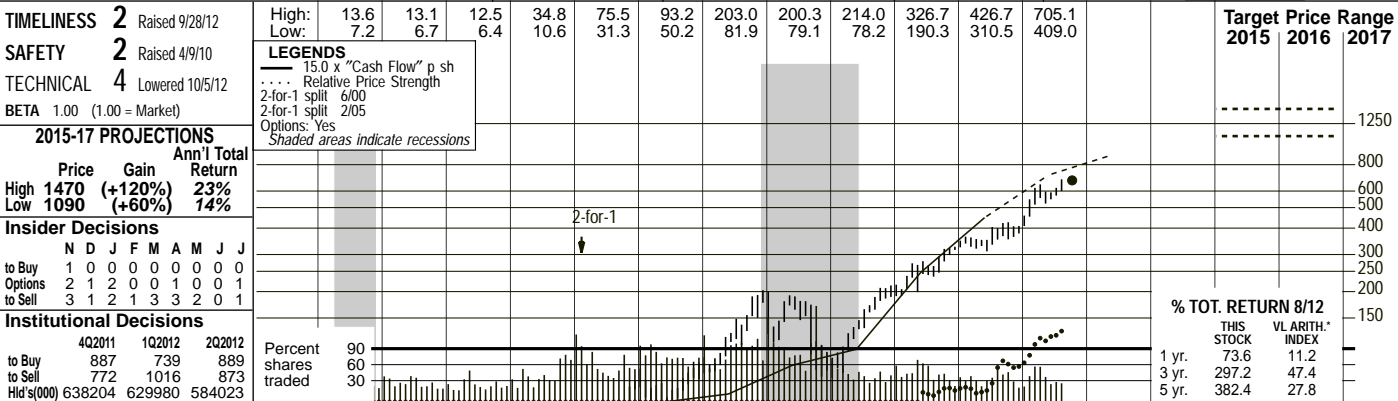


APPLE INC. NDAQ:AAPL

RECENT PRICE **673.54** P/E RATIO **13.5** (Trailing: 15.8; Median: 28.0) RELATIVE P/E RATIO **0.88** DIV'D YLD **1.6%**

VALUE LINE



1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	© VALUE LINE PUB. LLC	15-17
19.75	13.84	10.99	9.54	11.89	7.64	8.00	8.46	10.58	16.68	22.58	27.52	36.56	40.61	71.21	116.49	167.35	206.85	Sales per sh ^A	271.80
d1.18	d.51	.73	.79	1.04	.03	.33	.26	.54	1.72	2.59	4.37	5.97	7.12	16.42	29.85	47.65	59.35	"Cash Flow" per sh	84.10
d1.50	d.75	.49	.65	.85	d.14	.17	.10	.36	1.44	2.27	3.93	5.36	6.29	15.15	27.68	45.00	56.25	Earnings per sh ^B	80.00
.03	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	2.65	10.60	Div'ds Decl'd per sh ^F	16.00
.13	.10	.09	.07	.16	.33	.24	.22	.31	.77	.84	1.23	1.27	2.19	4.58	5.65	6.00	Cap'l Spending per sh	7.00	
4.13	2.05	2.76	4.59	6.00	5.59	5.70	5.76	6.48	8.94	11.67	16.66	23.67	30.93	52.18	82.45	128.60	187.35	Book Value per sh ^E	291.30
497.99	511.80	540.77	643.20	671.35	701.84	717.92	733.45	782.89	835.02	855.26	872.33	888.33	899.81	915.97	929.28	940.00	950.00	Common Shs Outst'g ^C	975.00
--	--	13.3	17.3	30.8	--	NMF	NMF	37.9	26.2	29.1	26.3	30.4	19.2	15.2	12.4			Avg Ann'l P/E Ratio	16.0
.4%	--	.69	.99	2.00	--	NMF	NMF	2.00	1.40	1.57	1.40	1.83	1.28	.97	.78			Relative P/E Ratio	1.05
																		Avg Ann'l Div'd Yield	1.3%

CAPITAL STRUCTURE as of 6/30/12				2009	2010	2011	2012	2013	© VALUE LINE PUB. LLC		15-17
Total Debt None				5742.0	6207.0	8279.0	13931	19315	24006	32479	36537
Leases, Uncapitalized Annual rentals \$338 mill.				2.9%	2.2%	5.7%	13.1%	13.9%	19.7%	20.8%	22.9%
No Defined Benefit Pension Plan				118.0	113.0	150.0	179.0	225.0	317.0	473.0	703.0
Pfd Stock None				117.0	76.0	276.0	1254.0	1989.0	3496.0	4834.0	5704.0
Common Stock 937,406,000 shs. as of 7/13/12				25.9%	26.2%	27.9%	30.9%	29.4%	30.2%	29.9%	28.6%
Market Cap: \$631 billion (Large Cap)				2.0%	1.2%	3.3%	9.0%	10.3%	14.6%	14.9%	15.6%
CURRENT POSITION (\$MILL.)				3730.0	3530.0	4375.0	6816.0	8038.0	12657	20598	16983
Cash Assets				316.0	--	--	--	--	--	--	--
Receivables				4095.0	4223.0	5076.0	7466.0	9984.0	14532	21030	27832
Inventory (FIFO)				2.8%	1.8%	5.4%	16.8%	19.9%	24.1%	23.0%	20.5%
Other				2.9%	1.8%	5.4%	16.8%	19.9%	24.1%	23.0%	20.5%
Current Assets				--	--	--	--	--	--	--	--
Accts Payable				2.9%	1.8%	5.4%	16.8%	19.9%	24.1%	23.0%	20.5%
Debt Due				--	--	--	--	--	--	--	--
Other				2.9%	1.8%	5.4%	16.8%	19.9%	24.1%	23.0%	20.5%
Current Liab.				--	--	--	--	--	--	--	--

