Stock Report | May 4, 2013 | NNM Symbol: **AAPL** | **AAPL** is in the S&P 500

STANDARD &POOR'S

Apple Inc

S&P Recommendation STRONG BUY ★★★★★	**Price**	**12-Mo. Target Price**	**Investment Style**
	$449.98 (as of May 3, 2013)	$550.00	Large-Cap Growth

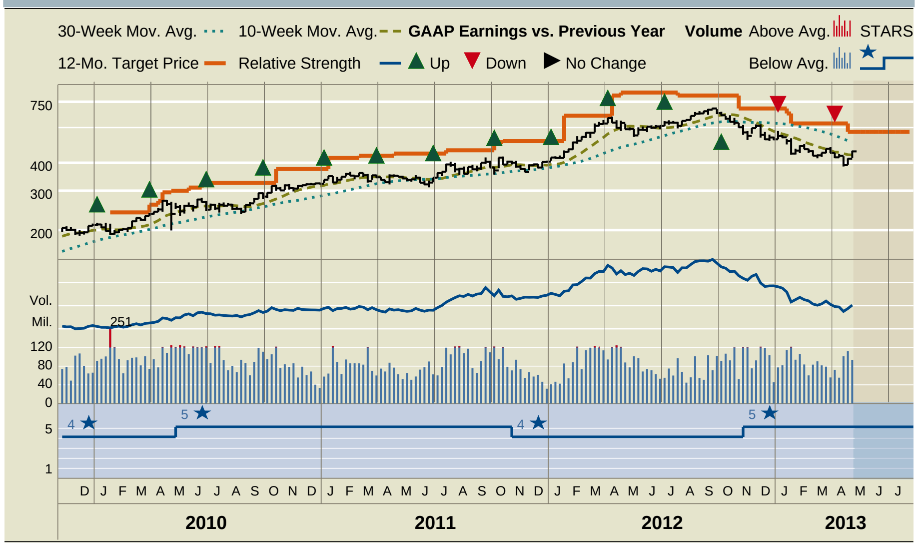
GICS Sector Information Technology
Sub-Industry Computer Hardware

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, Vickers, company reports)

52-Wk Range	$705.07– 385.10	S&P Oper. EPS 2013**E**	41.04	Market Capitalization(B)	$422.557	Beta	1.03
Trailing 12-Month EPS	$41.90	S&P Oper. EPS 2014**E**	45.25	Yield (%)	2.71	S&P 3-Yr. Proj. EPS CAGR(%)	7
Trailing 12-Month P/E	10.7	P/E on S&P Oper. EPS 2013**E**	11.0	Dividend Rate/Share	$12.20	S&P Credit Rating	AA+
$10K Invested 5 Yrs Ago	$25,236	Common Shares Outstg. (M)	939.1	Institutional Ownership (%)	63		

Price Performance



Options: ASE, CBOE, P, Ph

Analysis prepared by Equity Analyst **Scott Kessler** on Apr 24, 2013, when the stock traded at **$405.79**.

Highlights

➤ We see FY 13 (Sep.) revenue growth of 12%, after a 45% rise in FY 12, driven by around 20% gains each from the iPhone and iPad segments. We expect related growth from the iTunes, software and services segment, as iPhone and iPad sales enable and promote consumption of apps, music, movies and books. We see Mac revenues declining due in part to cannibalization from tablets, including the iPad. We project 13% revenue growth for FY 14.

➤ We expect the annual gross margin to decline to 37% in FY 13, after substantial improvement in FY 12. We project this margin will largely remain stable through FY 15. We believe iPhone and iPad margins will be aided by scale and efficiency benefits, offsetting anticipated price drops, as AAPL tries to overcome competition and market saturation.

➤ Our EPS projections assume a tax rate of 26% and modest declines in the share count. In March 2012, AAPL announced a dividend and a share repurchase authorization. In April 2013, it announced a $50 billion increase to the repurchase program and a 15% increase in the dividend. As of March 2013, the company had some $145 billion in cash and investments.

