IBM Performance 2011

Smarter Decisions. Better Results.
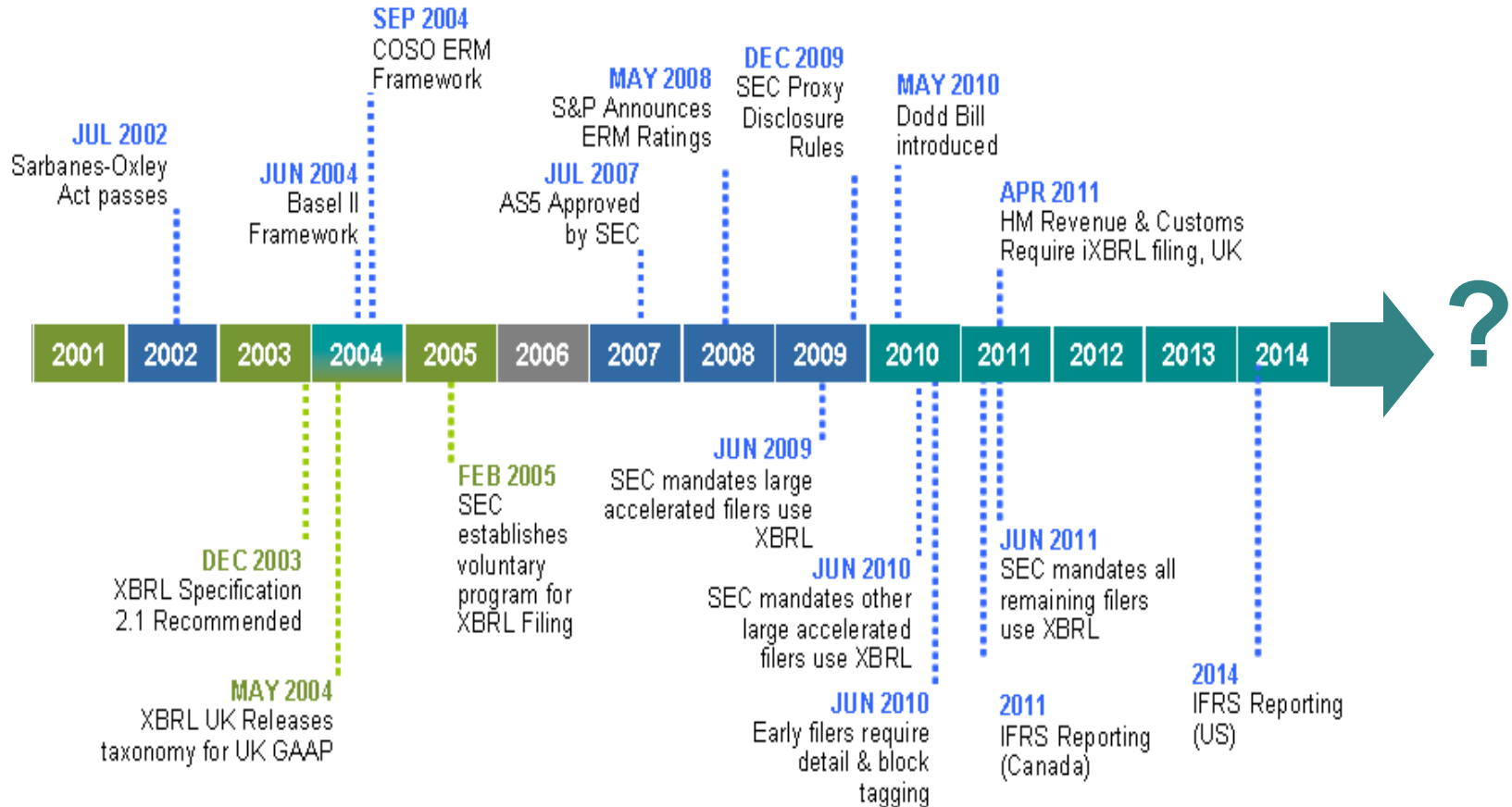
The last mile

How to run the last mile in Statutory Reporting?

Integrated Financial Close Management

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Drivers to automate financial governance and disclosure

- Regulators requiring more risk and qualitative disclosure - Why? and How?

Organizations over-rely on personal productivity tools….

