IBM BOARD CORPORATE GOVERNANCE GUIDELINES

Effective Date: May 1, 2014

1. Board Size

- 10-14 directors on the Board is optimal. This approach is flexible depending on the circumstances and the qualifications of proposed candidates.

2. Number, Structure and Function of Committees

- The number, structure, and function of Board Committees are reviewed periodically by the Directors and Corporate Governance Committee.

- The Audit Committee, Executive Compensation and Management Resources Committee, and the Directors and Corporate Governance Committee shall each have a written charter.

3. Presiding Director

- The independent directors of the Board shall elect a Presiding Director from one of their number.

- The Presiding Director (i) presides at all meetings of the Board at which the Chairman is not present, including executive sessions of the independent directors, (ii) serves as liaison between the Chairman and the independent directors, (iii) approves information sent to the Board, (iv) approves meeting agendas for the Board, (v) approves meeting schedules to assure that there is sufficient time for discussion of all agenda items, (vi) has authority to call meetings of the independent directors, and (vii) if requested by major shareholders, ensures that he or she is available, as necessary after discussions with the Chairman and Chief Executive Officer, for consultation and direct communication.

4. Board Meetings

- The frequency and length of Board meetings are determined by the Chairman and Committee Chairs with input from the directors.

- Meeting schedules are approved by the full Board.

5. Agenda Items

- Agenda items are determined by the Chairman and Committee Chairs with input from the directors.

6. Briefing Information

- Briefing materials and other relevant information are distributed in advance of meetings.

7. Presentations by Management

- Members of management report at each meeting on business and other topics of interest to the Board.

8. Executive Sessions

- The non-management directors shall meet at regularly scheduled executive sessions without management. The Presiding Director shall preside at sessions that are held with only non-management directors present.

9. Reports by the Committees to the Board

- The Committees regularly report to the Board on their proceedings and deliberations. The Committees also bring to the Board for consideration those matters and decisions which the Committees judge to be of special significance.

10. Director Qualifications, Responsibilities, Orientation and Continuing Education

- Director qualifications are reviewed by the Directors and Corporate Governance Committee and subsequently by the Board in connection with the nomination of candidates for election at the annual meeting.

- IBM's business is managed under the direction of the Board of Directors.

- Directors are expected to invest the time and effort necessary to understand the Company's business and financial strategies and challenges. The basic duties and responsibilities of the directors include attending Board meetings, preparing for meetings by advance review of any meeting materials and actively participating in Board discussions. Directors are also expected to make themselves available outside of Board meetings for advice and

consultation.

- The Corporate Secretary is responsible for providing orientation materials to, and scheduling orientation sessions for, new directors. The Corporate Secretary will also work with the Chairman and Committee Chairs as necessary to periodically provide materials and other guidance that would assist directors with their continuing education.

11. Candidates

- The Directors and Corporate Governance Committee identifies and evaluates proposed candidates for addition to the Board, including candidates proposed by third parties. Invitations to new directors are authorized by the Board.

- Individuals are selected to join the Board based on their business or professional experience, the diversity of their background, and their array of talents and perspectives.

12. Director Independence

- The Board shall be composed of a majority of independent directors.

- The Audit Committee, Executive Compensation and Management Resources Committee, and Directors and Corporate Governance Committee shall be composed entirely of independent directors.

- The Directors and Corporate Governance Committee and the full Board annually review the financial and other relationships between the non-management directors and IBM. The Directors and Corporate Governance Committee makes recommendations to the Board about the independence of non-management directors, and the Board determines whether such directors are independent.

- Appendix A sets forth the independence criteria established by the Board and used by the Directors and Corporate Governance Committee and the Board in their assessment of the independence of directors.

13. Change in Position

- Each director will tender his or her resignation upon a change in position or responsibility in his or her principal occupation, subject to review by the Directors and Corporate Governance Committee and the Board. If approved by the Board, the director may continue to serve for up to three years after the change in position or responsibility. Continued service beyond this

period will be subject to review by the Directors and Corporate Governance Committee and the Board.

- Employee directors are required to resign upon leaving the Company, subject to review by the Directors and Corporate Governance Committee and the Board.

