

IBM Investor Update



Spring 2022



2021 Performance Highlights

Revenue Growth



IBM revenue growth at constant currency accelerated through 2021

Exited fourth quarter at 8.6% constant currency revenue growth, including approximately 3.5 pts from incremental external sales to Kyndryl

Cash Generation



Delivered cash from operations of \$12.8 billion*

Returned \$6 billion to stockholders and reduced debt by nearly \$10 billion

Hybrid Cloud Leadership



Grew hybrid cloud revenues 19% at constant currency to over \$20 billion, 35% of IBM revenue

Over 3,800 clients using hybrid cloud platform, up 1,000 year-to-year and Consulting business more than doubled Red Hat related signings in 2021

Optimized Portfolio



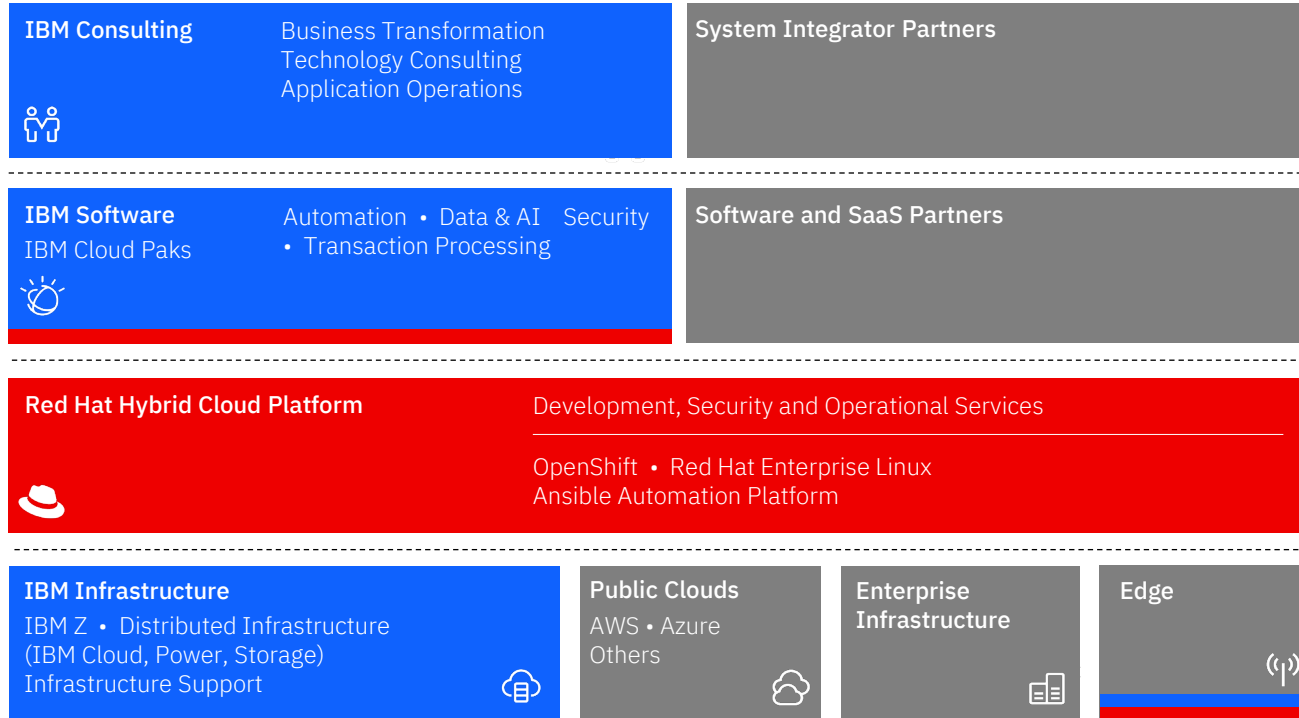
Completed 15 acquisitions and the separation of Kyndryl, realigning IBM as a platform-centric hybrid cloud and AI company

