

The Berkshire Anne Hathaway's



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CMO Eli Von Berg, and Co-CMO Tasha Phillips



History

- 1911-The Computing-Tabulating-Recording Company was founded
- 1924- C-T-R was renamed International Business Machines Corporation (IBM)
- 1960's- Shift from bundled business sales to individual sales
- 1973- Introduced first Automatic Teller Machine (ATM)
- 1981- First IBM personal computer
- 1990's- Rise of the server
- 2000's- Decreased hardware manufacturing/ emphasis on consulting for IT and process solutions
- 2012- IBM was awarded more patents than any other company for the 20th consecutive year



Business Strategy

- Increasing presence in higher-value areas such as services, software, and integrated solutions
 - Acquired more than 140 companies since 2000
- Continued focus on innovation to provide higher level of business value to clients
 - Awarded 6,478 patents in 2012
- Help clients become more innovative, efficient, and competitive through business insight and IT solutions



Business Model

- Global Technology Services
- Global Business Services
- Software
- Systems and Technology
- Global Financing



Global Technology Services

- Provides IT infrastructure and business process services
- Broken into 4 segments:
 - Strategic Outsourcing Services
 - Global Process Services
 - Integrated Technology Services
 - Technology Support Services



Global Business Services

- Role of GBS is to drive initiatives that integrate IBM content and solutions and drive the progress of the 4 growth initiatives
- 2 segments:
 - Consulting
 - Application Management Services



Software

- Consists primarily of middleware and operating systems software
- 6 segments:
 - WebSphere Software
 - Information Management Software
 - Tivoli Software
 - Lotus Software
 - Rational Software
 - Operating Systems



Systems and Technology

- Provides clients with business solutions requiring advanced computing power and storage capabilities
- 3 segments:
 - Systems
 - Storage
 - Microelectronics



Global Financing

- Facilitates clients' acquisition of IBM systems, software and services
- 3 segments:
 - Client Financing
 - Commercial Financing
 - Remanufacturing and Remarketing



Growth Initiatives

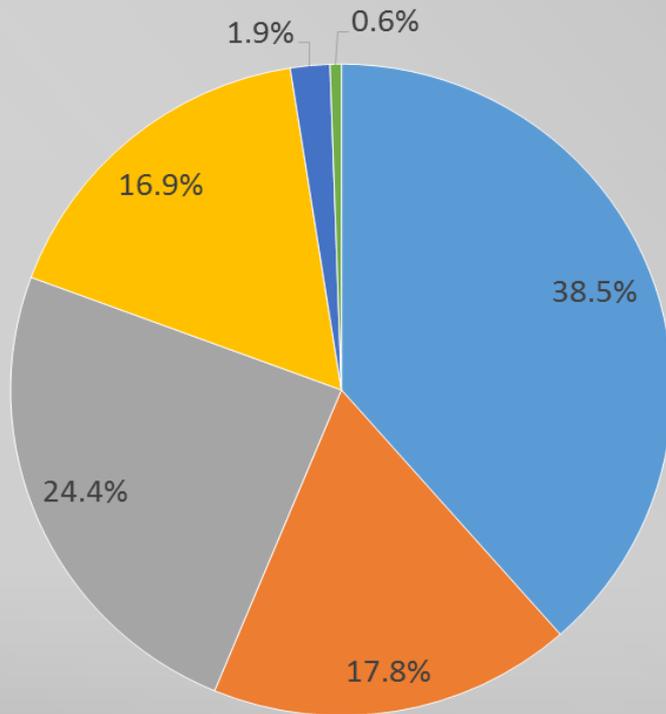
- Smarter Planet
 - Smarter Commerce, Smarter Cities, Social Business
- Growth Markets
 - Emerging countries (Africa), deepen R&D capabilities on the ground
- Business Analytics and Optimization
 - Big Data, Smarter Analytics, faster/better decisions, process optimization
- Cloud Computing
 - Wireless access to servers stored at IBM, Enhance consumption/delivering of business/IT services, low cost to both IBM and businesses



Cloud Based Acquisitions

- 8 Cloud company acquisitions total
- First cloud based acquisition:
 - Cast Iron Systems Co., May 2010
 - Cloud integration
- Latest cloud based acquisition:
 - Fiberlink Communications, November 2013
 - Enterprise Mobile Management

Revenue by Segment



- Global Technology Services
- Global Business Services
- Software
- Systems and Technology
- Global Financing
- Other



Revenue from Industries

- Financial Services: Banking, Financial Markets, Insurance
- Public: Education, Government, Healthcare, Life Sciences
- Industrial: Aerospace and Defense, Automotive, Chemical and Petroleum, Electronics
- Distribution: Consumer Products, Retail, Travel and Transportation
- Communications: Telecommunications, Media and Entertainment, Energy and Utilities
- General Business: Cross-sector representation of intermediate-sized large enterprises as well as mid-market clients (less than 1,000 employees)



Competitors

- Global Services

- Accenture, Amazon.com, Inc, Computer Sciences Corporation, Fujitsu, Hewlett-Packard, and consulting practices of public accounting firms.

- Software

- CA, Inc., Microsoft Corporation, and Oracle Corporation.

- Systems and Technology

- Cisco Systems, Inc., Dell, Inc., EMC Corporation, HP, and Oracle.

- Global Financing

- Captive financing entities of companies such as Cisco and HP, Non-captive financing entities of companies such as General Electric Company, and banks or financial institutions.



Risk Factors

- *Technology Risk*

- *IBM's Intellectual Property Portfolio may not prevent Competitive Offerings, and IBM may not be able to Obtain Necessary Licenses*
- *Cybersecurity and Privacy Considerations*
- *Failure of Innovation Initiatives*

- *Business Risks*

- *Downturn in Economic Environment and Corporate IT Spending Budgets could impact the Company's Business*
- *The Company may not meet its Growth and Productivity Objectives under its Internal Business Transformation and Global Integration Initiatives*
- *Local Legal, Economic, Political and Health Conditions*
- *Substantial Costs for Environmental Matters*
- *Tax Matters*
- *Relationships with Critical Suppliers*



Risk Factors cont.

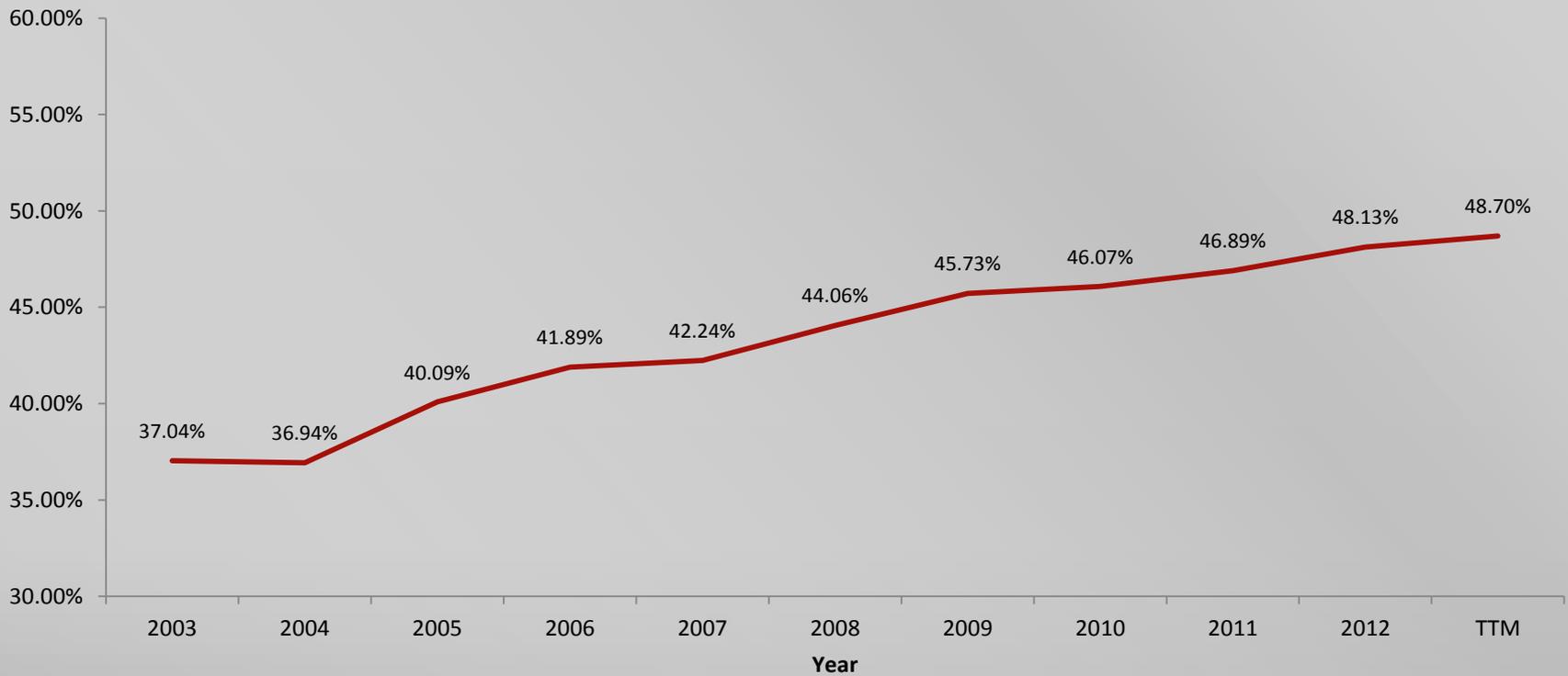
- *Personnel Risk*
 - *Dependence on Skilled Personnel and impact by loss of Critical Skills*
- *Governmental Risks*
 - *Business with Government Clients*
- *Acquisition Risk*
 - *Acquisitions and Alliances include Integration Challenges, Failure to Achieve Objectives, and the Assumption of Liabilities*
 - *Risks from Investing in Growth Opportunities*



