

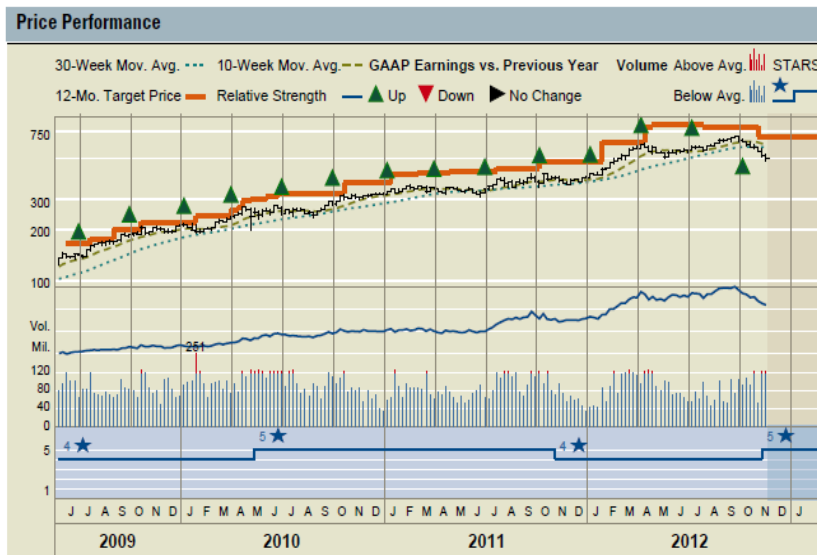
Apple Inc. (AAPL)

Sector: Information Technology (Industry: Computers/Peripherals)

Prepared by Anthony Martinez on 11/19/2012

Key Stock Statistics (Source S&P, Value Line, Company Reports)

Recommendation:	BUY	Dividend Yield:	2.01%	52 Week Range:	\$354-\$705	Beta:	1.21
Intrinsic Value:	\$972.67	Dividend Rate/Share:	\$10.60	PE Ratio (TTM):	12x	Forward PE (2013E):	11.6x
Current Price:	\$556.72	3 Year FV Reversion:	22.72%	EPS (TTM):	\$44.15	5 Year Proj EPS CAGR:	14.13%
Market Cap:	524.14B	5 Year FV Reversion:	14.69%	Credit Rating:	N/A		



Investment Theme: Our buy recommendation on Apple is based on its dominant position in the market. Apple's growth expectations are projected to greatly outpace its competitors even in a weak economic environment. AAPL has proven to be able to sustain strong FCF generation over many years, and maintains a substantial cash position, allowing it to weather even the toughest market conditions.

Despite a reduced demand for desktop computers and competitor threats, AAPL is well positioned to maintain its growth with the sales of iPhones, iPads and MacBooks for the foreseeable future (2-3 years). Risks to AAPL include weak end user demand, pricing pressures and similar offerings from competitors. We believe AAPL offers an attractive combination of value and growth.

Overview: Apple benefits from its ability to consistently release new products that provide its consumers with an exceptional user experience. The future growth prospects for AAPL is very high as the company is strategically positioned to use the resources available to introduce new products that are expected to sell exceptionally well. The company has also proven to be very efficient with the use of its resources for R&D as many of its competitors spend a higher proportion of revenue in developing new technologies. Its iPhone segment will benefit from being distributed on more networks than ever before. A primary driver for Apple over the next 12 months will be the sales of its iPhone. The iPhone is a high margin device but sales are currently being constrained by parts of its supply chain, specifically for the touchscreen from Sharp and LG. As this supply chain issue is worked out, Apple can be expected to perform very well. Apple has also been looking at developing some of the components needed in house; this will give AAPL greater control over its supply chain and in the long run, reduce input costs.

Revenue is expected to grow between 15% and 25% annually over the next five years with margins contracting slightly due to component pricing of new technologies. If Apple is able to continue to successfully expand its product portfolio and provide its users with an exceptional experience, the high end of the revenue growth range is likely to be met over the projected period.

Apple, trading at \$556.72, results in a P/E ratio of approximately 12x based on a trailing 12 months EPS of \$44.15. The provided discounted cash flow valuation that assumes a 15.5% five year compounded annual growth rate and a WACC of 9.2%, resulting in an intrinsic value of \$972.67. When performing a sensitivity analysis on the WACC between 8%-11% we receive a fair value range of \$745-\$1,214.

The primary risk to the performance of Apple is global economic growth, should major markets in which AAPL operates see a major and prolonged economic downturn revenue growth will be significantly less than expected. Our group remains cautiously optimistic regarding the global economy and do not foresee significant negative impacts to Apple, but it will be closely monitored with respect to Apple.

