

The reported energy usage for a given year is normalized by multiplying the actual usage by this factor. Calculation of the 2006 energy usage for this commitment involved projecting future production based on 2003 actual production and strategic manufacturing plans. The calculated normalization factor was weighted to reflect baseline energy consumption which is not related to production. Energy data will be reported in three formats: 1. Usage normalized to facility production index methodology using value-added operations out. This directly reflects the type and complexity of product being produced at the facility. 2. Usage and conservation data normalized per corporate methodology. The normalizing factor is calculated by dividing projected usage by current year usage. Projected use is actual use plus total conserved. The normalized quantity is calculated by dividing the projected use by the normalizing factor. This normalizing factor was developed by IBM Corporate Staff for use by all IBM locations. 3. The raw consumption and conservation data.