Apple Inc

STANDARD & POOR'S

S&P Recommendation BUY ★★★★★

Price
$621.70 (as of Aug 10, 2012)

12-Mo. Target Price
$800.00

Investment Style
Large-Cap Growth

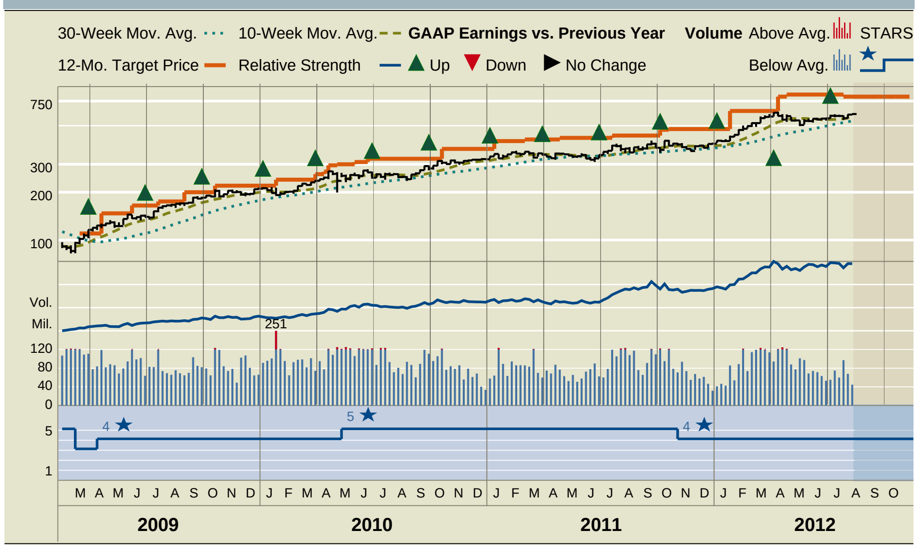
GICS Sector Information Technology
Sub-Industry Computer Hardware

Summary This company is a prominent provider of hardware and software, including Mac computers, the iPod digital media player, the iPhone smartphone, and the iPad tablet.

Key Stock Statistics (Source S&P, Vickers, company reports)

52-Wk Range	$644.00– 354.24	S&P Oper. EPS 2012**E**	43.80	Market Capitalization(B)	$582.785	Beta	1.23
Trailing 12-Month EPS	$42.55	S&P Oper. EPS 2013**E**	52.25	Yield (%)	1.71	S&P 3-Yr. Proj. EPS CAGR(%)	31
Trailing 12-Month P/E	14.6	P/E on S&P Oper. EPS 2012**E**	14.2	Dividend Rate/Share	$10.60	S&P Credit Rating	NR
$10K Invested 5 Yrs Ago	$49,948	Common Shares Outstg. (M)	937.4	Institutional Ownership (%)	67		

Price Performance



Options: ASE, CBOE, P, Ph

Analysis prepared by Equity Analyst **Scott Kessler** on Aug 06, 2012, when the stock traded at **$622.55**.

Highlights

- We estimate sales growth of 25% for FY 12 (Sep.), after a 66% rise in FY 11, reflecting gains in shipments of iPhones and iPads. We see continuing growth from downloads, as hardware sales enable and promote consumption of apps, music, movies and books. We see iMac shipments rising at an above-industry pace, but iPod units declining over time because of market saturation and AAPL's already dominant market share. We project 18% growth for FY 13.
- We expect the annual gross margin to improve notably in FY 12. However, we see it around 43% to 44% from FY 12 to FY 14. We believe iPhone and iPad margins will improve over time due to scale and efficiency benefits, balancing anticipated price drops as AAPL tries to overcome competition and market saturation. We think operating margins will remain in the mid-30% range, reflecting notable investment.
- Our EPS projections assume an effective tax rate around 25% and a modest increase in the share count. In March 2012, AAPL announced a dividend and a buyback program. As of June 2012, the company had some $117 billion in cash and investments.

Investment Rationale/Risk

- With AAPL's earnings growth expected to lead most mega/large-cap technology companies, and considering its large cash position, strong free cash flow generation and relatively high return on equity (ROE), we believe the shares are attractive. Despite somewhat soft demand for computers and consumer electronics, and competitive threats, we think iPhones, iPads and MacBooks will continue to grow at healthy paces through FY 14. Higher volumes and a focus on common components should lead to better profitability, in our view.
- Risks to our recommendation and target price include possible weaker end-market demand, pricing pressures, competitive handset and tablet offerings gaining traction, and timing issues and less execution success with product refreshes/innovations.
- Our 12-month target price of $800 reflects the calendar year 2012 P/E and P/E-to-growth multiples of the S&P 500 Information Technology sector. We think AAPL offers a unique and attractive combination of growth and value. However, we see notable risks related to the company and stock.

Qualitative Risk Assessment

LOW	MEDIUM	HIGH

Our risk assessment reflects our view of a seemingly ever-evolving market for consumer-oriented technology products, potential challenges associated with the company's growing size and offerings, and possible changes to the pace or success of product innovations following recent management changes.

Quantitative Evaluations

S&P Quality Ranking **B**

D	C	B-	B	B+	A-	A	A+

Relative Strength Rank **STRONG**

78

LOWEST = 1 HIGHEST = 99

Revenue/Earnings Data

Revenue (Million U.S. $)

	1Q	2Q	3Q	4Q	Year
2012	46,333	39,186	35,023	--	--
2011	26,741	24,667	28,571	28,270	108,249
2010	15,683	13,499	15,700	20,343	65,225
2009	11,880	9,084	9,734	12,207	42,905
2008	9,608	7,512	7,464	7,895	32,479
2007	7,115	5,264	5,410	6,217	24,006

Earnings Per Share (U.S. $)

2012	13.87	12.30	9.32	**E**8.33	**E**43.80
2011	6.43	6.40	7.79	7.05	27.68
2010	3.67	3.33	3.51	4.64	15.15
2009	2.50	1.79	2.01	2.77	9.08
2008	1.76	1.16	1.19	1.26	5.36
2007	1.14	0.87	0.92	1.01	3.93

Fiscal year ended Sep. 30. Next earnings report expected: NA. EPS Estimates based on S&P Operating Earnings; historical GAAP earnings are as reported.

Dividend Data (Dates: mm/dd Payment Date: mm/dd/yy)

Amount ($)	Date Decl.	Ex-Div. Date	Stk. of Record	Payment Date
2.650	07/24	08/09	08/13	08/16/12

Dividends have been paid since 2012. Source: Company reports.