Revenue/Earnings Data					
Revenue (Million U.S. \$)					
	1Q	2Q	3Q	4Q	Year
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
2008	9,608	7,512	7,464	7,895	32,479
2007	7,115	5,264	5,410	6,217	24,006
Earnings Per Share (U.S. \$)					
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
2008	1.76	1.16	1.19	1.26	5.36
2007	1.14	0.87	0.92	1.01	3.93

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2012 Full Year Results: Despite revenues of \$156 billion (45% increase year over year) and an EPS of \$44.15, Apple failed to meet Wall Street expectations of \$158 billion in revenue and a consensus EPS of \$44.29. This difference was primarily due to consumers holding off on the purchase of a new iPhone due to the release of the iPhone 5. AAPL's revenue is highly reliant on the sale of the iPhone and its related products. These products accounted for 51.4% of total revenue. The next largest contributor to revenue was the iPad and its related products with 20.7% of total revenue. In 2012, 36.7% of revenue came from the US with the remainder coming from Europe, Asia-Pacific, Japan and retail internet sales.

5 Year Stock Price Performance



Investment Thesis: The motivation for investing in Apple is driven by three primary factors: 1) its likelihood of outperforming its competition as the company is able to create and build upon its already innovative products at a quick rate, 2) its financial strength, and 3) its ability to out-perform current estimates through its business strengths. The catalyst that may likely drive these factors to higher price realization is an improved economic outlook, as sales in each product category can be greatly impacted. In the event the economy underperforms, the strength of Apple's balance sheet will allow it to weather periods of distress. The current back order of iPhone 5 indicates a large stream of future revenue as current supply chain constraints are fixed.

Pros:

- AAPL maintains a strong brand image and loyalty among consumers.
- Over the years AAPL has shown the ability to consistently improve upon and introduce new product lines, generating a diverse and consistent revenue streams.
- AAPL continues a high pace of introduction and global outreach of Apple products, especially the iPhone (service expected in 100 countries) and retail locations in 112 international locations, provide high upside revenue potential.
- Proven success in creating and maintaining music (iTunes) and app ecosystems. A strong push into cloud based services through iCloud is likely. This provides AAPL with an additional revenue stream to complement the sale of its hardwares.
- AAPL products sell at high margins, with gross margins on sales averaging 47%.
- Revenue and earnings growth has been exceptional over the past five years growing at 35.5% and 64.5% CAGR respectively.
- Introduction of both the iPad Mini and iTV in the near future will allow AAPL to appeal to those who desire a smaller version of the iPad and enhance the TV watching experience with the iTV.
- The smartphone market is expected to double by 2014; Apple iPhone revenue will be able to grow tremendously even if it only grows at the market rate.

Industry Trends: The Computer/Peripherals Industry has been recovering from the market downturn in 2009. Growth in sales of personal computers has been very slow during the recent years, providing single digit growth. This is primarily due to consumers substituting media tablets for their PC purchases. However, these media tablets do not have the same processing power and functionality as a personal computer, therefore the need for PCs still exist. Within this industry there is severe price competition. Due to the severe price competition, we foresee revenue growth for PC sales trailing the unit sales growth. Many companies have chosen the route of developing new products, need for better computing and communications, especially mobile

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computing, creates a demand for a wide range of products.

Business Summary: AAPL designs, manufactures, and markets mobile communication and media devices, personal computers, and portable digital music players, and sells a variety of related software, services and peripherals. These products and services include iPhone[®], iPad[®], Mac[®], iPod[®], the iOS and OS X[®] operating systems, iCloud[®], as well as other various products and services. The Company also sells and delivers digital content and applications through the iTunes Store[®], App Store[™], iBookstore[™], and Mac App Store. Products are sold worldwide through its retail stores, online stores, and third parties such as cellular network carriers and other retail chains. AAPL leverages its ability to design and develop its own hardware, operating systems, and services to provide customers innovative new products that are easy to use. AAPL participates in several highly competitive markets, including mobile communications and media devices, personal computers, and distribution of third-party digital content. AAPL is recognized as a leading innovator and continually invests in research and development to continue to bring innovative products to market and remain competitive in the industry.

Management Review: Since taking over in 2011, Tim Cook helped bring Apple share price to new heights, while continuing to improve current product lines as well as work on releasing new products. There has recently been a change in upper management as AAPL has brought in an executive from Intel to help AAPL design its own chips and bring the manufacturing process in house. This will give them greater control over their manufacturing process as well as increase the profit margin of their products in the future. There have been very few glitches, and when there were issues at hand, such as the Apple Maps app, he has handled the situation very well. Cook is surrounded by a very successful board of directors who are current and former chairmen and CEOs of some of the most innovative U.S. companies both technology and retail. In addition to the board the senior level staff that surrounds Cook has been instrumental in the development of the products Apple is known for today, many of these employees have been with Apple for more than 10 years. Management has continued to generate higher operating margins and cash flows than its peers and has instituted a dividend policy, providing shareholders with additional returns.

