

Apple Inc

S&P Capital IQ Recommendation



S&P Capital IQ Equity Analyst Scott Kessler

Price

\$597.51 (as of May 16, 2014 4:00 PM ET)

12-Mo. Target Price

\$625.00

Report Currency

USD

Investment Style

Large-Cap Growth

UPDATE: PLEASE SEE THE ANALYST'S LATEST RESEARCH NOTE IN THE COMPANY NEWS SECTION

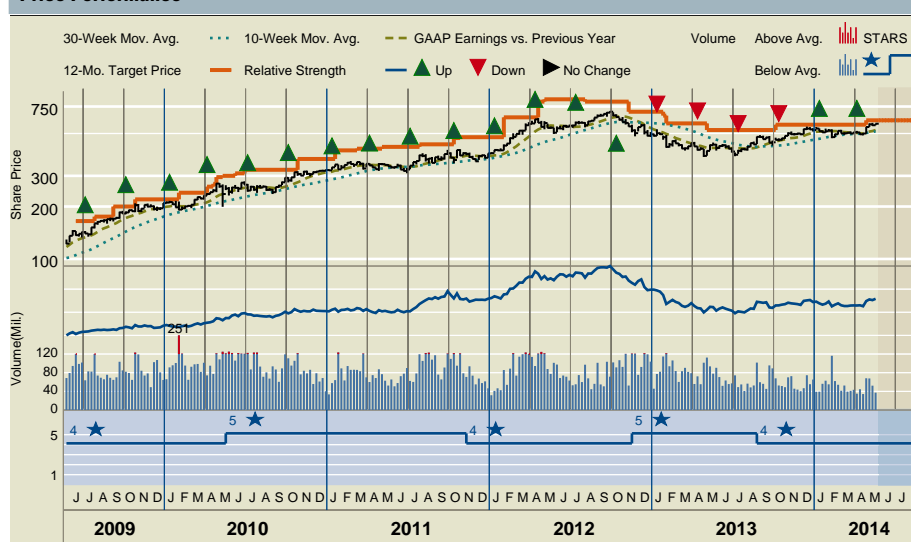
GICS Sector Information Technology
Sub-Industry Technology Hardware, Storage & Peripherals

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 Capital IQ, Vickers, company reports)

52-Wk Range	\$604.41–388.87	S&P Oper. EPS 2014E	43.66	Market Capitalization(B)	\$537.603	Beta	0.90
Trailing 12-Month EPS	\$41.73	S&P Oper. EPS 2015E	47.36	Yield (%)	2.20	S&P 3-Yr. Proj. EPS CAGR(%)	8
Trailing 12-Month P/E	14.3	P/E on S&P Oper. EPS 2014E	13.7	Dividend Rate/Share	\$13.16	S&P Quality Ranking	B+
\$10K Invested 5 Yrs Ago	\$51,067	Common Shares Outstg. (M)	899.7	Institutional Ownership (%)	59		

Price Performance



Analyst's 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 in the pace or success of product innovations following recent management changes.

Revenue/Earnings Data

Revenue (Million U.S. \$)					
	1Q	2Q	3Q	4Q	Year
2014	57,594	45,646	--	--	--
2013	54,512	43,603	35,323	37,472	170,910
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

Earnings Per Share (U.S. \$)

2014	14.50	11.62	E8.28	E9.26	E43.66
2013	13.81	10.09	7.47	8.26	39.75
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

Fiscal year ended Sep. 30. Next earnings report expected: Late July. EPS Estimates based on S&P Capital IQ Operating Earnings; historical GAAP earnings are as reported in Company reports.

Dividend Data

Amount (\$)	Date Decl.	Ex-Div. Date	Stk. of Record	Payment Date
3.050	Oct 28	Nov 6	Nov 11	Nov 14 '13
3.050	Jan 27	Feb 6	Feb 10	Feb 13 '14
3.290	Apr 23	May 8	May 12	May 15 '14
7-for-1	Apr 23	Jun 9	Jun 2	Jun 6 '14

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

Past performance is not an indication of future performance and should not be relied upon as such.

Past performance is not an indication of future performance and should not be relied upon as such.

Analysis prepared by Equity Analyst **Scott Kessler** on May 02, 2014 03:54 PM, when the stock traded at **\$591.97**.

Highlights

- FY 13 (Sep.) revenue growth was 9%, driven by a 16% gain in the iPhone segment and a 25% increase in the related iTunes, software and services segment. We project 4% revenue growth for FY 14, reflecting healthy iPhone revenue growth and some challenges related to the iPad. We forecast 8% revenue growth for FY 15.
- The annual gross margin narrowed to 38% in FY 13, after substantial improvement in FY 12. We project this margin will remain largely stable through FY 16, despite increases in deferred software revenues, reflecting market saturation and competition. We believe iPhone and iPad margins will be aided by efficiencies, offsetting anticipated declines in average selling prices.
- Our EPS projections assume a consistent tax rate of in the mid-20% range and declines in the share count. In March 2012, AAPL announced a dividend and a share repurchase plan. In April 2013, it announced a \$50 billion increase in the repurchase program and a 15% increase in the dividend. In April 2014, it announced a \$30 billion buyback and a 8% increase in the dividend. As of March 2014, AAPL had some \$151 billion in cash and investments.

Investment Rationale/Risk

- Considering AAPL's significant market position in key hardware and software areas, what we view as high customer satisfaction and switching costs, and a substantial cash position, we see the stock as an attractive value. Higher volumes, a focus on common components, and a greater emphasis on software and services should aid profitability, in our view. We believe the balance sheet will be increasingly employed for dividends and stock repurchases, and note an activist campaign launched by Carl Icahn.
- 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 less success with product refreshes/innovations.
- Our 12-month target price of \$625 reflects comparisons with calendar year 2014 P/E and P/E-to-growth multiples of the S&P 500 Information Technology sector. AAPL's P/E was recently more than 20% below that of the Technology sector.

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

Redistribution or reproduction is prohibited without written permission. This document is not intended to provide personal investment advice and it does not take into account the specific investment objectives, financial situation and the particular needs of any specific person who may receive this report. Investors should seek independent financial advice regarding the suitability and/or appropriateness of making an investment or implementing the investment strategies discussed in this document and should understand that statements regarding future prospects may not be realized. Investors should note that income from such investments, if any, may fluctuate and that the value of such investments may rise or fall. Accordingly, investors may receive back less than they originally invested. Investors should seek advice concerning any impact this investment may have on their personal tax position from their own tax advisor. Please note the publication date of this document. It may contain specific information that is no longer current and should not be used to make an investment decision. Unless otherwise indicated, there is no intention to update this document.

Apple Inc

Business Summary May 02, 2014

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 more than half of FY 13 revenues, with over 150 million units sold. AAPL sold over 125 million iPhones in FY 11, contributing 50% of revenues. This was 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. We note the fall 2013 introductions of the iPhone 5s and the iPhone 5c.

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. In FY 13, over 71 million iPads were sold, accounting for 19% of revenues. We believe the tablet form factor will become even more popular for the foreseeable future, but we 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 2013 introductions of the iPad Air and iPad Mini Retina Display.

Sales of AAPL's computers, commonly known as Macs, made up 15% of revenues in FY 12 and 13% of revenues in FY 13. 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 12 sales and 3% of FY 13 sales. AAPL has indicated it 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 \$151 billion in cash and investments and \$17 billion in debt as of March 2014. 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

Investor Contact
P. Oppenheimer (408-974-3123)

Office
1 Infinite Loop, Cupertino, CA 95014.

Telephone
408-996-1010.

Fax
408-996-0275.

