



DIVISION OF CORPORATION FINANCE

UNITED STATES SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549-0402

DC 51143



NO ACTION  
P.E. 11-19-01  
1-0230  
December 20, 2001

Stuart S. Moskowitz  
Senior Counsel  
Office of the Vice President and  
Assistant General Counsel  
International Business Machines Corporation  
New Orchard Road  
Armonk, New York 10504

Act 1934  
Section \_\_\_\_\_  
Rule 14A-8  
Public Availability 12/20/2001

Re: International Business Machines Corporation  
Incoming letter dated November 19, 2001

Dear Mr. Moskowitz:

This is in response to your letter of November 19, 2001 concerning a shareholder proposal submitted to IBM by Patrick F. Napolitano. Noting that the proposal appears to be similar to the same proponent's proposal in International Business Machines Corp., December 29, 1994, we believe that the forward-looking relief that we provided in that earlier response is sufficient to address his recent proposal. Accordingly, we believe that a specific no-action response is unnecessary.

In connection with this matter, your attention is directed to the enclosure, which sets forth a brief discussion of the Division's informal procedures regarding shareholder proposals.

PROCESSED  
JAN 29 2002  
THOMSON FINANCIAL

Sincerely,

*Martin P. Dunn*  
Martin P. Dunn  
Associate Director (Legal)

Enclosures

cc: Patrick F. Napolitano  
622 S.E. Degan Drive  
Port St. Lucie, Fl. 34983

CRGA



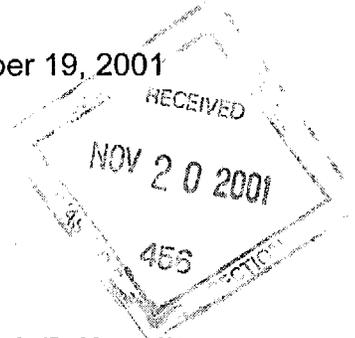
Office of the Vice President  
Assistant General Counsel

New Orchard Road  
Armonk, NY 10504

RECEIVED  
SECURITIES AND EXCHANGE COMMISSION  
NOV 21 2001 9:00

November 19, 2001

Securities and Exchange Commission  
Office of Chief Counsel  
Division of Corporation Finance  
450 Fifth Street, N.W.  
Judiciary Plaza  
Washington, D.C. 20549



Subject: Shareholder Proposal of *Patrick F. Napolitano*

Ladies and Gentlemen:

Pursuant to Rule 14a-8(j) under the Securities Exchange Act of 1934, I am enclosing six (6) copies of a submission dated November 5, 2001 (the "Proposal") from Mr. Patrick F. Napolitano (hereinafter the "Proponent"), a former employee of International Business Machines Corporation (the "Company" or "IBM") (See **Exhibit A**). IBM believes the Proposal, described by the Proponent as a "PRO PATRIA AMERICA! FOREVER" Proposal, may be properly omitted from the proxy materials for IBM's 2002 annual meeting of shareholders (the "2002 Annual Meeting") on the grounds discussed below.

To the extent that the reasons for omission stated in this letter are based on matters of law, these reasons are the opinion of the undersigned as an attorney licensed and admitted to practice in the State of New York.

**I. THE COMPANY REQUESTS CABOT<sup>1</sup> RELIEF WITH RESPECT TO THE INSTANT PROPOSAL, AS IT IS OF THE SAME NATURE AS PROPOSALS PREVIOUSLY SUBMITTED BY THE PROPONENT FOR WHICH CABOT RELIEF WAS EXPLICITLY PROVIDED FOR IN CONNECTION WITH PROPONENT'S 1994 SUBMISSION AND WHICH RELIEF WAS SUBSEQUENTLY GRANTED TO THE COMPANY BY THE COMMISSION IN CONNECTION WITH THE PROPONENT'S 1997 AND 2000 SUBMISSIONS.**

In 1994, in connection with the Proponent's submission for consideration in connection with our 1995 proxy statement, the staff concurred in the Company's request to omit the entire submission under former Rule 14a-8(c)(4) as relating to the Proponent's long-standing personal grievance against the Company. See International Business Machines Corporation (December 29, 1994). See Exhibit

<sup>1</sup>Cabot Corporation (November 4, 1994). IBM was first afforded the ability to receive Cabot treatment for future proposals from this Proponent in the staff's letter to the Company in connection with the 1995 proxy statement. See IBM (December 29, 1994). Further, utilizing the 1994 letter, the staff later provided Cabot relief in connection with the Proponent's 1997 and 2000 submissions to IBM. See IBM (January 6, 1998) and IBM (January 10, 2001) (copies of the three earlier letters from the staff to IBM are attached hereto as Exhibits B, C and D respectively). The Company again requests Cabot relief under the December 29, 1994 letter herein.

B. More importantly, however, following a careful review of the Proponent's history in this arena, which was evidenced by his long-standing and repeated abuse of the shareholder proposal process with IBM going as far back as 1979,<sup>2</sup> the Commission *also* granted the Company's specific request for **future** relief as it would apply to similar submissions from this particular stockholder. Such relief, known colloquially as Cabot-type relief, provided specifically that:

**This response shall also apply to any future submissions to the Company of a same or similar proposal by the same proponent. The Company's statement under rule 14a-8(d) shall be deemed by the staff to satisfy the Company's future obligations under 14a-8(d) with respect to the same or similar proposals submitted by the same proponent.**

International Business Machines Corporation (December 29, 1994). A copy of the Commission's 1994 no-action letter to the Company is set forth as **Exhibit B** hereto.

In 1997, when the Proponent again lodged a similar proposal in connection with our 1998 proxy statement, the Company submitted another no-action letter request to exclude the submission. Following a review of the Proposal, the staff specifically informed the Company that the proposal could be omitted, inasmuch as it fell within the "forward looking" provisions of the staff's 1994 letter to IBM. In particular, the staff wrote:

**Noting that the proposal appears to be similar to the same proponent's proposal in International Business Machines Corp., December 29, 1994, we believe that the forward-looking relief that we provided in that earlier response is sufficient to address his recent proposal. Accordingly we believe that a specific no-action response is unnecessary.**

See staff letter to IBM (January 6, 1998), attached as **Exhibit C** hereto.

Last year, the Proponent resurfaced with another stockholder proposal. By letter December 6, 2000, the Company requested Cabot relief. The staff granted such relief by letter dated January 10, 2001, providing IBM with the same response as 1998. See staff letter to IBM (January 10, 2001) attached as **Exhibit D** hereto.

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<sup>2</sup> The Staff's no-action letter files for this Proponent should include the following letters to the Company. Numerous other letters were submitted by Mr. Napolitano both to the staff as well as the Company related to his personal issues with the Company. International Business Machines Corporation (January 12, 1979); International Business Machines Corporation (February 5, 1980); International Business Machines Corporation (February 26, 1987); International Business Machines Corporation (November 30, 1987); International Business Machines Corporation (January 25, 1988); International Business Machines Corporation (February 12, 1990); International Business Machines Corporation (January 14, 1991); International Business Machines Corporation (February 13, 1992); International Business Machines Corporation (December 15, 1992); International Business Machines Corporation (December 14, 1993); International Business Machines Corporation (December 29, 1994); International Business Machines Corporation (January 6, 1998) and International Business Machines Corporation (January 10, 2001).

The Proponent has again resurfaced this proxy season, and has now lodged the instant Proposal, now set forth in **Exhibit A**. The Proposal, to the extent it can be understood at all, represents another vitriolic attack on the Company, covering much of the same ground as his earlier submissions. In fact, the Proponent continues to seek retribution against IBM management for actions taken against him almost two generations ago. Consistent with the position of the staff to the Company in connection with the Proponent's 1994, 1997 and 2000 submissions, under which the staff afforded "forward-looking" relief under Cabot, the Company again requests such relief for the instant Proposal. See Unocal Corporation (March 30, 2000)(recent grant of Cabot-type relief).

In this connection, the Company views the instant submission as no more than another opportunity by the Proponent to abuse the shareholder proposal process. The Proposal, despite its generally unintelligible nature, seeks retribution on the Company for alleged illegal / immoral activities committed against the country as well as the Proponent. For example, the current Proposal is entitled "STOCKHOLDER'S PRO PATRIA-FIGHTING BACK FOR AMERICA! FOREVER". (See Exhibit A) Similarly, the 1994 "PRO PATRIA AMERICA!" proposal starts out the WHEREAS section by stating "AMERICA'S "SURVIVAL IS THE FIRST PRIORITY" (See **Exhibit E** for the full text of the 1994 proposal from Mr. Napolitano).

There are many other similarities between the instant submission and the 1994 Proposal. The 1994 Proposal sought to censure the Company, its executives and directors for a variety of alleged misdeeds. That Proposal cited a variety of then current items the Proponent twisted to suit his needs. For example, on the second page of the 1994 Proposal, in the course of spewing forth a variety of invective about IBM, the Proponent wrote:

ANNUAL R&D \$6 BILLION, CORPORATE, IGNOMINIOUSLY FAILING CONTRACTS/"BELIEFS," AMERICA!, **EXPLOITING PUBLIC SUBSIDY**, INSTIGATED CRUTCH CONSORTIA -- ALLIANCES DOMESTIC; THWART "ENEMY"; PERFIDIOUSLY DECLARING CRASHED "IBM US BASED" COMPANY, "GLOBAL", **"THE COMPANY'S SURVIVAL IS THE FIRST PRIORITY," "NATIONALISTIC FACTORS ARE SECONDARY PRIORITY**, INSTIGATED FOREIGN CONSORTIA, **EMBRACED "ENEMY"...**! (sic)

CORPORATE PHILOSOPHY- PRACTICES REMAINED FLAWED, PRECEDENTIAL DETRIMENTAL TO AMERICA!--"CONSORTIUM BACKTRACKS ALL AMERICAN PLEDGE" **EMBRACES ENEMY...**(sic)

(1994 Proposal; Exhibit E) (emphasis added)

Similar themes are found in the current Proposal. The instant submission, professing a similar nationalistic / patriotic theme<sup>3</sup>, specifically sets forth, in the

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<sup>3</sup>The Proponent appears to have copied President George W. Bush on the instant Proposal. (See

first "WHEREAS" paragraph, a variety of the same false accusations regarding IBM's adherence to / compliance with governmental regulations, IBM's tax position, and overall allegiance to America. It states:

**HISTORICALLY "IBM FLUMMOXED GOVERNMENT". "IBM WORE DOWN JUSTICE (PER IBM TO BEAT AMERICA! V. IBM UNLAWFUL PREDATORY BUSINESS PRACTICES PER D.O.J.) DEFORCING CONSTITUTIONAL GOVERNMENT EMPOWERING IBM AS "THE POWERS THAT (OWN THRONE) BE EXERCISING WRONGFUL, INJURIOUS, UNLAWFUL POWER, IBM FORTE (NO CONTROLLING LEGAL AUTHORITY) TO EMPOISON DEMOCRACY, TO PROFITEER - FREEBOOT AMERICA! IN WAR AND PEACE, AT DEMISING EXPENSE TO, AND SUBJUGATION OF AMERICA! - HUMANITY, e.g., MOST RECENT OF EXTORTIONARY ENRICHMENTS (AMONG MANY) FINAGLED BY IBM DEFORCING TAXPAYERS OF \$1.4 BILLIONS, ENTITLES TAXPAYERS TO VESTED RIGHTS, LEGAL STATUS OF IBM STOCK/STAKEHOLDERS TO DEMAND IBM "PUBLIC" OFFICIALS' ACCOUNTABILITY AND ALLEGIANCE.**

**IBM WITH PARASITIC, PERFIDIOUS ENMITY, EMPHATICALLY, UNEQUIVOCALLY DECLARED "IBM (MERELY) U.S. BASED," "IBM AN INTERNATIONAL GLOBAL COMPANY" (ALIEN, NOT AMERICAN) "IBM COMPANY'S SURVIVAL IS THE FIRST PRIORITY" AND "AMERICA'S NATIONALISTIC SURVIVAL FACTORS ARE SECONDARY PRIORITY," IBM NOT WITH U.S., ERGO IBM AGAINST U.S! GOVERNMENT REMISS (AP) PROVES IBM'S DISDAIN FOR, IS SUPERIOR TO, AMERICA!, AN IBM COWARDLY ATROCIOUS ABJURATION OF ALLEGIANCE TO AMERICA! (sic)**

(See Exhibit A, paragraph 1)(*emphasis added*)

Were this not enough, last year's stockholder proposal contained a very similar missive against IBM, including similar false accusations regarding IBM's legal compliance activities as well as its tax position. Under the first paragraph of last year's submission, under "REASON", the Proponent similarly stated:

**"SAVING BIG BLUE" AT DIRE EXPENSE TO AMERICA! IS PERFIDIOUSLY VENAL, INIQUITOUSNESS, ANTITHETICAL TO LAW AND ORDER.**

**MEDIA ARTICLES REPORTING CERTAIN CULPABLE IBM MANAGEMENT BUSINESS MALPRACTICE SUBJECTS IBM VERACITY & CHARACTER IN DISREPUTE - UNDER THE CLOUD OF UNLAWFUL MISPRISION,**

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(Footnote Continued)

Cover letter to Exhibit A). A variety of other high ranking government executives have been copied on similar correspondences going back many years.

**ORGANIZED BARRATRY/BRIBERY; ALLEGATIONS OF UNLAWFUL TAX EVASION - MEDIA - "IBM DIDN'T COMMENT ON THE REPORT ACCUSING IT OF ILLEGALLY TRYING TO LOWER ITS TAX BILL" - THAT APPEARS TO UNDERMINE THE EXECUTIVES' CONSTITUTIONAL AUTHORITY TO CONDUCT FOREIGN POLICY, INTERNATIONAL TRADE PACTS WITH ACCEPTED RULES TO ENSURE FAIR, LEGAL COMPETITION, WITHOUT UNLAWFUL PREDATORY MISPRISION. (sic)**

**(2000 Submission; See EXHIBIT F)**

A comparison of all of these submissions shows a number of distinct similarities. In each case, the Proponent takes a number of current issues, after reading the paper (for example, looking at IBM's tax position, compliance with governmental regulations or other issues), and then goes on to falsely accuse IBM of acting illegally and immorally with respect to such matters. This goes on year after year.

The current year's Proposal (**EXHIBIT A**) also provides, in the third paragraph::

**IBM IN DELIBERATE DERELICTION OF IMPERATIVE FIDUCIARY DUTIES TO AMERICA! - HUMANITY, RELENTLESSLY RUTHLESS REMORSELESS VIOLATES "THE UNITED STATES HAS RATIFIED THE CONVENTION AGAINST TORTURE WHICH DEFINES TORTURE AS ANY ACT BY WHICH SEVERE PAIN OR SUFFERING, WHETHER PHYSICAL OR MENTAL, IS INTENTIONALLY INFLICTED," AS INHERENT TO IBM'S PERPETUATED PERSECUTION OF PRO PATRIA AMERICA! IN EXTREMIS.**

N.B. AXIOMATIC, THE UTMOST DIABOLIC TERRORISM - TORMENT IS THAT WHICH TEARS DOWN AMERICA'S INSTITUTIONS, E.G. FOUNDING CHARTERS - AMERICA'S HEART AND SOUL - HUMANITY. THIS IMPERATIVE PRO PATRIA - IN DEFENSE OF - AMERICA! FOREVER (COESSENTIALLY "AMERICA! FIGHTS BACK CAMPAIGN) **PROPOSAL/PETITION FOR REDRESS OF GRIEVANCES, RESTITUTION INTER ALIA, DUE AMERICA! - HUMANITY, AND SUCH PATRIOTIC DUTY BY 'WE THE PEOPLE...'**, STOCK/SKARE HOLDERS TO ENSURE ABSOLUTELY AMERICA'S NATIONALISTIC SURVIVAL FACTORS ARE AND WILL REMAIN, AD INFINITUM, SUPREME PRIORITY. (sic) (**See Exhibit A**) (**emphasis added**)

The 1994 Proposal, under REASON, provides, in pertinent part, under "REASON" that:

**[IBM] PERSISTS IN PERFIDIOUS OFFSHORING OF AMERICA'S! JOBS, TECHNOLOGY, DOLLARS AS EVIDENCED BY, INTER ALIA, CORPORATES' ESPOUSED MALIGNANT "SPECTRUM OF SACRIFICE", "UNBELIEVABLE BURDEN," "CHINESE WATER TORTURE," FUNDING - TRAINING FOREIGN ENTITIES AT DIRE COST TO AMERICA! (sic) (See EXHIBIT E, at page 1)**

Moreover, the current references in the Proposal to the "petition for redress of grievances" are merely reassertions of the same themes set forth in the 1994, 1997 and 2000 submissions wherein the Proponent also sought to punish the Company both for deeds it allegedly committed against him; i.e., firing him (allegedly without justification) in 1970, and then for failing to reinstate the Proponent to active employment despite his protestations.

Given that the Proponent continues to dwell on the same themes as he did in his 1994, 1997 and 2000 submissions -- (the allegedly wrongful, illegal and/or immoral acts of the Company) -- to which the staff initially offered and has twice provided Cabot<sup>4</sup> relief, the Company is now hereby providing this statement again to the staff and the Proponent, in a manner consistent with the directive of the staff and current Rule 14a-8(j), in order to satisfy the Company's obligations with respect to the instant Proposal. The Company now respectfully requests the concurrence of the staff that Cabot treatment--i.e., the "forward-looking relief" that the staff provided to IBM earlier--will again apply to exclude the current Proposal from our 2002 proxy statement.

**II. THE PROPOSAL MAY ALSO BE OMITTED UNDER RULE 14a-8(i)(4) AS A PERSONAL GRIEVANCE DESIGNED TO RESULT IN A BENEFIT TO THE PROPONENT WHICH IS NOT SHARED WITH OTHER SHAREHOLDERS AT LARGE.**

The Company firmly believes that Cabot relief, as formally requested in Argument I, is again proper. In addition, however, Rule 14a-8(i)(4) clearly permits omission of a proposal that relates to the redress of a personal claim or grievance against the company, or if it is designed to result in a benefit to the proponent or to further a personal interest, which benefit or interest is not shared with other shareholders at large.

The Proponent's instant submission is at least the Proponent's twelfth (**12th**) formal stockholder "PRO PATRIA AMERICA!" (sic) proposal submitted to the Company, and the latest of **dozens** of other correspondences sent to the Company and its Board members over the years emanating out of his termination of employment from IBM in 1970. The instant Proposal is no more than another twisted manifestation of his long-standing personal vendetta against the Company for terminating his employment from the Company thirty-one (31) years ago.

As noted above, the last time the Proponent submitted documentation requiring the Commission's attention under Rule 14a-8 in 2000, we noted to the Commission that the Proponent's submission consisted of a variety of allegations lambasting the Company and its management. We will not repeat these allegations verbatim. Reference, however, is made to the Company's no-action letter requests (including attachments) resulting in the staff's position with respect to this Proponent's submissions: International Business Machines

<sup>4</sup>The Company's 1997 and 2000 submissions, to which the Staff applied the forward-looking relief under Cabot, describes the similarities between the 1997 and 1994 submissions by the instant Proponent. Last year's submission showed similar comparisons between the 2000 submission, the 1997 submission and the 1994 submission. Reference is hereby made to pages 2-8 of the Company's November 30, 1997 letter and pages 4-8 of the Company's December 6, 2000 letter to the Staff on the details relating to this matter. The Proponent's 1997 nine page submission to the Company is again attached hereto as Exhibit G.

Corporation (December 29, 1994); International Business Machines Corporation (January 6, 1998) and International Business Machines Corporation (January 10, 2001). Should additional copies of the Company's letters to the Staff be required by the Staff in connection with better understanding any of the matters raised in this letter, such letters will be provided to the Staff upon request.

In addition, by way of further background, the Company's 1994 letter to the Commission [International Business Machines Corporation (December 29, 1994)], seeking no-action relief under former Rule 14a-8(c)(4), also provided a great amount of detail on the history this particular Proponent has had with the Company over the years; of the Proponent's deep-seated animosity toward the Company and its officers and directors following his termination in 1970; for the Company's refusal to reinstate him to active IBM employment; of the Proponent's subsequent abuse of the shareholder proposal process as a means for getting even with the Company, and for the Proponent's attempt to vent publicly his personal grievances in other correspondence.

