

Global Sales and Distribution

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IBM Investor Briefing



Sales and Distribution

Objectives

- Drive Profitable Revenue Growth in 170 Global Markets
- Identify and Target Strategic Growth Initiatives
- Build Industry's Pre-eminent Sales Force Based on Industry Skills
- Build Ecosystem of Partners, Influencers and Policy Makers

Key Growth Strategies

- Smarter Planet
- Growth Markets
- Business Analytics
- Cloud Computing

*Enable Revenue Growth of at Least 5% in the 2015 Roadmap
Through Key Growth Strategies*

Smarter Planet

Expect Revenue to reach \$10 billion by 2015 – 25% CAGR

Investments

- Repeatable asset-based solutions
- Specialized industry skills
- Research
- Analytics centers
- Workload-optimized Systems
- Cloud Computing

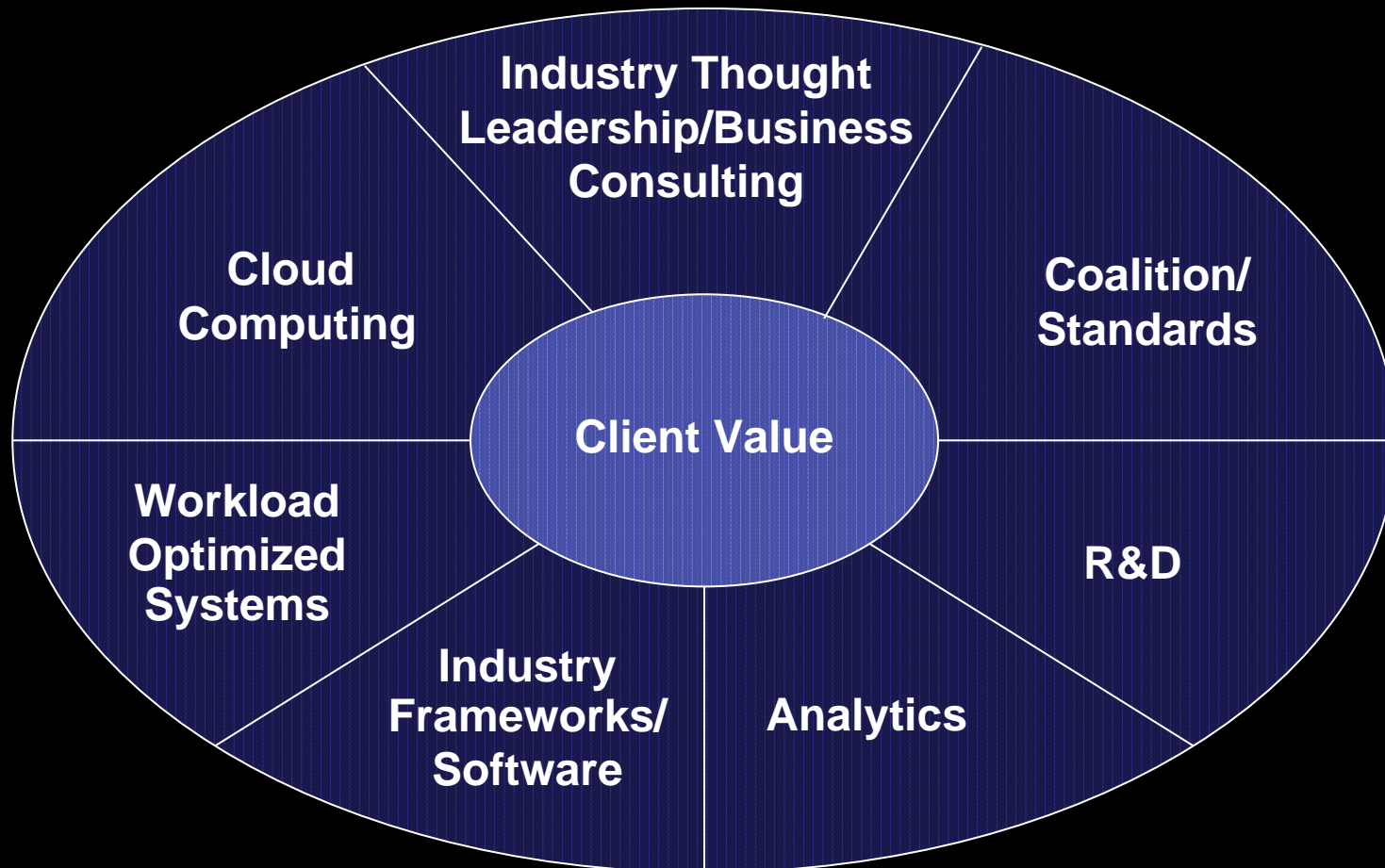
Opportunity for Growth

- Accelerated Growth in Priority Industries
 - Client productivity
 - Client Growth Agendas
- Margin Growth via Repeatable Industry Frameworks

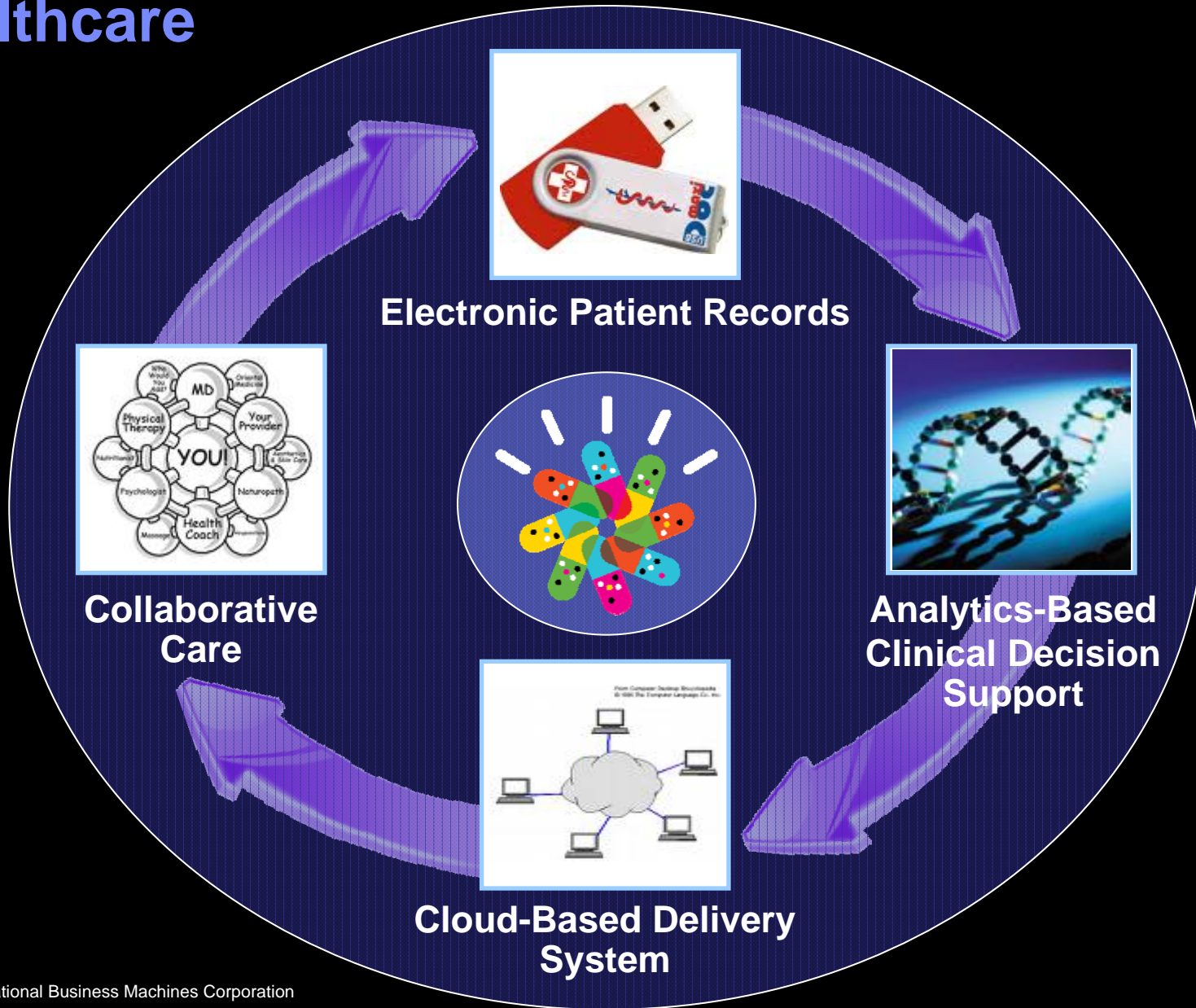
New Normal – Driving Productivity and Growth

