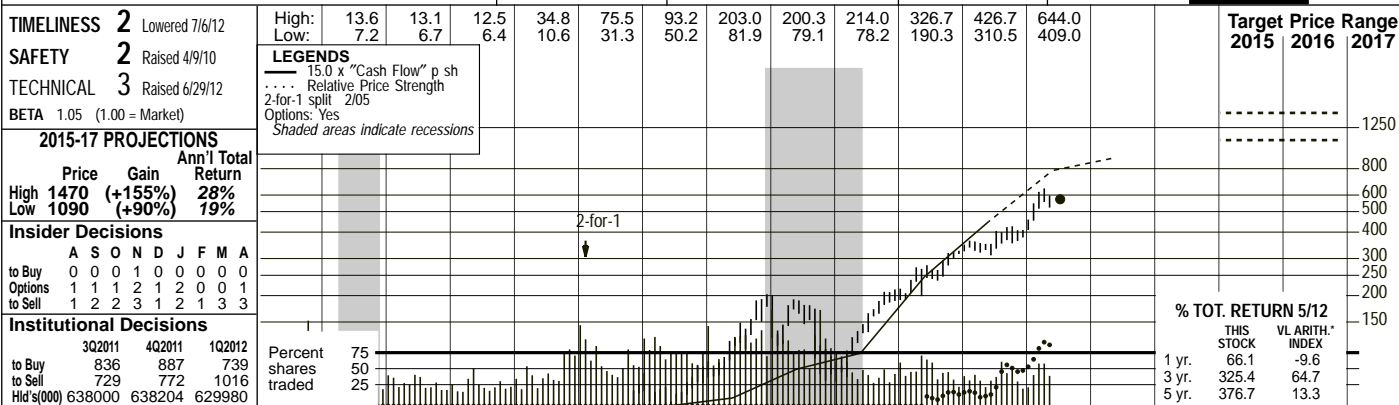


APPLE INC. NDAQ:AAPL

RECENT PRICE **572.02** P/E RATIO **11.1** (Trailing: 13.9; Median: 28.0) RELATIVE P/E RATIO **0.79** DIV'D YLD **1.9%** **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	176.80	205.25	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	52.25	60.20	"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	49.60	57.00	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	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	137.75	190.55	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 3/31/12				2009	2010	2011	2012	2013	Sales (\$mill) ^A		2009	2010	2011	2012	2013		
Total Debt None				5742.0	6207.0	8279.0	13931	19315	24006	32479	36537	65225	108249	166200	195000	Operating Margin	265000
Leases, Uncapitalized Annual rentals \$338 mill.				2.9%	2.2%	5.7%	13.1%	13.9%	19.7%	20.8%	22.9%	29.8%	32.9%	37.0%	37.0%	Depreciation (\$mill) ^D	4000
No Defined Benefit Pension Plan				118.0	113.0	150.0	179.0	225.0	317.0	473.0	703.0	1027.0	1814.0	2500	3000	Net Profit (\$mill)	78000
Pfd Stock None				117.0	76.0	276.0	1254.0	1989.0	3496.0	4834.0	5704.0	14013	25922	46600	54200	Income Tax Rate	25.0%
Common Stock 935,062,000 shs. as of 4/13/12				25.9%	26.2%	27.9%	30.9%	29.4%	30.2%	29.9%	28.6%	24.4%	24.2%	25.0%	25.0%	Net Profit Margin	29.4%
Market Cap: \$535 billion (Large Cap)				2.0%	1.2%	3.3%	9.0%	10.3%	14.6%	14.9%	15.6%	21.5%	23.9%	28.0%	27.8%	Working Cap'l (\$mill)	30000
CURRENT POSITION (SMILL.)				3730.0	3530.0	4375.0	6816.0	8038.0	12657	20598	16983	20956	17018	20500	23000	Long-Term Debt (\$mill)	Nil
Cash Assets				316.0	--	--	--	--	--	--	--	--	--	--	--	Shr. Equity (\$mill) ^E	284000
Receivables				4095.0	4223.0	5076.0	7466.0	9984.0	14532	21030	27832	47791	76615	129500	181000	Return on Total Cap'l	27.5%
Inventory (FIFO)				2.8%	1.8%	5.4%	16.8%	19.9%	24.1%	23.0%	20.5%	29.3%	33.8%	36.0%	30.0%	Return on Shr. Equity	27.5%
Other				2.9%	1.8%	5.4%	16.8%	19.9%	24.1%	23.0%	20.5%	29.3%	33.8%	36.0%	30.0%	All Div'ds to Net Prof	20%
Current Assets				--	--	--	--	--	--	--	--	--	--	5%	19%		
Accts Payable																	
Debt Due																	
Other																	
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 is on track for another remarkable year, with the bottom line likely to tack on nearly 80% in fiscal 2012 (ends September 29th). The second quarter marked another blowout performance for the tech giant, as share net of \$12.30 trounced our \$9.73 estimate. The upside was due to favorable component pricing (it helped the gross margin) and big smartphone gains in the Chinese market. In fact, strong demand in China fueled a staggering 88% jump in iPhone units sold during the period. This strength offset weaker-than-anticipated sales of Apple's latest tablet PC, the new iPad, which were hampered by supply constraints. And it overshadowed a subdued showing from the Mac line, which was up against difficult comparisons and may have been hurt by iPad cannibalization. Looking ahead...

