

4Q 2011 Earnings Presentation

January 19, 2012

www.ibm.com/investor

Forward Looking Statements and Non-GAAP Information

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.

In an effort to provide additional and useful information regarding the company's financial results and other financial information as determined by generally accepted accounting principles (GAAP), the company also discusses, in its earnings press release and earnings presentation materials, certain non-GAAP information including "operating earnings" and other "operating" financial measures. The rationale for management's use of this non-GAAP information, the reconciliation of that information to GAAP, and other related information are included in supplementary materials entitled "Non-GAAP Supplementary Materials" that are posted on the Company's investor relations web site at <http://www.ibm.com/investor/4q11/>. The Non-GAAP Supplementary Materials are also included as Attachment II to the Company's Form 8-K dated January 19, 2012.

2011 Summary

	<u>4Q11</u>		<u>FY11</u>	
	<u>\$</u>	<u>Yr/Yr</u>	<u>\$</u>	<u>Yr/Yr</u>
Revenue	\$29.5B	+2%	\$106.9B	+7%
Operating Pre-Tax Income	\$7.4B	+6%	\$21.6B	+9%
Operating (Non-GAAP) EPS	\$4.71	+11%	\$13.44	+15%

- 4Q Segment highlights:
 - Continued momentum in Software: Revenue +9%, Profit +12%
 - Services revenue led by growth markets +13% @CC; Services Profit +17%
 - Continued strength and share gain in Power
- Expanded operating margins: gross (+1.1 pts), pre-tax (+0.9 pts), net (+0.5 pts)
- 9th consecutive year of double-digit EPS growth
- Generated \$9B of Free Cash Flow in the quarter, \$16.6B for the year

Expect at least \$14.85 of Operating EPS in 2012

Key Financial Metrics

\$ in Billions, except EPS

<u>P&L Highlights</u>	<u>4Q11</u>	<u>B/(W) Yr/Yr</u>	<u>P&L Ratios (Operating)</u>	<u>4Q11</u>	<u>B/(W) Yr/Yr</u>
@CC		1%	PTI Margin	25.1%	0.9 pts
PTI – Operating	\$7.4	6%	NI Margin	19.0%	0.5 pts
EPS – Operating	\$4.71	11%	Tax Rate	24.4%	(0.7 pts)

Cash Highlights

	<u>4Q11</u>	<u>Last 12 Mos.</u>
Free Cash Flow (excl GF Receivables)	\$9.0	\$16.6
Share Repurchase	3.6	15.0
Dividends	0.9	3.5
Cash Balance @ Dec. 31	11.9	

Revenue by Geography

\$ in Billions

B/(W) Yr/Yr

4Q11

Rptd

@CC

Americas	\$12.5	3%	3%
Europe/ME/A	9.6	1%	1%
Asia Pacific	6.7	2%	(1%)
OEM	0.7	(9%)	(9%)
IBM	\$29.5	2%	1%

Major Markets

Flat

Flat

Growth Markets

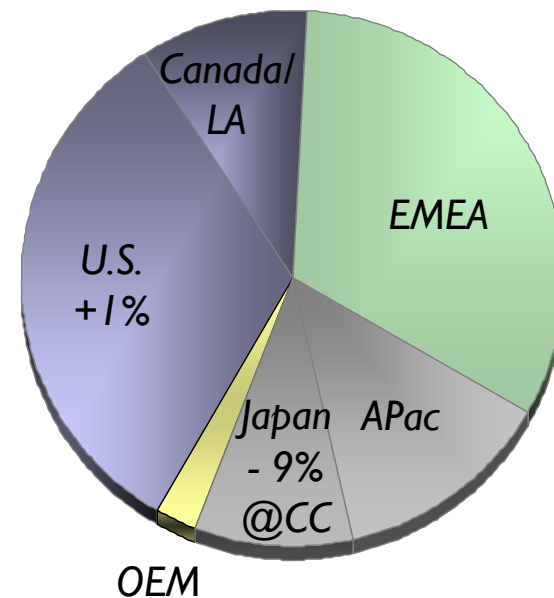
7%

8%

BRIC Countries

10%

11%



Performance led by Growth Markets

Revenue and Gross Profit Margin by Segment

\$ in Billions	Revenue			Operating Gross Profit Margin	
	4Q11	B/(W) Yr/Yr		4Q11	B/(W) Yr/Yr Pts
		Rptd	@CC		
Global Technology Services	\$10.5	3%	3%	36.6%	2.1 pts
Global Business Services	4.9	3%	2%	29.3%	1.3 pts
Software	7.6	9%	9%	89.8%	0.2 pts
Systems & Technology	5.8	(8%)	(8%)	40.5%	(3.1 pts)
Global Financing	0.5	(13%)	(13%)	49.7%	(2.1 pts)
Total Revenue & Operating GP Margin	\$29.5	2%	1%	50.2%	1.1 pts

Revenue growth led by Software; GP Margin driven by Services and Mix

Expense Summary

\$ in Billions	<u>4Q11</u>	<u>B/(W)</u> <u>Yr/Yr</u>	<u>B/(W) Yr/Yr Drivers</u>		
			<u>Currency</u>	<u>Acq.*</u>	<u>Base</u>
SG&A – Operating	\$6.0	(2%)	0 pts	(1 pts)	(1 pts)
RD&E – Operating	1.6	2%	0 pts	(2 pts)	3 pts
IP and Development Income	(0.3)	(20%)			
Other (Income)/Expense	0.0	5%			
Interest Expense	<u>0.1</u>	(12%)			
Operating Expense & Other Income	\$7.4	(2%)	0 pts	(1 pts)	(1 pts)

* Includes acquisitions made in the last twelve months, net of non-operating acquisition-related charges

Services Segments

Global Technology Services (GTS)

\$ in Billions	<u>B/(W) Yr/Yr</u>		
	<u>4Q11</u>	<u>Rptd</u>	<u>@CC</u>
Revenue (External)	\$10.5	3%	3%
Gross Margin (External)	36.6%	2.1 pts	
Pre-Tax Income	\$1.9	18%	
PTI Margin	18.0%	2.3 pts	

Global Business Services (GBS)

\$ in Billions	<u>B/(W) Yr/Yr</u>		
	<u>4Q11</u>	<u>Rptd</u>	<u>@CC</u>
Revenue (External)	\$4.9	3%	2%
Gross Margin (External)	29.3%	1.3 pts	
Pre-Tax Income	\$0.8	14%	
PTI Margin	16.6%	1.8 pts	

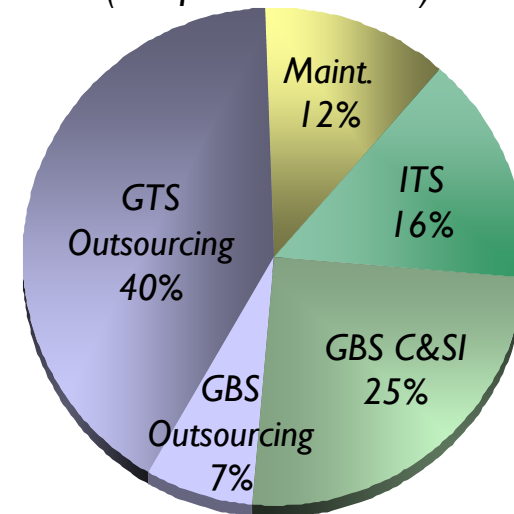
4Q11 Revenue

	<u>Yr/Yr</u>	
	<u>Rptd</u>	<u>@CC</u>
<u>GTS</u>		
GTS Outsourcing	3%	3%
Integrated Technology Services	5%	4%
Maintenance	(1%)	(1%)

	<u>Yr/Yr</u>	
	<u>Rptd</u>	<u>@CC</u>
<u>GBS</u>		
GBS Outsourcing	5%	4%
Consulting & Systems Integration	2%	1%

<u>Services Backlog</u>	<u>4Q11</u>		
	\$141B	(\$2B)	Flat

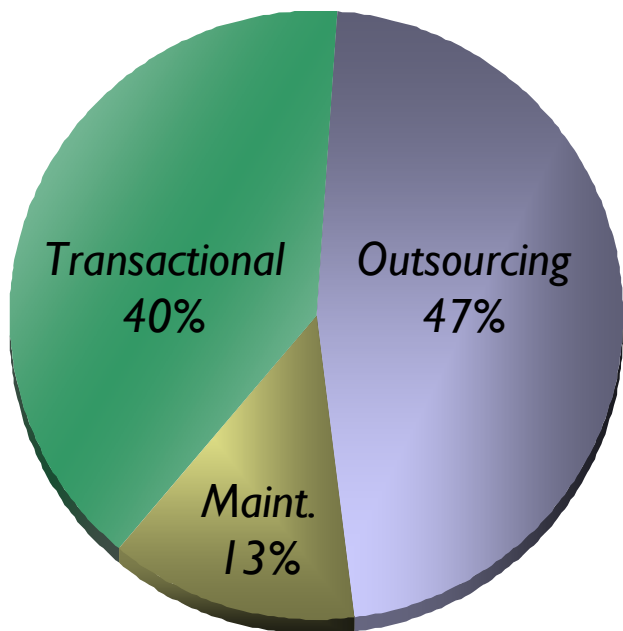
4Q11 Revenue
(% of Total Services)