14. Retirement Age

- Non-management directors shall not stand for reelection at the first annual meeting following age 72, subject to review by the Directors and Corporate Governance Committee and the Board**.**

15. Director Compensation and Stock Ownership

- Director compensation and stock ownership are periodically reviewed by the Directors and Corporate Governance Committee, usually on an annual basis.

- The Committee's review includes a comparison of IBM's director compensation practices against the practices of the largest U.S. companies. The Committee's objectives include ensuring that the Company's non-management directors have a proprietary stake in the Company and that the interests of the directors continue to be closely aligned with the interests of the Company's stockholders.

- Within 5 years of initial election to the Board, each non-management director is expected to have stock-based holdings in IBM equal in value to 5 times the annual retainer initially payable to such director. In the event of an increase in annual retainer, the Committee will review the need for an increase in directors' stock-based holdings.

16. Board and Committee Self-Evaluation

- The Board evaluates its performance regularly in executive session. The Board shall conduct these evaluations at least annually.

- Each Committee shall also conduct an evaluation of its performance at least annually.

17. Access to Senior Management and Independent Advisors

- Management is available to discuss matters of concern to directors and directors have regular access to senior management.

- The Board may retain independent advisors as it deems appropriate in its discretion.

18. Interaction with Third Parties

- Management is the primary voice of the Company.

19. Evaluation of the CEO

- The performance of the CEO is reviewed periodically by the Executive Compensation and Management Resources Committee and annually by the Board in executive session.

20. Management Resources and Succession

- The Chairman reports regularly on succession planning and management development. The Board's practice is to conduct an annual review.

Appendix A. Independence Standards

A director is considered independent if the Board makes an affirmative determination after a review of all the relevant information that the director has no material relationship with the Company. The Board has established the following standards to assist it in assessing director independence.

1. A director will not be considered independent if:

i. The director is, or has been within the last three years, an employee of the Company, or an immediate family member is, or has been within the last three years, an executive officer, of the Company;

ii. The director has received, or has an immediate family member who has received, during any twelve-month period within the last three years, more than $100,000 in direct compensation from the Company, other than director and committee fees and pension or other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service). Compensation received by an immediate family member for service as an employee of the Company (other than an executive officer) does not preclude a determination of independence for the director;

iii. (A) The director or an immediate family member is a current partner of a firm that is the Company's internal or external auditor; (B) the director is a current employee of such a firm; (C) the director has an immediate family member who is a current employee of such a firm and who participates in the firm's audit, assurance or tax compliance (but not tax planning) practice; or (D) the director or an immediate family member was within the last three years (but is no longer) a partner or employee of such a firm and personally worked on the Company's audit within that time;

iv. The director or an immediate family member is, or has been within the last three years, employed as an executive officer of another company where any of the Company's present executive officers at the same time serves or served on that company's compensation committee; or

v. The director is a current employee, or an immediate family member is a current executive officer, of a company that has made payments to, or received payments from, the Company for property or services in an amount which, in any of the last three fiscal years, exceeds the greater of $1 million, or 2% of such other company's consolidated gross revenues;

in each case in accordance with the corporate governance standards of, and any related commentary and guidance from, the New York Stock Exchange.

2. Relationships of the following types will not be considered material relationships that would impair a director's independence:

i. Payments between the Company and any other company at which a director is a current employee or an immediate family member of a director is a current executive officer, if such payments are less than the threshold set forth above in Section 1(v);

ii. Contributions by the Company to any tax exempt organization at which a director serves as an executive officer, director, trustee or equivalent, if within the preceding three years, such contributions did not exceed the greater of $1 million or 2% of such organization's consolidated gross revenues;

iii. Relationships between any extended family member of a director (i.e., not an immediate family member) and the Company or its external auditor;

iv. Membership in, or association with, the same professional association, social, educational, fraternal or religious organization, club or institution, as an executive officer or another director of the Company;

v. Service on the board of another company at which an executive officer or another director of the Company also serves as a board member, except as set forth in Section 1(iv) above; and

vi. Employment by a director at another company, or service on the board of another company by a director, where the external auditor for such other company is also the external auditor for the Company.

Immediate Family Member. An “immediate family member” includes a director's spouse, parents, children, siblings, mothers and fathers-in-law, sons and daughters-in-law, brothers and sisters-in-law, and anyone (other than domestic employees) who shares the director's home.