Moreover, there have been other letters from the Proponent to the SEC, some of which the Proponent sent directly to the SEC without copying the undersigned. Other than to reference the Company's earlier letters for the convenience of the staff, the Company will not repeat all of their sorry details. However, it is evident that the Proponent's animosity toward the Company has not abated, as evidenced by his ongoing and continuous correspondence to the Company and the annual repetitive submissions seeking retribution against the Company for alleged wrongful activities.

This year's Proposal, just like those of years' past, remains virtually unintelligible on its face to the layman. However, to those familiar with the Proponent, it is merely another attempt to punish IBM for the matters the Proponent raised in his letters. Further comparisons of the proposals, as well as interim correspondence, reveal that we continue to see the Proponent's showing his scorn for the Company for its unwillingness to adhere to his demands. The Proponent continues to point to current events and attempts to assert that the Company has not acted in a forthright manner. Further, and as can be seen from his earlier correspondence in connection with the 1994, 1997 and 2000 letters, in fact, the Proponent's *real* claim is that IBM did not treat *him* in a forthright manner; first he believes IBM should not have terminated his employment, and second, that IBM management should have adhered to various basic beliefs of the Company, and reinstated him. The Proponent has manifested this theme in different ways. In the 1997 proposal, he wrote: ***"Board & Officers' failures--dereliction of duties, being utter conflict of interests, flagrant discrimination, violations of policies, rules, regulations, guidelines, prescriptive 'beliefs', contracts--virtual booty before duty"***. (sic)

(See Exhibit G, page 3 of 9)

Similarly, the Proponent's 2000 submission stated:

***"IBM persists in betraying IBM's alleged (false pretenses?) 'Beliefs'--Legally binding prescriptive contracts to profit wrongful IBM at the expense of IBM's employees and IBM's integrity, chronicling a pattern of culpable IBM misprision as manifested in the Chair's unethical practiced penchant for stifling free speech in pursuit of constitutional rights of employees to due process for redress of grievances...."*** (See Exhibit F)

And, finally, the Proponent's current submission provides, in part, that:

**IRREFUTABLE, IBM AWRY, ENTRENCHED IN THE REFUGE OF HYPOCRITICAL SUBTERFUGE, SURREPTITIOUSLY - ABUSING AGENCY RULES AND REGULATIONS TO VITIATE U.S. CONSTITUTION--EVADES CRUX OF LAWFULLY MANDATED PRO PATRIA AMERICA! PETITIONS, AIDED AND ABETTED BY AGENCY - PETITIO PRINCIPII -- FALLACIOUSLY ASSUMING IBM PREMISE FOR REJECTION WHICH IBM FAILS TO PROVE; AGENCY "BEGS THE QUESTION," WRONGFULLY RULES - NON SEQUITUR - REJECTS PROPOSALS. (See Exhibit A)**

To understand the full picture, much additional information can also be gleaned from various *other* correspondence to the Company. In this past calendar year (2001) alone, we received two additional letters from the Proponent (attached hereto as **Exhibit H**). The Proponent's personal grievances, found in such interim correspondences, have not abated. In last year's submission to the SEC, the Company cited a letter dated April 8, 1999 from the Proponent. After lambasting the Company's chairman and the board, in another reference to himself and his personal situation, the Proponent noted that:

**"We suffer 40 years + IBM criminally inflicted injury, fraud, deprivation of our rights, persecution in extremis at the bloody hands of venal, evil IBM for our adherence to principles "Beliefs," dedication to imperative duty in the service, defense of America!" (See Exhibit I - penultimate paragraph)**

This interim correspondence should be compared to the May 9, 2001 letter we received from the Proponent complaining about his own personal situation on how he was wrongfully fired from IBM and not reinstated. (See Exhibit H) For example, the May 9, 2001 correspondence -- a six page submission with attachments -- the Proponent stated, in the fifth paragraph of the first page:

**ALAS, VIRULENTLY VENAL IBM, ab initio CONTINUUM, PERSISTS IN IBM'S DELIBERATE, DIABOLICALLY OPPOSED TO MANIFEST TRUTH & REASON, DERELICTION OF IBM'S IMPERATIVE FIDUCIARY DUTIES, i.e., IBM PERPETUATES THE ENORMOUS WICKEDNESS OF WATSON IBM'S BRUTAL BREACH OF LEGALLY BINDING FEDERAL - IBM CONTRACTS, IBM 'BELIEFS' - CONTRACTS IBM WITH MY FAMILY & ME.**

**N.B. WIDELY KNOWN TO IBM LINE, EXECUTIVE, SENIOR MANAGEMENT AS MATTERS OF FACT AND IBM'S OFFICIAL LEGALLY DOCUMENTED & IBM AUTHORITATIVELY VALIDATED RECORDS IN THE CHAIRMEN, BOARDS' POSSESSION AND KNOWLEDGE, MISCREANT IBM MANAGEMENT CRIMINALLY BURNED MY BRAIN THEN BUSTED MY BUTT<sup>5</sup> -- ON THE U.S.A.F. B-52 BOMBER & NASA MANNED FLIGHT (e.g. SATURN) PROGRAMS - SERVICE CONNECTED DISABILITY - ROBBED US OF ALL**

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<sup>5</sup>Similar language can be found in the cover letter to the Proponent's 1998 Proposal: "IBM BARRATROUS BLOODY BUGGERS CRIMINALLY BURNED MY BRAIN, MISCREANTLY BUSTED OUR BUTT, HARASSED, THREATENED, "FIRED," ROB US OF OUR RIGHTS, RESOURCE, RECOURSE, PERSECUTE US IN EXTREMIS BECAUSE WE PERSIST IN ADHERENCE TO PRINCIPLES, ETHICS, CONTRACTS/"BELIEFS", PRO PATRIA AMERICA! (See Exhibit G, page 2 of 9).

**OUR RIGHTS, RESOURCES RECOURSE TO CONSTITUTIONAL "GUARANTEED, UNALIENABLE RIGHTS," RAVAGED OUR LIVES AND WRONGFULLY FIRED US FOR OUR DUTIFUL PERSEVERANCE TO PRINCIPLES, ETHICS RULE OF LAW REQUIRED REFUSAL OF CHAIRS' COERCIVE ULTIMATUM TO GO ALONG WITH, OR BE FIRED BY IBM'S VENAL M.O.B.I.A. IBM'S INIQUITOUS BOONDOGGLE MANAGEMENT'S MALIGNANT MISPRISION OF BARRATRY, INSATIABLE ARROGATION - COESSENTIALLY, "IBM'S UNLAWFUL PREDATORY MONOPOLY (U.S.D.O.J.). THE CHAIR'S RUTHLESS ULTIMATUM WAS ILLEGAL. AS CHAIR KNEW, IBM DID THE CRIMES, WE - IBM'S VICTIMS - WERE FORCED BY THE CHAIR TO SUFFER LIFETIMES FOR MISCREANT IBM'S CRIMES!**

(See Exhibit H; page 1 of 6)(emphasis added)

It is clear that the issues raised in this recent (May 2001) letter are the very same ones as were contained in many of his earlier correspondences. The Proponent remains enraged at IBM because he was fired by the Company so many years ago, and he continues to misuse the shareholder proposal process to get back at the Company.

Anyone already familiar with the Proponent's sad history with IBM, or who reads through the undersigned's December 5, 1994, November 30, 1997, and December 6, 2000, letters to the Commission regarding such history, can also see that absolutely nothing has changed between the Proponent and the Company. Moreover, it is crystal clear that the Proponent is again merely attempting to twist and abuse the stockholder proposal process to advance his own, self-serving personal ends. This is a gross misuse of the stockholder proposal process, and a waste of time for both the Company as well as the Commission which should not be tolerated.

Many other letters written by the Proponent over the years, which have been included in earlier filings with the Commission, also make abundantly clear that the Proponent, in his mind, has never evened the score with the Company. The Proponent, through the use of the shareholder proposal process, is once again attempting to hold current IBM management accountable for his termination from the Company, and is once again attempting to misuse the shareholder proposal process to air his personal grievances.

The Commission is also painfully aware of this tortured history. As far back as the Division's letter to the Company **dated February 5, 1980**, *which letter also addressed this very Proponent*, the Division's recognition of misuse of the shareholder proposal procedure by this disgruntled former employee was clearly articulated. The staff's no-action letter stated:

After consideration of the information contained in your letter and the exhibit thereto, this Division believes that there may be some basis for your view that the proposal may be omitted in reliance upon Rule 14a-8(c)(4). **In the Division's view, despite the fact that the proposal is drafted in such a way that it may relate to matters which may be of general interest to all shareholders, it appears that the proponent is using the proposal as one of many tactics designed to redress an existing personal grievance against the Company.** (emphasis added)

These words again ring true as it applies to the instant Proponent and this year's Proposal, almost **twenty-two** years (and at least 11 stockholder proposals) later.

The Commission long ago established that the purpose of the stockholder proposal process is "to place stockholders in a position to bring before their fellow stockholders matters of concern to them as stockholders in such corporation." Release 34-3638 (January 3, 1945). The purpose of current Rule 14a-8(i)(4) is to allow companies to exclude proposals that involve disputes that are not of interest to stockholders in general. The provision was developed "because the Commission does not believe that an issuer's proxy materials are a proper forum for airing personal claims or grievances." Release 34-12999 (November 22, 1976). In this connection, the Commission has consistently taken the position, see Proposed Amendments to Rule 14a-8 Under the Securities Exchange Act of 1934 Relating to Proposals by Security Holders, Exchange Act Release No. 34-19135 (October 14, 1982), that Rule 14a-8(i)(4) is intended to provide a means for shareholders to communicate on matters of interest to them as shareholders. In discussing the predecessor Rule [Rule 14a-8(c)(4)], the Commission stated:

It is not intended to provide a means for a person to air or remedy some personal claim or grievance or to further some personal interest. **Such use of the security holder proposal procedures is an abuse of the security holder proposal process, and the cost and time involved in dealing with these situations do a disservice to the interests of the issuer and its security holders at large.**

See Exchange Act Release No. 19135 (October 14, 1982).

It is by now clear beyond peradventure that the Proponent's personal grievances, however styled, are of no interest to IBM stockholders at large.

In this vein, the Commission has recognized that where: (i) a proponent has a long-standing history of confrontation with a company, and (ii) that history is indicative of a personal claim or grievance within the meaning of Rule 14a-8(i)(4) [and its predecessor Rule 14a-8(c)(4)], a proposal may be excludable on this ground even though, on its face, it does not reveal the underlying dispute or grievance. See Burlington Northern Santa Fe Corporation (February 5, 1999)(proposals relating to company's operations properly excluded as personal grievance); International Business Machines Corporation (November 17, 1995)(disgruntled former employee); Pfizer, Inc. (January 31, 1995)(disgruntled former employee); International Business Machines Corporation (December 29, 1994); International Business Machines Corporation (December 22, 1994)(involving the instant, disgruntled former employee); Cabot Corporation (November 4, 1994; November 29, 1993; December 3, 1992; November 15, 1991; September 13, 1990; November 24, 1989; November 9, 1988, and October 30, 1985). In its 1994 no-action letter to Cabot Corporation, the staff specifically permitted Cabot to apply its response to any future submissions to Cabot of a same or similar proposal by the proponent. See also Unocal Corporation (March 30, 2000)(recent grant of Cabot type relief under Rule 14a-8(i)(4)); International Business Machines Corporation (November 22, 1995 and December 29, 1994)(in two separate letters regarding separate proponents staff permitted both responses to apply to any future submissions to the Company of a same or similar proposal by same proponents); Texaco, Inc. (February 15, 1994)(Staff also permitted Texaco to apply personal grievance

ruling to any future submissions of the same or similar proposals by the same shareholder). The same result should apply here.

The staff has often utilized the personal grievance exclusion to omit proposals in cases where the stockholders were using proposals as a tactic to redress a personal grievance against the Company notwithstanding that the proposals were drafted in such a manner that they could be read to relate to matters of general interest to all shareholders. See Southern Company (February 12, 1999); Pyramid Technology Corporation (November 4, 1994) ("the proposal, while drafted to address a specific consideration, appears to be on in a series of steps relating to the long-standing grievance against the company by the proponent); Texaco, Inc. (February 15, 1994 and March 18, 1993); Sigma-Aldrich Corporation (March 4, 1994); McDonald's Corporation (March 23, 1992); American Telephone & Telegraph Company (January 2, 1980). Since the shareholder proposal process is not intended to be used to air or rectify personal grievances, we continue to believe Rule 14a-8(i)(4) provides a fully adequate basis in this case for omitting the instant Proposal from the proxy materials for the Company's 2002 Annual Meeting. The Company therefore respectfully requests that no enforcement action be recommended if it excludes the Proposal pursuant to Rule 14a-8(i)(4).

**III. THE PROPOSAL MAY BE OMITTED UNDER RULE 14a-8(i)(3) AS CONTRARY TO THE PROXY RULES, INCLUDING RULE 14a-9, WHICH AMONG OTHER THINGS PROHIBITS VAGUE AND INDEFINITE AS WELL AS FALSE AND MISLEADING STATEMENTS IN PROXY SOLICITING MATERIALS.**

Rule 14a-8(i)(3) permits a registrant to exclude a proposal from its proxy statement if the proposal is vague and indefinite or materially false and misleading. Joseph Schlitz Brewing Company (March 21, 1977). The instant Proposal is virtually unintelligible on its face. Since it is clear only that the Proponent is seeking retribution, this is obviously a matter that would not be meaningful in any way to stockholders at large. Furthermore, to the extent any portions of the Proposal can actually be understood, such portions purport to describe matters in a manner which can be characterized as both vague and indefinite as well as materially false and misleading under Rule 14a-9. Moreover, even if stockholders at large were to otherwise come to know the true circumstances and motivations behind the Proponent and the Proposal, the Company reiterates that our proxy statement is not the place for the Proponent to vent his personal frustrations or to otherwise point the finger at others for his own personal situation.

A reading of the submission itself gleans nothing other than a wealth of false accusations and claims directed at the Company and its management, wholly unsupported by any facts. In the first place, the Proposal, represented as the RESOLVED section at the end of this year's submission, is totally unintelligible. This year's Proposal reads:

**RESOLVED; A VOTE FOR THIS IMPERATIVE PRO PATRIA - FIGHTING BACK FOR AMERICA! FOREVER HUMANITY! IS A PATRIOTIC VOTE FOR FREEDOM AGAINST FEEDOM'S COMPOUND ATROCITIES OF TREACHERY, TERRORISM, TORTURE, TYRANNY. "WE THE PEOPLE..."**

**MUST DO WHATEVER IT TAKES TO PROTECT AMERICA'S HEART AND SOUL, HUMANITY!** (sic). (See Exhibit A)

This Proposal exemplifies precisely what Rules 14a-8(i)(3) and 14a-9 are designed to address. In this connection, the Commission has found that proposals may be excluded where they are:

so inherently vague and indefinite that neither the shareholders voting on the proposal, nor the Company in implementing the proposal (if adopted), would be able to determine with any reasonable certainty exactly what actions or measures the proposal requires. See no-action letter re Philadelphia Electric Company (July 30, 1992).

The staff's response above should apply with full force to the instant Proposal. Indeed, the Company submits, under the rationale of Philadelphia Electric, that no one reading this submission could determine with any reasonable certainty what actions or measures the proposal requires.

The courts have also supported such a view, quoting the Commission's rationale:

it appears to us that the proposal, as drafted and submitted to the company, is so vague and indefinite as to make it impossible for either the board of directors or the stockholders at large to comprehend precisely what the proposal would entail. Dyer v. Securities and Exchange Commission, 287 F. 2d 773, 781 (8th Cir. 1961).

Courts have also supported the position of the staff with respect to infirm proposals such as the instant one. In the case of NYC Employees' Retirement System v. Brunswick Corp., 789 F. Supp. 144, 146 (S.D.N.Y. 1992), the court stated:

the Proposal as drafted lacks the clarity required of a proper shareholder proposal. Shareholders are entitled to know precisely the breadth of the proposal on which they are asked to vote.

In addition to being vague and unintelligible, like the RESOLVED section, the entire "WHEREAS" section is an amalgam of disjointed statements, false and misleading accusations, unattributed references to news events, and other incomprehensible hyperbole, all purported to be set forth as facts and all of which are unsupported. More to the point, the Proponent continues to accuse the Company falsely of illegal conduct and other immoral activities in a manner which is directly violative of Rule 14a-9. In this connection, the Commission has recognized that material which directly or indirectly impugns character, integrity or personal reputation, or directly or indirectly makes charges concerning improper, illegal or immoral conduct or associations without factual foundation, may be omitted under Rule 14a-9. See Note (b) to Rule 14a-9. To the extent the Proposal can be read to falsely suggest that the Company, its officers and directors have been engaged in improper, immoral and/or illegal conduct, the entire supporting "WHEREAS" paragraphs should also be stricken under Rule 14a-9.

Given all of its multiple infirmities, the Company submits, after having studied the instant Proposal and each of its component pieces, that it is both vague and indefinite as well as materially false and misleading. Clearly, neither the IBM

stockholders nor the Company should have to wonder how this Proposal ought to be interpreted. Given that the Proposal itself is unintelligible and suffers from the very same infirmities noted in the staff letters and cases cited above, the Company hereby submits that the entire submission should be omitted under Rules 14a-8(i)(3) and 14a-9. The Company therefore respectfully requests that no enforcement action be recommended to the Commission if the Company excludes both the Proposal and the supporting statement on the basis of Rules 14a-8(i)(3) and 14a-9.

**IV. THE PROPOSAL MAY ALSO BE OMITTED UNDER RULE 14a-8(i)(6), AS THE COMPANY LACKS THE POWER TO IMPLEMENT THE PROPOSAL.**

As noted above, the submission violates 14a-8(i)(3) and 14a-9. Because of its inherent vagueness, as articulated above, the Company also believes the Proposal should be excluded under Rule 14a-8(i)(6), as the Company also lacks the power or authority to implement such Proposal. See Anheuser-Busch Companies, Inc. (February 9, 1993); IBM (February 5, 1980). The Company therefore respectfully requests that no enforcement action be recommended to the Commission if the Company excludes the Proposal on the basis of Rule 14a-8(i)(6).

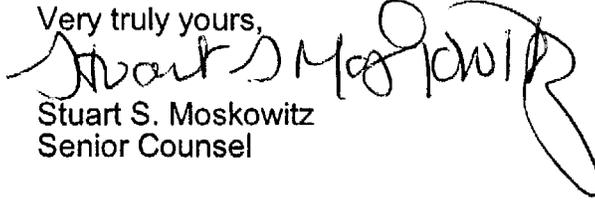
**V. THE PROPOSAL MAY BE OMITTED UNDER RULE 14a-8(i)(1) AS IT IS NOT A PROPER SUBJECT FOR ACTION BY STOCKHOLDERS UNDER NEW YORK STATE LAW.**

Section 701 of the Business Corporation Law of the State of New York, the law of the state of IBM's incorporation, provides that "...the business of a corporation shall be managed under the direction of its board of directors...." Nothing in the law of the State of New York places the decision making relating to the matters articulated in the Proposal directly in the hands of the shareholders. The Proposal, although for the most part incomprehensible, is clear in one respect. It improperly eliminates the role of the Company's board of directors by seeking to place the decision-making power with respect to the actions called for in the Proposal directly in the hands of the stockholders. Since this is an improper subject for action by our stockholders under New York State law, the Company believes that the Proposal may also be omitted from the Company's proxy materials pursuant to Rule 14a-8(i)(1), and requests that no enforcement action be recommended if it excludes the Proposal on the basis of Rule 14a-8(i)(1).

In summary, for the reasons and on the basis of the authorities cited above, IBM respectfully requests your advice that the Division will not recommend any enforcement action to the Commission if the Proposal is omitted from IBM's proxy materials for the 2002 Annual Meeting. We are sending the Proponent a copy of this letter, thus advising him of our intent to exclude the Proposal from the proxy materials for the 2002 Annual Meeting. If the staff disagrees with the Company's conclusion that the Proposal may be omitted from its 2002 proxy materials, I request the opportunity to confer with the staff prior to the issuance of your position. If you wish any further information, please call me at 914-499-6148. If the Proponent elects to respond to this letter, the Proponent is hereby specifically requested to copy me on any response he may choose to make to the Commission.

Thank you for your attention and consideration in this matter.

Very truly yours,

A handwritten signature in black ink, appearing to read "Stuart S. Moskowitz". The signature is fluid and cursive, with a large loop at the end of the last name.