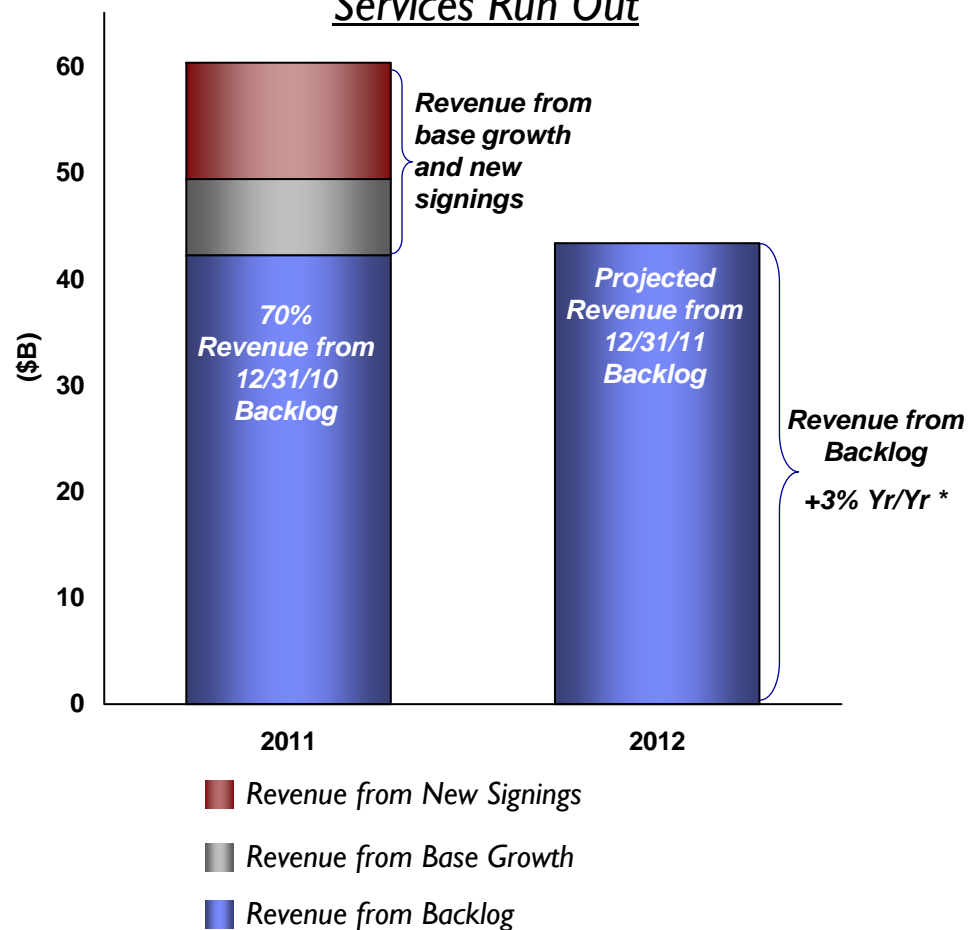
Strong profit growth and margin expansion

Total Services Backlog Run Out

*2011 Revenue
(% of Total Services)*



Services Run Out

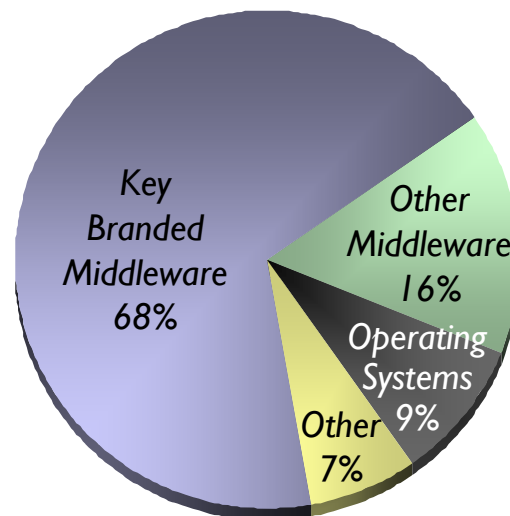


Software Segment

\$ in Billions	<u>B/(W) Yr/Yr</u>		
	<u>4Q11</u>	<u>Rptd</u>	<u>@CC</u>
Revenue (External)	\$7.6	9%	9%
Gross Margin (External)	89.8%	0.2 pts	
Pre-Tax Income	\$3.7	12%	
PTI Margin	43.7%	1.4 pts	

<u>4Q11 Revenue</u>	<u>Yr/Yr</u>	
	<u>Rptd</u>	<u>@CC</u>
WebSphere Family	21%	21%
Information Management	9%	9%
Tivoli	14%	14%
Lotus	(2%)	(3%)
Rational	4%	4%
Key Branded Middleware	11%	11%
Total Middleware	10%	10%
Total Software	9%	9%

4Q11 Revenue
(% of Total Software)



Fifth consecutive quarter of double-digit growth in Branded Middleware

Systems & Technology Segment

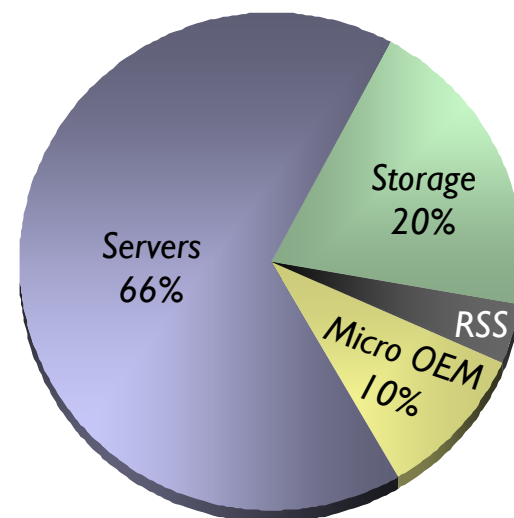
\$ in Billions

	<u>4Q11</u>	<u>B/(W) Yr/Yr</u>	
		<u>Rptd</u>	<u>@CC</u>
Revenue (External)	\$5.8	(8%)	(8%)
Gross Margin (External)	40.5%	(3.1 pts)	
Pre-Tax Income	\$0.8	(33%)	
PTI Margin	13.2%	(4.8 pts)	

4Q11 Revenue

	<u>Yr/Yr</u>	
	<u>Rptd</u>	<u>@CC</u>
System z	(31%)	(31%)
Power Systems	6%	6%
System x	(2%)	(3%)
Storage	(1%)	(1%)
Retail Store Solutions	9%	9%
Total Systems	(7%)	(7%)
Microelectronics OEM	(11%)	(11%)
Total Systems & Technology	(8%)	(8%)

4Q11 Revenue
(% of Total Sys & Tech)



Power Systems extend Unix leadership with record competitive displacements

Cash Flow Analysis

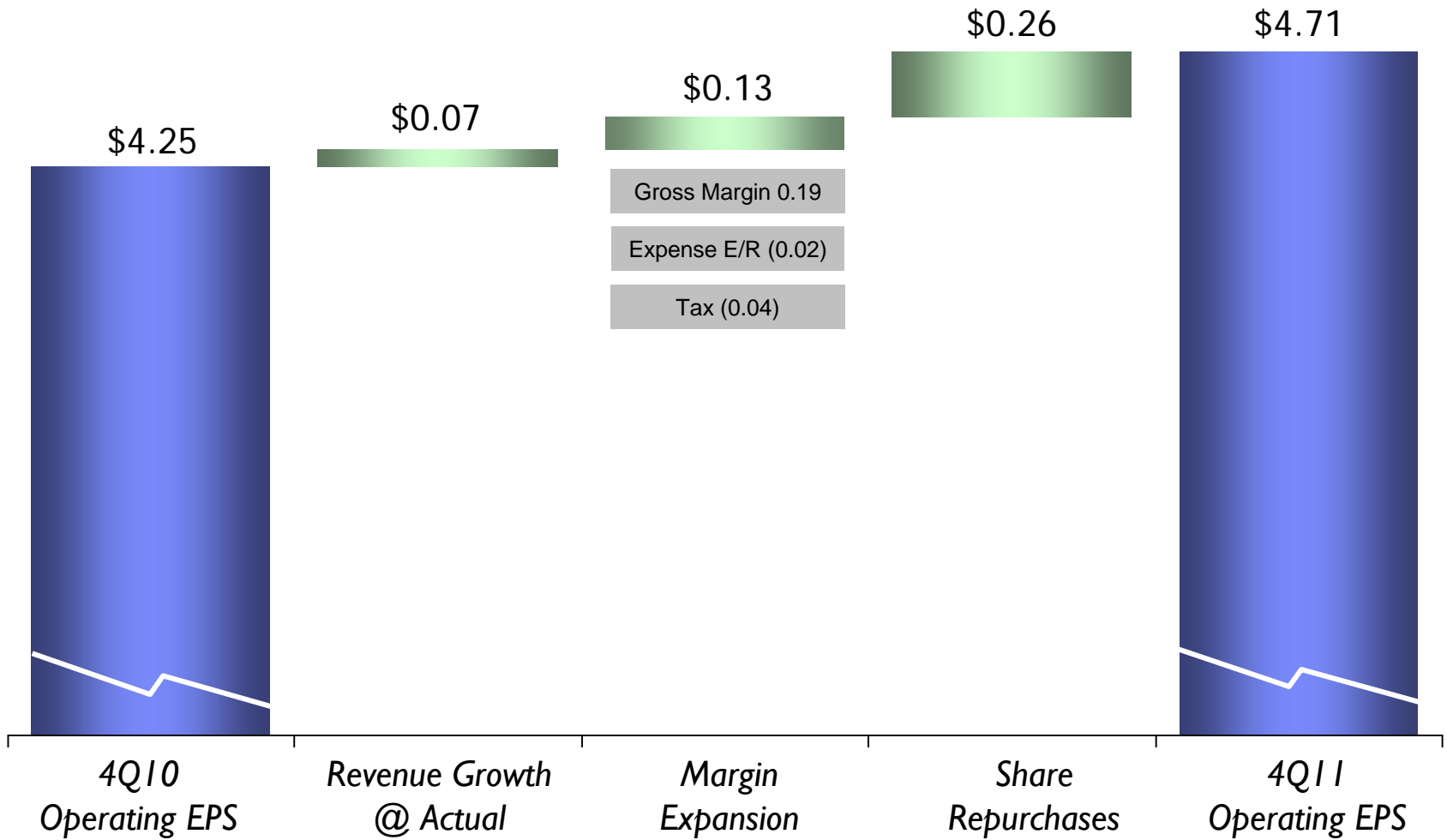
\$ in Billions	B/(W)		B/(W)	
	<u>4Q11</u>	<u>Yr/Yr</u>	<u>FY11</u>	<u>Yr/Yr</u>
Net Cash from Operations	\$7.1	\$0.3	\$19.8	\$0.3
Less: Global Financing Receivables	<u>(2.9)</u>	<u>0.1</u>	<u>(0.8)</u>	<u>(0.1)</u>
Net Cash from Operations (excluding GF Receivables)	10.0	0.2	20.7	0.4
Net Capital Expenditures	<u>(1.1)</u>	<u>0.0</u>	<u>(4.1)</u>	<u>(0.1)</u>
Free Cash Flow (excluding GF Receivables)	9.0	0.3	16.6	0.3
Acquisitions	(1.6)	1.3	(1.8)	4.1
Divestitures	0.0	0.0	0.0	0.0
Dividends	(0.9)	(0.1)	(3.5)	(0.3)
Share Repurchases	(3.6)	0.0	(15.0)	0.3
Non-GF Debt	0.6	(0.1)	1.7	(0.6)
Other (includes GF A/R & GF Debt)	<u>(2.9)</u>	<u>(1.3)</u>	<u>2.3</u>	<u>(1.2)</u>
Change in Cash & Marketable Securities	\$0.6	\$0.1	\$0.3	\$2.6

