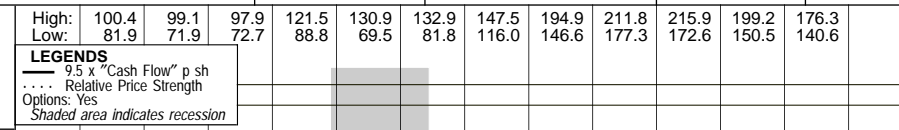


INT'L BUS. MACH. NYSE-IBM

RECENT PRICE **144.43** P/E RATIO **10.3** (Trailing: 9.6 Median: 13.0) RELATIVE P/E RATIO **0.60** DIV'D YLD **3.6%** **VALUE LINE**

TIMELINESS 4 Lowered 7/31/15
SAFETY 1 Raised 4/15/05
TECHNICAL 3 Raised 8/14/15
 BETA .85 (1.00 = Market)



2018-20 PROJECTIONS			
Price	Gain	Ann'l Total Return	
High 240	(+65%)	16%	
Low 195	(+35%)	11%	

Insider Decisions	
to Buy	to Sell
0 0 0 0 0 0 0 0	0 0 3 0 1 0 0 1
0 0 2 0 1 0 0 0	0 0 2 7 0 1 3 0 1

Institutional Decisions		
4Q2014	1Q2015	2Q2015
to Buy 619	686	639
to Sell 1020	921	868
Hlds(000) 574895	588305	578324

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Price	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	94.61	93.68	86.45	89.35
High	7.50	7.41	7.27	6.53	8.24	8.71	9.56	11.28	13.28	14.11	16.01	17.77	19.04	20.07	20.44	20.44	18.65	18.90
Low	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	14.94	15.59	14.25	14.25
Div's	.47	.51	.55	.59	.63	.70	.78	1.10	1.50	1.90	2.15	2.50	2.90	3.30	3.70	4.25	5.00	5.20
Cap'l Spending	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	3.93	4.22	3.60	4.00
Book Value	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	21.62	11.98	17.30	23.70
Common Shs	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	1054.4	990.52	960.0	940.0
P/E Ratio	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	11.7	13.0	13.0
Relative P/E	1.65	1.61	1.27	1.17	1.12	.95	.86	.75	.79	.74	.73	.73	.82	.87	.73	.62	2.3%	2.3%
Div'd Yield	.4%	.5%	.5%	.7%	.7%	.8%	.9%	1.3%	1.4%	1.7%	2.0%	1.9%	1.7%	1.7%	1.9%	2.3%	3.6%	3.6%

CAPITAL STRUCTURE as of 6/30/15	
Total Debt	Due in 5 Yrs
\$38668 mill.	\$19246 mill.
LT Debt \$33339 mill.	LT Interest \$945 mill.
(LT interest earned: 19.0x; total interest coverage: 16.9x)	
(71% of Cap'l)	

Pension Assets-12/14		Oblig.	
\$147.4 bill.	\$112.3 bill.		

Prd Stock None	
Common Stock	979,529,828 shs.

MARKET CAP \$141 billion (Large Cap)	
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CURRENT POSITION		2013	2014	6/30/15
Cash Assets		11066	8476	8760
Receivables		31836	31831	27910
Inventory (Avg Cst)		2310	2103	1912
Other		6138	7012	6604
Current Assets		51350	49422	45186
Accts Payable		7461	6864	5943
Debt Due		6862	5731	5329
Other		25831	27005	24263
Current Liab.		40154	39600	35535

ANNUAL RATES		Past 10 Yrs	Past 5 Yrs	Est'd '12-'14
of change (per sh)				
Revenues	"Cash Flow"	6.0%	5.0%	.5%
Earnings		10.5%	9.0%	2.0%
Dividends		13.0%	11.5%	2.0%
Book Value		19.5%	15.0%	8.0%

QUARTERLY REVENUES (\$ mill.)		Full Year		
Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31
2012	24673	25783	24747	29304
2013	23408	24924	23720	27699
2014	22236	24047	22397	24113
2015	19590	20813	19800	22297
2016	19000	20500	19500	22500

EARNINGS PER SHARE ^		Full Year		
Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31
2012	2.61	3.34	3.33	5.13
2013	2.70	2.91	3.68	5.73
2014	2.43	4.23	3.46	5.54
2015	2.43	3.58	3.00	5.24
2016	2.25	3.40	3.20	5.40

