## Consolidated Statement of Stockholders' Equity

## INTERNATIONAL BUSINESS MACHINES CORPORATION and Subsidiary Companies

Minimum pension liability adjustment   Net unrealized gains on marketable   Securities (net of tax expense of \$456)   766	(dollars in millions)	Preferred Stock	Common Stock	Retained Earnings	Treasury Stock		Accumulated Gains and Losses) Not Affecting Retained Earnings	Total
Net income plus gains and losses not affecting retained earnings:   Net income	1999*							
### Space   Sp	Stockholders' equity, January 1, 1999	\$ 247	\$ 10,121	\$ 10,141	\$ (133)	\$ (1,854)	\$ 911	\$ 19,433
Remaining (net of fax)	affecting retained earnings: Net income			7,712				\$ 7,712
Minimum pension liability adjustment	earnings (net of tax):  Foreign currency translation adjustments							
Total gains and losses nor affecting retained earnings	Minimum pension liability adjustment Net unrealized gains on marketable						` ′	(549)
Subtoal: Net income plus gains and loses not affecting retained earnings	securities (net of tax expense of \$456) Total gains and losses not affecting						796	
Cash dividends declared—preferred stock	Subtotal: Net income plus gains and							
Common stock issued under employee plans (22,927,141 shares)				` ′				(859) (20)
Purchases (6,418,975 shares) and sales (6,606,223 shares) of treasury stock under employee plans — net of the treasury shares purchased, not retired (70,711,971 shares)	Common stock issued under employee		741	. ,				
C7,711,971 shares	Purchases (6,418,975 shares) and sales (6,606,223 shares)	)		(95)	(50)			(145)
Increase due to shares issued by subsidiary   37   1					(7,192)			(7,192)
Tax effect—stock transactions         545         8,093         8         8         9         8         9         8         9         8         9         8         9         8         9         8         9         8         9         8         9         8         9         8         9         8         9         8         9         8         9         8         9         8         9         9         8         9         9         9         9         9         9         9         9         9         9         9         9         9         9         9         9	Fair value adjustment of employee benefits trust		318			(308)		10
Stockholders' equity, December 31, 1999   \$ 247   \$ 11,762   \$ 16,878   \$ (7,375)   \$ (2,162)   \$ 1,161   \$ 20,511	•							
Net income plus gains and losses not affecting retained earnings:   Net income   8,093   \$ \$ 8,093   \$ \$ 8,093   \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$								
Net income plus gains and losses not affecting retained earnings:  Net income  8,093  8,093  S,8,093  Gains and losses not affecting retained earnings (net of tax):  Foreign currency translation adjustments (net of tax expense of \$289)  Minimum pension liability adjustment  Net unrealized losses on marketable securities (net of tax benefit of \$506)  Total gains and losses not affecting retained earnings  Subtotal: Net income plus gains and losses not affecting retained earnings  Cash dividends declared—common stock  (909)  Cash dividends declared—preferred stock  (20)  Common stock issued under employee plans—net  (58,867,235) shares)  Other treasury stock under employee plans—net  (58,867,226 shares)  Fair value adjustment of employee benefits trust  in acquisition  40  Tax effect—stock transactions		\$ 247	\$ 11,762	\$ 16,878	\$ (7,375)	\$ (2,162)	\$ 1,161	\$ 20,511
Gains and losses not affecting retained earnings (net of tax):  Foreign currency translation adjustments (net of tax expense of \$289)  Minimum pension liability adjustment  Net unrealized losses on marketable securities (net of tax benefit of \$506)  Total gains and losses not affecting retained earnings  Subtotal: Net income plus gains and losses not affecting retained earnings  Cash dividends declared—common stock  Cash dividends declared—common stock  Common stock issued under employee plans (17,275,350 shares)  Other treasury shares purchased, not retired (58,867,226 shares)  Fair value adjustment of employee benefits trust  (439)  Tax effect—stock transactions  40  Tax effect—stock transactions	Net income plus gains and losses not							
earnings (net of tax): Foreign currency translation adjustments (net of tax expense of \$289)  Minimum pension liability adjustment  Net unrealized losses on marketable securities (net of tax benefit of \$506)  Total gains and losses not affecting retained earnings  Subtotal: Net income plus gains and losses not affecting retained earnings  Cash dividends declared—common stock  Cash dividends declared—common stock  Common stock issued under employee plans (17,275,350 shares)  Other treasury shares purchased, not retired (58,867,226 shares)  Other treasury shares purchased, not retired (58,867,226 shares)  Fair value adjustment of employee benefits trust  in acquisition  40  Tax effect—stock transactions  (538)  (638)  (1,456)  (20)				8,093				\$ 8,093