Stuart S. Moskowitz  
Senior Counsel

Enclosures

cc: Mr. Patrick F. Napolitano  
622 S.E. Degan Drive  
Port St Lucie, FL 34983

Exhibit A

International Business Machines Corporation ("IBM")

IBM Response to Stockholder Proposal

2002 Proxy Statement

VIA CERTIFIED MAIL RETURN RECEIPT REQUESTED  
ARTICLE No. 7000 1530 00019940 7699

DANIEL E. O'DONNELL  
OFFICE OF THE SECRETARY  
INTERNATIONAL BUSINESS MACHINES CORP.  
NEW ORCHARD ROAD  
ARMONK, N.Y. 10504

622 S.E. DEGAN DRIVE  
PORT ST. LUCIE, FLA. 34983  
NOV. 5, 2001

SUBJECT: STOCK HOLDERS' PROPOSAL "PRO PATRIA AMERICA! FOREVER"

DEAR MR. O'DONNELL,

ATTACHED, PLEASE FIND SUBJECT "PRO PATRIA AMERICA! FOREVER"  
PROPOSAL FOR INCLUSION IN IBM'S 2002 PROXY MATERIAL.

THANK YOU,  
SINCERELY

Patrick J. Napolitano PRO PATRIA AMERICA! FOREVER

COPIES TO: PRESIDENT GEORGE W. BUSH, WHITE HOUSE 1600 PENNSYLVANIA AVE.  
WASHINGTON, D.C. 20500

LOUIS V. GERSTNER, JR. IBM CHAIRMAN OF THE BOARD (ENCLOSED)

STOCKHOLDERS PRO PATRIA-FIGHTING BACK FOR AMERICA! FOREVER, FOR SUBMISSION 2002 MEETING

WHEREAS: HISTORICALLY "IBM FLUMMOXED GOVERNMENT": "IBM WORE DOWN JUSTICE (PER IBM TO BEAT AMERICA! V. IBM UNLAWFUL PREDATORY BUSINESS PRACTICES, PER D.O.J.) DE FORCING, CONSTITUTIONAL GOVERNMENT EMPOWERING IBM AS "THE POWERS THAT (OWN THRONES) BE" ANTI-CONSTITUTION CONSORTIA, FOURTH AND PREDOMINANT BRANCH OF GOVERNMENT EXERCISING WRONGFUL, INJURIOUS, UNLAWFUL POWER, IBM FORTE (NO CONTROLLING LEGAL AUTHORITY) TO EMPOISON DEMOCRACY, TO PROFITEER-FREEBOOT AMERICA! IN WAR AND PEACE, AT DEMISING EXPENSE TO, AND SUBJUGATION OF, AMERICA!-HUMANITY, e.g. MOST RECENT OF EXTORTIONARY ENRICHMENTS (AMONG MANY) FINAGLED BY IBM DEFORCING TAXPAYERS OF \$1.4 BILLIONS, ENTITLES TAXPAYERS TO VESTED RIGHTS, LEGAL STATUS OF IBM STOCK/STAKEHOLDERS TO DEMAND IBM "PUBLIC" OFFICIALS' ACCOUNTABILITY AND ALLEGIANCE.

IBM WITH PARASITIC, PERFIDIOUS ENMITY, EMPHATICALLY, UNEQUIVOCALLY DECLARED IBM (MERELY) U.S. BASED, "IBM AN INTERNATIONAL GLOBAL COMPANY" (ALIEN, NOT AMERICAN) "IBM COMPANY'S SURVIVAL IS THE FIRST PRIORITY" AND "AMERICA'S NATIONALISTIC SURVIVAL FACTORS ARE SECONDARY PRIORITY"; IBM NOT WITH U.S., ERGO IBM AGAINST U.S. GOVERNMENT REMISS (AP) PROVES IBM'S DISDAIN FOR, IS SUPERIOR TO, AMERICA!, AN IBM COWARDLY ATROCIOUS ABJURATION OF ALLEGIANCE TO AMERICA!

IBM OBSESSED WITH "IBM'S SACROSANCT BOTTOM LINE TRANSCENDING DOCTRINE OF GOD AND COUNTRY, VOWED "AS WE HAVE SAID MANY TIMES IN THE PAST, WE WILL DO WHATEVER WE MUST TO PROTECT OUR COMPANY'S ASSETS." IBM DENOUNCED, RENOUNCED AMERICA! (UT SUPRA)

HISTORICALLY, WAGING WAR OF TERROR-TORMENT, IBM IN DELIBERATE DERELICTION OF IMPERATIVE FIDUCIARY DUTIES TO AMERICA!-HUMANITY, RELENTLESSLY RUTHLESS, REMORSELESS VIOLATES THE UNITED STATES HAS RATIFIED THE CONVENTION AGAINST TORTURE WHICH DEFINES TORTURE AS ANY ACT BY WHICH SEVERE PAIN OR SUFFERING, WHETHER PHYSICAL OR MENTAL, IS INTENTIONALLY INFLICTED, AS INHERENT TO IBM'S PERPETUATED PERSECUTION OF PRO PATRIA AMERICA! IN EXTREMIS.

N.B. AXIOMATIC, THE UTMOST DIABOLIC TERRORISM-TORMENT IS THAT WHICH TEARS DOWN AMERICA'S INSTITUTIONS, e.g. FOUNDING CHARTERS - AMERICA'S HEART AND SOUL - HUMANITY.

THIS IMPERATIVE PRO PATRIA-IN DEFENSE OF-AMERICA! FOREVER (COESSENTIALLY "AMERICA! FIGHTS BACK" EMULATION) PROPOSAL/PETITION FOR REDRESS OF GRIEVANCES, RESTITUTION, INTER ALIA, DUE AMERICA!-HUMANITY, AND SUCH PATRIOTIC DUTY BY "WE THE PEOPLE..."; STOCK/SHARE HOLDERS TO ENSURE ABSOLUTELY AMERICA'S NATIONALISTIC SURVIVAL FACTORS ARE AND WILL REMAIN, AD INFINITUM, SUPREME PRIORITY

IRREFUTABLE, IBM AWRY, ENTRENCHED IN THE REFUGE OF HYPOCRITICAL SUBTERFUGE, SUBREPTITIOUSLY - ABUSING AGENCY RULES AND REGULATIONS TO VITIATE U.S. CONSTITUTION - EVADES CRUX OF LAWFULLY MANDATED PRO PATRIA AMERICA! PETITIONS, AIDED AND ABETTED BY AGENCY - PETITIO PRINCIPII - FALLACIOUSLY ASSUMING IBM PREMISE FOR REJECTION WHICH IBM FAILS TO PROVE; AGENCY "BEGS THE QUESTION", WRONGFULLY RULES - NON SEQUITUR - REJECTS PROPOSALS.

CONSIDER: COMPANY OFFICIALS, STOCKHOLDERS EMPIRICALLY AWARE TO BECOME ADDICTIVE, LETHAL YET OFFICIALS FRAUDULENTLY CONCEAL/SUPPRESS, DENY INCRIMINATING FACTS; GIVEN STOCK-HOLDERS PROPOSAL/PETITION FOR DISCLOSURE OF FACTS, CENSURE OF MISCREANT OFFICIALS IS PROPOSAL "OMISSIBLE" BY COMPANY AS "PERSONAL GRIEVANCE", "DISGRUNTLEMENT", "COMPANY'S ORDINARY BUSINESS"; PRECISELY, HOW REASONED?

RESOLVED: A VOTE FOR THIS IMPERATIVE PRO PATRIA-FIGHTING BACK FOR AMERICA! FOREVER HUMANITY! IS A PATRIOTIC VOTE FOR FREEDOM AGAINST FREEDOM'S COMPOUND ATROCITIES OF TREACHERY, TERRORISM, TORTURE, TYRANNY. "WE THE PEOPLE..." MUST DO WHATEVER IT TAKES TO PROTECT AMERICA'S HEART AND SOUL, HUMANITY!

Exhibit B

International Business Machines Corporation ("IBM")

IBM Response to Stockholder Proposal

2002 Proxy Statement

29 DEC 1994

RESPONSE OF THE OFFICE OF CHIEF COUNSEL  
DIVISION OF CORPORATION FINANCE

Re: International Business Machines Corporation (the "Company") -  
Incoming letter dated December 5, 1994

The proposal concerns the Company's Board of Directors and annual meetings.

There appears to be some basis for your view that the proposal relates to the redress of a personal claim or grievance or is designed to result in a benefit to the proponent or to further a personal interest, which benefit or interest is not shared with the other security holders at large. Accordingly, the Division will not recommend enforcement action to the Commission if the Company omits the proposal from its proxy materials in reliance on rule 14a-8(c)(4). In reaching a position, the staff has not found it necessary to address the alternative basis for omission upon which the Company relies. This response shall also apply to any future submissions to the Company of a same or similar proposal by the same proponent. The Company's statement under rule 14a-8(d) shall be deemed by the staff to satisfy the Company's future obligations under 14a-8(d) with respect to the same or similar proposals submitted by the same proponent.

Sincerely,



Vincent W. Mathis  
Attorney Advisor

Exhibit C

International Business Machines Corporation ("IBM")

IBM Response to Stockholder Proposal

2002 Proxy Statement



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

DIVISION OF  
CORPORATION FINANCE

January 6, 1998

Stuart S. Moskowitz, Esq.  
Senior Counsel  
IBM Corporation  
Armonk, NY 10504

Re: International Business Machines Corporation (the "Company")  
Incoming letter dated November 30, 1997

Dear Mr. Moskowitz:

This is in response to your letter of November 30, 1997 concerning a shareholder proposal submitted to the Company by Mr. Patrick F. Napolitano. Noting that the proposal appears to be similar to the same proponent's proposal in International Business Machines Corp., Dec. 29, 1994, we believe that the forward-looking relief that we provided in that earlier response is sufficient to address his recent proposal. Accordingly, we believe that a specific no-action response is unnecessary.

In connection with this matter, your attention is directed to the enclosure, which sets forth a brief discussion of the Division's informal procedures regarding shareholder proposals.

Sincerely,

A handwritten signature in black ink, appearing to read "Catherine T. Dixon".

Catherine T. Dixon  
Chief Counsel

cc: Mr. Patrick F. Napolitano  
622 S.E. Degan Drive  
Port St. Lucie, Florida 34983

Exhibit D

International Business Machines Corporation ("IBM")

IBM Response to Stockholder Proposal

2002 Proxy Statement



DIVISION OF  
CORPORATION FINANCE

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

January 10, 2001

Stuart S. Moskowitz  
Senior Counsel  
International Business Machines Corporation  
Armonk, NY 10504

Re: International Business Machines Corporation  
Incoming letter dated December 6, 2000

Dear Mr. Moskowitz:

This is in response to your letter of December 6, 2000 concerning a shareholder proposal submitted to IBM by Patrick F. Napolitano. Noting that the proposal appears to be similar to the same proponent's proposal in International Business Machines Corp., December 29, 1994 we believe that the forward-looking relief that we provided in that earlier response is sufficient to address his recent proposal. Accordingly, we believe that a specific no-action response is unnecessary.

In connection with this matter, your attention is directed to the enclosure, which sets forth a brief discussion of the Division's informal procedures regarding shareholder proposals.

Sincerely,

A handwritten signature in cursive script that reads "Martin P. Dunn".

Martin P. Dunn  
Associate Director (Legal)

Enclosure

cc: Patrick F. Napolitano  
622 S.E. Degan Drive  
Port St. Lucie, FL 34983

Exhibit E

International Business Machines Corporation ("IBM")

IBM Response to Stockholder Proposal

2002 Proxy Statement

# EARLIER (1994) Proposal

## STOCKHOLDERS PRO PATRIA AMERICA! PROPOSAL ON CORPORATE GOVERNANCE

"HEREAS AMERICA'S SURVIVAL IS THE FIRST PRIORITY," THEREFORE, RESOLVED:

THE STOCKHOLDERS OF IBM IN PERSON AND PROXY HEREBY RECOMMEND THAT THE CHAIRMAN TERMINATE THE BOARD OF RECORD FOR CAUSE FORFEITURE ALL BENEFITS; ENSURE QUALIFIED BOARD RESPONSIBLE AND RESPONSIVE TO AMERICA'S NEEDS, CONTRACT REQUIREMENTS, STOCKHOLDERS INTERESTS; RESTORE REASON TO THE METHODS AND AMOUNTS OF COMPENSATION FOR QUALIFIED DIRECTORS AND OFFICERS; REMOVE CONFLICT OF INTEREST INHERENT TO INDEPENDENCE/RESPONSIBILITY REVIEW AND AFFIRMATION CLAUSE - AMEND, PROVIDE OVERTSIGHT AFFIDAVIT; DEMAND FULL COMMITMENT FROM EACH DIRECTOR; ENSURE COMPLIANCE WITH IBM'S OBLIGATIONS AS CLAIMED E.O.E.; INDIVIDUALIZE CEO-CHAIR POSITIONS, OR PROHIBIT BOARD MEMBERSHIP TO EX-CEO-CHAIRMEN; JUSTIFY ANNUAL MEETINGS, EXTENT, LOCATION, ENSURE PROCEEDINGS THEREOF WILL BE UNALTERED, TRUE TRANSCRIPT WITH PROPER INITIALS, TIMELY AVAILABLE TO ALL STOCKHOLDERS AS ESSENTIAL TO THE PROCESS OF KNOWLEDGEABLE STOCKHOLDERS;

REASON: THE SITTING, EX-CEO-CHAIRMEN DOMINATED INDEMNIFIED BOARD, PURSUED SELF-SERVING AGENDA, IN EVIDENCED DERELICTION OF IMPERATIVE DUTY THE DIRECTORS PROFESSING AND PRACTICING A POLICY OF DEFERENCE - TO ADMITTED MISMANAGEMENT, FAILED TO EXERCISE DUE DILIGENCE, EVADED ADMONITIONS, IGNORED ENTRENCHMENTS, PERSISTED IN FAILURE TO AMEND ATTITUDES, FAILURE TO IMPROVE AND MAINTAIN EXPERTISE, COMPETENCY, IRRESPONSIBLY AND WRONGFULLY HONORING, CULTIVATING AND EXTORTIONATELY REWARDING ABJECT FAILURE, FOR WHICH ETHICS DEMAND RESTITUTION, THEREBY CRIMINALLY TOGETHER WITH IBM FAILED MANAGEMENT CAUSED THE COLLAPSE OF THE COMPANY WITH DEVASTATING CONSEQUENCE TO AMERICA, EMPLOYEES, STOCKHOLDERS, HAD INSTITUTIONALIZED ANNUAL TUMULTUOUS "ONETIME" RESTRUCTURINGS, DISHONORED CONTRACTS/"SOLICITS", DEPLETED EQUITY, CHURN WORKFORCE-WORNE, QUIETLY HIRING WHILE "ARBITRARILY" MASS FIRING FIASCO RAGES, UNCONSCIONABLY IN DEFAULT OF E.O.E. PERSISTS IN PEFIDIOUS OFFSHORING OF AMERICA'S JOBS, TECHNOLOGY, DOLLARS AS EVIDENCED BY, INTEL ALIA CORPORATES ESPOUSED MALIGNANT "SPECTRUM OF SACRIFICE", "UNBELIEVABLE BURDEN", "CHINESE WATER TORTURE", FUNDING-TRAINING FOREIGN ENTITIES AT DIRE COST TO AMERICA!, etc. YEAR AFTER YEAR, INEVITABLY COMPELLING IMPERATIVE, EXTENSIVE "GERSTNER'S WAR TO REFORM IBM'S CULTURE", "HIS GREATEST CHALLENGE: FUNDAMENTALLY CHANGING IBM'S CULTURE", "ERADICATING MANY IBM TRADITIONS", "WITHOUT A BASIC SHIFT IN ATTITUDES & BEHAVIOR, IBM HE WARNS WILL CONTINUE TO SQUANDER ITS TECHNOLOGY AND TALENT". BEING UN-AMBIGUOUS ADMISSION, DENUNCIATION OF THE ENORMITIES OF FAILED MANAGEMENT TO THE BOARD, VALIDATES THE IMPERATIVENESS & URGENCY OF PRO PATRIA AMERICA! PROPOSAL. THE CHAIR-BOARDED HINDER ACCESSIBILITY TO MEETINGS, OUTCOME ALL ISSUES PRE-DETERMINED, FINALIZED PRIOR TO MEETING, CHAIR-BOARDED IN VIOLATION OF RULES OF ORDER, REDUCES TO ORCHESTRATED STUMP THEATRICS, WITHHOLDS TRANSCRIPT, PERPETRATES CENSORSHIP.

# STOCKHOLDERS PRO PATRIOT AMERICAN PROPOSAL ON CORPORATE GOVERNANCE

ARGUMENTUM AD HOMINEM - SEVERAL DIRECTORS RESIGNED.

ANNUAL R&D \$6 Billion, Corporate, Ignominiously Failing Contracts/ "Beliefs", American, Exploiting Public Subsidy, Instigated CRUTCH Consortium - Alliances, Domestic; THwart "ENEMY"; Perfidiously Declaring CRASHED IBM U.S. Based "Company", "Global", "The Company's Survival is the First Priority" "Nationalistic Factors are Secondary Priority", Instigated Foreign Consortium, Embraced "ENEMY".

Corporate Philosophy - Practices Remain Flawed, Precedential, Detrimental to American - "Consortium Backtracks All American Pledge" Embraces "ENEMY", Correctly Contending "Good Technology is Not Enough", "If you don't have a viable business plan and credible management you are not going to succeed with just technology." GERSTRAET - "At the heart of the turmoil is one simple fact: IBM failed to keep pace with significant change in the industry." "We have been too bureaucratic and too preoccupied with our own view of the world."

Exhibit F

International Business Machines Corporation ("IBM")

IBM Response to Stockholder Proposal

2002 Proxy Statement

Proposal dated 11/21/2000

STOCKHOLDERS PROPOSAL FOR INCLUSION IN PROXY MATERIALS FOR IBM STOCKHOLDERS MEETING

NAPOLI, TO IBM BOARD SECRETARY O'DONNELL, NOV. 2, 2000

WHEREAS AMERICA'S SOVEREIGNTY IS INVOLVABLE, THEREFORE - SAVING AMERICA!

RESOLVED: THE SHAREHOLDERS OF IBM CORP. MEETING IN PERSON & PROXY HEREBY RECOMMEND THE SEPARATION OF THE CHAIRMAN & OFFICERS, FOR CAUSE, FORFEITURE OF ALL BENEFITS, RESTITUTION EFFECTED; GIVEN:

REASON: "SAVING BIG BLUE" AT DIRE EXPENSE TO AMERICA! IS PERfidiously Vicious, INIQUITOUSNESS, ANTI THETICAL TO LAW AND ORDER.

MEDIA ARTICLES REPORTING CERTAIN CULPABLE IBM MANAGEMENT BUSINESS MALPRACTICE SUBJECTS IBM VERACITY & CHARACTER IN DISREPUTE - UNDER THE CLOUD OF UNLAWFUL MISFEASANCE, ORGANIZED BARRATRY/SUBRETY; ALLEGATIONS OF UNLAWFUL TAX EVASION - MEDIA - "IBM DIDN'T COMMENT ON THE REPORT OCCASIONING IT, IT IS ILLEGALLY TRYING TO LOWER ITS TAX BILL" - THAT APPEARS TO UNDERMINE THE EXECUTIVES CONSTITUTIONAL AUTHORITY TO CONDUCT FOREIGN POLICY, INTERNATIONAL TRADE PACTS WITH ACCEPTED RULES TO ENSURE FAIR, LEGAL COMPETITION, WITHOUT UNLAWFUL PREDATORY MISFEASANCE.

FIDUCIARY DUTY - IMPERATIVE RESPONSIBILITY, ACCOUNTABILITY, INTEGRALIA, ETHICS DEMAND SUCH MATTERS OF GRAVE CONCERN & CONSEQUENCE REQUIRED EXHAUSTIVE EXAMINATION, & PURSUED, IN THIS REMUNERATION FULLY, FAIRLY, ACCURATELY - COMPREHENSIBLY, A) REFUSED IF UTTER, B) COMMENSURATE CORRECTIVE ACTION (UT SUPRA) EXECUTED IF TRUET AS MATERIAL MATTERS OF FACT FOR FULL DISCLOSURE IN THE "IBM NOTICE OF 2000 ANNUAL MEETING (REPORT) AND PROXY STATEMENT." ALAS, THE TAX EVASION - BARRATRY ISSUES WERE NOT ADDRESSED, CONCEALED, BEING WILLFUL ACT OF MISFEASANCE? SUGGESTING SUCH MALPRACTICES REMAIN?