Balance Sheet Summary

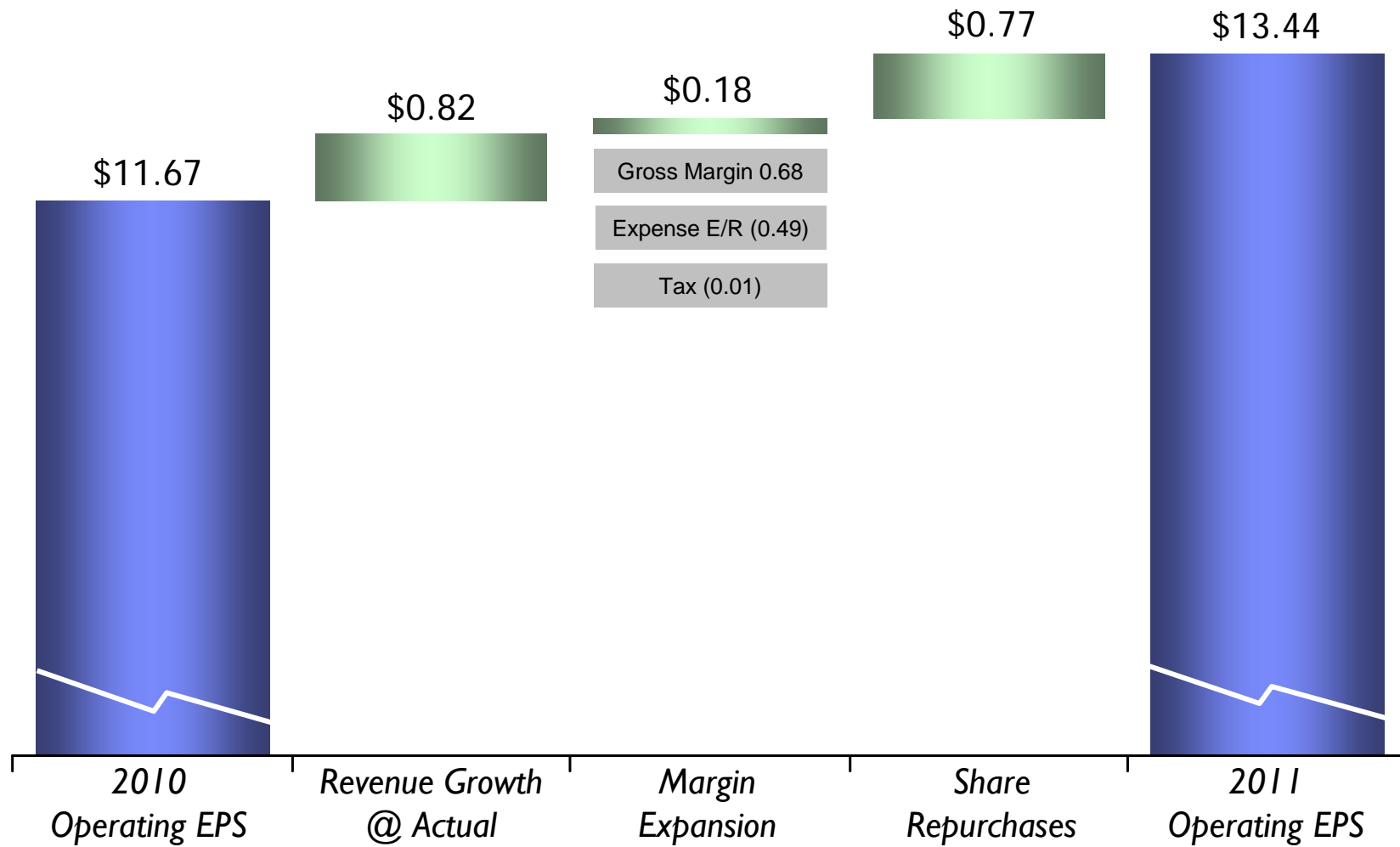
\$ in Billions	<u>Dec. 10</u>	<u>Dec. 11</u>
Cash & Marketable Securities	\$11.7	\$11.9
Non-GF Assets*	67.3	69.4
Global Financing Assets	34.5	35.1
Total Assets	113.5	116.4
Other Liabilities	61.7	64.9
Non-GF Debt*	5.8	8.0
Global Financing Debt	22.8	23.3
Total Debt	28.6	31.3
Total Liabilities	90.3	96.2
Equity	23.2	20.2
Non-GF Debt / Capital	23%	32%
Global Financing Leverage	7.0	7.2

