

KELLY JOHN E III  
 Form 4  
 May 10, 2011

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

(Last) (First) (Middle)

**IBM CORPORATION, P.O. BOX 218**

3. Date of Earliest Transaction (Month/Day/Year)  
**05/06/2011**

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

**YORKTOWN HEIGHTS, NY 10598**

(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 Ownership (Instr. 4) |     |
|---------------------------------|--------------------------------------|--|--------------------------------|---|-------|--------|---|--|-----------------------------------|-----|
|                                 |                                      |  |                                | Code  | V     | Amount |   |  |                                   | (D) |
| Common Stock                    | 04/27/2011                           |  | G                              | V   | 275   | D      | \$ 0  | 43,345.2467  | D                                 |     |
| Common Stock                    | 04/27/2011                           |  | G                              | V   | 2,225 | D      | \$ 0  | 41,120.2467  | D                                 |     |
| Common Stock                    | 05/08/2011                           |  | M                              |   | 2,524 | A      | \$ 0  | 43,644.2467  | D                                 |     |
| Common Stock                    | 05/08/2011                           |  | F                              |   | 1,167 | D      | \$ 169.21   | 42,477.2467  | 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)

| 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) | 8. Price or Value of Underlying Securities (Instr. 3 and 4) |                            |    |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|---|----------------------------|----|
|  |  |                                      |  | Code                           | V (A) (D)   | Date Exercisable   | Expiration Date   | Title   | Amount or Number of Shares |    |
| Rst. Stock Unit                            | \$ 0 <sup>(1)</sup>                                    | 05/08/2011                           |  | M <sup>(2)</sup>               | 2,524   | <sup>(1)</sup>   | <sup>(1)</sup>  | Common Stock  | 2,524                      | \$ |
| Phantom Stock Unit                         | \$ 0 <sup>(3)</sup>                                    | 05/06/2011                           |  | A <sup>(4)</sup>               | 40  | <sup>(5)</sup>   | <sup>(5)</sup>  | Common Stock  | 40                         | \$ |

## Reporting Owners

| Reporting Owner Name / Address  | Relationships                    |
|---|----------------------------------|
|   | Director 10% Owner Officer Other |
| KELLY JOHN E III<br>IBM CORPORATION<br>P.O. BOX 218<br>YORKTOWN HEIGHTS, NY 10598 | Senior Vice President            |

## Signatures

D. Cummins on behalf of J. E. Kelly III      05/10/2011

\_\_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 units were payable in cash or the company's common stock upon the lapse of the restrictions on the transaction date shown.
- (2) Release of restricted stock units.
- (3) Phantom stock units convert to the cash value of the company's common stock on a one-for-one basis.

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- (4) Acquisition of phantom stock units under the IBM Excess 401(k) Plus Plan.
- (5) Distribution of phantom stock units under the IBM Excess 401(k) Plus Plan is deferred until separation from the company. The reporting person may transfer these phantom stock units into an alternative investment account under such plan.

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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