



J.P. Morgan
Global Technology, Media and Telecom Conference

IBM Keynote

Martin Schroeter

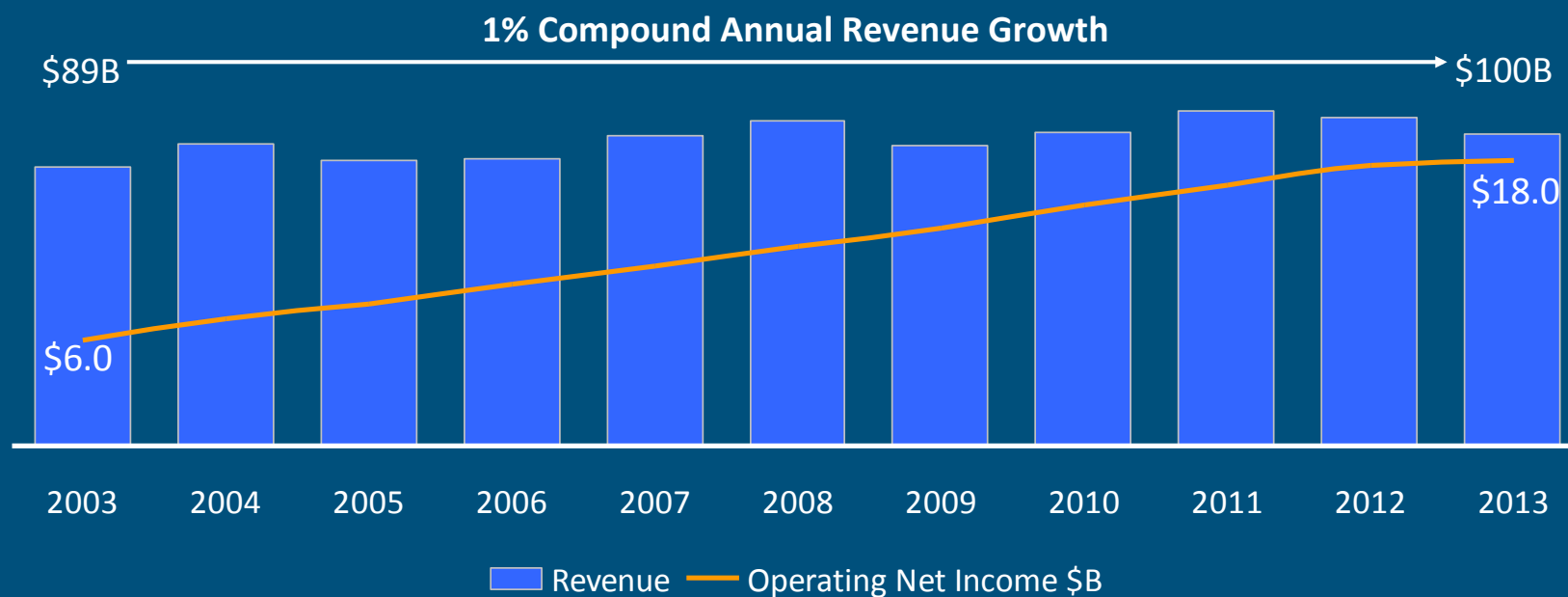
**IBM Senior Vice President and Chief Financial Officer,
Finance and Enterprise Transformation**