BUSINESS: Apple Inc. is one of the world's largest makers of personal computers and peripheral and consumer products, such as the iPod digital music player, the iPad tablet, and the iPhone smartphone, for sale primarily to the business, creative, education, government, and consumer markets. It also sells operating systems, utilities, languages, developer tools, and database software. As of September 24, 2011, Apple operated a total of 357 retail outlets, including 245 stores in the U.S. and 112 in international markets. R&D: 2.2% of '11 revenues. Has about 60,400 full-time employees. Officers & directors own less than 1.0% of common (1/12 Proxy). CEO: Tim Cook. Inc.: CA. Address: 1 Infinite Loop, Cupertino, CA 95014. Telephone: 408-996-1010. Internet: www.apple.com.

Apple remains king of the hill. The tech giant posted a rare earnings miss for the third quarter of fiscal 2012 (year ended September 29th), due to slower high-margin smartphone sales ahead of its transition to the next-generation iPhone. This prompted us to shave \$4.60 a share off our full-year earnings call. The bottom line probably still rose more than 60% in fiscal 2012, however, to \$45.00 a share. And fiscal 2013 ought to be another one for the record books, with share net likely to surge 25%, to the \$56.25 level.

The iPhone 5, which began to ship just as the September interim drew to a close, should prove to be a powerful catalyst. The device has gotten lukewarm reviews from some members of the tech press, many of whom were critical of the phone's new mapping tools. (Apple has replaced Google's popular maps application with a new program of its own.) But the faint praise has done little to dampen consumer enthusiasm. In fact, the company booked two million orders for the iPhone 5 in the first 24 hours, more than twice the number of orders received when the 4S model debuted last year. And we expect demand to stay brisk for several months to come, which should have a positive "halo" effect on sales of Apple's other core product lines. The Mac business, in particular, should benefit from the sustained smartphone momentum. (Mac sales growth is already exceeding the gains being registered by Windows PCs.) Notably, the company still has plenty of room to expand in the computer market, with Macs only commanding a single-digit share at present.

Competitors continue to play catch-up. Devices run by Google's Android operating system are gaining traction. Yet, Apple recently dealt a blow to the Android ecosystem, when it won a landmark patent infringement case against smartphone heavyweight Samsung Electronics. And the company continues to dominate the tablet space, with the iPad franchise currently capturing 70% of the market.

This timely issue has more room to run through the 2015-2017 period. Our estimates are admittedly conservative, too, and assume that top- and bottom-line growth rates will taper off as mobile rivals eventually get their acts together.

Justin Hellman
 October 5, 2012

Fiscal Year Ends	Dec.	Mar.	Jun.	Per Sep.	Per	Full Fiscal Year
2009	10167	8163	8337	9870		36537
2010	15683	13499	15700	20343		65225
2011	26741	24667	28571	28270		108249
2012	46333	39186	35023	36758		157300
2013	56300	49100	45400	45700		196500

Fiscal Year Ends	Dec.	Mar.	Jun.	Per Sep.	Per	Full Fiscal Year
2009	1.78	1.33	1.35	1.82		6.29
2010	3.67	3.33	3.51	4.64		15.15
2011	6.43	6.40	7.79	7.05		27.68
2012	13.87	12.30	9.32	9.51		45.00
2013	16.60	14.45	12.55	12.65		56.25

Calendar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2008	--	--	--	--	--
2009	--	--	--	--	--
2010	--	--	--	--	--
2011	--	--	--	--	--
2012	--	--	2.65	--	--

(A) Fiscal year ends last Saturday in September. (B) Primary earnings through fiscal '97, then diluted. Quarters may not add to total due to rounding. Excludes nonrecurring gains: '96, 11c; '98, 4c; '99, 26c; '00, 24c; '01, 8c; '05, 12c; losses: '96, 26c; '97, \$1.32; '02, 8c. Next earnings report due late October. (C) In mill., adjusted for splits. (D) Depreciation on accelerated basis. (E) Includes intangibles. In 2011, \$4432 mill., \$4.77 a share. (F) New dividend policy adopted 3/12. First quarterly payment was made in the September interim.

Company's Financial Strength A++
Stock's Price Stability 70
Price Growth Persistence 100
Earnings Predictability 75

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