

Report generated on June 19, 2011

Rating Overview

Closing Price as of 06/17/2011  
**\$164.44**

Market Cap  
**\$199.17B**

Dividend Yield  
**1.82%**

P/E (ttm)  
**13.60**

Market Beta  
**0.74**

NDR Insider Rating  
**Neutral**

#### CURRENT NDR STOCK RATING

NEW

**Buy**

Neutral

Sell

IBM is on a new BUY signal. IBM's buy rating is due to its NDR Equity Focus Rank of 94.01, which exceeds the required buy rating rank of 90. On a relative basis, IBM has strong technicals and fundamentals.

NDR's Equity Focus Rank seeks profitable, undervalued companies with strong price momentum. See below to view IBM's NDR Equity Focus Rank along with its three components (Technical, Profitability, and Valuation).

#### NDR EQUITY FOCUS RANKS

Composite Rank **94.01**

*Combines Technical, Profitability & Valuation Rankings.*

Technical Rank **69.00**

*Consists of Sector, Sub-Industry & Stock Price Momentum.*

Profitability Rank **96.65**

*Relates Earnings to Recent Historical Earnings, Assets, etc.*


Valuation Rank **74.70**

*Compares Earnings, Cash Flow and Sales to Market Value.*

Rankings are from 0 (worst) to 100 (best) across the NDR Broad Market Equity Series Multi-Cap Universe.

#### STOCK CLASSIFICATIONS

Sector **Information Technology** 

Sub-Industry **It Consulting & Services** 

Capitalization **Large** 

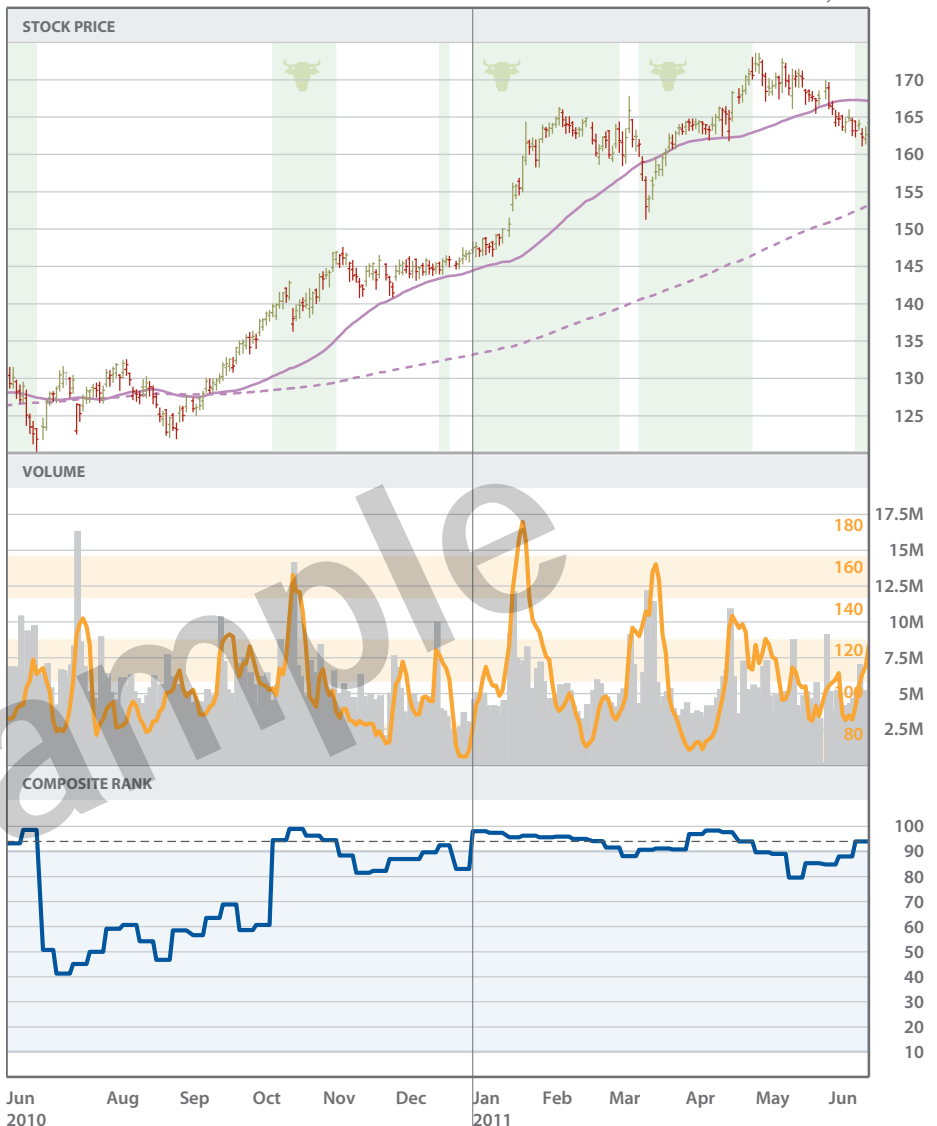
Style **Core** 

Quality **High** n.a.

