

KERN R. FRANKLIN III
 Form 4
 August 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 *
KERN R. FRANKLIN 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)
 ___ Director ___ 10% Owner
 Officer (give title below) ___ Other (specify below)
Senior Vice President

(Last) (First) (Middle)
IBM CORPORATION, ONE NORTH CASTLE DRIVE
 (Street)

3. Date of Earliest Transaction (Month/Day/Year)
08/28/2008

ARMONK, NY 10504

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 Ownership (Instr. 4)
			Code	V	Amount or Price		
Common Stock	08/28/2008		M		968 A \$ 103.25	30,813	D
Common Stock	08/28/2008		M		24,032 A \$ 103.25	54,845	D
Common Stock	08/28/2008		S		5,000 D \$ 124.55	49,845	D
Common Stock	08/28/2008		S		5,000 D \$ 124.5924	44,845	D
Common Stock	08/28/2008		S		3,600 D \$ 124.6017	41,245	D

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Common Stock	08/28/2008	S	2,000	D	\$ 124.611	39,245	D
Common Stock	08/28/2008	S	4,900	D	\$ 124.616	34,345	D
Common Stock	08/28/2008	S	600	D	\$ 124.62	33,745	D
Common Stock	08/28/2008	S	1,500	D	\$ 124.6299	32,245	D
Common Stock	08/28/2008	S	400	D	\$ 124.63	31,845	D
Common Stock	08/28/2008	S	417	D	\$ 124.64	31,428	D
Common Stock	08/28/2008	S	615	D	\$ 124.65	30,813	D

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

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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)	Amount or Number of Shares	
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title	
Emp. Stock Option (right to buy)	\$ 103.25	08/28/2008		M	24,032	02/29/2004 ⁽¹⁾	02/28/2010	Common Stock	24,032
Emp. Stock Option (right to buy)	\$ 103.25	08/28/2008		M	968	02/29/2004 ⁽¹⁾	02/28/2010	Common Stock	968

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
KERN R. FRANKLIN III IBM CORPORATION ONE NORTH CASTLE DRIVE ARMONK, NY 10504			Senior Vice President	

Signatures

M. SooHoo for R. F. Kern III by
power-of-attorney

08/29/2008

__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.

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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