(net of tax expense of \$289)       (538)       (538)         Minimum pension liability adjustment       7       7         Net unrealized losses on marketable securities (net of tax benefit of \$506)       (925)       (925)         Total gains and losses not affecting retained earnings       (1,456)         Subtotal: Net income plus gains and losses not affecting retained earnings       (909)       (909)         Cash dividends declared—common stock       (909)       (909)         Cash dividends declared—preferred stock       (20)       (20)         Common stock issued under employee plans (17,275,350 shares)       615       1       616         Purchases (8,799,382 shares) and sales (9,074,212 shares) of treasury stock under employee plans—net       (259)       6       (253)         Other treasury shares purchased, not retired (58,867,226 shares)       (6,431)       (6,431)       (6,431)         Fair value adjustment of employee benefits trust       (439)       450       11         Increase due to shares remaining to be issued in acquisition       40       40         Tax effect—stock transactions       422       422	earnings (net of tax):							
Net unrealized losses on marketable securities (net of tax benefit of \$506)	(net of tax expense of \$289)						` ′	(538)
Total gains and losses not affecting retained earnings  Subtotal: Net income plus gains and losses not affecting retained earnings  Cash dividends declared—common stock  Cash dividends declared—preferred stock  Common stock issued under employee plans (17,275,350 shares)  Purchases (8,799,382 shares) and sales (9,074,212 shares) of treasury stock under employee plans—net  (58,867,226 shares)  Fair value adjustment of employee benefits trust  Increase due to shares remaining to be issued in acquisition  40  Tax effect—stock transactions	Net unrealized losses on marketable							
Subtotal: Net income plus gains and losses not affecting retained earnings  Cash dividends declared—common stock  Cash dividends declared—preferred stock  Common stock issued under employee plans (17,275,350 shares)  Other treasury stock under employee plans—net  (58,867,226 shares)  Fair value adjustment of employee benefits trust  Increase due to shares remaining to be issued in acquisition  August 1000 (909)  (909)  (20)  (20)  (20)  (21)  (25	Total gains and losses not affecting						(723)	
Cash dividends declared—preferred stock  Common stock issued under employee plans (17,275,350 shares)  Purchases (8,799,382 shares) and sales (9,074,212 shares) of treasury stock under employee plans—net  (259) 6  (253)  Other treasury shares purchased, not retired (58,867,226 shares)  Fair value adjustment of employee benefits trust  (439)  Tax effect—stock transactions  (20)  (20)  (20)  (20)  (20)  (20)  (40)  (40)  (40)  (41)  (41)  (42)  (42)  (43)  (44)  (44)  (45)  (45)  (46,431)  (46,431)  (47)  (48)  (	Subtotal: Net income plus gains and							
Cash dividends declared—preferred stock  Common stock issued under employee plans (17,275,350 shares)  Purchases (8,799,382 shares) and sales (9,074,212 shares) of treasury stock under employee plans—net  (259) 6  (253)  Other treasury shares purchased, not retired (58,867,226 shares)  Fair value adjustment of employee benefits trust  (439)  Tax effect—stock transactions  (20)  (20)  (20)  (20)  (20)  (20)  (40)  (40)  (40)  (41)  (41)  (42)  (42)  (43)  (44)  (44)  (45)  (45)  (46,431)  (46,431)  (47)  (48)  (	Cash dividends declared—common stock			(909)				(909)
plans (17,275,350 shares) 615 1 616 Purchases (8,799,382 shares) and sales (9,074,212 shares) of treasury stock under employee plans—net (259) 6 (253) Other treasury shares purchased, not retired (58,867,226 shares) (6,431) Fair value adjustment of employee benefits trust (439) 11 Increase due to shares remaining to be issued in acquisition 40 40 40 40 40 422 422				` ′				(20)
of treasury stock under employee plans—net  Other treasury shares purchased, not retired  (58,867,226 shares)  Fair value adjustment of employee benefits trust  Increase due to shares remaining to be issued in acquisition  Tax effect—stock transactions  (259) 6  (253)  (6,431)  (6,431)  (6,431)  (6,431)  450  11  440  40  40  40  422  422	plans (17,275,350 shares)		615	1				616
(58,867,226 shares) (6,431) (6,431)  Fair value adjustment of employee benefits trust (439) 450 11  Increase due to shares remaining to be issued in acquisition 40 40  Tax effect—stock transactions 422 422	of treasury stock under employee plans—net	l		(259)	6			(253)
Increase due to shares remaining to be issued in acquisition 40 40  Tax effect—stock transactions 422 422	(58,867,226 shares)				(6,431)			(6,431)
in acquisition 40 40 Tax effect—stock transactions 422 422			(439)			450		11
	in acquisition							
		\$ 247		\$ 23.784	\$ (13.800)	\$ (1.712)	\$ (295)	