* Includes eliminations of inter-company activity

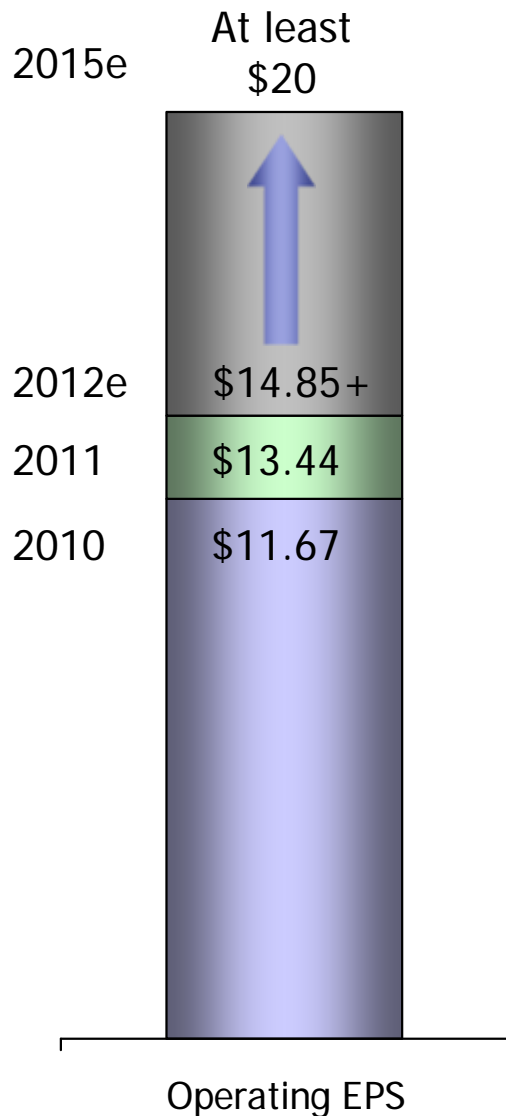
Operating EPS Bridge – 4Q10 to 4Q11



Operating EPS Bridge – FY10 to FY11



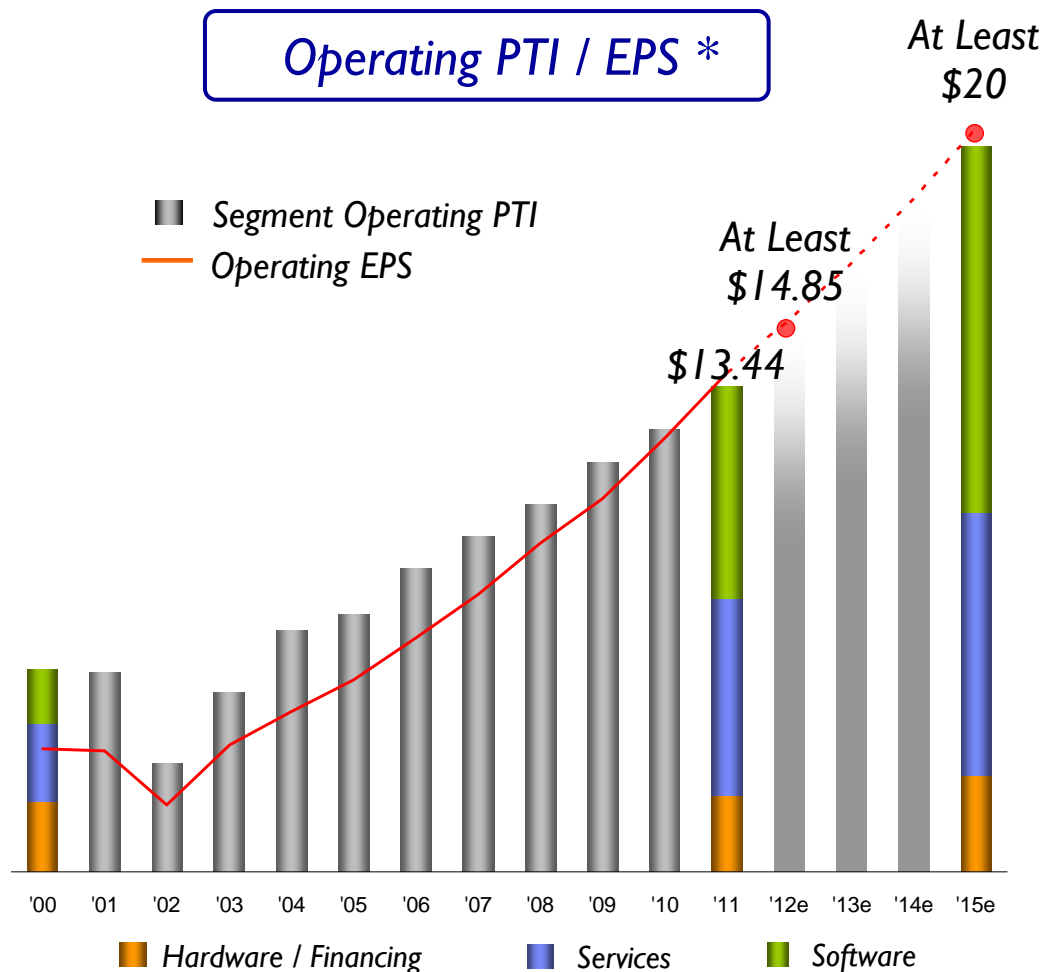
FY 2011 Summary



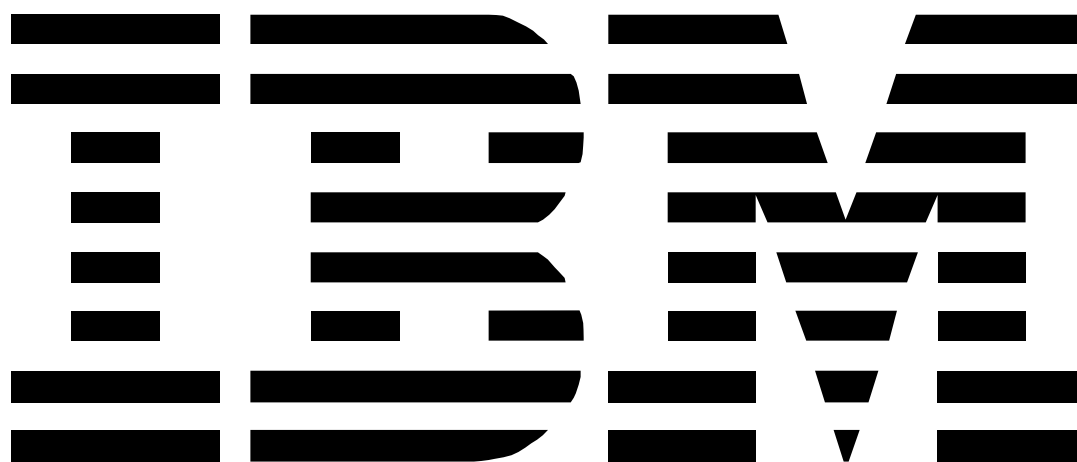
- Continued strength in growth initiatives
 - Growth markets +11% @CC yr/yr, 22% of Geo revenue
 - Business analytics +16% yr/yr
 - Smarter Planet +47% yr/yr
 - Cloud >3x yr/yr
- Expanded margins in line with the model
 - Operating gross profit margin +1.1 pts
 - Operating pre-tax margin +0.3 pts
- Generated \$16.6B Free Cash Flow
- Leveraging cash generation to return value to shareholders
 - \$15B share repurchases; \$3.5B dividends

Expect at least \$14.85 of Operating EPS in 2012

IBM Transformation Continues



* Non-GAAP: Excludes acquisition-related charges and non-operating retirement-related charges
 2000 & 2001 segments not restated for stock based compensation; 2000-2010 Segment PTI is reclassified to conform with 2011 operating presentation
 Sum of external segment pre-tax income not equal to IBM pre-tax income



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
- Key Financial Metrics – FY 2011
- Revenue by Geography – FY 2011
- Revenue by Segment – FY 2011
- Revenue by Key Industry Sales Unit – 4Q and FY 2011
- Gross Margins by Segment – FY 2011
- Expense Summary – FY 2011
- Pre-Tax Income by Segment – FY 2011
- Cash Flow (FAS 95)
- Retirement-Related Charges
- Retirement-Related Charges
- Retirement-Related Charges
- Non-GAAP Supplementary Materials
 - Operating (Non-GAAP) Earnings Per Share and Related Income Statement Items, Constant Currency
 - Cash Flow, Debt-to-Capital Ratio, Other Items
 - Reconciliation of Operating Earnings Per Share
 - GAAP to Operating (Non-GAAP) Bridge – 4Q 2011
 - GAAP to Operating (Non-GAAP) Bridge – 4Q 2010
 - GAAP to Operating (Non-GAAP) Bridge – FY 2011
 - GAAP to Operating (Non-GAAP) Bridge – FY 2010
 - GAAP to Operating (Non-GAAP) Bridge – 4Q 2011
 - GAAP to Operating (Non-GAAP) Bridge – 4Q 2010
 - GAAP to Operating (Non-GAAP) Bridge – FY 2011
 - GAAP to Operating (Non-GAAP) Bridge – FY 2010
 - Reconciliation of Revenue Growth – Geographies
 - Reconciliation of GBS Revenue Growth
 - Reconciliation of B/(W) Yr/Yr Expense Drivers – 4Q11
 - Reconciliation of B/(W) Yr/Yr Expense Drivers – FY11
 - Reconciliation of Debt-to-Capital Ratio
 - Reconciliation of Operating EPS Bridge 4Q10 to 4Q11
 - Reconciliation of Operating EPS Bridge FY10 to FY11
 - Reconciliation of Consolidated EPS
 - Reconciliation of Segment Pre-Tax Income and Margin Growth

Currency – Year/Year Comparison

Quarterly Averages per US \$

	<u>3Q11</u>	<u>Yr/Yr</u>	<u>4Q11</u>	<u>Yr/Yr</u>	<u>1/18</u> <u>Spot</u>	<u>Yr/Yr @ 1/18 Spot</u>				
						<u>1Q12</u>	<u>2Q12</u>	<u>3Q12</u>	<u>4Q12</u>	<u>FY12</u>
Euro	0.71	8%	0.74	(1%)	0.78	(7%)	(12%)	(10%)	(5%)	(8%)
Pound	0.62	4%	0.64	(1%)	0.65	(4%)	(6%)	(4%)	(2%)	(4%)
Yen	78	9%	77	6%	77	7%	6%	1%	1%	4%

IBM Revenue Impact 5 pts 0 pts ~ (1 pts) ~ (3 pts) ~ (3 pts) ~ (1 pts) ~ (2 pts)

Vs. 10/14 View - Pts B/(W) (1 pts)

- \$B B/(W) (\$0.3)

	<u>(US\$B)</u>	<u>Yr/Yr</u>
Revenue As Reported	\$29.5	2%
Currency Impact	0.1	0 pts
Revenue @CC	\$29.4	1%

Supplemental Segment Information – 4Q 2011

Supplemental Revenue Information

	<u>Revenue Growth</u>	
	<u>Yr/Yr</u>	<u>@CC</u>
<i>Global Services</i>		
GTS Outsourcing	3%	3%
Integrated Tech Services	5%	4%
Maintenance	(1%)	(1%)
Total GTS	3%	3%
GBS Outsourcing	5%	4%
GBS C&SI	2%	1%
Total GBS	3%	2%
Total Outsourcing	4%	3%
Total Transactional	3%	2%
Maintenance	(1%)	(1%)

Supplemental Backlog / Signings Information

	<u>\$ in Billions</u>		<u>Backlog</u>	
	<u>4Q11</u>	<u>Yr/Yr</u>	<u>@CC</u>	
<i>Global Services</i>				
Total Backlog	\$141	(\$2)		Flat
<u>Change in Backlog due to Currency</u>				
Quarter-to-Quarter		(\$1)		
Year-to-Year		(\$2)		
Outsourcing Backlog	\$93	(\$4)		(\$3)
<u>\$ in Billions</u>		<u>Signings</u>		
<i>Global Services</i>	<u>4Q11</u>	<u>Yr/Yr</u>	<u>@CC</u>	
Outsourcing	\$11.6	(16%)		(15%)
- GTS O/S, GBS O/S (AMS)				
Transactional	8.8	5%		4%
- ITS, Consulting & AMS SI (incl. US Federal)				
Total Signings	\$20.4	(8%)		(8%)

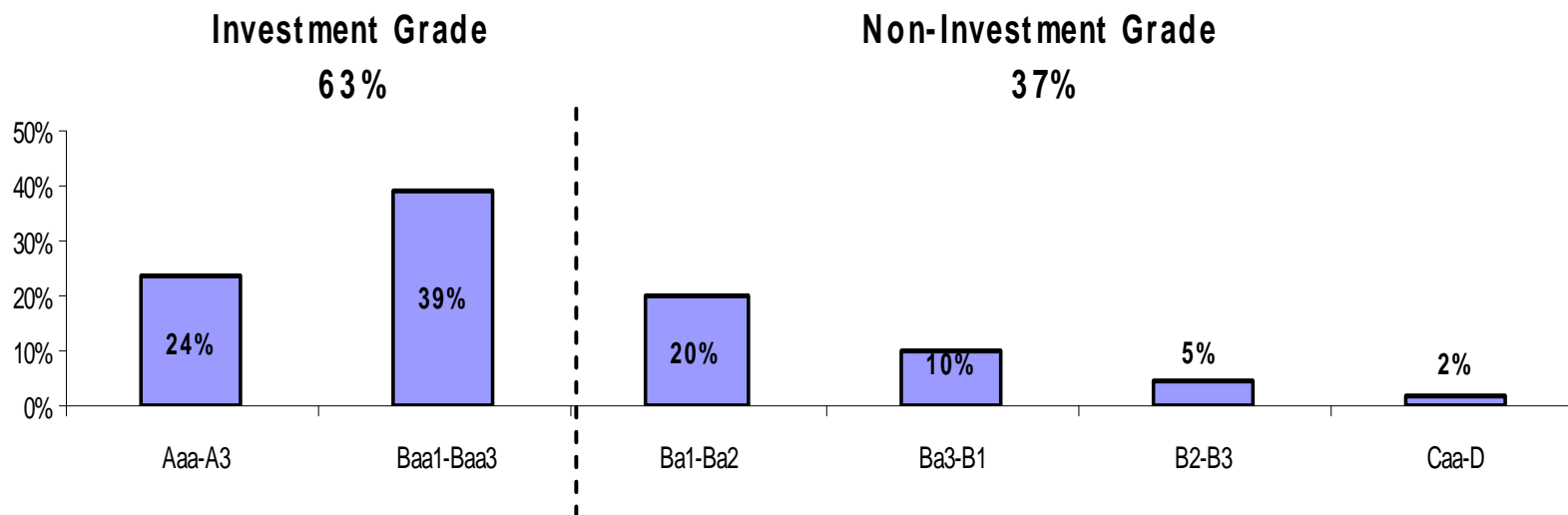
Note: Actual backlog calculated using December 31 currency spot rates