Industry	Market CGR*	Productivity	Growth
Healthcare	5.4%	Administration	Collaborative Care
Oil and Gas	4.2%	Oil recovery rates	Biofuels
Energy and Utilities	4.4%	Outages	Electric Vehicles
Transportation	3.9%	Gridlock	Dynamic Tolling
Telecommunications	4.6%	Single Customer View	Mobile Broadband
Retail	4.0%	Food waste	Farm-to-fork
Banking	4.3%	Risk Management	X-sell/Upsell
Government	4.0%	Crime Management	Smarter Cities
Electronics	3.5%	Development Cycle Time	Embedded Electronics

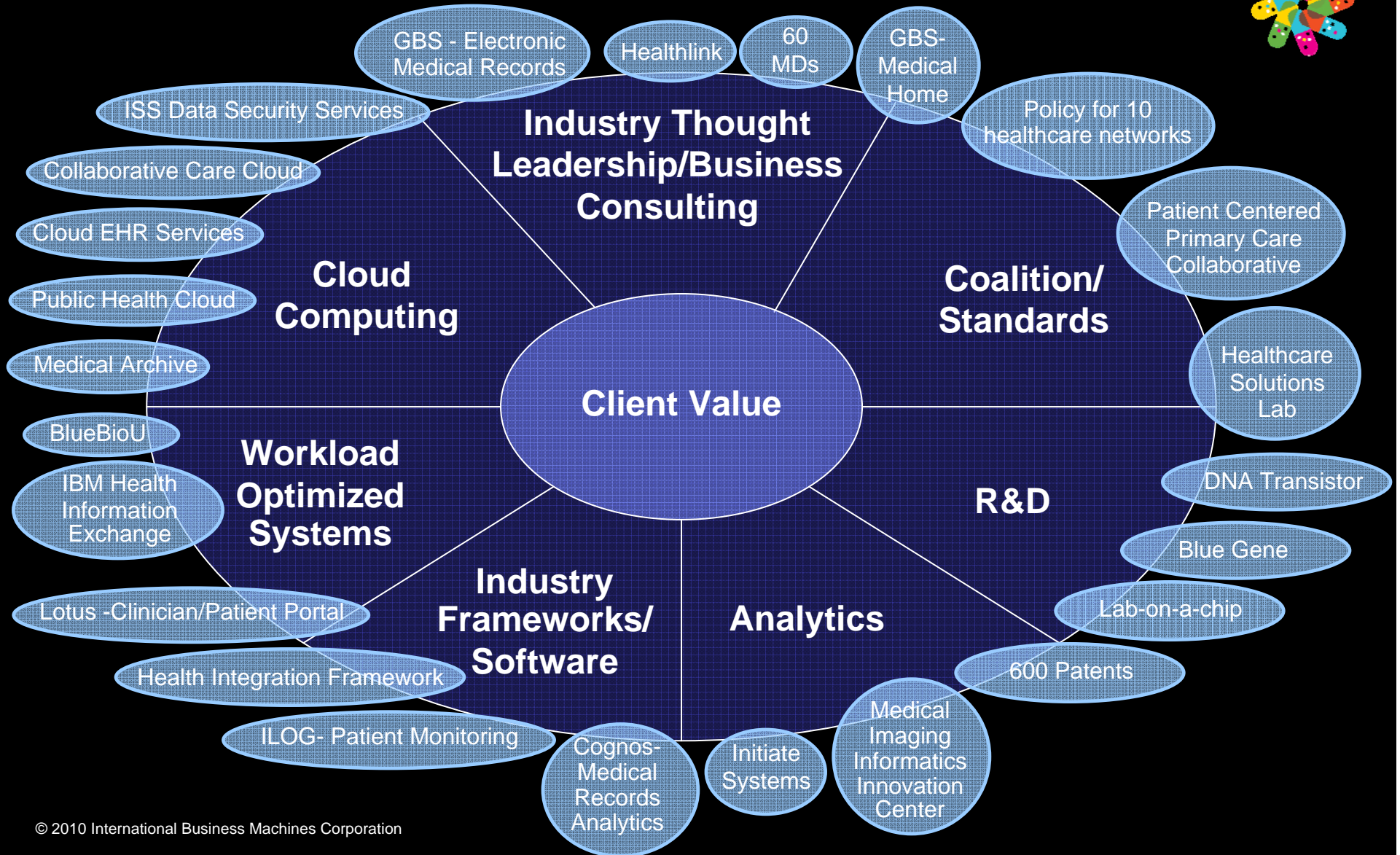
What Distinguishes IBM



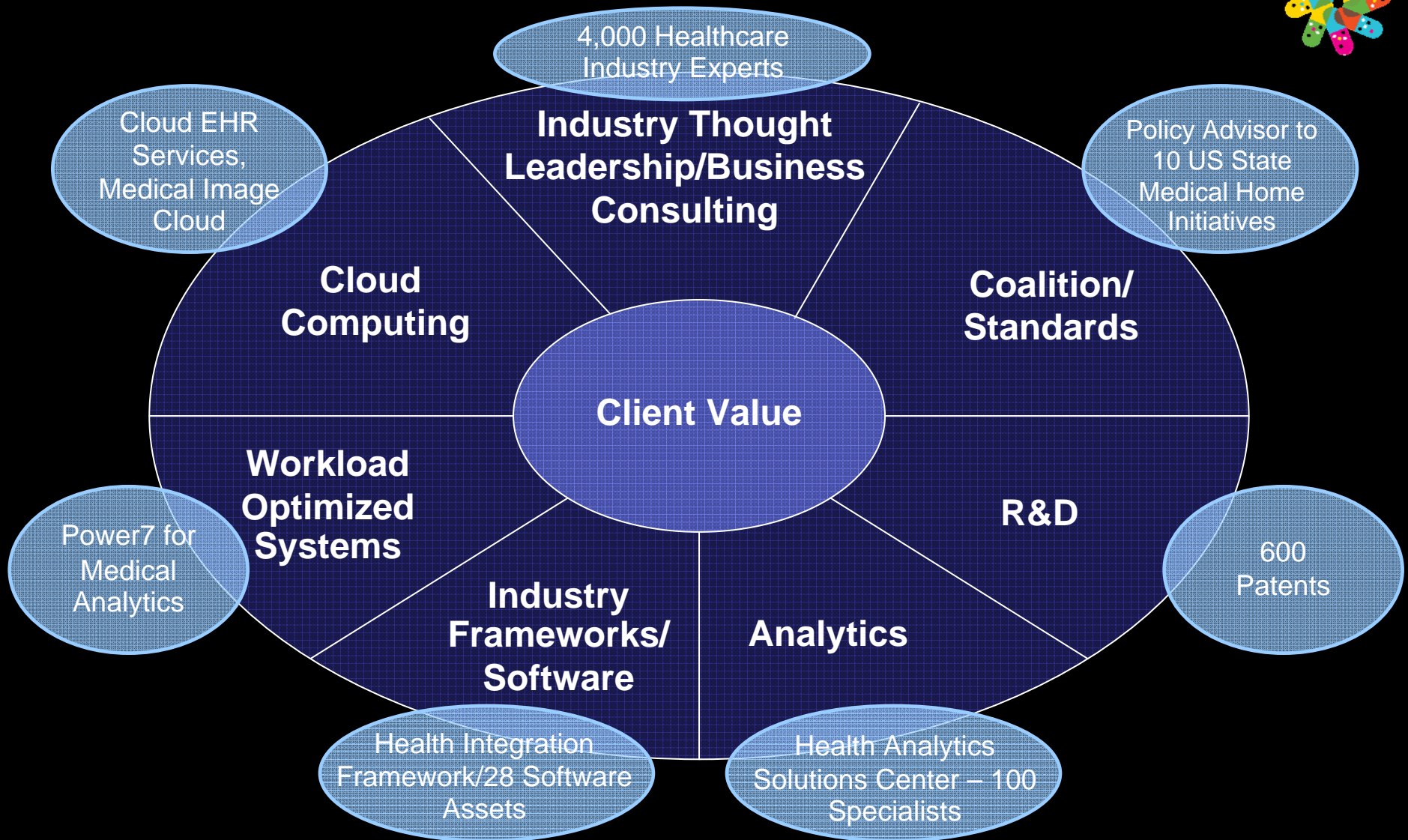
Healthcare



What Distinguishes IBM in Healthcare



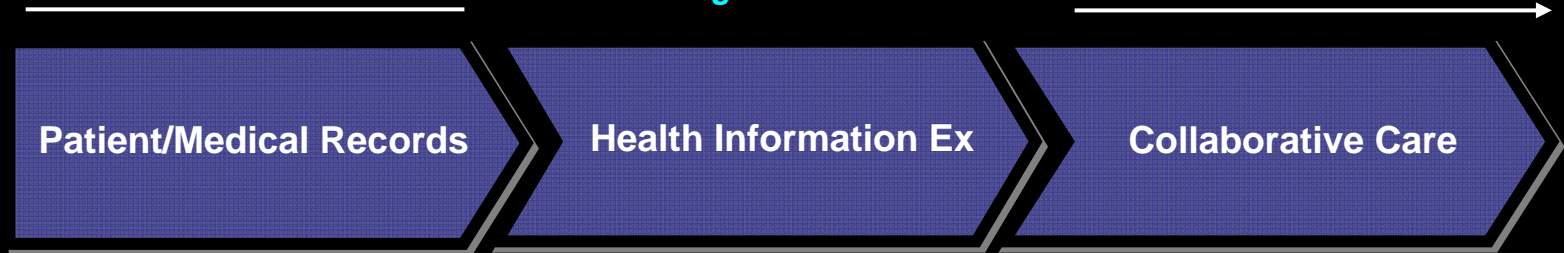
What Distinguishes IBM in Healthcare



Smarter Planet Solution Progression Healthcare



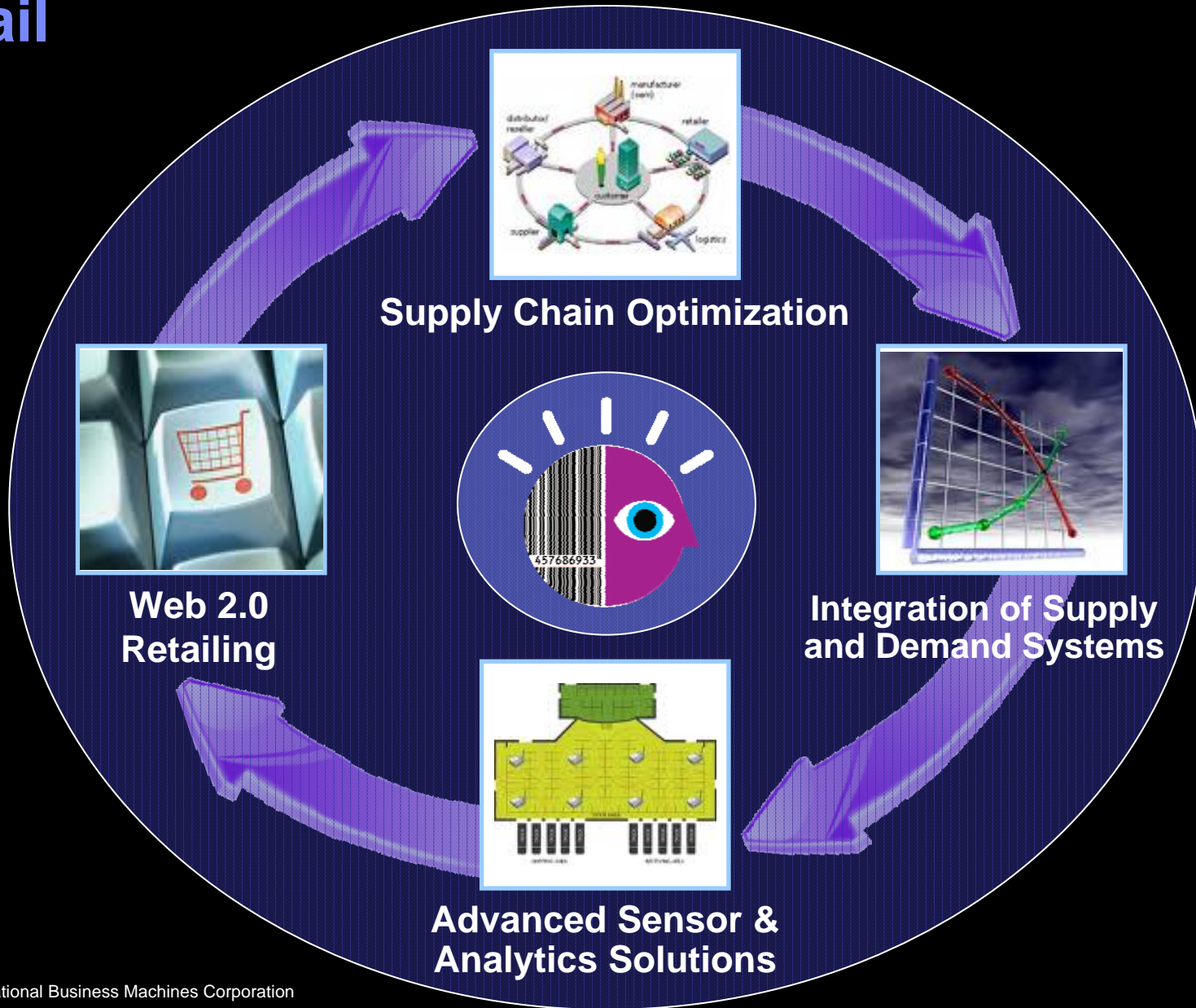
Health Integration Framework



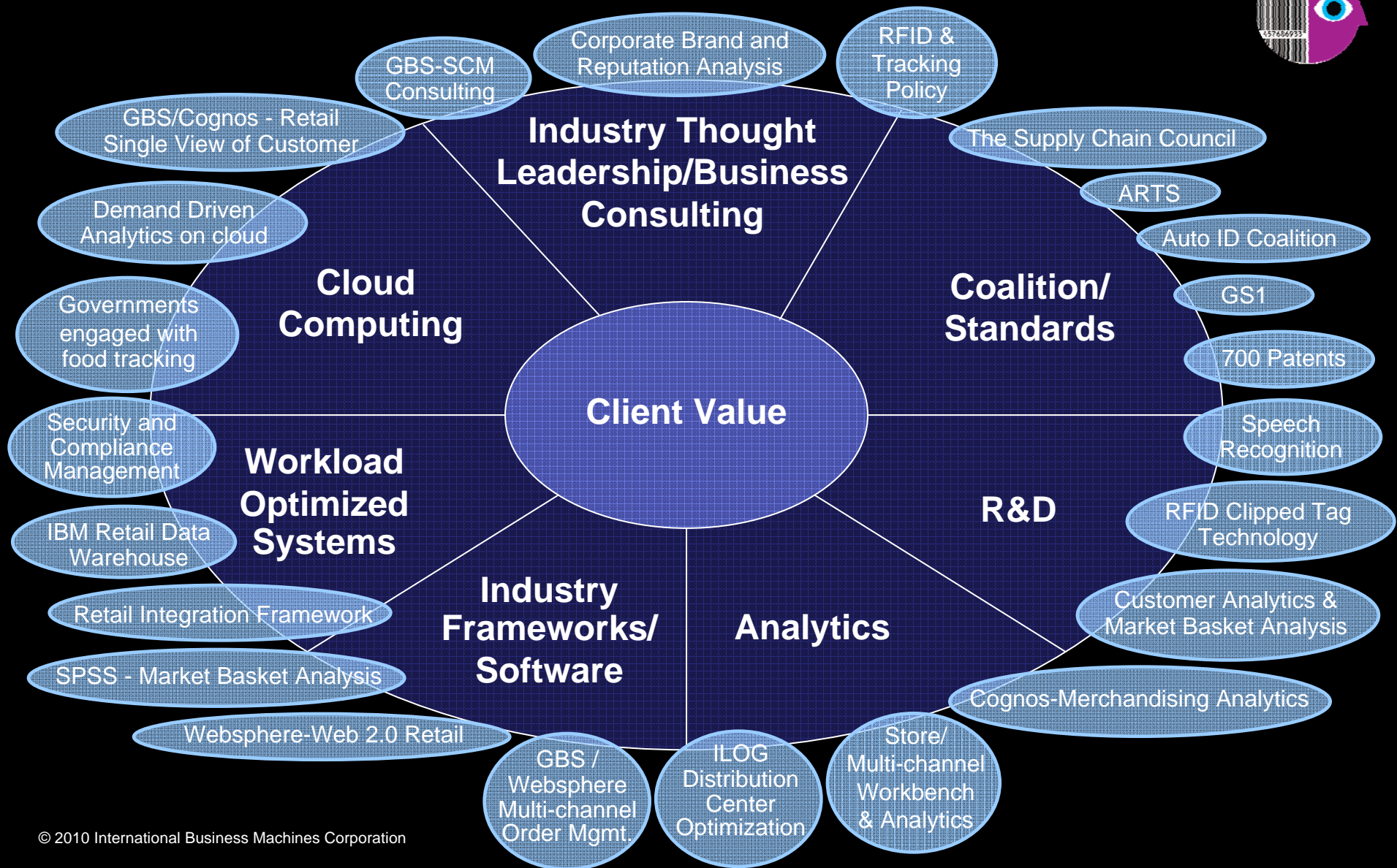
Client Examples



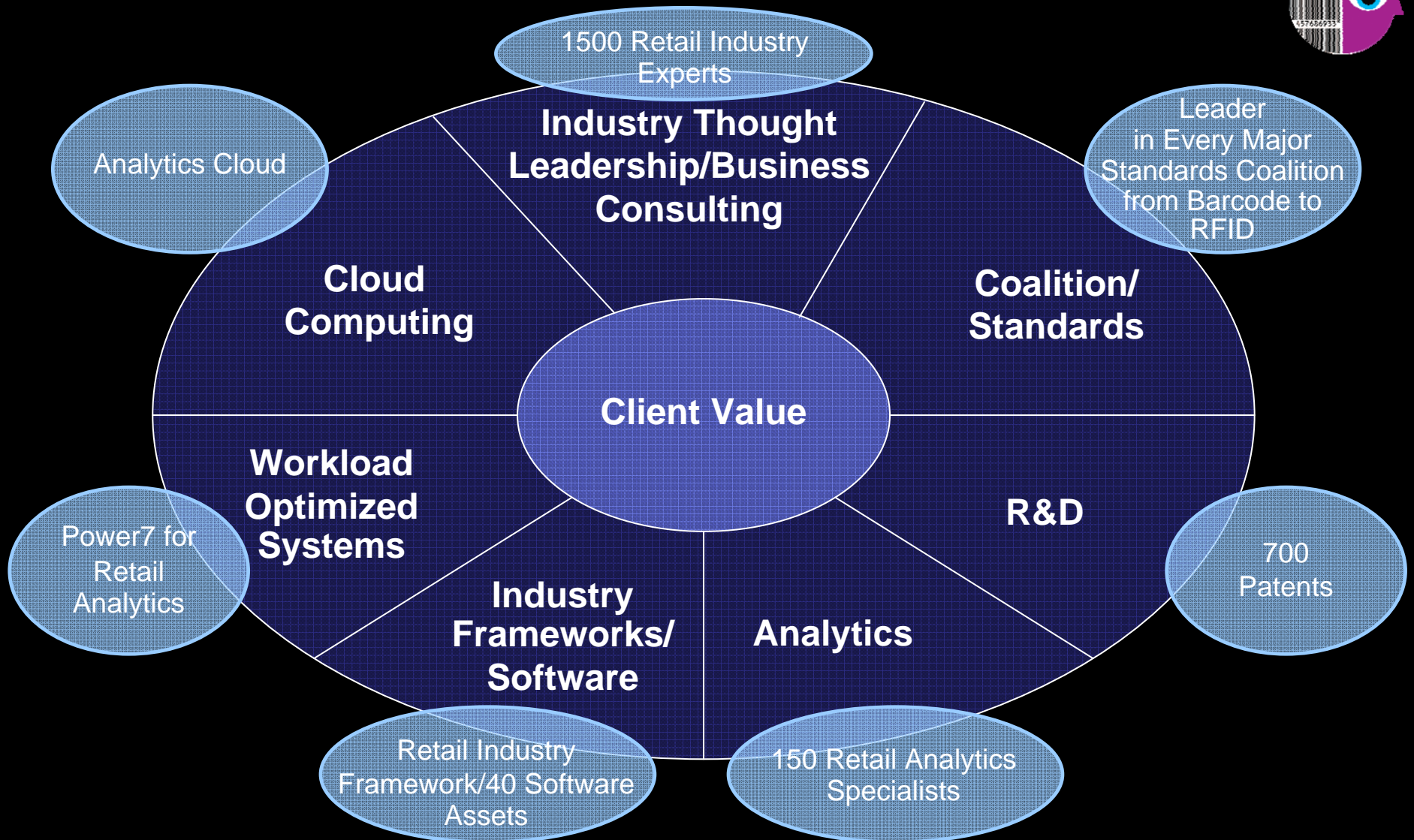
