

INTERNATIONAL BUSINESS MACHINES CORP

Form 4

August 22, 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 *
PALMISANO SAMUEL J

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)
08/21/2008

Director 10% Owner
 Officer (give title below) Other (specify below)
Chairman, Pres., and CEO

IBM CORPORATION, NEW ORCHARD ROAD

(Street)

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

ARMONK, NY 10504

(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		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 Ownership: Beneficial or Indirect (Instr. 4)
			Code	V	Amount	Price			
Common Stock	08/21/2008		M		1,124	A \$ 88.955	35,655.9922	D	
Common Stock	08/21/2008		M		98,876	A \$ 88.955	134,531.9922	D	
Common Stock	08/21/2008		S		8,876	D \$ 121.76	125,655.9922	D	
Common Stock	08/21/2008		S		65,000	D \$ 122	60,655.9922	D	
Common Stock	08/21/2008		S		5,000	D \$ 122.1	55,655.9922	D	

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Common Stock	08/21/2008		S	10,000	D	\$ 122.25	45,655.9922	D	
Common Stock	08/21/2008		S	5,000	D	\$ 122.35	40,655.9922	D	
Common Stock	08/21/2008		S	5,000	D	\$ 122.5	35,655.9922	D	
Common Stock	08/18/2008		G V	800	D	\$ 0	34,855.9922	D	
Common Stock	08/20/2008		G V	186	D	\$ 0	194,962	I ⁽¹⁾	spouse
Common Stock	08/20/2008		G V	186	D	\$ 0	194,776	I ⁽¹⁾	spouse
Common Stock	08/20/2008		G V	186	D	\$ 0	194,590	I ⁽¹⁾	spouse
Common Stock	08/20/2008		G V	186	D	\$ 0	194,404	I ⁽¹⁾	spouse
Common Stock	08/20/2008		G V	186	A	\$ 0	309	I ⁽¹⁾	daughter
Common Stock	08/20/2008		G V	186	A	\$ 0	529	I ⁽¹⁾	son 1
Common Stock	08/20/2008		G V	186	A	\$ 0	309	I ⁽¹⁾	son 2

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

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

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(9-02)

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)		
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Emp. Stock	\$ 88.955	08/21/2008		M	98,876	02/23/2003 ⁽²⁾	02/22/2009	Common Stock	98,876

Option
(right to
buy)

Emp.
Stock

Option (right to buy)	\$ 88.955	08/21/2008		M	1,124	02/23/2003 ⁽²⁾	02/22/2009	Common Stock	1,124
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Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
PALMISANO SAMUEL J IBM CORPORATION NEW ORCHARD ROAD ARMONK, NY 10504	X		Chairman, Pres., and CEO	

Signatures

D. Cummins for S. J. Palmisano by
power-of-attorney

08/22/2008

__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) The reporting person disclaims beneficial ownership of the securities, and this report shall not be deemed an admission that the reporting person is the beneficial owner of such securities for purposes of Section 16 or for any other purpose.

(2) This grant vested in four equal annual installments; the last installment vested on the date shown above.

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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