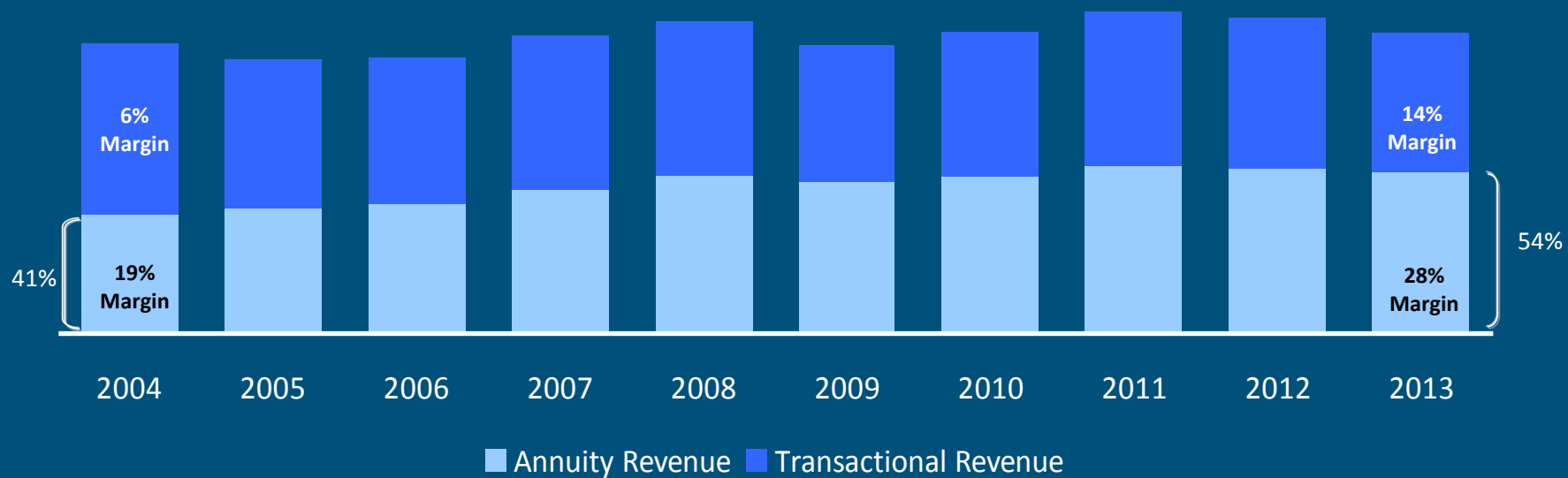
Certain comments made during this event and in these presentation materials may be characterized as forward looking under the Private Securities Litigation Reform Act of 1995. Forward-looking statements are based on the company's current assumptions regarding future business and financial performance. These statements by their nature address matters that are uncertain to different degrees and involve a number of factors that could cause actual results to differ materially. Additional information concerning these factors is contained in the company's filings with the SEC. Copies are available from the SEC, from the IBM web site, or from IBM Investor Relations. Any forward-looking statement made during this event or in these presentation materials speaks only as of the date on which it is made. The company assumes no obligation to update or revise any forward-looking statement. These charts and the associated remarks and comments are integrally related, and they are intended to be presented and understood together.

In an effort to provide additional and useful information regarding the Company's financial results and other financial information as determined by generally accepted accounting principles (GAAP), these materials contain certain non-GAAP information including "operating net income" financial measures. The rationale for management's use of this non-GAAP information, the reconciliation of that information to GAAP, and other related information are included as Attachment II ("Non-GAAP Supplemental Materials") to the Company's Form 8-K dated May 14, 2014.

12% compound growth in Operating Net Income driven by shift to higher value



Growth in Annuity content at higher margins over the past decade



PTI margins modeled based on a combination of revenue and GP margin contribution

IBM Portfolio includes:

- **Strategic Imperatives for growth**
 - Data, Cloud and Systems of Engagement

- **Recurring Core Franchises**
 - Annuity businesses in Services, Software and Financing
 - Highly recurring portions of our Hardware, Software and Services Transactional Businesses

