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The company has disclosed in the attached presentation materials certain non-GAAP information which management believes provides useful information for investors. Reconciliations of these non-GAAP financial measures to the most directly comparable financial measures calculated and presented in accordance with GAAP are included as Exhibit 99.3 to IBM's Form 8-K furnished to the SEC on October 29, 2018. For other related information please visit the Company’s website at: www.ibm.com/investor
Today’s participants

Virginia Rometty
IBM
Chairman, President and CEO

James Kavanaugh
IBM
Senior Vice President and Chief Financial Officer

James Whitehurst
Red Hat
President and CEO

Paul Cormier
Red Hat
President, Products and Technologies

Arvind Krishna
IBM
Senior Vice President, Hybrid Cloud and Director, IBM Research
Creating the world’s leading hybrid cloud provider

Leading provider of enterprise cloud & AI solutions

Leading provider of open source solutions

Completely changing the cloud landscape
The second chapter of cloud unlocks value and drives growth

$1.0T
hybrid cloud opportunity by 2020

#1
Linux platform for applications

80%
of enterprise workloads have yet to migrate to the cloud

Hybrid | Multi-cloud | Open | Secure | Management
Red Hat has evolved from an open source pioneer to a driving force in hybrid cloud computing

**Pioneer of enterprise Linux and open platforms**

- Wide enterprise adoption
- Broad partner ecosystem
- Deeply engaged developer community

**Foundational technology for hybrid computing**

- Common platform across all environments
- Leadership in container management
- Based on open standards / cloud agnostic

90% Fortune 500 adoption  
8M+ Developers  
19% Revenue growth (LTM)  
~85% Gross Profit Margin  
~$1B Free cash flow
Acquiring Red Hat drives new growth opportunities across IBM

IBM has been building a foundation...

Integrated cloud offerings including:

<table>
<thead>
<tr>
<th>IBM Cloud</th>
<th>Cloud Migration Factory</th>
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<tbody>
<tr>
<td>Digital iX Practice</td>
<td>Cloud Application Innovation</td>
</tr>
<tr>
<td>Cloud Garages</td>
<td>90,000 cloud architects</td>
</tr>
<tr>
<td>IBM Z, Power,</td>
<td>30% of outsourcing backlog is</td>
</tr>
<tr>
<td>Storage on Linux</td>
<td>cloud</td>
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</tbody>
</table>

...and the time is right to add Red Hat’s open hybrid cloud technologies

New solutions in the last 12 months

<table>
<thead>
<tr>
<th>IBM Cloud Private</th>
<th>IBM Cloud Private for Data</th>
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<tr>
<td>IBM AI Openscale</td>
<td>IBM Multicloud Manager</td>
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</tbody>
</table>

Growth opportunities across IBM software, services, systems
Transaction overview

Transaction Summary

$190  Per Share

~$34B  Enterprise Value

2H’19  Expected closure date

Dependent on regulatory approvals

- Financed with combination of cash and debt
- Commitment to continued dividend growth
- Maintain strong investment grade rating
- Intend to suspend share repurchase program in 2020/21
Red Hat accelerates IBM’s revenue growth and shift to higher value...

**Strong Growth Profile**
$3.2B Revenue LTM, +19%
19% Billings Growth

**Strong Margin Profile**
~85% GP Margin

**Strong Cash Generation**
~$1B Free Cash Flow, growing >20%

...enhancing IBM financial performance

**Accelerates Revenue Growth**
+200 bps to IBM revenue growth

**Accelerates Shift to Higher Value**
Operating GP Margin accretive in Year 1
Operating EPS accretive by end of Year 2

**Enhances Strong Cash Flow Profile**
Cash flow accretive in Year 1
Continued dividend growth
IBM + Red Hat opens up additional opportunities across Red Hat

Accelerate the expansion of Red Hat’s leading open source portfolio

Provide significant cross-selling opportunity through expanded delivery of industry-leading open source solutions

Maintain Red Hat’s commitment to open source and accelerate the impact of open source as the foundation of digital transformation strategies

Operate as a distinct unit within IBM Hybrid Cloud, maintaining Red Hat’s brand, go to market, partner strategies, facilities ...

Leverage IBM’s industry expertise, enterprise relationships, services capabilities, and scale
Committed to open source innovation

- Long-time supporter of the Linux and open source community
- Accelerates Red Hat’s open hybrid cloud strategy
- Dedicated to working with developers to continue leading sponsorship and investment in open source communities
- Continued freedom of open source through Patent Promise, leadership in Open Invention Network and the LOTNetwork
IBM and Red Hat share common beliefs

Hybrid

Multi-cloud

Open

Secure

Management

It's a hybrid world

Containers are strategic

Innovation is the path forward

Certified stacks are secure
IBM + Red Hat drives significant benefits to clients

<table>
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<tr>
<th>Benefits to IBM</th>
<th>Benefits to Red Hat</th>
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<tbody>
<tr>
<td>Acceleration of hybrid cloud adoption</td>
<td>Leverage industry expertise and scale</td>
</tr>
<tr>
<td>Extensive developer ecosystem</td>
<td>Accelerate expansion of open source portfolio</td>
</tr>
<tr>
<td>Cross-sell and new revenue opportunities</td>
<td>Expand reach of open technologies across enterprise clients</td>
</tr>
</tbody>
</table>

Benefits to Clients

- Enterprise-grade open hybrid cloud
- A path to migrate traditional workloads to the cloud
- Consistent management across multiple clouds
- A cloud that is secure to the core
The world’s leading hybrid cloud provider

Completely changing the cloud landscape