



3Q 2010 Earnings Presentation

October 18, 2010

www.ibm.com/investor

Forward Looking Statements

Certain comments made in this presentation may be characterized as forward looking under the Private Securities Litigation Reform Act of 1995. Forward-looking statements are based on the company's current assumptions regarding future business and financial performance. Those statements by their nature address matters that are uncertain to different degrees. Those statements involve a number of factors that could cause actual results to differ materially. Additional information concerning these factors is contained in the Company's filings with the SEC. Copies are available from the SEC, from the IBM web site, or from IBM Investor Relations.

Any forward-looking statement made during this presentation speaks only as of the date on which it is made. The company assumes no obligation to update or revise any forward-looking statements.

These charts and the associated remarks and comments are integrally related, and are intended to be presented and understood together.

3Q 2010 Highlights

Revenue	\$24.3B	+3%, 4% yr/yr @CC
EPS	\$2.82	+18% yr/yr

- Improving revenue growth, driven by:
 - Growth markets +13% yr/yr @CC
 - Systems & Technology +10% yr/yr
 - Global Business Services +5% yr/yr
 - Business Analytics +14% yr/yr
- Continuing margin expansion
- Investing for growth
- Returning value to shareholders

Increasing EPS expectations to at least \$11.40 in 2010

Financial Summary

\$ in Billions, except EPS

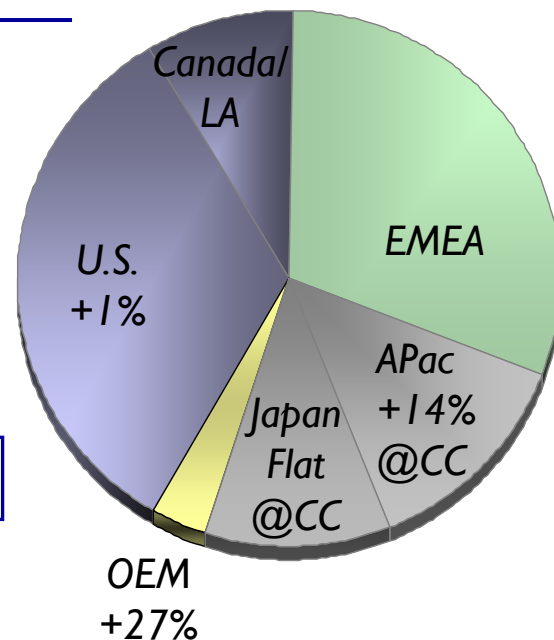
	<u>3Q10</u>	<u>B/(W)</u> <u>Yr/Yr</u>
Revenue	\$24.3	3%
@CC		4%
GP Margin	45.3%	0.2 pts
Expense	\$6.3	(1%)
Pre-Tax Income	\$4.7	7%
PTI Margin	19.3%	0.7 pts
Tax Rate	23.3%	3.2 pts
Net Income	\$3.6	12%
Shares (Diluted) (M)	1,272.8	5%
EPS	\$2.82	18%

Improving revenue growth and continuing margin expansion

Revenue by Geography

\$ in Billions

	3Q10	B/(W) Yr/Yr		3Q10 Yr/Yr vs. 2Q10 Yr/Yr @CC
		Rptd	@CC	
Americas	\$10.2	3%	2%	+1 pts
Europe/ME/A	7.4	(6%)	1%	+2 pts
Asia Pacific	5.9	14%	7%	+4 pts
OEM	0.8	27%	27%	+1 pts
IBM	\$24.3	3%	4%	+2 pts
<i>Major Markets</i>		<i>(1%)</i>	<i>1%</i>	<i>+1 pts</i>
<i>Growth Markets</i>		<i>16%</i>	<i>13%</i>	<i>+4 pts</i>
<i>BRIC Countries</i>		<i>29%</i>	<i>26%</i>	<i>+9 pts</i>



Improving yr/yr growth rate in all geographies @CC

Growth Markets

Market Expansion

- Double-digit growth @CC in over 30 countries
- Opened 40 branch offices year-to-date for a total of 103

IT Infrastructure Development

- Growth led by expansion into new territories
- Systems & Technology grew 25% yr/yr @CC
- Gained share in Systems & Technology and overall

Industry Leadership

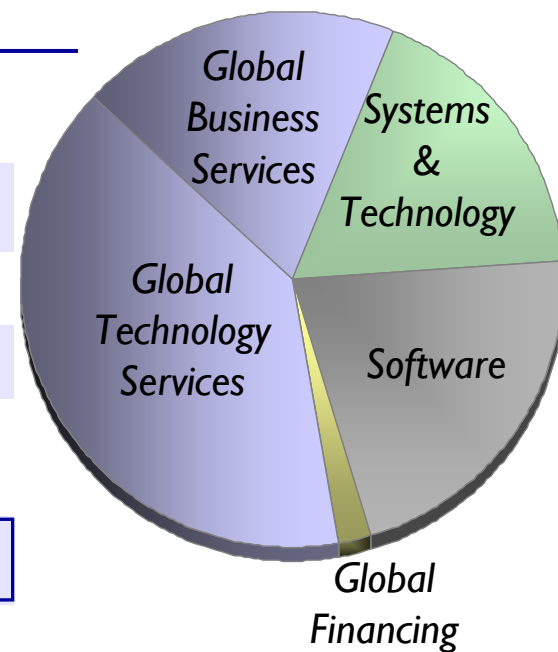
- Focus industries grew 21% yr/yr @CC

Growth Markets +13% yr/yr @CC; BRICs +26% yr/yr @CC

Revenue by Segment

\$ in Billions

	<u>3Q10</u>	<u>B/(W) Rptd</u>	<u>Yr/Yr @CC</u>	<u>3Q10 Yr/Yr vs. 2Q10 Yr/Yr @CC</u>
Global Technology Services	\$9.5	1%	1%	+1 pts
Global Business Services	4.6	5%	5%	+3 pts
Software	5.2	4%*	6%*	Flat
Systems & Technology	4.3	10%	11%	+7 pts
Global Financing	0.5	(1%)	(1%)	+4 pts
Total IBM	\$24.3	3%	4%	+2 pts



