

INTERNATIONAL BUSINESS MACHINES CORP

Form 424B3

August 22, 2002

Registration Statement No. 333-37034

Filed Pursuant to Rule 424(b)(3)

International Business Machines Corporation

IBM Notes

With Maturities of 1 year or More from Date of Issue

Pricing Supplement No. 7

(To Prospectus dated June 20, 2000 and
Prospectus Supplement dated June 28, 2002)

The date of this Pricing Supplement is: August 20, 2002

This is a Pricing Supplement. It describes the Fixed Rate Notes now being issued under the \$1,000,000,000 Medium Note program of International Business Machines Corporation. This document adds to, or "supplements" the description of the Notes which we refer to in the accompanying Prospectus Supplement and the Prospectus. This pricing supplement provides important and detailed information about the specific Notes we are now issuing. This Pricing Supplement also amends the terms of the Prospectus Supplement and the 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 the Prospectus.

Trade Date: August 19, 2002

Issue Date: August 22, 2002

CUSIP: 45920QDB7

Principal Amount: \$4,933,000.00

Interest Rate: 4.75%

Maturity Date: August 15, 2012

Price To
Public
(expressed as
a percentage
of the
aggregate
Principal
Amount): 100%

Discounts and
Commissions: 1.25%

1st Coupon

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Payment Date: February 15, 2003

Interest

Payment

Frequency: Semi-Annually

Survivor's Option: Yes

Subject to

Redemption

or Repayment: Yes

Date and Terms

of Redemption or

repayment

(including

any applicable

regular

or special

record dates): Callable at 100% on 08/15/2005
and semi-annually thereafter
with 30 days notice.

Original Issue

Discount

(OID) Note: No

Total Amount

of OID: Not applicable