IBM 401(k) Plus Plan Fund Change Announcement

Effective Monday, February 11, 2019, after the close of the New York Stock Exchange at 4 p.m. Eastern time, the investment options shown below under “Closing Funds” will no longer be available in the Plan. All existing balances in these funds will be transferred to the investment options listed in the chart below under “Successor Funds.” Please note the “Successor Funds” are existing investment options in the 401(k) Plus Plan. The transfer of balance(s) will appear as an exchange on your account history and quarterly statement.

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<th>Successor Funds</th>
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<td>PIMCO All Asset All Authority Fund Institutional Class</td>
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<td>Vanguard Inflation-Protected</td>
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Closings

Funds

Successor Funds

| Securities Fund Institutional Shares | | |
|--------------------------------------|-----------------|
| Vanguard Windsor II Fund Admiral Shares | VWNAX | 0.26% |

Large-Cap Value Index Fund N/A 0.03%

*Expense ratios as of November 26, 2018

If you do not want your future contributions or balances to transfer to the Successor Fund, you must contact the IBM Benefits Center – Provided by Fidelity before 4 p.m. ET on Monday, February 11, 2019, and request a change or exchange.

The dates shown are based on the timing and accuracy of a variety of factors, including the transfer of data, receipt of instructions, and receipt of assets. Changes in any of these factors may result in changes to the dates and timing, including the dates on which, and thus the prices at which, assets in your account are sold and/or reinvested.

For more information on these funds, log on to NetBenefits® at netbenefits.com/ibm.

New Investment Options

When the market closes (generally 4 p.m. ET) on February 11, 2019, the following investment options will be added to the IBM 401(k) Plus Plan investment lineup. Please see the About Your New Investment Options section of this letter for more details.

- PIMCO Income Fund Institutional Class
- Vanguard Global Wellesley Income Fund Admiral Share
- Vanguard Global Wellington Fund Admiral Shares
- Vanguard U.S. Multifactor Fund Admiral Shares

Important Note If You Use Rebalance Notification

The Rebalance Notification service helps you maintain a consistent investment allocation over time by proactively notifying you by email any time your account’s investment mix strays from your original specification by a preset percentage that you have elected. You choose whether to take action or not at that time.

If your Rebalance Notification election includes any of the Closing Funds listed above, you will be notified that your overall investment allocation is not being met once this fund is removed from the Plan. You will need to set up a new investment allocation at that time. Reminder notices will continue to be sent to you until a new investment allocation is established.

Important Note If You Use Automatic Rebalance

The Automatic Rebalance service automatically rebalances your account periodically to stay consistent with an investment strategy you have chosen.

If your Automatic Rebalance election includes any of the Closing Funds listed above, your Automatic Rebalance mix will automatically be updated to replace the old investment option(s) with the new investment option(s).
What Do I Need to Do?

If you have the Rebalance Notification service established, and it includes any of the Closing Funds listed above, you will need to take action as described above.

If you would like to request changes to your account, obtain additional information, or find answers to questions, log on to NetBenefits. For information regarding any investment options available through the IBM 401(k) Plus Plan, please select Investment Performance & Research or call the IBM Benefits Center – Provided by Fidelity at 866-937-0720 (TTY 800-426-6537). Representatives are available Monday through Friday (excluding New York Stock Exchange holidays except Good Friday) from 8:30 a.m. to 8:30 p.m. Eastern time.

In addition, you can get access to your IBM 401(k) Plus Plan account anytime, anywhere, right on your mobile device with NetBenefits® mobile apps. Download your FREE NetBenefits® mobile app today from the App StoreSM (iPod touch®, iPhone® and iPad®) and Google Play™ Store — or browse netbenefits.com/ibm on the mobile web.