* Software revenue growth excludes PLM; growth including divested PLM is 1% as reported and 2% @CC

Broad-based improvement in revenue growth rate

Expense Summary

\$ in Billions	<u>3Q10</u>	<u>B/(W) Yr/Yr</u>	<u>B/(W) Yr/Yr Drivers</u>		
			<u>Currency</u>	<u>Acq.*</u>	<u>Ops</u>
SG&A	\$5.1	(3%)	1 pts	(3 pts)	0 pts
RD&E	1.5	(1%)	0 pts	(2 pts)	1 pts
IP and Development Income	(0.3)	(5%)			
Other (Income)/Expense	(0.1)	nm			
Interest Expense	<u>0.1</u>	(12%)			
Total Expense & Other Income	\$6.3	(1%)	1 pts	(3 pts)	1 pts

* Includes acquisitions made in the last twelve months

Increasing investment in key areas while improving overall operational expense

Margins by Segment

	External Gross Profit Margins		Total Pre-Tax Margins	
	<u>3Q10</u>	<u>B/(W) Yr/Yr Pts</u>	<u>3Q10</u>	<u>B/(W) Yr/Yr Pts</u>
Global Technology Services	35.3%	(0.2 pts)	15.5%	0.4 pts
Global Business Services	28.9%	0.2 pts	14.6%	0.1 pts
Software	86.7%	1.1 pts	32.1%	Flat
Systems & Technology	36.8%	1.2 pts	7.2%	1.9 pts
Global Financing	53.3%	8.9 pts	52.3%	9.6 pts
Total IBM	45.3%	0.2 pts	19.3%	0.7 pts

Broad-based margin expansion

Services Segments

Global Technology Services (GTS)

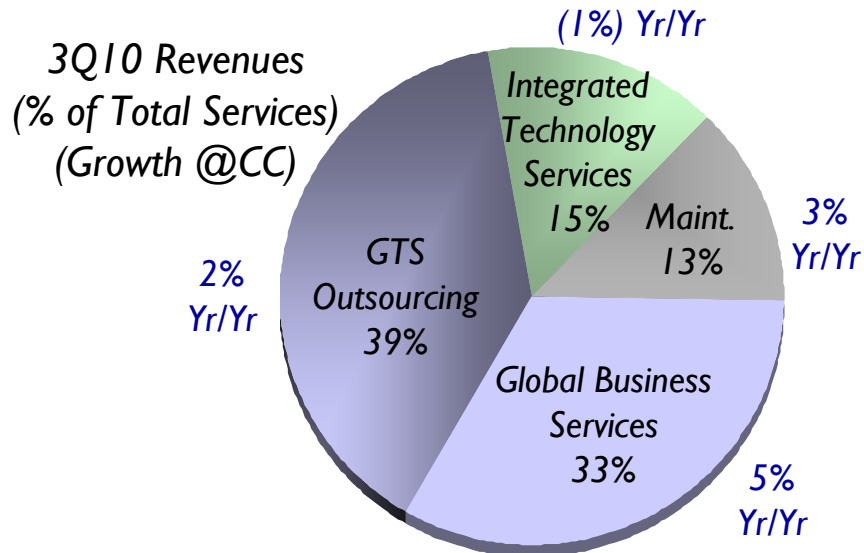
\$ in Billions	<u>B/(W) Yr/Yr</u>		
	<u>3Q10</u>	<u>Rptd</u>	<u>@CC</u>
Revenue (External)	\$9.5	1%	1%
Gross Margin (External)	35.3%	(0.2 pts)	
PTI Margin	15.5%	0.4 pts	

Global Business Services (GBS)

\$ in Billions	<u>B/(W) Yr/Yr</u>		
	<u>3Q10</u>	<u>Rptd</u>	<u>@CC</u>
Revenue (External)	\$4.6	5%	5%
Gross Margin (External)	28.9%	0.2 pts	
PTI Margin	14.6%	0.1 pts	

Global Services Signings

\$ in Billions	<u>B/(W) Yr/Yr</u>		
	<u>3Q10</u>	<u>Rptd</u>	<u>@CC</u>
Outsourcing	\$5.7	(15%)	(14%)
- GTS O/S, Appl. O/S (AMS)			
Transactional	5.4	4%	4%
- ITS, Consulting, AMS SI			
Total Signings	\$11.0	(7%)	(6%)
Backlog	\$134	Flat	Flat



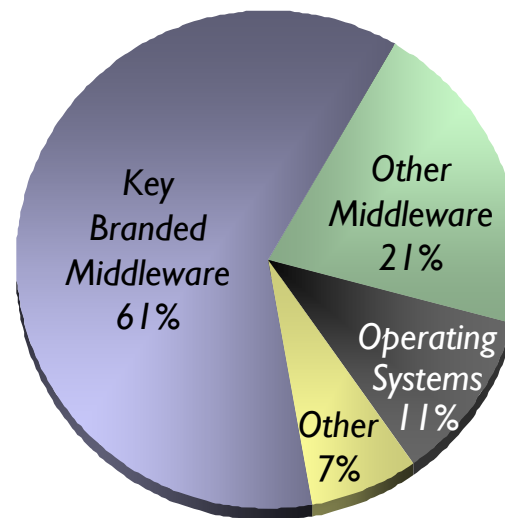
Positive trends in revenue growth; continued PTI margin expansion