Finance over-relies on desktop applications and manual processes for reports that:

- **Treasury & Liquidity Management**
- **Currency & Transaction Cost Analysis**
- **Financial Statements**

- **Board Books**
- **Statutory and Regulatory Reports**
- **MD&A & Footnotes to Financials**

- **Management Reporting**
- **Analyst Presentations**

- **Integrate data from multiple sources**
  - structured and unstructured sources from across the enterprise

- **Require collaboration**
  - Different contributors, inter-department and from other departments
  - Different areas of responsibility, and access to different data

- **Are process-driven reports**
  - report building, editing, reviewing, approval and publishing

…and complex manual processes to create critical reports

Contributors

Reviewers

Approvers

Document Managers

Report Consumers
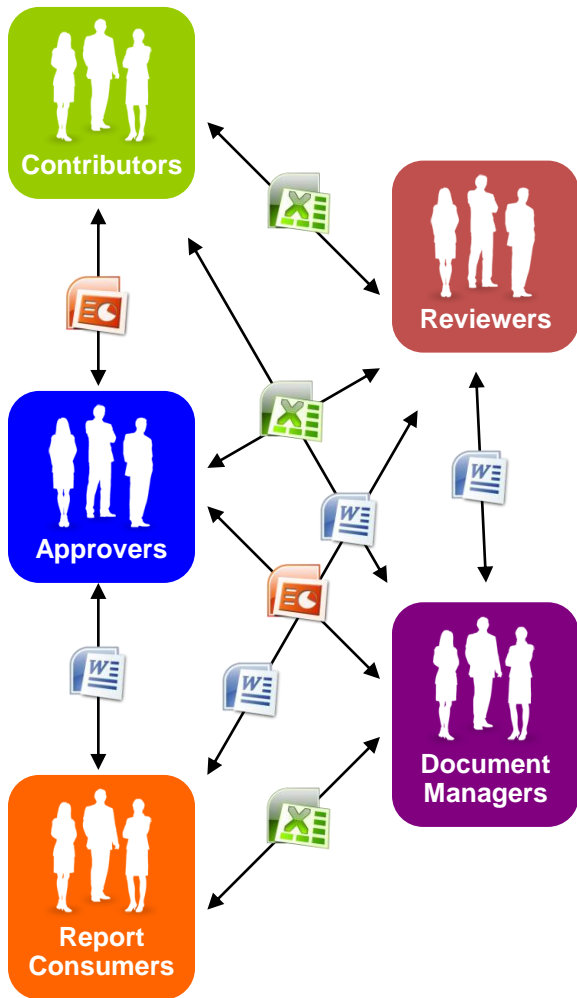
Risk Elements

- Errors in Informal data collection from multiple locations
- Lack of accuracy from re-keying similar information multiple reports
- Low productivity because of linear workflow with multiple bottlenecks
- Little or no version control
- Visibility into report status difficult
- Long reporting cycle times prevent value added analysis
- Integrity and confidence issues
- Last-minute changes are not able to be made

Outcomes

- Financial loss
- Legal challenges
- Loss of stock value
- Loss of reputation
- Fines and penalties
- Job loss

4

The solution

- ## A single, secure platform to automate and enhance controls over all management, statutory and regulatory reports

- ## Key features of IBM Cognos FSR
  - **Increase efficiency**
    - Eliminate bottlenecks and automate time consuming processes
    - Enhance collaboration - allow users to work on same report at the same time
    - Integrated 'Tag Once' XBRL tagging capabilities
  - **Enhance security & accountability**
    - Embedded controls, compliance checklist, and audit trail reports
    - Workflow & task management enhance visibility into the process
  - **Integration with source data**
    - Direct integration to data sources ensures report data matches source data at all times
    - FSR's variables allow users to change once – update everywhere in the report