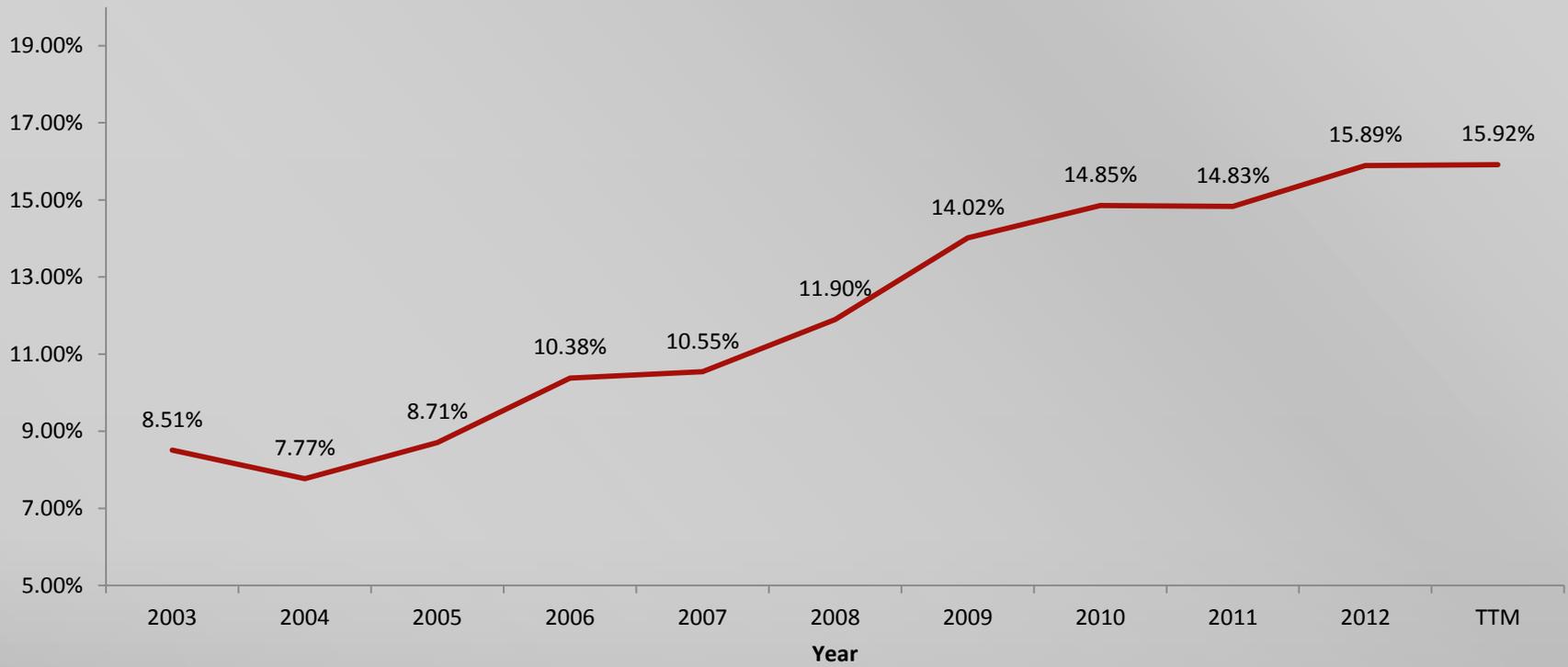
Competitive Advantage

- Largest patent portfolio of any company in the world
- High switching costs for customers
- Sticky company-client relationship
- Great financials
- Brand name loyalty
- Stability of company

