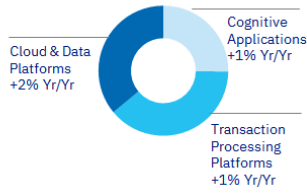


## Exhibit 1: 2018 Recast Segment Results Snapshot in 2019 Structure

### Cloud & Cognitive Software

#### 2018 Segment Results

	2018	Yr/Yr
Revenue (External)	\$22.2	2%
Gross Margin (External)	77.6%	(0.5pts)
PTI	\$8.9	10%
PTI Margin	35%	2.6pts



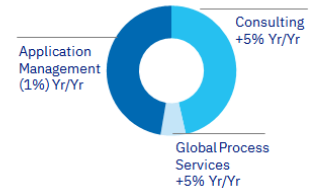
#### 2018 Cloud Revenue

	2018	Yr/Yr
Cloud	\$3.0	10%
aaS annual run rate	\$2.1	7%

### Global Business Services

#### 2018 Segment Results

	2018	Yr/Yr
Revenue (External)	\$16.6	2%
Gross Margin (External)	26.8%	1.7pts
PTI	\$1.6	25%
PTI Margin	10%	1.7pts



#### 2018 Cloud Revenue

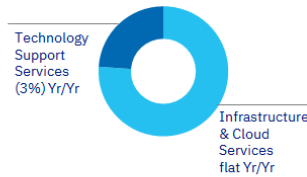
	2018	Yr/Yr
Cloud	\$4.7	19%
aaS annual run rate	\$2.1	68%

### Global Technology Services

#### 2018 Segment Results

	2018	Yr/Yr
Revenue (External)	\$29.1	-1%
Gross Margin (External)*	34.4%	0.1pts
PTI	\$1.8	-32%
PTI Margin*	6%	(2.8pts)

\*continues to include investment in cloud infrastructure



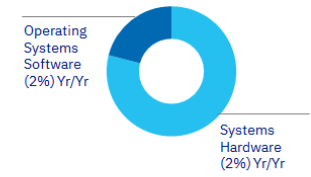
#### 2018 Cloud Revenue

	2018	Yr/Yr
Cloud	\$8.0	21%
aaS annual run rate	\$7.6	18%

### Systems

#### 2018 Segment Results

	2018	Yr/Yr
Revenue (External)	\$8.0	-2%
Gross Margin (External)	49.8%	(3.4 pts)
PTI	\$0.9	-20%
PTI Margin	10%	(2.4pts)



#### 2018 Cloud Revenue

	2018	Yr/Yr
Cloud	\$3.1	-10%

Revenue growth rates @cc; \$ in billions

Refer to Exhibit 4 for a reconciliation of these non-GAAP financial measures to GAAP