Business Summary August 06, 2012

CORPORATE OVERVIEW. Apple makes personal computers, smartphones, tablet computers and portable digital media players, and sells a variety of related software, services, peripherals and networking solutions. We look at the company based on its major business lines -- iPhones, iPads, iPods, iTunes, and computers.

AAPL's smartphones, called iPhones, and related items made up 43% of FY 11 (Sep.) revenues, with over 72 million iPhones sold. This has been one of AAPL's fastest-growing businesses over the past couple of years, and while we expect the rate of growth to slow as the business becomes more mature, we still see substantial opportunities over the next couple of years that can make it an even larger portion of total revenues.

Sales of AAPL's computers, commonly known as Macs, made up approximately 20% of total revenues in FY 11. The company shipped nearly 17 million desktop and laptop computers, with laptop units exceeding desktops by nearly 2.5X. On a unit shipment basis, Macs grew around 22%, much faster than the growth that market researchers have reported for the PC industry. Mac revenues advanced as greater unit shipments offset deteriorating blended average selling prices, trends we believe will continue over the next couple of years.

Released in April 2010, the iPad has quickly become the best-selling tablet computer by far. Before the iPad, unit sales for similar computing devices were less than 200,000 units, according to market researchers. In FY 10, the first year of availability, AAPL sold over 7 million iPads, accounting for around 8% of total revenues. In FY 11, AAPL sold over 32 million iPads, accounting for 19% of revenues. We believe the tablet form factor will become even more popular for the foreseeable future, but we see new entrants diluting AAPL's overall market share over time. Nonetheless, we expect AAPL to continue to dominate in the mid- to high end of this fast-growing computing market.

The company's personal media players, iPods, made up around 13% of FY 10 sales and 7% of FY 11 sales, with sales of over 50 million units in FY 10 and 42 million units in FY 11. AAPL believes it owns over 70% of the media player market, but considering that the company has a large majority of this mature market, we believe AAPL will likely face declining unit shipments in coming years. However, AAPL may be able to maintain or even increase the product line's average selling price by product refreshes, in our view.

COMPETITIVE LANDSCAPE. The company primarily competes in the computing, handset and media player markets. We think AAPL uses its ability to design and develop its own operating system, hardware, application software and services to differentiate itself from competitors. We see the appeal behind the products having a lot to do with its stated goal of providing customers with products that have superior ease of use, seamless integration, and innovative industrial design. Reflecting what we view as AAPL's perceived quality, the company is able to compete in the middle to high end segments of its target markets and charge above-average prices for the devices.

The company has a substantial hardware footprint in the media player, computing and smartphone markets, and we believe this will help garner interest from third-party application developers who continue to develop content and applications for the iPhone and iPad. We think AAPL's application business is one of the key elements that helps differentiate its devices from other products, and is very important to future sales growth. Furthermore, we view the iTunes App Store as an effective way of not only distributing content effectively, but also keeping the customer base entrenched. We think the new iCloud functionality will encourage customers to buy more AAPL products and use them more regularly.

FINANCIAL TRENDS. Although AAPL's sales are affected by broader macroeconomic conditions, we believe the company has been less cyclical than peers, given its strong brand, innovative and high-quality products, loyal customer base, and exposure to fast-growing markets. Considering the maturity of the portable media player and desktop computer markets, we expect unit shipments and average selling prices for the iPod to decline and shipment growth for the iMac to slow. But with anticipated growth in the laptop computer, tablet and smartphone markets, and considering our view that AAPL will gain share for products, we see increasing shipments of iPads, iPhones and MacBooks over the next couple of years.

We believe iPhones and MacBooks offer margins above the level of the company as a whole, and this should support gross margins, as they make up a larger percentage of total revenues. The company should benefit from operating leverage as sales increase faster than costs and expenses, supporting the upward trend of operating margins, which have widened from the single digits to over 30%.

AAPL has a very strong balance sheet, with nearly $117 billion in cash and investments and no debt as of June 2012. AAPL boasts return metrics, such as return on equity (ROE), that are relatively high compared to other large/mega-cap hardware and software companies.

Corporate Information

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CEO
T.D. Cook

COO
J.E. Williams

Board Members
W. V. Campbell
T. D. Cook
M. S. Drexler
A. A. Gore, Jr.
R. A. Iger
A. Jung
A. D. Levinson
R. D. Sugar

Domicile
California

Founded
1977

Employees
63,300

Stockholders
28,543

Apple Inc

STANDARD & POOR'S

Quantitative Evaluations

S&P Fair Value Rank 5-

1 | 2 | 3 | 4 | 5

LOWEST HIGHEST

Based on S&P's proprietary quantitative model, stocks are ranked from most overvalued (1) to most undervalued (5).

Fair Value Calculation $744.50

Analysis of the stock's current worth, based on S&P's proprietary quantitative model suggests that AAPL is Undervalued by $122.80 or 19.8%.

Investability Quotient Percentile

96

LOWEST = 1 HIGHEST = 100

AAPL scored higher than 96% of all companies for which an S&P Report is available.

Volatility

LOW | AVERAGE | HIGH

Technical Evaluation BULLISH

Since August, 2012, the technical indicators for AAPL have been BULLISH.

Insider Activity

UNFAVORABLE | NEUTRAL | FAVORABLE

Expanded Ratio Analysis

	2011	2010	2009	2008
Price/Sales	3.50	4.57	4.45	2.37
Price/EBITDA	10.65	15.37	15.32	11.41
Price/Pretax Income	11.09	16.09	15.84	11.17
P/E Ratio	14.63	21.29	23.21	15.93
Avg. Diluted Shares Outstg (M)	936.6	924.7	907.0	902.1

Figures based on calendar year-end price

Key Growth Rates and Averages

Past Growth Rate (%)	1 Year	3 Years	5 Years	9 Years
Sales	65.96	49.64	40.47	38.62
Net Income	84.99	74.54	65.04	97.86
Ratio Analysis (Annual Avg.)				
Net Margin (%)	23.95	21.54	18.81	13.15
Return on Equity (%)	41.67	36.41	32.98	24.07

