

## **IBM provides historical data in preparation for 2009 accounting and reporting changes**

March 20, 2009

Two reporting changes have been implemented beginning January 1, 2009, and will be included in IBM's reported results starting with the first quarter earnings report in mid-April. IBM is providing relevant historical information in schedules 1 and 2 below, to allow comparability to prior period results.

### SUMMARY OF CHANGES AND NEW DISCLOSURES

#### 1. Implementation of FSP EITF 03-6-1

In June 2008, the FASB issued FSP EITF 03-6-1, "Determining Whether Instruments Granted in Share-Based Payment Transactions Are Participating Securities," which became effective in 2009 via retrospective application. Under the FSP, unvested share-based payment awards which receive non-forfeitable dividend rights, or dividend equivalents are considered participating securities and are now required to be included in computing earnings per share under the two class method. This will change the company's previously reported diluted shares outstanding and diluted earnings per share. As reported in IBM's 2008 Annual Report, the implementation of the FSP has decreased diluted EPS by \$0.04, and \$0.03 for the years ended December 31, 2008 and December 31, 2007 respectively. (For additional detail please see IBM's 2008 Annual Report, Note B. Accounting Changes, page 76). The impact to diluted EPS for the year ended December 31, 2006 is \$0.01.

As IBM reports earnings for 2009 and beyond, this revised share count and EPS will provide the basis for comparability to prior periods. The impact of EITF 03-6-1 on diluted earnings per share was included in the previously provided 2009 EPS guidance.

#### **Schedule 1: 2008 and 2007 revised IBM share count and earnings per share**

	<b><u>FY 2008</u></b>	<b><u>4Q 2008</u></b>	<b><u>3Q 2008</u></b>	<b><u>2Q 2008</u></b>	<b><u>1Q 2008</u></b>
Revised weighted-average shares outstanding: assuming dilution	1,387.8	1,353.7	1,384.1	1,402.1	1,411.4
Revised earnings per share: assuming dilution	\$ 8.89	\$ 3.27	\$ 2.04	\$ 1.97	\$ 1.64
	<b><u>FY 2007</u></b>	<b><u>4Q 2007</u></b>	<b><u>3Q 2007</u></b>	<b><u>2Q 2007</u></b>	<b><u>1Q 2007</u></b>
Revised weighted-average shares outstanding: assuming dilution	1,456.9	1,420.0	1,412.4	1,467.0	1,528.0
Revised earnings per share: assuming dilution	\$ 7.15	\$ 2.78	\$ 1.67	\$ 1.54	\$ 1.21

## 2. Global Services Backlog at Actual Currency Rates

On September 12, 2008, IBM announced changes to be made to the presentation of Global Services Signings and Backlog in the first quarter of 2009, explaining that the company will focus its metrics for signings and backlog using actual currency rates. At that time IBM provided a historical perspective of signings at actual currency rates. <https://www.ibm.com/investor/ircorner/article/signings.wss>.

IBM is now providing a historical perspective of backlog at actual currency rates for 2008 and 2007. The underlying business dynamics are unchanged from the backlog previously reported at rates that approximate constant currency.

### **Schedule 2: 2008 and 2007 ending IBM backlog at actual currency rates**

<b>Global Services Backlog (\$B)</b>	<b><u>4Q 2008</u></b>	<b><u>3Q 2008</u></b>	<b><u>2Q 2008</u></b>	<b><u>1Q 2008</u></b>
Ending Backlog @ actual currency rates	\$ 130	\$ 129	\$ 139	\$ 141

<b>Global Services Backlog (\$B)</b>	<b><u>4Q 2007</u></b>	<b><u>3Q 2007</u></b>	<b><u>2Q 2007</u></b>	<b><u>1Q 2007</u></b>
Ending Backlog @ actual currency rates	\$ 136	\$ 133	\$ 129	\$ 127