

INTERNATIONAL BUSINESS MACHINES CORP
 Form 4
 May 09, 2007

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 *
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
 (Street)
SOMERS, NY 10589
 (City) (State) (Zip)

3. Date of Earliest Transaction (Month/Day/Year)
05/08/2007

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

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

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 (Instr. 4)
				(A) or (D)	Price		
Common Stock	05/08/2007		M	3,125	A \$ 0	37,258.7999	D
Common Stock	05/08/2007		F	1,369	D \$ 102.8	35,889.7999	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 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 Security (Instr. 3 and 4)
Emp. Stock Option (right to buy)	\$ 102.8	05/08/2007		A	6,698	05/08/2010 ⁽¹⁾ 05/07/2017 ⁽¹⁾	Common Stock
Rst. Stock Unit	\$ 0 ⁽²⁾	05/08/2007		A ⁽²⁾	8,527	⁽²⁾ ⁽²⁾	Common Stock
Rst. Stock Unit	\$ 0 ⁽³⁾	05/08/2007		M ⁽⁴⁾	3,125	⁽³⁾ ⁽³⁾	Common Stock
Phantom Stock Unit	\$ 0 ⁽⁵⁾	05/08/2007		A ⁽⁶⁾	32	⁽⁷⁾ ⁽⁷⁾	Common Stock

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 05/09/2007

 **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) These derivative securities vest 100% on the date exercisable shown. All expire on the expiration date shown above.

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- (2) Upon lapse of the restrictions, these units are payable in cash or the company's common stock. The restrictions lapse for 2,842 of these units on 05/08/2008, for 2,842 of these units on 05/08/2009, and for the remaining 2,843 of these units on 05/08/2010.
- (3) These units were payable in cash or the company's common stock upon the lapse of the restrictions on the transaction date shown.
- (4) Release of restricted stock units.
- (5) Phantom stock units convert to the cash value of the company's common stock on a one-for-one basis.
- (6) Acquisition of phantom stock units under the IBM Executive Deferred Compensation Plan.
- (7) Distribution of phantom stock units under the IBM Executive Deferred Compensation Plan is deferred until separation from the company.

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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