Supplemental Segment Information – 4Q 2011

<i>Systems & Technology</i>	<u>Revenue Growth</u>				<i>Software</i>	<u>Revenue Growth</u>	
	<u>Yr/Yr</u>	<u>@CC</u>	<u>GP%</u>	<u>Share</u>		<u>Yr/Yr</u>	<u>@CC</u>
System z	(31%)	(31%)	↑	↓	WebSphere Family	21%	21%
Power Systems	6%	6%	↓	↑	Information Management	9%	9%
System x	(2%)	(3%)	↓	=	Tivoli	14%	14%
Storage	(1%)	(1%)	↓	=	Lotus	(2%)	(3%)
Retail Store Solutions	9%	9%	↓	↑	Rational	<u>4%</u>	<u>4%</u>
Total Systems	(7%)	(7%)	↓		Key Branded Middleware	11%	11%
Microelectronics OEM	(11%)	(11%)	↓		Other Middleware	<u>3%</u>	<u>3%</u>
Total Systems & Technology	(8%)	(8%)	↓		Total Middleware	10%	10%
					Operating Systems	3%	3%
					Other Software/Services	<u>6%</u>	<u>6%</u>
					Total Software	9%	9%

Global Financing Portfolio

4Q11 – \$27.0B Net External Receivables



	<u>4Q11</u>	<u>3Q11</u>	<u>4Q10</u>
Identified Loss Rate	0.8%	1.0%	1.1%
Anticipated Loss Rate	0.5%	0.3%	0.4%
Reserve Coverage	1.3%	1.3%	1.5%
Client Days Delinquent Outstanding	1.9	2.7	2.4
Commercial A/R > 30 Days	\$37M	\$46M	\$20M

Key Financial Metrics – FY 2011

\$ in Billions, except EPS

P&L Highlights

	<u>FY11</u>	<u>B/(W) Yr/Yr</u>
Revenue	\$106.9	7%
@CC		3%
PTI – Operating	\$21.6	9%
EPS – Operating	\$13.44	15%

P&L Ratios (Operating)

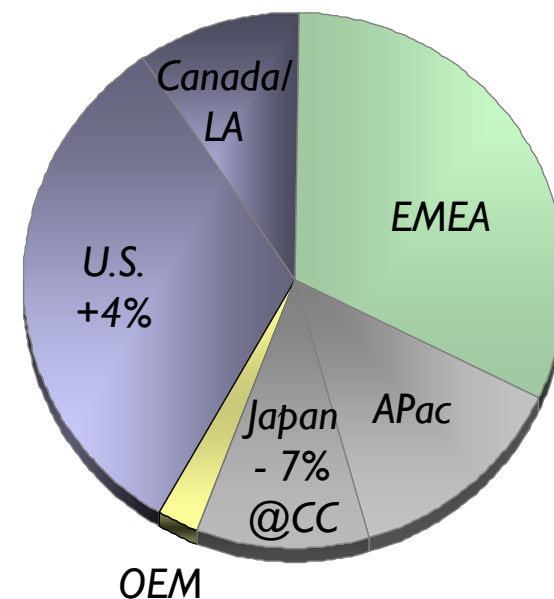
	<u>FY11</u>	<u>B/(W) Yr/Yr</u>
GP Margin	47.2%	1.1 pts
PTI Margin	20.2%	0.3 pts
NI Margin	15.3%	0.2 pts
Tax Rate	24.5%	(0.1 pts)

Cash Highlights

	<u>FY11</u>
Free Cash Flow (excl GF Receivables)	\$16.6
Share Repurchase	15.0
Dividends	3.5
Cash Balance @ Dec. 31	11.9

Revenue by Geography – FY 2011

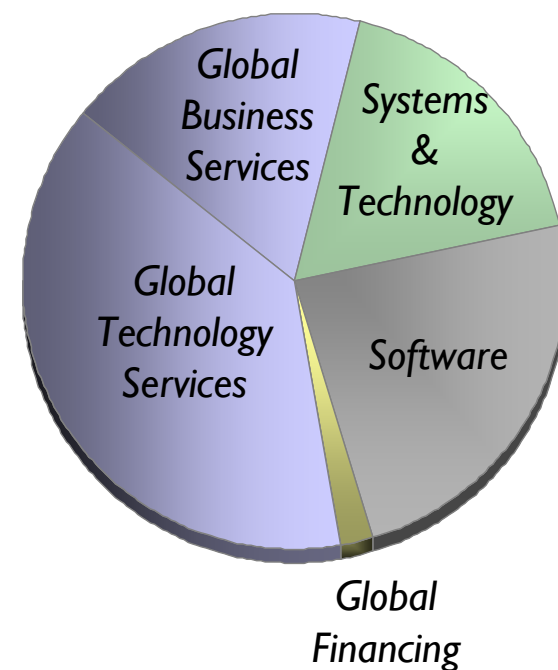
\$ in Billions	<u>B/(W) Yr/Yr</u>		
	<u>FY11</u>	<u>Rptd</u>	<u>@CC</u>
Americas	\$44.9	7%	6%
Europe/ME/A	34.0	7%	2%
Asia Pacific	25.3	9%	2%
OEM	2.7	(2%)	(3%)
IBM	\$106.9	7%	3%
<i>Major Markets</i>		<i>5%</i>	<i>2%</i>
<i>Growth Markets</i>		<i>16%</i>	<i>11%</i>
<i>BRIC Countries</i>		<i>19%</i>	<i>16%</i>



Revenue by Segment – FY 2011

\$ in Billions

		<u>B/(W) Yr/Yr</u>	
	<u>FY11</u>	<u>Rptd</u>	<u>@CC</u>
Global Technology Services	\$40.9	7%	3%
Global Business Services	19.3	6%	1%
Software	24.9	11%	8%
Systems & Technology	19.0	6%	3%
Global Financing	2.1	(6%)	(9%)
Total IBM	\$106.9	7%	3%



Revenue by Key Industry Sales Unit – 4Q & FY 2011

\$ in Billions	<u>4Q11</u>	<u>B/(W) Yr/Yr</u>			<u>FY11</u>	<u>B/(W) Yr/Yr</u>	
		<u>Rptd</u>	<u>@CC</u>			<u>Rptd</u>	<u>@CC</u>
Financial Services	\$8.9	Flat	(1%)		\$31.8	9%	5%
Public	4.4	Flat	Flat		16.1	3%	Flat
Industrial	2.9	3%	2%		10.6	5%	1%
Distribution	2.9	6%	6%		10.3	7%	4%
Communications	2.8	5%	6%		10.5	9%	6%
General Business	6.1	7%	7%		21.6	12%	8%
Total IBM	\$29.5	2%	1%		\$106.9	7%	3%

Gross Margins by Segment – FY 2011

	External Gross Profit Margins	
	<u>FY11</u>	<u>B/(W) Yr/Yr Pts</u>
Global Technology Services	35.0%	0.5 pts
Global Business Services	28.8%	0.7 pts
Software	88.5%	0.5 pts
Systems & Technology	39.8%	1.6 pts
Global Financing	49.8%	(1.5 pts)
Total IBM - Operating	47.2%	1.1 pts

Expense Summary – FY 2011

\$ in Billions	<u>FY11</u>	<u>B/(W)</u> <u>Yr/Yr</u>	<u>B/(W) Yr/Yr Drivers</u>		
			<u>Currency</u>	<u>Acq.*</u>	<u>Base</u>
SG&A – Operating	\$23.3	(8%)	(3 pts)	(3 pts)	(2 pts)
RD&E – Operating	6.3	(3%)	(2 pts)	(4 pts)	2 pts
IP and Development Income	(1.1)	(4%)			
Other (Income)/Expense	0.0	(94%)			
Interest Expense	<u>0.4</u>	(12%)			
Operating Expense & Other Income	\$28.9	(10%)	(4 pts)	(3 pts)	(3 pts)

* Includes acquisitions made in the last twelve months, net of non-operating acquisition-related charges

Pre-Tax Income by Segment – FY 2011

	<u>Segment PTI \$</u>			<u>Segment PTI Margin</u>		
	<u>PTI \$</u>	<u>B/(W) Yr/Yr</u>	<u>B/(W) Yr/Yr w/o Unique Items*</u>	<u>PTI %</u>	<u>B/(W) Yr/Yr</u>	<u>B/(W) Yr/Yr w/o Unique Items*</u>
Global Technology Services	\$6.3	14%	11%	14.9%	1.0 pts	0.6 pts
Global Business Services	3.0	18%	14%	15.0%	1.6 pts	1.1 pts
Software	10.0	5%	12%	35.3%	(1.9 pts)	0.2 pts
Systems & Technology	1.6	12%	9%	8.2%	0.5 pts	0.3 pts
Global Financing	2.0	3%	3%	47.9%	0.0 pts	0.0 pts
Total Operating PTI	\$21.6	9%		20.2%	0.3 pts	

* 1Q11 Workforce Rebalancing charge of \$221M
 1Q10 PLM gain of \$591M (Software) and Workforce Rebalancing charge of \$557M

Cash Flow (FAS 95)

\$ in Billions

	<u>4Q11</u>	<u>4Q10</u>	<u>FY11</u>	<u>FY10</u>
Net Income from Operations	\$5.5	\$5.3	\$15.9	\$14.8
Depreciation / Amortization of Intangibles	1.2	1.2	4.8	4.8
Stock-based Compensation	0.2	0.2	0.7	0.6
Working Capital / Other	3.1	3.1	(0.7)	0.0
Global Financing A/R	(2.9)	(3.0)	(0.8)	(0.7)
Net Cash provided by Operating Activities	7.1	6.8	19.8	19.5
Capital Expenditures, net of payments & proceeds	(1.1)	(1.1)	(4.1)	(4.0)
Divestitures, net of cash transferred	0.0	0.1	0.0	0.1
Acquisitions, net of cash acquired	(1.6)	(2.9)	(1.8)	(5.9)
Marketable Securities / Other Investments, net	(0.9)	(0.1)	1.5	1.3
Net Cash used in Investing Activities	(3.5)	(4.1)	(4.4)	(8.5)
Debt, net of payments & proceeds	1.2	1.4	2.4	2.3
Dividends	(0.9)	(0.8)	(3.5)	(3.2)
Common Stock Repurchases	(3.6)	(3.6)	(15.0)	(15.4)
Common Stock Transactions - Other	0.4	1.1	2.5	3.8
Net Cash used in Financing Activities	(2.8)	(1.9)	(13.7)	(12.4)
Effect of Exchange Rate changes on Cash	(0.2)	(0.1)	(0.5)	(0.1)
Net Change in Cash & Cash Equivalents	\$0.6	\$0.8	\$1.3	(\$1.5)

