

Cognos Acquisition Announcement FAQ

Q. What are you announcing today?

On November 12, IBM announced that it has signed an agreement to acquire Cognos. Cognos is a recognized industry leader and one of the largest providers of business intelligence and performance management solutions, with a global customer and partner base across all major industries. Cognos is publicly held and based in Ottawa, Canada.

Q. What are the financial details of this acquisition?

This is a cash transaction at a price of approximately \$5 billion USD or \$58 per share.

Q. Why Cognos?

IBM has delivered business intelligence capabilities to customers for decades and today is moving to help customers solve new business challenges and meet the demand for more sophisticated, real-time uses of information. Cognos provides the only complete, integrated, open standards-based platform for turning data into actionable insight for business intelligence and performance management, and best leverages a Services Oriented Architecture (SOA) for delivering greater agility. The acquisition of Cognos extends IBM's Information on Demand value proposition, providing the industry's leading and most complete solutions for unlocking the business value of information. Together, IBM and Cognos will become the leading provider of technology and services for Business Intelligence and Performance Management, delivering the industry's most complete, open standards-based platform with the broadest range of expertise to help our clients expand the value of their information, optimize their business processes and maximize performance across the enterprise.

IBM will provide broader reach for Cognos solutions across multiple industries and geographies with a more complete, integrated set of offerings including services, hardware, and other middleware software. IBM and Cognos have been partnering together for over 15 years, with extensive technical integrations and several joint solutions already available. Unlike many other acquisitions in this space, there is minimal overlap in products and technology. In fact, Cognos provides significant technology synergies, including market leading support for SOA. Cognos also has a strong history of supporting heterogeneous application environments, consistent with IBM's approach to the market. And Cognos will extend IBM's reach further into the CFO office with powerful financial planning and consolidation capabilities.

Q. Why did IBM wait to make this type of acquisition? Was it in response to other similar acquisitions in this space?

Our decision to acquire Cognos was not related to prior acquisitions in this space. We have provided business intelligence capabilities to customers for decades and we consistently work to deliver increased value to our customers. Today, customers are looking for more sophisticated, real-time uses of information and we're moving to address these changing dynamics.

IBM believes that to deliver actionable insights across the enterprise, organizations must first establish accurate, trusted information. As such, IBM has been focused on delivering the industry's leading platform for Information on Demand. With the proven capabilities IBM has brought to market, we are now ready to expand the value of that information by providing market leading business intelligence and performance management capabilities.

IBM has a proven track record of making acquisitions successful. A large reason for this is that we spend an inordinate amount of time figuring out the right company that will provide the greatest synergies, and planning on how the company will best be integrated into IBM, rather than focusing on the transaction itself. We invest in acquisitions that will provide long term revenue lift for all of IBM and we plan for how the acquired company can impact growth of other IBM offerings. We also look for companies whose revenue we believe will grow faster than they have in the past after becoming part of IBM.

Cognos Acquisition Announcement FAQ

Q. How will IBM's customers benefit?

IBM has been providing business intelligence capabilities to customers for decades. The addition of Cognos technology to IBM's portfolio will further enable customers to unlock the business value of their information and meet the growing demand for more sophisticated, real-time uses of information. IBM will now be able to offer a comprehensive information infrastructure with industry leading offerings for data management, enterprise content management, process management, information integration, master data management, data warehousing, business intelligence and performance management.

Combining IBM's industry leading middleware, hardware and services with Cognos leading business intelligence and performance management technology and extensive partner network will provide customers with added value through a complete, end-to-end solution for their business intelligence and performance management needs.

Clients will immediately benefit from the combined technologies of both companies, giving them an open standards-based information infrastructure with global reach and BI expertise from which to optimize their businesses and maximize enterprise performance.

Q. How will Cognos customers benefit?

Cognos customers will immediately benefit from the combined technologies of both companies, giving them an open standards-based information infrastructure with global reach and BI expertise from which to optimize their businesses and maximize enterprise performance. They will also benefit from the increased investment, global reach and improved support available as part of IBM. IBM remains committed to open standards and will continue to support and enhance use of Cognos products with heterogeneous information systems. IBM will also maintain and expand Cognos robust partner network.

Q. Not all Cognos customers run on IBM DB2 software, what will this mean for them?

We recognize that there are Cognos customers with heterogeneous systems and environments. We plan to take a similar approach as we have done with both FileNet and Ascential, which is to continue to support our customers' choices. IBM is committed to putting customer success and satisfaction first.

- Customers using products acquired from Cognos will continue to be supported by their current contacts and processes
- Customers can expect continued support for their heterogeneous environments – the IBM open middleware strategy is committed to continued support for multi-vendor environments
- Customers will be able to leverage the power and scale of the IBM worldwide sales, services and support infrastructure

Q. How has IBM addressed this market opportunity until now? Is there product overlap between IBM and Cognos?

IBM has delivered business intelligence capabilities to customers for decades and today is moving to help customers solve new business challenges and meet the demand for more sophisticated, real-time uses of information. We have been focused on providing the underlying information infrastructure to support business intelligence and performance management solutions. This includes databases and data warehouses to manage data, information integration and master data management to establish accurate, trusted information, as well as various analytic capabilities for extracting knowledge from unstructured information, mining data to identify patterns and trends, and multi-dimensional analysis. Meanwhile, Cognos has focused on providing technology such as query and reporting, analytics, scorecarding and dashboarding, and planning, budgeting and forecasting, which enables applications and users to leverage such information and analytics for improving enterprise performance. Cognos offerings have minimal overlap with IBM products and provide the greatest value of any business intelligence and

Cognos Acquisition Announcement FAQ

performance management solutions in the market. As a result, Cognos will extend IBM's ability to capitalize on emerging business growth opportunities and deliver significant added value to our customers, partners and shareholders.