Email
investor_relations@apple.com

Website
<http://www.apple.com>

Officers

Chrmn	SVP & CFO
A.D. Levinson	P. Oppenheimer

CEO
T.D. Cook

COO
J.E. Williams

Board Members

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

Domicile
California

Founded
1977

Employees
84,400

Stockholders
24,710

Apple Inc

Quantitative Evaluations						
S&P Capital IQ Fair Value Rank	5+ <table border="1"><tr><td>1</td><td>2</td><td>3</td><td>4</td><td>5</td></tr></table> LOWEST HIGHEST Based on S&P Capital IQ's proprietary quantitative model, stocks are ranked from most overvalued (1) to most undervalued (5).	1	2	3	4	5
1	2	3	4	5		
Fair Value Calculation	\$769.90 Analysis of the stock's current worth, based on S&P Capital IQ's proprietary quantitative model suggests that AAPL is Undervalued by \$172.39 or 28.9%.					
Investability Quotient Percentile	<table border="1"><tr><td>99</td></tr></table> LOWEST = 1 HIGHEST = 100 AAPL scored higher than 99% of all companies for which an S&P Capital IQ Report is available.	99				
99						
Volatility	<table border="1"><tr><td>LOW</td><td>AVERAGE</td><td>HIGH</td></tr></table>	LOW	AVERAGE	HIGH		
LOW	AVERAGE	HIGH				
Technical Evaluation	BULLISH Since April, 2014, the technical indicators for AAPL have been BULLISH.					
Insider Activity	<table border="1"><tr><td>UNFAVORABLE</td><td>NEUTRAL</td><td>FAVORABLE</td></tr></table>	UNFAVORABLE	NEUTRAL	FAVORABLE		
UNFAVORABLE	NEUTRAL	FAVORABLE				

Expanded Ratio Analysis		2013	2012	2011	2010
Price/Sales		3.06	3.21	3.50	4.57
Price/EBITDA		9.37	8.60	10.65	15.37
Price/Pretax Income		10.42	9.02	11.09	16.09
P/E Ratio		14.11	12.06	14.63	21.29
Avg. Diluted Shares Outstg (M)		931.7	945.4	936.6	924.7

Figures based on calendar year-end price

Key Growth Rates and Averages		1 Year	3 Years	5 Years	9 Years
Past Growth Rate (%)					
Sales		9.20	38.52	43.71	40.47
Net Income		-11.25	40.38	56.45	68.13
Ratio Analysis (Annual Avg.)					
Net Margin (%)		21.67	24.09	22.59	18.03
% LT Debt to Capitalization		12.07	4.02	2.41	1.34
Return on Equity (%)		30.64	38.38	36.54	31.39

For further clarification on the terms used in this report, please visit www.standardandpoors.com/stockreportguide

Company Financials Fiscal Year Ended Sep. 30										
Per Share Data (U.S. \$)	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Tangible Book Value	131.00	120.16	77.68	50.99	34.66	23.04	16.27	11.47	8.83	6.36
Cash Flow	47.01	47.61	29.61	16.26	9.89	5.88	4.29	2.52	1.77	0.55
Earnings	39.75	44.15	27.68	15.15	9.08	5.36	3.93	2.27	1.56	0.36
S&P Capital IQ Core Earnings	39.75	44.02	27.60	15.15	9.08	5.36	3.93	2.27	1.47	0.22
Dividends	11.40	2.65	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Payout Ratio	29%	6%	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Prices:High	575.14	705.07	426.70	326.66	213.95	200.26	202.96	93.16	75.46	34.79
Prices:Low	385.10	409.00	310.50	190.25	78.20	79.14	81.90	50.16	31.30	10.59
P/E Ratio:High	14	16	15	22	24	37	52	41	48	98
P/E Ratio:Low	10	9	11	13	9	15	21	22	20	30
Income Statement Analysis (Million U.S. \$)										
Revenue	170,910	156,508	108,249	65,225	42,905	32,479	24,006	19,315	13,931	8,279
Operating Income	55,756	58,518	35,604	19,412	12,474	6,748	4,726	2,645	1,829	499
Depreciation	6,757	3,277	1,814	1,027	734	473	317	225	179	150
Interest Expense	136	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	3.00
Pretax Income	50,155	55,763	34,205	18,540	12,066	6,895	5,008	2,818	1,815	383
Effective Tax Rate	26.2%	25.2%	24.2%	24.4%	31.8%	29.9%	30.2%	29.4%	26.4%	27.9%
Net Income	37,037	41,733	25,922	14,013	8,235	4,834	3,496	1,989	1,335	276
S&P Capital IQ Core Earnings	37,037	41,614	25,851	14,013	8,235	4,834	3,496	1,989	1,259	164
Balance Sheet & Other Financial Data (Million U.S. \$)										
Cash	40,590	29,129	25,952	25,620	23,464	24,490	9,352	6,392	3,491	2,969
Current Assets	73,286	57,653	44,988	41,678	31,555	34,690	21,956	14,509	10,300	7,055
Total Assets	207,000	176,064	116,371	75,183	47,501	39,572	25,347	17,205	11,551	8,050
Current Liabilities	43,658	38,542	27,970	20,722	11,506	14,092	9,299	6,471	3,484	2,680
Long Term Debt	16,960	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Common Equity	123,549	118,210	76,615	47,791	31,640	21,030	14,532	9,984	7,466	5,076
Total Capital	140,509	118,210	76,615	47,791	31,640	21,705	15,151	10,365	7,466	5,076
Capital Expenditures	8,165	8,295	4,260	2,005	1,144	1,091	735	657	260	176
Cash Flow	43,794	45,010	27,736	15,040	8,969	5,307	3,813	2,214	1,514	426
Current Ratio	1.7	1.5	1.6	2.0	2.7	2.5	2.4	2.2	3.0	2.6
% Long Term Debt of Capitalization	12.1	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
% Net Income of Revenue	21.7	26.7	24.0	21.5	19.2	14.9	14.6	10.3	9.6	3.3
% Return on Assets	19.3	28.5	27.1	21.7	19.7	14.9	16.4	13.9	13.6	3.7
% Return on Equity	30.6	42.8	41.7	37.1	30.5	27.2	28.5	22.8	21.3	5.9

Data as originally reported in Company reports.; bef. results of disc opers/spec. items. Per share data adj. for stk. divs.; EPS diluted. E-Estimated. NA-Not Available. NM-Not Meaningful. NR-Not Ranked. UR-Under Review.

Apple Inc

Sector Outlook

S&P Capital IQ recommends overweighting the S&P 500 Information Technology sector. Year to date through April 3, 2014, the S&P 500 Information Technology Index, which represented 18.6% of the S&P 500 Index, was up 2.6% in price, compared with a 2.2% gain for the S&P 500. In 2013, this sector index rose 26.2%, versus a price advance of 29.6% for the 500. There are 13 sub-industry indices in this sector. Technology Hardware, Storage & Peripherals is the largest, representing 21.4% of the sector's market value, while Electronic Equipment & Instruments is the smallest, accounting for 0.2% of the sector.

The cap-weighted average of this sector's component company S&P Capital IQ STARS (Stock Appreciation Ranking System) is 3.4, as compared with a cap-weighted average of 3.5 for the S&P 500. The sub-industries within this sector that currently show the highest average STARS are Communications Equipment at 3.9, Technology Hardware, Storage & Peripherals at 3.8, and Semiconductors at 3.7. Those with the lowest average STARS are Data Processing & Outsourced Services at 3.0 and Application Software at 2.4. According to Capital IQ, the sector is projected to record a 5.8% year-over-year increase in operating earnings per share in 2014, as compared with the S&P 500's estimated EPS growth of 7.5%. During 2013, this sector posted a 2.2% advance in EPS, versus an increase of 5.9% for the S&P 500. The sector's price-to-earnings ratio of 15.5X, based on consensus 2014 operating EPS estimates, is below the S&P 500's forward P/E of 16.0X. Capital IQ also reports that the consensus long-term EPS growth estimate for this sector is 13.8% versus the S&P 500's 12.0%, giving the sector a P/E-to-projected EPS growth rate (PEG) ratio of 1.1X, which is below the broader market's PEG of 1.3X. Finally, this sector pays a dividend yield of 1.6%, as compared with the

yield of 2.0% for the S&P 500.

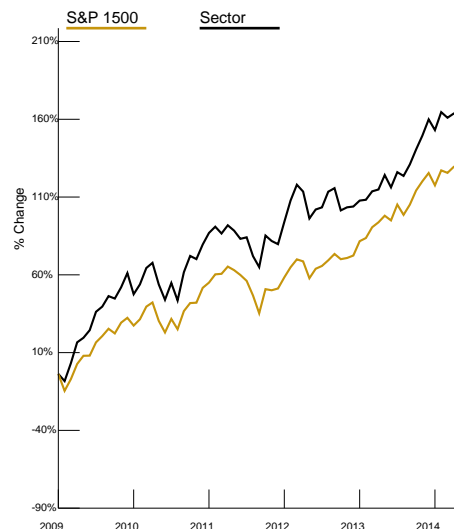
S&P Capital IQ's proprietary technical indicator for this sector currently shows a positive reading. In researching the past market history of prices and trading volume for each company, S&P Capital IQ's computer models apply special technical methods and formulas to identify and project price trends for the sector.