Company Financials Fiscal Year Ended Sep. 30

Per Share Data (U.S. $)	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Tangible Book Value	77.68	50.99	34.66	23.04	16.27	11.47	8.83	6.36	5.61	5.54
Cash Flow	29.61	16.26	9.89	5.88	4.29	2.52	1.77	0.55	0.50	0.25
Earnings	27.68	15.15	9.08	5.36	3.93	2.27	1.56	0.36	0.10	0.09
S&P Core Earnings	27.60	15.15	9.08	5.36	3.93	2.27	1.47	0.22	-0.17	-0.19
Dividends	NA	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Payout Ratio	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Prices:High	426.70	326.66	213.95	200.26	202.96	93.16	75.46	34.79	12.51	13.09
Prices:Low	310.50	190.25	78.20	79.14	81.90	50.16	31.30	10.59	6.36	6.68
P/E Ratio:High	15	22	24	37	52	41	48	98	NM	NM
P/E Ratio:Low	11	13	9	15	21	22	20	30	NM	NM

Income Statement Analysis (Million U.S. $)	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Revenue	108,249	65,225	42,905	32,479	24,006	19,315	13,931	8,279	6,207	5,742
Operating Income	35,604	19,412	12,474	6,748	4,726	2,645	1,829	499	138	164
Depreciation	1,814	1,027	734	473	317	225	179	150	113	118
Interest Expense	NA	NA	Nil	Nil	Nil	Nil	Nil	3.00	8.00	11.0
Pretax Income	34,205	18,540	12,066	6,895	5,008	2,818	1,815	383	92.0	87.0
Effective Tax Rate	24.2%	24.4%	31.8%	29.9%	30.2%	29.4%	26.4%	27.9%	26.1%	25.3%
Net Income	25,922	14,013	8,235	4,834	3,496	1,989	1,335	276	68.0	65.0
S&P Core Earnings	25,851	14,013	8,235	4,834	3,496	1,989	1,259	164	-119	-137

Balance Sheet & Other Financial Data (Million U.S. $)	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Cash	25,952	25,620	23,464	24,490	9,352	6,392	3,491	2,969	3,396	2,252
Current Assets	44,988	41,678	31,555	34,690	21,956	14,509	10,300	7,055	5,887	5,388
Total Assets	116,371	75,183	47,501	39,572	25,347	17,205	11,551	8,050	6,815	6,298
Current Liabilities	27,970	20,722	11,506	14,092	9,299	6,471	3,484	2,680	2,357	1,658
Long Term Debt	NA	NA	Nil	Nil	Nil	Nil	Nil	Nil	Nil	316
Common Equity	76,615	47,791	31,640	21,030	14,532	9,984	7,466	5,076	4,223	4,095
Total Capital	76,615	47,791	31,640	21,705	15,151	10,365	7,466	5,076	4,223	4,640
Capital Expenditures	4,260	2,005	1,144	1,091	735	657	260	176	164	174
Cash Flow	27,736	15,040	8,969	5,307	3,813	2,214	1,514	426	181	183
Current Ratio	1.6	2.0	2.7	2.5	2.4	2.2	3.0	2.6	2.5	3.2
% Long Term Debt of Capitalization	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	6.8
% Net Income of Revenue	24.0	21.5	19.2	14.9	14.6	10.3	9.6	3.3	1.1	1.1
% Return on Assets	27.1	21.7	19.7	14.9	16.4	13.9	13.6	3.7	1.0	1.1
% Return on Equity	41.7	37.1	30.5	27.2	28.5	22.8	21.3	5.9	1.6	1.6

Data as orig reptd.; bef. results of disc opers/spec. items. Per share data adj. for stk. divs.; EPS diluted. 2009 data as amended from SEC Form 10-K/A to reflect application of new accounting principles. E-Estimated. NA-Not Available. NM-Not Meaningful. NR-Not Ranked. UR-Under Review.

Apple Inc

Sub-Industry Outlook

Our fundamental outlook for the S&P Computer Hardware sub-industry for the next 12 months is neutral. We believe that the computer hardware industry began to recover from a cyclical downturn in the second half of 2009. We think it will continue to grow for several years, despite some near-term dimming of sales.

Personal computers represent a big part of the industry, and global PC unit shipments increased only about 4% in 2009, followed by growth of about 14% in 2010, as tracked by market research firm IDC. PC unit sales were just under 2% in 2011. IDC projects a roughly 5.0% gain in 2012, based on further economic expansion and satisfaction of pent-up demand.

Since mid-2010, PC unit sales appear to have suffered from consumers substituting media tablets, which are smaller and less robust than traditional PCs and not generally counted as PCs, for laptop PCs. While this substitution effect may pressure PC sales, the computer hardware industry overall should benefit from the growth in tablets. Also, the growing popularity of robust mobile computing devices stimulates data traffic to be handled by servers, creating another spur to the industry.

Price competition and a long-term trend toward lower average selling prices for PCs should keep global PC industry revenue growth rates below the pace of unit sales. We think computer hardware vendors will continue their efforts to take costs out of their infrastructures as they strive for profitability despite price competition and rising component costs.

We see longer-term fundamentals in the computer hardware industry remaining attractive, albeit with lively price competition and pressure on margins. We think that a global need for better computing and communications, especially mobile communications, creates an appetite for a wide range of technology products.

We foresee growing demand for Internet-based computing solutions because they offer companies opportunities to reduce costs and improve customer service. Accordingly, servers and data-center computing hardware should benefit from rising demand. However, we also see price competition in servers. We think that hardware vendors have been seeking to offset the negative impact on profits by offering higher-margin services, software, and storage products.

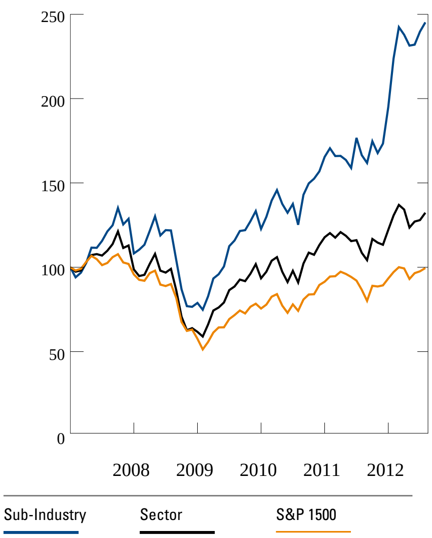
Year to date through July 6, the S&P Computer Hardware Index increased 38.2%, compared to a 7.7% gain for the S&P 1500 Index. In 2011, the S&P Computer Hardware Index rose 10.5%, versus a 0.3% drop in the S&P 1500.

