

INTERNATIONAL BUSINESS MACHINES CORP
Form DEFA14A
April 03, 2013

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant X

Filed by a Party other than the Registrant O

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
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- Soliciting Material Pursuant to §240.14a-12

International Business Machines Corporation

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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April 3, 2013

Dear IBM Stockholder:

Re: IBM 2013 Proxy Statement

By now you should have received our Annual Report for 2012 and Proxy Statement for our upcoming 2013 Annual Meeting of Stockholders. Our Annual Report includes a letter from our Chairman, President and CEO, Ginni Rometty, that describes IBM's 2012 performance and our model for continuous transformation to higher value. We have enclosed the "Generating Higher Value at IBM" insert from our 2012 Annual Report.

In 2012, IBM achieved record operating earnings per share, record free cash flow and record profit margins. Operating earnings per share were up 13 percent, marking the 10th straight year of double-digit EPS growth. We returned \$15.8 billion to you, our stockholders -- \$12 billion through share repurchases and \$3.8 billion through dividends. We also raised our dividend for the 17th consecutive year in 2012.

We believe that your investment in IBM reflects your confidence in IBM's Board, management and business strategy. **We are asking that you support the Board's recommendations on all of the proposals in our Proxy Statement, voting FOR all of our directors (voting item #1), FOR the ratification of our independent accounting firm (voting item #2), FOR our Say on Pay Proposal (voting item #3), and AGAINST all four of the stockholder proposals - disclosure of lobbying policies and practices, right to act by written consent, independent board chair, and executives to retain significant stock (voting items #4, 5, 6 and 7, respectively).** We want to draw your particular attention to proposals 3 and 6:

Proposal #3 Advisory Vote on Executive Compensation (Say on Pay)

- We are asking you to approve the compensation of the named executives as disclosed in our Proxy Statement. IBM has long demonstrated our commitment to sound executive compensation and corporate governance principles, working to further the interest of our stockholders.
- Our executive compensation programs continue to be designed to motivate our leaders to deliver superior business performance that balances annual results and long-term sustained performance.
- For 2012, 91% of the compensation for the named executive officers was performance based.

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- Nearly 78% of compensation was in the form of long-term incentive, which is 100% performance based through Performance Share Units the only long-term incentive vehicle used for IBM senior executives, which pay out nothing if the threshold performance level is not reached.
- We have also enclosed several charts demonstrating how IBM's executive compensation is directly linked to IBM performance.

Proposal #6 Stockholder Proposal on Independent Board Chair

- We oppose this proposal because we believe that you benefit when the Board can select the best candidates to run the Company.
- One of the most important tasks undertaken by a Board is to select the leadership of the Board and the Company. Limiting the candidate pool as suggested by the proponent does nothing to enhance the ability of the Board to exercise its fiduciary obligation to identify the best leadership of the Company.
- Your Board recently planned for and executed a seamless and successful leadership transition from Mr. Palmisano to Mrs. Rometty that has served as a model for public company succession planning.
- IBM's performance and consistent returns prove the highly successful results of having IBM's CEO serve as Chairman.

Please do not hesitate to call Michelle Browdy at 914-499-xxxx or Patricia Murphy at 914-499-xxxx if you have questions or comments.

Sincerely,

/s/ Michelle H. Browdy
Michelle H. Browdy
Vice President & Corporate Secretary

/s/ Patricia Murphy
Patricia Murphy
Vice President, Investor Relations

- 2 -

[E-Mail]

Re: Voting Your IBM Shares for the 2013 Annual Meeting

Dear IBM Senior Leaders:

I am writing to remind each of you to make sure to vote all of your IBM shares for the 2013 Annual Meeting. By now, you should have received a copy of IBM's 2013 Proxy Statement along with the proxy card. If you hold IBM shares in street name (i.e., through a bank or broker), you will have received a voter instruction form from your bank or broker. We expect that many of you will receive multiple copies of the proxy materials, reflecting different ownership accounts you may have. Please make sure to vote all of the proxy voting cards that you receive.

In 2012, IBM achieved record operating earnings per share, record free cash flow and record profit margins. Operating earnings per share were up 13 percent, marking the 10th straight year of double-digit EPS growth. We returned \$15.8 billion to you, our stockholders -- \$12 billion through share repurchases and \$3.8 billion through dividends. We also raised our dividend for the 17th consecutive year in 2012.

It is important that you show your support for IBM and vote your shares. In particular, we are asking you to support management and the Board of Directors by voting FOR all of IBM's director nominees (voting item #1), FOR the ratification of our Independent Registered Public Accounting Firm (voting item #2), and FOR the Advisory Vote on Executive Compensation (voting item #3). Further, we are asking you to vote AGAINST the four stockholder proposals, which are voting item #4 (Disclosure of Lobbying Policies and Practices), #5 (Right to Act by Written Consent), #6 (Independent Board Chair) and #7 (Executives to Retain Significant Stock). For the reasons explained in our Proxy Statement, we believe that such votes are in the best interests of our Company and its stockholders.

- If you hold your shares in record name (i.e., directly through our transfer agent, Computershare) and need assistance regarding your record accounts, please contact Bob Wilt at infoibm@us.ibm.com.
- On the other hand, if you hold your shares in street name (e.g., Morgan Stanley, Bank of America, Charles Schwab, or another financial institution), IBM cannot access your account or provide you with a replacement voting instruction form. In this case, you will need to contact your broker directly in order to obtain a replacement voting instruction form.

In either case, if you have already voted all your shares, there is no need to contact us and no further action is required on your part. In case you have not received or have misplaced your proxy voting card, IBM periodically sends a follow up mailing that includes a proxy voting card. The first follow up mailing is scheduled to occur shortly.

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You may also find additional information at <http://www.ibm.com/investor/proxyinformation>. If you do not receive a copy of the Proxy Statement by Wednesday, April 10, 2013, please contact Bob Wilt at infoibm@us.ibm.com. Please do not hesitate to call me at 914-499-xxxx if you have questions or comments.

Sincerely,

/s/ Michelle H. Browdy
Michelle H. Browdy
Vice President & Corporate Secretary
