

Apple Inc

S&P Capital IQ Recommendation



S&P Capital IQ Equity Analyst Angelo Zino, CFA

Price

\$115.96 (as of Aug 14, 2015 4:00 PM ET)

12-Mo. Target Price

\$150.00

Report Currency

USD

Investment Style

Large-Cap Growth

GICS Sector Information Technology
Sub-Industry Technology Hardware, Storage & Peripherals

Summary This company is a prominent provider of hardware including iPhone smartphones, iPad tablets, Mac computers and iPod digital media players.

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

52-Wk Range	\$134.54–95.18	S&P Oper. EPS 2015E	9.11	Market Capitalization(B)	\$661.288	Beta	0.81
Trailing 12-Month EPS	\$8.67	S&P Oper. EPS 2016E	9.69	Yield (%)	1.79	S&P 3-Yr. Proj. EPS CAGR(%)	15
Trailing 12-Month P/E	13.4	P/E on S&P Oper. EPS 2015E	12.7	Dividend Rate/Share	\$2.08	S&P Quality Ranking	B+
\$10K Invested 5 Yrs Ago	\$34,847	Common Shares Outstg. (M)	5,702.7	Institutional Ownership (%)	60		

Price Performance



Analyst's 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 in the pace or success of product innovations following recent management changes.

Revenue/Earnings Data

Revenue (Million U.S. \$)					
	1Q	2Q	3Q	4Q	Year
2015	74,599	58,010	49,605	--	--
2014	57,594	45,646	37,432	42,123	182,795
2013	54,512	43,603	35,323	37,472	170,910
2012	46,333	39,186	35,023	35,966	156,508
2011	26,741	24,667	28,571	28,270	108,249
2010	15,683	13,499	15,700	20,343	65,225

Earnings Per Share (U.S. \$)

2015	3.06	2.33	1.85	E1.88	E9.11
2014	2.07	1.66	1.28	1.42	6.45
2013	1.97	1.44	1.07	1.18	5.68
2012	1.98	1.76	1.33	1.24	6.31
2011	0.92	0.91	1.11	1.01	3.95
2010	0.52	0.48	0.50	0.66	2.16

Fiscal year ended Sep. 30. Next earnings report expected: Late October. EPS Estimates based on S&P Capital IQ Operating Earnings; historical GAAP earnings are as reported in Company reports.

Dividend Data

Amount (\$)	Date Decl.	Ex-Div. Date	Stk. of Record	Payment Date
0.470	Oct 20	Nov 6	Nov 10	Nov 13 '14
0.470	Jan 27	Feb 5	Feb 9	Feb 12 '15
0.520	Apr 27	May 7	May 11	May 14 '15
0.520	Jul 21	Aug 6	Aug 10	Aug 13 '15

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

Past performance is not an indication of future performance and should not be relied upon as such.

Past performance is not an indication of future performance and should not be relied upon as such.

Analysis prepared by Equity Analyst **Angelo Zino, CFA** on Jul 22, 2015 08:19 AM, when the stock traded at **\$130.75**.

Highlights

- ▶ We project 4.4% revenue growth for FY 16 (Sep.) following our projection for a 28% increase FY 15. AAPL's move to large screen iPhones (iPhone 6 at 4.7 inches and iPhone 6 Plus at 5.5 inches) is helping the company to capture share at the high-end of the smartphone market. We anticipate steady Mac sales, despite a challenging PC landscape, but lackluster iPad sales ahead of a new launch. In the March quarter, revenue was broken down as follows: 66% iPhone, 9% iPad, 10% Mac, 15% Services/Other. We positively view growth potential from the Apple Watch, but revenue contribution is likely to be minimal in the coming quarters.
- ▶ We see the annual gross margin remaining around 40% in FY 16, near our FY 15 estimate and compares to a 39% margin in FY 14. We see benefits from higher sales of the iPhone 6 Plus devices, which command higher selling prices. The Apple Watch commands higher margins than the corporate average, which could provide an upside in the coming years.
- ▶ We estimate operating EPS of \$9.11 in FY 15, \$9.69 in FY 16, and \$10.96 for FY 17.

Investment Rationale/Risk

- ▶ We note AAPL's significant market position in key areas, and high customer satisfaction and switching costs. Higher volumes, a focus on common components and a greater emphasis on software and services should aid profitability. AAPL's superior ecosystem and new product launches will be enough to sustain high iPhone customer retention rates. The Apple Watch will see success over time, we believe, and we are optimistic about the potential for AAPL to expand its addressable market in the coming years. We positively view free cash flow generation, and believe the balance sheet will be increasingly employed for dividends and stock repurchases, as well as M&A.
- ▶ Risks to our recommendation and target price include weaker end-market demand, pricing pressures, competitive handset and tablet offerings gaining traction, carrier efforts to reduce or eliminate subsidy payments and less success with product launches/innovations.
- ▶ Our 12-month target price of \$150 is based on a P/E of 15.5X our FY 16 EPS estimate, above hardware peers, but near the S&P 500 Technology sector. We note net cash per share of \$26.

Please read the Required Disclosures and Analyst Certification on the last page of this report.

Redistribution or reproduction is prohibited without written permission. This document is not intended to provide personal investment advice and it does not take into account the specific investment objectives, financial situation and the particular needs of any specific person who may receive this report. Investors should seek independent financial advice regarding the suitability and/or appropriateness of making an investment or implementing the investment strategies discussed in this document and should understand that statements regarding future prospects may not be realized. Investors should note that income from such investments, if any, may fluctuate and that the value of such investments may rise or fall. Accordingly, investors may receive back less than they originally invested. Investors should seek advice concerning any impact this investment may have on their personal tax position from their own tax advisor. Please note the publication date of this document. It may contain specific information that is no longer current and should not be used to make an investment decision. Unless otherwise indicated, there is no intention to update this document.

Apple Inc

Business Summary July 22, 2015

CORPORATE OVERVIEW. Apple makes smartphones, tablet devices, computers and portable digital media players, and sells a variety of related software, services and accessories.

AAPL's iPhone directly accounted for 56% of FY 14 revenues, with 169 million units sold. AAPL sold over 150 million iPhones in FY 13, contributing 53% of revenues. This was AAPL's fastest-growing segment over the past couple of years, and while we expect the rate of growth to slow as the business becomes larger and more mature, we still see substantial opportunities related to international, enterprise and education markets. We note the fall 2014 introductions of the larger screen iPhone 6 and the iPhone 6 Plus.

Released in April 2010, the iPad quickly became 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 14, about 68 million iPads were sold (17% of sales), but showed a decline from the 71 million units shipped (19% of sales) the previous fiscal year. We believe the tablet form factor will remain popular as it launches next generation devices, but we see new entrants diluting AAPL's overall market share over time. Nonetheless, we expect AAPL to continue to dominate in the upper part of this fast-growing computing market.

Sales of AAPL's computers, commonly known as Macs, made up 13% of revenues in FY 14 and FY 13. On a unit shipment basis, Macs had grown notably faster than what was reported for the PC industry.

Revenue from the iTunes Store, the App Store, the Mac App Store, the iBooks Store, AppleCare, licensing and other services represented 10% and 9% of FY 14 and FY 13 sales, respectively. Apple-branded and third-party accessories were about 3% of revenues in FY 14. The company's personal media players, iPods, made up less than 2% of FY 14 sales.

COMPETITIVE LANDSCAPE. The company primarily competes in the handset, tablet, computer 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 and notable cachet, the company is able to compete in the middle to high-end segments of its target markets, and charge above-average prices for its products.

AAPL has a substantial hardware presence across key categories, and we believe this helps garner interest from third-party application developers who continue to produce 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 and pricing power. Further, 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 iCloud functionality encourages 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 generally 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 computer and portable media player markets, we expect unit shipments and average selling prices for Macs and iPods to decline. However, with anticipated growth in the smartphone and tablet markets, and considering our view that AAPL will largely sustain notable share in these areas, we see increasing shipments of and revenues from iPhones and iPads over the next couple of years.