Cognos Financial Statement Reporting

Operating Divisions

Financial Consolidations

External Reporting

Multiple Output Options

ERP

ERP

ERP

Reconciliation Management

EDGAR-ready

IBM Cognos FSR
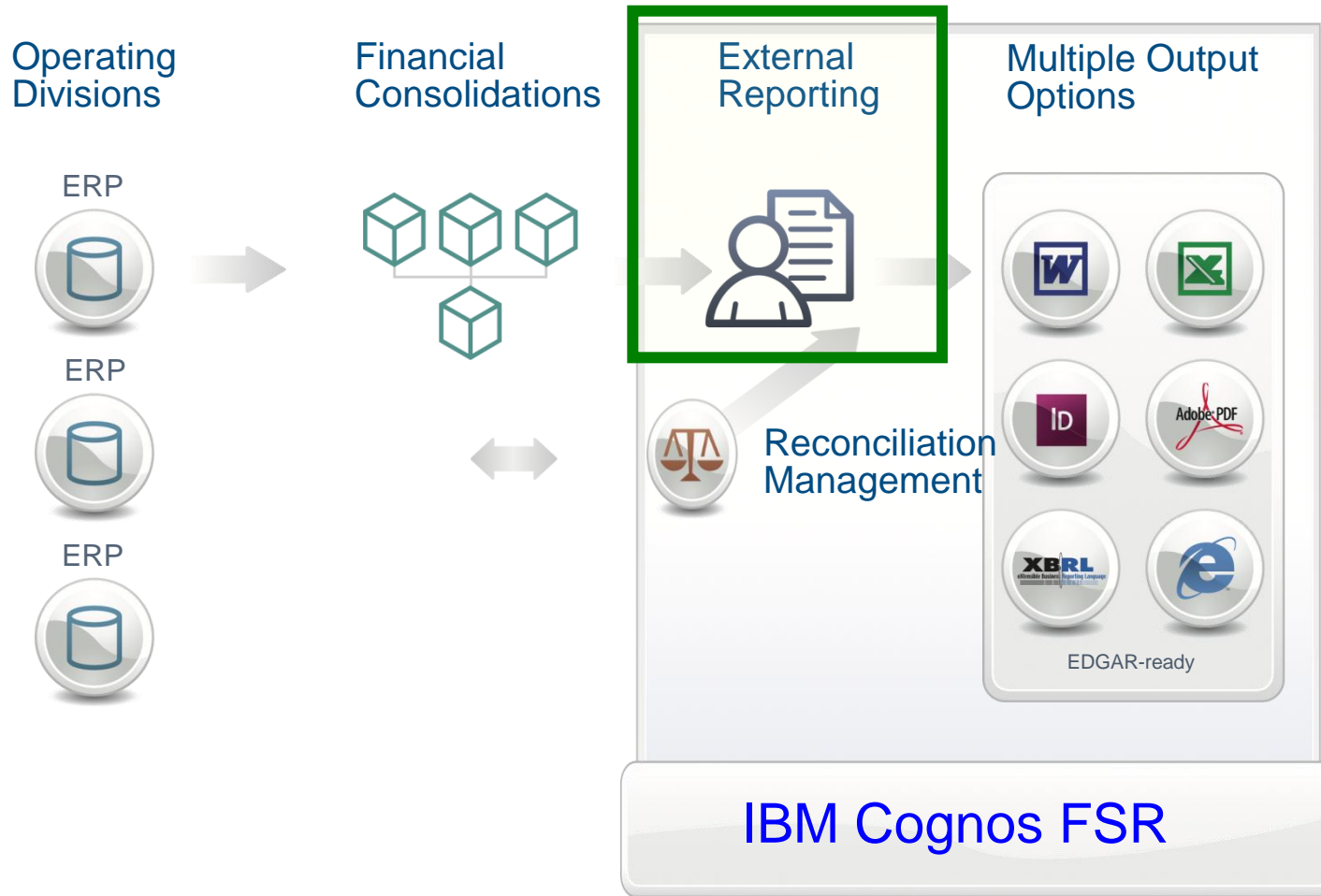
The Last Mile in Financial Reporting

The Last Mile

| Planning Modeling | Budgeting Forecasting | Consolidation Reporting | | Board Book 10Q, 10K Annual Report Prospectus |

- **Manual processes dominate "The Last Mile"**

  – Extensive use of MS-Word and MS-Excel, shared via e-mail

  – Data accuracy issues

  – Collaboration is difficult

  – No internal controls

  – No audit trail

  – High degree of risk

  – Manual process is repeated each reporting period

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IBM Cognos FSR – Improving The Last Mile

- **Automated method to produce statutory, regulatory and internal reports**
  - 10K, 10Q, 8K, MD&A, Annual Accounts, Board Book, Prospectus, Flash or Management reporting

- **IBM Cognos FSR key features:**
  - Reports are <u>dynamically driven,</u> with data seeded from a central database
  - Word used for <u>narrative input and formatting options,</u> automatically linking Excel calculations and charting options within a single application framework
  - <u>Workflow</u> and <u>version control</u> are built in for report approvals and reviews
  - Complete control over timelines and filings
  - Controlled / <u>secure user access</u> with full audit trails
  - Central library for <u>compliance</u> checklists
  - Multiple <u>output</u> options
  - Fully integrated <u>XBRL and iXBRL tagging</u> as well as taxonomy management
  - Data Integration with ERP, Consolidation systems, ...
  - Data Collection for Operational Data (from external financial documents)
  - Rounding
  - Business Rules

IBM Cognos FSR
How Does It Work?