Investment Rationale/Risk

➤ We expect AAPL's growth to exceed that of many of its peers, and considering its substantial cash position, we see the stock as a compelling value. Despite macroeconomic and competitive threats, we think sales of iPhones and iPads will continue to grow at a healthy pace through FY 15. Higher volumes and a focus on common components should aid profitability, in our view. We believe AAPL's balance sheet will be increasingly employed for dividends and stock repurchases, aiding shareholder value.

➤ 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 timing issues and less execution success with product refreshes/innovations.

➤ Our 12-month target price of $550 reflects a blend of comparisons to the calendar year 2013 P/E and P/E-to-growth multiples of the S&P 500 Information Technology sector, accounting for AAPL's cash and investments as of March 2013. AAPL's P/E was recently more than 25% below the Technology sector's.

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 **MODERATE**

46

LOWEST = 1 HIGHEST = 99

Revenue/Earnings Data

Revenue (Million U.S. $)

	1Q	2Q	3Q	4Q	Year
2013	54,512	43,603	--	--	--
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
2009	11,880	9,084	9,734	12,207	42,905
2008	9,608	7,512	7,464	7,895	32,479

Earnings Per Share (U.S. $)

2013	13.81	10.09	**E**8.22	**E**8.90	**E**41.04
2012	13.87	12.30	9.32	8.67	44.15
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

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
2.650	10/25	11/07	11/12	11/15/12
2.650	01/23	02/07	02/11	02/14/13
3.050	04/23	05/09	05/13	05/16/13

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

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

Apple Inc

Business Summary April 24, 2013

CORPORATE OVERVIEW. Apple makes smartphones, tablet devices, computers, and portable digital media players, and sells a variety of related software, services, peripherals and networking solutions. In early 2013, AAPL reclassified its product-based operating categories with updated shipment and revenue data for FY 11 (Sep.) and FY 12. However, we continue to look at the company based on its major hardware product lines, which are iPhones, iPads, Mac computers, and iPods.

AAPL's iPhone directly accounted for 50% of FY 12 (Sep.) revenues, with over 125 million units sold. AAPL sold over 72 million iPhones in FY 11, contributing to 42% of revenues. This has been 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.

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 11, AAPL sold over 32 million iPads, accounting for 18% of revenues. In FY 12, over 58 million iPads were sold, accounting for 20% of revenues. We believe the tablet form factor will become even more popular for the foreseeable future, but 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, especially with the fall 2012 introduction of the iPad Mini.

Sales of AAPL's computers, commonly known as Macs, made up 20% of total revenues in FY 11 and 15% of revenues in FY 12. The company shipped nearly 17 million desktop and laptop computers in FY 11 and over 18 million computers in FY 12, with laptop units exceeding desktops by nearly 2.5X. On a unit shipment basis, Macs had grown notably faster than what was been reported for the PC industry. Mac revenues advanced as greater unit shipments offset deteriorating blended average selling prices. However, we believe cannibalization has contributed to recent revenue and shipment declines.

The company's personal media players, iPods, made up around 4% of FY 11 sales and 3% of FY 12 sales. AAPL believes it holds over three-quarters of the media player market, but considering that the company has a large majority of this mature category, we believe AAPL will likely continue to face declining unit shipments.

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. 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 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. But 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 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 $145 billion in cash and investments and no debt as of March 2013. 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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Officers

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A.D. Levinson

SVP, CFO & Chief Acctg Officer
P. Oppenheimer

CEO
T.D. Cook

COO
J.E. Williams

Board Members

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

Domicile
California

Founded
1977

Employees
76,100

Stockholders
27,696

Apple Inc

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Quantitative Evaluations

S&P Fair Value Rank 3

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 $466.90

Analysis of the stock's current worth, based on S&P's proprietary quantitative model suggests that AAPL is slightly undervalued by $16.92 or 3.8%.