--Dylan Cathers

Stock Performance

GICS Sector: Information Technology
Sub-Industry: Computer Hardware

Based on S&P 1500 Indexes
Month-end Price Performance as of 07/31/12



NOTE: All Sector & Sub-Industry information is based on the Global Industry Classification Standard (GICS)

Sub-Industry : Computer Hardware Peer Group*: Computer Hardware - Personal Computers

Peer Group	Stock Symbol	Stk.Mkt. Cap. (Mil. $)	Recent Stock Price($)	52 Week High/Low($)	Beta	Yield (%)	P/E Ratio	Fair Value Calc.($)	Quality Ranking	S&P IQ %ile	Return on Revenue (%)	LTD to Cap (%)
Apple Inc	**AAPL**	**582,785**	**621.70**	**644.00/354.24**	**1.23**	**1.7**	**15**	**744.50**	**B**	**96**	**23.9**	**NA**
3D Systems	DDD	2,216	40.00	40.43/12.78	1.87	Nil	69	28.20	B-	78	15.4	34.0
Avid Technology	AVID	333	8.62	12.64/5.76	1.17	Nil	NM	10.40	C	10	NA	NA
Concurrent Computer	CCUR	38	4.39	6.38/3.21	1.06	5.5	NM	NA	C	5	NA	NA
Cray Inc	CRAY	444	11.54	12.93/4.96	1.60	Nil	2	10.00	C	15	6.1	NA
Dell Inc	DELL	21,705	12.41	18.36/11.39	1.41	2.6	7	17.10	B+	98	5.6	37.5
Diebold, Inc	DBD	2,113	33.54	42.93/25.17	1.07	3.4	11	32.80	B	94	5.4	40.5
Hewlett-Packard	HPQ	38,845	19.70	34.00/17.41	1.04	2.7	8	29.50	A-	48	5.6	36.4
NCR Corp	NCR	4,043	25.41	25.99/15.28	1.34	Nil	36	31.20	B-	27	0.9	49.5
Silicon Graphics International	SGI	274	8.58	16.89/5.02	1.82	Nil	NM	NA	NR	5	NA	NA
SteelCloud Inc	SCLD	2	0.12	0.20/0.05	2.08	Nil	NM	NA	C	13	NA	NA
Stratasys Inc	SSYS	1,430	67.20	69.63/17.88	1.53	Nil	76	38.10	B+	94	13.2	NA
Super Micro Computer	SMCI	491	12.06	18.87/11.42	1.50	Nil	18	14.60	NR	55	4.3	8.8
Toshiba Corp	TOSBF	11,001	3.40	4.83/3.04	NA	Nil	NM	NA	NR	17	1.4	39.7
Xplore Technologies	XLRT	7	0.03	0.15/0.01	1.16	Nil	NM	NA	NR	NA	NM	NA

NA-Not Available NM-Not Meaningful NR-Not Rated. *For Peer Groups with more than 15 companies or stocks, selection of issues is based on market capitalization.

Source: S&P.

S&P Analyst Research Notes and other Company News

July 27, 2012
10:03 am ET ... S&P REITERATES BUY OPINION ON SHARES OF APPLE (AAPL 573.29****): Mobile and network security company AuthenTec (AUTH 8, NR) announces its pending acquisition by AAPL, in a transaction worth around $355 million in cash. AuthenTec's technology enables users to easily access secure mobile devices and computers via fingerprints. With mobile security becoming an increasing concern and priority for users and businesses, we think this planned move by AAPL makes strong sense. Interestingly, less than 2 weeks ago AUTH announced it would provide network security technology integrated into smartphones and tablets from Samsung, a large AAPL competitor. /S. Kessler

July 25, 2012
07:05 am ET ... S&P REITERATES BUY OPINION ON SHARES OF APPLE (AAPL 600.92****): AAPL posts Jun-Q EPS of $9.32, vs. $7.79, below our forecast of $11.67. We are cutting our EPS estimates for FY 12 (Sep.) to $43.80 from $48.00 and FY 13 to $52.25 from $55.00. We are not changing our FY 14 forecast of $62.00. Based on revised P/E and P/E-to-growth analysis, we are trimming our 12-month target to $800 from $825. Sales were well below our projection, we think largely due to anticipated product introductions. However, we still see AAPL as a premier growth stock trading at an attractive valuation. We view the indicated decline as an enhanced buying opportunity. /S. Kessler

July 25, 2012
AAPL posts $9.32 vs. $7.79 Q3 EPS on 23% revenue rise. Capital IQ consensus forecast was $10.41. Co.'s $35B Q3 revenue below Capital IQ consensus forecast of $37.4B. Sees Q4 revenue of about $34B, EPS of about $7.65. S&P Capital IQ cuts estimates, trims target, reiterates buy. Raymond James reportedly downgrades to outperform from strong buy. ...

July 25, 2012
10:57 am ET ... APPLE INC. (AAPL 570.27) DOWN 30.65, APPLE (AAPL) POSTS Q3. RAYMOND JAMES DOWNGRADES TO OUTPERFORM FROM STRONG BUY... Analyst Tavis McCourt tells salesforce AAPL's $35B Q3 revenue, $9.32 EPS came in below his $35.7B, $10.07 ests. Notes slightly weaker-than-anticipated iPhone sales offset slightly better-than-expected iPad sales. While he believes most of miss due to customers delaying their upgrades until iPhone 5 launch (expected in fall), flattish trends in Europe are potentially a sign that iPhone's share gains might become more muted going forward (and the economy isn't helping either). Cuts FY 12 (Sep) EPS est. by 4% to $43.48, FY 13 by 8% to $50.16. Cuts $800 tgt to $730. B.Brodie

June 29, 2012
Apple Inc. announced that Bob Mansfield, Apple's senior vice president of Hardware Engineering, will retire and the role will be transitioned to Dan Riccio, Apple's vice president of iPad Hardware Engineering, over several months. The entire hardware engineering team will continue to report to Mansfield until his departure. As senior vice president of Hardware Engineering, Mansfield has led Mac(R) hardware engineering since 2005, iPhone(R) and iPod(R) hardware engineering since 2010, and iPad(R) hardware engineering since its inception. Mansfield joined Apple in 1999 when Apple acquired Raycer Graphics, where he was vice president of Engineering. Riccio currently serves as vice president of iPad Hardware Engineering and has been instrumental in all of Apple's iPad products since the first generation iPad. Riccio joined Apple in 1998 as vice president of Product Design and has been a key contributor to most of Apple's hardware over his career.

June 29, 2012
Betsy Rafael, Apple Inc.'s Vice President, Corporate Controller and Principal Accounting Officer, will retire from Apple effective October 19, 2012.

