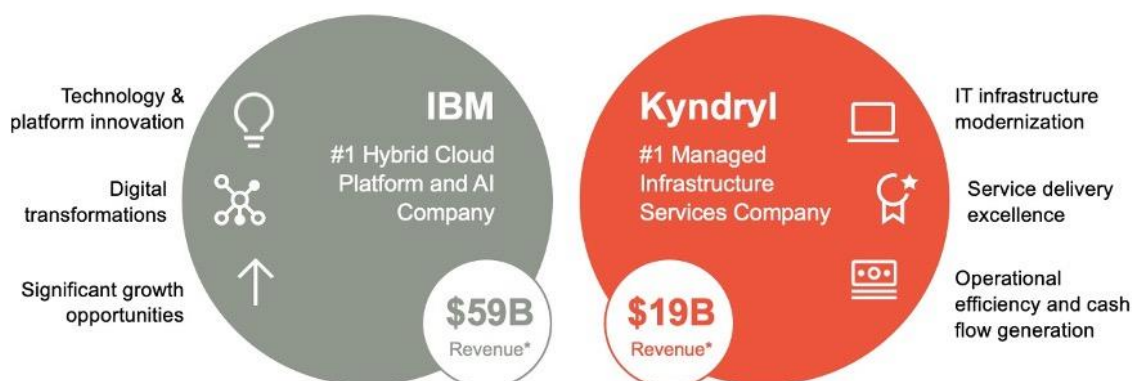


## Strategic Update

In October 2020, IBM announced its intention to spin off the Managed Infrastructure Services unit of its Global Technology Services division into a new public company, creating two industry-leading companies.



## Key Points We Communicated to Clients After the Announcement

### 01: What changes for me today?

- Nothing changes today. IBM will be redoubling its commitment during this separation period to client experience and satisfaction, and your services will not be disrupted in any way.
- IBM's senior leadership, key points of contact, along with account and delivery teams, will stay the same throughout the separation and will address any questions or concerns. This includes keeping clients informed of any key personnel decisions as the leadership and staffing plans for Kyndryl take shape.

### 02: What about new long-term services contracts?

- All contracted T&Cs will be respected, throughout the separation and beyond.

### 03: What will happen to existing contracts as the planned separation spin will not be completed until the second half of 2021?

- In the near term, existing GTS contracts will continue in their current form. Prior to the completion of the planned separation, those contracts will be novated (assigned) to Kyndryl. IBM will obtain client consent for that assignment where required.
- A number of services contracts contain both GTS services scope and scope (e.g., business consulting services) that will continue to be performed by IBM after the planned separation ("Mixed Contracts"). In the near term, those contracts will continue in their current form. Prior to the completion of the planned separation, IBM will work with you to transform these Mixed Contracts into separate agreements, one containing the scope of services with IBM and the other containing the scope of services with Kyndryl.

### 04: What about renewals and extensions of existing contracts?

- Can take place in the normal course, and local legal teams will help determine whether to include language in the renewal/extension that recognizes the upcoming planned separation.

## Kyndryl & IBM Relationship



Throughout 2021 IBM will continue to invest in Kyndryl so it maintains its market leadership position and can capitalize on changes taking place to innovate in managed services.

Moving forward, IBM and Kyndryl will be each other's biggest client and number one partner

- Kyndryl will continue to integrate IBM hardware and software in its managed infrastructure services
- Kyndryl will be key to managing IBM's infrastructure
- Kyndryl will have access to IBM expertise and resources just as any other strategic partner or large client. A partnership agreement and management system will be formalized to continue to drive collaboration and coordination.

## Progress Since the Announcement

The Infrastructure Services Portfolio is moving in its entirety to Kyndryl

	Description	Service Offerings & Capabilities
 <b>Hybrid Cloud Management Services</b>	Helping enterprises achieve a seamless, integrated, operational multicloud management experience that spans multiple clouds and on-premise environments	1. Multicloud Management Platform 2. Cloud Migration 3. Cloud Architecture Design 4. Cloud Deployment Services 5. Multicloud Management Services 6. DevSecOps Services
 <b>Security &amp; Resiliency Services</b>	Ensuring our customers' technology environments are secure from cyber-attacks, internal bad actors, external vulnerabilities, threats to data privacy, and regulatory compliance specific to various industries and geographies	1. Backup as a Service 2. Disaster Recovery as a Service 3. Resiliency Orchestration 4. Identity Management Services 5. Security Risk and Regulatory Compliance
 <b>Application Environment Management Services</b>	Managing the enabling application and technology environment holistically and migrating it to the cloud	1. Application Migration Services 2. Managed SAP & Oracle Services
 <b>Data Management and Analytics</b>	Providing capabilities to future-proof business operations and technology with secure, scalable, and streamlined enterprise data services and analytics solutions	1. Multicloud Data Management Services
 <b>Enterprise Infrastructure Services</b>	Helping CIOs establish and run a modern, private infrastructure that supports current and future business objectives in terms of growth and profitability	1. Managed Cloud Infrastructure as a Service 2. Mainframe Managed Services 3. Digital Workplace Services 4. Data Center Transformation

### Introducing Kyndryl

# kyndryl

#### Leadership Announcements



Martin Schroeter named CEO. Schroeter served as IBM's SVP of Global Markets before leaving IBM in June 2020. Prior to that, he was IBM's CFO and has also held a number of other executive roles at the company since joining in 1992.



Elly Keinan named Kyndryl Group President. Keinan has served as GM of IBM North America, GM of IBM Latin America, and Chairman of IBM Japan.



Maria Winans named Chief Marketing Officer. Winans has been with IBM for 25 years and has spent the last three years as the CMO for IBM Americas.

Senior leadership announcements will continue in 2Q20 and consist of both IBM and external leaders.

#### Headquarters

New York City

#### Preparing for the Spin...

- We have a comprehensive project management office to establish the new entity, its organization and operations, and the Form 10 filing with audited financials.
- Good progress has been made to execute upon the necessary financial, legal, and regulatory milestones of the spin and remain on track to complete by the end of the year.
- Investment Grade Credit Rating – Our goal is to establish Kyndryl as an investment-grade company set up for leadership and success in the market.
  - Developing audited financials
  - Balance sheet capitalized for long-term sustainability
  - Form 10 to be available for investors in the fall

#### Kyndryl: The World's Leading Provider of Infrastructure Services

##### Market presence

- 4,600+ clients in 115 countries
- 75 of Fortune 100 companies
- Backlog \$60B of which 45% cloud

##### Competitive position

- 90,000 highly skilled employees worldwide
- 2x size of nearest competitor
- Recognized as leader by analysts

### **Kyndryl will...**

- Set its own agenda and target R&D investments to drive the next generation of infrastructure, including AI & cloud solutions
- Be better equipped to meet clients where they are by focusing investments on wider variety of partners and alliances to build unique offerings
- Be able to partner fully across all cloud vendors, while maintaining strong partnership with IBM

### **World-class delivery**

- Intelligent, AI-enabled delivery network
- 99.7% SLA attainment
- NPS 50+ in relationship, run, project

**>61%** of top 50 banks' asset under management (\$46T AUM)

**>49%** of total industry's mobile connections (3.9B) worldwide

**>52%** of total industry's hypermarket retail sales (\$918B)

**>45%** of total automotive industry (39M passenger vehicles produced)