--S. Stovall

Industry Performance

GICS Sector: Information Technology

Based on S&P 1500 Indexes
Five-Year market price performance through May 17, 2014



NOTE: A sector chart appears when the sub-industry does not have sufficient historical index data.

All Sector & Sub-Industry information is based on the Global Industry Classification Standard (GICS).

Past performance is not an indication of future performance and should not be relied upon as such.

Sector : Information Technology Information Technology Peer Group*: Based on market capitalizations within GICS Sub-Industry

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	537,602	597.51	604.41/388.87	0.90	2.2	14	769.90	B+	99	21.7	12.1
3D Systems	DDD	5,007	48.37	97.28/41.05	2.04	Nil	NM	40.60	B-	89	8.6	1.2
Blackberry Ltd	BBRY	3,765	7.26	15.27/5.44	1.43	Nil	NM	NA	B	10	NA	31.0
Canon Inc ADS	CAJ	36,926	32.66	38.55/28.67	1.02	3.3	16	30.10	NR	89	6.4	Nil
Diebold, Inc	DBD	2,369	37.22	41.45/27.89	1.09	3.1	NM	26.80	B-	82	NM	43.6
EMC Corp	EMC	53,173	26.25	28.26/23.08	1.05	1.8	21	33.10	B+	98	12.4	18.8
Hewlett-Packard	HPQ	62,498	32.52	33.90/20.25	1.37	2.0	12	31.70	B+	39	4.5	33.1
Lexmark Intl' A'	LXK	2,685	43.24	47.98/29.37	1.22	3.3	11	NA	B	93	7.1	33.8
NCR Corp	NCR	5,378	32.26	41.63/28.64	1.46	Nil	13	46.30	B-	29	7.4	64.5
NetApp Inc	NTAP	12,175	33.72	45.96/33.34	1.37	1.8	20	42.80	B	94	8.0	14.3
Nokia Corp *ADS	NOK	26,888	7.24	8.20/3.39	1.81	1.0	NM	8.00	NR	12	0.3	24.7
SanDisk Corp	SNDK	20,519	90.99	92.14/53.09	1.46	1.0	19	86.30	B-	92	16.9	22.2
Seagate Technology Plc	STX	16,717	51.19	62.76/37.17	2.37	3.4	11	58.30	NR	91	12.8	44.1
Stratasys Ltd	SSYS	4,404	89.27	138.10/74.54	1.19	Nil	NM	89.70	NR	78	NA	NA
Western Digital	WDC	20,360	85.91	95.00/58.04	1.41	1.9	20	93.90	B	90	6.4	17.5

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 Capital IQ Analyst Research Notes and other Company News

May 9, 2014

12:26 pm ET ... S&P CAPITAL IQ REITERATES BUY OPINION ON SHARES OF APPLE INC. (AAPL 581.70****): In an unconfirmed report, the Financial Times indicates AAPL is in talks to acquire Beats Electronics, the provider of namesake headphones and speakers and a new digital streaming service, for some \$3.2 billion. We think such a move by AAPL would make sense, as the company already sells Beats products and provides digital music offerings. We also think AAPL seems increasingly interested in better establishing itself as an aspirational/luxury brand and cultivating opportunities with celebrities to help do so, and believe Beats and its leadership could contribute to this effort. /S. Kessler

May 9, 2014

08:28 am ET ... APPLE INC. (AAPL 587.99) UNCHANGED, ISI GROUP DOWNGRADES APPLE INC. TO BUY, RAISES PT TO \$675.00... ISI Group downgrades Apple Inc. (NASDAQ: AAPL) from Strong Buy to Buy and raises the price target from \$600.00 to \$675.00. 2014 Benzinga.com. Benzinga does not provide investment advice. All rights reserved. Acquire Media

May 9, 2014

01:49 pm ET ... S&P CAPITAL IQ REITERATES BUY OPINION ON SHARES OF PANDORA MEDIA (P 22.75****): After an unconfirmed report from the FT indicating Apple (AAPL 581, Buy) was in talks to buy Beats Electronics for \$3.2 billion, P is higher. We would not have been surprised if the stock were down, perhaps on concerns related to greater competition from an AAPL/Beats combination. However, following a 42% decline since March 6, compared with a flat S&P 500, investors could be considering opportunities as to P, especially given its leadership in digital music streaming. We think P could be an appealing takeover target, especially if related consolidation actions occurred. /S. Kessler

May 8, 2014

08:13 am ET ... APPLE INC. (AAPL 592.33) UP 3.29, WELLS FARGO SECURITIES SEES GOOD THINGS AHEAD FOR APPLE... In a report published Friday, Wells Fargo Securities analyst Maynard Um reiterated a Market Perform rating on Apple (NASDAQ: AAPL). In the report, Wells Fargo Securities noted, "We believe the positives of potential near-term 's' cycle gross margin improvements and new products are balanced against potential gross margin pressure later in the year, limited amount of incremental market cap opportunity in the existing product segments, and a potential balance of power shift back to wireless operators from handset vendors." Apple closed on Friday at \$567.77. 20... Acquire Media

May 8, 2014

08:11 am ET ... APPLE INC. (AAPL 592.33) UP 3.29, CREATIVE GLOBAL'S CARLO BESENIUS REMAINS AN APPLE BEAR... Carlo Besenius of Creative Global is a notable Apple (NASDAQ:AAPL) bear who released some bearish comments ahead of Wednesday's second quarter earnings, and remains an Apple bear post-earnings. Besenius is "fundamentally sticking with the original views, namely that Apple's product innovation had reached its zenith at the original 'sell' recommendation time period, October 2012, and implicitly a bit further down in the time line, the inherent pricing power will succumb too." Over the next three to four months, "the onerous will be on AAPL's management to dem... Acquire Media

May 8, 2014

08:10 am ET ... APPLE INC. (AAPL 592.33) UP 3.29, WELLS FARGO SECURITIES SEES MIXED FACTORS FOR APPLE... In a report published Thursday, Wells Fargo Securities analyst Maynard Um reiterated a Market Perform rating on Apple (NASDAQ: AAPL). In the report, Wells Fargo Securities noted, "We believe the positives of potential near-term 's' cycle gross margin improvements and new products are balanced against potential gross margin pressure later in the year, limited amount of incremental market cap opportunity in the existing product segments, and a potential balance of power shift back to wireless operators from handset vendors." Apple closed on Wednesday at \$524.75... Acquire Media

May 8, 2014

08:10 am ET ... APPLE INC. (AAPL 592.33) UP 3.29, APPLE EARNINGS ROUNDUP: IPHONE STRENGTH, STOCK SPLIT, BUYBACKS AND MORE... Apple (NASDAQ: AAPL) reported its much-anticipated second quarter results on Wednesday that blew many investors away. Apple handily beat the consensus by earning \$11.62 per share, exceeding estimates of \$10.18. Revenue of \$45.65 billion beat what analysts were forecasting by \$120 million. As if a solid top and bottom line beat wasn't enough, Apple announced a 7 for 1 stock split, raised its buyback

authorization by \$30 billion to \$90 billion and upped its quarterly dividend by eight percent to \$3.29 per share. Earnings rundown iPhone revenue rose 17 percent y... Acquire Media

May 8, 2014

08:10 am ET ... APPLE INC. (AAPL 592.33) UP 3.29, CLSA UPGRADES APPLE ON BACK OF Q2 RESULTS... On Thursday, CLSA upgraded shares of Apple (NASDAQ: AAPL) from Outperform to Buy and raised the price target from \$610 to \$695. Analyst Avi Silver's upgrade is based on: From the Apple conference call, one of the most interesting data points was "over 50% of iPhone activations in the last six months were new users," according to Silver. Silver feels Apple can "reclaim" smartphone market share in Europe and Asia when the company rolls out a larger-screen iPhone later this year, and possibly in 2015. Shares of Apple are up 7.7 percent to \$565.30 in Thursday's t... Acquire Media