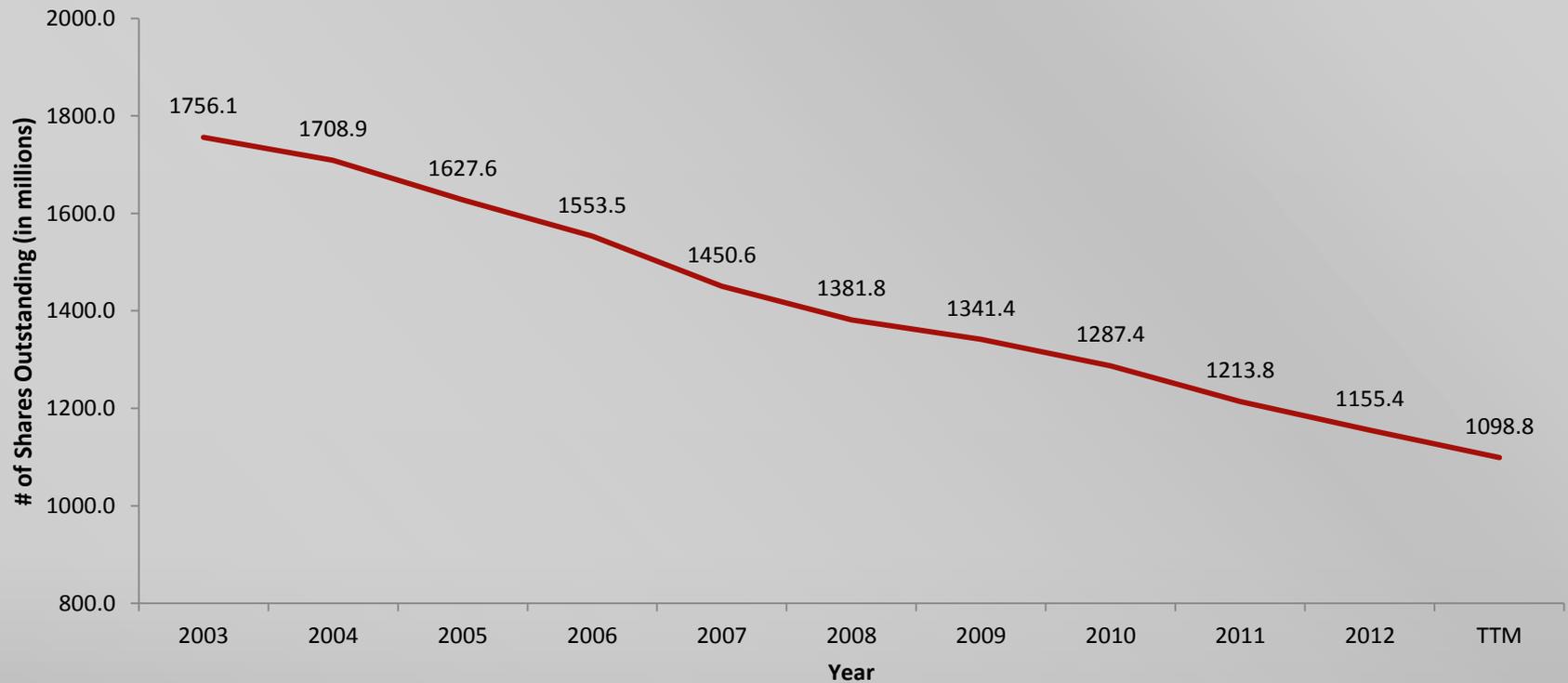
Gross Profit Margin



Net Profit Margin

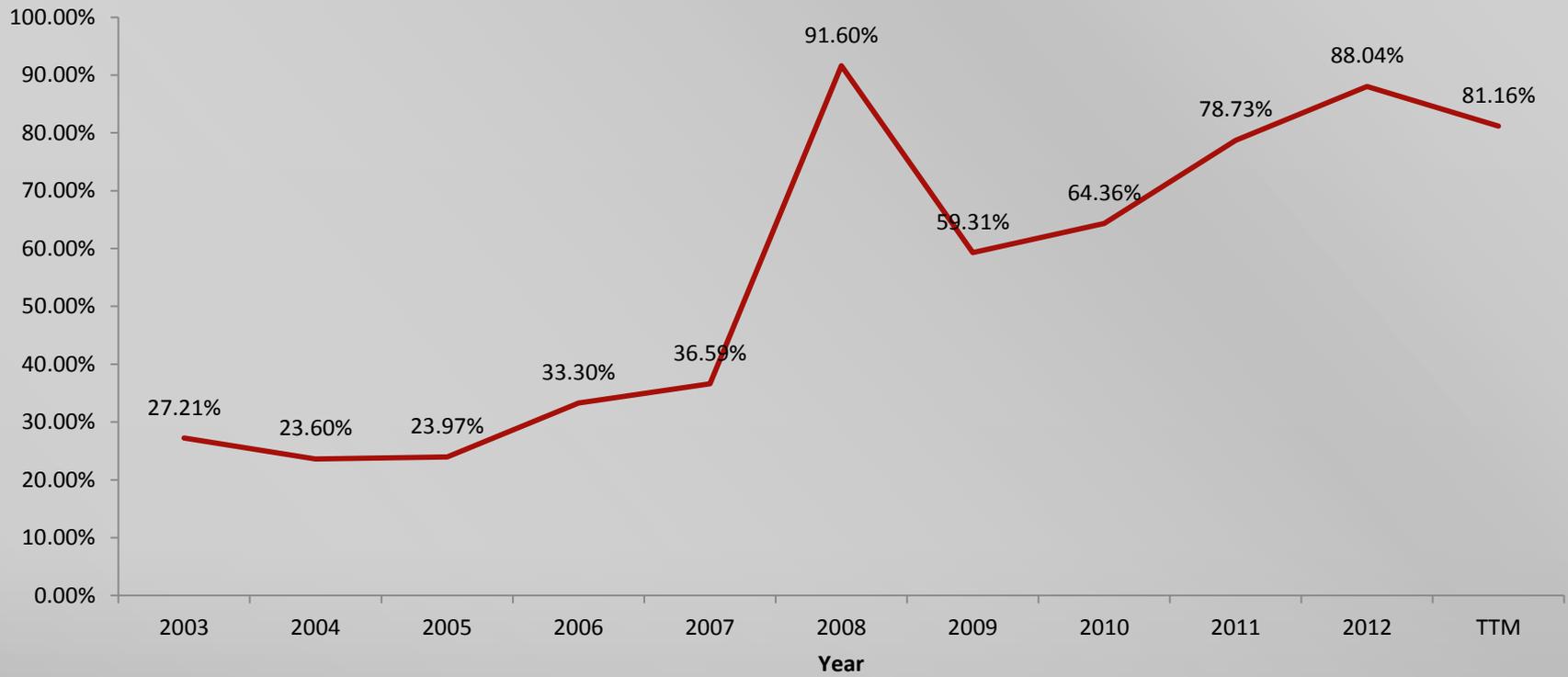


Shares Outstanding

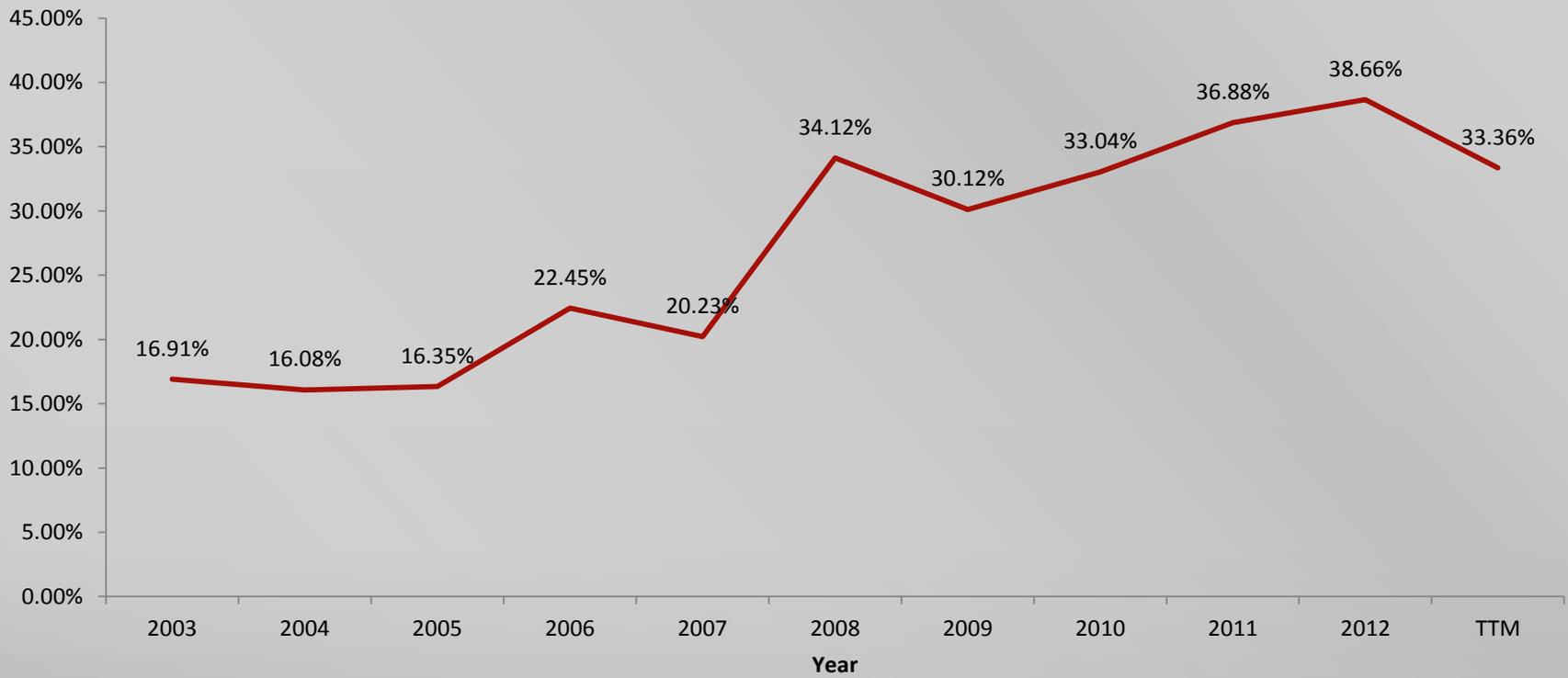


Bought back 37.43% of shares in the past 10 years.