Retail



What Distinguishes IBM in Retail

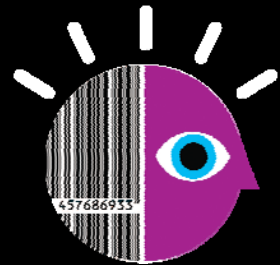


What Distinguishes IBM in Retail



Smarter Planet Solution Progression

Retail



Retail Integration Framework

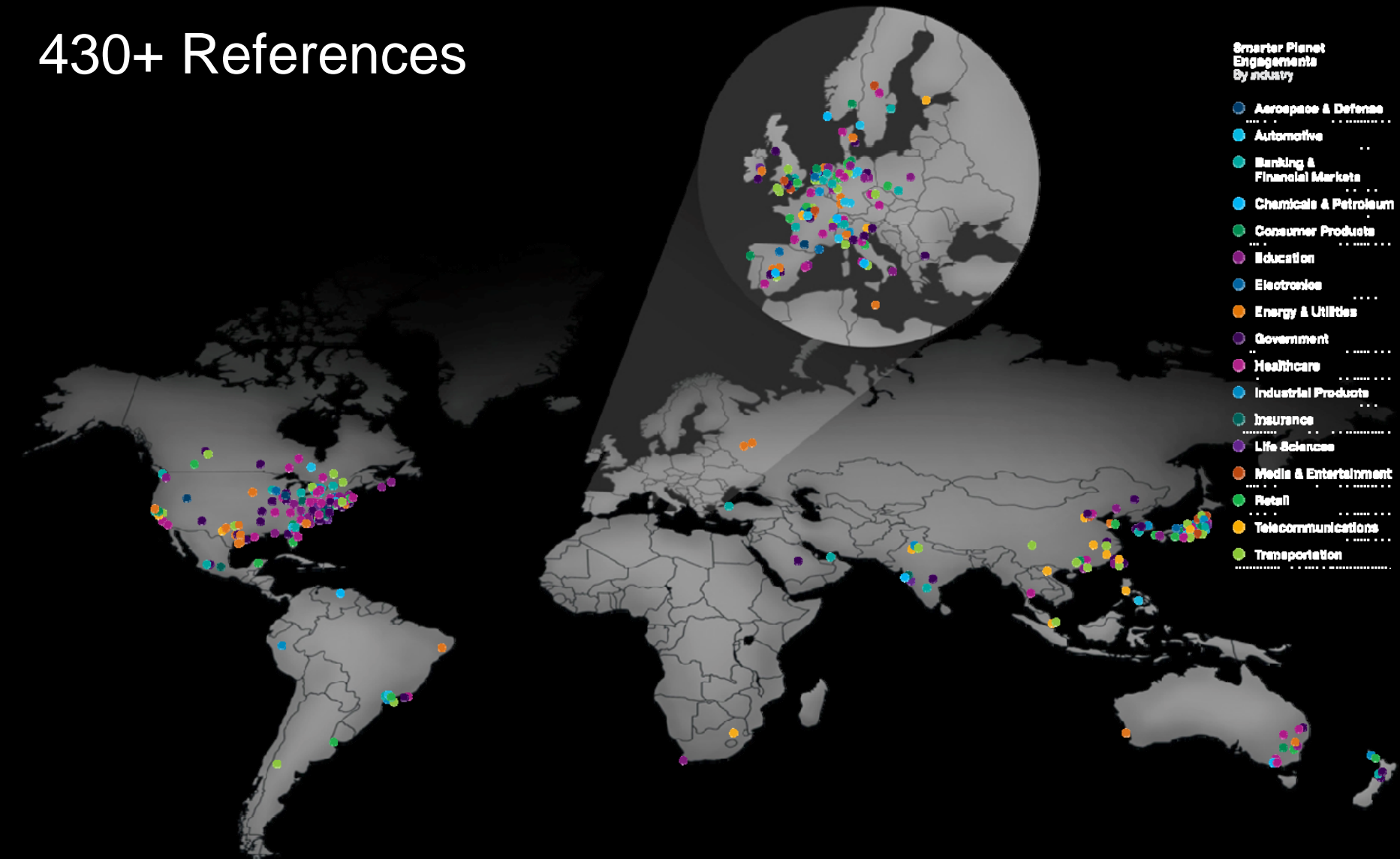


Client Examples



Smarter Planet Engagements

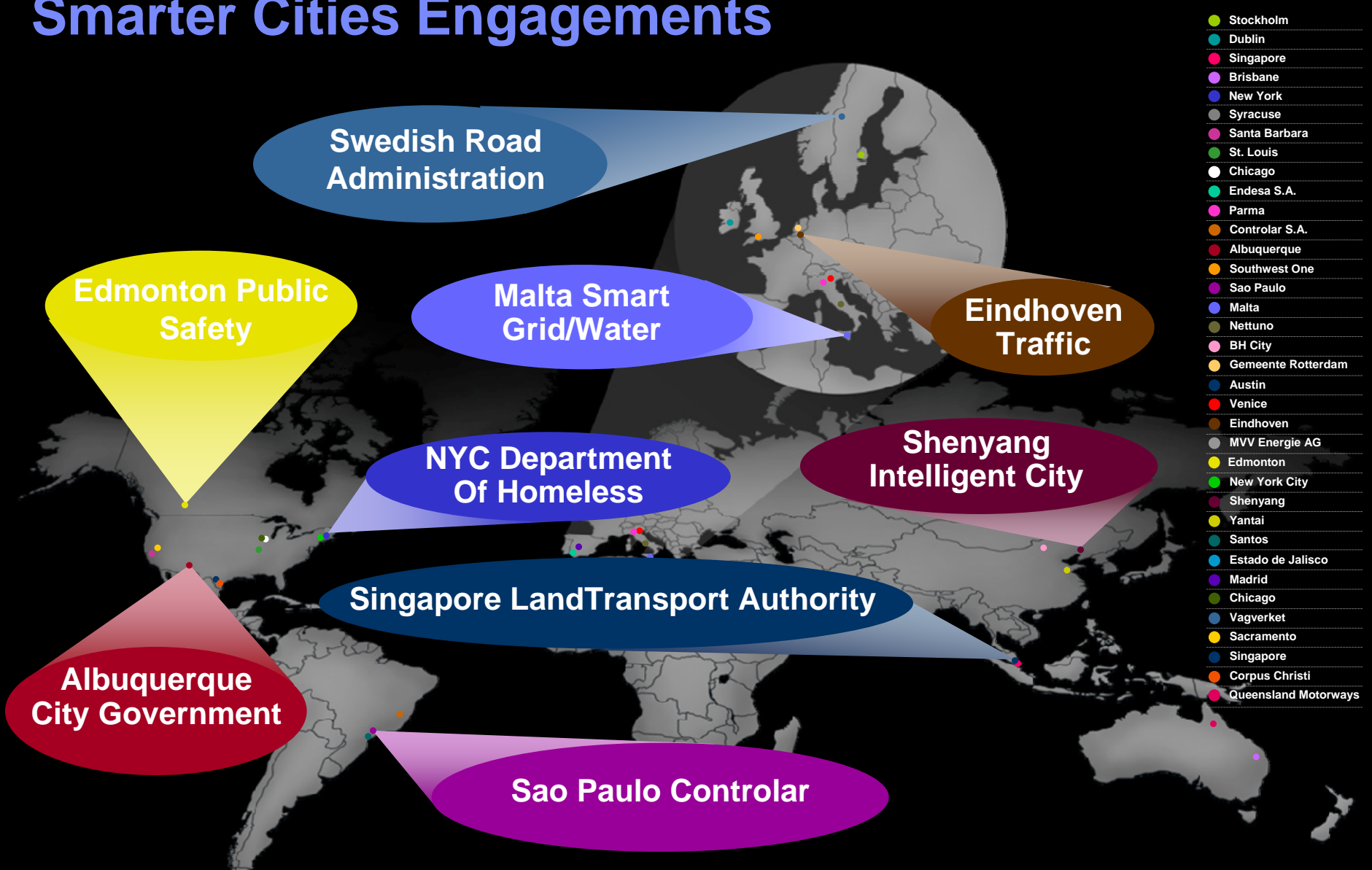
430+ References



Smarter Planet Engagements

Industry	References	Framework	Partners
Electronics	34	Product Development Integration Framework	
Banking	41	Banking Industry Framework	
Oil & Gas	7	Integrated Information Framework	
Energy & Utilities	35	Solution Architecture for Energy & Utilities	<p>Sense the power with PowerSense™</p>
Telecommunications	18	Service Provider Delivery Environment	
Government	65	Network Centric Operations Framework	
Transportation	39	Government Industry Framework	<p>NONSTOP TOLL INNOVATION™</p>
Healthcare	57	Health Integration Framework	
Retail	30	Retail Integration Framework	