CognosFSR Application

Workflow & Version Control
Secure Access
Audit Trail
Compliance Check List

Output Options

Business Rules Variables in Text

- Title Page
- Table of Contents
- Letter to Shareholders
- Business Overview

- Balance Sheet
- Income Statement
- Cash Flow Statement

- Notes – Cash
- Notes – Long Term Assets
- Notes – Revenue
- Auditors Report
- Compliance Processes

Collaboration

Non-Financial Data (Operational / Statistical / CSR)

London Stock Exchange

SEC

XBRL

Drafts

Financial Information

Single Version Of The Truth

Multiple Outputs

ERP	Consolidations	Relational	OLAP

Financial Data

ITEM 6. FINANCIAL DATA

(In thousands, except per share amounts, ratios and other) Summary of Operations	2009	2008	2007
Net sales	$ 4,576,528	$ 6,225,909	$ 3,661,222
Comparable store sales increase (decrease)	1.13	1.31	1.69
Gross profit	$ 3,299,130	$ 2,957,989	$ 2,639,304
Gross profit as a percentage of net sales	72%	48%	72%
Operating income	$ 2,287,684	$ 1,501,437	$ 1,830,139
Operating income as a percentage of net sales	50%	24%	50%

Revenue — 4,577 (2009), 6,226 (2008), 3,661 (2007), 4,381 (2006)

Gross Profit — 3,299 (2009), 2,9.. (2008), 3,660 (2007), 4,3.. (2006)

Stores

2009 2008 2007 2006

Current Assets — 6,111 (2009), 4,636 (2008), 4,883 (2007), 3,157 (2006)

Liabilities — 1,088 (2009), 843 (2008), 415 (2007)

Equity — 5,668, 4,524, 3,613

2009 2008 2007 2006

All of the document's separate elements integrated into one centrally managed collaborative report

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This report contains certain statements that are forward-looking within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are not guarantees of future performance and involve certain risks, uncertainties and assumptions that are difficult to predict. Actual outcomes and results may differ materially from those expressed in, or implied by, our forward-looking statements. Words such as "expects," "anticipates," "believes," "estimates," and other similar expressions or future or conditional verbs such as "will," "should," "would" and "could" are intended to identify such forward-looking statements. Readers of the Form 10-k of office supplies INC Corporation not rely solely on the forward-looking statements and should consider all uncertainties and risks throughout this report as well as those discussed under Item 1A. "Risk Factors" of the Annual Report on Form 10-K. The statements are representative only as of the date they are made, and the Corporation undertakes no obligation to update any forward-looking statement.

Possible events or factors that could cause results or performance to differ materially from those expressed in our forward-looking statements include the following: changes in general economic conditions and economic conditions in the geographic regions and industries in which the Corporation operates which may affect, among other things, the level of nonperforming assets, charge-offs and provision expense; changes in the interest rate environment and market liquidity which may reduce interest margins, impact funding sources and affect the ability to originate and distribute financial products in the primary and secondary markets; changes in foreign exchange rates; adverse movements and volatility in debt and equity capital markets; adverse changes in the securities markets including those related to the financing activities; changes in United States and international monetary and fiscal policies, including the actions of the Federal Reserve Board and other central banks; the effect of changes in accounting policies and practices as may be adopted by the regulatory agencies, the Financial Accounting Standards Board or other accounting standard setters; the ability to grow core businesses; the ability to develop and introduce new banking-related products, services and enhancements, and gain market acceptance of such products; mergers and acquisitions and their integration into the Corporation; decisions to downsize, sell or close units or otherwise change the business mix of the Corporation; and management's ability to manage these and other risks.

Liquidity Risk

Liquidity is the ongoing ability to accommodate liability maturities and deposit withdrawals, fund asset growth and business operations, and meet contractual obligations through unconstrained access to funding at reasonable market rates. Liquidity management involves forecasting funding requirements and maintaining sufficient capacity to meet the needs and accommodate fluctuations in asset and liability levels due to changes in our business operations or unanticipated events. A more detailed discussion of our liquidity risk is included beginning of the MD&A of the Corporation's 2008 Annual Report on Form 10-K.

The company maintains a cushion of excess liquidity that would be sufficient to fully fund the holding company and nonbank affiliate operations for an extended period during which funding from normal sources is disrupted. The primary measure used to assess the company's liquidity is the "Time to Required Funding" during such a period of liquidity disruption. This measure assumes that the parent company is unable to generate funds from debt or equity issuance, and no longer pays dividends to shareholders while continuing to meet nondiscretionary uses needed to maintain bank operations and repayment of contractual principal and interest payments owed. Under this scenario, the amount of time the company and its nonbank can operate and meet all obligations before the current liquid assets are exhausted is considered the "Time to Required Funding." ALCO approves the target range set for this metric, in months, and monitors adherence to the target. Maintaining excess company cash helps to facilitate the target range months for "Time to Required Funding" and is the primary driver of the timing and amount of the Corporation's debt issuances. As of March 31, 2008, "Time to Required Funding" was 20 months compared to 19 months at December 31, 2008. Our "Time to Required Funding" remained below our target range at March 31, 2008 primarily due to the funding of LaSalle and the impact of the market disruptions that began in the second half of 2006 on our earnings.

One ratio that can be used to monitor the stability of funding composition is the "loan to domestic deposit" ratio. This ratio reflects the percent of loans and leases that are funded by domestic core deposits, a relatively stable funding source.

Who Benefits from IBM Cognos FSR?

