

KELLY JOHN E III
 Form 4
 July 21, 2011

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

(Last) (First) (Middle)
 IBM CORPORATION, P.O. BOX 218
 (Street)

3. Date of Earliest Transaction (Month/Day/Year)
 07/20/2011

YORKTOWN HEIGHTS, NY 10598

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 Ownership (Instr. 4)		
				Code	V	Amount				(A) or (D)	Price
Common Stock	07/20/2011		M			25,000	A	\$ 105.96	67,625.1166	D	
Common Stock	07/20/2011		S			2,637	D	\$ 183.08	64,988.1166	D	
Common Stock	07/20/2011		S			1,400	D	\$ 183.09	63,588.1166	D	
Common Stock	07/20/2011		S			2,600	D	\$ 183.1	60,988.1166	D	
Common Stock	07/20/2011		S			1,800	D	\$ 183.11	59,188.1166	D	

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Common Stock	07/20/2011	S	2,600	D	\$ 183.12	56,588.1166	D
Common Stock	07/20/2011	S	800	D	\$ 183.13	55,788.1166	D
Common Stock	07/20/2011	S	600	D	\$ 183.14	55,188.1166	D
Common Stock	07/20/2011	S	900	D	\$ 183.15	54,288.1166	D
Common Stock	07/20/2011	S	900	D	\$ 183.17	53,388.1166	D
Common Stock	07/20/2011	S	600	D	\$ 183.18	52,788.1166	D
Common Stock	07/20/2011	S	300	D	\$ 183.19	52,488.1166	D
Common Stock	07/20/2011	S	900	D	\$ 183.2	51,588.1166	D
Common Stock	07/20/2011	S	400	D	\$ 183.21	51,188.1166	D
Common Stock	07/20/2011	S	300	D	\$ 183.22	50,888.1166	D
Common Stock	07/20/2011	S	100	D	\$ 183.23	50,788.1166	D
Common Stock	07/20/2011	S	200	D	\$ 183.24	50,588.1166	D
Common Stock	07/20/2011	S	400	D	\$ 183.25	50,188.1166	D
Common Stock	07/20/2011	S	100	D	\$ 183.26	50,088.1166	D
Common Stock	07/20/2011	S	400	D	\$ 183.27	49,688.1166	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	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)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)
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Derivative Security			or Disposed of (D) (Instr. 3, 4, and 5)				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares	
Emp. Stock Option (right to buy)	\$ 105.96	07/20/2011					M				25,000	02/24/2008 ⁽¹⁾	02/23/2014	Common Stock	25,000

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 on behalf of J. E.
Kelly III

07/21/2011

**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 transactions 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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