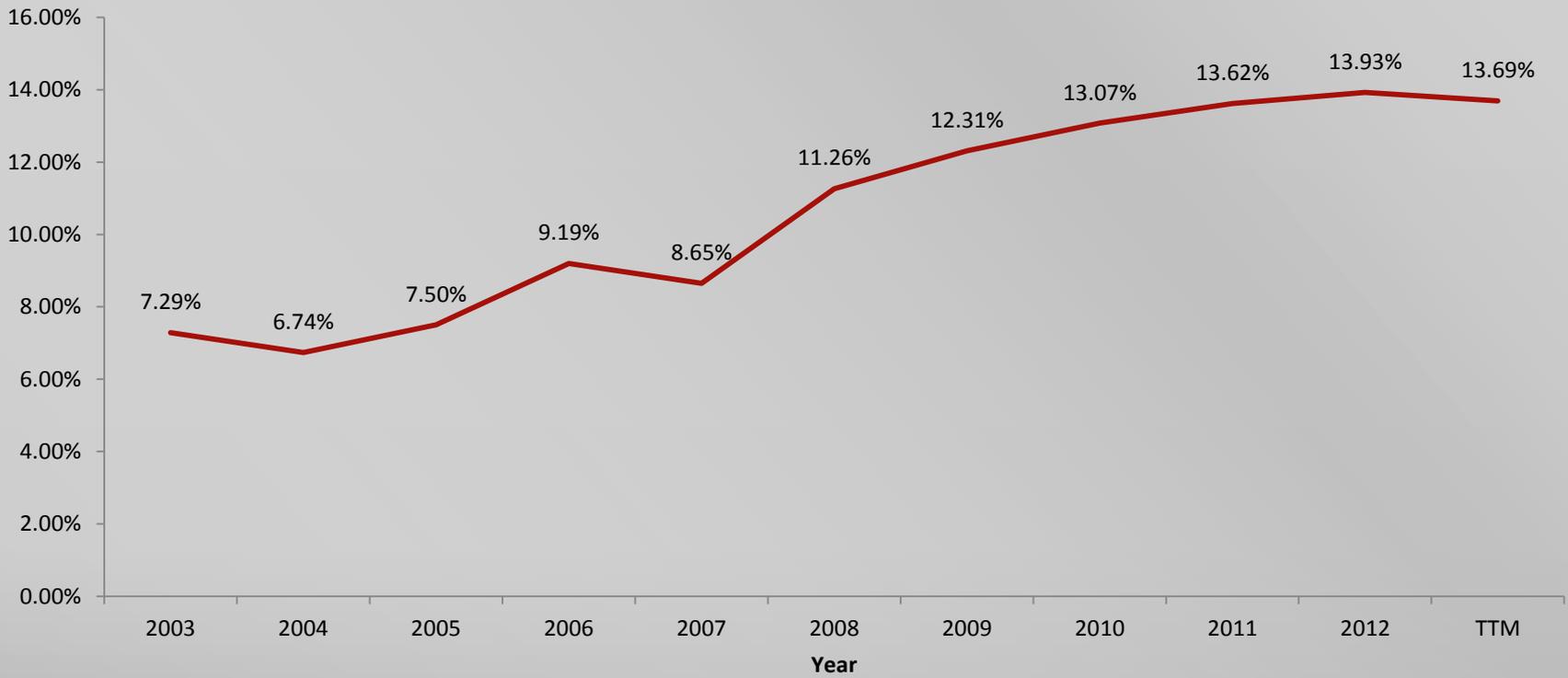
Return on Equity



Return on Capital

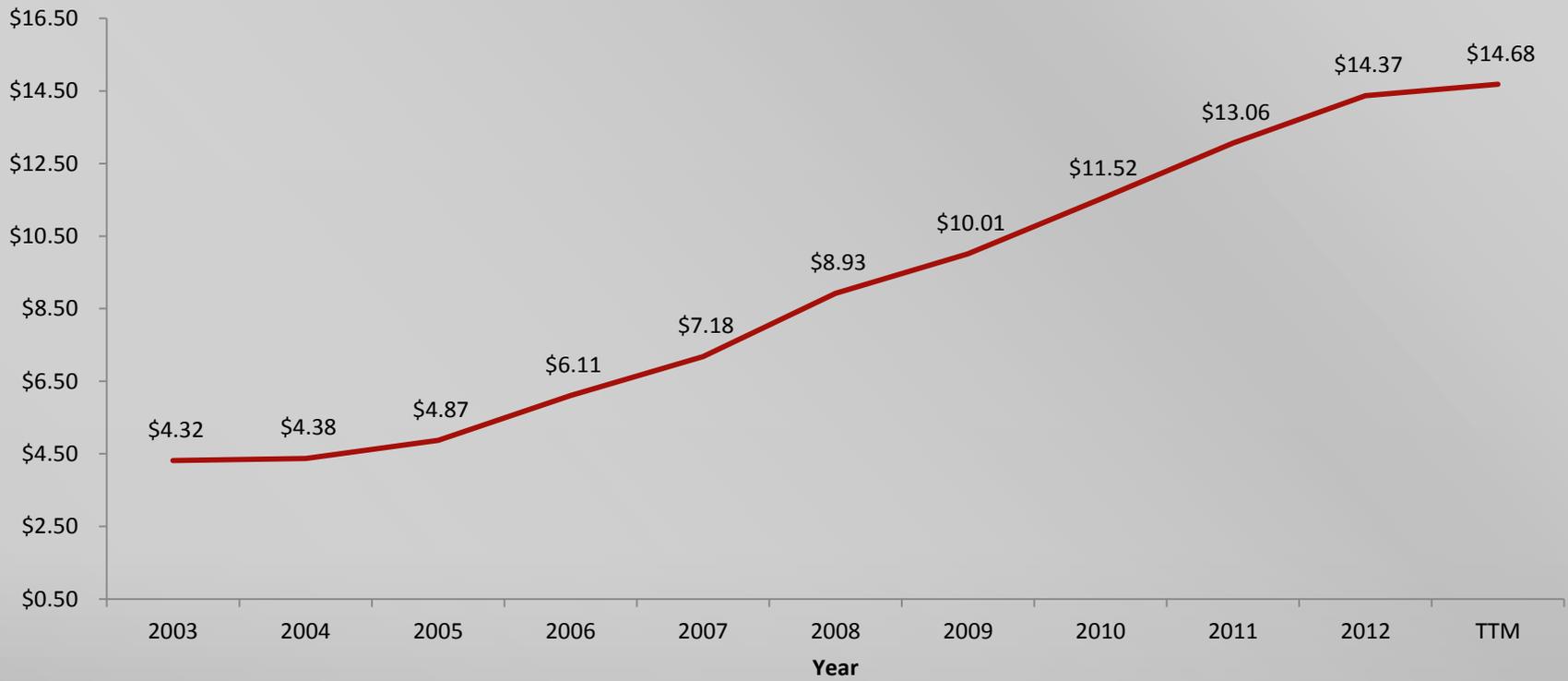


Return on Assets

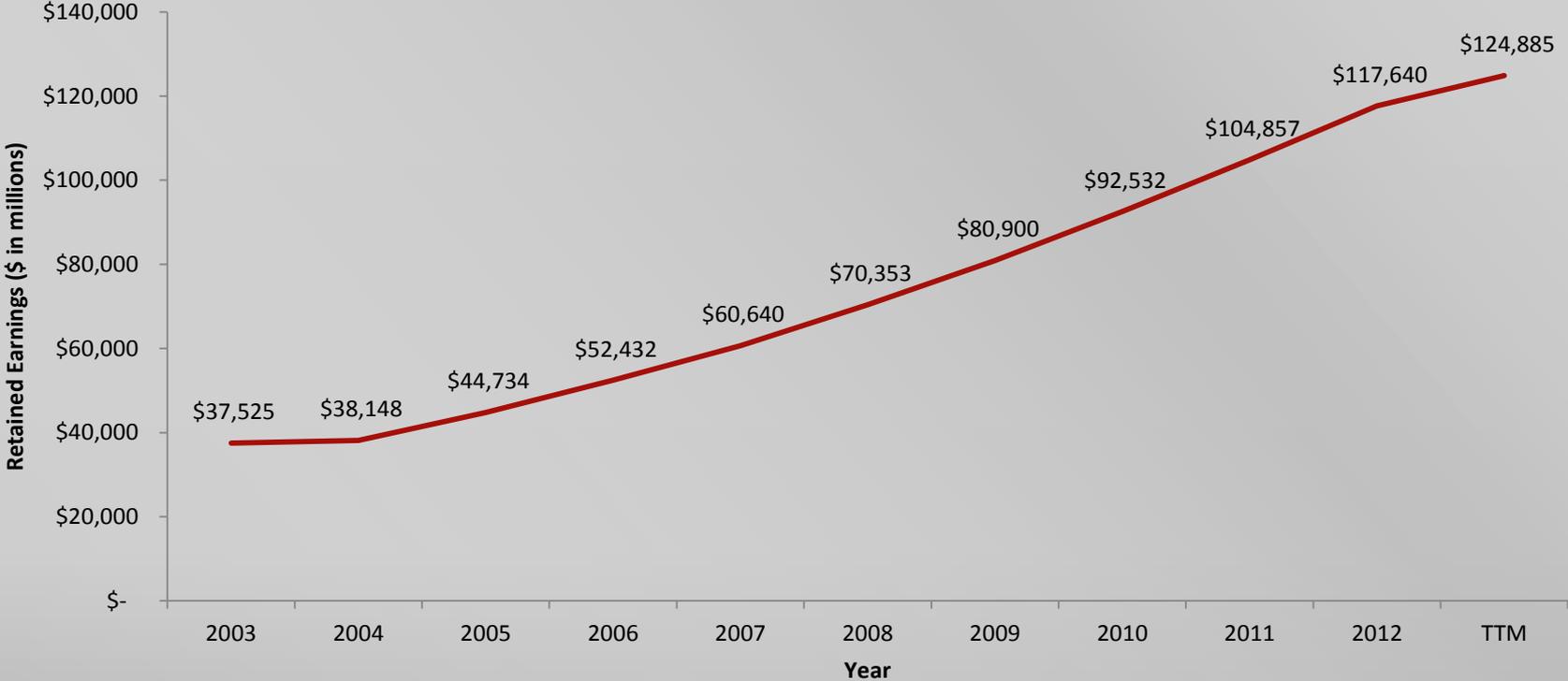




Earnings per Share



Retained Earnings Trend



Buffettology

Statistical Array Analysis	Increasing trends?
Sales per Share	Yes
Cashflows per Share	Yes
Earnings per Share	Yes
Dividends Declared per Share	Yes
Capital Spending per Share	Yes
Book Value per Share	Stable
Revenues (Sales)	Stable
Gross Profit Margin	Yes
Operating Profit Margin	Yes
Number of Stores	N/A
Net Profit	Yes
Net Profit Margin	Yes
Working Capital	No
Shareholder's Equity	Yes
Return on Total Capital	Yes
Return on Shareholder's Equity	Yes
Common Shares Outstanding	No
Long-Term Debt	Yes
LT Debt Payable in 5 years	Yes
All Dividends to Net Profit under 60%	Yes
Annual Growth Rate Analysis	Stable

Buffettology cont.

Qualitative Review	
What type of business is this: commodity or sustained competitive advantage?	Sustained competitive advantage
Can you easily explain what the business does?	Yes
Is it heavily unionized?	No
Does it require heavy capital infusion?	Yes
Does it require lots of research and development?	Yes
Can inventory become obsolete?	No
Are there chronic "one time" write offs?	No
Is the company able to raise its prices to offset inflation?	Yes
Will the company be able to sell more in the future?	Possibly
If I gave you \$1 billion could you develop a competitor? If the answer is "no" your business has a sustained competitive advantage.	No

Interpretation of Financial Statements

IOFS			
Gross Profit Margin	48.70%	>40%	Y
% SGA	47.48%	< 80%	Y
% Depreciation	9.35%	< 10%	Y
Interest Payouts	2.02%	< 15%	Y
Net Profit Margin	15.92%	10 - 20%	Y
Current Ratio	1.21	> 1	Y
LT Debt/NP	2.88	< 5 years	Y
Adj. Debt to Equity	0.65	< 0.80	Y
Return on Equity	81.16%	> 15%	Y
Return on Capital	33.36%	> 15%	Y
Dividend Payout Ratio	24.73%	< 60%	Y
Preferred Stock	None	None	Y
Capital Expenditures	52.78%	< 25%	N
Net Earning Trend	Up Trend	Up Trend	Y
Retained Earnings Trend	Up Trend	Up Trend	Y