We believe iPhones and Mac products offer margins above the level of the company as a whole, and this should support gross margins, as they make up a large 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 what we view as a very strong balance sheet, with some \$194 billion in cash and investments, and about \$40 billion in debt as of March 2015 end. AAPL boasts return metrics, such as return on equity, that are relatively high compared to other large/mega-cap hardware and software companies.

In March 2012, AAPL announced a dividend and a share repurchase plan. In April 2013, it announced a \$50 billion increase in the repurchase program and a 15% increase in the dividend. In April 2014, it announced a \$30 billion buyback and an 8% increase in the dividend. In April 2015, Apple announced a \$200 billion capital allocation strategy (\$140 billion share repurchases and 11% dividend increase).

In June 2014, a 7-for-1 stock split was implemented.

Corporate Information

Investor Contact
P. Oppenheimer (44 20 7552 5782)

Office
1 Infinite Loop, Cupertino, CA 95014.

Telephone
408-996-1010.

Fax
408-996-0275.

Email
investor_relations@apple.com

Website
<http://www.apple.com>

Officers

Chrmn
A.D. Levinson

SVP & CFO
L. Maestri

CEO
T.D. Cook

SVP, Secy & General Counsel
D.B. Sewell

COO
J.E. Williams

Board Members

T. D. Cook
R. A. Iger
A. D. Levinson
S. L. Wagner

A. A. Gore, Jr.
A. Jung
R. D. Sugar

Domicile
California

Founded
1977

Employees
97,000

Stockholders
26,112

Apple Inc

Quantitative Evaluations

S&P Capital IQ Fair Value Rank	3+	1	2	3	4	5
		LOWEST				HIGHEST

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

Fair Value Calculation **\$123.00** Analysis of the stock's current worth, based on S&P Capital IQ's proprietary quantitative model suggests that AAPL is slightly undervalued by \$7.04 or 6.1%.

Investability Quotient Percentile	99
	LOWEST = 1 HIGHEST = 100

AAPL scored higher than 99% of all companies for which an S&P Capital IQ Report is available.

Volatility	LOW	AVERAGE	HIGH
-------------------	-----	---------	------

Technical Evaluation **BEARISH** Since July, 2015, the technical indicators for AAPL have been BEARISH.

Insider Activity	UNFAVORABLE	NEUTRAL	FAVORABLE
-------------------------	-------------	---------	-----------

For further clarification on the terms used in this report, please visit www.spcapitaliq.com/stockreportguide

Expanded Ratio Analysis

	2014	2013	2012	2011
Price/Sales	3.70	3.06	3.21	3.50
Price/EBITDA	11.18	9.37	8.60	10.65
Price/Pretax Income	12.64	10.42	9.02	11.09
P/E Ratio	17.11	14.11	12.06	14.63
Avg. Diluted Shares Outstg (M)	6,122.7	6,521.6	6,617.5	6,556.5

Figures based on calendar year-end price

Key Growth Rates and Averages

Past Growth Rate (%)	1 Year	3 Years	5 Years	9 Years
Sales	6.95	18.06	35.01	36.91
Net Income	6.68	12.13	37.84	51.85

Ratio Analysis (Annual Avg.)

Net Margin (%)	21.61	23.32	23.08	19.37
% LT Debt to Capitalization	20.63	10.90	6.54	3.63
Return on Equity (%)	33.61	35.70	37.16	32.76

Company Financials Fiscal Year Ended Sep. 30

Per Share Data (U.S. \$)	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Tangible Book Value	17.52	18.71	17.17	11.10	7.28	4.95	3.29	2.32	1.64	1.26
Cash Flow	7.75	6.72	6.80	4.23	2.32	1.41	0.84	0.61	0.36	0.25
Earnings	6.45	5.68	6.31	3.95	2.16	1.30	0.77	0.56	0.32	0.22
S&P Capital IQ Core Earnings	6.47	5.68	6.29	3.94	2.16	1.30	0.77	0.56	0.32	0.21
Dividends	Nil	1.63	0.38	Nil						
Payout Ratio	Nil	29%	6%	Nil						
Prices:High	119.75	82.16	100.72	60.96	46.67	30.56	28.61	28.99	13.31	10.78
Prices:Low	70.51	55.01	58.43	44.36	27.18	11.17	11.31	11.70	7.17	4.47
P/E Ratio:High	19	14	16	15	22	24	37	52	41	48
P/E Ratio:Low	11	10	9	11	13	9	15	21	22	20

Income Statement Analysis (Million U.S. \$)

Revenue	182,795	170,910	156,508	108,249	65,225	42,905	32,479	24,006	19,315	13,931
Operating Income	60,449	55,756	58,518	35,604	19,412	12,474	6,748	4,726	2,645	1,829
Depreciation	7,946	6,757	3,277	1,814	1,027	734	473	317	225	179
Interest Expense	384	136	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Pretax Income	53,483	50,155	55,763	34,205	18,540	12,066	6,895	5,008	2,818	1,815
Effective Tax Rate	26.1%	26.2%	25.2%	24.2%	24.4%	31.8%	29.9%	30.2%	29.4%	26.4%
Net Income	39,510	37,037	41,733	25,922	14,013	8,235	4,834	3,496	1,989	1,335
S&P Capital IQ Core Earnings	39,643	37,037	41,614	25,851	14,013	8,235	4,834	3,496	1,989	1,259

Balance Sheet & Other Financial Data (Million U.S. \$)

Cash	25,158	40,590	29,129	25,952	25,620	23,464	24,490	9,352	6,392	3,491
Current Assets	68,531	73,286	57,653	44,988	41,678	31,555	34,690	21,956	14,509	10,300
Total Assets	231,839	207,000	176,064	116,371	75,183	47,501	39,572	25,347	17,205	11,551
Current Liabilities	63,448	43,658	38,542	27,970	20,722	11,506	14,092	9,299	6,471	3,484
Long Term Debt	28,987	16,960	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Common Equity	111,547	123,549	118,210	76,615	47,791	31,640	21,030	14,532	9,984	7,466
Total Capital	140,534	140,509	118,210	76,615	47,791	31,640	21,705	15,151	10,365	7,466
Capital Expenditures	9,571	8,165	8,295	4,260	2,005	1,144	1,091	735	657	260
Cash Flow	47,456	43,794	45,010	27,736	15,040	8,969	5,307	3,813	2,214	1,514
Current Ratio	1.1	1.7	1.5	1.6	2.0	2.7	2.5	2.4	2.2	3.0
% Long Term Debt of Capitalization	20.6	12.1	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
% Net Income of Revenue	21.6	21.7	26.7	24.0	21.5	19.2	14.9	14.6	10.3	9.6
% Return on Assets	18.0	19.3	28.5	27.1	21.7	19.7	14.9	16.4	13.9	13.6
% Return on Equity	33.6	30.6	42.8	41.7	37.1	30.5	27.2	28.5	22.8	21.3

Data as originally reported in Company reports.; bef. results of disc opers/spec. items. Per share data adj. for stk. divs.; EPS diluted. E-Estimated. NA-Not Available. NM-Not Meaningful. NR-Not Ranked. UR-Under Review.

Apple Inc

Sector Outlook

On July 7, 2015, S&P Capital IQ downgraded the investment outlook for the S&P 500 Info Technology sector to marketweight from overweight, citing the traditionally soft seasonals for the sector as companies build inventory for Q4. We also think much of the good news surrounding recent product introductions are already reflected in share prices.

Year to date through July 6, 2015, the S&P 500 Information Technology Index, which represented 19.6% of the S&P 500 Index, was up 0.3% in price, compared with a 0.5% gain for the S&P 500. In 2014, this sector index rose 18.2%, versus a price advance of 11.4% for the 500. There are 13 sub-industry indices in this sector. Technology Hardware, Storage & Peripherals is the largest, representing nearly 25% of the sector's market value, while Electronic Equipment & Instruments is the smallest, accounting for less than 1% of the sector.