Anyone Who Needs Financial & Management Information

Press Releases
Annual Report
Prospectus
News Wire Releases

Investor Relations

Board Books
Flash Reporting
Management Reporting

Internal Reporting

Notes & Exhibits to Statutory Filings
Proxy Statements

Legal

External Reporting

Reporting to Federal, State and local agencies

Regulatory Reporting

Statutory Reporting
Regulatory authorities –
Companies House, SEC
Filings (10K, 10Q, etc.)
CSR Reports

IBM Cognos FSR Reduces the Risks

1 Risk of Errors

Feature	Benefit
Integration to source data	No re-keying of data
Variables in text	Consistency across the report
Validation Rules	Numbers always tie-out

One version of the truth

Feature	Benefit
Security to view or edit each object	Users only see the data they are supposed to see
Workflow controls access throughout the process	Users only see data **when** they are allowed to see it

Access to information is controlled

3 Risk of Insider Leaks

2 Risk of Late Filing

Feature	Benefit
User prior report as a template for the next period	No need to re-apply formatting
Automatically load new data	No need to re-key data

Start reviewing the final report sooner

Feature	Benefit
Compliance Checklists	To ensure that the right steps are being followed
Audit Trail	To track who did what, and when they did it

Increased confidence in the final report

4 Risk of Non-Compliance

Cognos Financial Statement Reporting

Operating Divisions

Financial Consolidations

External Reporting

Multiple Output Options

ERP

ERP

ERP

Reconciliation Management

EDGAR-ready

IBM Cognos FSR

External Reporting & XBRL

Bolt-On XBRL (Year 1 – Block Tagging Only)

Filing Deadline

Financial Consolidations → External Reporting Process → NBB/ FSMA Filing

External Reporting & XBRL

Bolt-On XBRL (Year 2 – Detail Tagging)

Filing Deadline

Financial Consolidations → External Reporting Process → NBB/ FSMA Filing → NBB/ FSMA Filing

With so much work to do in so little time, the risk of late filing and the risk of errors increases.

External Reporting & XBRL

IBM Cognos FSR's Integrated XBRL

Filing Deadline

Financial Consolidations

External Reporting Process

External Reporting Process

NBB/ FSMA Filing

With IBM Cognos FSR, the XBRL tagging is more efficient:

- XBRL tagging is integrated within the external reporting process, plus

- FSR Tag Once™ technology make future reporting even faster

Leading to:

- Reduced Risk of Late File, and

- Reduced Risk of Errors

Cognos Financial Statement Reporting

Operating Divisions

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ERP

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EDGAR-ready
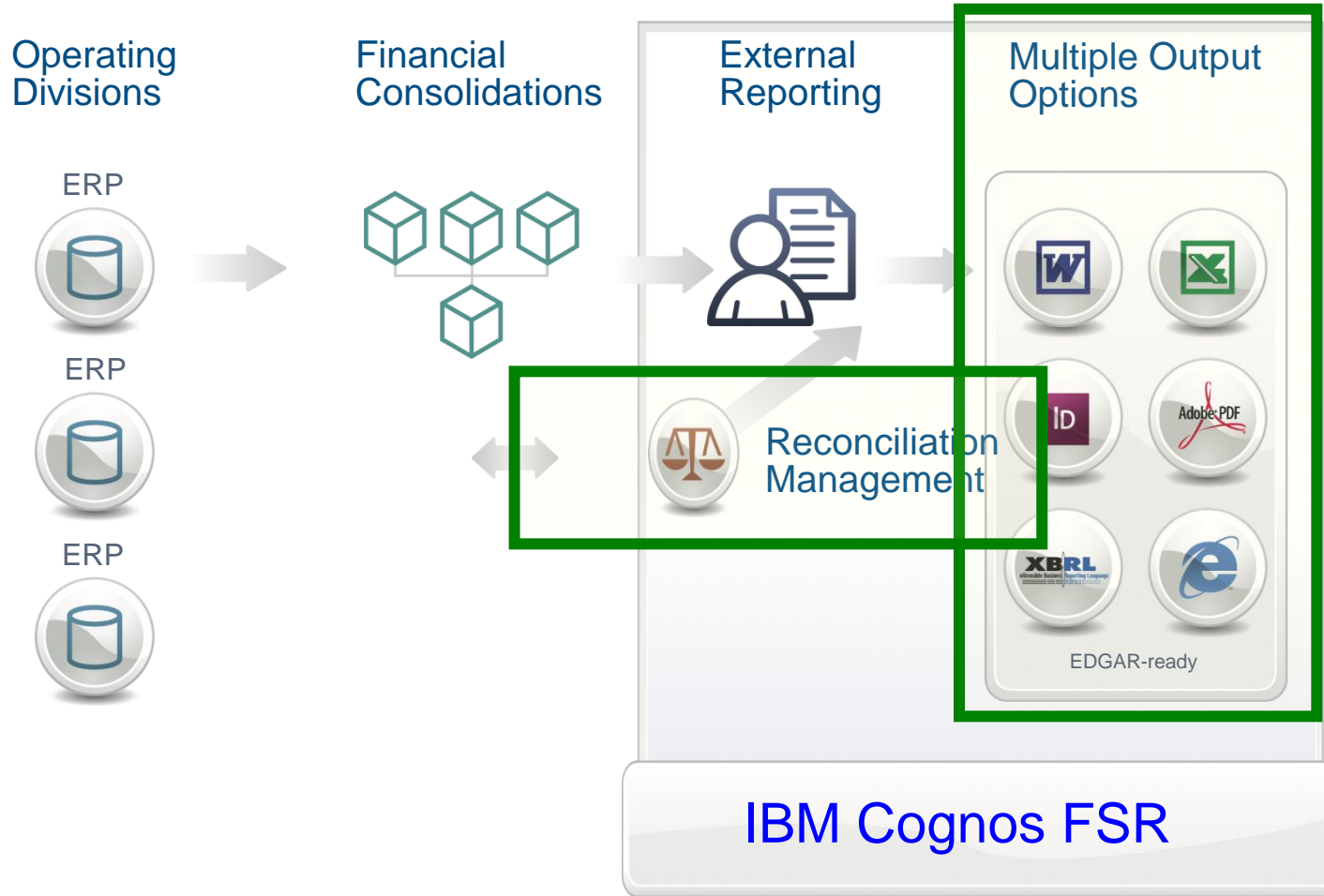
IBM Cognos FSR

