

ANNEX BULLETIN

Annex Bulletin 2007-01

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IBM FINANCIAL

Updated 1/09/07, 1:15PM PDT; adds [Annex Bulletins in 2006](#)

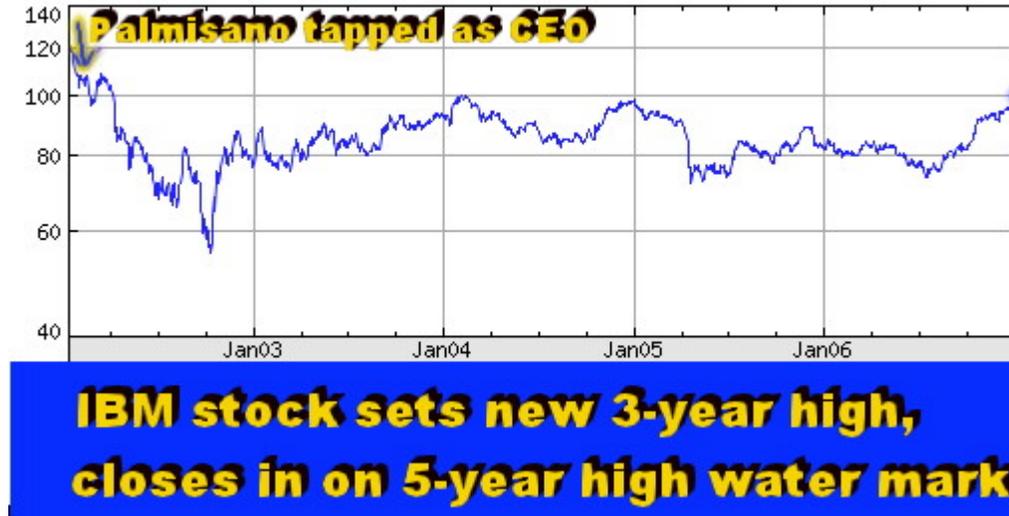
Analysis of IBM Stock Performance

IBM Passes Century Mark

Stock Sets New 3-Year Record, Closes in on 5-year Mark

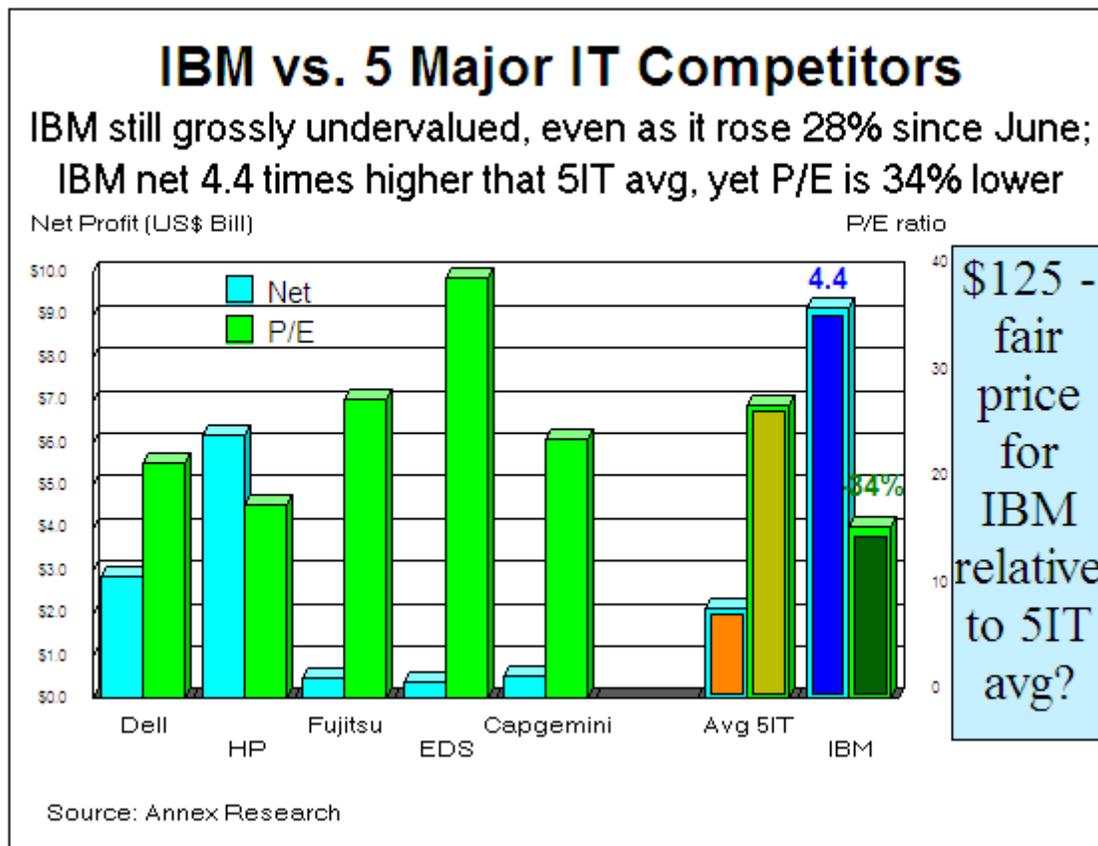
MAUI, Hawaii, Jan 9 - After flirting with the century mark for several days now, the IBM stock finally passed it late this morning (Jan 9) in intraday trading, setting a new three-year record, and closing in on the five-year mark.