Financial Trend Analysis: Financial trends over the trailing five years have largely been positive. Specific trend figures are illustrated in the appendix of this report. Revenue has grown at a 35.5% CAGR over the last five years, while earnings have grown at a rate of 64.5%. Even though we cannot expect Apple to continue to grow at such a pace sustainably, we feel that Apple will continue to perform at a high level and we project earnings to grow at 15%-20% year over year during the next five years. Operating and net margins as well as cash flow margins are running above five year averages and trending higher. In the most recent quarter we saw margins tighten slightly due to the release/upgrades of many product lines; however, we feel that margins will increase as AAPL continues to get better at building these new products and/or be able to obtain preferable pricing on components.

Financial Health: Apple's maintains a strong balance sheet with over \$120 billion of available to fund investments in research and development as well as acquiring perspective companies to help enhance their portfolio in certain services, for example cloud computing. Apple also has no debt on its balance sheet; all residual cash flows enhance the value to equity holders. Apple has recently instituted a cash dividend and stock buyback program, which will provide additional returns to shareholders. Financial Metrics such as return on equity (ROE) are very high compared to competitors. Apple has also sustained tremendous growth in free cash flows, so long as revenue growth exceeds the growth in costs, we will continue to see this free cash flow growth.

Competitive Analysis: Apple's business segments compete in several segments of the information technology markets, ranging from personal computers to mobile devices. Their presence across these business segments helps Apple to gain interest from third party developers who consistently produce applications and content for Apple devices, adding to the user experience. What sets Apple's businesses apart from competitors is its ability to provide a user experience unmatched by its peers, thereby increasing the value of its products. AAPL's uses its ability to design and develop its own operating system, hardware, and services to differentiate itself from their competitors. From an investment perspective, AAPL provides a great amount of growth opportunities with its continually innovative product line, which can be assumed to continue into the foreseeable future.

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Risk Factors:

- Global economic conditions can adversely affect the company.
- Consumers and businesses can postpone spending in response to tight credit, unemployment, and negative financial news.
- Patent war with competing companies drastically increases legal expenses. Loss of patent infringement case can result in large damages payments, adversely affecting the bottom line.
- Apple's products compete in a highly competitive environment, leading to short product lifecycles, rapid adoption of technology and product advancements by competitors and price sensitivity of consumers.
- The company is dependent on its supply chain, not being able to obtain components necessary to build its products can negatively affect revenues.
- Retail segment requires a substantial investment of resources and is subject to many risks and uncertainties. A decline in sales and closure of poor performing locations can result in large lease termination fees.

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DCF Valuation Model:

Discounted Cash Flow Valuation						
Free Cash Flows	Current	Projection Period				
	2012	2013	2014	2015	2016	2017
Revenue	156,924.11	185,170.45	214,890.31	246,049.40	278,035.82	303,059.05
EBIT	49,588.02	60,735.91	73,062.70	86,609.39	101,205.04	113,822.92
Taxes	12397.0047	15183.97688	18265.6761	21652.3473	25301.26	28455.7293
EBIT(1-T)	37,191.01	45,551.93	54,797.03	64,957.04	75,903.78	85,367.19
Plus: Depreciation	2196.93754	2592.386297	3008.4643	3444.69162	3892.5015	4370.11147
Less: Capital Expendituresx	6276.9644	7406.817992	8595.61228	9841.97606	11121.433	12486.03277
Less: ΔNet Working Capital	6,520.62	4,236.95	4,457.98	4,673.86	4,797.96	5,117.25
Free Cash Flow to the Firm	26,590.37	36,500.55	44,751.90	53,885.89	63,876.89	72,134.02
Terminal Value						1062036.992
PV of Cash Flows		33426.94078	37532.3701	41387.2747	44929.617	730574.9533
Enterprise Value	887851.156					
Implied EV/EBITDA Multiple	17.90					
Plus: Cash	\$ 26,468					
Less: LTD	\$ -					
Equity Value	\$ 914,319					
Implied Equity Value/EBITDA Multiple	18.44					
Current Shares Outstanding	940.00					
Equity Value Per Share	\$ 972.68					
Current (Discount)/Premium from Fair Value	-39.7%					
Buy Price= Fair Value less 20%	\$ 778.14					
Sell Price= Fair Value plus 20%	\$ 1,167.22					