Software Segment

\$ in Billions	<u>B/(W) Yr/Yr</u>		
	<u>3Q10</u>	<u>Rptd</u>	<u>@CC</u>
Revenue (External) - Growth excl. PLM	\$5.2	4%	6%
<i>Growth incl. PLM</i>		1%	2%
Gross Margin (External)	86.7%	1.1 pts	
PTI Margin	32.1%	Flat	

<u>3Q10 Revenue</u>	<u>Yr/Yr</u>	
	<u>Rptd</u>	<u>@CC</u>
WebSphere Family	14%	16%
Information Management	5%	7%
Tivoli	9%	11%
Lotus	Flat	1%
Rational	Flat	1%
Key Branded Middleware	7%	8%
Total Middleware	3%	5%
Total Software excl. PLM	4%	6%

3Q10 Revenue
(% of Total Software)



Continued share gains in Branded Middleware

Systems & Technology Segment

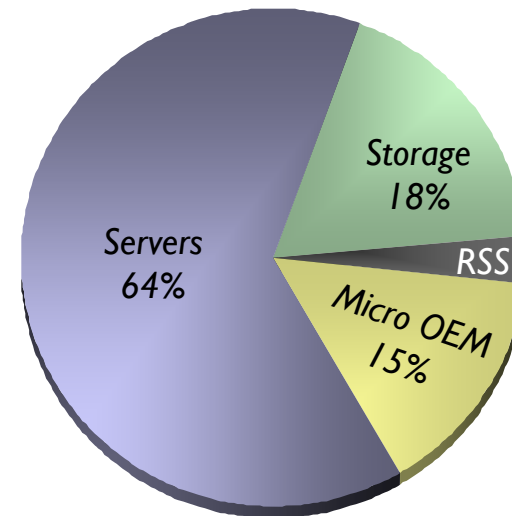
\$ in Billions

	<u>3Q10</u>	<u>B/(W) Yr/Yr</u>	
		<u>Rptd</u>	<u>@CC</u>
Revenue (External)	\$4.3	10%	11%
Gross Margin (External)	36.8%	1.2 pts	
PTI Margin	7.2%	1.9 pts	

3Q10 Revenue

	<u>Yr/Yr</u>	
	<u>Rptd</u>	<u>@CC</u>
System z	15%	17%
Power Systems	(13%)	(13%)
System x	30%	31%
Storage	7%	8%
Disk	14%	15%
Retail Store Solutions	Flat	1%
Total Systems	8%	9%
Microelectronics OEM	28%	28%
Total Systems & Technology	10%	11%

3Q10 Revenue
(% of Total Sys & Tech)