**Exhibit 2: External Revenue and Gross Profit Information**

International Business Machines Corporation  
External Revenue and Gross Profit

CLLOUD & COGNITIVE SOFTWARE SEGMENT	1Q'17	2Q'17	3Q'17	4Q'17	FY'17	1Q'18	2Q'18	3Q'18	4Q'18	FY'18
Total External Revenue	4,790	5,336	5,135	6,490	21,751	5,116	5,470	4,962	6,661	22,209
Cognitive Applications	1,198	1,353	1,329	1,653	5,533	1,286	1,413	1,324	1,610	5,633
Cloud & Data Platforms	1,848	2,101	1,948	2,484	8,381	1,950	2,079	1,968	2,606	8,603
Transaction Processing Platforms	1,744	1,883	1,859	2,352	7,838	1,880	1,978	1,669	2,446	7,974
Gross Profit \$ (External)	3,671	4,173	3,999	5,143	16,986	3,906	4,252	3,778	5,288	17,224
Gross Margin % (External)	76.6%	78.2%	77.9%	79.2%	78.1%	76.3%	77.7%	76.1%	79.4%	77.6%
GLOBAL BUSINESS SERVICES SEGMENT	1Q'17	2Q'17	3Q'17	4Q'17	FY'17	1Q'18	2Q'18	3Q'18	4Q'18	FY'18
Total External Revenue	3,932	4,025	4,027	4,089	16,073	4,115	4,135	4,076	4,269	16,595
Consulting	1,769	1,822	1,803	1,867	7,261	1,867	1,931	1,900	2,008	7,705
Application Management	1,923	1,956	1,976	1,967	7,822	2,002	1,946	1,915	1,989	7,852
Global Process Services	241	247	248	255	990	246	258	260	273	1,037
Gross Profit \$ (External)	931	998	1,096	1,008	4,033	962	1,077	1,224	1,185	4,448
Gross Margin % (External)	23.7%	24.8%	27.2%	24.7%	25.1%	23.4%	26.0%	30.0%	27.8%	26.8%
GLOBAL TECHNOLOGY SERVICES SEGMENT	1Q'17	2Q'17	3Q'17	4Q'17	FY'17	1Q'18	2Q'18	3Q'18	4Q'18	FY'18
Total External Revenue	7,104	7,181	7,294	7,634	29,213	7,421	7,325	7,101	7,299	29,146
Infrastructure & Cloud Services	5,342	5,387	5,493	5,795	22,016	5,639	5,575	5,393	5,577	22,185
Technology Support Services	1,761	1,794	1,801	1,840	7,196	1,782	1,750	1,707	1,722	6,961
Gross Profit \$ (External)	2,379	2,482	2,609	2,553	10,022	2,421	2,435	2,629	2,550	10,035
Gross Margin % (External)	33.5%	34.6%	35.8%	33.4%	34.3%	32.6%	33.2%	37.0%	34.9%	34.4%
SYSTEMS SEGMENT	1Q'17	2Q'17	3Q'17	4Q'17	FY'17	1Q'18	2Q'18	3Q'18	4Q'18	FY'18
Total External Revenue	1,395	1,747	1,721	3,332	8,194	1,500	2,177	1,736	2,621	8,034
Systems Hardware	1,000	1,328	1,301	2,865	6,494	1,093	1,756	1,339	2,175	6,363
Operating Systems Software	394	419	420	467	1,701	407	421	397	446	1,671
Gross Profit \$ (External)	662	920	923	1,857	4,362	655	1,101	914	1,333	4,002
Gross Margin % (External)	47.5%	52.7%	53.6%	55.7%	53.2%	43.7%	50.6%	52.7%	50.8%	49.8%
GLOBAL FINANCING SEGMENT	1Q'17	2Q'17	3Q'17	4Q'17	FY'17	1Q'18	2Q'18	3Q'18	4Q'18	FY'18
Total External Revenue	405	415	427	450	1,696	405	394	388	402	1,590
Gross Profit \$ (External)	129	128	108	133	497	139	105	102	117	463
Gross Margin % (External)	31.8%	30.8%	25.2%	29.5%	29.3%	34.4%	26.6%	26.3%	29.1%	29.1%

Exhibit 3: Recast Management System Segment View

International Business Machines Corporation  
Management System Segment View

	CLOUD & COGNITIVE SOFTWARE	GLOBAL BUSINESS SERVICES	GLOBAL TECHNOLOGY SERVICES	SYSTEMS	GLOBAL FINANCING	TOTAL SEGMENTS
(\$M)						
<b>2018</b>						
TOTAL REVENUE	25,399	16,921	30,018	8,848	3,200	84,386
EXTERNAL REVENUE	22,209	16,595	29,146	8,034	1,590	77,573
INTERNAL REVENUE	3,190	326	872	815	1,610	6,813
SEGMENT PRE-TAX INCOME	8,882	1,629	1,781	904	1,361	14,557
PRE-TAX INCOME MARGIN	35%	10%	6%	10%	43%	17%
REVENUE YR/YR CHANGE	2.0%	2.9%	0.5%	-1.1%	1.0%	1.3%
PRE-TAX INCOME YR/YR CHANGE	10.1%	25.0%	-32.0%	-19.9%	6.5%	1.1%
(\$M)						
<b>2017</b>						
TOTAL REVENUE	24,910	16,436	29,870	8,945	3,168	83,329
EXTERNAL REVENUE	21,751	16,073	29,213	8,194	1,696	76,927
INTERNAL REVENUE	3,159	363	657	750	1,471	6,401
SEGMENT PRE-TAX INCOME	8,068	1,303	2,618	1,128	1,278	14,396
PRE-TAX INCOME MARGIN	32%	8%	9%	13%	40%	17%
REVENUE YR/YR CHANGE	2.0%	-1.9%	-3.6%	5.7%	-9.3%	-0.9%
PRE-TAX INCOME YR/YR CHANGE	7.3%	-18.4%	-13.2%	21.9%	-22.8%	-2.2%

Reconciliations of IBM as Reported:

For the year ended December 31:	2018	2017
Revenue:		
Total reportable segments	84,386	83,329
Other - Divested businesses*	1,810	2,041
Other revenue	207	171
Elimination of internal transactions	(6,813)	(6,401)
Total IBM consolidated revenue	79,591	79,139
Pre-tax income from continuing operations:		
Total reportable segments	14,557	14,396
Amortization of acquired intangible assets	(809)	(945)
Acquisition-related charges	(16)	(52)
Non-operating retirement-related (costs)/income	(1,572)	(1,341)
Elimination of internal transactions	(725)	(742)
Other - Divested businesses*	292	468
Unallocated corporate amounts	(385)	(385)
Total pre-tax income from continuing operations	11,342	11,400

\*Reflects divested software and services businesses

Exhibit 3 (Continued): Recast Management System Segment View

International Business Machines Corporation Management System Segment View						
	CLOUD & COGNITIVE SOFTWARE	GLOBAL BUSINESS SERVICES	GLOBAL TECHNOLOGY SERVICES	SYSTEMS	GLOBAL FINANCING	TOTAL SEGMENTS
(\$M)						
<b>1Q18</b>						
TOTAL REVENUE	6,047	4,204	7,562	1,653	834	20,299
EXTERNAL REVENUE	5,116	4,115	7,421	1,500	405	18,557
INTERNAL REVENUE	931	89	141	153	429	1,743
SEGMENT PRE-TAX INCOME	1,680	125	66	-203	377	2,045
PRE-TAX INCOME MARGIN	28%	3%	1%	-12%	45%	10%
REVENUE YR/YR CHANGE	6.6%	4.6%	4.1%	5.8%	8.6%	5.3%
PRE-TAX INCOME YR/YR CHANGE	5.8%	-53.8%	-83.7%	7.9%	21.3%	-14.3%
<b>2Q18</b>						
TOTAL REVENUE	6,280	4,218	7,494	2,419	867	21,278
EXTERNAL REVENUE	5,470	4,135	7,325	2,177	394	19,500
INTERNAL REVENUE	811	83	169	242	473	1,778
SEGMENT PRE-TAX INCOME	2,029	372	451	346	357	3,556
PRE-TAX INCOME MARGIN	32%	9%	6%	14%	41%	17%
REVENUE YR/YR CHANGE	3.2%	2.4%	1.9%	25.7%	23.0%	5.4%
PRE-TAX INCOME YR/YR CHANGE	11.0%	25.7%	-29.9%	376.8%	26.8%	13.9%
<b>3Q18</b>						
TOTAL REVENUE	5,738	4,153	7,380	1,917	726	19,914
EXTERNAL REVENUE	4,962	4,076	7,101	1,736	388	18,262
INTERNAL REVENUE	777	77	279	181	338	1,652
SEGMENT PRE-TAX INCOME	2,050	566	607	209	308	3,741
PRE-TAX INCOME MARGIN	36%	14%	8%	11%	42%	19%
REVENUE YR/YR CHANGE	-2.6%	0.8%	-1.0%	-1.6%	4.0%	-1.0%
PRE-TAX INCOME YR/YR CHANGE	7.8%	32.9%	-25.4%	-37.9%	26.9%	0.5%
<b>4Q18</b>						
TOTAL REVENUE	7,334	4,346	7,583	2,860	773	22,894
EXTERNAL REVENUE	6,661	4,269	7,299	2,621	402	21,253
INTERNAL REVENUE	672	77	283	238	370	1,641
SEGMENT PRE-TAX INCOME	3,122	566	656	551	319	5,215
PRE-TAX INCOME MARGIN	43%	13%	9%	19%	41%	23%
REVENUE YR/YR CHANGE	1.1%	3.9%	-2.7%	-18.6%	-22.5%	-3.6%
PRE-TAX INCOME YR/YR CHANGE	13.5%	81.9%	-13.0%	-39.2%	-27.9%	1.0%