Reconciliation Management

Current process:

Reconciliation Activity

Review and Approval

Manually extract data & re-key into spreadsheets

Source Data

Numerous e-mails and versions of each document

Issues

Lack of overall visibility

No audit trail

Inefficient process

Risk of errors

Collaboration is difficult

G/L

Sub-Ledgers

Other Systems
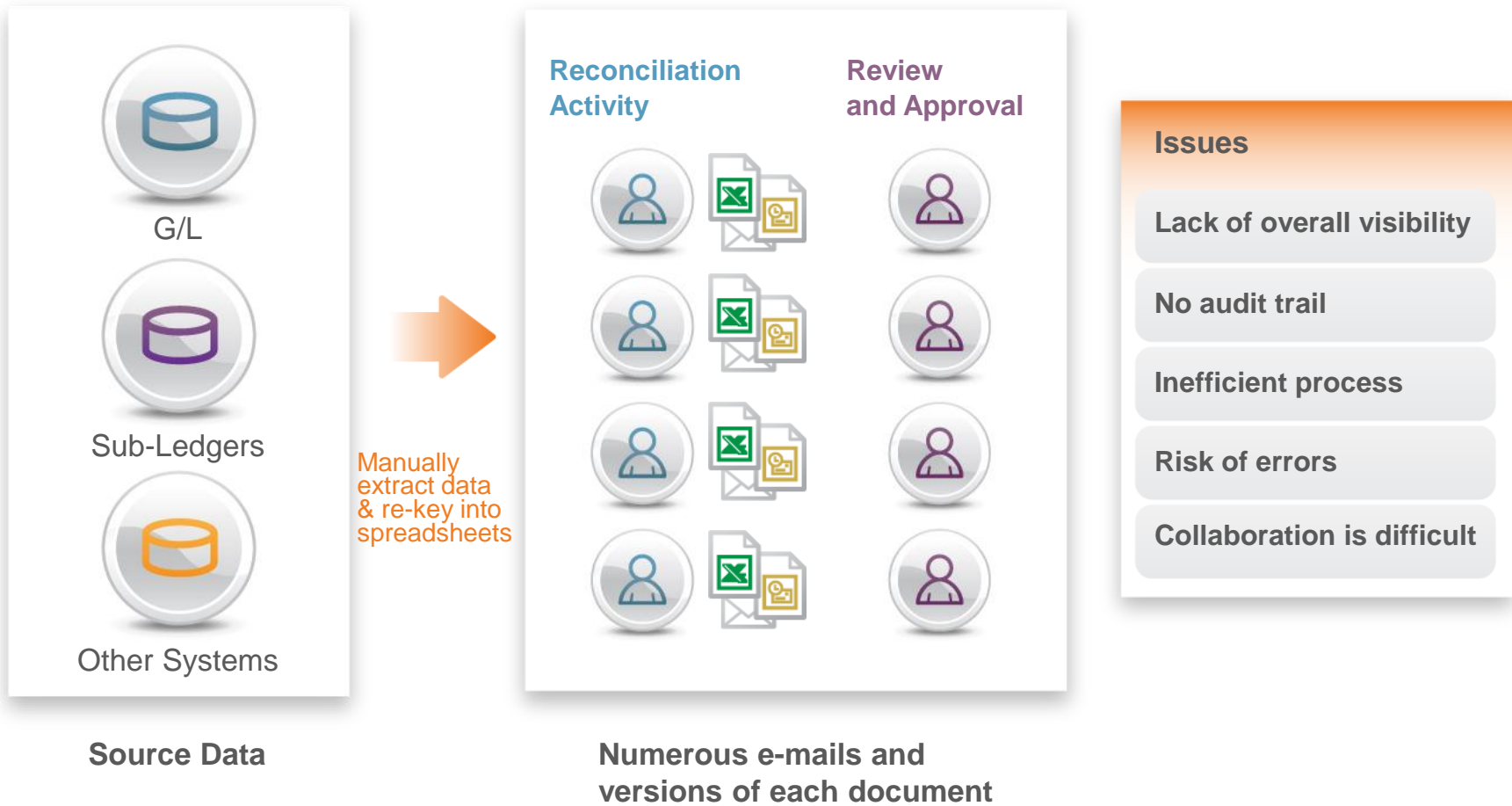