About Your New Investment Options

PIMCO Income Fund Institutional Class

FPRS code: OEKH
Ticker: PIMIX
Gross expense ratio: 0.74% as of 07/30/2018
Objective: The investment seeks to maximize current income; long-term capital appreciation is a secondary objective.
Strategy: The fund invests at least 65% of its total assets in a multi-sector portfolio of Fixed Income Instruments of varying maturities, which may be represented by forwards or derivatives such as options, futures contracts or swap agreements. It may invest up to 50% of its total assets in high yield securities rated below investment grade by Moody's, S&P or Fitch, or if unrated, as determined by PIMCO.
Risk: The fund may invest in lower-quality debt securities that involve greater risk of default or price changes due to potential changes in the credit quality of the issuer. In general the bond market is volatile, and fixed income securities carry interest rate risk. (As interest rates rise, bond prices usually fall, and vice versa. This effect is usually more pronounced for longer-term securities.) Fixed income securities also carry inflation risk and credit and default risks for both issuers and counterparties. Unlike individual bonds, most bond funds do not have a maturity date, so avoiding losses caused by price volatility by holding them until maturity is not possible. Additional risk information for this product may be found in the prospectus or other product materials, if available.
Short-term redemption fee: None
Who may want to invest: Someone who is seeking potential returns primarily in the form of interest dividends rather than through an increase in share price; Someone looking for a fund investing in a mix of bonds that range from conservative to high risk and who can tolerate the risks associated with fixed-income investments.

This description is only intended to provide a brief overview of the mutual fund. Read the fund's prospectus for more detailed information about the fund.

Vanguard Global Wellesley Income Fund Admiral Shares

FPRS code: OE5W
Ticker: VGYAX
Gross expense ratio: 0.32% as of 12/21/2017
Objective: The investment seeks to provide long-term growth of income and a high and sustainable level of current income, along with moderate long-term capital appreciation.
Strategy: The fund invests approximately 60% to 70% of its assets in U.S. and foreign investment-grade fixed income securities that the advisor believes will generate a moderate level of current income, including corporate, government, and government agency bonds, as well as mortgage-backed securities. It may also invest in local currency bonds.
Risk: In general the bond market is volatile, and fixed income securities carry interest rate risk. (As interest rates rise, bond prices usually fall, and vice versa. This effect is usually more pronounced for longer-term securities.) Fixed income securities also carry inflation risk and credit and default risks for both issuers and counterparties. Unlike
individual bonds, most bond funds do not have a maturity date, so avoiding losses caused by price volatility by holding them until maturity is not possible. Stock markets are volatile and can decline significantly in response to adverse issuer, political, regulatory, market, economic or other developments. These risks may be magnified in foreign markets. Additional risk information for this product may be found in the prospectus or other product materials, if available.

**Short-term redemption fee:** None

**Who may want to invest:** Someone who is seeking to invest in a fund that invests in both stocks and bonds; Someone who is seeking the potential both for income and for long-term share-price appreciation and who is willing to accept the volatility of the bond and stock markets.

This description is only intended to provide a brief overview of the mutual fund. Read the fund's prospectus for more detailed information about the fund.

**Vanguard Global Wellington Fund Admiral Shares**

**FPRS code:** OE5Q  
**Ticker:** VGWAX  
**Gross expense ratio:** 0.35% as of 12/21/2017  
**Objective:** The investment seeks to provide long-term capital appreciation and moderate current income.  
**Strategy:** The fund invests 60% to 70% of its assets in dividend-paying and, to a lesser extent, non-dividend-paying equity securities of established large and mid-size U.S. and foreign companies. In choosing these companies, the advisor seeks those that appear to be undervalued but have prospects for improvement. These stocks are commonly referred to as value stocks. The remaining 30% to 40% of the fund's assets are invested mainly in U.S. and foreign fixed income securities that the advisor believes will generate a moderate level of current income.  
**Risk:** Stock markets are volatile and can decline significantly in response to adverse issuer, political, regulatory, market, economic or other developments. These risks may be magnified in foreign markets. In general the bond market is volatile, and fixed income securities carry interest rate risk. (As interest rates rise, bond prices usually fall, and vice versa. This effect is usually more pronounced for longer-term securities.) Fixed income securities also carry inflation risk and credit and default risks for both issuers and counterparties. Additional risk information for this product may be found in the prospectus or other product materials, if available.  