Investability Quotient Percentile 97

LOWEST = 1 — HIGHEST = 100

AAPL scored higher than 97% of all companies for which an S&P Report is available.

Volatility LOW | **AVERAGE** | HIGH

Technical Evaluation BEARISH

Since October, 2012, the technical indicators for AAPL have been BEARISH.

Insider Activity **UNFAVORABLE** | NEUTRAL | FAVORABLE

Expanded Ratio Analysis

	2012	2011	2010	2009
Price/Sales	3.21	3.50	4.57	4.45
Price/EBITDA	8.60	10.65	15.37	15.32
Price/Pretax Income	9.02	11.09	16.09	15.84
P/E Ratio	12.06	14.63	21.29	23.21
Avg. Diluted Shares Outstg (M)	945.4	936.6	924.7	907.0

Figures based on calendar year-end price

Key Growth Rates and Averages

Past Growth Rate (%)	1 Year	3 Years	5 Years	9 Years
Sales	44.58	55.10	46.67	41.66
Net Income	60.99	73.04	67.09	90.01
Ratio Analysis (Annual Avg.)				
Net Margin (%)	26.67	24.03	21.23	15.99
% LT Debt to Capitalization	Nil	Nil	Nil	Nil
Return on Equity (%)	NA	NA	34.11	26.87

Company Financials Fiscal Year Ended Sep. 30

Per Share Data (U.S. $)	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Tangible Book Value	120.16	77.68	50.99	34.66	23.04	16.27	11.47	8.83	6.36	5.61
Cash Flow	47.61	29.61	16.26	9.89	5.88	4.29	2.52	1.77	0.55	0.50
Earnings	44.15	27.68	15.15	9.08	5.36	3.93	2.27	1.56	0.36	0.10
S&P Core Earnings	44.02	27.60	15.15	9.08	5.36	3.93	2.27	1.47	0.22	-0.17
Dividends	2.65	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Payout Ratio	6%	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Prices:High	705.07	426.70	326.66	213.95	200.26	202.96	93.16	75.46	34.79	12.51
Prices:Low	409.00	310.50	190.25	78.20	79.14	81.90	50.16	31.30	10.59	6.36
P/E Ratio:High	16	15	22	24	37	52	41	48	98	NM
P/E Ratio:Low	9	11	13	9	15	21	22	20	30	NM
Income Statement Analysis (Million U.S. $)										
Revenue	156,508	108,249	65,225	42,905	32,479	24,006	19,315	13,931	8,279	6,207
Operating Income	58,518	35,604	19,412	12,474	6,748	4,726	2,645	1,829	499	138
Depreciation	3,277	1,814	1,027	734	473	317	225	179	150	113
Interest Expense	NA	NA	NA	Nil	Nil	Nil	Nil	Nil	3.00	8.00
Pretax Income	55,763	34,205	18,540	12,066	6,895	5,008	2,818	1,815	383	92.0
Effective Tax Rate	25.2%	24.2%	24.4%	31.8%	29.9%	30.2%	29.4%	26.4%	27.9%	26.1%
Net Income	41,733	25,922	14,013	8,235	4,834	3,496	1,989	1,335	276	68.0
S&P Core Earnings	41,614	25,851	14,013	8,235	4,834	3,496	1,989	1,259	164	-119
Balance Sheet & Other Financial Data (Million U.S. $)										
Cash	29,129	25,952	25,620	23,464	24,490	9,352	6,392	3,491	2,969	3,396
Current Assets	57,653	44,988	41,678	31,555	34,690	21,956	14,509	10,300	7,055	5,887
Total Assets	176,064	116,371	75,183	47,501	39,572	25,347	17,205	11,551	8,050	6,815
Current Liabilities	38,542	27,970	20,722	11,506	14,092	9,299	6,471	3,484	2,680	2,357
Long Term Debt	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Common Equity	118,210	76,615	47,791	31,640	21,030	14,532	9,984	7,466	5,076	4,223
Total Capital	118,210	76,615	47,791	31,640	21,705	15,151	10,365	7,466	5,076	4,223
Capital Expenditures	8,295	4,260	2,005	1,144	1,091	735	657	260	176	164
Cash Flow	45,010	27,736	15,040	8,969	5,307	3,813	2,214	1,514	426	181
Current Ratio	1.5	1.6	2.0	2.7	2.5	2.4	2.2	3.0	2.6	2.5
% Long Term Debt of Capitalization	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
% Net Income of Revenue	26.7	24.0	21.5	19.2	14.9	14.6	10.3	9.6	3.3	1.1
% Return on Assets	NA	27.1	21.7	19.7	14.9	16.4	13.9	13.6	3.7	1.0
% Return on Equity	NA	41.7	37.1	30.5	27.2	28.5	22.8	21.3	5.9	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