CONSIDER FURTHER, "... WEAR AWAY OF EARLY RETIREMENT SUBSIDIES IS EXACTLY THE INJUSTICE THAT ENRAGED IBM EMPLOYEES IN 1999." IBM PERSISTS IN BETRAYING IBM'S ALLEGED (FAKE) PRETENSE "OATHS" - LEGALLY BINDING PRESCRIPTIVE CONTRACTS - TO PROFIT WRONGFULLY IBM AT THE EXPENSE OF IBM'S EMPLOYEES AND IBM'S INTEGRITY, CHRONICALLY A PATTERN OF CULPABLE IBM MISFEASANCE AS MANIFESTED IN THE CHAIRS UNETHICAL, PRACTICED PERSISTENT FOR STIFLING FREE SPEECH IN PURSUIT OF CONSTITUTIONAL RIGHTS OF EMPLOYEES TO DUE PROCESS FOR REDRESS OF GRIEVANCES, THE CHAIRMAN WRONGFULLY OUTRAGEOUSLY DID IN FACT PULL THE PLUG ON FREE SPEECH, "... THE MEETING WHICH WAS SCHEDULED (BOOKED & PAID FOR) TO LAST UNTIL NOON, ENDED HALF HOUR EARLY"; "JUST AS U.S. REP. SANDERS - OUTSPOKE CRITIC OF IBM'S NEW PENSION PLAN NEEDED STEPPED UP TO THE MICROPHONE, IBM'S MR. GASTNER CONCLUDED THE MEETING. A CHANGE OF VENUE DOES NOT REMEDY THE VENALITY. N.B. RE: REPORTING ONE TIME GAIN, I.E. SALE OF GLOBAL NETWORK IS NOT A "GENERAL EXPENSE"; IT IS A NON OPERATING ACTIVITY ERRONEOUSLY EMBEDDED IN "S.G. & A". REQUIRES SEPARATE LINE ITEM ENTRY.

FURTHER, IN AS MUCH AS IBM UNREASONABLY REFUSES, FAILS TO MAKE AVAILABLE TRANSCRIPTS OF THE MINUTES OF STOCKHOLDER MEETINGS - DESPITE MANY REQUESTS - IBM UNREASONABLY PROHIBITS "CAMERAS, CELL PHONES, RECORDING EQUIPMENT AND OTHER ELECTRONIC DEVICES ARE NOT PERMITTED AT THE MEETING"; FAIRNESS, OPEN SOCIETY, NECESSITY REQUIRES STOCKHOLDERS HAVE RECOURSE TO RECORDING DEVICES; PREFERABLY, TRUE TRANSCRIPT.

# IBM Probed Over Payments Of U.K. Taxes

AUG 6, 1999

By JON G. AUERBACH  
Staff Reporter of THE WALL STREET JOURNAL

Britain's tax authority is seeking to determine whether International Business Machines Corp. improperly avoided taxes in that country by having its British unit pay artificially high royalties to the parent company, according to people familiar with the matter.

Inland Revenue, the United Kingdom's equivalent of the Internal Revenue Service, has been examining IBM's books for about two years, these people said. The inquiry has centered on fluctuations in royalty payments between about 1991 and about 1996, these people said.

The inquiry was sparked by allegations made to Inland Revenue by a former IBM U.K. employee, Gerard M. Churchhouse. Mr. Churchhouse, who had been a manager in sales and marketing, alleged that IBM avoided paying as much as about \$500 million in U.K. taxes between 1991 and 1996 by raising to 12% from 8% the royalties paid to the U.S. parent on goods and services sold in the U.K.

Such an allegation, if true, would lower the operating profit of the British unit, thereby lowering British taxes. It would also have improved operating results at IBM's U.S. unit. However, IBM did not pay taxes on its U.S. operations between 1991 and 1993 because the company was posting losses. U.S. operations returned to profitability in 1994.

IBM confirmed that the computer maker is being audited by Inland Revenue. IBM spokesman Rob Wilson called the audit "normal and routine," adding that the company is "cooperating fully with the tax authorities."

Mr. Churchhouse was dismissed by IBM in 1995. His allegations on U.K. taxes were also outlined in a lawsuit he subsequently filed against the company in New York's Supreme Court, alleging, among other things, that his dismissal was in retaliation for his unearthing of corruption. The suit was dismissed earlier this year on grounds that Mr. Churchhouse had already reached a dismissal settlement with IBM in the U.K. in 1996. The court did not specifically address the merits of his tax allegations.

Mr. Churchhouse alleged that IBM's U.K. unit was ordered by the parent company to boost its royalty payments in 1991. He said the four-percentage-point increase in 1991 translated into \$160 million in extra transfer payments, or about \$260 million at current exchange rates.

Mr. Churchhouse said the royalty remained at 12% through 1993, then dipped, only to bounce back around 1995. He estimated that the total amount of royalty increases between 1991 and 1996 reached

Please Turn to Page A4, Column 1

IBM IS BEING AUDITED by Britain's tax authority, which is seeking to determine whether IBM improperly avoided taxes by having its U.K. unit pay artificially high royalties to the parent company, said people familiar with the matter. The inquiry was sparked by charges from a former employee that IBM avoided paying up to \$500 million in taxes.

(Article on Page A3)

## IBM Is Investigated Over Its Payments Of Some U.K. Taxes

Continued From Page A3

about \$900 million, and that IBM thus avoided paying roughly \$300 million of taxes over the period.

Mr. Wilson, the IBM spokesman, declined to comment on the allegations, the level of royalty payments or any reason they might have increased.

In 1991, the corporate tax rate in the U.K. was about 35%, and has declined since then to its current rate of about 31%. According to IBM's annual reports, its U.S. tax provision as a proportion of U.S. operating profit was 18% in 1994, 27% in 1995 and 37.5% in 1996. (IBM paid no U.S. income taxes from 1991 to 1993 because of the losses.)

Mr. Churchhouse alleged that he approached Inland Revenue after he was fired, because of tax issues related to his severance payment. Around this time, Mr. Churchhouse said he also began to look into the alleged royalty scheme, conducting interviews with IBM officials and pulling IBM corporate filings in the U.K. He said he compiled a report laying out the alleged royalty deviations, which he said he submitted to Inland Revenue in 1997.

Analysts have generally lauded IBM's chairman and chief executive officer, Louis V. Gerstner, for lowering the company's tax rate since he took over in 1993. They have said Mr. Gerstner accomplished this by moving production to areas with more attractive tax regimes such as Mexico and Singapore.

In 1994, for instance, IBM's overall tax rate was 41.4%. Since then, it has fallen each year, reaching about 30% last year. Analysts estimate that the tax rate will drop to about 29.8% this year.

11/16 to 62% AUG 9, 1999

International Business Machines rose 7/16 to 123 1/2, despite confirming that British tax authorities are investigating some of its accounts. The Wall Street Journal reported that the inquiry stems from charges by a former IBM employee that the company paid artificially high royalties to its U.S. parent to reduce its British income. IBM didn't comment on the report accusing it of illegally trying to lower its tax bill.

## Of Shareholders' Pension

FEB 17, 2000

By ELLEN K. SCHULTZ

Staff Reporter of THE WALL STREET JOURNAL

In an unusual move, the Securities and Exchange Commission sent International Business Machines Corp. a letter telling the company it didn't agree with the company's reasons for omitting a shareholder proposal regarding its controversial cash-balance pension plan from its annual proxy materials.

More than 300 employees submitted a shareholder proposal last fall, seeking a vote by stockholders at the annual meeting to reverse pension and retiree health-benefit cuts that IBM made last July, arguing that the cuts are discriminatory on the basis of age.

The company, in seeking to block the resolution, sent a letter to the SEC, arguing that any pension and medical-benefit decisions it makes are part of ordinary business operations. The company cited SEC rules that say that anything that revolves around normal day-to-day practices doesn't merit attention from shareholders. (Companies that seek to exclude shareholder resolutions must notify the SEC of their reasons).

In response, the SEC letter noted: "In view of the widespread public debate over the conversions from traditional defined-benefit pension plans to cash-balance plans and the increasing recognition that this issue raises significant social and corporate-policy issues, it is our view that proposals relating to [cash-balance conversions] cannot be considered matters relating to a registrant's ordinary business operations. Accordingly, we do not believe that IBM may omit the proposal from its proxy materials in reliance on rule 14a-8(f)(7)."

A representative for IBM says, "We don't believe [the resolution] is in the best interest of IBM or our shareholders. A small number of people signed the resolution, and we don't think it will pass."

Companies often ask the SEC staff for an opinion concerning their arguments on how the rules apply to a particular situation. In response, the SEC can say it won't take action if the company excludes the proposal, or, more rarely, it can disagree with the reasons cited for excluding the resolution. While the staff letter isn't

legally binding—a company can go ahead and do what it wants—the courts pay attention to the letter. Commonly, companies attach these no-action letters from the SEC, when it agrees with them, as an exhibit should they subsequently face a lawsuit, an SEC official notes.

IBM employees had argued that the resolution addresses a social-policy consideration—alleged age discrimination—and sought congressional support. Subsequently, on Jan. 6, Rep. Bernie Sanders, an Independent from Vermont, sent a letter to the SEC, signed by 46 members of Congress, urging it to include the proposal.

"IBM's efforts to block consideration of this stockholder resolution was clearly out of line," Mr. Sanders said yesterday. "As the owners of the company, the stockholders should be able to incorporate when they believe their company should implement a violating federal age-discrimination law."

The annual IBM stockholder meeting is in the earliest versions of each other's operating systems. But Norris accused Microsoft of setting as a condition for the 1004 attorney.

Windows in a national advertising campaign even as it scrambled to secure a contract to sell Windows on its computers. IBM's Microsoft argues that IBM's agent said

# IBM Holders Defeat Pension Resolution

## Employee-Led Issue Gets 28.4% of Votes, Enough For Return Next Year

By ELLEN B. SCHULTZ  
And JON G. AUERRACH

Staff Reporters of THE WALL STREET JOURNAL  
International Business Machines Corp. shareholders voted against an employee-led resolution urging the company to let workers choose between its old pension plan and its controversial new "cash-balance" plan.

But the resolution, the first of its kind, won 28.4% of the votes, or nearly 300 million shares, well above the 3% needed to guarantee the issue will return on next year's ballot if its backers resubmit it.

The resolution was fueled by IBM's shift to a cash-balance pension plan last year, which angered workers who discovered that the new plan would cut benefits for longer-service workers by 30% or more. After an employee uprising, which led to Senate hearings and government investigations, IBM in September allowed all employees 40 years old or older, and with at least 10 years of service, the choice of remaining in the old pension plan, bringing the number of employees with such an option to 65,000.

The resolution sought to extend that option to all of IBM's roughly 145,000 U.S. employees. Some major investors and advisory firms, including the California Public Employees' Retirement System and the New York State Common Retirement

Fund, supported the resolution.

"The company says it needs to be competitive, yet what they are doing has provoked a very negative response from a large number of their own employees who are supposedly highly valued," said James Heard, chief executive of Proxy Monitor, a leading proxy-voting adviser that supported the resolution. "If you've upset this many of your employees, you haven't done your homework."

During the shareholders' meeting in Cleveland, IBM Chief Executive Louis V. Gerstner acknowledged that some IBM employees were upset but defended the new approach. "I know we have in this auditorium a group of very passionate employees who have strong opinions about the pension changes," he said. But he said other employees are "just as passionate in urging us to change the company even more." These other employees understand "that we must compete for talent and loyalty the same way our 'dot-com' technology competitors do—more stock and cash upfront and fewer 'old fashioned' benefits like pensions, dependent care, long-term medical and adoption assistance."

He added that the company needed to find a balance between the needs of shareholders and employees. And while the company responded to employee concerns last year by enlarging the number able to decide their pension fate, "We can't do more without putting IBM's competitiveness at risk," he said.

Attending the meeting were about 100 IBM employees from 16 different work locations. Some complained that their views weren't fully heard. The meeting, which was scheduled to last until noon, ended a

half-hour early. Just as U.S. Rep. Bernie Sanders, an Independent from Vermont who is an outspoken critic of IBM's new pension plan, stepped up to the microphone, IBM's Mr. Gerstner concluded the meeting. A spokeswoman for IBM later explained that there was a time parameter for the question-and-answer session and that Mr. Gerstner stuck to it.

Acrimony was already running high because IBM employees were forced to gather in the street in front of the hotel for their various premeeting and post-meeting sessions. Although the group had a signed contract from the Renaissance Cleveland Hotel, the hotel canceled it 10 days before the shareholders' meeting, saying it had mistakenly double-booked the room. IBM booked all of the space in the hotel last September, said a spokesman for the hotel.

Going forward, IBM employees hope to generate pressure for next year's vote by transferring money in their 401(k) program to mutual funds run by asset-management firms that voted for the resolution. Institutions on the outs with these employees include State Street Global Advisors, which indicated it generally supports management on holder resolutions.

Separately, IBM said it raised its quarterly dividend 8% to 13 cents a share from 12 cents, payable June 10 to shareholders of record on May 10. Mr. Gerstner said he has "confidence about our prospects for the full year," based on growing sales of software, services and hosting for Internet business, both to traditional large customers and new Internet-only start-ups. Among other areas, Mr. Gerstner said IBM's e-business services grew more than 60% last year to more than \$3 billion and grew 70% in the first quarter.

IBM shareholders voted against an employee-led resolution urging the company to let workers choose which retirement plan they participate in.

## Clinton appeals in privacy case

Washington

In an emergency appeal, the Clinton administration asked a federal appeals court Monday to set aside a judge's finding that President Clinton committed a crime when he released letters from presidential accuser Kathleen Willey.

Last Wednesday's ruling by U.S. District Judge Royce Lamberth, a Reagan-appointed judge, is "a clear error of law that is properly corrected at this time" by a writ from the U.S. Circuit Court of Appeals in the nation's capital, the Justice Department said in court papers.

**CORPORATE AMERICA** is richly rewarded in the \$792 billion tax-cut cleared by Congress, as Republicans seek business support in an escalating partisan battle. As much as 20% of benefits would go to businesses in a cross-section of the economy including real estate, oil and gas, and timber. (Article on Page A3)

## IBM Argentina settlement is accepted

The Argentine Supreme Court, in a 5-to-4 ruling, said it has accepted an agreement signed in 1997 between International Business Machines and state-owned Banco de la Nacion Argentina to resolve a long-running dispute between the two companies. The 1997 extrajudicial agreement allows IBM to resume its job of installing a computer system at the bank. The two companies agreed to settle the issue if IBM paid Banco Nacion \$62 million—\$47 million in goods and services and \$15 million in cash. The contract, which IBM Argentina won in 1994, set off a tangled legal dispute after IBM was accused of paying \$21 million in bribes to win the \$249 million contract to computerize the bank. Banco Nacion filed a suit against IBM and stopped making payments, while IBM filed a countersuit against the bank for failing to meet payments. Officials of Banco Nacion and IBM were not available for comment.

## COMMENT: WORLD'S FAIR

**Dropping the Ball** APR 26, 2000  
So much for the glory of the world's only superpower. Last week the Millennium World's Fair, Expo2000, said the U.S. would have no official presence at this summer's event in Hannover, Germany, because it was unable to raise the \$45 million needed to build and maintain a pavilion.

A 1984 federal law bars the government from spending taxpayer money on such structures, so fundraisers had to shake the private money tree. William Rollnick, who led the U.S. effort, said he was met with cold shoulders and surprising lack of patriotism. "Some of the big American companies told me, 'We are not a U.S. company, we're a global company. We don't want to be associated with a particular country,'" Mr. Rollnick said.

Late last year, a quiet effort was underway on Capitol Hill to find a way to rescue the project with public dollars. But that was scuttled when an inspector general's report implicated Tony Coelho, the U.S. head of the '98 fair in Portugal, in various financial shenanigans, including renting an \$18,000-a-month apartment in Lisbon and misusing donated airline tickets. Maybe Al Gore can explain to the anticipated 40 million visitors to Hannover how the man he chose as his campaign guru ultimately doomed an American presence. Meanwhile, the site reserved for the American pavilion has been rented to Romania and the United Arab Emirates, which will expand the faux desert fort it is building next door. "Camels will rest on sand dunes at the site of the former U.S. pavilion," the Expo's press office brightly noted. (A, S, 1)

## U.S. firms lose billions to bribery

Washington

American companies have lost tens of billions of dollars in international contracts in which bribes were involved, the State Department said Monday as a new anti-bribery treaty signed by 34 countries took effect.

In many countries bribery is part of doing business, and some even permit companies to claim bribery as a tax deduction, which hurts development

ATTACK? O'DONNELL NOV 2 2 00 11 44

# What Gates Can Learn From IBM's Watsons

The sensational political trial of this fin de siècle—the impeachment of President Clinton—featured a tortured deconstruction of the verb to be. The landmark business trial—of Bill Gates's Microsoft Corp. on antitrust charges—has yet to become quite so picaresque. But a strikingly similar case nearly half a century ago turned on a definitional matter just slightly more substantive; and Mr. Gates might profit by the example.

The modern computer industry is largely the legacy of the two Thomas Watsons.

## Manager's Journal

By H.W. Brands

MAY 24, 1999

sons. Watson Sr. learned business machines from John Patterson, the autocrat of the National Cash Register Co. With Patterson and "the Cash," Watson also learned to despise and distrust government regulators, who in 1913 convicted him on criminal charges of unfair competition. Watson avoided prison after he and Patterson made heroes of themselves doing relief work during a flood in NCR's hometown of Dayton, Ohio; under the circumstances, the state attorney general declined to pursue the case when an appeals court ordered a retrial.



But Watson never forgot the experience, and he vowed never to yield to the regulators. Decades later, in December 1952, the antitrusters came after Watson again. This time he was the head man and the company was IBM, which held the lion's share of the market for business machines. Watson was a highly visible backer of President-elect Eisenhower, and he was convinced the antitrust suit was political revenge by the lame-duck Democratic Justice Department, in league with IBM's competitors. Unrepentantly indignant, Watson took out full-page ads in the nation's newspapers, defending IBM's conduct as vigorous but fully within the bounds of law.

Watson would have fought the Justice Department all the way to the Supreme Court were it not for the interposition of his son. Thomas Watson Jr. did not get along well with his father. Their shouting matches echoed down company corridors, and across the tarmac at an airport one memorable day when the son screamed in front of several witnesses, "Goddamn you, old man! Can't you ever leave me alone?" More to the point of the antitrust lawsuit, the younger Watson wanted IBM to liquidate its legal problems, which centered on the older technology of punch cards, and free itself to pursue the emerging technology of electronic computers.

Watson Jr. believed his father was too emotionally invested in the contest with Justice. "The terrible trauma of getting sentenced to jail for antitrust violations when he was at the Cash never really passed for Dad," he recalled in his memoir, published in 1990, three years before his death. "Thirty-five years had gone by, but it was like a raw wound to his self-respect." The son also thought his father fundamentally misunderstood the basis for the Justice Department prosecution. "The thing Dad could never accept about monopoly law is that you don't have to do anything wrong to be in the wrong."

This was the younger Watson's insight. It would not have stood up in court; like Microsoft today, IBM was charged with acts of commission, not of mere existence. Yet the distinction was crucial in two respects. Like Microsoft, IBM was being prosecuted for actions that would have raised no antitrust eyebrows had the company not been the overwhelming force in its industry (IBM controlled 90% of the market for punch-card machines). Watson Sr. maintained that the rules should be no different for IBM than for everyone else. Watson Jr. contended that whatever the rules should be, they were what they were.

The second aspect of Junior's distinction between being and doing was less legal than psychological. By putting the onus on the wrongheaded legislators who drafted the punitive antitrust law, Junior provided his father a graceful way to accept his son's larger argument: that in an industry changing as fast as IBM's, the company could not afford the distraction of a long lawsuit. Better to settle and get about the business of electronic computers. Watson Sr., who rightly viewed IBM as his cre-

ation, took the government's allegations personally; Watson Jr., more detached and objective, saw the suit simply as a cost of doing business, and a settlement as the best way to minimize that cost.

The elder Watson eventually allowed himself to be persuaded. IBM settled and went on to dominate electronic computers as it had dominated punch cards.