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Sensitivity Analysis:

Sensitivity Analysis

		Revenue Growth Rate						
		13.5%	14.5%	15.4%	16.4%	17.4%	18.4%	19.4%
Discount Rate	8%	1119.93	1165.07	1165.07	1211.38	1307.66	1461.50	1685.16
	8.50%	1018.48	1059.25	1059.25	1101.10	1188.08	1327.05	1529.08
	9.20%	1018.48	1059.25	1059.25	1101.10	1188.08	1327.05	1529.08
	9.50%	862.42	896.50	896.50	931.47	1004.16	1120.28	1289.05
	10%	801.12	832.57	832.57	864.85	931.92	1039.07	1194.80
	10.50%	748.01	777.19	777.19	807.12	869.34	968.72	1113.13
	11%	701.54	728.73	728.73	756.62	814.59	907.17	1041.70

		Terminal Growth Rate					
		2.0%	2.5%	3.0%	3.5%	4.0%	4.5%
Discount Rate	8%	1039.22	1114.92	1205.76	1316.79	1455.58	1634.02
	8.50%	958.82	1021.70	1096.02	1185.20	1294.20	1430.44
	9.20%	865.06	914.60	972.14	1039.78	1120.41	1218.21
	9.50%	830.24	875.27	927.23	987.84	1059.48	1145.45
	10%	778.03	816.72	860.93	911.95	971.48	1041.82
	10.50%	731.97	765.50	803.49	846.91	897.01	955.47
	11%	691.05	720.32	753.24	790.55	833.20	882.40

Comparative Valuation Analysis:

	Target	Comparables					Average
	AAPL	HPQ	DELL	GOOG	MSFT	RIM	
Price	586.86	17.23	10.04	756.50	30.16	6.70	
P/E ²	13.40	NEG	5.98	22.42	15.08	NEG	14.49
EV/EBITDA ²	10.81	37.01	2.82	13.10	7.93	0.92	12.36
Price/Cash Flow	13.05	2.86	3.70	16.37	8.07	1.53	6.51
Price/Book	4.90	1.14	2.08	2.93	3.86	0.56	2.11
PEG	0.65	6.01	1.24	1.24	1.12	NEG	2.40
Dividend Yield	0.02	0.03	0.03	0.00	0.02	0.00	0.02
Total Debt/Equity	0.00	0.93	0.87	0.10	0.18	0.00	0.41
Net Margin ²	0.27	-0.05	0.05	0.26	0.23	0.00	0.10
ROA ²	0.30	-0.04	0.07	0.16	0.15	0.17	0.10
ROE ²	0.44	-0.16	0.33	0.19	0.28	0.00	0.13
Beta	1.05	1.02	1.15	1.01	0.96	1.27	1.08
Market Cap (Billions)	554.60	33.90	17.40	247.40	252.80	3.50	111.00

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WACC Calculation:

WACC Calculation	
Marginal tax rate	25%
Risk free rate	3.00%
Market risk premium	5.90%
Levered Beta	1.05
Cost of equity	9.20%
Credit Rating (LT Capital Structure)	N/A
Cost of debt pre-tax	0.00%
After tax cost of debt	0.00%
Share price	\$670
Market capitalization (billions)	628,370
Total debt	0
Total capital	628,370
% equity capital	100.00%
% debt capital	0.00%
Weighted average Cost of capital	9.20%

Total Return Calculation:

Total Return Calculation	
Current Price	\$556
Fair Value	\$ 972.93
Div 1	\$ 10.60
Div 2	\$ 15.53
Div 3	\$ 19.04
Div 4	\$ 25.80
Div 5	\$ 30.58
Total Annual Return 3 yr to FV	22.70%
Total Annual Return 5 yr to FV	14.62%

Valuation Assumptions:

Assumption Summary	
Current Price	\$ 556.00
2013 Est. EPS	\$ 48.63
2014 Est. EPS	\$ 58.50
Revenue Growth	14%
Tax Rate	25%
WACC	9.2%
Terminal Growth Rate	3.0%

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Income Statement Projection:

	Projections					
	2012	2013	2014	2015	2016	2017
Net Sales	156,924.11	185,170.45	214,890.31	246,049.40	278,035.82	286,376.90
Cost of Goods Sold	89,446.74	103,695.45	118,189.67	132,866.68	147,358.99	148,915.99
Gross Profit	67,477.37	81,475.00	96,700.64	113,182.72	130,676.84	137,460.91
Selling, General & Admin Expenses	15,692.41	18,146.70	20,629.47	23,128.64	25,579.30	25,773.92
EBITDA	51,784.96	63,328.29	76,071.17	90,054.08	105,097.54	111,686.99
Depreciation	2,196.94	2,592.39	3,008.46	3,444.69	3,892.50	4,370.11
Operating Income (EBIT)	49,588.02	60,735.91	73,062.70	86,609.39	101,205.04	107,316.88
Pretax Income	49,588.02	60,735.91	73,062.70	86,609.39	101,205.04	107,316.88
Income Taxes	12,397.00	15,183.98	18,265.68	21,652.35	25,301.26	26,829.22
Net Income to Common Shareholders	37,191.01	45,551.93	54,797.03	64,957.04	75,903.78	80,487.66

