

INTERNATIONAL BUSINESS MACHINES CORP  
Form DEFA14A  
December 17, 2002

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**SCHEDULE 14A INFORMATION**

Proxy Statement Pursuant to Section 14(a) of  
the Securities Exchange Act of 1934 (Amendment No. )

Filed by the Registrant

Filed by a Party other than the Registrant

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
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

**Rational Software Corporation**

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(Name of Registrant as Specified In Its Charter)

**International Business Machines Corporation**

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(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11

(1) Title of each class of securities to which transaction applies:

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(2) Aggregate number of securities to which transaction applies:

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(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

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(4) Proposed maximum aggregate value of transaction:

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(5) Total fee paid:

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- Fee paid previously with preliminary materials.
- Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

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(2) Form, Schedule or Registration Statement No.:

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(4) Date Filed:

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Filed by International Business Machines Corporation  
Pursuant to Rule 14a-12  
of the Securities Exchange Act of 1934  
Subject Company: Rational Software Corporation  
Commission File No.: 000-12167

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**IBM Software and Rational**

**Enabling Businesses to Build & Deploy  
Infrastructures for the Connected Business**

**John A. Swainson  
General Manager, Application Integration & Middleware  
IBM Software Group**

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**What this news means to you**

Great day in history for both companies

Anticipate Closing 1Q 03- acquisition subject to shareholder and regulatory approval

The combination of IBM and Rational

Creates tremendous opportunity for Rational's products

Allows additional access to critical global customers and sales channels

Enables linkages to broader IT solutions for our customers

Furtheres the growth of IBM's and Rational's business

Provides significant opportunity for Rational employees

Enhanced investments in Rational's core businesses

Rational will become a division within Software Group with retention of the Rational brand

You are critical to success

We are counting on your personal leadership and dedication

You have the knowledge, skills, and expertise to fight the competition

Business needs continue, your focus is necessary to ensure a smooth transition through the anticipated closing

We are committed to thoughtfully managing your transition into IBM

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**Key HR points as they relate to you**

Many of Rational's senior leadership team will join IBM to help lead new division

IBM intends to offer jobs to vast majority of Rational employees

Potential areas of overlap in G&A work and some corporate functions

High priority for senior management to assess areas of overlap and to communicate as soon as possible

Strong corporate cultural similarities

Significant business relationships and synergies already in place

IBM offers unbeatable opportunity for career growth, personal development, and movement into management and non-management leadership positions

Significant technical recognition program and dual ladder career progression opportunities

Customer-driven software sales and marketing culture

Unparalleled potential for career development across multiple IBM businesses

Very competitive compensation and benefits program with additional leadership in work/life, flexibility, diversity, and many other initiatives

Support will be available to you through the transition via your management, Rational and IBM HR, Rational/IBM employee transition extranet

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*IBM's Software  
Business*

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**Evolving Business Needs**

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**Today's Enterprise IT Environment**

*Customer environments are becoming increasingly heterogeneous and complex. The role of modern middleware is to simplify and to integrate.*

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**Value of Common Software Infrastructure**

**Software Group Development and Research**

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**IBM's e-business Strategy**

*Integrated Demand to Deliver*

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**IBM's Software Strategy**

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**Product Positioning within IBM Middleware**



**Software Acquisitions**

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**Shared Capabilities of IBM's Software Portfolio**

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**WebSphere Portal**

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**Extending the WebSphere Platform to IBM and Partners**

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**Rapid Market Acceptance**

*WebSphere Portal Server*

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*Software  
Group Metrics*

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**Industry Dynamics**

**Software Opportunity (2006) = \$307B  
'02 - '06 CGR = 10%**

<b>Operating Systems</b>	<b>Middleware</b>	<b>Applications</b>
<hr/>	<hr/>	<hr/>
\$31B 6% CGR	\$115B 9 - 11% CGR	\$161B 11% CGR

*Note: IBM middleware revenue includes IGS transactions*

*Source: IBM analysis based on Industry Reports / Market Research, 9/02*

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**Middleware Opportunity**

**Middleware Opportunity (2006) = \$115B**  
**'02 - '06 CGR = 9 - 11%**

*Source: IBM analysis based on Industry Reports / Market Research, 9/02*

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**IBM Software and Middleware Revenue Growth**

*Note: IBM Software & Middleware revenue growth at constant currency  
IBM Middleware revenue includes IGS transactions*

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**IBM Middleware's Unique Competitive Advantages**

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*IBM and Rational*

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**IBM's Software Strategy**

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In connection with the merger, Rational has filed preliminary proxy materials and has filed and will file other relevant documents concerning the transaction with the Securities and Exchange Commission (SEC). STOCKHOLDERS OF RATIONAL ARE URGED TO READ THE DEFINITIVE PROXY STATEMENT AND ANY OTHER RELEVANT DOCUMENTS FILED WITH THE SEC WHEN THEY BECOME AVAILABLE BECAUSE THEY CONTAIN IMPORTANT INFORMATION. Investors and security holders can obtain free copies of the definitive proxy statement and other documents when they become available by contacting Investor Relations, Rational Software Corporation, 18880 Homestead Road, Cupertino, CA 95014 (Telephone: (408) 863-9900). In addition, documents filed with the SEC by Rational are available free of charge at the SEC's web site at [www.sec.gov](http://www.sec.gov).

Information regarding the identity of the persons who may, under SEC rules, be deemed to be participants in the solicitation of stockholders of Rational in connection with the transaction, and their interests in the solicitation, is set forth in the preliminary proxy materials that were filed by Rational with the SEC on December 11, 2002.

#### Forward-Looking Statements

Except for historical information contained herein, statements contained in this document may constitute 'forward looking statements' within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are neither promises nor guarantees, but involve a number of risks, uncertainties and other factors that could cause actual results to differ materially from those set forth in the forward-looking statements, including, without limitation, the risk that the merger may not be consummated in a timely manner, if at all, risks regarding employee relations and other risks concerning IBM and Rational and their respective operations that are detailed in the periodic filings with the SEC of IBM and Rational, including their most recent filings on Form 10-K and Form 10-Q.

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QuickLinks

[IBM Software and Rational Enabling Businesses to Build & Deploy Infrastructures for the Connected Business](#)