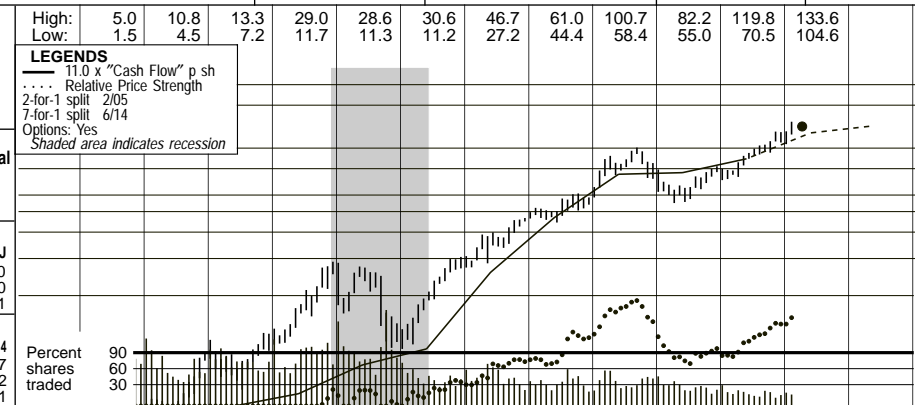


APPLE INC. NDAQ:AAPL

RECENT PRICE **126.69** P/E RATIO **13.8** (Trailing: 17.0 Median: 18.0) RELATIVE P/E RATIO **0.72** DIV'D YLD **1.6%**

VALUE LINE

TIMELINESS 2 Raised 4/18/14
SAFETY 1 Raised 1/13/14
TECHNICAL 5 Lowered 3/27/15
BETA .90 (1.00 = Market)



2018-20 PROJECTIONS
 Price Gain Ann'l Total Return
 High 195 (+55%) 13%
 Low 160 (+25%) 8%

Insider Decisions
 M J J A S O N D J
 to Buy 0 0 0 0 0 0 0 0 0 0
 Options 1 0 0 1 0 0 0 0 0 0
 to Sell 2 1 1 1 5 2 2 2 1 1

Institutional Decisions
 202014 3Q2014 4Q2014
 to Buy 930 906 1027
 to Sell 1052 1089 1102
 Hlds(000)368463435710243519871

1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
1.36	1.70	1.09	1.14	1.21	1.51	2.38	3.23	3.93	5.22	5.80	10.17	16.64	23.81	27.15	31.16	41.40	44.30
.11	.15	.00	.05	.04	.08	.25	.37	.62	.85	1.02	2.35	4.26	6.85	8.09	10.75	11.60	11.60
.09	.12	d.02	.02	.01	.05	.21	.32	.56	.77	.90	2.16	3.95	6.31	5.66	6.45	9.15	9.80
--	--	--	--	--	--	--	--	--	--	--	--	--	.38	1.63	1.81	1.94	2.10
.01	.02	.05	.03	.03	.03	.04	.11	.12	.18	.18	.31	.65	1.26	1.30	1.63	1.75	1.85
.66	.86	.80	.81	.82	.93	1.28	1.67	2.38	3.38	4.42	7.45	11.78	17.98	19.63	19.02	22.90	25.20
4502.4	4699.5	4912.9	5025.4	5134.2	5480.2	5845.1	5986.8	6106.3	6218.3	6298.6	6411.8	6504.9	6574.5	6294.5	5866.2	5700.0	5600.00
17.3	30.8	--	NMF	NMF	38.0	26.2	29.1	26.3	30.4	19.2	15.2	12.4	12.0	12.3	13.0	13.0	13.0
.99	2.00	--	NMF	NMF	2.01	1.40	1.57	1.40	1.83	1.28	.97	.78	.76	.69	.69	2.3%	2.2%
--	--	--	--	--	--	--	--	--	--	--	--	--	.5%	2.3%	2.2%		

1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
1.36	1.70	1.09	1.14	1.21	1.51	2.38	3.23	3.93	5.22	5.80	10.17	16.64	23.81	27.15	31.16	41.40	44.30
.11	.15	.00	.05	.04	.08	.25	.37	.62	.85	1.02	2.35	4.26	6.85	8.09	10.75	11.60	11.60
.09	.12	d.02	.02	.01	.05	.21	.32	.56	.77	.90	2.16	3.95	6.31	5.66	6.45	9.15	9.80
--	--	--	--	--	--	--	--	--	--	--	--	--	.38	1.63	1.81	1.94	2.10
.01	.02	.05	.03	.03	.03	.04	.11	.12	.18	.18	.31	.65	1.26	1.30	1.63	1.75	1.85
.66	.86	.80	.81	.82	.93	1.28	1.67	2.38	3.38	4.42	7.45	11.78	17.98	19.63	19.02	22.90	25.20
4502.4	4699.5	4912.9	5025.4	5134.2	5480.2	5845.1	5986.8	6106.3	6218.3	6298.6	6411.8	6504.9	6574.5	6294.5	5866.2	5700.0	5600.00
17.3	30.8	--	NMF	NMF	38.0	26.2	29.1	26.3	30.4	19.2	15.2	12.4	12.0	12.3	13.0	13.0	13.0
.99	2.00	--	NMF	NMF	2.01	1.40	1.57	1.40	1.83	1.28	.97	.78	.76	.69	.69	2.3%	2.2%
--	--	--	--	--	--	--	--	--	--	--	--	--	.5%	2.3%	2.2%		

