

INTERNATIONAL BUSINESS MACHINES CORP
Form DEFA14A
April 03, 2014

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

Filed by a Party other than the Registrant

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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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, 2014

Dear IBM Stockholder:

Re: IBM 2014 Proxy Statement

By now you should have received our Annual Report for 2013 and Proxy Statement for our upcoming 2014 Annual Meeting of Stockholders. Our Annual Report includes a letter from our Chairman, President and CEO Ginni Rometty titled, "What will we make of this moment?" that describes IBM's 2013 performance and our strategic imperatives in a world where competitive advantage will be created through data and analytics, business models will be shaped by cloud and individual engagement will be powered by mobile and social technologies.

In 2013, IBM achieved record operating earnings per share of \$16.28 and grew operating net income by 2% to \$18 billion. In 2013, IBM invested \$3.1 billion for 10 acquisitions, \$3.8 billion in net capital expenditures and \$6.2 billion in research and development. We also returned \$17.9 billion to you, our stockholders—\$13.9 billion through share repurchases and \$4.1 billion through dividends. We raised our dividend for the 18th consecutive year in 2013. With respect to corporate governance, on the recommendation of Mrs. Rometty, the Board amended the IBM Board Corporate Governance Guidelines, creating the role of Presiding Director, to be elected by the independent members of the Board. Effective May 1, 2014, Michael L. Eskew will serve as IBM's first Presiding Director.

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), FOR the approval of Long-Term Incentive Performance Terms for Certain Executive Officers (voting item #4), FOR the adoption of the 2014 Employees Stock Purchase Plan (voting item #5) and AGAINST all three of the stockholder proposals (voting items #6, #7 and #8).**

We want to draw your particular attention to proposals #3 and #7:

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 2013, 88% of the annual compensation for the named executive officers was performance based. This 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.

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- While the company made solid progress in businesses that are powering IBM's future in 2013, in view of the company's overall full year results, Mrs. Rometty and her senior team recommended forgoing their annual incentive payout and these recommendations were accepted.
- We have also enclosed several slides demonstrating how IBM's executive compensation is directly linked to IBM performance.

Proposal #7 - Stockholder Proposal on Right to Act by Written Consent

- We oppose the proposal because, unlike IBM's current practices, it is not designed to ensure that notice and an opportunity to be heard precede stockholder votes and does not enable meaningful discourse to occur before important decisions are made affecting the company.

- The proposal would enable the owners of a bare majority of shares to act by voting in favor of their own proposed action, without a meeting and without ever providing notice to other stockholders or the company.
- We do not believe that written consent is an appropriate corporate governance model for a widely-held public company like IBM.
- We also believe that adoption of the proposal is unnecessary because of IBM's long demonstrated history of commitment to high standards of corporate governance.

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

[E-Mail]

Re: Voting Your IBM Shares for the 2014 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 2014 Annual Meeting. By now, you should have received a copy of IBM's 2014 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 2013, IBM achieved record operating earnings per share of \$16.28 and grew operating net income by 2 percent to \$18 billion. In 2013, IBM invested \$3.1 billion for 10 acquisitions, \$3.8 billion in net capital expenditures and \$6.2 billion in research and development. We also returned \$17.9 billion to stockholders—\$13.9 billion through share repurchases and \$4.1 billion through dividends. We also raised our dividend for the 18th consecutive year in 2013.

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), FOR the Advisory Vote on Executive Compensation (voting item #3), FOR the approval of Long-Term Incentive Performance Terms for Certain Executive Officers (voting item #4) and FOR the adoption of the 2014 Employees Stock Purchase Plan (voting item #5). Further, we are asking you to vote AGAINST all three stockholder proposals (voting items #6, #7 and #8). 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 of 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 Monday, April 7, 2014, 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
