

SECURITIES AND EXCHANGE COMMISSION

FORM 4

Statement of changes in beneficial ownership of securities

Filing Date: **2008-08-29** | Period of Report: **2008-08-28**

SEC Accession No. **0001181431-08-050743**

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REPORTING OWNER

KERN R. FRANKLIN III

CIK: **1430470**

Type: **4** | Act: **34** | File No.: **001-02360** | Film No.: **081048580**

Mailing Address

*IBM CORPORATION
C/O SECRETARY'S OFFICE,
NEW ORCHARD ROAD
ARMONK NY 10504*

Business Address

914-765-4314

ISSUER

INTERNATIONAL BUSINESS MACHINES CORP

CIK: **51143** | IRS No.: **130871985** | State of Incorporation: **NY** | Fiscal Year End: **1231**

SIC: **3570** Computer & office equipment

Mailing Address

*1 NEW ORCHARD RD
ARMONK NY 10504*

Business Address

*1 NEW ORCHARD ROAD
ARMONK NY 10504
9144991900*

FORM 4

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

OMB APPROVAL

OMB Number: 3235-0287
Expires: 02/28/2011
Estimated average burden hours per response 0.5

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP

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

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) <input type="checkbox"/> Director <input type="checkbox"/> 10% Owner <input checked="" type="checkbox"/> Officer (give title below) <input type="checkbox"/> Other (specify below) Senior Vice President	
(Last)	(First)	(Middle)	3. Date of Earliest Transaction (Month/Day/Year) 08/28/2008			
IBM CORPORATION, ONE NORTH CASTLE DRIVE						
(Street) ARMONK, NY 10504			4. If Amendment, Date Original Filed(Month/Day/Year)		6. Individual or Joint/Group Filing (Check applicable line) <input checked="" type="checkbox"/> Form Filed by One Reporting Person <input type="checkbox"/> 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 Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	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	
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	

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 Securities Underlying Derivative Security (Instr. 3 and 4)		8. Price of Derivative Security (Instr. 5)	9. Number of Derivative Securities Beneficially Owned Following Reported Transaction(s) (Instr. 4)	10. Ownership Form of Derivative Security: Direct (D) or Indirect (I) (Instr. 4)	11. Nature of Indirect Beneficial Ownership (Instr. 4)
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares				
Emp. Stock Option (right to buy)	\$103.25	08/28/2008		<u>M</u>			24,032	02/29/2004 ⁽¹⁾	02/28/2010	Common Stock	24,032	\$ 0	0	D	
Emp. Stock Option (right to buy)	\$103.25	08/28/2008		<u>M</u>			968	02/29/2004 ⁽¹⁾	02/28/2010	Common Stock	968	\$ 0	0	D	

Explanation of Responses:

- This grant vested in four equal annual installments; the last installment vested on the date shown above.

Signatures

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

** Signature of Reporting Person

08/29/2008

Date

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

* 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).

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure.

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