QUARTERLY DIVIDENDS PAID ^		Full Year		
Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31
2011	.65	.75	.75	.75
2012	.75	.85	.85	.85
2013	.85	.95	.95	.95
2014	.95	1.10	1.10	1.10
2015	1.10	1.30	1.30	1.30

BUSINESS: International Business Machines Corporation is a worldwide supplier of advanced information processing technology, communication systems, services, and program products. 2014 revenue breakdown: Global Technology Services, 38%; Global Business Services, 18%; Systems and Technology, 10%; Software, 32%; Global Financing, 2%. Foreign business: 55% of 2014 revenues; Research, 5.8%. '14 depreciation rate: 11.5%. Has 379,592 empl. Officers & directors control less than 1% of stock; Berkshire Hathaway, 7.8%; State Street, 5.5%; BlackRock, 5.4%; Vanguard Group, 5.6% (3/15 proxy). Chairman, Pres. & CEO: Virginia M. Rometty. Inc.: NY. Add.: New Orchard Road, Armonk, NY 10504. Tel.: 914-499-1900. Internet: www.ibm.com.

For IBM, 2015 is turning out to be a perfect storm. Not only is the company struggling to shift its revenue mix to newer, faster-growing markets, but it also is taking a hit from currency volatility and slower growth in emerging economies. **June-quarter revenues fell 13%, or only 1% adjusted for currency and last year's divestitures.** On an adjusted basis, revenues were flat in developed nations but fell 5% in emerging economies, with the BRICs (Brazil, Russian, India, and China) down 35% as reported and 18% adjusted. Without the BRICs, total revenues would have risen 1%. Adjusted services revenues (60% of the total) were flatish. Software (which has very high margins) fell 3%. Systems revenues (only 10% of the mix) rose 5%, helped by new System z and Power systems, and the absence of the divested Systems x line. The gross margin benefited from the shift to higher-value offerings, but pretax margins were hurt by investment spending, currency shifts, and workforce rebalancing costs. **Some things are going well, but IBM still faces an uphill climb in its quest to put revenues and earnings back on a growth track.** We now figure share net in 2015 will come in at the low end of IBM's \$14.25-\$15.00 range (including \$1.50 of nonoperating costs), and look for lower revenues and operating margin improvement to result in flat earnings in 2016. Revenues from strategic markets, like analytics, grew at a 30% annual pace in the June quarter, with cloud computing up 70%, but these areas don't yet contribute enough to offset declines in legacy offerings and in developing nations (which may worsen in the difficult year ahead). The currency headwinds are likely to persist. Year-ahead earnings prospects depend heavily on revenue picking up in the high-margined software business. The company will need to balance spending on areas of opportunity with savings from productivity improvements. **IBM shares took a significant hit in the August stock market rout.** Though very patient investors may want to take advantage of the recent weakness to establish positions, the road to recovery may be long, and the Dow stock's Timeliness rank has slipped a notch, to 4 (Below Average).

Theresa Brophy
October 2, 2015

Revenue	Operating Margin	Depreciation	Net Profit	Income Tax Rate	Net Profit Margin	Working Cap'l	Long-Term Debt	Shr. Equity	Return on Total Cap'l	Return on Shr. Equity	Retained to Com Eq	All Div'ds to Net Prof
88000	27.5%	4600	15250	20.0%	17.3%	12000	40000	42300	19.5%	36.0%	23.0%	36%
Revenues (\$mill)	Operating Margin	Depreciation (\$mill)	Net Profit (\$mill)	Income Tax Rate	Net Profit Margin	Working Cap'l (\$mill)	Long-Term Debt (\$mill)	Shr. Equity (\$mill)	Return on Total Cap'l	Return on Shr. Equity	Retained to Com Eq	All Div'ds to Net Prof

(A) Based on diluted shs. Excl. nonrecurring gains (losses) from discontinued operations; '03, (\$0.02); '04, (\$0.01); '05, (\$0.02); '06, (\$0.05); '14, (\$3.65). Quarters may not sum due to change in shs. Next earnings report mid-Oct. (B) Dividends historically paid in early March, June, September, and December. Dividend reinvestment plan available. (C) In millions. (D) Incl. Intangibles. As of 6/30/15, \$33.5 billion, \$34.17/sh. (E) In '08, incl. \$15.2 bill. retirement benefit plan loss. Company's Financial Strength A++ Stock's Price Stability 90 Price Growth Persistence 55 Earnings Predictability 100