The cap-weighted average of this sector's component company S&P Capital IQ STARS (Stock Appreciation Ranking System) is 3.4 out of 5.0, as compared with a cap-weighted average of 3.5 for the S&P 500. In addition, the percentage of stocks in the S&P 500 Tech sector that carry favorable investment recommendations is average versus the market as a whole. The sub-industries within this sector that currently show the highest average STARS are Internet Software & Services and Communications Equipment. Those with the lowest average STARS are Electronic Manufacturing Services and Technology Distributors. According to Capital IQ, the sector is projected to record a 4.0% year-over-year increase in operating earnings per share in 2015, as compared with the S&P 500's estimated EPS growth of 0.5%. During 2014, this sector posted a 10.8% advance in EPS, versus an increase of 7.6% for the S&P 500. The sector's price-to-earnings ratio of 16.5X, based on

consensus 2015 operating EPS estimates, is below the S&P 500's forward P/E of 17.5X. Finally, this sector pays a dividend yield of 1.6%, as compared with the yield of 2.1% for the S&P 500.

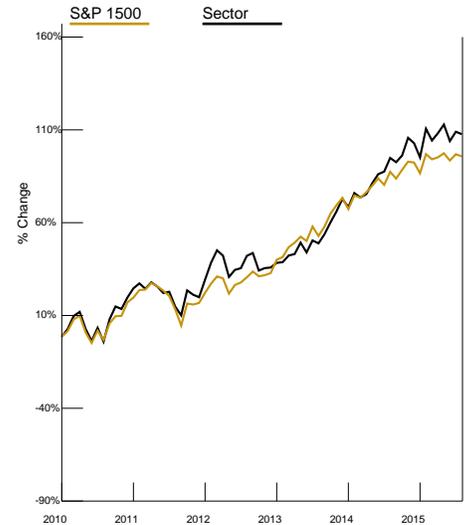
S&P Capital IQ's proprietary technical indicator for this sector currently shows a neutral reading. In researching the past market history of prices and trading volume for each company, S&P Capital IQ's computer models apply special technical methods and formulas to identify and project price trends for the sector.

--S. Stovall

Industry Performance

GICS Sector: Information Technology

Based on S&P 1500 Indexes
Five-Year market price performance through Aug 15, 2015



NOTE: A sector chart appears when the sub-industry does not have sufficient historical index data.

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

Past performance is not an indication of future performance and should not be relied upon as such.

Sector : Information Technology Information Technology Peer Group*: Based on market capitalizations within GICS Sub-Industry

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	661,288	115.96	134.54/95.18	0.81	1.8	13	123.00	B+	99	21.6	20.6
Blackberry Ltd	BBRY	4,052	7.66	12.63/7.15	1.26	Nil	NM	NA	B	21	NA	33.2
Canon Inc ADS	CAJ	35,304	32.33	38.02/29.60	0.77	3.6	18	31.10	NR	90	7.1	Nil
Diebold, Inc	DBD	2,225	34.28	38.97/30.63	1.29	3.4	27	NA	B-	78	3.8	46.4
EMC Corp	EMC	53,922	26.62	30.92/24.74	1.39	1.7	22	37.20	B+	98	11.1	18.9
Electronics For Imaging	EFII	2,100	45.70	48.36/35.45	1.54	Nil	74	48.60	B	89	4.3	27.4
FUJIFILM Holdings*ADR	FUJY	19,839	41.14	41.14/29.57	0.77	0.9	18	40.50	NR	91	5.5	10.4
Hewlett-Packard	HPQ	51,862	28.71	41.10/28.38	1.50	2.5	11	31.60	B+	78	4.5	35.0
Lexmark Intl'A'	LXK	1,991	32.48	51.41/31.40	1.36	4.4	NM	NA	B	93	2.1	35.6
Logitech Intl	LOGI	2,236	13.60	16.38/11.20	1.17	Nil	NM	13.60	NR	43	6.4	NA
NCR Corp	NCR	4,588	27.52	36.50/22.83	1.17	Nil	NM	NA	B-	33	2.8	63.6
NetApp Inc	NTAP	9,378	30.75	43.75/30.25	1.43	2.3	18	43.80	B	96	9.1	30.4
SanDisk Corp	SNDK	12,344	57.95	106.64/53.18	1.36	2.1	23	NA	B-	91	15.2	14.0
Seagate Technology Plc	STX	15,712	52.02	69.40/44.46	2.65	4.2	10	54.10	NR	91	12.7	57.9
Western Digital	WDC	19,306	82.50	114.69/75.92	1.43	2.4	13	107.80	B	89	10.7	20.5

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.

S&P Capital IQ Analyst Research Notes and other Company News

July 22, 2015

07:08 am ET ... S&P CAPITAL IQ MAINTAINS HOLD RECOMMENDATION ON SHARES OF APPLE INC. (AAPL 130.75***): We keep our 12-month target price at \$150, on P/E above peers to reflect AAPL's substantial cash position (\$26 net cash per share). We keep our FY 15 (Sep.) operating EPS estimate at \$9.11 but trim FY 16's to \$9.69 from \$9.79. While we see iPhone growth decelerating significantly, we are impressed by Jun-Q pricing trends due to strong consumer interest for the iPhone 6 Plus. We think Jun-Q Apple Watch sales were well below expectations (we estimate roughly 2M devices) but see better times ahead for the device. We remain optimistic about long term prospects and growth in China. /A. Zino-CFA

July 21, 2015

05:01 pm ET ... S&P CAPITAL IQ MAINTAINS HOLD OPINION ON SHARES OF APPLE INC. (AAPL 130.75***): AAPL posts Jun-Q operating EPS of \$1.85 vs. \$1.28, beating our \$1.84 estimate. Sales rose 33%, below our expectations, and we note Sep-Q guidance of \$49B-\$51B compares to Capital IQ consensus of \$51B. We negatively view iPhone shipments of 47.5M, which was below our 52M expectation, but still grew 35%. However, growth in China remained robust, with sales more than doubling and comprising 27% of total revenue. We note iPad shipments fell 18% (sales down 23%) while Mac shipments rose 9%. We remain wary on challenging comparables and decelerating growth in the coming quarters. /A. Zino-CFA

July 20, 2015

08:37 am ET ... S&P CAPITAL IQ MAINTAINS HOLD RECOMMENDATION ON SHARES OF APPLE INC. (AAPL 129.62***): We keep our 12-month target price at \$150, on P/E above peers to reflect AAPL's substantial cash position (\$26 per share). We raise our FY 15 (Sep.) operating EPS estimate to \$9.11 from \$8.95, FY 16's to \$9.80 from \$9.54 and initiate FY 17's at \$10.94. We see Jun-Q operating EPS of \$1.84 versus Capital IQ consensus of \$1.80. We see robust iPhone sales (over 50 million), as AAPL benefits from still healthy momentum for its larger screen devices, easy comparables and higher China demand. AAPL is set to report after the close on 7/21 and we think Apple Watch commentary will be key. /A. Zino-CFA

June 8, 2015

03:30 pm ET ... S&P CAPITAL IQ MAINTAINS HOLD RECOMMENDATION ON SHARES OF APPLE INC. (AAPL 128.24***): AAPL announces upgrades to its Mac and mobile operating systems at its WWDC. We see some of the most notable enhancements including ProActive (integrates email, calendar, apps, etc.), upgrades to Siri and Maps, News app, and greater multitasking capabilities (split screen, picture-in-picture). We think the biggest update to the watchOS is the ability for developers to build apps natively on the watch, which will help apps run without the phone and will have other user benefits. AAPL announces streaming music/radio for \$9.99 per month (first 3 months free), launching June 30. /A. Zino-CFA

June 8, 2015

04:33 pm ET ... S&P CAPITAL IQ REITERATES BUY OPINION ON SHARES OF PANDORA MEDIA, INC. (P 17.70***): Apple (AAPL 128 ***) announces Apple Music at its Worldwide Developers Conference. We believe the offering is centered on streaming specific songs in competition with Spotify (we note a comparable monthly fee of \$9.99). However, directly in competition with P, AAPL also announces Apple Music Radio, including Beats 1 and other stations curated by DJs. We believe P's focus on Internet radio dating back to 2000 and its proprietary Music Genome Project help differentiate it from AAPL. Today Pandora is the fifth most popular free app for AAPL's mobile operating system. /S. Kessler

