

October 27, 2008

Andrew Bonzani
Vice President, Assistant General Counsel and Secretary
International Business Machines
1 New Orchard Rd.
Armonk, New York
10504

Sent via post and fascimilie to (914) 499-6085

Dear Mr. Bonzani,

We, the Endowment Investment Committee of the Paulist Center Community, hold 140 shares of International Business Machines stock. We believe that in fairness to the entire IBM community, compensation of executives must be addressed.

We are writing today to propose IBM implement an annual referendum process for shareowners about senior executive compensation.

We are therefore submitting the enclosed shareholder proposal for inclusion in the proxy statement for the 2009 Annual Meeting of Shareholders, in accordance with Rule 14a-8 of the General Rules and Regulations of the Securities Exchange Act of 1934 (the "Act"). The Endowment Investment Committee of the Paulist Center Community is the beneficial owner, as defined in Rule 13d-3 of the Act, of the above-mentioned number of shares. The Endowment Investment Committee of the Paulist Center Community has held at least \$2,000 in market value of these securities for more than one year at the time of the filing of this shareholder proposal and will continue to hold at least the requisite number of shares for proxy resolutions through the stockholders' meeting. Boston Common Asset Management is the primary filer for this shareholder proposal. Verification of ownership will be provided under separate cover upon request. A representative of the filers will attend the stockholders' meeting to move the resolution as required.

We look forward to hearing from you. Please copy all correspondence related to this matter to Dawn Wolfe at Boston Common Asset Management and to my attention at The Paulist Center, 5 Park Street, Boston, MA 02108.

Sincerely,

Patricia Simpson
Administrator
The Paulist Center

Enclosure:

Resolution Text

Copy:

Robert C. Weber, IBM SVP Legal and Regulatory Affairs and General Counsel

Dawn Wolfe, Boston Common Asset Management

EXECUTIVE COMPENSATION ADVISORY VOTE

RESOLVED, that shareholders of IBM request the board of directors to adopt a policy that provides shareholders the opportunity at each annual shareholder meeting to vote on an advisory resolution, proposed by management, to ratify the compensation of the named executive officers (“NEOs”) set forth in the proxy statement’s Summary Compensation Table (the “SCT”) and the accompanying narrative disclosure of material factors provided to understand the SCT (but not the Compensation Discussion and Analysis). The proposal submitted to shareholders should make clear that the vote is non-binding and would not affect any compensation paid or awarded to any NEO.

SUPPORTING STATEMENT

Investors are increasingly concerned about mushrooming executive compensation especially when insufficiently linked to performance. In 2008, shareholders filed close to 100 “Say on Pay” resolutions. Votes on these resolutions have averaged 43% in favor, with ten votes over 50%, demonstrating strong shareholder support for this reform.

An Advisory Vote establishes an annual referendum process for shareholders about senior executive compensation. We believe the results of this vote would provide the board and management useful information about shareholder views on the company’s senior executive compensation.

In its 2008 proxy Aflac submitted an Advisory Vote resulting in a 93% vote in favor, indicating strong investor support for good disclosure and a reasonable compensation package. Daniel Amos, Chairman and CEO said, "An advisory vote on our compensation report is a helpful avenue for our shareholders to provide feedback on our pay-for-performance compensation philosophy and pay package."

To date eight other companies have also agreed to an Advisory Vote, including Verizon, MBIA, H&R Block, Ingersoll Rand, Blockbuster, and Tech Data. TIAA-CREF, the country’s largest pension fund, has successfully utilized the Advisory Vote twice.

Influential proxy voting service RiskMetrics Group, recommends votes in favor, noting: “RiskMetrics encourages companies to allow shareholders to express their opinions of executive compensation practices by establishing an annual referendum process. An advisory vote on executive compensation is another step forward in enhancing board accountability.”

The Council of Institutional Investors endorsed advisory votes and a bill to allow annual advisory votes passed the House of Representatives by a 2-to-1 margin. We believe the statement like approach for company leaders is to adopt an Advisory Vote voluntarily before required by law.

We believe that existing U.S. Securities and Exchange Commission rules and stock exchange listing standards do not provide shareholders with sufficient mechanisms for providing input to boards on senior executive compensation. In contrast, in the United Kingdom, public companies allow shareholders to cast a vote on the “directors’ remuneration report,” which discloses executive compensation. Such a vote isn’t binding, but gives shareholders a clear voice that could help shape senior executive compensation.

We believe that a company that has a clearly explained compensation philosophy and metrics, reasonably links pay to performance, and communicates effectively to investors would find a management sponsored Advisory Vote a helpful tool.

We urge IBM’s board to allow shareholders to express their opinion about senior executive compensation through an Advisory Vote.