Over 70% of revenue in 2021 from higher-growth Software and Consulting segments

IBM Approach for Hybrid Cloud & AI

STRATEGY

Our Platform Approach



Enterprise-focused

Delivering technology & outcomes

Hybrid

Innovating, where a client's business is

AI

Embedded into business processes & workflows

Open Source

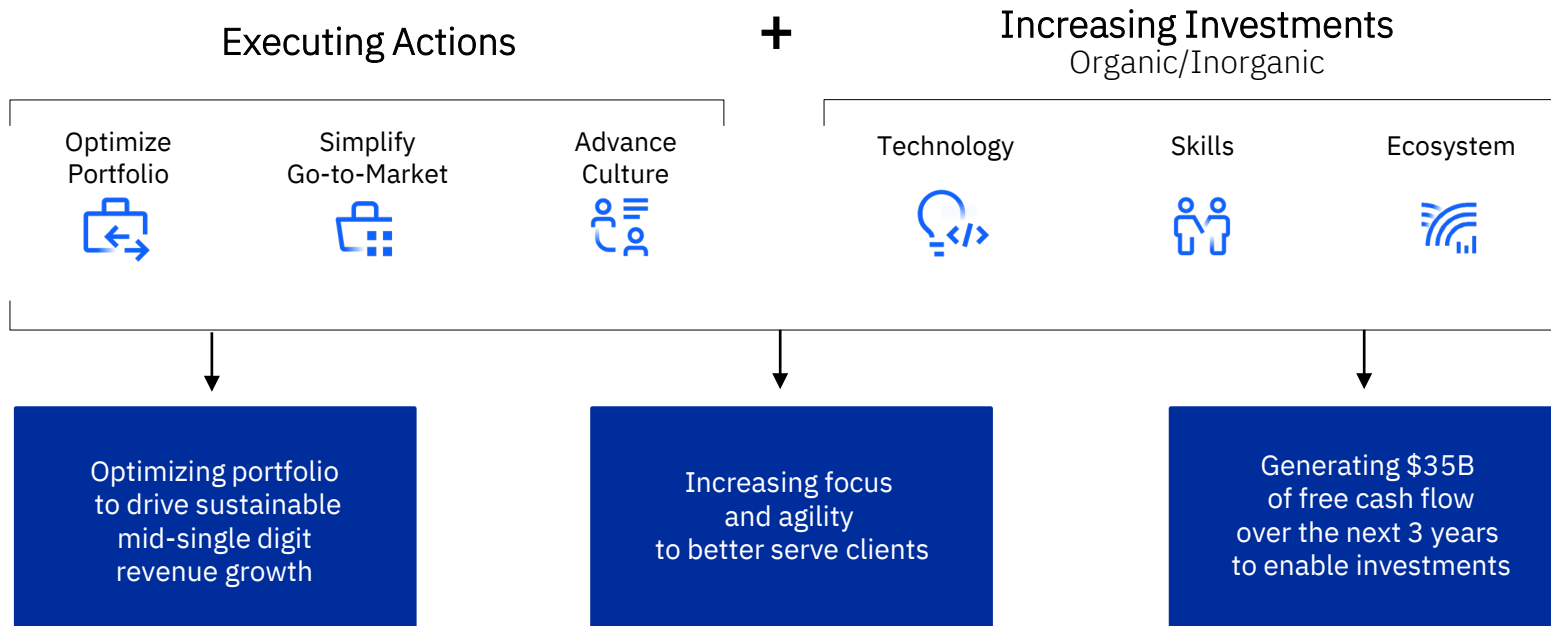
Innovation foundation for the future

Trust

Highest level of security and AI explainability

Creating Shareholder Value Through Growth

Laser-focused on executing hybrid cloud and AI strategy to drive client and stockholder value



Reinforcing IBM's Pivot to Sustainable Growth

IBM's Compensation Practices align with IBM's growth strategy and investor expectations:

- 1. **Accelerate** our Hybrid Cloud and AI revenue growth strategy
- 2. **Generate** cash flow growth for increased investment and shareholder return
- 3. **Advance** our best-in-class culture of diversity and inclusion through the diversity modifier



Compensation Aligns with High-Value Business Model

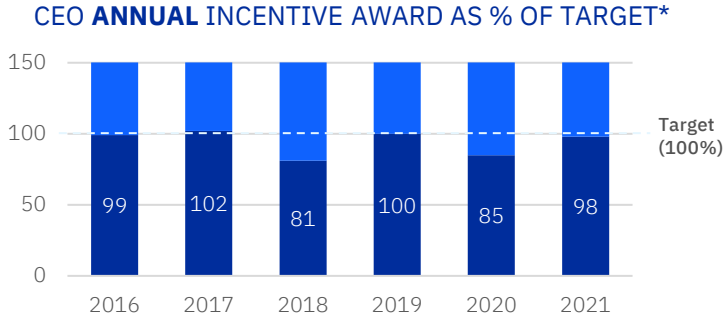
For 2021, at target, 65% of CEO pay was at risk and subject to attainment of rigorous performance goals

Payouts in both the annual and long term programs reflect rigorous performance goals