Dividend **Payer** n.a.

 Overweight  Marketweight  Underweight

Classification relative recommendations based on NDR strategists' objective insights and models.



— 50-Day Moving Average  
--- 200-Day Moving Average

 Bullish  
 Bearish

— Volume 5-/30-Day Deviation from Trend  
— Composite Rank  
--- Composite Rank's Current Level

#### IBM SHARE INFORMATION

52-Week Range (Low/High)	<b>121.86/172.87</b>
% From 52 Week Low/High	<b>34.94/-4.88</b>
YTD % Return	<b>11.50</b>
4-Week Volume Turnover	<b>7.93</b>
Short Interest Ratio	<b>3.20</b>

#### IBM EARNINGS ESTIMATES

	12/2011	12/2012	12/2013
Mean Est.	<b>13.23</b>	<b>14.59</b>	<b>16.33</b>
High Est.	<b>13.43</b>	<b>15.06</b>	<b>17.18</b>
Low Est.	<b>13.11</b>	<b>13.84</b>	<b>14.86</b>
No. Analysts	<b>22</b>	<b>22</b>	<b>4</b>
Est. P/E Ratio	<b>12.43</b>	<b>11.27</b>	<b>10.07</b>

Source: Zacks Investment Research. Operating earnings are used.

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Supplemental Information

## HISTORICAL GROWTH RATES OF PER SHARE VALUES (%)

	EARNINGS	SALES	BOOK VALUE	CASH FLOW	DIVIDEND
Full History Growth Rate	5.79	6.30	1.97	7.96	0.64
Last Five Years Growth Rate	18.03	6.45	-4.13	12.36	20.62
Change Over Last 12 Months	15.92	11.65	9.55	-3.35	18.18
Last Quarter Non-Annualized Growth	2.89	3.24	-0.19	-1.88	0.00

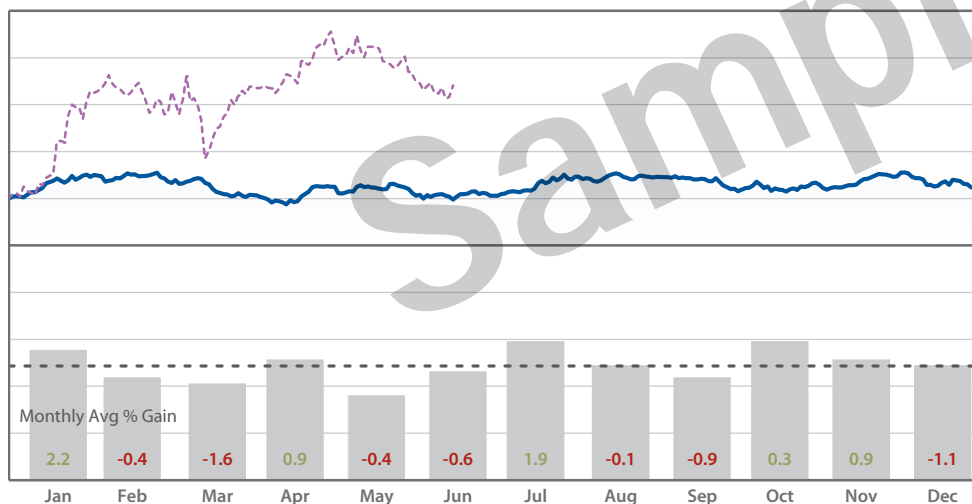
Growth rates capped at +100%

## FUNDAMENTAL COMMENTARY

- IBM's per share growth rates show neither a positive nor negative outlook.
- IBM appears overvalued based on its Price/Book of 8.87, which is greater than the Information Technology sector's top quintile value of 1.42.
- IBM appears normally valued based on its Price/Earnings (TTM) of 13.60, which is between the Information Technology sector's top and bottom quintile values of 34.44 and 11.73, respectively.

## SEASONAL CYCLE (vs S&P 500 Index)

Daily Data



### Historical & Current Cycle Patterns

- Historical Cycle Pattern (Based on Daily Data from 1972-2010)
- Current Cycle (Through 6/17/2011)

Current cycle variance has been adjusted: Daily returns have been multiplied by 0.50, and then relinked so that current cycle can be shown. Pattern is more important than level.

### % of Time (for Each Month) IBM Outperformed S&P 500 Index

- Average % of Time in Which IBM Outperformed the S&P 500 Index (1972-2010)

## TECHNICAL COMMENTARY

- IBM's percentage of time outperforming the S&P 500 Index in June is not definitively positive or negative. The average excess return in June is -0.62%.
- IBM/S&P 500 Index currently lies 2.34% above its 50-day moving average and 6.19% above its 200-day moving average.
- IBM/Information Technology sector currently lies 4.80% above its 50-day moving average and 11.06% above its 200-day moving average.

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