Smarter Cities Engagements



17 of 20 Largest Cities are in the Growth Markets



1. Mexico City



2. Mumbai



3. Shanghai



4. Kolkata



5. New Delhi



6. Beijing



7. Sao Paulo



8. Buenos Aires



9. Moscow



10. Seoul



11. Chongqing



12. Istanbul



13. Karachi



14. Jakarta



15. Guangzhou



16. Tokyo



17. Wuhan



18. London



19. New York



20. Bangkok

The opportunity for *Growth* is significant

100 million

The number of people moving to urban cities every year, equivalent to 10 NYC's

5.9 billion

87% of the world's population

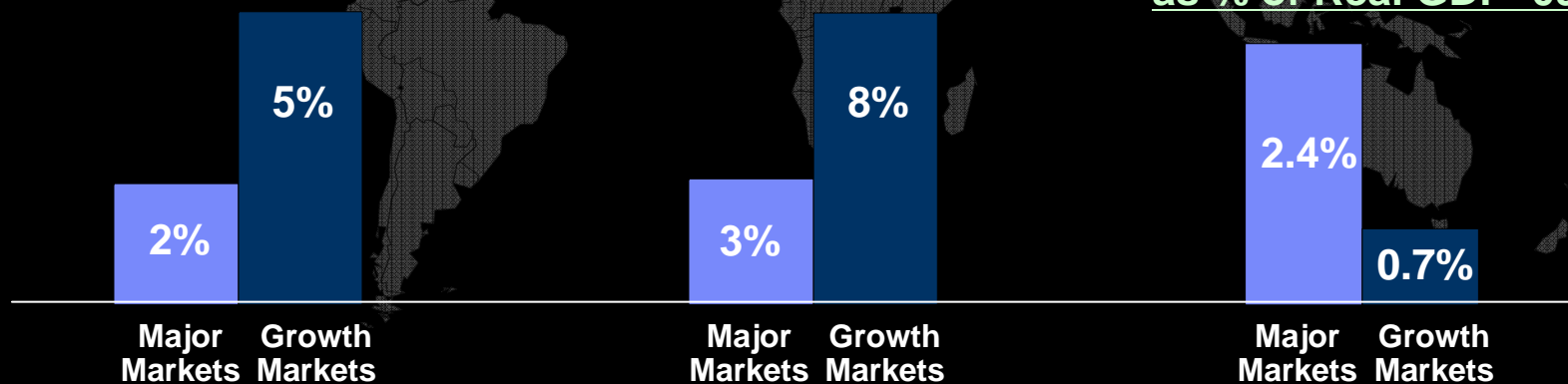
\$6.3 trillion

Real GDP growth 2009 to 2015
Over 55% of World GDP growth

Real GDP Growth '09-'15

Served IT Growth '09-'15

Served IT as % of Real GDP '09



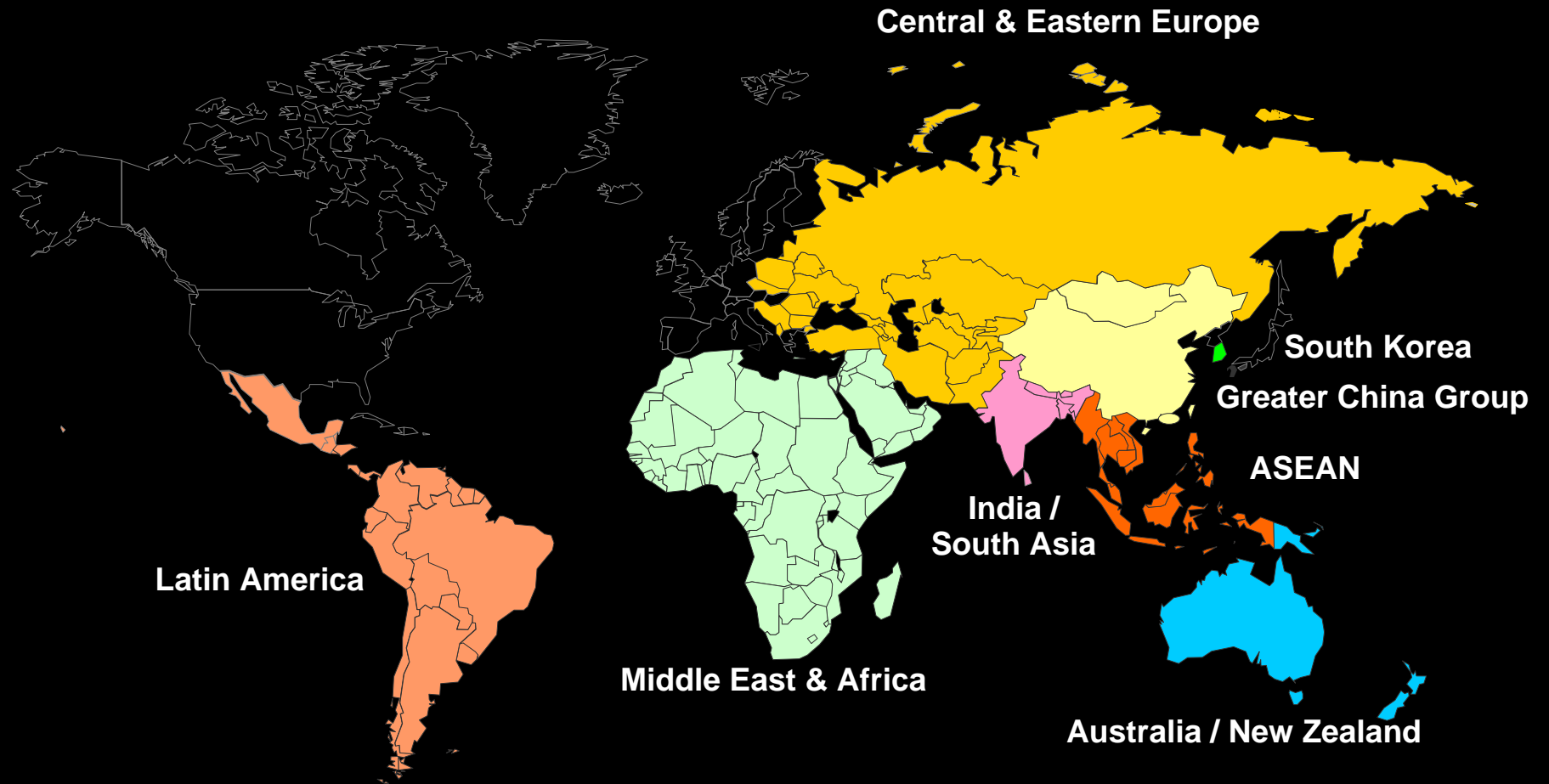
Global Sales and Distribution

Bruno Di Leo
General Manager, Growth Markets

IBM Investor Briefing



IBM in Growth Markets: over 140 countries



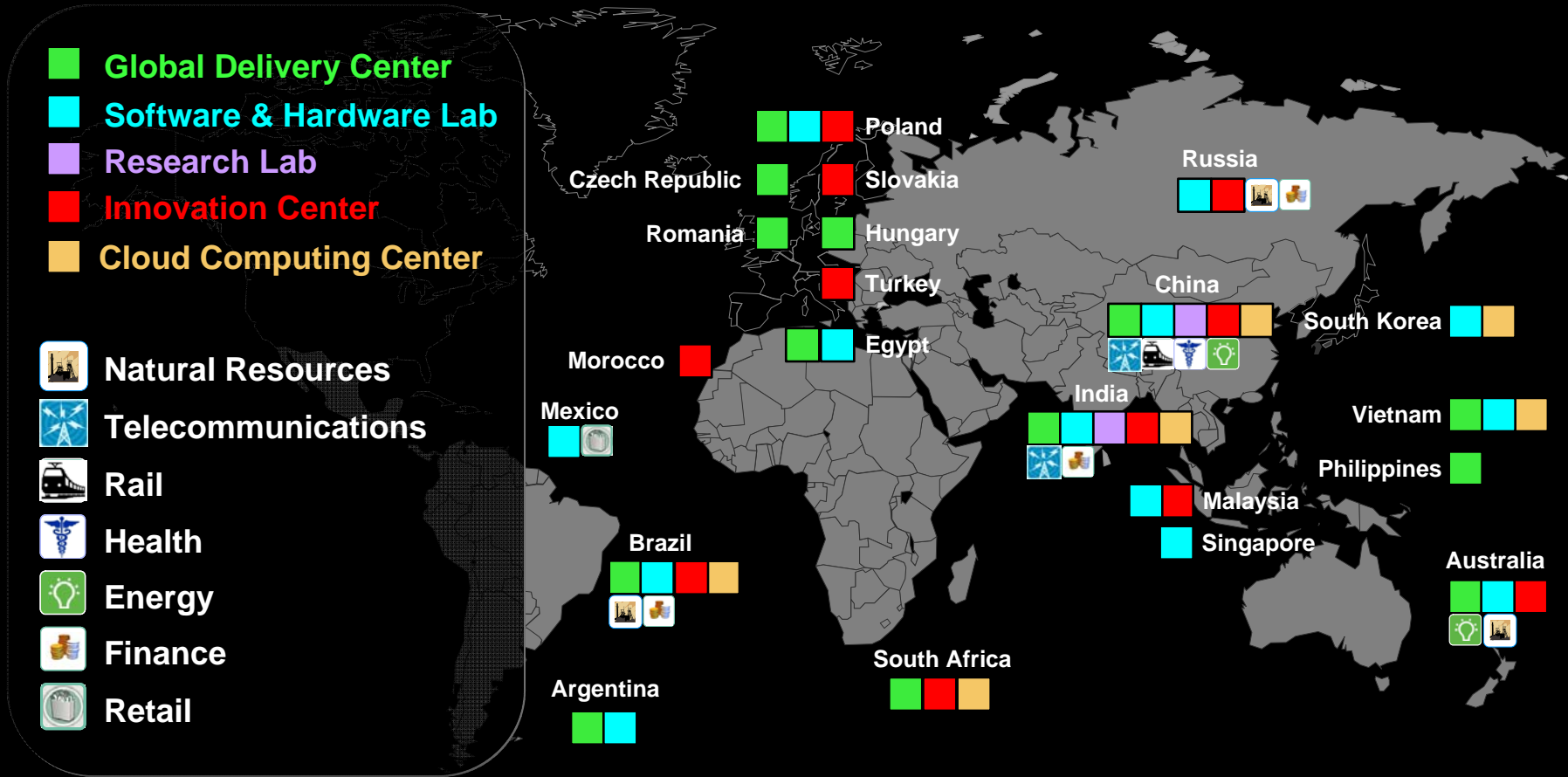
IBM in Growth Markets

Positioned for Growth

- Revenue growth outpacing Major Markets by at least 8 pts
- Growing faster than market
- Increased at least 1 pt per year as a share of total IBM revenue
- Significant **investments that differentiate** IBM
- Significant **investments in growth** beyond BRIC's

IBM differentiation through investments

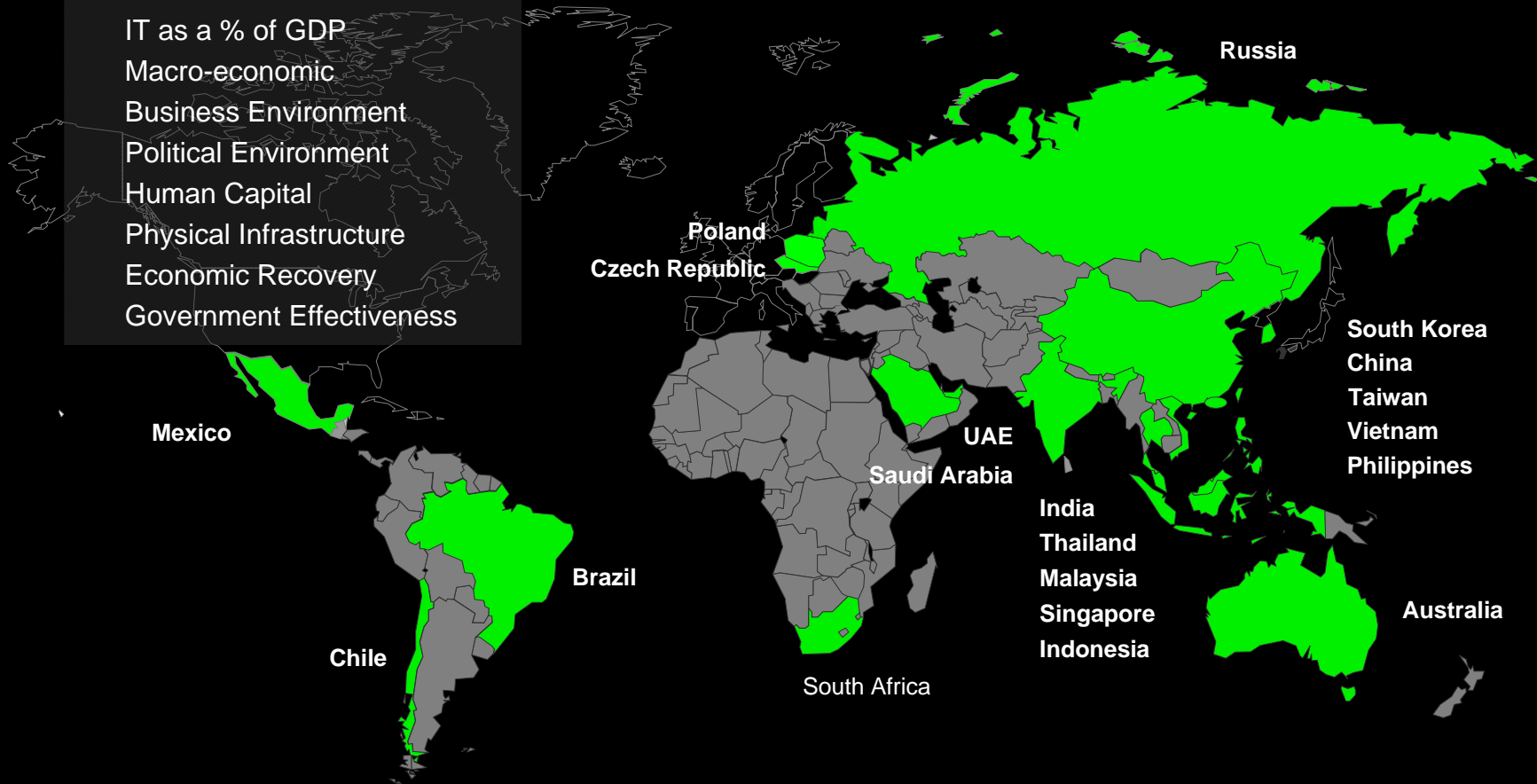
The Globally Integrated Enterprise



