APPLE INC. NDQ-AAPL

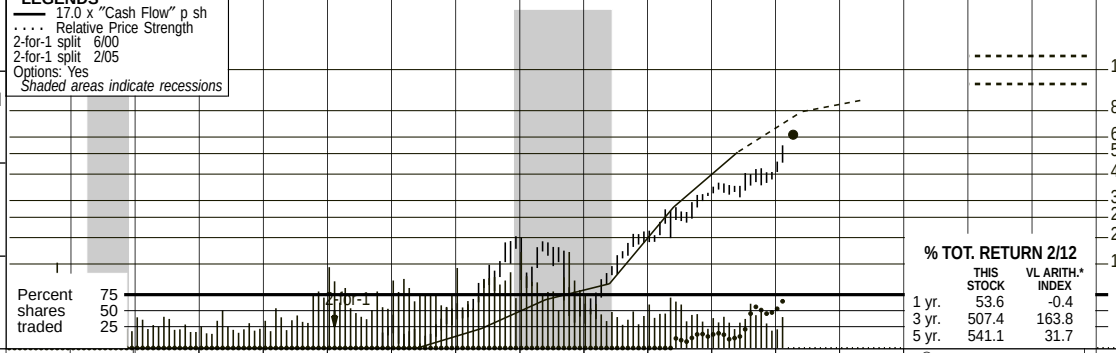
RECENT PRICE **614.48** | P/E RATIO **14.0** (Trailing: 17.5 / Median: 28.0) | RELATIVE P/E RATIO **0.89** | DIV'D YLD **1.7%** | **VALUE LINE**

TIMELINESS 1 Raised 2/3/12
SAFETY 2 Raised 4/9/10
TECHNICAL 4 Lowered 3/23/12
BETA 1.05 (1.00 = Market)

High:	13.6	13.1	12.5	34.8	75.5	93.2	203.0	200.3	214.0	326.7	426.7	616.3
Low:	7.2	6.7	6.4	10.6	31.3	50.2	81.9	79.1	78.2	190.3	310.5	409.0

Target Price Range
2015 | 2016 | 2017

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



2015-17 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	1450	(+135%)	*25%*
Low	1070	(+75%)	*16%*

Insider Decisions

	M	J	J	A	S	O	N	D	J
to Buy	0	0	0	0	0	0	1	0	0
Options	1	1	2	1	1	1	2	1	2
to Sell	2	1	2	1	2	2	3	1	2

Institutional Decisions

	2Q2011	3Q2011	4Q2011
to Buy	850	836	887
to Sell	637	729	772
Hld's(000)	636402	638000	638204

% TOT. RETURN 2/12

	THIS STOCK	VL ARITH.* INDEX
1 yr.	53.6	-0.4
3 yr.	507.4	163.8
5 yr.	541.1	31.7

1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	© VALUE LINE PUB. LLC	15-17
19.75	13.84	10.99	9.54	11.89	7.64	8.00	8.46	10.58	16.68	22.58	27.52	36.56	40.61	71.21	116.49	*170.20*	*194.05*	Sales per sh A	*256.40*
d1.18	d.51	.73	.79	1.04	.03	.33	.26	.54	1.72	2.59	4.37	5.97	7.12	16.42	29.85	*46.50*	*53.15*	"Cash Flow" per sh	*74.15*
d1.50	d.75	.49	.65	.85	d.14	.17	.10	.36	1.44	2.27	3.93	5.36	6.29	15.15	27.68	*43.80*	*50.00*	Earnings per sh B	*70.00*
.03	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	*2.65*	*10.60*	Div'ds Decl'd per sh F	*16.00*
.13	.10	.09	.07	.16	.33	.24	.22	.22	.31	.77	.84	1.23	1.27	2.19	4.58	*5.65*	*6.00*	Cap'l Spending per sh	*7.00*
4.13	2.05	2.76	4.59	6.00	5.59	5.70	5.76	6.48	8.94	11.67	16.66	23.67	30.93	52.18	82.45	*138.85*	*169.45*	Book Value per sh E	*280.00*
497.99	511.80	540.77	643.20	671.35	701.84	717.92	733.45	782.89	835.02	855.26	872.33	888.33	899.81	915.97	929.28	*940.00*	*950.00*	Common Shs Outst'g C	*975.00*
--	--	13.3	17.3	30.8	--	NMF	NMF	37.9	26.2	29.1	26.3	30.4	19.2	15.2	12.4	*Bold figures are*		Avg Ann'l P/E Ratio	*18.0*
--	--	.69	.99	2.00	--	NMF	NMF	2.00	1.40	1.57	1.40	1.83	1.28	.97	.78	*Value Line*		Relative P/E Ratio	*1.20*
.4%	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	*estimates*		Avg Ann'l Div'd Yield	*1.3%*