## Consolidated Statement of Stockholders' Equity

## INTERNATIONAL BUSINESS MACHINES CORPORATION and Subsidiary Companies

(dollars in millions)	Preferred Stock	Common Stock	Retained Earnings	Treasury Stock	Employee Benefits Trust	Accumulated Gains and (Losses) Not Affecting Retained Earnings	Total
2001							
Stockholders' equity, December 31, 2000	\$ 247	\$ 12,400	\$ 23,784	\$ (13,800)	\$ (1,712)	\$ (295)	\$ 20,624
Net income plus gains and losses not affecting retained earnings:							
Net income			7,723				\$ 7,723
Gains and losses not affecting retained earnings (net of tax):							
Cumulative effect of adoption of SFAS No. 133 on Jan. 1 (net of tax expense of \$120)  Net unrealized gains on SFAS No. 133 cash for hedge derivatives during 2001						219	219
(net of tax expense of \$44)						77	77
Foreign currency translation adjustments (net of tax expense of \$323)						(539)	(539)
Minimum pension liability adjustment						(216)	(216)
Net unrealized gains on marketable securities (net of tax expense of \$58)  Total gains and losses not affecting						92	92
retained earnings Subtotal: Net income plus gains and							(367)
losses not affecting retained earnings							\$ 7,356
Cash dividends declared—common stock			(956)				(956)
Cash dividends declared—preferred stock			(10)				(10)
Preferred stock purchased and retired (10,184,043 shares)	(247)		(7)				(254)
Common stock issued under employee	(247)		(/)				(237)
plans (19,572,623 shares)		774	(1)				773
Purchases (2,237,935 shares) and sales (11,801,053 shares) of treasury stock							
under employee plans—net		32	(391)	1,032			673
Other treasury shares purchased, not retired (48,841,196 shares)				(5,091)			(5,091)
Dissolution of employee benefits trust (20,000,000 shares)		546		(2,255)	1,712		3
Decrease in shares remaining to be issued							
in acquisition		(6)					(6)
Tax effect—stock transactions		502					502
Stockholders' equity, December 31, 2001	<u>s —</u>	\$ 14,248	\$ 30,142	\$ (20,114)	<u>s</u> –	\$ (662)	\$ 23,614

<sup>\*</sup> Reclassified to conform with 2001 presentation.

The accompanying notes on pages 75 through 105 are an integral part of the financial statements.