Q. How will this impact your relationships with other BI Vendors, such as Business Objects?
IBM clients have complex, heterogeneous environments and expect IBM and other companies to work as seamlessly and smoothly as possible with other hardware and software solutions. IBM has relationships with many companies that offer competitive products. IBM has a strategic alliance with Business Objects and will continue investing in this relationship, as we will in our partnerships with other business intelligence vendors. In addition, IBM will continue to remain open and support integration of all front end business intelligence and performance management applications.

Q. How does this affect Cognos business partners?
IBM is very interested to continue and expand the relationship with Cognos business partners after the acquisition is complete. IBM will continue to leverage the support of their extended selling, marketing, and technical teams and draw upon their knowledge base to continue reaching new and existing clients wanting to realize the value of integrated IBM software, hardware and services solutions.

Moreover, IBM has strong relationships with the majority of Cognos business partners today and intends to extend these relationships to provide continuity for clients and 100% client satisfaction. Just as prior to this announcement, those companies that are not already IBM business partners can join IBM's Business Partner program – IBM PartnerWorld – to access the vast array of benefits and resources available from IBM, including marketing, selling, technical and training/certification resources.

After the acquisition has closed, as appropriate, existing Cognos partnership agreements shall remain in effect until partners can be transitioned over to an IBM partner agreement. Moreover, Cognos partners will be able to leverage their current Performance Management and BI expertise to provide differentiation in the channel, while greatly benefiting from IBM's vast capabilities, products and market presence worldwide.

Q. How will the Cognos team fit organizationally within IBM?
IBM will establish Cognos as a new unit within IBM's Information Management Software division, focused on Business Intelligence and Performance Management. Cognos President and CEO Rob Ashe will lead the new unit, reporting directly to Ambuj Goyal, General Manager, Information Management Software.

Cautionary Statement Regarding Forward-Looking Statements

Certain statements in this communication regarding the proposed transaction between IBM and Cognos, the expected timetable for completing the transaction, benefits and synergies of the transaction, future opportunities for the combined company and products and any other statements regarding IBM and Cognos future expectations, beliefs, goals or prospects constitute forward-looking statements made within the meaning of Section 21E of the Securities Exchange Act of 1934 and Section 138.4(9) of the Ontario Securities Act. Any statements that are not statements of historical fact (including statements containing the words "believes," "plans," "anticipates," "expects," "estimates" and similar expressions) should also be considered forward-looking statements. A number of important factors could cause actual results or events to differ materially from those indicated by such forward-looking statements, including the parties' ability to consummate the transaction; the conditions to the completion of the transaction, including the receipt of shareholder approval or the regulatory approvals required for the transaction may not be obtained on the terms expected or on the anticipated schedule; the parties' ability to meet expectations regarding the timing, completion and accounting and tax treatments of the arrangement; the possibility that the parties may be unable to achieve expected synergies and operating efficiencies in the arrangement within the expected time-frames or at all and to successfully integrate Cognos operations into those of IBM; such integration may be more difficult, time-consuming or costly than expected; operating costs, customer loss and business disruption (including, without limitation, difficulties in maintaining relationships with employees, customers, clients or suppliers) may be greater than expected following the transaction; the retention of certain key employees of Cognos may be difficult; IBM and Cognos are subject to intense competition and increased competition is expected in the future; fluctuations in foreign currencies could result in transaction losses and increased expenses; the volatility of the international marketplace; and the other factors described in IBM's Annual Report on Form 10-K for the fiscal year ended December 31, 2006 and in its most recent quarterly report filed with the SEC, and Cognos Annual Report on Form 10-K for the fiscal year ended February 28, 2007 and in its most recent quarterly report filed with the SEC. IBM and Cognos assume no obligation to update the information in this communication, except as otherwise required by law. Readers are cautioned not to place undue reliance on these forward-looking statements that speak only as of the date hereof.

Cognos Acquisition Announcement FAQ

Additional Information and Where to Find It

This communication may be deemed to be solicitation material in respect of the proposed acquisition of Cognos by IBM. In connection with the proposed acquisition, Cognos intends to file relevant materials with the SEC, including Cognos proxy circular. **SHAREHOLDERS OF COGNOS ARE URGED TO READ ALL RELEVANT DOCUMENTS FILED WITH THE SEC, INCLUDING COGNOS PROXY CIRCULAR, BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT THE PROPOSED TRANSACTION.** Investors and security holders will be able to obtain the documents free of charge at the SEC's web site, <http://www.sec.gov>, and Cognos shareholders will receive information at an appropriate time on how to obtain transaction-related documents for free from Cognos. Such documents are not currently available.

Participants in Solicitation

IBM and its directors and executive officers, and Cognos and its directors and executive officers, may be deemed to be participants in the solicitation of proxies from the holders of Cognos common shares in respect of the proposed transaction. Information about the directors and executive officers of IBM is set forth in the proxy statement for IBM's 2007 Annual Meeting of Stockholders, which was filed with the SEC on April 2, 2007. Information about the directors and executive officers of Cognos is set forth in the proxy statement for Cognos 2007 Annual and Special Meeting of Shareholders, which was filed with the SEC on May 24, 2007. Investors may obtain additional information regarding the interest of such participants by reading the proxy circular regarding the acquisition when it becomes available.