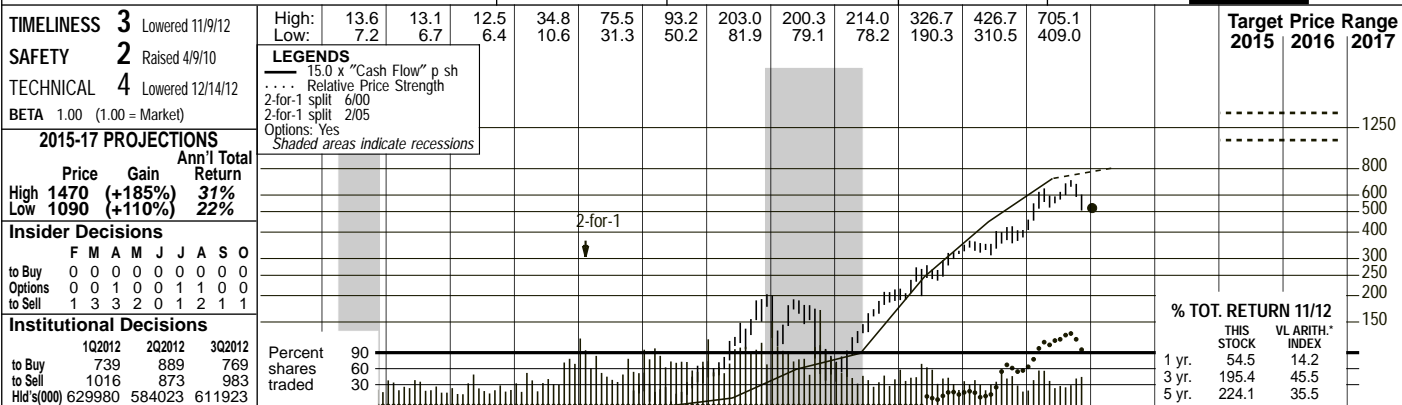


APPLE INC. NDAQ:AAPL

RECENT PRICE **520.17** P/E RATIO **11.4** (Trailing: 11.8; Median: 25.0) RELATIVE P/E RATIO **0.74** DIV'D YLD **2.0%**

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	166.64	202.75	Sales per sh ^A	287.20
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	47.92	54.05	"Cash Flow" per sh	85.15
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	44.15	50.00	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	.22	.31	.77	.84	1.23	1.27	2.19	4.58	8.83	9.00	Cap'l Spending per sh	10.00
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	125.86	166.30	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	939.21	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	12.0	--	Avg Ann'l P/E Ratio	16.0
--	--	.69	.99	2.00	--	NMF	NMF	2.00	1.40	1.57	1.40	1.83	1.28	.97	.78	.76	--	Relative P/E Ratio	1.05
.4%	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	.5%	--	Avg Ann'l Div'd Yield	1.3%

CAPITAL STRUCTURE as of 9/29/12																			
Total Debt	None	5742.0	6207.0	8279.0	13931	19315	24006	32479	36537	65225	108249	156508	192600	Sales (\$mill) ^A	280000				
Leases, Uncapitalized	Annual rentals \$516 mill.	2.9%	2.2%	5.7%	13.1%	13.9%	19.7%	20.8%	22.9%	29.8%	32.9%	37.4%	35.5%	Operating Margin	38.5%				
No Defined Benefit Pension Plan	Pfd Stock None	118.0	113.0	150.0	179.0	225.0	317.0	473.0	703.0	1027.0	1814.0	3277.0	3850	Depreciation (\$mill) ^D	5000				
Common Stock	940,692,000 shs. as of 10/19/12	117.0	76.0	276.0	1254.0	1989.0	3496.0	4834.0	5704.0	14013	25922	41733	47500	Net Profit (\$mill)	78000				
Market Cap:	\$489 billion (Large Cap)	25.9%	26.2%	27.9%	30.9%	29.4%	30.2%	29.9%	28.6%	24.4%	24.2%	25.2%	26.0%	Income Tax Rate	26.0%				
CURRENT POSITION	2010 2011 9/29/12	2.0%	1.2%	3.3%	9.0%	10.3%	14.6%	14.9%	15.6%	21.5%	23.9%	26.7%	24.7%	Net Profit Margin	27.9%				
Cash Assets	25620	25952	29129	3730.0	3530.0	4375.0	6816.0	8038.0	12657	20598	16983	20956	17018	19111	21000	Working Cap'l (\$mill)	30000		
Receivables	5510	5369	10930	316.0	--	--	--	--	--	--	--	--	--	--	--	Nil	Long-Term Debt (\$mill)	Nil	
Inventory (FIFO)	1051	776	791	4095.0	4223.0	5076.0	7466.0	9984.0	14532	21030	27832	47791	76615	118210	158000	Shr. Equity (\$mill) ^E	284000		
Other	9497	12891	16803	2.8%	1.8%	5.4%	16.8%	19.9%	24.1%	23.0%	20.5%	29.3%	33.8%	35.3%	30.0%	Return on Total Cap'l	27.5%		
Current Assets	41678	44988	57653	2.9%	1.8%	5.4%	16.8%	19.9%	24.1%	23.0%	20.5%	29.3%	33.8%	35.3%	30.0%	Return on Shr. Equity	27.5%		
Accts Payable	12015	14632	21175	--	--	--	--	--	--	--	--	--	--	6%	23.5%	Retained to Com Eq	22.0%		
Debt Due	--	--	--	--	--	--	--	--	--	--	--	--	--	6%	21%	All Div'ds to Net Prof	20%		
Other	8707	13338	17367	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Current Liab.	20722	27970	38542	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