Reconciliation Management

Process with IBM Cognos FSR

Automated Data Extraction

Query

FSR

Source Data

G/L

Sub-Ledgers

Other Systems

Results

Collaboration

Complete visibility

Highly efficient process

Reduced risk of errors

Automatic rollover to next period
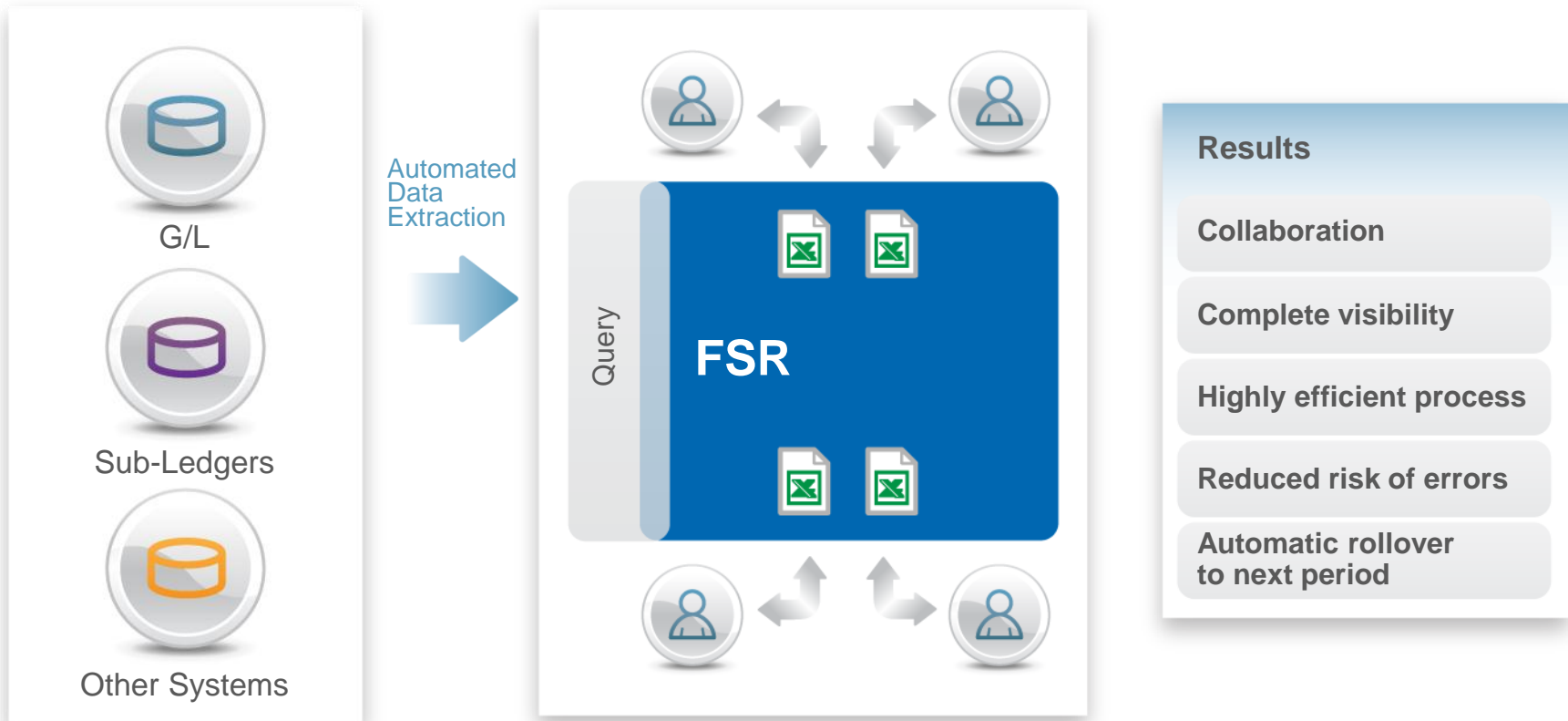
- Excel within the application
- Query Builder
- Workflow
- Audit Trail
- Reconciliation Report(s)

