

# IBM lifts dividend 15 pct, sets \$8B stock buyback

April 26 2011

---

(AP) -- International Business Machines Corp.'s board has approved an \$8 billion stock buyback and a 15 percent boost in its quarterly dividend.

The dividend of 75 cents is payable June 10 to shareholders of record on May 10, and it represents the 16th straight year the technology giant is increasing its payout.

IBM's board has also authorized another \$8 billion for the company's stock buyback program. This is in addition to approximately \$4.7 billion remaining at the end of March from a prior [stock repurchase](#) authorization. IBM expects to request additional share repurchase authorization at its board meeting in October.

Buybacks do several things at once, namely signaling to Wall Street that the buying company believes its shares are inexpensive and reducing the effect of dilution from employee stock awards. IBM has used both effects to its advantage. The company has spent \$107 billion over the past decade on dividends and stock buybacks, CEO Sam Palmisano said Tuesday at the company's annual shareholder meeting, held this year in St. Louis.

IBM, based in Armonk, N.Y., is sitting at a sweet spot of computing. Its specialties are technical services and software, two businesses with strong demand and high profits. However, the company's outsourcing business has been choppy lately, one reason why IBM's shares declined last week despite the company's boosting of its full-year profit target.

IBM's goal is for \$20 per share in operating earnings by 2015 - a rare, long-term profit prediction from a major corporation.

**IBM** shares added \$1.26 to \$168.93 in midday trading. Earlier shares traded at a 52-week high of \$169.20.

©2010 The Associated Press. All rights reserved. This material may not be published, broadcast, rewritten or redistributed.

Citation: IBM lifts dividend 15 pct, sets \$8B stock buyback (2011, April 26) retrieved 11 May 2024 from <https://phys.org/news/2011-04-ibm-dividend-pct-8b-stock.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.