DuPont Analysis

IBM

Total Asset Turnover	X	Net Profit Margin	X	Financial Leverage Multiplier	=	Return on Equity
0.86	X	15.9%	X	5.93	=	81.57%

ACC

Total Asset Turnover	X	Net Profit Margin	X	Financial Leverage Multiplier	=	Return on Equity
1.80	X	10.7%	X	3.36	=	16.5%

ORCL

Total Asset Turnover	X	Net Profit Margin	X	Financial Leverage Multiplier	=	Return on Equity
0.43	X	29.6%	X	1.98	=	25.2%

Industry Comparison

Company	<u>International Business Machines (IBM)</u>	Cisco Systems, Inc. (CSCO)	Microsoft Corporation (MSFT)	Hewlett-Packard (HPQ)	Oracle Corporation (ORCL)
Market Cap (\$million)	191,760	111,947	314,383	51,723	159,807
Revenue (\$million)	101,357	48,816	80,370	112,298	37,571
Net Income (\$million)	16,132	9,887	22,641	5,113	11,082
P/E	12.2	11.3	14.2	-	15
P/S	1.9	2.3	4	0.5	4.5
Return on Equity	81.16%	13.60%	25.60%	20.80%	20%
Return on Assets	13.60%	8%	14.80%	5.20%	10%
Dividends per Share	\$3.60	\$0.65	\$0.92	\$0.55	\$0.18

Conscious Investor 3-year Default

Earnings Per Share (EPS)										EPSttm	Years	HGROWTH	STAEGR™	
12/03	12/04	12/05	12/06	12/07	12/08	12/09	12/10	12/11	12/12	14.380	3	Calc	11.69%	99.61%
4.320	4.930	4.900	6.110	7.180	8.930	10.010	11.520	13.060	14.370	Chart	3	Calc	7.24%	98.27%

Sales Per Share									
52.600	58.516	57.900	60.687	71.314	77.388	73.359	81.329	91.917	93.530

Net Profit Margin (NPM)									
8.51	8.75	8.75	10.38	10.55	11.90	14.02	14.85	14.83	15.89

Return on Equity (ROE)									
27.20	28.30	24.10	33.30	36.60	91.60	59.30	64.40	78.70	88.00

Price Earnings Ratio (PE Ratio)										Current	High	Current PE	Chart
21.90	20.40	20.20	16.00	16.90	14.70	13.30	12.80	14.90	14.70	15.01	High	12.34	Chart
16.90	16.60	14.70	11.90	12.40	7.80	8.20	10.10	11.20	12.30	12.00	Low		

Price										Current	High	Current Price	Chart
94.54	100.43	99.10	97.88	121.46	130.93	132.85	147.53	194.90	211.79	215.90	High	177.48	Chart
73.20	81.90	71.85	72.73	88.77	69.50	81.76	116.00	146.64	177.35	172.57	Low		

Payout Ratio (PR)										Current PR	Chart
15	14	16	18	21	21	21	22	22	23	23%	Chart