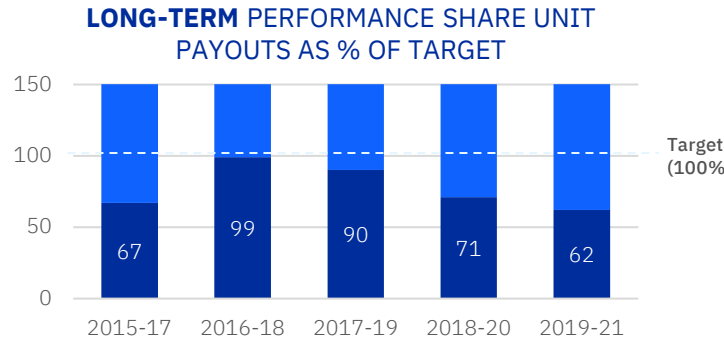
65% AT-RISK	Short Term (25%)	Base Salary (8%)
		Annual Incentive (16%) Target: 200% of Base Salary
	Long Term (75%)	Performance Share Units (49%)
		Restricted Stock Units (26%)

CEO holding requirement is 10x base salary, aligning CEO compensation with stockholders' interests

New for 2022, at target 77% of CEO pay is at risk with introduction of stock options to pay mix



*2020 and 2021 pertains to Mr. Krishna and prior years pertain to Mrs. Rometty.



Building the Right Board

Active Board Refreshment

50% of our director nominees were first elected to our Board in the past three years

2019



MICHELLE HOWARD



F. WILLIAM MCNABB III



MARTHA POLLACK

2020



THOMAS BUBERL



ARVIND KRISHNA

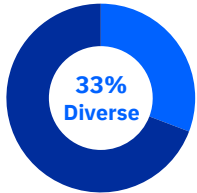
2021



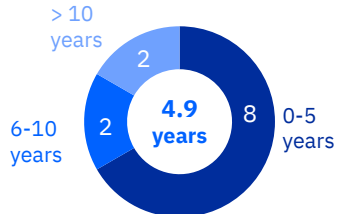
ALFRED ZOLLAR

Independent and Diverse Board

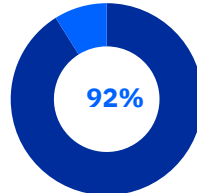
Diversity



Average Tenure



Independence



New Independent Lead Director



ALEX GORSKY

Executive Chairman and Retired CEO, Johnson & Johnson

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- ✓ IBM's Lead Director role is **robust** and ensures **effective independent oversight** at all times
- ✓ This leadership structure promotes **consistent, unified vision** for the Company's strategy which is **essential to long-term success**
- ✓ The full Board reviews IBM's leadership structure annually to ensure the **allocation of responsibilities remains appropriate**

Board of Directors

BOARD & GOVERNANCE



DIRECTOR	Thomas Buberl	David N. Farr	Alex Gorsky	Michelle J. Howard	Arvind Krishna	Andrew N. Liveris	F. William McNabb III	Martha E. Pollack	Joseph R. Swedish	Peter R. Voser	Frederick H. Waddell	Alfred W. Zollar
Client Industry Expertise												
Organizational Leadership & Management	○	○	○	○	○	○	○	○	○	○	○	○
Global Operations	○	○	○	○	○	○	○	○	○	○	○	○
CFO										○		
Specific Risk Oversight/Risk Management Exposure	○	○	○	○	○	○	○	○	○	○	○	○
Technology, Cybersecurity or Digital	○	○	○	○	○	○	○	○	○	○	○	○
Academia				○				○				
Government/Regulatory, Business Associations or Public Policy	○	○	○	○	○	○	○	○	○	○	○	○
Public Board	○	○	○			○	○		○	○	○	○
Year Elected to IBM Board	2020	2012	2014	2019	2021	2010	2019	2019	2017	2015	2017	2021
Gender Identity	Male	Male	Male	Female	Male	Male	Male	Female	Male	Male	Male	Male
Race and/or Ethnicity	White/Caucasian	White/Caucasian	White/Caucasian	Black/African American	Asian/ Pacific Islander	White/Caucasian	White/Caucasian	White/Caucasian	White/Caucasian	White/Caucasian	White/Caucasian	Black/African American
Born Outside the U.S.	○				○	○				○		

Environmental and Social Responsibility

Setting Ambitious Environmental Goals

- Announced 21 goals for environmental sustainability, including a goal to achieve **net zero GHG emissions by 2030**
- **Beat timelines** for CO₂ emissions reduction and renewable electricity procurement goals
- Launched **IBM Environmental Intelligence** Suite to help clients manage their own environmental goals