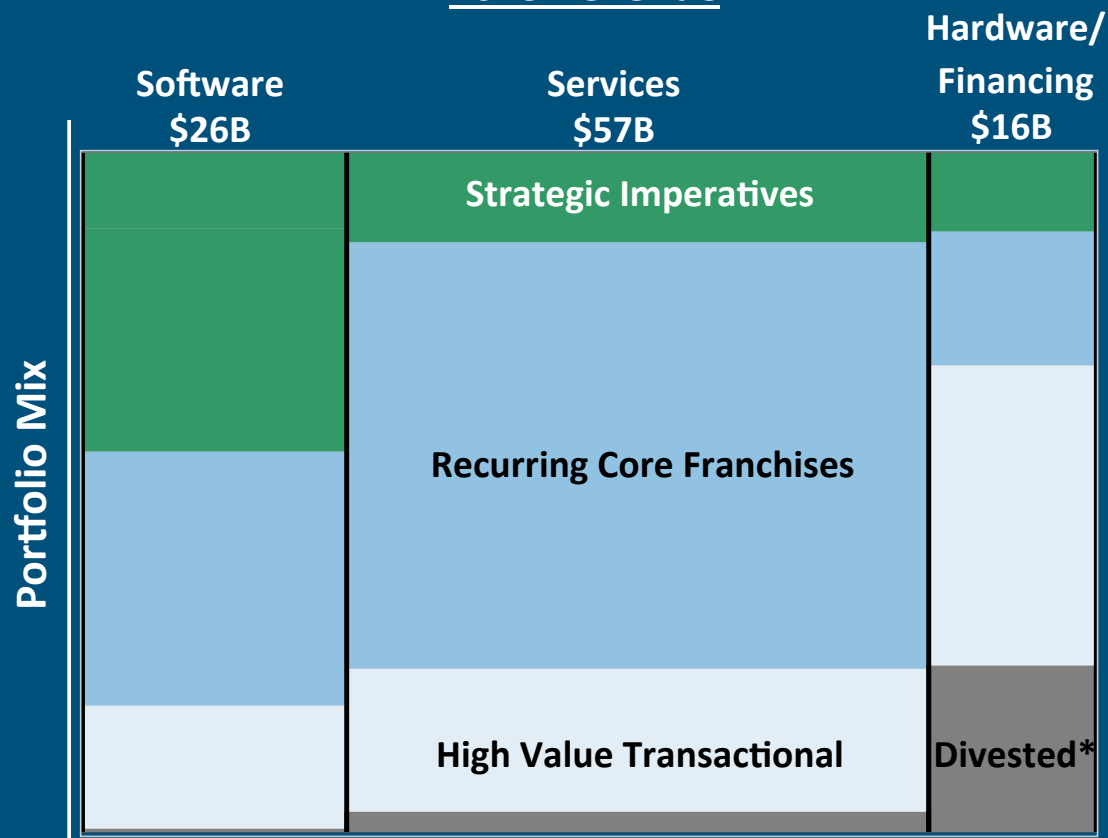
- **High Value Transactional Businesses**

