

Overview of Available Benefits - Long Term Supplementals

IBM benefits

Your health. Your wealth. Our partnership: The benefits of working at IBM

IBM offers a competitive benefits program, designed to help employees build a solid financial foundation for meeting a diverse array of needs — health care, income protection, retirement security, and personal interests.

Long-term supplemental employees are eligible for the following plans and programs which address health care and savings and are described briefly below: Medical, dental, vision, flexible spending accounts, IBM 401(k) Plus Plan and Employees Stock Purchase Plan. Long-term supplemental employees are also eligible for time off and other benefits and services as outlined below. Please contact the Employee Service Center to obtain estimated annual cost for the medical options available in your zip code.

You are eligible

...for these benefit programs, with the exception of the IBM Employees Stock Purchase Plan, beginning with your first day of employment.

Health care coverage (medical, dental and vision) is available for you, your spouse/domestic partner (some health plans may not offer coverage for domestic partners), and eligible children and other dependents (documentation supporting eligibility is required). IBM provides a range of options, to allow employees to design a personalized program that meets their personal or family circumstances. In general, you are covered for pre-existing conditions under IBM's health plans.

Medical

Benefits options

IBM's medical options include the IBM Preferred Provider Organization (PPO), IBM PPO Plus, IBM PPO with Health Savings Account, IBM PPO Plus with Health Savings Account, the IBM Exclusive Provider Organization (EPO), and health maintenance organizations (HMOs), where available. **Coverage under the IBM PPO w/HSA plan is available at no cost for employee-only coverage.** Employees who decline medical benefits receive a "no coverage" credit of \$30 per month. IBM continues to invest in quality health programs, wellness and preventive care, which include providing you with a variety of resources to support your health and 100% coverage under most plans for routine check-ups and preventive services received in-network.

Medical cont'd

Comparing medical options

Depending on your location, as an IBM employee you may choose from among several medical options, including the IBM PPO (preferred provider organization), IBM PPO Plus, IBM PPO with Health Savings Account, IBM PPO Plus with Health Savings Account, IBM Exclusive Provider Organization (EPO), and one or more health maintenance organizations (HMOs), if they are available in your area.

The medical options comparison chart (see separate document) provides a high-level summary of the coverage and provisions available under each of the medical options IBM offers, including prescription drug coverage and mental health/substance abuse benefits. If you have a specific question about coverage for a particular procedure or condition, you may call the health plan directly, or contact the IBM Employee Services Center at 800-796-9876. Support specialists are available weekdays from 8:30 a.m. to 8:00 p.m. Eastern time on business days (excluding holidays recognized by the New York Stock Exchange).

When you enroll in your health benefits, you'll see a personalized list of your medical options and costs, along with health plan detail sheets which provide additional information on each of the plans available to you.

Dental

Benefits options

IBM offers three dental options, to meet a range of dental care needs. These include IBM Dental Basic, IBM Dental Plus, and CIGNA DMA (if available in your area).

Vision

Vision Options

You may choose from the following vision options:

- IBM-Vision Plan
- EyeMed Discount

IBM-Vision Plan

This fully-insured option, administered by Anthem Blue View Vision, provides benefits for an annual eye exam, eyeglass frame and lenses or contact lenses. Benefits are available both in-and out-of-the Anthem Blue View Vision network. Additional discounts on extras and upgrades are available, in addition to these annual benefits.

EyeMed Discount Card

The EyeMed Discount Card, provided by EyeMed Vision Care®, is available to you and your eligible dependents at no cost. The card provides you with savings of up to 40% on frames, lenses, lens options and contact lenses, and a discount on an annual eye exam at EyeMed Vision Care network provider locations.

Flexible spending accounts

Overview

IBM offers two flexible spending accounts, designed to help you pay for certain health care and dependent care expenses with pre-tax dollars.

The Health Care Spending Account helps you save on eligible health care expenses not reimbursed by your health plans. You set aside a portion of your pay before taxes, then use that money to pay yourself back for health care expenses during the year. Participation is optional. If you decide to participate, you can contribute up to \$2,550 annually.

The Dependent Care Spending Account helps you save on eligible day care for children or adults. You set aside a portion of your pay before taxes, then use that money to pay yourself back for eligible expenses. Participation is optional. If you decide to participate, you can contribute up to \$5,000 annually per year.

You can choose the Health Care Spending Account or the Health Savings Account — but not both!

If you want to enroll in the Health Care Spending Account, you'll need to choose a medical option other than the IBM PPO with Health Savings Account or the IBM PPO Plus with Health Savings Account. Based on IRS regulations, you may not enroll in both the Health Care Spending Account and the Health Savings Account at the same time.

Saving for retirement

401(k) Plus Plan

The 401(k) Plus Plan lets you defer up to 80% of your eligible compensation on a before-tax or Roth 401(k) basis. You can also save up to 10% of your eligible pay on an after-tax basis. Your contributions are subject to the IRS limits.

