

INTERNATIONAL BUSINESS MACHINES CORP
Form FWP
January 25, 2019

Filed Pursuant to Rule 433

Registration Number 333-212685

1,750,000,000 0.375% Notes Due 2023**1,000,000,000 0.875% Notes Due 2025****1,000,000,000 1.250% Notes Due 2027**

1,250,000,000 1.750% Notes Due 2031
International Business Machines Corporation
January 24, 2019
Pricing Term Sheet

| | |
|--------------------------------|---|
| Issuer | International Business Machines Corporation |
| Issuer Legal Entity Identifier | VGRQXHF3J8VDLUA7XE92 |
| Issuer Ratings* | A1 / A / A (Moody s/S&P/Fitch) |
| Format | SEC Registered |
| Form | Registered Form |
| Trade Date | January 24, 2019 |
| Settlement Date** | January 31, 2019 (T+5) |
| Listing | Application will be made to list the Notes on the New York Stock Exchange |
| Joint Bookrunning Managers | Barclays Bank PLC BNP Paribas Citigroup Global Markets Limited Deutsche Bank AG, London Branch J.P. Morgan Securities plc UniCredit Bank AG Banco Santander S.A. Commerzbank Aktiengesellschaft Mizuho International plc MUFG Securities EMEA plc Société Générale The Toronto-Dominion Bank |
| Co-Managers | Credit Suisse Securities (Europe) Limited ING Bank N.V., Belgian Branch U.S. Bancorp Investments, Inc. |

| | <u>2023 Notes</u> | <u>2025 Notes</u> | <u>2027 Notes</u> | <u>2031 Notes</u> |
|-----------------------|-------------------------------------|--------------------------------|--------------------------------|----------------------------------|
| Size | 1,750,000,000 | 1,000,000,000 | 1,000,000,000 | 1,250,000,000 |
| Maturity | January 31, 2023 | January 31, 2025 | January 29, 2027 | January 31, 2031 |
| Interest Payment Date | January 31 of each year | January 31 of each year | January 29 of each year | January 31 of each year |
| First Payment Date | January 31, 2020 | January 31, 2020 | January 29, 2020 | January 31, 2020 |
| Benchmark Bund | OBL 0.000% due October 7, 2022 #176 | DBR 1.000% due August 15, 2024 | DBR 0.000% due August 15, 2026 | DBR 0.250% due February 15, 2029 |
| Benchmark Bund Yield | -0.485% +97.4 bps | -0.298% +127.7 bps | -0.095% +141.2 bps | 0.181% +166.7 bps |

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| | | | | |
|--------------------------|-------------------------------------|--------------------------------|--------------------------------|----------------------------------|
| Spread to Benchmark | | | | |
| Bund | | | | |
| Mid Swaps Yield | 0.039% | 0.279% | 0.517% | 0.898% |
| Spread to Mid Swaps | +45 bps | +70 bps | +80 bps | +95 bps |
| Yield to Maturity | 0.489% | 0.979% | 1.317% | 1.848% |
| Coupon | 0.375% (payable annually) | 0.875% (payable annually) | 1.250% (payable annually) | 1.750% (payable annually) |
| Make-Whole Call | | | | |
| Reference Bund | OBL 0.000% due October 7, 2022 #176 | DBR 1.000% due August 15, 2024 | DBR 0.000% due August 15, 2026 | DBR 0.250% due February 15, 2029 |
| Spread to Reference Bund | +15 bps | +20 bps | +25 bps | +25 bps |
| Price to Public | 99.550% | 99.397% | 99.495% | 98.954% |
| Underwriting Discount | 0.200% | 0.275% | 0.325% | 0.425% |
| Price to Issuer | 99.350% | 99.122% | 99.170% | 98.529% |
| Day Count | Actual / Actual (ICMA) | Actual / Actual (ICMA) | Actual / Actual (ICMA) | Actual / Actual (ICMA) |

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| | | | | |
|----------------------------|--|---|---|---|
| Minimum Denomination | 100,000 and integral multiples of 1,000 in excess thereof | 100,000 and integral multiples of 1,000 in excess thereof | 100,000 and integral multiples of 1,000 in excess thereof | 100,000 and integral multiples of 1,000 in excess thereof |
| CUSIP / ISIN / Common Code | 459200 JS1 / XS1944456018 / 194445601 | 459200 JT9 / XS1944456109 / 194445610 | 459200 JU6 / XS1945110606 / 194511060 | 459200 JV4 / XS1945110861 / 194511086 |
| Target Market | Manufacturer target market (MIFID II product governance) is eligible counterparties and professional clients only (all distribution channels). No PRIIPs key information document (KID) has been prepared as not available to retail in EEA. | | | |

***Note: A securities rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time.**

****We expect that delivery of the notes will be made to investors on or about January 31, 2019, which will be the fifth business day following the date of this final term sheet (such settlement being referred to as T+5). Under Rule 15c6-1 under the Securities Exchange Act of 1934, as amended, trades in the secondary market are required to settle in two business days, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade notes on the date of the prospectus supplement or the next two succeeding business days will be required, by virtue of the fact that the notes initially settle in T+5, to specify an alternate settlement arrangement at the time of any such trade to prevent a failed settlement. Purchasers of the notes who wish to trade the notes on the date of the prospectus supplement or the next two succeeding business days should consult their advisors.**

The issuer has filed a registration statement (including a prospectus) with the SEC for the offering to which this communication relates. Before you invest, you should read the prospectus in that registration statement and other documents the issuer has filed with the SEC for more complete information about the issuer and this offering. You may get these documents for free by visiting EDGAR on the SEC Web site at www.sec.gov. Alternatively, the issuer, any underwriter or any dealer participating in the offering will arrange to send you the prospectus if you request it by calling Barclays Bank PLC at +1-888-603-5847, BNP Paribas toll-free at +1-800-854-5674, Citigroup Global Markets Limited toll-free at +1-800-831-9146, Deutsche Bank AG, London Branch toll-free at +1-800-503-4611, J.P. Morgan Securities plc collect at +44-207-134-2468, or UniCredit Bank AG at +49 89 378 15921.

This pricing term sheet supplements the preliminary form of prospectus supplement issued by International Business Machines Corporation on January 24, 2019 relating to its Prospectus dated July 26, 2016.