With the Microsoft trial in recess until next week, rumors abound of a possible settlement. If Mr. Gates, who by all evidence is as convinced of Microsoft's innocence as Watson Sr. was of IBM's, is looking for credible cover, he might wish to adopt Watson Jr.'s distinction between doing wrong and being in the wrong. This would allow Microsoft to retreat with flags flying, and let Mr. Gates get back to his primary job: seeing that the Internet and other new technologies don't do to Microsoft what electronic computers did to punch cards.

## Argentina Receives Money From Swiss In IBM Bribe Case

JUNE 9, 1999

BERN, Switzerland (AP)—Switzerland has handed over to Argentina \$4.5 million of suspected bribe money frozen in Geneva bank accounts, the Federal Police Office said yesterday.

The funds were suspected to have been used by IBM Argentina to bribe officials from the state-owned Banco de la Nacion in order to land a substantial computerization contract, a statement from the office said. In March 1998, the office passed to Argentina bank documents and written testimonies linked to the affair, compiled by a Geneva investigating magistrate.

The money, released on Monday, will be made available to Argentina's judicial system and was transferred with the permission of the account holders.

The scandal erupted in 1995, when International Business Machines Corp. was suspected of paying some \$10 million in bribes in order to secure a \$350 million contract to computerize the 400 branches of Banco de la Nacion, the country's largest bank. Some \$8 million was allegedly paid into two bank accounts in Geneva.

Argentina had first requested Switzerland's help in its fraud and corruption investigation in September 1995. In February, Switzerland's Supreme Court rejected an appeal from the account holders against Switzerland giving legal assistance to Argentina.

In May 1998, 10 people were indicted on charges of bribery in connection with the case. They included former Banco de la Nacion President Aldo Dadone, former IBM Argentina President Ricardo Martorana and Juan Carlos Cattaneo, a former aide to the Argentine presidential office.

IBM declined to comment yesterday.

Attachment (2) re H.R. Clinton's Letter

the proceeds of duties imposed on foreign competitors will put Washington at odds with the rest of the world, the European Commission said. The law, signed by President Clinton on Saturday, would be a trade issue not only for the 15-nation European Union, but would affect Japan, Canada, and other major trading partners of the U.S., a commission spokesman said. Asked if the EU would launch a World Trade Organization complaint against the U.S. over the measure, the spokesman said he didn't know yet. He added that the EU would "probably" file a complaint if the U.S. steelmaker, that spokesman gives the commission's "strongly" urging that the U.S. government "take the best possible market value" was involved in a broader agricultural spending package Mr. Clinton, despite signing the bill, called the antidumping provision "unacceptable" and urged lawmakers to override it in future legislation. The duties total about \$11 million a year.

AP/3/2000

and admitted that the Air Force had started a super-secret "black program" without telling anyone, an act the House panel said broke the law.

Compiled from the New York Times News Service

ATTA  
O'Don  
Nov. 2,  
PAGE 3

Exhibit G

International Business Machines Corporation ("IBM")

IBM Response to Stockholder Proposal

2002 Proxy Statement

INTERNATIONAL BUSINESS MACHINES CORP.  
OLD ORCHARD ROAD, ARMONK, N.Y. 10504

8M CC: PH  
AE

SUBJECT: PEREMPTORY PROPOSAL, CLASS ACTION, IBM BOARD - STOCKHOLDERS MEETING IS  
RE: REPT. LIT. NABOLINO TO IBM GERSTNER, et al. d. APR 14, 97, TO IBM BOARD et al. d. MAY 26, 1997

MESSERS:

AS YOU KNOW, CHAIR-BORD, et al. PROFOUNDLY REFUSE TO ANSWER OUR LETTERS (RE: PLEASE CONSIDER FOR IMPLEMENTATION BY THE BOARD AS IMPERATIVE DUTY - OR CONTINUED DEMONSTRATED REFUSAL - FAILURE OF SELF - BY THE IBM STOCKHOLDERS INTER ALIOS, AS NECESSARY, THE FOLLOWING CLASS ACTION - NATIONAL GRIEVANCE PROPOSAL, SUBMITTED IN ETHICAL, BONAFIDE IMPERATIVELY OUTFUL COMPLIANCE WITH IBM (REMAINS DERELICT, IN DEFIANT DEFAULT OF) CORP'S LEGALLY BINDING FEDERAL/IBM CONTRACTS, IBM STATED IMPERATIVE PRESCRIPTIVE "BELIEFS", "BUSINESS CONDUCT GUIDELINES", OPERATING POLICIES, PROCEDURES, RULES, GUIDELINES - ETHICS, etc., VIOLATION OF SELF BY OFFICER DIRECTORS BEING TANTAMOUNT TO "DETRIMENTAL ACTIVITY", AS CONDUCT OR ACT INJURIOUS, DETRIMENTAL OR PREJUDICIAL TO ANY INTEREST OF THE COUNTRY, COMPANY, EMPLOYEES, et al., BEING GRAVE GROUNDS DEMANDING OF IMMEDIATE TERMINATION OF EMPLOYMENT BY IBM OF SAID OFFICERS/DIRECTORS, RECESSION OF ALL EMOLUMENTS, RESTITUTION EXACTED, W/ TIME AND MONEY - COMPENSATORY, PUNITIVE, EXEMPLARY.

SAID SUBMISSION BEING IN THE BEST INTERESTS OF THE COUNTRY AND THEN FORE DERIVATIVELY, THE COMPANY, EMPLOYEES et al., TO THAT END, PROPOSER REQUESTS CHAIR-BORD TO OBJECTIVELY "CONSIDER (THIS) STOCKHOLDERS PROPOSALS (ON MERIT) DEALING WITH ISSUES OF PUBLIC OR SOCIAL INTERESTS", AS INDEED ADVOCACY FOR TRANQUIL, ALLEQUAN, "FREE" (NOT FEE) SPEECH, VITAL DEMOCRATIC SYSTEM WITH "UNALIENABLE RIGHTS", JUSTICE FOR ALL - ONE PERSON ONE VOTE etc - FOR IMMEDIATE IMPLEMENTATION AS REQUIRE W/ QUIT IBM'S ASSURD "DETRIMENTAL ACTIVITY OF PRACTICED REFUGE IN SUBTERFUGE TO COVERUP W/ PUBLIC IBM'S DERELICTIONS OF IMPERATIVE DUTIES - FAILURES; QUIT "DETRIMENTAL ACTIVITY" OF POLITICAL POWER ACCESS, SYSTEM WARPING, DEMOCRACY DENYING "DONATIONS - BIG MEGABUCKS = MEGAVOTES - FOR PREFERENTIAL SYSTEM WARPING - TREATMENT THAT ENTRENCHES - EXPLOITS LAND OF THE "FEE" (SPEECH) AND THE HOME OF THE KNAVE THAT RENDERS IMPOTENT CONSTITUTION GUARANTEES, ATAS, "CAMPAIGN FUNDING SCANDAL" DENOUNCED AS "LEGAL BRIBERY". THE UNPRINCIPLED EXCUSE TO MITIGATE THE ENORMITIES OF THE DEMOCRATIC IN SAID ATROCITIES - "EVERYBODY DOES IT" - THAT BOTTOM LINES AS UNSCRUPULOUS REFUGE IN SUBTERFUGE THAT ONLY LENDS CREDENCE TO THE ARGUMENT THAT CORPORATE-GOVERNMENT UNCONSTITUTIONAL CONSORTIA, VENNAL ORGANIZED BARRATRY

DESECRATES CONSTITUTION, DESTROYS JUSTICE, LIBERTY, AMONG MANY OTHER THINGS VITAL  
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RE: MEDIA, OCT 18, 1997, "IBM OFFERS EMPLOYEES JOB BUYOUT." IBM OFFERING MOST OF ITS 291,000  
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ABETTED MISCREANT - IN DELIBERATE DERELICTION OF IMPERATIVE DUTIES OVER THE DECADES - "DEADWE  
CORPORATE IBM CHAIR-BOARD, INCORRIGIBLE BAD MANAGEMENT THAT PROSTITUTED OFFICE & EMPLOYEE  
ETAL. N.B. IBM'S BILL OF WRONGS VANQUISHED BILL OF RIGHTS, PRO PATRIA AMERICA! ADVOCATE.

IBM ABSURDLY DECEITFUL - COMPOUNDED INIQUITOUSNESS - MALICIOUSLY TO FALSELY TRIVIALIZE  
THEM/VANQUISHES WITH EXTREME HUBRIS, BRANDS TO DEATH PRO PATRIA AMERICA! AS "PERSONAL  
GRIEVANCE", N.B. N.B. - MATTERS OF LEGAL; IBM RECORDS - IBM BARRATROUS BLOODY  
BUGGERS CRIMINALLY BURNED MY BRAIN, MISCREANTLY BUSTED OUR BUTT, HARASSED, THREATEN  
"FIRED", ROB US OF OUR RIGHTS, RESOURCE, RECOURSE, PERSECUTE US IN EXTREMIS BECAUSE  
PERSIST IN ADHERANCE TO PRINCIPLES, ETHICS, CONTRACTS/BELTS, PRO PATRIA AMERICA  
IN DILIGENT VALID ARGUMENTATION AGAINST AN AVARICIOUSLY VENAL, PROMISICALLY PEFIDIOUS FOW  
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TO EFFECTUATE, FACILITATE BAD MANAGEMENT WEALTHICEST ON WELFARE! ad inf.

WRONG OUTRAGEOUSLY WRONG! IBM CHAIR-BOARD REWARDS - GUARANTEES BAD MANAGEMENT,  
GOVERNANCE EXTORTIONATE GIBED CREED TAKE WHILE INFLECTING UNETHICAL, UNCONSCIONABLE  
"SPECTRUM OF SACRIFICE" ON OTHERS. PLEASE SEND US A COPY OF BUYOUT PLAN.

Sincerely, P. J. Neapolitano, THINK U.S. AMERICA! FIRST

ENCLOSURE:

PRO PATRIA AMERICA! PRO POSAL FOR IBM STOCKHOLDERS'S MEETING 1998. WITH ATTACHMENTS.

Pro Patria

PRO PATRIA AMERICA! PROPOSAL FOR ISM STOCKHOLDERS MEETING 1998

RESOLVED: FOR GOOD GOVERNANCE/MANAGEMENT, ISM STOCKHOLDERS ASSEMBLED IN ANNUAL MEETING CONSIDER AS "DETREMENTAL ACTIVITY", AS CONDUCT OR ACT INJURIOUS, DETREMENTAL OR PREJUDICIAL TO ANY INTEREST OF THE COUNTRY, COMPANY, AMONG OTHERS, BEING COMPELLING CAUSE FOR TERMINATION OF EMPLOYMENT AND REVISION OF ALL EMOLUMENTS, AND RESTITUTION EXACTED OF COMPENSATION, - MONETARY, EQUITY, INDEMNIFICATION, INTER ALIA, SUCH DETREMENTAL CONDUCT, ACTS OF COMMISSION, OR ACTS OF OMISSION BY CHAIR, DIRECTORS, OFFICERS, ET AL. CULPABLY INSTRUMENTAL IN ISM'S BAD MANAGEMENT "DENDWOOD" DEBACLE WHICH NECESSITATED FIRING THE OLD, HIRING THE "NEW" CEO-CHAIR, REWARDING CRIM-OBSCURELY - CHAIR, DIRECTOR, OFFICER WITH EXTORTIONATE, UNDESCRIBED, UNFAIRLY PAY OFFS AT TERRIBLE EXPENSE TO TRUTH, JUSTICE, ETHICS, HONOR, RIGHTS, CONTRACTS, "BELIEFS", ETC TO MITIGATE - EVASIVE - INSIDIOUSLY - CHAIR, BOARD'S, OFFICERS' FAILURES DERELICTION OF DUTIES, BEING UTTER CONFLICT OF INTERESTS, FLAGRANT DISCRIMINATION, VIOLATIONS OF POLICIES, RULES REGULATIONS, GUIDELINES, PROSCRIPTIVE BELIEFS, CONTRACTS - VIRTUAL BOOTY BEFORE DUTY. VENALLY, INSIDIOUSLY THE CHAIR - BOARD OFFICERS WRONGFULLY CREATED, NURTURED, PROSTITUTED, THEN TO ESCAPE BLAME, DECLARED AS, BLAMED "DENDWOOD" EMPLOYEES FOR BAD GOVERNANCE - BAD MANAGEMENT IGNOMINIOUS DEBACLE; EX ARGUMENT BOND, JUSTICE MUST BE SERVED.

RE: NATIONAL MEDIA "COVER STORY - THE BEST & WORST BOARDS". ISM BOARD RATED AT 76.3 (78% ATTENDANCE RECORD) ASTOUNDINGLY POOR PERFORMANCE; AS SUCH, CHAIR, DIRECTORS, OFFICERS TAKE EXCEEDINGLY EXTORTIONATE, INDEFENSIBLE, I.E. ISM BOARD SELF APPRAISAL, SELF AGGRANDIZEMENT, BONSTS, ITS MEMBERS DESERVE BIG BUCKS, INDEMNIFICATION (?) ETC. ARGO, SHOULD HAVE SCORED BIG NINE FIGS AS DID THE B PATENTLY, CONFLICT OF INTERESTS, DIRECTORS, CHAIR'S, OFFICERS' "DETREMENTAL ACTIVITIES" IGNORED DECIDE THEIR OWN WORTH AND EXTORTIONATE TAKE WITH NO APPARENT EVALUATION, COERCIVE ACTION, RESOURCE CONTROL BY INDEPENDENT AUTHORITY.

FURTHER, BOARD - CHAIR'S CLAIMS NOTWITHSTANDING, OUTSIDE DIRECTORS ARE NOT INDEPENDENT OF MANAGEMENT, VICE VERSA, E.G. BOARD COMPOSED OF THREE COMMITTEES CHAIR BY "OUTSIDE DIRECTORS" ALL OF WHICH SIT ON AND COMPOSE EXECUTIVE COMMITTEE CHAIR BY PRESIDING CEO. (MANAGEMENT) WHO EXERCISES AUTHORITY, CONTROL - EXERCISES SUPERINTENDENCE OVER EXECUTIVE COMMITTEE MEMBERS, VICE VERSA; N.B. TABLE "COMMON STOCK AND TOTAL STOCK BASED HOLDINGS OF MANAGEMENT". INDEPENDENCE REQUIRES SEPARATE CEO-CHAIR, OBJECTIVE PERFORMANCE APPRAISALS AND DETAILED REPORTING.

FURTHER, CERTAIN DIRECTORS AND OFFICERS HAVE AFFILIATIONS WITH AND PROFIT/BENEFIT FROM CERTAIN CONSUMER PRODUCTS CONSIDERED HAZARDOUS TO HEALTH, SUCH AFFILIATION AND ENRICHMENT CAN BE PERCEIVED AS "DETRIMENTAL ACTIVITY," GROUNDS DEMANDING OF IMMEDIATE TERMINATION OF EMPLOYMENT AND RESTITUTION, UT SUPER

FURTHER "IN NOV 1992 FBI WAS NOTIFIED BY THE FEDERAL ELECTION COMMISSION THAT THE COMMISSION WAS INVESTIGATING SOLICITATIONS BY CHAIRMAN OF THE BOARD OF ISM OF CAMPAIGN CONTRIBUTIONS THAT WERE MADE BY CERTAIN SENIOR ISM EXECUTIVES FOR A FUND RAISING PURPOSES " INVESTIGATING WHETHER ISM RESOURCES AND PERSONNEL WERE IMPROPERLY UTILIZED IN THE FUND RAISING EFFORT IN VIOLATION OF FEDERAL STATUTES (CORRUPT PRACTICES ACT? A LAW REGULATING CAMPAIGN CONTRIBUTIONS, EXPENDITURES AND PROCEDURES TO PRECLUDE CORRUPTION?)

EXTREMELY SIGNIFICANT SINCE ISM SELF PROCLAIMED AS "INTERNATIONAL", "GLOBAL", "U.S. BASED ONLY" - FOREIGN ENTITY - ISM REPORTED (UNREPORTED = ?) BIG MEGA DUCKS "DONATIONS" WHEREFORE SEMATECH?

ATTACHMENTS:

- MEDIA ARTICLES - CORPORATIONS PUNNING "DOWNWOOD", ISM GUARANTEES GUNSTON, ISM SAYS OUT "STATE ATTORNEYS LIKEN.. STATE GETS GO MIGHTY" (LTR APR 19, 97 TO GUNSTON)
- STEALTH LEAK TERMED GEM - GOVERNMENT REVEALS ISM'S TACTICS
- TOBACCO INDUSTRY AND BLITZ LEAVES SCIENTISTS HELPLESS
- "EVERY BODY DOES IT", SQUABBLES, "GAPING LOOP HOLES" ... SUSPENS

# IBM snakes

CHAIRMAN RIZZO'S OUTRAGED  
NATIONAL AMERICAN ARGUMENTS  
FOR WHICH CHAIRMAN RIZZO, ROSS, & D.  
F. PERAZZINI TO U.S. IN EXTREMELY

July 30, 1994  
market

# Corporations pruning 'dead' in thousands of white-collar jobs

BY DAVID DISHNEAU  
Associated Press

CHICAGO — Paper pushers, beware. The rush to reengineer Big Business is putting corporate bureaucrats on the firing line.  
Lawyers, accountants, data technicians and other number crunchers are the latest layoff targets as big companies reduce their management staffs to become more responsive to customers.  
The largely white-collar computer and telecom-munications industries have announced at least 78,000 layoffs this year, and other industries are following.  
At Amoco Corp., which announced 4,500 mostly white-collar layoffs last week — the petroleum company's second major round of cuts since mid-1992 — Chairman H. Laurance Fuller said too many people were "tossing pieces of paper back and forth and not having a whole lot of impact on the business."  
Such seemingly straight talk from a corporate chief is rare. Not since former IBM Chairman John F. Akers decreed in 1991 there were "too many people standing around the water cooler waiting to be told what to do" had the public heard a prominent executive decry employee deadwood and laid off BM has since slashed nearly 50,000 jobs, or nearly 6 percent of its payroll.  
Still, such sweeping statements from the boss are oversimplifications, say many management consultants and strategists. In their view, businesses should do less chopping and more selective weeding.  
"It plays well, but my guess is it doesn't really characterize exactly what the problem is," said Michael Useem, a professor of sociology and management at the University of Pennsylvania.  
He said Amoco and other big U.S. companies are finding that old ways of doing business no longer work. Younger, more nimble competitors are forcing the giants to lighten up by making smarter use of computers and contracting operations to specialized smaller companies.  
Other big layoffs announced this year came from Digital Equipment Corp., GTE Corp., Pacific Bell, Xerox and AT&T.  
Many of these restructurings are the result of

BY JAMES  
Knight-Ridder

BOCA RATON, Fla. — Retirement, get it? Well, not in Raleigh, N.C. Those ailing companies mostly hire at IBM Park in Boca Raton. The annual building packing at nine consolidation operations 10,000 employees. One of IBM's Park but there significant In South Carolina, it's Since IBM Raton plan a beacon of light, a bright for electrical in recent years and management region.  
"A few" headed to Boca Beach," said man of AI Dearfield dean of the electronics in IBM in Raton. alt employees best contr PC softwa

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# IBM offers employees job-buyout

THE ASSOCIATED PRESS/0-18-97

NEW YORK — In a move that could slash thousands of jobs, IBM is offering a voluntary job-buyout plan. The Wall Street Journal reported today.

