APPLE INC. NDQ-AAPL

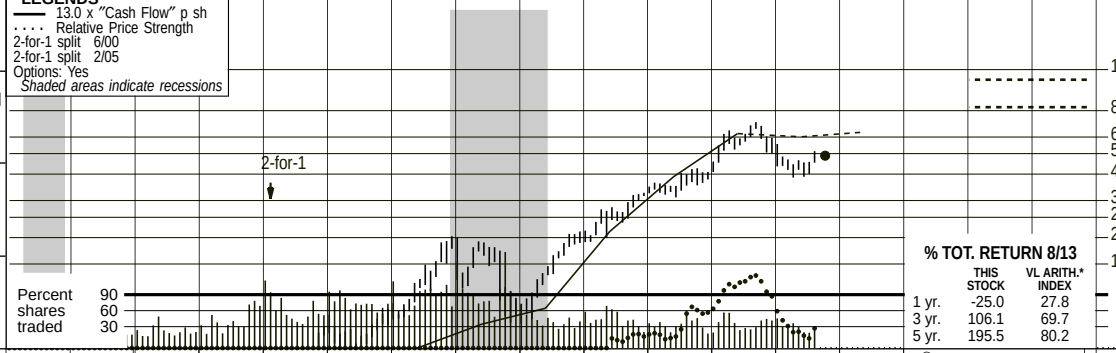
RECENT PRICE **489.10** | P/E RATIO **12.8** (Trailing: 12.2 / Median: 25.0) | RELATIVE P/E RATIO **0.72** | DIV'D YLD **2.5%** | VALUE LINE

TIMELINESS 4 Raised 7/12/13
SAFETY 2 Raised 4/9/10
TECHNICAL 2 Lowered 9/20/13
BETA 1.00 (1.00 = Market)

High:	13.1	12.5	34.8	75.5	93.2	203.0	200.3	214.0	326.7	426.7	705.1	555.0
Low:	6.7	6.4	10.6	31.3	50.2	81.9	79.1	78.2	190.3	310.5	409.0	385.1

Target Price Range
2016 | 2017 | 2018

LEGENDS
— 13.0 x "Cash Flow" p sh
.... Relative Price Strength
2-for-1 split 6/00
2-for-1 split 2/05
Options: Yes
Shaded areas indicate recessions



2016-18 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	1120	(+130%)	25%
Low	830	(+70%)	16%

Insider Decisions

	N	D	J	F	M	A	M	J	J
to Buy	2	0	0	0	0	0	0	0	0
Options	0	0	1	0	0	0	0	0	2
to Sell	6	0	0	0	0	1	0	2	3

Institutional Decisions

	4Q2012	1Q2013	2Q2013
to Buy	1067	1135	1018
to Sell	856	767	831
Hld's(000)	588126	572802	551727

% TOT. RETURN 8/13

	THIS STOCK	VL ARITH.* INDEX
1 yr.	-25.0	27.8
3 yr.	106.1	69.7
5 yr.	195.5	80.2

1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	© VALUE LINE PUB. LLC	16-18
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	*186.50*	*199.55*	Sales per sh A	*305.90*
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	*46.20*	*48.70*	"Cash Flow" per sh	*75.65*
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	*39.00*	*40.70*	Earnings per sh B	*65.00*
--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	2.65	*11.40*	*12.20*	Div'ds Decl'd per sh F	*20.00*
.10	.09	.07	.16	.33	.24	.22	.22	.31	.77	.84	1.23	1.27	2.19	4.58	8.83	*9.50*	*10.25*	Cap'l Spending per sh	*11.75*
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	*139.25*	*148.00*	Book Value per sh E	*235.30*
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	*905.00*	*875.00*	Common Shs Outst'g C	*850.00*
--	13.3	17.3	30.8	--	61.5	83.8	37.9	26.2	29.1	26.3	30.4	19.2	15.2	12.4	12.0	*Bold figures are*		Avg Ann'l P/E Ratio	*15.0*
--	.69	.99	2.00	--	3.36	4.78	2.00	1.40	1.57	1.40	1.83	1.28	.97	.78	.75	*Value Line*		Relative P/E Ratio	*1.00*
--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	.5%	*estimates*		Avg Ann'l Div'd Yield	*2.1%*

CAPITAL STRUCTURE as of 6/29/13
Total Debt $16958 mill. **Due in 5 Yrs** None
LT Debt $16958 mill. **LT Interest** $850 mill.
(12% of Cap'l)
Leases, Uncapitalized Annual rentals $516 mill.

No Defined Benefit Pension Plan
Pfd Stock None

Common Stock 908,497,000 shs.
as of 7/12/13

Market Cap: $444 billion (Large Cap)

