

INTERNATIONAL BUSINESS MACHINES CORP
Form DEFA14A
April 03, 2015

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, 2015

Dear IBM Stockholder:

Re: IBM 2015 Proxy Statement

By now you should have received our Annual Report for 2014 and Proxy Statement for our upcoming 2015 Annual Meeting of Stockholders. Our Annual Report begins with a letter from our Chairman, President and Chief Executive Officer, Ginni Rometty. This letter describes our 2014 performance – a year marked with bold moves and strategic investments, dynamic shifts in our portfolio, and transformation that supports IBM’s differentiation in the marketplace. The letter also discusses how we will build on this momentum and continue our transformation in 2015.

In 2014, IBM generated \$92.8 billion in revenue, \$21.1 billion in operating pre-tax income, and operating earnings per share of \$16.53 from continuing operations. We returned \$17.9 billion to you, our stockholders – approximately \$13.7 billion through share repurchases and \$4.3 billion through dividends – and raised our dividend for the 19th consecutive year.

We focused on our strategic imperatives – cloud, analytics, mobile, social and security – and on reinventing our core franchises. Together, our strategic imperatives generated \$25 billion of revenue, and posted double-digit growth for the year, as they did in every quarter in 2014. We continued to invest heavily in research and development and were once again awarded more U.S. patents than any other company for the 22nd consecutive year.

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 (voting items #4, #5, #6, and #7).**

We want to draw your particular attention to proposals #3 and #5:

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’s compensation strategy supports IBM’s ongoing transformation and is designed to pay for performance. The strategy is designed to ensure that executives balance short-term objectives against long-term priorities, to align executive and stockholder interests, and to attract and retain the leadership needed to successfully deliver on our shift to higher value.

- At IBM, pay decisions are made in the context of our financial performance, while taking into account the substantial progress we have made in repositioning our business portfolio for the future.
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- For 2014, 90% of the compensation for the named executive officers was performance based.
- Nearly 73% of compensation was in the form of long-term incentive, which is 100% performance based through Performance Share Units, which pay out nothing if the threshold performance level is not reached.
- IBM has also long demonstrated its commitment to sound executive compensation and corporate governance principles, working to ensure that its practices protect and further the interest of stockholders.
- We have also enclosed several charts demonstrating how IBM's executive compensation is directly linked to IBM performance.

Proposal #5 - Stockholder Proposal on the Right to Act by Written Consent

- We are asking you to oppose this 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 Christina Montgomery at 914-499-xxxx or Patricia Murphy at 914-499-xxxx if you have questions or comments.

Sincerely,

/s/ Christina M. Montgomery
Christina M. Montgomery
Vice President and Secretary

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

[E-Mail]

Re: Voting Your IBM Shares for the 2015 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 2015 Annual Meeting. By now, you should have received a copy of IBM's 2015 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 2014, IBM generated \$92.8 billion in revenue, \$21.1 billion in operating pre-tax income, and operating earnings per share of \$16.53 from continuing operations. We returned \$17.9 billion to our stockholders—approximately \$13.7 billion through share repurchases and \$4.3 billion through dividends—and raised our dividend for the 19th consecutive year.

We focused on our strategic imperatives—cloud, analytics, mobile, social and security—and on reinventing our core franchises. Together, our strategic imperatives generated \$25 billion of revenue, and posted double-digit growth for the year, as they did in every quarter in 2014. We continued to invest heavily in research and development and were once again awarded more U.S. patents than any other company for the 22nd consecutive year.

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 all four of the stockholder proposals, which are Disclosure of Lobbying Policies and Practices (voting item #4), Right to Act by Written Consent (voting item #5), Limit Accelerated Executive Pay (voting item #6), and Establish a Public Policy Committee (voting item #7). 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.

- 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.

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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.

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 13, 2015, 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/ Christina M. Montgomery
Christina M. Montgomery
Vice President and Secretary