May 8, 2014

08:10 am ET ... APPLE INC. (AAPL 592.33) UP 3.29, UPDATE: BANK OF AMERICA REITERATES ON APPLE ON BUYBACK UPSIDE... In a report published Thursday, Bank of America analyst Scott D. Craig reiterated a Neutral rating on Apple (NASDAQ: AAPL), and raised the price target from \$590.00 to \$615.00. In the report, Bank of America noted, "A significant amount of good news on F2Q14 and F3Q14 outlook, and the stock is up -8% - iPhone units surprised, GM% beat our estimate by 144bps, buybacks increased by \$30bn (with a stock split, dividend increase), and F3Q14 outlook was better than feared. That said, from a high level, how much has really changed from a fundamental revenue perspective... Acquire Media

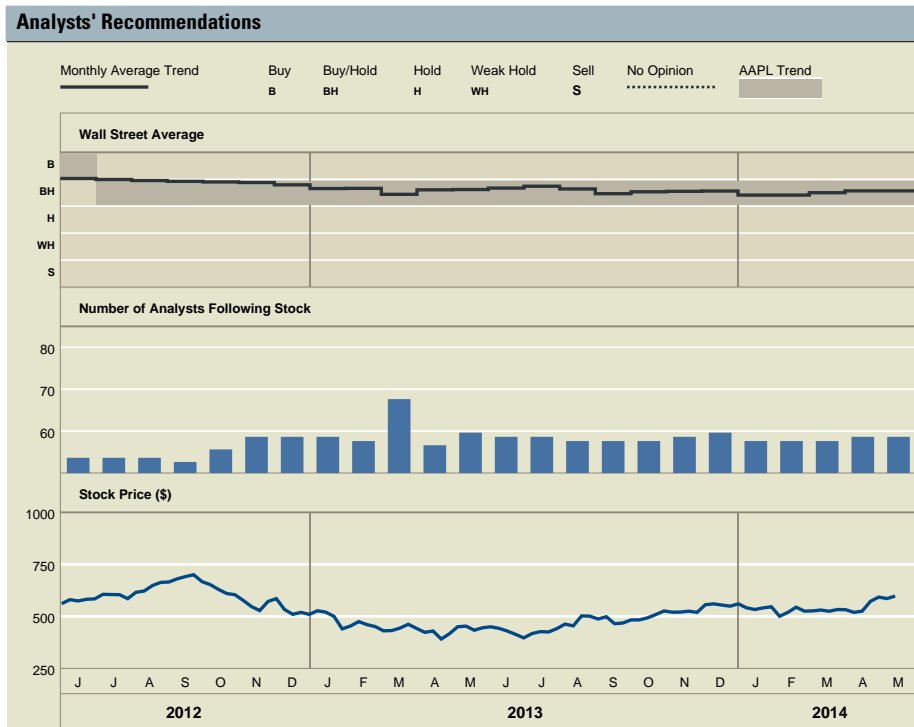
May 8, 2014

08:10 am ET ... APPLE INC. (AAPL 592.33) UP 3.29, CLSA UPGRADES APPLE ON BACK OF Q2 RESULTS... On Thursday, CLSA upgraded shares of Apple (NASDAQ: AAPL) from Outperform to Buy and raised the price target from \$610 to \$695. Analyst Avi Silver's upgrade is based on: From the Apple conference call, one of the most interesting data points was "over 50% of iPhone activations in the last six months were new users," according to Silver. Silver feels Apple can "reclaim" smartphone market share in Europe and Asia when the company rolls out a larger-screen iPhone later this year, and possibly in 2015. Shares of Apple are up 7.7 percent to \$565.30 in Thursday's t... Acquire Media

May 8, 2014

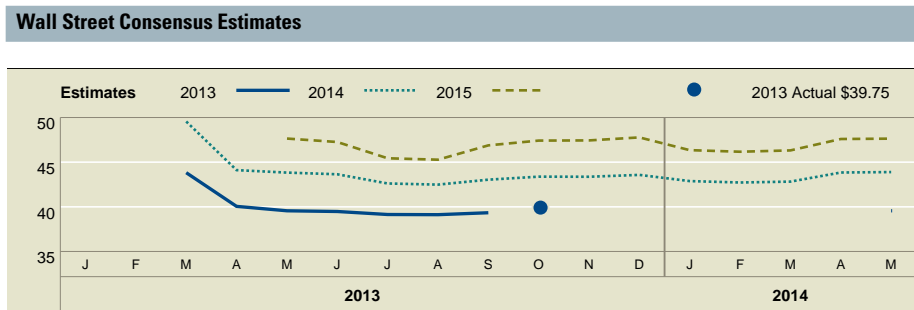
08:09 am ET ... APPLE INC. (AAPL 592.33) UP 3.29, CLSA UPGRADES APPLE INC. TO BUY... CLSA upgrades Apple Inc. (NASDAQ: AAPL) from Outperform to Buy. 2014 Benzinga.com. Benzinga does not provide investment advice. All rights reserved. Acquire Media

Apple Inc



Of the total 87 companies following AAPL, 61 analysts currently publish recommendations.

	No. of Recommendations	% of Total	1 Mo. Prior	3 Mos. Prior
Buy	26	43	27	25
Buy/Hold	15	25	14	11
Hold	14	23	14	16
Weak Hold	0	0	0	1
Sell	3	5	3	4
No Opinion	3	5	3	2
Total	61	100	61	59



Fiscal Years	Avg Est.	High Est.	Low Est.	# of Est.	Est. P/E
2015	47.76	53.64	41.17	53	12.5
2014	43.98	46.60	40.15	55	13.6
2015 vs. 2014	▲ 9%	▲ 15%	▲ 3%	▼ -4%	▼ -8%
Q3'15	9.60	11.32	8.66	33	62.2
Q3'14	8.49	9.55	7.97	45	70.4
Q3'15 vs. Q3'14	▲ 13%	▲ 19%	▲ 9%	▼ -27%	▼ -12%

A company's earnings outlook plays a major part in any investment decision. S&P Capital IQ organizes the earnings estimates of over 2,300 Wall Street analysts, and provides their consensus of earnings over the next two years, as well as how those earnings estimates have changed over time. Note that the information provided in relation to consensus estimates is not intended to predict actual results and should not be taken as a reliable indicator of future performance.

Wall Street Consensus Opinion

BUY/HOLD

Companies Offering Coverage

Over 30 firms follow this stock; not all firms are displayed.

- ABG Sundal Collier ASA
- ACI Research
- Accountability Research Corporation
- Arete Research Services LLP
- Argus Research Company
- Atlantic Equities LLP
- Auriga USA LLC
- Avondale Partners, LLC
- BMO Capital Markets, U.S. Equity Research
- BMO Capital Markets, Canadian Equity Research
- BNP Paribas
- BTIG, LLC
- Barclays
- Berenberg
- BofA Merrill Lynch
- Brigantine Advisors
- CLSA
- CLSA Americas LLC
- Canaccord Genuity
- Cantor Fitzgerald & Co.
- Caris & Company
- Citigroup Inc
- Cleveland Research Company
- Collins Stewart LLC
- Cowen and Company, LLC
- Creative Global Investments LLC
- Credit Suisse
- Cross Research LLC
- Crowell, Weedon & Co.
- Daiwa Capital Markets America Inc.

Wall Street Consensus vs. Performance

For fiscal year 2014, analysts estimate that AAPL will earn US\$ 43.98. For the 2nd quarter of fiscal year 2014, AAPL announced earnings per share of US\$ 11.62, representing 26% of the total annual estimate. For fiscal year 2015, analysts estimate that AAPL's earnings per share will grow by 9% to US\$ 47.76.

