

KELLY JOHN E III  
 Form 4  
 July 29, 2008

**FORM 4** UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
 Washington, D.C. 20549

OMB APPROVAL

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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person \*  
**KELLY JOHN E III**

2. Issuer Name and Ticker or Trading Symbol  
**INTERNATIONAL BUSINESS MACHINES CORP [IBM]**

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)  
**IBM CORPORATION, P.O. BOX 218**

3. Date of Earliest Transaction (Month/Day/Year)  
**07/28/2008**

\_\_\_\_ Director \_\_\_\_\_ 10% Owner  
 Officer (give title below) \_\_\_\_\_ Other (specify below)  
**Senior Vice President**

(Street)  
**YORKTOWN HEIGHTS, NY 10598**

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)  
 Form filed by One Reporting Person  
 \_\_\_ Form filed by More than One Reporting Person

(City) (State) (Zip)

**Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned**

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V Amount (D) Price			
Common Stock	07/28/2008		M	60,849 A \$ 97.59	101,370.1286	D	
Common Stock	07/28/2008		S	2,500 D \$ 126.59	98,870.1286	D	
Common Stock	07/28/2008		S	2,400 D \$ 126.6	96,470.1286	D	
Common Stock	07/28/2008		S	3,800 D \$ 126.61	92,670.1286	D	
Common Stock	07/28/2008		S	800 D \$ 126.62	91,870.1286	D	

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Common Stock	07/28/2008	S	1,200	D	\$ 126.63	90,670.1286	D
Common Stock	07/28/2008	S	5,100	D	\$ 126.64	85,570.1286	D
Common Stock	07/28/2008	S	300	D	\$ 126.65	85,270.1286	D
Common Stock	07/28/2008	S	400	D	\$ 126.66	84,870.1286	D
Common Stock	07/28/2008	S	200	D	\$ 126.67	84,670.1286	D
Common Stock	07/28/2008	S	700	D	\$ 126.68	83,970.1286	D
Common Stock	07/28/2008	S	200	D	\$ 126.69	83,770.1286	D
Common Stock	07/28/2008	S	3,400	D	\$ 126.7	80,370.1286	D
Common Stock	07/28/2008	S	4,000	D	\$ 126.71	76,370.1286	D
Common Stock	07/28/2008	S	1,900	D	\$ 126.72	74,470.1286	D
Common Stock	07/28/2008	S	700	D	\$ 126.73	73,770.1286	D
Common Stock	07/28/2008	S	600	D	\$ 126.76	73,170.1286	D
Common Stock	07/28/2008	S	1,900	D	\$ 126.77	71,270.1286	D
Common Stock	07/28/2008	S	1,845	D	\$ 126.78	69,425.1286	D
Common Stock	07/28/2008	S	370	D	\$ 126.79	69,055.1286	D
Common Stock	07/28/2008	S	1,600	D	\$ 126.82	67,455.1286	D
Common Stock	07/28/2008	S	1,000	D	\$ 126.825	66,455.1286	D
Common Stock	07/28/2008	S	5,080	D	\$ 126.83	61,375.1286	D
Common Stock	07/28/2008	S	477	D	\$ 126.8325	60,898.1286	D
Common Stock	07/28/2008	S	2,000	D	\$ 126.835	58,898.1286	D

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Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned**  
(e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)
Emp. Stock Option (right to buy)	\$ 97.59	07/28/2008		M	60,849	02/26/2006 <sup>(1)</sup> 02/25/2012	Common Stock 60,849

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
KELLY JOHN E III IBM CORPORATION P.O. BOX 218 YORKTOWN HEIGHTS, NY 10598			Senior Vice President	

## Signatures

D. Cummins for J. E. Kelly III by  
power-of-attorney

07/29/2008

\_\_Signature of Reporting Person Date

## Explanation of Responses:

- \* If the form is filed by more than one reporting person, see Instruction 4(b)(v).
- \*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) This grant vested in four equal annual installments; the last installment vested on the date shown above.

### Remarks:

Additional sales will be shown on a subsequent Form 4.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure.

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