

Notes to Consolidated Financial Statements

International Business Machines Corporation and Subsidiary Companies

The following table presents supplemental information relating to the cash flows arising from lease transactions. Cash payments related to variable lease costs and short-term leases are not included in the measurement of operating and finance lease liabilities, and, as such, are excluded from the amounts below.

(\$ in millions)

For the year ended December 31: **2019**

Cash paid for amounts included in the measurement of lease liabilities

Operating cash outflows from finance leases	\$ 8
Financing cash outflows from finance leases	22
Operating cash outflows from operating leases	1,541

ROU assets obtained in exchange for new finance lease liabilities **209***ROU assets obtained in exchange for new operating lease liabilities **6,481***

* Includes opening balance additions as a result of the adoption of the new lease guidance effective January 1, 2019. The post adoption addition of leases for the year ended December 31, 2019 was \$1,679 million for operating leases and immaterial for finance leases.

The following table presents a maturity analysis of expected undiscounted cash flows for operating and finance leases on an annual basis for the next five years and thereafter.

(\$ in millions)	2020	2021	2022	2023	2024	Thereafter	Imputed Interest*	Total**
Finance leases	\$ 62	\$ 59	\$ 48	\$ 31	\$ 12	\$ 46	\$ (54)	\$ 204
Operating leases	1,486	1,198	928	673	514	806	(346)	5,259

* Imputed interest represents the difference between undiscounted cash flows and discounted cash flows.

**The company entered into lease agreements for certain facilities and equipment with payments totaling approximately \$181 million that have not yet commenced as of December 31, 2019, and therefore are not included in this table.

The following table presents the weighted-average lease term and discount rate for finance and operating leases.

At December 31: **2019****Finance leases**

Weighted-average remaining lease term	4.8 yrs.
Weighted-average discount rate	1.62 %

Operating leases

Weighted-average remaining lease term	5.4 yrs.
Weighted-average discount rate	3.03 %