

KELLY JOHN E III
 Form 4
 May 17, 2010

FORM 4

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

OMB APPROVAL

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

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)
05/14/2010

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 Indirect Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price
Common Stock	05/14/2010		M		25,000	A	\$ 120.12
					86,800.187	D	
Common Stock	05/14/2010		S		3,700	D	\$ 129.49
					83,100.187	D	
Common Stock	05/14/2010		S		200	D	\$ 129.495
					82,900.187	D	
Common Stock	05/14/2010		S		1,380	D	\$ 129.5
					81,520.187	D	
Common Stock	05/14/2010		S		3,300	D	\$ 129.51
					78,220.187	D	

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Common Stock	05/14/2010	S	636	D	\$ 129.515	77,584.187	D
Common Stock	05/14/2010	S	700	D	\$ 129.52	76,884.187	D
Common Stock	05/14/2010	S	564	D	\$ 129.525	76,320.187	D
Common Stock	05/14/2010	S	3,537	D	\$ 129.53	72,783.187	D
Common Stock	05/14/2010	S	100	D	\$ 129.535	72,683.187	D
Common Stock	05/14/2010	S	300	D	\$ 129.5375	72,383.187	D
Common Stock	05/14/2010	S	251	D	\$ 129.54	72,132.187	D
Common Stock	05/14/2010	S	560	D	\$ 129.55	71,572.187	D
Common Stock	05/14/2010	S	1,100	D	\$ 129.555	70,472.187	D
Common Stock	05/14/2010	S	800	D	\$ 129.5575	69,672.187	D
Common Stock	05/14/2010	S	100	D	\$ 129.56	69,572.187	D
Common Stock	05/14/2010	S	100	D	\$ 129.67	69,472.187	D
Common Stock	05/14/2010	S	300	D	\$ 129.7	69,172.187	D
Common Stock	05/14/2010	S	800	D	\$ 129.72	68,372.187	D
Common Stock	05/14/2010	S	1,858	D	\$ 129.73	66,514.187	D

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

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SEC 1474
(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 Share	
Emp. Stock Option (right to buy)	\$ 120.12	05/14/2010	M						25,000	09/26/2004 ⁽¹⁾	09/25/2010	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

05/17/2010

__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. 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.