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 29, 2012, Apple operated a total of 390 retail outlets, including 250 stores in the U.S. and 140 in international markets. R&D: 2.2% of '12 revenues. Has about 72,800 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.

ANNUAL RATES																		
Past 10 Yrs.	Past 5 Yrs.	Est'd '10-'12 to '15-'17																
Sales	23.0%	35.5%	19.5%															
"Cash Flow"	40.0%	61.5%	22.0%															
Earnings	43.0%	64.5%	22.5%															
Dividends	--	--	NMF															
Book Value	26.0%	43.5%	27.5%															
Fiscal Year Ends																		
QUARTERLY SALES (\$mill.) ^A																		
Dec.	Per	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	35966	156508													
2013	54350	44450	45800	48000	192600													
Fiscal Year Ends																		
EARNINGS PER SHARE ^{A B}																		
Dec.	Per	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	8.67	44.15													
2013	13.95	11.25	11.90	12.90	50.00													
Calendar																		
QUARTERLY DIVIDENDS PAID ^F																		
Mar.	Jun.	Per	Sep.	Dec.	31													
2009	--	--	--	--	--													
2010	--	--	--	--	--													
2011	--	--	--	--	--													
2012	--	--	2.65	2.65	--													
2013	--	--	--	--	--													

Apple shares have been on a rare losing streak in recent months. (The large-cap tech stock has declined roughly 25% in value since topping the \$700 mark in mid-September.) The trouble began when the company uncharacteristically disappointed Wall Street with its results for the fourth quarter of fiscal 2012 (ended September 29th). Share net of \$8.67 for that period narrowly missed the consensus view and came in well shy our \$9.51 estimate, as Apple was hurt by gross margin headwinds and softer-than-expected demand ahead of new product launches. **The earnings picture likely remained cloudy during the December interim.** This is despite a welcome easing of component supply constraints and a record iPhone 5 debut in China, which has become a very important market for the company. Indeed, we see first-quarter share net being flattish relative to the year-earlier tally (at around \$13.95), with profits being kept in check by high product launch costs, a mix shift toward the low-margined iPad Mini (released worldwide in early November), and some aggressive actions on the pricing front.

The bottom line should be growing in earnest again by the second half of fiscal 2013, however. By then, margins ought to be on the mend, as sales of new products, from the iPhone 5 and iPad Mini to a host of new Macs and iPods, reach critical mass. Additionally, improved macroeconomic conditions around the globe will probably support greater acceptance of the company's core smartphone and tablet lines. And faster iPad adoption within the large enterprise space should be a plus. All in all, even after a slow start, we still envision a healthy 13% earnings advance this year, to \$50.00 a share. **The issue, while now just an Average (3) year-ahead choice, appears to be a huge bargain at these levels.** There are some legitimate concerns here, most notably stepped-up competition from Android-powered mobile devices. But Apple's growth prospects are still considerable, and the rollout of a smart TV (rumored in late 2013) should prove to be another major catalyst for the company. Consequently, we encourage long-term investors to build positions at this juncture. *Justin Hellman* *January 4, 2013*

(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 January. (C) In mill., adjusted for splits. (D) Depreciation on accelerated basis. (E) Includes intangibles. In 2012, \$5359 mill., \$5.71 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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