**Short-term redemption fee:** None

**Who may want to invest:** Someone who is seeking to invest in a fund that invests in both stocks and bonds; Someone who is seeking the potential both for income and for long-term share-price appreciation and who is willing to accept the volatility of the bond and stock markets.

This description is only intended to provide a brief overview of the mutual fund. Read the fund's prospectus for more detailed information about the fund.

**Vanguard U.S. Multifactor Fund Admiral™ Shares**

**FPRS code:** OE5X  
**Ticker:** VFMFX  
**Gross expense ratio:** 0.18% as of 02/15/2018  
**Objective:** The investment seeks to provide long-term capital appreciation.  
**Strategy:** The fund invests primarily in U.S. common stocks with the potential to generate higher returns relative to the broad U.S. equity market by investing in stocks with relatively strong recent performance, strong fundamentals, and low prices relative to fundamentals as determined by the advisor. Under normal circumstances, at least 80% of the fund's assets will be invested in securities issued by U.S. companies.  
**Risk:** Value and growth stocks can perform differently from other types of stocks. Growth stocks can be more volatile. Value stocks can continue to be undervalued by the market for long periods of time. The securities of smaller, less well-known companies can be more volatile than those of larger companies. Stock markets are volatile and can decline significantly in response to adverse issuer, political, regulatory, market, economic or other developments. These risks may be magnified in foreign markets. Additional risk information for this product may be found in the prospectus or other product materials, if available.

**Short-term redemption fee:** None

**Who may want to invest:** Someone who is seeking the potential for long-term share-price appreciation and, secondarily, dividend income; Someone who is seeking both growth- and value-style investments and who is willing to accept the generally greater volatility of investments in smaller companies.

This description is only intended to provide a brief overview of the mutual fund. Read the fund's prospectus for more detailed information about the fund.
The analysis on these pages may be based, in part, on adjusted historical returns for periods prior to the class's actual inception of 02/15/2018. These calculated returns reflect the historical performance of the oldest share class of the fund, with an inception date of 02/14/2018, adjusted to reflect the fees and expenses of this share class (when this share class's fees and expenses are higher.) Please refer to a fund's prospectus for information regarding fees and expenses. These adjusted historical returns are not actual returns. Calculation methodologies utilized by Morningstar may differ from those applied by other entities, including the fund itself.

Before investing in any primary investment options of the IBM 401(k) Plus Plan or a mutual fund in the Expanded Choice - Mutual Fund tier, please carefully consider its investment objectives, risks, charges, and expenses. For this and other information, or to obtain a free copy of the Fund Flyers for the primary investment options or mutual fund prospectus or, if available, a summary prospectus, call the IBM Benefits Center – Provided by Fidelity at 866-937-0720 (TTY 800-426-6537). Representatives are available Monday through Friday (excluding New York Stock Exchange holidays except Good Friday) from 8:30 a.m. to 8:30 p.m. Eastern time. Read all documents carefully before you invest.

For a mutual fund, the expense ratio is the total annual fund or class operating expenses (before waivers or reimbursements) paid by the fund and stated as a percent of the fund’s total net assets. Where the investment option is not a mutual fund, the figure displayed in the expense ratio field is intended to reflect similar information. However, it may have been calculated using methodologies that differ from those used for mutual funds. Mutual fund data has been drawn from the most recent prospectus. For non-mutual fund investment options, the information has been provided by the trustee or plan sponsor. When no ratio is shown for these options it is due to the fact that none was available. Nevertheless, there may be fees and expenses associated with the investment option.

Investing involves risk, including risk of loss.

In the event of a discrepancy between this notice and the terms of the Plan, the Plan document will govern.

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