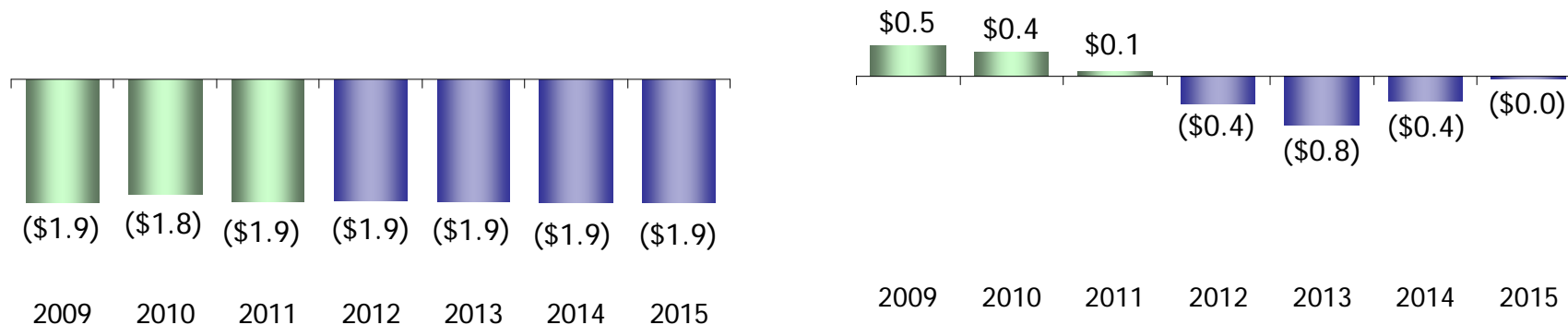
Retirement-Related Charges

	<u>Funded Status*</u>		<u>Actual ROA</u>		<u>Expected ROA</u>	<u>Discount Rate</u>
	<u>US</u>	<u>WW</u>	<u>US</u>	<u>WW</u>	<u>WW</u>	<u>WW</u>
YE 2010	101%	99%	13.6%	11.7%	7.3%	4.7%
YE 2011	98%	96%	8.4%	6.1%	7.3%	4.2%

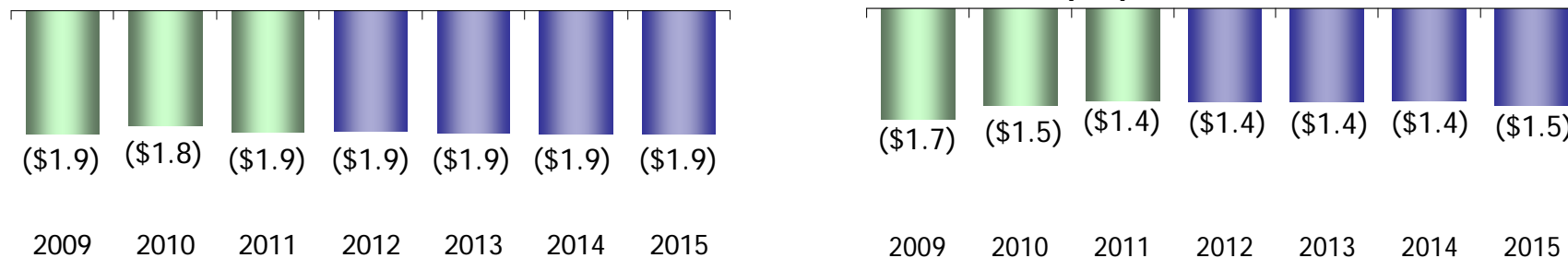
Operating

Non-Operating

Pre-Tax Retirement-Related (Cost) / Income (\$B)



Retirement-Related Cash Drivers (\$B)



* Tax-qualified plans

Actual

Projection based on Dec '11 assumptions

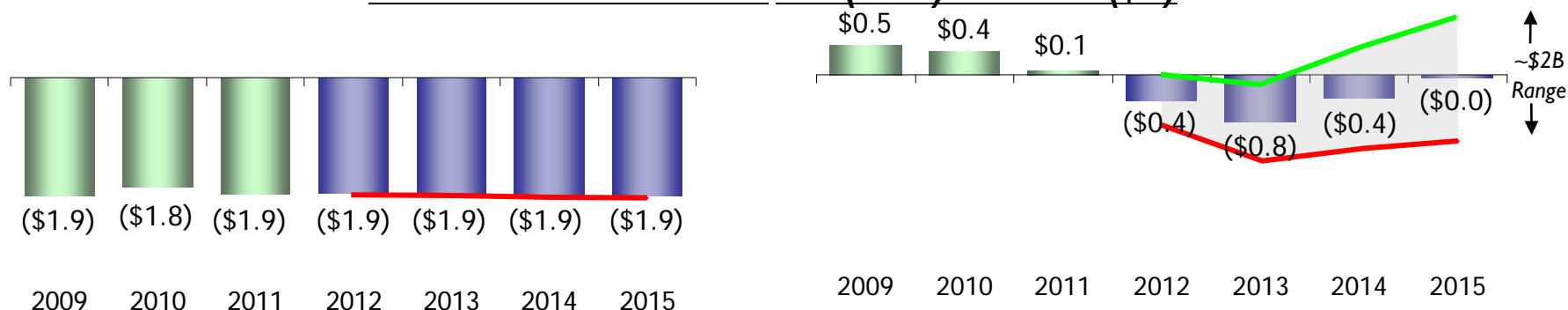
Retirement-Related Charges

	<u>Funded Status*</u>		<u>Expected ROA</u>	<u>Actual ROA</u>	<u>Discount Rate</u>
	<u>US</u>	<u>WW</u>	<u>WW</u>	<u>WW</u>	<u>WW</u>
YE 2010	101%	99%	7.3%	11.7%	4.7%
YE 2011	98%	96%	7.3%	6.1%	4.2%
Upside			7.3%	14.0%	4.7%
Downside			7.3%	0.0%	3.7%

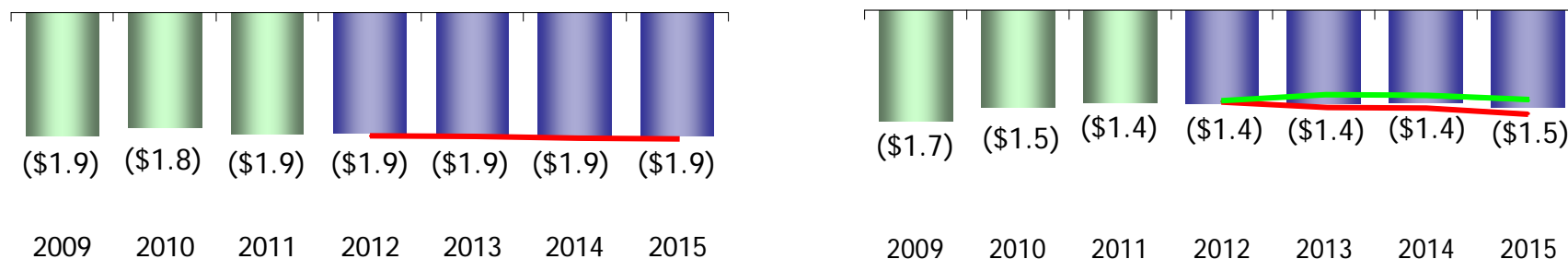
Operating

Non-Operating

Pre-Tax Retirement-Related (Cost) / Income (\$B)



Retirement-Related Cash Drivers (\$B)

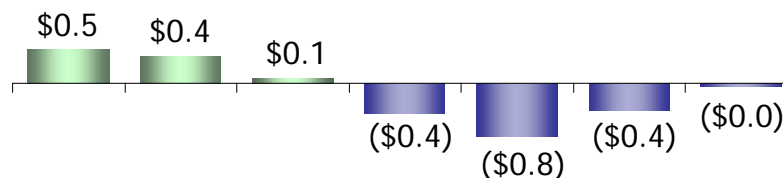


* Tax-qualified plans Actual Projection based on Dec '11 assumptions Upside Case Downside Case

Retirement-Related Charges

Non-operating Retirement-Related (\$B)

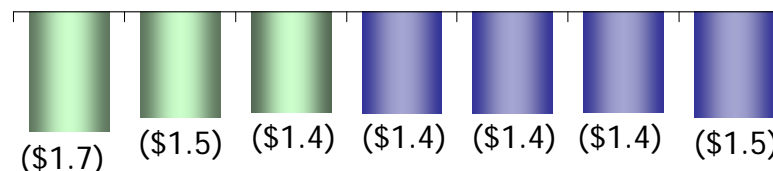
Pre-tax (Cost) / Income



B/(W) Y/Y	2009	2010	2011	2012	2013	2014	2015
		(\$0.1)	(\$0.3)	(\$0.5)	(\$0.4)	\$0.4	\$0.4

2009 2010 2011 2012 2013 2014 2015

Cash Drivers



B/(W) Y/Y	2009	2010	2011	2012	2013	2014	2015
		\$0.2	\$0.1	(\$0.0)	(\$0.0)	\$0.0	(\$0.1)

2009 2010 2011 2012 2013 2014 2015

■ Actual
 ■ Projection based on Dec '11 assumptions

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 earnings presentation materials, the following Non-GAAP information which management believes provides useful information to investors.