June 26, 2012
02:56 pm ET ... S&P REITERATES HOLD OPINION ON SHARES OF GOOGLE (GOOG 564.12***): Google I/O, GOOG's developers conference, begins tomorrow. We expect GOOG to announce an update to the Android mobile operating system and perhaps a Nexus-branded tablet. We also think GOOG could announce that a million Android devices are being/will soon be activated daily, with the launch of Samsung's Galaxy S III. We also are looking for updates on Google+ and YouTube. Following major competitive announcements from Apple (AAPL 571, Buy) and Microsoft (MSFT 30, Strong Buy), we think GOOG plans to showcase its plans and potential. /S. Kessler

June 11, 2012
04:27 pm ET ... S&P REITERATES BUY OPINION ON SHARES OF APPLE (AAPL 571.17****): At its Worldwide Developers Conference, AAPL announced and showed/demonstrated new versions of the MacBook Pro and MacBook Air with new processors and graphics capabilities, the OS X Mountain Lion desktop operating system, and the iOS 6 mobile operating system. iOS 6 will have 200+ new features, including new proprietary map offerings, Siri functionality with broader language capabilities and deeper content in certain categories, and notable integrations with Facebook (FB 27 ***). We expect a new iPhone to become available around when iOS 6 becomes available, in the early fall. /S. Kessler

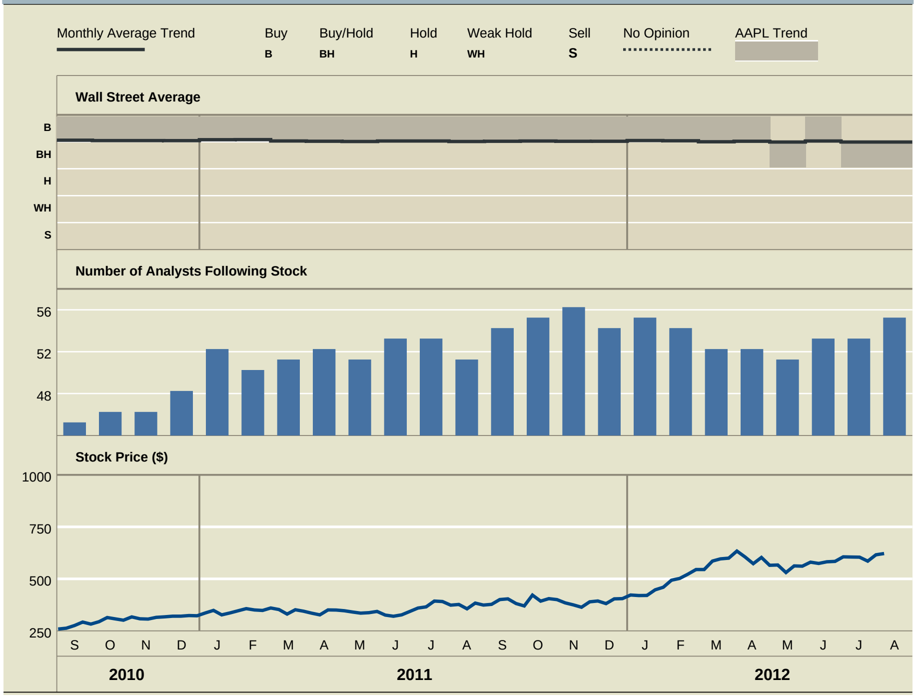
June 11, 2012
AAPL's big conference for technology developers will swing into gear Monday morning with a keynote presentation expected to end months of speculation about some key hardware and software initiatives. The announcements are expected to include the next version of Apple's operating system for iPhones and iPads and updates to the company's MacBook notable computers: WSJ.

June 7, 2012
11:40 am ET ... S&P MAINTAINS BUY OPINION ON SHARES OF SPRINT NEXTEL (S 2.71****): S announced it plans to offer the iPhone through one of its prepaid brands, Virgin Mobile USA. Virgin will start offering the iPhone 4 and 4S on June 29 in conjunction with its prepaid plans that start as low as $30 per month. Virgin plans to offer the iPhone 4 for $549.99 and the 4S for $649.99, we believe equivalent to the full retail price. We think this strategy makes sense as units sold would help S meet its quota with Apple (AAPL 573, Buy) and yet it would not see an impact to EBITDA from higher subsidies. However, we do not expect significant volumes at this price. /James Moorman, CFA

April 25, 2012
05:33 am ET ... S&P REITERATES BUY OPINION ON SHARES OF APPLE (AAPL 560.28****): AAPL posts Mar-Q EPS of $12.30 vs. $6.40, well above our estimate of $11.53, reflecting a notably higher gross margin than we projected, owing largely to low flash memory costs. Revenues rose 59%, reflecting gains in iPhones and iPads, which accounted for three quarters of total revenues. Greater China accounted for 19% of revenues. We are raising our EPS estimates for FY 12 (Sep.) to $48.00 from $46.50, and for FY 13 to $55.00 from $53.50. Our FY 14 forecast remains $62.00. Reflecting our higher estimates, we are raising our 12-month target price to $825 from $800. /S. Kessler

Apple Inc

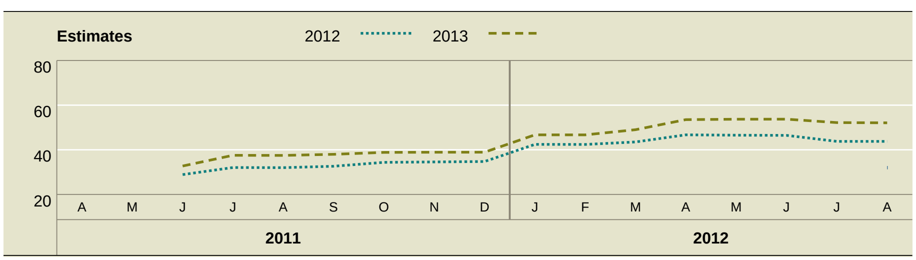
Analysts' Recommendations



Of the total 74 companies following AAPL, 56 analysts currently publish recommendations.

