

3. Advisory Vote on Executive Compensation (Say on Pay)

IBM is asking that you APPROVE the compensation of the named executive officers as disclosed in this Proxy Statement.

IBM delivered \$61.9 billion in revenue and \$13.9 billion cash from operations. Revenue increased for the third consecutive year, growing 3% at constant currency⁽¹⁾. The Company's portfolio mix reinforces our high value business model, with approximately 75% of revenue coming from our higher growth businesses of Software and Consulting. Overall, about 50% of IBM's revenue is recurring, with 67% of that recurring revenue coming from Software. The Company also returned \$6 billion to stockholders through dividends, and ended the year with \$13.5 billion in cash and marketable securities (up over \$4.6 billion year-to-year).

These results reflect the significant actions we have taken to strategically position IBM for high-value, sustainable growth.

In 2023, we once again engaged in a robust program to gather investor feedback. IBM's Chairman and CEO, and independent Lead Director, participated in this engagement along with members of IBM's senior management. IBM once again offered to engage with investors representing more than 57% of the shares that voted on Say on Pay at its 2023 Annual Meeting. Through our discussions with investors and our formal Say on Pay vote results, investors reaffirmed their support for the Company's compensation policies and programs, which focus on long-term financial performance that drives stockholder value.

In the context of investor feedback, pay decisions continued to be made based on our financial performance relative to our goals, while taking into consideration the significant reshaping of IBM's portfolio as a hybrid cloud and AI company.

IBM's named executive officers are identified in the 2023 Summary Compensation Table, and pages 32-66 describe the

compensation of these officers. In 2024, approximately 78% of target pay for the Chairman and CEO, and 75% of target pay for the other named executive officers, is at risk and subject to rigorous performance targets and stock price growth. The rigor of these targets is evident in the payouts.

For 2023 performance, the Board approved an annual incentive payment of \$3.51 million for Mr. Krishna, which was 117% of target and in line with the Company annual incentive score. In making this award, the Committee also considered Mr. Krishna's overall performance against his objectives, which included strong free cash flow generation, sustainable revenue generation (at constant currency), and the continued optimization of the Company's portfolio, with an increased mix of higher growth software and consulting revenue. In addition, the Committee considered Mr. Krishna's personal leadership in AI and quantum computing, driving IBM's high performance culture, as well as continued best in class employee engagement.

For the reasons expressed above and discussed in the Compensation Discussion and Analysis, the Executive Compensation and Management Resources Committee and the IBM Board of Directors believe that our compensation policies and programs are aligned with the interests of our stockholders and designed to reward for performance.

We are therefore requesting your nonbinding vote on the following resolution:

"Resolved, that the compensation of the Company's named executive officers as disclosed in this Proxy Statement pursuant to the compensation disclosure rules of the Securities and Exchange Commission, including the Compensation Discussion and Analysis, the executive compensation tables and the narrative discussion, is approved."

(1) Non-GAAP financial metric. See Appendix A for information on how we calculate this performance metric.



**THE IBM BOARD OF DIRECTORS RECOMMENDS
A VOTE FOR THIS PROPOSAL.**

Note: The Company is providing this advisory vote as required pursuant to Section 14A of the Securities Exchange Act (15 U.S.C. 78n-1). The stockholder vote will not be binding on the Company or the Board, and it will not be construed as overruling any decision by the Company or the Board or creating or implying any change to, or additional, fiduciary duties for the Company or the Board.