Shareholder Information

Common Shares Used to Calc Diluted EPS	936.65	936.65	936.65	936.65	936.65	937.65
EPS - Continuing Operations	39.71	48.63	58.50	69.35	81.04	85.84
Dividends	9,928.44	14,548.11	17,836.87	24,162.10	28,642.00	28,781.32
Dividend Per Share	10.60	15.53	19.04	25.80	30.58	30.70

Average Operating Margins

Gross Margin	43%
Operating Margin	32%
Net Margin	24%

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Historical Financial Data:

Annual Income Statement					
	2011	2010	2009	2008	2007
Income Statement					
Net Sales or Revenues	108,598.0	65,067.0	42,603.0	37,491.0	24,006.0
Operating Expenses - Total	74,104.0	46,797.0	31,233.0	29,164.0	19,597.0
Cost of Goods Sold	62,262.0	38,471.0	25,017.0	23,798.0	15,535.0
Selling, General & Admin Expenses	10,028.0	7,299.0	5,482.0	4,870.0	3,745.0
Depreciation, Depletion & Amortization	1,814.0	1,027.0	734.0	496.0	317.0
Depreciation	1,622.0	815.0	606.0	387.0	249.0
Amortization of Intangibles	192.0	212.0	128.0	109.0	68.0
Amortization of Deferred Charges	-	-	-	-	-
Other Operating Expenses	0.0	0.0	0.0	0.0	0.0
Operating Income	34,494.0	18,270.0	11,370.0	8,327.0	4,409.0
Extraordinary Credit - Pretax	1.0	1.0	3.0	-	0.0
Extraordinary Charge - Pretax	213.0	175.0	97.0	-	0.0
Non-Operating Interest Income	519.0	311.0	407.0	653.0	647.0
Interest Expense On Debt	0.0	0.0	0.0	-	0.0
Pretax Equity In Earnings	0.0	0.0	0.0	0.0	0.0
Reserves- Increase(Decrease)	0.0	0.0	0.0	0.0	0.0
Other Income/Expense - Net	(596.0)	133.0	383.0	(33.0)	(48.0)
Interest Capitalized	0.0	0.0	0.0	-	0.0
Pretax Income	34,205.0	18,540.0	12,066.0	8,947.0	5,008.0
Income Taxes	8,283.0	4,527.0	3,831.0	2,828.0	1,512.0
Current Domestic Income Tax	4,646.0	2,805.0	2,446.0	2,155.0	1,331.0
Current Foreign Income Tax	769.0	282.0	345.0	275.0	103.0
Deferred Domestic Income Tax	3,035.0	1,561.0	1,075.0	473.0	94.0
Deferred Foreign Income Tax	(167.0)	(121.0)	(35.0)	(75.0)	(16.0)
Income Tax Credits	0.0	0.0	0.0	0.0	0.0
Minority Interest	0.0	0.0	0.0	0.0	0.0
Equity In Earnings	0.0	0.0	0.0	-	0.0
After Tax Other Income/Expense	0.0	0.0	0.0	0.0	0.0
Discontinued Operations	0.0	0.0	0.0	0.0	0.0
Net Income Before Extra Items/Preferred Div	25,922.0	14,013.0	8,235.0	6,119.0	3,496.0
Extr Items & Gain(Loss) Sale of Assets	0.0	0.0	0.0	0.0	0.0
Net Income Before Preferred Dividends	25,922.0	14,013.0	8,235.0	6,119.0	3,496.0
Preferred Dividend Require	0.0	0.0	0.0	0.0	0.0
Net Income to Common Shareholders	25,922.0	14,013.0	8,235.0	6,119.0	3,496.0
EPS Incl Extraordinary Items	27.7	15.2	9.1	6.8	3.9
EPS - Continuing Operations	27.7	15.2	9.1	6.8	3.9
Dividend Per Share	0.0	0.0	0.0	0.0	0.0
Common Shares Used to Calc Diluted EPS	936,645,000.0	924,712,000.0	907,005,000.0	902,139,000.0	889,292,000.0