- **Divested Content**

These areas of the portfolio cut across all business segments

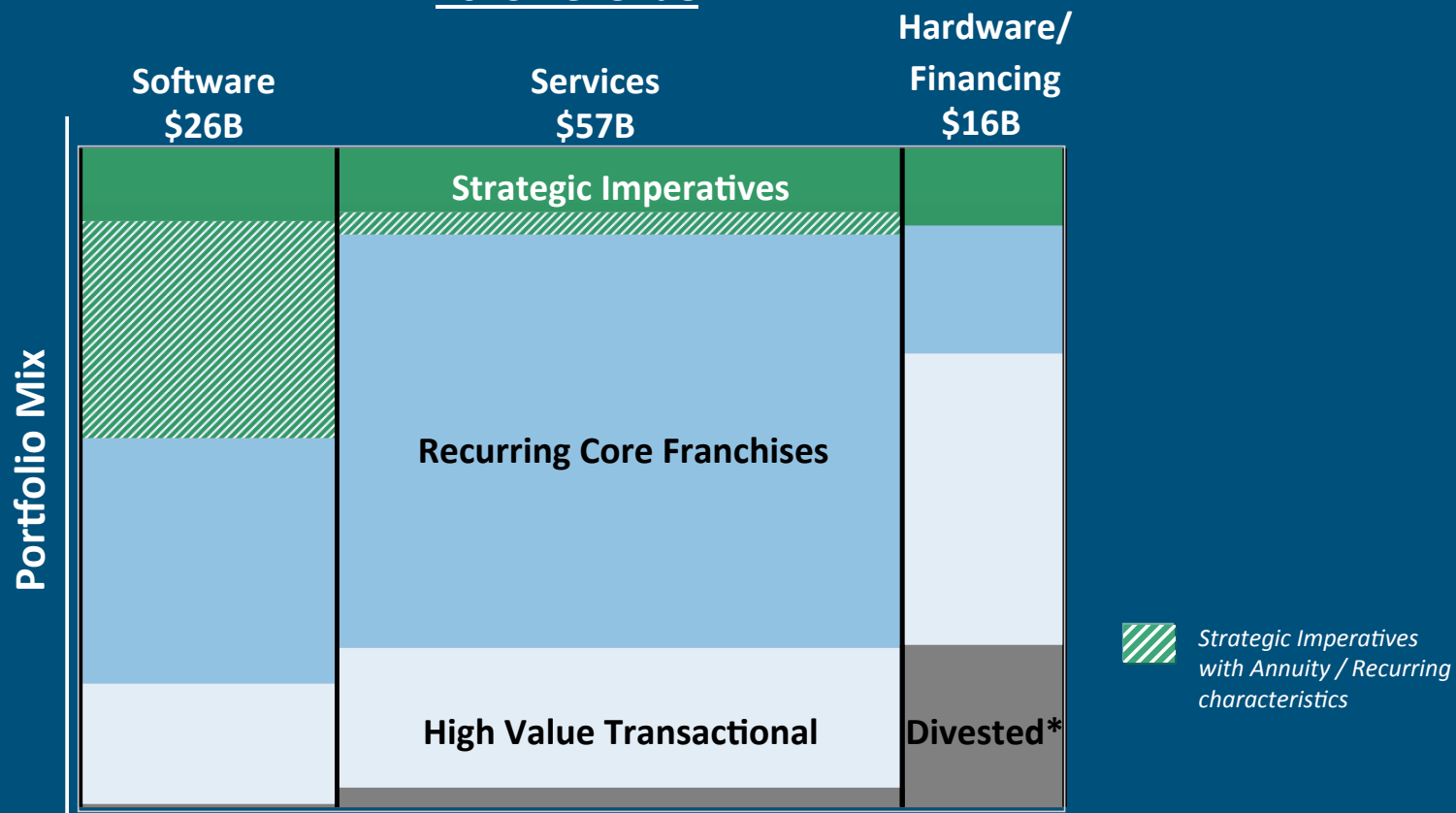
IBM Portfolio

2013 Revenue



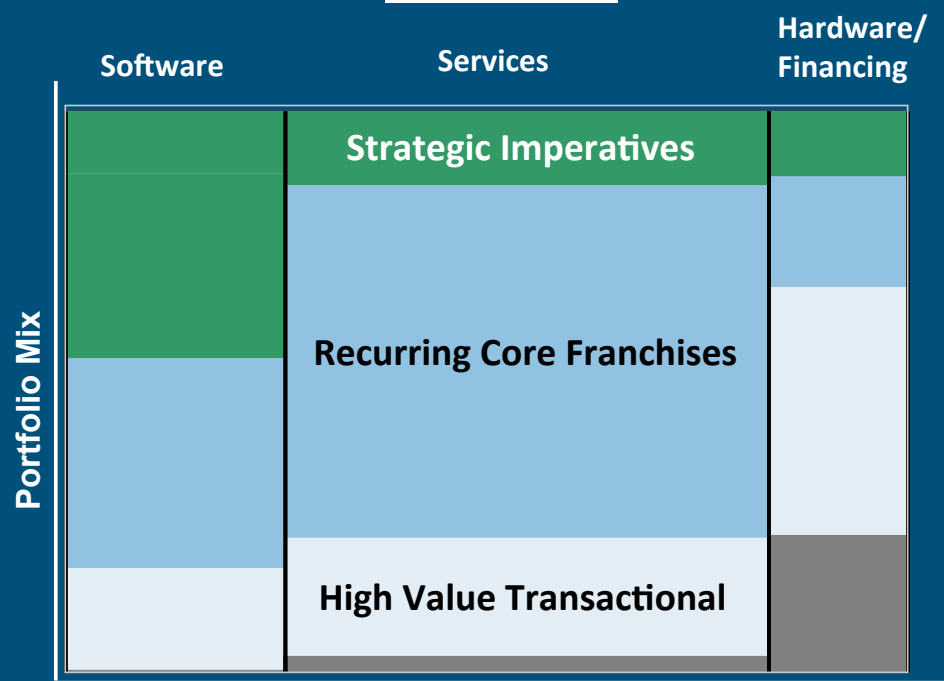
IBM Portfolio

2013 Revenue



IBM Portfolio

2013 Revenue



Priorities	Signposts
<ul style="list-style-type: none"> Continued Investment for growth 	<ul style="list-style-type: none"> Double-digit Revenue Growth Maintain high mix of Software
<ul style="list-style-type: none"> Profit and Cash Flow for Investments 	<ul style="list-style-type: none"> Stable Revenue Margin Expansion
<ul style="list-style-type: none"> Maintain High Value Strategy 	<ul style="list-style-type: none"> Maintain Margins Optimize Business Model

The image features a solid blue background with a repeating pattern of the letters 'IBM' in a lighter shade of blue. The letters are arranged in a staggered, grid-like fashion, creating a textured effect. In the bottom right corner, the IBM logo is displayed in white, consisting of the letters 'IBM' in a bold, sans-serif font with horizontal lines through them.

IBM