Operating (Non-GAAP) Earnings Per Share and Related Income Statement Items

Management presents certain financial measures excluding the effects of certain acquisition-related charges, non-operating retirement-related costs, and any related tax impacts. Management uses the term "operating" to describe this view of the company's financial results and other financial information. For acquisitions, these measures exclude the amortization of purchased intangible assets and acquisition-related charges such as in-process research and development, transaction costs, applicable restructuring and related expenses, and tax charges related to acquisition integration. For retirement-related costs, the company has characterized certain items as operating and others as non-operating. The company includes service cost, amortization of prior service cost and the cost of defined contribution plans in its operating results. Non-operating retirement-related costs include interest cost, expected return on plan assets, amortized actuarial gains/losses, the impacts of any plan curtailments/settlements, multi-employer plan costs, pension insolvency costs, and other costs. Non-operating costs primarily relate to changes in pension plan assets and liabilities which are tied to market performance, and management considers these costs to be outside the operational performance of the business. Management's calculation of these operating measures, as presented, may differ from similarly titled measures reported by other companies.

Overall, management believes that providing investors with an operating view as described above provides increased transparency and clarity into both the operational results of the business and the performance of the company's pension plans, improves visibility to management decisions and their impacts on operational performance, enables better comparison to peer companies, and allows the company to provide a long term strategic view of the business going forward. For the 2015 earnings per share roadmap, the company is utilizing an operating view to establish its objectives and track its progress. Effective January 1, 2011, the company's segment financial results and performance reflect operating earnings, consistent with the company's management and measurement system.

Constant Currency

Management refers to growth rates at constant currency or adjusting for currency so that certain financial 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. Financial results adjusted for currency are calculated by translating current period activity in local currency using the comparable prior year period's currency conversion rate. This approach is used for countries where the functional currency is the local 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.

Non-GAAP Supplementary Materials

Cash Flow

Management uses a free cash flow measure to evaluate the company's operating results, plan share repurchase levels, evaluate strategic investments and assess the company's ability and need to incur and service debt. The entire free cash flow amount is not necessarily available for discretionary expenditures. The company defines free cash flow as net cash from operating activities less the change in Global Financing receivables and net capital expenditures, including the investment in software. A key objective of the Global Financing business is to generate strong returns on equity, and increasing receivables is the basis for growth. Accordingly, management considers Global Financing receivables as a profit-generating investment, not as working capital that should be minimized for efficiency. Therefore, management includes presentations of both free cash flow and cash flow from operations that exclude the effect of Global Financing receivables.

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.

Other Items

Management presents certain financial results excluding the effects of the following items: (1) certain income tax settlement payments, (2) the PLM divestiture (representing the March 2010 sale of IBM activities associated with the sales and support of Dassault Systemes' product lifecycle management (PLM) software, including customer contracts and related assets, to Dassault), (3) workforce rebalancing charges, and (4) Japan and Public Sector results. Management believes that presenting certain financial information without these items is more representative of the company's 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 Operating Earnings Per Share

	2012 <u>Expectations</u>
IBM GAAP EPS	\$14.16+
IBM Operating EPS (Non-GAAP)	\$14.85+

Adjustments

Acquisition-Related Charges *	\$0.43
Amortization of Purchased Intangibles	\$0.41
Other Acquisition-Related Charges	\$0.02
Non-Operating Retirement-Related Items	\$0.26

* Includes acquisitions closed as of 12/31/2011

The above serves to reconcile the Non-GAAP financial information contained in the "2011 Summary" and "FY 2011 Summary" discussion in the company's earnings presentation. See Slide 35 of this presentation for additional information on the use of these Non-GAAP financial measures.

Non-GAAP Supplementary Materials

GAAP to Operating (Non-GAAP) Bridge – 4Q 2011

\$ in Millions, except EPS

	<u>GAAP</u>	<u>Acquisition-related Adjustments*</u>	<u>Retirement-related Adjustments**</u>	<u>Operating (Non-GAAP)</u>
Gross Profit	\$14,722	\$81	(\$10)	\$14,793
SG&A	6,076	(82)	2	5,996
RD&E	1,555	0	23	1,578
Other Income & Expense	(44)	(2)	0	(46)
Total Operating Expense & Other Income	7,448	(85)	25	7,388
Pre-Tax Income	7,274	166	(35)	7,405
Tax ***	1,784	47	(24)	1,808
Net Income	5,490	119	(12)	5,597
Diluted Earnings Per Share	\$4.62	\$0.10	(\$0.01)	\$4.71

* Includes amortization of purchased Intangibles, in process R&D, severance cost for acquired employees, vacant space for acquired companies, and deal costs

** Includes retirement related interest cost, expected return on plan assets, recognized actuarial losses or gains, amortization of transition assets, other settlements, curtailments, multi-employer plans and insolvency insurance

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

The above serves to reconcile the Non-GAAP financial information contained in the "2011 Summary," "Key Financial Metrics" and "Expense Summary" discussions in the company's earnings presentation. See Slide 35 of this presentation for additional information on the use of these Non-GAAP financial measures.

Non-GAAP Supplementary Materials

GAAP to Operating (Non-GAAP) Bridge – 4Q 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	\$14,227	\$82	(\$60)	\$14,249
SG&A	5,951	(95)	28	5,884
RD&E	1,578	0	33	1,611
Other Income & Expense	(42)	(2)	0	(44)
Total Operating Expense & Other Income	7,271	(98)	61	7,235
Pre-Tax Income	6,956	180	(121)	7,015
Tax ***	1,698	10	(47)	1,661
Net Income	5,257	170	(74)	5,354
Diluted Earnings Per Share	\$4.18	\$0.14	(\$0.06)	\$4.25

* Includes amortization of purchased Intangibles, in process R&D, severance cost for acquired employees, vacant space for acquired companies, and deal costs

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Non-GAAP Supplementary Materials

GAAP to Operating (Non-GAAP) Bridge – FY 2011

\$ in Millions, except EPS

	<u>GAAP</u>	<u>Acquisition-related Adjustments*</u>	<u>Retirement-related Adjustments**</u>	<u>Operating (Non-GAAP)</u>
Gross Profit	\$50,138	\$341	\$2	\$50,481
SG&A	23,594	(309)	(13)	23,272
RD&E	6,258	0	88	6,345
Other Income & Expense	(20)	(25)	0	(45)
Total Operating Expense & Other Income	29,135	(334)	74	28,875
Pre-Tax Income	21,003	675	(72)	21,605
Tax ***	5,148	179	(40)	5,287
Net Income	15,855	495	(32)	16,318
Diluted Earnings Per Share	\$13.06	\$0.41	(\$0.03)	\$13.44

* Includes amortization of purchased intangibles, in process R&D, severance cost for acquired employees, vacant space for acquired companies, and deal costs

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Non-GAAP Supplementary Materials

GAAP to Operating (Non-GAAP) Bridge – FY 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	\$46,014	\$260	(\$204)	\$46,070
SG&A	21,837	(294)	84	21,628
RD&E	6,026	0	126	6,152
Other Income & Expense	(787)	(4)	0	(791)
Total Operating Expense & Other Income	26,291	(298)	210	26,202
Pre-Tax Income	19,723	558	(414)	19,867
Tax ***	4,890	116	(162)	4,844
Net Income	14,833	443	(253)	15,023
Diluted Earnings Per Share	\$11.52	\$0.34	(\$0.20)	\$11.67

* Includes amortization of purchased Intangibles, in process R&D, severance cost for acquired employees, vacant space for acquired companies, and deal costs

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Non-GAAP Supplementary Materials

GAAP to Operating (Non-GAAP) Bridge – 4Q 2011

	<u>GAAP</u>	<u>Acquisition- related *</u> <u>adjustments</u>	<u>Retirement- related **</u> <u>adjustments</u>	<u>Operating (Non-GAAP)</u>
Gross Profit Margin	49.9%	0.3 pts	(0.0 pts)	50.2 %
PTI Margin	24.7%	0.6 pts	(0.1 pts)	25.1 %
Tax Rate ***	24.5 %	0.1 pts	(0.2 pts)	24.4 %
Net Income Margin	18.6 %	0.4 pts	(0.0 pts)	19.0%

* Includes amortization of purchased Intangibles, in process R&D, severance cost for acquired employees, vacant space for acquired companies, and deal costs

** Includes retirement related interest cost, expected return on plan assets, recognized actuarial losses or gains, amortization of transition assets, other settlements, curtailments, multi-employer plans and insolvency insurance

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

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Non-GAAP Supplementary Materials

GAAP to Operating (Non-GAAP) Bridge – 4Q 2010

	<u>GAAP</u>	<u>Acquisition- related *</u> <u>adjustments</u>	<u>Retirement- related **</u> <u>adjustments</u>	<u>Operating (Non-GAAP)</u>
Gross Profit Margin	49.0%	0.3 pts	(0.2 pts)	49.1 %
PTI Margin	24.0%	0.6 pts	(0.4 pts)	24.2 %
Tax Rate ***	24.4 %	(0.5 pts)	(0.3 pts)	23.7 %
Net Income Margin	18.1 %	0.6 pts	(0.3 pts)	18.5 %

* Includes amortization of purchased Intangibles, in process R&D, severance cost for acquired employees, vacant space for acquired companies, and deal costs

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

The above serves to reconcile the Non-GAAP financial information contained in the "2011 Summary" and "Key Financial Metrics" discussions in the company's earnings presentation. See Slide 35 of this presentation for additional information on the use of these Non-GAAP financial measures.

Non-GAAP Supplementary Materials

GAAP to Operating (Non-GAAP) Bridge – FY 2011

	<u>GAAP</u>	<u>Acquisition- related *</u> <u>adjustments</u>	<u>Retirement- related **</u> <u>adjustments</u>	<u>Operating (Non-GAAP)</u>
Gross Profit Margin	46.9%	0.3 pts	0.0 pts	47.2%
PTI Margin	19.6%	0.6 pts	(0.1 pts)	20.2%
Tax Rate ***	24.5%	0.1 pts	(0.1 pts)	24.5%
Net Income Margin	14.8 %	0.5 pts	(0.0 pts)	15.3%

* Includes amortization of purchased Intangibles, in process R&D, severance cost for acquired employees, vacant space for acquired companies, and deal costs

** Includes retirement related interest cost, expected return on plan assets, recognized actuarial losses or gains, amortization of transition assets, other settlements, curtailments, multi-employer plans and insolvency insurance

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

The above serves to reconcile the Non-GAAP financial information contained in the "2011 Summary", "FY 2011 Summary" and "Key Financial Metrics – FY 2011" discussion in the company's earnings presentation. See Slide 35 of this presentation for additional information on the use of these Non-GAAP financial measures.

