



Year	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	16-18
Revenues per sh	40.54	44.10	48.52	50.14	49.83	47.14	52.60	58.52	57.90	60.69	71.31	77.39	73.36	81.33	91.92	93.53	94.00	98.10	119.00
"Cash Flow" per sh	5.72	6.10	7.50	7.41	7.27	6.53	7.27	8.24	8.71	9.56	11.28	13.28	14.11	16.01	17.77	19.04	19.65	21.05	25.35
Earnings per sh <sup>A</sup>	3.01	3.29	3.72	4.44	4.35	3.95	4.34	5.05	5.22	6.01	7.18	8.93	10.01	11.52	13.06	14.37	15.10	16.25	20.00
Div'ds Decl'd per sh <sup>B</sup>	.39	.44	.47	.51	.55	.59	.63	.70	.78	1.10	1.50	1.90	2.15	2.50	2.90	3.30	3.70	3.95	5.00
Cap'l Spending per sh	3.51	3.52	3.30	3.19	3.28	2.76	2.59	2.65	2.44	2.90	3.34	3.11	2.64	3.41	3.53	3.65	3.50	3.50	4.50
Book Value per sh <sup>D</sup>	10.10	10.36	11.23	11.56	13.70	13.23	16.44	18.08	21.03	18.92	20.55	10.06	17.43	18.87	17.40	16.88	22.25	31.55	61.30
Common Shs Outst'g <sup>C</sup>	1936.5	1851.8	1804.2	1762.9	1723.2	1722.4	1694.5	1645.6	1574.0	1506.5	1385.2	1339.1	1305.3	1228.0	1163.2	1117.4	1085.0	1065.0	1000.0
Avg Ann'l P/E Ratio	15.1	19.0	28.9	24.8	24.7	21.4	19.6	18.0	16.1	13.9	14.8	12.3	10.9	11.4	13.1	13.7	13.0	12.5	13.0
Relative P/E Ratio	.87	.99	1.65	1.61	1.27	1.17	1.12	.95	.86	.75	.79	.74	.73	.73	.82	.88	.88	.85	.85
Avg Ann'l Div'd Yield	.9%	.7%	.4%	.5%	.7%	.7%	.7%	.8%	.9%	1.3%	1.4%	1.7%	2.0%	1.9%	1.7%	1.7%	1.7%	1.7%	1.9%

Year	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	16-18
Total Debt \$34122 mill. Due in 5 Yrs \$23238 mill.	89131	96293	91134	91424	98786	103630	95758	99870	106916	104507	102000	104500	119000						
LT Debt \$26292 mill. LT Interest \$740 mill.	4701.0	4915.0	5188.0	4983.0	5201.0	5450.0	4994.0	4831.0	4815.0	4676.0	4600	4700	5350						
(LT interest earned: 30.1x; total interest coverage: 22.1x)	7613.0	8643.0	8519.0	9416.0	10418	12334	13425	14833	15855	16604	16725	17700	20000						
Pension Assets-12/12 \$84.3 bill. Oblig. \$105.5	30.0%	30.0%	30.3%	29.3%	28.1%	26.2%	26.0%	24.8%	24.5%	24.2%	22.0%	25.0%	25.0%						
Prd Stock None	8.5%	9.0%	9.3%	10.3%	10.5%	11.9%	14.0%	14.9%	14.8%	15.9%	16.4%	16.9%	16.8%						
Common Stock 1,095,425,823 shs.	7098.0	7172.0	10509	4569.0	8867.0	6569.0	12933	7554.0	8805.0	5808.0	6000	6500	8000						
MARKET CAP \$208 billion (Large Cap)	16986	14828	15425	13780	23039	22689	21932	21846	22857	24088	26500	28000	35000						
CURRENT POSITION 2011 2012 6/30/13	27864	29747	33098	28506	28470	13465	22755	23172	20236	18860	24150	33600	61300						
Cash Assets	17.5%	19.9%	18.3%	23.1%	21.3%	35.6%	31.2%	33.8%	37.6%	39.5%	34.0%	29.5%	21.5%						
Receivables	27.3%	29.1%	25.7%	33.0%	36.6%	91.6%	59.0%	64.0%	78.4%	88.0%	69.5%	52.5%	32.5%						
Inventory (Avg Cst)	23.4%	25.1%	22.0%	27.1%	29.1%	72.4%	46.4%	50.3%	61.2%	68.0%	52.0%	40.0%	24.5%						
Other	14%	14%	15%	18%	21%	21%	21%	21%	22%	23%	25%	24%	25%						