20 countries selected for broad investments in growth

Selection Criteria

- IT Market Size & Growth
- IT as a % of GDP
- Macro-economic
- Business Environment
- Political Environment
- Human Capital
- Physical Infrastructure
- Economic Recovery
- Government Effectiveness



IBM Growth Markets strategies

Market Expansion

Prioritized 20 Countries
Expanding beyond major cities

IT Infrastructure Development

High-end Systems
Software solutions
Large Services Projects

Industry Leadership

Investing in skills
Leading in key industries
Creating new IT markets

Market Expansion

China

2000
3 Branch Offices



Population	1.3B
Real GDP (2009)	\$3.7T
Real GDP Growth (2009-2015)	8.5%
Served IT Market (2009)	\$19B
Served IT Growth (2009 – 2015)	12.0%
2009 Served IT spending outside major cities	80%

2010
28 Branch Offices



Expanding to 70 Branch Offices by 2015



Market Expansion

India

2000
3 Branch Offices



Population	1.1B
Real GDP (2009)	\$1.1T
Real GDP Growth (2009-2015)	7.1%
Served IT Market (2009)	\$7B
Served IT Growth (2009 – 2015)	13.6%
2009 Served IT spending outside major cities	62%

2010
12 Branch Offices



Expanding to 48 Branch Offices by 2015



Market Expansion

Brazil

2000

9 Branch Offices



Population	192M
Real GDP (2009)	\$1.2T
Real GDP Growth (2009-2015)	4.5%
Served IT Market (2009)	\$15B
Served IT Growth (2009 – 2015)	7.6%
2009 Served IT spending outside major cities	60%