STANDARD & POOR'S

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 PC sales will be challenged going forward, hurt by the cannibalization on lower priced tablet devices.

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. However, IDC estimates that shipments fell 3% in 2012. For 2013, we project that shipments will decline 10%.

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 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.

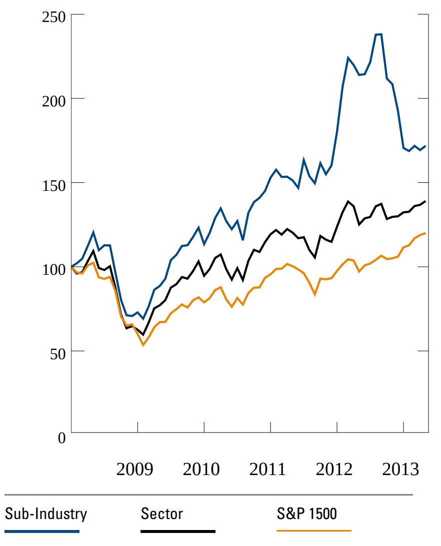
Year to date through April 12, the S&P Computer Hardware Index fell 14.1%, compared to an 11.5% gain for the S&P 1500 Index. In 2012, the S&P Computer Hardware Index rose 20.3%, versus a 13.7% increase in the S&P 1500.

--Angelo Zino, CFA

Stock Performance

GICS Sector: Information Technology
Sub-Industry: Computer Hardware

Based on S&P 1500 Indexes
Month-end Price Performance as of 4/30/13



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**	**422,557**	**449.98**	**705.07/385.10**	**1.03**	**2.7**	**11**	**466.90**	**B+**	**97**	**26.7**	**NA**
3D Systems	DDD	2,448	39.88	47.99/17.04	1.66	Nil	91	32.70	B-	89	11.0	14.4
Avid Technology	AVID	266	6.87	10.04/5.85	1.20	Nil	NM	NA	C	12	NA	NA
Concurrent Computer	CCUR	67	7.75	8.45/3.40	1.08	3.1	32	NA	C	12	NM	NA
Cray Inc	CRAY	640	16.65	23.59/9.99	1.65	Nil	4	16.80	B-	81	38.3	NA
Dell Inc	DELL	23,255	13.31	15.92/8.69	1.41	2.4	10	19.50	B	96	4.2	29.3
Diebold, Inc	DBD	1,876	29.66	38.91/27.59	1.03	3.9	96	26.10	B-	83	2.7	42.2
Hewlett-Packard	HPQ	40,191	20.63	24.23/11.35	1.15	2.8	NM	NA	B+	41	NM	42.5
NCR Corp	NCR	4,885	29.84	30.05/20.05	1.37	Nil	22	38.60	B-	26	2.4	58.2
Silicon Graphics International	SGI	426	13.35	15.99/5.02	1.91	Nil	NM	NA	NR	8	NM	NA
SteelCloud Inc	SCLD	3	0.16	0.25/0.05	2.18	Nil	NM	NA	C	13	NA	NA
Stratasys Ltd	SSYS	3,214	83.53	92.30/42.71	1.39	Nil	NM	86.20	NR	80	4.1	NA
Super Micro Computer	SMCI	408	10.03	17.00/7.85	1.57	Nil	24	NA	NR	37	2.9	5.4
Toshiba Corp	TOSBF	17,861	5.52	5.70/3.00	NA	Nil	NM	NA	NR	17	1.4	39.7
Xplore Technologies	XPLR	30	3.53	18.80/3.05	1.15	Nil	NM	NA	NR	10	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.