Revenue, Margin and PTI growth

Cash Flow Analysis

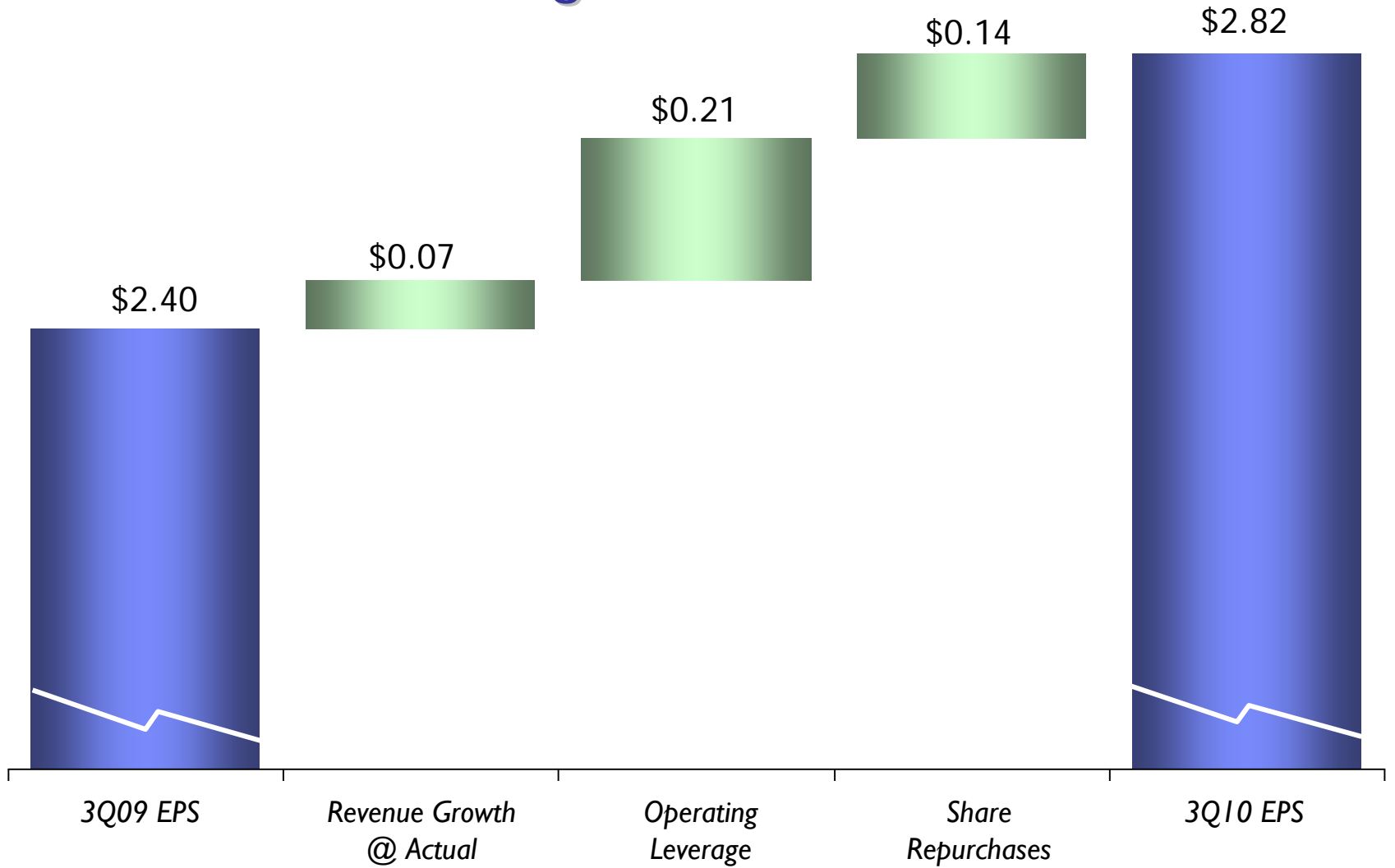
\$ in Billions	<u>3Q10</u>	<u>B/(W)</u> <u>Yr/Yr</u>	<u>YTD</u> <u>3Q10</u>	<u>B/(W)</u> <u>Yr/Yr</u>
Net Cash from Operations	\$4.6	(\$0.6)	\$12.8	(\$1.6)
Less: Global Financing Receivables	<u>0.4</u>	<u>(0.4)</u>	<u>2.3</u>	<u>(1.6)</u>
Net Cash from Operations (excluding GF Receivables)	4.2	(0.2)	10.5	0.0
Net Capital Expenditures	<u>(1.0)</u>	<u>0.0</u>	<u>(2.9)</u>	<u>(0.3)</u>
Free Cash Flow (excluding GF Receivables)	3.2	(0.2)	7.6	(0.3)
Acquisitions	(2.0)	(2.0)	(3.0)	(2.9)
Divestitures	0.0	(0.1)	0.0	(0.4)
Dividends	(0.8)	(0.1)	(2.4)	(0.2)
Share Repurchases	(3.7)	(2.7)	(11.8)	(7.4)
Non-GF Debt	0.3	4.3	1.5	7.7
Other (includes GF A/R & GF Debt)	<u>1.9</u>	<u>0.6</u>	<u>5.1</u>	<u>2.0</u>
Change in Cash & Marketable Securities	(\$1.2)	(\$0.1)	(\$2.9)	(\$1.5)

Balance Sheet Summary

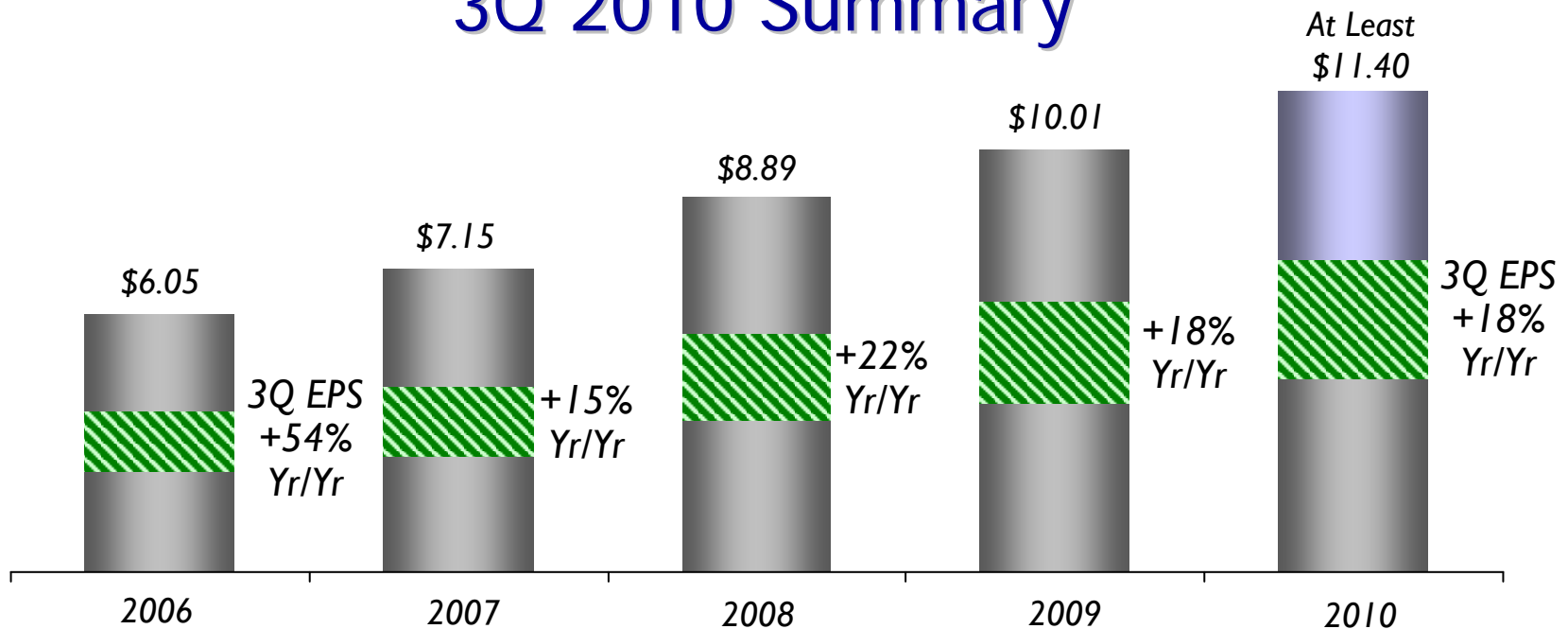
\$ in Billions	<u>Sept. 09</u>	<u>Dec. 09</u>	<u>Sept. 10</u>
Cash & Marketable Securities	\$11.5	\$14.0	\$11.1
Non-GF Assets*	61.5	61.7	65.7
Global Financing Assets	30.7	33.3	30.4
Total Assets	103.7	109.0	107.2
Other Liabilities	59.7	60.2	57.4
Non-GF Debt*	2.5	3.7	5.5
Global Financing Debt	22.9	22.4	22.0
Total Debt	25.5	26.1	27.5
Total Liabilities	85.2	86.3	84.8
Equity	18.5	22.8	22.4
Non-GF Debt / Capital	14%	16%	22%
Global Financing Leverage	7.0	7.1	7.1

