

INTERNATIONAL BUSINESS MACHINES CORP

Form 4

July 27, 2007

FORM 4**UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

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

OMB APPROVAL

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

(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)

(Last) (First) (Middle)
**IBM CORPORATION, 294 ROUTE
100**

3. Date of Earliest Transaction
(Month/Day/Year)
07/25/2007

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

(Street)
SOMERS, NY 10589

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 Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount (A) or (D)	Price	
Common Stock	07/25/2007		M		425	A \$ 78.13	36,419.7981 D
Common Stock	07/25/2007		M		54,000	A \$ 78.13	90,419.7981 D
Common Stock	07/25/2007		S		54,000	D \$ 115.46	36,419.7981 D

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**

SEC 1474
(9-02)

displays a currently valid OMB control number.

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
Emp. Stock Option (right to buy)	\$ 78.13	07/25/2007		M	54,000	02/25/2007 ⁽¹⁾ 02/24/2013	Common Stock	54,000
Emp. Stock Option (right to buy)	\$ 78.13	07/25/2007		M	425	02/25/2007 ⁽¹⁾ 02/24/2013	Common Stock	425

Reporting Owners

Reporting Owner Name / Address	Relationships
	Director 10% Owner Officer Other
KELLY JOHN E III IBM CORPORATION 294 ROUTE 100 SOMERS, NY 10589	Senior Vice President

Signatures

D. Cummins for J. E. Kelly III by
power-of-attorney 07/27/2007

__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.

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