CAPITAL STRUCTURE as of 12/31/11

Total Debt None

Leases, Uncapitalized Annual rentals $338 mill.

No Defined Benefit Pension Plan
Pfd Stock None

Common Stock 932,370,000 shs.
as of 1/13/12

Market Cap: $573 billion (Large Cap)

2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013		15-17
5742.0	6207.0	8279.0	13931	19315	24006	32479	36537	65225	108249	*160000*	*184350*	Sales ($mill) A	*250000*
2.9%	2.2%	5.7%	13.1%	13.9%	19.7%	20.8%	22.9%	29.8%	32.9%	*35.0%*	*35.0%*	Operating Margin	*36.0%*
118.0	113.0	150.0	179.0	225.0	317.0	473.0	703.0	1027.0	1814.0	*2500*	*3000*	Depreciation ($mill) D	*4000*
117.0	76.0	276.0	1254.0	1989.0	3496.0	4834.0	5704.0	14013	25922	*41200*	*47500*	Net Profit ($mill)	*68300*
25.9%	26.2%	27.9%	30.9%	29.4%	30.2%	29.9%	28.6%	24.4%	24.2%	*25.0%*	*25.0%*	Income Tax Rate	*25.0%*
2.0%	1.2%	3.3%	9.0%	10.3%	14.6%	14.9%	15.6%	21.5%	23.9%	*25.8%*	*25.8%*	Net Profit Margin	*27.3%*
3730.0	3530.0	4375.0	6816.0	8038.0	12657	20598	16983	20956	17018	*22000*	*25000*	Working Cap'l ($mill)	*30000*
316.0	--	--	--	--	--	--	--	--	--	*Nil*	*Nil*	Long-Term Debt ($mill)	*Nil*
4095.0	4223.0	5076.0	7466.0	9984.0	14532	21030	27832	47791	76615	*130500*	*161000*	Shr. Equity ($mill) E	*273000*
2.8%	1.8%	5.4%	16.8%	19.9%	24.1%	23.0%	20.5%	29.3%	33.8%	*31.5%*	*29.5%*	Return on Total Cap'l	*25.0%*
2.9%	1.8%	5.4%	16.8%	19.9%	24.1%	23.0%	20.5%	29.3%	33.8%	*31.5%*	*29.5%*	Return on Shr. Equity	*25.0%*
2.9%	1.8%	5.4%	16.8%	19.9%	24.1%	23.0%	20.5%	29.3%	33.8%	*29.5%*	*23.0%*	Retained to Com Eq	*19.5%*
--	--	--	--	--	--	--	--	--	--	*6%*	*21%*	All Div'ds to Net Prof	*23%*

CURRENT POSITION ($MILL.)	2010	2011	12/31/11
Cash Assets	25620	25952	30156
Receivables	5510	5369	8930
Inventory (FIFO)	1051	776	1236
Other	9497	12891	14449
Current Assets	41678	44988	54771
Accts Payable	12015	14632	18221
Debt Due	--	--	--
Other	8707	13338	16386
Current Liab.	20722	27970	34607

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '09-'11 to '15-'17
Sales	23.0%	35.5%	*22.5%*
"Cash Flow"	40.0%	61.5%	*27.0%*
Earnings	43.0%	64.5%	*27.5%*
Dividends	--	--	*NMF*
Book Value	26.0%	43.5%	*31.0%*

Fiscal Year Ends	QUARTERLY SALES ($ mill.) A Dec.Per	Mar.Per	Jun.Per	Sep.Per	Full Fiscal Year
2009	10167	8163	8337	9870	36537
2010	15683	13499	15700	20343	65225
2011	26741	24667	28571	28270	108249
2012	46333	*35917*	*37750*	*40000*	*160000*
2013	*51950*	*39925*	*43325*	*49150*	*184350*