Apple Inc

Glossary

S&P Capital IQ STARS

Since January 1, 1987, S&P Capital IQ Equity Research has ranked a universe of U.S. common stocks, ADRs (American Depositary Receipts), and ADSs (American Depositary Shares) based on a given equity's potential for future performance. Similarly, S&P Capital IQ Equity Research has ranked Asian and European equities since June 30, 2002. Under proprietary STARS (STock Appreciation Ranking System), S&P Capital IQ equity analysts rank equities according to their individual forecast of an equity'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 Capital IQ Quality Ranking

(also known as **S&P Capital IQ Earnings & Dividend Rankings**) - Growth and stability of earnings and dividends are deemed key elements in establishing S&P Capital IQ's earnings and dividend rankings for common stocks, which are designed to encapsulate 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 Capital IQ EPS Estimates

S&P Capital IQ 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 Capital IQ EPS estimates reflect either forecasts of S&P Capital IQ equity analysts; or, the consensus (average) EPS estimate, which are independently compiled by Capital IQ, a data provider to S&P Capital IQ 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 Capital IQ Core Earnings

S&P Capital IQ 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 S&P Capital IQ 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.

S&P Capital IQ 12-Month Target Price

The S&P Capital IQ 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 Capital IQ Fair Value.

S&P Capital IQ Equity Research

S&P Capital IQ Equity Research 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 S&P Capital IQ; Standard & Poor's Equity Research Services Asia includes: McGraw-Hill Financial Singapore Pte. Limited, Standard & Poor's Investment Advisory Services (HK) Limited, Standard & Poor's Malaysia Sdn Bhd, and Standard & Poor's Information Services (Australia) Pty Ltd.

Abbreviations Used in S&P Capital IQ Equity Research Reports

CAGR - Compound Annual Growth Rate
CAPEX - Capital Expenditures
CY - Calendar Year
DCF - Discounted Cash Flow
DDM - Dividend Discount Model

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
P/NAV - Price to Net Asset Value
PEG Ratio - P/E-to-Growth Ratio
PV - Present Value
R&D - Research & Development
ROCE - Return on Capital Employed
ROE - Return on Equity
ROI - Return on Investment
ROIC - Return on Invested Capital
ROA - Return on Assets
SG&A - Selling, General & Administrative Expenses
SOTP - Sum-of-The-Parts
WACC - Weighted Average Cost of Capital

Dividends on American Depositary Receipts (ADRs) and American Depositary Shares (ADSs) are net of taxes (paid in the country of origin).

S&P Capital IQ Qualitative Risk Assessment

Reflects an S&P Capital IQ 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 S&P Capital IQ 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. For an ETF this reflects on a capitalization-weighted basis, the average qualitative risk assessment assigned to holdings of the fund.

STARS Ranking system and definition:

★★★★★ 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-STAR (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 the S&P Europe 350 Index and the S&P Asia 50 Index, respectively.

Apple Inc

Required Disclosures

S&P Capital IQ ranks stocks in accordance with the following ranking methodologies:

STARS Stock Reports:

S&P Capital IQ's qualitative STARS recommendations are determined and assigned by S&P Capital IQ equity analysts. For reports containing STARS recommendations refer to the Glossary section of this report for detailed methodology and the definition of STARS rankings.

Quantitative Stock Reports:

S&P Capital IQ's quantitative evaluations are derived from S&P Capital IQ's proprietary Fair Value quantitative ranking model. The Fair Value Ranking methodology is a relative ranking methodology. As a quantitative model, Fair Value relies on history and consensus estimates and does not introduce an element of subjectivity. Some Quantitative Stock Reports contain Buy, Hold and Sell recommendations. Reports that do not contain a recommendation may or may not contain ranking information. For reports containing a recommendation or ranking information refer to the Glossary Section of this report for more information, including a detailed description of the methodology and definition of S&P Quality Ranking and S&P Fair Value Rank.

STARS Stock Reports and Quantitative Stock Reports:

The methodologies used in Stock Reports and Quantitative Stock Reports (collectively, the "Research Reports") reflect different criteria, assumptions and analytical methods and may have differing recommendations. S&P Capital IQ believes that the methodologies and data used to generate the different types of Research Reports are reasonable and appropriate. Generally, S&P Capital IQ does not generate reports with different ranking methodologies for the same issuer. However, in the event that different methodologies or data are used on the analysis of an issuer, the methodologies may lead to different views or recommendations on the issuer, which may at times result in contradicting assessments of an issuer. S&P Capital IQ reserves the right to alter, replace or vary models, methodologies or assumptions from time to time and without notice to clients.

STARS Stock Reports:

S&P Capital IQ Global STARS Distribution as of March 31, 2014

Ranking	North America	Europe	Asia	Global
Buy	35.4%	35.8%	41.9%	36.2%
Hold	52.3%	43.3%	54.3%	51.0%
Sell	12.3%	20.9%	3.8%	12.8%
Total	100%	100%	100%	100%

STARS Stock Reports are prepared by the equity research analysts of Standard & Poor's Investment Advisory Services LLC ("SPIAS"). All of the views expressed in STARS Stock Reports accurately reflect the research analyst's personal views regarding any and all of the subject securities or issuers. Analysts generally update stock reports at least four times each year.

Quantitative Stock Reports:

The Fair Value ranking distribution is a fixed distribution based on relative weightings as described in the Glossary section of this report under S&P Capital IQ Fair Value Rank. Certain reports with Fair Value Rank do not have a Buy/Hold/Sell recommendation, for ranking definition please refer to the Glossary section of the respective report. The Fair Value Ranking distribution includes all the stocks that have S&P Fair Value Ranking. Quantitative Stock Reports are prepared by the equity research group of SPIAS. All of the views expressed in these reports reflect S&P Capital IQ's research models output regarding any and all of the subject securities or issuers. Quantitative Stock Reports are updated daily. Quantitative Stock Reports rely on the availability of data and therefore SPIAS do not provide a report when sufficient data is not available.

STARS Stock Reports and Quantitative Stock Reports:

No part of analyst compensation and SPIAS' compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in Stock Reports and/or Quantitative Stock Reports, as applicable.

About S&P Capital IQ's Distributors

S&P Capital IQ's Research Reports have been prepared and issued by S&P Capital IQ and/or one of its affiliates. In the United States, Research Reports are prepared by SPIAS and issued by Standard & Poor's Financial Services LLC ("S&P"). SPIAS is authorized and regulated by the U.S. Securities and Exchange Commission. McGraw-Hill Financial Research Europe Limited ("MHFRE"), which is authorized and regulated by the Financial Conduct Authority and trades as S&P Capital IQ, includes within its territorial scope under the Markets in Financial Instruments Directive (MiFID) in relation to the distribution of investment research reports, the following European Union member states and the three (3) European Economic Area European Free Trade Association (EFTA) States (Iceland, Liechtenstein and Norway): Austria; Belgium; Bulgaria; Cyprus; Czech Republic; Denmark; Estonia; Finland; France; Germany; Gibraltar; Greece; Hungary; Iceland; Ireland; Italy; Latvia; Liechtenstein; Lithuania; Luxembourg; Malta; Netherlands; Norway; Poland; Portugal; Romania; Slovakia; Slovenia; Spain; Sweden and the United Kingdom. In Hong Kong, Research Reports have been prepared and issued by Standard & Poor's Investment Advisory Services (HK) Limited, which is regulated by the Hong Kong Securities Futures Commission; in Singapore, by McGraw-Hill Financial Singapore Pte. Limited ("MHFSPL"), which is regulated by the Monetary Authority of Singapore; in Malaysia, by Standard & Poor's Malaysia Sdn Bhd, which is regulated by the Securities Commission of Malaysia; in Australia, by Standard & Poor's Information Services (Australia) Pty Ltd ("SPIS"), which is regulated by the Australian Securities & Investments Commission; and in Japan, by McGraw-Hill Financial Japan KK, which is registered by Kanto Financial Bureau.

S&P Capital IQ or an affiliate may license certain intellectual property or provide pricing or other services to, or otherwise have a financial interest in, certain issuers of securities, including exchange-traded investments whose investment objective is to substantially replicate the returns of a proprietary index of S&P Dow Jones Indices, such as the S&P 500. In cases where S&P Capital IQ or an affiliate is paid fees that are tied to the amount of assets that are invested in the fund or the volume of trading activity in the fund, investment in the fund will generally result in S&P Capital IQ or an affiliate receiving compensation in addition to the subscription fees or other compensation for services rendered by S&P Capital IQ. A reference to a particular investment or security by S&P Capital IQ and/or one of its affiliates is not a recommendation to buy, sell, or hold such investment or security, nor is it considered to be investment advice.