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Cognos Financial Statement Reporting

Operating Divisions

Financial Consolidations

External Reporting

Multiple Output Options

ERP

ERP

ERP

Reconciliation Management

EDGAR-ready
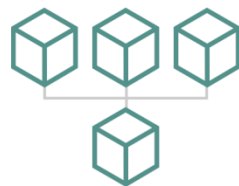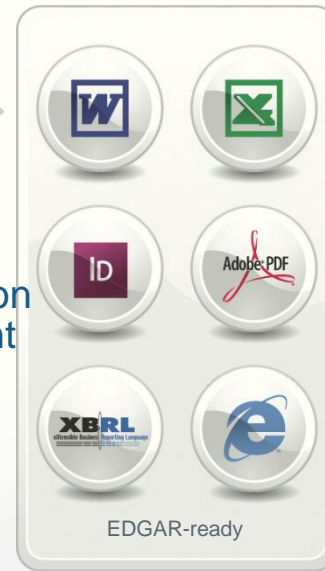
IBM Cognos FSR

IBM Cognos FSR Product Demonstration

How do customers use IBM Cognos FSR?

- IBM Cognos FSR transforms the way finance/accounting/legal departments manage and deliver critically important, narrative rich financial and management content sensitive documents:

- External Reporting (SEC, HMRC, etc)
- Internal Financial and Management Reporting
- Integrated XBRL tagging solution
- Regulatory Reporting
- Public Sector Reporting
- Corporate Social Responsibility (CSR) Reporting
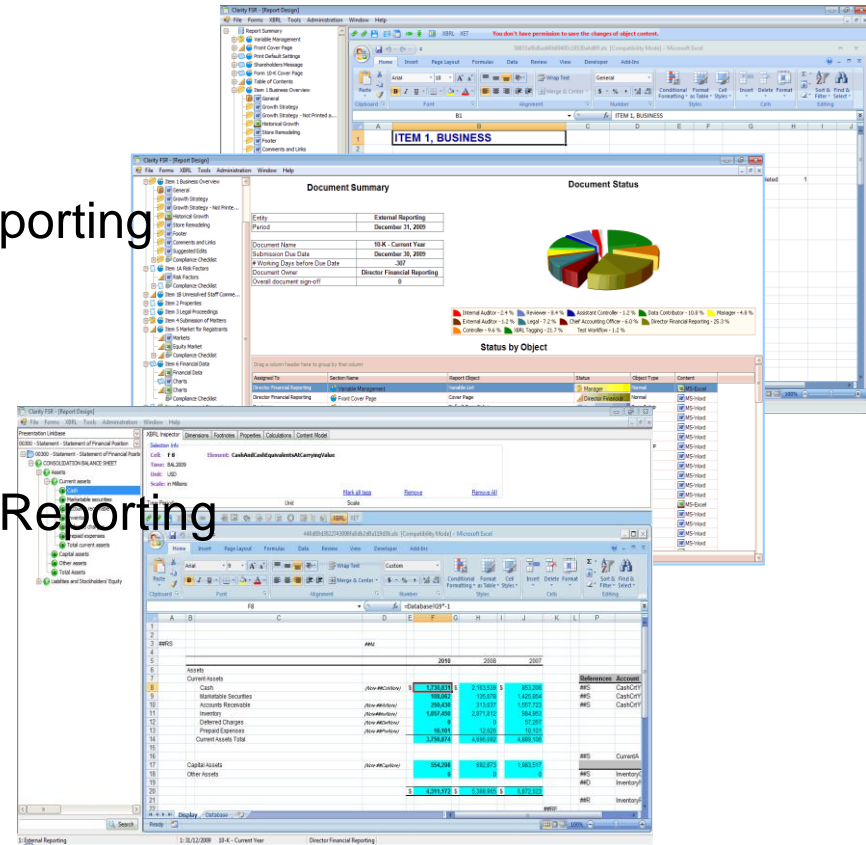
What values do customers gain from IBM Cognos FSR?

- ***Gain Time***
  - Process is automated, reducing effort and the time to complete
  - Easily create and maintain reports

- ***Gain Control***
  - A solution owned by the business
  - Visibility into the progress of the process

- ***Gain Confidence***
  - Reduce risk of errors, late filings, non-compliance and insider leaks.
  - Ensure accuracy at all times throughout the entire process

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