	No. of Ratings	% of Total	1 Mo. Prior	3 Mos. Prior
Buy	35	62	33	32
Buy/Hold	15	27	15	14
Hold	3	5	4	4
Weak Hold	0	0	0	0
Sell	2	4	1	1
No Opinion	1	2	1	3
Total	**56**	**100**	**54**	**54**

Wall Street Consensus Estimates



Fiscal Years	Avg Est.	High Est.	Low Est.	# of Est.	Est. P/E
2013	52.38	63.05	42.03	49	11.9
2012	43.95	46.00	41.54	47	14.1
2013 vs. 2012	▲ 19%	▲ 37%	▲ 1%	▲ 4%	▼ -16%
Q4'13	11.82	14.25	8.85	36	52.6
Q4'12	8.48	10.91	7.80	43	73.3
Q4'13 vs. Q4'12	▲ 39%	▲ 31%	▲ 13%	▼ -16%	▼ -28%

A company's earnings outlook plays a major part in any investment decision. Standard & Poor's organizes the earnings estimates of over 2,300 Wall Street analysts, and provides their consensus of earnings over the next two years. This graph shows the trend in analyst estimates over the past 15 months.

Wall Steet Consensus Opinion

BUY/HOLD

Companies Offering Coverage

Over 30 firms follow this stock; not all firms are displayed.
ACI Research
Arete Research Services LLP
Argus Research Company
Atlantic Equities LLP
Auriga USA LLC
BMO Capital Markets, U.S. Equity Research
BNP Paribas
Barclays
Berenberg Bank
BofA Merrill Lynch
Brigantine Advisors
CLSA Asia-Pacific Markets
Canaccord Genuity
Caris & Company
Citigroup Inc
Collins Stewart LLC
Cowen and Company, LLC
Credit Agricole Securities (USA) Inc.
Credit Suisse
Cross Research LLC
Crowell, Weedon & Co.
Daiwa Capital Markets America Inc.
Daiwa Securities Capital Markets Co. Ltd.
Day By Day
Deutsche Bank
Exane BNP Paribas
FBN Securities, Inc.
First Global Stockbroking (P) Ltd.
Gabelli & Company, Inc.
Gleacher & Company, Inc.

Wall Street Consensus vs. Performance

For fiscal year 2012, analysts estimate that AAPL will earn $43.95. For the 3rd quarter of fiscal year 2012, AAPL announced earnings per share of $9.32, representing 21% of the total annual estimate. For fiscal year 2013, analysts estimate that AAPL's earnings per share will grow by 19% to $52.38.

Glossary

S&P STARS
Since January 1, 1987, Standard and Poor's Equity Research Services has ranked a universe of common stocks based on a given stock's potential for future performance. Under proprietary STARS (STock Appreciation Ranking System), S&P equity analysts rank stocks according to their individual forecast of a stock's future total return potential versus the expected total return of a relevant benchmark (e.g., a regional index (S&P Asia 50 Index, S&P Europe 350 Index or S&P 500 Index)), based on a 12-month time horizon. STARS was designed to meet the needs of investors looking to put their investment decisions in perspective. Data used to assist in determining the STARS ranking may be the result of the analyst's own models as well as internal proprietary models resulting from dynamic data inputs.

S&P 12-Month Target Price
The S&P equity analyst's projection of the market price a given security will command 12 months hence, based on a combination of intrinsic, relative, and private market valuation metrics, including S&P Fair Value.

Investment Style Classification
Characterizes the stock as Growth or Value, and indicates its capitalization level. Growth is evaluated along three dimensions (earnings, sales and internal growth), while Value is evaluated along four dimensions (book-to-price, cash flow-to-price, dividend yield and sale-to-price). Growth stocks score higher than the market average on growth dimensions and lower on value dimensions. The reverse is true for Value stocks. Certain stocks are classified as Blend, indicating a mixture of growth and value characteristics and cannot be classified as purely growth or value.

S&P EPS Estimates
Standard & Poor's earnings per share (EPS) estimates reflect analyst projections of future EPS from continuing operations, and generally exclude various items that are viewed as special, non-recurring, or extraordinary. Also, S&P EPS estimates reflect either forecasts of S&P equity analysts; or, the consensus (average) EPS estimate, which are independently compiled by Capital IQ, a data provider to Standard & Poor's Equity Research. Among the items typically excluded from EPS estimates are asset sale gains; impairment, restructuring or merger-related charges; legal and insurance settlements; in process research and development expenses; gains or losses on the extinguishment of debt; the cumulative effect of accounting changes; and earnings related to operations that have been classified by the company as discontinued. The inclusion of some items, such as stock option expense and recurring types of other charges, may vary, and depend on such factors as industry practice, analyst judgment, and the extent to which some types of data is disclosed by companies.

S&P Core Earnings
Standard & Poor's Core Earnings is a uniform methodology for adjusting operating earnings by focusing on a company's after-tax earnings generated from its principal businesses. Included in the Standard & Poor's definition are employee stock option grant expenses, pension costs, restructuring charges from ongoing operations, write-downs of depreciable or amortizable operating assets, purchased research and development, M&A related expenses and unrealized gains/losses from hedging activities. Excluded from the definition are pension gains, impairment of goodwill charges, gains or losses from asset sales, reversal of prior-year charges and provision from litigation or insurance settlements.

Qualitative Risk Assessment
The S&P equity analyst's view of a given company's operational risk, or the risk of a firm's ability to continue as an ongoing concern. The Qualitative Risk Assessment is a relative ranking to the S&P U.S. STARS universe, and should be reflective of risk factors related to a company's operations, as opposed to risk and volatility measures associated with share prices.

Quantitative Evaluations
In contrast to our qualitative STARS recommendations, which are assigned by S&P analysts, the quantitative evaluations described below are derived from proprietary arithmetic models. These computer-driven evaluations may at times contradict an analyst's qualitative assessment of a stock. One primary reason for this is that different measures are used to determine each. For instance, when designating STARS, S&P analysts assess many factors that cannot be reflected in a model, such as risks and opportunities, management changes, recent competitive shifts, patent expiration, litigation risk, etc.

S&P Quality Ranking
Growth and stability of earnings and dividends are deemed key elements in establishing S&P's Quality Rankings for common stocks, which are designed to capsulize the nature of this record in a single symbol. It should be noted, however, that the process also takes into consideration certain adjustments and modifications deemed desirable in establishing such rankings. The final score for each stock is measured against a scoring matrix determined by analysis of the scores of a large and representative sample of stocks. The range of scores in the array of this sample has been aligned with the following ladder of rankings:

A+	Highest	B	Below Average
A	High	B-	Lower
A-	Above Average	C	Lowest
B+	Average	D	In Reorganization
NR	Not Ranked		

S&P Fair Value Rank
Using S&P's exclusive proprietary quantitative model, stocks are ranked in one of five groups, ranging from Group 5, listing the most undervalued stocks, to Group 1, the most overvalued issues. Group 5 stocks are expected to generally outperform all others. A positive (+) or negative (-) Timing Index is placed next to the Fair Value ranking to further aid the selection process. A stock with a (+) added to the Fair Value Rank simply means that this stock has a somewhat better chance to outperform other stocks with the same Fair Value Rank. A stock with a (-) has a somewhat lesser chance to outperform other stocks with the same Fair Value Rank. The Fair Value rankings imply the following: 5-Stock is significantly undervalued; 4-Stock is moderately undervalued; 3-Stock is fairly valued; 2-Stock is modestly overvalued; 1-Stock is significantly overvalued.