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.

S&P Capital IQ and its affiliates provide a wide range of services to, or relating to, many organizations, including issuers of securities, investment advisers, broker-dealers, investment banks, other financial institutions and financial intermediaries, and accordingly may receive fees or other economic benefits from those organizations, including organizations whose securities or services they may recommend, rate, include in model portfolios, evaluate or otherwise address.

For details on the S&P Capital IQ research objectivity and conflict-of-interest policies, please visit: www.spcapitaliq.com/Policies

For a list of companies mentioned in a Research Report for which McGraw Hill Financial, Inc. and/or one of its affiliates own 1% or more of common equity securities and for a list of companies mentioned in a Research Report that own more than 5% of the common equity securities of McGraw Hill Financial, Inc. and/or one of its affiliates, please visit: www.spcapitaliq.com/issuer-stock-ownership

S&P Capital IQ and/or one of its affiliates has performed services for and received compensation from this company during the past twelve months.

General Disclaimers

Notice to all jurisdictions: Where S&P Capital IQ's Research Reports are made available in a language other than English and in the case of inconsistencies between the English and translated versions of a Research Report, the English version will control and supersede any ambiguities associated with any part or section of a Research Report that has been issued in a foreign language. Neither S&P Capital IQ nor its affiliates guarantee the accuracy of the translation. Assumptions, opinions and estimates constitute our judgment as of the date of this material and are subject to change without notice.

Past performance is not necessarily indicative of future results.

S&P Capital IQ, its affiliates, and any third-party providers, as well as their directors, officers, shareholders, employees or agents (collectively, "S&P Parties") do not guarantee the accuracy, completeness or adequacy of this material, and S&P Parties shall have no liability for any errors, omissions, or interruptions therein, regardless of the cause, or for the results obtained from the use of the information provided by the S&P Parties. S&P PARTIES DISCLAIM ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY, SUITABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE. In no event shall S&P Parties be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs) in connection with any use of the information contained in this document even if advised of the possibility of such damages.

Ratings from Standard & Poor's Ratings Services are statements of opinion as of the date they are expressed and not statements of fact or recommendations to purchase, hold, or sell any securities or to make any investment decisions. S&P assumes no obligation to update its opinions following publication in any form or format. S&P should not be relied on and are not substitutes for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment and other business decisions. S&P's opinions do not address the suitability of any security.

Standard & Poor's Ratings Services does not contribute to or participate in the development of Research Reports. Standard & Poor's Ratings Services may receive compensation for its ratings and certain credit-related analyses, normally from issuers or underwriters of securities or from obligors. S&P reserves the right to disseminate its opinions and analyses. S&P's public ratings and analyses are made available on its Web sites, www.standardandpoors.com (free of charge), and www.ratingsdirect.com and www.globalcreditportal.com (subscription), and may be distributed through other means, including via S&P's publications and third-party redistributors. Additional information about our ratings fees is available at www.standardandpoors.com/usratingsfees.

S&P Capital IQ and its affiliates do not act as a fiduciary. While SPIAS has obtained information from sources it believes to be reliable, SPIAS does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives.

S&P keeps certain activities of its business units separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain business units of S&P may have information that is not available to other S&P business units. S&P has established policies and procedures to maintain the confidentiality of certain non-public information received in connection with each analytical process.

Research Reports are not intended to be investment advice and do not constitute any form of invitation or inducement by S&P Capital IQ to engage in investment activity. This material is not intended as an offer or solicitation for the purchase or sale of any security or other financial instrument. Securities, financial instruments or strategies mentioned herein may not be suitable for all investors and this material is not intended for any specific investor and does not take into account an investor's particular investment objectives, financial situations or needs. Any opinions expressed herein are given in good faith, are subject to change without notice, and are only current as of the stated date of their issue. Prices, values, or income from any securities or investments mentioned in this report may fluctuate, and an investor may, upon selling an investment, lose a portion of, or all of the principal amount invested. Where an investment is described as being likely to yield income, please note that the amount of income that the investor will receive from such an investment may fluctuate. Where an investment or security is denominated in a different currency to the investor's chosen currency, changes in rates of exchange may have an adverse effect on the value, price or income of or from that investment to the investor. The information contained in Research Reports does not constitute advice on the tax consequences of making any particular investment decision. Before acting on any recommendation in this material, you should consider whether it is suitable for your particular circumstances and, if necessary, seek professional advice.

Additional information on a subject company may be available upon request.

Notice to all Non U.S. Residents:

S&P Capital IQ's Research Reports may be distributed in certain localities, countries and/or jurisdictions ("Territories") by independent third parties or independent intermediaries and/or distributors (the "Intermediaries" or "Distributors"). Intermediaries are not acting as agents or representatives of S&P Capital IQ. In Territories where an Intermediary distributes S&P Capital IQ's Research Reports, the Intermediary, and not

S&P Capital IQ, is solely responsible for complying with all applicable regulations, laws, rules, circulars, codes and guidelines established by local and/or regional regulatory authorities, including laws in connection with the distribution of third-party Research Reports, licensing requirements, supervisory and record keeping obligations that the Intermediary may have under the applicable laws and regulations of the territories where it distributes the Research Reports.

Each Research Report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would subject S&P Capital IQ or its affiliates to any registration or licensing requirements in such jurisdiction.

Each Research Report is not directed to, or intended for distribution to or use by, any person or entity who is not in a class qualified to receive Research Reports (e.g., a qualified person and/or investor), as defined by the local laws or regulations in the country or jurisdiction where the person is domiciled, a citizen or resident of, or the entity is legally registered or domiciled.

S&P Capital IQ's Research Reports are not intended for distribution in or directed to entities, residents or investors in: Albania, Belarus, Bosnia, Burma, Cote d'Ivoire, Croatia, Cuba, Democratic Republic of the Congo, Former Yugoslav Republic of Macedonia, Herzegovina, Iran, Iraq, Kosovo, Kuwait, Lebanon, Libya, Montenegro and Serbia, North Korea, Somalia, Sudan, South Korea, Syria, Taiwan, Thailand, Turkey, Yemen, Zimbabwe.

For residents of Australia: Research Reports are issued and/or distributed in Australia by SPIS. Any express or implied opinion contained in a Research Report is limited to "General Advice" and based solely on consideration of the investment merits of the financial product(s) alone. The information in a Research Report has not been prepared for use by retail investors and has been prepared without taking account of any particular investor's financial or investment objectives, financial situation or needs. Before acting on any advice, any investor using the advice should consider its appropriateness having regard to their own or their clients' objectives, financial situation and needs. Investors should obtain a Product Disclosure Statement relating to the product and consider the statement before making any decision or recommendation about whether to acquire the product. Each opinion must be weighed solely as one factor in any investment decision made by or on behalf of any adviser and any such adviser must accordingly make their own assessment taking into account an individual's particular circumstances.

SPIS holds an Australian Financial Services License Number 258896. Please refer to the SPIS Financial Services Guide for more information at: www.spcapitaliq.com/FinancialServicesGuide

More information about the written criteria and methodologies for the generation of Research Reports and historical information for Research Reports for the past 12 months are available by contacting S&P Capital IQ Client Services Department at 61-1300-792-553 or via e-mail at spsupportcenter@standardandpoors.com.

For residents of Bahamas: The Intermediary, and not S&P Capital IQ, is solely responsible for complying with licensing requirements under the Securities Industry Act of 1999 and the Securities Industry Regulations of 2000 of The Bahamas, when distributing Research Reports to members of the public in The Bahamas. The Intermediary is also solely responsible for providing any required disclosures under applicable securities laws and regulations to its Bahamian clients, including but not limited to disclosing whether the Intermediary: (i) has a reasonable basis for specific investment recommendations, and the recommended security's price or price range at the time of the recommendation to the client; (ii) makes a market in the recommended security; (iii) its directors, officers or principal shareholders have a current or contingent financial interest in the recommended security, unless the interest is nominal; (iv) participated in a public offering of the recommended security in the last two (2) years; and (v) has disclosed any conflict of interest between it and the issuer of the recommended security.