2010

23 Branch Offices



Expanding to 43 Branch Offices by 2015



Market Expansion

ASEAN

2000
6 Branch Offices



Population	589M
Real GDP (2009)	1.2T\$
Real GDP Growth (2009-2015)	5.3%
Served IT Market (2009)	\$9B
Served IT Growth (2009 – 2015)	6.5%
2009 Served IT spending outside major cities	55%

2010
18 Branch Offices



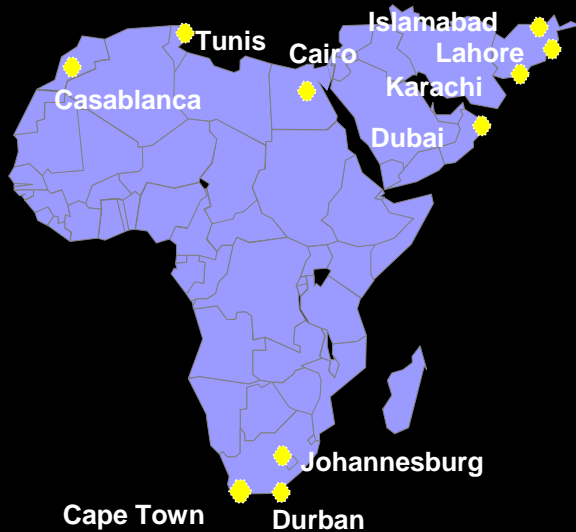
Expanding to 32 Branch Offices by 2015



Market Expansion

Africa & Middle East

2000
10 Branch Offices



Population	1.3B
Real GDP (2009)	\$2.0T
Real GDP Growth (2009-2015)	3.3%
Served IT Market (2009)	\$12B
Served IT Growth (2009 – 2015)	7.4%
2009 Served IT spending outside major cities	64%

2010
23 Branch Offices



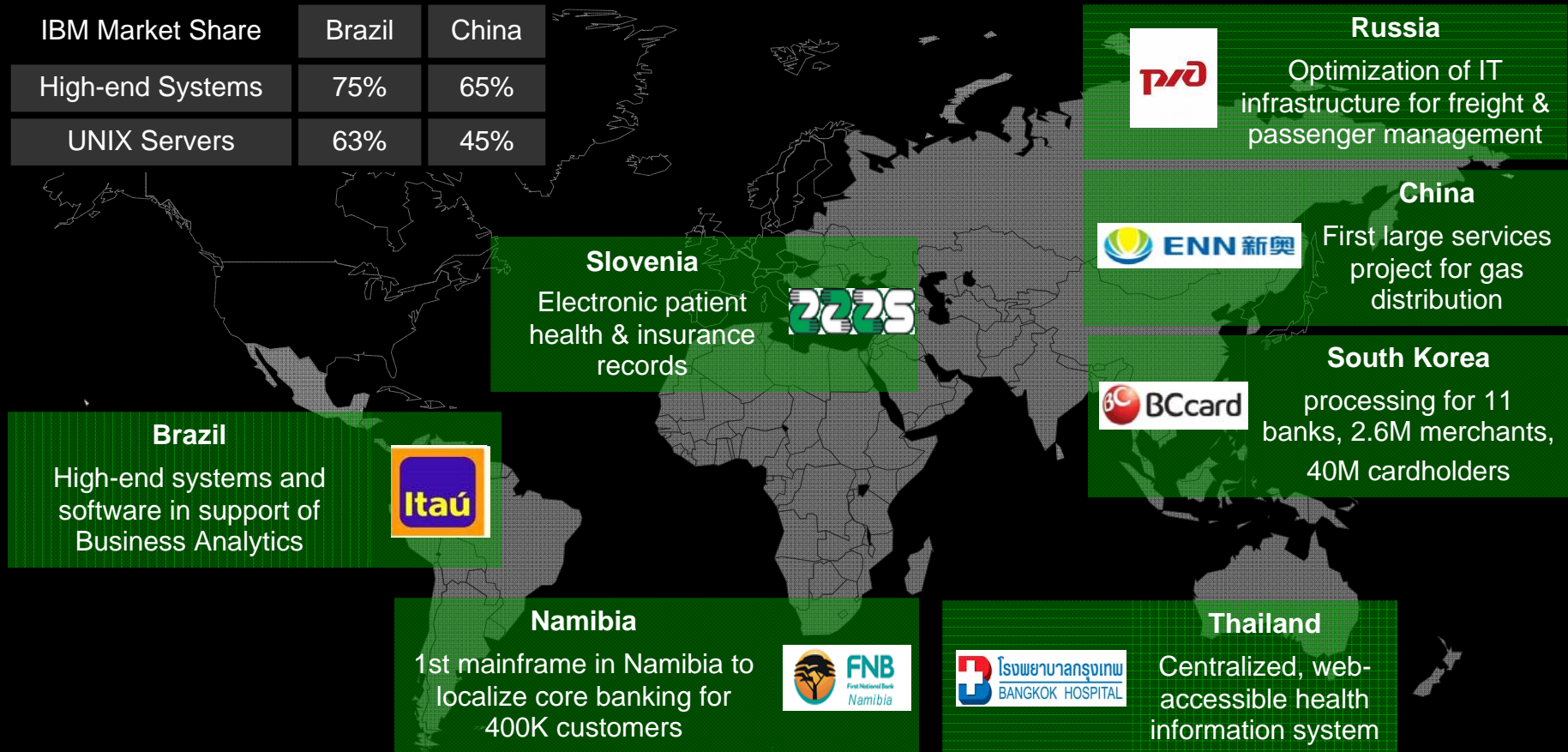
Expanding to 40 Branch Offices by 2015



IT Infrastructure Development

Build-out of IT infrastructure in support of economic growth

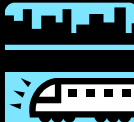
IBM Market Share	Brazil	China
High-end Systems	75%	65%
UNIX Servers	63%	45%



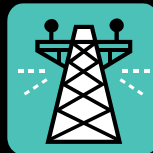
Client value through focused Industry leadership



Banking



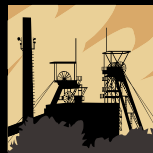
Transportation & Rail



Energy & Utilities



Healthcare



Natural Resources

Industry
Leadership

Natural Resources: Australia & Brazil

Market Opportunity

- 85% of proven oil reserves
- 92% of proven gas reserves
- 7 of 8 top mining countries

- Western Australia
 - Chevron, Woodside and Inpex investing >\$100B in LNG exploration
 - BHPB investing \$3B in Iron Ore

- Brazil
 - Petrobras investing \$45B in 2010 for exploration of its PreSalt reserves
 - Vale investing \$10B in mine expansion

Why IBM

IBM solutions for the Smarter Planet

- ✓ Operations
- ✓ Asset Management
- ✓ Health & Safety & Environment

Examples of client value delivered



Growth Markets Summary

Delivering Growth

- Investments that differentiate IBM
- Significant investments in growth strategies beyond BRICs

Market Expansion

Prioritized 20 countries
Expanding beyond major cities

IT Infrastructure Development

High-end Systems
Software Solutions
Large Services Projects

Industry Leadership

Investing in skills
Leading in Key Industries
Creating new IT markets

IBM Roadmap to 2015

- Revenue growth will continue to outpace Major Markets by at least 8pts
- Growth faster than market
- Increase at least 1pt per year as a share of total IBM revenue
- Significant investments that differentiate IBM
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SmarterCities event in Growth Markets



SmarterCities

IBM's COMMITMENT TO
A SMARTER PLANET

Developing smarter urban systems.



SmarterCities

Shanghai
June 2-3, 2010

- ✓ Shanghai, June 2-3, 2010
- ✓ 500 C-level Clients, Influencers, Business Partners
- ✓ 25 Countries

Sales and Distribution Summary

- Profitable Revenue Growth by Delivering New Client Value
- Solution Sales Based on Repeatable Industry Frameworks
- Growth Markets Expansion

*Enable Revenue Growth of at Least 5% in the 2015 Roadmap
Through Key Growth Strategies*



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