Fiscal Year Ends	2009	2010	2011	2012	2013	Full Fiscal Year
QUARTERLY SALES (\$mill.) ^A	10167	8163	8337	9870	36537	65225
Dec.Per Mar.Per Jun.Per Sep.Per	15683	13499	15700	20343	65225	108249
2009	26741	24667	28571	28270	108249	166200
2010	46333	39186	38681	42000	166200	195000
2011	52600	45700	46500	50200	195000	
2013						

Fiscal Year Ends	2009	2010	2011	2012	2013	Full Fiscal Year
EARNINGS PER SHARE ^{A B}	1.78	1.33	1.35	1.82	6.29	15.15
Dec.Per Mar.Per Jun.Per Sep.Per	6.43	6.40	7.79	7.05	27.68	49.60
2009	13.87	12.30	11.25	12.18	49.60	57.00
2010	15.75	13.25	13.50	14.50	57.00	
2011						
2012						
2013						

Calendar	2008	2009	2010	2011	2012	Full Year
QUARTERLY DIVIDENDS PAID ^F	--	--	--	--	--	--
Mar.31 Jun.30 Sep.30 Dec.31	--	--	--	--	--	--
2008	--	--	--	--	--	--
2009	--	--	--	--	--	--
2010	--	--	--	--	--	--
2011	--	--	--	--	--	--
2012	--	--	2.65	--	--	--

We see the momentum persisting through fiscal 2013, even though top-and-bottom-line growth rates are almost certain to come down to earth at some point. The China story is only beginning, in our view, as the iPhone 4S was just launched there in January, and Apple just inked a key distribution agreement with China Telecom in March. (China Telecom is China's third-largest mobile carrier.) What's more, iPad sales will likely pick up in the coming quarters as the supply situation, particularly for HD retina displays, gradually improves. And the Mac franchise ought to get a boost from newly unveiled updates to the popular MacBook Air and MacBook Pro laptops. Product introductions will probably support growth over the long haul, along with share advances (in the handset and PC markets) and deeper inroads in China. The iPhone 5 should debut this fall and keep the company a step ahead of rivals that rely on Google's Android operating system. And an Apple-branded smart TV is apt to make an appearance in 2013, as the company tries to get a stranglehold on the world of home entertainment. This timely issue makes a great core holding, and investors would do well to build positions at current levels. The stock is also suitable for most accounts, especially since Apple is set to start paying a modest quarterly cash dividend during the September period.

Justin Hellman July 6, 2012

Company's Financial Strength	A++
Stock's Price Stability	65
Price Growth Persistence	100
Earnings Predictability	75

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