Fiscal Year Ends	EARNINGS PER SHARE A B Dec.Per	Mar.Per	Jun.Per	Sep.Per	Full Fiscal Year
2009	1.78	1.33	1.35	1.82	6.29
2010	3.67	3.33	3.51	4.64	15.15
2011	6.43	6.40	7.79	7.05	27.68
2012	13.87	*9.73*	*9.80*	*10.40*	*43.80*
2013	*14.35*	*10.70*	*11.65*	*13.30*	*50.00*

Cal-endar	QUARTERLY DIVIDENDS PAID F Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2008	--	--	--	--	--
2009	--	--	--	--	--
2010	--	--	--	--	--
2011	--	--	--	--	--
2012	--	--	2.65		

BUSINESS: Apple Inc. is one of the world's largest makers of personal computers and peripheral and consumer products, such as the *iPod* digital music player, the *iPad* tablet, and the *iPhone* smartphone, for sale primarily to the business, creative, education, government, and consumer markets. It also sells operating systems, utilities, languages, developer tools, and database software. As of September 24, 2011, Apple operated a total of 357 retail outlets, including 245 stores in the U.S. and 112 in international markets. R&D: 2.2% of '11 revenues. Has about 60,400 full-time employees. Officers & directors own less than 1.0% of common (1/12 Proxy). CEO: Tim Cook. Inc.: CA. Address: 1 Infinite Loop, Cupertino, CA 95014. Telephone: 408-996-1010. Internet: www.apple.com.

Apple shows no signs of losing its luster. In fact, recent results have only added to the bullish case for this top-ranked technology stock. Share net of $13.87 for the first quarter of fiscal 2012 (ends September 29th) trounced our $9.50 estimate, as consumers gobbled up the company's latest smartphone offering, the *iPhone 4S*. (A total of 37 million *iPhones*, including older versions of the device, were sold, 128% more than the year-earlier period.) *iPad* sales were also impressive, despite fears that demand for the tablet would wane as more *Android*-powered products hit the market and Amazon rolled out its new *Kindle Fire* reader. And the gross margin came in much higher than anticipated, thanks to heightened operating leverage, stable ASPs, favorable component pricing, and a mix shift toward the profitable smartphone category.

We believe that the momentum will persist through this year and into fiscal 2013, as Apple launches its latest *iPhone* in new countries overseas (most notably China), penetrates the large enterprise market, and continues to gain ground in the traditional computing space with its *Mac* line. (Demand for *MacBook Air* and *Pro* laptops has been especially brisk of late.) Strong sales of the *iPad 3*, released in mid-March, should also bolster results in the coming periods and help the company maintain its tablet dominance. All told, we now see share earnings jumping 58% in fiscal 2012, to $43.80, and another 14% next year, to the $50.00 mark.

The company plans to return some of its near-$100 billion cash hoard to shareholders. (This tally includes about $67 billion in long-term marketable securities.) Indeed, Apple has said that it will pay a quarterly dividend of $2.65 a share (beginning in the September interim) and repurchase up to $10 billion of stock (over a three-year stretch starting in fiscal 2013). It should still have ample cash for R&D and acquisitions, however.

We see no reason to sell these timely shares, though investors may be tempted to take some profits off the table following the issue's meteoric rise in past months. Apple's future remains extremely bright, in our view, and the stock is still a bargain relative to the firm's earnings prospects.

Justin Hellman *April 6, 2012*

(A) Fiscal year ends last Saturday in September. **(B)** Primary earnings through fiscal '97, then diluted. Quarters may not add to total due to rounding. Excludes nonrecurring gains: '96, 11¢; '98, 4¢; '99, 26¢; '00, 24¢; '01, 8¢; '05, 12¢; losses: '96, 26¢; '97, $1.32; '02, 8¢. Next earnings report due late April. **(C)** In mill., adjusted for splits. **(D)** Depreciation on accelerated basis. **(E)** Includes intangibles. In 2011, $4432 mill., $4.77 a share. **(F)** New dividend policy adopted 3/12. First quarterly payment likely to be made in September quarter.

Company's Financial Strength	A++
Stock's Price Stability	65
Price Growth Persistence	100
Earnings Predictability	75

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