June 4, 2015

09:33 am ET ... S&P CAPITAL IQ MAINTAINS HOLD RECOMMENDATION ON SHARES OF APPLE INC. (AAPL 130.12***): AAPL announces that starting June 26, the Apple Watch will be available in 7 more countries: Italy, Mexico, Singapore, South Korea, Spain, Switzerland and Taiwan. We believe the company has made significant progress in reducing its backlog as production ramps. We anticipate the release of the Watch in more countries will allow the momentum for the device to continue and should help support sales in the coming months. We remain optimistic about the growth prospects for the wearable space and think Apple Watch shipments of at least 30 million in calendar year 2016 is plausible. /A. Zino-CFA

April 30, 2015

08:42 am ET ... S&P CAPITAL IQ MAINTAINS HOLD RECOMMENDATION ON SHARES OF APPLE INC. (AAPL 128.64***): An unconfirmed WSJ report cites AAPL had found a defect in a component (taptic engine) of the watch, which is the part that mimics the sensation of being tapped on the wrist. AAPL is using 2 suppliers for this component, whereby it found issues from the parts made by AAC Technologies (Nidec the other). We expect AAPL to work closer with suppliers in an effort to increase production but are not surprised by these challenges given it is a new product category. We think supply constraints will keep the Apple Watch from being available in stores until at least late May/early June. /A. Zino-CFA

April 28, 2015

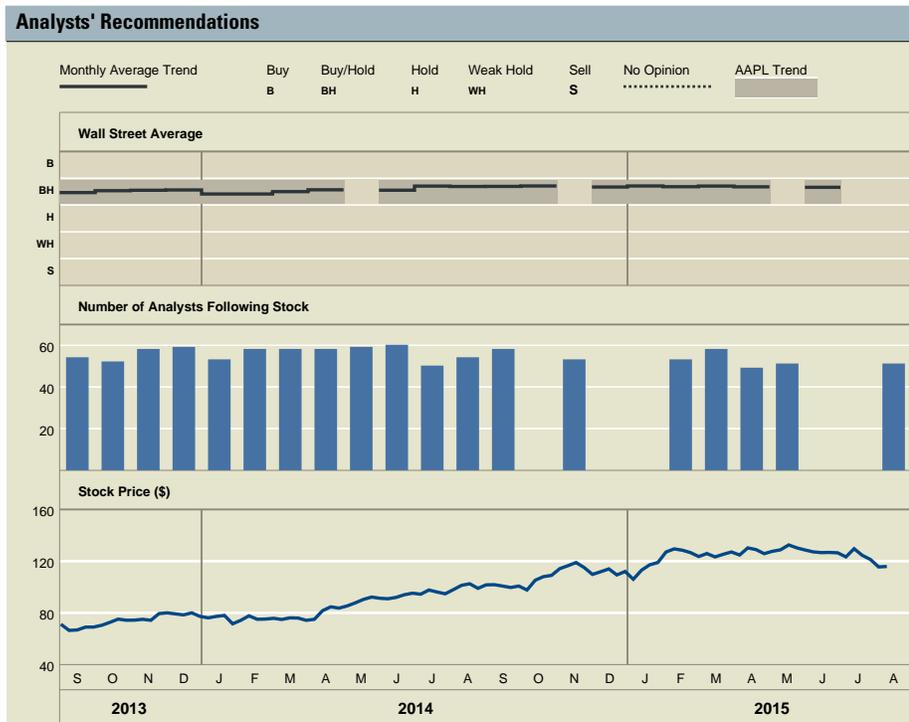
08:18 am ET ... S&P CAPITAL IQ MAINTAINS HOLD RECOMMENDATION ON SHARES OF APPLE INC. (AAPL 132.65***): We raise our FY 15 (Sep.) operating EPS estimate to \$8.95 from \$8.78 and FY 16's to \$9.54 from \$9.38. We up our 12-month target price to \$150 from \$140, on P/E above hardware manufacturers but near the S&P 500 Technology sector. AAPL posts Mar-Q operating EPS of \$2.33 vs. \$1.66, beating our \$2.18 estimate. Sales rose 27%, led by higher iPhone sales, while margins widened on better mix. We positively view iPhone momentum, aided by robust China growth and new subscriber additions. Mac sales rose 2% while iPad fell 29%. We are encouraged by AAPL's \$200B capital allocation strategy. /A. Zino-CFA

April 27, 2015

08:17 am ET ... S&P CAPITAL IQ MAINTAINS HOLD RECOMMENDATION ON SHARES OF APPLE INC. (AAPL 129.67***): We raise our FY 15 (Sep.) operating EPS estimate to \$8.78 from \$8.53 and FY 16's to \$9.38 from \$8.94. We up our 12-month target price by \$15 to \$140, based on P/E near peers. AAPL reports Mar-Q earnings Monday (we estimate EPS of \$2.18 vs. \$2.16 consensus). While we see upside to near term iPhone shipments, we are cautious of decelerating growth later this year. We expect AAPL to raise its dividend by at least 10% and see an increase in planned share repurchases. The Apple Watch begins pre-order deliveries today in what thus far appears to be an encouraging launch, in our view. /A. Zino-CFA

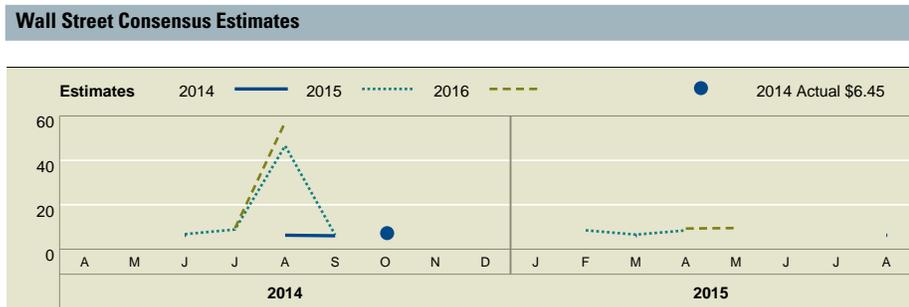
April 13, 2015

09:47 am ET ... S&P CAPITAL IQ KEEPS HOLD RECOMMENDATION ON SHARES OF APPLE INC. (AAPL 127.10***): We believe the Apple Watch exceeded 1 million in pre-orders this past weekend, in what we view as a strong start to the product launch. We note Slice Intelligence, which gets its data from e-receipts, estimates 957,000 U.S. customers ordered the Watch on Friday at an average price of \$503.83. While we believe the Sport will remain the most popular choice, we positively view pre-orders/backlog for the higher-priced Watch as well as for the larger screens (42 mm). We are encouraged by initial launch results but think severe supply constraints could pose a challenge near term. /A. Zino-CFA



Of the total 52 companies following AAPL, 51 analysts currently publish recommendations.

	No. of Recommendations	% of Total	1 Mo. Prior	3 Mos. Prior
Buy	23	45	24	24
Buy/Hold	14	27	11	11
Hold	12	24	13	15
Weak Hold	0	0	0	0
Sell	1	2	1	0
No Opinion	1	2	1	1
Total	51	100	50	51



Fiscal Years	Avg Est.	High Est.	Low Est.	# of Est.	Est. P/E
2016	9.78	11.01	8.22	46	11.9
2015	9.12	9.28	9.01	46	12.7
2016 vs. 2015	▲ 7%	▲ 19%	▼ -9%	0%	▼ -6%
Q4'16	2.05	2.32	1.72	27	56.6
Q4'15	1.87	2.00	1.77	40	62.0
Q4'16 vs. Q4'15	▲ 10%	▲ 16%	▼ -3%	▼ -32%	▼ -9%

A company's earnings outlook plays a major part in any investment decision. S&P Capital IQ organizes the earnings estimates of over 2,300 Wall Street analysts, and provides their consensus of earnings over the next two years, as well as how those earnings estimates have changed over time. Note that the information provided in relation to consensus estimates is not intended to predict actual results and should not be taken as a reliable indicator of future performance.