* Includes eliminations of inter-company activity

EPS Bridge – 3Q09 to 3Q10



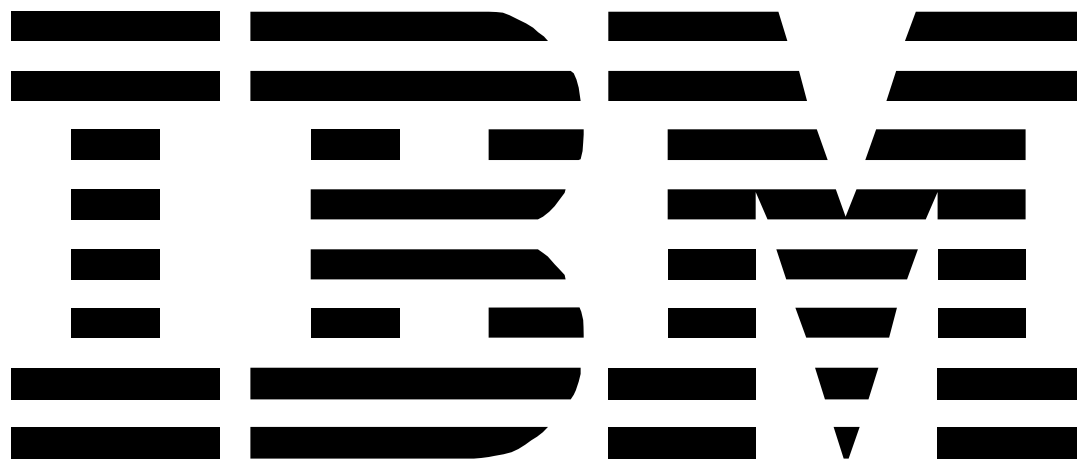
3Q 2010 Summary



Note: 2006-2008 EPS reflects the adoption of amendments to ASC 260, "Earnings Per Share"

- Improving revenue growth
- Continuing margin expansion
- Investing for growth
- Returning value to shareholders

Increasing EPS expectations to at least \$11.40 in 2010



Supplemental Materials

Some columns and rows in these materials, including the supplemental exhibits, may not add due to rounding

- Currency – Year/Year Comparison
- Supplemental Segment Information – Global Services
- Supplemental Segment Information – Systems & Technology, Software
- Global Financing Portfolio
- Revenue by Key Industry Sales Unit
- Cash Flow (FAS 95)
- Supplemental Information – Operating Earnings
- Non-GAAP Supplementary Materials
 - Constant Currency, Cash Flow, Debt-to-Capital Ratio, PLM Sale
 - Reconciliation of Revenue Growth Rates - Segments, Geographies
 - Reconciliation of Geography Revenue Growth
 - Reconciliation of Revenue Growth
 - Reconciliation of Debt-to-Capital Ratio

Currency – Year/Year Comparison

Quarterly Averages per US \$

	<u>1Q10</u>	<u>Yr/Yr</u>	<u>2Q10</u>	<u>Yr/Yr</u>	<u>3Q10</u>	<u>Yr/Yr</u>	<u>10/15 Spot</u>	<u>@ 10/15 Spot</u>	
								<u>4Q10</u>	<u>FY10</u>
Euro	0.72	6%	0.79	(7%)	0.77	(11%)	0.72	(6%)	(4%)
Pound	0.64	8%	0.67	(4%)	0.65	(6%)	0.63	(2%)	(1%)
Yen	91	3%	92	5%	86	8%	81	9%	7%

Revenue Impact - Pts	5 pts	0 pts	(1 pts)	0-1 pts	1-2 pts
----------------------	-------	-------	---------	---------	---------

	<u>(US\$B)</u>	<u>Yr/Yr</u>
Revenue As Reported	\$24.3	3%
Currency Impact	(0.1)	(1 pts)
Revenue @CC	\$24.4	4%