STRETD®

current year 2 Dec 2013

Dividend Reinvestment Strategy

Buy additional shares

Invest at the rate below

Note: PE and PR Ratios are ave of 4 yrs

Price 177.48

EPSttm 14.380

PE Ratio 13.30

HGrowth 11.69%

Payout 22%

Tax - dividends 0%

Tax - capital gains 0%

Investment Period 5 years

Calculate 15.25% per year

Sync with TARG

TARGD®

current year

Dividend Reinvestment Strategy

Buy additional shares

Invest at the rate below

Note: PE and PR Ratios are ave of 4 yrs

Req Return 10.0%

EPSttm 14.380

PE Ratio 13.30

HGrowth 11.69%

Payout 22%

Tax - dividends 0%

Tax - capital gains 0%

Investment Period 5 years

Calculate \$253.80

Sync with STRET

EPSttm

Years

HGROWTH

STAEGR™

14.380

3

Calc

11.69%

99.61%

Chart

3

Calc

7.24%

98.27%

Current NPM

15.89

Chart

Current ROE

88.00

Chart

STRETD®

current year

2 Dec 2013

Dividend Reinvestment Strategy

- Buy additional shares
 Invest at the rate below

Note: PE and PR Ratios are ave of 4 yrs

Price

177.48

EPSttm

14.380

PE Ratio

13.30

HGrowth

11.69 %

Payout

22 %

Investment Period

5 years

Tax - dividends

0 %

Tax - capital gains

0 %

Calculate

15.25% per year

Sync with TARG

CI 6-year Default

Earnings Per Share (EPS)										
12/03	12/04	12/05	12/06	12/07	12/08	12/09	12/10	12/11	12/12	
4.320	4.930	4.900	6.110	7.180	8.930	10.010	11.520	13.060	14.370	
Sales Per Share										
52.600	58.516	57.900	60.687	71.314	77.388	73.359	81.329	91.917	93.530	
Net Profit Margin (NPM)										
8.51	8.75	8.75	10.38	10.55	11.90	14.02	14.85	14.83	15.89	
Return on Equity (ROE)										
27.20	28.30	24.10	33.30	36.60	91.60	59.30	64.40	78.70	88.00	
Price Earnings Ratio (PE Ratio)										
21.90	20.40	20.20	16.00	16.90	14.70	13.30	12.80	14.90	14.70	
16.90	16.60	14.70	11.90	12.40	7.80	8.20	10.10	11.20	12.30	
Price										
94.54	100.43	99.10	97.88	121.46	130.93	132.85	147.53	194.90	211.79	
73.20	81.90	71.85	72.73	88.77	69.50	81.76	116.00	146.64	177.35	
Payout Ratio (PR)										
15	14	16	18	21	21	21	22	22	23	

EPSStm	Years	HGROWTH	STAEGR™
14.380	6	14.51%	97.66%
Chart	6	5.75%	96.81%
		Current NPM	15.89
		Current ROE	88.00
		Current PE	12.34
		Current Price	177.48
		Current PR	23%

STRETD®				TARGD®			
current year	2 Dec 2013	Price	177.48	current year		Req Return	10.0 %
Dividend Reinvestment Strategy		EPSStm	14.380	Dividend Reinvestment Strategy		EPSStm	14.380
<input checked="" type="radio"/> Buy additional shares		PE Ratio	13.30	<input checked="" type="radio"/> Buy additional shares		PE Ratio	13.30
<input type="radio"/> Invest at the rate below		HGrowth	14.51 %	<input type="radio"/> Invest at the rate below		HGrowth	14.51 %
Note: PE and PR Ratios are ave of 4 yrs		Payout	22 %	Note: PE and PR Ratios are ave of 4 yrs		Payout	22 %
Investment Period	5 years	Tax - dividends	0 %	Investment Period	5 years	Tax - dividends	0 %
		Tax - capital gains	0 %			Tax - capital gains	0 %
Calculate	18.16% per year	Sync with TARG		Calculate	\$253.80	Sync with STRET	

EPSttm

Years

HGROWTH

STAEGR™

14.380

6

Calc

14.51%

97.66%

HGROWTH

STAEGR™

Chart

6

Calc

5.75%

96.81%

Current NPM

15.89

Chart

Current ROE

88.00

Chart

current year

STRETD®

2 Dec 2013

Dividend Reinvestment Strategy

- Buy additional shares
- Invest at the rate below

Note: PE and PR Ratios are ave of 4 yrs

Price

177.48

EPSttm

14.380

PE Ratio

13.30

HGrowth

14.51

%

Payout

22

%

Investment Period

5



years

Tax - dividends

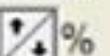
0



%

Tax - capital gains

0



%

Calculate

18.16%

per year

Sync with TARG

CI 10-year Default

Earnings Per Share (EPS)									
12/03	12/04	12/05	12/06	12/07	12/08	12/09	12/10	12/11	12/12
4.320	4.930	4.900	6.110	7.180	8.930	10.010	11.520	13.060	14.370
Sales Per Share									
52.600	58.516	57.900	60.687	71.314	77.388	73.359	81.329	91.917	93.530
Net Profit Margin (NPM)									
8.51	8.75	8.75	10.38	10.55	11.90	14.02	14.85	14.83	15.89
Return on Equity (ROE)									
27.20	28.30	24.10	33.30	36.60	91.60	59.30	64.40	78.70	88.00
Price Earnings Ratio (PE Ratio)									
21.90	20.40	20.20	16.00	16.90	14.70	13.30	12.80	14.90	14.70
16.90	16.60	14.70	11.90	12.40	7.80	8.20	10.10	11.20	12.30
Price									
94.54	100.43	99.10	97.88	121.46	130.93	132.85	147.53	194.90	211.79
73.20	81.90	71.85	72.73	88.77	69.50	81.76	116.00	146.64	177.35
Payout Ratio (PR)									
15	14	16	18	21	21	21	22	22	23

EPSStm	Years	HGROWTH	STAEGR™
14.380	10	15.29%	95.86%
Chart	10	6.69%	96.23%
		Current NPM	Chart
		15.89	
		Current ROE	Chart
		88.00	
		Current PE	Chart
		12.34	
		Current Price	Chart
		177.48	
		Current PR	Chart
		23%	

STRETD®				TARGD®			
current year	2 Dec 2013	Price	177.48	current year		Req Return	10.0 %
Dividend Reinvestment Strategy		EPSStm	14.380	Dividend Reinvestment Strategy		EPSStm	14.380
<input checked="" type="radio"/> Buy additional shares		PE Ratio	13.30	<input checked="" type="radio"/> Buy additional shares		PE Ratio	13.30
<input type="radio"/> Invest at the rate below		HGrowth	15.29 %	<input type="radio"/> Invest at the rate below		HGrowth	15.29 %
Note: PE and PR Ratios are ave of 4 yrs		Payout	22 %	Note: PE and PR Ratios are ave of 4 yrs		Payout	22 %
Investment Period	5 years	Tax - dividends	0 %	Investment Period	5 years	Tax - dividends	0 %
		Tax - capital gains	0 %			Tax - capital gains	0 %
Calculate	18.96% per year	Sync with TARG		Calculate	\$253.80	Sync with STRET	

EPS_{ttm}

14.380

Years

10

HGROWTH

Calc

15.29%

STAEGR™

95.86%

Chart

10

HGROWTH

Calc

6.69%

STAEGR™

96.23%

Current NPM

15.89

Chart

Current ROE

88.00

Chart

STRETD®

current year

2 Dec 2013

Price

177.48

EPSttm

14.380

PE Ratio

13.30

HGrowth

15.29 %

Payout

22 %

Dividend Reinvestment Strategy

Buy additional shares

Invest at the rate below

Note: PE and PR Ratios are ave of 4 yrs

Investment Period

5 years

Tax - dividends

0 %

Tax - capital gains

0 %

Calculate

18.96% per year

Sync with TARG

Safety

STRETD®

current year

2 Dec 2013

Dividend Reinvestment Strategy

- Buy additional shares
 Invest at the rate below

Note: PE and PR Ratios are ave of 4 yrs

Price	177.48
EPSttm	14.380
PE Ratio	11.05
HGrowth	6.00 %
Payout	9 %

Investment Period

5 years

Tax - dividends 0 %

Tax - capital gains 0 %

Calculate

4.53% per year

Sync with TARG

Kill It

STRETD®

current year

2 Dec 2013

Price

177.48

Dividend Reinvestment Strategy

- Buy additional shares
- Invest at the rate below

EPSttm

14.380

PE Ratio

10

HGrowth

5 %

Payout

9 %

Note: PE and PR Ratios are ave of 4 yrs

Investment Period

5 years

Tax - dividends

0 %

Tax - capital gains

0 %

Calculate

1.58% per year

Sync with TARG

Kill It Again

STRETD®		Price	177.48
current year	2 Dec 2013	EPSStm	14.380
Dividend Reinvestment Strategy		PE Ratio	9.5
<input checked="" type="radio"/> Buy additional shares		HGrowth	4.4 %
<input type="radio"/> Invest at the rate below		Payout	9 %
Note: PE and PR Ratios are ave of 4 yrs			
Investment Period	5 years	Tax - dividends	0 %
		Tax - capital gains	0 %
<input type="button" value="Calculate"/>	0.01% per year	<input type="button" value="Sync with TARG"/>	

Discounted Cash Flow- Earnings

Earnings Per Share : \$?

Growth Rate In the Next: Years : % ?

Business Predictability  ?

Terminal Growth Rate: % ?

Years of Terminal Growth: ?

Discount Rate: % ?