Wall Street Consensus Opinion

BUY/HOLD

Companies Offering Coverage

- Over 30 firms follow this stock; not all firms are displayed.
- Arete Research Services LLP
 - Argus Research Company
 - Atlantic Equities LLP
 - BMO Capital Markets Equity Research
 - BTIG, LLC
 - Berenberg
 - BofA Merrill Lynch
 - Brean Capital LLC
 - CLSA
 - Canaccord Genuity
 - Cantor Fitzgerald & Co.
 - Citigroup Inc
 - Cleveland Research Company
 - Cowen and Company, LLC
 - Credit Suisse
 - Daiwa Capital Markets America Inc.
 - Daiwa Securities Co. Ltd.
 - Deutsche Bank
 - Erste Group Bank AG
 - Exane BNP Paribas
 - FBN Securities, Inc.
 - FBR Capital Markets & Co.
 - Global Equities Research
 - Goldman Sachs
 - Hamburger Sparkasse AG
 - Hilliard Lyons
 - JMP Securities
 - JP Morgan
 - Jefferies LLC
 - Kaufman Bros., L.P.

Wall Street Consensus vs. Performance

For fiscal year 2015, analysts estimate that AAPL will earn US\$ 9.12. For the 3rd quarter of fiscal year 2015, AAPL announced earnings per share of US\$ 1.85, representing 20% of the total annual estimate. For fiscal year 2016, analysts estimate that AAPL's earnings per share will grow by 7% to US\$ 9.78.

Apple Inc

Glossary

S&P Capital IQ STARS

Since January 1, 1987, S&P Capital IQ Equity Research has ranked a universe of U.S. common stocks, ADRs (American Depositary Receipts), and ADSs (American Depositary Shares) based on a given equity's potential for future performance. Similarly, S&P Capital IQ Equity Research has ranked Asian and European equities since June 30, 2002. Under proprietary STARS (STock Appreciation Ranking System), S&P Capital IQ equity analysts rank equities according to their individual forecast of an equity'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 Capital IQ Quality Ranking

(also known as **S&P Capital IQ Earnings & Dividend Rankings**) - Growth and stability of earnings and dividends are deemed key elements in establishing S&P Capital IQ's earnings and dividend rankings for common stocks, which are designed to encapsulate 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 Capital IQ EPS Estimates

S&P Capital IQ 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 Capital IQ EPS estimates reflect either forecasts of S&P Capital IQ equity analysts; or, the consensus (average) EPS estimate, which are independently compiled by Capital IQ, a data provider to S&P Capital IQ 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 Capital IQ Core Earnings

S&P Capital IQ 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 S&P Capital IQ 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.

S&P Capital IQ 12-Month Target Price

The S&P Capital IQ 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 Capital IQ Fair Value.

S&P Capital IQ Equity Research

S&P Capital IQ Equity Research 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 S&P Capital IQ; Standard & Poor's Equity Research Services Asia includes: McGraw-Hill Financial Singapore Pte. Limited, Standard & Poor's Investment Advisory Services (HK) Limited, Standard & Poor's Malaysia Sdn Bhd, and Standard & Poor's Information Services (Australia) Pty Ltd.

Abbreviations Used in S&P Capital IQ Equity Research Reports

CAGR - Compound Annual Growth Rate
CAPEX - Capital Expenditures
CY - Calendar Year
DCF - Discounted Cash Flow
DDM - Dividend Discount Model

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
P/NAV - Price to Net Asset Value
PEG Ratio - P/E-to-Growth Ratio
PV - Present Value
R&D - Research & Development
ROCE - Return on Capital Employed
ROE - Return on Equity
ROI - Return on Investment
ROIC - Return on Invested Capital
ROA - Return on Assets
SG&A - Selling, General & Administrative Expenses
SOTP - Sum-of-The-Parts
WACC - Weighted Average Cost of Capital

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

S&P Capital IQ Qualitative Risk Assessment

Reflects an S&P Capital IQ 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 S&P Capital IQ 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. For an ETF this reflects on a capitalization-weighted basis, the average qualitative risk assessment assigned to holdings of the fund.

STARS Ranking system and definition:

★★★★★ 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-STAR (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 the S&P Europe 350 Index and the S&P Asia 50 Index, respectively.

Apple Inc

Disclosures

S&P Capital IQ ranks stocks in accordance with the following ranking methodologies:

STARS Stock Reports:

S&P Capital IQ's qualitative STARS recommendations are determined and assigned by S&P Capital IQ equity analysts. For reports containing STARS recommendations refer to the Glossary section of the report for detailed methodology and the definition of STARS rankings.

Quantitative Stock Reports:

S&P Capital IQ's quantitative evaluations are derived from S&P Capital IQ's proprietary Fair Value quantitative ranking model. The Fair Value Ranking methodology is a relative ranking methodology. As a quantitative model, Fair Value relies on history and consensus estimates and does not introduce an element of subjectivity. Some Quantitative Stock Reports contain Buy, Hold and Sell recommendations. Reports that do not contain a recommendation may or may not contain ranking information. For reports containing a recommendation or ranking information refer to the Glossary Section of this report for more information, including a detailed description of the methodology and definition of S&P Quality Ranking and S&P Fair Value Rank.

STARS Stock Reports and Quantitative Stock Reports:

The methodologies used in STARS Stock Reports and Quantitative Stock Reports (collectively, the "S&P Capital IQ's Research Reports" or "Research Reports") reflect different criteria, assumptions and analytical methods and may have differing recommendations. S&P Capital IQ believes that the methodologies and data used to generate the different types of Research Reports are reasonable and appropriate. Generally, S&P Capital IQ does not generate reports with different ranking methodologies for the same issuer. However, in the event that different methodologies or data are used on the analysis of an issuer, the methodologies may lead to different views or recommendations on the issuer, which may at times result in contradicting assessments of an issuer. S&P Capital IQ reserves the right to alter, replace or vary models, methodologies or assumptions from time to time and without notice to clients.

STARS Stock Reports:

S&P Capital IQ Global STARS Distribution as of June 30, 2015

Ranking	North America	Europe	Asia	Global
Buy	39.8%	27.9%	31.8%	37.0%
Hold	48.9%	46.6%	39.5%	47.5%
Sell	11.3%	25.5%	28.7%	15.5%
Total	100%	100%	100%	100%

STARS Stock Reports are prepared by the equity research analysts of Standard & Poor's Investment Advisory Services LLC ("SPIAS"), McGraw-Hill Financial Research Europe Limited ("MHFRE"), and Standard & Poor's Malaysia Sdn Bhd ("S&P Malaysia"), each a division of S&P Capital IQ. All of the views expressed in STARS Stock Reports accurately reflect the research analyst's personal views regarding any and all of the subject securities or issuers. Analysts generally update stock reports at least four times each year.

Quantitative Stock Reports:

The rankings for Quantitative reports have a fixed distribution based on relative weightings as described in the Glossary section of the report. Quantitative Stock Reports are prepared by the equity research group of SPIAS. All of the views expressed in these reports reflect S&P Capital IQ's research models output regarding any and all of the subject securities or issuers. Quantitative Stock Reports are updated weekly and rely on the availability of data and therefore SPIAS do not provide a report when sufficient data is not available.

STARS Stock Reports and Quantitative Stock Reports:

No part of analyst compensation and SPIAS', MHFRE's or S&P Malaysia's compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in a Research Report.

About S&P Capital IQ's Distributors:

S&P Capital IQ's Research Reports have been prepared by Global Markets Intelligence ("GMI"), a business unit of S&P Capital IQ. In the United States, Research Reports are prepared and issued by SPIAS. In the European Economic Area ("EEA") States, Research Reports are distributed by MHFRE, which is authorized and regulated by the Financial Conduct Authority in the United Kingdom. Under and subject to the Markets in Financial Instruments Directive ("MiFID"), MHFRE is entitled to exercise a passport right to provide cross border investment advice into EEA States. MHFRE exercises its MiFID right to passport investment advice including the Research Reports into EEA States. In Hong Kong, Research Reports are issued by

Standard & Poor's Investment Advisory Services (HK) Limited ("SPIAS HK"), which is regulated by the Hong Kong Securities Futures Commission; in Singapore, by McGraw-Hill Financial Singapore Pte. Limited ("MHFSPL"), which is regulated by the Monetary Authority of Singapore; Research Reports are distributed in Malaysia, by S&P Malaysia, which is regulated by the Securities Commission of Malaysia; in Australia, by Standard & Poor's Information Services (Australia) Pty Ltd ("SPIS"), which is regulated by the Australian Securities & Investments Commission; and in Japan, by McGraw-Hill Financial Japan KK ("MHF Japan"), which is registered by Kanto Financial Bureau. SPIAS, MHFRE, SPIAS HK, MHFSPL, S&P Malaysia, SPIS and MHF Japan, each a wholly owned subsidiary of McGraw Hill Financial, Inc. operate under the GMI brand.