Supplemental Segment Information – 3Q 2010

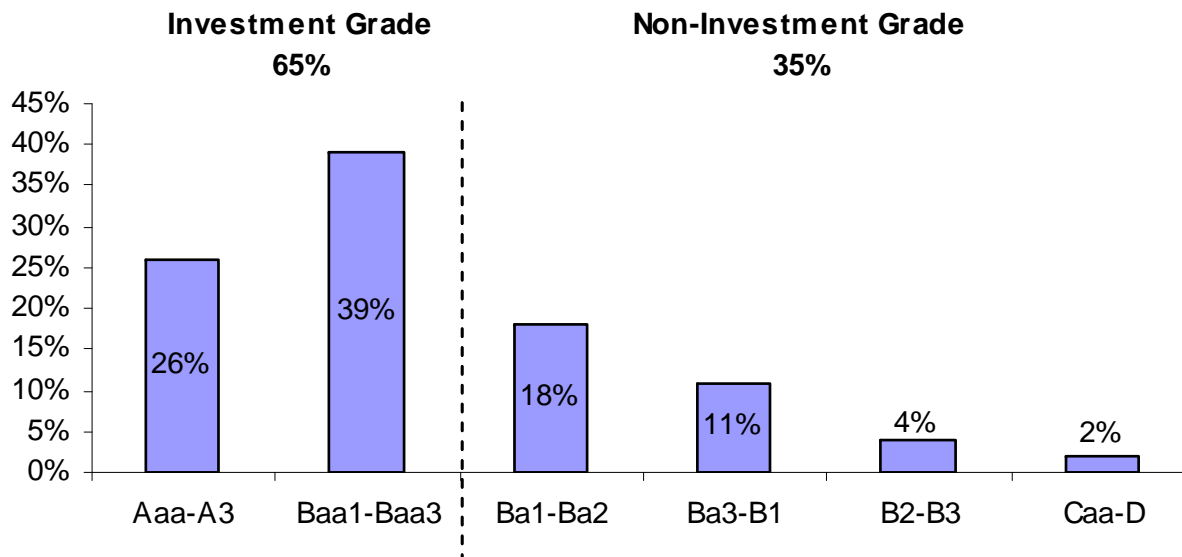
<i>Global Services</i>	<u>Revenue Growth</u>		<i>Global Services</i>	<u>Backlog</u>
	<u>Yr/Yr</u>	<u>@CC</u>		<u>3Q10</u>
GTS Outsourcing	1%	2%	Backlog	\$134B
Integrated Tech Services	(2%)	(1%)	<u>Change in Backlog due to Currency</u>	
Maintenance	<u>2%</u>	<u>3%</u>	Quarter-to-Quarter	\$7B
Global Technology Services	1%	1%	Year-to-Year	Flat
Global Business Services	5%	5%		

Supplemental Segment Information – 3Q 2010

Systems & Technology	Revenue Growth				Software	Revenue Growth	
	Yr/Yr	@CC	GP%	Share		Yr/Yr	@CC
System z	15%	17%	↓	↑	WebSphere Family	14%	16%
Power Systems	(13%)	(13%)	↓	=	Information Management	5%	7%
System x	30%	31%	↑	↑	Tivoli	9%	11%
Storage	7%	8%	↑	=	Lotus	Flat	1%
Retail Store Solutions	Flat	1%	↑	=	Rational	Flat	1%
Total Systems	8%	9%	↑		Key Branded Middleware	7%	8%
Microelectronics OEM	28%	28%	↑		Other Middleware	(6%)	(4%)
Total Systems & Technology	10%	11%	↑		Total Middleware	3%	5%
					Operating Systems	6%	7%
					Other Software/Services	(24%)	(23%)
					Total Software excl. PLM	4%	6%
					<i>Total Software incl. PLM</i>	<i>1%</i>	<i>2%</i>

Global Financing Portfolio

3Q10 – \$22.5B Net External Receivables

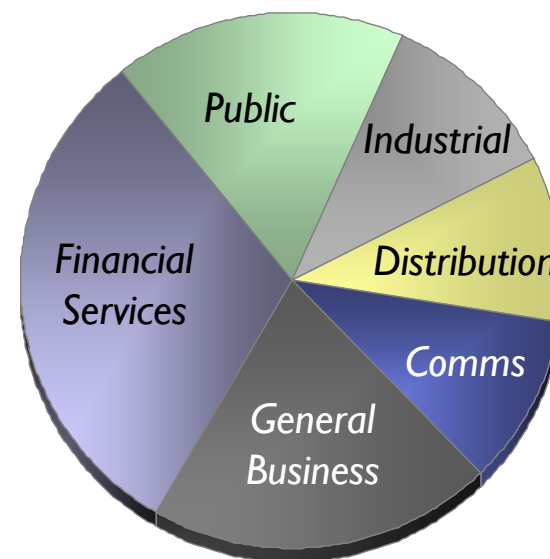


	<u>3Q10</u>	<u>2Q10</u>	<u>3Q09</u>
Identified Loss Rate	1.6%	1.8%	1.7%
Anticipated Loss Rate	0.3%	0.3%	0.6%
Reserve Coverage	1.9%	2.1%	2.3%
Client Days Delinquent Outstanding	3.2	3.7	3.1
Commercial A/R > 30 Days	\$35M	\$27M	\$34M

Revenue by Key Industry Sales Unit

\$ in Billions

	<u>3Q10</u>	<u>B/(W) Yr/Yr</u>	
		<u>Rptd</u>	<u>@CC</u>
Financial Services	\$7.1	5%	5%
Public	4.0	2%	2%
Industrial	2.5	(3%)	(2%)
Distribution	2.3	5%	6%
Communications	2.4	1%	1%
General Business	4.7	7%	8%
All Sectors	\$23.6	3%	3%
Total IBM	\$24.3	3%	4%



Cash Flow (FAS 95)