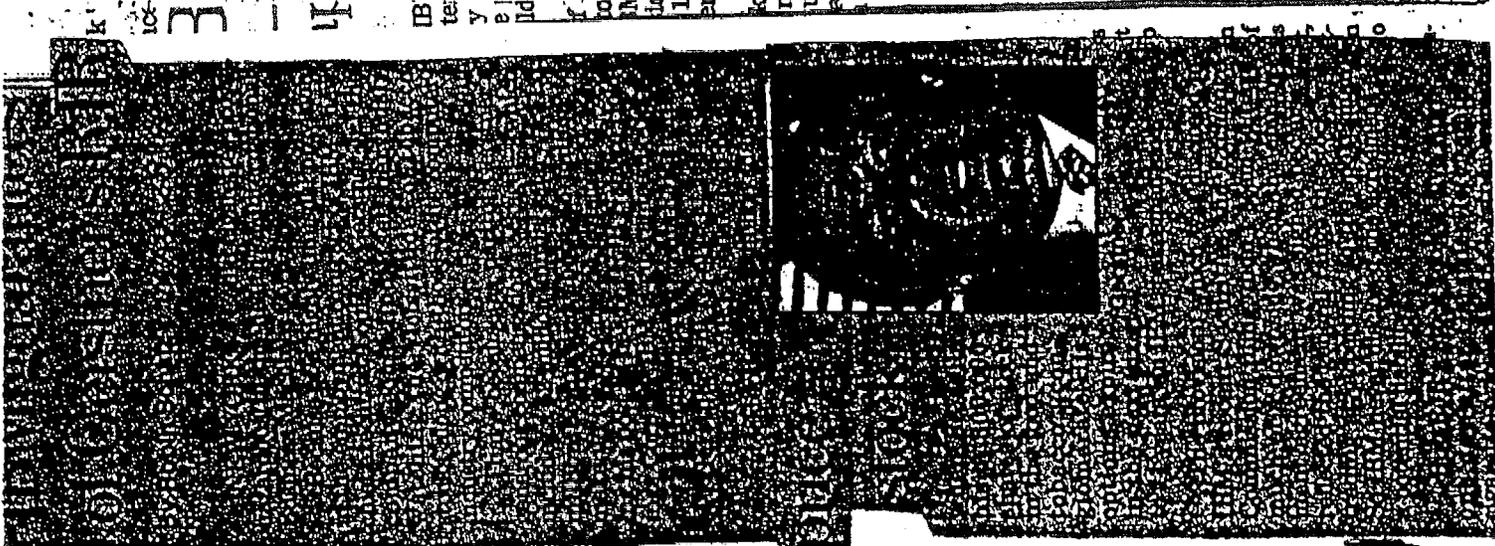
The cuts stem from a company-wide review of costs this summer, and comes as IBM struggles to meet overall growth and profit goals while moving toward the Internet and other high-growth opportunities, it said.

An International Business Machines Corp. spokesman would not comment on the possibility of any involuntary job cuts or the impact of the action on company morale.

The wide-reaching program follows two years of acquisitions and hiring by IBM, and several prior years of downsizing which brought the number of workers down from a 406,000 peak in 1985.

The latest job cuts could possibly even save the Armonk, N.Y., company hundreds of millions of dollars, the newspaper said.

The company is, however, going to soon be reserving any sort of right to turn down requests from the actual employees that it wants to retain, the report said.



# \$6 million awarded for keyboard injuries

12-10-96

THE ASSOCIATED PRESS

NEW YORK — In the first verdict of its kind, a federal jury ordered computer maker Digital Equipment Co. to pay nearly \$6 million to three women who suffered disabling arm and wrist injuries they blamed on their keyboards.

# Tobacco

om A1 12/14/96

st week, cautioned that despite the stigma attached to the racketeering charge, there is a difference between "allegations made and clear and convincing proof."

Philip Morris USA, one of a dozen industry members named in the suit, said there is no proof to any of the state's claims. Company counsel Gregory G. Little called the racketeering charge "an afterthought designed for media attention."

Nonetheless, the decision intensified pressure on the beleaguered tobacco industry. On Wall Street, Philip Morris shares dropped \$2.25 to 111.50, and RJR Nabisco shares lost 62½ cents to 32.87½.

Florida is trying to recoup an estimated \$800 million in annual expenses for treating sick smokers since July 1994. The lawsuit scheduled for an August trial claims the industry led to federal officials, committed fraud, illegally mar-

Digital law would not convict.

Phillips said most severely undergone four

Turn to TOBACCO/A

6 of 9

# R.J. Reynolds settles Joe Camel lawsuit

San Francisco — R.J. Reynolds Tobacco Co. has agreed to pay California communities \$10 million to settle a lawsuit about the health of getting children to smoke Camel.

The settlement, finalized Monday, promises \$5 million for anti-smoking education aimed at young people and Jane Manning, an attorney who filed the lawsuit in 1991. The rest will cover attorneys' fees.

keted its products to children and conspired to deceive the public about the dangers of smoking.

If the state proves a pattern of illegal activity, damages would triple under the state's Racketeer Influenced and Corrupt Organizations law. State officials said the RICO charge also makes it harder for the defense to keep evidence away from the jury.

Arizona and Texas also want to pursue a racketeering charge, but judges there have not yet ruled on whether they can do so.

Tobacco company lawyers worked on another front Friday, assailing a new Massachusetts law that would require the industry to disclose the additives in each brand of cigarettes, snuff and chewing tobacco, as well as their nicotine levels, beginning on July 1.

"A trade secret disclosed anywhere is a trade secret destroyed everywhere," attorney Henry Dinger told federal Judge George O'Toole in Boston.

None of the other 18 states suing for the repayment taxes spent on people who get sick from tobacco has received a judge's permission to pursue racketeering claims, said Florida Attorney General Bob Butterworth. Cohen, who heard arguments

With attorneys general from five states observing in the courtroom, Palm Beach County Circuit Judge Harold Cohen indicated he was leaning against a request by tobacco company attorneys.

On Nov. 4, Florida Attorney General Bob Butterworth, who

retires to children.

Attorneys for the state expect to prove that the Tobacco Racketeering Enterprise acted in concert to commit fraud. Under RICO's civil damage provision, the state can go after three times the \$1.6 billion in damages it originally sought to cover the cost of caring for Medicaid recipients with smoking-related illnesses since July 1, 1994.

The decision "unleashes the biggest threat Big Tobacco has ever faced," said Gov. Lawton Chiles. "For decades, the tobacco cartel has conspired like a crime family — to hurt our people on its deadly profit and hide the evidence." Palm Beach Circuit Judge Harold Cohen echoed the theme in his ruling. "No cocaine cartel, gambling empire or white-collar scheme has even approached the damage allegedly done to the state as alleged in the plaintiff case," Cohen wrote.

There's no question this is racketeering," said W.C. Gentry, attorney for the state, at the start of a daylong hearing in West Palm Beach. "These people are worse than any mob family that's existed."

Florida took on the tobacco giants in February 1995, when Gov. Lawton Chiles filed the lawsuit using the state's Medicaid Third Party Liability Act. The 1994 law allows the state to sue manufacturers on behalf of all smokers on Medicaid, the state program that provides health care to the poor.

The criminal acts accuse the tobacco companies of misleading and confusing the public and government health regulators about the hazards of smoking.

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# State attorneys liken tobacco firms to mob

# Go-ahead in tobacco lawsuit

Jackie Hallifax THE ASSOCIATED PRESS 12/14/96

With the racketeering count, the state has a lesser burden of proof to establish a conspiracy on the part of cigarette makers when the case goes to trial in August.

The racketeering count was filed under the state's 1977 Organized Crime Control Act, known as RICO.

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# Racketeering count from lawsuit

Attorneys for the state on Friday requested tobacco companies to the state in a lawsuit filed to recoup \$1.6 billion for treating Medicaid recipients for smoking-related illnesses.

But he said he would not rule on the issue until later, possibly as early as next week.

The racketeering count was amended the lawsuit to add the racketeering count that alleges civil criminal acts on the part of tobacco companies.

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Government runs IBM's tactics in suit

# Leak of Stealth As a Dangerous

United Press International

A draft report to a House subcommittee charged yesterday that the release of information last year about the super-secret Stealth aircraft was an election ploy by the Carter administration that seriously damaged U.S. security.

The report presented to the House Armed Services subcommittee on investigations urged a total revamping of Defense Department procedures for the protection of classified security information.

The probe into department procedures began last August following news reports on development of the Stealth aircraft, a new-generation plane intended to avoid detection by enemy radar and other warning systems.

Those reports were confirmed by then-Defense Secretary Harold Brown, who said he was trying to head off further damage resulting from additional press leaks.

But the subcommittee's draft report reflected that argument.

"The release of this information in a formal press conference was a serious mistake and did serious damage to the security of the United States and our ability to deter or to contain a potential Soviet threat," the report said.

"The press conference gave the Soviets information of far more value than was contained in the earlier

## Data Is Painted Election Ploy

leaks. It amounted to official confirmation....

"The release of information about Stealth in the formal press conference was done to make the Defense Department and the administration look good in an election year, and not, as claimed, for the purposes of damage-limitation."

The report said not enough evidence was available to determine if the original leaks were "orchestrated by the administration in order to justify a formal press conference."

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# Stealth leak termed a gem for Soviets

## analysis

By GEORGE C. WILSON  
Washington Post Service

WASHINGTON — The debate over who leaked what to whom, and when, about radar-invisible Stealth aircraft misses the real sore point for the non-political professionals in the defense community.

They angrily believe the Carter administration handed their counterparts in the Soviet Union a gem of information far more valuable than any of the sketchy technical details about Stealth that have been printed in the press.

The gem, in their view, is confirmation by the highest defense executive in the government that Stealth is not just another technological dream but a fully realized weapon that "alters the military balance significantly."

Armed with such a statement from Defense Secretary Harold Brown who made it at a televised news conference Aug. 22, the Soviet general in charge of air defense has a better-than-ever chance of obtaining more money to counter Stealth aircraft, they callists say.

Neither the United States nor the Soviet Union has enough money to cover every bit in the defense field. The Kremlin's analysts are overwhelmed by thousands of pages of information about American weapons being pursued by military laboratories or hallywooded by defense contractors. Trade journals, scientific papers, newspapers, speeches by generals, congressional hearings and floor debates add up to a groaning smorgasbord of information — some right, some wrong — about American weaponry.

Because the Soviet government plants stories in Russian publications, Kremlin analysts reading about Stealth in the American press must at least entertain the possibility that those stories are intended to send Soviet technology down the wrong path. This further complicates the job of deciding which American military projects are the important ones to worry about.



Defense Secretary Harold Brown: He spilled the beans, defense pros say.

What Brown and Pentagon research director William J. Perry did, with advance approval of the Carter White House, was assure the Kremlin that Stealth was indeed something to worry about. The Pentagon executives said test Stealth planes already had been built and flown successfully. Brown also said Stealth technology would be incorporated in any future bomber.

Not that those professionals in the defense and intelligence communities liked the articles in the Washington Post, Aviation Week, Aerospace Daily and other publications on Stealth technology dating back to 1976. They did not. But the profes-

sionals contend that the Carter administration, through the Pentagon news conference, alerted the Kremlin to where the United States stood on this radar-folting technology, which both sides have been pursuing for decades.

There were articles back in the 1930s and '40s about the possibility of building an atomic bomb. But such press disclosures, the professionals argue, did not impel the government to tell the world that it actually had developed and tested an atomic bomb that it worked and would alter the military balance.

Brown's counter to such criticism is that the Aug. 22 news conference disclosed nothing that would help the Soviets develop counter-measures to Stealth aircraft. The really hot technical information has not leaked out anywhere, the defense secretary said. And because the Stealth program was taking on so many more people, requiring so much more money from Congress and entering the debate over what kind of bomber to build, Brown said, it would have leaked out in a matter of months anyway.

IBMA  
BOARD OF DIRECTORS  
IBESOVGH  
HIS AID FOUR  
FORUM ZER

"Rogue nations tend to be pretty incorrigible," said Harold Brown, former defense secretary. "One of the problems of American society is that we fail to understand the degree of ruthlessness or fanaticism that

# ad blitz leaves scientists helpless

By Luran Neergaard  
Associated Press

WASHINGTON — The tobacco industry says it is being victimized by biased scientists who skew data to make it falsely appear that smoke is bad for you.

And it is spending millions of dollars in advertising to spread that message to Americans.

"The general public has a skepticism about the results of scientific inquiry and they're playing on that," said Dr. Morton Lippman of New York University Medical Center.

The tobacco industry counterattack comes as it is facing increasing hostility: The Justice Department is investigating tobacco makers for fraud and perjury, indoor smoking bans are on the rise and the government wants to regulate nicotine.

So the industry is fighting back through full-page newspaper ads. Once a week, R.J. Reynolds Tobacco Co. says smoking is no worse than caffeine or fatty hamburgers and spreads dire warnings that the government wants to ban all cigarettes — even in private homes.

Philip Morris Companies Inc. capped off a weeklong attack with a three-page ad in 40 major Sunday newspapers that charged the Environmental Protection Agency with using seriously flawed science to label secondhand smoke a carcinogen.

Scientists say the ads aren't

truthful, but they don't have enough money to counterattack in the same way. The companies won't say how much they're spending, but a full-page ad in a Sunday *Washington Post* costs \$64,000.

"Unfortunately, it's not uncommon for an industry to be able to outspend the public interest," said Jeff Cohen of the media watchdog group Fairness and Accuracy in Reporting.

So what's real and what's smoke?

Reynolds' ads says the government will ban all smoking. Congress and Food and Drug Commissioner David Keasler insist that's not true. Instead, they might seek to regulate the amount of nicotine in cigarettes.

Reynolds' ads says smoking is a habit no worse than caffeine. But Keasler says nicotine hooks people, enough that smoking kills 400,000 Americans a year.

Philip Morris is reprinting an article by a media critic that claims the EPA, in labeling secondhand smoke a carcinogen, used invalid studies and skewed statistics.

A panel of nine independent scientists, headed by Lippman, found that complaint to be without basis more than a year ago.

The EPA also notes that critics don't dispute its findings that secondhand smoke sickens at least 150,000 children a year with asthma, bronchitis and other diseases. In fact, a recent RJR ad seemed to back that up, saying, "Clearly com-

**Tobacco industry claim:** The Environmental Protection Agency based its report declaring secondhand smoke a carcinogen solely on 30 questionable epidemiological studies.

**EPA response:** The 30 studies were merely part of the report, and it would have reached the same conclusion without them because of the "totality of evidence" that active smoking causes cancer, secondhand smoke contains the same 40 carcinogens and there's supporting evidence from animal and genetic studies.

**Tobacco industry:** Of the 30 studies, only six were statistically significant.

**EPA:** Twenty-four of the 30 studies showed an increase in cancer risk with exposure to secondhand smoke. Most were too small to be statistically significant, but nine were, and the probability that those nine were a fluke is less than 1 in 10,000.

**Tobacco industry:** None of the 11 U.S. studies found a statistically significant link between secondhand smoke and cancer.

**EPA:** Most of the U.S. studies were too small for statistical comparison. But eight had increased overall risks and seven that measured amount of exposure all showed risks in people who breathed the most secondhand smoke.

**Tobacco industry:** The EPA used skewed statistics, declared studies statistically significant when they had only a 90 percent chance of accuracy instead of normal 95 percent chance.

**EPA:** Scientists use the 95 percent "confidence interval" when they're not sure if a substance will have a positive or negative effect. Because there was evidence that smoke couldn't be better, 90 percent was strong enough to catch either no effect or a negative one.

**Tobacco industry:** The EPA left out a major study published in November 1992 that would have changed its conclusion.

**EPA:** That study, published after the EPA's deadline, didn't show that everyone ever exposed to secondhand smoke had an increased cancer risk but that people exposed to the highest levels, such as spouses of two-pack-a-day smokers, were at significant risk.

**Tobacco industry:** The EPA lumped all the small studies together to look for risk when the studies were incompatible.

**EPA:** The "meta-analysis" could be thrown out and the results would be the same. It was used after the EPA decided it was a risk, in an effort to question that risk.

— The Associated Press

mon sense should tell everyone not to expose very young children to high levels of secondhand smoke."

But the Philip Morris effort is having an impact. In three days, it logged 3,000 telephone calls seeking reprints of its anti-EPA ads.

Philip Morris Vice President Steve Parrish says he doesn't care

how many independent scientists back the EPA, he'll never believe secondhand smoke is bad.

"If EPA's so sure of the results, why doesn't it go back and answer our questions and publish the results?" he said. "It's time for us to look at the data and not just what happens to be politically correct."

**AZZ** Austin American-Statesman

Friday, July 8, 1994

This section is recyclable ♻️

# Study: Smoking in U.S. costs \$50 billion

By A.J. Hostetler  
Associated Press

ATLANTA — Smokers in the United States burn up about \$50 billion a year in medical costs associated with cigarettes, or about \$2 a pack, according to a federal study.

The figures, released Thursday by the Centers for Disease Control and Prevention, are nearly double the size of the medical bill cited in previous studies.

"It's staggering," said John Bloom of the Coalition on Smoking or Health. "It shows that to-

tracked the health expenses of 35,000 Americans.

Based on that data, the CDC estimated that in 1993, smoking cost \$50 billion in medical care, with \$26.9 billion — 54 percent — spent on hospitalization alone.

Taxpayers footed 43 percent — 89 cents a pack, or \$21.6 billion — of the total bill, the CDC said.

For each of the 24 billion packs of cigarettes sold last year, about \$2.06 was spent directly on medical care associated with smoking, the CDC said.

But a spokesman for the Tobacco

CDC medical epidemiologist Dr. Thomas Novotny, assistant dean of Berkeley's School of Public Health, said, "Smokers do pay taxes, but the economic burden is shared by more than just smokers."

The 35,000 participants in the health expenses survey reported their medical expenses for 12 months. Those costs were confirmed by data from hospitals and other health providers.

8 of 9

# year in medical bills

The study did not include indi-

The federal Office of T

# Campaign fundraising squabbles continue

Alice Ann Love  
THE ASSOCIATED PRESS OCT 7 '97

WASHINGTON — The name-calling and accusations of fund-raising abuse flying back and forth between the White House and Capitol Hill are embarrassing and debilitating for the nation, Jimmy Carter said Sunday.

The former Democratic president said the spectacle gives people the "not always erroneous" impression that to get things done in Washington "you've got to contribute money in a so-called 'legal bribe.'"

And he said both parties are equally guilty.

"I don't think there is any doubt that in the incumbent administration and in the Congress decisions are heavily influenced, in many cases, by how large contributions are made," Carter said on CNN's "Late Edition."

"Extremely large contributors, as has been revealed in testimony before the Congress, expect some favor in return," Carter said.

Former Democratic Party chairman Don Fowler, following Carter on the CNN show, called the former president's words "a bit too strong."

"I wouldn't call it bribery. I will say that this system needs fixing very badly," Fowler said, emphasizing that he does not believe campaign contributions affect decisions at the White House.

Whatever the terminology, Carter said, "I think this is the most embarrassing and debilitating thing that I have seen evolve in the political structure of our country."

Meanwhile, Democrats and Republicans continued attempts at one-upmanship in their allegations of fund-raising impropriety.

Rep. Dan Burton, R-Ind., chairman of the House Government Reform and Oversight Committee, said Sunday he suspects video tapes of White House coffees and other meetings with donors may have been altered. Burton noted that despite requests from Congress last spring for all documentation of events, it took until last week

for administration officials to come up with the tapes.

He said Congress will bring in experts to examine the tapes, including lip readers to interpret conversations that are difficult to hear.

Democrats also are pointing fingers at Sen. Don Nickles, R-Okla., a vocal critic of their fund-raising tactics.

Nickles has said it may have been a mistake for him to endorse in a promotional video, TRIAD Management Services, a political consulting firm whose clients have contributed thousands of dollars to his political action committee, the Tulsa World reported Sunday.

Though company officials have denied it, Jim Jordan, a spokesman for the Democrats on the Senate Governmental Affairs Committee, said it appears that TRIAD directed clients who already had given the legal limit to a particular candidate to give to specific PACs that would then donate money to that same candidate.

## Fund-raising favors are nothing new

James Rowley  
THE ASSOCIATED PRESS OCT 7 '97

WASHINGTON — A leading Democratic senator takes donors on a special tour of Mount Rushmore. Ronald Reagan is on tape making a pitch for money in the White House. It looks as if President Clinton, with his coffees and Lincoln Bedroom sleepovers, isn't the only politician cultivating contributors on public property.

It seems as if everybody does it.

That was the defense that former deputy White House chief of staff Harold Ickes offered at Senate hearings this week when he was grilled about Democratic fund-raising tactics in the 1996 campaign.

The political operation that Ickes ran for Clinton was based on a "model established by my Republican predecessors" and

## ■ NATION Thompson suspends fund-raising hearings

Washington

Lacking blockbuster revelations and unified support from his own party, Sen. Fred Thompson announced Friday he's suspending hearings on campaign finance abuse and will end the investigation at year's end.

Thompson's hand was forced after Majority Leader Trent Lott declined to push for the extension of time sought by the Tennessee Republican. Thompson left open the possibility that hearings could resume if new information surfaces before the Dec. 31 deadline.

F A P R A S S

## Gaping loopholes ensue election abuses in 2000

By Lance Guy  
Scripts Howard News Service OCT 25 1997

■ **INSIDE:** Democrats keep brakes on campaign action over campaign finance issue.  
Washington

WASHINGTON — If you thought campaign finance scandals were rampant in the 1996 elections, wait until you see what's going to happen in 2000.