INTL BUSINESS MACHINES
as of 8-Jan-2007



The last two times the Big Blue shares crossed \$100 (on their way down) were - the day IBM announced that Sam Palmisano would be taking over as CEO (see "[Gerstner Legacy](#)," Jan 29, 2002); and again on March 25, 2002 (see the chart). The IBM has traded under the century mark ever since. Until this morning, that is.

As we noted six weeks ago in a report filed from Moscow, "the IBM stock has come a long way since its summertime doldrums" (see "[From Little Acorns Mighty Oaks Grow](#)," Nov 2006). We asked rhetorically back then if that meant the stock was now fairly priced? "Not by a long shot," we answered.



Comparing the IBM stock performance with those of some of its peers, we concluded that a fair price for Big Blue shares would be around \$125 (see ["IBM: A \\$125-Stock?"](#), Nov 2006 and the above Nov 2006 chart). This week, some Wall Street firms have also upgraded the IBM shares. UBS, for example, is now reportedly calling for a new price target of \$118.

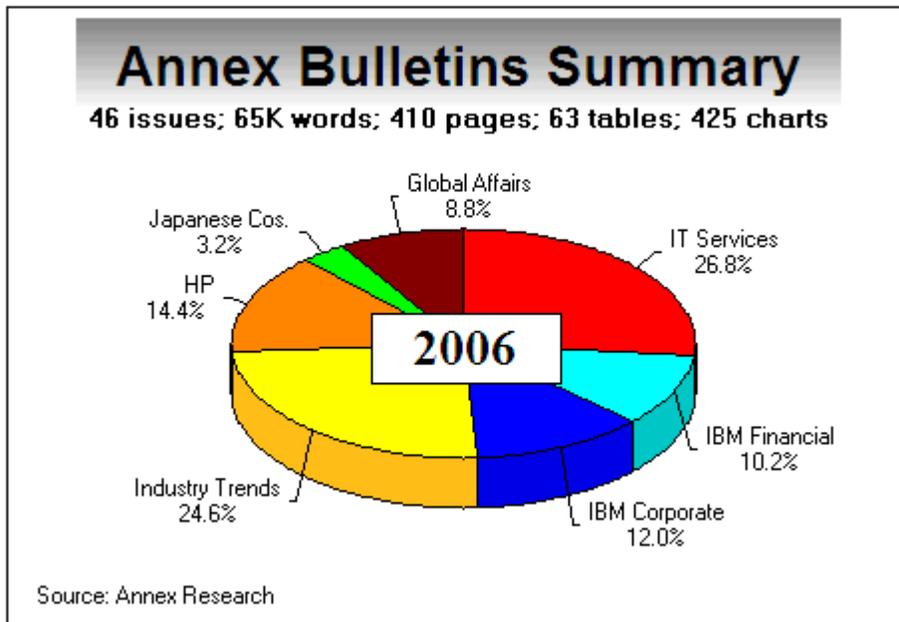
That's a long way from \$94, which is where IBM was in late November, not to mention \$73 back in July, when we said the ["IBM Stock \(Was\) Grossly Undervalued"](#) (also see ["Happy Days Are Here Again,"](#) Dec 2006). So Wall Street may be late coming to the Big Blue party, but it is now slowly but surely catching up with reality of the solid IBM business fundamentals. Better late than never...

Happy bargain hunting!

Bob Djurdjevic

Annex Bulletin Coverage in 2006

Separately, thought you may be interested in seeing the summary chart of our coverage of the IT industry in 2006:



As you can see, the "industry trends" category, within which we report on HP (14%), among other leading companies, accounted for nearly 40% of total Annex Bulletin pages. The "IT services" was the second most analyzed subject with 27% of total, while IBM topics accounted for a little less than a quarter of all issues.

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