

## **Directors and Corporate Governance Committee Charter**

### Purpose and Organization

The purpose of the Directors and Corporate Governance Committee is to advise and make recommendations to the Board with respect to corporate governance principles and directorship practices, and to recommend qualified candidates to the Board, consistent with the criteria approved by the Board, for election as directors of the Company, including the slate of directors that the Board proposes for election by stockholders at the Annual Meeting.

Members of the Committee are appointed by the Board of Directors, upon the recommendation of the Committee. The members of the Committee serve until their successors are duly elected and qualified, and they may be removed by the Board of Directors in its discretion. Members of the Committee are outside directors who are not officers or employees of IBM or its subsidiaries. In the opinion of the Board, these directors are independent of management and free of any relationship that would interfere with their exercise of independent judgment as members of the Committee. Members of the Committee shall also satisfy the independence standards of the New York Stock Exchange, as promulgated from time to time.

### Roles and Responsibilities

1. The Committee is responsible for leading the search for qualified individuals for election as directors to ensure the Board has the right mix of skills and expertise. The Committee selects individuals based on their business or professional experience, the diversity of their background, and their array of talents and perspectives.
2. The Committee is devoted to the continuing review and articulation of the governance structure of the Board of Directors and as such is responsible for the development and recommendation to the Board of Directors of the IBM Board Corporate Governance Guidelines. The Committee reviews these Guidelines periodically, recommending changes as necessary to reflect sound governance practices.
3. The Committee reviews and considers the Company's position and practices on significant issues of corporate public responsibility such as workforce diversity, protection of the environment, and philanthropic contributions, and it reviews and considers stockholder proposals.
4. The Committee makes recommendations concerning the composition, functions and duties of the committees of the Board.

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5. The Committee periodically reviews IBM's non-management director compensation practices and compares them against the practices of the largest U.S. companies in terms of market capitalization. In performing this review, the committee focuses on ensuring that the Company's outside 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.
6. The Committee recommends to the Board a process for the Board's and each Committee's annual self-evaluation. The Committee also conducts an annual evaluation of its own performance.
7. The Committee has the authority to delegate appropriate matters to subcommittees as the Committee may determine in its discretion.
8. The Committee has the sole authority to retain and terminate any search firm to be used to identify director candidates, as it may deem appropriate in its discretion. The Committee has the sole authority to approve related fees and other retention terms.
9. The Chairman of the Committee reports the actions and recommendations of the Committee to the full Board of Directors after each Committee meeting.
10. The Committee reviews annually the adequacy of this Charter , recommending any proposed changes to the Board of Directors for approval. The Committee also reviews annually the adequacy of the Charters of each of the other Committees including any proposed changes to the other Charters.

Approved January 27, 2004