S&P Analyst Research Notes and other Company News

April 24, 2013
AAPL posts $10.09 vs. $12.30 Q2 EPS as higher operating expenses, lower gross margin offset 11% revenue rise. Expects to utilize a total of $100B in cash; as part of this program, Board increased its share repurchase program to $60B. Raises quarterly cash dividend by 15% to $3.05 per share.

April 24, 2013
11:07 am ET ... S&P REITERATES STRONG BUY OPINION ON SHARES OF APPLE (AAPL 406.13*****): We are lowering our 12-month target price to $550 from $600, owing to revised relative analysis. We are also reducing our EPS estimates for FY 13 (Sep.) to $41.04 from $44.29, FY 14 to $45.25 from $50.66, and FY 15 to $51.79 from $58.08, reflecting our updated and less favorable outlook for revenues, gross margins and taxes. AAPL posts Mar-Q EPS of $10.09, vs. $12.30, below our estimate of $10.95. We see fundamentals largely bottoming in the current quarter, and note a new $50 billion buyback program that we expect will start being deployed within a week. /S. Kessler

April 24, 2013
09:31 am ET ... APPLE INC. (AAPL 406.13) UNCHANGED, APPLE (AAPL) POSTS Q2. FBR CAPITAL CUTS ESTIMATES, TARGET; MAINTAINS OUTPERFORM... Analyst Scott Thompson tells salesforce AAPL posted stronger-than-expected Q2 revenue, which delivered $10.09 EPS, above his/consensus' estimates of $9.42/$8.77. Notes mgmt guided Q3 to below consensus' expectation to ~$34B revenue, $7.30 EPS, nearly 15% below his recently reduced est. of $8.44, well below consensus' $10.36. Cuts $40.47 FY 13 (Sep) EPS estimates to $38.32, $44.81 FY 14 to $41.03. Cuts $525 target to $500. Despite numerous resets, still thinks core of AAPL's value proposition is a product that is more differentiated than those of its competition. B.Brodie

April 1, 2013
Paul Wright, the chief digital officer of Omnicom Media Group UK, is joining Apple to become the European director of iAd. Wright will lead Apple's European sales unit, selling ads across a network of apps for the iPhone, iPad and iPod Touch from London. He will work closely with the iAd vice-president, Todd Teresi, who joined the company after Andy Miller, the founder of Quattro Wireless, which was bought by Apple in 2010, departed in August 2011. Before taking on the role of chief digital officer at OMG in May last year, Wright held the same position at OMD Group. He started his career in sales and was previously the director of sales at Sky Digital Media and head of business development at Sky Media.

March 20, 2013
Apple Inc. announced that Kevin Lynch has joined the company as vice president of technology, reporting to Bob Mansfield. Kevin Lynch worked as Chief Technology Officer in Adobe Systems previously.

February 25, 2013
10:14 am ET ... S&P REITERATES STRONG BUY OPINION ON SHARES OF APPLE (AAPL 454.19*****): Late last week, a federal court decided AAPL could not proceed with a plan that would revoke the company's ability to unilaterally issue preferred stock, siding with Greenlight Capital's David Einhorn. Prior to the decision, Einhorn publicly presented his idea suggesting AAPL issue perpetual preferred stock as a way to unlock shareholder value. We think the court's decision adds more pressure to AAPL in the context of its balance sheet. We continue to expect AAPL to be more proactive and aggressive with its cash/investments, perhaps via further repurchase and dividend activity. /S. Kessler