You are eligible to make employee contributions into your 401(k) Plus Plan, however, you are not eligible to receive employer contributions (match or automatic contributions) and you are not eligible to enroll in the 401(k) Disability Protection Program.

Please note: employees hired into IBM US as a Long-Term Supplemental under IBM's Temporary International Relocation Program or Temporary Localization Program or any successor program are not eligible to defer their own contributions or receive employer contributions under the 401(k) Plan.

Employees Stock Purchase Plan

IBM's Employees Stock Purchase Plan (ESPP) offers eligible employees the opportunity to invest in IBM stock at a 5% discount off the market price on the date of purchase each pay period. Participation is voluntary. In general, employees may designate between 1% and 10% of pay, up to a maximum of U.S. \$25,000 worth of shares in a calendar year.

A per-offering limit on total ESPP share purchases helps IBM manage the rate of share consumption and more closely align the ESPP with shareholder interests.

Supplemental employees are eligible to participate once they have worked at least 21 weeks in the calendar year of the offering, and have worked 20 or more hours in at least 16 of these weeks. Typically, the offering periods are six months and start on January 1 and July 1 of each year.

Eligible employees may join the ESPP at any time during the offering period, as long as they are actively employed and on the IBM payroll on the first day of the offering period. Participants may also increase or decrease their ESPP contributions, change registrants, or withdraw from the ESPP at any time.

Time off

Long-term supplemental employees may be eligible for paid time off, in addition to nationally observed holidays and those holidays recognized by the work location.

Paid Time off

Long term supplemental employees are eligible for paid time off up to ten days per calendar year. This equates to a maximum of 80 hours per year. Forty hours are provided up front, upon hire, and thereafter on January 1, annually, under the US Paid Sick Time Policy. Forty additional hours may be accrued on a pro-rated basis throughout the year (except in the State of California where PTO days are prorated based on days, not months, worked).

In 2016, IBM will observe the following national holidays:

- New Year's Day – Friday , January 1
- Memorial Day - Monday, May 30
- Independence Day Observed – Monday, July 4
- Labor Day -Monday, September 5
- Thanksgiving Day -Thursday, November 24
- Christmas Day – Monday , December 26

Other benefits and services

In addition to its competitive array of health care, savings, income protection, and time off benefits, IBM offers a range of other programs to support employee needs.

Employee Assistance Program

IBM's Employee Assistance Program (EAP), administered by Optum by United Behavioral Health, provides information, support and counseling to IBMers and their eligible family members. Through the EAP, you may receive up to eight face-to-face counseling sessions each year for each situation at no cost to you. Support and resources are available to help you deal with "the blues," premarital or marital counseling, bereavement and a wide range of other issues.

Work-Life family resource program

To help employees handle the demand of daily life, at work and at home, IBM offers the LifeWorks program, a free resource and referral program to help employees organize time, find child care, plan an adoption, plan for college, obtain elder care referral services and more.

Transitional Medical Program/COBRA

The Transitional Medical Program (TMP) provides for continuation of health care coverage to IBM employees and their dependents who lose coverage due to termination, divorce, death, leave of absence without benefits and certain other circumstances. This coverage is not subsidized by IBM. TMP satisfies the requirements of the Consolidated Omnibus Budget Reconciliation Act of 1987, also known as COBRA.

Group Universal Life Insurance:

To support your income protection needs, IBM offers access to life insurance through The Prudential Insurance Company of America. This is not an IBM benefit; the information is being provided as a convenience on behalf of Prudential, the administrator and underwriter of the **Group Universal Life Insurance** (GUL) Program. Call The Prudential Insurance Company of America at 1-877-4GUL-PRU.

Travel Accident Insurance

If you die or are injured as a result of an accident while traveling on official company business, the IBM Travel Accident Insurance Plan will pay up to five times your annual salary to help loved ones cope financially. "Travel" is considered being away from your regular home or job location on company business, not commuting. IBM pays the entire cost of the program; you pay nothing for this coverage.

Important Notice

This information included in this document is intended to provide an overview of certain benefits plans in which you may be eligible to participate. The official plan documents are the final authority and shall govern in all cases. The Plan Administrator retains exclusive authority and discretion to interpret the terms of the benefits plans. IBM reserves the right, at its discretion, to amend, change or terminate any of its benefits plans, programs, practices or policies, as the company requires. Nothing contained in this document shall be construed as creating a contract of any kind or an express or implied obligation on the part of IBM to maintain such benefits plans, programs, practices or policies. Because of the need for confidentiality, decisions regarding changes to IBM's benefits plans, programs, practices or policies are generally not discussed or evaluated below the highest levels of management. Managers and their representatives below such levels do not know whether IBM will or will not change or adopt, for example, any particular benefit, separation or retirement plan. Nor are they in a position to advise any employee on, or speculate about, future plans. Employees should make no assumptions about future changes or the impact changes may have on their personal situation until any such change is formally announced by IBM.