➔

DCF Reverse DCF ^{NEW}

Tangible Book Value: \$ Add to Fair Value ?

Growth Value: \$ 171.55 ?

Terminal Value: \$ 133.05 ?

= Fair Value: \$ 304.61 ?

Margin Of Safety: 42%

Financial Data of International Business Machines Corp

Annual Rates (per share)	10 yrs	5 yrs	12 months
Revenue Growth (%)	6.70	6.00	1.30
EBITDA Growth (%)	11.90	9.60	
EBIT Growth (%)	15.70	12.00	3.70
Earning Growth (%)	15.40	13.00	
Free Cash Flow Growth (%)	12.10	4.90	-11.40
Book Value Growth (%)	-1.10	10.90	-3.90

DCF- Free Cash Flow

Earnings Per Share : \$?

Growth Rate In the Next: Years : % ?

Business Predictability  ?

Terminal Growth Rate: % ?

Years of Terminal Growth: ?

Discount Rate: % ?

➔

DCF Reverse DCF NEW ↵

Tangible Book Value: \$ Add to Fair Value ?

Growth Value: \$ 145.71 ?

Terminal Value: \$ 99.55 ?

= Fair Value: \$ 245.26 ?

Margin Of Safety: 28%

Financial Data of International Business Machines Corp

Annual Rates (per share)	10 yrs	5 yrs	12 months
Revenue Growth (%)	6.70	6.00	1.30
EBITDA Growth (%)	11.90	9.60	
EBIT Growth (%)	15.70	12.00	3.70
Earning Growth (%)	15.40	13.00	
Free Cash Flow Growth (%)	12.10	4.90	-11.40
Book Value Growth (%)	-1.10	10.90	-3.90

DCF- Break Even

Earnings Per Share : \$?

Growth Rate In the Next: Years : % ?

Business Predictability  ?

Terminal Growth Rate: % ?

Years of Terminal Growth: ?

Discount Rate: % ?



DCF Reverse DCF ^{NEW}

Tangible Book Value: \$ Add to Fair Value ?

Growth Value: \$ 113.98 ?

Terminal Value: \$ 62.72 ?

= Fair Value: \$ 176.71 ?

Margin Of Safety: 0%

Financial Data of International Business Machines Corp

Annual Rates (per share)	10 yrs	5 yrs	12 months
Revenue Growth (%)	6.70	6.00	1.30
EBITDA Growth (%)	11.90	9.60	
EBIT Growth (%)	15.70	12.00	3.70
Earning Growth (%)	15.40	13.00	
Free Cash Flow Growth (%)	12.10	4.90	-11.40
Book Value Growth (%)	-1.10	10.90	-3.90

Morningstar Debt Analysis

Name	Maturity Date	Amount \$(Mil)	Credit Quality	Price	Coupon %	Coupon Type (Fixed/Floating)	Callable	Rule 144A	Yield to Maturity %
Intl Busn Machs Corp Medium Term Nts 6%	12/18/2013	---	---	---	6.000	Fixed	Yes	---	---
Intl Busn Machs Corp Medium Term N 6.25%	01/27/2014	---	---	---	6.250	Fixed	Yes	---	---
Intl Busn Machs 6.625%	01/30/2014	1,019.6	High	100.0	6.625	Fixed	No	No	6.45
Intl Busn Machs Corp Medium Term Nt 6.4%	04/16/2014	---	---	---	6.400	Fixed	Yes	---	---
Intl Busn Machs 1.25%	05/12/2014	1,000.0	High	100.5	1.250	Fixed	No	No	0.22
Intl Busn Machs	06/18/2014	---	---	---	---	FRN	---	---	---
Intl Busn Machs Corp Medium Term Nts 7%	06/23/2014	---	---	---	7.000	Fixed	Yes	---	---
Intl Busn Machs 0.875%	10/31/2014	1,350.0	High	100.6	0.875	Fixed	No	No	0.20
Intl Busn Machs	02/04/2015	1,000.0	---	100.0	0.000	FRN	No	No	---
Intl Busn Machs 0.55%	02/06/2015	1,500.0	High	100.4	0.550	Fixed	No	No	0.22

Morningstar Debt Analysis cont.

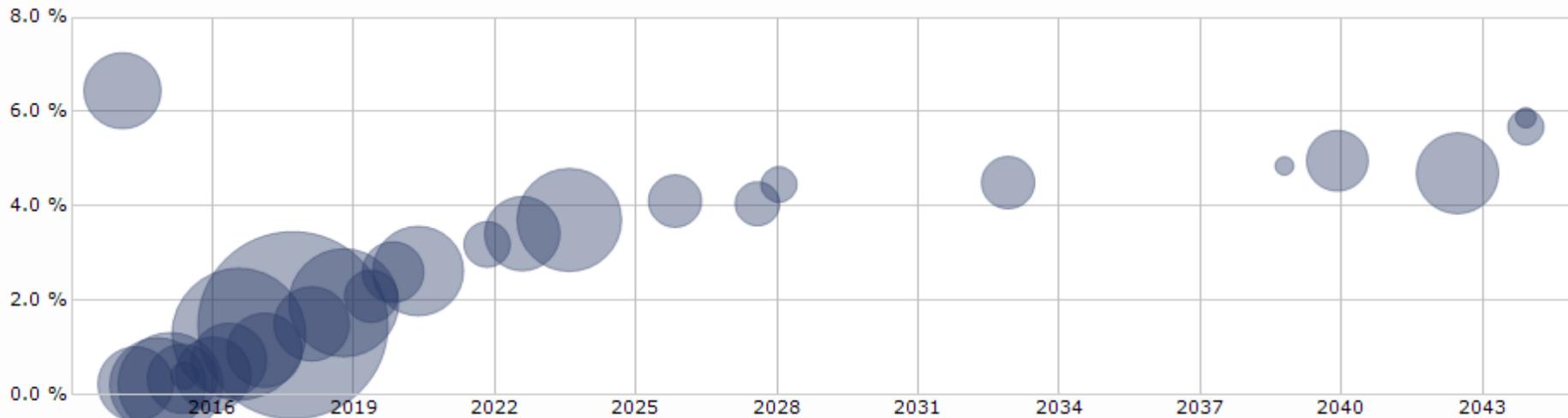
Name	Maturity Date	Amount \$(Mil)	Credit Quality	Price	Coupon %	Coupon Type (Fixed/Floating)	Callable	Rule 144A	Yield to Maturity %
Intl Busn Machs 5.7%	09/14/2017	3,000.0	High	115.5	5.700	Fixed	No	No	1.47
Intl Busn Machs 1.875%	11/06/2020	2,039.3	---	---	1.875	Fixed	No	No	---
Intl Busn Machs 1.95%	07/22/2016	2,000.0	High	102.2	1.950	Fixed	No	No	1.28
Intl Busn Machs 7.625%	10/15/2018	1,600.0	High	126.2	7.625	Fixed	No	No	1.95
Intl Busn Machs 3.375%	08/01/2023	1,500.0	---	97.3	3.375	Fixed	No	No	3.71
Intl Busn Machs 0.55%	02/06/2015	1,500.0	High	100.4	0.550	Fixed	No	No	0.22
Intl Busn Machs 2.875%	11/07/2025	1,359.5	---	---	2.875	Fixed	No	No	---
Intl Busn Machs 1.375%	11/19/2019	1,359.5	---	---	1.375	Fixed	No	No	---
Intl Busn Machs 0.875%	10/31/2014	1,350.0	High	100.6	0.875	Fixed	No	No	0.20
Intl Busn Machs 1.625%	05/15/2020	1,250.0	---	94.1	1.625	Fixed	No	No	2.62

Morningstar Debt Analysis cont.