February 20, 2013
07:09 am ET ... S&P REITERATES HOLD OPINION ON SHARES OF GOOGLE (GOOG 806.85***): Since mid-'12, we believe GOOG has addressed questions related to its May '12 purchase of Motorola Mobility and a federal domestic regulatory inquiry. GOOG has taken actions to streamline Motorola's operations, facilities, offerings and workforce. Also, the FTC announced the end of a 19-month inquiry into GOOG last month. We also believe the company's Android mobile operating system has notable momentum, and we believe the stock has benefited from the decline in shares of competitor/peer Apple (AAPL 460, Strong Buy) since September '12. Our 12-month target price is $825. /S. Kessler

February 8, 2013
08:37 am ET ... S&P REITERATES STRONG BUY OPINION ON SHARES OF APPLE (AAPL 468.22*****): Yesterday Greenlight Capital's David Einhorn announced opposition and a lawsuit related to a proposal in AAPL's proxy he believes would limit the company's ability to issue preferred stock. Einhorn suggests AAPL could issue preferred stock and unlock shareholder value. AAPL responds, indicating the proposal would not prevent it from issuing preferred shares. AAPL also states it is actively considering options for its cash and investments. AAPL's shareholder meeting is set for February 27, and we expect the company to become more proactive and aggressive with its balance sheet. /S. Kessler

February 7, 2013
07:02 am ET ... S&P MAINTAINS HOLD OPINION ON SHARES OF TRIQUINT SEMICONDUCTOR (TQNT 5.34***): We widen our 2013 per share loss forecast $0.16 to $0.26 and introduce '14's at $0.06 EPS. TQNT continues to invest well above current revenue levels for expected growth of 3G/4G technology. A weaker outlook is weighing on gross margins, now expected to be 29% in 2013 vs. 34% prior. TQNT generates about 30% of revenue from Foxconn/Apple (AAPL 457, Strong Buy). We see few catalysts for shares as revenue volatility remains, and TQNT has limited operating leverage. TQNT reported a per share loss of $0.02, vs. $0.03 EPS, $0.05 narrower than our estimate on better revenue. /C Armacost, CFA

January 24, 2013
AAPL posts $13.81 vs. $13.87 Q1 EPS despite 18% sales rise. Notes gross margin was 38.6% compared to 44.7% in the year-ago quarter. Sees Q2 revenue of $41B-$43B, gross margin of 37.5%-38.5%. S&P Capital IQ cuts estimates, lowers target, reiterates strong buy....

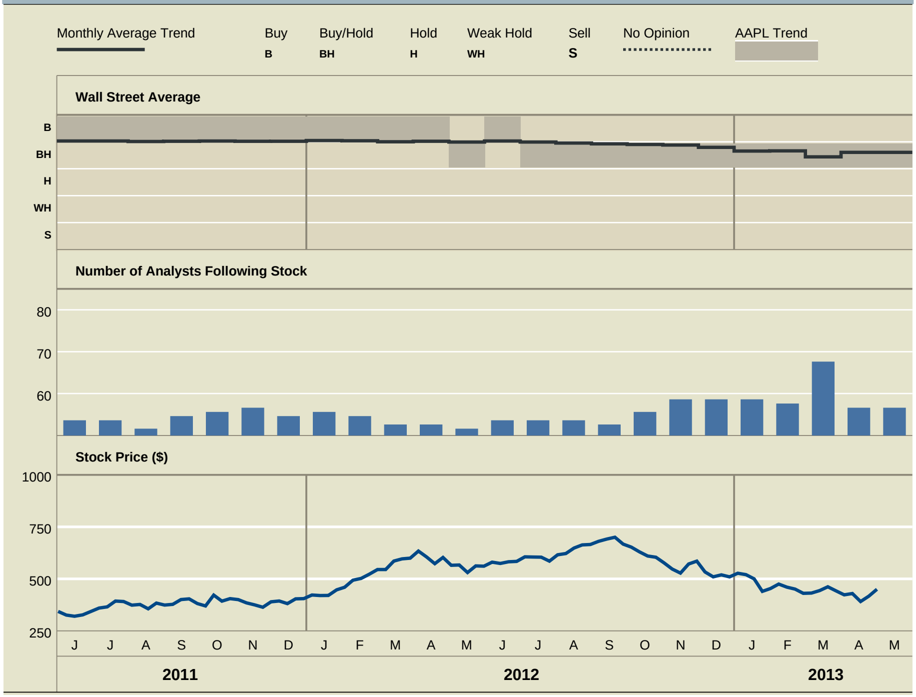
January 24, 2013
09:34 am ET ... APPLE INC. (AAPL 459.12) DOWN 54.88, APPLE (AAPL) POSTS Q1, NOTES GROSS MARGIN DROP. JEFFERIES CUTS TO HOLD FROM BUY... Analyst Peter Misek tells salesforce downgrading AAPL due to: 1) slowdown in iPhone sales is real, material; 2) believes margins likely to continue to fall; 3) new guidance methodology implies less potential upside to model. Says, while co. was somewhat evasive on conf. call, it appears demand in H2 of Q1, into Q2 was much weaker than mgmt or he expected. Thinks co. losing screen-size wars as demand is moving away from iPhone's 3.5"/4," more toward ~5". Cuts CY 13 iPhone est. to 163M from 191M. Also lowers $56.04 FY 13 (Sep) EPS est. to $44.11, $800 tgt to $500. B.Egli

