



DIVISION OF
CORPORATION FINANCE

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549-4561

February 22, 2010

Joseph F. Kelly
229 Ottawa Lane
Franklin Lakes, NJ 07417

Re: International Business Machines Corporation
Incoming letter dated January 5, 2010

Dear Mr. Kelly:

This is in response to your letter dated January 5, 2010 concerning the shareholder proposal you submitted to IBM. On January 7, 2010, we issued our response expressing our informal view that IBM could exclude the proposal from its proxy materials for its upcoming annual meeting.

We received your letter after we issued our response. After reviewing the information contained in your letter, we find no basis to reconsider our position.

Sincerely,

Heather L. Maples
Senior Special Counsel

cc: Stuart S. Moskowitz
Senior Counsel
Corporate Law Department
International Business Machines Corporation
One New Orchard Road, Mail Stop 329
Armonk, NY 10504

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*** FISMA & OMB Memorandum M-07-16 ***

January 5, 2010

*** FISMA & OMB Memorandum M-07-16 ***

CHAIRMAN'S
CORRESPONDENCE UNIT

Commissioner Mary L. Schapiro
Chairperson
Securities & Exchange Commission
100 F street N.E.
Washington, D.C. 20549

Dear Commissioner Schapiro:

RE: Stockholder Proposal of Joseph F. Kelly on restating and
Enforcing Ethical Standards at IBM

On Oct. 27, 2009 I submitted a shareholder's proposal to IBM for inclusion in the next proxy statement. The proposal related to the arrest and indictment of a senior Vice President of IBM for participating in a scam involving the trading on insider information involving IBM stock.

I felt that the issue was of significant importance that a restatement, by IBM, of the principles of expected ethical behavior was justified.

In my submission, I satisfied all requirements of SEC Rule 14a-8 regarding the shares of IBM required for submission of a shareholder's proposal. I provided IBM with all relevant documentation.

On Dec. 15, 2009, IBM made a submission to the SEC rejecting my proposal and declining to include it in the proxy materials.

IBM declined my shareholder proposal on 4 grounds:

1. It relates to a personal grievance of the proponent
2. The proposal relates to the ordinary business operations of IBM
3. The proposal has been substantially implemented
4. The proposal is not the proper subject for action by stockholders

I disagree with each of the claims made by IBM.

First, IBM claims that the shareholder submission is "no more than the most recent manifestation of the proponent's ongoing personal grievance against IBM".

I have had a grievance with IBM, originally submitted in 2001, and I have

pursued that grievance. That grievance has nothing to do with this submission. IBM failed to prove any connection. There is no intention or opportunity to gain in any way through this submission. The shareholder submission is unrelated to any personal grievance and is not intended to benefit the proponent in any way.

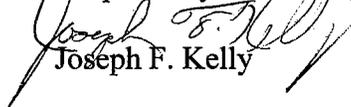
Secondly, IBM claims that the shareholder proposal relates to the ordinary business operations of the company. Certainly the lack of ethical business conduct is a valid concern for shareholders, as over time this will, if permitted, act against the beneficial interests of all IBM shareholders.

Thirdly, IBM claims that the recommendation of the proposal has been substantially implemented. The submission of IBM cites the Business Conduct Guidelines distributed to all IBM employees. However, the precise point of my shareholder's proposal is that this Guideline is NOT being followed and needs attention and strengthening. That is a valid concern for all IBM shareholders.

Finally, IBM claims that the proposal is not a proper subject for action by IBM stockholders. Certainly, shareholders have a right to submit that their will is to see the company operated under ethical standards. Failure to do so will eventually act against the beneficial interests of all shareholders, and thus is their valid interest.

In summary, IBM has shown no direct motivation or connection with this proposal in any way related to any personal grievance. A complaint originally submitted in 2001, and pursued since, should not prejudice against my submitting a valid shareholder proposal. I suggest that IBM is "hiding" behind that claim to avoid addressing a valid issue. Certainly the reinforcement of ethical guidelines in the context of a most serious alleged breach, is a valid concern for shareholders. The shareholders should be allowed to voice their position with respect to this proposal. It will act to make IBM a stronger, more effective, organization.

Respectfully submitted,


Joseph F. Kelly

cc: Stuart S. Moskowitz
Senior Counsel
IBM Corp.
New Orchard Rd.
Armonk, N.Y. 10504

Joseph F. Kelly

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Commissioner Mary L. Schapiro
Chairperson
Securities & Exchange Commission
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