Yield to Maturity

● Debt ● Preferred ● Convertible

● ● ● Circle size determined by issue amount





Intra-Portfolio Valuations

Price/Earnings

Ticker	▲ Pri... Earnings
BBY	-
AIG-WT	-
AIG	9.7
WRLD	10.8
IBM 	12.2
BRK.B	13.9
MSFT	14.2
WMT	14.9
ORCL	15.0
LO	15.8
BBBY	16.1
MDT	16.4
AAP	19.0
NSRGY	19.0
PEP	19.4
KO	20.7
WAG	21.9
BDX	22.9

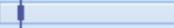
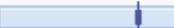
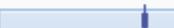
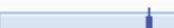
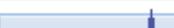
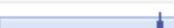
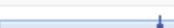
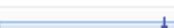
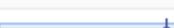
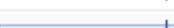
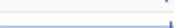
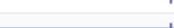
Price/Sales

Ticker	▲ ... Sales
AIG-WT	-
BBY	0.3
WMT	0.6
WAG	0.7
AIG	1.1
AAP	1.2
BBBY	1.5
BRK.B	1.5
WRLD	1.9
IBM 	1.9
PEP	2.0
NSRGY	2.3
BDX	2.6
LO	2.8
MDT	3.5
KO	3.8
MSFT	4.0
ORCL	4.5

Price/Free Cash Flow

Ticker	▲ Price / Cash Flow ▼
AIG-WT	-
BBY	4.3
WRLD	4.6
WMT	10.6
BRK.B	10.6
ORCL	11.2
MSFT	11.3
IBM <input type="checkbox"/>	11.4
BDX	12.2
WAG	12.5
MDT	12.9
PEP	12.9
NSRGY	13.3
AAP	13.3
BBBY	14.0
AIG	14.9
LO	15.1
KO	17.1

52-Week Range

Ticker	▲ 52-wk Range
<i>IBM</i> ⓘ	\$172.57  \$215.90
WRLD	\$70.69  \$107.98
KO	\$35.58  \$43.43
AIG-WT	\$13.50  \$21.78
PEP	\$67.39  \$87.06
AIG	\$33.14  \$53.33
WAG	\$35.58  \$60.93
LO	\$37.84  \$53.27
ORCL	\$29.86  \$36.43
WMT	\$67.37  \$81.37
BBY	\$11.20  \$44.66
NSRGY	\$63.38  \$74.35
BRK.B	\$86.95  \$119.30
AAP	\$70.02  \$107.72
BDX	\$76.32  \$110.13
<i>MSFT</i> ⓘ	\$26.28  \$38.98
MDT	\$40.28  \$58.85
BBBY	\$54.33  \$78.94

Van den Berg Metrics

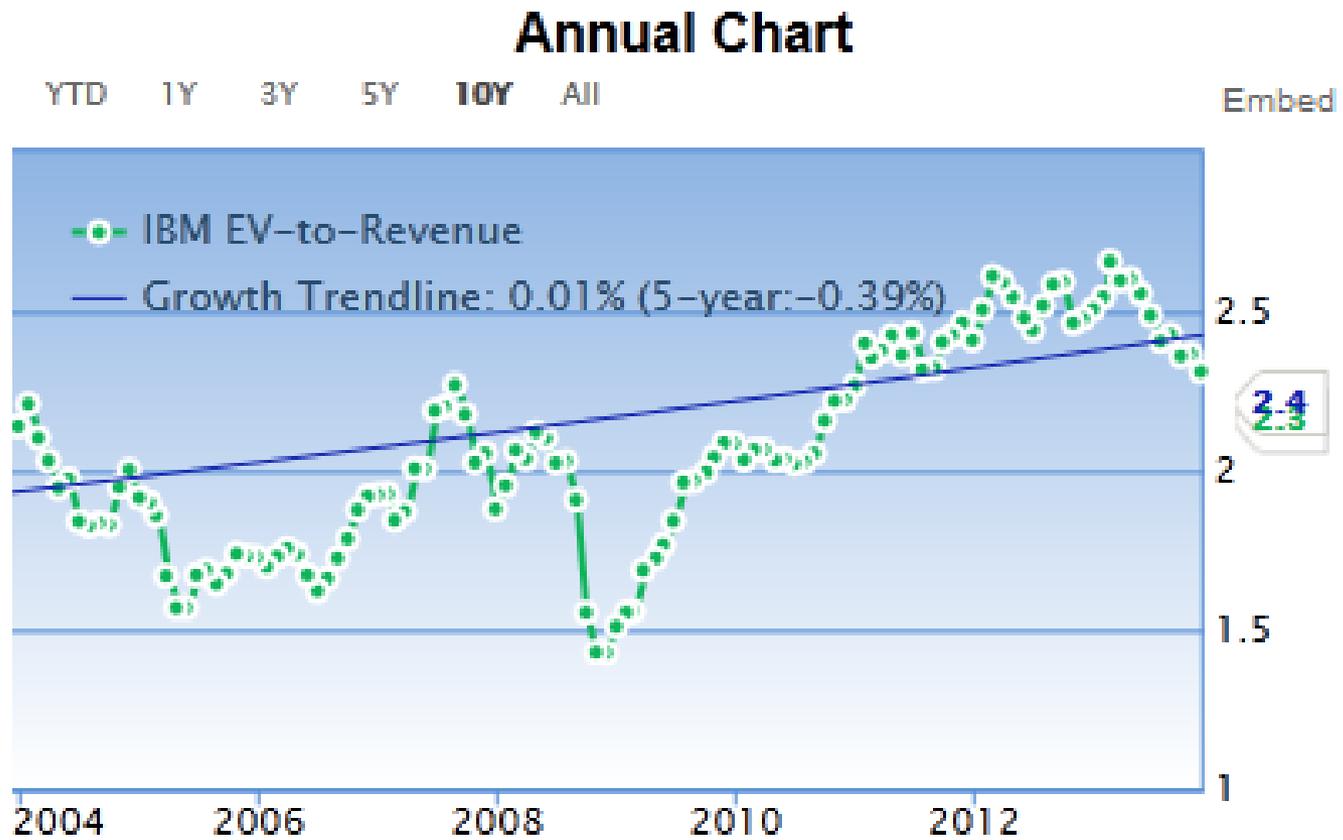
Fiscal Period	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	Quarter
PE Ratio(ttm)	27.94	26.18	19.15	28.32	37.64	21.39	19.93	16.82	15.82	14.94	9.39	13.08	12.68	14.02	13.29	12.2
Price to Tangible Book	0	0	0	6.51	0	4.41	4.36	3.38	5.51	0	0	0	0	0	0	-12.6
Price-to-Free-Cash-Flow ratio	64.02	48.59	42.08	25.36	16.11	16.23	15.4	12.04	15.3	14.69	7.9	10.13	12.26	14.12	14.24	14.3
PS Ratio	2.16	2.3	1.75	2.55	1.64	1.83	1.75	1.47	1.65	1.58	1.12	1.83	1.89	2.09	2.12	1.9
EV-to-Revenue	2.49	2.6	2.07	2.85	1.92	2.05	1.94	1.66	1.85	1.87	1.41	2.06	2.09	2.29	2.37	2.34
EV-to-EBITDA	13.28	11.59	10.62	15.29	13.16	11.65	10.86	8.59	9.02	8.92	6.34	8.37	8.37	9.3	9.11	8.58
EV-to-EBIT	22.23	19.07	15.74	26.33	23.66	18.15	17.04	16.16	14.16	13.68	9.2	11.1	11.51	12.09	12.1	11
Earnings Yield (Joel Greenblatt)	4.5	5.2	6.4	3.8	4.2	5.5	5.9	6.2	7.1	7.3	10.9	9	8.7	8.3	8.3	9.1
Forward Rate of Return	0	15.03	13.75	9.92	2.13	-2.12	2.96	9.73	19.02	19.47	19.45	21.93	19.87	17.45	14.81	14.48
Shiller PE Ratio	0	30.33	22.01	30.79	20.62	23.14	22.8	18.35	20.43	20.46	13.27	17.82	17.33	18.45	16.79	14.3

EV/EBIT

Annual Chart



EV/Revenue



EV/EBITDA



Price/Earnings



Price/Free Cash Flow



Price/Sales



Price/Tangible Book





Recent News

- **Nov. 13 2013 - IBM to Acquire Fiberlink Communications, Transforming the Mobile Management and Security Market:**
IBM will expand its bring your own device (BYOD) capabilities to deliver a complete mobile management and security solution through IBM MobileFirst that includes trusted transactions and security intelligence capabilities for mobile apps, users, content and data.
- **Nov. 20 2013 - Tec de Monterrey and IBM to Boost Innovation in Latin America With New \$3.1 Million Digital Marketing Center:**
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Recommendation

- Limit order at \$175.00