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014		16-18
6207.0	8279.0	13931	19315	24006	32479	36537	65225	108249	156508	*168800*	*174600*	Sales ($mill) A	*260000*
2.2%	5.7%	13.1%	13.9%	19.7%	20.8%	22.9%	29.8%	32.9%	37.4%	*31.5%*	*31.0%*	Operating Margin	*32.0%*
113.0	150.0	179.0	225.0	317.0	473.0	703.0	1027.0	1814.0	3277.0	*6500*	*7000*	Depreciation ($mill) D	*9000*
76.0	276.0	1254.0	1989.0	3496.0	4834.0	5704.0	14013	25922	41733	*35300*	*35600*	Net Profit ($mill)	*55300*
26.2%	27.9%	30.9%	29.4%	30.2%	29.9%	28.6%	24.4%	24.2%	25.2%	*26.5%*	*26.0%*	Income Tax Rate	*25.5%*
1.2%	3.3%	9.0%	10.3%	14.6%	14.9%	15.6%	21.5%	23.9%	26.7%	*20.9%*	*20.4%*	Net Profit Margin	*21.3%*
3530.0	4375.0	6816.0	8038.0	12657	20598	16983	20956	17018	19111	*32000*	*35000*	Working Cap'l ($mill)	*50000*
--	--	--	--	--	--	--	--	--	--	*17000*	*17000*	Long-Term Debt ($mill)	*20000*
4223.0	5076.0	7466.0	9984.0	14532	21030	27832	47791	76615	118210	*126000*	*129500*	Shr. Equity ($mill) E	*200000*
1.8%	5.4%	16.8%	19.9%	24.1%	23.0%	20.5%	29.3%	33.8%	35.3%	*25.0%*	*24.5%*	Return on Total Cap'l	*25.5%*
1.8%	5.4%	16.8%	19.9%	24.1%	23.0%	20.5%	29.3%	33.8%	35.3%	*28.0%*	*27.5%*	Return on Shr. Equity	*27.5%*
1.8%	5.4%	16.8%	19.9%	24.1%	23.0%	20.5%	29.3%	33.8%	33.2%	*20.0%*	*19.0%*	Retained to Com Eq	*19.0%*
--	--	--	--	--	--	--	--	--	6%	*29%*	*30%*	All Div'ds to Net Prof	*31%*

CURRENT POSITION ($MILL.)	2011	2012	6/29/13
Cash Assets	25952	29129	42606
Receivables	5369	10930	8839
Inventory (FIFO)	776	791	1697
Other	12891	16803	15077
Current Assets	44988	57653	68219
Accts Payable	14632	21175	15516
Debt Due	--	--	--
Other	13338	17367	20803
Current Liab.	27970	38542	36319

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '10-'12 to '16-'18
Sales	29.0%	39.5%	*17.0%*
"Cash Flow"	52.5%	61.0%	*16.0%*
Earnings	58.5%	62.5%	*14.5%*
Dividends	--	--	*NMF*
Book Value	31.0%	47.5%	*18.0%*

Fiscal Year Ends	QUARTERLY SALES ($ mill.) A Dec.Per	Mar.Per	Jun.Per	Sep.Per	Full Fiscal Year
2010	15683	13499	15700	20343	65225
2011	26741	24667	28571	28270	108249
2012	46333	39186	35023	35966	156508
2013	54512	43603	35323	*35362*	*168800*
2014	*53800*	*42900*	*38900*	*39000*	*174600*

Fiscal Year Ends	EARNINGS PER SHARE A B Dec.Per	Mar.Per	Jun.Per	Sep.Per	Full Fiscal Year
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	13.81	10.09	7.47	*7.63*	*39.00*
2014	*13.05*	*10.00*	*8.75*	*8.90*	*40.70*

Cal-endar	QUARTERLY DIVIDENDS PAID F Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2009	--	--	--	--	--
2010	--	--	--	--	--
2011	--	--	--	--	--
2012	--	--	2.65	2.65	5.30
2013	2.65	3.05	3.05		

BUSINESS: Apple Inc. is one of the world's largest makers of PCs 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. Off./dir. own less than 1.0% of common; BlackRock, 5.2%; Fidelity, 5.5% (1/13 Proxy). CEO: Tim Cook. Inc.: CA. Address: 1 Infinite Loop, Cupertino, CA 95014. Telephone: 408-996-1010. Internet: www.apple.com.

Apple shares have been in something of a turnaround mode since our July review, rallying around 20% since that time. The high-profile stock has actually been a laggard for most of the past year, as competition in the mobile space has intensified, particularly from Samsung Electronics, and as investors fretted about gross margin pressures and a slowdown in product innovation that has long been the company's hallmark. But share net of $7.47 for the June interim surpassed Wall Street's modest expectations, thanks to strong *iPhone* sales and aggressive stock buybacks. And a public vote of confidence from billionaire investor Carl Icahn, who has reportedly taken a large position in the tech giant, seemed to restore a measure of this equity's lost momentum.

New products should help the company get back onto a growth track by the middle of fiscal 2014 (began September 29th). Notably, Apple recently introduced two additions to its cash-cow *iPhone* franchise, a new flagship device, the *iPhone 5S*, and a lower-cost model, dubbed the *iPhone 5C*. The products were initially dismissed as not revolutionary enough or attractively priced enough to reverse the company's sliding fortunes. Early consumer reaction has been very positive, however, with Apple selling nine million of its latest *iPhones* within three days of their launch. This was a new record, and the triumphant debut suggests that the company may well be able to fortify its market position in the coming quarters, especially in China and other emerging nations, where rivals have been the most successful at challenging Apple's mobile supremacy. The robust initial demand for the *5C* model, even in the U.S., also implies that the scaled-down device is priced right, which ought to be good for sales and margins going forward.

This issue remains untimely. The quality name still seems attractively valued, though, so we advise longer-term investors to build positions at these levels. Aside from likely share gains in smartphones, tablet PCs, and *Macs*, Apple should continue to maintain excellent cash flow and a rock-solid balance sheet. This will, we think, support further stock repurchases and a healthy dividend payout.

Justin Hellman *October 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: '98, 4¢; '99, 26¢; '00, 24¢; '01, 8¢; '05, 12¢; losses: '97, $1.32; '02, 8¢. Next earnings report due late October. (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. Payments typically made in February, May, August, and November.

Company's Financial Strength	A++
Stock's Price Stability	70
Price Growth Persistence	95
Earnings Predictability	65

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