

INTERNATIONAL BUSINESS MACHINES CORP  
 Form 4  
 August 28, 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 \*  
 MACDONALD J RANDALL

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, NEW ORCHARD ROAD  
 (Street)

3. Date of Earliest Transaction (Month/Day/Year)  
 08/27/2008

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

ARMONK, NY 10504

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 Indirect Beneficial Ownership (Instr. 4)
				(A) or (D)	Price		
			Code	V	Amount		
Common Stock	08/27/2008		M		54,960	A	\$ 97.59 123,274.6177 D
Common Stock	08/27/2008		M		44,045	A	\$ 104.71 167,319.6177 D
Common Stock	08/27/2008		M		50,728	A	\$ 105.96 218,047.6177 D
Common Stock	08/27/2008		S		119,300	D	\$ 124 98,747.6177 D
Common Stock	08/27/2008		S		600	D	\$ 124.01 98,147.6177 D

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Common Stock	08/27/2008	S	1,100	D	\$ 124.02	97,047.6177	D
Common Stock	08/27/2008	S	5,000	D	\$ 124.03	92,047.6177	D
Common Stock	08/27/2008	S	3,800	D	\$ 124.04	88,247.6177	D
Common Stock	08/27/2008	S	5,800	D	\$ 124.05	82,447.6177	D
Common Stock	08/27/2008	S	500	D	\$ 124.055	81,947.6177	D
Common Stock	08/27/2008	S	1,200	D	\$ 124.06	80,747.6177	D
Common Stock	08/27/2008	S	200	D	\$ 124.07	80,547.6177	D
Common Stock	08/27/2008	S	100	D	\$ 124.075	80,447.6177	D
Common Stock	08/27/2008	S	900	D	\$ 124.08	79,547.6177	D
Common Stock	08/27/2008	S	4,833	D	\$ 124.09	74,714.6177	D
Common Stock	08/27/2008	S	300	D	\$ 124.1	74,414.6177	D
Common Stock	08/27/2008	S	3,100	D	\$ 124.11	71,314.6177	D
Common Stock	08/27/2008	S	100	D	\$ 124.115	71,214.6177	D
Common Stock	08/27/2008	S	2,100	D	\$ 124.12	69,114.6177	D
Common Stock	08/27/2008	S	200	D	\$ 124.2	68,914.6177	D
Common Stock	08/27/2008	S	600	D	\$ 124.21	68,314.6177	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)

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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 or Number of Shares
Emp. Stock Option (right to buy)	\$ 105.96	08/27/2008		M	50,728	02/24/2008 <sup>(1)</sup>	02/23/2014	Common Stock	50,728
Emp. Stock Option (right to buy)	\$ 104.71	08/27/2008		M	44,045	02/27/2005 <sup>(1)</sup>	02/26/2011	Common Stock	44,045
Emp. Stock Option (right to buy)	\$ 97.59	08/27/2008		M	54,960	02/26/2006 <sup>(1)</sup>	02/25/2012	Common Stock	54,960

## Reporting Owners

**Reporting Owner Name / Address**

**Relationships**

Director 10% Owner Officer Other

MACDONALD J RANDALL  
 IBM CORPORATION  
 NEW ORCHARD ROAD  
 ARMONK, NY 10504

Senior Vice President

## Signatures

M. SooHoo for J. R. MacDonald by  
 power-of-attorney

08/28/2008

\*\*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) 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.

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