For residents of Bermuda: The Bermuda Monetary Authority or the Registrar of Companies in Bermuda has not approved the Research Reports and any representation, explicit or implicit, is prohibited.

For residents of Brazil: Research reports are distributed by S&P Capital IQ and in compliance with Instruction 483 enacted by Comissao de Valores Mobiliarios (the Brazilian Securities Commission) dated as of July 6, 2010, the analyst (where applicable) who prepares a Research Report or a report extract affirms: (i) that all the views expressed herein and/or in a Research Report accurately reflect his or her personal views about the securities and issuers; (ii) that all recommendations issued by him or her were independently produced, including from the opinion of the entity in which he or she is an employee. S&P Capital IQ is of the opinion its Research Reports have been prepared in accordance with section 17, II of Instruction 483. The distributor of the Research Report is responsible for disclosing any circumstances that may impact the independence of S&P Capital IQ's Research Report, in accordance with

section 17, II of Instruction 483.

For residents of British Virgin Islands: All products and services offered by S&P Capital IQ and its affiliates are provided or performed, outside of the British Virgin Islands. The intended recipients of the Research Reports are (i) persons who are not members of the public for the purposes of the Securities and Investment Business Act, 2010 ("SIBA"); (ii) persons who are professional services providers to the British Virgin Islands business companies for the purposes of SIBA; and (iii) any other person who is given the Research Reports by a person licensed as an investment advisor in the British Virgin Islands. If you are in any doubt as to whether you are the intended recipient of this document, please consult your licensed investment advisor.

For residents of Canada: Canadian investors should be aware that any specific securities discussed in a Research Report can only be purchased in Canada through a Canadian registered dealer and, if such securities are not available in the secondary market, they can only be purchased by eligible private placement purchasers on a basis that is exempt from the prospectus requirements of Canadian securities law and will be subject to resale restrictions. Information in Research Reports may not be suitable or appropriate for Canadian investors. Only a registered distributor is eligible to distribute excerpts of any Research Reports, and distributor will be deemed to assume regulatory responsibility for the excerpted information, and undertakes to provide notice to clients that it will be assuming such responsibility.

For residents of Chile: S&P Capital IQ shall not be acting as an intermediary of any securities referred to in a Research Report. S&P Capital IQ (and its affiliates) is not registered with, and such securities may not be registered in the Securities Registry maintained by the Superintendencia de Valores y Seguros de Chile (Chilean Securities and Insurance Superintendencia or "SVS") pursuant to the Chilean Securities Market Law 18045. Accordingly, investment research presented in a Research Report is not intended to constitute a public or private offer of securities in Chile within the meaning of Article 4 of the Chilean Securities Market Law 18045, as amended and restated, and supplemental rules enacted thereunder.

For residents of China: S&P Capital IQ's Research Reports are not distributed in or directed to residents in The People's Republic of China. Neither S&P Capital IQ nor its affiliates target investors in China.

For residents of Colombia: This information and/or information contained in Research Reports is not intended or should not be construed as constituting information delivery to the Colombian Securities Market under Colombian Law.

For residents of Czech Republic: The Intermediary, and not S&P Capital IQ, is solely responsible for complying with licensing requirements under the Capital Markets Act (Act No. 256/2004 Coll., as amended), implementing Directive 2004/39/EC of the European Parliament and of the Council of 21 April, 2004 on markets in financial instruments amending Council Directives 85/611/EEC and 93/6/EEC and Directive 2000/12/EC of the European Parliament and of the Council and repealing Council Directive 93/22/EEC and its implementing directives, and Directive 2003/125/EC implementing Directive 2003/6/EC as regards the fair presentation of investment recommendations and the disclosure of conflicts of interest; and the Civil Code (Act No. 40/1964 Coll., as amended) as regards the distance financial contract regulation protecting the consumers.

For residents of Dubai (DIFC): The information contained in Research Reports distributed by S&P Capital IQ is intended for investors who are "professional clients", as defined in Rule 2.3.2(2) of the Conduct of Business Module (COB) of the DFSA Rulebook.

For residents of the European Economic Area (EEA): Research Reports have been approved for distribution in the EEA listed here: Austria; Belgium; Bulgaria; Cyprus; Czech Republic (see further disclosure above); Denmark; Estonia; Finland; France (see further disclosure below); Germany; Gibraltar; Greece (see further disclosure below); Hungary (see further disclosure below); Iceland; Ireland (see further disclosure below); Italy; Latvia; Liechtenstein; Lithuania; Luxembourg; Malta (see further disclosure below); Netherlands; Norway; Poland; Portugal; Romania; Slovakia (see further disclosure below); Slovenia; Spain (see further disclosure below); Sweden and United Kingdom (see further disclosure below), as investment research by MHFRE, which is authorized and regulated by the Financial Conduct Authority in the UK. S&P Capital IQ's Stock Reports are to be read in conjunction with "Your Guide to S&P Capital IQ's Stock Reports" which can be found at: www.spcapitaliq.com/stockreportguide.

More information about the written criteria and methodologies for the generation of Research Reports and historical information for Research Reports for the past 12 months are available by contacting S&P Capital IQ Client Services Department at (212) 438-4510 or via e-mail at: spsupportcenter@standardandpoors.com.

For residents of Guernsey, Isle of Man and Jersey: The Research Reports provide by S&P Capital IQ serve to assist the Intermediary in determining the advice it provides to its clients, but are not intended as advice to any of the Intermediary's

clients and the intermediary, and not S&P Capital IQ, will be solely responsible for the provision of investment advice to the client. Independent investment advice should be sought by persons in their capacity as investors or potential investors and the Intermediary will be solely responsible for complying with any applicable regulatory obligations relating to the distribution of investment research.

For residents of France: The Intermediary, and not S&P Capital IQ, is solely responsible for complying with the rules related to the distribution of investment recommendations as specified in the Financial Code and the Autorité des Marchés Financiers rule book.

For residents of Greece: S&P Capital IQ Research Reports should only be used for the purposes of investment research, and should not be interpreted as or be used to provide investment advice or as part of any offer to the public of any specific security or financial instrument.

For residents of Hong Kong: Information in the Research Reports shall not be construed to imply any relationship, advisory or otherwise, between S&P and the recipient user of the research report unless expressly agreed by S&P Capital IQ. S&P Capital IQ is not acting nor should it be deemed to be acting, as a "fiduciary" or as an "investment manager" or "investment advisor" to any recipient of this information unless expressly agreed by S&P Capital IQ. The Distributor of the Research Reports will be solely responsible for describing its role to its clients with respect to the distribution of S&P Capital IQ's Research Reports.

For residents of Hungary: The Intermediary, and not S&P Capital IQ, is solely responsible for complying with the rules related to data protection requirements as set out in Act CXII of 2011 on the Right of Informational Self-Determination and on Freedom of information; and with Act CLV. of 1997 on Consumer Protection and with Act CXXXVIII of 2007 on Investment services.

For residents of India: Residents of India should consult their financial and legal advisers regarding the suitability of any of S&P Capital IQ's services and products. S&P Capital IQ does not intend to utilize the Research Report service to invite or carry out any business activities with S&P Capital IQ. Research Reports provided by S&P Capital IQ serve to assist the Intermediary in determining the advice it provides to its clients, but are not intended as advice to the Intermediary and to any of the Intermediary's clients and the intermediary will be solely responsible for the provision of investment advice to the client.

For residents of Indonesia: Research Reports do not constitute an offering document and it should not be construed as an offer of securities in Indonesia, and any such securities will only be offered or sold through a financial institution.

For residents of Israel: Research reports are intended only for distribution to "Qualified Investors", as defined in the Schedule to Israel's Regulation of Investment Advice, Investment Marketing and Portfolio Management Law of 1995. All other persons who are not Qualified Investors under Israeli law should seek additional investment advice from their financial advisers. The relevant analyst declares that the views expressed in a particular Research Report faithfully reflect the analyst's personal views regarding the securities under review and the issuer of the securities.

For residents of Japan: Research Reports are intended only for distribution to "Asset Management Firms".

For residents of Kazakhstan: Research Reports are not intended for distribution to the public in Kazakhstan. Any distribution to specific persons is the sole responsibility of the distributor and the distributor, and not S&P Capital IQ, is responsible for complying with all local regulations, including but not limited to advertising requirements related to public solicitation.