\$ in Billions	QTD <u>3Q10</u>	QTD <u>3Q09</u>	YTD <u>3Q10</u>	YTD <u>3Q09</u>
Net Income from Operations	\$3.6	\$3.2	\$9.6	\$8.6
Depreciation / Amortization of Intangibles	1.2	1.3	3.6	3.7
Stock-based Compensation	0.2	0.1	0.5	0.4
Working Capital / Other	(0.8)	(0.2)	(3.1)	(2.3)
Global Financing A/R	0.4	0.8	2.3	3.8
Net Cash provided by Operating Activities	4.6	5.2	12.8	14.3
Capital Expenditures, net of payments & proceeds	(1.0)	(1.0)	(2.9)	(2.6)
Divestitures, net of cash transferred	0.0	0.1	0.0	0.4
Acquisitions, net of cash acquired	(2.0)	0.0	(3.0)	(0.1)
Marketable Securities / Other Investments, net	1.2	(1.4)	1.4	(1.9)
Net Cash used in Investing Activities	(1.8)	(2.3)	(4.4)	(4.2)
Debt, net of payments & proceeds	0.2	(4.5)	0.9	(8.5)
Dividends	(0.8)	(0.7)	(2.4)	(2.1)
Common Stock Repurchases	(3.7)	(0.9)	(11.8)	(4.4)
Common Stock Transactions - Other	0.8	1.0	2.6	1.5
Net Cash used in Financing Activities	(3.5)	(5.2)	(10.6)	(13.5)
Effect of Exchange Rate changes on Cash	0.2	0.2	(0.1)	0.2
Net Change in Cash & Cash Equivalents	(\$0.5)	(\$2.1)	(\$2.3)	(\$3.2)

Supplemental Information – Operating Earnings

The company is including a view of the impact of certain acquisition-related charges and certain retirement-related elements on IBM's earnings results (Operating Earnings).

The company believes that providing investors with a view of operating earnings will provide better transparency into the operational results of the business, improve visibility to management decisions and their impacts on operational performance, enable better comparison to peer companies, and allow the company to provide a long-term strategic view of the business going forward.



Supplemental Information – Operating Earnings - 2010

\$ in Millions, except EPS

1Q10

2Q10

3Q10

As Reported

Pre-Tax Income	\$3,515	\$4,575	\$4,677
Net Income	\$2,601	\$3,386	\$3,589
EPS	\$1.97	\$2.61	\$2.82

Adjustments

Pre-Tax Income Total	\$41	\$9	\$35
Non-Operating Pension*	(76)	(113)	(104)
Acquisition-Related Charges**	116	122	139
Tax Impact***	(\$4)	7	5
Net Income	\$37	\$17	\$39
EPS	\$0.03	\$0.01	\$0.03

Operating (Non-GAAP)

Pre-Tax Income	\$3,556	\$4,584	\$4,712
Net Income	\$2,638	\$3,402	\$3,628
EPS	\$2.00	\$2.62	\$2.85

* Includes Retirement Related Interest Cost, Expected ROA, Recognized actuarial losses or gains, amortization of transition assets, other settlements, curtailments, multi-employer plans and insolvency insurance

** Includes Amortization of Purchased Intangibles, In Process R&D, Severance Cost for Acquired employees, vacant space for acquired companies, deal costs

*** The tax impact on the Operating (Non-GAAP) Pre Tax Income will be calculated under the same accounting principles applied to the As Reported Pre Tax Income under ACS 740, which employs an annual effective tax rate concept to the results.

Supplemental Information – Operating Earnings – 3Q 2010

\$ in Millions, except EPS

	<u>GAAP</u>	<u>Acquisition-related Adjustments*</u>	<u>Retirement-related Adjustments**</u>	<u>Operating (Non-GAAP)</u>
Gross Profit	\$11,001	\$65	(\$53)	\$11,013
SG&A	5,149	(76)	20	5,094
RD&E	1,464	0	31	1,495
Pre-Tax Income	4,677	139	(104)	4,712
Net Income	3,589	105	(66)	3,628
Diluted Earnings Per Share	\$2.82	\$0.08	(\$0.05)	\$2.85

* Includes Amortization of Purchased Intangibles, In Process R&D, Severance Cost for Acquired employees, vacant space for acquired companies, deal costs

** Includes Retirement Related Interest Cost, Expected ROA, Recognized actuarial losses or gains, amortization of transition assets, other settlements, curtailments, multi-employer plans and insolvency insurance

Supplemental Information – Segment Performance – 3Q 2010

\$ in Millions, except EPS

	<u>GTS</u>	<u>GBS</u>	<u>Software</u>	<u>Systems & Tech</u>	<u>Global Financing</u>	<u>Total Segments</u>
<u>As Reported</u>						
External Gross Profit	\$3,349	\$1,322	\$4,468	\$1,590	\$282	\$11,011
External Gross Profit Margin	35.3%	28.9%	86.7%	36.8%	53.3%	45.7%
Pre-Tax Income	\$1,524	\$695	\$1,885	\$327	\$503	\$4,933
Pre-Tax Income Margin	15.5%	14.6%	32.1%	7.2%	52.3%	19.0%
<u>Non-Operating Adjustments to Gross Profit</u>						
Retirement-Related Charges	(\$20)	(\$13)	(\$4)	(\$16)	\$0	(\$52)
Acquisition-Related Charges	2	0	63	0	0	65
<u>Non-Operating Adjustments to Pre-Tax Income</u>						
Retirement-Related Charges	(\$22)	(\$13)	(\$36)	(\$33)	(\$1)	(\$104)
Acquisition-Related Charges	5	5	129	0	0	139
<u>Operating (Non-GAAP)</u>						
External Gross Profit	\$3,331	\$1,309	\$4,526	\$1,575	\$282	\$11,023
External Gross Profit Margin	35.1%	28.6%	87.9%	36.4%	53.3%	45.8%
Pre-Tax Income	\$1,506	\$687	\$1,978	\$295	\$502	\$4,968
Pre-Tax Income Margin	15.3%	14.4%	33.6%	6.5%	52.2%	19.1%

Non-GAAP Supplementary Materials

In an effort to provide investors with additional information regarding the company's results as determined by generally accepted accounting principles (GAAP), the company also discusses, in its earnings press release and/or earnings presentation materials, the following Non-GAAP information which management believes provides useful information to investors.