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Annual Cash Flow Statement					
	2011	2010	2009	2008	2007
Operations					
Net Income / Starting Line	25,922.0	14,013.0	8,235.0	-	3,496.0
Depreciation, Depletion & Amortization	1,814.0	1,027.0	734.0	496.0	317.0
Depreciation & Depletion	1,622.0	815.0	606.0	-	249.0
Amortization of Intangible Assets	192.0	212.0	128.0	109.0	68.0
Deferred Income Taxes & Investment Tax Credit	2,868.0	1,440.0	1,040.0	(368.0)	78.0
Deferred Income Taxes	2,868.0	1,440.0	1,040.0	(368.0)	78.0
Investment Tax Credits	0.0	0.0	0.0	0.0	0.0
Other Cash Flow	1,168.0	903.0	736.0	538.0	254.0
Funds From Operations	31,772.0	17,383.0	10,745.0	5,477.0	4,145.0
Extraordinary Items	0.0	0.0	0.0	0.0	0.0
Funds From/For Other Operating Activities	5,757.0	1,212.0	(586.0)	4,119.0	1,325.0
Dec(Inc) In Receivables	(1,791.0)	(4,860.0)	(939.0)	(785.0)	(385.0)
Dec(Inc) In Inventories	275.0	(596.0)	54.0	(163.0)	(76.0)
Inc(Dec) In Accounts Payable	2,515.0	6,307.0	92.0	596.0	1,494.0
Inc(Dec) In Income Taxes Payable	-	0.0	0.0	0.0	0.0
Inc(Dec) In Other Accruals	-	0.0	0.0	0.0	0.0
Dec(Inc) In Other Assets/Liabilities	4,758.0	361.0	207.0	2,397.0	292.0
Net Cash Flow - Operating Activities	37,529.0	18,595.0	10,159.0	9,596.0	5,470.0
Investing					
Capital Expenditures (Addition to Fixed Assets)	(4,260.0)	(2,005.0)	(1,144.0)	(1,091.0)	(735.0)
Additions To Other Assets	(3,192.0)	(116.0)	(69.0)	(108.0)	(251.0)
Net Assets From Acquisitions	(244.0)	(638.0)	0.0	(220.0)	0.0
Increase In Investments	(102,317.0)	(57,811.0)	(46,825.0)	(23,003.0)	(11,736.0)
Decrease In Investments	69,853.0	46,718.0	30,678.0	16,243.0	9,424.0
Disposal of Fixed Assets	0.0	0.0	0.0	0.0	0.0
Other Use/(Source) - Investing	259.0	2.0	74.0	10.0	(49.0)
Other Uses - Investing	(259.0)	(2.0)	(74.0)	(10.0)	0.0
Other Sources - Investing	0.0	0.0	0.0	0.0	49.0
Net Cash Flow - Investing	(40,419.0)	(13,854.0)	(17,434.0)	(8,189.0)	(3,249.0)
Financing					
Net Proceeds From Sale/Issue of Com & Pref	831.0	912.0	475.0	483.0	365.0
Proceeds From Stock Options	0.0	0.0	475.0	483.0	365.0
Other Proceeds From Sale/Issuance of Stoc	831.0	912.0	0.0	0.0	0.0
Com/Pfd Purchased	0.0	0.0	(82.0)	(124.0)	(3.0)
Long Term Borrowings	0.0	0.0	0.0	0.0	0.0
Reduction In Long Term Debt	0.0	0.0	0.0	0.0	0.0
Inc(Dec) In Short Term Borrowings	0.0	0.0	0.0	0.0	0.0
Cash Dividends Paid - Total	0.0	0.0	0.0	0.0	0.0
Common Dividends (Cash)	0.0	0.0	0.0	0.0	0.0
Preferred Dividends (Cash)	0.0	0.0	0.0	0.0	0.0
Other Source (Use) - Financing	613.0	345.0	270.0	757.0	377.0
Other Sources - Financing	1,133.0	751.0	270.0	757.0	377.0
Other Uses - Financing	(520.0)	(406.0)	0.0	0.0	0.0
Net Cash Flow - Financing	1,444.0	1,257.0	663.0	1,116.0	739.0
Effect of Exchange Rate On Cash	-	0.0	0.0	0.0	-
Inc(Dec) In Cash & Short Term Investments	(1,446.0)	5,998.0	(6,612.0)	2,523.0	2,960.0

Apple Inc. (AAPL)

Sector: Information Technology (Industry: Computers/Peripherals)

