

PALMISANO SAMUEL J
 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 *
 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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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)	\$ 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			
	Director	10% Owner	Officer	Other
PALMISANO SAMUEL J IBM CORPORATION NEW ORCHARD ROAD ARMONK, NY 10504	X		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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