CAPITAL STRUCTURE as of 12/27/14
 Total Debt \$36403 mill. Due in 5 Yrs \$14000 mill.
 LT Debt \$32504 mill. LT Interest \$1750 mill.
 (21% of Cap'l)
 Leases, Uncapitalized Annual rentals \$662 mill.
 No Defined Benefit Pension Plan
 Pfd Stock None
 Common Stock 5,824,748,000 shs.
 as of 1/9/15
 Market Cap: \$738 billion (Large Cap)

1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
13931	19315	24006	32479	36537	65225	108249	156508	170910	182795	236000	248000	Sales (\$mill) ^A	290000				
13.1%	13.9%	19.7%	20.8%	22.9%	29.8%	32.9%	37.4%	32.6%	33.1%	33.5%	33.5%	Operating Margin	35.0%				
179.0	225.0	317.0	473.0	703.0	1027.0	1814.0	3277.0	6757.0	7946.0	9000	10000	Depreciation (\$mill) ^D	13000				
1254.0	1989.0	3496.0	4834.0	5704.0	14013	25922	41733	37037	39510	52200	54900	Net Profit (\$mill)	68800				
30.9%	29.4%	30.2%	29.9%	28.6%	24.4%	24.2%	25.2%	26.2%	26.1%	26.0%	26.0%	Income Tax Rate	26.0%				
9.0%	10.3%	14.6%	14.9%	15.6%	21.5%	23.9%	26.7%	21.7%	21.6%	22.1%	22.1%	Net Profit Margin	23.7%				
6816.0	8038.0	12657	20598	16983	20956	17018	19111	29628	5083.0	12000	15000	Working Cap'l (\$mill)	30000				
--	--	--	--	--	--	--	--	16960	28987	32500	33500	Long-Term Debt (\$mill)	35000				
7466.0	9984.0	14532	21030	27832	47791	76615	118210	123549	111547	130500	141000	Shr. Equity (\$mill) ^E	183000				
16.8%	19.9%	24.1%	23.0%	20.5%	29.3%	33.8%	35.3%	26.5%	28.4%	32.5%	32.0%	Return on Total Cap'l	32.0%				
16.8%	19.9%	24.1%	23.0%	20.5%	29.3%	33.8%	35.3%	30.0%	35.4%	40.0%	39.0%	Return on Shr. Equity	37.5%				
16.8%	19.9%	24.1%	23.0%	20.5%	29.3%	33.8%	33.2%	21.4%	25.4%	31.5%	30.5%	Retained to Com Eq	26.5%				
--	--	--	--	--	--	--	6%	29%	28%	21%	21%	All Div'ds to Net Prof	29%				

CURRENT POSITION (SMILL.)
 Cash Assets 40546 25077 32463
 Receivables 13102 17460 16709
 Inventory (FIFO) 1764 2111 2283
 Other 17874 23883 31948
 Current Assets 73286 68531 83403
 Accts Payable 22367 30196 38001
 Debt Due -- 6308 3899
 Other 21291 26944 31711
 Current Liab. 43658 63448 73611

1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
13931	19315	24006	32479	36537	65225	108249	156508	170910	182795	236000	248000	Sales (\$mill) ^A	290000				
13.1%	13.9%	19.7%	20.8%	22.9%	29.8%	32.9%	37.4%	32.6%	33.1%	33.5%	33.5%	Operating Margin	35.0%				
179.0	225.0	317.0	473.0	703.0	1027.0	1814.0	3277.0	6757.0	7946.0	9000	10000	Depreciation (\$mill) ^D	13000				
1254.0	1989.0	3496.0	4834.0	5704.0	14013	25922	41733	37037	39510	52200	54900	Net Profit (\$mill)	68800				
30.9%	29.4%	30.2%	29.9%	28.6%	24.4%	24.2%	25.2%	26.2%	26.1%	26.0%	26.0%	Income Tax Rate	26.0%				
9.0%	10.3%	14.6%	14.9%	15.6%	21.5%	23.9%	26.7%	21.7%	21.6%	22.1%	22.1%	Net Profit Margin	23.7%				
6816.0	8038.0	12657	20598	16983	20956	17018	19111	29628	5083.0	12000	15000	Working Cap'l (\$mill)	30000				
--	--	--	--	--	--	--	--	16960	28987	32500	33500	Long-Term Debt (\$mill)	35000				
7466.0	9984.0	14532	21030	27832	47791	76615	118210	123549	111547	130500	141000	Shr. Equity (\$mill) ^E	183000				
16.8%	19.9%	24.1%	23.0%	20.5%	29.3%	33.8%	35.3%	26.5%	28.4%	32.5%	32.0%	Return on Total Cap'l	32.0%				
16.8%	19.9%	24.1%	23.0%	20.5%	29.3%	33.8%	35.3%	30.0%	35.4%	40.0%	39.0%	Return on Shr. Equity	37.5%				
16.8%	19.9%	24.1%	23.0%	20.5%	29.3%	33.8%	33.2%	21.4%	25.4%	31.5%	30.5%	Retained to Com Eq	26.5%				
--	--	--	--	--	--	--	6%	29%	28%	21%	21%	All Div'ds to Net Prof	29%				