January 23, 2013
06:19 pm ET ... S&P REITERATES STRONG BUY OPINION ON SHARES OF APPLE INC. (AAPL 514.005*****): We are lowering our 12-month target price to $600 from $665, reflecting revised relative analysis. We are also cutting our EPS estimates for FY 13 (Sep.) to $44.29 from $45.25, for FY 14 to $50.66 from $53.62, and for FY 15 to $58.08 from $61.67. AAPL posted Dec-Q EPS of $13.81 vs. $13.87, below our forecast of $14.32. iPhone and iPad revenue growth was 28% and 22%, respectively, below our forecasts. But despite results we see as disappointing, we view AAPL as having strong franchises and growth opportunities. AAPL has $137 billion in cash and investments, or some $145 a share. /S. Kessler

Apple Inc

STANDARD &POOR'S

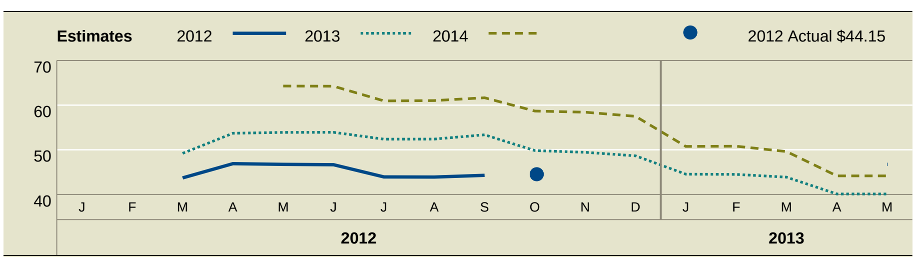
Analysts' Recommendations



Of the total 81 companies following AAPL, 58 analysts currently publish recommendations.

	No. of Ratings	% of Total	1 Mo. Prior	3 Mos. Prior
Buy	27	47	27	31
Buy/Hold	14	24	14	12
Hold	12	21	12	10
Weak Hold	0	0	0	0
Sell	3	5	3	4
No Opinion	2	3	2	3
Total	**58**	**100**	**58**	**60**

Wall Street Consensus Estimates



Fiscal Years	Avg Est.	High Est.	Low Est.	# of Est.	Est. P/E
2014	44.20	57.20	37.76	51	10.2
2013	40.10	63.00	37.48	52	11.2
2014 vs. 2013	▲ 10%	▼ -9%	▲ 0.7%	▼ -2%	▼ -9%
Q3'14	9.01	11.55	7.52	31	49.9
Q3'13	7.27	8.22	6.66	44	61.9
Q3'14 vs. Q3'13	▲ 24%	▲ 41%	▲ 13%	▼ -30%	▼ -19%

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.
ABG Sundal Collier ASA
ACI Research
Arete Research Services LLP
Argus Research Company
Atlantic Equities LLP
Auriga USA LLC
Avondale Partners, LLC
BMO Capital Markets, U.S. Equity Research
BNP Paribas
BTIG, LLC, Research Division
Barclays
Berenberg
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
Erste Group Bank AG
Evercore Partners Inc.