S&P Capital IQ and its affiliates provide a wide range of services to, or relating to, many organizations, including issuers of securities, investment advisers, broker-dealers, investment banks, other financial institutions and financial intermediaries, and accordingly may receive fees or other economic benefits from those organizations, including organizations whose securities or services they may recommend, rate, include in model portfolios, evaluate or otherwise address.

For details on the S&P Capital IQ research objectivity and conflict-of-interest policies, please visit: <https://www.spcapitaliq.com/disclaimers/s-p-capital-iq-research-reports>

For a list of companies mentioned in a Research Report for which McGraw Hill Financial, Inc. and/or one of its affiliates own 1% or more of common equity securities and for a list of companies mentioned in a Research Report that own more than 5% of the common equity securities of McGraw Hill Financial, Inc. and/or one of its affiliates, please visit: www.SPcapitaliq.com/issuer-stock-ownership

S&P Capital IQ and/or one of its affiliates has performed services for and received compensation from this company during the past twelve months.

General Disclosures

Notice to all jurisdictions:

Where S&P Capital IQ's Research Reports are made available in a language other than English and in the case of inconsistencies between the English and translated versions of a Research Report, the English version will control and supersede any ambiguities associated with any part or section of a Research Report that has been issued in a foreign language. Neither S&P Capital IQ nor its affiliates guarantee the accuracy of the translation. Assumptions, opinions and estimates constitute our judgment as of the date of this material and are subject to change without notice.

Past performance is not necessarily indicative of future results.

No content (including ratings, credit-related analyses and data, valuations, model, software or other application or output therefrom) or any part thereof (Content) may be modified, reverse engineered, reproduced or distributed in any form by any means, or stored in a database or retrieval system, without the prior written permission of Standard & Poor's Financial Services LLC or its affiliates (collectively, S&P). The Content shall not be used for any unlawful or unauthorized purposes. S&P and any third-party providers, as well as their directors, officers, shareholders, employees or agents (collectively S&P Parties) do not guarantee the accuracy, completeness, timeliness or availability of the Content. S&P Parties are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, for the results obtained from the use of the Content, or for the security or maintenance of any data input by the user. The Content is provided on an "as is" basis. S&P PARTIES DISCLAIM ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, THAT THE CONTENT'S FUNCTIONING WILL BE UNINTERRUPTED OR THAT THE CONTENT WILL OPERATE WITH ANY SOFTWARE OR HARDWARE CONFIGURATION. In no event shall S&P Parties be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs or losses caused by negligence) in connection with any use of the Content even if advised of the possibility of such damages.

While S&P Capital IQ has obtained information from sources it believes to be reliable, S&P Capital IQ does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives.

S&P keeps certain activities of its business units separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain business units of S&P may have information that is not available to other S&P business units. S&P has established policies and procedures to maintain the

confidentiality of certain non-public information received in connection with each analytical process.

Research Reports are not intended to be investment advice and do not constitute any form of invitation or inducement by S&P Capital IQ to engage in investment activity. This material is not intended as an offer or solicitation for the purchase or sale of any security or other financial instrument. Securities, financial instruments or strategies mentioned herein may not be suitable for all investors and this material is not intended for any specific investor and does not take into account an investor's particular investment objectives, financial situations or needs. Any opinions expressed herein are given in good faith, are subject to change without notice, and are only current as of the stated date of their issue. Prices, values, or income from any securities or investments mentioned in this report may fluctuate, and an investor may, upon selling an investment, lose a portion of, or all of the principal amount invested. Where an investment is described as being likely to yield income, please note that the amount of income that the investor will receive from such an investment may fluctuate. Where an investment or security is denominated in a different currency to the investor's chosen currency, changes in rates of exchange may have an adverse effect on the value, price or income of or from that investment to the investor. The information contained in Research Reports does not constitute advice on the tax consequences of making any particular investment decision. Before acting on any recommendation in this material, you should consider whether it is suitable for your particular circumstances and, if necessary, seek professional advice.

Additional information on a subject company may be available upon request.

Notice to all Non U.S. Residents:

S&P Capital IQ's Research Reports may be distributed in certain localities, countries and/or jurisdictions ("Territories") by independent third parties or independent intermediaries and/or distributors (the "Intermediaries" or "Distributors"). Intermediaries are not acting as agents or representatives of S&P Capital IQ. In Territories where an Intermediary distributes S&P Capital IQ's Research Reports, the Intermediary, and not S&P Capital IQ, is solely responsible for complying with all applicable regulations, laws, rules, circulars, codes and guidelines established by local and/or regional regulatory authorities, including laws in connection with the distribution of third-party Research Reports, licensing requirements, supervisory and record keeping obligations that the Intermediary may have under the applicable laws and regulations of the territories where it distributes the Research Reports.

Each Research Report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would subject S&P Capital IQ or its affiliates to any registration or licensing requirements in such jurisdiction.

Each Research Report is not directed to, or intended for distribution to or use by, any person or entity who is not in a class qualified to receive Research Reports (e.g., a qualified person and/or investor), as defined by the local laws or regulations in the country or jurisdiction where the person is domiciled, a citizen or resident of, or the entity is legally registered or domiciled.

S&P Capital IQ's Research Reports are not intended for distribution in or directed to entities, residents or investors in: Burma, Cuba, Crimea, Czech Republic, Hungary, Iran, Kuwait, Lebanon, North Korea, Portugal, Romania, Sudan, South Korea, Slovakia, Syria, Taiwan, Thailand, Turkey.

For residents of Australia: Research Reports are distributed in Australia by SPIS. Any express or implied opinion contained in a Research Report is limited to "General Advice" and based solely on consideration of the investment merits of the financial product(s) alone. The information in a Research Report has not been prepared for use by retail investors and has been prepared without taking account of any particular investor's financial or investment objectives, financial situation or needs. Before acting on any advice, any investor using the advice should consider its appropriateness having regard to their own or their clients' objectives, financial situation and needs. Investors should obtain a Product Disclosure Statement relating to the product and consider the statement before making any decision or recommendation about whether to acquire the product. Each opinion must be weighed solely as one factor in any investment decision made by or on behalf of any adviser and any such adviser must accordingly make their own assessment taking into account an individual's particular circumstances.

SPIS holds an Australian Financial Services License Number 258896. Please refer to the SPIS Financial Services Guide for more information at www.spcapitaliq.com/financialservicesguide

More information about the written criteria and methodologies for the generation of Research Reports and historical information for Research Reports for the past 12

months are available by contacting S&P Capital IQ Client Services Department at 61-1300-792-553 or via e-mail at clientsupport@standardandpoors.com or clientsupport@sandp.com.

For residents of Bahamas: The Intermediary, and not S&P Capital IQ, is solely responsible for complying with licensing requirements under the Securities Industry Act of 1999 and the Securities Industry Regulations of 2000 of The Bahamas, when distributing Research Reports to members of the public in The Bahamas. The Intermediary is also solely responsible for providing any required disclosures under applicable securities laws and regulations to its Bahamian clients, including but not limited to disclosing whether the Intermediary: (i) has a reasonable basis for specific investment recommendations, and the recommended security's price or price range at the time of the recommendation to the client; (ii) makes a market in the recommended security; (iii) its directors, officers or principal shareholders have a current or contingent financial interest in the recommended security, unless the interest is nominal; (iv) participated in a public offering of the recommended security in the last two (2) years; and (v) has disclosed any conflict of interest between it and the issuer of the recommended security.

For residents of Bermuda: The Bermuda Monetary Authority or the Registrar of Companies in Bermuda has not approved the Research Reports and any representation, explicit or implicit, is prohibited.