Prepared by Anthony Martinez on 11/19/2012

Annual Balance Sheet					
	2011	2010	2009	2008	2007
Assets					
Cash & ST Investments	26,468.0	25,727.0	23,501.0	22,226.0	15,386.0
Cash	2,903.0	1,690.0	1,139.0	368.0	256.0
Short Term Investments	23,565.0	24,037.0	22,362.0	21,858.0	15,130.0
Receivables (Net)	11,717.0	9,924.0	5,057.0	4,704.0	4,029.0
Inventories - Total	776.0	1,051.0	455.0	509.0	346.0
Prepaid Expenses	728.0	157.0	309.0	475.0	417.0
Other Current Assets	5,299.0	4,819.0	2,233.0	2,092.0	1,778.0
Current Assets - Total	44,988.0	41,678.0	31,555.0	30,006.0	21,956.0
Investment In Unconsolidated Subsidiaries	0.0	25,391.0	0.0	0.0	0.0
Other Investments	55,618.0	0.0	10,528.0	2,379.0	0.0
Property Plant & Equipment - Net	7,777.0	4,768.0	2,954.0	2,455.0	1,832.0
Property Plant & Equipment - Gross	11,768.0	7,234.0	4,667.0	3,747.0	2,841.0
Buildings	2,059.0	1,471.0	955.0	810.0	762.0
Machinery & Equipment	6,926.0	3,589.0	1,932.0	1,491.0	954.0
PP&E - Other	2,783.0	2,174.0	1,780.0	1,446.0	1,125.0
(Less) Accumulated Depreciation	3,991.0	2,466.0	1,713.0	1,292.0	1,009.0
Other Assets	7,988.0	3,346.0	2,301.0	1,227.0	1,471.0
Deferred Charges	1,600.0	799.0	844.0	208.0	625.0
Tangible Other Assets	1,956.0	1,464.0	898.0	460.0	426.0
Intangible Other Assets	4,432.0	1,083.0	559.0	559.0	420.0
Total Assets	116,371.0	75,183.0	47,338.0	36,067.0	25,259.0
Liabilities					
Accounts Payable	14,632.0	12,015.0	5,601.0	5,520.0	4,970.0
Accrued Payroll	590.0	436.0	357.0	320.0	254.0
Income Taxes Payable	1,140.0	210.0	430.0	506.0	488.0
Other Current Liabilities	11,608.0	8,061.0	5,118.0	5,015.0	3,587.0
Current Liabilities - Total	27,970.0	20,722.0	11,506.0	11,361.0	9,299.0
Long Term Debt	0.0	0.0	0.0	0.0	0.0
Deferred Income	1,686.0	1,139.0	853.0	768.0	830.0
Deferred Taxes	8,159.0	4,300.0	2,053.0	895.0	531.0
Deferred Taxes - Credit	8,159.0	4,300.0	2,216.0	999.0	619.0
Deferred Taxes - Debit	-	-	163.0	104.0	88.0
Other Liabilities	1,941.0	1,231.0	1,286.0	746.0	67.0
Total Liabilities	39,756.0	27,392.0	15,698.0	13,770.0	10,727.0
Shareholders' Equity					
Common Equity	76,615.0	47,791.0	31,640.0	22,297.0	14,532.0
Common Stock	13,331.0	10,668.0	8,210.0	7,177.0	5,368.0
Retained Earnings	62,841.0	37,169.0	23,353.0	15,129.0	9,101.0
Unrealized Foreign Exchange Gain(Loss)	313.0	35.0	28.0	61.0	70.0
Unrealized Gain(Loss) on Marketable Secur	130.0	(81.0)	49.0	(70.0)	(7.0)
Total Shareholders Equity	76,615.0	47,791.0	31,640.0	22,297.0	14,532.0
Total Liabilities & Shareholders Equity	116,371.0	75,183.0	47,338.0	36,067.0	25,259.0
Common Shares Outstanding	929.3	916.0	899.8	888.3	872.3

Apple Inc. (AAPL)

Sector: Information Technology (Industry: Computers/Peripherals)

