

INTERNATIONAL BUSINESS MACHINES CORP  
Form 8-K  
February 26, 2009

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

WASHINGTON, D.C. 20549

**FORM 8-K**

**CURRENT REPORT PURSUANT TO SECTION 13 OR 15 (d)**  
**OF THE SECURITIES EXCHANGE ACT OF 1934**

**Date of Report: February 26, 2009**

(Date of earliest event reported)

**INTERNATIONAL BUSINESS MACHINES CORPORATION**

(Exact name of registrant as specified in its charter)

**New York**  
(State of Incorporation)

**1-2360**  
(Commission File Number)

**13-0871985**  
(IRS employer Identification No.)

**ARMONK, NEW YORK**  
(Address of principal executive offices)

**10504**  
(Zip Code)

**914-499-1900**

(Registrant's telephone number)

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Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 7.01 Regulation FD Disclosure

Mark Loughridge, Senior Vice President and Chief Financial Officer is speaking at a conference today and is prepared to provide the following information regarding IBM's recent performance:

In IBM's fourth quarter 2008 earnings report on January 20, IBM provided guidance of at least \$9.20 of earnings per share for 2009, with relatively flat performance in the first quarter. This was based on: flat constant currency revenue growth, which at current spot rates would result in a reported revenue decline; improving margin; flat profit dollars year-to-year; and the benefit of a lower share count. IBM's January 2009 results were consistent with this profile and IBM reaffirms EPS guidance for the year.

The company has been investing to capture growth in the emerging markets (addressed through IBM's growth markets unit), and managing the major markets for productivity. In 2008, revenue growth from the growth markets outpaced growth in the major markets by 8 points, with a range of 7 to 9 points in each quarter of 2008. In January, the revenue growth in the growth markets was 7 points faster than the major markets, so generally in line with 2008. Customers in the growth markets are building out infrastructures, as well as focusing on productivity and cost savings.

Regarding the services business, quarter-to-date the company has had year-to-year growth in signings, with strong double-digit growth in long term signings. Recognizing that it is still early in the quarter, the company expects double-digit growth in long term signings, and growth in total signings in first quarter 2009.

All statements above regarding revenue growth in the growth and major markets, as well as signings growth are at constant currency.

While software transactions are typically back end loaded, the company has a good pipeline of software opportunities in the first quarter.

IBM had a cash balance of almost \$13 billion at the end of 2008, of which nearly two-thirds was in the United States. In January 2009, the company had good year-to-year free cash flow performance. (The company measures free cash flow excluding Global Financing Receivables). The company is repurchasing its shares in the open market.

Finally, the company has been executing a strategy to focus on the higher value segments of the IT industry. As a result, it has been divesting cyclical and commoditizing businesses, including PC's, hard disk drives, and printers. Excluding the divested content from reported results, IBM's revenue grew at 5% compound growth rate from 2000 to 2008.

Materials will be available on IBM's website by the end of the day at <http://w3.ibm.com/investor/events/conference022609/>

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Attachment I contains a slide that Mr. Loughridge may use at the above-referenced conference. Attachment II contains certain reconciliation and other information ( Non-GAAP Supplementary Materials ) for information contained in such slide and in the above-referenced information. All of the information above and in Attachment I is hereby filed, except (i) the information above regarding IBM's revenue growth excluding divested content and (ii) the information in Attachment I about segment PTI mix excluding Enterprise Investments and stock-based compensation, which information, in each case, is furnished but not filed.

These materials may contain forward looking statements under the Private Securities Litigation Reform Act of 1995, which statements involve numerous factors that could cause actual results to differ materially. Additional information about those factors is contained in IBM's filings with the SEC, available from the SEC, IBM's web site or IBM's Investor Relations.

IBM's web site ([www.ibm.com](http://www.ibm.com)) contains a significant amount of information about IBM, including financial and other information for investors ([www.ibm.com/investor/](http://www.ibm.com/investor/)). IBM encourages investors to visit its various web sites from time to time, as information is updated and new information is posted.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, hereunto duly authorized.

Date: February 26, 2009

By: /s/ James J. Kavanaugh  
James J. Kavanaugh  
Vice President and Controller

**ATTACHMENT I**

**ATTACHMENT II**















