KELLY JOHN E III

Form 4

November 18, 2009

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

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF

OMB APPROVAL OMB

3235-0287 Number:

January 31, Expires: 2005

0.5

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SECURITIES Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, obligations Section 17(a) of the Public Utility Holding Company Act of 1935 or Section may continue.

See Instruction

30(h) of the Investment Company Act of 1940

1(b).

(Print or Type Responses)

1. Name and Address of Reporting Person *

2. Issuer Name and Ticker or Trading

Issuer

KELLY JOHN E III

INTERNATIONAL BUSINESS MACHINES CORP [IBM]

(Check all applicable)

5. Relationship of Reporting Person(s) to

(Last) (First) (Middle) 3. Date of Earliest Transaction

Director X_ Officer (give title

10% Owner Other (specify

IBM CORPORATION, P.O. BOX

218

(City)

11/17/2009

(Month/Day/Year)

below) Senior Vice President

6. Individual or Joint/Group Filing(Check

(Street) 4. If Amendment, Date Original Filed(Month/Day/Year)

Symbol

Applicable Line) _X_ Form filed by One Reporting Person Form filed by More than One Reporting

Person

YORKTOWN HEIGHTS, NY 10598 (State)

(City)	(State)	(Zip) Tab	le I - Non-	Derivative	Secui	rities Acqui	ired, Disposed of,	or Beneficiall	y Owned
1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	Code (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)	
Common Stock	11/17/2009		Code V M	Amount 968	(D)	Price \$ 103.25	·	D	
Common Stock	11/17/2009		M	25,000	A	\$ 104.71	70,441.5244	D	
Common Stock	11/17/2009		S	35,000	D	\$ 127.41	35,441.5244	D	

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. Transactio Code (Instr. 8)	5. Number of orDerivative 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 o Underlying Securities (Instr. 3 and 4)	
				Code V	(A) (D)	Date Exercisable	Expiration Date	Title	Amount or Number of Share
Emp. Stock Option (right to buy)	\$ 104.71	11/17/2009		M	25,000	02/27/2005(1)	02/26/2011	Common Stock	25,000
Emp. Stock Option (right to buy)	\$ 103.25	11/17/2009		M	968	02/29/2004(1)	02/28/2010	Common Stock	968

Reporting Owners

Reporting Owner Name / Address Relationships

Director 10% Owner Officer Other

KELLY JOHN E III IBM CORPORATION P.O. BOX 218

Senior Vice President

YORKTOWN HEIGHTS, NY 10598

Signatures

D. Cummins on behalf of J. E. Kelly III

11/18/2009

**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.

Reporting Owners 2