Prepared by Anthony Martinez on 11/19/2012

Annual Ratios					
	2011	2010	2009	2008	2007
Valuation Measures					
Market Cap	376,357.2	295,455.3	189,617.8	75,818.6	172,790.9
Net Sales or Revenues	108,598.0	65,067.0	42,603.0	37,491.0	24,006.0
Total Debt	0.0	0.0	0.0	0.0	0.0
Net Assets	116,371.0	75,183.0	47,338.0	36,067.0	25,259.0
Enterprise Value	327,883.9	234,179.5	143,277.9	76,477.1	118,490.3
EBITDA	36,019.0	19,567.0	12,800.0	-	5,325.0
EBIT	34,205.0	18,540.0	12,066.0	-	5,008.0
Capital Expenditure	4,260.0	2,005.0	1,144.0	1,091.0	735.0
Valuation					
Price/Earnings	14.6	19.3	20.1	18.9	39.1
Price/Sales	3.5	4.1	3.9	3.0	5.6
Price/Cash Flow	11.9	15.6	15.4	-	32.9
Price/Book Value	4.9	5.6	5.2	5.1	9.2
Price/Tangible BV	5.2	5.7	5.3	-	9.5
Enterprise Value					
Enterprise Value / Sales	3.0	3.6	3.4	2.0	4.9
Enterprise Value/ EBITDA	9.1	12.0	11.2	-	22.3
Enterprise Value / EBIT	9.6	12.6	11.9	-	23.7
Enterprise Value / Cash Flow	10.3	13.5	13.3	10.1	28.6
Enterprise Value / Free Cash Flow	9.9	14.1	15.9	9.0	25.0
Liquidity Leverage					
Quick Ratio	1.4	1.7	2.5	2.4	2.1
Current Ratio	1.6	2.0	2.7	2.6	2.4
Cash Flow/Current Liabilities	1.3	0.9	0.9	0.8	0.6
Working Capital / Total Capital	22.2	43.8	63.4	83.6	87.1
Profitability Ratios					
Gross Margin	41.00%	39.30%	39.56%	35.20%	33.97%
Gross Margin - 5 Yr Average	37.63%	35.22%	33.17%	-	29.35%
EBITDA Margin	33.17%	30.07%	30.04%	-	22.18%
EBITDA Margin - 5 Yr Average	29.73%	26.22%	23.07%	18.64%	15.49%
EBIT Margin	31.50%	28.49%	28.32%	-	20.86%
EBIT Margin - 5 Yr Average	28.13%	24.71%	21.61%	17.27%	14.12%
Pre-Tax Margin	31.50%	28.49%	28.32%	23.86%	20.86%
Pre-Tax Margin - 5 Yr Average	26.08%	22.70%	19.61%	-	10.92%
Net Margin	23.87%	21.54%	19.33%	16.32%	14.56%
Net Margin - 5 Yr Average	18.84%	16.12%	13.73%	-	7.78%
Efficiency Ratios					
Sales Per Employee	1.7	1.3	1.2	-	1.0
Operating Profit Per Employee	0.5	0.4	0.3	-	0.2
Net Income Per Employee	0.4	0.3	0.2	0.2	0.1
Assets Per Employee	1.8	1.5	1.3	-	1.1
Total Asset Turnover	0.9	0.9	0.9	1.0	1.0
Inventory Turnover	68.2	51.1	51.9	-	50.4
Receivable Turnover	10.0	8.7	8.7	-	7.0
Payable Turnover	4.7	4.4	4.5	-	3.7
Management Effectiveness					
Return on Equity	41.67%	35.28%	30.54%	27.19%	28.52%
Return on Equity - 5 Yr Average	32.64%	28.87%	26.08%	21.16%	16.05%
Return On Assets	27.06%	22.87%	19.75%	14.94%	16.47%
Return On Assets - 5 Yr Average	20.22%	17.59%	15.78%	12.58%	9.82%
Return On Invested Capital	41.67%	35.28%	30.54%	27.19%	28.52%
Return On Invested Capital - 5 Yr Average	32.64%	28.87%	26.08%	21.13%	16.02%

Apple Inc. (AAPL)

Sector: Information Technology (Industry: Computers/Peripherals)

Prepared by Anthony Martinez on 11/19/2012

Growth Rates					
Sales	66.90%	52.73%	13.64%	35.30%	24.29%
Sales - 5 Yr	41.25%	36.11%	38.77%	39.23%	33.12%
EBITDA	84.08%	52.87%	73.72%	-	74.99%
EBITDA - 5 Yr	63.93%	57.89%	88.63%	-	89.83%
Net Income	84.99%	70.16%	34.58%	38.27%	75.77%
Net Income - 5 Yr	67.11%	60.03%	97.22%	133.93%	121.89%
EPS	95.87%	74.83%	-	34.29%	64.86%
EPS - 5 Yr	66.30%	57.48%	75.25%	101.27%	173.01%
Capital Expenditure	112.47%	75.26%	4.86%	-	11.87%
Capital Expenditure - 5 Yr	45.33%	50.46%	45.41%	-	33.40%
Research & Development	36.31%	33.68%	20.20%	-	9.83%
Research & Development - 5 Yr	27.82%	27.25%	22.21%	-	11.89%
Stock Performance					
Price Close	404.3	292.3	182.4	128.2	153.5
% Change	38.31%	60.29%	42.21%	(16.44%)	99.36%
Total Return	38.31%	60.29%	42.21%	(16.44%)	99.36%

Notes: