

IBM Announces \$15 Billion Authorization for Share Repurchase

April 24, 2007

IBM has a long history of returning value to shareholders through a combination of share repurchase and dividends. IBM increased its dividend in each of the last 12 years, and in the last 2 years IBM has doubled its quarterly dividend. And since 1995, IBM spent almost \$80 billion to repurchase over 1.2 billion shares at an average price of \$63 per share.

On April 24, 2007, IBM's Board of Directors authorized \$15 billion in additional funds for use in the company's stock repurchase program. Including the remaining balance at the end of March from prior authorizations, IBM has approximately \$16.4 billion available for stock repurchase. At this time, IBM does not anticipate requesting board approval for additional funds for stock repurchases within the next 12 months.

IBM may repurchase shares on the open market or in private transactions, including structured or accelerated transactions, depending on market conditions. The company may complete a substantial portion of the repurchases over the next several months.

IBM intends to borrow a large portion of the funds for this repurchase, and maintain increased financial leverage. The company is confident in its ability to sustain strong cash flows and financial flexibility to continue to execute its current investment, dividend and acquisition strategies.

In the first quarter earnings report, IBM said that it expected to deliver earnings per share growth for 2007 in line with its long term objective of 10% to 12% earnings per share growth. The additional or accelerated repurchase activity could contribute an incremental one to three points of earnings per share growth above IBM's previous estimate. This takes into account a lower share count, partially offset by lower pre-tax income due to a higher level of interest expense. With this, IBM would expect earnings per share growth to be 12% to 14%, excluding the gain from the previously announced sale of its printer business. The actual amounts will depend on the total amount spent, the timing of repurchases, and market conditions. The company will disclose further details upon execution, including the impact to 2007 financial results.