Non-GAAP Supplementary Materials

GAAP to Operating (Non-GAAP) Bridge – FY 2010

	<u>GAAP</u>	<u>Acquisition- related *</u> <u>adjustments</u>	<u>Retirement- related **</u> <u>adjustments</u>	<u>Operating (Non-GAAP)</u>
Gross Profit Margin	46.1%	0.3 pts	(0.2 pts)	46.1 %
PTI Margin	19.7%	0.6 pts	(0.4 pts)	19.9 %
Tax Rate ***	24.8%	(0.1 pts)	(0.3 pts)	24.4 %
Net Income Margin	14.9 %	0.4 pts	(0.3 pts)	15.0 %

* Includes amortization of purchased Intangibles, in process R&D, severance cost for acquired employees, vacant space for acquired companies, and deal costs

** Includes retirement related interest cost, expected return on plan assets, recognized actuarial losses or gains, amortization of transition assets, other settlements, curtailments, multi-employer plans and insolvency insurance

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

The above serves to reconcile the Non-GAAP financial information contained in the "2011 Summary", "FY 2011 Summary" and "Key Financial Metrics – FY 2011" discussion in the company's earnings presentation. See Slide 35 of this presentation for additional information on the use of these Non-GAAP financial measures.

Non-GAAP Supplementary Materials

Reconciliation of Revenue Growth

	<u>4Q11 Yr/Yr</u>	
	<u>As Rptd</u>	<u>@CC</u>
Japan	(3%)	(9%)
Canada	12%	13%
Germany	3%	4%
UK	8%	9%
Spain	8%	9%
Growth Markets - Services	11%	13%

	<u>FY11 Yr/Yr</u>	
	<u>As Rptd</u>	<u>@CC</u>
Japan	2%	(7%)

The above serves to reconcile the Non-GAAP financial information contained in the "2011 Summary," "Revenue by Geography" and "Revenue by Geography – FY 2011" discussions in the company's earnings presentation. See Slide 35 of this presentation for additional information on the use of these Non-GAAP financial measures.

Non-GAAP Supplementary Materials

Reconciliation of GBS Revenue Growth

	<u>As Rptd</u>	<u>As Rptd (Excl. Japan and Public Sector)</u>	<u>@CC (Excl. Japan and Public Sector)</u>
4Q11	3%	8%	9%
FY11	6%	12%	8%

The above serves to reconcile the Non-GAAP financial information contained in the "Services Segment" discussion in the company's earnings presentation. See Slides 35-36 of this presentation for additional information on the use of these Non-GAAP financial measures.

Non-GAAP Supplementary Materials

Reconciliation of BI(W) Yr/Yr Expense Drivers – 4Q11

	<u>GAAP</u>	<u>Non-GAAP Adjustments</u>	<u>Operating (Non-GAAP)</u>
SG&A			
Currency	0 pts	0 pts	0 pts
Acquisitions	(1 pts)	0 pts	(1 pts)
Base	(1 pts)	0 pts	(1 pts)
RD&E			
Currency	0 pts	0 pts	0 pts
Acquisitions	(2 pts)	0 pts	(2 pts)
Base	3 pts	1 pts	3 pts
Operating Expense & Other Income			
Currency	0 pts	0 pts	0 pts
Acquisitions	(1 pts)	0 pts	(1 pts)
Base	(1 pts)	0 pts	(1 pts)

The above serves to reconcile the Non-GAAP financial information contained in the "Expense Summary" discussion in the company's earnings presentation. See Slide 35 of this presentation for additional information on the use of these Non-GAAP financial measures.

Non-GAAP Supplementary Materials

Reconciliation of BI/(W) Yr/Yr Expense Drivers – FY11

	<u>GAAP</u>	<u>Non-GAAP Adjustments</u>	<u>Operating (Non-GAAP)</u>
SG&A			
Currency	(3 pts)	0 pts	(3 pts)
Acquisitions	(3 pts)	0 pts	(3 pts)
Base	(2 pts)	0 pts	(2 pts)
RD&E			
Currency	(2 pts)	0 pts	(2 pts)
Acquisitions	(4 pts)	0 pts	(4 pts)
Base	2 pts	1 pts	2 pts
Operating Expense & Other Income			
Currency	(4 pts)	0 pts	(4 pts)
Acquisitions	(3 pts)	0 pts	(3 pts)
Base	(3 pts)	0 pts	(3 pts)

The above serves to reconcile the Non-GAAP financial information contained in the "Expense Summary – FY 2011" discussion in the company's earnings presentation. See Slide 35 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>FY11</u>	<u>FY10</u>
Non-Global Financing Debt / Capital	32%	23%
IBM Consolidated Debt / Capital	61%	55%

The above serves to reconcile the Non-GAAP financial information contained in the "Balance Sheet Summary" discussion in the company's earnings presentation. See Slide 36 of this presentation for additional information on the use of these Non-GAAP financial measures.

Non-GAAP Supplementary Materials

Reconciliation of Operating EPS Bridge 4Q10 to 4Q11

	<u>GAAP</u>	<u>Acquisition- related Adjustments*</u>	<u>Retirement-related Adjustments**</u>	<u>Operating (Non-GAAP)</u>
4Q10 EPS	\$4.18	\$0.14	(\$0.06)	\$4.25
Revenue growth @ actual	0.07	0.00	0.00	0.07
Margin expansion				
Gross Margin	0.16	0.00	0.03	0.19
Expense	(0.04)	0.00	0.02	(0.02)
Tax	(0.01)	(0.04)	0.00	(0.04)
Share repurchases	0.26	0.00	0.00	0.26
4Q11 EPS	\$4.62	\$0.10	(\$0.01)	\$4.71

* 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 return on plan assets, recognized actuarial losses or gains, amortization of transition assets, other settlements, curtailments, multi-employer plans and insolvency insurance

The above serves to reconcile the Non-GAAP financial information contained in the "Operating EPS Bridge – 4Q10 to 4Q11" discussion in the company's earnings presentation. See Slide 35 of this presentation for additional information on the use of these Non-GAAP financial measures.

Non-GAAP Supplementary Materials

Reconciliation of Operating EPS Bridge FY10 to FY11

	<u>GAAP</u>	<u>Acquisition- related Adjustments*</u>	<u>Retirement-related Adjustments**</u>	<u>Operating (Non-GAAP)</u>
FY10 EPS	\$11.52	\$0.34	(\$0.20)	\$11.67
Revenue growth @ actual	0.81	0.02	(0.01)	0.82
Margin expansion				
Gross Margin	0.51	0.04	0.13	0.68
Expense	(0.58)	0.01	0.09	(0.49)
Tax	0.05	(0.02)	(0.04)	(0.01)
Share repurchases	0.75	0.02	0.00	0.77
FY11 EPS	\$13.06	\$0.41	(\$0.03)	\$13.44

* 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 return on plan assets, recognized actuarial losses or gains, amortization of transition assets, other settlements, curtailments, multi-employer plans and insolvency insurance

The above serves to reconcile the Non-GAAP financial information contained in the "Operating EPS Bridge – FY10 to FY11" discussion in the company's earnings presentation. See Slide 35 of this presentation for additional information on the use of these Non-GAAP financial measures.

Non-GAAP Supplementary Materials

Reconciliation of Consolidated EPS

	EPS (As Reported)	Acquisition Related	Non-Operating Retirement Related	Operating EPS
2000	\$3.88	\$0.05	(\$0.62)	\$3.32
2001	\$3.94	\$0.04	(\$0.72)	\$3.26
2002	\$2.43	\$0.07	(\$0.68)	\$1.81
2003	\$3.76	\$0.13	(\$0.48)	\$3.41
2004	\$4.39	\$0.13	(\$0.19)	\$4.33
2005	\$4.91	\$0.14	\$0.13	\$5.18
2006	\$6.05	\$0.14	\$0.12	\$6.31
2007	\$7.15	\$0.17	\$0.14	\$7.46
2008	\$8.89	\$0.29	(\$0.32)	\$8.86
2009	\$10.01	\$0.27	(\$0.25)	\$10.03
2010	\$11.52	\$0.34	(\$0.20)	\$11.67
2011	\$13.06	\$0.41	(\$0.03)	\$13.44

The above serves to reconcile the Non-GAAP financial information contained in the "IBM Transformation Continues" discussion in the company's earnings presentation. See Slide 35 of this presentation for additional information on the use of these Non-GAAP financial measures.

Non-GAAP Supplementary Materials

Reconciliation of Segment Pre-Tax Income and Margin Growth

	<u>FY11 Yr/Yr</u>			
	<u>As Rptd</u>	<u>Workforce Rebalancing</u>	<u>PLM Gain</u>	<u>Normalized</u>
Pre-Tax Income Growth				
Global Technology Services	14%	(3 pts)	0 pts	11%
Global Business Services	18%	(4 pts)	0 pts	14%
Software	5%	(1 pt)	7 pts	12%
Systems & Technology	12%	(3 pts)	0 pts	9%
Global Financing	3%	0 pts	0 pts	3%
Pre-Tax Margin Growth				
Global Technology Services	1.0 pt	(0.4 pts)	0.0 pts	0.6 pts
Global Business Services	1.6 pts	(0.4 pts)	0.0 pts	1.1 pts
Software	(1.9 pts)	(0.2 pts)	2.3 pts	0.2 pts
Systems & Technology	0.5 pts	(0.2 pts)	0.0 pts	0.3 pts
Global Financing	0.0 pts	0.0 pts	0.0 pts	0.0 pts

The above serves to reconcile the Non-GAAP financial information contained in the "Pre-Tax Income by Segment – FY 2011" discussion in the company's earnings presentation. See Slide 36 of this presentation for additional information on the use of these Non-GAAP financial measures.

