



1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	© VALUE LINE PUB. LLC	17-19
1.57	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	30.20	34.95	Sales per sh ^A	53.00
.10	.11	.15	.00	.05	.04	.08	.25	.37	.62	.85	1.02	2.35	4.26	6.85	6.96	7.45	8.55	"Cash Flow" per sh	12.80
.07	.09	.12	d.02	.02	.01	.05	.21	.32	.56	.77	.90	2.16	3.95	6.31	5.66	6.30	7.25	Earnings per sh ^B	11.00
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.01	.01	.02	.05	.03	.03	.03	.04	.11	.12	.18	.18	.31	.65	1.26	1.30	1.35	1.40	Cap'l Spending per sh	1.55
.39	.66	.86	.80	.81	.82	.93	1.28	1.67	2.38	3.38	4.42	7.45	11.78	17.98	19.63	20.00	23.35	Book Value per sh ^E	36.60
3785.4	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	6000.00	5700.00	Common Shs Outst'g ^C	5000.00
13.3	17.3	30.8	--	61.5	83.8	38.0	26.2	29.1	26.3	30.4	19.2	15.2	12.4	12.0	12.3	Bold figures are Value Line estimates		Avg Ann'l P/E Ratio	13.0
.69	.99	2.00	--	3.36	4.78	2.01	1.40	1.57	1.40	1.83	1.28	.97	.78	.76	.69	2.3%		Relative P/E Ratio	.80
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CAPITAL STRUCTURE as of 3/29/14																	Sales (\$mill) ^A		265000	
Total Debt \$16962 mill. Due in 5 Yrs None																	181300		199100	
LT Debt \$16962 mill. LT Interest \$850 mill. (12% of Cap'l)																	181300		199100	
Leases, Uncapitalized Annual rentals \$610 mill.																	181300		199100	
No Defined Benefit Pension Plan																	181300		199100	
Pfd Stock None																	181300		199100	
Common Stock 6,029,667,000 shs. as of 4/11/14 (adjusted for 7-for-1 split paid 6/9/14)																	181300		199100	
Market Cap: \$544 billion (Large Cap)																	181300		199100	
CURRENT POSITION (SMILL.)																	181300		199100	
Cash Assets 29129																	181300		199100	
Receivables 10930																	181300		199100	
Inventory (FIFO) 791																	181300		199100	
Other 16803																	181300		199100	
Current Assets 57653																	181300		199100	
Accts Payable 21175																	181300		199100	
Debt Due --																	181300		199100	
Other 17367																	181300		199100	
Current Liab. 38542																	181300		199100	

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 28, 2013, Apple operated a total of 416 retail outlets, including 254 stores in the U.S. and 162 in international markets. R&D: 2.6% of '13 revenues. Has about 80,300 full-time employees. Off.dir. as a group own less than 1.0% of common; BlackRock, 5.6% (1/14 Proxy). CEO: Tim Cook. Inc.: CA. Address: 1 Infinite Loop, Cupertino, CA 95014. Telephone: 408-996-1010. Internet: www.apple.com.

ANNUAL RATES	Past 10 Yrs.	Past 5 Yrs.	Est'd '11-'13
of change (per sh)	10 Yrs.	5 Yrs.	to '17-'19
Sales	34.5%	40.5%	15.5%
"Cash Flow"	70.5%	58.0%	13.5%
Earnings	96.5%	57.5%	13.0%
Dividends	--	--	NMF
Book Value	35.0%	46.0%	14.5%

Fiscal Year Ends	QUARTERLY SALES (\$ mill.) ^A				Full Fiscal Year
	Dec.	Mar.	Jun.	Sep.	Per
2011	26741	24667	28571	28270	108249
2012	46333	39186	35023	35966	156508
2013	54512	43603	35323	37472	170910
2014	57594	45646	36960	41100	181300
2015	64100	49100	39900	46000	199100

Fiscal Year Ends	EARNINGS PER SHARE ^{A,B}				Full Fiscal Year
	Dec.	Mar.	Jun.	Sep.	Per
2011	.92	.91	1.11	1.01	3.95
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	1.20	1.37	6.30
2015	2.45	1.80	1.35	1.65	7.25

Calendar	QUARTERLY DIVIDENDS PAID ^F				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2010	--	--	--	--	--
2011	--	--	--	--	--
2012	--	--	.379	.379	.76
2013	.379	.436	.436	.436	1.69
2014	.436	.47			

Apple has inked the largest deal in its storied history. In May, the tech giant agreed to purchase privately owned Beats Electronics and Beats Music, which market high-end headphones and streaming music services, respectively, for \$3 billion, including \$2.6 billion in cash and \$400 million in stock. This price tag appears steep, given that a 2013 investment by the Carlyle Group had valued the Beats properties at closer to \$1 billion. But Apple certainly has ample liquidity on its books — \$41 billion in cash assets and \$109 billion in long-term marketable securities—to support a shopping spree, as well as its large capital return program. Plus . . .

The acquisition seems to make good strategic sense. Beats Music will likely prove to be a nice complement to the company's iTunes radio service, which has garnered mixed user reviews and has struggled to make headway against popular streaming offerings from Pandora and Spotify. And the Beats Electronics unit should help Apple to develop a potential iWatch and other smart, wearable devices. Notably, Beats, founded by respected music industry veterans Jimmy Iovine and

Dr. Dre, has a creative management team, so the talent inflow ought to enable Apple to stay on technology's cutting edge.

Recent results have put the company back onto a healthy growth track. Share net of \$1.66 for the second quarter of fiscal 2014 (year ends September 27th) came in better than we had expected, due to brisk iPhone shipments, particularly in the developing BRIC countries. (Note that all per-share data in this report have been adjusted for the 7-for-1 stock split paid on June 9th.) We see the momentum persisting, too, with the upcoming iPhone 6, rumored to be launching this fall, likely to usher in a strong replacement cycle. Indeed, we believe that the next-generation device will allow Apple to regain significant share (from Samsung and others) in the high-end smartphone market.

This issue is timely, and should provide investors with solid risk-adjusted returns through 2017-2019. The Beats deal, expected to close during the September interim, is not yet factored into our estimates, though it will probably be accretive to share net in fiscal 2015.

Justin Hellman
 July 4, 2014

(A) Fiscal year ends last Saturday in September. (B) Diluted earnings. Quarters may not add to total due to rounding. Excludes non-recurring gains: '98, 1c; '99, 4c; '00, 3c; '01, 1c; '05, 2c; loss: '02, 1c. Next earnings report due late July. (C) In mill., adjusted for splits. (D) Depreciation on accelerated basis. (E) Includes intangibles. In 2013, \$5756 mill., \$0.91 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 100
Earnings Predictability 60