Enabling our Clients and Community

- Commitment to skill **30 million people by 2030**, preparing them for in-demand jobs in the digital economy
- Launched **Call for Code Global Challenge** to combat climate change with open source-powered technology
- **Collaborating with over 23 Historically Black Colleges and Universities on IBM quantum centers** to advance STEM-based opportunities for traditionally underrepresented communities

Embracing a Diverse and Inclusive Workforce

- 20% increase in **underrepresented minority hiring** over the past 3 years and 31% increase in **executive minority hiring**
- 9 out of 10 IBMers feel empowered to be their **authentic selves at work**
- **Same-sex partner benefits** extended in 50 countries and 6,000 IBMers certified as **LGBT+ Allies**

Corporate social responsibility has been a hallmark of IBM's culture for over 100 years.

With oversight from the Board, we lead with purpose and integrity to empower IBMers to be a force of positive change and to use technology to accelerate discovery.

Voting Item 4: Stockholder Special Meeting Right

- IBM’s current special meeting ownership threshold is **25%** which is **consistent with market practice and accurately reflects the preference of IBM’s stockholders.**
- Maintaining the 25% ownership threshold strikes an **appropriate balance** between **allowing shareholders the right to call a special meeting** and avoiding unnecessary financial burdens and corporate disruptions.
- Lowering the ownership threshold would allow special interest groups with minority ownership interest to **potentially cause disruption and substantial costs** to be incurred by other stockholders.

The Board recommends a vote **AGAINST** this proposal and believes that lowering the special meeting ownership threshold is not in the best interest of stockholders

Voting Item 5: Stockholder Proposal on Independent Chair

- IBM’s Lead Director role is **robust and ensures effective independent oversight at all times**
- This leadership structure promotes **consistent, unified vision** for the Company’s strategy which is **essential to long-term success**
- The full Board **reviews our leadership structure annually** to ensure the allocation of responsibilities remains appropriate
- The Board’s **flexibility to determine the appropriate Board leadership** structure is essential

The Board recommends a vote **AGAINST** this proposal because the Board’s flexibility to determine the appropriate leadership structure is essential and IBM has a robust Lead Director role ensuring effective independent oversight

Voting Item 6: Requesting Public Report on the Use of Concealment Clauses

- IBM **does not prevent employees from discussing** the terms and conditions of their employment and **does not require employees to agree to arbitration** as a condition of employment.
- IBM **does not tolerate discrimination or harassment** and has in place **clear policies, procedures and practices to protect and support IBMers.**
- The Board and its Committees **maintain strong oversight** of IBM's culture and work environment

The Board recommends a vote **AGAINST** this proposal and believes that the requested report will not add meaningful value to the policies, processes, practices, and resources that are already in place at IBM

We Request Your Support at the 2022 Annual Meeting of Stockholders

The Board asks that you vote:

- ✓ FOR Election of all Twelve Director Nominees
 - ✓ FOR Ratification of PricewaterhouseCoopers LLP as IBM's Independent Registered Public Accounting Firm
 - ✓ FOR Advisory Vote on Executive Compensation
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- × AGAINST Stockholder Proposal on Stockholder Special Meeting Right
 - × AGAINST Stockholder Proposal to Have an Independent Board Chair
 - × AGAINST Stockholder Proposal Requesting Public Report on the Use of Concealment Clauses



Forward-Looking Statements, Non-GAAP and Other Information

Certain comments made in this presentation 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. Those statements by their nature address matters that are uncertain to different degrees. Those statements 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 website, or from IBM Investor Relations. Any forward-looking statement made during this presentation speaks only as of the date on which it is made. The company assumes no obligation to update or revise any forward-looking statements except as required by law; these charts and the associated remarks and comments are integrally related and 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 financial measures on a continuing operations basis, including revenue growth rates adjusted for constant currency, free cash flow and other "operating" financial measures such as operating earnings per share. The rationale for management's use of this non-GAAP information is included on page 6 and 7 of the company's 2021 Annual Report, which is Exhibit 13 to the Form 10-K submitted with the SEC on February 22, 2022. For reconciliation of these non-GAAP financial measures to GAAP and other information, please refer to pages 9, 17, and 32 of the company's 2021 Annual Report.

Note: Return on Invested Capital equals net operating profits after tax (GAAP net income from continuing operations plus after-tax interest expense) divided by the sum of the average debt and average total stockholder' equity. It is computed excluding current period U.S. Tax reform charges and goodwill associated with the Red Hat acquisition.