S&P Fair Value Calculation
The price at which a stock should trade at, according to S&P's proprietary quantitative model that incorporates both actual and estimated variables (as opposed to only actual variables in the case of S&P Quality Ranking). Relying heavily on a company's actual return on equity, the S&P Fair Value model places a value on a security based on placing a formula-derived price-to-book multiple on a company's consensus earnings per share estimate.

Insider Activity
Gives an insight as to insider sentiment by showing whether directors, officers and key employees who have proprietary information not available to the general public, are buying or selling the company's stock during the most recent six months.

Funds From Operations FFO
FFO is Funds from Operations and equal to a REIT's net income, excluding gains or losses from sales of property, plus real estate depreciation.

Investability Quotient (IQ)
The IQ is a measure of investment desirability. It serves as an indicator of potential medium-to-long term return and as a caution against downside risk. The measure takes into account variables such as technical indicators, earnings estimates, liquidity, financial ratios and selected S&P proprietary measures.

S&P's IQ Rationale:
Apple Inc

	Raw Score	Max Value
Proprietary S&P Measures	15	115
Technical Indicators	32	40
Liquidity/Volatility Measures	20	20
Quantitative Measures	66	75
IQ Total	**133**	**250**

Volatility
Rates the volatility of the stock's price over the past year.

Technical Evaluation
In researching the past market history of prices and trading volume for each company, S&P's computer models apply special technical methods and formulas to identify and project price trends for the stock.

Relative Strength Rank
Shows, on a scale of 1 to 99, how the stock has performed versus all other companies in S&P's universe on a rolling 13-week basis.

Global Industry Classification Standard (GICS)
An industry classification standard, developed by Standard & Poor's in collaboration with Morgan Stanley Capital International (MSCI). GICS is currently comprised of 10 Sectors, 24 Industry Groups, 68 Industries, and 154 Sub-Industries.

S&P Issuer Credit Rating
A Standard & Poor's Issuer Credit Rating is a current opinion of an obligor's overall financial capacity (its creditworthiness) to pay its financial obligations. This opinion focuses on the obligor's capacity and willingness to meet its financial commitments as they come due. It does not apply to any specific financial obligation, as it does not take into account the nature of and provisions of the obligation, its standing in bankruptcy or liquidation, statutory preferences, or the legality and enforceability of the obligation. In addition, it does not take into account the creditworthiness of the guarantors, insurers, or other forms of credit enhancement on the obligation. The Issuer Credit Rating is not a recommendation to purchase, sell, or hold a financial obligation issued by an obligor, as it does not comment on market price or suitability for a particular investor. Issuer Credit Ratings are based on current information furnished by obligors or obtained by Standard & Poor's from other sources it considers reliable. Standard & Poor's does not perform an audit in connection with any Issuer Credit Rating and may, on occasion, rely on unaudited financial information. Issuer Credit Ratings may be changed, suspended, or withdrawn as a result of changes in, or unavailability of, such information, or based on other circumstances.

Exchange Type
ASE - American Stock Exchange; AU - Australia Stock Exchange; BB - Bulletin Board; NGM - Nasdaq Global Market; NNM - Nasdaq Global Select Market; NSC - Nasdaq Capital Market; NYS - New York Stock Exchange; OTN - Other OTC (Over the Counter); OTC - Over the Counter; QB - OTCQB; QX - OTCQX; TS - Toronto Stock Exchange; TXV - TSX Venture Exchange; NEX - NEX Exchange.

S&P Equity Research Services
Standard & Poor's Equity Research Services U.S. includes Standard & Poor's Investment Advisory Services LLC; Standard & Poor's Equity Research Services Europe includes McGraw-Hill Financial Research Europe Limited trading as Standard & Poor's; Standard & Poor's Equity Research Services Asia includes McGraw-Hill Financial Singapore Pte. Limited's

offices in Singapore, Standard & Poor's Investment Advisory Services (HK) Limited in Hong Kong, Standard & Poor's Malaysia Sdn Bhd, and Standard & Poor's Information Services (Australia) Pty Ltd.

Abbreviations Used in S&P Equity Research Reports
CAGR- Compound Annual Growth Rate; **CAPEX**- Capital Expenditures; **CY**- Calendar Year; **DCF**- Discounted Cash Flow; **EBIT**- Earnings Before Interest and Taxes; **EBITDA**- Earnings Before Interest, Taxes, Depreciation and Amortization; **EPS**- Earnings Per Share; **EV**- Enterprise Value; **FCF**- Free Cash Flow; **FFO**- Funds From Operations; **FY**- Fiscal Year; **P/E**- Price/Earnings ; **PEG Ratio**- P/E-to-Growth Ratio; **PV**- Present Value; **R&D**- Research & Development; **ROE**- Return on Equity; **ROI**- Return on Investment; **ROIC**- Return on Invested Capital; **ROA**- Return on Assets; **SG&A**- Selling, General & Administrative Expenses; **WACC**- Weighted Average Cost of Capital

Dividends on American Depository Receipts (ADRs) and American Depository Shares (ADSs) are net of taxes (paid in the country of origin).

Required Disclosures

In contrast to the qualitative STARS recommendations covered in this report, which are determined and assigned by S&P equity analysts, S&P's quantitative evaluations are derived from S&P's proprietary Fair Value quantitative model. In particular, the Fair Value Ranking methodology is a relative ranking methodology, whereas the STARS methodology is not. Because the Fair Value model and the STARS methodology reflect different criteria, assumptions and analytical methods, quantitative evaluations may at times differ from (or even contradict) an equity analyst's STARS recommendations. As a quantitative model, Fair Value relies on history and consensus estimates and does not introduce an element of subjectivity as can be the case with equity analysts in assigning STARS recommendations.

S&P Global STARS Distribution

In North America: As of June 29, 2012, research analysts at Standard & Poor's Equity Research Services North America recommended 37.5% of issuers with buy recommendations, 57.5% with hold recommendations and 5.0% with sell recommendations.

