

INTERNATIONAL BUSINESS MACHINES CORP

Form 424B3

March 06, 2002

TYPE-424B3

SEQUENCE-1

DESCRIPTION-PRICING SUPPLEMENT NO. 2

Rule 424(b) (3)

Registration No. 333-37034

PRICING SUPPLEMENT NO. 2

TO PROSPECTUS DATED June 20, 2000

(As supplemented June 20, 2000)

INTERNATIONAL BUSINESS MACHINES CORPORATION

MEDIUM-TERM NOTES

(Fixed Rate Note)

(Due from one year to 30 years from date of issue)

Designation: Fixed Rate
Medium-Term Notes Due
June 30, 2005

Original Issue Date:
March 8, 2002

Principal Amount: \$250,000,000

Maturity Date:
June 30, 2005

Net Proceeds to Issuer (as a percentage of
Principal Amount): 99.568%

Regular Record Dates:

Fifteenth calendar day, whether
or not a Business Day prior to
the corresponding Interest
Payment Date.

Interest Rate: 4.125%

Interest Payment Dates:

Semi-Annual on June 30 and December 30, commencing June 30, 2002.

Commission or Discount (as a
percentage of Principal Amount): N/A%

CUSIP: 459 20Q CT9

Redemption Provisions: None

Form: Book-Entry
 Certificated

INTRODUCTION

This is a Pricing Supplement. It describes the Fixed Rate Notes being issued under the Medium Note Program of International Business Machines Corporation. This document adds to, or 'supplements' the description of the Notes referred to in the accompanying Prospectus Supplement and Prospectus. It does so by providing specific pricing and other information about the Notes issued in this particular transaction. This Pricing Supplement also amends the Prospectus Supplement and Prospectus to the extent that the description of the Notes in this Pricing Supplement is different from the terms which are set forth in the Prospectus Supplement and Prospectus.

INTEREST

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Interest on the Notes will be calculated based on a year of 360 days consisting of 12 months of 30 days each.

If any payment of principal or interest is due on a day that is not a Business Day, that payment may be made on the next day which is a Business Day. No additional interest will accrue as a result of the delay in payment. For purposes of this offering, the term "Business Day" means each day on which commercial banks and foreign exchange markets settle payments in The City of New York. We have capitalized a number of terms in this document. If you do not see a definition for those terms in this document, those terms will have the meanings which we have already given to them in the Prospectus Supplement and the Prospectus.

REDEMPTION

The Notes are not redeemable by the Company.

PLAN OF DISTRIBUTION

Notes in the total Principal Amount of \$250,000,000 will be sold to Morgan Stanley & Co. Incorporated at the Net Proceeds Price set forth at the top of this Pricing Supplement. They, in turn, will resell these Notes to investors at varying prices, which prices are subject to prevailing market conditions at the time of resale.

Dated: March 5, 2002