Constant Currency

Management refers to growth rates at constant currency or adjusting for currency so that the business results can be viewed without the impact of fluctuations in foreign currency exchange rates, thereby facilitating period-to-period comparisons of the company's business performance. Constant currency revenue results are calculated by translating current period revenue in local currency using the prior year's currency conversion rate. This consistent approach is based on the pricing currency for each country which is typically the functional currency. Generally, when the dollar either strengthens or weakens against other currencies, the growth at constant currency rates or adjusting for currency will be higher or lower than growth reported at actual exchange rates.

Cash Flow

Management includes presentations of both cash flow from operations and free cash flow that exclude the effect of Global Financing Receivables. For a financing business, increasing receivables is the basis for growth. Receivables are viewed as an investment and an income-producing asset. Therefore, management presents financing receivables as an investing activity. Management's view is that this presentation gives the investor the best perspective of cash available for new investment or for distribution to shareholders.

Debt-to-Capital Ratio

Management presents its debt-to-capital ratio excluding the Global Financing business. A financing business is managed on a leveraged basis. The company funds its Global Financing segment using a debt-to-equity ratio target of approximately 7 to 1. Given this significant leverage, the company presents a debt-to-capital ratio which excludes the Global Financing segment debt and equity because the company believes this is more representative of the company's core business operations.

PLM Sale

Management presents certain financial results excluding the effects of the PLM sale. In March 2010, the company completed the sale of its activities associated with the sales and support of Dassault Systemes' (Dassault) product lifecycle management (PLM) software, including customer contracts and related assets to Dassault. Given this sale, management believes that presenting financial information regarding revenue and software segment revenue without this item is more representative of operational performance and provides additional insight into, and clarifies the basis for, historical and/or future performance, which may be more useful for investors.

Non-GAAP Supplementary Materials

Reconciliation of Revenue Growth Rates

3Q10 Yr/Yr vs. 2Q10 Yr/Yr

	<u>As Rptd</u>	<u>@CC</u>
Global Technology Services	(1 pts)	1 pts
Global Business Services	2 pts	3 pts
Software	(1 pts)	Flat
Software, excluding PLM Sale	(2 pts)	Flat
Systems & Technology	7 pts	7 pts
Global Financing	3 pts	4 pts
Total Revenue	1 pts	2 pts
Americas	Flat	1 pts
EMEA	(1 pts)	2 pts
Asia	5 pts	4 pts
OEM	1 pts	1 pts
Major Markets	Flat	1 pts
Growth Markets	2 pts	4 pts
BRIC	7 pts	9 pts

The above serves to reconcile the Non-GAAP financial information contained in the "3Q 2010 Financial Highlights," "Revenue by Segment" and "Revenue by Geography" discussion regarding segment revenue growth in the company's earnings presentation. The above reconciles the sequential change from 2Q10 to 3Q10. See Slide 29 of this presentation for additional information on the use of these Non-GAAP financial measures.

Non-GAAP Supplementary Materials

Reconciliation of Geography Revenue Growth

3Q10 Yr/Yr

	<u>As Rptd</u>	<u>@CC</u>
Asia Pacific, other than Japan	19%	14%
Japan	9%	Flat
Brazil	20%	15%
Russia	57%	56%
India	20%	15%
China	37%	36%

The above serves to reconcile the Non-GAAP financial information contained in the "Revenue by Geography" discussion regarding revenue growth in certain geographies/countries in the company's earnings presentation. See Slide 29 of this presentation for additional information on the use of these Non-GAAP financial measures.

Non-GAAP Supplementary Materials

Reconciliation of Revenue Growth

	<u>As Rptd</u>	<u>3Q10 Yr/Yr</u>	<u>@CC</u>
Growth Markets 20	17%		13%
Growth Markets - Systems & Technology	26%		25%
Growth Markets – Servers	29%		<30%
Banking, Energy & Utilities, Healthcare, Transportation & Rail and Natural Resources Industries	26%		21%
Global Services	2%		2%
Software - Relational Database (IM)	4%		5%
Software – Distributed Database (IM)	5%		7%
Systems & Technology – BRIC	43%		>40%

The above serves to reconcile the Non-GAAP financial information contained in the "Growth Markets," "Services Segment," "Software Segment" and "Systems and Technology Segment" discussion regarding revenue growth in the company's earnings presentation. See Slide 29 of this presentation for additional information on the use of these Non-GAAP financial measures.

Non-GAAP Supplementary Materials

Reconciliation of Debt-to-Capital Ratio

	<u>3Q10</u>	<u>FY09</u>	<u>3Q09</u>
Non-Global Financing Debt / Capital	22%	16%	14%
IBM Consolidated Debt / Capital	55%	53%	58%

The above serves to reconcile the Non-GAAP financial information contained in the "Balance Sheet Summary" discussion regarding the non-Global Financing debt to capital ratio in the company's earnings presentation. See Slide 29 of this presentation for additional information on the use of these Non-GAAP financial measures.