Wall Street Consensus vs. Performance

For fiscal year 2013, analysts estimate that AAPL will earn $40.10. For the 2nd quarter of fiscal year 2013, AAPL announced earnings per share of $10.09, representing 25% of the total annual estimate. For fiscal year 2014, analysts estimate that AAPL's earnings per share will grow by 10% to $44.20.

Source: S&P, Capital IQ Estimates, Inc.

The McGraw·Hill Companies

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	20	115
Technical Indicators	26	40
Liquidity/Volatility Measures	20	20
Quantitative Measures	69	75
IQ Total	**135**	**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 March 31, 2013, research analysts at Standard & Poor's Equity Research Services North America recommended 35.0% of issuers with buy recommendations, 56.0% with hold recommendations and 9.0% with sell recommendations.

In Europe: As of March 31, 2013, research analysts at Standard & Poor's Equity Research Services Europe recommended 27.7% of issuers with buy recommendations, 48.6% with hold recommendations and 23.7% with sell recommendations.

In Asia: As of March 31, 2013, research analysts at Standard & Poor's Equity Research Services Asia recommended 38.7% of issuers with buy recommendations, 50.3% with hold recommendations and 11.0% with sell recommendations.

Globally: As of March 31, 2013, research analysts at Standard & Poor's Equity Research Services globally recommended 34.3% of issuers with buy recommendations, 54.2% with hold recommendations and 11.5% 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 North America: As of March 31, 2013, Standard & Poor's Quantitative Services North America recommended 39.9% of issuers with buy recommendations, 20.1% with hold recommendations and 40.0% with sell recommendations.

In Europe: As of March 31, 2013, Standard & Poor's Quantitative Services Europe recommended 42.2% of issuers with buy recommendations, 21.8% with hold recommendations and 36.0% with sell recommendations.

In Asia: As of March 31, 2013, Standard & Poor's Quantitative Services Asia recommended 49.9% of issuers with buy recommendations, 19.7% with hold recommendations and 30.4% with sell recommendations.

Globally: As of March 31, 2013, Standard & Poor's Quantitative Services globally recommended 44.9% of issuers with buy recommendations, 20.3% with hold recommendations and 34.8% with sell recommendations.

Additional information is available upon request.

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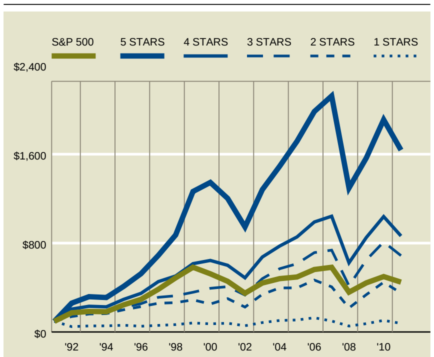
U.S. STARS Cumulative Model Performance

Hypothetical Growth Due to Price Appreciation of $100
For the Period 12/31/1986 through 04/30/2013



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.

An investment based upon the models should only be made after consulting with a financial advisor and with an understanding of the risks associated with any investment in securities, including, but not limited to, market risk, currency risk, political and credit risks, the risk of economic recession and the risk that issuers of securities or general stock market conditions may worsen, over time. Foreign investing involves certain risks, including currency fluctuations and controls, restrictions on foreign investments, less governmental supervision and regulation, less liquidity and the potential for market volatility and political instability. As with any investment, investment returns and principal value will fluctuate, so that when redeemed, an investor's shares may be worth more or less than their original cost.

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