In Europe: As of June 29, 2012, research analysts at Standard & Poor's Equity Research Services Europe recommended 32.5% of issuers with buy recommendations, 50.8% with hold recommendations and 16.7% with sell recommendations.

In Asia: As of June 29, 2012, research analysts at Standard & Poor's Equity Research Services Asia recommended 34.7% of issuers with buy recommendations, 57.8% with hold recommendations and 7.5% with sell recommendations.

Globally: As of June 29, 2012, research analysts at Standard & Poor's Equity Research Services globally recommended 36.5% of issuers with buy recommendations, 56.4% with hold recommendations and 7.1% with sell recommendations.

★★★★★ **5-STARS (Strong Buy)**: Total return is expected to outperform the total return of a relevant benchmark, by a wide margin over the coming 12 months, with shares rising in price on an absolute basis.

★★★★☆ **4-STARS (Buy)**: Total return is expected to outperform the total return of a relevant benchmark over the coming 12 months, with shares rising in price on an absolute basis.

★★★☆☆ **3-STARS (Hold)**: Total return is expected to closely approximate the total return of a relevant benchmark over the coming 12 months, with shares generally rising in price on an absolute basis.

★★☆☆☆ **2-STARS (Sell)**: Total return is expected to underperform the total return of a relevant benchmark over the coming 12 months, and the share price not anticipated to show a gain.

★☆☆☆☆ **1-STARS (Strong Sell)**: Total return is expected to underperform the total return of a relevant benchmark by a wide margin over the coming 12 months, with shares falling in price on an absolute basis.

Relevant benchmarks: In North America the relevant benchmark is the S&P 500 Index, in Europe and in Asia, the relevant benchmarks are generally the S&P Europe 350 Index and the S&P Asia 50 Index.

For All Regions: All of the views expressed in this research report accurately reflect the research analyst's personal views regarding any and all of the subject securities or issuers. No part of analyst compensation was, is, or will be directly or indirectly, related to the specific recommendations or views expressed in this research report.

S&P Global Quantitative Recommendations Distribution

In Europe: As of June 29, 2012, Standard & Poor's Quantitative Services Europe recommended 48.0% of issuers with buy recommendations, 21.0% with hold recommendations and 30.0% with sell recommendations.

In Asia: As of June 29, 2012, Standard & Poor's Quantitative Services Asia recommended 34.7% of issuers with buy recommendations, 21.0% with hold recommendations and 28.0% with sell recommendations.

Globally: As of June 29, 2012, Standard & Poor's Quantitative Services globally recommended 46.0% of issuers with buy recommendations, 20.0% with hold recommendations and 32.0% with sell recommendations.

Additional information is available upon request.

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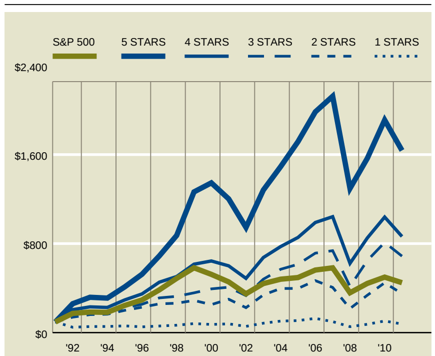
U.S. STARS Cumulative Model Performance
Hypothetical Growth Due to Price Appreciation of $100
For the Period 12/31/1986 through 07/31/2012



The performance above represents only the results of Standard & Poor's model portfolios. Model performance has inherent limitations. Standard & Poor's maintains the models and calculates the model performance shown, but does not manage actual assets. The U.S. STARS model performance chart is only an illustration of Standard & Poor's (S&P) research; it shows how U.S. common stocks, ADRs (American Depositary Receipts) and ADSs (American Depositary Shares), collectively “equities”, that received particular STARS rankings performed. STARS categories are models only; they are not collective investment funds. The STARS performance does not show how any actual portfolio has performed. STARS model performance does not represent the results of actual trading of investor assets. Thus, the model performance shown does not reflect the impact that material economic and market factors might have had on decision-making if actual investor money had been managed. Performance is calculated using a time-weighted rate of return. While model performance for some or all STARS categories performed better than the S&P 500 for the period shown, the performance during any shorter period may not have, and there is no assurance that they will perform better than the S&P 500 in the future. STARS does not take into account any particular investment objective, financial situation or need and is not intended as an investment recommendation or strategy. Investments based on the STARS methodology may lose money. High returns are not necessarily the norm and there is no assurance that they can be sustained. Past model performance of STARS is no guarantee of future performance.

For model performance calculation purposes, the equities within each STARS category at December 31, 1986 were equally weighted. Thereafter, additions to the composition of the equities in each STARS category are made at the average value of the STARS category at the preceding month end with no rebalancing. Deletions are made at the closing price of the day that the deletion is made. Performance was calculated from inception through March 31, 2003 on a monthly basis. Thereafter, performance is calculated daily. Equities in each STARS category will change over time, and some or all of the equities that received STARS rankings during the time period shown may not have maintained their STARS ranking during the entire period.

The model performance does not consider taxes and brokerage commissions, nor does it reflect the deduction of any advisory or other fees charged by advisors or other parties that investors will incur when their accounts are managed in accordance with the models. The imposition of these fees and charges would cause actual performance to be lower than the performance shown. For example, if a model returned 10 percent on a $100,000 investment for a 12-month period (or $10,000) and an annual asset-based fee of 1.5 percent were imposed at the end of the period (or $1,650), the net return would be 8.35 percent (or $8,350) for the year. Over 3 years, an annual 1.5% fee taken at year end with an assumed 10% return per year would result in a cumulative gross return of 33.1%, a total fee of $5,375 and a cumulative net return of 27.2% (or $27,200). Fees deducted on a frequency other than annual would result in a different cumulative net return in the preceding example.

The Standard & Poor's 500 index is the benchmark for U.S. STARS. The S&P 500 index is calculated in U.S. dollars and does not take into account the reinvestment of dividends. Indexes are unmanaged, statistical composites and their returns do not include payment of any sales charges or fees an investor would pay to purchase the securities they represent. Such costs would lower performance. It is not possible to invest directly in an index. The S&P 500 index includes a different number of constituents and has different risk characteristics than the STARS equities. Some of the STARS equities may have been included in the S&P 500 index for some (but not necessarily all) of the period covered in the chart, and some such equities may not have been included at all. The S&P 500 excludes ADRs and ADSs. The methodology for calculating the return of the S&P 500 index differs from the methodology of calculating the return for STARS. Past performance of the S&P 500 index is no guarantee of future performance.

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