ANNUAL RATES Past 10 Yrs. Past 5 Yrs. Est'd '12-'14 of change (per sh)
 Sales 36.0% 40.5% 13.5%
 "Cash Flow" 63.5% 54.5% 14.5%
 Earnings 70.5% 52.5% 14.5%
 Dividends -- -- 21.0%
 Book Value 36.5% 41.0% 11.5%

Fiscal 2015 (ends September 26th) is shaping up to be an excellent year for Apple. The tech giant got off to a fast start this year, with December-period share net of \$3.06 handily topping our \$2.50 estimate and Wall Street's consensus view of \$2.60. What's more, there's little to suggest that the earnings momentum will let up, given the strength of the iPhone franchise, which appears to have reasserted its dominance in the smartphone space. Indeed, the company is benefiting from a powerful iPhone 6/6 Plus upgrade cycle (these latest devices have larger displays than their predecessors), and from a related "halo effect" that is supporting Mac computer sales. Too . . .

Fiscal Year Ends	Dec.	Mar.	Jun.	Sep.	Per	Full Fiscal Year
2012	46333	39186	35023	35966		156508
2013	54512	43603	35323	37472		170910
2014	57594	45646	37432	42123		182795
2015	74599	57901	50800	52700		236000
2016	78400	60800	53400	55400		248000

The company's smartphones are gaining serious traction in China. Part of this is due to the popularity of the larger screens, which is helping Apple to wrest market share from the likes of Samsung, Lenovo, and up-and-comer Xiaomi. But growth in that important region is also being aided by aggressive store expansion (around 25 new locations will be opened over the next two years) and strategic tie-ups with local wireless carriers (like the

Fiscal Year Ends	Dec.	Mar.	Jun.	Sep.	Per	Full Fiscal Year
2012	1.98	1.76	1.33	1.24		6.31
2013	1.97	1.44	1.07	1.18		5.66
2014	2.07	1.66	1.28	1.42		6.45
2015	3.06	2.31	1.85	1.93		9.15
2016	3.25	2.45	2.00	2.10		9.80

one reached in late 2013 with China Mobile). These initiatives suggest that China may soon overtake the U.S. in terms of total iPhone shipments. **The "Apple Watch," set to be released on April 24th, may be the next big thing.** While the iPhone line is going strong (and accounts for the bulk of the growth here), Apple continues to search for new catalysts, a tall order for a company this size. The iPad was a big hit when first launched in 2010, but the tablet line appears to have lost steam, with unit sales down 18% in the first quarter. The "Apple Watch," targeting not just tech lovers but affluent fashionistas (some models will sell for over \$10,000), ought to have more staying power. New services, meanwhile, from "Apple Pay" to a streaming TV product, should further broaden the company's ecosystem (and augment earnings growth) in fiscal 2015 and beyond. **High-quality Apple stock, now part of the prestigious Dow 30, is a timely selection.** It should also provide investors with attractive risk-adjusted returns through the 2018-2020 period.

Calendar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2011	--	--	--	--	--
2012	--	--	.379	.379	.76
2013	.379	.436	.436	.436	1.69
2014	.436	.47	.47	.47	1.85
2015	.47				

1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
13931	19315	24006	32479	36537	65225	108249	156508	170910	182795	236000	248000	Sales (\$mill) ^A	290000				
13.1%	13.9%	19.7%	20.8%	22.9%	29.8%	32.9%	37.4%	32.6%	33.1%	33.5%	33.5%	Operating Margin	35.0%				
179.0	225.0	317.0	473.0	703.0	1027.0	1814.0	3277.0	6757.0	7946.0	9000	10000	Depreciation (\$mill) ^D	13000				
1254.0	1989.0	3496.0	4834.0	5704.0	14013	25922	41733	37037	39510	52200	54900	Net Profit (\$mill)	68800				
30.9%	29.4%	30.2%	29.9%	28.6%	24.4%	24.2%	25.2%	26.2%	26.1%	26.0%	26.0%	Income Tax Rate	26.0%				
9.0%	10.3%	14.6%	14.9%	15.6%	21.5%	23.9%	26.7%	21.7%	21.6%	22.1%	22.1%	Net Profit Margin	23.7%				
6816.0	8038.0	12657	20598	16983	20956	17018	19111	29628	5083.0	12000	15000	Working Cap'l (\$mill)	30000				
--	--	--	--	--	--	--	--	16960	28987	32500	33500	Long-Term Debt (\$mill)	35000				
7466.0	9984.0	14532	21030	27832	47791	76615	118210	123549	111547	130500	141000						