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21 January 2009

Dear Mr Smith

IBM Pension Plan (the “Plan”) – C Plan Supplementary Pension

Under the Rules of the Plan a bridging pension, referred to as the C Plan Supplementary Pension (the “Supplement”) applies in certain circumstances to C Plan members who joined the Plan before 6 October 1990. The Supplement is currently payable between age 63 (or actual date of retirement, if later) and age 65 to those members who start to receive their pension at age 60 or above and, therefore, you do not currently qualify for payment of a Supplement.

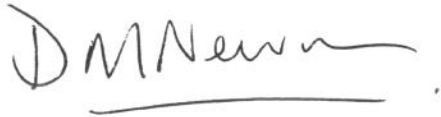
However, as a consequence of Age Discrimination legislation, which became effective on 1 December 2006, the Supplement is to be amended and, for pensionable service since 6 November 2006, now becomes payable from the actual date that a member starts to receive their pension until age 65. I can, therefore, inform you that you now become entitled to a Supplement in respect of your pensionable service since 6 November 2006, as follows;

1. For pensionable service from 6 November 2006 to 5 August 2008, a Supplement calculated on the same basis as applied prior to 6 November 2006 (i.e. 2% of the Basic State Pension) multiplied by years and Pay Months of Pensionable Service between 6 November 2006 and 5 August 2008. This will be subject to a cost-neutral actuarial reduction factor where the Supplement becomes payable before age 63.
2. For pensionable service from 6 August 2008, a Supplement calculated at the rate of 0.25% of the Basic State Pension multiplied by years and Pay Months of Pensionable Service since 6 August 2008. This will be subject to a cost-neutral actuarial reduction factor where the Supplement becomes payable before age 60.

Supplements accrued for service prior to 6 November 2006 remain unchanged and are only payable between age 63 (or actual date of retirement, if later) and age 65 to those members who start to receive their pension at age 60 or above. Therefore, you do not qualify for a Supplement in respect of your pensionable service prior to 6 November 2006.

The Trustee is currently undertaking a period of consultation with members whose benefits are directly impacted by the changes referred to above. Following completion of the consultation period, I will write to you further and will arrange for payment of your supplement to be set up. Our current outlook for this is 6 April 2009.

Yours sincerely

A handwritten signature in black ink that reads "DMNewman". The signature is written in a cursive style and is underlined with a single horizontal line.

David Newman
Pensions Trust Manager