

PALMISANO SAMUEL J
 Form 4
 August 29, 2008

FORM 4

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

OMB APPROVAL

OMB Number: 3235-0287
 Expires: January 31, 2005
 Estimated average burden hours per response... 0.5

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)
 08/28/2008

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 (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 or Price		
Common Stock	08/28/2008		M		250,000 A \$ 78.13	284,855.9922	D
Common Stock	08/28/2008		S		2,500 D \$ 124.5	282,355.9922	D
Common Stock	08/28/2008		S		6,100 D \$ 124.5214	276,255.9922	D
Common Stock	08/28/2008		S		2,500 D \$ 124.55	273,755.9922	D
Common Stock	08/28/2008		S		8,000 D \$ 124.56	265,755.9922	D

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Common Stock	08/28/2008	S	5,000	D	\$ 124.57	260,755.9922	D
Common Stock	08/28/2008	S	6,000	D	\$ 124.576	254,755.9922	D
Common Stock	08/28/2008	S	11,500	D	\$ 124.5783	243,255.9922	D
Common Stock	08/28/2008	S	3,900	D	\$ 124.58	239,355.9922	D
Common Stock	08/28/2008	S	16,500	D	\$ 124.6	222,855.9922	D
Common Stock	08/28/2008	S	2,500	D	\$ 124.62	220,355.9922	D
Common Stock	08/28/2008	S	5,000	D	\$ 124.63	215,355.9922	D
Common Stock	08/28/2008	S	900	D	\$ 124.64	214,455.9922	D
Common Stock	08/28/2008	S	5,400	D	\$ 124.65	209,055.9922	D
Common Stock	08/28/2008	S	100	D	\$ 124.66	208,955.9922	D
Common Stock	08/28/2008	S	400	D	\$ 124.67	208,555.9922	D
Common Stock	08/28/2008	S	15,500	D	\$ 124.68	193,055.9922	D
Common Stock	08/28/2008	S	5,340	D	\$ 124.69	187,715.9922	D
Common Stock	08/28/2008	S	2,800	D	\$ 124.7	184,915.9922	D
Common Stock	08/28/2008	S	560	D	\$ 124.71	184,355.9922	D
Common Stock	08/28/2008	S	2,312	D	\$ 124.72	182,043.9922	D
Common Stock	08/28/2008	S	2,691	D	\$ 124.73	179,352.9922	D
Common Stock	08/28/2008	S	20	D	\$ 124.74	179,332.9922	D
Common Stock	08/28/2008	S	5,580	D	\$ 124.75	173,752.9922	D
Common Stock	08/28/2008	S	3,400	D	\$ 124.76	170,352.9922	D

309

I ⁽¹⁾

daughter

Common Stock			
Common Stock	529	I ⁽¹⁾	son 1
Common Stock	309	I ⁽¹⁾	son 2
Common Stock	194,404	I ⁽¹⁾	spouse

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

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SEC 1474
(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
Emp. Stock Option (right to buy)	\$ 78.13	08/28/2008		M	250,000	02/25/2007 ⁽²⁾	02/24/2013	Common Stock	250,000

Reporting Owners

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

Signatures

M. SooHoo for S. J. Palmisano 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) 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.

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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