Loopholes are now so widespread that a flood of untraceable and secret money is already pouring into campaigns in spite of post-Watergate reforms set up to alert voters to who is trying to influence elections.

Please see 2000

# 'Everybody does it'

## Fund-raising favors are nothing new

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The Associated Press

Ranger Bob Crisman applies caulk to a crack atop Mount Rushmore in this September photo. A report claims that a fund-raiser, guests were escorted to the top of the mountain in Washington's head.

those who worked in it "merely followed well-established Republican precedent," he said.

To bolster this defense, Democratic operatives rooted out nine-year-old footage showing then-President Reagan talking to Republican donors in the East Room of the White House.

Members of Congress play the same game.

Just last month, Democratic Leader Daschle took \$5,000 on a VIP hike to the top of Mount Rushmore National Monument from his home state of

Exhibit   H  

International Business Machines Corporation ("IBM")

IBM Response to Stockholder Proposal

2002 Proxy Statement

LOUIS V. GERSTNER, JR. CHAIR, et al. VIA CERTIFIED MAIL  
IBM BOARD OF DIRECTORS 7060 15 30 0001  
ARMONK, N.Y., 10504 9940 7705

622 SE. DEGAN DRIVE  
PORT ST. LUCIE, FLA. 34983  
MAY 9, 2001

SUBJECT: PRO PATRIA AMERICA! IA PETITIONS CONTINUUM NAPOLITANO TO IBM CORP., U.S. GOVERNMENT

- REF 1) "A LETTER FROM THE CHAIRMAN" DTD MAR 27, 1969, WITH PRO PATRIA AMERICA! COMMENTARY  
2) "IBM APPRUSES STAFF FEB 12, BOOK, SUIT. CAMPS FEB 13, 2001 - MONTAGE"  
3) MEDIA ARTICLE DTD MAY 24, 1999, WHAT GATES CAN LEARN FROM IBM  
4) IA PETITION DTD APR 7, 2001 NAPOLITANO TO IBM GERSTNER, et al. (COPIES REF 1, 2, 3, 4 ATTACHED)

MADAMS, MESSERS,

ALAS, HAVE YOU NO SHAME, NO SENSE OF DECENCY. WHERE ARE YOUR HEADS, YOUR HEARTS.

THE RECENT SUBJECT PRO PATRIA AMERICA! IA PETITION WAS SENT VIA CERTIFIED MAIL TO, AND WAS RECEIVED AND SIGNED FOR BY IBM CHAIR ON APRIL 11, 2001. AS ALWAYS, NO REPLY.

ALAS, VIRULENTLY VENAL IBM, et al., CONTINUUM, PERSISTS IN IBM'S DELIBERATE, DIABOLICALLY OPPOSED TO MANIFEST TRUTH & REASON, DERELICTION OF IBM'S IMPERATIVE FIDUCIARY DUTIES, AND IBM PERPETUATES THE ENORMOUS WICKEDNESS OF WATSON IBM'S BRUTAL BREACH OF LEGALLY BINDING FEDERAL-IBM CONTRACTS, IBM "BELIEFS" CONTRACTS IBM WITH MY FAMILY & N.B. WIDELY KNOWN TO IBM LINE, EXECUTIVE, SENIOR MANAGEMENT AS MATTERS OF FACT AND FBI OFFICIAL, LEGALLY DOCUMENTED & IBM AUTHORITY VALIDATED RECORDS IN THE CHAIRMAN, BOARD'S POSSESSION AND KNOWLEDGE, MISCREANT IBM MANAGEMENT CRIMINALLY BURNED MY BRAIN THEN BUSTED MY BUTT - ON THE U.S. A.F. B-52 BOMBER & NASA MANNED FLIGHT (SATURN) PROGRAMS - SERVICE CONNECTED DISABILITY - ROBBED US OF ALL OUR RIGHTS, RESOURCES, RECOURSE TO CONSTITUTIONAL GUARANTEED, UNALIENABLE RIGHTS, RAVAGED OUR LIVES AND WRONGFULLY FIRED US FOR OUR DUTIFUL PERSEVERANCE TO PRINCIPLES, ETHICS, RULE OF LAW REQUIRED REFUSAL OF CHAIR'S COERCIVE ULTIMATUM TO GO ALONG WITH, OR BE FIRED BY IBM'S VENAL M.O.B.I.A. IBM'S INIQUITOUS BOONDOGGLE MANAGEMENT'S MALIGNANT MISPRISION OF BARRATRY, INSATIABLE ARROGATION - COSSSENTINALLY, IBM'S UNLAWFUL PREDATORY MONOPOLY (U.S. D.O.J.), THE CHAIR'S RUTHLESS ULTIMATUM WAS ILLEGAL. AS CHAIR KNEW IBM DID THE CRIMES, WE - IBM'S VICTIMS - WERE FORCED BY THE CHAIR TO SUFFER LIFETIMES FOR MISCREANT IBM'S CRIMES.

FROM THE BEGINNING, WE HAVE PLEADED WITH IBM-CHAIR-BOARD FOR A FAIR PUBLIC FORUM, FOR MEDIATION, FOR ARBITRATION FOR DUE JUSTICE, RE-INSTATEMENT AND DUE RESTITUTION FOR AMERICA! AMONG OTHER VITAL CONSIDERATIONS. ALAS, IBM ENTRENCHED IN THE DIABOLISM WATSON IBM'S WICKEDNESS TREACHEROUSLY SKULKS IN THEIR REFUGE OF SUBTERFUGE, PERPETUATING IBM'S PERSECUTION OF US. WHY? WHAT THE HELL IS IBM AFRAID OF - THE TRUTH! IN TRUISIC TO IBM IS MISPRISION OF BARRATRY M.O. I DUTIFULLY COMPLIED, REPORTED MANAGEMENT'S VIOLATIONS TO THE CHAIR. HE DID NOT LISTEN! SUBSEQUENTLY, OUR ASSESSMENT WAS COMPLETELY VALIDATED BY IBM'S IGNOMINIOUS BOONDOGGLE MANAGEMENT'S DEBACLE - "SPECTRUM OF NON FILE", RESTRUCTURING, SPIN OUT BY AMERICA BUGGERS OF BARRATRY BILK U.S. TAXPAYERS, U.S. TAXPAYERS DEFORCED TO BAILOUT BUGGERS OF BARRATRY THE MAGIC OF COMPOUND BARRATRY, HUMANITY'S BIG BLUE BLOOD(Y) BURDEN, INFERNAL BLOODY MACHINES.

IBM MOBILIZED AMERICA!, FREE BOOTED "WE THE PEOPLE..." OUT OF BILLION \$ & COUNTING PRO PATRIA AMERICA! "WE THE PEOPLE..." DEMAND IBM MAKE RESTITUTION - QUI TAM -

WHISLE BLOWER ACT - TO AMERICA! CONSPIRACY, EXEMPTION, FURTIVE VILIFICATION  
MALIGNANT MOBIA, CAPITOL-CAPITAL CRIME DE LA CRIME OF MITTIE - "EVERY BODY  
DOES IT" AS "THERE IS NO CONTROLLING LEGAL AUTHORITY; VANQUISHED BY MOBIA DEPRECIATION  
OF THE FOUNDING DOCUMENTS, MAKING MONEY ABSOLUTE SOURCE OF ABSOLUTE FORCE, TOWER OF POWER,  
DENIGRATING THE NATION TO THE LAND OF THE FEE #PEECH AND THE HOME OF THE KNAVE BARATORS;

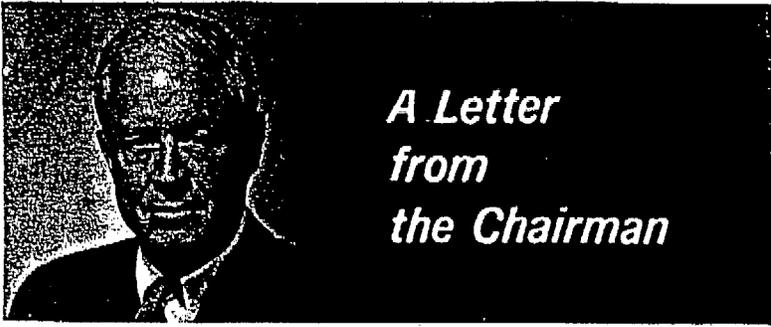
IBM WATSON, WORST OF WORLD'S TYRANTS - THE CROSS WE BEAR - IMPOSED THE FALSE PRETENSES  
OF IBM'S ALLEGED "BELIEFS" TO BAMBOOZLE HUMANITY AND BETRAY TRUST-CONTRACTS FIRED US, PER-  
SECUTE US IN EXTREMIS, IN RETALIATION FOR OUR PERSEVERANCE IN LAWFUL, DUTIFUL COMPLIANCE  
WITH FED-IBM CONTRACTS - "BELIEFS" REQUIRING OUR CONFRONTING, PROTESTING CORRUPT IBM MAN-  
AGEMENT PRACTICES, EVASION OF FIDUCIARY DUTY - "LAZY AFFAIR" (SIC) STYLE BOONDOGGLE, MIS-  
PRISION, EXTORTIONATELY BILKING FED-IBM SWEETHEART DEALS, e.g. IBM (VASTLY OVERPAID) CON-  
TRACTED WITH NASA, MISFE TO PERFORM AS A PROGRAM MISSION CONTRACTOR, INSTEAD, UNSCAMPULOUSLY  
IBM IN WILLFUL VIOLATION OF CONTRACTS, UNDERPERFORMED AS "A BUILD TO PRINT ONLY CONTRACTOR, BUILD-  
CHINESE RUBBER BANDS; 'FSO, IBM NEEDED ONLY MANUFACTURING BUILDING, ITS EMPLOYEES, AND  
NOT THE TWO ENGINEERING PLUS ADMINISTRATION BUILDINGS AND THEIR EMPLOYEES - FAR TOO MANY  
PEOPLE NOT GAINFULLY EMPLOYED - BIG BLURT - DUE TO INIQUITOUS BOONDOGGLE MONOLY LEADERS,  
ONE OF MY MANY ARGUMENTS - TO EXECUTIVE MANAGEMENT, THEN "OPEN DOOR" TO CHAIR WATSON  
FOR THE URGENT REFORM OF IBM MANAGEMENT TO PROFESSIONAL, ETHICAL STANDARDS REQUIRED  
BY LAW, CONTRACTS "BELIEFS" AND IBM'S INTEGRITY & WELL BEING; ALL A MATTER OF IBM RECORDS,

CHAIR AKERS, THEN GERSTNER PLAGIARIZED, ECHOED MY APOPOS ARGUMENTS TO IBM  
WATSON, IN THEIR LAYING OF THE BLAME FOR IGNOMINIOUS MOBIA DETACHE - AVOIDABLE IF IBM  
WATSON HAD LISTENED INSTEAD OF - WITH UTTER HUBRIS OF EGREGIOUS HYPOCRISY - KILLING THE  
MESSENGER. THE BLAME FOR THE IBM DETACHE WAS ALL WATSONS!! HIS COOKIE CUTTER  
CRONIES, (WAL) PRACTICED TO PERFECTION "IBMS REVOLVING DOOR" MALIGNANT MISPRISION OF BARATRY.  
N.B. WITH IBM LEGAL'S APPROVAL, FORIGINATED ENGINEERING CHANGE ORDERS TO DUMP "MAKE WORK"  
BOONDOGGLES AND RETURN SAVED \$ TO NASA. APPROVED BY PROJECT, REJECTED & WRONGFUL  
EXCORIATION OF ME BY EXECUTIVE MGMT; IBM DEGRADED ME TO IBMS MEASUREMILE FOR FINDING  
IBM TOO BIG TO FAIL, ALIEN IBM FINDING LAD WITHOUT A DENYING EXPENSE TO, DEUSE OF EXCESSIVE  
IBM WATSON - COLA-G (IBWSE) FOR GULING, CRIMINALLY INJURED, PERSECUTE US IN EXTREMIS,  
EVIDENTLY MY ARGUMENTS VS IBM MOBIA; SOME BRAND OF HATED IBM HOLDS FOR REGULATORS;

IBM OBSESSED WITH AGAINST PRO PATRIA AMERICA! PROPHET. WATSON, CONVICTED FELON, COULD  
NOT PUT HIS CONVICTION FOR CRIMES AGAINST AMERICA! BEHIND HIM, YET HYPOCRITICALLY, DISHONEST  
TOLD US TO PUT IBM WATSON'S CRIMES AGAINST US, BEHIND US, IBM WATSON BLOODY HYPOCRITES!!  
N.B. WITH DILIGENCE, I PERFORMED MY DUTIES AND IBM MOBIA'S EVADED CONTRACT DUTIES IN  
DESPITE OF IBM MOBIA'S HARASSMENT, DISCRIMINATION & THREATS OF FURTHER BODILY HARM.

MY PERFORMANCE WAS ALWAYS APPRAISED "PERFORMS ABOVE REQUIREMENTS & COMPENSATION."  
BY VIRTUE OF THIS PETITION, I AM MAKING CLAIM - QUITTING - WHISTLE BLOWER ACT ON BEHALF  
OF AMERICA! AND US, FOR SAID IBM MOBIAIZED BILLION\$ RESTITUTION DUE AMERICA! AND US.  
"FIAT JUSTITIA" - "LET JUSTICE BE DONE, LEST AMERICA FAILS"  
Sincerely, Patrick J. Hayschance, PRO PATRIA AMERICA!

COPIES TO: et al,  
PRESIDENT GEORGE W. BUSH, WHITE HOUSE; DANIEL E. O'DONNELL, FOR IBM BOARD. 2 OF 6



# A Letter from the Chairman

Fellow IBMers:

Every time I return from a visit to field or plant or lab locations where I've had a chance to talk to some of you, I bring back several pages of notes about your ideas and suggestions for running the business better. Most of them, I'm glad to say, turn out to be extremely useful, and IBM is a healthier, stronger company because of the constructive comments you give us.

Although I'm grateful that so many of your ideas are effective, I'm not at all surprised. You're in daily contact with our customers, with our suppliers, with the knotty problems in development and production. You know what is going well, what is going badly, and which small problems threaten to become big problems. Naturally, we rely on you to tell us—through your manager, through the Suggestion program, through SPEAK UP! letters or through any other channel that seems appropriate, the things we need to know about your job.

What concerns me is the possibility that not all of you are speaking out as often as you should. Our big problems, I have noticed, usually started life as little problems that were not pushed upward for the action they needed.

In order to focus attention on such problems and to improve communications in IBM generally, we are placing great emphasis on employee-manager meetings. These are meetings which every manager has been asked to hold with his people at least four times a year. Their purpose is to encourage you to bring your thoughts, problems and suggestions to your manager. We hope that these meetings will stimulate a free exchange of ideas. Of course, not all of your ideas may work out. But I hope you will recognize how important it is to keep suggesting better ways of doing things.

Your knowledge and experience are absolutely essential to making this company grow. When you have something to contribute, tell your manager, enter a suggestion, write a SPEAK UP! letter, or talk to anyone who seems appropriate. We're all listening.

*Tom Watson*

IBM WATSON COINED US "BETRAYED" BELIEFS & US. IBM'S GREEK CREED! BILK & BAIL - BILK BILLION OFF FROM AMERICAN TAXPAYERS, BOONDOGGLE F.B.M. MANAGEMENT DEMANDS BILLIONS AMERICAN TAXPAYERS BILK - TRAIL WITNESSES FROM HELL

REPLY LETTER FROM THE CHAIRMAN WATSON I BELIEVED IN, WAS DILIGENTLY DEDICATED TO TOM WATSON IBM, IBM'S ALLEGED "BELIEFS". I DUTIFULLY, LAWFULLY, ETHICALLY, OBJECTIVELY COMPLIED; AINS, VENAL TOM WATSON IBM LIED, IBM WATSON BETRAYED "BELIEFS", BETRAYED US, CRIMINALLY BURNED MY BRAIN, THEN STABBED US IN THE BACK, BRUTALLY BUSTING MY BUTT, PERPETUATING IBM'S WICKED PERSECUTION OF US IN EXTREMIS, IBM WATSON ABSURDLY, UNLAWFULLY WRONGFULLY FIRED US FOR PERSEVERING IN PRO PATRIA AMERICAN! RULE OF LAW IN SPITE OF IBM WATSON'S COERCIVE ULTIMATUM TO GO ALONG WITH, OR BE FIRED AND DISGRACED BY, IBM'S CORRUPT BOONDOGGLE MANAGEMENT, RAUVAGING & ROBBING US OF OUR BEING, HUMAN-CONSTITUTIONAL VESTED RIGHTS, DEFORCED US OF EARNED RESOURCES AND DUE RECOURSE TO CONSTITUTIONAL REPRESENTATION DUE PROCESS, DUE REDRESS OF GRIEVANCES, IN A RUTHLESS RETALIATION AGAINST US TO THE WICKEDLY WANTON RUINATION OF OUR LIVES - IBM HELL ON EARTH - FOR CONFRONTING, OPPOSING, ARGUING VIGOROUSLY - VIA IBM PRESCRIBED PROCEDURES - CHANNELS TO WATSON'S "OPEN DOOR" (IN REALITY, BEHIND IBM CHAIRS OPEN-TRAP DOOR, A VENAL, EGOMANIACAL TYRANTS CLOSED MIND LIES, AND LIES TO HUMANITY'S DEWISE) - AGAINST IBM'S UNSCRUPULOUS, ENTRENCHED MALIGNANT MISPRISION OF ORGANIZED, OMNIPOTENTLY BRUTAL BARRATRY, BETRAYAL, INSATIABLE ARROGATION, INSIDIOUS ANARCHY, & IBM MOBIA - FRAUDMENT BOONDOGGLE'S SWEETHEART DEMS' MANAGEMENT STEEPED IN THE HYPOCRASY-MEDIOCRITY OF "UNLAWFUL PREDATORY MONOPOLY" (U.S.D.O.J.)

IBM WEALTHIEST ON WELFARE PINNACLE OF POLITICAL CHAOT FINAGLED PRIZE POLITICAL PARDON IBM GLOATS "IBM FLUMMOXED GOVERNMENT", IBM WORE DOWN JUSTICE TO ANTI CONSTITUTION ABJECT SUBSERVIENCY & PERFERIOUS IBM IN ADJURATION OF ALLEGIANCE TO AMERICA - IBM DEVOUCE, RENOUNCED AMERICA & IBM INTERNATIONAL COMPANY WERELY U.S. BIASED, VIA FACTA ENTRENCHED IN THE ENORMITIES OF IBM WATSON'S OMNIPOTENT WICKEDNESS, VICIOUS VICE GRIPPS CRUSHING VITALS OF - ENSLAVES - UNCLE SAM, ERGO U.S. ENSLAVED AIDS, ABETS, SUBSIDIZES, IMMUNIZES IBM TO PINNACLE OF POLITICAL OMNIPOTENCE OF TYRANNY, ANNIHILATING FOUNDING DOCUMENTS PRINCIPLES, RULES OF MORAL LEGAL LAW, HUMAN RIGHTS, HUMAN BEINGS, JUSTICE A MONG OTHER WATER VITAL TO AMERICA! IBM = POWER! INFERNAL MONEY PANDERING! CHAIR PROSTITUTE SELF, OFFICE, COMPANY, BOARD, EMPLOYEES. IBM GILDED CREED - GRAB THE GOLD AND RULE. BIG BAD BUCKS ONLY THING THAT ENSLAVES EVERYTHING, & MOBIA ABSOLUTELY EMPLOYERS TO EMPLOYER ABSOLUTELY.

IN SUM: ABSURD VENAL IBM CHAIR, BOARD, MISMANAGEMENT, BLOODY BIG BLUE BUGGERS EVILEST EMPIRE, DIABOLICALLY OPPOSED TO MANIFEST TRUTH, REASON, JUSTICE, CRIMINALLY BURNED MY BRAIN, BUSTED MY BUTT, PERPETUATE IBM'S PERSECUTION OF US, ON EXTREMIS, ANGUISH, FEAR, IBM DESTROYED, OUR LIVES IN PAIN...

# Book, suit allege IBM machines assisted Nazi death camps

Pauline Jelinek  
Associated Press writer  
FEB 13, 2001

WASHINGTON — A lawsuit alleges S. computer giant IBM took part in crimes against humanity by allowing its machines to be used in Nazi death camps. The suit seeks to force IBM to open its archives and pay "any ill-gotten gains" in its conduct during World War II.