For residents of Malta: The distributor of Research Reports in Malta, is solely responsible for ensuring that the investment research produced by S&P Capital IQ and proposed to be disseminated in or from within Malta is reviewed for compliance with the investment services rules issued by the Malta Financial Services Authority in terms of the Investment Services Act, Cap 370 of the laws of Malta.

For residents of Mexico: S&P Capital IQ is not regulated or supervised by the Mexican National Banking and Securities Commission ("CNBV"). S&P Capital IQ has a licensed rating agency affiliate in Mexico (Standard & Poor's, S.A. De C.V.), of which S&P maintains firewalls and seeks to avoid conflicts of interest, pursuant to approved policies. Research Reports on securities that are not registered with the National Securities Registry maintained by the Mexican National Securities Registry are intended only for distribution to qualified, institutional investors or to any other investors to whom distribution the S&P Research is permissible under Mexican law.

For residents of Monaco: The Intermediary, and not S&P Capital IQ, will be solely responsible for providing copies of S&P Capital IQ Research Reports to the appropriate Monegasque regulator prior to distributing to its clients.

Apple Inc

For residents of Morocco: Research Reports are intended for distribution only to professional investors.

For residents of Peru: S&P Capital IQ's Research Reports shall not, under any circumstances, be considered an invitation to take deposits or funds from the public, under any mechanism, or to carry on any activities that may be prohibited by Peruvian law. The Intermediary also agrees that the use of S&P Capital IQ's Research Reports shall not be used by Intermediary to solicit an investment in the securities that are the subject of the Research Report in any way that may be prohibited by Peruvian law.

For residents of Qatar: The Distributor, and not S&P Capital IQ, is responsible for complying with all relevant licensing requirements as set forth by the Qatar Financial Markets Authority or the Qatar Central Bank, and with all relevant rules and regulations set out in the Qatar Financial Markets Authority's rule book, including third party branded investment research distribution of securities that are admitted for trading on a Qatari securities exchange (Admitted Securities).

For residents of Russia: Research Reports on financial instruments are intended for "qualified investors", as defined in the Securities market law of the Russian Federation dated 22 April 1996, as amended, only.

For residents of The Kingdom of Saudi Arabia: S&P Capital IQ and its affiliates do not distribute Research Reports in the Kingdom of Saudi Arabia. Residents of Saudi Arabia should be aware that the distributor of S&P Capital IQ's Research Reports may not be permitted to distribute investment research either: (i) from a permanent place of business in or otherwise within the territory of the Kingdom of Saudi Arabia; or (ii) to an investor in the Kingdom of Saudi Arabia unless that investor is a Capital Market Authority authorized investor or the Saudi Arabian Monetary Agency.

When a distributor disseminates S&P Capital IQ's Research Reports in the Kingdom of Saudi Arabia, the distributor, and not S&P Capital IQ, is solely responsible for approving the contents of Research Reports and complying with licensing requirements and authorizations of the Saudi Arabian Capital Market Authority's ("CMA"), including CMA's Authorized Persons Regulations concerning securities advertisements.

S&P does not conduct a securities business in the Kingdom of Saudi Arabia and the distributor, and not S&P Capital IQ, assumes all responsibilities and liabilities for distributing Research Reports in the Kingdom of Saudi Arabia. **Research Reports are not intended to be investment advice and do not constitute any form of invitation or inducement by S&P Capital IQ to engage in an investment activity in the Kingdom of Saudi Arabia.** S&P Capital IQ does not communicate directly with a distributor's customers and a distributor's customers should not contact S&P Capital IQ directly regarding any information or data provided in Research Reports.

For residents of Singapore: Research reports that contain extracts from S&P Capital IQ's Research Reports are not prepared, issued or reviewed by MHFSP and MHFSP assumes no responsibility for the Research Reports, and nothing referenced by MHFSP should be considered to be a solicitation or recommendation to buy or sell any security, nor should it be considered to be investment advice.

For residents of Slovak Republic: The Intermediary, and not S&P Capital IQ, is solely responsible for complying with the rules related to the Slovak Securities Act (Act No. 566/2001 Coll., as amended), implementing Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 on markets in financial instruments amending Council Directives 85/611/EEC and 93/6/EEC and Directive 2000/12/EC of the European Parliament and of the Council and repealing Council Directive 93/22/EEC and its implementing directives, and Directive 2003/125/EC implementing Directive 2003/6/EC as regards the fair presentation of investment recommendations and the disclosure of conflicts of interest; and with the Slovak Act on Consumer Protection in Distance Financial Services Contracts (Act No. 266/2005 Coll., as amended).

For residents of Spain: Certain of S&P Capital IQ's equity Research Reports may be considered to be marketing communications for purposes of Spanish law.

For residents of Switzerland: Research reports are only directed at and should only be relied on by investors outside of the EEA or investors who are inside the EEA and who have professional experience in matters relating to investments or who are high net worth investors, as defined in Article 19(5) or Article 49(2) (a) to (d) of the UK Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, respectively. S&P Capital IQ's Stock Reports are to be read in conjunction with "Your Guide to S&P Capital IQ's Stock Reports" which can be found at www.standardandpoors.com/stockreportguide. For some clients, Research reports have been prepared by S&P Capital IQ and/or one of its affiliates, and redistributed by the client.

For residents of the United Arab Emirates (UAE): S&P Capital IQ and its affiliates neither undertake banking, financial, or investment consultations business in or into

the UAE within the meaning of the Central Bank Board of Directors' Resolution No. 164/8/94 regarding the regulations for investment companies nor provides financial analysis or consultation services in or into the UAE within the meaning of UAE SECURITIES AND COMMODITIES AUTHORITY DECISION NO. 48/R OF 2008 concerning financial consultation and financial analysis.

Investment research distributed by S&P Capital IQ and its affiliates is not intended to amount to an offer of securities within the meaning of DIFC Law NO. 12 OF 2004 (the DIFC Markets Law) or the equivalent laws, rules and regulations made by the Central Bank of the UAE and their Emirates Securities and Commodities Authority. Neither the Dubai Financial Services Authority, the UAE Securities nor Commodities Authority of the Central Bank of the UAE has reviewed or verified any of the information provided in a Research Report or through any service provided by S&P Capital IQ or its affiliates, or has any responsibility for it.

If a recipient of Research Report does not understand any of the contents of the Research Report, the recipient should contact a financial advisor. Users of extracts of investment Research Reports should be aware that if they are distributed in the UAE by an intermediary, the intermediary is solely responsible for the distribution and contents of the investment research in the UAE.

For residents of the United Kingdom: In the United Kingdom Research Reports are approved and/or communicated by MHFRE which is authorized and regulated by the Financial Conduct Authority for the conduct of investment business in the UK. Research Reports are only directed at and should only be relied on by investors outside of the UK or investors who are inside the UK and who are professional clients in matters relating to investments or who are high net worth investors, as defined by the FCA and in Article 19(5) or Article 49(2) (a) to (d) of the UK Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, respectively. MHFRE may not distribute Research Reports to retail clients, as defined by the FCA. S&P Capital IQ's Stock Reports are to be read in conjunction with "Your Guide to S&P Capital IQ's Stock Reports" which can be found at www.spcapitaliq.com/stockreportguide.

For residents of Uruguay: S&P Capital IQ or its affiliates are not, individually a risk assessment entity registered with the Central Bank of Uruguay, and S&P Capital IQ's Research Reports do not constitute a risk assessment. Investment research presented in a Research Report is not intended to constitute a public or private offer of securities in Uruguay. S&P Capital IQ's Research Reports are not intended for worldwide distribution, as such, and are not published to Uruguayan clients in Spanish.

For residents of Venezuela: Research Reports can only be distributed in Venezuela by an investment advisor, duly licensed under Venezuelan law. The distributor of the Research Reports, and not S&P Capital IQ, is solely responsible for complying with licensing requirements.

Copyright © 2014 Standard & Poor's Financial Services LLC. All rights reserved. STANDARD & POOR'S, S&P, S&P 500, S&P EUROPE 350 and STARS are registered trademarks of Standard & Poor's Financial Services LLC. S&P CAPITAL IQ is a trademark of Standard & Poor's Financial Services LLC.