

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)

3. Date of Earliest Transaction (Month/Day/Year)

___ Director ___ 10% Owner
 Officer (give title below) ___ Other (specify below)

IBM CORPORATION, P.O. BOX 218

07/28/2008

Senior Vice President

(Street)

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

6. Individual or Joint/Group Filing(Check Applicable Line)

YORKTOWN HEIGHTS, NY 10598

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)	Amount or Number of Shares
Emp. Stock Option (right to buy)	\$ 97.59	07/28/2008		M	60,849	02/26/2006 ⁽¹⁾ 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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