## BM Apprises Staff Of Book Reporting Nazi Use of Machines

FEB 12, 2001

By a WALL STREET JOURNAL Staff Reporter  
ARMONK, N.Y. — International Business Machines Corp. informed workers that a forthcoming book will say its former German unit licensed equipment used by Nazis during World War II.

In a posting on its internal Web site, IBM said the use of the machines has been long known and that it hadn't seen the book. According to an article in Sunday's Washington Post the book is called "IBM and the Holocaust," by Edwin Black, who has written extensively on Israel and World War II. The Post said it examined the book under an embargo restricting when it could publicize the book or disclose its contents. The Post says the book alleges that Germans used IBM equipment in detailed censuses in 1933 and 1939 at helped identify and target Jews and other minorities who were later victimized in the Holocaust.

An IBM spokeswoman said many of its records from that period have been lost and others were donated to university libraries in the past two years. She said many froze assets of IBM and other foreign companies during the 1930s and IBM gradually lost control of the business. She said she didn't know when IBM stopped receiving equipment-leasing payments from Germany, although it didn't receive any during World War II, she said.

said Michael Hausfeld, lead lawyer in the case. Such gains have been estimated at \$10 million in 1940s money, Hausfeld said.

The suit follows dozens filed in recent years against various entities to get compensation for survivors, including those who lost bank accounts, were used as slaves or had insurance policies that weren't honored. Hausfeld said any money awarded in the IBM case would go to causes such as

## SEC Backs IBM in Battle With Shareholders

By a WALL STREET JOURNAL Staff Reporter  
WASHINGTON — The Securities and Exchange Commission turned down a proposed shareholder resolution that would have stopped International Business Machines Corp. from including gains on its pension funds in calculating profits that affect executive bonuses.

Pensions have been a contentious issue at the Armonk, N.Y., company since it switched from paying defined benefits to a cash-balance plan in 1999.

This year a group of retirees and employees sponsored a resolution that would have required that "Future executive incentive compensation be determined by profit from real company operations not including accounting rule profit from pension fund surplus." As at many other companies, IBM's pension-fund surplus, fueled by the rising stock market, has boosted reported profits.

James Leas, a South Burlington, Vt., attorney currently on leave from his job at IBM, said employees see a conflict of

Holocaust education and not to plaintiffs. "Over the course of time, what we have attempted to do was revisit and reopen the Holocaust to determine not only who were the major perpetrators, but also who were the necessary accomplices," Hausfeld said. "IBM USA implemented, aided, assisted or consciously participated in the commission of crimes against humanity and violations of human rights... by providing tech-

While chief executives are receiving enormous pay packages, their shareholders are losing money and many employees are losing their jobs, according to a new study of executive pay. These are among the conclusions of a study released Thursday by United for a Fair Economy, a partisan think-tank in Boston. The existing compensation packages provide short-term incentive but not the climate for long-term sustainable business success," said

By Kimberly Blanton  
The Boston Globe APR. 6, 2001

While chief executives are receiving enormous pay packages, their shareholders are losing money and many employees are losing their jobs, according to a new study of executive pay. These are among the conclusions of a study released Thursday by United for a Fair Economy, a partisan think-tank in Boston. The existing compensation packages provide short-term incentive but not the climate for long-term sustainable business success," said

at expense of jobs, group says  
Scott Klinger, a researcher who prepared the report. Klinger analyzed the stock performance of 10 companies headed by the highest-paid CEOs in each of seven years, from 1993 to 1999. United for a Fair Economy said the top 10 companies to watch next year are those currently paying their CEOs the most: Citigroup, Cisco Systems, Tyco Laboratories, Qwest Communications, Advanced Micro Devices, Apple Computer, SBC Communications, Oracle Corp., General Electric Co. and IBM Corp.

## IBM Says Gerstner Gained 703,156 Shares Under Options in '00

By a WALL STREET JOURNAL Staff Reporter  
ARMONK, N.Y. — International Business Machines Corp. chairman Louis Gerstner acquired 703,156 shares under options and realized \$59.9 million, last year, IBM announced in November that Mr. Gerstner had sold the shares.

He currently has 4.1 million exercisable options and 2.9 million that are unexercisable. In 1999 he exercised options valued at \$87.7 million.

According to IBM's proxy statement Mr. Gerstner got an \$8 million bonus top of his \$2 million base salary, marking a slight bump from his \$7.2 million bonus and \$2 million base in 1999.

In addition, Mr. Gerstner received stock-option award covering 650,000 shares that will vest in a period of two years. According to the proxy statement, the grant could have a value of \$44 million to \$113 million over 10 years, if the company's stock appreciates 5% to 10% a year. The exercise price, based on the date the grant is \$109.52. As of 4 p.m. in New York Stock Exchange composite trading IBM shares eased \$3.80 to \$95.49 each.

Mr. Gerstner hadn't received any stock option awards in the past two years.

He also received \$3.6 million under long-term incentive payouts, down from \$5.2 million in 1999.

One company that has regularly completed announced programs is International Business Machines Corp., which has spent \$38.9 billion buying back shares since 1995. Most recently, the computer maker announced in October plans to repurchase a further \$3.5 billion of shares, of which IBM had spent \$600 million by year-end 2000.

The company declined to discuss recent repurchasing activity, but a spokeswoman said in general the company has

# What Gates Can Learn From IBM's Watsons

The sensational political trial of this *fin de siècle*—the impeachment of President Clinton—featured a tortured deconstruction of the verb *to be*. The landmark business trial—of Bill Gates's Microsoft Corp. on antitrust charges—has yet to become quite so picayune. But a strikingly similar case nearly half a century ago turned on a definitional matter just slightly more substantive; and Mr. Gates might profit by the example.

The modern computer industry is largely the legacy of the two Thomas Watsons.

## Manager's Journal

By H.W. Brands

MAY 24, 1999

sons. Watson Sr. learned business machines from John Patterson, the autocrat of the National Cash Register Co. With Patterson and "the Cash," Watson also learned to despise and distrust government regulators, who in 1913 convicted him on criminal charges of unfair competition. Watson avoided prison after he and Patterson made heroes of themselves doing relief work during a flood in NCR's hometown of Dayton, Ohio; under the circumstances, the state attorney general declined to pursue the case when an appeals court ordered a retrial.

But Watson never forgot the experience, and he vowed never to yield to the regulators. Decades later, in December 1952, the antitrusters came after Watson again. This time he was the head man and the company was IBM, which held the lion's share of the market for business machines. Watson was a highly visible backer of President-elect Eisenhower, and he was convinced the antitrust suit was political revenge by the lame-duck Democratic Justice Department, in league with IBM's competitors. Unrepentantly indignant, Watson took out full-page ads in the nation's newspapers, defending IBM's conduct as vigorous but fully within the bounds of law.

Watson would have fought the Justice Department all the way to the Supreme Court were it not for the interposition of his son. Thomas Watson Jr. did not get along well with his father. Their shouting matches echoed down company corridors, and across the tarmac at an airport one memorable day when the son screamed in front of several witnesses, "Goddamn you, old man! Can't you ever leave me alone?" More to the point of the antitrust lawsuit, the younger Watson wanted IBM to liquidate its legal problems, which centered on the older technology of punch cards, and free itself to pursue the emerging technology of electronic computers.

Watson Jr. believed his father was too emotionally invested in the contest with Justice. "The terrible trauma of getting sentenced to jail for antitrust violations when he was at the Cash never really passed for Dad," he recalled in his memoir, published in 1990, three years before his death. "Thirty-five years had gone by, but it was like a raw wound to his self-respect." The son also thought his father fundamentally misunderstood the basis for the Justice Department prosecution. "The thing Dad could never accept about monopoly law is that you don't have to do anything wrong to be in the wrong."

This was the younger Watson's insight. It would not have stood up in court; like Microsoft today, IBM was charged with acts of commission, not of mere existence. Yet the distinction was crucial in two respects. Like Microsoft, IBM was being prosecuted for actions that would have raised no antitrust eyebrows had the company not been the overwhelming force in its industry (IBM controlled 90% of the market for punch-card machines). Watson Sr. maintained that the rules should be no different for IBM than for everyone else. Watson Jr. contended that whatever the rules *should* be, they were what they were.

The second aspect of Junior's distinction between *being* and *doing* was less legal than psychological. By putting the onus on the wrongheaded legislators who drafted the punitive antitrust law, Junior provided his father a graceful way to accept his son's larger argument: that in an industry changing as fast as IBM's, the company could not afford the distraction of a long lawsuit. Better to settle and get about the business of electronic computers. Watson Sr., who rightly viewed IBM as his cre-

ation, took the government's allegations personally; Watson Jr., more detached and objective, saw the suit simply as a cost of doing business, and a settlement as the best way to minimize that cost.

The elder Watson eventually allowed himself to be persuaded. IBM settled and went on to dominate electronic computers as it had dominated punch cards.

With the Microsoft trial in recess until next week, rumors abound of a possible settlement. If Mr. Gates, who by all evidence is as convinced of Microsoft's innocence as Watson Sr. was of IBM's, is looking for credible cover, he might wish to adopt Watson Jr.'s distinction between *doing* wrong and *being* in the wrong. This would allow Microsoft to retreat with flags flying, and let Mr. Gates get back to his primary job: seeing that the Internet and other new technologies don't do to Microsoft what electronic computers did to punch cards.

## Argentina Receives Money From Swiss In IBM Bribe Case

JUNE 9, 1999

BERN, Switzerland (AP)—Switzerland has handed over to Argentina \$4.5 million of suspected bribe money frozen in Geneva bank accounts, the Federal Police Office said yesterday.

The funds were suspected to have been used by IBM Argentina to bribe officials from the state-owned Banco de la Nacion in order to land a substantial computerization contract, a statement from the office said. In March 1998, the office passed to Argentina bank documents and written testimonies linked to the affair, compiled by a Geneva investigating magistrate.

The money, released on Monday, will be made available to Argentina's judicial system and was transferred with the permission of the account holders.

The scandal erupted in 1995, when International Business Machines Corp. was suspected of paying some \$10 million in bribes in order to secure a \$350 million contract to computerize the 625 branches of Banco de la Nacion, the country's largest bank. Some \$8 million was allegedly paid into two bank accounts in Geneva.

Argentina had first requested Switzerland's help in its fraud and corruption investigation in September 1995. In February, Switzerland's Supreme Court rejected an appeal from the account holders against Switzerland giving legal assistance to Argentina.

In May 1998, 10 people were indicted on charges of bribery in connection with the case. They included former Banco de la Nacion President Aldo Dadone, former IBM Argentina President Ricardo Martorana and Juan Carlos Cattaneo, a former aide to the Argentine presidential office.

IBM declined to comment yesterday

ATTACHMENT (2) TO H.R. REPORT OF LETTER



## Pentagon spent cash without reporting it

The Pentagon defied the law and the Constitution by spending hundreds of millions of dollars on programs Congress never approved, the House Appropriations Committee charged. The Defense Department acknowledged failing to notify Congress about how it was spending taxpayers' funds, and admitted that the Air Force had started a super-secret "black program" without telling anyone, an act the House panel said broke the law.

Compiled from the New York Times News Service.

patients say the investigation risks because the private organization inspecting the nation's hospitals is unlikely to detect substantial patterns of care, federal investigators said. June: Gibbs Brown, inspector general of the Department of Health and Human Services, criticized the work of Joint Commission on Accreditation of Health-care Organizations inspectors, who announce their visits in advance and rely on hospital employees to select records.

LOUIS V. GERSTNER, JR. CHAIR  
BOARD OF DIRECTORS

VIA CERTIFIED MAIL - R<sup>3</sup>  
7000 0520 0025 4875 3477

6022 S.E. DEGAN DRIVE  
PORT ST. LUCIE, FLA. 34983  
APR 7, 2001

INTERNATIONAL BUSINESS MACHINES CORP.  
NEW ORCHARD ROAD  
ARMONK, N.Y. 10504

SUBJECT: IBM NOTICE OF 2001 ANNUAL MEETING AND PROXY STATEMENT  
REF: MEDIA ARTICLE DTD FEB 12, 2001, "IBM APPRISES STAFF OF BOOK."

MR. GERSTNER AND DIRECTORS,

THE SUBJECT MATTER OF THE REFERENCED MEDIA ARTICLE, BEING OF UTMOST IMPORTANCE, IS NOT MADE MENTION OF IN IBM'S REPORT OR PROXY STATEMENT.

AT WHAT TIME AND MANNER WILL IBM "APPRISE" THE STOCKHOLDERS; IF NOT AT THE STOCKHOLDERS' (STAKEHOLDER - PUBLIC VITAL INTEREST) FORUM, WHAT BETTER TIME, PLACE? WERE THE REFERENCED MATTERS WITHHELD - NOT INCLUDED, STOCKHOLDERS NOT "APPRISED" BECAUSE THE CHAIR AND BOARD CONSIDER SAID MATTERS TO BE "IBM'S ORDINARY BUSINESS OPERATIONS", THE SOLE PROVINCE AND RESPONSIBILITY OF THE BOARD AND SENIOR MANAGEMENT, AND NOT THE STOCKHOLDERS BUSINESS, IT BEING BEYOND THE PURVIEW, CONCERNS, RESPONSIBILITY OF THE STOCKHOLDERS, THEREFORE "NOT SUBJECT TO SHAREHOLDER VOTES"?

THE SAID MATTERS BEING OF EXTREME GRAVITY AND URGENCY ARE DEEMED "MATTERS THAT MAY PROPERLY BE BROUGHT BEFORE THE MEETING" - PUBLIC FORUM FOR IMPERATIVE DISCOURSE. WILL YOU, PLEASE, ALLOW ME TO INTRODUCE, SPEAK ON THE SUBJECT MATTERS AT THE APRIL 24 MEETING? MAY I PLEASE HAVE YOUR WRITTEN ASSURANCE THAT YOU WILL HONOR OUR RIGHT TO SPEAK - NOT STIFLE US - AND ASSURE US ADMISSION AS THE PROXY STATEMENT MAKES CLEAR THAT SEATING - ADMISSION - IS LIMITED, I.E., "ADMISSION TO THE ANNUAL MEETING WILL BE ON A FIRST COME, FIRST SERVED BASIS..." "DELIBERATE DISCOURAGEMENT" - WHY MAKE THE JOURNEY ONLY TO BE TURNED AWAY.

TIME IS OF THE ESSENCE, YOUR IMMEDIATE ATTENTION AND PROMPT REPLY TO OUR REQUEST FOR YOUR ASSURANCES OF OUR ADMISSION, AND PERMISSION TO, ADDRESS THE IBM MEETING IS DUTIFULLY, URGENTLY REQUESTED.

IF YOU, THE BOARD REFUSE US THE REQUIRED ASSURANCE - IN EFFECT TURNING US AWAY - WILL YOU PLEASE PROVIDE TO US A POIL OF THE BOARD & REASON FOR REJECTION.

SINCERELY,

Patrick J. Napoleitano  
PRO PATRIA AMERICA!

COPY TO: EXEC ROM, N. D. KEOHANE, C. F. KNIGHT, L. C. VAN WACHEM, IN CARE OF  
DANIEL E. O'DONNELL, IBM VICE PRESIDENT & SECRETARY FOR THE BOARD  
OFFICE OF THE SECRETARY  
INTERNATIONAL BUSINESS MACHINES CORP.  
NEW ORCHARD ROAD  
ARMONK, N.Y. 10504

Exhibit I

International Business Machines Corporation ("IBM")

IBM Response to Stockholder Proposal

2002 Proxy Statement

LOUIS V. GERSTINEIL, Jr. et al.  
CHAIR AND BOARD OF DIRECTORS  
IBMW CORP., ARMONK, N.Y. 10504

VIA CERTIFIED MAIL  
R<sup>3</sup>

622 S.E. DEGAN DRIVE  
PORT ST. LUCIE, FLA. 34983  
APR. 8, 1999

REF: PETITIONS, PRO PATRIA AMERICA! NABILIANO V. IBMW, CHAIR, BOARD, et al. MISFEASION, CONTINUING

### WESSELS

ONCE AGAIN WE HAVE NOT RECEIVED THE PROXY MATERIALS FOR THE UPCOMING IBMW STOCK HOLDERS MEETING. WHY NOT? BECAUSE VENAL INCORRIGIBLE IBMW AIDED & ABETTED WRONGFULLY PERSISTS IN EGREGIOUS, PERfidious DEPRIVATION OF THE U.S. CONSTITUTION, TRUTH, JUSTICE, RULES OF LAW, ETHICS, FACTS, LOGIC, OUR LAWFULLY EARNED CONSTITUTIONAL HUMAN, CIVIL, VESTED RIGHTS, etc, THEREBY ALLOWING MISCREANT IBMW TO PERPETRATE IBMW MISFEASION OF BANKRUPTCY, PERSECUTION OF US IN EXTREMIS, FOR OUR DUTIFUL DEFENSE OF VITAL AMERICA/S INTERESTS V. CORPORATE-GOVERNMENT VENAL COUSORTIA MALPRACTICES?

IBMW SKULKS IN IBMW UNETHICAL REFUGE IN DISHONEST SUBTERFUGE, AIDED & ABETTED BY MISFEASION OF BANKRUPTCY TO STIFLE PRO PATRIA AMERICA! PROBONUM THEREBY ALLOWING IBMW TO WICKEDLY CONDUIT THE SYSTEM THROUGH CONTINUED ABUSE OF IBMW'S REVOLVING DOOR - ANNEXES OF PLUTOCRATIC POLITICAL OPPRESSIVE POWER OF PORK BARREL BUREAUCRACY-FREE BOOT-TO EVADE LEGITIMATE, HONEST, BONA FIDE, IMPERATIVE CRITIQUE-DEBATE-OF MANAGERIALS RELATIVE PERFORMANCE & COMPENSATION, WHICH REMAINS QUESTIONABLE, eg "SUCCESS" DUE TO "RISING TIDE" EFFECT, PLUTOCRATIC POLITICAL elot, WEALTHY ON WELFARE PHLOUNDER, etc. WHY IS IBMW SO AFRAID OF DEBATE-FORUM.

RE: MEDIA, IBMW POSTS \$BILLION LOSS IN A MARKET THAT REQUIRES SOUND MANAGEMENT.. PROVES AGAIN, THAT IBMW MANAGEMENT CANNOT COMPETE - NOW AS THEN - ON A LEVEL PLAYING FIELD S HADES OF IBMW PAST, SELF DESTRUCT DEFICIT MANAGEMENT. ENTER IBMW F. U. D.

RE: MEDIA, IRREGULARITIES IBMW SOUTH AMERICA CONNECTIONS. HOW RESOLVED? REPORTED?

ARE THESE AND OTHER MANAGEMENT PROBLEMS PROPERLY DETAILED IN REPORT TO STOCKHOLDERS. HOW DID THESE "EVENTS" IMPACT COMPENSATION & EMPLOYMENT STATUS OF CULPABLE OFFICIALS IN SUM, IBMW CHAIR-BOARD PROSTITUTED THE OFFICE, COMPANY, EMPLOYEES, TAXPAYERS FOR WITH IBMW HAS BEEN WRONGFULLY OUTRAGEDUSLY WRONGFULLY RICHLy REWARDED, INSTEAD OF DESERVED PUNISHMENT FOR ITS MALPRACTICES, IBMW POSTER PARASITE FOR WEALTHY ON WELFARE.

CONVERSELY, WE SUFFER 40 YEARS+ IBMW CRIMINALLY INFLECTED INJURY, FRAUD, DEPRIVATION OF OUR RIGHTS, PERSECUTION IN EXTREMIS AT THE BLOODY HANDS OF VENAL, EVIL IBMW FOR OUR ADHERENCE TO PRINCIPLES, "BELIEFS", DEDICATION TO IMPERATIVE DUTY IN THE SERVICE DEFENSE OF AMERICA! "WE THE PEOPLE..." THINK, HONOR U.S. OF AMERICA! FIRST!! M.D. PRO PATRIA AMERICA! V. VENAL IBMW, TIMELESS. CULPABLE "LEADERS" LACK SHAME FOR THEIR CRIMES AS THEIR ALLIES GO UNPUNISHED, REM' FAME & FORTUNE.

PRO PATRIA AMERICA! PROBONUM, P.A. Napoleonic Spirit of '76.

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BOARD SECRETARY FOR DISSEMINATION TO MEMBERS OF THE BOARD.