Exhibit 3 (Continued): Recast Management System Segment View

International Business Machines Corporation Management System Segment View						
	CLOUD & COGNITIVE SOFTWARE	GLOBAL BUSINESS SERVICES	GLOBAL TECHNOLOGY SERVICES	SYSTEMS	GLOBAL FINANCING	TOTAL SEGMENTS
(\$M)						
<b>1Q17</b>						
TOTAL REVENUE	5,671	4,019	7,263	1,562	768	19,282
EXTERNAL REVENUE	4,790	3,932	7,104	1,395	405	17,625
INTERNAL REVENUE	881	86	160	167	363	1,657
SEGMENT PRE-TAX INCOME	1,588	270	406	-188	311	2,386
PRE-TAX INCOME MARGIN	28%	7%	6%	-12%	40%	12%
REVENUE YR/YR CHANGE	4.5%	-3.2%	-2.6%	-17.3%	-14.3%	-2.7%
PRE-TAX INCOME YR/YR CHANGE	42.1%	80.0%	232.4%	NM	-19.5%	35.4%
<b>2Q17</b>						
TOTAL REVENUE	6,089	4,118	7,354	1,924	705	20,189
EXTERNAL REVENUE	5,336	4,025	7,181	1,747	415	18,704
INTERNAL REVENUE	752	93	173	177	290	1,485
SEGMENT PRE-TAX INCOME	1,828	296	644	73	282	3,122
PRE-TAX INCOME MARGIN	30%	7%	9%	4%	40%	15%
REVENUE YR/YR CHANGE	-0.5%	-3.5%	-5.6%	-10.8%	-23.9%	-5.0%
PRE-TAX INCOME YR/YR CHANGE	0.1%	-33.1%	-24.5%	-68.0%	-39.6%	-18.1%
<b>3Q17</b>						
TOTAL REVENUE	5,893	4,118	7,458	1,948	698	20,116
EXTERNAL REVENUE	5,135	4,027	7,294	1,721	427	18,603
INTERNAL REVENUE	759	92	164	227	272	1,513
SEGMENT PRE-TAX INCOME	1,902	426	814	337	243	3,722
PRE-TAX INCOME MARGIN	32%	10%	11%	17%	35%	19%
REVENUE YR/YR CHANGE	2.2%	-1.9%	-4.1%	12.3%	-8.5%	-0.6%
PRE-TAX INCOME YR/YR CHANGE	1.4%	-16.9%	-13.9%	152.3%	-31.4%	-2.6%
<b>4Q17</b>						
TOTAL REVENUE	7,257	4,181	7,795	3,511	997	23,741
EXTERNAL REVENUE	6,490	4,089	7,634	3,332	450	21,995
INTERNAL REVENUE	767	92	160	179	546	1,745
SEGMENT PRE-TAX INCOME	2,751	311	755	906	443	5,165
PRE-TAX INCOME MARGIN	38%	7%	10%	26%	44%	22%
REVENUE YR/YR CHANGE	2.2%	1.0%	-2.2%	30.7%	9.6%	4.1%
PRE-TAX INCOME YR/YR CHANGE	1.8%	-36.8%	-31.2%	57.0%	-1.2%	-2.9%

Note: 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 non-GAAP financial measures on a continuing operations basis, specifically, revenue growth rates at constant currency. The rationale for management's use of this non-GAAP information is included on pages 18 and 66 of the company's 2018 Annual Report, which is Exhibit 13 to the Form 10-K submitted with the SEC on February 26, 2019

#### **Exhibit 4: Reconciliation of Revenue Growth**

## Non-GAAP Supplemental Materials

### Reconciliation of Revenue Growth - FY 2018

	FY18 Yr/Yr	
	GAAP	@CC
<b>Cloud &amp; Cognitive Software</b>	<b>2%</b>	<b>2%</b>
Cognitive Applications	2%	1%
Cloud & Data Platforms	3%	2%
Transaction Processing Platforms	2%	1%
<b>Global Business Services</b>	<b>3%</b>	<b>2%</b>
Consulting	6%	5%
Global Process Services	5%	5%
Application Management	Flat	(1%)
<b>Global Technology Services</b>	<b>Flat</b>	<b>(1%)</b>
Infrastructure & Cloud Services	1%	Flat
Technology Support Services	(3%)	(3%)
<b>Systems</b>	<b>(2%)</b>	<b>(2%)</b>
Systems Hardware	(2%)	(2%)
Operating Systems Software	(2%)	(2%)

The above reconciles the Non-GAAP financial information contained in Exhibit 1: 2018 Recast Segment Results Snapshot 2019 Structure.

#### **Exhibit 4 (continued): Reconciliation of Revenue Growth**

## Non-GAAP Supplemental Materials

### Reconciliation of Revenue Growth - FY 2018

	FY18 Yr/Yr	
	GAAP	@CC
<b>Cloud &amp; Cognitive Software</b>		
Cloud	10%	10%
aaS annual run rate	6%	7%
<b>Global Business Services</b>		
Cloud	20%	19%
aaS annual run rate	65%	68%
<b>Global Technology Services</b>		
Cloud	22%	21%
aaS annual run rate	14%	18%
<b>Systems</b>		
Cloud	(10%)	(10%)

The above reconciles the Non-GAAP financial information contained in Exhibit 1: 2018 Recast Segment Results Snapshot 2019 Structure.