600	1,609,098
CORPORATE OFFICE PROPERTIES	REIT USD.01	85,173	1,859,327
CORRECTIONS CORP OF AMERICA	REIT USD.01	105,856	2,804,125
CORVEL CORP	COMMON STOCK USD.0001	10,800	474,336
COSTAR GROUP INC	COMMON STOCK USD.01	27,125	5,606,466
COTY INC CL A	COMMON STOCK USD.01	68,700	1,760,781
COUSINS PROPERTIES INC	REIT USD1.	199,950	1,885,529
COVANTA HOLDING CORP	COMMON STOCK USD.1	106,310	1,646,742
COVENANT TRANSPORT GRP CL A	COMMON STOCK USD.01	4,900	92,561
COWEN GROUP INC CLASS A	COMMON STOCK USD.01	56,250	215,438
CRA INTERNATIONAL INC	COMMON STOCK	11,600	216,340
CRACKER BARREL OLD COUNTRY	COMMON STOCK USD.01	16,593	2,104,490
CRAFT BREW ALLIANCE INC	COMMON STOCK USD.005	9,300	77,841
CRANE CO	COMMON STOCK USD1.	40,087	1,917,762
CRAWFORD + CO CL B	COMMON STOCK USD1.	34,733	184,432
CRAY INC	COMMON STOCK USD.01	40,330	1,308,709
CREDIT ACCEPTANCE CORP	COMMON STOCK USD.01	7,579	1,622,058
CREE INC	COMMON STOCK USD.00125	90,500	2,413,635
CROCS INC	COMMON STOCK USD.001	71,300	730,112
CROSS COUNTRY HEALTHCARE INC	COMMON STOCK USD.0001	39,071	640,374
CROWN HOLDINGS INC	COMMON STOCK USD5.	120,050	6,086,535
CROWN MEDIA HOLDINGS CLASS A	COMMON STOCK USD.01	30,600	171,666
CRYOLIFE INC	COMMON STOCK USD.01	26,900	289,982
CSG SYSTEMS INTL INC	COMMON STOCK USD.01		