For residents of Brazil: Research reports are distributed by S&P Capital IQ and in compliance with Instruction 483 enacted by Comissão de Valores Mobiliários (the Brazilian Securities Commission) dated as of July 6, 2010, the analyst (where applicable) who prepares a Research Report or a report extract affirms: (i) that all the views expressed herein and/or in a Research Report accurately reflect his or her personal views about the securities and issuers; (ii) that all recommendations issued by him or her were independently produced, including from the opinion of the entity in which he or she is an employee. S&P Capital IQ is of the opinion its Research Reports have been prepared in accordance with section 17, II of Instruction 483. The Distributor of the Research Report is responsible for disclosing any circumstances that may impact the independence of S&P Capital IQ's Research Report, in accordance with section 17, II of Instruction 483.

For residents of British Virgin Islands: All products and services offered by S&P Capital IQ and its affiliates are provided or performed, outside of the British Virgin Islands. The intended recipients of the Research Reports are (i) persons who are not members of the public for the purposes of the Securities and Investment Business Act, 2010 ("SIBA"); (ii) persons who are professional services providers to the British Virgin Islands business companies for the purposes of SIBA; and (iii) any other person who is given the Research Reports by a person licensed as an investment advisor in the British Virgin Islands. If you are in any doubt as to whether you are the intended recipient of this document, please consult your licensed investment advisor.

For residents of Canada: Canadian investors should be aware that any specific securities discussed in a Research Report can only be purchased in Canada through a Canadian registered dealer and, if such securities are not available in the secondary market, they can only be purchased by eligible private placement purchasers on a basis that is exempt from the prospectus requirements of Canadian securities law and will be subject to resale restrictions. Information in Research Reports may not be suitable or appropriate for Canadian investors.

For residents of Chile: S&P Capital IQ shall not be acting as an Intermediary of any securities referred to in a Research Report. S&P Capital IQ (and its affiliates) is not registered with, and such securities may not be registered in the Securities Registry maintained by the Superintendencia de Valores y Seguros de Chile (Chilean Securities and Insurance Superintendencia or "SVS") pursuant to the Chilean Securities Market Law 18045. Accordingly, investment research presented in a Research Report is not intended to constitute a public or private offer of securities in Chile within the meaning of Article 4 of the Chilean Securities Market Law 18045, as amended and restated, and supplemental rules enacted thereunder.

For residents of China: S&P Capital IQ's Research Reports are not distributed in or directed to residents in The People's Republic of China. Neither S&P Capital IQ nor its affiliates target investors in China.

For residents of Colombia: This information and/or information contained in Research Reports is not intended or should not be construed as constituting information delivery to the Colombian Securities Market under Colombian Law.

For residents of Czech Republic: The Intermediary, and not S&P Capital IQ, is solely responsible for complying with licensing requirements under the Capital Markets Act (Act No. 256/2004 Coll., as amended), implementing Directive 2004/39/EC of the European Parliament and of the Council of 21 April, 2004 on markets in financial instruments amending Council Directives 85/611/EEC and 93/6/EEC and Directive 2000/12/EC of the European Parliament and of the Council and repealing Council Directive 93/22/EEC and its implementing directives, and Directive 2003/125/EC implementing Directive 2003/6/EC as regards the fair presentation of investment

Apple Inc

recommendations and the disclosure of conflicts of interest; and the Civil Code (Act No. 40/1964 Coll., as amended) as regards the distance financial contract regulation protecting the consumers.

For residents of Dubai (DIFC): The information contained in Research Reports distributed by S&P Capital IQ is intended for investors who are "professional clients", as defined in Rule 2.3.2(2) of the Conduct of Business Module (COB) of the DFSA Rulebook.

For residents of the European Economic Area (EEA): Research Reports have been approved for distribution in the EEA listed here: Austria; Belgium; Bulgaria; Cyprus; Czech Republic (see further disclosure above); Denmark; Estonia; Finland; France (see further disclosure below); Germany; Gibraltar; Greece (see further disclosure below); Hungary (see further disclosure below); Iceland; Ireland; Italy; Latvia; Liechtenstein; Lithuania; Luxembourg; Malta (see further disclosure below); Netherlands; Norway; Poland; Portugal; Romania; Slovakia (see further disclosure below); Slovenia; Spain (see further disclosure below); Sweden and United Kingdom (see further disclosure below), as investment research by MHFRE, which is authorized and regulated by the Financial Conduct Authority in the UK. S&P Capital IQ's Stock Reports are to be read in conjunction with "Your Guide to S&P Capital IQ's Stock Reports" which can be found at: www.spcapitaliq.com/stockreportguide.

More information about the written criteria and methodologies for the generation of Research Reports and historical information for Research Reports for the past 12 months are available by contacting S&P Capital IQ Client Services Department at 800-523-4534 or via e-mail at: clientsupport@standardandpoors.com or clientsupport@sandp.com.

For residents of Guernsey, Isle of Man and Jersey: The Research Reports provide by S&P Capital IQ serve to assist the Intermediary in determining the advice it provides to its clients, but are not intended as advice to any of the Intermediary's clients, and the Intermediary, and not S&P Capital IQ, will be solely responsible for the provision of investment advice to the client. Independent investment advice should be sought by persons in their capacity as investors or potential investors and the Intermediary will be solely responsible for complying with any applicable regulatory obligations relating to the distribution of investment research.

For residents of France: The Intermediary, and not S&P Capital IQ, is solely responsible for complying with the rules related to the distribution of investment recommendations as specified in the Financial Code and the Autorité des Marchés Financiers rule book.

For residents of Greece: S&P Capital IQ Research Reports should only be used for the purposes of investment research, and should not be interpreted as or be used to provide investment advice or as part of any offer to the public of any specific security or financial instrument.

For residents of Hong Kong: Information in the Research Reports shall not be construed to imply any relationship, advisory or otherwise, between S&P and the recipient user of the research report unless expressly agreed by S&P Capital IQ. S&P Capital IQ is not acting nor should it be deemed to be acting, as a "fiduciary" or as an "investment manager" or "investment advisor" to any recipient of this information unless expressly agreed by S&P Capital IQ. The Distributor of the Research Reports will be solely responsible for describing its role to its clients with respect to the distribution of S&P Capital IQ's Research Reports.

For residents of Hungary: The Intermediary, and not S&P Capital IQ, is solely responsible for complying with the rules related to data protection requirements as set out in Act CXII of 2011 on the Right of Informational Self-Determination and on Freedom of information; and with Act CLV. of 1997 on Consumer Protection and with Act CXXXVIII of 2007 on Investment services.

For residents of India: Residents of India should consult their financial and legal advisers regarding the suitability of any of S&P Capital IQ's services and products. S&P Capital IQ does not intend to utilize the Research Report service to invite or carry out any business activities with S&P Capital IQ. Research Reports provided by S&P Capital IQ serve to assist the Intermediary in determining the advice it provides to its clients, but are not intended as advice to the Intermediary and to any of the Intermediary's clients and the Intermediary will be solely responsible for the provision of investment advice to the client.

For residents of Indonesia: Research Reports do not constitute an offering document and it should not be construed as an offer of securities in Indonesia, and any such securities will only be offered or sold through a financial institution.

For residents of Israel: Research reports are intended only for distribution to "Qualified Investors", as defined in the Schedule to Israel's Regulation of Investment Advice, Investment Marketing and Portfolio Management Law of 1995. All other persons who are not Qualified Investors under Israeli law should seek additional

investment advice from their financial advisers. The relevant analyst declares that the views expressed in a particular Research Report faithfully reflect the analyst's personal views regarding the securities under review and the issuer of the securities.

For residents of Japan: Research Reports are intended only for distribution to "Asset Management Firms".

For residents of Kazakhstan: Research Reports are not intended for distribution to the public in Kazakhstan. Any distribution to specific persons is the sole responsibility of the Distributor and the Distributor, and not S&P Capital IQ, is responsible for complying with all local regulations, including but not limited to advertising requirements related to public solicitation.

For residents of Malta: The Distributor of Research Reports in Malta, is solely responsible for ensuring that the investment research produced by S&P Capital IQ and proposed to be disseminated in or from within Malta is reviewed for compliance with the investment services rules issued by the Malta Financial Services Authority in terms of the Investment Services Act, Cap 370 of the laws of Malta.