**BUSINESS:** International Business Machines Corporation is a worldwide supplier of advanced information processing technology, communication systems, services, and program products. 2012 revenue breakdown: Global Technology Services, 38%; Global Business Services, 18%; Systems and Technology, 17%; Software, 24%; Global Financing, 2%; Other, 1%. Foreign business: 57% of 2012 revenues; Research, 6.0%. '12 depreciation rate: 11.6%. Has 434,246 empl. Officers & directors control less than 1% of stock; BlackRock, 5.08%; State Street, 5.5%; Berkshire Hathaway, 6.03% (3/13 proxy). Chairman: Samuel J. Palmisano. Pres. & CEO: Virginia M. Rometty. Inc.: NY. Add.: New Orchard Road, Armonk, NY 10504. Tel.: 914-499-1900. Internet: www.ibm.com.

**IBM's revenue continued declining in the June quarter.** Its software revenues rose 4%, but services and hardware (excluding a divested business) fell 3% and 8%, respectively. A workforce rebalancing charge (\$0.65 a share) also contributed to the unfavorable earnings comparison. **Top-line progress in the year ahead probably will be slow.** Currency headwinds, which lowered June-quarter revenues by 2%, are expected to worsen. And the Power systems and Asian markets probably will remain challenging. But IBM had a good software pipeline at mid-2013. The services backlog has grown. And IBM finished restructuring its low-margin outsourcing contracts, so the initiative should no longer be a drag on services revenues. **Meanwhile the significant divestiture gain, which IBM had been counting on to offset the workforce rebalancing charge, is now not expected to be realized in 2013.** To be sure, the rebalancing effort may generate some cost savings in the second half. Tax settlements might lift December-quarter results. Too, IBM had \$7.7 billion of a buyback authorization left at mid-2013, so stock repurchases are like-

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2010	22857	23724	24271	29018	99870
2011	24607	26666	26157	29486	106916
2012	24673	25783	24747	29304	104507
2013	23408	24924	24500	29168	102000
2014	24000	25500	25000	30000	104500

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2010	1.97	2.61	2.82	4.18	11.52
2011	2.31	3.00	3.19	4.62	13.06
2012	2.61	3.34	3.33	5.13	14.37
2013	2.70	2.91	3.70	5.79	15.10
2014	2.95	3.30	4.00	6.00	16.25

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2009	.50	.55	.55	.55	2.15
2010	.55	.65	.65	.65	2.50
2011	.65	.75	.75	.75	2.90
2012	.75	.85	.85	.85	3.30
2013	.85	.95			

(A) Based on average shs. until '97, then diluted. Excl. nonrecurring gains (losses): '02, (\$1.89); '04, (\$0.11); '05, (\$0.34); gain (losses) from discontinued operations; '03, (\$0.02); '04, (\$0.01); '05, (\$0.02); '06, \$0.05. Quarters may not sum due to change in shares. Next earnings report mid-Oct. (B) Dividends historically paid in early March, June, September, and December. (C) In millions. (D) Incl. Intangibles. In Q2, '13, \$32.3 billion, \$29.45/sh. (E) In '08, incl. \$15.2 bill. retirement benefit plan loss.

**Company's Financial Strength** A++  
**Stock's Price Stability** 95  
**Price Growth Persistence** 80  
**Earnings Predictability** 100

To subscribe call 1-800-833-0046.

Theresa Brophy October 4, 2013