For residents of Mexico: S&P Capital IQ is not regulated or supervised by the Mexican National Banking and Securities Commission ("CNBV"). S&P Capital IQ has a licensed rating agency affiliate in Mexico (Standard & Poor's, S.A. De C.V.), of which S&P maintains firewalls and seeks to avoid conflicts of interest, pursuant to approved policies. Research Reports on securities that are not registered with the National Securities Registry maintained by the Mexican National Securities Registry are intended only for distribution to qualified, institutional investors or to any other investors to whom distribution the S&P Research is permissible under Mexican law.

For residents of Monaco: The Intermediary, and not S&P Capital IQ, will be solely responsible for providing copies of S&P Capital IQ Research Reports to the appropriate Monegasque regulator prior to distributing to its clients.

For residents of Morocco: Research Reports are intended for distribution only to professional investors.

For residents of Peru: S&P Capital IQ's Research Reports shall not, under any circumstances, be considered an invitation to take deposits or funds from the public, under any mechanism, or to carry on any activities that may be prohibited by Peruvian law. The Intermediary also agrees that the use of S&P Capital IQ's Research Reports shall not be used by Intermediary to solicit an investment in the securities that are the subject of the Research Report in any way that may be prohibited by Peruvian law.

For residents of Qatar: The Distributor, and not S&P Capital IQ, is responsible for complying with all relevant licensing requirements as set forth by the Qatar Financial Markets Authority or the Qatar Central Bank, and with all relevant rules and regulations set out in the Qatar Financial Markets Authority's rule book, including third party branded investment research distribution of securities that are admitted for trading on a Qatari securities exchange (Admitted Securities).

For residents of Russia: Research Reports on financial instruments are intended for "qualified investors", as defined in the Securities market law of the Russian Federation dated 22 April 1996, as amended, only.

For residents of The Kingdom of Saudi Arabia: S&P Capital IQ and its affiliates do not distribute Research Reports in the Kingdom of Saudi Arabia. Residents of Saudi Arabia should be aware that the Distributor of S&P Capital IQ's Research Reports may not be permitted to distribute investment research either: (i) from a permanent place of business in or otherwise within the territory of the Kingdom of Saudi Arabia; or (ii) to an investor in the Kingdom of Saudi Arabia unless that investor is a Capital Market Authority authorized investor or the Saudi Arabian Monetary Agency.

When a Distributor disseminates S&P Capital IQ's Research Reports in the Kingdom of Saudi Arabia, the Distributor, and not S&P Capital IQ, is solely responsible for approving the contents of Research Reports and complying with licensing requirements and authorizations of the Saudi Arabian Capital Market Authority's ("CMA"), including CMA's Authorized Persons Regulations concerning securities advertisements.

S&P does not conduct a securities business in the Kingdom of Saudi Arabia and the Distributor, and not S&P Capital IQ, assumes all responsibilities and liabilities for distributing Research Reports in the Kingdom of Saudi Arabia. **Research Reports are not intended to be investment advice and do not constitute any form of invitation or inducement by S&P Capital IQ to engage in an investment activity in the Kingdom of Saudi Arabia.** S&P Capital IQ does not communicate directly with a Distributor's customers and a Distributor's customers should not contact S&P Capital IQ directly regarding any information or data provided in Research Reports.

For residents of Singapore: Recipients of the Research reports in Singapore should contact MHFSPL in respect to any matters arising from, or in connection with, the

Research Reports and MHFSPL accepts all legal responsibility for the contents of the Research Reports. When reports are distributed by Intermediaries in Singapore, the Intermediary, and not S&P Capital IQ, is solely responsible for ensuring that the recipients of the Research Reports understand the information contained in the Research Reports and that such information is suitable based on the customer's profile and investment objectives.

STANDARD & POOR'S, S&P, S&P 500, S&P EUROPE 350 and STARS are registered trademarks of Standard & Poor's Financial Services LLC. S&P CAPITAL IQ is a trademark of Standard & Poor's Financial Services LLC.

For residents of Slovak Republic: The Intermediary, and not S&P Capital IQ, is solely responsible for complying with the rules related to the Slovak Securities Act (Act No. 566/2001 Coll., as amended), implementing Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 on markets in financial instruments amending Council Directives 85/611/EEC and 93/6/EEC and Directive 2000/12/EC of the European Parliament and of the Council and repealing Council Directive 93/22/EEC and its implementing directives, and Directive 2003/125/EC implementing Directive 2003/6/EC as regards the fair presentation of investment recommendations and the disclosure of conflicts of interest; and with the Slovak Act on Consumer Protection in Distance Financial Services Contracts (Act No. 266/2005 Coll., as amended).

For residents of Spain: Certain of S&P Capital IQ's equity Research Reports may be considered to be marketing communications for purposes of Spanish law.

For residents of Switzerland: Research reports are only directed at and should only be relied on by investors outside of the EEA or investors who are inside the EEA and who have professional experience in matters relating to investments or who are high net worth investors, as defined in Article 19(5) or Article 49(2) (a) to (d) of the UK Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, respectively. S&P Capital IQ's Stock Reports are to be read in conjunction with "Your Guide to S&P Capital IQ's Stock Reports" which can be found at www.standardandpoors.com/stockreportguide. For some clients, Research reports have been prepared by S&P Capital IQ and/or one of its affiliates, and redistributed by the client.

For residents of the United Arab Emirates (UAE): S&P Capital IQ and its affiliates neither undertake banking, financial, or investment consultations business in or into the UAE within the meaning of the Central Bank Board of Directors' Resolution No. 164/8/94 regarding the regulations for investment companies nor provides financial analysis or consultation services in or into the UAE within the meaning of UAE SECURITIES AND COMMODITIES AUTHORITY DECISION NO. 48/R OF 2008 concerning financial consultation and financial analysis.

Investment research distributed by S&P Capital IQ and its affiliates is not intended to amount to an offer of securities within the meaning of DIFC Law NO. 12 OF 2004 (the DIFC Markets Law) or the equivalent laws, rules and regulations made by the Central Bank of the UAE and their Emirates Securities and Commodities Authority. Neither the Dubai Financial Services Authority, the UAE Securities nor Commodities Authority of the Central Bank of the UAE has reviewed or verified any of the information provided in a Research Report or through any service provided by S&P Capital IQ or its affiliates, or has any responsibility for it.

If a recipient of Research Report does not understand any of the contents of the Research Report, the recipient should contact a financial advisor. Users of extracts of investment Research Reports should be aware that if they are distributed in the UAE by an Intermediary, the Intermediary is solely responsible for the distribution and contents of the investment research in the UAE.

For residents of the United Kingdom: In the United Kingdom Research Reports are approved and/or communicated by MHFRE which is authorized and regulated by the Financial Conduct Authority for the conduct of investment business in the UK. Research Reports are only directed at and should only be relied on by investors outside of the UK or investors who are in the UK if the investor is a "professional client" as defined by the Financial Conduct Authority. MHFRE may not distribute Research Reports to "retail clients" in the UK as defined by the Financial Conduct Authority. S&P Capital IQ's Stock Reports are to be read in conjunction with "Your Guide to S&P Capital IQ's Stock Reports" which can be found at www.spcapitaliq.com/stockreportguide.

For residents of Uruguay: S&P Capital IQ or its affiliates are not, individually a risk assessment entity registered with the Central Bank of Uruguay, and S&P Capital IQ's Research Reports do not constitute a risk assessment. Investment research presented in a Research Report is not intended to constitute a public or private offer of securities in Uruguay. S&P Capital IQ's Research Reports are not intended for worldwide distribution, as such, and are not published to Uruguayan clients in Spanish.

For residents of Venezuela: Research Reports can only be distributed in Venezuela by an investment advisor, duly licensed under Venezuelan law. The Distributor of the Research Reports, and not S&P Capital IQ, is solely responsible for complying with licensing requirements.

Copyright © 2015 Standard & Poor's Financial Services LLC. All rights reserved.

Redistribution or reproduction is prohibited without written permission. Copyright © 2015 Standard & Poor's Financial Services LLC. STANDARD & POOR'S, S&P, S&P 500, S&P CAPITAL IQ, S&P EUROPE 350 and STARS are registered trademarks of Standard & Poor's Financial Services LLC.